

**THE EFFICACY DIMENSIONS OF TQM AND THEIR RELATIONSHIP
TO THE 4-TO 5-STAR GRADING OF GUESTHOUSES IN THE
WESTERN CAPE**

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DECLARATION

I, Cherie Prinsloo, declare that: **“The efficacy dimensions of TQM and their relationship to the 4-to 5-star grading of guesthouses in the Western Cape”** is my own work and all sources used or quoted have been indicated and acknowledged by means of complete references. I have not previously submitted this study for a degree at another University or Technikon.

Cherie Prinsloo

Date

DEDICATION

This study is dedicated to our almighty creator Jesus Christ, who provided me with the knowledge, wisdom and perseverance, exceedingly, abundantly and above my expectations.

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ABSTRACT

This study explores the implementation of Total Quality Management (TQM) in 4-to 5-star guesthouses in the Western Cape in order to enhance, *inter alia*, service quality levels and ultimately promote customer retention. The researcher followed a project management process to identify and implement twelve (12) important steps in this study.

In a globalising and competitive hospitality environment, one of the biggest challenges for South African enterprises is satisfying their customers' needs and expectations in a preemptive manner. Unless management and staff can offer their customers a higher level of service than their competitors, customers will be lost to other performing guesthouses which will result in lower revenues, staff losses and subsequent financial challenges.

The research problem and six (6) research objectives formulated by the researcher, directed the research in identifying, through primary research (survey), the challenges that 4-to 5-star guesthouses face regarding quality service, quality management, TQM and customer retention and to make recommendation, from secondary research (literature review), how to manage these challenges successfully and to systematically attain customer retention.

The implementation of integrated quality management systems such as TQM provides owners and managers of guesthouses with the capability to reflect strategically on their establishments. This will include the assessment of the current quality management practices, its position in the competitive marketplace, how it can gain sustainable competitive advantage and how its business management strategy can be enhanced and executed successfully to attain customer retention.

This study explored the view that guesthouses implementing TQM successfully will deliver higher service quality to customers and consequently benefit from systematic retention of their customers. In today's competitive business environment, one should be reminiscent of the fact that commercial reality necessitates long-term relationships with customers.

This exploratory and descriptive study focused on guesthouses serving different target markets with different pricing frameworks. Thirty (30) 4-to 5-star guesthouses on the Garden Route and in the Cape Town region that indicated high occupancy levels all year round and regarded customer retention as a very important management priority, were identified and approached to participate in the study.

Fifteen of these guesthouses committed to the entire research process and were identified as the unit of analysis. The respondents were 45 internal customers (15 owners and/or managers of the guesthouses and 30 employees) and 61 external customers that were guests at the participating guesthouses when the survey was conducted.

The researcher followed a triangular approach towards measurement utilising (a) observation and informal interviews with internal and external customers as part of the *qualitative research*, also utilising the services of an objective observer (b) a questionnaire for internal customers (owners, managers and staff of participating guesthouses) and (c) a SERVQUAL questionnaire for external customers (guests of the guesthouses at the time of the survey). The questionnaires were utilised as part of the *quantitative research* which were developed to measure the perception of internal customers (Owner/Manager/Staff) of the guesthouses with reference to the application of quality management and TQM at the guesthouses.

The findings of the survey amongst internal customers indicated that only two thirds of the respondents (66.7%) are familiar with the principles of TQM whilst significantly lower percentage respondents (13.3%) are actually implementing these principles at their respective guesthouses. More than half (54.5%) are implementing their own quality programs and quality training. Most of the respondents (86.7%) acknowledge the need for improvements in their current quality programs whilst nearly all (97.8%) acknowledge the value of implementing TQM towards improved customer services which predisposes a positive tendency towards change.

Findings of the SERVQUAL survey amongst external customers suggest that only about half (54.1%) of the customers indicated that the guesthouses regularly measure guest satisfaction whilst only about one-in-three (39.3%) indicated that the guesthouse regularly identifies customer needs. Less than half (47.5%) of the customers indicated that the guesthouse regularly collects customer suggestions and complaints whilst only one quarter (26.2%) indicated that the guesthouse regularly determines improvements in customer satisfaction.

Based on these findings, as well as from the literature review, it is strongly recommended that TQM and strategies to support TQM, amongst others, are implemented at 4-to 5-star guesthouses on the Garden Route and in the Cape Town region in order to improve their service quality levels and ultimately attain sustained customer retention.

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CHAPTER 1

SCOPE OF THE STUDY

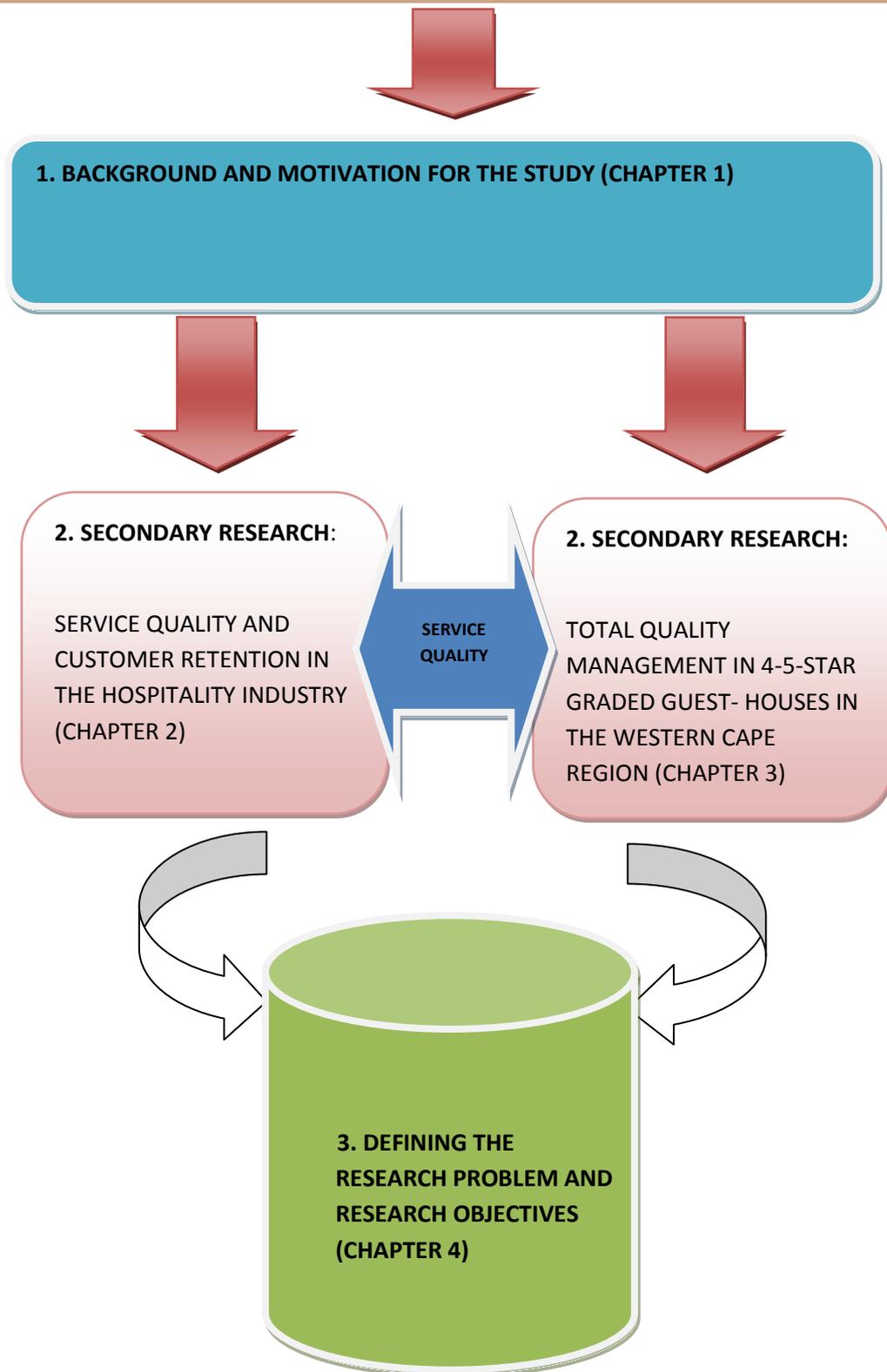
1.1 PROJECT MANAGEMENT PROCESS OF THE STUDY

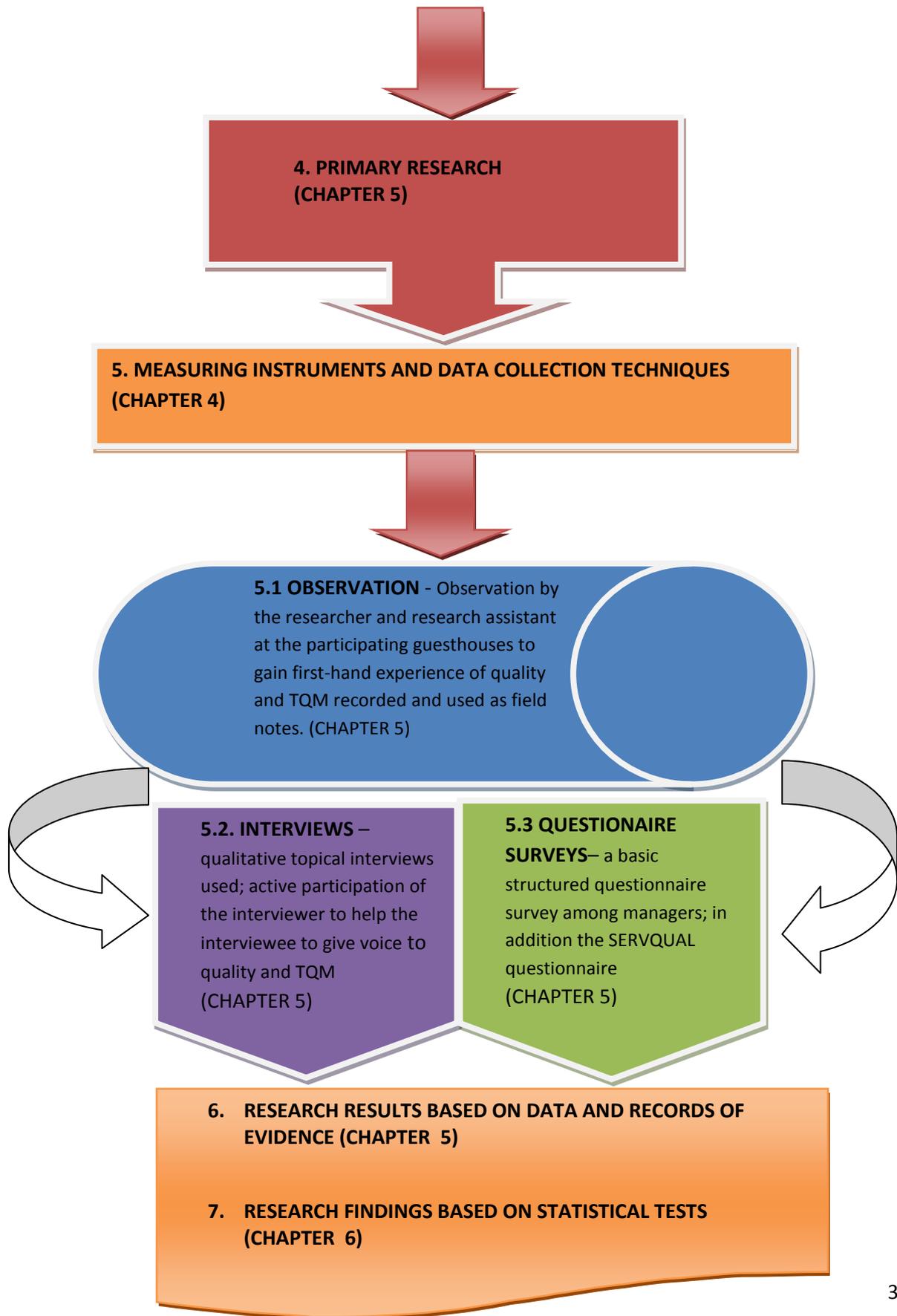
The phases of the integrated project management process can be summarised in Table 1 and Figure 1.

Table 1: Project management process for the study

STEP NO	DESCRIPTION OF PROJECT STEPS
1	Background and motivation for the study
2	Secondary research pertaining to service quality and customer retention in the Hospitality Industry (Chapter 2) and TQM in 4-5-star graded guesthouses (Chapter 3)
3	Defining the research problem and 6 research objectives (Chapters 1 and 4)
4	Development and finalisation of the research methodology (Chapter 4)
5	Finalise measuring instruments and data collection techniques (Chapter 5)
5.1	Performing observation at selected 4-to 5-star graded guesthouses (Chapter 5)
5.2	Conducting consultations and interviews at selected guesthouses (Chapter 5)
5.3	Conducting the questionnaire survey and SERVQUAL instrument (Chapter 5)
6	Research results in terms of data and records of evidence (Chapter 5)
7	Research findings based on statistical tests (Chapter 6)
8	Research findings based on analysis (Chapter 6)
9	Findings on attainment of 6 research objectives (Chapter 6)
10	Synthesis, conclusions and recommendations (Chapter 7)
11 and 12	References , Annexure A: Questionnaire for Internal Customers and Annexure B: Questionnaire for External Customers

THE EFFICACY DIMENSIONS OF TQM AND ITS RELATIONSHIP TO THE 4-5 STAR-GRADING OF GUESTHOUSES IN THE WESTERN CAPE REGION.





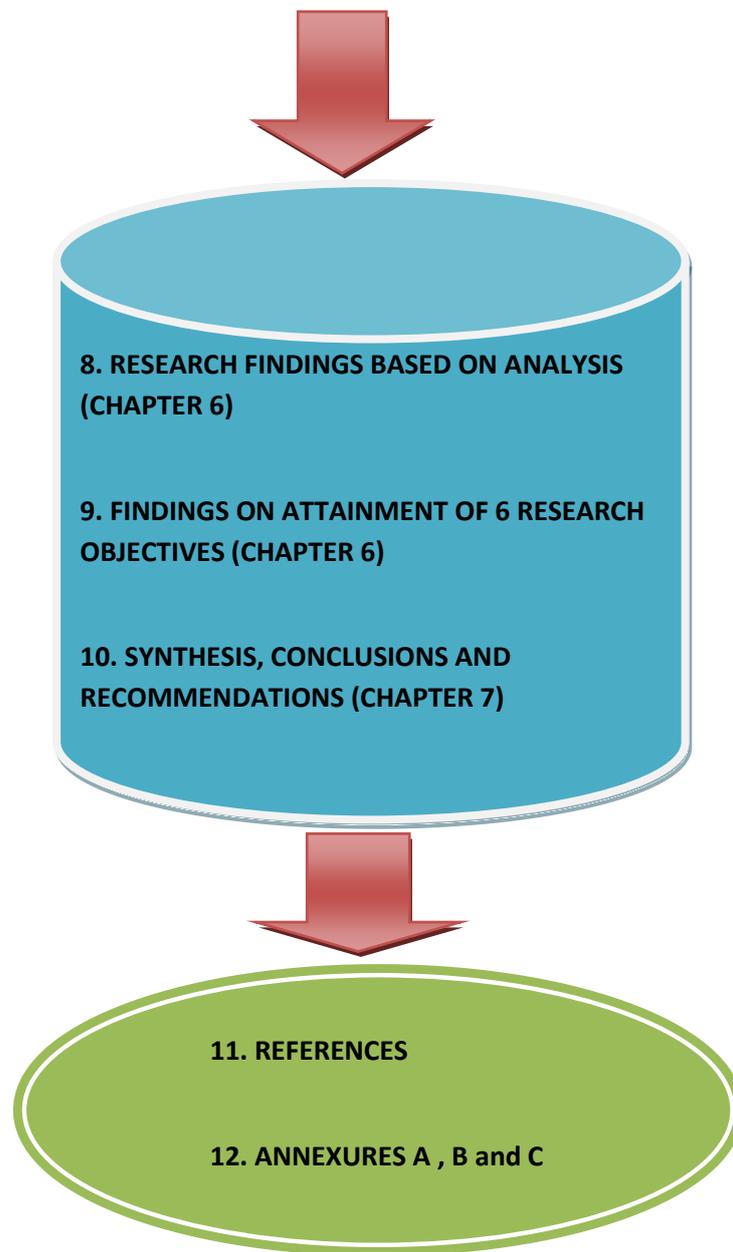


Figure 1: Project management process of the study

Since the 2010 World Soccer event hosted by South Africa, the South African Tourism and hospitality industries has experienced great economic challenges and for this reason, the concepts of customer satisfaction, customer retention and strategies to sustain the aforementioned have earned a great number of consideration and much academic review. Total Quality Management (TQM) gurus have dedicated lifelong

studies to the heart beat of any business, namely the importance of the 'satisfied customer'.

This study will show that the provision of high service quality by multiple service industries and the imperative role it plays in the hospitality lodging and accommodation industry was under severe scrutiny during the prestigious World Cup Soccer 2010 event. The competitive relationships within the tourism and hospitality industries demands attention to the level of quality service rendered to guests of guest houses. In fact, it is the level of quality service provided by a hospitality lodging and accommodation establishment that will determine whether that establishment is frequented by guests in the future.

Today's competitive hospitality industry necessitates that guest accommodation establishments develop a competitive advantage which will differentiate their product and service offering from that of their competitors (Popova 2006:38; Cooper *et al* 1998: 411). A differential competitive advantage can only be achieved in certain areas of the hospitality product. Quality *per se* is not enough if it is not well-defined, managed and documented. This is why TQM has been advocated as a means of improving quality, and particularly in the case of a service industry such as the hospitality industry, where customer satisfaction is critical (Chartrungruang *et al* 2006:51-57; Gundersen, Heide & Olsson, 1996).

This study contends that sound business principles and a TQM system for excellent service quality will facilitate the effective and efficient operation of lodging and accommodation establishments, providing guests with memorable experiences and ultimately ensuring retention of customers for these establishments.

TQM can be defined as a management philosophy whose goal is not merely to meet but to exceed the needs and requirements of internal and external customers by creating an establishment culture in which every individual at every stage of rendering a product or service as well as every level of management is committed to quality and clearly understands its strategic importance (Youssef 1996:127-144).

The grading and accreditation of guesthouses can be seen as a catalyst in achieving a competitive advantage over non graded competitors as graded guesthouses are renowned for delivering high service quality. This study supports the fact that TQM in its entire capacity centres on improving quality and can subsequently be associated with the grading and accreditation of guesthouses in order to attain high service quality levels.

Chapter 1 provides clarification of key concepts that will be used throughout the study. It contains background information relating to the study, including a sound problem statement and an overview of the purpose of the study with further mention of its delimitations. Chapter 1 also provides an overview on the secondary literature consulted, the research methods used, and lastly an overview of what will follow in subsequent Sections and Chapters of the study.

Chapter 2 considers the importance of service quality in the pursuit of customer retention.

Chapter 3 provides theory relating to TQM and an in-depth study of the new framework for TQM based on the underpinnings expounded by Oakland in his TQM model (Oakland 2003:4). Adjoining the above will be an overview of service quality dimensions in guesthouses and in particular strategies to attain the retention of customers.

Chapter 4 explores qualitative and quantitative research methods. The entire survey of the researcher was based on multiple instruments such as questionnaires, interviews and observation as discussed in this Chapter. Two questionnaires were developed by the researcher. Questionnaire A was developed for completion by internal customers namely the owner/manager/senior staff members of the participating guesthouse, probing service quality and the implementation of TQM at the guesthouse. Questionnaire B, also referred to as the SERVQUAL questionnaire for external customers namely guests of the participating guesthouses, was developed probing the level of customer satisfaction with and the quality of service rendered by the guesthouse management and staff. Both questionnaires were developed from the literature review.

Chapter 5 discusses the survey results as derived from the qualitative and quantitative research conducted at participating 4-to 5-star guesthouses situated in the Western Cape region.

Chapter 6 discusses the findings as derived from the analysis of the research results outlined in Chapter 5.

Chapter 7 contains the synthesis of all findings and conclusions of the primary and secondary research conducted pertaining to quality services and TQM. It also provides recommendations to 4-to 5-star guesthouses situated in the Western Cape region.

1.2 BACKGROUND AND MOTIVATION FOR THE STUDY

The context of the study is the rapid growing international service economy. In a globalising and competitive hospitality environment, the importance of domestic and international tourism in South Africa cannot be emphasised enough. In recent years the Western Cape region has exploited many of the advantages derived from the international travel and tourism industry, and has provided increased employment opportunities and broken down many national barriers. The Western Cape region has convinced even the most proverbial armchair traveller to visit its shores on more than one occasion. Large numbers of overseas visitors frequently visit guesthouses and other forms of accommodation in South Africa and for this reason there has been an increasing emphasis on service quality standards. As a result, the need for TQM as a business strategy and its ability to increase service quality and hence facilitate customer retention in guesthouses situated in the Western Cape region, has increased.

With the increasing number of International Visitors to South Africa (See Figure 13, page 121), the methods of Customer Relationship Marketing (CRM) used by accommodation establishments should be chosen carefully, especially with relation to culture-specific needs.

Establishments should conduct careful strategic planning and determine where their market lies and how they, as lodging and accommodation establishments, need to go about attracting their particular market.

One of the biggest challenges for lodging and accommodation establishments in South Africa is to sustain success in satisfying customers and to become examples for those establishments performing below standard. Another challenge for South African enterprises is directly linked to satisfying their customers' needs and expectations in a preemptive manner. It is thus important to acknowledge that linked to the latter challenges, is anticipating the different needs and wants of diverse guests and to exceed their expectations..

When taking into consideration the current state of recessions and the severe competition between lodging and accommodation establishments, it becomes evident that guesthouses need to take serious measures to ensure that their establishments are re-visited by satisfied customers. Unless management and staff can offer their customers a higher level of service than their competitors, customers may be lost.

This study compares quality management systems applied in 4-to 5-star guesthouses situated in the Western Cape region with TQM in order to identify whether service quality can be improved and sustained in order to maintain high occupancy levels, grow their customer base and to attain customer retention.

Service quality is strategically important for many reasons. It plays an imperative role in customer retention. Retention is seen as the decision to continue business with a supplier (an action) The aforementioned statement clearly emphasises the importance of customer retention, a notion that has a direct association with delivering quality service through the implementation of TQM.

It can thus be stated that customer retention becomes a major issue for hospitality businesses as the costs of the retention process involved are great and seldom budgeted for.

This study will embed Oakland's TQM model as a widely accepted framework for a holistic approach towards quality management.

1.3 RESEARCH PROBLEM

The research problem can be defined as follows:

Increasing pressure on 4-to 5-star guesthouses in the Western Cape region to be competitive and sustainable in terms of customer service, service quality and customer retention. A variety and even a lack of quality management strategies, star-grading systems and other systems are used by these guesthouses. Some quality systems are not applicable to guesthouses and are not effective. TQM, its efficacy dimensions and related systems and strategies seem to lack in terms of its inadequate or inconsistent application.

1.4 RESEARCH OBJECTIVES

The research methodology (Section 1.8) is based on a literature study (secondary research) and a comprehensive empirical study (primary research).

In order to address the research problem, the survey is based on TQM and in particular the Oakland Model, (Oakland 2003:4), as a framework covering the core components needed for quality management.

Six research objectives have been formulated and are set out below.

1.4.1 Research objective one

The first objective is to understand the challenges and make recommendations in terms of customer service rendered by 4-to 5-star guesthouses situated in the Western Cape region.

1.4.2 Research objective two

This objective is to underpin the problem and provide appropriate suggestions in terms of customer retention by 4-to 5-star guesthouses in the Western Cape region in order to attain and sustain higher occupancy levels.

1.4.3 Research objective three

Objective three is to understand the challenges and make recommendations in terms of service quality at 4-to 5-star guesthouses situated in the Western Cape region with emphasis on employees, guests and hospitality establishment relationships in competitive markets in terms of delivering and experiencing high service quality.

1.4.4 Research objective four

The fourth objective is to underpin problems and make suitable recommendations in terms of quality management of 4-to 5-star guesthouses situated in the Western Cape.

1.4.5 Research objective five

The fifth is to understand challenges and provide suggestions in terms of the star-grading system applicable to 4-to 5-star guesthouses in this region.

1.4.6 Research objective six

The final objective is to understand the challenges and make recommendations in terms of the adequate or consistent implementation of TQM by 4-to 5-star guesthouses situated in the Western Cape. To make recommendations on how they could improve their service quality levels through TQM and ultimately develop strategies for sustained customer retention in the context of TQM.

1.5 DELIMITATION OF THE STUDY

In order to address the research problem, the researcher took into consideration the practical feasibility of the study.

In recent years the Western Cape region has exploited so many of the advantages derived from the international travel and tourism industry, that this region has increased employment opportunities and broken down national barriers.

The study's population was demarcated as 4-to 5-star guesthouses in the Western Cape region. A sample of 15 guesthouses was identified from this population as the unit of analysis.

The delimitation of the study was also done by means of the context of the study. The literature review underpins the need for quality management methods, customer retention strategies as well as CRM which tend to use derived factors that are theoretically related but rarely examined together.

Throughout this study, properties of the implementation of the efficacy dimensions of TQM principles have been explored in order to demonstrate that they can enhance service quality in hospitality lodging and accommodation establishments which in return will increase customer retention.

1.6 BRIEF REVIEW OF RELATED LITERATURE

A number of lessons from research, comments, views and observations on the practical implementation and impact of TQM principles on customer retention were drawn upon to provide international comparative data for this study.

The literature review indicated that it is imperative that owners or managers of establishments in the accommodation sector (such as guesthouses) of the hospitality industry recognise the need for high quality service levels to ensure customer loyalty, competitive advantage and customer retention and in this highly competitive business environment.

The ability of guesthouses as the largest growing accommodation sector in the hospitality industry in South Africa, to compete and perform effectively and profitably in the tourism market place is a function of inter alia the level of competitiveness that is upheld by the particular guesthouse (South Africa's Hospitality sector 2014).

Sustainability pertains to the ability of management to not only increase and maintain the level of quality of its social, cultural, physical, and environmental resources as well as product offerings but to also increase and maintain the highest possible quality

service level in its overall performance and delivery of hospitality goods and services (Sustainable Tourism 2013).

The continuous success of guesthouses as a business can directly be related to their ability to satisfy and retain customers (Customer satisfaction matter 2014). Four- to five-star guesthouses situated in the Western Cape region are no exception.

It can be denoted that the main objective and mission of hospitality establishments should be the delivery of outstanding quality customer services that exceed customer expectations that will turn highly satisfied customers into loyal customers ensuring customer retention at the establishment.

Research also indicated that a notable change has occurred in the tourism industry with particular reference to customers' growing demand for quality of service (Kapiki 2014:54). The literature study also underpinned the need for and the importance of quality in that, when establishments deliver high quality services, satisfied customers will value the effort and will become loyal customers to those establishments.

However, the continuous delivering of best quality service is increasingly regarded as one of the major challenges facing hospitality managers. The level of quality service delivered has become the essential criteria for continuous success in the intensely competitive hospitality market (Kapiki 2014:54).

From the research it is evident that quality evaluations should not only be made on the outcomes of a service but should also involve evaluations of the process and quality of service delivery (Improving Service 2014). The aforementioned necessitates a conceptual model of service quality and its implications for future research.

Customers treasure quality service which exceeds requirements, delivering services that demonstrate value for money, services which are guaranteed to be delivered at the right time and continuously contribute to higher quality of life (Kapiki 2014:54).

In studying the concept of quality, the study suggests that it best be done by examining quality in all its proposed dimensions. Due to the inherently unique,

intangible and peripheral characteristics imbedded in services, consumers find it more challenging to assess the quality of services than the quality of products (Krüger and Steenkamp 2008:155).

The literature review has revealed a number of service quality dimensions that guesthouses should espouse including assurance, reliability, responsiveness, tangibility and empathy. (Parasuraman *et al* (1985:41-50; Sackdev and Verma (2004:102)

The literature study also encapsulated a number of contemporary quality measurement models. These quality measurement models include the SERVQUAL instrument which refers to the perceptual gap or difference between customers and management of an establishment pertaining to their respective perceptions of expectations and actual delivery of quality service. Other assessment models explored include the RATER model for assessment of knowledge gaps, standards gaps, delivery gaps, communication gaps and services gaps (Zeithaml, Berry and Parasuraman 1988).

The literature study also revealed the INSQPLUS model for the assessment of service quality with reference to the positioning gap, specification gap, service delivery gap, communication gap as well as rating gap (Gržinić 2007). The Grönroos' perceived service quality model was analysed due to the model's premise that customer expectations are a function of market communication by organisations through brand and image endorsements (Grönroos' Perceived Service Quality model 2014).

The researcher also studied the two-factor quality model also known as the Kano's Curve model. In this model the horizontal axis exemplifies customer satisfaction that fluctuates between very dissatisfied and very satisfied. The vertical axis depicts the presence or absence of a quality element which can vary from not available to a high degree of availability (Kano Model 2011).

The literature study provided a thorough description of the interrelationship between service quality and customer retention. Successful customer retention strategies explored in the literature include customer-service marketing strategies by focusing through promotional efforts on new and desirable target audiences, service recovery

and restitution strategies by inter alia rectifying and addressing service complaints received, employee training strategies that include training employee in customer relationships, service quality, establishment of effective customer relations as well as through effective communication strategies aimed at employees as well as customers.

The literature study confirmed that South Africa has for the past decade enjoyed its share of the growth in global tourism. South Africa has become increasingly popular also as a result of the affordability to visit South Africa compared to many other destinations. (See Figure 13, page 121). However, foreign visitors have become extremely critical of the quality of service and hence service quality management has become one of the major challenges for managers in the accommodation sector of the hospitality industry in South Africa. As a result, the need for TQM as a quality measuring and management system has become increasingly important in the hospitality industry and accommodation sector in particular.

Globally, as well as on home ground, guesthouses have become a very popular alternative accommodation to the more established sectors such as hotels. The demand for guesthouses has increased in South Africa, particularly after the country hosted the 2010 FIFA World Cup. South Africa has various bodies involved in the grading of lodging and hospitality establishments with the aim of measuring and therefore broadly managing the standards of service delivery. The research in this study indicated that star-grading is dominantly applied throughout the process of grading guesthouse in South Africa. A review of the development of tourism industry standards widely applied throughout the tourism, lodging and hospitality industry was illuminated.

The literature review indicated that for any guesthouse to succeed in today's competitive business environment, it is imperative to develop a competitive advantage, which will differentiate the establishment's product and service offering from that of its competitors. Throughout the literature review it was reiterated that TQM can contribute to creating a competitive advantage for the guesthouse sector. TQM and its efficacy dimensions can assist managers with service quality management because TQM focuses on meeting the needs and expectation of

customers, involves staff and management, the internal and external customer, considers the costs which are related to quality, develops systems and procedures which support quality and aims at continuous incremental improvement in quality service delivery.

TQM is a management system that focuses on improving the quality of a company's products and services and stresses that all company operations should be oriented toward this goal (Hill & Jones 1995). This necessitates a study of the correlation between the grading of guesthouses and the 8 principles of TQM.

TQM in its entire capacity includes more than just critical factors. The literature review expounded critical success factors (CSF's) associated with managing a successful TQM implementation in the hospitality industry specifically in 4- and 5-star guesthouses situated in the Western Cape, in order to better understand their relative role in effective TQM implementation. The aforementioned proves to be useful not only to guesthouses attempting to implement TQM, but also to guest accommodation establishments which are implementing other quality management programs.

The researcher has reviewed several Quality Management Models such as PDCA Cycle and the Oakland's TQM Model (Section 3.12). It can be noted that these models can be integrated with other management systems in order to facilitate the implementation of the efficacy dimensions of TQM in guesthouses in order to improve service quality levels and increase customer retention. The integration of the Oakland Model for TQM and the PDCA Cycle is presented in Chapter 7.

1.7 CLARIFICATION OF CONCEPTS

1.7.1 Management

Management refers to the process implemented whereby managers attain an establishment's goals and objectives. Du Toit, Erasmus, Strydom (2008:129) and Morrison (2014:5) add to the latter by characterising the management process as responsible for directing all or part of an establishment, through *planning, organising, leading* and *controlling* the deployment and

manipulation of resources (human, financial, material, intellectual or intangible), in order to accomplish its goals.

1.7.2 Total Quality Management

Youssef (1996:127-144) refers to TQM as a management philosophy whose goal is not merely to meet, but also to exceed the needs and requirements of internal and external customers by creating an establishment culture in which every individual at every stage of creating a product or service and every level of management is committed to quality and clearly understands its strategic importance.

Krüger and Steenkamp (2008:159) and Oakland (2014:3) refer to TQM as a holistic approach which engages the entire establishment in attaining “world-class quality”, thus empowering employees to become a catalyst for continuous incremental improvement in delivering products or services. The approach attempts to improve or enhance the quality of products and services through ongoing modification and alteration of products and services in response to continuous feedback. The nature of TQM can also be described as a comprehensive, planned and organised approach towards establishment excellence. The nature and principles of TQM are discussed in Section 3.10.

1.7.3 Quality

Theory embraces many definitions for the term quality. Oakland (2003a:4) states that the term quality is associated with excellent products or services. He reiterates that quality comes down to “meeting the customer requirements” (Oakland 2014b:4-5). Oakland refers to Juran’s definition of quality which is “Fitness for purpose or use” and concludes with Deming’s description of quality, namely that quality should *be aimed at the needs of the consumer, present and future* (Oakland 2003a:4).

Krüger and Steenkamp (2008:156) and Oakland (2014:4-5) stated that quality is a relative term, defined by the person perceiving it. They continue by stating that quality is the dimension of satisfaction experienced by the customer that

utilises the product or service. It is imperative that hospitality service establishments perceive that they are rendering ‘quality’ or ‘quality service’ to their customers, but the authenticity of quality lies in the experience and perception of customers. Pycraft, Singh, Phihlela, Slack, Chambers, Harland, Harrison and Johnston (2008: 612-613) and Apongol (2014) suggest that there are different perspectives which should be taken into account. These approaches to quality are set out below.

- A. The *transcendent approach* refers to the fact that service is perceived synonymous with innate excellence. For this reason, quality cannot be solely defined in words as it is subject to a certain degree of experiencing the service.
- B. The *product-based approach* maintains that differences in quality are caused by the quantity of benefits, features or attributes of a product or service. The product-based approach considers quality as the accurate and measurable characteristics required to satisfy the customer. Many guests prefer hotel rooms to have no telephones in pursuit of a quiet and peaceful experience. Other guests may perceive the absence of a telephone as unacceptable and insufficient to a star-graded hotel.
- C. The *manufacturing-based approach* to quality takes into consideration the supply side of products and services with specific reference to the conformance to quality requirements. This approach studies the number of standards that offerings must adhere to in order to be regarded as quality products or services.

This approach is concerned with the provision of products and services that are error free. Visitors to a guesthouse expect the establishment to be on-time with check-ins as part of their service rendered.

- D. The *user-based approach* argues that the customer’s judgment in terms of quality is always right. This approach is also concerned with designing a product or delivering a service which not only adheres to specifications but

also adheres to the appropriateness of that specification for the customer. This emphasises the old adage of the customer is king. This approach necessitates that guesthouses place customers' wants and needs at a focal point.

- E. The *value-based approach's* proponents are of the opinion that the quality of products or services is determined by their price. The level of quality is then considered good only if the price is in correlation with the quality received.

The nature of quality and its imperative role in the service industry is thoroughly discussed in Section 2.2 of Chapter 2.

1.7.4 Service

Evans (2005:15) and refers to service as an activity or supporting activity that does not directly produce a tangible product but rather an intangible non-good part that creates a transaction between the user (buyer) and provider (seller). The concept of service distinguishes itself from products in the fact that it is generally perceived to be the result of their inherent intangibility, variability, perishability and inseparability. (Torres, Adler & Behnke 2014:34-43). Services are also distinguished in terms of core services and peripheral services.

1.7.5 Service quality

Quality service adjoins the term "quality" in that it should be defined from the customer's perspective. It centres on what the customer perceives as quality service (Kapiki 2014:54). It matters little if the service provider feels that the particular service delivered is of excellent nature if the customer does not perceive it in that way.

Boshoff and Du Plessis (2009:36) conclude that service quality is based on "conceptions formed by comparisons of consumers' expectation with consumer perceptions of actual service performance".

1.7.6 SERVQUAL

The SERVQUAL instrument was designed by Parasuraman, Zeithaml and Berry (in Page 2007:296) and measures the difference between consumer expectations of service quality and the perceptions of the service delivery process. SERVQUAL encapsulates five generic service-quality dimensions necessary for customer satisfaction. Boshoff and Du Plessis (2009:45) and Kapiki (2014:54) reiterate that the SERVQUAL instrument is a diagnostic tool used to expose a business's shortcomings and successes in the overall area of quality service delivery.

Another view on SERVQUAL is given by Szwarc (2005:31) when he states that it is a research methodology created to identify perceived gaps between what customers expect from an excellent product or service provider and what they experience from their current provider of products or services.

1.7.7 Service excellence

A basic definition of service excellence is the offering of a superior level of service to not only meet, but exceed the expectation of customers (Encarta Encyclopaedia 2014).

In addition, Cook (2005:14) and Slabbert (2010:9) denote that in order for any business to provide service excellence, it needs to exceed customer expectations.

1.7.8 Hospitality

Hospitality can be defined as the quality or disposition of receiving and treating guests and strangers in a warm, friendly, generous way (Dictionary reference 2014).

Page (2007:200-201) in turn refers to hospitality as the heartbeat of tourism which encapsulates activities such as wining and dining and making use of accommodation in an environment other than one's home.

Hospitality is an act shown by establishments which makes guests feel welcome and keeps them happy during their stay, whether this is for an evening's dinner at a restaurant or a night in a hotel (Slabbert 2010:6-7).

1.7.9 Customers service

Boshoff and Du Plessis (2009:5) refer to customer service as service that is delivered in support of or in conjunction with an establishment's core tangible products or services. Customer service can also be defined as the ability to render a service or to provide a product to the extent to which it has been promised to the customer that is delivering on the promise.

1.7.10 Customer retention

Cant, Brink and Brijbal (2005:6) denote that customer retention is achieved by satisfying customers to the extent that they become customers for life. The latter is supported by the researcher's perception of customer retention which refers to the establishment establishing an ongoing, long-term relationship with customers instead of once-off transactions. Boshoff and Du Plessis (2009:314) state that customer retention is an establishment's ability to focus all its marketing efforts on its existing customers.

1.7.11 Employees

Henning (2007:194) states that employees include any people who assist in delivering a service or assist an establishment in conducting its business and who, in return receive remuneration. "Employees" refers to people working for another person or a business firm for pay (Dictionary reference 2014).

Slabbert (2010:8) states that employees are the working force of a business and is of the opinion that the success of the business is greatly dependant on these people as they determine the satisfaction of customers.

1.7.12 Customer relationship management

Customer relationship management (CRM) describes methodologies that assist establishments in managing customer relationships in an organised and efficient manner through establishing a database for customers and maintaining an affinitive relationship with them (Payne & Frow 2005:168) (Slabbert 2010:10).

1.7.13 Four- to five-star-grading

A star-grading is given to an accommodation establishment by the TGCSA (Tourism Grading Council of South Africa) according to specific quality criteria set out by South African Tourism. The aforementioned criteria or standards have been underpinned in Section 3.8 in Chapter 3 of this study. With this grading, 1 star is the minimum and 5 the highest merit (Tourism Grading 2014). Henning (2007:52) states that a 4-star-grading entitles superior comfort and quality, accompanied by a high standard of furnishings, service quality and guest care. Henning (2007:52) continues by defining 5-star service as “exceptional quality and luxurious accommodation”, which includes the highest standard of furnishings, faultless service and excessive customer care.

1.7.14 Star-grading by TGCSA

South African Tourism administered the star-grading of lodging hospitality establishments before the objective of star-grading was mandated to the Tourism Grading Council of South Africa (TGCSA). Star-grading is an independent assessment of what guests can expect to find at provided accommodation.

It is based on overall quality, but also takes into account the facilities one would expect to accompany that particular star-grading. The TGCSA falls under the jurisdiction of the Minister of Tourism, Mr. Van Schalkwyk and the Department of Tourism may by notice in the Government Gazette, issue codes

of good practice to guide the conduct of tourism facilities and organs of state responsible for developing and managing tourism and promote the achievement of the objects of Act 72 of 1993 (South Africa 2011). The role that the TGCSA and South African Tourism play in the star-grading of hospitality and lodging establishments as well as the standards applied throughout the star-grading process are underpinned in Section 3.8 in Chapter 3 of this study.

1.8 RESEARCH METHODOLOGY

1.8.1 Personal survey

With reference to the complexity of the research problem and the multiple research objectives, it was decided to follow a personal qualitative and quantitative research methodology for the personal survey.

Research design and methodology for the study

1.Secondary data (literature review)

2.Primary data through a personal survey by means of three (3) measurement tools :

- A. **Observation** of the establishment culture, interior and behaviour of management and staff of the participating guesthouses pertaining to the rendering of quality services to customers;
- B. Conducting **interviews** with owners, managers and staff pertaining to the rendering of quality services to customers;
- C. Compiling and applying **questionnaire surveys**. The questionnaires compiled and used by the researcher are as follows:
 - Questionnaire to be completed by **internal customers** (owners/managers/staff) measuring quality service and TQM;
 - Questionnaire to be completed by **external customers** (guests) regarding service quality, also known as SERVQUAL questionnaire.

1.8.2 Primary and secondary data

Wegner (2001:41) underpins the fact that primary data sources are data that are captured at the point where they are generated for the first time with a specific purpose.

Saunders, Lewis and Thomhill (2007) state that primary information is often the preferred option for research studies as it is more reliable because of the low risk factor involved pertaining to misquoted later publications. Primary research can be obtained by performing studies, which is the best option as it allows for a completely adapted study.

Secondary data are collected and processed by others for a purpose other than the problem at hand (Slabbert 2011:50). This study utilised primary data obtained from guesthouses in the form of interviews, questionnaires and case studies as well as relevant data collected by an objective observer.

This study provides secondary information in the form of previous theories and research which assisted in the validation and analysis of the findings of interviews with guesthouse managers, guests and staff and helped to provide a theoretical framework (Saunders *et al* 2007).

As TQM is an important business factor and because so many variations of TQM exist, it is not surprising that there is no shortage of resources and information available. This study predominantly consists of information obtained from the use of books, e-journals as well as online articles as well as related websites and newspaper articles as recorded under references. Books are a good resource as their authors tend to make use of other authors' work to back up and motivate statements made and theories constructed.

The resources mentioned are mainly relevant to the hospitality industry. Variety is always a key element when collecting literature for any study. This study considered various sources to ensure that the problem statement and research objectives could be widely explored.

1.8.3 Personal survey

This study utilised both quantitative and qualitative survey instruments. The study considers a qualitative epistemological position as it recognised the importance of locating the research within a particular social and cultural context. Slabbert (2011:52) states that the aforementioned plays an important role in decisions pertaining to the process to follow and measuring instruments to select. A qualitative evaluation was utilised for this study leveraging subjective methods such as interviews and observations to collect substantive and relevant data. The implementation of TQM principles at particular guesthouses as well as the perception of customers pertaining to quality service and guesthouse's management of quality in general, was evaluated by means of a triangular approach to measurement tools as summarised in Figure 2 and Table 2.

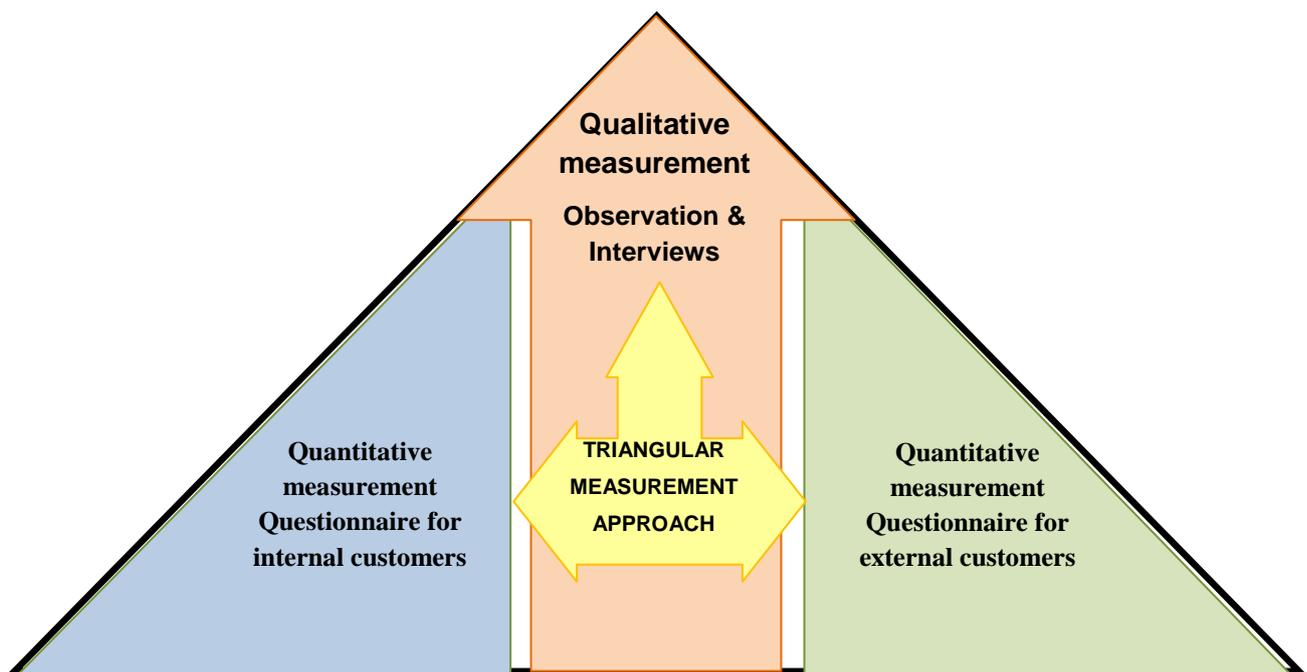


Figure2: Triangular approach to measurement instruments

This study was exploratory and descriptive. The unit of analysis consisted of 15 guesthouses in the Western Cape region. The respondents were 15 owners/managers of the guesthouses, 30 employees and 61 guests.

Table 2: Summary of the research methodology strategy

SUMMARY OF THE RESEARCH METHODOLOGY STRATEGY	DESCRIPTION /EXPLANATION	SUMMATIVE COMMENT(S)/PURPOSE
Focus on guesthouses in the Western Cape region	<ul style="list-style-type: none"> Primarily accessible to the researcher Western Cape region has some of the best 4-to 5-star guesthouses 	A manageable representative sample of the 4-to 5-star guesthouses (15) to be focused on
Qualitative personal survey and case study approach	<ul style="list-style-type: none"> Multiple reliable measuring instruments to be utilised Good control, measurement and affordability 	<ul style="list-style-type: none"> Reliability and validity Multiple instruments ensure highest validity (truth / integrity of the reality)
All guests at 4-to 5-star guesthouses in Western Cape region (15 establishments)	<ul style="list-style-type: none"> Representative of the population 	Ease of accessibility and manageability
SUMMARY OF MEASUREMENT INSTRUMENTS:		
Measurement instrument (1)		
<p><i>Observation</i> of the establishment culture, interior, behaviour, etc.</p> <p><i>Consultation</i> and <i>interview</i> with owners, managers and internal customer (employees)</p>	Field notes on the experience with prospective candidates	<ul style="list-style-type: none"> Gain first-hand experience of the current service quality by staying at the establishment Establish perception of ambiance and operations (website and other administrative functions) at the particular establishment
Measurement instrument (2):		
<i>Questionnaire survey for internal customers</i> (owners/managers/staff)	Obtain an unbiased impression from owner/manager/staff perspective	<ul style="list-style-type: none"> Ensures highest validity (truth / integrity of the reality) Preserves objectivity
Measurement instrument (3):		
<i>SERVQUAL questionnaire for external customers (guests)</i>	The ultimate response is what the guest(s) experienced over a period of time	<ul style="list-style-type: none"> Objectivity / validity All guests in same period of survey at participating guesthouses represent an established, cultivated response

1.9 LIMITATIONS TO THE STUDY

Besides the literature review, the study makes use of an empirical study of the quality of service delivery at 15 participating 4-to 5-star guesthouses in the Western Cape region. The survey population was limited to 4-to 5-star guesthouses in the Western Cape region.15 Owners and managers and 30 members of staff completed the questionnaire for internal customers measuring their perceptions of service quality, quality management at the guesthouses and matters related to TQM.

61 Guests, (external customers), that stayed at the 15 participating guesthouses at the time of the survey, completed the SERVQUAL questionnaire. Although the unit of analysis was relatively small, it was practical and allowed an in-depth survey with multiple instruments.

1.10 AN OUTLAY OF THE STUDY

The study is laid out as follows:

Chapter 1: Scope of the study;

Chapter 2: Service quality and customer retention in the hospitality industry;

Chapter 3: Tourism, the hospitality industry and Total Quality Management in 4-to 5-star graded guesthouses in the Western Cape region;

Chapter 4: Research design and methodology;

Chapter 5: Research results and analysis;

Chapter 6: Research findings

Chapter 7: Synthesis, conclusions and recommendations.

References

Annexures A Questionnaire for internal customers

Annexures B SERVQUAL Questionnaire for external customers

Annexure C: Schedule for interviews by the researcher and observer

1.11 OVERVIEW OF THE RESEARCH RESULTS, RESEARCH ANALYSIS AND FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

1.11.1 Overview of research results as discussed in Chapter 5

Some of the important research results include the following:

A. Observation and qualitative measurement

The researcher and the appointed objective observer conducted informal discussions and non-structured interviews with owners, managers, staff and guests of the appointed guesthouses as an integral part of the qualitative measurement process. Observations made confirmed the research findings. Some observations recorded as field notes, are as follows:

- The majority of owners/managers believe that they apply TQM concepts and principles although most of them were not able to define TQM.
- Nearly all owners/managers and staff are in agreement regarding the importance of quality services to guests but they don't have the knowledge and skills required to successfully implement TQM.
- Apart from one guesthouse, no indication was found from any other guesthouses that comprehensive TQM of any sort is being implemented.
- Most guesthouses implement their own understanding of TQM comprising training manuals and administrative procedure manuals.

B. Survey results regarding owners/managers/staff perception of quality and TQM at guesthouses

Some of the more important results discussed are as follows:

Some survey results on TQM and quality customer service

1. 66.7% reported familiarity with TQM
2. 13.3% reported that TQM have been implemented as a quality program at the guesthouse
3. 54.5% reported that they are trained in the quality program at the guesthouse
4. 97.8% reported that the guesthouse place emphasis on quality customer service
5. 100% of reported that the guesthouse facilitate a service quality culture
6. 86.7% reported that there is room for improvement in the guesthouse's current quality program.
7. 100% reported that a well-structured TQM system can improve customer service,
8. 86.7% reported that there is a need for an improved quality management program at the guesthouse.

C. Survey results regarding customers' perception of quality service

Some of the more important results emanating from the analysis of responses of customers to the SERVQUAL questionnaires are as follows:

Some survey results on customer satisfaction and retention

1. 55.7% of customers indicated that the guesthouse regularly builds long-term customer relations
2. 54.1% of respondents indicated that the guesthouse regularly measures guest satisfaction with service quality.
3. 44.3% of customers indicated that the guesthouse regularly maintains a database of guest preferences and
4. 23% of customers indicated that the guesthouse regularly rewards guests for

their business.

5. 59% of customers indicated that the guesthouse regularly conducts customer satisfaction surveys.
6. 26.2% of customers indicated that the guesthouse regularly determines improvements in customer satisfaction
7. 39.3% of respondents indicated that the guesthouse regularly identifies customer needs.
8. 47.5%, of respondents indicated that the guesthouse regularly collects customer suggestions and complaints to assess customer satisfaction.

1.11.2 Overview of research findings as discussed in Chapter 6

Some of the important findings regarding the perceptions of internal customers (owners/managers/staff) and external customers (guests) include the following:

A. *Differences in responses as a result of biographical factors*

Statistical analysis was also conducted on biographical factors. It was determined that there are no significant differences between the responses of respondents as a result of biographical factors such as gender, department of work and length of service in the hospitality industry.

B. *Internal customers' responses regarding quality management*

The findings indicated that only two thirds of the respondents (66.7%) are actually familiar with the principles of TQM whilst significantly lower percentage respondents (13.3%) are actually implementing these principles at their respective guesthouses.

It can therefore be deduced that a third of the respondents lack any knowledge of TQM principles whilst more than half (54.5%) of

respondents are implementing their own quality programs and quality training.

In contrast to the above, the significance of quality customer service receives high acknowledgement (97.8%) resulting in the current service quality culture at the participating guest houses. This means that, irrespective of the unique nature of each guesthouse's management and cultural context, a high premium is placed on the importance of quality service in order to improve customer retention.

Most of the respondents (86.7%) acknowledged the need for improvements in their current quality programs which explains the significantly high proportion (77.8%) of respondents reflecting their positive inclination towards more efficient and cost effective task execution and service delivery.

The fact that a high percentage of participating respondents (97.8%) acknowledged the value of the implementation of TQM towards improved customer services predisposes a positive tendency towards change.

C. Internal customers' responses regarding manager-employee interactions

A significant percentage of respondents (86.7%) are not granted the opportunity to put their suggestions for improvements of quality service to management. These findings should be viewed in combination with results indicating that only 22.7% of respondents expressed satisfaction with regard to effective top-down and bottom-up communication channels at their respective guesthouses. Only 47.7% of respondents indicated that they fully agree that policies are communicated to employees.

Less than one third of respondents (31.8%) indicated that managers of departments share their information and experiences with their workers. Only 31.8% of the respondents fully agree that the entire

workforce understands and is committed to the vision, values and quality goals of the establishment.

D. Internal customers' responses regarding training and teamwork

Findings from the survey imply that, although not fully exploited and implemented, it is recognised that services rendered by guesthouses in general, can improve with the implementation of the TQM system. Training in TQM system and practises will also enable them to achieve and maintain higher occupancy levels.

More than three quarters of the respondents (77.7%) indicated that they strongly agree or agree that quality circles should be formed where groups of employees do similar work. However, whilst team work forms the basis of quality circles, only one third of respondents (31.8%) indicated that they fully agree that management encourages a guesthouse management style where teamwork is applied in every process.

Even though about three quarters of respondents (77.8%) indicated that training and development is an important part of TQM, only 54.5% of respondents indicated that they are trained in quality management and only 22.7% of respondents indicated that they fully agree that quality training are indeed given to managers, supervisors and employees.

E. External customers' responses regarding communication with customers

Findings suggest that, irrespective of the importance of sustained contact with guests in order to enhance customer retention, the execution of basic action steps such as updated databases only occur at certain guesthouses.

Less than half (47.5%) indicated that the guesthouse customises relationships with individual guests or group of guests although more than half of respondents (55.7%) indicated that the guesthouse regularly builds long-term customer relations,

Only one in five respondents (19.7%) indicated that the guesthouse regularly attracts compatible guests while only one in four (23%) indicated that the guesthouse regularly rewards guests for their business.

Less than half (44.3%) of respondents indicated that the guesthouse regularly maintains a database of guest preferences and details.

Participating guests had significantly different views regarding business reward systems. Although one in four (23%) indicated that regular business with a specific guesthouse resulted in tokens of reward, one in five (19.7%) held the opinion that their regular support has never been acknowledged or rewarded.

F. External customers' responses regarding communication between customers

Findings suggest that communication and interaction between customers are not a priority for guesthouses. Only one in four respondents (26.2%) indicated that the guesthouse regularly promotes positive encounters between guests whilst only one in fourteen (6.9%) indicated that the guesthouse regularly introduces guests to one another.

Less than a third of respondents (29.5%) indicated that the guesthouse regularly manages the guesthouse environment to facilitate guest interaction whilst only one in five (19.7%) indicated that the guesthouse regularly attracts compatible guests.

G. External customers' responses regarding managing customers' satisfaction and retention

From the analysis of the responses of respondents it is clear that measurement of client satisfaction is conducted regularly but that comparison with other guesthouses are not. Staff is also not utilised as a source of information through feedback on customer behaviour.

More than half (54.1%) of the respondents indicated that the guesthouse regularly measures guest satisfaction with the service quality of the guesthouse whilst only one in three (39.3%) of respondents indicated that the guesthouse regularly identifies customer needs.

Less than half (47.5%) of the respondents indicated that the guesthouse regularly collects customer suggestions and complaints to assess customer satisfaction whilst only one quarter (26.2%) indicated that the guesthouse regularly determines improvements in customer satisfaction.

Staff are not fully utilised as a source of information about behaviour of customers. Only 14.8% of respondents indicated that the guesthouse regularly acquires feedback from staff on guest behaviour.

A shortfall in the quality management program of guesthouses is the practice to not regularly compare customer satisfaction results with other competitors. Only 9.8% of respondents indicated that the guesthouse regularly compares the results of customer satisfaction surveys with competitors.

1.11.3 Overview of conclusions and recommendations as discussed in Chapter 7

A. Conclusions

This study explored the implementation of TQM efficacy dimensions in 4-to 5-star guesthouses. The purpose of the aforementioned was to demonstrate that the implementation of TQM critical success factors as a business management approach will lead to increased service quality levels and hence increased customer retention.

TQM is a holistic approach which engages the entire establishment in attaining world-class quality, thus empowering employees to become a catalyst for continuous incremental improvement in delivering products or services. The nature of TQM encompasses a

comprehensive, planned and organised approach towards establishment management. The approach attempts to improve or enhance the quality of products and services through ongoing modification and alteration in response to continuous feedback.

When taking the above into consideration, South African businesses have enjoyed an increased appreciation and application of business management strategies and accompanying principles. The hospitality industry has not faltered in its drive to adopt new ideas. Throughout this study it was demonstrated that the implementation of TQM efficacy dimensions provides managers with the capacity to think strategically about the establishment, its business position, how it can gain sustainable competitive advantage and how business management strategies can be implemented and executed successfully.

This study contends that 4-to 5-star guesthouses in the Western Cape region have experienced low customer retention due to *inter alia* the lack of comprehensive implementation of TQM principles which prevent them from reaching their optimum service delivery and service quality levels. The research findings illuminate the importance of implementing TQM in order to produce higher service quality to retain clients as a strategic mandate in today's service markets. Commercial reality necessitates long-lasting and enduring relationships that are beneficial to both the guesthouse and its customers.

The ability of an establishment to deliver constant superior service quality allows it to create value for its customers and enhance their long-term customer relationships through establishing customer loyalty. The concept of gaining loyalty from the customer has been a topic of study for many years and this study proposes the concept of redelivering high service quality in order to increase customer retention.

Throughout this study it is argued that service excellence precedes customer loyalty, and hence, it is important that service establishments, especially those in the hospitality industry, convince customers of their

commitment to maintaining superior quality levels and providing constant high quality service.

The criteria for future success are determined by establishments' ability to retain customers through identifying their present needs, anticipating their expectations and maintaining on-going, long-term healthy relationships.

B. Recommendations

The researcher recommends that rendering constant high service quality is a prerequisite for retaining customers and for this reason urges service establishments such as guesthouses to constantly strive to develop and maintain these service quality levels.

It is recommended that guesthouses attend to matters regarding competitive advantages, employee satisfaction and an increased working value, staff empowerment and involvement, customer satisfaction, customer loyalty and sustainability of establishments.

This study proposes that service quality in 4-to 5-star guesthouses can be improved by means of the core efficacy dimensions of TQM. This study involved research on the critical success factors (CSFs) associated with managing a successful TQM implementation in the hospitality industry specifically in 4-to 5-star guesthouses.

Critical success factors were identified in Section 3.14 for sustained service quality which will result in long-term customer satisfaction and retention as summarised in Table 18. It is strongly recommended that guesthouses implement these and adherence to them.

Table 18: Critical success factors

<p style="text-align: center;">MBNQA/EQA Criteria</p>	<p style="text-align: center;">MBNQA/EQA Critical factors for success</p>
<p style="text-align: center;">Leadership</p>	<p>Top management commitment and responsibility</p> <p>Top management involvement</p> <p>Role of divisional management</p> <p>Passion for excellence</p> <p>Inspire, guide, coach and support improvement activities</p> <p>Share values</p>
<p style="text-align: center;">Policy and strategy</p>	<p>Quality goals and policy</p> <p>Strategic quality management and planning</p> <p>Performance tracking</p> <p>Mission and vision statement</p> <p>Strategic business and quality plans</p> <p>Inspection policy</p>
<p style="text-align: center;">Customer focus</p>	<p>Identifying customer needs</p> <p>Customer quality measurement</p> <p>Customer relationships</p> <p>Customer satisfaction orientation</p> <p>Market research</p>
<p style="text-align: center;">Information and analysis</p>	<p>Comparative benchmarking</p> <p>Establishment performance measures</p> <p>Quality improvement measures</p> <p>Customer satisfaction measures</p> <p>Managing supplier relationships</p> <p>Supplier performance evaluation</p>

MBNQA/EQA Criteria	MBNQA/EQA Critical factors for success
	Process partnership improvement
Human resource focus	Participatory environment Employee commitment Employee empowerment Top-down, bottom-up communication Teamwork Employee motivation (appraisal, rewards and recognition) Employee satisfaction Human resource development Employee well-being and satisfaction
Process management	Continuous incremental improvement Service process design Process implementation Process management Process review and improvement Supplier and partnering processes Product and service processes
Business results	Stakeholder satisfaction Special impact Customer focused results Financial and market results Human resource results Establishment effectiveness results

In order to facilitate the implementation of the efficacy dimensions of TQM in guesthouses to improve service quality levels and hence increase customer retention, a revised integrated TQM model (as discussed in Section 7.6) based on what Oakland refers to as “The four Ps and three Cs of TQM” (Oakland 2003:27) , is recommended for implementation by guesthouses.

The revised model was designed which can be implemented in guesthouses as a business management approach which will assist the improvement of service quality delivery and ultimately, the facilitation of customer retention. This model (from Section 7.6) is depicted in Figure 41.

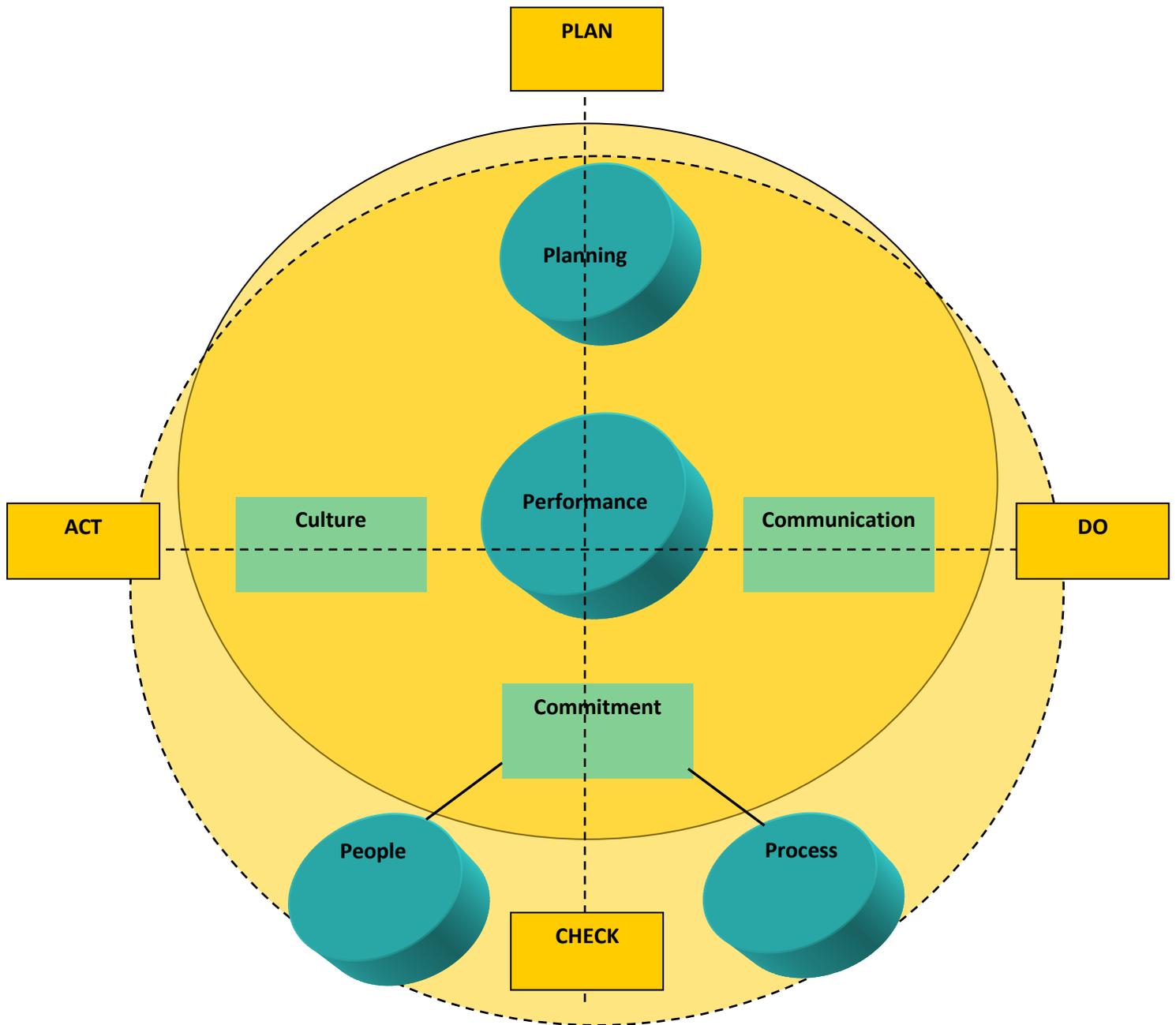


Figure 41: The integrated Oakland model for TQM and PDCA cycle

1.12 SUMMARY

In a globalising and competitive hospitality environment, one of the biggest challenges for South African enterprises is satisfying their customers' needs and expectations in a preemptive manner. Unless management and staff can offer their customers a higher level of service than their competitors, customers will be lost which will result in lower revenues, staff losses and subsequent financial challenges.

This study explored the view that hospitality lodging and accommodation establishments who succeed in implementing TQM successfully, will deliver higher service quality to customers and ultimately benefit from systematic retention of their customers. In today's competitive business environment, one should be reminiscent of the fact that commercial reality necessitates long-term relationships with customers.

The research design and methodology selected for the execution of the research is based on the triangular approach to measurement outlined in Section 1.8 of Chapter 1 and Section 4.9 in Chapter 4 that can be summarised as follows:

Research design and methodology for the study

1. Secondary data (literature review)
2. Primary data through a personal survey by means of three (3) measurement tools :
 - A. **Observation** of the establishment culture, interior and behaviour of management and staff of the participating guesthouses pertaining to the rendering of quality services to customers;
 - B. Conducting **interviews** with owners, managers and staff pertaining to the rendering of quality services to customers;
 - C. Compiling and applying **questionnaire surveys**. The questionnaires compiled and used by the researcher are as follows:
 - Questionnaire to be completed by **internal customers** (owners/managers/staff) measuring quality service and TQM;
 - Questionnaire to be completed by **external customers** (guests) regarding service quality, also known as SERVQUAL questionnaire.

The **research problem** was defined as follows:

Increasing pressure on 4-to 5-star guesthouses in the Western Cape region to be competitive and sustainable in terms of customer service, customer retention and service quality. A variety and even a lack of quality management strategies, star-grading systems and other systems are used by these guesthouses. Some quality systems are not applicable to guesthouses and are not effective. TQM, its efficacy dimensions and related systems and strategies seem to lack in terms of its inadequate or inconsistent application.

Six **research objectives** were formulated to delimitate the research. The research objectives are as follows:

The six research objectives for the study

1. To understand the challenges and make recommendations in terms of customer service rendered by 4-to 5-star guesthouses situated in the Western Cape region.
2. To underpin the problem and provide appropriate suggestions in terms of customer retention in 4-to 5-star guesthouses by the Western Cape region in order to attain and sustain higher occupancy levels.
3. To understand the challenges and make recommendations in terms of service quality at 4- to 5star guesthouses situated in the Western Cape region with emphasis on employee, guest and hospitality establishment relationships in competitive markets in terms of delivering and experiencing high levels of service quality.
4. To underpin problems and make suitable recommendations in terms of quality management of 4-to 5-star guesthouses situated in the Western Cape region.
5. To understand challenges and provide suggestions in terms of the star-grading system applicable to 4-to 5-star guesthouses in the Western Cape region.
6. To understand the challenges and make recommendations in terms of the implementation of TQM by 4-to 5-star guesthouses situated in the Western Cape region for sustained customer retention.

The researcher followed the **triangular approach** towards measurement instruments as depicted in Figure 2.

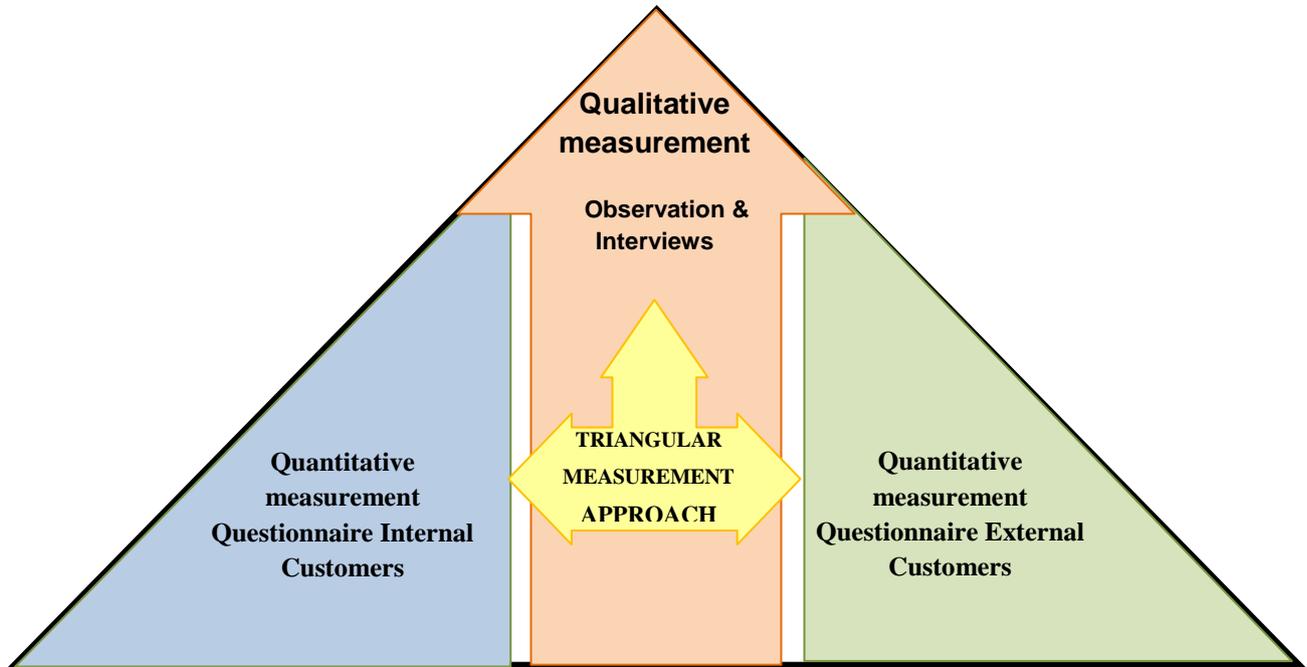


Figure 2: Triangular approach to measurement instruments

The purpose of Chapter 2 is to explore service quality and customer retention in the hospitality industry in South Africa. Chapter 2 will record literature review of the growing interest in service quality which has opened an entirely new playfield for research in quality service assessment and management. Similarly, rendering high quality levels of service fosters not only contented customers but also promotes customer retention.

In order to assess service quality a number of service quality dimensions will be underpinned in Chapter 2 which include assurance, reliability, responsiveness, tangibility and empathy. Chapter 2 will also encapsulate a number of contemporary quality measurement models. These quality measurement models include the SERVQUAL instrument which refers to the perceptual gap or difference between customers and management of an establishment pertaining to their respective perceptions of expectations and actual delivery of quality service, which instrument was also developed and used in the personal survey by the researcher as discussed in Chapters 4, 5 and 6.

CHAPTER 2

SERVICE QUALITY AND CUSTOMER RETENTION IN THE HOSPITALITY INDUSTRY

2.1 INTRODUCTION

Parasuraman, Zeithaml and Berry (1985:41-50) denote that service quality is more difficult for the consumer to evaluate than the quality of goods. Quality evaluations are made not only on the outcomes of a service but also involve evaluations of the process of service delivery. The aforementioned necessitates a conceptual model of service quality and its implications for future research. Hotel managers are continuously studying and analysing every detail of how to provide their customers with high quality services and hospitality facilities with all the modern comforts. The main objective and mission of hospitality establishments should be the delivery of excellent customer services and the greatest satisfaction of guests' expectations through the process of continuous improvement and upgrade of the offered services.

The South African hotel magnate, Mr. Sol Kerzner, proclaims that there are certain key success determinants that need to be identified before opening a new hotel or restaurant (De Lollis 2010). Kerzner denotes that one should always take into account the fundamentals which can be identified as natural assets and the destination. In addition to the fore-mentioned, one should research the competition's position in the marketplace. Kerzner also mentions that the attraction must have the potential to create something unique that the customer will respond to. Finally he states that the establishment must be certain of great service quality delivery (De Lollis 2010).

Chon (1999) adds to the factors discussed above by stating that a notable change has occurred in the tourism industry with particular reference to consumers' growing orientation towards demand for quality of experience. The level of quality service drives guests to frequent or patronise a particular establishment. Chon (1999) believes that the tourism industry has embraced a more forceful approach towards the accomplishment of higher levels of service. Delivering quality service can be seen as one of the major challenges facing hospitality managers. The level of quality service delivered has become the essential condition for success in the intensely competitive, global hospitality markets.

The delivery of hospitality service always involves people and issues relating to the aforementioned centre on the management of people, finding its zenith in the interactions between customers or guests and the internal customer. The interactions between staff and guests can also be referred to as service encounters and the cumulative impact of these service encounters are either perceived as excellent or poor, depending on the customer.

Service encounters are the building block of quality hospitality service and the creation of a strong foundation is the most important aspect of any project (Quality of Hospitality Service 1999).

It is generally asserted that quality is doing something right when no one else is looking. Quality can be applied to many products, processes and services. Contrary to Ford's approach, this study assesses ways in which quality service can be delivered, whether observable to people experiencing the service rendered or not. Before attempting to measure service quality, one should clearly identify the key role players in the measurement of service quality. Are the key role players in the rendering of the service the employees and managers, or is the quality of service and the level thereof measured by the receiver, in other words, the guests? Certain hospitality establishments regard themselves as being able to practice and provide 'quality' or 'quality service' to their customers, but do customers or guests perceive these standards in the same way as the hospitality establishment?

The answer to the above question might render itself as an inconvenient truth, but in the case of the hospitality industry, where service forms the heartbeat of the industry, the measurement and the result thereof always lies with the customer or guest.

The nature of TQM lends itself towards difficulty in adequately defining "quality", but it should be stressed that processes are easier to assess as quality is deployed with tangible results. The rendering of services, specific to this study, pursues intangible results which make the assessment thereof quite different to that of products and processes. This Chapter will provide a thorough description of the nature of service, the aspects of quality and the integrated concept of service quality. The interrelationship between service quality and customer retention is also enclosed in this part of the literature review.

Furthermore, the principles and practises embedded in customer retention will also be discussed. Through this focal point, various customer retention strategies (provided by celebrated and recognised leaders and theorists in this particular field, with specific reference to the hospitality industry) will be discussed, illuminating different service quality dimensions as well as theoretical frameworks and underpinning the complex nature of these service quality dimensions. Finally, this Chapter will provide an outline of the characteristics, and discrepancies and similarities between service quality dimensions and customer retention.

2.2 THE NATURE OF QUALITY

2.2.1 Different approaches to quality

TQM has been widely implemented in various establishments. TQM is a management approach that was conceived during the 1950s and the implementation thereof has gained immense popularity until today. During the period from the mid-1980s to the mid-1990s, a number of hospitality-related establishments chose to employ people seen as quality controllers. Their presence was characterised by, not only the overwhelming number of badges they wore on their suits, but also the anxiety they created amongst employees as they brought a new meaning to the principle “management by walking around”.

These quality controllers were responsible for inspecting the work of other people. Whenever there was a quality issue it was the “quality control manager” who took responsibility (and often the blame) for identifying the problem area and suggesting solutions on how to rectify the problem.

TQM suggests that everyone in the establishment should be involved in managing quality and accepting responsibility for the sustainability thereof. With reference to the aforementioned, TQM is a method that involves both management and employees in the continuous improvement of the production of goods and particular to this study, the rendering of services. The rest of this Chapter finds its momentum in the identification of the concept TQM on the basis of the literature review.

To further the study of the nature of quality, Krüger and Steenkamp (2008:155) state that the world, as it is today, is characterised by insufficiencies, failures, and other imperfections leading to wastage and defects.

Taking this into consideration, quality has become a relevant reality and concern for everyone in the field of management. Krüger and Steenkamp (2008:155) continue by citing that external customers have personalised the concept of quality in that they desire:

- To be treated with respect and without difficulties;
- Effective and efficient products and services;
- Products and services that contribute to their quality of life; and
- Reliable products and services that render value for money.

In view of the above-mentioned aspects of quality, it can be asserted that it plays a profound role in the external customers' way of life. Quality is subject to a relativity factor, that is quality is perceived through the eye of the beholder. Quality then, in its entire capacity, is perceived differently by different people (Krüger & Steenkamp 2008:155).

For this reason it is imperative that hospitality service establishments perceive that they are rendering 'quality' or 'quality service' to their customers, but the authenticity of quality lies in the experience and perceptions of customers. The aforementioned establishes that quality is of a complex nature and thus warrants further investigation.

The most popular definitions of quality lend themselves towards superiority or excellence of a product or service. Other definitions conclude that quality is related to product benefits and features as well as the price of the product or service (Evans 2005:5). In a study by Oakland (2003:4), the term quality is associated with excellent products or services. He reiterates and emphasises that quality comes down to "meeting the customer requirements". Deming's description of quality is that it should be aimed at the needs of the consumer, present and future (Oakland 2003:4).

In the view of Oakland's theoretical understanding, it can be argued that in highly competitive industries such as the hospitality industry, *merely* meeting or satisfying customers' expectations will not prove to achieve success in the long run. Evans (2005:6) states that in order to obtain a competitive advantage over competing establishments, the business or establishment must exceed customer expectations.

The aforementioned definition of quality embraces the fact that it should entail an ever-improving approach adopted by the entire establishment. This in return reflects back to the true nature of TQM, that is, an establishment-wide attempt to continuously improve quality or service quality levels. A discussion of TQM and service quality with specific reference to the hospitality industry is given in Chapter 3.

It can be stated that every customer's service experience and quality assessment varies and for this reason quality renders itself an ambiguous and complex concept which differs when dealing with products and service respectively. In order to define quality, Pycraft *et al* (2008:612-613) suggest that there are different perspectives which should be taken into account. These approaches have been illuminated in Section 1.7.3 and can be summarised as follows:

- A. The *transcendent approach* which refers to the fact that service is perceived synonymous with innate excellence.
- B. The *product-based approach* maintains that differences in quality are caused by the quantity of benefits, features or attributes of a product or service. The product-based approach considers quality as the accurate and measurable characteristics required to satisfy the customer.
- C. The *manufacturing-based approach* to quality takes into consideration the supply side of products and services with specific reference to the conformance to quality requirements.
- D. The *user-based approach* argues that the customer's judgment in terms of quality is always right.

- E. The *value-based approach*. Proponents of this approach are of the opinion that the quality of a product or service is determined by its cost or price. The level of quality is then considered good only if the price correlates with the quality received.

The above reinforces the inescapable fact that services are exceptionally different to products and hence require different approaches or strategies to assist in evaluating service quality levels. There have been significant developments in defining the dimensions of quality, which in return provides a more thorough and advanced foundation for understanding service quality (Page 2007:296).

The concept of quality has enjoyed much consideration in especially service providing establishments and in their key areas such as internal and external marketing, finance and administrative functions.

In studying the concept of quality, Krüger and Steenkamp (2008:156) suggest that it best be done by examining quality in its proposed dimensions. These quality dimensions are what people apply when they consider the quality of a product. Service quality dimensions include:

- A. Reliability which refers to the level to which a service can be depended on to satisfy the user's expectation of the service;
- B. Responsiveness in terms of the willingness of the service provider to meet and possibly exceed the customer's needs and wants; and
- C. Competence in view of the knowledge and skills as well as the overall know-how portrayed by the service provider that enables delivery of the service.

From the above it is evident that the final recipient of the product or service, namely the customer, is also the judge of the level of quality delivered by either the consumption of the product or the service experience. The question that can clearly be derived from the above definitions is why definitions for quality differ in terms of delivering a product or rendering a service to the end user. The answer to this question lies in the unique nature of services, their

characteristics and service quality dimensions that will be discussed in this Chapter.

2.2.2 The need for quality

Imperfection and failures are only two of the countless other destructive terms used to describe many business environments people operate in today (Krüger & Steenkamp 2008:155). There has been and will be a constant yearning for better quality in both the design of product and service styles. Krüger and Steenkamp (2008:155) state that the end consumer of products and services, the external customer, treasures quality as it relates to the following important elements that contribute to satisfying the need for a high quality product or service:

- A. Quality products or services illustrate respect for customers and their desire to receive reliable goods and services that meet and exceed their requirements;
- B. Delivering products and services that demonstrate value for money;
- C. Rendering a service or providing products with the guarantee that they will be delivered at the right time and available to the customer at any time; and
- D. Providing products and services that continuously contribute to a higher quality of life.

Clearly the above corroborates the need for or importance of quality in that when establishments deliver high quality products or services, customers will value their contribution to a higher quality of life and hence become loyal to that particular establishment. The turn of the century brought along with it a magnitude of technological developments and advancements. Consumers are now more than ever educated and exposed to information that can either lead to an establishment's success or its immediate downfall. Evans (2005:7) supports the aforementioned by reminding companies that customers today have the ability to instantly recognise quality concerns within a business.

For this reason, quality should be understood and become the shared responsibility of all role players in an establishment. Evans (2005:9) proclaims that the lack of commitment in establishing a program to constantly maintain and enhance quality standards within an establishment has led to omitted successes and long-term sustainability.

Human nature in itself is competitive and for this reason, consumers will for eternity be comparing products and services in search of the better deal or higher quality service or product. Schiffman, Kunik and Hansen (2008:193) state that consumers find it more complicated to assess the quality of services than the quality of products.

This is due to the inherent unique characteristics imbedded in services, namely, that they are intangible, variable and perishable and simultaneously consumed and produced. Customers have the tendency to compare products or services with other competing suppliers thereof and because consumers are unable to compare services side by side as with products, they depend on extrinsic cues to assess service quality. These cues or symbols can vary from the lavish interior of a hotel lobby to the expensiveness of a product which is frequently used to determine its quality.

Schiffman *et al* (2008:193) assert that during these hours, employees and customers are rushed and this may lead to a decline in interactive service quality. From a service point of view it takes great determination, much patience and individual attention to the customer to ensure consistency in providing high service quality.

The importance of quality is reiterated in the consumer decision-making process. Cant *et al* (2009:286) state that both suppliers of goods and suppliers of services have a similar goal in mind, the provision of a product or service that completely satisfies the end user, the customer.

The aforementioned automatically creates competition between suppliers of products and services, leading to a much more complicated decision-making process followed by customers and often cognitive dissonance.

As discussed earlier, services are more difficult to evaluate and for this reason, consumers tend to categorise quality. Cant *et al* (2009:286) proclaim that that these categories can be described as:

- A. *Search qualities*: these qualities are established before the actual purchase and involve intrinsic symbols such as the image or brand of the product or service.
- B. *Experience qualities*: these particular qualities are determined during the consumption of or use of the product or service as well as after the purchasing experience. Examples of these include experiences obtained from visiting a bank, a restaurant or even a holiday trip.
- C. *Credence qualities*: these qualities remain difficult to assess even after the purchase and consumption thereof. This is because of the lack of knowledge held by the customer. Examples of these include legal services or medical procedures.

The above categories clearly demonstrate the degree of difficulty and immense effort with which customers evaluate services. For this reason, many customers make use of external sources to assist during decision-making processes. External sources may include referrals from family or friends or even sought after testimonials delivered by famous personalities or experts in that particular field (Cant *et al* 2009:286).

The fact that consumers choose to exploit external sources of recommendations when making purchase decisions can posit a perceived risk in the case of services, as these are higher because of the high level of intangibility or experience qualities embedded in them (Cant *et al* 2009:286-287). The aforementioned authenticates the imperative fact that quality is excessively sought after by the customer and consequently suppliers should make the provision of high quality products and services their primary prerogative. Adjoining the aforementioned, Palmer (2009:268) reiterates the fact that consumers ultimately establish the criteria for assessing quality.

Services possess very few tangible manifestations and hence require that service providers deliver a service that is of immediate distinctive quality in order to gain the support and ultimately the loyalty of customers.

2.2.3 The advantages of high service quality

Pycraft *et al* (2008:48) state that service quality is an important operational objective in any business. Adjoining the above is the fact that quality forms the most visible part of service rendering. Customers are at liberty to effortlessly judge the level of service quality being offered. The aforementioned level of quality either conforms to the expected standards or creates a high level of disappointment and frustration amongst customers. Pycraft *et al* (2008:49) continue by stating that one is able to recognise something essential about quality and for this reason, as emphasised earlier, quality plays a profound role in customers' satisfaction and dissatisfaction. The rendering of high quality level services fosters customers' satisfaction and retention. Pycraft *et al* (2008:50) continuous to state that quality services also reduce business costs as fewer mistakes are made which mistakes can be costly to a business.

2.2.4 The consequences of poor service quality

The consequences of poor service quality are calamitous in nature. Substandard or poor service quality creates unfavourable behaviour among customers. The inability to retain customers forces the establishment to increase their spending in acquiring new customers. If the aforementioned proves to be unsuccessful there will be an increase in overall spending as well as lower income levels which will eventually ruin the service establishment completely.

Contrary to The aforementioned, superior service quality yields the opposite effect in that customers frequent the establishment, hence increasing their spending on the establishment's service offerings. High service quality levels create loyal customers and provide the service establishment with the ability to charge premium prices, increasing its income and establishing higher profit levels (Boshoff & Du Plessis 2009:51-52).

2.3 THE ASSESSMENT OF QUALITY

Defining quality is not an easy task. The quality in a services environment is the consumer's overall assessment of the service delivery as determined by how well or to what extent the delivery conforms to the customer's expectation of service quality. Oakland (2011:146) states that there has been a significant increase in the use of standards to measure quality which contributes to the emphasis management should place on the measurement of service quality. Oakland (2011:87) expands by asserting that the realisation of the service sector can be perceived as part of the natural progression from agriculture to manufacturing dominance and then to services.

When taking the design of services into consideration, it is imperative to acknowledge the differences between products and services. Many authors have asserted that there has been a growing need for a different approach to the marketing and design of services because of the undeniable differences between products and services (Oakland 2011:87). The following Sections illuminate the differences between the assessment of products and services.

The assessment of quality in services differs profoundly from that of products. Palmer (2009: 268) states that the quality of a product plays an important role in the consumer's buying process. Many consumers purchase a product merely by considering the brand name or sponsorship thereof. Others indulge in more impulsive buying behaviour.

Whatever the case may be, quality is defined by the customers and a product is perceived as being of high quality when the establishment succeeds in satisfying the needs and expectations the customer had of the product they purchased.

As stated earlier, the assessment of quality in the service sector differs from that of quality evaluation of products in the manufacturing industry. Products are predominantly manufactured by computerised technology and machines whereas services are delivered by people.

Personnel are constantly changing and service delivery varies from one employee to another. This observable fact makes the establishment of a culture for continuous quality improvement in the service industry difficult.

Evans (2005:16-17) has identified several differences between the rendering of services and the manufacturing of products that propose repercussions for managing quality. These differences can be described as:

- A. The customer ultimately defines quality and secondly, customers differ from one another. This renders the establishment and measurement of needs and performance standards a hard task.
- B. The production of services requires a higher level of customisation than with manufacturing products. Services are typically modified for different customer profiles in comparison with products that have a uniform goal.
- C. Unlike products that possess a tangible characteristic, that is they can be touched and inspected before purchase, services essentially are intangible.
- D. Products can be evaluated against the firm's design specifications or standardised governmental specifications. Customers cannot touch, smell or see service before they purchase it and they may experience higher levels of perceived risk and uncertainty because they are unable to do so.

A thorough evaluation of service before buying it is therefore impossible and leads customers to use cues to help them assess the service. Evans (2005:16) states that these cues may involve subjective or even vague referrals from family and friends or past experiences. Other examples that give customers an indication of the service quality they might expect include the interior of a restaurant, the appearance of a hotel entrance, or the behaviour of the receptionist.

Services are primarily inseparable from the provider of the service and are therefore produced and consumed simultaneously. In the case of products, consumption takes place after production and often far away from the factory. For most services the producer and the seller are the same person. The visitor to a national park cannot experience counter service if the receptionist is not present, nor can the receptionist render the service if the visitor is not present.

The aforementioned gives way to the fact that services must be performed at the convenience of the customer and therefore much attention must be given to the training and provision of high service quality levels with rendering a service.

Services are perishable in the sense that a service cannot be stored like most tangible products. Because services are produced and consumed at the same time, they are

considered highly perishable. A hotel room or aeroplane seat that is not sold on a particular night or day is a lost sale. A particular challenge for managers of service providing establishments or hospitality products is therefore to manage demand in such a way as to ensure that as little capacity as possible is lost. Providing high quality service will assist the manager to, where demand cannot be managed, attempt to reduce the waiting period that the customers would otherwise encounter.

Evans (2005:16) states that products are typically capital intensive in comparison to services which are predominantly labour intensive. The presence of human contact in the rendering of services consequently creates room for error and therefore service employees should be critically monitored in delivering a high quality service experience.

The growing number of customers and transactions in the service industry, especially during peak times in the hospitality industry, is another area that increases the opportunity for potential error. This reiterates the implementation of sound total quality principles in service providing establishments.

Most service establishments have service quality assurance programs which unfortunately tend to be more product-orientated than service-orientated (Evans 2005:16). Service establishments require special service-centred “ingredients” that manufacturing systems cannot accomplish.

This study focuses on the service quality levels in 4-to 5-star graded guesthouses and their relationship with the efficacy dimensions of TQM. The aforementioned necessitates that an in-depth study be made into the levels of service quality delivered by these 4-to 5-star establishments. In order to accomplish this, service quality in its entire capacity solicits thorough analysis. Quality service adjoins the term “quality” in that it should be defined from the customer’s perspective. In addition to the aforementioned, quality service centres on what the customer perceives as quality service. It matters little if the service provider feels that the particular service delivered was of excellent nature, if the customer does not perceive it in that way. The aforementioned necessitates an in-depth study of the nature of service quality as well as the evaluation thereof.

2.4 THE NATURE OF SERVICE QUALITY

The task of assessing service quality becomes less complicated if the nature of services is explored. Furthermore it can be stated that the quality of a service can be elusive to determine due to the unique features that differentiate services from goods. Bennet and Strydom (2001:5-6) state that there are unique characteristics embedded in service. These characteristics have been outlined below:

- A. *Services are primarily intangible:* Products can be physically observed and inspected before purchase whereas services are essentially intangible. The aforementioned contributes to a higher perceived risk and uncertainty factor. Although travel and tourism products are regarded as a service, they do contain tangible elements, for example meals, guesthouses or hotel beds, physical features, aeroplanes, etc. (Bennet & Strydom 2001:5-6).
- B. *Services are primarily inseparable:* This implies that a service cannot be separated from the provider of the service. For most services the producer and the seller are the same person. The reason for this is that services are manufactured and consumed at the same time. In the case of products, consumption takes place after the production and often far away from the factory.
- C. *The quality control of services differs* from that of goods as quality policies and procedures for products occur before the products leave the factory. In the case of services, quality control is difficult to achieve as mistakes occur in the presence of the customer. Service employees must therefore be properly trained and monitored to ensure high levels of service quality.
- D. *The ownership of service is not transferable:* When purchasing a service, the buyer generally does not obtain ownership of the particular service purchased. The visitor to an accommodation establishment such as a guesthouse or hotel is merely given the right to use the room for a limited period of time. Bennet and Strydom (2001:5-6) contend that when customers buy a service such as a bus ride or an aeroplane seat, they merely obtain a symbol such as a ticket as proof of purchase. In the case of accommodation, the only proof provided to the prospective guest is a booking reference number which serves as proof of purchase. Travel and tourism products therefore lend themselves to a high level of experiential qualities.

- E. *Services are heterogeneous in nature*: Almost all services are rendered by people and for this reason services differ considerably because of the fact that people differ. The extensive involvement of people in the provision of services generally introduces a degree of variability in the outcome. The same employee may render services of a varying standard, depending on his mood at the time, the time of day, the day of the week or the customer involved (Bennet & Strydom 2001:5-6). Satisfying the needs and wants of every customer all the time is very difficult to achieve in practice as service is delivered by different people with different personalities.
- F. *Services are perishable*: A service cannot be stored in tangible form as services cannot be separated from the service provider and are thus produced and consumed at the same time and are therefore considered highly perishable.

Table 3: A proposed integrated framework for the measurement of service dimensions in the hospitality industry

T A N G I B L E	CORE SERVICES	PERIPHERAL SERVICES
		Accommodation Food Waiting area Lavatory Parking area
I N T A N G I B L E	Reliability and responsiveness Service quality Affordable price options Supply free travel advice	Prompt response and correspondence Service with a smile Includes providing quality service without charging extra Make recommendations

Oakland (2011:87) states that it is almost impossible to design the intangible aspects of a service. Table 3 can be used to corroborate the relationship between core services and peripheral services and their relation to the tangible and intangible dimensions of service.

2.5 SERVICE QUALITY IN THE SOUTH AFRICAN HOSPITALITY INDUSTRY

In a study conducted by the South African Tourism Board, Dorian (1996:32) reveals that international visitors assess the quality of service provided along a broad range of factors. The ratings are lower than average, especially for those accommodation establishments in the Gauteng and Western Cape region. A conclusion drawn from the study indicates that the needs and expectations of guests visiting these specific establishments were not met.

Oosthuizen (2010:1) states that there are few industries in which the quality of services is as instantaneously noticeable and therefore as essential to the sustainability of the business, than in the hospitality sector. Oosthuizen (2010:1) mentions that the South African hospitality industry has adopted a just-in-time philosophy pertaining to service quality. The reality is that service perception plays a detrimental role in a consumer's repurchase decision.

Before hosting the World Cup Soccer in 2010, South Africa's readiness for hosting such a glamorous event was measured by the percentage completion of the stadia, but little focus was placed on the assessment of quality of service. Oosthuizen (2010:1) is of the opinion that the hospitality industry is bound to face an array of problems in meeting and not even exceeding expectations. The point refers to the inadequate training opportunities provided within the industry.

It has become evident that visitor volumes are increasing, specifically in the Western Cape region and for this reason strategies should be developed less towards stimulating travel demand and more to managing demand and increasing satisfaction levels (Oosthuizen 2010:1).

Service quality and delivery will determine whether guests select destinations and establishments in the future. In the South African hospitality industry, dissatisfied clientele have the liberty of walking out the front door to challenge a very willing competitor in better satisfying their needs. Oosthuizen (2010:2) claims that it is

because of this reason that it is vital that South African hospitality establishments preserve their competitive advantage.

The NALEDI report, (NALEDI 2001:7) identifies that the catering and accommodation sectors in South Africa form two of the most lucrative and fastest growing areas of tourism and hospitality. The report confirms that an increase in this particular trade facilitates increased presence of global ownership in the South African economy.

2.6 THE ASSESSMENT OF SERVICE QUALITY

The growing interest in service quality has opened an entirely new playfield for research in quality and quality assessment. The fact that previously defined quality concepts applicable predominantly to the manufacturing environment are now perceived to have limited application to the service industry has opened an array of new dialogues about the nature of service quality. This continuous search for meaning in service quality has created a torque in redefining quality theories which authenticates it is just as applicable in the service environment as in manufacturing.

Parasuraman *et al* (1985:41-50) and (Bhat 2012:327-337) suggest a number of dimensions of service quality namely reliability, courtesy, tangibles, responsiveness, competence, credibility, access, communication, understanding and knowledge of the customer.

After years of modifications and adjustments, Sackdev and Verma (2004:102) reduced these service quality dimensions to only five dimensions which can be described as follows:

- A. *Assurance*: The courteousness, knowledge, skill and overall know-how of service employees in their ability to promote trust and confidence amongst customers.
- B. *Reliability*: The consistency and dependability with which tasks are carried out. This can also refer to the extent to which service employees honour the establishment's promises and perform the service right the first time.
- C. *Responsiveness*: The willingness or readiness of employees to provide service or the timelessness with which service is rendered.

D. *Tangibles*: The characteristic of service that refers to the physical evidence of the service that is the physical facilities such as the appearance of employees or the service facilities and the tools or equipment used to provide the service.

E. *Empathy*: The ability of employees to care about and treat customers with individuality in terms of the service rendered (Sackdev & Verma 2004:102).

Below is a summary of each dimension and its proposed measurement instruments compiled from secondary literature.

Table 4: Service quality dimensions and their instruments

DIMENSIONS	QUALITY INSTRUMENTS
Reliability	Ability to perform the promised service dependably and accurately Credibility Timely service Accuracy of records
Assurance	Employees' knowledge and courtesy Employees' ability to inspire trust and confidence Courtesy and politeness of staff
Tangibles	Location The appearance of physical facilities, equipment, personnel and written materials
Empathy	Caring, easy access, good communication, customer understanding Individualised attention given to customers
Responsiveness	Willingness to help customers and provide prompt service Staff conduct

Quality even in its simplest form is multidimensional. As mentioned before, performance dimensions, evident in services, are more difficult to measure and obtain in comparison to physical dimensions as is the case with products. The aforementioned necessitates gaining knowledge into how products satisfy the

customer. Products, similar to service quality, comprises of a number of dimensions. The acknowledgement of these dimensions is essential as it reveals what really matters to one's customers. Product quality has primarily two dimensions (Dimensions of product and service quality 2006)

- A. *Physical dimension*: Entails the product's physical dimensions and measures the tangible product itself. This includes characteristics such as length, weight, or temperature.
- B. *Performance (functional) dimension*: A product's performance dimension considers the physical operation of the product and includes attributes such as speed and capacity.

It can be drawn from the above that the quality of products and services can be measured by their respective dimensions. The assessment of all dimensions of a product or service assists in determining the extent to which the service meets customer requirements.

As stated earlier, the task to assess service quality remains a consistent difficulty as customers base their evaluation on their perceptions and expectation. This renders service quality to be a multidimensional construct. The SERVQUAL instrument, designed by Parasuraman *et al* (1985:41-50) adopts these service quality dimensions in order to measure both customers' expectations and customers' assessment of the performance delivered by the service provider. The SERVQUAL instrument will be discussed in detail later in this Chapter.

Winder (1993) states that the integration of service quality dimensions create new opportunities for integrating recent quality developments (Winder 1993). These developments include a five dimensional framework for defining quality applicable to the service industry.

It should be taken into consideration that these five dimensions of quality differ from the dimensions of service quality developed by Parasuraman *et al* (1985:41-50) and the five dimensions as formulated by Sackdev and Verma (2004:102) as outlined earlier in this Chapter.

Winder (1993) states that quality envelops five distinct dimensions that can be described as follows:

- A. *The experiential dimension.* This dimension is characterised by physical activity. It is at this stage that *vision becomes reality*. This dimension is referred to as the experience dimension as it coerces the implementation of plans which in turn exerts experience. The implementation of previous plans together with the experience of doing so will determine the success of the next dimension (Winder 1993).
- B. *The measurement dimension.* The measurement dimension creates the opportunity to identify success and possible errors that might have occurred during the implementation of the plan. The five levels or dimensions of measurement includes:
- The basic or first dimension level of measurement is namely inspection or detection.
 - The second dimension measures performance.
 - The third dimension provides the opportunity to then make improvements to the system.
 - The fourth dimension requires evaluating, studying and assessing underlying paradigms which motivates the establishment to think beyond immediately visible figures in order to perceive service quality holistically.
 - The fifth dimension measures and ensures that customers become loyal to the establishment.
- C. *The relationship and systems thinking dimension* permits one to observe a correlation between activities and the results derived from them. This dimension recognises the interrelationship among people, equipment, processes, policies and procedures, and the environment. Integration should be instituted internally within the establishment so that the entire establishment can operate as an integrated holistic system.
- D. *The inter-connectivity dimension* requires that the same information is perceived through a new paradigm or a new frame of reference. This dimension creates the opportunity to adopt the new philosophy towards innovation and change in the establishment.

- E. *The value-sharing dimension* illustrates that if customer receives something from a service provider that is of more value to them than to the provider of the service and then both are better satisfied as a result of the trade.

A comparison between the five dimensions of service quality as defined by Sackdev and Verma (2004:102) with the five dimensions of service quality as identified by Winder (1993) creates a paradigm shift in evaluating service quality systems and will provide the background for understanding their role in fulfilling service quality.

The five dimensions of service quality relate to the service delivery or performance of employees in relation to customer needs. Winder (1993) suggests that by assessing the integration of the above service quality dimensions it becomes possible for the establishment to gain a clear understanding of its level of quality development.

The above theoretical framework suggests the involvement of participants in creating an environment that is supported by experience, measurement, and systems in which its total focus is directed towards satisfying internal and external customers. Through engaging the internal customer in sustaining high service quality development, service quality is driven by the internal desire to satisfy the external customer.

Ye, Li, Wang and Law (2014:22) created a model depicting the integrated service quality dimensions as outlined in Figure 3.

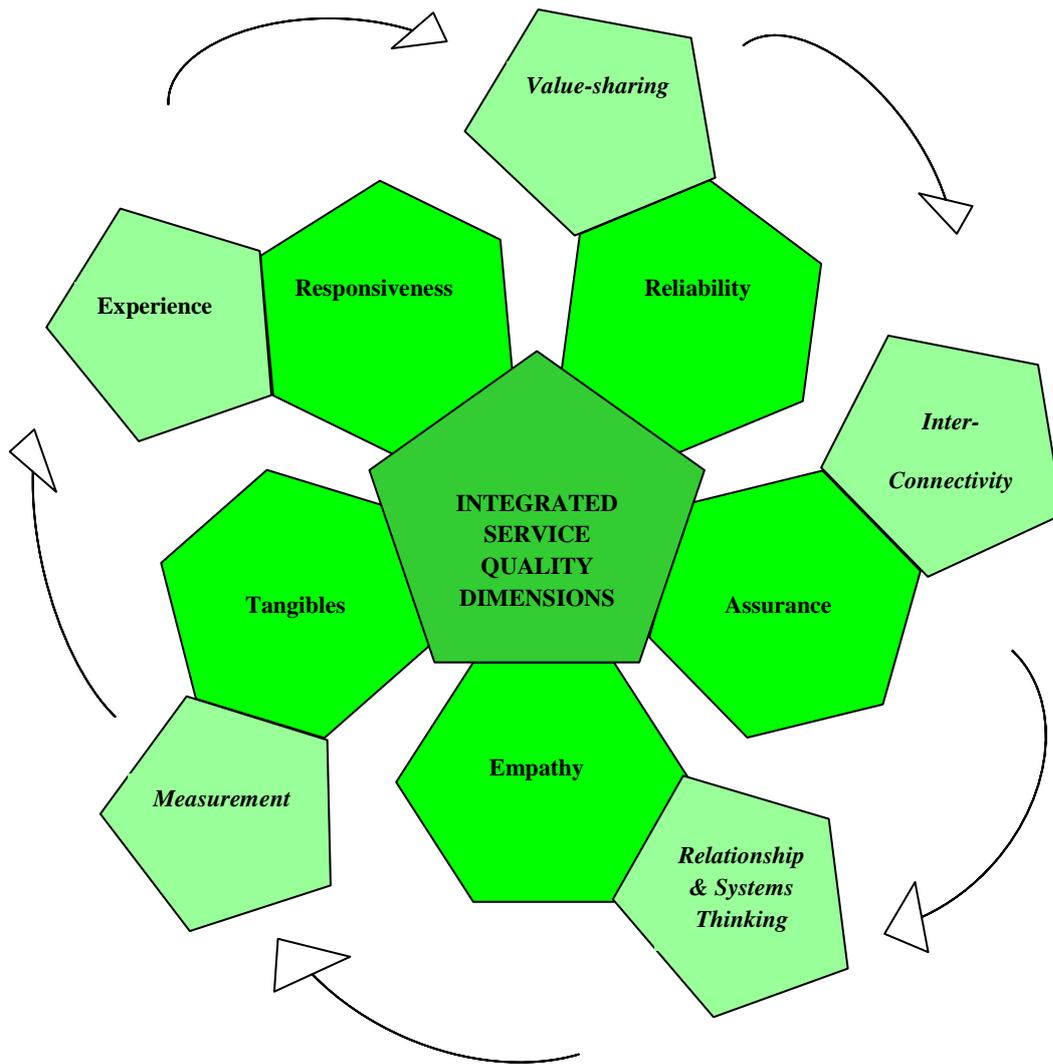


Figure 3: A model for the integrated service quality dimensions *Source: Adapted from Journal of Ye, Li, Wang and Law (2014).*

Chakrapani (1991:1-5) conveys a different perspective to the service quality dimensions by explaining that service quality can be divided into three basic dimensions namely:

- A. *Basic quality*: this involves elements of the product/service. It can be asserted that the first dimension seeks to determine whether the service/product delivers all it is expected to deliver. Research involved in this dimensions proves to be similar to assessment of quality of a tangible product. It can be reiterated that the assessment of services will pose its own methodological problems.

- B. *Dependability*: the continued availability of high quality. The second dimension is dependability which refers to factors attributing to the service provided. The second dimension finds its momentum in that it goes beyond only assessing the qualities of the product/service and mostly deals with the way customers are treated once a product or service is sold to them.
- C. *Exceeding expectations*: this entails extending and advancing the first two dimensions by adding depth to service quality. Researching the third dimension places emphasis on exceeding the expectations of the customer. It can be stated that this dimension renders itself to be the most difficult dimension to perceive but simultaneously contributes the most to the perception of quality.

The 3 dimensions are depicted in Figure 4:

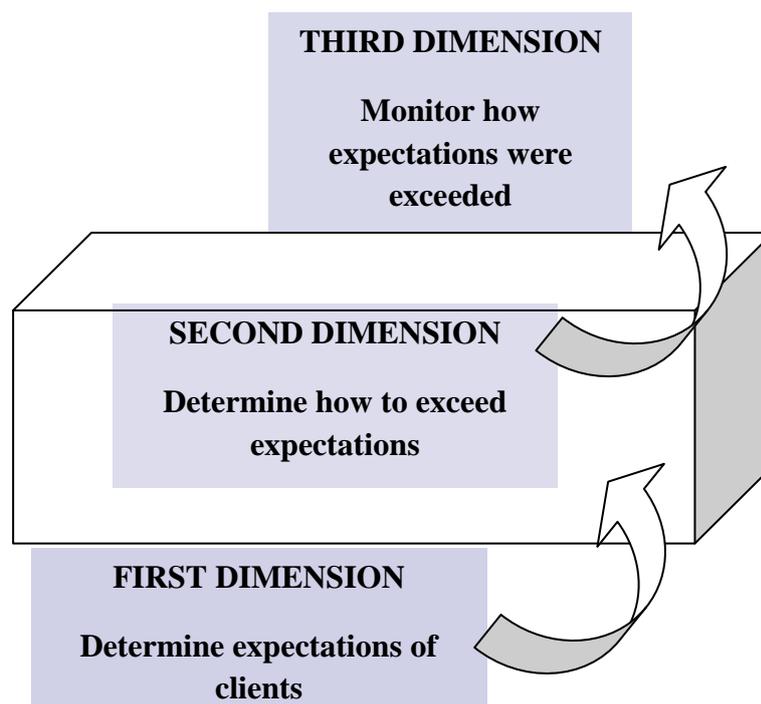


Figure 4: A model for the three dimensions of service quality

Source: Adapted from Chakrapani (1991:2)

2.7 CURRENT SERVICE QUALITY MEASUREMENT MODELS

Theory presents a number of service quality measurement models where each model attempts to capture and annotate service quality. The challenge lies in identifying a model which most effectively ascertains the core definition of service quality which is ultimately determined by customers. Customers have the ability to perceive service delivery in their own capacity as guest or customer, either perceiving the service received was better service than expected service or receiving worst service than expected.

The aforementioned presents managers in the hospitality industry with a multitude of perceptions to consider before arriving at satisfied customers according to the establishment's perception. Considering different perceptions inevitably leads to misperceptions. The latter refers to the perception gap which can be defined as a gap between what customers expect from service delivery and what they perceive from service delivery.

It is important to realise that service providers may be under the impression that they are actually delivering a better service than their competitors, but if the customer perceives the service rendered as poor, the establishment's efforts are worthless. The aforementioned necessitates establishing the nature of perception. Cant, Brink and Brijbal (2006:115) state that perception can be defined as the way by which individuals choose to select, organise and interpret stimuli of the five senses, namely sight, sound, taste, smell and touch. The aforementioned permits one to say that consumers use perception to guide them in finding meaning in either what product they choose to purchase or what service they prefer to experience.

Customers consequently follow a procedure which assists in determining the reason behind their purchase and this process can be referred to as the process of perception (Cant *et al* 2006:115). The aforementioned process encapsulates the stimuli that customers are exposed to that enable them to give meaning to the exposure in order to respond to it.

Perception involves three characteristics namely:

- A. First: The *processing of information* (stimuli) and the active interpretation thereof.

- B. Second: The above constitutes that perception is *selective* in nature and contributes to *subjectivity*. People's interpretations are subjected to their unique personalities, needs, wants and prejudices.
- C. Third: Perception is the fact that it is based on personal *experiences* (Cant *et al* 2006:115). The stimuli will be interpreted in a certain way that is determined by the interpreter's previous experience in dealing with the particular information.

The last two characteristics, subjectivity and experience, are related as they form the unique nature of a person. Cant *et al* (2006:118) state that once a customer is exposed to stimuli which can take the form of a message, product or service, and has attended to it, the stimuli need to be interpreted by the customer in the way that the supplier of the product or service or message intended it to be interpreted. The aforementioned generates space for perception gaps which exist between what the customer perceives from the service, product or message and what the supplier of the message, service or product intended them to perceive.

The perception gap can be described as the difference between what a customer expects to receive from a service and what they think they received. As stated earlier, perceptions take place in steps of which two processes form the basis therefore namely, subjectivity and experience. These are based on customer impressions rather than definable quality.

The aforementioned renders the perception gap difficult to measure or manage as it is subjected to change within time and experience. Managers need to consider a number of key factors which contribute to the understanding of the perception gap. A number of models have been identified as a result of this significant research.

2.7.1 The Gaps Model of service quality

Research indicates that the gap model can also be referred to as *the gaps model of service quality*. The gap theory or the service quality gap model was designed by Parasuraman *et al* in 1985. This model uses gaps to represent the differences between the service quality that a customer expects to receive from a service provider and the customer perception of the service actually received (Parasuraman *et al* 1985:41-50). The model identifies five different types of gaps of which the first four gaps can be referred to as establishment gaps.

The fifth gap can be identified as the customer gap which is the gap as perceived by customers. Parasuraman *et al* (1985:41-50) explain that the customer gap is subsequent to the four establishment gaps.

The gap model serves as a very effective tool which assists managers to manage service quality. As stated earlier, gap 5 encapsulates a customer's perception of the service experience and the customer's expectation of the service and can therefore also be referred to as the services gap. In today's changing and technologically enhanced world, customers' expectations are formed by means of word of mouth from friends or family, their own personal needs and thirdly, their own past experiences.

The SERVQUAL model creates an effective theoretical framework for the research and measurement of service quality in the service sector. The model embraces the definition of quality as a comparison of the expected service quality and the actual received service quality and considers possible gaps that exist in the process of service provision.

Theory offers several models for the measurement of service quality and the level of customer satisfaction. Consequently these models are hard to apply in the hospitality industry where individualised service becomes a determinant in competitive advantage and often the success of the business. Gržinić (2007:90) is reminiscent of the fact that TQM in its entire sphere founded its effectiveness in companies that specialised in the production of products rather than services. The SERVQUAL model (SERVices QUALity) was devised to counter the above-mentioned challenge.

Zhang (2009:72) states that the gap model of service quality (shown in Figure 5 on page 77) provides a framework for perceiving and enhancing service delivery. The model consists of five gaps which encapsulate two parties, namely the service provider and the customer.

The SERVQUAL instrument developed by Parasuraman *et al* (1985) reciprocally measures the expectations of customers (E) and the evaluation of performances (P).

According to this formula, services of high quality as confirmed by customers will yield a positive (not negative) SQ score. Deficient service delivery is indicated by a negative SQ score, which can also be referred to as a gap (consequently the reference to the gaps model of service quality).

The SERVQUAL instrument, adopts the service quality dimensions (tangibles, reliability, responsiveness, assurance and empathy) in order to measure both customers' expectations and customers' assessment of the performance delivered by the service provider.

Service establishments typically enquire customers' evaluation of the service delivery by obtaining their comments on a Likert-scale diverging form strongly agree to strongly disagree in terms of whether or not they agree with the particular statement. Service quality is then calculated by subtracting the expectation (E) scores from the perception (P) scores.

Figure 6 (on page 78) illustrates that consumers' perceptions are derived from actual service delivery they received, while their expectations are based on previous experiences or information received.

One of the key functions of the SERVQUAL instrument is that it determines the level of service quality based on the five key service quality dimensions and assists in identifying where possible gaps in service delivery exist and to what degree (The Journal of Commerce 2010).

The SERVQUAL model illustrates the following gaps which can be generally defined as the Provider Gaps.

As shown in Figure 6, the four service provider gaps in the service systems contribute to one customer gap. It can be stated that these gaps reflect challenges relating to communication, the design and delivery of the service (Zhang 2009:73).

- A. **Gap 1: The positioning gap** – refers to the managers’ perceptions of consumers’ expectations and the relative significance consumers attach to the service quality dimensions. This particular gap is caused by the difference between perceptions management might have of customer perceptions and actual customer expectations (Zhang 2009:173; Zeithaml *et al* 1988:37).

Particular to this study namely, the guesthouse industry, the owner or management team of the guesthouse embrace inaccurate perceptions of what guests expect and regard as high service quality (Zhang 2009:173). There are certain factors that influence gap 1 which can be identified as market research orientation, upward communication and levels of management (Zhang 2009:173; Zeithaml *et al* 1988:37).

It can be stated that managers might be under the impression that customers’ needs and expectations are sufficiently perceived and for this reason refrains from investing in market research. Failing to apply market research may lead to incomplete or inaccurate manager perceptions pertaining to the expectations and needs of customers. The aforementioned finds its validity in the fact that markets today are characterised by rapidly changing consumer needs and expectations and for this reason it is imperative to conduct market research regularly (Zhang 2009:173; Kurtz & Clow 1998:112).

Upward communication facilitates the flow of information to upper-level managers. Information provided to managers revolves around activities and performances throughout the establishment (Zeithaml *et al* 1988:38).

The latter enables top managers to gain insight into customer expectations by being closely involved in the service delivery process (Zhang 2009:173). The third factor that has a profound influence on gap 1 pertains to the number of management layers between top managers and customer-contact personnel. A large number of layers between management and customer-contact personnel reduce the objectivity of the information that finally reaches management.

B. Gap 2: The specification gap – illustrates the difference between what management believes the consumer wants and what consumers expect from the service provided by the establishment. Zhang (2009:73-74) affirms that this particular gap ensues when management is able to correctly perceive customer expectations, but is unable to translate this information into clear quality specifications (Kurtz & Clow 1998:112).

When taking the guesthouse industry into consideration, the owner might understand what guests regard as superior levels of service quality, but may find it challenging to translate this information into an effective service delivery process.

Zhang (2009:74) explains that in the guesthouse context, for example, the owner might succeed in interpreting guests' desire for courteousness such as wanting employees to greet guests in a friendly manner or to express a genuine smile. Key factors that influence the specification gap have been identified by Zeithaml *et al* (1988:39-40), as management's commitment to service quality, goal-setting, task standardisation and perception of feasibility. Management may have the tendency to focus more on cost reduction and short-term profit than on quality. The aforementioned objectives are more easily formulated and results can be easily measured. This tendency may lead to neglecting other objectives.

Zhang (2009:74) states that goal-setting simultaneously improves establishment performance and individual achievement and increases overall control of the establishment. Service goal development refers to defining service quality to the extent that customer-contact personnel are enabled to perceive management's perspective and the objective to generate a profit.

Furthermore, task standardisation can be achieved through the implementation of hard-and soft-technology which are both designed to standardise the operation and provide a consistent service delivery to customers.

Zhang (2009:74) elucidates that substituting computers for human labour is recognised as hard-technology and improving work methods can be identified as soft-technology. Lastly, the perception of feasibility can closely be associated with managers' perceptions of the extent to which meeting customer expectations is feasible. Management should be aware of certain customer expectations while employees might have the impression that meeting these expectations is not feasible or unachievable.

C. Gap 3: The delivery gap – exemplifies the difference between the actual service provided by the employee of the establishment and the specifications set by management.

Fisk, Grove and John (2008:159) mention that gap 3 is represented by employees that are unable or unwilling to deliver services at the desired level. With reference to the fact that services are characterised by inseparability of the service being delivered and the provider of the service, most services are performed by people. The quality of service highly depends on the performance of the service provider. If customer contact personnel are able to provide services as specified, customers are usually satisfied as their expectations have been met. It should also be stated that when employees fail to provide specified service specifications, customer expectations will not be met and customers will be dissatisfied. Zhang (2009:75) states that the host of the guesthouse might have a clear understanding of what guests regard as a superior level of service quality. The guesthouse's service delivery actions may however not accomplish the expected high quality services.

Zeithaml *et al* (1988:41-44) underpin possible influencing factors to the aforementioned as role ambiguity or conflict, poor employee or technology job comparison, inappropriate supervisory control systems, lack of perceived control and lack of teamwork. It is imperative that management define service standards based on customer expectations and accompany the aforementioned with clear job descriptions. The improvement of employee or technology job association and empowering

contact personnel are vital as the employees that have first contact with the customer have the ability to influence customer perceptions which can lead to positive or negative encounters with the service provider. It is recommended that management implement incentive reward systems which will assist them to foster team cohesiveness (Zhang 2009:75; Zeithaml *et al* 1988:41-44).

D. Gap 4: The communication gap – created when the promises as communicated through marketing by the establishment to the consumer do not correspond to the consumer's expectations of those external promises. Zhang (2009:75-76) mentions that gap 4 is formed when external communications do not match actual service delivery resulting from misleading or deceptive advertising campaigns which promise more than the firm is capable of delivering. Kurtz and Clow (1998:119) suggest that there are two key components that can affect the size of gap 4 which can be identified as horizontal communication and the tendency to promise unrealistically.

The implementation of effective horizontal communication and the development of valuable messages pertaining to the service delivery of the business can assist contact personnel in delivering service levels which reflect the image presented in the marketing message (Zhang 2009:76; Zeithaml *et al* 1988:44). The propensity to promise idealistically tends to increase the pressure on personnel to achieve greater profits or to meet competitive claims. Taking the aforementioned into consideration it is recommended that the business formulate realistic and achievable customer expectations through sincere and accurate communication about the establishment's service offering (Zhang 2009:76; Kurtz & Clow 1998:120).

E. Gap 5: The perception gap – termed as the discrepancy between consumers' internal perceptions and expectations of services (Melisidou & Theocharis 2010). As illustrated below by Figure 6 the customer gap or otherwise known as gap 5 constitutes the difference between customer expectations and customer perceptions.

Zhang (2009:76) elucidates that this particular gap is the result of gap 1, gap 2, gap 3, and gap 4 as it exemplifies the discrepancies between the perceptions of service performance and the quality of service expected by customers.

The rationale of the aforementioned lies in the fact that if any gap is large, gap 5 will also be large as customer perceptions cannot meet customer expectations (Zhang 2009:76; Zeithaml & Bitner 1996:37-38).

Figure 5 below illustrates the gaps model of service quality.

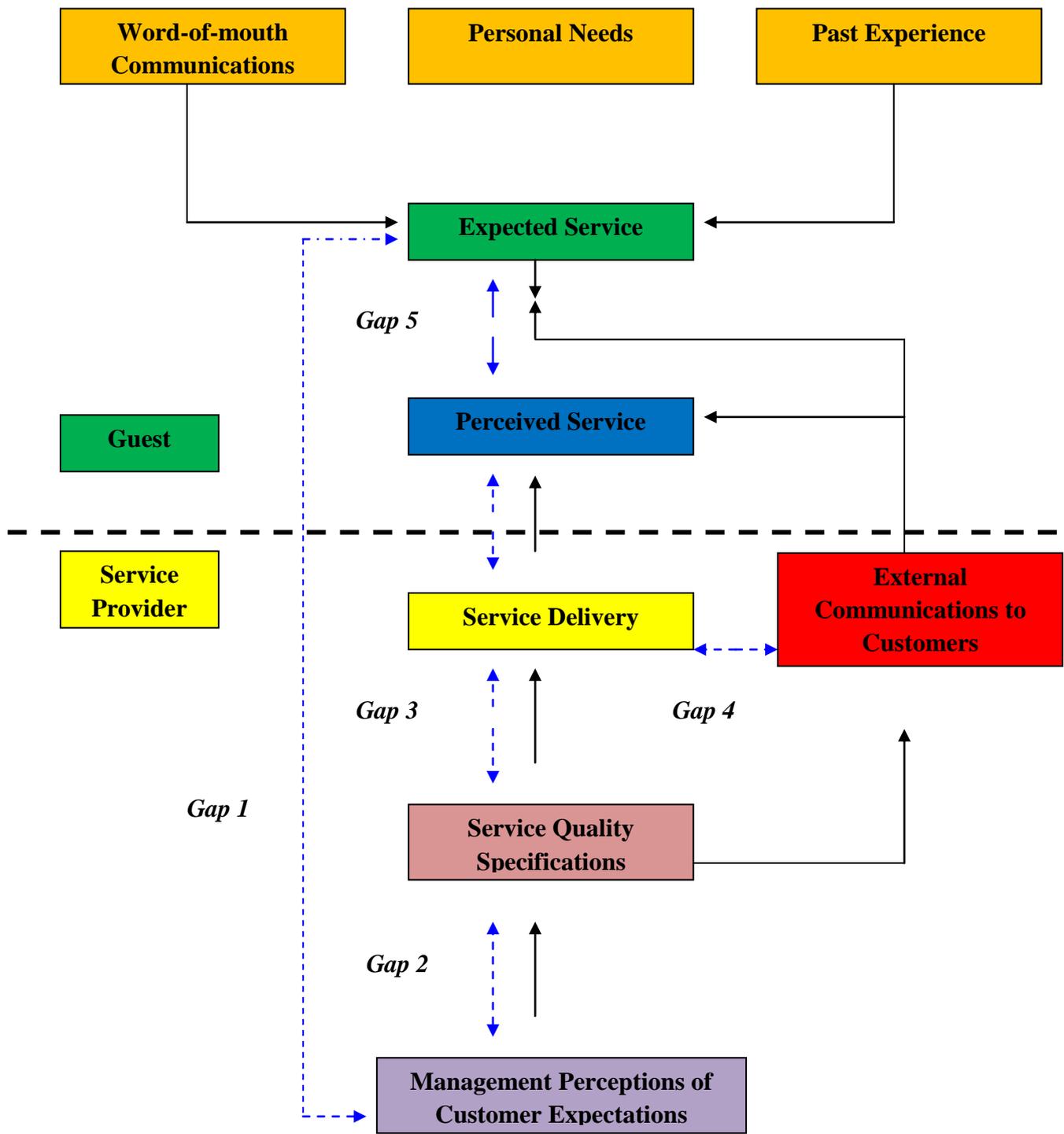


Figure 5: The gap model. Source: Adapted from Parasuraman et al (1985:41-50).

There are many advantages that establishments can yield from implementing the SERVQUAL instrument. The application values of the SERVQUAL instrument, as described by Zhang (2009:80) and Szwarc (2005:32) are twofold: Firstly, the SERVQUAL provides managers with data that they can understand and secondly, the SERVQUAL model has been used in different studies concerning service quality.

Another reason why managers prefer to use the SERVQUAL model is because of the fact that it has been implemented in a variety of different industries as well as cultural settings. Zhang (2009:80) states that this model has also been widely examined and assessed for its validity and reliability (Babakus & Boller 1992:253-268; Bolton & Drew 1991:1-9; Brown & Swartz 1989:92-98; Carman 1990:33-55).

Adjoining the aforementioned, Zeithaml *et al* (1988:30) present several key reasons for assessing service quality by making use of the SERVQUAL model as follows: one can assess the establishment's service performance relative to that of one's direct competitors; the categorisation of possible differences in quality perception among competitors and individual customer segments can easily be identified and changes in the perception among customers over a specific time span can be easily documented (Zhang 2009:81).

Despite the popularity and wide application of the SERVQUAL instrument, it is exposed to numerous criticisms, from both the conceptual and the operational aspects. The length of the SERVQUAL questionnaire has been under scrutiny as it consists of questions which measure customer expectations and perceptions. The aforementioned may result in respondent fatigue and frustration (Zhang 2009:83; Hoffman & Bateson 2006:347).

Three approaches have been proposed to reduce the length of the questionnaire.

- A. Firstly respondents should be asked, on a single scale, what is expected of a company to be rated as a high-quality company and then where respondents would rate the firm under investigation.
- B. Secondly it is suggested that a midpoint should be used to determine what level of service is expected from a high-quality company and then

respondents should rate the specific establishment in relation to the specified midpoint as above or below the midpoint.

- C. Thirdly, the end point should be used to measure the expected level of a high-quality company.

The institution under investigation should then be assessed relative to the high-quality institution on the same scale (Zhang 2009:83; Hoffman & Bateson 2006:346). SERVQUAL has been widely applied as theory clearly indicates as it serves to be a useful instrument for managers in order to help them determine those establishment variables (policies and procedures, internal customers, structure, technology and processes) that will guarantee the best service quality at decreased costs.

This methodology can assist managers of guesthouses assessing the position of the guesthouse in terms of their competition and strategic and operative decision-making.

Transactional surveys are utilised on a daily basis after delivering the customer experience in order to measure customer perceptions of service.

The other four gaps namely, the *knowledge, standards, delivery and communications gaps* have a profound influence on the services gap. Closing the services gap, that is infiltrating and enhancing the service quality perceptions held by customers, can only be done by closing the other four gaps.

2.7.2 An Adaption of the GAP Model

Figure 6 illustrates an adaption of the gap model.

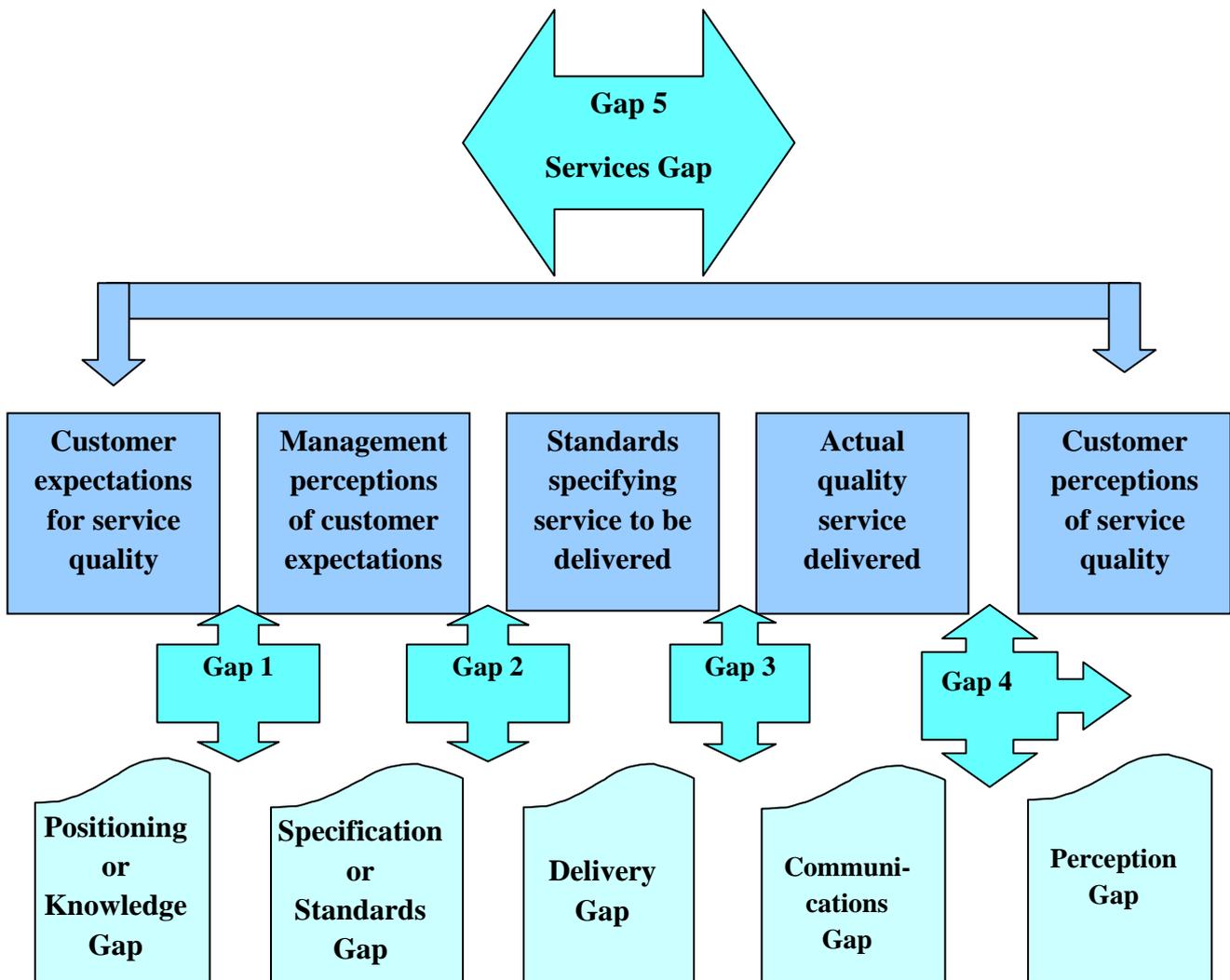


Figure 6: Adapted Gap model (Adapted from Boshoff & Du Plessis (2009:48-49))

The Adapted Gap model requires further description of the five gaps from a different perspective by Boshoff & Du Plessis (2009:48-49), Pycraft *et al* (2008:614) and Gržinić (2007:87).

A. Gap 1: The positioning or knowledge gap- identifying customer expectations

The positioning or knowledge gap, as described by Boshoff & Du Plessis (2009:48-49), encapsulates customers' expectations of the service provided by the supplier and the perception the supplier holds of what customers expect.

Pycraft *et al* (2008:614) elucidate that perceived quality could be low because of a disparity between a company's internal quality levels and the guests' expected service quality levels.

It can be stated that in order to ensure customer satisfaction, the establishment should acquire knowledge on not only what customers expect, but what their wants and needs are.

Inaccurate information pertaining to the aforementioned has the ability to widen gap 1 and consequently has a domino effect on gaps 2 to 4.

Factors obscuring the establishment's understanding of customer's expectations may include insufficient market research, lack of communication between management and employees as well as ineffective strategies relating to service recovery.

In order to address the above identified discrepancies it is suggested that the establishment implement listening systems that enable them to record, assess and disseminate service quality information. Systems that can assist establishments to obtain objective as well as constructive critique from customers might include customer service assessment surveys, focus-group interviews or the employment of objective observers as is the case with this study (Boshoff & Du Plessis 2009:48-49).

B. Gap 2: The specification or standards gap- deciding on the most effective service designs and high service quality standards

The specification or standards gap, as described by Pycraft *et al* (2008:614) describes the difference between what management perceives consumers expect about the service delivery and the quality expectations set by managers regarding the service delivery. When service designs do not reflect the expectations of customers, the service quality as perceived by the customer is likely to suffer as a consequence. Pycraft *et al* (2008:614) state that the establishment should ensure that the internal specification of the service is on par with its intended design.

C. Gap 3: The delivery gap adhering to service standards

The delivery gap embraces the difference between the specified standards set for service delivery and the actual quality of service delivered by the supplier. Pycraft *et al* (2008:616) denote that perceived quality could be poor because

of an inequality between the actual quality of the service provided by the establishment and the establishment's internal quality specification. The guarantee of high quality service performance goes beyond the mere establishment of exquisite customer treatment and quality service guidelines. It is suggested that customer-centred service must be supported by a conducive and supportive environment for delivering high quality service which includes the provision of appropriate resources such as people and technology. The utilisation of these resources should be monitored as to establish their effectiveness. Service standards should be measured and employees should be incorporated into an employee performance appraisal system.

D. Gap 4: The communication gap- delivering on promises

This particular gap encapsulates the discrepancy between the establishment's level of service quality described in their external communications with customers and the actual quality of service delivered by the establishment. Many establishments, especially in the hospitality industry, have administered strategies, usually contained in their marketing communication, that entice customers to visit their respective establishments.

On numerous occasions establishments have succeeded in over-promising and under-delivering with regard to their service quality delivery. High service quality standards raise customer expectations that foster a certain service quality dimension against which customers measure the establishment's service delivery.

The above described discrepancy has an adverse effect on the communication gap and can be equivocated by keeping external communications as realistic as possible, hence under-promising and in actuality exceeding customer expectations in delivering above expected quality service. Pycraft *et al* (2008:616) suggest that in order to close this gap, the establishment should ensure that promises made to customers concerning the product or service can be delivered by the establishment.

E. Gap 5: The perceptions gap

The GAP model identifies corporate processes involved in managing and changing the perception gaps that are present between the establishment, its role players and customers and assists in implementing strategic changes in order for an establishment to improve service quality. Gržinić (2007:87) explains that the analysis of quality of service becomes effective only when the largest possible number of companies supplying the same type of service is examined. By making use of a large number of companies to obtain data, it becomes possible to compare data and obtain a realistic picture of the position of an individual company compared to others regarding service quality.

Figure 6 illustrates that the upper part of the model encapsulates characteristics unique to the consumer, which includes expectations and perceptions. The lower part of the model illustrates the elements relating to the supplier of services. The expected service refers to the earlier experiences of the consumer which includes their personal needs and oral communication (Gržinić 2007:87).

Communication with the market generates influences that affect expected service. Internal communication results in a series of decisions and activities which transform experienced services into perceived service.

Management's perceptions of what customers expect becomes the guiding principle when establishing standards and specifications of the service quality levels that the establishment should follow in providing service.

Differences or discrepancies that might occur in the expectations or perceptions between people involved in providing and receiving the services, creates a service quality gap as depicted in Figure 7.

Without proper training in providing quality service as expected from the customer, their efforts of analysing customers' expectations will prove to be rigor mortis. Gržinić (2007:88) suggests that the difference between the delivered service and the service promised by the company creates the fourth possible gap referred to as the communication gap. Customers were promised a certain level of service via external market communications and the

company could not fulfil the promise due to, amongst other elements not integrating service with communication or having the tendency to exaggerate in accordance with already exaggerated promises.

Gržinić (2007:87-88) states that in the hospitality industry it is evident that there is a direct connection between the level of service quality and customer satisfaction. Managers in the hospitality industry are therefore advised to promptly identify possible gaps in the quality of service.

Below is a list of several important gaps that have been identified through research (Gržinić 2007:87-88):

- A. The gap pertaining to differences in perceptions regarding what the establishment assumes the customer wants and what the customer actually wants. Measurement tools can be implemented in order to obtain specific needs and wants from customers. This will ultimately allow the establishment to close the difference in perceptions gap.
- B. The gap that exists between what businesses think the customer has bought and what the customer perceives has been received.
- C. Irregularities relating to the results customers experience after a purchase will create the above mentioned gap, irrespective of what the establishment's intended purchase outcome was.
- D. The gap that relates to the service quality the business believes it is providing and what the customer perceives is being provided. This is very similar to the preceding problem of difference in perceptions.
- E. This gap occurs when the business has certain preset customer service quality policies that are not proficient to be altered for each individual customer.
- F. When customers are unaware of these policies and procedures they might label them as a lack of service. This in return causes the business to never know that the customer feels offended.

- G. The gap between customers' expectations of service quality and the actual performance. Problems transpiring from this gap are quite palpable. If the establishment is not aware of customers' needs and expectations, and the provided service turns out to be even slightly different, customers will not be satisfied.
- H. It is imperative that establishments philosophise over what customers expect from them in order to deliver an exalted service.

The occurrence of the above-mentioned gaps creates the opportunity for service gaps to arise because the actual service delivered will be insufficient in satisfying customers' expectations.

The aforementioned presents managers in the hospitality industry with the challenge or, could one term it the opportunity, to at an early stage detect the service gaps by making use of service assessment forms such as survey questionnaires.

Gržinić (2007:89) terms the identification and analysis of gaps as the “fil conducteur” for management that enables them to find the root causes of problems relating to service quality thus formulating suitable strategies designed to remove these gaps. For this reason the first four gaps can also be referred to as establishment or internal gaps.

2.7.3 The RATER model

The RATER model, designed by Zeithaml *et al* (1988) offers a complementary analysis of the perception gap. This instrument identifies the 5 key service quality dimensions of a service offering from a customer perspective. The gap model, as described in Section 2.7.1, explains how the service provider can reduce the perception gap, referred to as gap 5, whereas the RATER model focuses on the dimensions of customer expectations.

The RATER factors assist in the provision of specific dimensions which can be utilised in the analysis and measurement of customer expectations.

Table 5 illustrates the RATER dimensions and their associated descriptions. The relative importance of each dimension is calculated in accordance to what customers perceive as fundamental to service quality.

Table 5: The RATER Model

RATER DIMENSIONS SORTED BY RELATIVE IMPORTANCE (ZEITHAML 1990)		
Dimension	Description	Relative importance
Reliability	Ability to perform the promised service dependably and accurately	32%
Responsiveness	Willingness to help customers and provide prompt service	22%
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence	19%
Empathy	Caring individualised attention the firm provides its customers	16%
Tangibles	Appearance of physical facilities, equipment, personnel and communication materials	11%

Source: Effective Customer Service: The Customer Service Reference Site (2011)

2.7.4 The INSQPLUS model for measuring quality

Gržinić (2007:90) explains that the conceptual model of service quality (the gap model) provides the framework for the development of a model for the assessment of internal service quality referred to as INSQPLUS.

Figure 7 provides an illustration of the theoretical model of internal service quality which includes the Rating Gap (INSQPLUS).



Figure 7: Theoretical model of internal service quality *Source: (Gržinić 2007)*

2.7.5 The Grönroos' perceived service quality model

The Grönroos Perceived Service Quality model as illustrated in Figure 8, argues that expectations are a function of market communications by establishments through brand or image endorsement, word of mouth and consumer needs, whereas experience is narrated through technical and functional quality, which in return is filtered through the image of the product or service (Grönroos' Perceived Service Quality model 2014). Grönroos clearly indicates the existence of a perception gap, although there is no suggestion of delighting the customer. Instead this quality model only provides reference to narrowing the perception gap. The model has more practical application as it considers factors that contribute to each side of the gap. It can be observed that the model demonstrates that suppliers can manipulate both sides of the gap, especially by managing customer expectations.

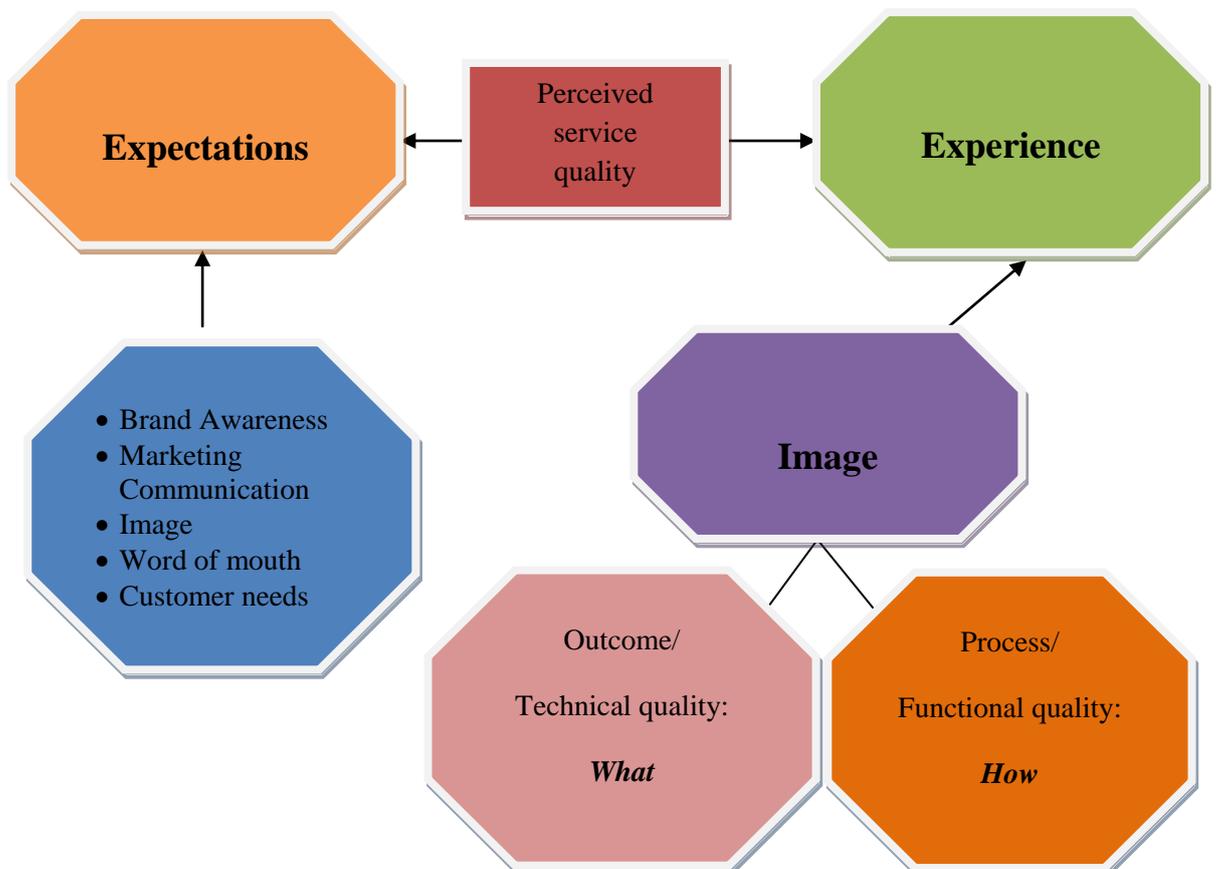


Figure 8: Grönroos perceived service quality model. Source: *Effective Customer Service: The Customer Service Reference Site*, (2011)

2.7.6 Kano's two factor model

Japanese quality guru, Professor Noriaki Kano, suggests a two-factor quality model, the "Kano's Curve" Model as depicted in Figure 9, that clearly outlines the difference between must-be, attractive, and linear quality elements. The horizontal axis exemplifies customer satisfaction that fluctuates between very dissatisfied and very satisfied (Kano Model 2011).

The vertical axis depicts the presence or absence of a quality element which can vary from not available to a high degree of availability. Must-be quality refers a specific attribute which the customer expects from the service provided. The absence thereof or any deficiency related to the attribute will leave the customer extremely dissatisfied.

The aforementioned can also be termed as the minimum acceptable standard in terms of what the customer is willing to accept (Kano Model 2014).

The consequences of the must-be attributes are renowned to be less significant in the rate of return. Establishments that fail to introduce improvements in the must-be qualities face an insurmountable task of increasing customer satisfaction. Attractive quality refers to that characteristic of a product or service which exceeds expectations and therefore is not expected by customers. The attractive qualifiers have the potential to differentiate a particular service (Kano Model 2011).

Providing attractive qualities which the customer does not expect gives the establishment a competitive advantage or in marketing terms, a unique selling proposition (USP) which distinguishes it from the competition. Supporters of the Kano model indicate that it identifies that some aspects of service are simply requisite to be considered a service provider and other qualities serve to genuinely establish a competitive advantage.

Critics to the Kano model maintain that it does not provide investigative tools in order to identify and evaluate the different aspects, nor does the model consider how these aspects change with time or environment (Kano Model 2011).

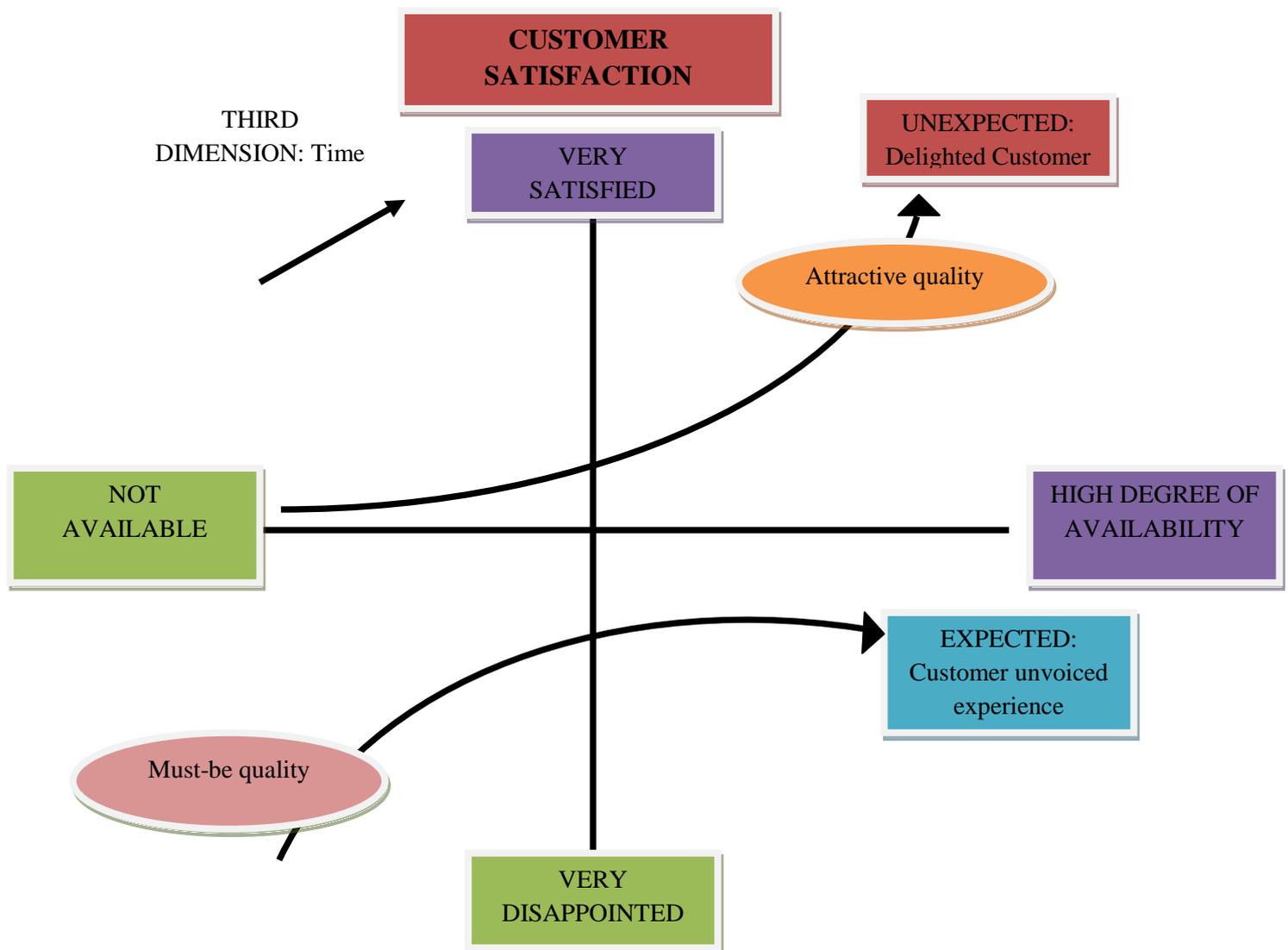


Figure 9: Kano Model (Source: adapted from Effective Customer Service: The Customer Service Reference Site (2011))

2.7.7 Importance of the application of the SERVQUAL Model

In the South African hospitality industry, as in any other country's tourism offerings, service quality, as an extremely subjective category, is crucial to the satisfaction of the customer or guest. It is therefore imperative for managers of guesthouses to apply the SERVQUAL model for the measurement of service quality in order to satisfy the guests' expectations and ensure a position on the growing global tourist market. The goal with the application of the SERVQUAL model is to assist managers in identifying the gaps in individual service quality dimensions in order to increase service quality levels.

As has already been noted, customer satisfaction has been a concern for a number of years and is generally acknowledged as a post purchase construct that is related to how much a person likes or dislikes a service after experiencing it. (Impact of Service Quality on Customers' Satisfaction 2010).

Satisfaction is determined by the customer and assessed as a discrepancy between prior expectations and perceived service performance after consumption, consequently urging managers to understand how expectations are created and how these expectations are influenced by people's consumption experiences. Satisfaction is a guest's emotional and evaluative response to the overall product or service experience. Customers measure what they received from the investment of their money. Residing in a guesthouse forms part of the experience that guests receive from visiting a particular place and they are also more likely to return if satisfied.

Improving the quality of service attributes improves the emotional and psychological reactions that guests obtain from service experiences. As stated earlier, satisfied guests choose to return to the same guesthouse and will simultaneously spread good word-of-mouth about the establishment. The aforementioned has its origin in a choice, usually driven by preference, and generally based on a perception of a differential value that the customer thinks can be obtained through the act of purchase and consumption.

It can be said that there are more complaints about the poor levels of customer service than any other aspect of a hospitality business. Cant *et al* (2009:241) assert that customer loyalty is vital to a company's long-term profitability and success. The latter pertains to particularly service-related establishments such as the guesthouses under investigation in this thesis. The aforementioned authors make reference to the fact that there exists a positive relationship between increased customer loyalty and profitability.

The positive repercussion in this instance would be that retention of only 5% of customers from one's current customer-base increases the establishment's profit by 25-125 % (Cant *et al* 2009:241).

Gitomer (1998: 22) describes customer service as similar to a ladder. There is no higher level of achievement or step on the ladder than loyalty. Satisfaction is the lowest acceptable level of service offering. Creating pleasant customer experiences will eventually lead to creating loyal customers. Obtaining loyalty is the most difficult of the customer service goals to achieve, but becomes a competitive advantage if attained.

Contributing to the aforementioned, this study will further investigate how the increase in service quality standards can facilitate customer retention in hospitality related establishments.

2.8 CUSTOMER RETENTION IN THE HOSPITALITY INDUSTRY

“One of the most important lessons of business – the value of concentrating on the customers you have.” (Tom Monaghan)

Throughout this study it has become evident that South Africa’s guesthouse industry has attracted a limited number of academic writing. This study focuses on the implementation of strategies that yield higher service quality levels in order to increase customer retention in guesthouses specifically situated in the Western Cape.

The contemporary hospitality industry in South Africa, especially following the hosting of the World Cup Soccer 2010, is experiencing increased differentiation of new product offerings. The guesthouse industry in South Africa is in dire need of eclectic models to increase and maintain high service quality levels in order to subsequently retain customers.

Cant et al (2009:276) state that many establishments succeed in attracting new customers, utilising a great number of precious resources but fail to spend an equal number of effort on retaining existing customers. Delivering high service quality to satisfy guests is not merely enough to secure their ongoing long-term support.

2.8.1 The nature of customer retention

Over the past few decades, customer satisfaction, customer retention and policies and procedures to sustain the above mentioned, have earned a great number of lip service.

The biggest challenge for hospitality management in the 21st century is directly linked to not only satisfying customers' needs and expectations but successfully exceeding their expectations. Unless management and staff can offer their customers a higher level of service quality than their competitors, customers may be lost and the businesses may fail due to customer defections, decreased patronage resulting in lower revenues, lower staffing levels and possible business closure. For the purpose of this study it is important to study the concept of customer defections as it can be associated with customer loyalty and customer retention, concepts that will be discussed throughout this entire study.

Slabbert (2010:9) refers to customer defection as losing business from a customer. Customer defection occurs when dissatisfied customers decide to stop purchasing an establishment's products or services. Instead they will find other suitable alternatives that satisfy their needs which are usually the establishment's competitors (Slabbert 2010:9). It is for this reason that customer defection is often perceived as a threat. For establishments that invest in identifying strategies to increase customer retention, customer defection is seen as an opportunity to rectify mistakes and to customer satisfaction and loyalty as the customer feels important (Customer Defects in the Hotel Industry 2011).

With reference to the hospitality industry, poor service is determined by the quality of service itself. Employees' interactions with customers have a greater influence on customer satisfaction than the product or service obtained. Poor service quality causes customer defection, which in turn has a substantial impact on cost or profits (Customer focus and satisfaction 2011).

Dorian (1996:16) states that TQM, continuous quality improvement systems and all company development programs will be rendered impotent in a competitive environment if customers are not individually cared for and their expectations are not exceeded. Customer retention can be defined as the percentage of customer relationships that an establishment succeeds in establishing and maintaining over a long period of time (Customer Retention 2011).

The retention of previous customers is much less expensive than the acquisition of new ones and the profit generated from the retained customer therefore handsomely exceeds the 'harvest' reaped from new clientele. Retained customers become an intangible asset in the sense that their value demonstrates the return that is won by successful efforts to satisfy them so greatly that they and their custom literally remain with the hospitality provider.

Cant *et al* (2006:6) are of the opinion that customer retention is achieved by satisfying a customer to the extent that the customer becomes a customer for life. The latter can be supported by the researcher's perception of customer retention which refers to the establishment establishing an ongoing, long-term relationship with the customer instead of a once-off transaction. Boshoff and Du Plessis (2009:314) assert that customer retention is an establishment's ability to focus all its marketing efforts on its existing customers.

It can be stated that, when establishments succeed in satisfying a customer through delivering high quality service, the next step should be to retain that customer in order to obtain long term loyalty and subsequently increased profits. The aforementioned can be supported by stating that, in order to invest in a long-term relationship with customers, satisfying customers' needs is important. The objective is to turn satisfied customers into loyal customers.

Evans (2011:238) proclaims that customer satisfaction yields increased profitability for the establishment. Furthermore, loyal customers are prerequisite to achieving long-term sustainable incremental increase in profits. Customers that prove to be loyal are acknowledged for their positive referrals and their continued support. At this point it should be noted that customer satisfaction and customer loyalty differ immensely.

Satisfied customers may choose to support an establishment's competitor with the sole purpose of convenience or effective promotions. In contradiction to the aforementioned, loyal customers make the purchase of certain goods or services at a specific establishment a prerogative, hence often going to much trouble of obtaining the product or service from the specific establishment

(Evans 2011:239). The aforementioned creates an opportunity to establish the link between customer satisfaction and customer loyalty.

2.8.2 Customer satisfaction and customer loyalty

Szwarc (2005:12) states that the link between customer satisfaction and the ability of the establishment to establish loyal customers generates increased profits. Furthermore, customer satisfaction and loyal customers jointly create an improvement in the bottom-line performances of an establishment and the author reiterates that these two factors should be managed in a holistic way rather than treated separately (Szwarc 2005:12). The aforementioned enhances the fact that the probability of success and increased profits depend greatly on an establishment's customer satisfaction. When conjugated with customer loyalty, customer retention is established.

There exists an interaction between the desired results and customer satisfaction, customer loyalty and customer retention. Establishments hoping to thrive in this day and age must face the reality that without a focus on customer satisfaction they become a mere sitting duck in the market. In the extremely competitive South African hospitality industry, any competitor will be glad to satisfy disgruntled customers in an effort to turn them into loyal customers.

As depicted in Figure 10, the first customer level relates to the unsatisfied customer, where customers are searching for a different establishment to provide a better product or service. The second customer level is the satisfied customer which has an objective approach to customer service and will be open to challenge the next service provider. The last level is loyal customers which are characterised by the fact that they will continue to support the same establishment despite efforts from competitors (Adams 2003).

Adams (2003:35) suggests that one can distinguish between three levels (groups) of customers namely dissatisfied, satisfied and loyal customers. Figure 10 illustrates the three levels of customers and the relationship between customer satisfaction, customer loyalty and increased profits.

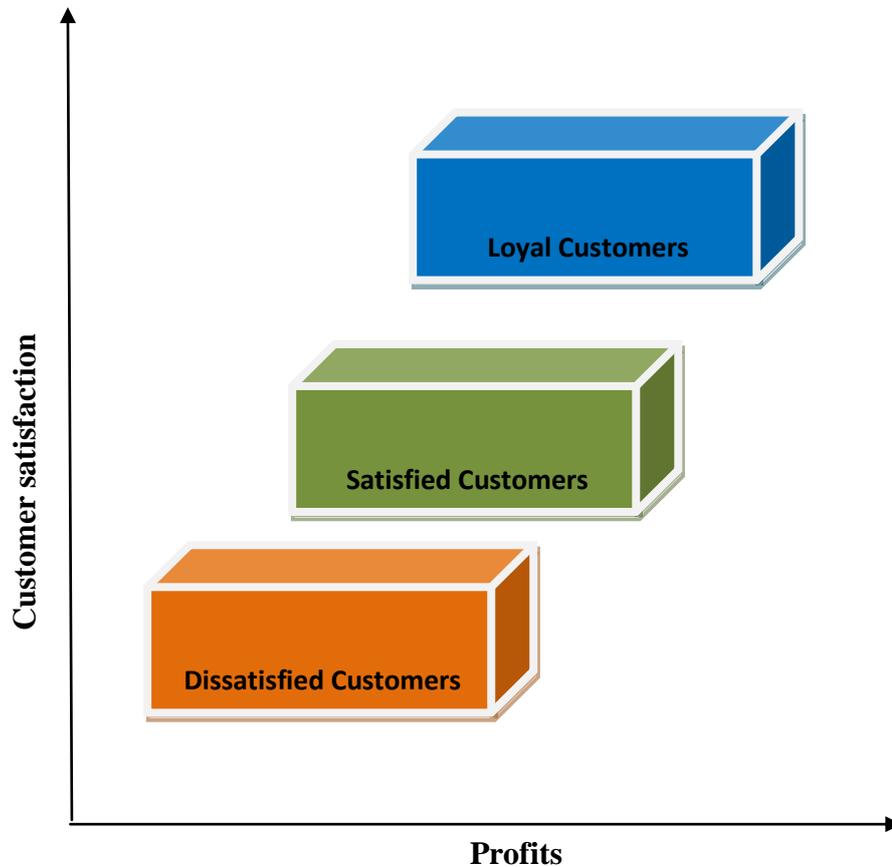


Figure 10: The relationship between customer satisfaction, customer loyalty and profits

It can further be emphasised that loyal customers tend to be willing to pay more for quality service, whereas dissatisfied customers complain and immediately turn to competitors for better quality service.

The aforementioned brings one to face the agonising reality that customers who are dissatisfied tell twice as many people about their bad experience than when they experienced service that pleased them. Seybold, bestselling author of “Customers.com” denotes that customer loyalty is rooted in experiences customers derive from the product or service consumption (Seybold 2001:14). Seybold continues by arguing that customer experiences resonate with the customer and becomes a key factor in creating a loyal customer (Seybold 2001:15).

Establishments should focus on understanding the needs and expectations of customers before attempting to acquire a long-term relationship with them. As

stated earlier, customer expectations differ immensely regarding the level of service quality they think they receive.

The latter leaves little room for mistakes when it comes to defining service-delivery standards. Bowie and Buttle (2004:9) assert that an establishment should consider identifying customer expectations about service in order to successfully render high quality service. Customer expectation can be divided into four types:

A. *Basic service*

Basic service refers to the establishment's "raison d'être". An example may include a guesthouse that provides accommodation or a restaurant providing food and beverages to its customers.

B. *Expected service*

Expected service includes the service level that the customer expects as the minimum acceptable standard. For example, guests at a restaurant expect punctual service and professional staff.

C. *Desired service*

Desired service can also be referred to as 'value-added service'. This level of service expectation is reserved for a superior level of service. The aforementioned pertains to the establishment's ability and capacity to offer customers more than just the anticipated service. Because of intense competition and customers' changing needs and expectations, the hospitality industry is characterised by more establishments that are focused on providing a desired level of service to customers.

D. *Unanticipated service*

As the term "unanticipated" implies, this service encapsulates anything that can be added to the desired service in the future. Customers that become acquainted with superior levels of service, tend to expect something extra or special. The aforementioned necessitates that the establishment considers providing these customers with different and

higher levels of service in order to gain their long-term support (Bowie & Buttle 2004:9).

From the above it can be drawn that customer loyalty is a customer behaviour that can easily be influenced by past experiences or future expectations. Thompson (2004:42) denotes that loyalty can be driven by factors that appear hard to identify.

These factors include:

- A. The actual price of products or services and the customers' perceived value attached to the products or services;
- B. The service attributes in comparison with how well they meet or exceed the customers' need and wants;
- C. The competitive position in the market maintained by the establishment compared to the price and product or service;
- D. The brand style as perceived by the customer with reference to important aspects such as style or safety and security; and
- E. The economic and legislation factors that have an impact on the customers' purchase decisions with reference to recessions, accessibility, availability and prices.

Many of the above factors fall outside the control of the establishment but once the establishment has arrived at pre-emptive strategies to manage the above factors, the acquisition of customer retention will be a fruitful reward to reap.

2.8.3 The value of customer retention

Customer retention can be referred to as a business strategy which endeavours to keep a business' customers in order to retain their revenue contribution. In common terms, the retention of customers refers to adopting strategies which aims to prevent customers from defecting to an establishment's competition.

CRM describes methodologies that assist establishments in managing customer relationships in an organised and efficient manner through establishing a database for customers and maintaining an affinitive relationship with them.

Szwarc (2005:26) refers to CRM as tools that enable the establishment to identify certain stages in the relationship and subsequently allows the establishment to manage these stages throughout the development of the relationship. It should be reiterated that customer loyalty is only partially dependent on customers retaining their belief in the product or service which can only be established in determining their frequent utilisation of the product or service (Szwarc 2005:27).

The implementation of CRM can be seen as cementing the relationship in order to encourage frequent and long-term use of the products or services offered by the establishment, hence encouraging customer retention (Slabbert 2010:35). Implementing a customer-retention strategy yields increased customer profitability as acquisition costs only occur at the beginning of a relationship, hence the longer the relationship, the lower the amortised cost. Another advantage of retaining customers is that long-term customers tend to be less inclined to switch service provider (Slabbert 2010:35).

Loyal and returning customers are renowned for being less price sensitive, giving the establishment the opportunity to implement premium pricing strategies. Finally, long-term customers may have the tendency to introduce new customers via verbal referral (Customer Retention 2011). Louw and Venter (2007:142) reiterate the importance of the role of customer commitment by adding to the above that loyal customers can serve as advocates for the establishment. Furthermore, committed customers are more likely to trust the establishment's advertising messages and consequently become unavailable to the competition.

Schiffman *et al* (2008:10) is of the opinion that providing customers with high levels of quality service and offering value to them, creates not satisfied customers but delighted ones.

They endorse the aforementioned idea as being a customer retention strategy in all its capacity, making it impossible for the customer to switch to a different service provider. Schiffman *et al* (2008:10) denote that there are great advantages derived from a decrease in the number of customer defections namely:

- A. Loyal customers have the tendency to purchase more from the service provider.
- B. Loyal customers are less stringent when it comes to prices and refrain from comparing the establishment's prices with that of their competitors.
- C. Rendering services to existing customers who are familiar with the establishment's products tend to be cheaper than introducing products or services to new customers.
- D. Loyal customers offer the establishment free advertising in the form of positive word-of-mouth.

It can be stated that customer retention accumulates stable revenues and hence creates greater profitability. After exploring the advantages derived from obtaining loyalty and commitment from customers, it is apprehensible that one should invest in strategies that aim to increase customer retention. Subsequently the current theories and models relating to customer retention will be addressed as well as considering strategies designed to increase customer retention (Customer Retention Management 2005).

2.8.4 Contemporary theories and models pertaining to customer retention

Businesses are continually seeking and adopting innovative strategies to obtain, maintain and increase business due to the fact that the cost of losing customers is increasing. The role of service, especially in the hospitality industry, is more significant than ever and has proven to become a trend which will continue to grow. An increase in profitability can be attained through implementing the dual strategies of customer acquisition and customer retention (Customer Retention Management 2005).

He further suggests that these strategies must be equally endorsed as business must maintain a constant flow of new customers and simultaneously try to prevent customers from defecting.

It can be stated that establishments in pursuit of increasing customer retention should consider what customer retention is comprised of. There are two critical factors embedded in customer retention, namely customer satisfaction and consumer relationship management (CRM). Customer satisfaction, as defined earlier, refers to the comparison between the customer expectation prior to the acquisition of the service and the perceptions of the actual service experienced by the customer (Boshoff & Du Plessis 2009:94).

Danciu (2007:2) states that a key feature of consumer relationship management is the development and promotion of long-term mutual beneficial relationships with a defined customer group. CRM is centred on firstly retaining current customers and then attracting new consumers. Danciu (2007:2) affirms that CRM cultivates understanding, anticipating and ultimately satisfying customers.

Furthermore it can be stated that CRM attempts to interactively engage the customer in creating value through promoting innovative ways to create new benefits for the customer that in return, can be shared by the service provider and customer. CRM recognises and promotes the fact that customers are not merely the purchasers of services but play a key role in defining the value they want (Danciu 2007:2; McDonald & Wilson 2002:6).

CRM encompasses the establishment and perseverance of reciprocally advantageous long-term relationships with strategically significant customers. It can be argued that the definition insinuates building a relationship with only a few selected customers where long-term profitability can be derived from focusing on establishing long-term relationships with all customers. Regardless of the aforementioned it should be noted that customer satisfaction and CRM are prerequisite components in achieving customer retention (Boshoff & Du Plessis 2009:316). Figure 11 illustrates the components of customer retention.

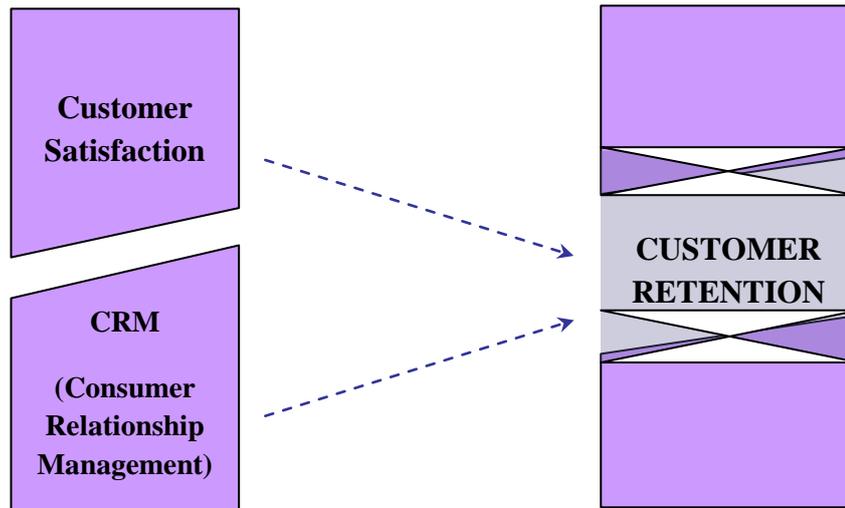


Figure 11: Customer retention and its components (Adapted from Boshoff & Du Plessis (2009))

2.9 RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER RETENTION

Theories have emphasised the importance of the 'satisfied customer' percentage for even longer than the best-advised companies have been tracking the number. It was during the facilitation of the Soccer World Cup 2010 hosted by South Africa, that the issue of service quality and the imperative role it plays in the hospitality industry were narrowed down to competitive relationships within the hospitality industry posing one imperative question: “Will the guests visiting the hospitality establishment frequent the guesthouse?”

The success of any establishment operating in the service industry has been associated with the ability to deliver first-class service. Rendering superior service quality is often associated with the maintenance of high service quality standards and thereafter a low customer defection rate. The aforementioned reiterates the fact that it is a prerequisite for service establishments, with reference specifically to the guesthouse industry, to render high quality service in order to maintain a high occupation rate.

Many service establishments make it their sole objective to maintain superior quality of service in an effort to gain customer loyalty. It can then be stated that the success of service providing establishments, such as guesthouses, is determined by their ability to establish, maintain and enhance their relationships with customers to ultimately

create a loyal customer base. This loyal customer base then becomes the criteria against which an exceptional service establishment may be measured. Assessing the impact of service quality through customer retention will assist establishments to gauge the financial impact of service quality (Service quality to service loyalty 2011).

In the foreword of his book, Dorian (1996:13) attracted comment from Raymond Ackerman, the chairperson of Pick 'n Pay. Ackerman states that the time has come for South Africa to develop a greater sense of urgency for customer care. Ackerman is adamant when stating that customer care is the key factor in determining an establishment's growth and profitability. Ackerman also states that service providing businesses are becoming more pressurised to provide service quality standards that succeed in exceeding customer expectations (Dorian 1996:13).

Statistics provided from a national survey by the American Society for Quality (Customer service articles 2014), proved that 67% of customers leave because of poor customer service.

The latter should be compared to only 14% who leave because of problems with the product or service, then it seems that as a rule, perceived value (PV) is *influenced more by customer service than quality or cost*. The following statistics were provided by the American Society for Quality:

- A. 67% of customers leave because of an attitude of indifference on the part of a company employee.
- B. 14% of customers leave because of dissatisfaction with the product.
- C. 10% of customers leave for other reasons (move, death, etc.).
- D. 9% of customers leave because of competitors.

The need for delivering superior service and exceeding customer expectations as opposed to merely meeting customers' demands has grown immensely.

Throughout this Chapter it has been argued that customers will remain loyal to a service establishment if the value of what they receive is greater than that expected or delivered from their competitors. Providing customers with high service quality has proved to be an essential ingredient to encourage them to prefer and recommend one service establishment over another. It is thus recommended that service

establishments realise that maintaining excellence on a consistent basis is imperative for retaining customers (Service quality to service loyalty 2011).

Improving the quality of service attributes, improves the emotional and psychological reactions that guests obtain from service experiences. Advantages of satisfied customers include the fact that they build strong relationships with the service provider which in turn leads to relationship resilience, customer loyalty and ultimately customer retention. As stated earlier, satisfied guests choose to return to the same guesthouse and will simultaneously spread good word-of-mouth about the establishment. Customer relationship profitability is the result of an improved quality of the service provided by a business (Customer Retention Management 2005).

2.10 CUSTOMER RETENTION MANAGEMENT IN THE HOSPITALITY INDUSTRY

It can be stated that in order for an establishment to adopt effective customer retention strategies, it should focus its promotional strategies on new and desirable target audiences. It is important that the establishment does not dissipate precious resources in order to attract customers who do not fit the desired profile. Businesses should also be cautious of not overemphasising customer acquisition (Customer Retention Management 2005).

Another customer retention strategy that can be implemented by the establishment is the involvement of management relating to retaining employees as well as fostering employee satisfaction. A lower employee turnover rate enables the establishment to maintain strong personal relationships with its customers.

In many cases, customers decide to take their business to a new company when its contact person departs from the company. Another element pertaining to high staff turnover is that it creates a negative environment and subsequently reduces the quality of service provided by employees to customers. It is suggested that employees be given career development opportunities as well as a high degree of involvement in the business (Customer Retention 2014).

Another strategy for retaining customers involves committing to customer relationships in a more involved way. Instead of just initialising contact with customers through employees, the establishment can provide value to customers by

involving the entire company. Newsletters that keep customers informed about specials become a source of information for customers. With reference to this study with the focus on 4-to 5-star guesthouses, the establishment of membership cards or loyalty programs can be used as direct incentives for customer retention.

Customer retention can best be established through implementing a well-developed customer-retention management system which system should include strategies discussed below.

2.10.1 Customer retention management through customer-service marketing

It is suggested that the establishment goes beyond delivering high class service quality to the customer by concentrating on enhancing marketing efforts. As suggested earlier, investments should be made in frequent buyer programs.

Personally addressed thank-you letters that express gratitude for the customer's visit should be designed. Customers can also be informed about special events through a monthly newsletter. (Differentiation based on quality service 2010).

2.10.2 Customer retention management through service recovery

Another strategy for retaining customers is implementing service-recovery measurements. Service recovery refers to identifying actions that suggest to the customer that the establishment will attend to their problem. Through the aforementioned, restitution is established and customers are compensated for the inconvenience. Recovery and restitution opportunities result from customer complaints and when customers do take the time to lodge a complaint, they are indirectly taking the time to assist the establishment in improving business. For this reason it becomes imperative for management to, in return, take the time and often make the time to acknowledge and resolve complaints (Differentiation based on quality service 2010).

2.10.3 Customer retention management through employee training

The hospitality industry is characterised by the need for training in delivering high service quality levels. Without this training, employees may present a lower service quality image for the establishment. When employees

understand the establishment's product or service offering but are unable to communicate and listen to customers, the business is bound to lose its customers.

Customers that feel neglected will turn elsewhere to seek the attention they feel they deserve. Employee training is frequently an under-utilised and underdeveloped method of customer retention. Many establishments invest in training their employees on how to do their jobs but fail to train them in customer interaction.

Recent statistics demonstrate that if an establishment spends 2%-5% of its annual payroll on employee training, a 10% net increase in price should be realised. Establishments delivering high service quality to customers together with a loyal customer base have the opportunity to charge up to 10% more for their products or services in comparison to their competitors. The aforementioned calculates to a 20% increase in net profit by only providing employees with training and subsequently delivering high service quality (Differentiation based on quality service 2010).

2.10.4 Customer retention management through effective communication

It is known that every interaction with a customer becomes a moment of truth. It gives the establishment the opportunity to represent the company in a positive manner. The success of these interactions is determined by the effectiveness of the communication and by the extent to which the customer is satisfied. For this reason it is important, during every interaction with customers, to request information from the customer, register complaints or merely acquire information about service delivery. Delivering high service quality requires that the entire establishment's staff become active and attentive listeners so that customer perceptions and expectations can be understood. The aforementioned necessitates that establishments train employees in handling all types of customers according to their behavioural styles. An example can be the fact that dominant customers tend to be impatient and often want to control the situation to ensure they get the desired results.

Establishing effective communication with customers will enable the company to anticipate and manage any type of customer behaviour. (Differentiation based on quality service 2010).

Evans (2011:238) states that many establishments have added an additional strategy in an attempt to increase customer retention namely customer engagement. Customer engagement fosters a customer-focused culture within the establishment through enhancing the establishment's ability to listen and learn from the customer as well as increasing its performance excellence strategy.

Characteristics embedded in customer engagement include customers' willingness to engage in business with the establishment and actively refer or recommend the establishment and accompanying activities to other customers.

In order to successfully manage service quality expectations that will subsequently yield customer satisfaction and ultimately customer retention, establishments should consider embracing the above-mentioned service expectations.

It should be mentioned that all of the strategies identified above are intended to minimise the changes and problems customers' experience, thus encouraging them to want to maintain a business relationship with the establishment.

2.11 SUMMARY

It can be denoted that the main objective and mission of hospitality establishments should be the delivery outstanding quality customer services that exceeds customer expectations turning highly satisfied customers into loyal customers and continuously applying an effective customer retention management system in the establishment.

Research also indicated that a notable change has occurred in the tourism industry with particular reference to customers' growing demand for quality of service (Kapiki 2014:54). This Chapter also underpinned the need for and the importance of quality in that, when establishments deliver high quality services, satisfied customers will value the effort and will become loyal customers to those establishments.

However, the continuous delivering of best quality service is increasingly regarded as one of the major challenges facing hospitality managers (Kapiki 2014:54). The level of quality service delivered has become the essential criteria for continuous success in the intensely competitive hospitality market.

This Chapter presented the fact that quality evaluations should not only be made on the outcomes of a service but should also involve evaluations of the process and quality of service delivery (Improving Service 2014). The aforementioned necessitates a conceptual model of service quality and its implications for future research.

In the view of Oakland's theoretical understanding, this study argues that in highly competitive industries such as the hospitality industry, *merely* meeting or satisfying customers' expectations will not prove to achieve success in the long-run (Oakland 2003:4).

In studying the concept of quality, the study suggests that it best be done by examining quality in all its proposed dimensions (Krüger and Steenkamp 2008:155). These quality dimensions have been described in this Chapter as reliability, responsiveness and competence. Adjoining the aforementioned, it can be stated that the customer treasures quality service which exceed requirements, delivering services that demonstrate value for money, services which are guaranteed to be delivered at the right time and continuously contribute to higher quality of life.

This Chapter signified the growing interest in service quality which has opened an entirely new playfield for research in quality service assessment and management. The importance of quality service has also been illuminated. Rendering high quality levels of service fosters not only contented customers but also promotes customer retention.

With regard to the assessment of quality, this Chapter underpinned the fact that due to the inherently unique, intangible and peripheral characteristics imbedded in services, consumers find it more challenging to assess the quality of services than the quality of products.

In order to assess service quality a number of service quality dimensions have been underpinned in this Chapter which include assurance, reliability, responsiveness, tangibility and empathy.

This Chapter also encapsulated a number of contemporary quality measurement models. These quality measurement models include the SERVQUAL instrument which refers to the perceptual gap or difference between customers and management of an establishment pertaining to their respective perceptions of expectations and actual delivery of quality service.

Other assessment models explored include the RATER model for assessment of knowledge gaps, standards gaps, delivery gaps, communication gaps and services gaps. The researcher included in this Chapter the INSQPLUS model for the assessment of service quality with reference to the positioning gap, specification gap, service delivery gap, communication gap as well as rating gap.

The Grönroos' perceived service quality model was analysed due to the model's premise that customer expectations are a function of market communication by organisations through brand and image endorsements. The researcher also studied the two-factor quality model also known as the "Kano's curve" model. In this model the horizontal axis exemplifies customer satisfaction that fluctuates between very dissatisfied and very satisfied. The vertical axis depicts the presence or absence of a quality element which can vary from not available to a high degree of availability (Kano Model 2014).

This Chapter provided a thorough description of the interrelationship between service quality and customer retention was also included in this part of the literature review. This Chapter underpinned various customer retention strategies which are provided by celebrated and recognised leaders and theorists in this particular field, with specific reference to the hospitality industry. An outline of the characteristics, discrepancies and similarities of service quality dimensions and customer retention was also illuminated.

Customer retention can be referred to as a business strategy which endeavours to retain business' customers in order to retain their revenue contribution. Research

indicated that customer retention is achieved when a satisfied customer's expectation are exceeded and then becomes a loyal customer.

With the importance of establishments implementing customer-retention management systems, this Chapter explored a number of customer retention strategies. These strategies include customer-service marketing strategies by focusing through promotional efforts on new and desirable target audiences, service recovery and restitution strategies by inter alia rectifying and addressing service complaints received, employee training strategies that include training employee in customer relationships, service quality, establishment of effective customer relations as well as through effective communication strategies aimed at employees as well as customers.

Chapter 3 allows for a survey and analysis of results pertaining to guesthouse excellence in service delivery particular in the Western Cape region. The survey will explore the rendering of quality service through the application of TQM as a quality management system at participating 4- and 5-Star rating guesthouses.

Chapter 3 further explores the factors that contribute to the evaluation of service quality, how service quality can be measured and what discrepancies could arise between customers' expectations and their perceptions of the service they receive from the service provider.

The nature of the South African Tourism and hospitality industries as well as the guesthouse product is described in Chapter 3. The hospitality industry in South Africa is divided into distinct categories which are clearly outlined. The accommodation sector is one of the most important sectors in the Tourism and hospitality industries. This part of the study shows that the accommodation industry comprises the largest and most omnipresent sector within the Tourism and hospitality industries.

Chapter 3 indicates that for any establishment to succeed in today's competitive business environment, it is imperative to develop a competitive advantage, which will differentiate the establishment's service offering from that of its competitors.

Throughout Chapter 3 it is reiterated that TQM can contribute to creating that competitive advantage as the implementation thereof meets the needs and expectation of customers. This part of the study underpins the fact that TQM and the grading of 4- and 5-star guesthouses, situated in the Western Cape, have established immense

validity and relativity in the fact that 99 per cent of guesthouses in South Africa are graded and recognised.

The role of TQM in service quality measurement and improvement, including holistic approaches from TQM theorists, is also discussed in Chapter 3.

Chapter 3 provides an outline of proposed TQM processes and strategies which will enable 4- and 5-star guesthouses, to identify appropriate quality measures and when applied effectively, will contribute towards continuous quality service rendering resulting in customer satisfaction, customer loyalty and customer retention.

CHAPTER 3

TOURISM, THE HOSPITALITY INDUSTRY AND TOTAL QUALITY MANAGEMENT IN 4-TO 5-STAR GRADED GUESTHOUSES IN THE WESTERN CAPE REGION

3.1 INTRODUCTION

In a globalising and competitive hospitality environment, one of the biggest challenges for South African enterprises is satisfying their customers' needs and expectations in a proactive and professional manner. It is thus important to acknowledge that under promising and over delivering as well as anticipating the different needs and wants of their great diversity of guests is of paramount importance. Unless management and staff can offer their customers a higher level of service than their competitors, customers will be lost and the business will fail as a result of the lack of patronage, resulting in lower revenues, staff losses and subsequent financial challenges.

Large numbers of overseas guests frequent guesthouses and other forms of accommodation in South Africa and for this reason there has been an increasing emphasis on service quality standards. As a result, the need for TQM as a business strategy and its ability to increase service quality to facilitate customer retention in guesthouses situated in the Western Cape region, has increased.

Contributing to the aforementioned, a study of the relationship between TQM and a 4- or 5-star rating will be presented. This study goes on to explore the factors that contribute to the evaluation of service quality, how service quality can be measured and what discrepancies might arise between customers' expectations and their perceptions of the service they receive from the service provider.

Other topics in this Chapter include the current application of TQM Award Models and its immutable connection to increasing service quality. This Chapter emphasises the strength and relativity between TQM and customer retention with strong reference to high star-graded guesthouses situated in the Western Cape. The TQM system will facilitate increased service quality which in return acts as a catalyst for customer retention. The latter in its own capacity is a complex and multidimensional challenge, and for this reason is introduced in this Chapter.

3.2 INTERNATIONAL TOURISM

The nature of tourism encapsulates activities engaged in by tourists when travelling. The aforementioned encompasses the entire travel experience which includes pre-travel planning and booking, travelling to the destination and staying there. Tourism also includes returning to the country of residence and the delightful reminiscences afterwards. In addition to the aforementioned, tourism also includes the activities tourists or travellers decide to undertake as part of the trip, purchases in the country being visited as well as the interactions that occur between guest and host. It can therefore be stated that tourism in its entire capacity includes all the activities and impacts that occurs when a visitor travels. Wahab and Cooper (2001:5) describe tourism as an integrated, *all-embracing and pervasive domain of service and industrial activities*.

Goeldner, Ritchie and McIntosh (2000:16) state that tourism is comprised of the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. The concept of international tourism can be underpinned by distinguishing between inbound tourism, which includes visits to a country by non-residents and outbound tourism, which refers to visits by residents of a country to another country (Goeldner *et al* 2000:16).

International tourism (IT) refers to the international visitor and has been traditionally described as purchases and consumption by non-resident visitor, of goods and services provided by residents, which can be referred to as inbound tourism consumption, and consumption by resident visitors, outside the economic territory of the country of reference, of goods and services provided by non-residents, also referred to as outbound tourism consumption. The World Tourism Establishment (WTO) is the most widely recognised and leading international establishment in the field of travel and tourism today. It serves a global forum for tourism policy issues and a political source of tourism know-how.

The WTO is engaged in many activities of which the transfer of tourism know-how to developing countries is a major task. The WTO is well known for its statistics and market research. The WTO is an official consultative establishment to the United

Nations (UN) and has the objective of promoting and developing tourism worldwide (Goeldner *et al* 2000:102).

The WTO recognises the position of the tourism industry in the world economy to be of exceptional importance and sporadically underestimated in terms of its contribution to global Gross Domestic Product (GDP).

Research indicates that IT experienced a 0.6% decrease in 2001, which was less than expected after the September 11th 2001 terrorist attacks. Table 6 illustrates that the Americas suffered the greatest loss in tourism (6.0% decrease) followed by South Asia (4.5% decrease) and the Middle East (down 2.5%). Europe experienced a slight decrease of 0.7% but continues to remain one of the world's top tourism regions (Tourism by World Region 2007).

Table 6: Tourism statistics 2000/2001

	ARRIVALS (in millions)		%	MARKET SHARE %
	2000	2001	2000/2001	2001
WORLD	696.8	692.6	-0.6	100.0
Africa	27.2	28.4	4.3	4.1
Americas	128.5	120.8	-6.0	17.4
East Asia and the Pacific	109.2	115.2	5.5	16.6
Europe	402.5	399.7	-0.7	57.7
Middle East	23.2	22.7	-2.5	3.3
South Asia	6.1	5.8	-4.5	0.8

Source: Adapted from Tourism by World Region (2011)

According to the Advance Release of the WTO World Tourism Barometer 2010, IT has strongly recovered in 2010. Subsequent to the statistics shown in Table 6 for 2001, international tourist arrivals providentially increased by 7% in 2010. The aforementioned caused an immense sigh of relief among tourism destinations

worldwide, following a drastic 4% decline in 2009 which was the year that the global economy was taken hostage by the global economic crisis. In the year 2010 the majority of destinations worldwide demonstrated positive figures which proved sufficient to offset losses in the previous year. In addition to the worldwide tourism recovery, it became evident that recovery and growth was primarily driven by emerging economies.

During 2009 Africa was the only continent that indicated an increase of 6% and maintained growth during 2010, subsequently benefiting from increasing economic dynamism and the hosting of events such as the FIFA World Cup 2010 in South Africa. International tourism experienced a further boost in 2010 due to the rise in importance of mega-events with specific reference to sport, culture and exhibitions.

The abovementioned mega-event is credited with its extraordinary ability to attract visitors, hence positioning host countries as attractive tourism destinations. Noteworthy examples of mega events include the Winter Olympics in Canada, the Shanghai Expo in China, and FIFA World Cup in South Africa and the Commonwealth Games in India.

With reference to the above trends, the United Nations World Tourism Establishment (UNWTO) panel of experts, which is comprised of over 300 experts from around the world, evaluated 2010's overall performance very positively and maintained this positive outlook for IT in 2011. The UNWTO expected growth to continue for the tourism sector in 2011. UNWTO forecasted international tourist numbers to increase between 4% and 5% in 2011, a rate slightly above the long-term average (International Tourism Report 2010).

According to Popova (2006:24) growth in IT can also be accredited to the increase in the world's population, the increase in individuals' income structures, emerging and advancing technologies which contribute to widely available information, changes in political and legal environments, as well as the increase in international investments and the global economy. Wahab and Cooper (2001:70) reiterate the fact that globalisation presents an endless stream of opportunities which simultaneously has made the world a highly connected and hence competitive arena.

People have become more aware of the limited time available to travel and are consequently changing their lifestyles in search of both values for time and value for money (Wahab & Cooper 2001:70). The aforementioned is a clear indication that the demand for tourism products is undergoing a metamorphosis involving departing from mere holiday products perceived as mass, commercialised tourism destination offerings, priced reasonably, towards customised or *independent or semi – independent trips* (Wahab & Cooper 2001:77; Keyser 2002:109-111).

From the aforementioned it is evident that tourism is unique in that it involves real physical escape reflected in travelling to one or more destination regions where the leisure experience emerges. Ryan (1991:25-29) provides an analysis of tourist's reasons for travelling. According to Page (2007:73) and Ryan (1991:25-29), tourists engage in travelling to satisfy the following needs or desires:

- A. To escape from the everyday immediate environment in pursuit of relaxation and recuperation;
- B. To engage in activities which involve play, recreation, sport or social interaction;
- C. To strengthen family bonds or gain social enhancement among work colleagues;
- D. To engage in educational opportunities; or
- E. For the purpose of pure wish fulfilment in, for example shopping.

Six main purposes for travel can be identified. They can be described as follows (Keyser 2002:55):

- A. *Leisure, recreation and holiday* to explore interesting sites, attending sport events, recreational and cultural activities, gambling, shopping, relaxing and honeymooning;
- B. *Visiting friends or relatives* such as attending weddings or funerals or caring for ill members of the family;
- C. *Business travel* involves attending meetings, conferences, educational courses or giving lectures;
- D. *Health trips* are undertaken for the purposes of health treatments acquired through visiting spas, fitness or other medical treatment facilities;
- E. *Religious travelling* which encompasses attending religious events such as the gathering of Muslims in Mecca every year; and

F. *Other* travelling purposes may include transit activities or other unknown activities.

Figure 12 illustrates the classification of international tourism categories, the different types of travellers and underpins the main purposes of travel. In recognising the immense growth of tourism and tourism products and services, it becomes necessary to recognise that there are many sub-types of tourism that adjoin the tourism classifications in Figure 12. These include sub-systems in nature and environmental tourism such as coastal tourism as well as eco-tourism, rural tourism and agricultural-tourism.

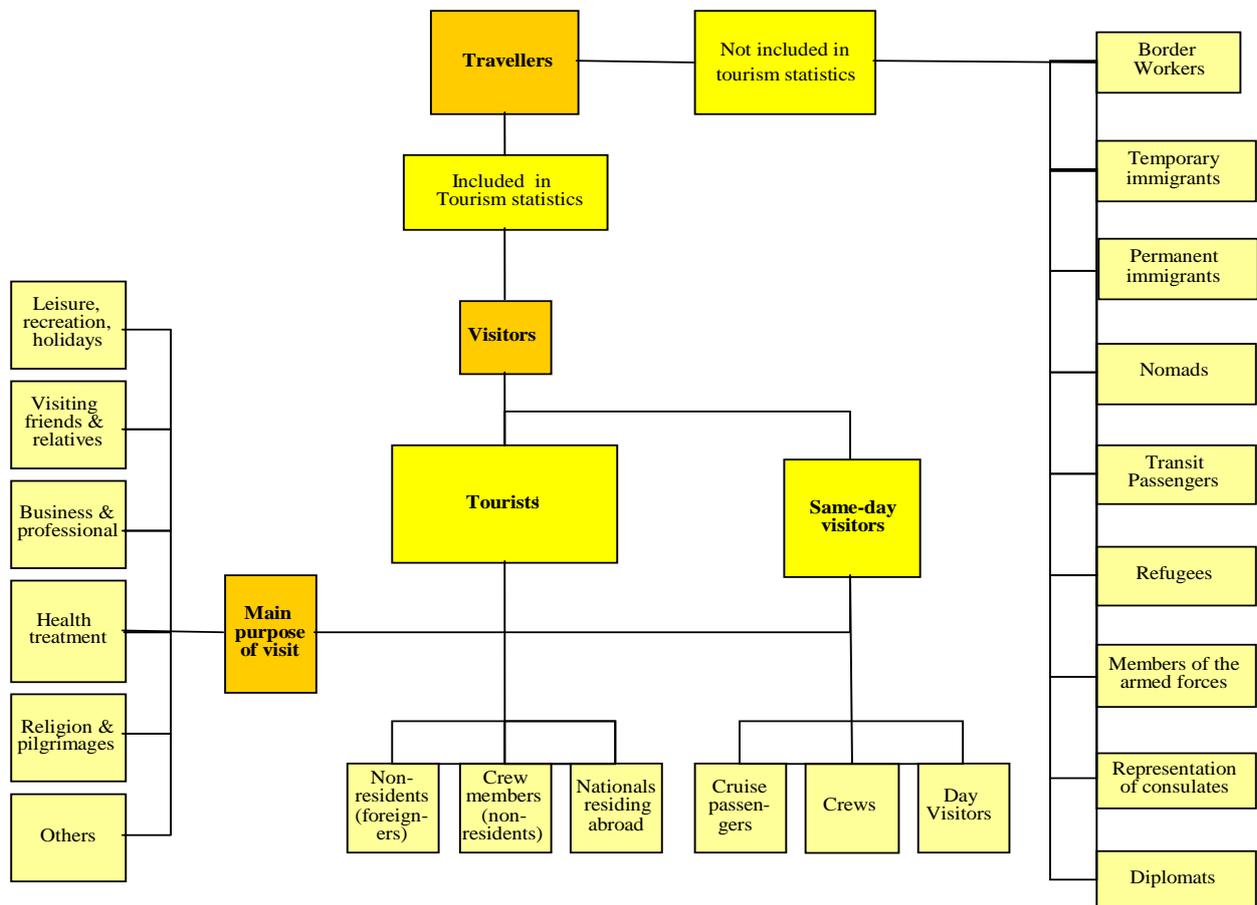


Figure 12: Classification of international tourism, travellers and purposes of travel

Source: OECD (1997)

Other types of tourism categories recognised internationally and domestically include lifestyle-oriented niche tourism such as gay tourism, gourmet tourism and wine tourism as well as mystical tourism which involve meditation, yoga and other mesmerising rituals (Top travel destinations of the world 2010).

Page (2007:66) states that the endeavour to classify tourists and tourist activities into categories and to develop models that identify tourist behaviour and motivation are burdened with difficulties as motivation is a highly individualised characteristic of human behaviour encapsulate people's attitudes to tourism as they consume it. Page (2007:66) goes further by stating that there has been very little evidence of research done on tourist demand for travel products and services.

Contrary to the aforementioned, research indicates that tourism products have become one of the most traded items on the internet with the advent of e-commerce (Top travel destinations of the world 2010). Today's global and competitive market environment, notwithstanding the nature of business, is characterised by fast developing and advancing technologies which contribute to widely available information. It can be argued that the globalisation of the media and effortless accessibility to information has given way to tourists becoming more educated and interested in different and eccentric destinations. Tourists today engage in more adventurous and enriching tourist activities as well as more personalised services; services that can be rendered by guesthouses.

Popova (2006:25) stands in agreement with Middleton and Clark (2001:183) in that the advantage of accommodation establishments such as guesthouses lies in the constant interaction with guests provided by management and staff. These close interactions with guests provide the guesthouse manager with the opportunity to retain invaluable customer knowledge which in return assists market segmentation and communication efforts with potential customers. Marketing efforts become concentrated to a specific market segment, ultimately leading to more precisely identifying customers' needs and wants. Popova (2006:26-27) states that tourism enterprises are increasingly compelled to identify a competitive advantage and promote their products to consumers in the best possible way.

The powerful immediacy of customer contact and individualised service rendering in guesthouses provides knowledge not only of what customers want and expect from

the product offering but also of what type of offering appeals to the customer profile. Wahab and Cooper (2001:85) adjoin the aforementioned by stating that the increased sophistication of tourists necessitates the development of sophisticated products and services, which are required to be delivered at the appropriate time and price. Additionally tourism product and services as well as tourism destinations require specialisation.

The aforementioned clearly indicates the augmentation of the demand for tourism products and services. Tourism demand has been defined in numerous ways including the total number of individuals who wish to travel, the actual number of individuals who do engage in travelling and the purchase and consumption of tourism products and services at places away from their places of origin or residence (Page 2007:67).

Popova (2006:26) agrees with Holloway's (1998: 67) perspective in that the demand for tourism is consistently met by the rigorous marketing efforts of various tourist services. Combined these services create the biggest and most rapid growing industry in the world.

As mentioned before, the travel and tourism industry is comprised of a variety of tourists and producers of tourism products and services. These tourism products and services include transport providers and accommodation providers such as hotels, guesthouses, bed-and-breakfasts as well as lodges. Entertainment activities and other attractions serve as support services (Popova 2006:26). The producers of these tourism products and services originate from the private sector as well as the public sector, and the success of the tourism industry depends on a strong working partnership between the two sectors.

The above research elevates the fact that globally, as well as on home ground, guesthouses have become a very popular alternative form of accommodation. Guesthouses and bed-and-breakfasts have taken the South African accommodation market by storm. From small, personal establishments to the highly professional, the guesthouse offering present guests with individualised services and through the aforementioned reflects true South African hospitality.

Stroma, Morgan and Meyer (2010:164) state that international arrivals to less economically developed countries, such as South Africa, have grown by 40% in the

past two decades. The dependence on the Tourism and hospitality industries between the years 2000-2005 has grown from 8.2% to 12.0% with reference to international arrivals and revenues respectively (Stroma *et al* 2010:164). When taking the aforementioned into consideration it can be stated that the Tourism and hospitality industries have played an invaluable role in the contribution to the GDP of less economically developed countries such as the Maldives with 88%, Saint Lucia with 59% and the Seychelles with a 49% contribution to their GDPs (Pro-poor Tourism 2007).

Zhang (2009:iii) reinforces the role of the Tourism and hospitality industries in South Africa in that it has made a meaningful contribution to the development of the South African economy. The demand for self-catering holiday properties such as guesthouses and bed-and-breakfast (B&B) establishments has increased in South Africa, particularly after the country was given the opportunity to host the 2010 FIFA World Cup. Thus, as stated earlier, tourist expectations and perceptions have changed and self-catering holiday properties, with the focus on guesthouses in particular, should provide the best possible service to international and domestic tourists in order to not only meet but exceed guest needs (Zhang 2009:iii).

The nature of the South African Tourism and hospitality industries as well as the guesthouse product will be described in the subsequent Sections of this Chapter.

3.3 TOURISM IN SOUTH AFRICA

South Africa has over the past number of years also benefitted from global growth in tourism. Zhang (2009:2-3) affirms that between 1950 and 2004, tourist travel activities have increased from 25 million tourist globally to 763 million tourists globally and forecasting an estimated 1.6 billion tourists globally by 2020, which is an average annual growth rate of about 6.5%. In addition, the affordability of tourism in South Africa is a major contributing factor to increased number of international visitors to South Africa.

Popova (2006:12) contributes to the aforementioned by mentioning that several well-renowned international hotel chains, such as Kerzner's One & Only Hotel chain, have established successful accommodation premises in the country. However, Jordaan (2001:171) adds that many tourists choose the services offered by small, privately-

operated accommodation establishments. This adaptation has led to the emergence and inexorable development of the guesthouse sector of the tourism industry in South Africa.

Zhang (2009:3) states that since the end of apartheid in 1994, IT to South Africa has increased dramatically. In 1994, the year of South Africa's first democratic election, only 3.9 million foreign visitors arrived in the country.

By 2004, international arrivals almost doubled to 6.7 million and in 2007 a total of 9.07 million foreigners visited South Africa, which is an 8.3% increase over 2006. According to the data, South Africa's annual tourist arrivals record was broken three years in succession (Visit South Africa 2008). In a media statement made by the former Minister of Tourism, Mr. Van Schalkwyk, it was stated that South Africa recorded an exceptional 15.1% increase in tourist arrivals to the country during 2010 due to the hosting of the FIFA Soccer World Cup. Mr. Van Schalkwyk revealed that South Africa experienced tourist arrivals of more than 8 million (8 073 552) to the country compared to just over 7 million (7 011 865) in 2009. In figures released by the United Nations World Tourism Establishment (UNWTO), South Africa presented an increase of 15.1% in tourist arrivals which outperformed tourist arrivals in all other countries including the Middle East, 12.6% for Asia and the Pacific, 7.7% for the Americas, 6.4% for Africa and 3.2% for Europe (Tourist arrivals 2011).

The preceding figures indicate that South Africa dominated the growth in tourism arrival statistics in comparison to the global market by more than 8%. A survey indicates that tourist arrivals during June and July 2010, which is traditionally South Africa's low tourist season, peaked during the World Cup, by more than 309 000 tourists arriving in South Africa for the primary purpose of the World Cup. The FIFA World Cup event spurred arrivals which represented about 4% of the total arrivals for 2010. Van Schalkwyk further stated that the immense growth in tourism figures was not only orchestrated by the World Cup event, but figures show that tourist arrival performance in 2010 exceeded that of 2009.

Statistical reviews indicate that South Africa has experienced an increase in figures from all its primary tourist markets with regional growth rates as follows:

- A. Europe 8.1%;
- B. North America 22.5%;
- C. Central and South America 109.2%;
- D. Australasia 26.3%;
- E. Asia 39.1%;
- F. Middle East 19.3%; and
- G. Africa 12.8%.

Mr. Van Schalkwyk concluded by stating that growth from the above-indicated regions shows that tourist arrivals from the Americas grew the fastest at 37.4% in comparison to 2009 (Tourist Arrivals 2011).

Taken from the above, tourism in South Africa has spurred awareness both internationally and domestically with efforts aimed towards optimising tourism in South Africa to its full potential. Osman (2009) indicates that a monthly average of a substantial number of 800 000 tourists visited South Africa during 2008, totalling approximately 9.6 million foreigners. Leisure determinedly remains the main purpose of visits by tourists to the country.

The Department of Environmental Affairs and Tourism revealed that travelling corporately or for business reasons is a lucrative sector of the tourism market. Business travellers have the tendency to spend three times more on average than leisure travellers and up to 40% are likely to make a return visit to the country (Osman 2009).

Popova (2006:29) reiterates the fact that South Africa has created probably the best accommodation facilities and transport infrastructure in all of Africa. Tourism arrival statistics detailed earlier, confirm that South Africa is one of the fastest growing tourist destinations in the world with services to offer ranging from genuine warmth and hospitality, diverse cultures and heritages, wildlife, scenic beauty and adventurous opportunities, as well as conference facilities and eco-tourism. Osman (2009) affirms that the liberalisation of airspace in South Africa has served as a catalyst for increasing the number of international airlines operating weekly flights between South Africa and other countries, hence allowing increased access to the country. The aforementioned introduced a virtual doubling in tourism's contribution to South Africa's total GDP from 4.6% in 1993 to 8.5% in 2008.

According to the Department of Tourism (<http://www.southafrica.info/travel/tourists>) foreign arrivals in South Africa reached their highest level ever in 2013 as the country's international tourist numbers approached the 10-million mark. According to the latest figures from Statistics SA, 14 860 216 foreign visitors arrived in South Africa in 2013, a 10.5% increase over 2012. Of these, 9.6-million were tourists, translating to a 4.7% year-on-year increase in international (including the rest of Africa) tourist arrivals, and a 7.1% increase in overseas (excluding Africa) tourist arrivals.

South Africa's international tourist arrivals grew at an annual average growth rate of 7.4% between 2011 and 2013, well above the global average of 4.5% during this period. South Africa recorded 428 596 more tourists in 2013 than we did in 2012. According to figures for the period ending December 2012, direct tourism contribution to GDP grew from R83.5-billion in 2011 to R93.3-billion or 3% of GDP in 2012. At the same time, tourism contributed approximately 617 287 direct jobs in 2012, amounting to about 4.6% of direct employment in the country.

Figure 13 indicates the foreign visitors' arrivals to South Africa.

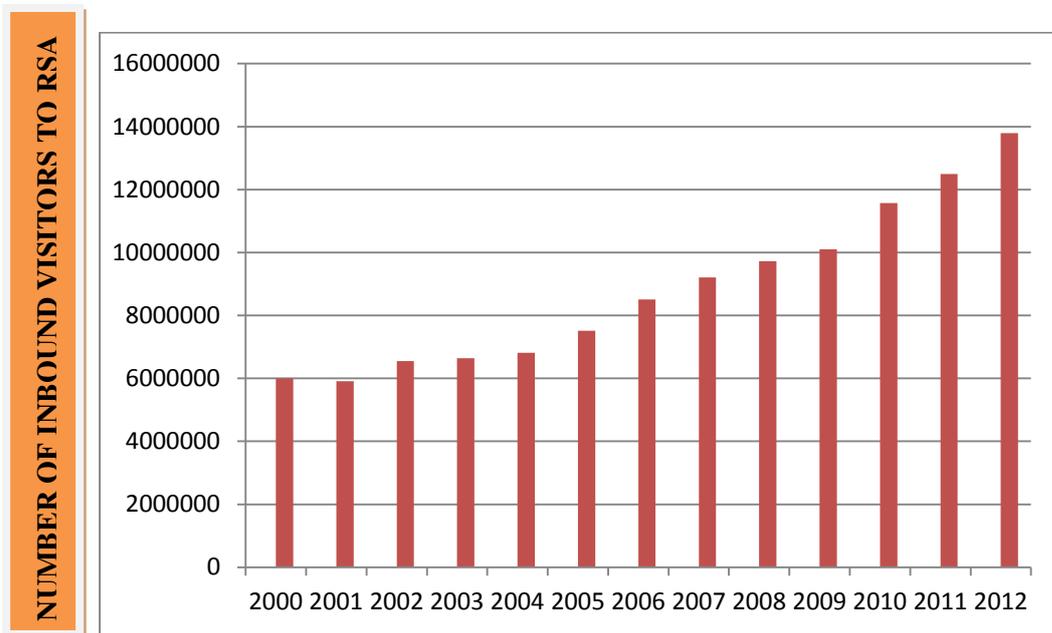


Figure 13: Foreign visitor arrivals to South Africa. *Source: 2013: Department of Tourism (<http://www.southafrica.info/travel/tourists>)*

It can be stated that the 2010 World Cup Soccer event contributed to increasing the popularity of the country. The event allowed the tourism industry of the country to

derive countless benefits from all the opportunities associated with its hosting. Osman (2009) emphasises that the salient benefits derived from organising such a mega sporting event in a country include the fact that it attracts high-income tourists which in return creates a new generation of tourists who might visit the country repeatedly.

Another benefit rests on the fact that the host country is able to create a favourable image of the country as a tourism destination. International media presence creates a labyrinth of communication with the world and the opportunity arises for establishing a skilled workforce within the establishment, management, and funding sectors which specialises in unique, tourist-friendly sporting events (Osman 2009).

Domestic travel in South Africa plays an important role in the economy. Statistics reveal that domestic travel by South Africans was valued at R47 billion for the period 2002/3 in comparison to the international market value of R53.9 billion (Popova 2006:30).

According to Statistics SA (www.statssa.gov.za/Publications2: January 2013), an estimated number of most recent person day trips decreased from 7,6 million in 2010 to 6,7 million in 2011. There was also a decline in the number of most recent person overnight trips from 12,4 million in 2010 to 11,2 million in 2011. Visiting friends and family/relatives (VFR) was the main reason that contributed 28,5% of day trips in 2010 and 29,9% in 2011 while overnight trips accounted for 48,2% in 2010 and 52,7% in 2011 of the total trips undertaken. The second main reason stated for day trips was shopping for personal use (24,0% in 2010 and 25,15% in 2011); while for overnight trips it was leisure/vacation/holidays (22,2% in 2010 and 20,8% in 2011).

KwaZulu-Natal was the most popular destination when it came to overnight trips, with nearly (20,8% in 2010 and 20,3% in 2011) of the total overnight trips undertaken. Gauteng was the most visited province for day trips (23,9% in 2010 and 24,9% in 2011). As stated earlier, domestic travel plays an important role in the South African economy and revenue from domestic tourism was approximately R25 billion in 2008. The average number spent per trip increased from R550 in 2007 to R780 in 2008. Visiting friends and relatives (VFR) continues to be the major reason for domestic trips accounting for 71% of all domestic trips and 45% of total revenue generated by domestic tourism in 2008. Holiday travel accounted for 16% of total domestic trips and 39% of revenue (South Africa Tourism 2014).

Despite the above astounding figures, Pasco (2009) explains that the threat of violent crime in South Africa has become a reality to consider before visiting as a tourist or doing business in South Africa. Crime statistics indicate that violent crime remains a significant concern.

Figure 14 reflects the number of crimes reported during the period April 2008 to March 2009. During this period crime rates increased by about 2%, while more than 11 600 less overall contact and contact-related crimes year-on-year (Pasco 2009).

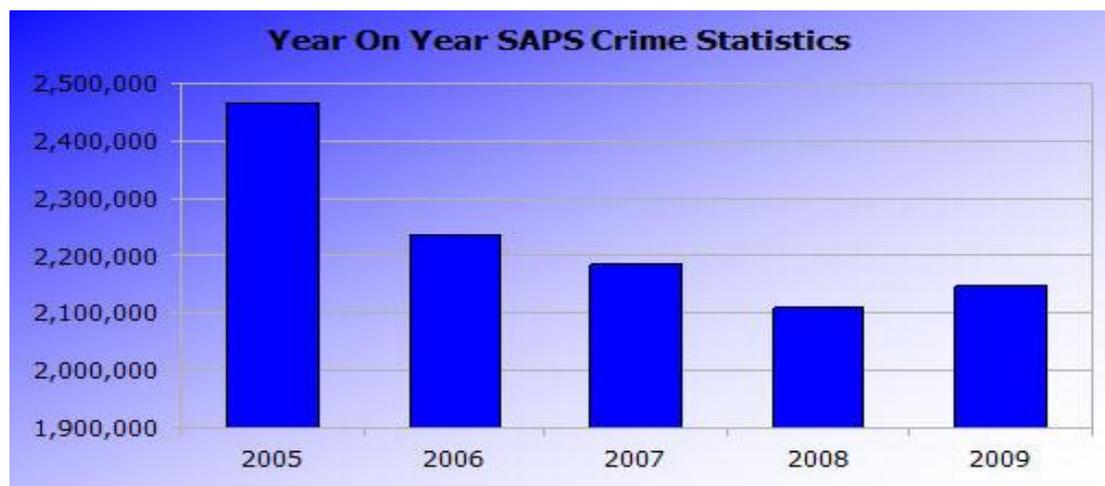


Figure 14: The number of crimes reported during the period April 2008 to March 2009 Source: Pasco (2009).

Visitors are particularly sensitive towards travelling to a country when their lives may be put at risk. Popova (2006:30) states that the aforementioned gives ample reason for any country, particularly South Africa, to ensure that the provision of safety and security is an important deliberation for all tourism service providers.

One should also take into consideration the fact that foreign visitors that become victims of crime in South Africa are not necessarily specifically targeted due to their citizenship. Attacks on visitors to the country are the result of their allure for criminal elements and any outward sign of affluence makes a person susceptible to crime. Furthermore, many criminals in South Africa think that foreigners are more likely to carry cash and other valuables on their person than is the case with local South Africans (Pasco 2009).

Despite the above information relating to crime and violence, the World Cup 2010 Soccer event fostered a growing global awareness of South Africa as an international

tourist destination and resulted in an upsurge in the number of tourist arrivals. Obtained from the information provided above, one can convincingly state that South Africa's tourism's contribution to the country's GDP has increased from just less than 5 % in 1994, to an estimated 7.7% in 2010. Adjoining the latter is the fact that tourism has been identified as one of the six job drivers of the country's New Growth Path framework (South Africa's sports tourism future shaping up 2011).

South Africa has identified tourism as a leading avenue for addressing unemployment, especially given its labour intensive nature. In addition to the travel and tourism jobs, other industries such as financial services, manufacturing, healthcare and numerous others are stimulated by tourism thereby providing more employment. Research demonstrates that, as part of the new National Tourism Sector Strategy (NTSS), South Africa aims to create 225 000 new tourism jobs by 2020 and increase tourism's direct and indirect contribution to the economy to R499 billion in 2020 (South Africa's sports tourism future shaping up 2011). The aforementioned reiterates the fact that it becomes an imperative for managers of hospitality related establishments to consider and embrace the growth in South Africa as a tourism destination.

3.4 THE SOUTH AFRICAN HOSPITALITY INDUSTRY

According to the Oxford English Dictionary, hospitality in itself can be described as the friendly reception and entertainment of guests, visitors or strangers with liberality and good will (Oxford English Dictionary 2011). The Oxford Advanced Learners Dictionary defines hospitality as the generous behaviour by an establishment towards guests or customers which includes the provision of food, drink and other services (Oxford English Dictionary 2011).

In exploring the prospective impact of tourism within and around South Africa, it is explicitly found that the hospitality industry plays a prevailing role in the growth and sustainability of the tourism industry. The progression and salient characteristics of South Africa's hospitality industry need to be described within the framework of contemporary trends in the Tourism and hospitality industries.

The hospitality industry is quite often diminutively perceived as consisting of only hotels and restaurants. In a broader sense, the hospitality industry refers to all the companies involved in providing services for guests, which includes providing

accommodation in hotels, inns, bed and breakfasts, guesthouses as well as the provision of food and beverages in restaurants (Glossary of Travel 2014).

The Tourism, Hospitality and Sport Education and Training Association, (THETA Learner Material 2011) has identified various sectors within the hospitality and tourism industries and advises that one must have an understanding of factors influencing industry productivity as well as the importance of providing good service as the aforementioned elements may become detrimental to the tourism industry and the South African economy if ignored.

The hospitality industry of South Africa can be divided into distinct sectors namely, lodging and hospitality establishment sector, sport sector, conference sector, food and drink establishment sector (such as restaurants, pubs, taverns and fast food outlets), the gaming sector and the travel and transport services sector. Visitor attractions and activities in South Africa render careful discussion as they play a vital role in the tourist's motivation to visit certain destinations in South Africa. The aforementioned and subsequent Sections of this Chapter underpin these sectors.

3.4.1 Lodging and hospitality establishment sector

Van Zyl and Fourie (2009:72) submit to the vital role that accommodation plays in tourism and state that the lodging and hospitality establishment sector provides the basic infrastructure to accommodate visitors such as tourists and business travellers. Lodging and hospitality establishments cater for sub-facilities with reference to conferences facilities, health and adventure activities as well as entertainment opportunities. Van Zyl and Fourie (2009:73) explain that various accommodation types are important as they form the profile of the capital-intensive sector of the tourism industry.

Adjoining the aforementioned it can be stated that the accommodation sector contributes significantly to a guest's experience of the destination and establishment visited. However, accommodation is also one of the most frequent areas of disquiet where customer complaints are made (Van Zyl & Fourie 2009:76).

The international growth of chain activity in lodging and hospitality establishments has spurred profitability in South African tourism. THETA

identifies accommodation types as hotels, motels, hostels, guesthouses, guest farms and bed-and-breakfasts. Other accommodation types are self-catering resorts or timeshares which include holiday apartments and cottages, campsites and caravan parks and resorts and game lodges (THETA Skills Development 2014).

Some of the most renowned hotel chains in South Africa include City Lodge, Southern Sun, Holiday Inn Hotels, Protea Hotels and Sun International (Van Zyl & Fourie 2009:82). Other accommodation sectors available to suit diverse types of visitors include *self-catering accommodation* types such as timeshare, holiday cottages and holiday flats. *Full-service establishments* include full service establishments such as guesthouses and game lodges and other *selected service* types of accommodation such as budget establishments and bed and breakfasts (THETA Learner Material 2011).

It should be noted that accommodation services comprise of other important subdivisions within lodging and hospitality which have a profound influence on the provision of accommodation and the overall service experience. Some of the subdivisions include housekeeping, laundry and linen services and valet services offered (THETA Learner Material 2011).

For the purpose of this study, the lodging and hospitality segment with specific reference to the guesthouse industry in South Africa will be thoroughly discussed in a Section of this Chapter to follow.

3.4.2 Sport sector

The sport sector predominantly revolves around sporting activities such as country clubs and golfing resorts. Keim (2005:3) reiterates the fact that sport plays a very important role in modern contemporary society. The prominence of sport is reflected through media which devotes considerably more sport coverage than politics or economics (Keim 2005:3). The aforementioned has a profound impact on the development of the nation, cultures and communities.

Keim (2005:3) is of the opinion that sport signifies an integral part of life, whether people are active participants or passive spectators. Sport is also used as a more cost-effective approach to confronting social problems than

correcting the consequences of aggression. The aforementioned contributes to the hospitality industry by encouraging particular sport enthusiasts to visit South African facilities (THETA Learner Material 2011). In 1998, South Africa experienced total corporate sport expenditure 625 billion and demonstrated an enormous increase to R2731 billion in 2002 (Sports Marketing 2014). It should be stated that the increasing interest in professional sport has turned into a lucrative business, generating large revenue for South Africa annually (Shannon 1999:518).

3.4.3 Conference sector

The conference sector specialises in hosting conferences of various types and sizes. Conference centres usually engage in a business relationship with particular accommodation establishments in the nearby vicinity which provide accommodation to delegates. South Africa boasts a wealth of conference and exhibition facilities which include custom-built centres designed according to international specifications. Lodging and hospitality establishments that cater for business travellers deliver a major contribution to the success of the hospitality industry as guests are attracted for business reasons and these establishments provide endless opportunities to turn business travellers into loyal returning visitors (THETA Learner Material 2011). Some of the renowned conference centres include the Sandton Convention Centre and Gallagher Estate in Johannesburg and the International Convention Centre in Durban and the Cape Town International Convention Centre.

3.4.4 The food and beverage sector

Food and drink outlets add to the variety available to tourists. These outlets range in order of formality from restaurants, pubs, taverns and fast-food outlets. Recent statistics provided by Statistics South Africa (SSA) indicate that the total income generated by the food and beverages industry in March 2011 was 7.6% higher than March 2010. The main contributor to this increase was food sales which were 8.9%. The aforementioned yields an annual positive growth rate of 7.6% in total income for March 2011, mainly driven by restaurants and coffee shops with an 8.1% contribution, takeaway and fast-food outlets (11.8%), and caterers with 5.7% (Statistics South Africa 2011).

3.4.5 The gaming sector

The gaming sector in South Africa has undergone substantial changes in legislation since 1994. Gambling was only legalised in South Africa after the 1994 election in an attempt to implement the best strategy to deal with illegal gambling. South Africa has one of the most highly-regulated gaming industries in the world, including participation from all role players in advocating responsible gambling. The operation of legal casinos has become an accepted practice and makes a significant contribution to the tourism industry. The gaming industry is comprised of casinos, game centres and water-type entertainment offered on site or at nearby hospitality establishments. Examples of such hospitality establishments include Sun City and the Lost City, Gold Reef City and Water World (THETA Learner Material 2011). To date, the gaming industry has realised investments of more than R12 billion consisting of infrastructural developments including hotels, restaurants, shopping centres and convention centres (THETA Learner Material 2011).

3.4.6 Transport and travel services sector

The travel services sector embraces a large portion of the sales within the entire hospitality, travel and tourism industry. Companies that provide travel services assist in booking conferences, and arranging flights or coach tours. Van Zyl and Fourie (2009:77) state that the contribution of travel and transport services to the Tourism and hospitality industries should not be underestimated. Transport plays a vital role in the Tourism and hospitality industries. Without transport, whether at international or domestic level, tourism would just not be possible. Van Zyl and Fourie (2009:77) describe transport as the link that joins the other elements in the tourism supply chain together which, in return, enables travellers to consume tourism products and experiences.

Transport can also become the motivation for travelling to a specific destination or attraction. The aforementioned is true in the case of an ocean cruise on a luxury liner (Van Zyl & Fourie 2009:77). The renowned Blue Train in South Africa offers five-star transportation along scenic South African country routes. The transport sector provides visitors with various

alternatives which enable them to travel around. These alternatives may vary from making use of coach companies, the rail network or car hire companies. Many of the coach companies make use of trained, professional tour guides who accompany visitors on various tours and educate guests on the sights visited (THETA Learner Material 2011).

3.4.7. Visitor attractions and activities

Visitor attractions and activities often form the fundamental element of the visitor's itinerary. Page (2007:104) describes attractions, events or activities of a particular destination as the *raison d'être* for the visit. Business travellers often submit to leisure activities after their work has been completed (Van Zyl & Fourie 2009:73). Scholars of tourism and travel development have deliberated over the many categories of attractions. For the purpose of this study only two conventional categories of attractions will be discussed. Page (2007:104) states that attractions can be divided into two distinct categories namely natural resources and man-made resources.

Natural resources are resources that occur in nature such as beach environments or other natural scenic areas. Examples of the aforementioned, to only name but a few, include Table Mountain in the Cape, the dramatic Drakensberg mountain range and the Kalahari and Namaqualand with their carpets of bright flowers. Man-made resources are comprised of resources developed in response to the ever-growing tourism market and man-made attractions are often built upon natural resources such as the different accommodation camps in the Kruger National Park, the golf resorts along the Garden Route and the World Heritage Cultural Landscapes which include the classic Winelands of Paarl, Stellenbosch and Franschhoek (Page 2007:105). It can be stated that the diverse range of attractions available to tourists is persistently evolving. Innovative technology has created opportunities for developing new and extreme attractions by combining natural and man-made resources such as seen in the case of the world's first undersea restaurant, Ithaa, situated in the Maldives. Designers have made use of aquarium technology to put diners face-to-face with the stunning underwater environment of the Maldives (Gastronomy and Dining 2014).

3.5 ACCOMMODATION AND GUESTHOUSE SECTOR IN SOUTH AFRICA

The accommodation sector in South Africa represents a vital part of the hospitality industry since the provision of accommodation, food and beverage is essential for anyone spending time away from home. Nelwamondo (2009:1) underpins the fact that the role of accommodation as contributor to the tourism industry can be seen as vital to the industry's survival.

3.5.1 Accommodation sector in South Africa

Lodging and hospitality establishments encompass various types of accommodation establishments which can be identified as hotels, motels, bed and breakfasts, guesthouses, youth hostels, backpackers, home stay, farm stay, self-catering apartments, timeshare options, caravan parks, camping grounds, boutique accommodation, cabins/huts in National Parks, and many more. The nature of accommodation supplied at the particular destination is a product of demand in the sense that tourists determine what type of accommodation will be established at the destination area.

Some travellers prefer full-amenity type of accommodation whilst other guests find contentment in being provided with the bare essentials (Popova, 2006:32; Jordaan, 2001: 36). Nelwamondo (2009:1-2) agrees with the aforementioned by stating that tourist accommodation offerings range from accommodation that provides for one or two guests in the form of a simple home-style setting, to accommodation labyrinths with the capacity to cater for up to 5 000 guests. Accommodation establishments are mostly categorised according to their spatial perimeters. The aforementioned affirms the fact that accommodation facilities occupy fixed locations within changing environments which in return necessitates the adaptation of these accommodation facilities to changing business circumstances (Nelwamondo 2009:1-2; Pender & Sharpley 2005:19).

It can be stated that the accommodation sector as part of the Tourism and hospitality industries is one of the most important sectors (Nelwamondo 2009:1; Callon, Milles & Muniesa 2007: 21). The accommodation or lodging industry forms the largest and most omnipresent sub-sector within the Tourism and hospitality industries. The aforementioned can be substantiated by taking

into consideration the fact that tourists require a place to stay which offers them the opportunity to rest, relax and revive during their travels.

For this reason accommodation forms an essential support facility in destination regions (Nelwamondo 2009:2). Research indicates that hotels envelop a great proportion of tourism accommodation businesses (Nelwamondo 2009:25).

A vast number of scholars of tourism and hospitality trends only focus on hotels, giving very little recognition to the diverse array and numerous classifications of accommodation facilities related to the tourism industry (Nelwamondo 2005:25). Popova reiterates the fact that the South African hotel industry is recognised as one of the most important sectors of the domestic economy (Popova 2006:15; Jordaan 2001:151). The hotel industry in South Africa presents travellers to the country with the opportunity to reside in many world renowned hotel brands including Holiday Inn, Sheraton, Hyatt, Hilton, Inter-Continental and Radisson (Popova 2006:15).

Hotels also provide guests with a wide range of guest services, such as room service, which is not typically available at other lodging and hospitality establishments. Despite the unique and elegant nature of hotels, Statistics South Africa indicated a decrease of 3.7% in income from lodging and hospitality establishments from February 2010 to February 2011. Further research reflects a decrease of 9.8% in hotels. Statistics South Africa elucidates that this decrease was counteracted by increases in guest-houses and guest-farms of 22.8%.

Statistics South Africa demonstrated that the main contributor to the decrease in income from accommodation for February 2011 was mainly from hotels (Statistics South Africa 2011). Popova (2006:15) points to the fact that in the past, hotels traditionally offered a full range of services to travellers, whereas the accommodation sector now presents guests with an array of accommodation types to satisfy the most diverse needs and expectations of travellers (Popova 2006:15; Jordaan 2001:156).

The previous decade reflected a growing trend towards guesthouse accommodation in accordance to the changing needs and expectations of tourists. Popova (2006:15) underpins the fact that many foreign guests have undergone a change in preference with regard to accommodation types. Guests prefer to stay in a guesthouse, as it presents them with an opportunity to meet local people and converse with locals about various aspects of South Africa. In his study, Jordaan (2001: 173) found travellers are increasingly seeking a homely environment, which includes the occasional conversations around a barbeque outside as it is something so typical to South African tradition and is something guests might not have experienced in their country of origin.

Section 3.2 of this study also indicates that the revolution in expectations amongst tourists has led to the emergence of new demand dynamics in terms of different types of accommodation. For the purpose of this study, these different types of accommodation available to satisfy the ever-changing needs of tourists, with specific reference to guesthouses, deserve academic consideration. Such need is addressed in this study.

The South African Tourism Committee reported that more than 50 000 lodging and hospitality establishments and tourism products were registered on the SA Tourism website in 2008 (South Africa Tourism 2014). Nelwamondo (2009:25) states that traditionally hotels played a central role in the development of the tourism industry as a hotel is generally the largest of all accommodation types. Hotels are characterised by an on-site restaurant and other facilities which are more accessible to the public than the other accommodation types.

3.5.2 The guesthouse sector in South Africa

A guesthouse can be described as similar to a house or manor that has been adapted to make it more homely and for the purposes of accommodating overnight guests. A guesthouse is usually managed as a commercial operation and is often owner-managed. The guesthouse consists of public areas that are for the exclusive use of the guest (Guest House Guide 2011). Nelwamondo (2009:32) states that the guesthouse industry forms a sub-sector of tourism accommodation in that it embraces different types of tourism operations with similar characteristics that offer beverages, food and accommodation in a small family-style environment.

The aforementioned operations are relatively similar to the services offered by small hotels. Popova (2006:33) asserts that guesthouses generally compete for a share of the tourist market *along* with other accommodation providers such as hotels or lodges. However, guesthouses generally are in direct competition with bed-and-breakfast (B&B) establishments, which offer similar services.

3.5.3 A brief historical background of guesthouses development in South Africa

Nelwamondo (2009:24) states that accommodation has been a travel requirement since the first trading, missionary and pilgrimage routes were established in Asia and Europe in pre-Christian times. Nelwamondo (2009) continues by stating that the basis for such accommodation was generally non-paying as travellers were provided with mainly a roof over their heads and sustenance as part of a religious obligation or in the hope that similar hospitality might be offered to the host in the future.

The aforementioned concept of hospitality together with the provision of accommodation can be traced back to 586 BC. In the book of II Kings in the Bible, attributed mostly to the prophet Jeremiah, the oldest form of hospitality is captured in the episode concerning the prophet Elisha and the Shunammite's son whose life was restored. 2 King 4:8-11 reveals the following: "One day Elisha went to Shunem. And a well-to-do woman was there, who urged him to stay for a meal. So whenever he came by, he stopped there to eat. She said to her husband, I know that this man who often comes our way is a holy man of

God. Let us make a small room on the roof and put in it a bed and a table, a chair and a lamp for him. Then he can stay there whenever he comes to us (Bible Study Tool 2014).

With reference to much more recent literature, Popova (2006:35) states that the emergence of the provision of accommodation firstly took place in Europe. Nelwamondo (2009:25) supports the aforementioned by explaining that the first reference to commercial accommodation provision in Europe dates back to the 13th century (Nelwamondo 2009:25; English Tourism Council, 2001).

The provision of accommodation during those times corresponds with the traditional perception that associates tourism with only hotels. As mentioned in Section 3.4, hotels traditionally played a central role in the development of the tourism industry. For the purposes of this study, a thorough description of the emergence of/and the concept of the guesthouse product in South Africa will be deliberated upon.

During the past decade, South Africa has witnessed a growing trend towards guesthouses, country-house or guest-lodge type accommodation. It is a deplorable fact that, with exclusion of this study, there has been no research performed which discloses the emergence of guesthouses in South Africa. When conducting the research for this study, it became evident that the first emergence of guesthouse accommodation provided to guests was in the form of a boarding house or home. A boarding house can be described as a house at which board or board-and-lodging may be obtained for payment (Dictionary.com 2011).

Business dictionary group creates no distinction between the concept of guesthouses and boarding homes and refers to both as accommodation that is larger than 'bed and breakfast' accommodation. Guesthouses or boarding homes offer breakfast which is usually included in the room rate (Business Dictionary.com 2011). Boarding houses or homes often provided tenants with food and other services in addition to accommodation. Boarding homes differed from guesthouses in the sense that each floor in the boarding house had a communal bathroom that was shared by occupants in the boarding

home. Rothman states that the use of communal bathrooms in some boarding homes continued up until the 1940's.

As mentioned above, there has been no research performed which discloses the history of the establishment of guesthouses in South Africa. Taking the aforementioned into consideration, this study will be the first study to denote the chronological emergence of guesthouses established in South Africa.

A. The oldest guesthouse in South Africa: d'Ouwe Werf, Stellenbosch

The town of Stellenbosch is the second oldest town in South Africa. Stellenbosch was developed from a colony of Dutch settlers who were granted land on the banks of the Eerste River. The name Stellenbosch was given to a small island in the Eerste River by Simon van der Stel, Commander of the Cape, who had encamped there with his entourage in 1679 (Earth Sciences 2014).

In 1802 the Wium family opened an Inn, on ground founded in 1686, at the bidding of Governor Simon van der Stel and the Reverend Johannes Overneij. In 1686 the ground was home to the colony's first church in Stellenbosch. The historical remains of this little church can be seen beneath the floorboards of the kitchen.

A fire in December 1803 reduced much of the guesthouse to charred ruins and ashes. Another guesthouse was then built, namely the Cape Dutch Inn. In the 1890s the facade was remoulded on vaguely Georgian lines. Today it is the site of d'Ouwe Werf Country Inn, South Africa's oldest and most historic guesthouse, operated today as a hotel.

B. The second oldest guesthouse in South Africa: Moolmanshof, Swellendam

The Dutch East India Company established a replenishment station at the Cape in 1652, which advanced trade inland as far as Swellendam. Swellendam was declared a magisterial district in 1743 and is the third oldest in South Africa, named after Governor Hendrik Swellengrebel and his wife, Helena Ten Damme (Swellendam Municipality 2014).

Moolmanshof was built in 1798 and was the first guest accommodation in Swellendam. Today it is a National Monument. The Guesthouse is a classic example of a Cape Dutch style farmhouse, situated on the last remaining hectare of the original farm. Accommodation consists of three double rooms en suite in the Manor House and self-catering units available in the restored old stables on the farm.

The present H-shaped house was preserved and renovated over the years from 1799 to 1900. The present owner, Mrs. Lizette Hendry, has recently restored the manor house and stylishly decorated it to offer true heritage accommodation (Hendry, Interview). In October 1998, Moolmanshof was 200 years old. Moolmanshof is well set off by its grounds with a profuse variety of trees, shrubs and flowers. The most imposing tree is perhaps the Turkey Oak Tree, which was planted when the house was built.

Swellendam also is home to another historical guesthouse, namely the Coachman Guesthouse. The Coachman was built in 1752, a Victorian House proclaimed a National Monument in 1983. The Coachman is also one of Swellendam's oldest buildings. The Drostdy, today a museum, was built by the Dutch East India Company in 1747. It served as residence and official headquarters for the magistrate. Soon after, a house for the secretary and various outbuildings were erected of which one of these was the coach house, today renowned as the Coachman Guesthouse built in 1752 (Swellendam Municipality 2014).

C. The third oldest guesthouse in South Africa: Underberg Guesthouse, Cape Town

Cape Town is perceived to be the oldest town in South Africa with ancestors' traces evident in fossilised footprints 80 000 years old. Some of the earliest human communities recorded lived in sight of Table Mountain and left rock art that dates back 27 000 years. Underberg Guesthouse is situated in Tamboerskloof in Cape Town and is the third oldest guesthouse in South Africa, established in 1860. It served as a farm house and has been modified at various times to date. The guesthouse is decorated with Knysna yellow wood used in flooring and doors, and the intricate cast iron

balcony screens were cast in England and brought out by sea. The balcony represents the typical mid-Victorian era in the Colonies. The Underberg Guesthouse has served as a film production centre with wardrobe and dress facilities for the development work for a historical feature film, "That Englishwoman". Ray I Allen used the guesthouse as the foundation for his concept and screenplay for this film. Here the writer also began on his next feature film on the life of Lord Baden-Powell "The Guns of Mafeking", because Lord Baden Powel and Rudyard Kipling often used to ride and walk in this area (Underberg Guesthouse 2014).

D. The fourth oldest guesthouse in South: Merwerde, Graaff-Reinet

Graaff-Reinet is situated in the heart of the Great Karoo. It is the fourth oldest town in South Africa, having been established in 1786 and is home to Cape Dutch architecture and over 220 heritage sites. The town of Graaff-Reinet has succeeded in preserving four extraordinary museums which enclose collections of photographic memorabilia, artworks, fossils and firearms. Merwede Guesthouse and B&B were established in 1959 by Marie Fitchet's parents. The name, Merwede, originates from their surname, van der Merwe (Fitchet, *Interview*). Merwede Guesthouse has been a family business in operation for 52 years and was the first legendary boarding house where thousands of guests spent a night or stayed for a week or a month and returned every year. The guesthouse is a Georgian-style building which forms part of Graaff-Reinet's historical heritage with an elegant façade decorated with forms and frills. Today, Fitchet is involved in the operation of the Camdeboo Cottages which consist of 9 National Monuments (Camdeboo Cottages 2014).

3.5.4 The guesthouse product offering and facilities

As mentioned earlier, the nature of a guesthouse to create an accommodation experience that is much more homely than compared to other accommodation establishments such as hotels. The product and service offering of a guesthouse forms part of its endeavour to create a competitive advantage in the accommodation sector which will differentiate its product and service

offering from that of its competitors (Popova 2006:38; Cooper, Fletcher, Gilbert, Shepherd & Wanhill 1998:411).

The core offering of a guesthouse is both tangible (facilities such as rooms, gym, etc. also referred to as facilitating products) and intangible (services such as atmosphere, treatment of guests, etc. also referred to as supporting products) and encompasses more than the benefit of the product which makes it valuable to the consumer (Institute for Hospitality Training 2010:10). The reception area of a guesthouse provides guests with the opportunity to check in and out. Guests can make use of the dining room where breakfast, lunch and dinner may be served. The aforementioned facilities, including parking bays for guests, form part of the facilitating products.

Taking the above into consideration, it becomes evident that core products are dependent on facilitating products, but do not necessitate the continuous presence of supporting products. Supporting products can also be referred to as the augmented product which also consists of the non-physical part of the product.

The augmented product provides added value to the core product hence assisting in product differentiation. Examples of augmented products in guesthouses include the amenities provided to guests such as luxury shampoo and shower gel in the bathroom or a bottle of mineral water in the room.

Supporting services may also include interaction and communication of the owner with guests in their home language. This facilitates the retention of foreign travellers and provides added benefits to the core product. Supplementary to the aforementioned, augmented products are the add-ons that are extrinsic to the product itself which may include accessibility to the guesthouse, ambiance and customer interaction with the service establishment (IHT 2010:11).

3.6 Differentiating the guesthouse product and service offerings

As mentioned above, today's competitive business environment necessitates that establishments develop a competitive advantage which will differentiate their product

and service offerings from those of their competitors (Cooper *et al* 1998:411). A differential advantage can only be achieved in certain areas of the hospitality product.

Petzer, Steyn and Mostert (2005:1) explicate that establishments are continually acquiring and developing new and innovative strategies to obtain and retain customers in order to increase business as the cost of losing customers rises. Service establishments such as guesthouses are compelled to devise and implement competitive differentiation strategies in order to improve their competitiveness and subsequently retain customers (Customer Retention Management 2005). When taking the aforementioned into consideration, it is essential to consider the fact that, irrespective of the efforts of service establishments to establish competitive strategies in order to attract new customers and efficiently manage the supply of services they offer, customers do not necessarily choose to exploit products and services from the same establishment, nor do they inevitably remain loyal to the same establishment (Customer Retention Management 2005; Kurtz & Clow 1998:380–381,403).

As stated earlier, today's competitive business environment necessitates that establishments develop a competitive advantage which will differentiate their product and service offerings from those of their competitors. Competitive advantage can be referred to as the value created by an establishment which enables differentiation of the establishment from its competitors (Petzer *et al* 2005:3; Dubé & Renaghan 1999:28–33). The value created by an establishment can be measured by the price customers are willing to pay for the provision of the establishment's services. Inevitably customers will continue to exploit the establishment's services if they perceive the service as conveying the expected benefits (Petzer *et al* 2005:3; Wood 2004: 59). Differentiating a guesthouse's products and services entails investing in strategies that do not merely create a competitive advantage, but establishes a sustainable competitive advantage for the establishment over the long run.

Hitt, Ireland and Hoskisson (2001:5) denote that competitive advantage and sustainable competitive advantage can be viewed as almost similar terms and define them as an element that is added when an establishment establishes a value-creating strategy. The aforementioned strategy is comprised of benefits which cannot be copied by competitors or which would be too expensive to copy. Anderson and Vincze (2000:76) view sustainable competitive advantage as the ability to become

and continue to be successful over time. This success is based on the establishment's ability to depend on its own skills and assets (Petzer *et al* 2005:3).

Colgate (1998:80-89) explains that differentiation can be accomplished through gaining and sustaining competitive advantage (Petzer *et al* 2005:4). The strategies as set out below can be identified as examples of differentiation strategies which enable guesthouse establishments to create and sustain competitive advantage.

A. *Differentiation through packaging or branding*

Research proposes that branding can be utilised to create a sustainable differentiating strategy. A sustainable differentiating strategy requires the lodging and hospitality establishment to bond emotionally with customers in order to create and maintain long-term relationships with them (Petzer *et al* 2005:4). Guesthouses can accomplish sustainable differentiation by continually providing consistent brand messages such as creating a comfortable space for guests where they can expect personal individualised service.

Du Toit *et al* (2008:333) provide two additional types of service or product differentiation that can be established by means of packaging or branding. In the hospitality industry, the star-grading of guesthouses assists with branding establishments' service offering in terms of the level of quality provided which ranges from one-star service to five-star service. Another form of differentiation involves advertising appeals created by the establishment (Du Toit *et al* 2008:333). Many guesthouses advertise their service or product offering as being able to create a warm or homely atmosphere. City Lodge, for example, is a budget type of accommodation provider and advertises that the group is a home away from home.

B. *Differentiation through positioning*

Positioning is a strategy that an establishment can implement in order to create and maintain competitive advantage (Belch & Belch 2004:51; Cravens, Lamb & Crittenden 2002:8; Palmer 2001:177). After a service establishment such as a guesthouse has identified its target market, it is important to clearly position its service offering. Petzer *et al* (2005:5) state that the establishment of different positioning criteria is important to enable the establishment to determine which service offerings can be positioned. Various criteria include amongst others

location, benefits, usage occasions (Kotler, Brown, Adam & Armstrong 2004:365; Clow & Baack 2001:130; Palmer 2001:179–180).

C. *Differentiation according to price*

Product or service differentiation can also be implemented on the basis of price (Du Toit *et al* 2008:333). The star-grading of a guesthouse is occasionally the determining factor of the price range offered by the guesthouse. Five-star graded guesthouses are renowned for delivering a higher level of service quality and for this reason find it appropriate to charge guests more for their services when compared with one- or two-star graded guesthouses. Differentiation, however, could also be achieved in the tangible or formal product, which is otherwise known as facilitating, supporting and augmenting products (Popova 2006:42; Seaton & Bennett 1996: 121).

D. *Differentiation according to location*

Effortless accessibility to the guesthouse and a good location in relation to major routes is beneficial to most guests and is a differential factor that cannot easily be imitated by competitors. The ambiance and physical environment are also elements which are specific to each guesthouse. Owners or managers are able to personalise their guesthouses' décor, colour schemes and designs which assists in creating unique atmosphere. The aforementioned individual style or décor and atmosphere compliment the core or basic product and subsequently differentiate guesthouses from one another (Popova 2006:42).

E. *Differentiation through providing high quality service*

Popova (2006:39) states that quality has become an important contributor to the differential advantage of a guesthouse. A guest, who experiences quality service at a guesthouse for the number of money spent, leaves the establishment satisfied and promotes the guesthouses through positive word of mouth. The guesthouse then receives free promotion and is in a position to retain the guest.

Customer retention yields the advantage of generating new customers through the afore-mentioned word-of-mouth advertising which is more effective than any paid advertising the guesthouse might invest in (Popova 2006:39; Zeithaml & Bitner 2003: 162). Defining quality is not an easy task. The quality in a services environment is the consumer's assessment of the overall level of the service, that

is, service quality is determined by how well or to what extent the delivery thereof conforms to the customer's expectation of service quality. It can then be argued that service-quality perceptions are based on the comparison of customer's expectation with customer's perception of the actual service performance (Boshoff & Du Plessis 2009).

Defining quality in the service industry is a difficult task due to the fact that human interactions are more complex compared to other industries, in the manufacturing industry, for example, customers assess the level of quality provided by evaluating the goods purchased on the basis of whether they function as effectively as advertised. Service offerings at guesthouses have unique characteristics which render the task of assessing quality more complex (Popova 2006:39-40).

Boshoff and Du Plessis (2009:36) conclude that service quality is based on "conceptions formed by comparisons of consumers' expectation with consumer perceptions of actual service performance". Bennet and Strydom (2001:5-6) state that the answer to the latter question lies in the unique characteristics embedded in services.

Popova (2006:41) reiterates the fact that the criteria used to evaluate the service offering or the level of quality provided by guesthouses is complex and depends on the individual guests' perception and expectation of the service received. The aforementioned elevates the fact that guesthouses can establish differentiation of their service offering in terms of delivering a high level of quality service. It is therefore important that guesthouse owners or managers evaluate the level of service expected by guests in order to ensure that their service or product offering will generate the ultimate customer satisfaction and ensure customer retention (Popova 2006:42).

F. Differentiation through excellence in TQM

Several of the previously mentioned strategies will benefit by TQM. Pycraft *et al* (2008:736) affirm that TQM can be viewed as a consistent extension of the way in which quality-related practice has progressed. Initially quality was achieved through inspection as described in Section 3.10.1 of this Chapter. Today, TQM

encapsulates much of what went before it but has developed its own distinctive themes.

TQM can contribute to creating competitive advantage for a guesthouse as the implementation of TQM centres on meeting the needs and expectation of customers, involving all parts of the establishment which includes management, the internal and the external customer, considering the costs which are related to quality, focusing on designing quality rather than inspecting it and developing systems and procedures which support quality and continuous incremental improvement.

The aforementioned refers to the fact that in order to sustain higher levels of occupancy and to improve optimum levels of service, the comprehensive implementation of TQM principles are highly recommended.

Particular to any service providing industry, customers' personal needs include the feeling of being valued by the service provider, being respected, feeling important, and being heard, understood and accordingly cared for. Ngwepe (2011:33) supports the fact that establishments that care about how their customers feel are likely to win and retain the majority of their target market. It should be added that the best way to satisfy customers' personal needs is to offer superior quality customer service.

Establishments that establish superior customer service as a differentiating factor will achieve a competitive advantage and are more likely to profit over their competitors. High quality service includes ensuring guests do not wait for service. In addition to the aforementioned, the establishment's customer touch points such as the customer service departments and reception must be well-trained in serving customers with utmost care (Ngwepe 2011). Popova (2006:42) adds to the aforementioned that customer interaction with the service delivery system of the guesthouse is one way of building caring relationships between the guest and the owner and staff. By providing customers with the opportunity to participate in the delivery of services by making use of customer service comment cards, for example, guesthouses gain the ability to provide a more personalised offering to their guests.

Serving breakfast is a standard offering for guesthouses, but allowing the guests to choose their meals suggests that their individual needs are being met. Guesthouse management can also provide other services unique to the guesthouse such as organising transport facilities for guests, suggesting places of interest in the area, booking restaurants or organising tours.

The nature of this study necessitates an in-depth investigation into the level of service quality provided by guesthouses as well as the principles that determine the level of quality service provided by a particular establishment.

3.7 TRENDS AND GROWTH DEVELOPMENTS IN THE GUESTHOUSE SECTOR IN SOUTH AFRICA

The guesthouse sector today is highly competitive, as previously discussed in Sections 3.3 and 3.4 of this Chapter. The different guesthouses compete in terms of the services and quality offered to their guests and customers. Popova (2006:35) states that, initially, guesthouses were established with the intent of creating a second source of income. However, as seen more evidently today, guesthouses are established as a main source of income. Many foreign travellers choose to stay in guesthouses where a more homely atmosphere is created along with close interaction with the guesthouse owners and their staff. Supplementary to the aforementioned, guests that decide to reside in guesthouses for the duration of their stay in South Africa, have the opportunity to learn more about the traditions and the customs of the country from the close interaction with management and staff

More recent statistics pertaining to the average annual growth rate for tourism arrivals to South Africa were thoroughly provided in Section 3.3 of this Chapter. The following can be recognised as popular trends regarding the tourism industry of South Africa and the guesthouse sector in particular:

- A. Guests prefer the luxury of their own space: Guesthouse Association of South Africa (GHASA) recently indicated that relying on room-service from the 25th floor of a luxury hotel, no longer satisfies today's ambitious luxury traveller. Travellers to South Africa have indicated a growing interest in utilising villa or house rentals to ensure that their time abroad is truly unique.

- B. The aforementioned validates increasing interest from guests to reside in guesthouses rather than in hotels (GHASA 2011). Instead of residing at luxury hotels, many travellers prefer to stay at bed and breakfasts or guesthouses.
- C. These accommodation types offer guests similar luxuries as offered by hotels at a more reasonable price. Various boutique hotels are adopting the bed and breakfast or guesthouse module for the rationale of attracting a greater variety of guests.
- D. Guesthouses and bed and breakfasts are especially popular with guests who are travelling according to a budget and would not like to compromise on the quality of services. Section 3.3 underpins the fact that business travellers tend to spend a greater number of money on accommodation in comparison to leisure travellers. Research indicates that business travellers prefer guesthouses as they allow guests to stay for a shorter duration. The aforementioned assists business travellers to reduce travel expenses, even if they are more capable of affording expensive accommodation (Section 3.3).
- E. Another motive for guesthouses becoming a popular tourism accommodation trend is the fact that most guesthouses provide guests with spacious bedrooms to assure that they feel comfortable. Rooms have en-suite bathrooms, equipped with all the modern facilities. Many luxury hotels cater for a large number of guests, thus eliminating the opportunity to cater for guests' individual needs. Guesthouses are mostly equipped with a lower capacity for guests, which enables them to efficiently cater for guest's individual needs (GHASA 2011).

According to the Fair Tourism Trade Association South Africa (FTTSA), tourism in South Africa can be perceived as the *new gold*. As mentioned earlier, tourism is one of the fastest growing industries in South Africa and has been acknowledge as a major contributor towards job creation and poverty relief (FTTSA 2009).

Due to the nature of this study, the current statistics, trends and developments pertaining to the guesthouse industry in the Western Cape region necessitate consideration. This Section entails an analysis of the Western Cape's overall travel and tourism trends including patterns evident to each respective region within the Western Cape.

This will provide the reader with a contextual understanding of the current operation of graded guesthouses in the Western Cape, development trends as well as the potential outlook for development in the Western Cape region tourism industry. However, the reviewed literature indicates that not all guest accommodation providers are obligated to register as tourist accommodation vendors and for this reason the research underpins only registered accommodation facilities that are permitted to be graded. This means that many guest accommodation establishments remain unregistered and overlooked.

The Western Cape region experienced 0.1% growth which is equivalent to 402 378 tourist arrivals in 2010. The Western Cape region is home to South Africa's legislative capital, Cape Town, which is recognised as one of the three major cities in South Africa, along with Durban and Johannesburg.

With increased world attention on South Africa, Cape Town has yielded benefits both economically and socially from the growing number of tourists who enjoy the city's historic roots and unique cultures and engage in various outdoor activities (Baik 2007:2). Consequently the lodging and accommodation market in the Western Cape region has experienced significant incremental growth which is expected to persist in the near future.

In contradiction to the above, market surveys indicate that the current environment for tourism activities is a competitive environment within which to operate. The veracity of global disasters and political unrest experienced in the first quarter of 2011 resulted in accommodation establishments operating below normal levels (Baik 2007:4).

This poor performance was largely experienced by chain hotel and lodge groups. Further research indicates that the accommodation index was also depressed by poor performance experienced by B&Bs and guesthouses and smaller independent hotels which include self-catering establishments, camping operators as well as game lodges (Baik 2007:5).

Research indicates that a number of new developments are pending especially in areas located in the Western Cape, with special reference to Cape Town (Baik 2007:5). The anticipated developments will have a large economic impact by creating new employment opportunities and encouraging higher visitor spending in the area. As a

result of the developments leisure demand for the Western Cape's lodging market will be stimulated (Baik 2007:6)

Due to the fact that very little research exists pertaining to guesthouses in the Western Cape, this study will investigate this sector. Recommendations on the need to establish or engage in studies regarding the hospitality sector, with reference to smaller towns situated in the Western Cape, will be included in a later Chapter.

In the second issue of the Western Cape Regions Tourism Barometer (2011) it was indicated that during the months of January 2011 to March 2011, the foot count, which is the number of walk-ins across the Western Cape, totalled 267 475. A respective observation shows that Cape Town received 168 383 walk-ins, followed by the Cape Winelands (45 586), Cape Overberg (22 846), Cape Garden Route and Klein Karoo (21 639), Cape West Coast (6 379) and Cape Karoo (2 642).

Visitor surveys indicated that 21% of guests described the Western Cape Region as a great destination. A further 18.9% acknowledged and complimented the hospitable, friendly and helpful service received from various establishments and a total of 9.7% declared gratitude and appreciation towards an unforgettable experience.

Further research indicated that 3.2% of visitors conveyed an excellent experience within the destination and 2.8% provided good comments on the regions' tourism offerings (Western Cape Regions Tourism Barometer 2011:29). The Western Cape Regions Tourism Barometer provides a synopsis of the travel patterns of domestic and internal tourists. A total of 267 475 tourists travelled domestically during the period January 2011 to March 2011 in Cape Town and the Western Cape. Furthermore, the barometer provides a summary of tourism and lodging and hospitality establishments' performance (Western Cape Regions Tourism Barometer 2011:1).

Research indicates that it totalled. The recording period is January (96,626), February (93,400) and March (77,449) respectively. The visitors frequented regional tourism offices to make bookings and to obtain general information about the destination. With reference to the purpose of this study it should be noted that Cape Town received 168 383 walk-ins, followed by Cape Winelands (45 586) and the Cape Overberg (22 846).

With reference to the Cape region, figures indicate that the number of walk-ins received at participating Cape Metropole Visitor Information Centres (VICs) numbered to 168 383 in 2011, of which each month from January received 61 089, February 59 876 and March 47 418 respectively. The Victoria and Alfred Waterfront Gateway Office received 66 145 walk-ins and the respective Cape Metropole VICs received 102 238 walk-ins (Western Cape Regions Barometer 2011:38).

Figure 15 illustrates walk-in figures for the regions (Western Cape Regions Tourism Barometer 2011:25).

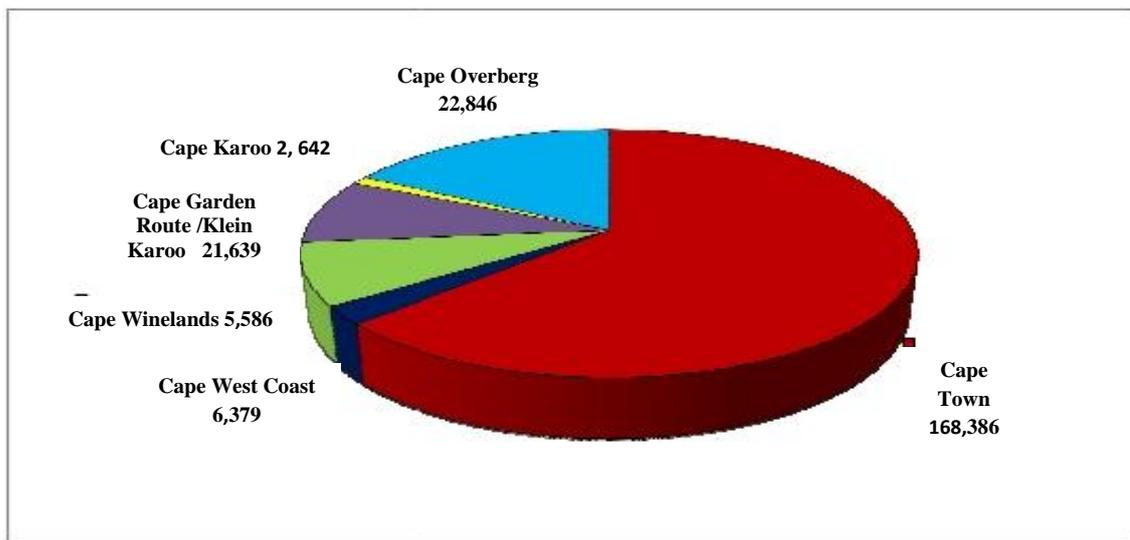


Figure 15: Walk-in figures for each district in the Western Cape.

With reference to the foot count or number of walk-ins received by the participating Cape Winelands towns, statistics indicate a total of 45 586 in 2011 (Western Cape Regions Tourism Barometer 2011:48).

Figure 16 indicates the total foot count received by each area in the Cape Winelands.

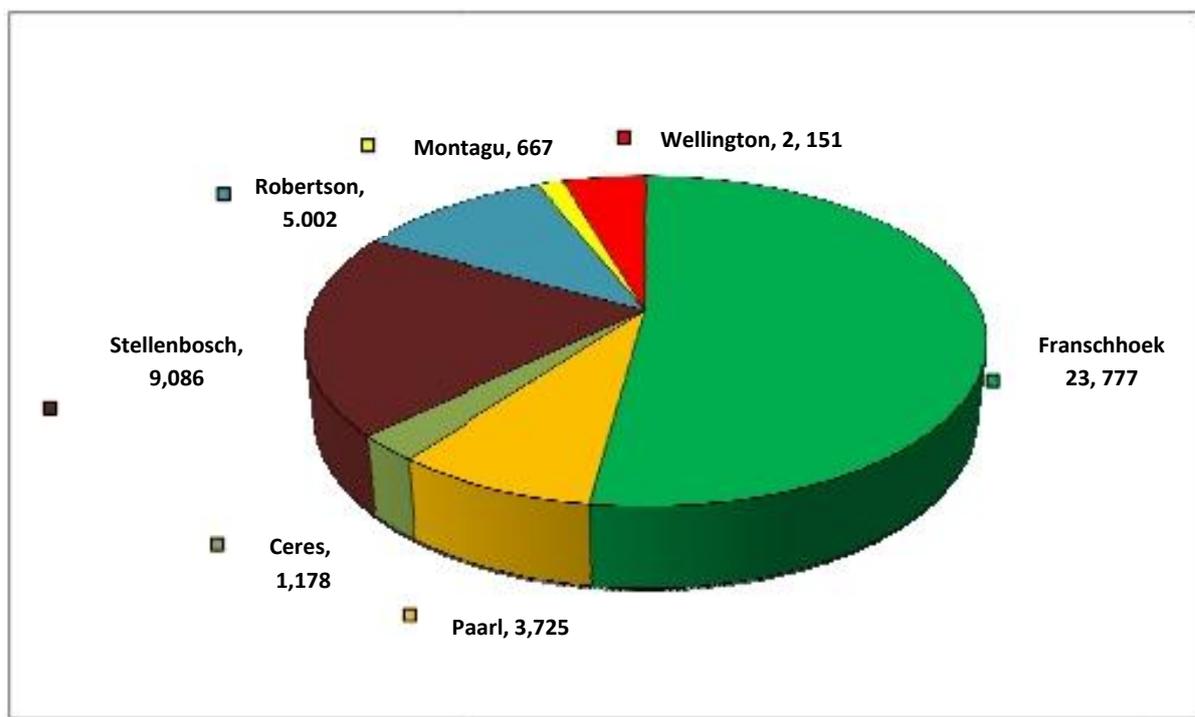


Figure 16: Total foot count received by each area in the Cape Winelands
Source: Western Cape Regions Tourism Barometer (2011:48)

3.8 GRADING OF LODGING AND HOSPITALITY ESTABLISHMENTS IN SOUTH AFRICA

Mahony (2006:39) states that the tourism industry in South Africa is guided by a range of different tourism principles and standards. The aforementioned include general principles and codes of conduct, reporting initiatives, benchmarking as well as objectively reviewed certification and award schemes. Nelwamondo (2009:28) affirms that grading encapsulates the quality dimensions. In practice it is common for almost all types of tourism accommodation establishments to adhere to certain standards.

Nelwamondo (2009:40) advises that despite the fact that tourist accommodation establishments are products of local or global forces representing socio-political, economic and technological factors, the interplay of these factors should not influence the sector's heterogeneity. However, it should be noted that a thoroughly scientific comparison of tourism accommodation facilities is difficult because every business subscribes to a particular setting that is determined by specific local determinants.

Whilst keeping the aforementioned in mind, it should be stated that the process of grading accommodation establishments continues to serve as the most effective mechanism to ensure high quality service standards in the lodging and hospitality industry (Nelwamondo 2009:29).

South Africa has various bodies involved in the grading of lodging and hospitality establishments. The grading of these establishments in South Africa takes many forms. Research indicates that star-grading is dominantly applied throughout the process of grading guest accommodation establishments. The aforementioned necessitates a review of the development of tourism industry standards which are widely applied throughout the tourism, lodging and hospitality industry.

During the year 1990, the South African Government delegated the management of the tourism industry to the Department of Trade and Industry which allowed increased consideration to tourist industry development concerns. The government supports the South African tourism industry through established national institutions which include the Department of Environmental Affairs and Tourism (DEAT), the Tourism, Hospitality and Sport Sector Education and Training Authority (THETA), South African Tourism, and the Tourism Grading Council of South Africa (TGCSA). According to Mason (2003:33) the South African government's tasks in relation to the tourism industry include the following:

- A. The establishment of broad policies and procedures;
- B. The promotion of South Africa as a tourism destination internationally; and
- C. The provision and sustenance of an adequate supporting structure which facilitates the development of the tourism industry

South African Tourism was established in 1983 and has been internationally recognised for its high quality services which include the promotion of South Africa both domestically and abroad (South African Government Information 2010:2). South African Tourism administered the star-grading of lodging hospitality establishments before the objective of star-grading was mandated to the Tourism Grading Council of South Africa (TGCSA). TGCSA is responsible for the establishment and inspection of current standards in the hospitality and lodging industry by making use of a star-grading system (South African Government Information 2010:2).

The star-grading system of the TGCSA is an internationally recognised benchmark of quality, which offers international visitors an easily recognisable symbol of quality assurance. Furthermore, star-graded establishments give guests precise information pertaining to what can be expected from the guesthouse they enquire about or visit (Henning 2007:8).

It is of great importance to point out the fact that very little research exists pertaining to the development and implementation of the star-grading system in South Africa. Numerous sources have indicated that little evidence is available for the purposes of this study, with reference to historical documentation reflecting the development of the South African star-grading system (Suter 2011). Further research indicates that South African Tourism made use of tourism industry experts including star-grading assessors to travel abroad in order to gain knowledge and experience about what is expected of high star graded establishments (Suter 2011; Maxwell 2011).

Additional research has revealed that the South African star-grading system was derived from the British National Tourism Board grading system which uses bands derived from a scheme which awards points for the standard of service offered by facilities. The aforementioned include the Dragon Award scheme in Wales, the Rose Award scheme in England, and the Thistle Commendation scheme in Scotland (Horn 2011:10).

The hospitality industry in the United Kingdom also adheres to the BS 5750 quality assurance scheme which verifies quality (Callan 1994:482-498). The aforementioned contributes to the difficulty experienced by South African guesthouse owners in acquiring information for the purpose of establishing a star-graded guesthouse or the sustainability of high service quality standards for currently star-graded hospitality and lodging establishments

The Sections that follow underpin national tourism institutions which contribute to the establishment of quality standards which ultimately determine the level of service quality maintained throughout the Tourism and hospitality industries.

3.8.1 The Tourism Grading Council of South Africa (TGCSA)

The TGCSA was established in September 2000 by the Minister of Environmental Affairs and Tourism, at that time, Mr Valli Moosa. It is South Africa's only officially recognised quality assurance body for tourism products. The TGCSA's vision is to implement a recognisable and credible globally-benchmarked system of quality assurance for accommodation and MESE (Meetings Exhibitions and Special Events) experiences, which can be relied upon by visitors when making their choice of establishment (South Africa 2011:14).

According to the Tourism Bill of 2011, detailed in the paragraphs below, the Minister of Tourism, Mr Van Schalkwyk, must ensure the implementation of the National Quality Assurance and Grading System. The TGCSA falls under the jurisdiction of the Minister, who may by notice in the Government Gazette, issue codes of good practice to guide the conduct of the tourism facilities and organs of the state responsible for developing and managing and promoting the achievement of the objects of Act 72 of 1993 (South Africa 2011:14).

The Tourism Act, No 72 of 1993 states that: *To make provision for the promotion of tourism to and in the Republic; the further regulation and rationalization of the tourism industry; measures aimed at the maintenance and enhancement of the standards of facilities and services hired out or made available to tourists; and the co-ordination and rationalization, as far as practicable, of the activities of persons who are active in the tourism industry; with a view to the said matters to establish a board with legal personality which shall be competent and obliged to exercise, perform and carry out certain powers, functions and duties; to authorize the Minister to establish a grading and classification scheme in respect of accommodation establishments, the membership of which shall be voluntary; to authorize the Minister to establish schemes for prescribed sectors of the tourism industry, the membership of which shall be voluntary; to make provision for the registration of tourist guides; to prohibit any person to act for gain as a tourist guide unless he has been registered as a tourist guide in terms of the*

Act; to authorize the Minister to make regulations; and to provide for matters connected therewith (Government Gazette 1993:1).

Furthermore it can be stated that the Minister of Tourism, has determined that the Tourism Grading Council of South Africa “that existed immediately before the commencement of this act continues to exist as a juristic person in terms of this Act and secondly, the Tourism Grading Council of South Africa is to implement the national quality assurance strategy and grading system and to ensure the achievements of its objectives (South Africa 2011:15).

In a document presented by the Tourism Grading Council of South Africa (TGCSA), star-grading is referred to as an independent evaluation of guests’ expectations towards a particular accommodation establishment or conference venue. Star-grading is based on the quality and service in general which also considers facilities guests would expect to accompany a particular star-grading.

The TGCSA distinguishes star-grading from 1-star to 5-star, with 5-star denoting the very best of quality. The aforementioned systems include lodging and hospitality establishments ranging from hotels, lodges, guesthouses, country houses, Bed & Breakfasts, self-catering units, backpacker & hostelling facilities, camping and caravan parks and conference facilities (MESE) (South Africa 2011:14).

The star-grading system of the TGCSA is an internationally recognised benchmark for high service quality which offers international visitors an easily identifiable and recognisable symbol of quality assurance (Horn 2011:10; Henning 2007:8). The internationally recognised star insignia is applied for the grading of hospitality and lodging establishments. In the guidelines document “South African Star-grading System for Hotels and Lodges” the TGCSA encourages graded hospitality and lodging establishments to use the star-grading system for promotional and advertising purposes (Horn 2011:10; TGCSA 2011:2).

In a report provided by the TGCSA (2011:2) entitled “TGCSA Guidelines, Minimum Requirements and Detailed Grading Assessment Criteria” it is

mentioned that in order to ensure credibility and independence in the measurement of this grading system, a consumer feedback mechanism supervises the customer's expectations. The aforementioned forms an important and objective instrument which guides the grading system and ensures that best practices are followed. The establishment concerned is advised where specific adjustments or improvements are required.

The TGCSA acknowledges the fact that the process of quality assurance is continuously sought across tourism facilities and services offered to the consumer. This process is collaborative as it encapsulates as much voluntary participation as possible, which includes any businesses seeking to showcase their products in this vibrant industry.

The TGCSA employs grading assessors who undergo training in order to receive the National Certificate in Tourism Rating which has been recognised as a world-first qualification. Furthermore, assessors have to complete a Tourism Grading Council training course which is classified under SAQA's unit standard 11317, *Grade an Establishment* as well as accredited by the Tourism and Hospitality Education and Training Authority (THETA). The aforementioned training course has to be completed by assessors before they can be registered with the TGCSA and recommended to the industry (Horn 2011:11; South African Government Information 2010:3).

The TGCSA annually publishes hospitality and lodging quality verification guide, which is titled, the AA Travel Guide. This guide serves as a hospitality and lodging quality check guide for both South African and foreign visitors. The AA stamp of approval awarded to hospitality and lodging establishments signifies that the particular establishment is highly recommended (Horn 2011:12).

The nature and purpose of the AA guest accommodation and recognition scheme is underpinned in Section 3.8.3 later in this Chapter. Horn (2011:12) refers to Henning's (2007:9) recognition of the fact that endeavours by other professional bodies such as the National Accommodation Association of South Africa and marketing associations such as the Guesthouse Association

of South Africa (GHASA) ensure that South African guesthouses can compete successfully internationally and are acknowledged as reputable establishments.

The TGCSA has partnered with Proserv South Africa which is a training provider in the hospitality and tourism industry.

The TGCSA and Proserv have established training programs which provide participants with relevant information pertaining to the TGCSA's grading system. TGCSA grading assessors are available to assist current and potential members of the TGCSA in achieving the aspired quality grading status for their establishments (see document "Tourism Grading Council of South Africa-Accredited Grading Assessors") (TGCSA 2011).

Unfortunately a very small number of information was made available to the researcher for the purpose of this study with reference to the grading criteria used by the TGCSA to grade and award star insignia to hospitality and lodging establishments. The grading criteria applied by the TGCSA, as prescribed by South Africa Tourism, (mentioned in Section 3.8 of this Chapter), to grade and award star insignia to hospitality and lodging establishments are not necessarily associated with quality management frameworks such as, for example, TQM or International Establishment for Standardisation (ISO) 9000 and ISO 2200 standards. ISO 9000 is underpinned in Section 3.10 of this Chapter.

ISO 2200 standards are internationally recognised standards established by the Food Industry for the Food Industry. The objective of the ISO 2200 standards is to coordinate and harmonise all requirements for food safety management throughout the food supply chain. The ISO 2200 standards apply to all establishments in the food chain which range from farmers to the catering industry. ISO 2200 defines the requirements of a food safety management system (ISO 2200 Standards for Food Safety 2011).

In a report provided by the TGCSA (TGCSA Guidelines, Minimum Requirements and Detailed Grading Assessment Criteria) the TGCSA states that lodging and hospitality establishments should be attentive to the fact that

the function of the TGCSA is not that of policing but rather that of a partner (TGCSA 2011:3).

The researcher made numerous attempts to obtain information about the quality management system used by the TGCSA to construct minimum standards and requirements for the star-grading of lodging and hospitality establishments, and the information as discussed below was made available for the purpose of this study.

It is evident that the TGCSA introduced a new grading system in November 2010, which addressed anomalies and inconsistencies within the old system. The new grading system delineates minimum entry standards and promotes quality in tourism.

This system can be defined as a new Quality in Tourism South Africa (QIT SA) system for hospitality and accommodation establishments (Tourism grading workshops review new standards 2011). The chief quality assurance officer at the TGCSA, Mr. Kunene, states that an e-survey was undertaken to engage hospitality and lodging establishments in reviewing current minimum grading criteria in order to create higher quality level standards. Kunene asserted that very few hospitality and accommodation establishments responded to the e-survey (Tourism grading workshops review new standards December 2011). This low response could foster misperceptions and confusion during the presentation and implementation of the new QIT SA minimum grading criteria. The empirical study undertaken by the researcher reflected the above-mentioned misperceptions and confusion.

Research indicates that star-graded hospitality and lodging establishments experience misperceptions amongst guests about prices being too high. Mr. Kunene states that hospitality and lodging establishments should embrace continuous improvement in quality in order to transform negative perceptions as a result of these improvements (Tourism grading workshops review new standards December 2011).

Furthermore, there exists an erroneous perception that establishments under three-stars are of poorer quality and that five-star lodging establishments are

too expensive. For this reason it was advocated that the hospitality and lodging industry grading system should move away from the star system altogether.

The star-grading system proposed by the TGCSA is a voluntary process and for this reason it is embraced by some hospitality and lodging establishments and avoided by others because of the misperceptions attached to star-grading, as explained earlier in this paragraph. Finally it was suggested that the star-grading system should be replaced by a quality rating system when drawing comparisons between hospitality and lodging establishments (Tourism grading workshops review new standards 2011).

3.8.2 The TGCSA grading process

The implementation of the new QIT SA grading system by the TGCSA is very similar to the auditing certification process of a quality management system and will be described in this Section.

Horn (2011:12) indicates that TGCSA grading assessors in South Africa undergo training in order to receive the National Certificate in Tourism Rating, a world-first qualification (South African Government Information 2010:3). All rating assessors are accredited with the Tourism and Hospitality Education and Training Authority (Theta) and registered with the TGCSA before being recommended to the industry.

The following are grading criteria and minimum requirements which consider each aspect and area of the establishment service offering. Once the management of a lodging and hospitality establishment have met the requirements, as outlined in Table 7, the TGCSA is contacted after which an accredited grading assessor is assigned to the establishment to commence the application process.

Table 7: Minimum requirements for 4-to 5-star lodging and hospitality establishments

	Minimum requirements 4-to 5-star only
1	Provides accommodation 7 days a week
2	Provides accommodation all year round
3	Has a formal reception area
4	Offers a dining facility
5	On site representative must be contactable 24 hours, 7 days a week
6	All meals and beverages must be provided from outlets within the complex
7	Servicing of rooms 7 days a week (includes linen/towel change, removal of rubbish and cleaning)
8	Onsite parking with security for guests
9	Valet service available
10	Room service must be available
11	Concierge, Porterage and Luggage Handling
12	Central Business Centre
13	A range of other miscellaneous services provided for example baby/child minding services, message services, delivery of newspapers
14	Full housekeeping and laundry services provided
15	Universal Access Compliance

Source: Adapted from Tourism Grading Council of South Africa (2011:4)

Table 7 outlines the minimum requirements which serve as prerequisites for 4-to 5-star lodging and hospitality establishments who wish to be graded by the TGCSA. Under the newly established Quality in Tourism South Africa (QIT SA) star-grading system, the TGCSA has reconsidered descriptions associated with different stars previously applied during the grading of hospitality and lodging establishments.

As evidenced in Table 7, little reference is made to the core element of the hospitality industry namely, service delivery. Numerous lodging and accommodation establishments for travellers less focused on large hotels have opened which give guests various options between spa resorts, a range of B & B accommodation and guesthouses. For this reason it can be stated that the increase in lodging and accommodation establishments in South Africa validates an equal increase in the level of service quality offered by these establishments.

With reference to the above, minimum standards pertaining to 4-to 5-star graded establishments should include a high level of quality service rendering. The aforementioned should essentially be illuminated in the minimum requirements for all star-rated lodging and accommodation establishments, as service delivery forms the heart of the guest's experience. Furthermore, the level of service quality will determine the ambience created by the establishment, where the guest feels appreciated. The aforementioned forms part of the intangible element that distinguishes the hospitality industry from all other industries. The level of service quality delivered by the establishment as well as the ambience and unique experience will determine whether the guest will frequent the particular establishment. The aforementioned low level of service quality can have a detrimental effect on customer retention and subsequently the success of the establishment.

In addition to conforming to the above minimum requirements set out by the TGCSA, hospitality lodging and accommodation establishments that aspire to be become star-graded establishments have to undergo Universal Accessibility (UA) requirements which are an assessment that the assessor undertakes for the establishment's property. The TGCSA has indicated that UA requirements are now integrated with set standard criteria in order to determine the level of UA compliance across the industry (TGCSA Guidelines, Minimum requirements and detailed grading assessment criteria 2011; Horn 2011:6).

The Universal Access requirements have been developed to offer elaboration on the TGCSA's guidelines for the star-grading of guesthouses. Universal

Access (UA) Guidelines made acknowledgement of the following resources utilised during the development of these guidelines as listed below.

These sources include: the S.A.B.S. 0246:1993, the S.A.B.S. 0400:1990, the N.B.R. Part S, the United Kingdom Tourism Accessibility Grading standards, the Canadian Tourism Accessibility standards, the A.D.A., and the Preliminary Copy of the Accessible Tourism Guide (Universal Access Consultants 2011).

The UA reiterates the importance of providing training managers and staff who interface with guests concerning universal access. The aforementioned entails creating awareness amongst management and staff with reference to the issues that might have an impact on guests with varying degrees of mobility impairment. The UA requirements suggest that staff should adopt the following guidelines:

- A. Any advertised accessible facility or auxiliary aid should be made available. Technological items should also be made available such as wheelchair chargers.
- B. A facility should be made available to store and charge wheelchairs.
- C. Staff should be made aware and trained in handling the elderly who might have mobility, visual or hearing difficulties.
- D. Clear communication with guests concerning facilities and potential barriers must be provided. The aforementioned information must be freely available.
- E. Hospitality and lodging accommodation facilities should be able to provide guests with an up-to-date register of accessible means of transport which includes taxis, buses and airports.
- F. The accommodation establishment must provide guests with an orientation or arrival pack which details emergency procedures, facilities on offer and information about the guesthouse itself as well as its surroundings such as tourist attractions etc.

G. The UA suggests that accessible rooms should be situated on the ground floor. The aforementioned will aid in making these rooms more accessible especially in the case of evacuations (Universal Access Consultants 2011).

The TGCSA suggests that UA evaluation does not affect the level of standard quality or star-grading assessment of the property. Hospitality and lodging establishments that adhere to certain levels of UA compliance are awarded with a UA grading level.

The UA grading levels are granted across three areas namely communication accessibility, mobility accessibility and visual accessibility. Across these three areas, three levels of UA compliance can be achieved (TGCSA guidelines, minimum requirements and detailed grading assessment criteria 2011:6). These levels can be described as follows:

Level 1: *The minimum requirements for UA compliance for the category have been achieved.*

Level 2: *The minimum requirements for UA compliance for the category have been achieved at a very good standard.*

Level 3: *The minimum requirements for UA compliance for the category have been achieved at an outstanding standard.*

As stated earlier, the TGCSA introduced a new grading system in November 2010, which addresses anomalies and inconsistencies within the old system. The new grading system delineates minimum entry standards and promotes quality in tourism.

Table 8 below outlines the connotations behind the 1- to 5-star-grading.

Table 8: Old star-grading system versus new QIT SA star-grading system

OLD STAR-GRADING SYSTEM	STAR(S) DESCRIPTION	NEW QIT SA SYSTEM
1: Fair	★	1: Acceptable
2: Good	★★	2: Good
3: Very Good	★★★	3: Very Good
4: Excellent	★★★★	4: Excellent
5: Exceptional	★★★★★	5: Outstanding

Source: Adapted from Tourism Grading Council of South Africa (2011:4)

It is evident from Table 8 that, under the newly established Quality in Tourism South Africa (QIT SA) star-grading system, the TGCSA has reconsidered descriptions associated with the different stars applied to the grading of hospitality and lodging establishments.

In addition to the aforementioned, the research signifies that the total number of areas that are evaluated by the TGCSA under the new QIT SA system has changed from 43 to 63 Sections within hospitality lodging and accommodation establishments. Furthermore, the total number of points required to be scored in order to be star-graded by the TGCSA under the QIT SA system is 1000, replacing the 460 points needed under the old system (Tourism Grading Council of South Africa 2011:6).

The TGCSA assessors allocate points during the assessment of compliance of the particular establishment against the category standards. These category entry standards for all stars are outlined below:

- A. Scenic or natural vista which may include a water view, mountain view or natural bush setting (possibly with provision of wildlife).
- B. Separate living areas must be available if the host or manager of the hospitality lodging and accommodation establishment and the guests share the same building.

- C. Shared facilities, which exclude the host, must be a minimum of a guest dining room and guest lounge area.
- D. The host or representative of the establishment must be reachable or available 24 hours a day and 7 days a week.
- E. The host must be available to meet the guests at check in and check out or must be within a 10 minute drive from the property.
- F. Daily servicing of the rooms must be included in the tariff.
- G. Bathroom facilities must be en suite or the exclusive use of bathroom facilities per room is ensured.
- H. Meals and beverages must be provided which may or may not be prepared on the property.
- I. Servicing of rooms 7 days a week (which includes linen and towel changes, the removal of rubbish and cleaning).

Additional entry requirements for 4-5 Star establishments (see Table 7):

- J. Onsite parking with security for guests;
- K. Valet service available to guests;
- L. Room service must be offered and available;
- M. Concierge, Porterage and luggage handling must be available;
- N. Central business center must be provided;
- O. A range of other miscellaneous services provided which may include baby or child minding services, message service, shoe polish, delivery of newspapers, etc. must be available to guests; and
- P. Full housekeeping and laundry services must be provided (TGCSA guidelines, minimum requirements and detailed grading assessment criteria 2011:5).

Furthermore it can be stated that the particular hospitality lodging and accommodation establishment undergoing its first assessment of compliance must achieve a minimum of at least 300 points to be able to remain in the grading program (TGCSA guidelines, minimum requirements and detailed grading assessment criteria 2011:5). The distribution of star-grading points awarded to accommodation establishments are depicted in Table 9 below.

Table 9: The TGCSA star-grading point table

Star-grading Points Table	Points	Description
*****	880 - 1000	Outstanding/exceptional quality and luxurious accommodation matching the best international standards
****	740 – 879	Excellent quality in the overall standard of facilities, furnishings, service and guest care
***	580 – 739	Very good quality in the overall standard of facilities, furnishings, service and guest care
**	440 – 579	Good quality in the overall standard of facilities, furnishings, service and guest care
*	330 – 439	Basic quality in the overall standard of furnishings, service and guest care

Source: Adapted from TGCSA guidelines, minimum requirements and detailed grading assessment criteria (2011:5)

It is worth mentioning that in the right hand column of Table 9, reference is made to exceptional quality which matches international standards, with no specification of delivery of exceptional high service quality. References specifically to excellence in service quality only become evident from 740-879 star-grading points.

As mentioned above, the increase in lodging and accommodation establishments in South Africa should be accompanied by an increased level of service quality rendered by these establishments. Minimum entry requirements pertaining to all-star-graded establishments should include a high level of quality service rendering as a prerogative as service delivery forms the heart of the guest's experience. The level of service quality determines the

ambience created by the establishment which forms part of the intangible element that distinguishes the hospitality industry from all other industries.

The level of service quality delivered by the establishment as well as the ambience and unique experience determine whether the guest will frequent the particular establishment and thus the success of the establishment.

Guests who visit establishments that have been graded by an accredited grading assessor and display the TGCSA star insignia can be assured that the service offered by the graded establishment is of high quality and excellent service standards (Tourism Grading Council of South Africa 2011).

3.8.3 The Federated Hospitality Association of Southern Africa (FEDHASA)

The Federated Hospitality Association of Southern Africa (FEDHASA) has been in operation since 1949 and was established as a sub-sector of the tourism industry of South Africa. During 1999 the association's *raison d'être* was re-assessed which resulted in the restructuring of its purpose (Mason 2003:37). Today FEDHASA represent the South African hospitality industry on a local, international, provincial and global level to protect the interests of all stakeholders.

FEDHASA's vision is to, at all times, ensure that the Association is recognised by all decision and policy makers in government and industry as the official unified voice of the Southern African hospitality industry. The mission statement of FEDHASA includes seeking to grow an inclusive hospitality industry by providing a unified voice to enhance and promote the development and growth of a sustainable South African hospitality trading environment (The Federated Hospitality Association of South Africa 2012). FEDHASA is not directly associated with the star-grading of hospitality and accommodation establishments but rather functions as a lobbying body for the private sector of the hospitality industry (FEDHASA 2011:2).

FEDHASA is recognised by all decision and policy makers in the government and Tourism and hospitality industries as an official representative (FEDHASA 2011:2). FEDHASA is the umbrella association which encourages tourism and hospitality operators, especially small- and medium-

sized enterprises (SMME's) to comply with all tourism regulatory and legislative requirements which include trading conditions, taxation, education and related industry issues for the Southern African hospitality industry nationally and in all tiers of government. FEDHASA renders its services in four segments namely, hotels, smaller accommodation, restaurants and catering and the suppliers and service providers to the tourism industry (FEDHASA 2011:2).

Furthermore, FEDHASA's core responsibilities cover a broad spectrum of economic, business, social and environmental activities which support the sustainability and growth of the South African hospitality industry. Research indicates that FEDHASA affiliates itself with and supports the private sector and national and local governments in tourism, with regard to legislation, trading conditions, taxation and education. Today, FEDHASA is focused on the promotion and growth of black economic empowerment within the hospitality industry with the focus on the development, support and sustainability of emerging SSME's enterprises owned and operated by previously disadvantaged citizens (The Federated Hospitality Association of South Africa 2012).

FEDHASA is a non-profit establishment which operates as a trade association and negotiates tangible benefits for all its members. FEDHASA also represents hospitality operators in the private sector in negotiations which include the TGCSA (discussed in Section 3.8.1 of this Chapter) and Tourism Marketing South Africa (TOMSA) (INCOMPASS 2010).

3.8.4 The AA Guest Accommodation Recognition Scheme

The AA Guest Accommodation Recognition Scheme has been assessing and recommending accommodation since 1908. The recognition scheme along with the star-grading scheme has been applied by the AA Guest Accommodation Recognition Scheme since 1912. The rating systems have evolved and developed continuously in order to stay on par with consumers' expectations and industry standards.

The AA Guest Accommodation Recognition Scheme has a comprehensive process of assessment and investigation and accreditation that is consistent with the three other national tourism bodies of the United Kingdom which includes Visit Britain, Visit Scotland and Visit Wales. For the purpose of this study, guest accommodation will be underpinned which includes guesthouses, bed and breakfasts, farmhouses, inns and restaurants which provide rooms for accommodation. The AA Guest Accommodation Recognition Scheme has divided the accommodation grading into distinct categories which are outlined in Table 10:

Table 10: The AA Guest Accommodation Recognition Scheme accommodation categories

Guest Accommodation	Any establishment that meets the minimum entry requirements is eligible for this general category.
Bed & Breakfast	Accommodation provided in a private house by the owner for up to six paying guests.
Guesthouse	Accommodation provided for more than six paying guests, and run on a more commercial basis than a B&B. Usually more services, for example, dinner, provided by staff as well as the owner.
Farmhouse	B&B or guesthouse accommodation provided on a working farm or smallholding.
Inn	Accommodation provided in a fully-licensed establishment. The bar will be open to non-residents and provide food in the evenings.
Restaurant with Rooms	Destination restaurant offering overnight accommodation with the restaurant being the main business and open to non-residents. The restaurant should offer a high standard of food at least five nights a week. A liquor license and a maximum of 12 bedrooms are necessary.

Source: The AA Guest Accommodation Recognition Scheme (2011)

The AA indicates that from 2006, the star-grading system replaced Diamonds as the AA's rating system for guest accommodation. Star ratings are implemented in the order from one to five stars and are employed to assess guest accommodation. Table 11 describes the standards expected from guest accommodation within AA ratings.

Table 11: The AA star-grading expectancies for guest accommodation establishments

Star-grading	Expectancies for guest accommodation establishments
★	Minimum quality requirements for cleanliness, maintenance, hospitality, facilities and service. A cooked or substantial continental breakfast is served in a dining room or eating area, or bedroom only.
★★	Courteous service, well-maintained beds, and breakfast prepared with a good level of care.
★★★	A friendly welcome and good-quality, well-presented beds and furniture. A choice of good-quality, freshly cooked food is available at breakfast.
★★★★	Attentive, more personalised service. At least half of the bedrooms are en suite or have private bathrooms. Very good beds and high quality furniture. Breakfast offers a greater choice, and fresh ingredients are cooked and presented with a high level of care.
★★★★★	Awareness of each guest's needs with nothing being too much trouble. All bedrooms are en suite or have a private bathroom. Excellent quality beds and furnishings. Breakfast includes specials/home-made items, high quality ingredients and fresh local produce.

Source: The AA Guest Accommodation Recognition Scheme 2011

To enhance the above research, Table 12 provides a detailed summary of the main standards within the AA Guest Accommodation Recognition Scheme star-ratings for the standard of quality for hotels, guest accommodation and self-catering establishments.

It can be concluded from Table 12 that great emphasis is given to the level of luxury provided by the hospitality and accommodation establishment as well as the luxurious interior. Mention should be made to the undeniable fact that

the level of service quality will determine the ambience created by the establishment. Furthermore, the ability to anticipate guests' needs and wants and showing a level of empathy towards them will make them feel appreciated. This forms part of the intangible element that distinguishes the hospitality industry from all other industries.

The level of service quality delivered by the establishment as well as the ambience and unique experience will determine whether the guest will frequent the particular establishment.

Table 12: The AA hotel, guest accommodation and self-catering standard star ratings

Star rating	Hotel	Guest Accommodation	Self-Catering
★	Courteous staff provides an informal yet competent service. All rooms are en suite or have private facilities, and a designated eating area serves breakfast daily and dinner most evenings.	Minimum quality requirements for cleanliness, maintenance, hospitality, facilities and services. A cooked or substantial continental breakfast is served in a dining room or eating area, or bedroom only.	Minimum quality requirements for cleanliness, maintenance, fixtures, fittings, and furnishings. Items provided are adequate and functional, all in working order, and are fit for the purpose intended.
★★	A restaurant or dining room serves breakfast daily and dinner most evenings.	Courteous service, well-maintained beds, and breakfast prepared with a good level of care.	A good standard of quality overall is required, with improved coordination and use of space.
★★★	Staff professionally presented. The restaurant or dining room is open to residents and non-residents.	Friendly welcome, and good-quality, well-presented beds and furniture. A choice of good-quality, freshly cooked food is available at breakfast.	Detailed evidence of care and external maintenance. A good provision of local information and additional recreational items, well-finished fittings and décor and a kitchen well-stocked with cookware, crockery, cutlery and utensils.

Star rating	Hotel	Guest Accommodation	Self-Catering
★★★★	Professional, uniformed staff responds to your needs or requests, and there usually are well-appointed public areas. The restaurant or dining room is open to residents and non-residents, and lunch is available in a designated eating area.	Attentive, more personalised service. At least half of the bedrooms are en suite or have private bathrooms. Very good beds and high quality furniture. Breakfast offers a greater choice, and fresh ingredients are cooked and presented with a high level of care.	Very good to excellent standards throughout, with high quality coordinated furniture, fixtures and fittings. Ample space with well-planned layout of furniture, high quality and very good range of kitchen equipment.
★★★★★	Luxurious accommodation and public areas, with a range of extra facilities and a multilingual service available. Guests are greeted at the hotel entrance. High quality menu and wine list.	Awareness of each guest's needs with nothing being too much trouble. All bedrooms are en suite or have a private bathroom. Excellent quality beds and furnishings. Breakfast includes specials/home-made items, high quality ingredients, and fresh local produce.	Exceptional and outstanding levels of comfort throughout, with an excellent range of items. High quality furniture with striking interior design, an excellent range of kitchen appliances, all in pristine condition.

Source: The AA Guest Accommodation Recognition Scheme (2011)

3.8.5 The Guesthouse Association of South Africa (GHASA)

The South African hospitality industry experienced a tremendous change when the Guesthouse Association of South Africa (GHASA) was established. GHASA, established in 1992, was a group of owners of guesthouses and other smaller establishment who decided to increase promotion regarding the guesthouse industry. In 2000, it was privatised and became known as the Guesthouse Association of SA (Pty) Limited which also incorporates the Self-Catering Registry of SA (GHASA 2011). GHASA offers advice to current owners of guesthouses and those planning on opening a new guesthouse. It also provides training and advice on the viability of opening and owning a new guesthouse (GHASA 2011).

GHASA is a well-known association which consists of experts in quality guesthouse accommodation, offering assistance and valued advice to members as well as making bookings for travellers. Members of GHASA are assisted by the association through advice given on general or specialised grounds. General advice includes assisting future guesthouse owners who either wish to establish a new guesthouse or giving advice to owners of guesthouses who have just purchased an already established guesthouse.

GHASA assists the aforementioned potential owners of guesthouses in creating a guesthouse from the beginning in an attempt to corroborate the new guesthouse's standards with those of the previously discussed specified standardised industry benchmarks as specified by the TGCSA (Jackson 2011). GHASA also offers assistance and advice in specialised areas of guesthouse management. The aforesaid refers to concerns raised by current owners of guesthouses ranging from possible challenges which may include the management of human resources or the personnel employed at the guesthouse, consultation and assistance regarding the star-grading of the guesthouse or even queries regarding the purchasing of linen and other guesthouse amenities (Jackson 2011).

Benefits derived from being a member of GHASA include the following:

- A. *Credibility*: GHASA associates themselves with only professional and commercial establishments.
- B. *Marketing opportunities*: GHASA's website is utilised as an extensive marketing and communications tool.
- C. *Assistance and valued advice*: GHASA offers training and assistance to new or potential owners and managers of guesthouses.
- D. *Star-grading*: GHASA specialises in assisting guesthouse owners in adhering to the requirements pertaining to star-grading (GHASA 2011).

3.8.6 The Bed and Breakfast Association of South Africa (BABASA)

Another guest accommodation association that solicits recognition in SMME accommodation establishments in South Africa is the Bed and Breakfast

Association of South Africa (BABASA). BABASA specialises in assisting bed and breakfasts, guest and manor houses, country hotels, boutique hotels, country houses and self-catering establishments in voicing their accommodation challenges with regard to legislation, accreditation and general marketing and recognition difficulties. For a number of years, small guest accommodation establishments had very little representation by a national body in South Africa. In this fragmented sector there existed no voice for the industry and for this reason, BABASA was founded in October 1997 and was launched on the 27th February 1998. BABASA was registered on 29th April 1998 as a Section 21 Company (non-profitable establishment).

In 2006 BABASA changed from the *Bed and Breakfast Association of South Africa* to trade as BABASA Guest Accommodation Association and Solutions enabling it to incorporate all SMME Accommodation Establishments (Hamm 2011).

Today BABASA operates as a voluntary Trade Association of Owners and Managers of small, micro and medium enterprises (SMME) guest establishments and business partners. In 2001 BABASA introduced a new program to assist start-up SMME accommodation entrepreneurs with specific reference to owners of establishments within this sector. BABASA has been active in the:

- A. Merging of Tourism Faculty curricula for the distance learning tertiary institutions University of South Africa (UNISA) and Krugersdorp Technikon; Provision of information and assistance enabling them to complete projects, and for students to complete theses for Master's Degrees and assisting students from the Tourism Faculties of University of Cape Town (CPUT), University of Pretoria, University of the Free State and Cambridge University UK; and
- B. Attendance of workshops and seminars arranged by: DEAT and SA Tourism over the past 11 years, input being for example WSSD, BEE, the setting up of TGCSA and currently the National Responsible and Sustainable Environment Standards (going green) and attending the first steering committee meeting; TGCSA, TBCSA and FEDHASA; Revision

of TGCSA grading criteria; National Department of Tourism – accommodation pricing survey and outcomes around the 2010 World Cup of Soccer (Hamm 2011).

3.8.7 The National Accommodation Association of South Africa (NAA-SA)

Nelwamondo (2009:29) includes the National Accommodation Association of South Africa (NAA-SA) as another important tourism accommodation grading body. The NAA-SA creates the opportunity for smaller establishments such as guesthouses and bed and breakfasts to become part of the local and provincial networks and tourism accommodation associations throughout the country.

The NAA-SA also negotiates benefits for members with other tourism bodies and associations. Finally, the NAA-SA provides members with information pertaining to legislations applicable to the industry (The National Accommodation Association of South Africa 2011).

3.9 CURRENT STAR-GRADED LODGING AND HOSPITALITY ACCOMMODATION ESTABLISHMENTS IN THE WESTERN CAPE

In the Guest Accommodation Policy Document, the City of Cape Town Directorate has divided guest accommodation establishments into a set of easily identifiable categories (City of Cape Town Directorate Guest Accommodation Policy Manual 2009:11). These categories were created for the purposes of grouping together sets of assessment criteria and guidelines. Guest accommodation categories include:

- A. Camping;
- B. Bed and breakfast establishment;
- C. Guesthouse;
- D. Backpackers' accommodation (including boarding-house);
- E. Self-catering apartments;
- F. Hotel; and
- G. Resort (tourist) accommodation (City of Cape Town Directorate Guest Accommodation Policy Manual 2009:11).

For the purpose of this study, research was conducted into the guesthouse industry with particular reference to the Western Cape. The City of Cape Town defines guesthouses as accommodation that consists of a dwelling-house or second dwelling

unit for transient guests (City of Cape Town Directorate Guest Accommodation Policy Manual 2009:11). A dwelling-house or second dwelling is used for the purpose of supplying accommodation and meals to transient guests for an agreed compensation. The guesthouse establishment exceeds the restrictions of a bed and breakfast establishment in that it may include conference meetings or facilitation sessions for resident guests. (City of Cape Town Directorate Guest Accommodation Policy Manual 2009:11).

Table 13 below provides a description of the land use criteria on the basis of which policy guidelines are set out. The guidelines are developed for each of the seven accommodation categories as mentioned above.

Table 13: Land use criteria for guest accommodation establishments

CRITERIA	EXPLANATION
Purpose	Explanation of what the land use entails and what types of land use activities are associated with the land use.
Scale	Description of the typical scale of the development as determined by its physical size (i.e. height, coverage, floor area ratio) and the number of occupants/guests (i.e. beds, staff, rooms).
Location	Description of the desirable characteristics of the location and of the land use.
Self-catering	Clarification of the use of self-catering facilities.
Liquor use	Clarification regarding the serving of alcoholic beverages.
Ancillary facilities	List of typical ancillary facilities that can be used by guests.
On-site residence of management	Clarification regarding permanent residence of the owner or management.
Parking	Parking requirements, off-street and on-street.
Loading	Provision for loading and/or deliveries.
Staff facilities	Provision of staff facilities and accommodation.
Signage	Size and location of outdoor signage.
Environmental / heritage impact	Mitigating the impact of the land use on the surrounding environment.

Table 13 outlines the guidelines developed for each of the seven accommodation categories. In addition to the above guidelines, the TGCSA has introduced several enticements that serve as encouragement for guest accommodation establishments to become graded (Mahony 2006:42). These include being able to display the TGCSA's

unique plaque outside the premises of the guest accommodation establishment which indicates to consumers that the establishment meets the TGCSA’s quality standards as described in Section 3.8 of this Chapter. The Grading Council’s logo and star symbols can also be applied for marketing purposes and the establishment is then indicated on the brown information signs on national roads (Mahony 2006:42).

An important incentive presented as reward to encourage guest accommodation establishments to be graded is the fact that the Department of Environmental Affairs and Tourism (DEAT) proclaimed that, as of 1 January 2005, the public sector would only utilise graded accommodation and facilities in South Africa. The Minister of Environmental Affairs and Tourism insisted that this initiative will be implemented in order to reward establishments that have taken the initiative to be graded and to encourage those establishments outside the process to do so (Mahony 2006:42). TGCSA grading fees are displayed in Table 14.

Table 14: TGCSA rates effective from 1 October 2010

Rate in Rand	1-500	501-1000	1001-1500	1501-2000	2001-2500	2501-3500	3501-5000	> 5000
Nr of rooms/units								
1	1 560	1 790	2 150	2 230	2 400	2 460	2 530	3 000
2-3	1 680	2 320	2 650	2 700	2 750	2 860	2 900	3 350
4-6	2 350	2 400	2 790	2 800	2 850	3 030	3 100	3 460
7-10	2 380	2 620	2 900	2 950	3 100	3 200	3 290	3 530
11-20	2 620	3 560	3 660	3 700	3 750	3 800	3 830	3 850
21-50	2 800	4 080	4 360	4 420	4 580	4 710	4 930	5 000
51-75	4 470	5 100	5 350	5 380	5 720	5 810	5 910	6 080
76-100	4 750	5 510	5 610	6 530	6 530	6 810	6 900	7 150
101-150	4 830	6 650	7 050	7 160	7 200	7 480	7 900	8 200
151-250	5 990	7 000	8 120	8 150	8 200	8 250	8 280	8 330
251-350	7 720	7 910	8 450	8 500	8 570	8 650	8 710	8 750
>350	7 830	8 310	8 600	8 700	8 800	9 000	9 100	9 380

Source: tourismgrading.co.za/sat/action/media/downloadFile?media_fileid=151783

In addition, with regard to the development and distribution of lodging and hospitality establishments across South Africa, research indicates that Gauteng and the Western Cape region account for the vast majority of guest accommodation establishments (FTTSA 2009:12).

Fair Trade Tourism in South Africa (FTTSA) has indicated that Gauteng and the Western Cape region represent over two-thirds of tourism supply in the country. Figure 17 illustrates the tourism accommodation establishments per region:

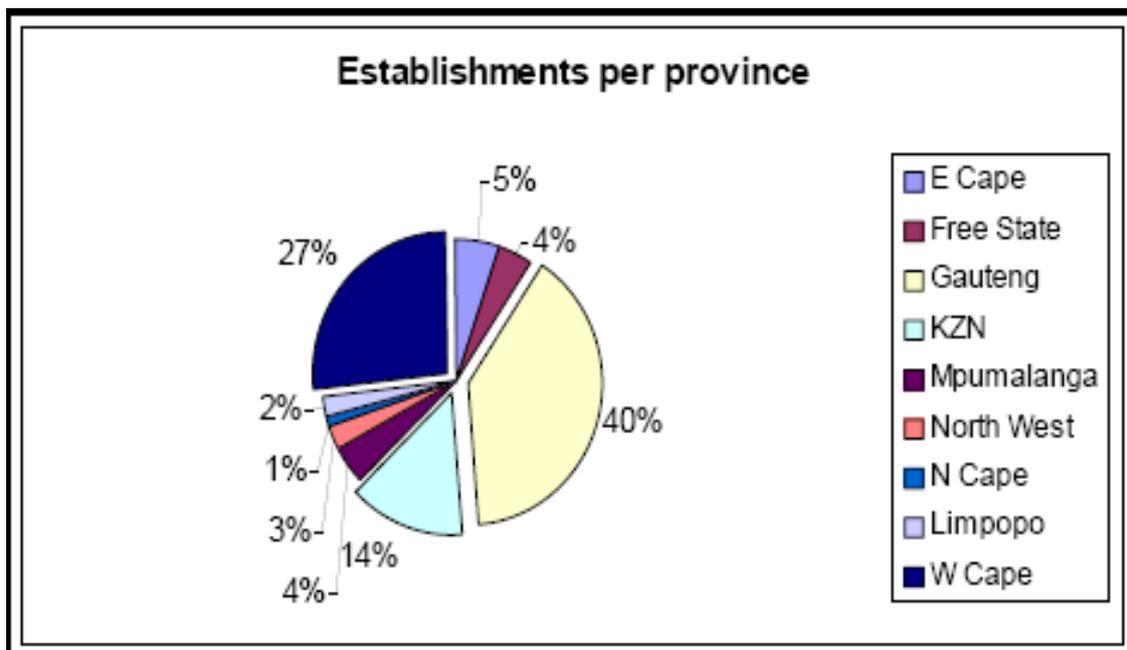


Figure 17: Tourism establishments per Region. *Source: FTTSA (2009:12); THETA (2006)*

As mentioned earlier, the Tourism Grading Council of South Africa (TGCSA) is South Africa’s only officially recognised quality assurance body for tourism products including guest accommodation facilities. Mahony (2006:41) indicates that the TGCSA has secured the exclusive use of the star symbol to denote standards in the tourism industry.

A full explanation of the employment of the star-grading system is provided in Section 3.8.1 of this Chapter. Research indicates that in July 2005, 43% of all accommodation establishments in South Africa were graded. Table 15 provides a breakdown of graded establishments per region and Table 16 illustrates a breakdown of graded establishments per type of facility.

Table 15: Graded establishments per Region

Region	Total number of accommodation establishments as at 31/12/2004	Total number of graded establishments as at 31/07/2005	Percentage graded
Western Cape	2 954	1425	48
KwaZulu-Natal	1 624	449	28
Gauteng	826	469	57
Eastern Cape	463	341	74
Mpumalanga	472	294	62
Northern Cape	677	90	13
Limpopo	570	227	40
Free State	444	170	38
North West	460	149	32
Total	8 490	3 614	43

Source: Mahony (2006:42-43); Siddo (2005)

Van Zyl and Fourie (2009:114) state that one of the most important trends to acknowledge in the tourism and hospitality industries of South Africa is the growing popularity of smaller guest accommodation establishments such as guesthouses and bed and breakfast establishments.

The above authors note that this particular trend is not only specific to South Africa, but to the world. It is merely a reflection of the move away from packaged holidays towards more independent travel and flexibility (Van Zyl & Fourie 2009:114).

With reference to the numbers presented in Table 16, this study, which underpins TQM and the grading of five-star guesthouses situated in the Cape and Wine region, establishes immense validity and relativity in the fact that 99% of guesthouses in South Africa are graded and recognised (Popova 2006:38).

Table 16: Graded establishments per type of facility

Accommodation Type	Total Rooms	Total Rooms Graded	Percentage Graded
Hotel	61 921	45 245	73
Bed and Breakfast, Guesthouses and Country Houses	19 128	18 873	99
Self-Catering facilities	28 237	14 453	51
Game Reserves and Hunting Lodges	14 899	4 595	31
Backpackers and Youth Hostels	5 000`	1 091	22

Source: Mahony (2006:42-43); Siddo (2005)

Cape Town Lodging Statistics (Western Cape Regions Tourism Barometer 2011:36) indicate that the Cape Town region received a total of 233 responses pertaining to current star-graded establishments during the months of January to March 2011.

With reference to the aforementioned months, the number of graded establishments increased from January by 32.2%, February 33.5% and March 34.3%. Establishments represented were from Cape Town (25.6%) and Central Coastal (25.3%) regions.

The participating lodging establishments included hotels (25.8%), guesthouses (23.6%), Bed and Breakfasts (25.3%) and self-catering facilities (25.3%).

Star-grading by participating lodging establishments is illustrated in Figure 18 below.

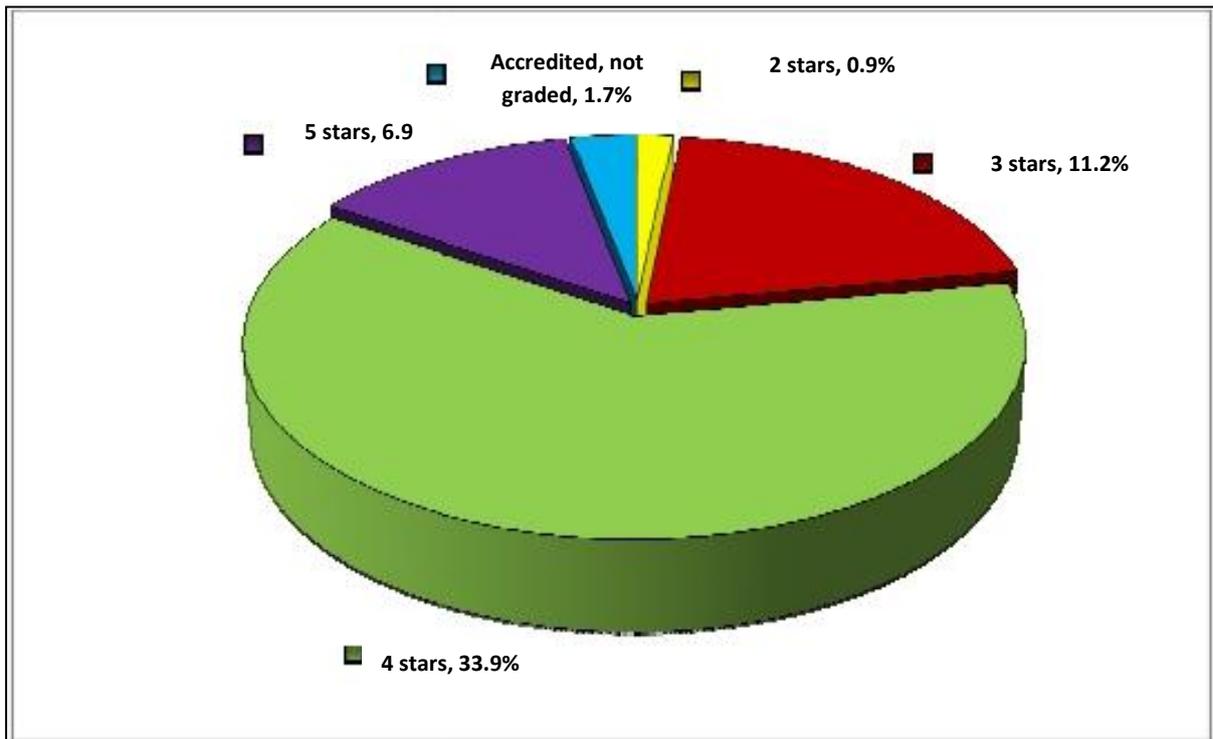


Figure 18: Star-graded lodging and hospitality establishments in the Western Cape.

Source: Adapted from Western Cape Tourism Barometer (2011:36)

The Federated Hospitality Association of South African (FEDHASA) has compiled a survey which includes the above star-graded establishments. This survey indicates the type and number of accommodation establishments nationally, with particular reference to the Western Cape.

The survey below is also an indication of the total rooms available, occupancy rates as well as the average room rate for each type of accommodation establishment, respectively. Table 17 illustrates the Accommodation Benchmark Survey for South Africa with specific reference to the Western Cape region as well as the Garden Route.

Table 17: Accommodation Benchmark Survey for South Africa, the Western Cape region and the Garden Route

	Total Units			Total Rooms Available			Total Rooms Sold									
	Apr-04	Nat	WC	GR	Nat	WC	GR	Nat	WC	GR						
Bed & Breakfast	792	97	32	47520	5820	1920	32720	3810	1280							
Game Lodge	168	23	11	10080	1380	660	9030	1380	460							
Guest House	859	144	49	51540	8640	2940	45450	6041	1390							
Hotel	737	163	18	44220	9780	1080	34220	9280	1020							
Self Catering	1021	247	87	61260	14820	5220	56190	9710	3420							
Totals (April 2004)	3950	834	232	235642	41286	13245	174140	31286	8110							
	National				Western Cape				Garden Route							
	Apr-04	Apr-03	Jan	Jan	Apr-04	Apr-03	Jan	Jan	Apr-04	Apr-03	Jan	Jan				
			April	April			April	April			April	April				
			2004	2003			2004	2003			2004	2003				
Bed & Breakfast	61%	59%	60%	59%	62%	61%	60%	59%	66%	64%	62%	60%				
Game Lodge	58%	59%	60%	59%	60%	61%	60%	59%	63%	62%	62%	59%				
Guest House	65%	63%	64%	63%	68%	65%	64%	62%	71%	69%	69%	62%				
Hotel	57%	59%	57%	59%	59%	59%	57%	57%	62%	61%	60%	57%				
Self Catering	71%	70%	66%	70%	73%	71%	66%	67%	75%	73%	73%	67%				
Totals (April 2004)	64%	63%	60%	61%	67%	66%	63%	63%	69%	68%	66%	65%				
Average Room Rate ®																
Bed & Breakfast				258	227	242	220	262	250	246	224	280	247	263	240	
Game Lodge				386	328	359	331	391	332	364	335	406	345	377	347	
Guest House				270	240	259	249	278	247	267	256	283	252	272	261	
Hotel				392	357	353	318	410	373	369	332	417	379	375	338	
Self Catering				304	271	298	277	317	282	311	289	327	291	320	298	
Total				343	302	322	298	354	312	333	307	365	322	343	317	
Revenue Per Available Room (Rev Par) ®																
Bed & Breakfast				155	136	145	132	157	138	148	134	168	148	158	144	
Game Lodge				294	250	273	251	297	253	276	254	308	262	287	264	
Guest House				165	146	158	152	170	151	163	156	173	154	166	159	
Hotel				294	268	265	238	307	280	277	249	313	284	281	253	
Self Catering				195	173	191	177	203	181	199	185	209	186	205	191	
Total				231	204	217	200	239	210	224	207	246	217	231	213	

Source: FEDHASA (2011)

All these quality management processes may happen with or without a more holistic TQM approach in mind. The relationship between TQM and service quality in the hospitality industry will be addressed in the next Section.

3.10 TOTAL QUALITY MANAGEMENT AND SERVICE QUALITY IN THE HOSPITALITY INDUSTRY

Chartrungruang, Turner, King and Waryszak (2006:51-57) state that managers within the hospitality industry have made frequent references to TQM principles and procedures.

The subsequent Sections of this study explores the factors that contribute to the evaluation of service quality and the role TQM plays in the measurement of service quality.

Today's competitive hospitality industry necessitates that guest accommodation establishments develop a competitive advantage which will differentiate their product and service offering from that of their competitors (Popova 2006:38; Cooper *et al* 1998: 411). A differential competitive advantage can only be achieved in certain areas of the hospitality product. Quality *per se* is not enough if it is not well-defined, managed and documented. This is why TQM has particularly been advocated as a means of improving quality, and particularly in the case of the service industry such as the hospitality industry customer satisfaction is important (Chartrungruang *et al* 2006:51-57; Gundersen, Heide & Olsson, 1996).

The grading and accreditation of guesthouses can be seen as a catalyst in achieving a competitive advantage over competitors as graded guesthouses are renowned for delivering high service quality. This study supports the fact that TQM in its entire capacity centres on improving quality and can subsequently be associated with the grading and accreditation of guesthouses in order to attain high service quality levels.

TQM and its relationship with the grading of guesthouses will be discussed in the next Sections.

3.10.1 The role of Total Quality Management in service quality measurement and improvement: A holistic approach from TQM theorists

Historically TQM has been widely implemented. It is a management approach that was conceived during the 1950s and the implementation thereof has gained immense popularity to the present day. During the 1980s to 1990s, many hospitality-related establishments chose to employ people seen as "quality controllers". Their presence was characterised by, not only the

overwhelming number of badges they wore on their suits, but also the anxiety they created amongst employees as they brought a new meaning to the principle “management by walking around”(Youssef 1996:127-144).

These “quality controllers” were responsible for inspecting the work of other people. Whenever there was a quality issue it was the “quality control manager” who took the responsibility (and often the blame) for identifying the problem area and suggesting solutions on how to rectify the problem. TQM suggests that everyone in the establishment should be involved in managing quality and should accept responsibility for its sustainability.

With reference to the aforementioned, TQM is a broad methodology that involves both management and employees in the pro-active prevention of mistakes, defects and wastage of processes, methods, products and services. TQM can be defined as a management philosophy whose goal is not merely to meet but exceed the needs and requirements of internal and external customers by creating an establishment culture in which every individual at every stage of creating a product or service and every level of management is committed to quality and clearly understands its strategic importance (Youssef 1996:127-144).

Research indicates that the following authors place emphasis on three major requirements of TQM (Wilkinson & Witcher 1993:47-55; Nwabueze 2001:657-675:

- A. Total refers to the participation of everyone in the establishment, rendering the implementation of TQM an establishment-wide process. Most quality solutions are outside the control of any one individual or function in the establishment, hence necessitating team work and the maintenance of good relationships within the team.
- B. Quality refers to meeting customer requirements precisely. TQM requires customer-agreed specifications which allow the supplier to assess performance as well as customer satisfaction.
- C. Management is a prerequisite for TQM as it enables the conditions for total quality. TQM requires leadership and total commitment from senior

and other management to quality policies and procedures. Management has to ensure that appropriate infrastructures are established in order to support a holistic approach to institutional management.

To further the study of the nature of quality, Krüger and Steenkamp (2008:155) state that the world as it is today is characterised by insufficiencies, failures, and other imperfections leading to wastage and defects, and thus quality has become a relevant reality and concern for everyone. They continue by citing that external customers have personalised the concept of quality in that they desire:

- A. To be treated with respect and without difficulties.
- B. Effective and efficient products and services.
- C. Products and services that contribute to their quality of life.
- D. Reliable products and services that render value for money (Krüger and Steenkamp 2008:155).

TQM is a concept that was put forward after the Second World War by several gurus such as Deming and Juran and Feigenbaum because they could foresee that the previous style of production methods would not be sustainable as the economic slowdown occurred in the west. Their philosophy was to produce quality products with minimum wastage, or defects, and to involve all people in the establishment in this system. They also advocated having quality control systems throughout the whole establishment and at each stage of production, rather than at the end of the process when it was too late to rectify problems.

With inspections occurring at the end of production all that would be achieved was that faulty goods would be rejected and would not reach the consumer. This wastage, however, obviously affected the company's bottom line and diminished its competitiveness in the marketplace. Deming and Juran's philosophy was rejected in the West but was embraced eagerly by emerging Japanese companies, ultimately placing them at the leading edge of world markets. The West has only embraced this concept in the last few decades, and is desperately trying to catch up (Ross 1999).

3.10.2 Dr William Edwards Deming's Approach to Total Quality Management (TQM)

In his book, "Total Quality Management: Text, Cases and Readings" Ross (1999:5) refers to the old adage that earned an immaculate number of lip service during the early 1950s namely: "Defects are not free. Somebody makes them, and gets paid from making them". It was the quality guru, W. Edwards Deming that believed the above approach to be crucial when adopting TQM as an approach to enhance the quality standards of any establishment (Ross 1999:5).

Further studies conclude that Deming developed a system of statistical control which maintains that quality should start with management, followed by the adoption of the 14 points of his process which will be discussed later in this Chapter. The aforementioned then encourages the involvement of all levels of the establishment (Ross 1999:5). Deming was of the opinion that quality should be integrated at all stages of product development in order to achieve an elevated level of quality throughout all stages of product development. Deming's approach centres on the visibility of the process of quality improvement which in return forms an important part of the service industry.

Based on the above, the researcher finds the quality chain reaction, developed by Deming to be of significant importance to this study. Ross (1999:5) states that this process forms a chain reaction in response to the implementation of quality control strategies as illustrated by Deming. The incremental quality improvement cycle starts from where quality is improved, follows the decrease of costs and the endorsement of productivity, which in turn simultaneously results in more job opportunities. The aforementioned promotes greater market share which ultimately supports the longevity and profitability of the establishment.

Deming is regarded as the pioneer of quality, hence the world-renowned award, the Deming Prize for Quality. It can be said that Deming's fashioning of quality management denotes the improvement of processes and procedures, rather than of employees. The researcher believes that Deming's philosophy plays an irreplaceable role in the quest for improving quality service, with

reference to 4-to 5-star guesthouses, in that the delivery of quality starts with high quality policies and procedures put in place for employees to strive towards.

Dale (1998:134-137) refers to Deming's 14-points for management. This approach advocates Deming's management philosophy for improving quality. Deming's 14-points are summarised as follows: *The creation of constancy and reliability* aims to define contemporary challenges and anticipate typical futuristic notions of similar nature. Furthermore it focuses on the allocation of resources pertaining to long-term strategising. The aforementioned is supported by the assignment of resources for research and development as well as for education and training purposes.

Maintaining constancy of purpose enables the improvement of the overall formulation of products and services (Dale 1998:134-137). Constancy of purpose finds significant purpose in the hospitality industry as it mainly centres on providing a high level of quality service. In return, reliability of service quality plays a detrimental role with regard to customers' service experience. Customers only frequent hospitality establishments which pursue constancy in providing the same five-star services as in the past. The *adoption of a new philosophy* to the modern era demands and economic volatility are the key to Deming's second managerial point, adopting a new philosophy. Ross (1999:6) states that management should embrace new challenges, converting them into opportunities to lead future change. The aforementioned finds its significance in the hospitality industry in that it considers the cost of quality to be irrelevant in comparison to the rich rewards derived from rendering five-star quality service. The researcher believes that the adoption of a new philosophy, especially in the hospitality industry, necessitates an establishment-wide embracing of a new quality-conscious culture, which is cultivating employee commitment and support to quality service. Thirdly it can be stated that one should *cease dependence on inspection*. The question is whether quality inspections have become the white elephant of quality control systems? Dale's findings (1998:134-137) support the above statement in that quality should be present in the first stages of product development.

The aforementioned definitely applies to the hospitality industry in that quality service measurements should be implemented right from the start, which is before the employee deals with the guest. Inspection should rather serve as a tool to collect data for future process control. Employee performance appraisals and assessment of guest questionnaires on a regular basis allow for quality from the start.

Furthermore it can be stated that one should *end awarding business based on price tag alone*. Evans (2005:30) remarks that costing has been the driving force behind gaining competitive advantage. He continues by stating that Deming encouraged fostering a long-term relationship with only a few suppliers in order to gain their loyalty and support. This in return establishes mutual confidence and aid between the establishment and suppliers. Taking the aforementioned into consideration, the researcher agrees with the fact that lower costs are accumulated when focusing on a “special” group of suppliers. The aforementioned also encourages customers to receive lower priced service at the same high quality service levels. The internal customer, the employee, will also benefit from the aforementioned in that as costs decrease, better incentives and remuneration packages can be developed for workers.

Another point established by Deming was *constantly improving the system of production and service*. Evans and Lindsay (2005:95) state that Deming did not design a program intended to improve quality. His goal was rather to change management’s perspective of quality and his premise was that quality should be perceived as a vehicle promoting survival in a highly competitive business environment. The hospitality industry should appreciate Deming’s 5th management principle, since five-star quality services depend on constant incremental improvement. According to Evans (2005:30) teamwork is of fundamental importance for constant improvement of products and services. Employees should be encouraged to get involved in order to achieve diversity in problem solving and finding more effective and efficient ways for them to do their jobs.

Training entails equipping employees with the necessary skills and knowledge to do their jobs to the best of their ability. *On-the-job training* is regarded as

one of the best training methods because it is planned, organised, and conducted at the employee's worksite. On-the-job-training will generally be the primary method used for broadening employee skills and increasing productivity. It is particularly appropriate for developing proficiency skills unique to an employee's job.

In the hospitality industry, employees are constantly introduced to different types of people and the way they manage these everyday meetings will determine whether guests revisit the particular establishment. One of the advantages derived from on-the-job-training is that as training progresses and employees begin to feel more confident, this confidence allows them to work at a higher standard and ultimately be more productive.

Adjoining the aforementioned is the fact that managers or supervisors can assess improvement and progress over a period of time and this makes it easier to identify problems, intervene and resolve them quickly. When being assessed on-the-job, employees are in a familiar environment, which allows the supervisor to use tools such as statistical quality control (Ross 1999:6).

Furthermore it can be stated that *leadership should be instituted*. Evans (2005:30) states that the purpose of management is *leadership*. He continues by adding that management should provide guidance instead of supervision. The fundamental difference between supervision and guidance is that supervision entails watching over employees whilst performing tasks and merely offering direction. Guidance elicits a much more hands-on approach to leadership (Evans 2005:30). Ross (1999:6) maintains that managers should change their production (quantity) orientated approach towards business to rather achieving quality. Focus on producing greater volumes instead of quality leads to defects which in return take time to rectify and time wasted leads to money lost.

Deming's 7th principle of instituting leadership is about creating a working environment where *fear subsides* at the hands of a conducive and open climate.

Evans and Lindsay (2005:95) are of the opinion that management should cultivate trust in their relationships with employees thus encouraging a climate for innovation and creativity.

Deming's 8th principle centres on *breaking down barriers between departments*. Dale (1998:134-137) states that interdepartmental integration should be fostered in order to encourage teamwork and to jointly as well as proactively deal with possible challenges. The aforementioned is especially true in the hospitality industry. Guests can immediately sense an unhealthy competitive environment within an establishment and in return may experience a difference in the level of quality service delivered by a particular Section of the hospitality establishment, whether it is a front of house staff member or guest relations officer. Evans (2005:31) states that teamwork shatters non-conducive competitive practices amongst departments and employees. This study supports the aforementioned in that teamwork results in a shift from self-centred job performance to meeting and exceeding customers' need and wants.

Ross (1999:6) explains that management should encourage increased productivity through providing employees with effective strategies to attain higher productivity levels. Deming suggests that, in order to achieve the aforementioned, one should eliminate exhortations. Evans (2005) agrees by suggesting that employees should be motivated through mutual trust and guidance rather than monotonously echoing slogans or expressions. Evans and Lindsay (2005:95) suggest that exhortations should be created by the workforce rather than for the workforce.

Believing in the same significant vision or motto is elementary to the hospitality industry as guests will frequent hospitality establishment that serve them as a united high quality service provider.

Eliminating numerical quotas and management by objectives (MBO) encapsulate the next principle. Evans and Lindsay (2005:95) suggest the institution of leadership and training as methods for achieving overall improvement.

Evans (2005:31) states that management by objectives (MBO) should also be avoided as it encourages short-term behaviour, particularly if it is attached to rewards. Evans (2005:31) emphasises the fact that Deming acknowledged the importance of goals but rejected the use of numerical objectives without including effective strategies to attain them.

Another principle includes removing barriers to pride in workmanship. The most important resource in any establishment is human resources. The aforementioned is not always acknowledged by companies. Ross (1999:6) reiterates Deming's 11th principle by denoting that the greatest barrier to pride in workmanship is associating awards and work performance with appraisal systems purely based on percentages or numerical targets or even personal traits. Dale (1998:134-137) suggests that the level of quality work delivered by employees should serve as a performance measurement tool, allowing people to find pride in their workmanship.

Education and self-improvement for everyone should be encouraged. Evans and Lindsay (2005:95) reiterate that training constitutes self-development. In his book, "Quality and Performance Excellence: *Management, Establishment & Strategy*", Evans (2005:31) explains that establishments have the responsibility to invest in developing the self-esteem of employees. The aforementioned undoubtedly promotes higher morale and confidence in individuals. The confidence of employees plays a tremendously important role in the hospitality industry. Due to the high degree of intangibility that characterises the service industry, employees can only render high quality service when it is done with confidence. The researcher believes that employees active in the hospitality industry are the face of the establishment because service is inseparable from its provider. Also, the employee is the first person the guest meets on his or her visit.

For this reason delivering high quality service should be done with self-confidence and pride; elements that only management can cultivate in the establishment culture with employee training and development.

Dale (1998:134-137) proclaims that transformation in the company, in other words, *taking* action, is everybody's responsibility. Ross (1999:6) continues

by stating that top management must create strategies and develop procedures that reiterate Deming's preceding 13 management philosophies. People do not like change, except if it clings in their pockets. For this reason, motivational strategies should be implemented to assist management and employees to abolish traditional management practices and to nurture new methods of jointly achieving and cultivating high quality service culture.

3.10.3 Dr Joseph M. Juran's quality philosophy

Juran is considered the leader of quality management. The influence of his scripts is considered the core of quality management. One of the relevant theories that Juran conceptualised was the Pareto principal which is applied in quality management. Juran observes that an establishment could work better if it standardises the process and gives more importance to quality (Juran 1986:19-24). The latter applies significantly to the hospitality industry in that service quality is determined by the level of relevance it gets from a hospitality establishment. Juran's work includes tools like the Pareto principle and TQM as part of the program which is used to increase the culture of quality in companies (Juran 1986:19-24).

Juran (1992:20) states that quality is part of the quality management process which involves three sub-processes. The aforementioned is also referred to as Juran's trilogy which encapsulates three management processes required by every establishment to improve overall quality of operations. These processes are identified as quality control, quality improvement and quality planning. This trilogy illustrates how establishments can improve every establishment aspect by better understanding the interrelationship between processes that plan, control and improve quality as well as business results.

Quality planning refers to processes applied which enable the company to determine customer needs and develop processes and products required to meet and exceed these needs. The aforementioned is evident in the hospitality industry where the core focus is on developing and delivering high service quality in order to satisfy customers (Juran 1986:19-24).

The purpose of quality control is to ensure that the process runs in optimal effectiveness, preventing possible difficulties from worsening. Quality

improvement refers to the elimination of defects and the continuous betterment of processes in order to reduce the cost of poor quality. Processes have to be constantly monitored and continuously improved.

With specific reference to the hospitality industry, Juran's methodology signifies continuous improvement of quality in every aspect of the establishment, from reception to housekeeping. Juran's methodology means that when actions do not give the desired results it is possible to start all over again.

This methodology allows the utilisation of different quality tools to foster a better understanding of the relationships at every stage of the establishment. Juran's theory applies to the hospitality industry in that it is well-structured and allows the establishment ease of implementation, understanding and application.

Juran ascertains that in order to keep up with the emerging competition, quality improvement should aim at raising quality performance to the next level. With reference to the nature of this study, Juran mentions that, in its original form, quality means conforming to factory specifications in the manufacturing industry (Juran 1992:19-24). Although the focus of modern business has shifted towards service and technology, quality has become responsive to both the internal and external customer, irrespective of the type of industry. This is true specifically for the hospitality industry.

Sections 2.6 and 2.7 of Chapter 2 of this study clearly describe other important models used for the assessment, evaluation, measurement and improvement of service quality.

3.10.4 Dr K. Ishikawa

Ishikawa (in Pitout 2007:6) developed seven basic tools of quality which encapsulate a set of analytical diagrams and charts. These diagrams and charts were designed to identify the cause of quality defections or possible difficulties experienced in an establishment. The most renowned chart is the Cause and Effect diagram or otherwise referred to as the Fishbone diagram.

Ishikawa also advocated and supported an establishment-wide approach to quality (Pitout 2007:6; UK Department of Trade and Industry 2007).

From the preceding discussion of the work of quality theorists, it can be determined that the following forms an overarching theme with reference to the theory of TQM:

- A. Quality is a function that has to be initiated and driven by an establishment's management.
- B. Quality is an establishment-wide function and thus should involve the entire company.
- C. Quality improvement is a continuous cycle of assessment, planning, implementation and re-assessment (Pitout 2007:8).

3.10.5 Feigenbaum model for Total Quality Management

It can be stated that Feigenbaum is the originator of the term total quality control. Total quality control is defined by Feigenbaum as an effective system for incorporating the quality development, maintenance and quality improvement efforts of the various departments in an organisation. Feigenbaum states that the integration of quality control at all levels enable departments within the organisation to operate at the most economical levels which ultimately contributes to full customer satisfaction (The received wisdom on Total Quality Management 2013).

Von Ho (2011:15) states that Feigenbaum considers quality as an organisation's greatest investment. Feigenbaum defines quality as a way of managing customer satisfaction, lower costs and the effectiveness of human resources. With reference to customer satisfaction, Feigenbaum states that it is imperative that, during the life cycle of the quality process, customers' expectations be met. The aforementioned can be supported by the following critical aspects which Von Ho (2011:15) derived from Feigenbaum quality control perspective namely: careful planning, product design, customer feedback and the use of statistical tools. Furthermore it is suggested that the

implementation of a quality control programme must be occur gradually from within the organisation (Quality Management in Hospitality 2013).

Feigenbaum's believes that total quality control is an effective system for integrating quality development, maintenance and quality improvement efforts of the various departments in an organisation. Feigenbaum states that the integration of quality control at all levels enable departments within the organisation to operate at the most economical levels which ultimately contributes to full customer satisfaction. Furthermore, the concept of a "hidden" plant the idea which refers to the fact that so much additional effort is provided when correcting mistakes and the aforementioned creates that there is effectively a hidden plant within any factory. Another contribution of Feigenbaum relates to the accountability for quality in that quality is everybody's responsibility. It can be stated that the concept of quality must be effectively managed and should be envisioned by implemented at the highest levels of management (Armand Feigenbaum 2014).

Further to the above, Feigenbaum reiterates the fact that quality does not necessarily refer to the best but rather encapsulates the best for the customer as well as the selling price. Research indicates that Feigenbaum perceived quality control as a management tool which includes four (4) steps namely identifying and setting quality standards, appraising conformance to these identified standards, responding whenever standards are exceeded and planning for improvements in these standards (Armand Feigenbaum 2014).

As mentioned earlier, the effective control over factors that affect product and services quality is regarded as requiring controls during all stages of the production or service delivery process. Feigenbaum classified these quality controls into as new-design control, incoming material control, product control and special process studies (Armand Feigenbaum 2014). It essence, Feigenbaum perceived quality as the single most important force which become the catalyst to organisational success and company growth on national and international platforms. Furthermore, it is argued that, quality is in its entirety renders a way of managing the organisation in that quality becomes an essential element of modern management (Armand Feigenbaum 2014).

It can be stated that Feigenbaum's theory of total quality management encourages management to shift focus from managing outcomes to rather managing and improving processes. Feigenbaum reiterates the fact that quality performance develops when each part of the process works, i.e. each department in an organisation, as well as the relationship of each part to the process. Ultimately, process improvement should continuously be prioritised to achieve the highest potential benefit for the customers (TQM Diagrams 2013).

3.10.7 The ISO 9000:2000 quality management standards

In terms of the systems approach to management, it is widely believed that a proper quality management system is the foundation for quality processes, output, products and services. As a result of the increasing attention given to quality in establishments around the world, the International Establishment for Standardisation developed, in 1987, a set of standards known as ISO 9000:1987 (Pitout 2007:8). These standards must apply in each establishment's QMS.

This set of standards was developed to produce sector specific standards, such as QS-9000 for the automotive industry, AS9000 for the aerospace industry, and ISO 14000 for environmental management (Pitout 2007:8; History of Quality 2014).

In pursuit of refining the ISO 9000 set of quality standards, the ISO 9000:2000 was developed along with the further development of ISO 9001:2000 which is an internationally recognised standard for Quality Management Systems (Pitout 2007:8).

3.10.8 Relevance of TQM to hospitality

The hospitality industry has been slow in familiarisation of TQM. The aforementioned is corroborated in the empirical study presented in Chapter 5 of this study. Further emphasis should be placed on the fact that the main product offering in the hospitality industry is predominantly the service

provided to customers. What sets a company in the hospitality business apart from its competitors is the quality of the service provided.

Other product offerings of hospitality such as food, beverage and accommodation are certainly important to ensure customer satisfaction but the most important issue regarding quality in the hospitality industry is still the area of service, and ensuring a high quality of interaction between customer and hospitality staff.

3.11 THE ROLE OF TOTAL QUALITY MANAGEMENT IN THE GUESTHOUSE SECTOR

Chartrungruang *et al* (2006:51-57) state that the concept of TQM has been widely applied within the hospitality industry. Many hospitality and lodging establishments have attempted to implement TQM requirements in daily operations (Chartrungruang *et al* 2006:51-57; Boella 1986; Umbreit 1987; Redman & Mathews 1995; Roberts 1995; Go, Monachello & Baum 1996; Soriano 1999). However, relatively few establishments have become what might be described as TQM establishments.

Chartrungruang *et al* (2006:51-57) state that the aforementioned is due to failure to satisfy or adhere to basic TQM criteria, whilst other attempts to implement TQM practices were purely discontinued.

At this point it should be noted that if the implementation of TQM principles in large accommodation establishments such as hotels has failed, what is the probability of successfully implementing TQM practices in smaller accommodation establishments such as in guesthouses or bed and breakfasts? Chartrungruang *et al* (2006:51-57) reassure that despite the apparent low adoption of TQM principles, many commentators and researchers continue to encourage hospitality accommodation establishments to increase their emphasis on the implementation of TQM principles and practices.

Research indicates that quality can be discussed under two themes namely product features and zero deficiencies (Juran 1992:21). Product features encapsulate characteristics of products and services. An example particular to the hospitality industry includes in-room Internet access or express check-out service. In terms of zero deficiencies, examples include consistently fast service delivery, the absence of

customer complaints, and the consistent provision of high service quality standards (Juran 1992:21-22). Star-graded guesthouses usually deliver better product features and fewer deficiencies, as accreditation signifies higher quality service. The two aspects of quality influence different components of a service operation.

Juran (1992:23) states that product features impact service quality by increasing customer satisfaction, which in return allows premium prices evident at five-star graded guesthouses. Premium pricing fosters increased market share as well as increased sales. A zero tolerance on product deficiencies reduces errors and customer dissatisfaction which have major effects on costs (Juran 1992:24). It is therefore imperative that hospitality managers consistently monitor and control these two aspects of quality.

Tuntirattanasoontorn (2005:31) states that services are increasingly becoming important both domestically and internationally. In pursuit of profitability, many establishments have attempted to implement strategies to differentiate themselves. One strategy that is related to success is the delivery of high service quality (Tuntirattanasoontorn 2005:31).

Service quality improvement has been the subject of many studies and it is generally accepted that it has positive implications for an establishment's performance and competitive position in the market place. It should be noted that regardless of the vast number of research done in the area of service quality, quality-related issues in the guesthouse industry have received very little research attention within the context of 4- and 5-star guesthouses situated in the Western Cape.

Tuntirattanasoontorn (2005:38) and O'Neill (2001:159) note that an establishment's success can be measured in terms of its ability to consistently and continually satisfy customers. Customers are increasingly demanding value for money in terms of the price of quality, the perception of quality and actual quality of the product or service being delivered. The increasingly competitive nature of the hospitality environment necessitates that industry professionals satisfy and maintain the existing customer base in order to increase market share (Tuntirattanasoontorn 2005:38).

O'Neill (2001:159) and Tuntirattanasoontorn (2005:39) have observed that the hospitality industry is investing heavily in elevating quality standards through human

resource development initiatives as well as vocational qualification schemes. Oliver (1996:7) suggests that these initiatives belong to the TQM movement which enables the company to advocate establishment strategies and changes which transform it into a more customer-friendly business.

TQM has been described as a holistic management approach that centres upon the management of quality (Du Toit, Erasmus & Strydom 2010:235). Other authors affirm that TQM is a management framework which can be implemented as a discipline to protect and reduce errors in the establishment and create value in each work process in order to meet the success of operational functions in the areas of customer services, marketing, human resources, finance and accounting (Tuntirattanasoontorn 2005:49; Makasiranont 1998).

Tuntirattanasoontorn (2005:50) suggests the following basic concepts for setting up a quality plan for measuring and increasing quality through the implementation of TQM as a management system:

- A. Customer satisfaction should be at the centre of TQM plan since it is the key factor in an establishment's survival in the long-run.
- B. The establishment of a vision, mission and objectives together with a plan for all services offered are required to create strategic positioning.
- C. The study, understanding and anticipation of customer needs are necessary to serve customers appropriately.
- D. A thorough analysis of the company's and competitors' strengths, weaknesses, opportunities and threats is essential to understanding competitive position.
- E. Unique and creative ideas presented by management and staff are one of the key success factors.
- F. Cooperation, participation and commitment from all staff members should be encouraged in order to gain information.
- G. Sub-strategies are required as much as possible and then main strategies need to be selected to enhance the quality of the strategic plan.

This study proposes TQM processes and strategies which enable 4- and 5-star guesthouses, situated in the Western Cape, to sustain higher levels of occupancy and to identify appropriate quality measures in order to obtain data. Once these 4- and 5-

star guesthouses have identified measurement techniques, no further difficulties should be experienced in implementing TQM measures.

While the techniques described in Chapters 2 and 3 of this study will require further development and adaptation to different service environments, it will become clear that TQM in its entire capacity is applicable to the hospitality industry, with specific reference to the guesthouse industry in South Africa.

3.12 APPLYING PDCA-CYCLE AND OAKLAND MODELS FOR TQM IN GUESTHOUSES

3.12.1 The PDCA- cycle

The PDCA Cycle, acronym for Plan-Do-Check-Act-Cycle, was adopted by Deming in order to provide a framework for the improvement of a process or system. The model can be used to guide the entire improvement of processes or to develop specific processes once target improvement areas have been identified (PDCA 2014).

It should be noted that the PDCA Cycle was designed to be used as a dynamic model. The completion of one turn of the cycle flows into the beginning of the next cycle. Implementing the PDCA cycle facilitates the use of information from the first cycle, which can be adjoined by the utilisation of information derived from a second, more complex trial identified (PDCA 2014). The PDCA cycle's components can be described in the following way (PDCA 2014):

- A. *Plan:*** Collect and analyse data which is aimed at actions, improvements and accomplishments to be achieved in a given time frame. In this phase, an analysis should be done on what the business intends to improve, which includes the investigation of areas that hold opportunities for change. These identified areas should offer the most return for the efforts implemented to attain more profitability at the end of the day.
- B. *Do:*** This phase encapsulates the execution of the necessary actions as defined in the preceding planning phase.

- C. Check:** Monitor or check the implementation of the proposed changes, by collecting data, in order to determine whether the executed actions have resulted in the achievement of the plan's objectives. This is a crucial step in the PDCA cycle. The implementation of change should be accompanied by an assessment of outcomes in order to determine whether they meet the desired level of improvement.
- D. Act:** This stage necessitates the implementation of the necessary changes by standardising those which are known to achieve the plan's objectives. It is suggested that, after planning a change, implementing and monitoring the changed process, one must decide whether it is worth continuing with that particular change.

The PDCA cycle is outlined in Figure 19.

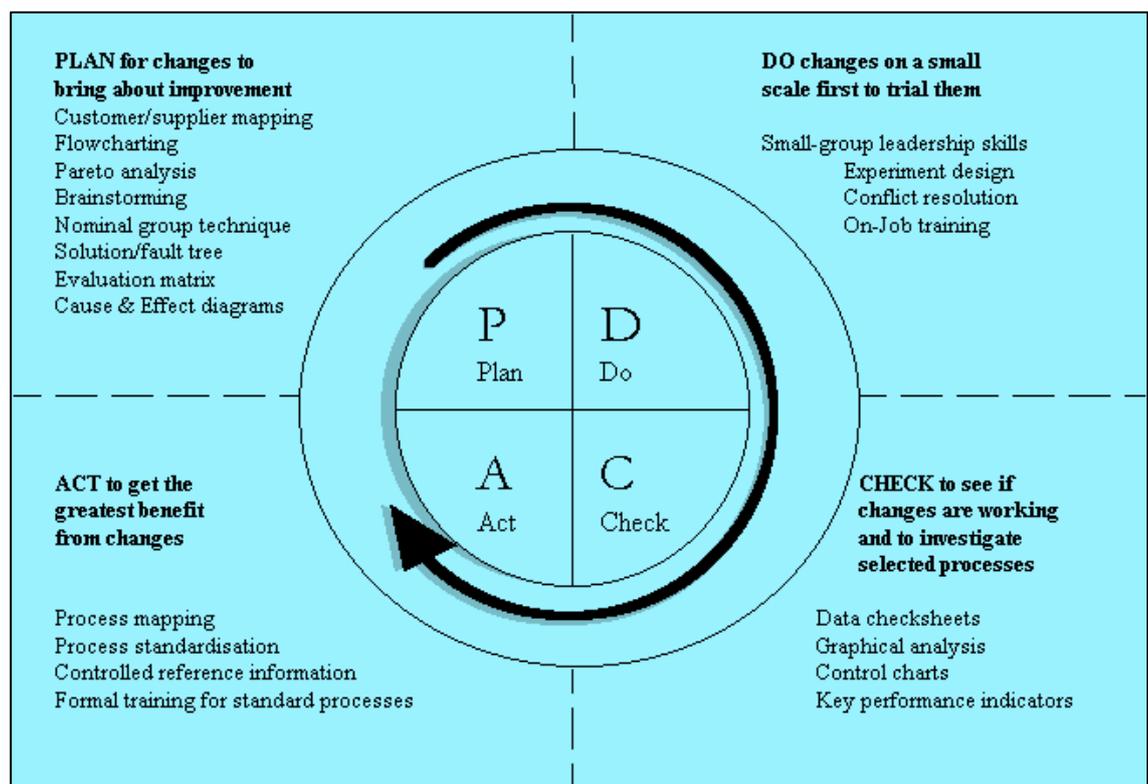


Figure 19: The PDCA cycle. Source: hci.com.au/hcisite3/toolkit/pdcacycl.htm

3.12.2 The Oakland model for TQM

Oakland (2011:474) presented a model for TQM and was later awarded for his simple model which can be applied to complex organisational settings. The original TQM model created by Oakland is even less complex (see Figure 20).

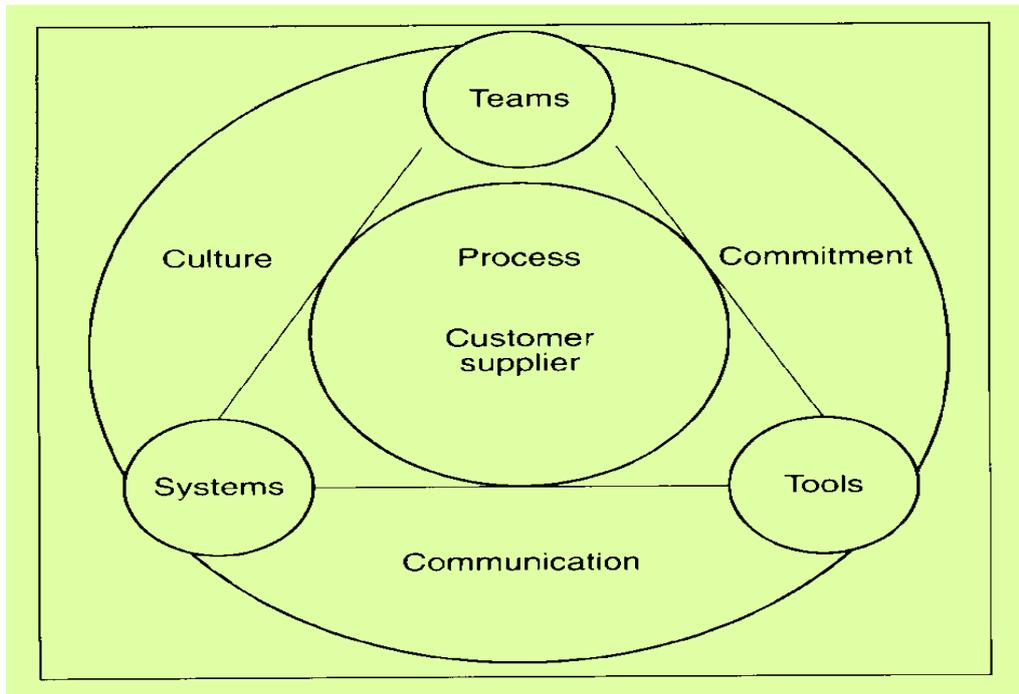


Figure 20: Oakland's initial TQM Model. *Source: Letza & Gadd (1994)*

This model is based on what Oakland refers to as “The four Ps and three Cs of TQM” (Oakland 2003:27) and is shown in Figure 21. TQM and the main components of TQM (depicted in Figure 21) were incorporated in the measuring instruments for the empirical survey (see Chapter 4). The TQM model presented in Figure 21 underpins the four Ps which represent the hard management factors.

In terms of quality measurement and improvement in guesthouses, these factors have to be considered when TQM is implemented in a guesthouse. The three Cs encapsulate soft management factors which need to be integrated into the four Ps in order for TQM to be implemented effectively (Pitout 2007:8; Oakland 2003:26-27). This study supports the fact that Oakland's model for TQM productively integrates all its key aspects. This research will provide a detailed description of the key factors of Oakland's TQM model in order to assist managers of guesthouses to perceive and implement it effectively.

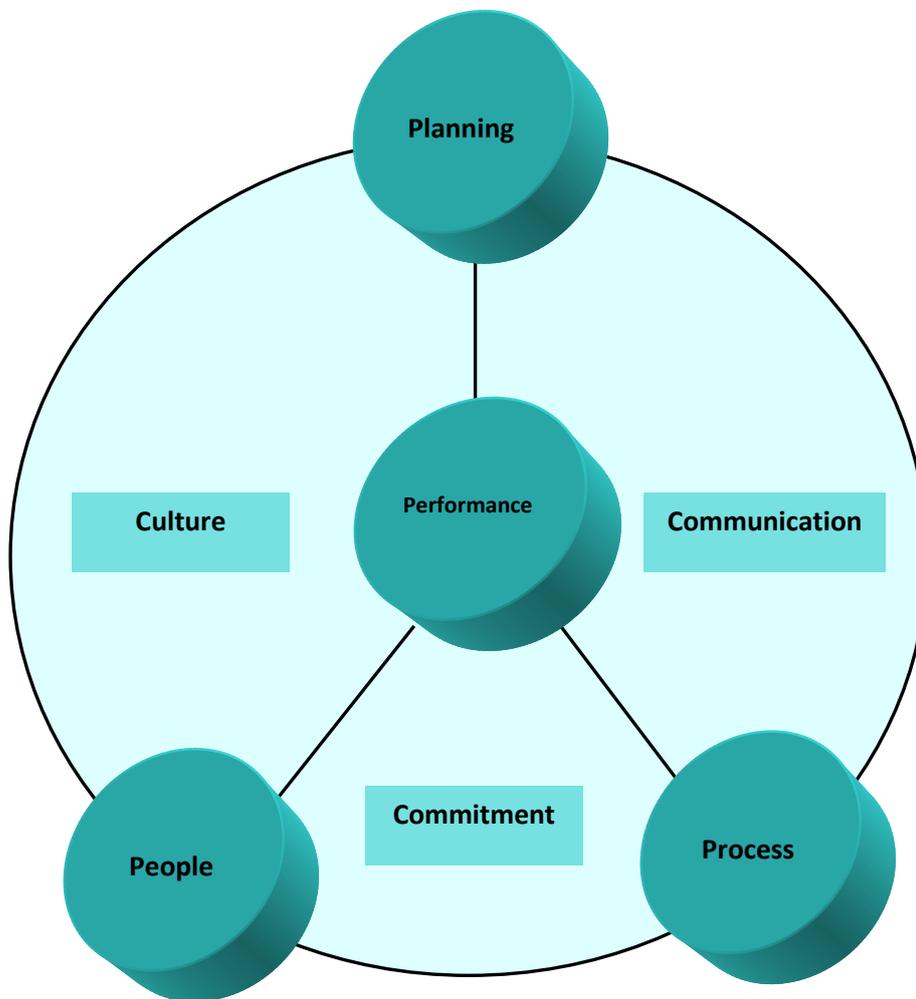


Figure 21: Oakland's model for Total Quality Management. *Source: Oakland 2003:27*

The four P-factors of the Model can be described as follows:

A. *Planning*

Planning for the implementation of TQM in guesthouses should include an evaluation of the entire establishment. This evaluation creates a redeployment of efforts towards the recognition of the guesthouse's vision, mission, objectives, processes and procedures as well as the current establishment structure (Pitout 2007:9).

Refocusing on the guesthouse's vision and mission will give it the opportunity to revise processes and structures enabling the achievement of its goals and objectives (Pitout 2007:9). Oakland (2003:27) reiterates that the development and deployment of policies and strategies enables the establishment to create appropriate partnerships and allocate resources effectively. Furthermore, consideration must be given to each of the above-mentioned elements which play an imperative role in the design of quality products and services.

B. Performance

Oakland (2003:27) states that establishments should invest time and effort in establishing a performance measurement framework which enables them to carry out self-assessment, audits, reviews and benchmarking. The aforementioned measurement frameworks have associated developmental and implementation costs which need to be balanced with the value added to the establishment. Various models can be used by establishments to perform self-assessments. These models include the Deming Prize, the Baldrige Award or the European Foundation for Quality Management Excellence Model. Pitout (2007:27) is of the opinion that the aforementioned models can be used in a number of approaches which include workshops, audits and surveys.

Oakland (2003:27) reinforces that benchmarking is another technique that can be used to measure establishment performance. Benchmarking facilitates processes in which the establishment can compare its operations, products, and services to those of competitors. The aforementioned enables a guesthouse to compare its level of quality service to established industry standards as well as internal standards.

Oakland (2003:27) concludes that the purpose of benchmarking is to establish the perspective of how well an establishment is performing in comparison to its competitors in order to challenge current practices and standards and to ultimately set goals for improvement.

C. Processes

Pitout (2007:11) agrees with Oakland (2003:27) and notes that all activities in an establishment can be viewed as processes. Managing each of the core processes of the establishment provides it with the ability to improve performance.

To assist managers of guesthouses in understanding their establishment's processes better, Oakland (2003:27) suggests that flowcharts should be utilised to graphically document its processes. The aforementioned provides managers with the opportunity to determine whether current

processes necessitate complete re-design in order to achieve optimally high quality service levels.

The guesthouse industry in South Africa has accreditation and grading bodies in place which exemplify industry standards and which can assist managers of guesthouses to implement processes which enable them to adhere to industry standards.

These authoritative bodies were thoroughly discussed in Section 3.8 of this Chapter. Oakland (2003:27) proposes that an appropriate Quality Management System (QMS) must be established within an establishment which will assist management to control the quality of the establishment's processes including its products and services. The ISO 9000:2000 was developed along with the further development of the ISO 9001:2000 which is an internationally recognised standard for QMSs (Pitout 2007:8).

Oakland (2003:27) states that the ultimate goal of a QMS is to ensure continuous incremental improvement of an establishment's processes which, when considering the guesthouse industry, becomes vital when being graded or accredited as a 4-to 5-star quality service guesthouse.

D. People

According to Oakland (2003:27), the most valuable resource in an establishment is its human resources. It is an incontestable fact that people form an essential part of hospitality practices and services because one of the characteristics of services is that they cannot be rendered separate from their providers. Furthermore, the provision and consumption of services happens simultaneously because of the human factor involved. Pitout (2007:11) recognises that establishments need to place emphasis on quality which is also aligned with their Human Resource Management (HRM) policies and the strategic goals of the establishment. Pitout (2007:11) further states that employees should be empowered by and involved in their establishment. Training employees in providing high quality services should be one of the key prerogatives of guesthouses' efforts to improve quality of service.

Oakland (2003:27) encourages managing human resources through teamwork, more open channels of communication and clear leadership structures. With reference to the aforementioned, in order to develop a culture which accepts the TQM approach, effective communication with employees must be achieved (Oakland 2003:27). Employees must be educated to understand their individual roles in the TQM process and enlightened on the benefits the TQM process offers (Pitout 2007:11; Oakland 2003:27).

The combination of empowered and trained employees, well-structured teams which operate productively and effectively and adequate leadership and communication foster cultural change for quality and also encourage employee commitment to the TQM efforts of the establishment (Pitout 2007:12; Oakland 2003:27).

Oakland (2003:28) reinforces the importance of the three Cs in the new model for TQM, which includes communication, culture and commitment. It can be concluded that the integration of these elements would assist managers of guesthouses to implement the TQM process successfully in order to prevail in the competitive hospitality industry.

3.13 THE RELATIONSHIP BETWEEN THE STAR-GRADING SYSTEM FOR GUESTHOUSES AND TQM

TQM revolves around the assumption that focused management action is the key to improved quality of work and establishment. This in turn leads to quality at a competitive cost and, therefore, satisfied customers and a resultant growth in market share.

This study adopts the principle that the main management concept utilised to enhance quality, with specific reference to the level of service quality in guesthouses, is TQM. TQM is a management philosophy and system that focuses on improving the quality of a company's products and services and stresses that all company operations should be oriented toward this goal (Hill & Jones 1995).

The TQM process can be further described by the eight basic TQM principles.

- A. The first principle is that TQM must be management-led (Institute for Hospitality Training Student Learning Guide 2010: 127-128).
- B. Secondly, the scope of TQM and the implementation thereof should be an establishment-wide endeavour.
- C. The third principle is connected to the second and the scale of TQM, in that everyone in the establishment is responsible for quality.
- D. The fourth key principle pertains to the philosophy encapsulated by TQM and its focus is on prevention and not just the detection of poor quality standards (Institute for Hospitality Training Student Learning Guide 2010: 127-128).
- E. The fifth principle focuses on the means by which TQM is implemented, in that it should control the entire process in pursuit of attaining higher quality standards.
- F. The sixth principle centres on the specific standard that is derived from the implementation of TQM namely to get it right first time, every time.
- G. The measurement of TQM is the seventh core principle embedded in TQM in terms of the cost of quality. Measurement is linked to the fact that it is less expensive to prevent poor quality delivery than rectifying already poor quality provision.
- H. The eighth principle encapsulated in TQM refers to the fact that it should be orchestrated to such an extent that it becomes the overarching theme of everyday operations, facilitating continuous incremental improvement (Institute for Hospitality Training Student Learning Guide 2010: 127-128).

The guesthouse sector, as one part of hospitality industry evolved from the very modest beginning of families and landowners who opened their homes to travellers to the high-rise properties of today which consist of thousands of guest rooms.

The correlation between the grading of guesthouses and the 8 principles of TQM is underpinned in the next Sections of this Chapter.

3.13.1 The first principle of TQM

The first principle of TQM is that it is led or initiated by management. Star-grading is awarded to an accommodation establishment by the TGCSA (Tourism Grading Council of South Africa) according to specific criteria. With this grading, one star is the minimum and 5 the highest merit. A description of the various guest accommodation accreditation and grading associations in South Africa was underpinned earlier in this Chapter.

For TQM to be introduced successfully there has to be top management commitment, demonstrated through active involvement, setting clear goals and a vision for the establishment and integrating TQM into the strategic quality planning processes. Thiagarajan and Zairi (1997:270-286) state that everything starts with a committed and passionate leader of the business establishment, a leader who really believes in making fundamental changes. The implementation of TQM towards adhering to quality improvements demands total commitment of management (Dale 1998:134-137). The importance of the role of senior managers as advocates, teachers and leaders cannot be over-emphasised. These leaders must serve as role models throughout the establishment, reinforcing quality values at all levels through the application of appropriate techniques and tools.

The first principle of TQM, namely, that it is led by a higher authoritative body, is reflected in that the star-grading process relies on accreditation of guest accommodation establishments by various independent bodies.

3.13.2 The second principle of TQM

This principle refers to the scope of TQM and its implementation which should be an establishment-wide endeavour. This is reflected by accreditation and grading bodies which make it their prerogative to train management and staff in the principles and procedures of delivering high quality service in order to obtain star-grading. An example is BABASA discussed earlier in this Chapter.

Furthermore, BABASA has arranged workshops and seminars initiated by the TGCSA which inform and train management and staff of establishments on

the National Responsible and Sustainable Environment Standards of going green as well the revision of TGCSA's grading and accreditation criteria. Crosby (1989) refers to the need for all individuals in the establishment to understand their roles in establishing high quality service levels.

Without employee participation, the TQM process cannot be implemented successfully and establishment objectives cannot be achieved. Formal communication from management keeps employees abreast of the company's quality initiatives. The critical importance of employee involvement in the quality process of an establishment is based on the belief that the best process innovation ideas come from people actually doing their jobs (Thiagarajan & Zairi 1997:270-286). Greater employee involvement in provision of high levels of service quality can only come about when employees are aware of the fact that the establishment acknowledges and values their opinion (Thiagarajan & Zairi 1997:270-286).

3.13.3 The third principle of TQM

The third principle refers to the scale of TQM and that everyone in the establishment is responsible for quality. Guesthouse management has the responsibility to expose staff to the principles of quality and TQM in order to ensure that guests receive consistently high quality service throughout their stay.

It is an undeniable fact that the guesthouse industry is a labour-intensive industry. Its success depends not only on the social skills of its external staff but also on the technical skills of its personnel, together with their ingenuity, hard work and their commitment and attitude (Mohinder & Katou 2007:576-594). The success of the hotel industry depends on the quality of its employees and their effective management in order to assist establishments in achieving their objectives.

3.13.4 The fourth principle of TQM

This principle pertains to the philosophy encapsulated by TQM regarding its focus on prevention and not just the detection of poor quality standards. Customer satisfaction is one of the most valuable resources that an

establishment can possess in a saturated and competitive market such as the guest accommodation sector (Gundersen *et al* 1996:72-81). Service quality is a strong determinant of customer retention and future patronage (Parasuraman, Zeithaml & Berry 1994:111-124; Gunderson *et al* 1996:72-81; Kandampully & Suhartanto 2000:346-351). Guesthouses that provide distinctive levels of superior service quality to first-time guests that visit them can thus create a sustainable competitive advantage over their competitors and foster customer retention.

3.13.5 The fifth principle of TQM

This principle pertains to the means by which TQM is implemented. TQM should be used to control the entire process in pursuit of attaining higher quality standards. A central core value in TQM is that all products and processes should always have a customer focus.

The hospitality industry revolves around guests who value quality, thus TQM should always be viewed in relation to their needs and expectations (Oakland & Beardmore 1989:135-148). Satisfying customer requirements better than the competition is widely recognised today as key to success in hospitality and guest-lodging establishments. Establishments operating in a service-dominated industry should be dedicated to delivering high quality service in order to satisfy guests. This effort should be applied continuously since quality of service can be weakened if competitive products with better characteristics enter the market.

The grading of guesthouses increases the focus on the customer by ensuring high service quality for guests. The grading of guesthouses ensures high service quality standards and adheres to the principles of TQM as TQM should be used to control the entire quality process in pursuit of attaining higher quality standards.

3.13.6 The sixth principle of TQM

This principle centres on the specific standard that is derived from the implementation of TQM. The tourism industry in South Africa is guided by a range of different tourism principles and standards, including general

principles and codes of conduct, reporting initiatives, benchmarking as well as objectively reviewed certification and award schemes (Mahony 2006:39).

Nelwamondo (2009:28) affirms that the grading of guest accommodation establishments encapsulates quality dimensions. In practice it is common for almost all types of tourism accommodation establishments to adhere to certain standards.

The implementation of TQM supports the adherence to certain standards such as the principles and standards adhered to by guesthouses when being graded or accredited.

3.13.7 The seventh principle of TQM

This principle pertains to the cost of quality. It is less expensive to prevent poor quality delivery than to rectify poor quality provision. Research conducted by Reichheld and Sasser (1990:105-111) suggests that a 5% increase in customer loyalty might produce a profit increase of 25-85%. These researchers argue that the profitability derived from an individual customer grows as a business relationship develops.

Further research indicates that up to 60 per cent of increased sales from new customers can be attributed to customer recommendations from loyal customers (Reichheld 2003:46-54). Similarly, Grönroos (2000) indicates that, in most businesses, loyal customers are willing to pay a premium price. The long-term benefits of loyal customer-supplier relationships can be significant to any hospitality firm, as guests that are retained reflect directly on the firm's long-term financial outcome. TQM centres on the principle that it is less expensive to prevent poor quality delivery than rectifying already poor quality provision and this correlates directly to the grading of guesthouses in that high quality service delivered by a graded guesthouse affirms the return of guests on the basis of good quality service delivered.

3.13.8 The eighth principle of TQM

This principle of TQM relates to its implementation to the extent that it should become the overarching theme of everyday operations, facilitating continuous

incremental improvement. The implementation of TQM at an establishment necessitates a continuous commitment from management to adhere and solve questions concerning quality. According to Bergman and Klefsjö (2003) management must establish a quality policy and support quality activities economically, morally and by managing resources. Successful work towards TQM must be built on the basis of continuous involvement from management.

3.14 IMPROVING 4-TO 5-STAR-GRADED GUESTHOUSES BY MEANS OF CORE TQM EFFICACY DIMENSIONS

Lungiswa (2009:29) explains that implementing TQM in hospitality establishments involves defining and developing several key elements. Research indicates that challenges pertaining to the implementation of TQM critical factors are the identification of these factors, as well as their measurement in terms of impact (Zairi & Youssef 1995:12). The implementation of TQM towards quality improvement also demands total commitment from management. (Dale 1998:134).

3.14.1 Key critical success factors of TQM

Critical success factors of TQM include latent variables which are indeterminate. TQM in its entire capacity includes more than critical factors, it also includes components which provide prerequisite, practical tools and techniques for incremental quality improvement (Lungiswa 2009:29).

This study involves research on the critical success factors (CSFs) associated with managing successful TQM implementation in the hospitality industry specific to 4- and 5-star guesthouses situated in the Western Cape, with the aim of better understanding these CSFs. These would prove useful not only to guesthouses attempting to implement TQM principles in order to sustain higher levels of occupancy and improve optimum quality levels, but also to guesthouses implementing other quality management programs.

This research will lead to better recognition of critical success factors of TQM implementation in guesthouses which derive advantages in the provision of higher quality service to guests. The need for and benefits of high quality service were thoroughly discussed in Chapter 2. Other advantages derived from offering higher service quality include competitive advantage, employee

satisfaction and increased working values, staff empowerment and involvement, customer satisfaction, customer loyalty and establishment sustainability.

Research indicates that TQM critical success factors include strategic elements such as staff involvement, emphasis on communication, a focus on the customer, and an awareness of the external market, the need to develop supplier partnerships, measurement of quality and emphasis on developing a culture geared towards quality improvement (Lungiswa 2009:29-31; Zairi & Youssef 1995:17).

Zairi (2002:35) states that the effectiveness of TQM on establishment performance can be measured by using self-assessment frameworks for quality management. The aforementioned can be executed by making use of the following models which include the European Quality Award (EQA), Deming Prize (Japan) and Malcolm Baldrige National Quality Award (MBNQA) (Zairi 2002:35). Research indicates that the two most frequently used self-assessment models are the MBNQA and the European Excellence Model 2000 (European Quality Award (EQA)).

Further analysis of literature in relation to the award examinations criteria of both the MBNQA and the EQA indicate the following critical success factors presented in Table 18.

Table 18: Critical success factors

MBNQA/EQA Criteria	MBNQA/EQA Critical factors for success
Leadership	Top management commitment and responsibility Top management involvement Role of divisional management Passion for excellence Inspire, guide, coach, and support improvement activities Share company values

MBNQA/EQA Criteria	MBNQA/EQA Critical factors for success
Policy and strategy	Quality goals and policy Strategic quality management and planning Performance tracking Mission and vision statement Strategic business and quality plans Inspection policy
Customer focus	Identifying customer needs Customer quality measurement Customer relationships Customer-satisfaction orientation Market research
Information and analysis	Comparative benchmarking Establishment performance measures Quality improvement measures Customer-satisfaction measures Managing supplier relationships Supplier performance evaluation Process partnership improvement
Human resource focus	Participatory environment Employee commitment Employee empowerment Top-down, bottom-up communication Teamwork Employee motivation (appraisal, rewards and recognition)

MBNQA/EQA Criteria	MBNQA/EQA Critical factors for success
	Employee satisfaction Human resource development Employee well-being and satisfaction
Process management	Continuous incremental improvement Service process design Process implementation Process management Process review and improvement Supplier and partnering processes Product and service processes
Business results	Stakeholder satisfaction Special impact Customer-focused results Financial and market results Human-resource results Establishment-effectiveness results

Source: Zairi (2002:35)

3.14.2 Top management commitment

For TQM to be introduced successfully there has to be top management commitment demonstrated through active involvement, setting clear goals and a vision for the establishment integrating TQM into strategic quality planning processes.

The implementation of TQM towards quality improvement demands total commitment from management (Dale 1998:134). The importance of the role of senior managers as advocates, teachers and leaders cannot be over-emphasised. These leaders must serve as role models throughout the

establishment, reinforcing the quality values at all levels in the establishment through the application of appropriate activities and techniques.

Senior management's involvement in activities includes meeting with employees and customers, giving formal and informal recognition, and receiving training and training others (Thiagarajan & Zairi 1997: 270–286). It is suggested that an application committee be assigned to assess the current situation in the establishment and implement the TQM process along with the above-mentioned activities.

Shahbazipour (2007:33) supports Juran's view (Juran 1993:34-40) in recommending seven critical areas which senior managers need to take into consideration in order to demonstrate their commitment to TQM and to ensure that TQM implementation succeeds in their establishments. These elements can be described as follows:

- A. It is imperative for senior management to set up and serve on the company's quality council.
- B. Senior management needs to establish corporate quality goals and objectives and integrate them as part of the business plan.
- C. Senior management needs to facilitate the provision of training for all employees in order to establish effective management of quality.
- D. Senior management needs to establish assessment techniques for measuring quality results against quality goals.
- E. Senior management should review results against quality goals on a regular basis.
- F. Senior management must provide rewards and recognition for superior quality performance.
- G. Senior management is obligated to revisit the reward systems, adjusting it in order to render it compatible with changes demanded by world-class quality.

3.14.3 Policy and strategy

A critical factor for success in the management of quality would appear to be attention to policy development, goal setting and planning and the effective deployment of goals (Thiagarajan & Zairi 1997:270–286). The successful implementation of TQM in any establishment requires the alignment of the efforts and commitment of every member of the establishment with its vision. Shahbazipour (2007:34) states that establishments that render services must possess a service strategy.

The aforementioned service strategy provides a focus point for all in the establishment from where they can direct their efforts in order to provide individual guests with customer-orientated service. The aforementioned necessitates that establishments clearly determine customer needs and expectations. Furthermore, when management uses the process of policy development and deployment, it must be certain that employees perceive the objectives of the company and are given an opportunity to contribute to policy development (Shahbazipour 2007:34-35).

3.14.4 Customer focus

A central core value in TQM is that all products and processes should always have a customer focus. The hospitality industry revolves around customer focus in that quality is valued by the guests and should always be put in relation to their needs and expectations (Shahbazipour 2007:34-35; Oakland & Beardmore 1989:135).

Satisfying customer requirements better than the competition is widely recognised today as key to success in the guest lodging industry (Shahbazipour 2007:36). Establishments operating in a service-dominated industry such as the hospitality industry should be dedicated to delivering high quality service in order to satisfy customers.

This effort should be applied continuously since quality of service weakens as competitive products with better characteristics enter the market. The grading of guesthouses increases the focus on the customer by ensuring high service quality.

3.14.5 Human resource focus

Human resource management plays an important role in moving a company toward TQM. In many guesthouse management structures, human resources fulfil four important roles namely as strategic partner, quality manager, change agent and employee advocate (Partlow 1996:67-77).

A. Employee involvement

Shahbazipour (2007:38) states that the implementation of TQM succeeds only with the involvement of employees in the entire TQM process (Thiagarajan & Zairi 1997:270-286). There is a need for every individual in the establishment to comprehend his/her role in the establishment of high quality service delivery and practices. Greater employee involvement in quality efforts is fostered when employees realise that the establishment values them (Thiagarajan & Zairi 1997:270-286).

B. Transformation of organisational culture

Arasli (2002:347-364) notes that TQM processes necessitate the transformation of an establishment's culture in order to utilise the dynamic energies of all employees for problem solving and decision-making purposes (Shahbazipour 2007:38; Arasli 2002:347-364).

C. Communication

Formal communication from top management keeps employees abreast of their company's quality initiatives. Partlow (1996:67-77) states that TQM should encourage bottom-up communication to ensure that employees' voices are heard by management.

Upward communication can be facilitated through focus groups, employee committees, open-door policies, and suggestion systems (Shahbazipour 2007:40; Partlow 1996:67-77).

D. Employee commitment

Shahbazipour (2007:41) states that one of the principles of TQM is the augmentation of their commitment to the process and its goal. The actions and behaviour of management can assist employees in identifying with the goals of the company in order to extend their commitment towards its success (Shahbazipour 2007:40).

Motwani (2001:292-300) states that employees must be orientated to a company's philosophy of commitment to continuous improvement, be informed of company objectives and made to feel a part of the team. Research indicates that employees' commitment can be measured by job satisfaction and pride in their work. Increased employee satisfaction leads to successful quality implementation in the service industry (Shahbazipour 2007:41).

E. Empowerment

Gupta, McDaniel and Herath (2005:389-402) state that empowerment is based on the theory which assumes that all employees of a firm have an underlying desire to produce good quality work and take pride in service delivery to customers. Empowerment strategies seek to motivate employees by appropriately authorising them with the autonomy to accomplish important establishment tasks.

Empowerment fulfils an imperative role as it facilitates giving employees the authority and autonomy to do their job and presents them with the opportunity to talk about "pride of workmanship", "self-improvement", "self-control" and "self-inspection" (Shahbazipour 2007:42).

F. Teamwork

Shahbazipour (2007:43) states that teamwork is a critical element if the implementation of TQM is to succeed. Successful establishments operate with and encourage team work which is implemented to assist in problem solving, improving quality and introducing new processes and products. Effective teams tend to have higher morale and productivity and take pride

in the job and the establishment. Employees who involve themselves in quality group activities are also better convinced of the benefits of the quality process (Shahbazipour 2007:44; Thiagarajan & Zairi 1997:270-286).

Creating teams and groups among employees does not necessarily guarantee a successful outcome. Establishments keen to promote integration through teams, create and sustain a system which promotes teamwork and eliminates barriers to successful performance (Shahbazipour 2007:44; Thiagarajan & Zairi 1997:270-286).

The aforementioned fundamental component of a TQM culture integrates the employee's physical and mental efforts, brings trust and delivers a synergistic augmentation of the TQM process (Shahbazipour 2007:44; Arasli 2002:347-364).

G. Training

The role of training in the TQM implementation process is crucial to any change effort according to Sullivan-Taylor and Wilson (1996:56-64). Thiagarajan and Zairi (1997:270-286) explain that employees suppress change except for when it holds rewards at the end of the day. Introducing new systems such as TQM without enabling employees to understand and participate in the implementation process is a prescription for disaster. The success of TQM rests on the acquisition of new knowledge, skills and abilities for the entire workforce. It should be added that training and education based on total quality must be carefully planned and provided if success is to be realised (Shahbazipour 2007:46; Thiagarajan & Zairi 1997:270-286). Top management of the best establishments, recognising the link between education and successful TQM, focus their implementation process around training (Thiagarajan & Zairi 1997:270-286).

Sullivan-Taylor and Wilson (1996:56-64) support the fact that the best method for ensuring employees can comprehend and effectively apply TQM principles is by means of gradual training from the top down through

layers of people. Change can be brought out through experience and experiential learning.

H. Employee satisfaction

Gupta *et al* (2005:389-402) state that customers often equate employees with the service delivered. Employees that are treated as valuable resources to the establishment will in turn treat customers with the same appreciation which will foster a committed workforce, prepared to give their best toward accomplishing establishment goals (Shahbazipour 2007:47-48).

Appreciation creates the impression with customers that they are recognised as an integral part of the establishment's continued existence and success. Appreciation allows the entire workforce to shift its focus towards customers which is the foundation of the TQM approach to management. The fact that guest houses operate under immense competition in the hospitality industry, requires management to nurture staff's mental and psychological states, including recognising achievement and fostering belonging to a group (Shahbazipour 2007:47). The recognition of achievement necessitates that management provide employees with timely performance appraisal systems in order to keep them informed regarding their job performances (Arasli 2002:347-364).

I. Rewards and recognition

Recognising employee contributions is a key element of quality management. Recognition is one of the most important procedures in the quality improvement process. Shahbazipour (2007:49) concludes that rewards and recognition form an integral part in sustaining appropriate behaviour. Research indicates that rewards and recognition systems assist in the accentuation of the required customer responsive behaviour (Shahbazipour 2007:49; Sullivan-Taylor & Wilson 1996:56-64).

It can be stated that maintaining a TQM culture requires recognising and rewarding quality improvement and quality customer service (Shahbazipour 2007:49). Rewards do not have to be monetary. Other

incentive programs include rewarding employees with overseas trips or vouchers.

Thiagarajan and Zairi (1997:270-286) conclude that employees are motivated by different components and it is the responsibility of the establishment to ascertain what those components are.

3.14.6 Process management

All the work accomplished within an establishment can be viewed as part of a process which refers to a repetitive sequence of activities (Shahbazipour 2007:51). The aforementioned emphasises adding value to each process, constantly increasing quality levels and raising productivity per individual employee (Motwani 2001:292-300). The inherent goal of processes is to produce quality products or services which will satisfy the customer.

The corollary of focusing on processes is that the focus is not on the end results. The result comes from whatever process is implemented as the process determines the result (Shahbazipour 2007:51). Processes generate data which are used as an indication of how well the process is satisfying its customers when implemented. Not every single piece of data should be analysed separately, for instance a customer complaint, but should be treated as part of the statistics, which produces information on how processes can be improved (Shahbazipour 2007:52).

3.14.7 Managing suppliers

Shahbazipour (2007:52-53) notes that no total quality process is complete if it does not address the issues related to the process of managing suppliers. This notion stems from the quality management philosophy of “prevention rather than detection”. Total quality establishments aim for “design and purchase” quality, rather than “inspecting” quality to produce services and products that meet customer requirements (Thiagarajan & Zairi 1997:270-286).

As most hospitality businesses are reliant on suppliers of, for example, food and beverages the relationship between the hospitality establishment and suppliers is very important. It is important to acknowledge the fact that

suppliers have the ability to place and recommend business to their customers, for example, each of the suppliers employ staff who will book somewhere to have their Christmas party, wedding reception or anniversary or birthday celebration dinner. When taking the aforementioned into consideration, having a good relationship with suppliers generates business. More business generates revenues resulting in a profit for the business.

3.14.8 Communication for quality

Kanji and Asher (1993) state that communication is part of the cement that holds together the bricks of the total quality process supporting the principle of people-based management. Establishments should recognise that communication can determine success or failure of the implementation of the TQM process. Effective communication can be seen as a means of maintaining enthusiasm for quality initiatives within the establishment (Shahbazipour 2007:53; Thiagarajan & Zairi 1997:270-286).

Open, two-way communication should be established to foster good relationships between management and employees, which is vital if quality is to form an integral, everyday part of business operations. Communication also fulfils a vital role in the empowerment of employees. If employees are to share in the establishment's decision-making processes, they must perceive and value company objectives and goals (Shahbazipour 2007:53).

3.14.9 Benchmarking

The primary objective of benchmarking is performance improvement which subsequently supports the entire objective of implementing TQM (Zairi & Youssef 1995:5-20).

Benchmarking is another tool for managers to utilise in order to encourage the improvement and setting of high quality standards throughout the establishment. Benchmarking can be perceived as a tool necessary to establish how well a certain business is performing in relation to industry best standards.

The aforementioned pertains to examining all aspects of establishments and comparing them with similar businesses. According to Shahbazipour (2007:53), the main objectives of benchmarking are to:

- A. Identify key performance measures for each function of a business operation;
- B. Measure the establishment's own internal strengths and weaknesses against those of leading competitors;
- C. Compare actual performance levels;
- D. Identify areas of comparative advantage and disadvantage; and
- E. Implement programs to close the performance gap between internal operations and leading competitors.

3.15 SUMMARY

In this Chapter it has been determined that South Africa has for the past decade enjoyed its share of the growth in global tourism. South Africa has become increasingly popular also as a result of the affordability to visit South Africa compared to many other destinations. However, foreign guests have become extremely critical of the quality of service and hence service quality management has become one of the major challenges for managers in the accommodation sector of the hospitality industry in South Africa. As a result, the need for TQM as a quality measuring and management system has become increasingly important in the hospitality industry and accommodation sector in particular.

Globally, as well as on home ground, guesthouses have become a very popular alternative accommodation to the more established sectors such as hotels. The demand for guesthouses has increased in South Africa, particularly after the country hosted the 2010 FIFA World Cup. Similarly, the demand for grading of guesthouses with the aim of ensuring the management of product and service standards have been researched and noted in this Chapter. South Africa has various bodies involved in the grading of lodging and hospitality establishments with the aim of measuring and therefore broadly managing the standards of service delivery. The research in this study indicated that star-grading is dominantly applied throughout the process of

grading guesthouse in South Africa. A review of the development of tourism industry standards widely applied throughout the tourism, lodging and hospitality industry was illuminated.

This Chapter determined that for any establishment to succeed in today's competitive business environment, it is imperative to develop a competitive advantage, which will differentiate the establishment's product and service offering from that of its competitors. Throughout this Chapter it was reiterated that TQM can contribute to creating a competitive advantage for the guesthouse sector. TQM and its efficacy dimensions can assist managers with service quality management because TQM focuses on meeting the needs and expectation of customers, involves staff and management, the internal and external customer, considers the costs which are related to quality, develops systems and procedures which support quality and aims at continuous incremental improvement in quality service delivery. The role of TQM in service quality measurement and improvement, including holistic approaches from TQM theorists, was discussed in this Chapter.

TQM is a management system that focuses on improving the quality of a company's products and services and stresses that all company operations should be oriented toward this goal (Hill & Jones 1995). This necessitates a study of the correlation between the grading of guesthouses and the 8 principles of TQM, which was underpinned in this Chapter.

TQM in its entire capacity includes more than just critical factors. This chapter expounded critical success factors (CSFs) associated with managing a successful TQM implementation in the hospitality industry specifically in 4- and 5-star guesthouses situated in the Western Cape, in order to better understand their relative role in effective TQM implementation. The aforementioned proves to be useful not only to guesthouses attempting to implement TQM, but also to guest accommodation establishments which are implementing other quality management programs.

Several Quality Management Models have been studied by the researcher such as PDCA Cycle (Section 3.10.6) and the Oakland's TQM Model (Section 3.12) It can be noted that these models can be integrated with other management systems in order to facilitate the implementation of the efficacy dimensions of TQM in guesthouses in order to improve service quality levels and increase customer retention. The

integration of the Oakland Model for TQM and the PDCA Cycle is presented in Chapter 7.

Chapter 4 will show that, in order to address the research problem, the multiple research objectives and the importance of validity, it was decided to follow a qualitative and quantitative research strategy for the empirical survey which was based on a personal survey and the utilisation of multiple measuring instruments. The various measuring instruments applied throughout this study will be discussed in this Chapter. The study takes a qualitative epistemological position as it recognises the importance of locating the research within a particular social and cultural context. The aforementioned also takes seriously the social construction of these contexts and the identities participants construct within them.

Chapter 4 shall identify six (6) research objectives. With regards to the research environment, requirements for addressing a research problem includes that it should be practically feasible and clearly defined in terms of boundaries. The Chapter will provide an outline of the reasons why guesthouses in the Western Cape region formed part of the sampling process. The Chapter will indicate that the collection of research data was executed through *inter alia* the means of observation, consultation and interviews which all form measuring instruments applied in this study. Another form of data collection used was the employment of an objective observer. A structured observation protocol was developed to aid in field note collection. Questionnaires were also administered to managers, employees and guests.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

Chapter 4 elaborates on the research design and methodology to address the particular research problem as was stated in Chapters 2 and elaborated in Chapter 3. The personal survey utilised several measuring instruments which were designed based on the literature study (secondary research) and the utilisation of observation and questionnaires (primary research). The researcher also utilised qualitative measurement through the observation and informal interviews with owners, managers, staff and guests at the participating guesthouses.

The unit of analysis was 15 (fifteen) 4-to 5-star guesthouses situated in the Western Cape and the respondents were 15 owners/managers, 30 employees and 61 guests.

For purposes of triangulation, data was collected by means of surveys, observations and interviews with internal customers (owners/managers/staff) and with external customers (guests).

The researcher utilised the assistance of an objective observer. This person was required to complete questionnaires during interviews and to obtain information from guests relating to their experiences whilst staying at the appointed 4-to 5-star guesthouses. The objective observer had a strong profile of assessing service quality at various 4-to 5-star guesthouses and was familiar with the proposed standards that these guesthouses have to adhere to. The observer was also trained to implement the research methodologies as specified in this study. The observer visited the guesthouses in order to avoid obtaining ambiguous information.

This Chapter contains the research design and methodology as was applied by the researcher during the personal survey.

4.2 THE NATURE OF RESEARCH

Research can be described as a process of enquiry and investigation which encapsulates systematic and methodological processes whilst utilising appropriate methods to collect and analyse data (Slabbert 2011:46; Hussey and Hussey 2003:1).

Hawkins (1994:433) describes research as the systematic investigation of sources which enables the researcher to establish facts, in order to achieve new outcomes or collate previous literature by the scientific study of the subject or by a course of critical investigation. A variety of definitions exist pertaining to the concept research. Table 19 depicts a summary of the descriptions of research.

Table 19: Descriptions for research and research design

RESEARCH AND RESEARCH DESIGN
Social science research is a collaborative human activity in which social reality is studied objectively with the aim of gaining a valid understanding of it (Mouton & Marais 1992)
Research involves the application of various methods and techniques in order to create scientifically obtained knowledge by using objective methods and procedures (Welman & Kruger 1999:2).
Research can be seen as a process of expanding the boundaries of one's ignorance (Melville & Goddard 1996:14).
A systematic investigation to discover facts or collect information (Collins English Dictionary 2002: 462).
A studious inquiry of examination, having for its aim the discovery of new facts and their correct interpretation (Leedy 1993:11).

Source: Slabbert (2011: 47)

Methodology can be defined as the logical foundation of reasoned knowledge which is the essential tool of the scientific approach, along with factual observations. Furthermore, scientific methodology is a system of valid reasoning about factual observations which permits reliable inferences to be drawn from the factual observations (Slabbert 2011:48).

This study adheres to the above definition as it aims to solve the stated research problem through a well-defined and multi-dimensional methodical process of investigation, analysis and factual observations, personally controlled and managed by the researcher.

4.3 THE NATURE OF RESEARCH DESIGN

Research design refers to finding answers and seeking truths about a phenomenon (situation or problem) and demands an appropriate and suitable method of investigation (Steenkamp 2011). Other authors refer to research design as a plan from which one obtains research participants (subjects) and collects information from them. Hawkins (1994:141) states that research design is a preliminary plan, concept or purpose. Supporting the latter, Yin (1994:20) defines research design as the preparation of a working plan aimed at systematically assembling, organising and integrating data, in order to solve the research problem. Hussey and Hussey (2003:113) describe research design as the science and art of planning procedures for conducting studies with the objective of securing valid findings.

According to Mouton and Marais (1992:33) the aim of research design is to plan and structure a given study in such a manner that the eventual validity of the research findings is maximised. Yin (1994:19) explains research design as a logical sequence that connects the empirical data to a study's initial research question and ultimately, to its conclusions. A good research design will ensure the application of reliable methods (measuring instruments) which will directly determine the level of reliability and validity which are therefore significant design variables in the overall research strategy.

4.4 THE CONCEPTS OF RELIABILITY AND VALIDITY

Alshumaimeri (2001:1) explains that any type of research necessitates validity analysis. The objective of validity is to ensure that the scale of each item to be measured as well as each question of the questionnaire measures what they are supposed to measure. A scale is valid to the extent to which it measures what it is intended to measure (Alshumaimeri 2001:1).

Slabbert (2011:48) notes that when analysing obtained data, the validity and reliability of the data must be considered. Validity of data or information obtained is accomplished when it demonstrates what it is meant to demonstrate.

Utilisation of the correct measuring instrument(s) is crucial as affirmed by authors who state that validity is linked to the effectiveness of the measuring instrument (Leedy 1993:40; Slabbert 2011:49).

Effectiveness of the measuring instruments can be determined by asking the following questions: Does the instrument measure what it is supposed to measure? How accurately does it measure? It should be taken into consideration that several types of validity have different meanings in qualitative studies compared to quantitative research studies (Jackson 1995:336; Cassell & Symon 1994:3; Krefting 1990: 214). Jackson (1995: 336) suggests that in qualitative studies, the issue of validity should rather be thought of as credibility.

Qualitative studies are credible when they present such faithful descriptions or interpretations of a human experience that the people having that experience would immediately recognise it from the descriptions or interpretations. Jackson (1995:336) notes that a project is also credible when other researchers or readers can recognise the experience when confronted with it after having read about it.

Alshumaimeri (2001:4) suggests careful consideration of the types of validity analysis methods which include content validity, construct validity and criterion validity. Researchers need to consider the content validity of the construct which refers to the composition or wording of measurements (i.e. of the questionnaire items). Composition and wording should be of concern from an early stage of questionnaire development.

Three approaches to obtaining content validity exist. Firstly, content validity can be obtained by carefully defining what is to be measured. Secondly, a thorough literature review can be provided to identify possible items for inclusion in the scale. Thirdly, experts in the particular field of investigation (such as managers in the hospitality and guesthouse industry) can be approached in order to acquire opinions on whether an item should be included (Alshumaimeri 2001:8).

Leedy and Ormrod (2005:28) are of the opinion that validity and reliability reflect the degree to which one can make mistakes in one's measurement. Reliability is the consistency with which a measuring instrument yields a certain result when the entity being measured has not changed. Reliability is therefore concerned with accuracy. It is the extent to which, on repeated measures, an indicator yields similar results (Leedy 1993:42; Bless & Higson-Smith 1996:130; Jackson 1995:338). Jackson (1995:338) states that reliability in quantitative studies can be assessed by repeating a question in the question schedule or by repeating an experiment.

It is, however, more difficult to perform replication qualitative projects, as the circumstances and individuals can never be the same at some later time. Reliability in qualitative projects can be assured by using, amongst other things, multiple researchers, peer examination and mechanical recording devices.

The Sections to follow will specifically explore the research problem, the research objectives, the research environment and the methods used.

4.5 THE RESEARCH PROBLEM OF THE STUDY

The research problem of this study, as formulated and discussed in Section 1.11 relates to 4-to 5-star guesthouses in the Western Cape region. The research problem relates to TQM and the star-grading system of guesthouses indicating relevance to quality and quality management.

The research problem has been defined as follows:

Increasing pressure on 4-to 5-star guesthouses in the Western Cape region to be competitive and sustainable in terms of customer service, customer retention and service quality. A variety and even a lack of quality management strategies, star-grading systems and other systems are used by these guesthouses. Some quality systems are not applicable to guesthouses and are not effective. TQM, its efficacy dimensions and related systems and strategies seem to lack in terms of its inadequate or inconsistent application.

This multi-dimensional challenge implies the quality management strategies and systems used with specific reference to TQM and the star-grading system applicable to guesthouses.

4.6 THE RESEARCH OBJECTIVES OF THE STUDY

In order to address the research problem, this study provides an overview of TQM with reference to the Oakland Model for TQM which gives a new framework covering all the angles and characteristics as well as operations within an establishment (Oakland 2003). Six (6) research objectives were formulated for this study:

1. To understand the challenges and make recommendations in terms of customer service rendered in 4-to 5-star guesthouses situated in the Western Cape.
2. To underpin the problem and provide appropriate suggestions in terms of customer retention in 4-to 5-star guesthouses in the Western Cape region in order to attain and sustain higher occupancy levels.
3. To understand the challenges and make recommendations in terms of service quality in 4- to 5star guesthouses situated in the Western Cape region with emphasis on employee, guest and hospitality establishment relationships in competitive markets in terms of delivering and experiencing high levels of service quality.
4. To underpin problems and make suitable recommendations in terms of quality management of 4-to 5-star guesthouses situated in the Western Cape region.
5. To understand challenges and provide suggestions in terms of the star-grading system applicable to 4-to 5-star guesthouses in the Western Cape region.
6. To understand the challenges and make recommendations in terms of the implementation of TQM in 4-to 5-star guesthouses situated in the Western Cape region for sustained customer retention.

4.7 THE RESEARCH ENVIRONMENT

One of the requirements for addressing a research problem is that it should be practically feasible. In order to address the research problem, boundaries have to be set to narrow down the area in which the study will be conducted.

The boundaries of this study with regards to the survey *population were limited to 4- to 5-star guesthouses in the Western Cape region*. In recent years the Western Cape region has exploited so many of the advantages derived from the international travel and tourism industries, that this region has made provision for employment opportunities and the breaking down of national barriers. The Western Cape region has managed to attract both local and international tourists frequently visiting South Africa.

Establishments should do careful strategic planning and determine where their market lies and how they, as entities, need to go about attracting that particular market. All over the Western Cape region there are a vast number of exceptional guesthouses which have been awarded either 4- or 5-Star ratings.

The number of travellers as well as the vast accommodation options available makes the Western Cape region a suitable region to perform this particular study. This study implies that due to the region's popularity, it is vital that hospitality businesses offer excellent, high quality service, which solicits commitment from management through to all staff members in order to harvest the advantages of successful business.

The guesthouse sector is acquainted with quality concepts which should encourage staff members to participate in the survey. Staff members will then show greater dedication and motivation to provide service of the desired high quality level.

4.8 THE RESEARCH STRATEGY

With reference to the complexity of the research problem, the multiple research objectives and the importance of validity, it was decided to conduct a literature study utilising secondary data as well as a personal survey utilisation of multiple measuring instruments to obtain primary data in order to address the problem statement.

4.8.1 Primary and secondary data

Wegner (2001:41) underpins the fact that primary data sources are data that are captured at the point where they are generated for the first time with a specific purpose.

Saunders, Lewis and Thomhill (2007) state that primary information is often the preferred option for research studies as it is more reliable because of the low risk factor involved pertaining to misquoted later publications. Primary research can be obtained by performing studies, which is the best option as it allows for a completely adapted study.

Secondary data are collected and processed by others for a purpose other than the problem at hand (Slabbert 2011:50). This study utilised primary data obtained from guesthouses in the form of interviews, questionnaires and case studies as well as relevant data collected by an objective observer.

This study provides secondary information in the form of previous theories and research which assisted in the validation and analysis of the findings of interviews with guesthouse managers, guests and staff and helped to provide a theoretical framework (Saunders *et al* 2007).

As TQM is an important business factor and because so many variations of TQM exist, it is not surprising that there is no shortage of resources and information available. The literary study predominantly consists of information obtained from the use of books, e-journals as well as online articles as well as related websites and newspaper articles as recorded under references. Books are a good resource as their authors tend to make use of other authors' work to back up and motivate statements made and theories constructed. This study considered various sources to ensure that the problem statement and research objectives could be widely explored.

4.8.2 Personal survey

This study utilised both quantitative and qualitative survey instruments. The study considers a qualitative epistemological position as it recognised the importance of locating the research within a particular social and cultural context. The aforementioned also takes seriously the social construction of these contexts and the identities participants construct within them.

Slabbert (2011:52) states that the aforementioned plays an important role in decisions pertaining to the process to follow and measuring instruments to

select. A qualitative evaluation was utilised for this study leveraging subjective methods such as interviews and observations to collect substantive and relevant data.

4.8.3 Research methods

Slabbert (2011:52) states that qualitative and quantitative data collection tools play an important role in decisions pertaining to the process to follow and measuring instruments to select.

A qualitative evaluation was utilised for this study leveraging subjective methods such as interviews and observations to collect substantive and relevant data. Interviews were conducted with employees and managers currently active in the hospitality industry. Such a qualitative approach was valuable to this study due to the varying experiences of the interviewees.

Upon collecting the qualitative data derived from the interviews, another measurement tool was also implemented, namely questionnaires. A summary of the main differences between qualitative and quantitative research is given in Table 20. (Slabbert (2011:53); Mouton & Marais (1992:159-163))

Table 20: Differences between qualitative and quantitative research

Quantitative	Qualitative
<ul style="list-style-type: none"> • Test hypothesis that the researcher begins with. Hypotheses are stated explicitly and formulated beforehand. 	<ul style="list-style-type: none"> • Capture and discover meaning once the researcher becomes immersed in data. Hypotheses are frequently undeclared or merely stated in the form of a research goal.
<ul style="list-style-type: none"> • Concepts are in the form of distinct variables. Concepts have an unambiguous meaning. 	<ul style="list-style-type: none"> • Concepts are in the form of themes, motives, generalisations and taxonomies. Concepts can be interpreted in a number of ways.
<ul style="list-style-type: none"> • Measures are systematically created before data collection and are standardised. The researcher remains largely aloof. 	<ul style="list-style-type: none"> • Measures are created in an ad hoc manner and are often specific to the individual setting or researcher. The researcher is involved with the phenomena/events.
<ul style="list-style-type: none"> • Data are in the form of numbers from precise measurement. 	<ul style="list-style-type: none"> • Data are in the form of words from documents, observations and transcripts.

<ul style="list-style-type: none"> • Theory is largely causal and is deductive. 	<ul style="list-style-type: none"> • Theory can be causal or non-causal and is often inductive.
<ul style="list-style-type: none"> • Procedures are standard, and replication is assumed. 	<ul style="list-style-type: none"> • Research procedures are particular, and replication is very rare.
<ul style="list-style-type: none"> • Analysis proceeds by using statistics, Tables or charts and discussing how what they show relates to hypotheses. 	<ul style="list-style-type: none"> • Analysis proceeds by extracting themes or generalisations from evidence and organising data to present a coherent, consistent picture.

4.9 MEASURING INSTRUMENTS APPLIED IN THE STUDY

This study utilised both quantitative and qualitative data collection instruments discussed in the following Sections.

4.9.1 Triangular approach to measurement instruments

A qualitative evaluation was utilised for this study leveraging subjective methods such as interviews and observations to collect substantive and relevant data. Interviews were conducted with guests, employees and managers currently active in the hospitality industry. Such a qualitative approach is valuable to this study due to the varying experiences of the interviewees.

The researcher also applied quantitative evaluation for this study by developing and implementing a questionnaire for internal customers (owners/managers/staff of guesthouses) as well as a questionnaire for external customers (guests) measuring service quality also known as the SERVQUAL measurement.

The utilisation of the three evaluation measurements can also be referred to as Triangular approach to measurement instruments depicted in **Figure 2** as well as **Table 2** in Section 1.8.3 in Chapter 1 pages 24 and 25.

4.9.2 Personal survey

The entire survey designed and implemented by the researcher was based on the following:

RESEARCH DESIGN AND METHODOLOGY

- Secondary data (literature review)
- Primary data through a personal survey by means of three (3) measurement tools :
 - A. *Observation* of the establishment culture, interior and behaviour of management and staff of the participating guesthouses pertaining to the rendering of quality services to customers;
 - B. Conducting *interviews* with owners, managers and staff pertaining to the rendering of quality services to customers;
 - C. Compiling and applying *questionnaire surveys*. The questionnaires compiled and used by the researcher are as follows:
 - Questionnaire to be completed by internal customers (owners/managers/staff) measuring quality service and TQM;
 - Questionnaire to be completed by external customers (guests) regarding service quality, also known as SERVQUAL questionnaire.

4.9.3 Observation, consultation and interviews

The collection of research data was executed by means of *inter alia* observation, consultation and interviews, all forming part of the measuring instruments applied.

Another form of data collection used was the assignment of an objective observer. A structured observation protocol was developed to aid in field note

collection. The observer was also trained to implement the research methodologies as specified in this study. The observer was required to visit all the identified fifteen (15) guesthouses so as to avoid obtaining ambiguous information.

The abovementioned enabled the researcher to address the research problem and make suitable recommendations in terms of the research objectives, namely the customer service and service quality experienced by the objective observer. This assisted the researcher in understanding the challenges pertaining to the research objectives namely quality management and the relationship between TQM and the star-grading of guesthouses in the Western Cape region.

An interview and consultation protocol rooted in the literature was developed to act as a guide for the structured interviews conducted by the objective observer. Structured interviews were planned with each participating guesthouse in order to provide more in-depth data collection and opportunities for follow-up.

Interviews were conducted with several managers and employees as well as guests of the appointed 4-to 5-star guesthouses to gain a better understanding of managerial activities implemented and performed at the different guesthouses.

The goal was to interview 15 owners/managers of the appointed guesthouses and 30 employees who embody a range of positions. Interviews with various owners, managers and employees were conducted to gather data in a more detailed manner concerning participants' daily lives in the hospitality industry, their experiences, reactions, beliefs and ideas about their roles and responsibilities. Interviews with 60 guests were also set as an objective to ensure an understanding of the experience of guests pertaining to service quality at the participating guesthouses.

The aforementioned enabled the researcher to address further challenges and make suitable recommendations in terms of the research objectives, namely customer service and retention as well as service quality.

4.9.4 Questionnaire design

Developing and designing the questionnaire was one of the major tasks of this research. Such design is usually based on learning from experience. Alshumaimeri (2001:1) reiterates the fact that the process of designing a questionnaire is characterised by trial and error.

Collis and Hussey (2003:60) are of the opinion that if research is to be conducted in an efficient manner in order to make the best use of the opportunities and resources available, it must be organised. Furthermore, if it is to provide a coherent and logical route to a reliable outcome, it must be conducted systematically using appropriate methods to collect and analyse the data.

Lungiswa (2009:57) suggests that a survey should be designed in accordance with the following stages:

- Stage one:** Identify the topic and set some objectives.
- Stage two:** Pilot a questionnaire to find out what people see as important.
- Stage three:** List the areas of information needed and refine the objectives.
- Stage four:** Review the responses to the pilot.
- Stage five:** Finalise the objectives.
- Stage six:** Write the questionnaire.
- Stage seven:** Re-pilot the questionnaire.
- Stage eight:** Finalise the questionnaire.
- Stage nine:** Code the questionnaire.

The survey design used in this study was that of a descriptive survey as opposed to an analytical survey. According to Collis and Hussey (2003:10) descriptive surveys are frequently used in business research in the form of attitude surveys.

The descriptive survey, as defined by Ghauri, Grønhaug and Kristianslund (1995:60), encapsulates the characteristics which indicate how many members of a particular population have a certain characteristic.

During the development of this questionnaire, particular care was taken to avoid bias in the formulation of the questions. Lungiswa (2009:58) supports the fact that statements within the survey should be designed with the following principles kept in mind:

- A. Avoidance of double-barreled statements;
- B. Avoidance of double-negative statements;
- C. Avoidance of prestige bias;
- D. Avoidance of leading statements; and
- E. Avoidance of the assumption of prior knowledge.

4.9.5 Development and implementation of the questionnaires for the study

In terms of the triangular approach towards the utilisation of measurements in the survey, as discussed in Section 4.9.1, the researcher developed two questionnaires, namely one for the internal customers (owners/managers/staff) and one for the external customers (guests) better known as the SERVQUAL questionnaire.

A. The questionnaire for internal customers (Owners, managers and staff: See Annexure A)

The questionnaire for internal customers was developed and used to determine the extent of the implementation of the elements of TQM not only by owners and managers pertaining to current managerial structures, but also by employees functioning under the particular management structure.

Based on the guidelines for the development of questionnaires as found in the literature review and summarized in Section 4.9.4 above, and based on the extensive literature review of TQM and service quality management, as outlined in Chapter 3 of the study, the design of the questionnaire for

internal customers went through a few stages in order to ensure its suitability to collect the relevant data needed to conduct this study. It should be mentioned that the questionnaire was reviewed by guesthouse sector experts.

The questionnaire for internal customers comprises two Sections namely:

- **Section A:** Section A of the questionnaire contained questions to obtain biographical information pertaining to the respondents' gender, the department the respondent works in, current position (such as owner or manager or staff) and the number of years of service in the hospitality industry. The aforementioned information enabled the researcher to position the respondents and to conduct analysis of correlation of responses between respondents.
- **Section B:** Section B of the questionnaire entailed questions pertaining to the respondents' knowledge of and previous exposure to TQM as a quality management systems (questions B1-B18), TQM principles (6 questions in Section B) and the current level of implementation of the TQM efficacy dimensions (as discussed in Chapter 3) at the guesthouse they were staying at the time of the survey (questions B 27-B32). The aforementioned evaluation enabled the researcher to address the research problem and make suitable recommendations in terms of the research objectives.

Copy of the questionnaire is attached as **Annexure A** with particular reference to Sections A and B of the questionnaire.

B. The questionnaire for external customers (Guests of participating Guesthouses: See Annexure B)

The SERVQUAL questionnaire was developed for external customers based on the in-depth study of the SERVQUAL model discussed in Chapter 2. It was also developed based on the literature study on service quality, customer satisfaction and customer retention in the hospitality industry, as was thoroughly discussed in Chapter 2 of the study.

This questionnaire contained questions which are aimed at gathering data on the customers' experience of the service quality of the guesthouses they were staying at the time of the survey. Questions were formulated to probe the respondents (customers) on customer retention (such as customer relations, experience of the service quality, etc.), customer compatibility management (such as facilitation of interaction between guests, etc.) and customer satisfaction (such as customer satisfaction surveys, customer feedback and suggestions, etc.)

The aforementioned instrument enabled the researcher to address the research problem and make suitable recommendations in terms of the research objectives, namely service quality and customer retention.

Copy of the questionnaire is attached as **Annexure B**.

4.9.6 Administering of the questionnaires

The questionnaire for completion by owners/managers/ staff members of the participating guesthouses had the following Sections (see Annexure A):

- A. Covering letter to guesthouse providing an outline of the study to be conducted;
- B. Instructions on how to complete the questionnaire;
- C. Section A: Biographical profile recording the position of the respondent and years in the hospitality industry; and
- D. Section B: Implementation of TQM at the guesthouse.

The researcher also conducted interviews with 15 owners/managers of which a copy of the interview schedule is attached as **Annexure C**.

The questionnaire was completed by 30 members of staff with the assistance of the objective observer when required.

The SERVQUAL questionnaire was completed by guests staying at the participating guesthouses during the time of the survey with the assistance of the objective observer when required.

4.10 DATA ANALYSIS

Feldman (1995:10) contends that the analysis of data is one of the most important stages in the process of research. Data analysis is preceded by gathering the data and followed by a process of relating interpretations to the question answered. Robson (1997:372) notes that regardless of the research method used, the major task is to resolve the main problem of the research by finding answers to the question/s posed.

Trustworthy answers result from unbiased, fair treatment of data. In the case of qualitative research, to order and interpret raw data, Robson (1997: 384) recommends three actions, namely:

- A. Firstly, preparing research notes from interview transcripts or a structured questionnaire;
- B. Secondly, searching for categories and patterns or themes; and
- C. Thirdly, drawing conclusions from patterns discovered.

On completion of the data collection process, Robson (1997: 390) suggests that data be analysed accurately and verified in order to draw reliable conclusions.

The researcher focused on the analysis of the primary and secondary data of the study namely:

- A. Primary data through the application of its triangular approach (**Figure 2**, page 24) towards measurement instruments which were both qualitative (observation and interviews, etc.) and quantitative (application of two questionnaires) as summarised in **Table 2**, page 25.
- B. Secondary data through literature research pertaining the guesthouse sector in the hospitality industry in South Africa (Chapter 2), quality service, customer satisfaction and customer retention (Chapter 3) and TQM as a quality management system (Chapter 3) and the nature of research and research methodologies (Chapter 4).

The researcher has conducted data analysis in order to reduce the data in order to make sense from the large quantities of data available to the researcher as well as to test the reliability and subsequent validity of the data before the data could be utilised for

interpretation, formulation of findings, conclusions and subsequently for making recommendations pertaining to the research problem and research objectives.

The results of the literature study discussed in Chapters 2 and 3 as well as the results of the application of the three measurement instruments as discussed in Chapter 5, were analysed and integrated and subsequently the researcher was able to formulate findings, conclusions and recommendations as contained in Chapter 6 and 7 of this study.

4.11 SUMMARY

This Chapter 5 elaborated on the nature of research in general. Research can be described as a process of enquiry and investigation which encapsulates systematic and methodological processes whilst utilising appropriate methods to collect and analyse data (Hussey and Hussey 2003:1).

Research design refers to finding answers and seeking truths about a phenomenon (situation or problem) and demands an appropriate and suitable method of investigation (Steenkamp 2011). Yin (1994:20) defines research design as the preparation of a working plan aimed at systematically assembling, organising and integrating data, in order to solve the research problem.

The researcher is of the opinion that this study adheres to the above definition as it aimed to solve the stated research problem through a well-defined and multi-dimensional methodical process of investigation, analysis and factual observations, personally controlled and managed by the researcher. The research design of this study ensured the application of reliable methods (measuring instruments) which directly determined the level of reliability and validity of the research results.

Alshumaimeri (2001:1) explains that any type of research necessitates validity analysis. The objective of validity is to ensure that the scale of each item to be measured as well as each question of the questionnaire measures what they are supposed to measure. Alshumaimeri (2001:4) suggests careful consideration of the types of validity analysis methods which include content validity, construct validity and criterion validity. Three approaches to obtaining content validity include carefully defining what is to be measured, a thorough literature review and experts in the particular field of

investigation can be approached in order to acquire opinions on whether an item should be included (Alshumaimeri 2001:8).

This Chapter identified the research problem that can be defined as follows:

THE RESEARCH PROBLEM

Increasing pressure on 4-to 5-star guesthouses in the Western Cape region to be competitive and sustainable in terms of customer service, customer retention and service quality. A variety and even a lack of quality management strategies, star-grading systems and other systems are used by these guesthouses. Some quality systems are not applicable to guesthouses and are not effective. TQM, its efficacy dimensions and related systems and strategies seem to lack in terms of its inadequate or inconsistent application.

Six (6) research objectives were formulated for this study namely:

THE SIX RESEARCH OBJECTIVES

1. To understand the challenges and make recommendations in terms of customer service rendered in 4-to 5-star guesthouses situated in the Western Cape region.
2. To underpin the problem and provide appropriate suggestions in terms of customer retention in 4-to 5-star guesthouses in the Western Cape region in order to attain and sustain higher occupancy levels.
3. To understand the challenges and make recommendations in terms of service quality in 4- to 5star guesthouses situated in the Western Cape region with emphasis on employee, guest and hospitality establishment relationships in competitive markets in terms of delivering and experiencing high levels of service quality.
4. To underpin problems and make suitable recommendations in terms of quality management of 4-to 5-star guesthouses situated in the Western Cape region.
5. To understand challenges and provide suggestions in terms of the star-grading system applicable to 4-to 5-star guesthouses in the Western Cape

region.

6. To understand the challenges and make recommendations in terms of the implementation of TQM in 4-to 5-star guesthouses situated in the Western Cape region for sustained customer retention.

The entire survey designed and implemented by the researcher was based on the following:

RESEARCH DESIGN AND METHODOLOGY

1. Secondary data (literature review)
2. Primary data through a personal survey by means of three (3) measurement tools :
 - A. Observation of the establishment culture, interior and behaviour of management and staff of the participating guesthouses pertaining to the rendering of quality services to customers;
 - B. Conducting interviews with owners, managers and staff pertaining to the rendering of quality services to customers;(Annexure C)
 - C. Compiling and applying questionnaire surveys. The questionnaires compiled and used by the researcher are as follows:
 - Questionnaire to be completed by internal customers (owners/managers/staff) measuring quality service and TQM;(Annexure A)
 - Questionnaire to be completed by external customers (guests) regarding service quality, also known as SERVQUAL questionnaire.(Annexure B)

Chapter 5 will provide an outline of the results of the implementation of the questionnaires for internal and external customers. The sampling unit was fifteen (15) 4-to 5 -star guesthouses in the Western Cape region and the respondents were 45 owners/managers/employees and 61 guests. The research results will be recorded in various formats including tables and graphs.

CHAPTER 5

RESEARCH RESULTS

5.1 INTRODUCTION

This study had as its overall objective the measurement and evaluation of the implementation of TQM at participating 4-to 5-Star guesthouses in the Western Cape region, analysing the results and set to highlight the shortcomings and successes of its implementation as well as the formulation of recommendations on how 4-to 5-star guesthouses in the Western Cape region could improve their service quality levels and ultimately develop a strategy for sustained customer retention.

The research design and methodology selected for the execution of the study is based on the triangular approach to measurement outlined in Section 1.8 of Chapter 1 and Section 4.9 in Chapter 4.

Chapter 5 contains the research results of the personal survey that was conducted by the researcher. This Chapter provides an overview of the results of the research executed to obtain the primary data as referred to above. The data is presented in various formats including tables and figures.

The respondents of the first questionnaire comprised 15 owners and managers of the participating guesthouses as well as 30 members of staff in various positions of seniority and employed at various departments of the participating guesthouses. The respondents of the second questionnaire referred to as the SERVQUAL questionnaire comprised 61 guests staying at the participating guesthouses at the time of the survey. Although the unit of analysis was relatively small, it was practical and allowed an in-depth survey with multiple instruments.

As part of the triangular approach towards measurement in the survey as outlined in Section 4.9 of Chapter 4, the researcher and the appointed objective observer utilised observation and conducting of non-structured interviews as part of the qualitative measurement in the survey.

The researcher has applied exploratory factor analysis (EFA) to determine any significant differences in the responses between male and female, front and back office

and length of service in the hospitality industry respondents. The researcher has utilised the responses to questions that demonstrated a variance between responders and excluded responses where 100% of responders responded the same.

Section 5.3 of this Chapter contains comprehensive information about the results of the survey amongst owners, managers and staff of participating guesthouses.

Section 5.4 of this Chapter contains comprehensive information about the results of the survey amongst customers of participating guesthouses. Some of the more important results emanating from the analysis of responses of customers to the SERVQUAL questionnaires are as follows:

5.2 THE UNIT OF ANALYSIS

With reference to Section 1.5 in Chapter 1 regarding the delimitation of the study Section 4.7 of Chapter 4 regarding the research environment, the unit of analysis comprised fifteen (15) 4 to 5 star guesthouses in the Western Cape region participating in the survey.

The respondents of the first questionnaire comprised 15 owners and managers of the participating guesthouses as well as 30 members of staff in various positions of seniority and employed at various departments of the participating guesthouses.

The respondents of the second questionnaire referred to as the SERVQUAL questionnaire comprised 61 guests staying at the participating guesthouses at the time of the survey.

Although the unit of analysis was relatively small, it was practical and allowed an in-depth survey with multiple instruments.

5.3 RESULTS FROM OBSERVATIONS

The researcher and the appointed objective observer conducted informal discussions and non-structured interviews with owners, managers, staff and guests of the appointed guesthouses as an integral part of our observations.

The most significant *observations and field notes* recorded can be summarised as follows:

- A. The majority of owners/managers believe that they apply TQM although most of them were not able to define TQM. They did, however, indicate the most important elements of TQM that they implement at their guesthouses.
- B. Nearly all owners/managers and staff agreed regarding the importance of quality services to guests but only a few could indicate what the relation is between service quality and retention of customers.
- C. Most owners/managers indicated the importance of open communication with staff and confirmed their success in implementing such communication. Most of the staff however complained about communication from management.
- D. All owners/managers indicated that their guests are requested to complete satisfaction surveys. The majority of staff however stated that they have no idea what becomes of the completed forms.
- E. Owners/managers stated that they are fully committed to training staff in all aspects of their work. Staff however indicated that quality service is not defined and the only training is the basic training required by their job descriptions.
- F. Most staff members indicated very little knowledge of other guesthouses (competitors) and stated that comparisons with other guesthouses are seldom discussed by owners/managers.
- G. Apart from one guesthouse, no indication was found from any other guesthouses that comprehensive TQM of any sort is being implemented. Most guesthouses implement their own understanding of TQM comprising training manuals and administrative procedure manuals.
- H. Most guests indicated that apart from receiving a short satisfaction questionnaire to be filled out and handed in on departure, very little contact is made between management/staff and guests to determine guest satisfaction with service quality or to ensure follow-up visits by customers.

5.4 RESULTS FROM THE QUESTIONNAIRE SURVEY FOR INTERNAL CUSTOMERS OF PARTICIPATING GUESTHOUSES (ANNEXURE A)

This Section discusses research results of the questionnaire survey for internal customers namely guesthouse owners, managers and staff in various positions of seniority and from various departments of the guesthouses.

5.4.1 Biographical profile of respondents

The biographical profile of the respondents are summarised in Table 21 and Figures 22-24. Table 21 and Figure 22 illustrate the distribution of the different guesthouse respondents. Female respondents represent 60.0% (n=27) of the sample. The front of the house department represents 77.8% (n=35) of the sample while 73.3% (n=33) of the respondents have up to 10 years of service experience in the hospitality industry.

Table 21: Summary of biographical profile of respondents

BIOGRAPHICAL VARIABLE		Count	Column N %
Gender	Male	18	40.0%
	Female	27	60.0%
	TOTAL	45	100.0%
Department	Front of House	35	77.8%
	Back of House	10	22.2%
	TOTAL	45	100.0%
Years of completed service in the hospitality industry	0-5 years	20	44.4%
	6-10 years	13	28.9%
	11-15 years	5	11.1%
	16-20 years	5	11.1%
	20 + years	2	4.4%
	TOTAL	45	100.0%

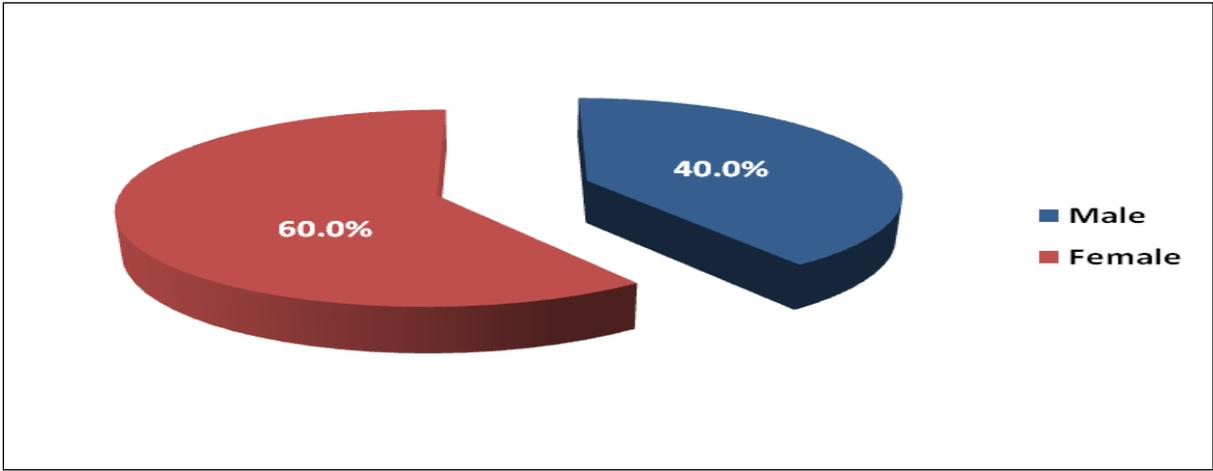


Figure 22: Gender distribution of respondents

Table 22 and Figure 23 show the distribution of the different Guesthouse respondents between the two Departments. More than 75% of the respondents work in the Front of the House department representing the front office and reception managers and staff.

Table 22 and Figure 23 show the distribution of the guesthouse respondents among the different tenure groups. The largest proportion of the respondents (44.4%, n=20) have spent five years or less in the hospitality industry while only 15.5% (n=7) of them have spent sixteen years or more in the hospitality industry.

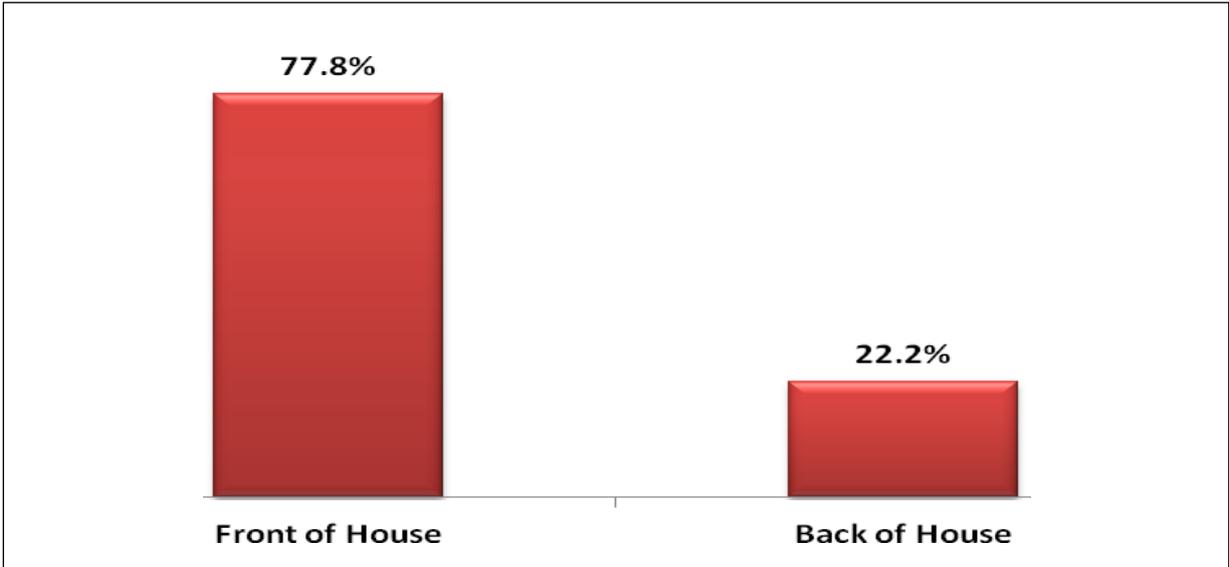


Figure 23: Distribution of respondents from front and back office departments

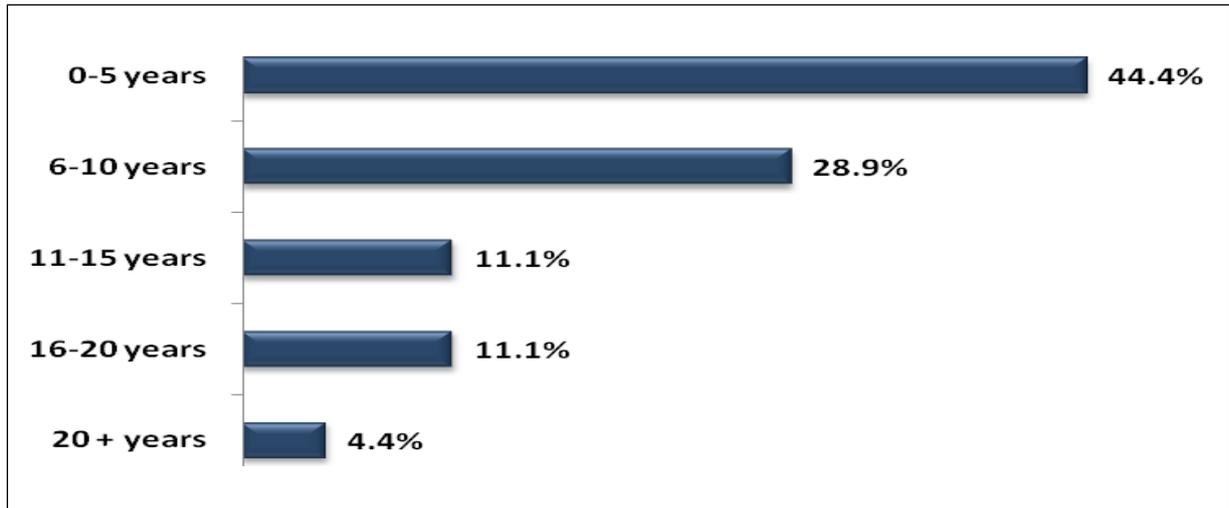


Figure 24: Profile of respondents' years of experience in the hospitality industry

5.4.2 Responses on quality management

The responses on quality management are summarised in Table 22 and Figure 25.

Table 22: Summary of responses on quality management

RESPONSES TO TQM QUESTIONS		YES	NO	TOTAL
B1. Are you familiar with Total Quality Management (TQM) as described above?	Count	30	15	45
	Row N %	66.7%	33.3%	100.0%
B2. Does the guesthouse you are currently employed at implement Total Quality Management (TQM) as a quality program?	Count	6	39	45
	Row N %	13.3%	86.7%	100.0%
B3. If your answer was yes to the above question (B2), does the guesthouse you are currently employed at train you in the implementation of a TQM program?	Count	6	0	6
	Row N %	100.0%	0.0%	100.0%
B6. Does the guesthouse you are currently employed at train you in the implementation of the above described quality management program?	Count	24	20	44
	Row N %	54.5%	45.5%	100.0%
B7. Does your guesthouse place emphasis on	Count	44	1	45

quality customer service?	Row N %	97.8%	2.2%	100.0%
B8. Does the management of the guesthouse facilitate a service quality culture (the way in which services are rendered)?	Count	45	0	45
	Row N %	100.0%	0.0%	100.0%
B9. Do you think that there is a need for improvement in the guesthouse's present quality program?	Count	39	6	45
	Row N %	86.7%	13.3%	100.0%
B10. Are you encouraged to perform existing tasks in a more efficient and cost effective manner, where possible?	Count	35	10	45
	Row N %	77.8%	22.2%	100.0%
B11. Do you think that the above can be achieved through TQM?	Count	45	0	45
	Row N %	100.0%	0.0%	100.0%
B12. Do you think a well-structured TQM system can improve your customer service?	Count	45	0	45
	Row N %	100.0%	0.0%	100.0%
B13. Is it evident, at the guesthouse where you are employed at, that there is a need for an improved quality management program?	Count	39	6	45
	Row N %	86.7%	13.3%	100.0%
B14. Do you receive rewards and recognition for best performance in your job?	Count	14	31	45
	Row N %	31.1%	68.9%	100.0%
B15. Does the guesthouse have a system in place for employees to put their suggestions in suggestion boxes for improvements of quality?	Count	6	39	45
	Row N %	13.3%	86.7%	100.0%
B16. Are you of the opinion that there is a need for improvement in the guesthouse's present quality system?	Count	37	8	45
	Row N %	82.2%	17.8%	100.0%

In accordance with Table 22 and Figure 25, two thirds of the respondents (66.7%, n=30) reported familiarity with TQM while only 13.3% (n=6) reported that TQM have been implemented as a quality program at the guesthouse that they are currently employed at. All the respondents (n=6) that work at the guesthouse that have implemented TQM as a quality program reported that they are being trained in the implementation of TQM.

More than half, (54.5%, n=24) of the respondents reported that they are trained in the quality program as employed at the guesthouse while 45.5% (n=20) reported that they are not trained in the guesthouse's quality program.

Almost all (97.8%, n=44) of respondents reported that the guesthouse place emphasis on quality customer service while 100% (n=45) of respondents reported that the guesthouse facilitate a service quality culture and 86.7% (n=39) of respondents reported that there is room for improvement in the guesthouse's current quality program.

Most (77.8%, n=35) of respondents reported that they are encouraged to perform their tasks more efficient and effective while 100% (n=45) of respondents reported that this can be achieved through TQM.

All respondents (100%, n=45) reported that a well-structured TQM system can improve customer service, while 86.7% (n=39) reported that there is a need for an improved quality management program at the guesthouse.

Less than a third of respondents (31.1%, n=14) reported that they receive recognition for best performance in their jobs while the large majority of respondents (86.7% n=39) reported that the guesthouse does not have a system in place for employees to put their suggestions in suggestion boxes for improvement of quality.

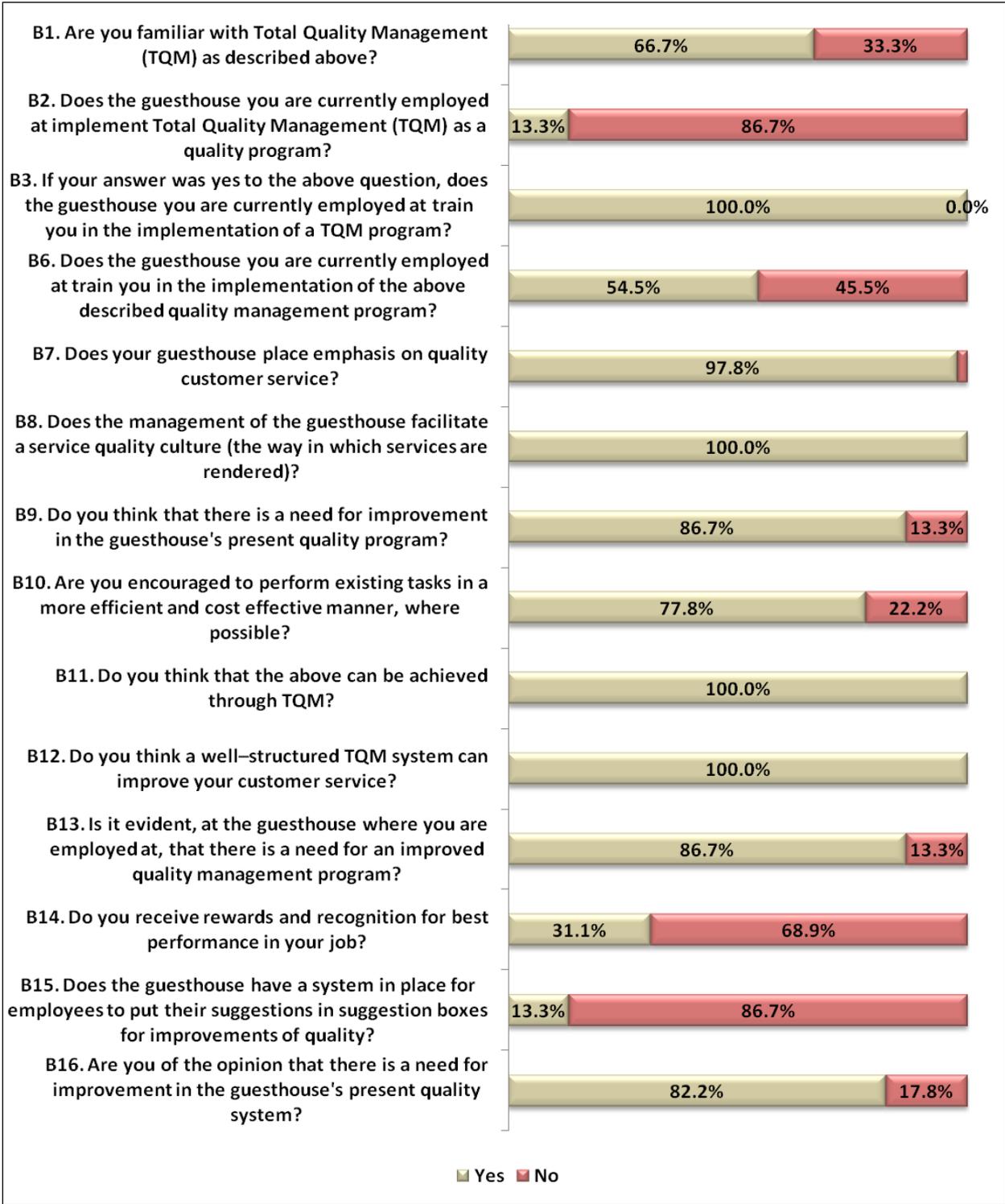


Figure 25: Distribution of responses on quality management questions

5.4.3 Responses on TQM statements

The responses on TQM statements are summarised in Table 23 and Figure 26.

Table 23: Summary of responses on TQM statements

TQM STATEMENT	STRONGLY DISAGREE	DIS-AGREE	NEUTRAL	AGREE	STRONGLY AGREE	TOTAL
TQM1. Leaders are responsible to create a culture of quality.	1	0	0	9	35	45
	2.2%	0.0%	0.0%	20.0%	77.8%	100.0%
TQM2. Employee participation in process re-engineering and communicating their ideas to management.	0	1	1	19	24	45
	0.0%	2.2%	2.2%	42.2%	53.3%	100.0%
TQM3. Formation of quality circles where groups of employees do similar work.	1	0	9	20	15	45
	2.2%	0.0%	20.0%	44.4%	33.3%	100.0%
TQM4. A systems approach is followed whereby those working on the systems must listen to feedback from those working in the system.	1	0	5	11	28	45
	2.2%	0.0%	11.1%	24.4%	62.2%	100.0%
TQM5. Benchmarking and best practices with similar establishments.	1	1	3	11	29	45
	2.2%	2.2%	6.7%	24.4%	64.4%	100.0%
TQM6. Training and development plays an important part of TQM.	1	0	0	9	35	45
	2.2%	0.0%	0.0%	20.0%	77.8%	100.0%

As outlined in Table 23 and Figure 26, 97.8% (n=44) of the respondents indicated that they either strongly believe (n=35) or believe (n=9) that leaders are responsible for creating a culture of quality.

Almost all (95.5%, n=43) of the respondents indicated that they strongly believe (n=24) or believe (n=19) in employee participation in process re-engineering and communicating their ideas to management.

Most (77.7%, n=35) respondents indicated that they fully believe (n=15) or believe (n=20) in the formation of quality circles where groups of employees work together. 20% (n=9) of respondents indicated a neutral response while 2.2% (n=1) strongly disagreed.

More than half (62.2%, n=28) of the respondents indicated that they fully believe that those working on the TQM system must listen to those working in the TQM system.

Most (64.4%, n=29) of the respondents indicated that they fully believe in best practices and benchmarking with similar establishments.

Almost all (77.8%, n=35) of the respondents indicated that they fully believe that training and development plays an important part in TQM.

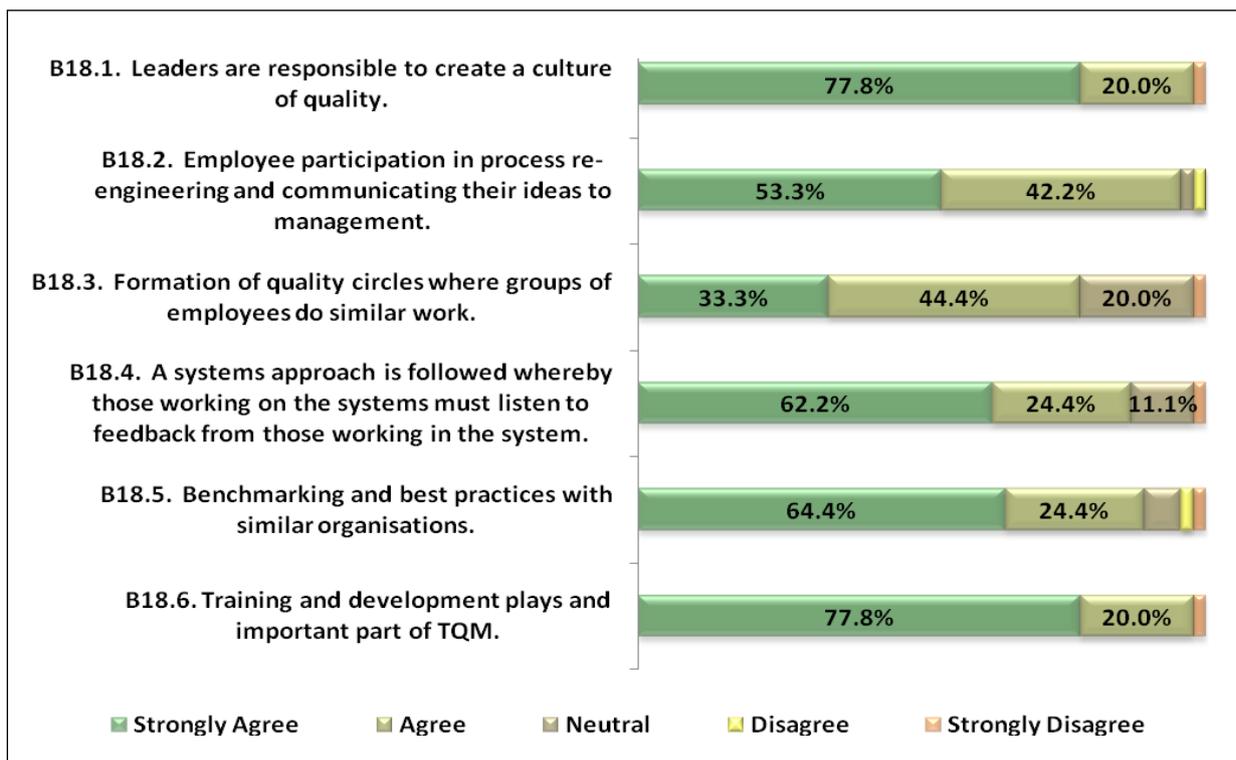


Figure 26: Distribution of responses on TQM statements

5.4.4 Responses on quality management practises

The responses on quality management practises are summarised in Table 24 and Figure 27.

Table 24: Summary of responses on quality management practises

QUALITY MANAGEMENT PRACTISES	STRONGLY DISAGREE	DIS-AGREE	NEUTRAL	AGREE	STRONGLY AGREE	TOTAL
B19. Senior management communicates the guesthouse's policy, and values to the customers, employees, suppliers, and other groups.	0	2	4	17	21	44
	0.0%	4.5%	9.1%	38.6%	47.7%	100.0%
B20. Managers of this guesthouse assume active roles as facilitators of continuous improvement, coaches of new methods, mentors and leaders of empowered employees.	0	3	4	19	18	44
	0.0%	6.8%	9.1%	43.2%	40.9%	100.0%
B21. Manager in every department shares their information and experiences with their workers.	0	4	7	19	14	44
	0.0%	9.1%	15.9%	43.2%	31.8%	100.0%
B22. The entire workforce understands, and is committed to the vision, values and quality goals of the establishment.	0	7	7	16	14	44
	0.0%	15.9%	15.9%	36.4%	31.8%	100.0%
B23. Work standards are based on quality and quantity rather than quantity alone.	0	0	5	13	26	44
	0.0%	0.0%	11.4%	29.5%	59.1%	100.0%
B24. The guesthouse carries out informal benchmarking to identify best practices for improvements and opportunities.	1	6	11	17	9	44
	2.3%	13.6%	25.0%	38.6%	20.5%	100.0%
B25. Different departments' managers participate in the formation of guesthouse policy and strategic decisions that affect your work.	2	9	11	14	8	44
	4.5%	20.5%	25.0%	31.8%	18.2%	100.0%
B26. Management believes	1	4	9	19	11	44

that the workers that are in close contact with the guesthouse customers should be able to make important decisions within their own areas of responsibility and obligation	2.3%	9.1%	20.5%	43.2%	25.0%	100.0%
B27. Management believes that employees in close contact with guests have the capacity to action decisions without approval.	6	6	9	18	5	44
	13.6%	13.6%	20.5%	40.9%	11.4%	100.0%
B28. Quality-related training is given to managers, supervisors and employees.	1	5	7	21	10	44
	2.3%	11.4%	15.9%	47.7%	22.7%	100.0%
B29. Management encourages a guesthouse management style where teamwork is applied in each process.	0	2	10	18	14	44
	0.0%	4.5%	22.7%	40.9%	31.8%	100.0%
B30. An effective system exists within the company to prioritise those processes identified as needing improvement.	1	3	12	13	15	44
	2.3%	6.8%	27.3%	29.5%	34.1%	100.0%
B31. Effective top-down and bottom-up communication exists in this guesthouse.	0	3	17	14	10	44
	0.0%	6.8%	38.6%	31.8%	22.7%	100.0%
B32. Long-term relationship and working partnership exists with key suppliers.	0	1	3	19	21	44
	0.0%	2.3%	6.8%	43.2%	47.7%	100.0%

As summarised in Table 24 and Figure 27, the vast majority of respondents (86.3% n=38) strongly agree or agree that senior management communicates the guesthouse's policy and values to customers, employees, suppliers and other groups.

Almost all (84.1%, n=37) of respondents indicated that managers of this guesthouse assume active roles as facilitators of continuous improvement, coaches of new methods, mentors and leader of empowered employees.

Most (75%, n=33) of respondents indicated that they strongly agree or agree that the manager of every department shares their information and experiences

with their workers while 68.2% (n=30) of respondents indicated that they strongly agree or agree that the entire workforce understands, and is committed to the vision, values and quality goals of the establishment.

A large percentage (88.6%, n=39) of respondents indicated that they strongly agree or agree that work standards are based on quality and quantity rather than quantity alone while 59.1% (n=26) of respondents indicated that they strongly agree or agree that the guesthouse carries out informal benchmarking to identify best practices for improvements and opportunities.

Only 50.0% (n=22) of respondents indicated that they strongly agree or agree that different department's managers participate in the formation of guesthouse policy and strategic decisions that affect their work while 68.2% (n=30) of respondents indicated that they strongly agree or agree that management believes that the workers that are in close contact with the guesthouse customers should be able to make important decisions within their own areas of responsibility and obligation.

Only 52.3% (n=23) of respondents indicated that they strongly agree or agree that management believes that employees in close contact with guests have the capacity to action decisions without approval while 70.4% (n=31) of respondents indicated that they strongly agree or agree that quality related training is given to managers, supervisors and employees.



Figure 27: Distribution of responses on quality management practises

5.5 RESULTS FROM THE SERVQUAL QUESTIONNAIRE SURVEY FOR EXTERNAL CUSTOMERS OF PARTICIPATING GUESTHOUSES (ANNEXURE B)

This Section discusses research results of the SERVQUAL questionnaire survey for external customers namely guests that stayed at the guesthouses.

The responses by customers on customer satisfaction are summarised in Table 25 and Figure 28.

Table 25: Summary of responses on customer satisfaction (SERQUAL)

CUSTOMER ELEMENTS	NEVER	2	3	4	REGULARLY	TOTAL
C1. The guesthouse focuses on building long-term relationships with guests.	0	1	5	21	34	61
	0.0%	1.6%	8.2%	34.4%	55.7%	100.0%
C2. The guesthouse measures the satisfaction level of guests with the services quality experienced at the guesthouse.	0	0	6	22	33	61
	0.0%	0.0%	9.8%	36.1%	54.1%	100.0%
C3. The guesthouse maintains a database of guest preferences and guest details.	1	2	16	15	27	61
	1.6%	3.3%	26.2%	24.6%	44.3%	100.0%
C4. The guesthouse customises relationships with individual guests or groups of guests.	1	2	17	12	29	61
	1.6%	3.3%	27.9%	19.7%	47.5%	100.0%
C5. The guesthouse recognises and rewards guests for their business.	12	10	12	13	14	61
	19.7%	16.4%	19.7%	21.3%	23.0%	100.0%
C6. The guesthouse attracts similar or compatible guest to the guesthouse.	1	7	16	25	12	61
	1.6%	11.5%	26.2%	41.0%	19.7%	100.0%
C7. The guesthouse promotes positive encounters between guests.	0	9	18	18	16	61
	0.0%	14.8%	29.5%	29.5%	26.2%	100.0%
C8. The guesthouse manages the physical environment to facilitate the interaction between guests, for example in the lounge or dining room.	0	9	18	16	18	61
	0.0%	14.8%	29.5%	26.2%	29.5%	100.0%

C9. The guesthouse introduces guests to each other.	5	13	24	12	4	58
	8.6%	22.4%	41.4%	20.7%	6.9%	100.0%
C10. The guesthouse encourages employees to provide information regarding the behaviour of guests to management.	3	6	18	25	9	61
	4.9%	9.8%	29.5%	41.0%	14.8%	100.0%
C11. The guesthouse ensures that customer satisfaction surveys are done regularly.	0	2	6	17	36	61
	0.0%	3.3%	9.8%	27.9%	59.0%	100.0%
C12. The guesthouse compares its customer satisfaction with competitors.	2	2	36	15	6	61
	3.3%	3.3%	59.0%	24.6%	9.8%	100.0%
C13. This guesthouse determines improvements in customer satisfaction.	0	3	28	14	16	61
	0.0%	4.9%	45.9%	23.0%	26.2%	100.0%
C14. Comprehensive identification of customers and customer needs are conducted in the guesthouse.	0	2	14	21	24	61
	0.0%	3.3%	23.0%	34.4%	39.3%	100.0%
C15. The guesthouse has designed a process to gather customers' suggestions, feedback and complaints to assess customer satisfaction.	3	4	8	17	29	61
	4.9%	6.6%	13.1%	27.9%	47.5%	100.0%

As outlined in Table 25 and Figure 28, 55.7% (n=34) of respondents indicated that the guesthouse regularly builds long-term customer relations while 54.1% (n=33) of respondents indicated that the guesthouse regularly measures guest satisfaction with service quality.

Less than half, (44.3%, n=27) of respondents indicated that the guesthouse regularly maintains a database of guest preferences and details while 47.5% (n=29) of respondents indicated that the guesthouse customise relationships with individual guests or group of guests.

Only 23% (n=14) of respondents indicated that the guesthouse regularly rewards guests for their business. Only 19.7% (n= 12) of respondents indicated that the guesthouse regularly attracts compatible guests while only 26.2% (n=16) of respondents indicated that the guesthouse regularly promotes positive encounters between guests.

A small number (6.9%, n=4) of respondents indicated that the guesthouse regularly introduces guests to one another while 29.5% (n=18) of respondents indicated that the guesthouse manages the guesthouse environment to facilitate guest interaction.

Only 14.8% (n=9) of respondents indicated that the guesthouse regularly acquires feedback from staff on guest behaviour while 59% (n=36) of respondents indicated that the guesthouse regularly conducts customer satisfaction surveys. Only 9.8% (n=6) of respondents indicated that the guesthouse regularly compares the results of customer satisfaction surveys with competitors.

Just more than a quarter (26.2%, n=16) of respondents indicated that the guesthouse regularly determines improvements in customer satisfaction while 39.3% (n=24) of respondents indicated that the guesthouse regularly identifies customer needs. Almost half (47.5%, n=29) of respondents indicated that the guesthouse regularly collects customer suggestions and complaints to assess customer satisfaction.

More than 70% (72.7% ,n=32) of respondents indicated that they strongly agree or agree that management encourages a guesthouse management style where teamwork is applied in each process while 63.6% (n=28) of respondents indicated that they strongly agree or agree that an effective system exists within the company to prioritise those processes identified as needing improvement.

Only 54.5% (n=24) of respondents indicated that they strongly agree or agree that effective top-down and bottom-up communication exists in this guesthouse while 90.9% (n=40) of respondents indicated that they strongly agree or agree that long-term relationship and working partnership exists with key suppliers.

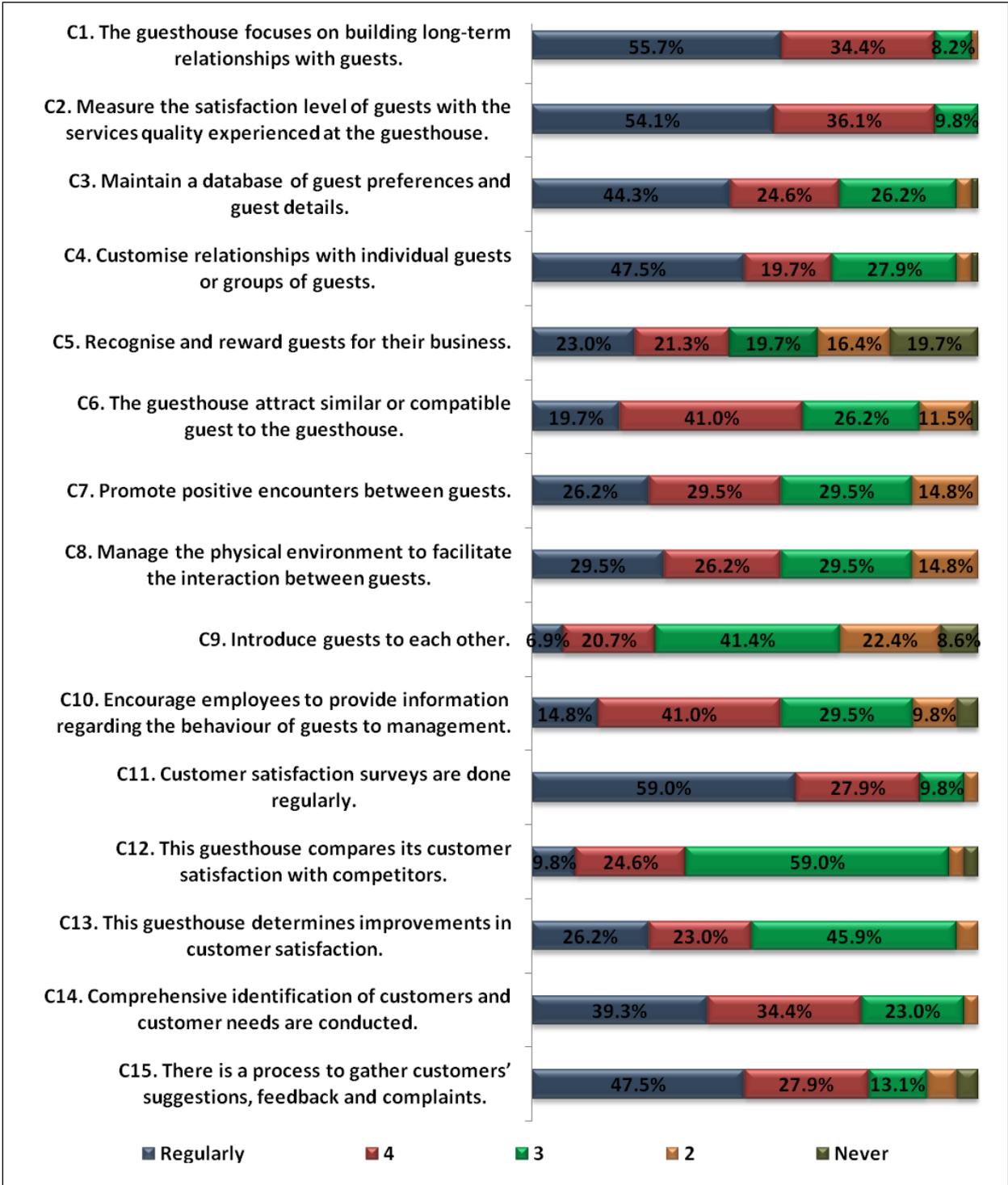


Figure 28: Distribution of responses on customer satisfaction (SERVQUAL)

5.6 DIFFERENCES IN RESPONSES OF PARTICIPATING INTERNAL CUSTOMERS AS A RESULT OF BIOGRAPHICAL FACTORS (ANNEXURE A)

The respondents of the questionnaire for internal customers (owners/managers/staff) differ in terms of gender, front and back office departments and length of service in the hospitality industry as reflected by the responses on Section A of the questionnaire. In order to determine any significant differences in the responses of respondents as a result of biographical factors, exploratory factor analyses were conducted.

5.6.1 Exploratory factor analyses and T-Tests: Mean split by gender of respondents

The researcher has applied exploratory factor analysis (EFA) to determine any significant differences in the responses between male and female respondents. The researcher has utilised the responses to questions that demonstrated a variance between responders and excluded responses where 100% of responders responded the same.

For the discussion of results of the EFA, extracts of the analysis are reflected in the Table 26 and Figures 29 and 30. Although certain differences in responses between male and female responders can be reported, the differences are however insignificant.

This non-significant result was confirmed by an independent samples t-test ($t(43) = -.595, p = .555$).

Table 26: Results from exploratory factor analysis: mean split by gender

EXTRACT FROM EXPLORATORY FACTOR ANALYSIS		GENDER	
		Male	Female
Need for improved quality management	N	18	27
	Mean	2.3889	2.6667
	Std. Deviation	1.09216	.87706
	Std. Error Mean	.25742	.16879
Training, knowledge and incentives	N	18	27
	Mean	1.7778	1.3333
	Std. Deviation	1.11437	1.14354
	Std. Error Mean	.26266	.22008
Have TQM and invite suggestions for improvement	N	18	27
	Mean	.4444	.1481
	Std. Deviation	.78382	.45605
	Std. Error Mean	.18475	.08777

From the results reflected in Table 26 and Figure 29, it can be stated that on average, females (mean 2.66) tend more than males (mean 2.38) to perceive a need to improve quality management in their guesthouses than males do.

On average, males (mean 1.77) tend more than females (mean 1.33) to report that they know about TQM, that they are trained in the implementation of TQM and that they are offered incentives for job excellence. On average, males (mean 0.44) tend more than females (mean 0.14) to report that their guesthouse is using TQM and facilitated suggestions from employees for quality improvement.

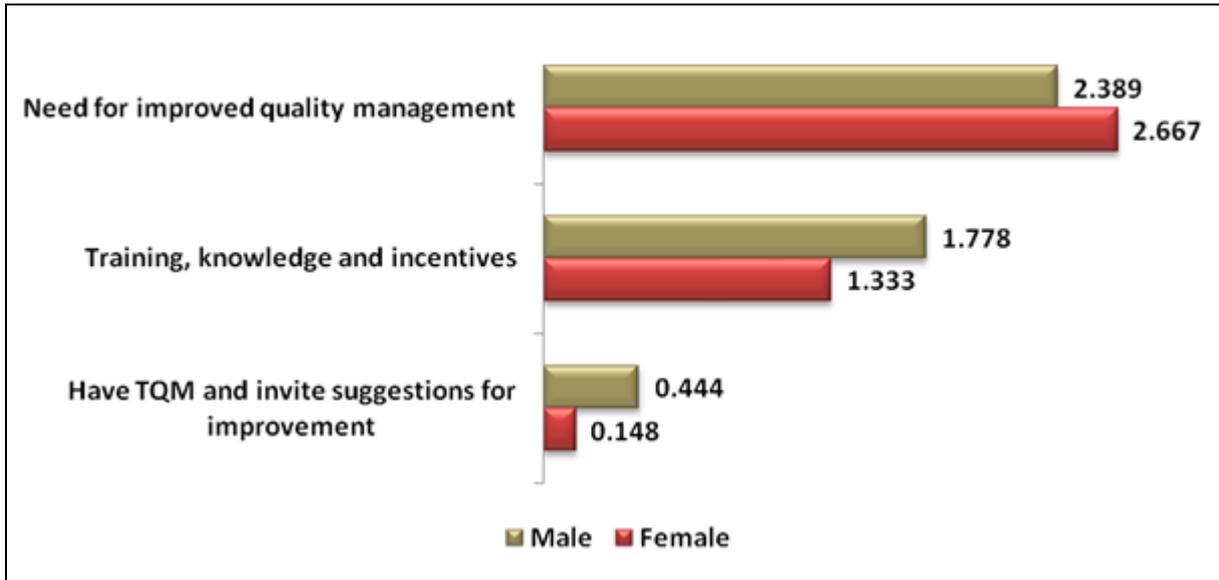


Figure 29: Results from exploratory factor analysis: mean split by gender

The results of EFA of an additional 5 responses are summarised in Figure 30.



Figure 30: Results from exploratory factor analysis: mean split by gender

5.6.2 Exploratory factor analysis: mean split by department

The researcher has applied exploratory factor analysis (EFA) to determine any significant differences in the responses between front and back office respondents. The researcher has utilised the responses to questions that demonstrated a variance between responders and excluded responses where 100% of responders responded the same.

For the discussion of results of the EFA, extracts of the analysis is reflected in Table 27 and Figure 31. Although the mean difference between respondents in front of house and in back of house is larger than that of the two gender groups, the difference in the level of agreement is still not significant.

This non-significant result was confirmed by an independent samples t-test ($t(43) = 1.377, p = .176$).

Table 27 Results from exploratory factor analysis: mean split by department

EXTRACT FROM EXPLORATORY FACTOR ANALYSIS		Department	
		Front of House	Back of House
Need for improved quality management	N	34	10
	Mean	2.5714	2.5000
	Std. Deviation	.94824	1.08012
	Std. Error Mean	.16028	.34157
Training, knowledge and incentives	N	34	10
	Mean	1.5143	1.5000
	Std. Deviation	1.17251	1.08012
	Std. Error Mean	.19819	.34157
Have TQM and invite suggestions for improvement	N	34	10
	Mean	.2571	.3000
	Std. Deviation	.61083	.67495
	Std. Error Mean	.10325	.21344

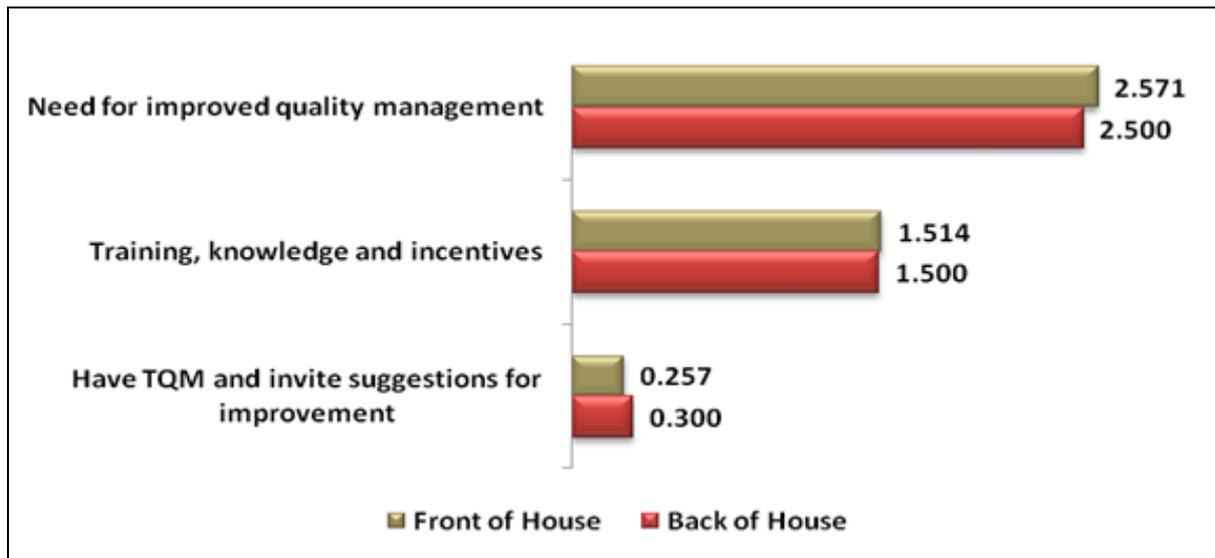


Figure 31: Results from exploratory factor analysis: mean split by department

5.6.3 Exploratory factor analysis: mean split by length of service

The researcher has applied EFA to determine any significant differences in the responses between respondents grouped per length of service in the hospitality industry. The researcher has utilised the responses to questions that demonstrated a variance between responders and excluded responses where 100% of responders responded the same.

No significant differences among the different tenure groups are demonstrated in Tables 28 and 29 as well as Figure 32 below. Thus, it can be concluded that tenure has no influence on the perceptions of the respondents.

Table 28: Results from exploratory factor analysis: mean split by length of service

Years of service in the hospitality industry (completed years)	Mean	N	Std. Deviation
0-5 years	26.55	19	5.125
6-10 years	26.69	13	2.626
11-15 years	28.00	5	2.345
16-20 years	27.80	5	3.033
20 + years	26.00	2	.000
Total	26.87	44	3.859

Table 29 Results of analysis: mean split by length of service

Length of service in hospitality industry items excluded from EFA	Years of service in the hospitality industry (completed years)	Mean	N	Std. Deviation
B23. Work standards are based on quality and quantity rather than quantity alone.	0-5 years	4.21	19	.713
	6-10 years	4.62	13	.650
	11-15 years	5.00	5	.000
	16-20 years	4.40	5	.894
	20 + years	5.00	2	.000
	Total	4.48	44	.698
B24. The guesthouse carries out informal benchmarking to identify best practices for improvements and opportunities.	0-5 years	3.16	19	1.119
	6-10 years	4.00	13	.707
	11-15 years	3.60	5	1.140
	16-20 years	4.00	5	1.000
	20 + years	4.50	2	.707
	Total	3.61	44	1.039
B26. Management believes that the workers that are in close contact with the guesthouse customers should be able to make important decisions within their own areas of responsibility and obligation	0-5 years	3.47	19	1.219
	6-10 years	4.08	13	.760
	11-15 years	4.20	5	.837
	16-20 years	3.60	5	.548
	20 + years	4.50	2	.707
	Total	3.80	44	1.002
B27. Management believes that employees in close contact with guests have the capacity to action decisions without approval.	0-5 years	3.21	19	1.273
	6-10 years	3.15	13	1.144
	11-15 years	3.20	5	1.643
	16-20 years	3.80	5	.837
	20 + years	2.50	2	2.121
	Total	3.23	44	1.236
B32. Long-term relationship and working partnerships exists with key suppliers.	0-5 years	4.37	19	.597
	6-10 years	4.15	13	.899
	11-15 years	5.00	5	.000
	16-20 years	4.20	5	.837
	20 + years	4.50	2	.707
	Total	4.36	44	.718



Figure 32: Results of analysis: mean split by length of service

Summary: it can be stated that there are no significant mean differences between the responses of the respondents as a result of gender, department or length of service.

5.7 STATISTICAL ANALYSIS OF THE QUESTIONS AND RESPONSES IN SECTION B OF THE QUESTIONNAIRE FOR INTERNAL CUSTOMERS (ANNEXURE A)

5.7.1 Analysis of questions 1-17 in Section B of the questionnaire

In pursuit of parsimony, patterns of correlations among the questions used to measure the perceptions of respondents regarding the status of TQM at the guesthouse where they are currently employed were examined by subjecting the set of items to Principle Component Analysis (PCA) using SPSS 21.

Not all of the items in Section B were suitable for exploratory factor analysis for example Q8, Q11 and Q12 were excluded because they had zero variance (all respondents had the same response). The research variables of interest included

8 questions about different aspects relevant to TQM at the guesthouse where they are currently employed.

Prior to performing PCA the suitability of the data for factor analysis was assessed. The relationships among the 8 binary variables as outlined in Table 30 were investigated using Pearson product-moment correlation coefficient (phi coefficient).

Inspection of the correlation matrix in Table 30 confirmed the presence of a number of coefficients of 0.3 and above. Additionally, the Kaiser-Meyer-Olkin value was 0.701, exceeding the recommended minimum value of 0.6 (Kaiser, 1970, 1974) and the Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance, $p < .001$, supporting the factorability of the correlation matrix.

Table 30 Pearson Correlation Coefficients among the 8 measures of the respondents' perceptions regarding TQM at the guesthouse where they are employed (N=44, Listwise)

Questions	B1.	B2.	B6.	B9.	B13.	B14.	B15.	B16.
B1. Are you familiar with Total Quality Management (TQM) as described above?	1							
B2. Does the guesthouse you are currently employed at implement Total Quality Management (TQM) as a quality program?	.277	1						
B6. Does the guesthouse you are currently employed at train you in the implementation of the above described quality management program?	.403**	.327*	1					
B9. Do you think that there is a need for improvement in the guesthouse's present quality program?	-.139	-.231	-.097	1				
B13. Is it evident, at the guesthouse where you are employed that there is a need for an improved quality management program?	-.277	-.423**	-.230	.808**	1			

B14. Do you receive rewards and recognition for best performance in your job?	.475 **	.301 *	.491 **	-.301 *	-.301 *	1		
B15. Does the guesthouse have a system in place for employees to put their suggestions in suggestion boxes for improvements of quality?	.277	.615 **	.183	-.423 **	-.423 **	.442 **	1	
B16. Are you of the opinion that there is a need for improvement in the guesthouse's present quality system?	-.082	-.331 *	-.023	.673 **	.673 **	-.190	-.331 *	1

**Correlation is significant at the 0.01 level (2-tailed) *Correlation is significant at the 0.05 level (2-tailed)

The communalities of the 8 selected questions and responses in Section B have been determined through the application of Principle Component Analysis (PCA) with the results outlined in Table 31.

Table 31: Communalities of the 8 items (Principle Component Analysis)

Questions	Initial	Extraction
B1. Are you familiar with Total Quality Management (TQM) as described above?	1.000	.614
B2. Does the guesthouse you are currently employed at implement Total Quality Management (TQM) as a quality program?	1.000	.829
B6. Does the guesthouse you are currently employed at train you in the implementation of the above described quality management program?	1.000	.656
B9. Do you think that there is a need for improvement in the guesthouse's present quality program?	1.000	.866
B13. Is it evident, at the guesthouse where you are employed that there is a need for an improved quality management program?	1.000	.845
B14. Do you receive rewards and recognition for best performance in your job?	1.000	.664
B15. Does the guesthouse have a system in place for employees to put their suggestions in suggestion boxes for improvements of quality?	1.000	.791
B16. Are you of the opinion that there is a need for improvement in the guesthouse's present quality system?	1.000	.759

Table 32 shows that PCA revealed the presence of two factors with eight values exceeding 1, cumulatively explaining 55.074% of the variance in the data. Inspection of the scree plot outlined in Figure 33 revealed an inflection point at the fourth factor and using Cattell's (1966) scree test, it was decided to retain 3 components for further investigation. These three components cumulatively explain 75.313% of the variance in the data.

Table 32: Total Variance Explained by Exploratory Factor Analysis

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.508	43.847	43.847	2.449	30.610	30.610
2	1.615	20.186	64.034	1.957	24.463	55.074
3	.902	11.279	75.313	1.619	20.239	75.313
4	.625	7.813	83.126			
5	.570	7.131	90.258			
6	.381	4.761	95.019			
7	.260	3.248	98.266			
8	.139	1.734	100.000			

Extraction Method: Principal Component Analysis.

To aid in the interpretation and scientific utility of these three components, Varimax rotation was performed since the analytical procedures are better developed than those of Oblique rotation. Varimax specifically was chosen since it results in a clearer separation of factors (Hair, Black, Babin, Anderson & Tatham 2006:126).

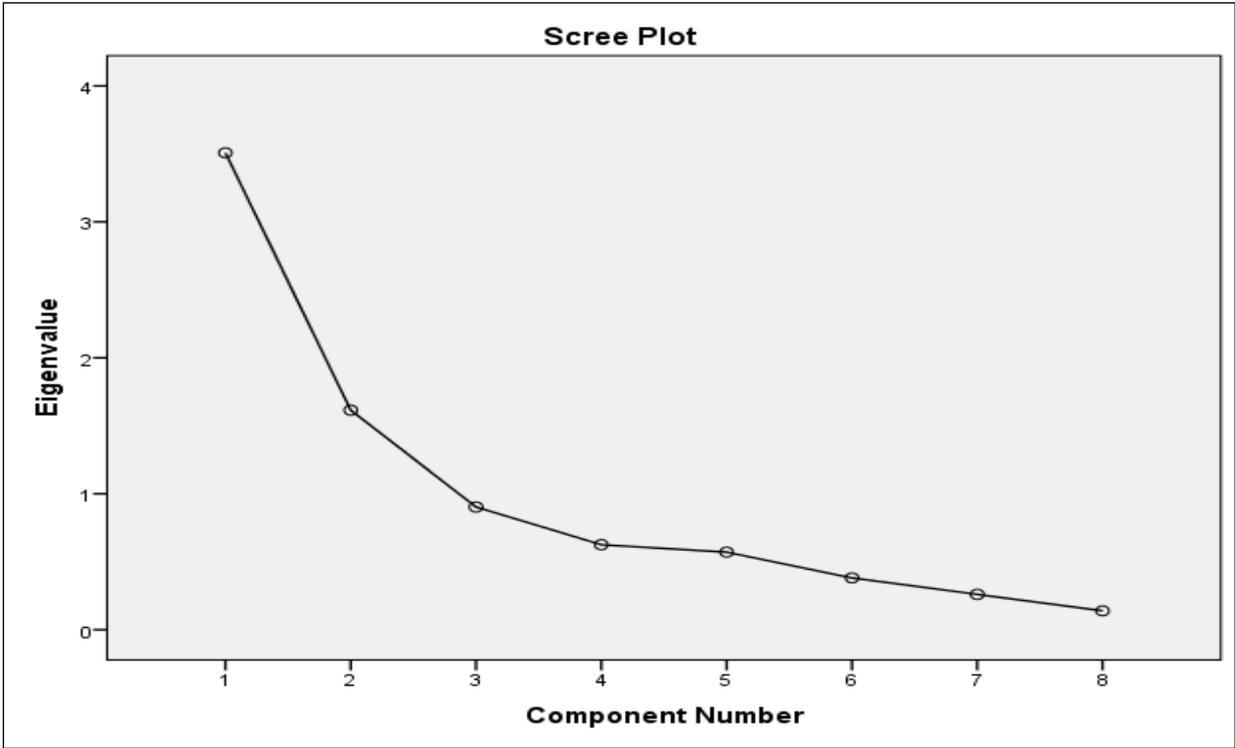


Figure 33: Scree plot

The rotated solution revealed the presence of a simple structure (Thurstone 1947), with each of the three components showing a number of strong loadings as outlined in Table 33.

Table 33: Rotated Component Matrix: Principal Component Analysis with Varimax rotation (Kaiser Normalization)

Questions	Component		
	1	2	3
B9. Do you think that there is a need for improvement in the guesthouse’s present quality program?	.917		
B13. Is it evident, at the guesthouse where you are employed that there is a need for an improved quality management program?	.862		
B16. Are you of the opinion that there is a need for improvement in the guesthouse’s present quality system?	.848		
B6. Does the guesthouse you are currently employed at train you in the implementation of the above described quality management program?		.802	

B1. Are you familiar with Total Quality Management (TQM) as described above?		.771	
B14. Do you receive rewards and recognition for best performance in your job?		.759	
B2. Does the guesthouse you are currently employed at implement Total Quality Management (TQM) as a quality program?			.874
B15. Does the guesthouse have a system in place for employees to put their suggestions in suggestion boxes for improvements of quality?			.822

The values for the three extracted components were calculated by counting the number of 'Yes' responses for the list of items that constitute the component. This resulted in three factors being calculated and named as follows:

- A. Need for improved quality management,
- B. Training, knowledge and incentives and
- C. Have TQM and invite suggestions for improvement

Each factor demonstrated acceptable internal consistency as illustrated by the Cronbach's alpha coefficients listed in Table 34. The generally agreed upon lower limit for Cronbach's Alpha is 0.70, although it may decrease to 0.60 in exploratory research" (Hair *et al.*, 2006:137).

Table 34: Reliability statistics for the three extracted factors

Subscale	Description	N of Items	Cronbach's Alpha
B_C1	Need for improved quality management	3	0.881
B_C2	Training, knowledge and incentives	3	0.712
B_C3	Have TQM and invite suggestions for improvement	2	0.762
Overall	All dimensions	8	0.437

Table 35 and Figure 34 reflect the descriptive statistics for the three calculated components that respectively represent the perceptions (number of ‘Yes’ responses) of the respondents regarding the need for improved quality management at the guesthouse where they are currently employed, their training, knowledge and incentives as well as whether the guesthouse have TQM in place and invite suggestions for improvement.

Table 35: Descriptive Statistics

3 Components	N	Minimum	Maximum	Mean	Std. Deviation
Need for improved quality management	44	.00	3.00	2.5556	.96661
Training, knowledge and incentives	44	.00	3.00	1.5111	1.14062
Have TQM and invite suggestions for improvement	44	.00	2.00	.2667	.61791
Valid N (Listwise)	44				

Keeping in mind that the maximum score for the first two components is 3 and for the last component 2, the descriptive results can be interpreted as follows:

On average, the respondents tend to have a strong perception of the need to improve quality management at the guesthouse where they are currently employed.

On average, about half of the respondents agree that they know about TQM, receive training regarding the implementation of TQM and are offered incentives for job excellence while the other half tend to disagree.

On average, only a small proportion of the respondents have the perception that the guesthouse where they are currently employed uses TQM for quality management and facilitate suggestions for improvement.

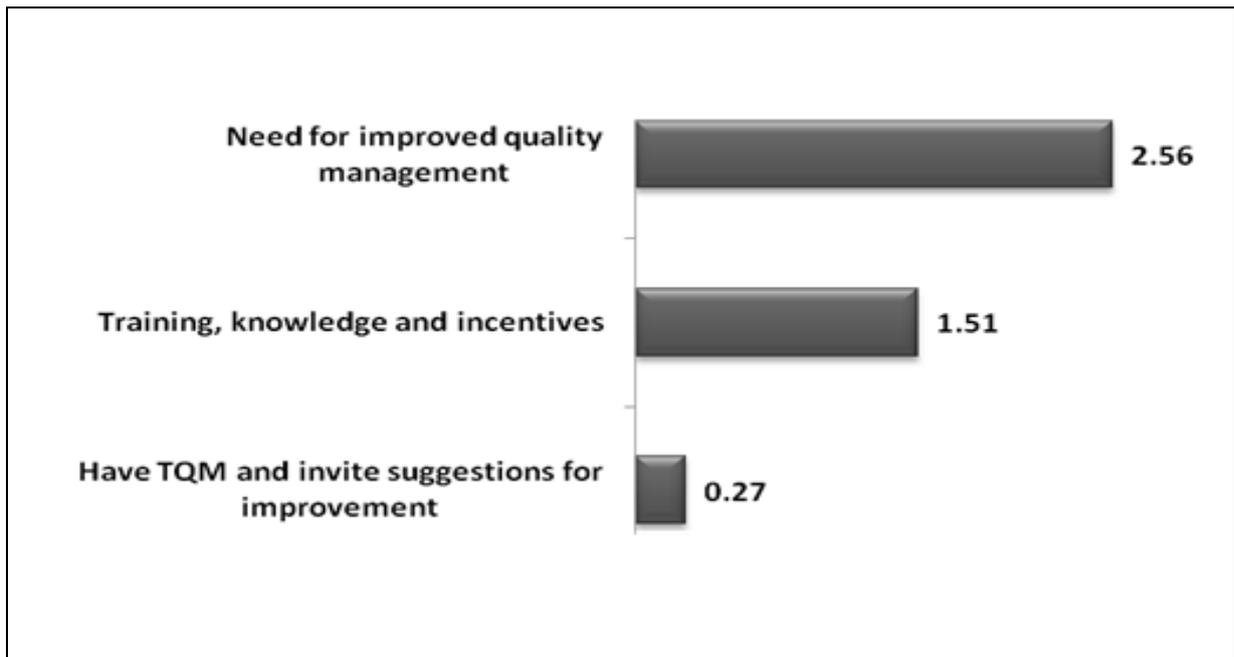


Figure 34: Mean Perceptions

5.7.2 Analysis of question 18 in Section B of the questionnaire for Internal Customers (Annexure A)

The 6 items in this Section did not demonstrate multidimensionality (see Figure 35) and can therefore be considered to form a single scale with very good internal consistency (Cronbach's Alpha = 0.902). Table 36 lists the correlations among the 6 items of the scale.

A single composite value was calculated by summing the responses for the six items. Keeping in mind that the items were scored on a 5-point Likert Scale (original coding scheme was inversed) with 1 indicating the least agreement and 5 indicating the most agreement with the statements, a minimum value of 6 and a maximum value of 30 is possible for the composite score that indicates the extent of a respondent's agreement with the 6 items.

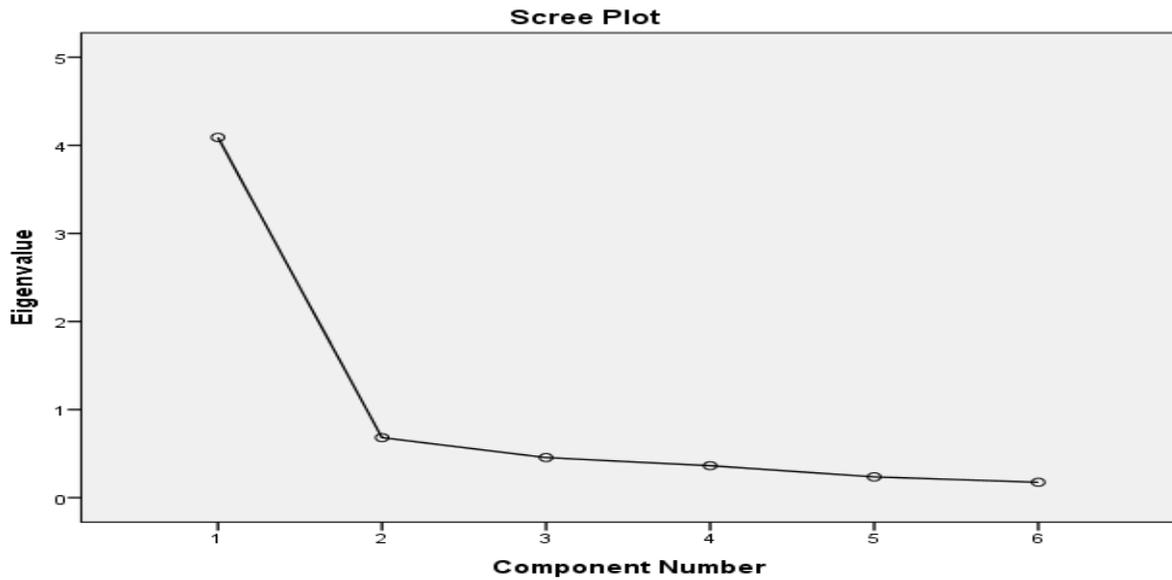


Figure 35: Scree Plot

Table 36: Pearson Correlation Coefficients among the 6 measures of the agreement with TQM Principles scale (N=45, Listwise)

Questions related to TQM	TQM1	TQM2	TQM3	TQM4	TQM5	TQM 6
TQM1. Leaders are responsible to create a culture of quality.	1					
TQM2. Employee participation in process re-engineering and communicating their ideas to management.	.696**	1				
TQM3. Formation of quality circles where groups of employees do similar work.	.563**	.582**	1			
TQM4. A systems approach is followed whereby those working on the systems must listen to feedback	.670**	.542**	.748**	1		
TQM5. Benchmarking and best practices with similar establishments.	.697**	.700**	.547**	.664**	1	
TQM6. Training and development plays and important part of TQM.	.718**	.597**	.450**	.519**	.551**	1

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

With higher values corresponding to a higher level of agreement with the statements of the TQM Principles Agreement Scale, Table 37 indicates that on average, the respondents demonstrate a high level of agreement.

Table 37: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TQM Principles Agreement Scale	44	7	30	26.87	3.859
Valid N (Listwise)	44				

5.7.3 Analysis of questions 19-32 in Section B of the questionnaire

Not all of the items in Section B (Q19 to Q32) were suitable for exploratory factor analysis. Five questions were excluded due to, inter alia, low communality. Their removal increased the total number of variance explained and or improved the Cronbach's Alpha of the factor it loaded on.

In pursuit of parsimony, patterns of correlations among the remaining 9 questions used to measure the perceptions of respondents different aspects of TQM at the guesthouse where they are currently employed were examined by subjecting the set of items to PAF using SPSS 21.

The research variables of interest included 9 questions about different aspects relevant to TQM at the guesthouse where they are currently employed. Prior to performing PCA the suitability of the data for factor analysis was assessed. The relationships among the 9 variables that were measured on a 5-point Likert scale were investigated using Pearson product-moment correlation coefficient.

Inspection of the correlation matrix (Table 38) confirmed the presence of a number of coefficients of 0.3 and above. Additionally, the Kaiser-Meyer-Olkin value was 0.755, exceeding the recommended minimum value of 0.6 (Kaiser, 1970; 1974) and the Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance, $p < .001$, supporting the factorability of the correlation matrix.

Table 38: Pearson Correlation Coefficients among the 9 measures of the respondents' perceptions regarding TQM at the guesthouse where they are employed (N=44, Listwise)

Questions	B19.	B20.	B21.	B22.	B25.	B28.	B29.	B30.	B31.
B19. Senior management communicates the guesthouse's policy, and values to the customers, employees, suppliers and other groups.	1								
B20. Managers of this guesthouse assume active roles as facilitators of continuous improvement, coaches of new methods, mentors and leader of empowered employees.	.735*	1							
B21. The manager of every department shares their information and experiences with their workers.	.405*	.409*	1						
B22. The entire workforce understands, and is committed to the vision, values and quality goals of the establishment.	.564*	.615*	.638**	1					
B25. Different department's managers participate in the formation of guesthouse policy and strategic decisions that affect your work.	.566*	.535*	.490**	.648*	1				
B28. Quality related training is given to managers, supervisors and employees.	.447*	.446*	.119	.490*	.339*	1			
B29. Management encourages a guesthouse management style where teamwork is applied in each process.	.393*	.372*	.349*	.434*	.541*	.642**	1		
B30. An effective system exists within the company to prioritise those processes identified as needing improvement.	.587*	.385*	.284	.590*	.471*	.652**	.669**	1	
B31. Effective top-down and bottom-up communication exists in this guesthouse.	.620*	.425*	.325*	.535*	.337*	.562**	.507**	.767**	1

**Correlation is significant at the 0.01 level (2-tailed) *Correlation is significant at the 0.05 level (2-tailed)

The communalities of the 9 items were determined through PCA as outlined in Table 39.

Table 39: Communalities of the 9 items (Principle Component Analysis)

Questions	Initial	Extraction
B19. Senior management communicates the guesthouse's policy, and values to the customers, employees, suppliers and other groups.	.721	.601
B20. Managers of this guesthouse assume active roles as facilitators of continuous improvement, coaches of new methods, mentors and leader of empowered employees.	.658	.548
B21. The manager of every department shares their information and experiences with their workers.	.549	.466
B22. The entire workforce understands, and is committed to the vision, values and quality goals of the establishment.	.747	.732
B25. Different department's managers participate in the formation of guesthouse policy and strategic decisions that affect your work.	.610	.559
B28. Quality related training is given to managers, supervisors and employees.	.623	.607
B29. Management encourages a guesthouse management style where teamwork is applied in each process.	.671	.523
B30. An effective system exists within the company to prioritise those processes identified as needing improvement.	.766	.836
B31. Effective top-down and bottom-up communication exists in this guesthouse.	.664	.607

Extraction Method: Principal Axis Factoring.

Table 40 shows that PAF revealed the presence of two factors with eigenvalues exceeding 1, cumulatively explaining 60.891% of the variance in the data. Inspection of the scree plot (Figure 36) revealed an inflection point at the third factor. Using Cattell's (1966:254) scree test, it was decided to retain 2 components for further investigation.

Table 40: Total Variance Explained by Exploratory Factor Analysis

Factor	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.015	55.727	55.727	2.819	31.318	31.318
2	1.235	13.727	69.454	2.662	29.573	60.891
3	.771	8.572	78.026			
4	.638	7.085	85.111			
5	.457	5.078	90.189			
6	.381	4.234	94.423			
7	.207	2.298	96.721			
8	.188	2.091	98.811			
9	.107	1.189	100.000			

Extraction Method: Principal Axis Factoring.

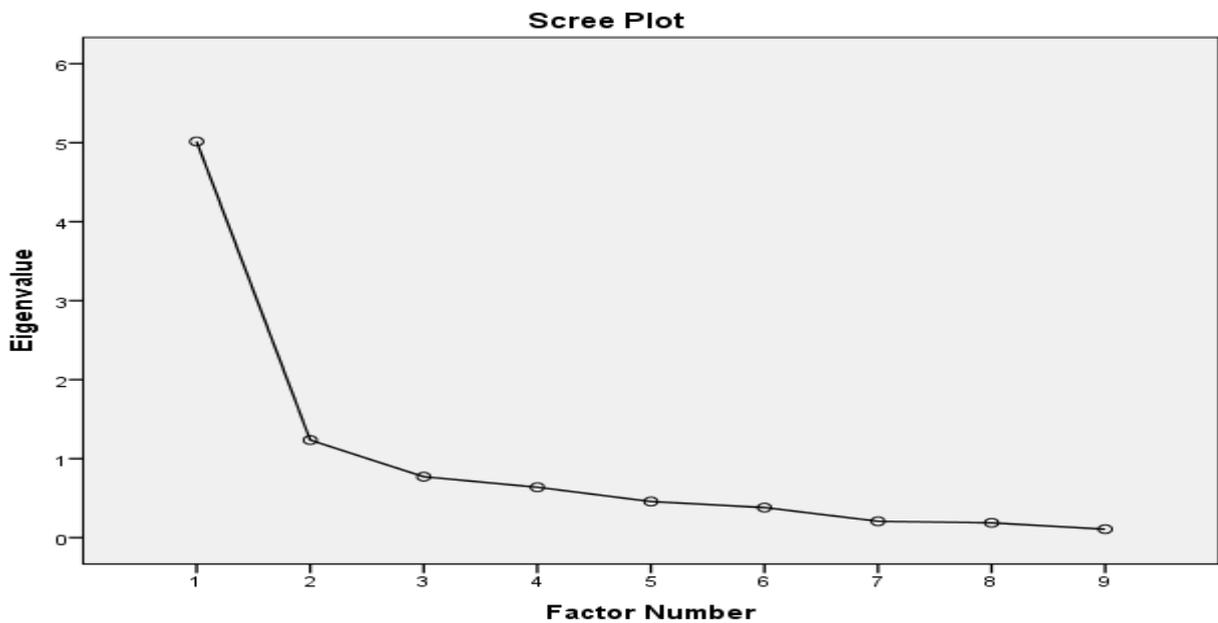


Figure 36: Scree plot

The values for the two extracted components were calculated by calculating the average score of the items that loaded on them. This resulted in two factors being calculated and named as follows:

- A. Current system/approach to improve quality,
- B. Teamwork as vehicle for maintaining and improving quality,

Each factor demonstrated acceptable internal consistency as illustrated by the Cronbach's alpha coefficients listed in Table 41. The generally agreed upon lower limit for Cronbach's Alpha is 0.70, although it may decrease to 0.60 in exploratory research. (Hair *et al.*, 2006, p137).

Table 41: Reliability statistics for the three extracted factors

Subscale	Description	N of Items	Cronbach's Alpha
B_F1	Current system/approach to improve quality	4	0.873
B_F2	Teamwork as vehicle for maintaining and improving quality	5	0.861
Overall	All dimensions	9	0.897

Table 42 and Figure 37 and reflect the descriptive statistics for the two calculated components that respectively represent the perceptions of the respondents regarding the current way things are done at their guesthouse to improve quality management and the extent to which teamwork is practiced to maintain/improve quality management. The findings are as follows:

On average, the respondents tend to have a strong perception (3.835 is above the middle value of the original 5-point scale) that there are quality management systems in place at their guest house to promote quality management.

On average, the respondents tend to have a strong perception (3.936 is above the middle value of the original 5-point scale) that the effort to improve quality management at their guest house is a team effort.

Table 42: Descriptive Statistics

Questions	N	Minimum	Maximum	Mean	Std. Deviation
Current system/approach to improve quality	44	1.50	5.00	3.835	.81580
Teamwork as vehicle for maintaining and improving quality	44	1.80	5.00	3.936	.77852
Valid N (Listwise)	44				

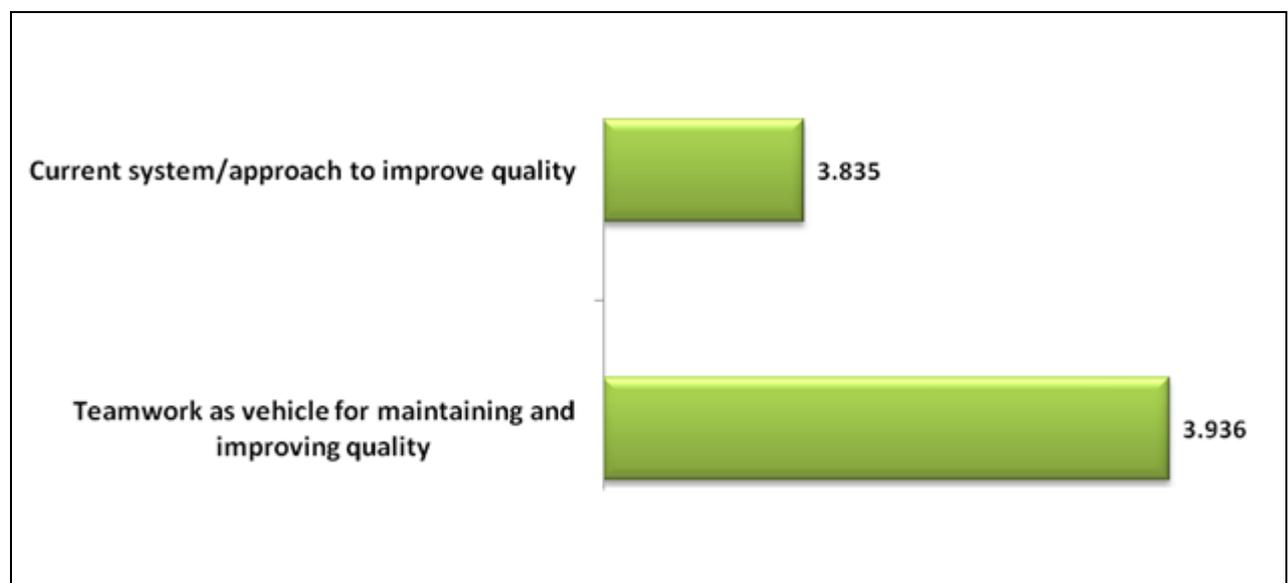


Figure 37: Mean Perceptions

5.8 STATISTICAL ANALYSIS OF THE QUESTIONS AND RESPONSES IN THE SERVQUAL QUESTIONNAIRE FOR EXTERNAL CUSTOMERS (ANNEXURE B)

5.8.1 Dimensions of customer retention

Using the 3 dimensions of customer satisfaction and retention as set out in the questionnaire namely customer retention, compatibility management and customer satisfaction; values were created for each dimension by calculating the mean of the responses for the set of questions that represent the dimension.

The first two dimensions demonstrated acceptable internal consistency (see Table 43). The last one's Cronbach's Alpha can improve to 0.643 if item C11 is removed from the scale. The mean of the 3 dimensions are also outlined in Figure 38.

Table 43: Descriptive Statistics – original dimensions

Dimensions	N	Minimum	Maximum	Mean	Std. Deviation	Cronbach's Alpha
Customer Retention - original	61	2.00	5.00	4.0295	.74551	0.790
Compatibility Management - original	61	2.00	5.00	3.4959	.78253	0.817
Customer Satisfaction - original	61	2.60	5.00	3.9279	.55261	0.550
Customer Satisfaction – original minus C11	61	2.25	5.00	3.8033	.66162	0.643
Valid N (Listwise)	61					

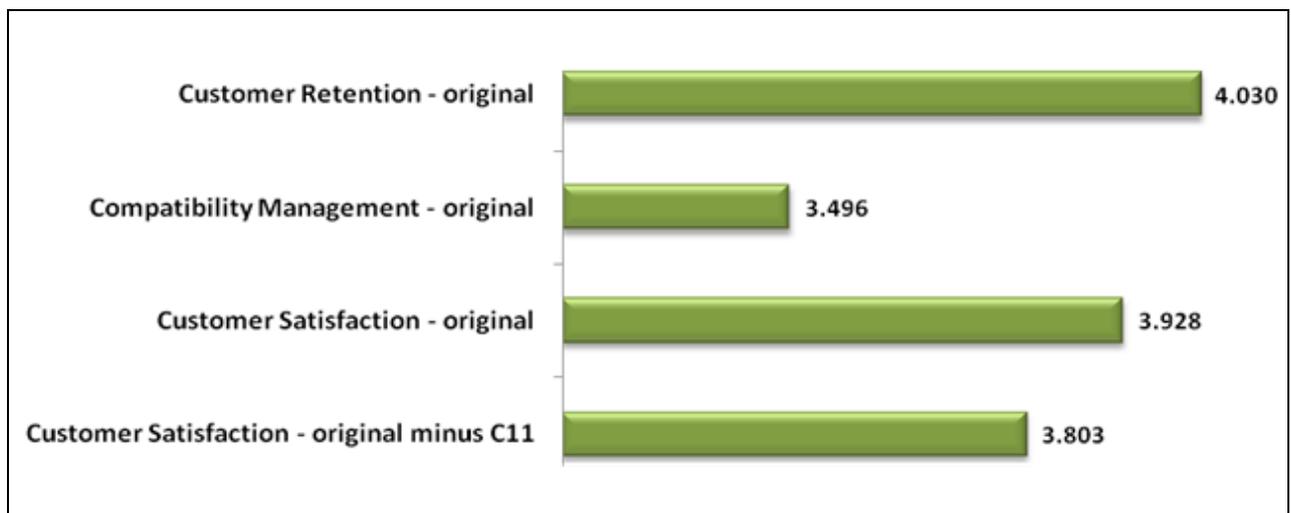


Figure 38: Mean Perceptions

5.8.2 Customer Retention Dimension

In order to determine whether latent sub-dimensions in the set of items indicated to constitute a dimension can be identified, these items were subjected to exploratory factor analysis per dimension.

Item C5 was excluded from the analysis because its exclusion resulted in an increased Cronbach's Alpha and also improved interpretability of the extracted latent factors. Patterns of correlations among the 4 remaining questions, used to measure the perceived frequency of efforts to promote customer retention at the guesthouse where they are currently employed, were examined by subjecting the set of items to PAF using SPSS 21.

The research variables of interest included 4 questions about different aspects relevant to the frequency with which certain actions were performed at the guesthouse where they are currently employed. Prior to performing PAF the suitability of the data for factor analysis was assessed. The relationships among the 4 variables that were measured on a 5-point Likert scale were investigated using Pearson product-moment correlation coefficient. Inspection of the correlation matrix (Table 44) confirmed the presence of a number of coefficients of 0.3 and above. Additionally, the Kaiser-Meyer-Olkin value was 0.614, exceeding the recommended minimum value of 0.6 (Kaiser, 1970; 1974) and the Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance, $p < .001$, supporting the factorability of the correlation matrix.

Table 44: Pearson Correlation Coefficients among the 5 measures of the respondents' frequency perceptions regarding customer satisfaction and retention (N=61, Listwise)

Questions in Section C	C1. The guesthouse focuses on building long-term relationships with guests.	C2. Measure the satisfaction level of guests with the services quality experienced at the guesthouse.	C3. Maintain a database of guest preferences and guest details.	C4. Customise relationships with individual guests or groups of guests.	C5. Recognise and reward guests for their business.
C1. The guesthouse focuses on building long-term relationships with guests.	1				
C2. The guesthouse measures the satisfaction level of guests with the services quality experienced at the guesthouse.	.588**	1			

C3. The guesthouse maintains a database of guest preferences and guest details.	.377**	.429**	1		
C4. The guesthouse customises relationships with individual guests or groups of guests.	.222	.335**	.763**	1	
C5. The guesthouse recognises and rewards guests for their business.	.366**	.324*	.640**	.511**	1

**Correlation is significant at the 0.01 level (2-tailed) *Correlation is significant at the 0.05 level (2-tailed)

Table 45 shows that PAF revealed the presence of two factors with eigenvalues exceeding 1, cumulatively explaining 69.153% of the variance in the data. Inspection of the scree plot (Figure 39) revealed an inflection point at the third factor. Using Cattell’s (1966:245) scree test, it was decided to retain 2 components for further investigation.

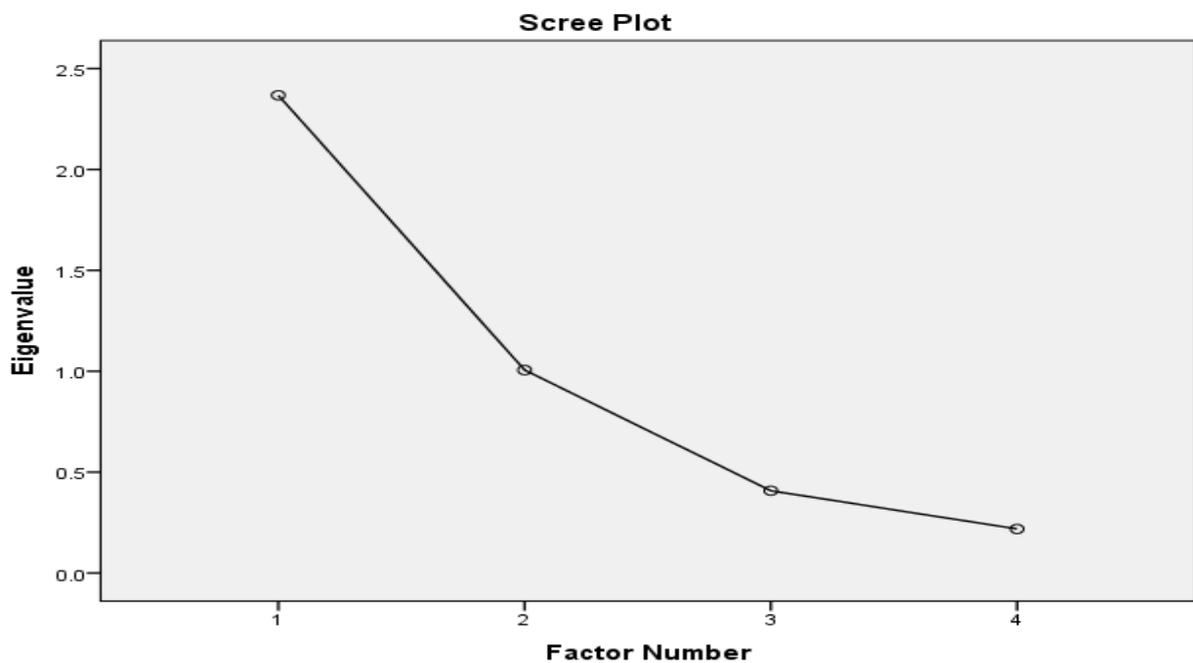


Figure 39: Scree Plot

Table 45: Communalities of the 4 items (Principle Axis Factoring)

Questions	Initial	Extraction
C1. The guesthouse focuses on building long-term relationships with guests.	.377	.654
C2. Measure the satisfaction level of guests with the services quality experienced at the guesthouse.	.400	.548
C3. Maintain a database of guest preferences and guest details.	.634	.772
C4. Customise relationships with individual guests or groups of guests.	.590	.792

To aid in the interpretation and scientific utility of these two components, Varimax rotation was performed. The rotated solution revealed the presence of a simple structure (Thurstone, 1947), with each of the two components showing a number of strong loadings (Table 46).

Table 46: Total Variance Explained by Exploratory Factor Analysis

Factor	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.368	59.192	59.192	1.525	38.117	38.117
2	1.006	25.148	84.340	1.241	31.036	69.153
3	.408	10.195	94.536			
4	.219	5.464	100.000			

Extraction Method: Principal Axis Factoring.

The values for the two extracted components were created by calculating the average score of the items that loaded on them. This resulted in two factors being calculated and named:

- A. Capture and use customer intelligence to customise relationships among guests,
- B. Build long-term relationships with guests and monitor their levels of satisfaction with each factor demonstrating acceptable internal consistency as illustrated by the Cronbach's alpha coefficients listed in Table 47 and 48.

Table 47: Rotated Component Matrix: Principal Axis Factoring with Varimax rotation (Kaiser Normalization)

Questions	Factor	
	1	2
C4. Customise relationships with individual guests or groups of guests.	.879	
C3. Maintain a database of guest preferences and guest details.	.816	
C1. The guesthouse focuses on building long-term relationships with guests.		.798
C2. Measure the satisfaction level of guests with the services quality experienced at the guesthouse.		.692

Table 48: Reliability statistics for the two extracted factors

Subscale	Description	N of Items	Cronbach's Alpha
C1_F1	Capture and use customer intelligence to customise relationships among guests	2	0.873
C1_F2	Build long-term relationships with guests and monitor their levels of satisfaction	2	0.866
C1_Overall	All dimensions	4	0.763

Table 49 and Figure 40 reflects the descriptive statistics for the two calculated factors that respectively represent the perceived frequency at their guesthouses of actions to capture and use customer intelligence to customise relationships among guests and the perceived frequency of building long-term relationships with guests and monitoring their satisfaction level.

Table 49: Descriptive Statistics

Customer retention factor	N	Minimum	Maximum	Mean	Std. Deviation
Customer Retention - F1: Capture and use customer intelligence to customise relationships among guests	61	1.00	5.00	4.0738	.94796
Customer Retention - F2: Build long-term relationships with guests and monitor their levels of satisfaction	61	2.50	5.00	4.4426	.61980
Valid N (Listwise)	61				

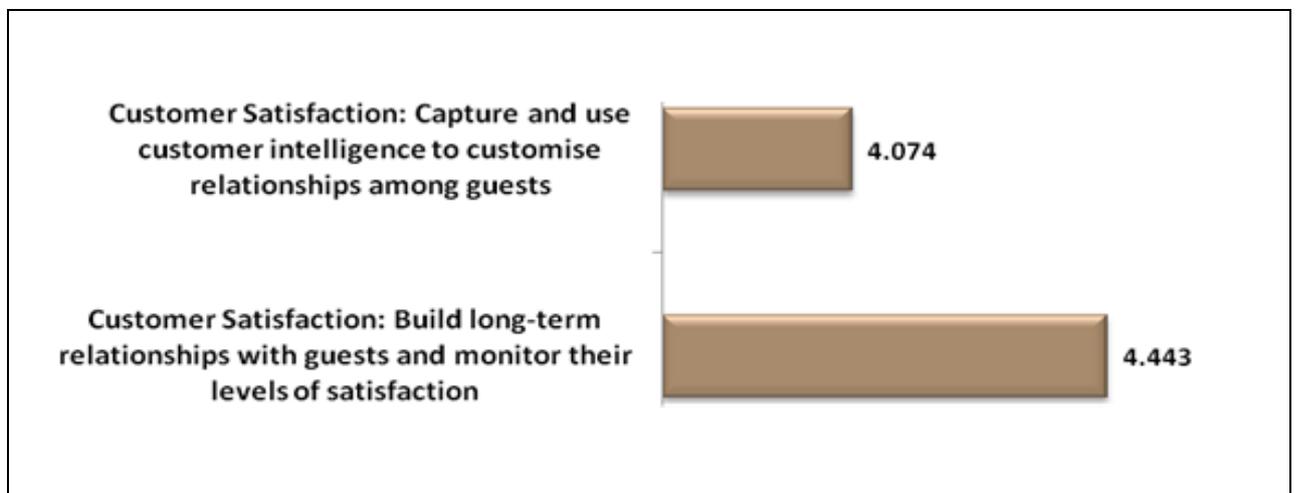


Figure 40: Mean Perceptions

Summary: On average, the respondents indicated frequent occurrence (mean score well above the middle value of the 5-point Likert scale) of behaviours expressed by the two extracted factors at their guest houses.

5.8.3 Compatibility Management Dimension

The relationships among the 5 variables that were measured on a 5-point Likert scale were investigated using Pearson product-moment correlation coefficient. Inspection of the correlation matrix (Table 50) confirmed the presence of a number of coefficients of 0.3 and above.

However, after having submitted these items to exploratory factor analysis using PAF with SPSS 21, it became clear that this scale is one dimensional.

Table 50: Pearson Correlation Coefficients among the 5 measures of the respondents' frequency perceptions regarding customer satisfaction and retention (N=61, Listwise)

Questions	C6. The guesthouse attract similar or compatible guest to the guesthouse.	C7. Promote positive encounters between guests.	C8. Manage the physical environment to facilitate the interaction between guests, for example in the lounge or dining room.	C9. Introduce guests to each other.	C10. Encourage employees to provide information regarding the behaviour of guests to management.
C6. The guesthouse attract similar or compatible guest to the guesthouse.	1				
C7. Promote positive encounters between guests.	.663 **	1			
C8. Manage the physical environment to facilitate the interaction between guests, for example in the lounge or dining room.	.722 **	.801 **	1		
C9. Introduce guests to each other.	.368 **	.418 **	.334 *	1	
C10. Encourage employees to provide information regarding the behaviour of guests to management.	.292 *	.381 **	.464 **	.356 **	1

**Correlation is significant at the 0.01 level (2-tailed) *Correlation is significant at the 0.05 level (2-tailed)

5.8.4 Customer Satisfaction Dimension

The relationships among the 5 variables that were measured on a 5-point Likert scale were investigated using Pearson product-moment correlation coefficient. Inspection of the correlation matrix (Table 51) confirmed the presence of a few coefficients of 0.3 and above.

Table 51: Pearson Correlation Coefficients among the 5 measures of the respondents' Frequency perceptions regarding customer satisfaction and retention (N=61, Listwise)

Questions	C11. Customer satisfaction surveys are done regularly.	C12. This guesthouse compares its customer satisfaction with competitors.	C13. This guesthouse determines improvements in customer satisfaction.	C14. Comprehensive identification of customers and customer needs are conducted in the guesthouse.	C15. There is a process to gather customers' suggestions, feedback and complaints to assess customer satisfaction.
C11. Customer satisfaction surveys are done regularly.	1				
C12. This guesthouse compares its customer satisfaction with competitors.	.001	1			
C13. This guesthouse determines improvements in customer satisfaction.	-.120	.439**	1		
C14. Comprehensive identification of customers and customer needs are conducted in the guesthouse.	.011	.113	.516**	1	
C15. There is a process to gather customers' suggestions, feedback and complaints to assess customer satisfaction.	.077	.149	.333**	.359**	1

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

5.9 SUMMARY

This study had as its overall objective the measurement and evaluation of the implementation of TQM at participating 4-to 5-Star guesthouses in the Western Cape region, analysing the results and set to highlight the shortcomings and successes of its implementation as well as the formulation of recommendations on how 4-to 5-star

guesthouses in the Western Cape region could improve their service quality levels and ultimately develop a strategy for sustained customer retention.

In pursuit of parsimony and patterns of correlations among the responses to questions to measure the perceptions of owners, managers and staff regarding the status of TQM at the guesthouse where they are currently employed, as well as the perception of customers' experience of quality service, customer satisfaction and retention, the primary data obtained through the application of its triangular approach towards measurement instruments which were both qualitative (observation and interviews, etc.) and quantitative (application of two questionnaires), were analysed utilising various processes of statistical analyses.

The respondents of the first questionnaire comprised 15 owners and managers of the participating guesthouses as well as 30 members of staff in various positions of seniority and employed at various departments of the participating guesthouses.

The respondents of the second questionnaire referred to as the SERVQUAL questionnaire comprised 61 guests staying at the participating guesthouses at the time of the survey. Although the unit of analysis was relatively small, it was practical and allowed an in-depth survey with multiple instruments.

As part of the triangular approach towards measurement in the survey, the researcher and the appointed objective observer utilised observation and conducting of non-structured interviews as part of the qualitative measurement in the survey. Informal discussions and non-structured interviews with owners, managers, staff and guests of the appointed guesthouses comprised an integral part of our observations. The most significant observations and field notes recorded can be summarised as follows:

- A. Nearly all owners/managers and staff agreed regarding the importance of quality services to guests but only a few could indicate what the relation is between service quality and retention of customers.
- B. Apart from one guesthouse, no indication was found from any participating guesthouse that comprehensive TQM of any sort is being implemented. Most guesthouses implement their own understanding of TQM comprising training manuals and administrative procedure manuals.

- C. Most guests indicated that apart from receiving a short satisfaction questionnaire to be filled out and handed in on departure, very little contact is made between management/staff and guests to determine guest satisfaction with service quality or to ensure follow-up visits by customers.

The researcher has applied exploratory factor analysis (EFA) to determine any significant differences in the responses between male and female, front and back office and length of service in the hospitality industry respondents. The researcher has utilised the responses to questions that demonstrated a variance between responders and excluded responses where 100% of responders responded the same. **In summary: It can be stated that there are no significant mean differences between the responses of the respondents as a result of gender, department or length of service.**

Section 5.3 of this Chapter contains comprehensive information about the results of the survey amongst owners, managers and staff of participating guesthouses. Some of the more important results are as follows:

Some survey results on TQM and quality customer service

1. 66.7% reported familiarity with TQM
2. 13.3% reported that TQM have been implemented as a quality program at the guesthouse
3. 54.5% reported that they are trained in the quality program at the guesthouse
4. 97.8% reported that the guesthouse place emphasis on quality customer service
5. 100% of reported that the guesthouse facilitate a service quality culture
6. 86.7% reported that there is room for improvement in the guesthouse's current quality program.
7. 77.8% reported that they are encouraged to perform their tasks more efficient and effective 100% of respondents reported that this can be achieved through TQM.
8. 100% reported that a well-structured TQM system can improve customer service,
9. 86.7% reported that there is a need for an improved quality management program at the guesthouse.

10. 31.1% reported that they receive recognition for best performance in their jobs
11. 86.7% reported that the guesthouse does not have a suggestion box system in place

Section 5.4 contains comprehensive information about the results of the survey amongst customers of participating guesthouses (SERVQUAL questionnaires) are as follows:

Some SERVQUAL survey results on customer satisfaction and retention

1. 55.7% of customers indicated that the guesthouse regularly builds long-term customer relations
2. 54.1% of respondents indicated that the guesthouse regularly measures guest satisfaction with service quality.
3. 44.3% of customers indicated that the guesthouse regularly maintains a database of guest preferences and
4. 47.5% of customers indicated that the guesthouse customise relationships with individual guests or group of guests.
5. 23% of customers indicated that the guesthouse regularly rewards guests for their business.
6. 19.7% of customers indicated that the guesthouse regularly attracts compatible guests
7. 29.5% of customers indicated that the guesthouse manages the guesthouse environment to facilitate guest interaction.
8. 59% of customers indicated that the guesthouse regularly conducts customer satisfaction surveys.
9. 26.2% of customers indicated that the guesthouse regularly determines improvements in customer satisfaction
10. 39.3% of respondents indicated that the guesthouse regularly identifies customer needs.
11. 47.5%, of respondents indicated that the guesthouse regularly collects customer suggestions and complaints to assess customer satisfaction.

Chapter 6 contains the findings of the analysis of research results pertaining to the implementation of TQM at guesthouses as well as pertaining to service quality, quality management, customer satisfaction and retention.

Chapter 6 also contains findings of the review of the research problem as well as each of the research objectives. The challenges and recommendations are formulated for each of the research objectives based on the primary and secondary research findings. Findings of the study will confirm that the task of TQM is to facilitate increased service quality which in return acts as a catalyst for customer retention.

CHAPTER 6

RESEARCH FINDINGS

6.1 INTRODUCTION

Chapter 5 provided an exposition of the research results of the personal survey conducted at participating guesthouses with reference to TQM and its ability as an integrated management system to ensure sustained optimal service quality levels and subsequently improving the level of customer satisfaction resulting in customer retention. The research results also focused on the experience of customers of guesthouses pertaining to quality service and the guesthouse's actions to manage customer needs and levels of satisfaction.

This Chapter presents findings based on the research results recorded in Chapter 5. The researcher also reviewed the research problem and the six research objectives (as discussed in Sections 4.5 and 4.6 of Chapter 4) in view of the research findings. Each of the six research objectives are discussed with reference to challenges or problems identified from the research findings as well as recommendation or suggestions from the literature review to address these challenges or problems.

6.2 FINDINGS REGARDING OBSERVATIONS AND BIOGRAPHICAL FACTORS

6.2.1 Introduction

The researcher and her objective observer has conducted observation as well as non-structured interviews at the participating guesthouses with owners/managers/staff as well as customers staying at the guesthouses during the period of the survey. Statistical analysis was also performed on biographical factors. It was determined that there are no significant differences between the responses of respondents as a result of biographical factors such as gender, department of work and length of service in the hospitality industry.

6.2.2 Findings regarding the observations and informal interviews with owners/managers/staff of the guesthouses

The researcher and the appointed objective observer conducted informal discussions and non-structured interviews with owners, managers, staff and

guests of the participating guesthouses as an integral part of the qualitative measurement process.

The most significant observations and field notes recorded can be summarised as follows:

- A. The majority of owners/managers believe that they apply TQM although most of them were not able to define TQM.
- B. Nearly all owners/managers and staff are in agreement regarding the importance of quality services to guests but only a few could indicate what the relation is between TQM, service quality and retention of customers.
- C. A large communication gap exists between management and staff. Most owners/managers indicated the importance of open communication with staff.
- D. Most of the staff however complained about communication from management.
- E. A lack of action orientation exists at guesthouses regarding customer satisfaction surveys. Although management indicated that surveys are held, the majority of staff stated that they have no idea what become of the completed forms.
- F. Although owners and managers stated that they are fully committed to training staff in all aspects of their work, staff however indicated that quality service is not defined and the only training is the basic training required by their job descriptions.
- G. Most staff members indicated very little knowledge of other guesthouses (competitors) and stated that comparisons with other guesthouses are seldom discussed by owners/managers.
- H. Apart from one guesthouse, no indication was found from any other guesthouses that comprehensive TQM of any sort is being implemented.

- I. Most guesthouses implement their own version of TQM comprising mainly training manuals and administrative procedure manuals.
- J. Most guests indicated that apart from receiving a short satisfaction questionnaire to be filled out and handed in on departure, very little contact is made between management/staff and guests to determine guest satisfaction with service quality or to ensure return visits by customers.

6.2.3 Findings regarding differences between responses as a result of biographical factors

In order to determine any significant differences in the responses of respondents as a result of biographical factors, the researcher has conducted Exploratory Factor Analyses.

It was concluded that:

- A. Although certain differences in responses between male and female responders can be reported, the differences are however insignificant. This non-significant result was confirmed by an independent samples t-test ($t(43) = -.595, p = .555$).
- B. Although the mean difference between respondents in front of house and in back of house is larger than that of the two gender groups, the difference in the level of agreement is not significant. This non-significant result was confirmed by an independent samples t-test ($t(43) = 1.377, p = .176$).
- C. As the number of respondents in some groups of length of service is small, the results had to be interpreted with care. However, no significant differences among the different tenure groups were found.

Hence it can be concluded that tenure has no influence on the responses of the respondents.

6.3 Findings regarding the implementation of TQM at participating guesthouses

The results of the questionnaire survey conducted amongst owners/managers/staff of the participating guesthouses were analysed. The findings can be summarised as follows:

6.3.1 *Quality management*

The findings indicated that only two thirds of the respondents (66.7%) are actually familiar with the principles of TQM whilst significantly lower percentage respondents (13.3%) are actually implementing these principles at their respective guesthouses.

It can therefore be deduced that a third of the respondents lack any knowledge of TQM principles whilst more than half (54.5%) of respondents are implementing their own quality programs and quality training.

In contrast to the above, the significance of quality customer service receives high acknowledgement (97.8%) resulting in the current service quality culture at the participating guest houses. This means that, irrespective of the unique nature of each guesthouse's management and cultural context, a high premium is placed on the importance of quality service in order to improve customer retention.

Most of the respondents (86.7%) acknowledged the need for improvements in their current quality programs which explains the significantly high proportion (77.8%) of respondents reflecting their positive inclination towards more efficient and cost effective task execution and service delivery.

When granted the opportunity to reflect on their own work standards, a significant percentage of employees (59.1%) acknowledged the correlation between work standards and principles relating to quality and quantity. This means that the positive relationship between high standards of service and customer retention is recognised. The fact that a high percentage of participating respondents (97.8%) acknowledged the value of the implementation of TQM towards improved customer services predisposes a positive tendency towards change.

6.3.2 *Manager-employee interactions*

By analysing the responses of the respondents, it is evident that although TQM principles are recognised as valuable, the effective implementation thereof at participating guesthouses can be questioned.

A significant percentage of respondents (86.7%) are not granted the opportunity to put their suggestions for improvements of quality service to management. These findings should be viewed in combination with results indicating that only 22.7% of respondents expressed satisfaction with regard to effective top-down and bottom-up communication channels at their respective guesthouses. Only 47.7% of respondents indicated that they fully agree that policies are communicated to employees.

Less than one third of respondents (31.8%) indicated that managers of departments share their information and experiences with their workers. Only 31.8% of the respondents fully agree that the entire workforce understands and is committed to the vision, values and quality goals of the establishment.

Only 31.1% of respondents indicated that they receive rewards and recognition for best performance in their jobs. This is most alarming as it is a clear indication of the lack of sufficient long term commitment towards successful improvement of quality service and customer retention.

6.3.3 *Training and teamwork*

Training and related quality improvement strategies were identified from the literature review and discussed in Chapter 3.

Findings from the survey imply that, although not fully exploited and implemented, it is recognised that services rendered by guesthouses in general, can improve with the implementation of the TQM system. Training in TQM system and practises will also enable them to achieve and maintain higher occupancy levels.

More than three quarters of the respondents (77.7%) indicated that they strongly agree or agree that quality circles should be formed where groups of employees

do similar work. However, whilst team work forms the basis of quality circles, only one third of respondents (31.8%) indicated that they fully agree that management encourages a guesthouse management style where teamwork is applied in every process.

Even though about three quarters of respondents (77.8%) indicated that training and development is an important part of TQM, only 54.5% of respondents indicated that they are trained in quality management and only 22.7% of respondents indicated that they fully agree that quality training are indeed given to managers, supervisors and employees.

6.4 Findings regarding quality customer service

The results of the SERVQUAL questionnaire survey amongst customers of the participating guesthouses were analysed. The findings can be summarised as follows:

6.4.1 *Communication with customers*

Findings suggest that, irrespective of the importance of sustained contact with guests in order to enhance customer retention, the execution of basic action steps such as updated databases only occur at certain guesthouses.

Less than half (47.5%) indicated that the guesthouse customises relationships with individual guests or group of guests although more than half of the respondents (55.7%) indicated that the guesthouse regularly builds long-term customer relations,

Only one in five respondents (19.7%) indicated that the guesthouse regularly attracts compatible guests while only one in four (23%) indicated that the guesthouse regularly rewards guests for their business.

Less than half (44.3%) of respondents indicated that the guesthouse regularly maintains a database of guest preferences and details.

Participating guests had significantly different views regarding business reward systems. Although one in four (23%) indicated that regular business with a specific guesthouse resulted in tokens of reward, one in five (19.7%) held the opinion that their regular support has never been acknowledged or rewarded.

6.4.2 *Communication between customers*

Findings suggest that communication and interaction between customers are not a priority for guesthouses. Only one in four respondents (26.2%) indicated that the guesthouse regularly promotes positive encounters between guests whilst only one in fourteen (6.9%) indicated that the guesthouse regularly introduces guests to one another.

Less than a third of respondents (29.5%) indicated that the guesthouse regularly manages the guesthouse environment to facilitate guest interaction whilst only one in five (19.7%) indicated that the guesthouse regularly attracts compatible guests.

6.4.3 *Managing customers' satisfaction and retention*

From the analysis of the responses of respondents it is clear that measurement of client satisfaction is conducted regularly but that comparison with other guesthouses are not. Staff is also not utilised as a source of information through feedback on customer behaviour.

More than half (54.1%) of the respondents indicated that the guesthouse regularly measures guest satisfaction with the service quality of the guesthouse whilst only one in three (39.3%) of respondents indicated that the guesthouse regularly identifies customer needs.

Less than half (47.5%) of the respondents indicated that the guesthouse regularly collects customer suggestions and complaints to assess customer satisfaction whilst only one quarter (26.2%) indicated that the guesthouse regularly determines improvements in customer satisfaction.

Staff are not fully utilised as a source of information about behaviour of customers. Only 14.8% of respondents indicated that the guesthouse regularly acquires feedback from staff on guest behaviour.

A shortfall in the quality management program of guesthouses is the practice to not regularly compare customer satisfaction results with other competitors. Only

9.8% of respondents indicated that the guesthouse regularly compares the results of customer satisfaction surveys with competitors.

6.5 Findings regarding the statistical analysis of questions and responses to the questionnaires

6.5.1 Introduction

In pursuit of parsimony, patterns of correlations among the questions used to measure the perceptions of respondents regarding the status of TQM at the guesthouse where they are currently employed were examined by subjecting the set of items to Principle Component Analysis (PCA) using SPSS 21.

6.5.2 Findings regarding statistical analysis of questions and responses regarding TQM

Not all of the items in Section B were suitable for exploratory factor analysis for example Q8, Q11 and Q12 was excluded because they had zero variance (all respondents had the same response).

Prior to performing PCA the suitability of the data for factor analysis was assessed. The relationships among the selected binary variables were investigated using Pearson product-moment correlation coefficient (phi coefficient).

Inspection of the correlation matrix confirmed the presence of a number of coefficients of 0.3 and above. Additionally, the Kaiser-Meyer-Olkin values were determined and items identified with values exceeding the recommended minimum value of 0.6. Similarly the Bartlett's Test of Sphericity was applied and items were selected that reached statistical significance, $p < .001$, supporting the factorability of the correlation matrix.

Based on the findings of the various statistical procedures applied, a number of conclusions could be derived, such as:

- A. On average, the respondents tend to have a strong perception of the need to improve quality management at the guesthouse where they are currently employed
- B. On average, about half of the respondents agree that they know about TQM, receive training regarding the implementation of TQM and are offered incentives for job excellence
- C. On average, only a small proportion of the respondents have the perception that the guesthouse where they are currently employed uses TQM for quality management and facilitate suggestions for improvement
- D. On average, the respondents tend to have a strong perception that there are quality management systems in place at their guest house to promote quality management
- E. On average, the respondents tend to have a strong perception that the effort to improve quality management at their guest house is a team effort

6.5.3 Findings regarding statistical analysis of questions and responses pertaining to customer satisfaction and retention

Three (3) dimensions of customer satisfaction and retention were set out in the questionnaire namely customer retention, compatibility management and customer satisfaction.

Values were created for each dimension by calculating the mean of the responses for the set of questions that represent the dimension. The first two dimensions demonstrated acceptable internal consistency. The last one's Cronbach's Alpha improved to 0.643 when item C11 was removed from the scale.

A. *Customer retention dimension*

In order to determine whether latent sub-dimensions in the set of items indicated to constitute a dimension, can be identified, these items were subjected to exploratory factor analysis per dimension. Patterns of correlations among the questions used to measure the perceived frequency

of efforts to promote customer retention at the guesthouse where they are currently employed were examined by subjecting the set of items to PAF using SPSS 21.

Prior to performing PAF the suitability of the data for factor analysis was assessed. The relationships among the variables that were measured on a 5-point Likert scale were investigated using Pearson product-moment correlation coefficient. Inspection of the correlation matrix confirmed the presence of a number of coefficients of 0.3 and above. Additionally, the Kaiser-Meyer-Olkin value exceeded the recommended minimum value of 0.6. The Bartlett's Test of Sphericity reached statistical significance, $p < .001$, supporting the factorability of the correlation matrix.

The values for the two extracted components were created by calculating the average score of the items that loaded on them with each factor demonstrating acceptable internal consistency. This resulted in two factors being calculated and named:

- Capture and use customer intelligence to customise relationships among guests
- Build long-term relationships with guests and monitor their levels of satisfaction

B. Compatibility Management Dimension

The relationships among the 5 variables that were measured on a 5-point Likert scale were investigated using Pearson product-moment correlation coefficient. Inspection of the correlation matrix confirmed the presence of a number of coefficients of 0.3 and above.

The values for the two extracted components were created by calculating the average score of the items that loaded on them with each factor demonstrating acceptable internal consistency. This resulted in three factors being calculated and named:

- Promote positive encounters between guests
- Manage the physical environment to facilitate the interaction between guests, for example in the lounge or dining room
- Encourage employees to provide information regarding the behaviour of guests to management

C. *Customer Satisfaction Dimension*

The relationships among the 5 variables that were measured on a 5-point Likert scale were investigated using Pearson product-moment correlation coefficient. Inspection of the correlation matrix confirmed the presence of a few coefficients of 0.3 and above.

The values for the two extracted components were created by calculating the average score of the items that loaded on them with each factor demonstrating acceptable internal consistency. This resulted in three factors being calculated and named:

- This guesthouse determines improvements in customer satisfaction.
- Comprehensive identification of customers and customer needs are conducted in the guesthouse.
- There is a process to gather customers' suggestions, feedback and complaints to assess customer satisfaction

6.6 REVIEW OF THE RESEARCH PROBLEM

The research problem relates to the insufficient focus of 4-to 5-star guesthouses on quality management in general and the implementation of TQM in particular and their insufficient attention to the relation between quality service, customer satisfaction and customer retention.

The research problem which was researched for this study is depicted in the textbox below.

The research problem

Increasing pressure on 4-to 5-star guesthouses in the Western Cape region to be competitive and sustainable in terms of customer service, customer retention and service quality. A variety and even a lack of quality management strategies, star-grading systems and other systems are used by these guesthouses. Some quality systems are not applicable to guesthouses and are not effective. TQM, its efficacy dimensions and related systems and strategies seem to lack in terms of its inadequate or inconsistent application.

The findings of the observations as well as the analysis of the research results fully confirm the statements as captured in the research problem. The formulation of the problem should however be extended to include the finding regarding **insufficient knowledge and skills currently present at guesthouses to successfully implement TQM as a quality management system.**

The research findings of the personal survey confirmed the research problem as was stated at the outset of this study. The following research findings can be noted:

- A. Two thirds of respondents (66.7%) reported familiarity with TQM.
- B. A minimum number of guesthouses (13.3%) reported that TQM have been implemented as a quality program at the guesthouse.
- C. Only half of respondents (54.5%) reported that they are trained in the quality program at the guesthouse.
- D. Almost all guesthouses (97.8%) reported that the guesthouse place emphasis on quality customer service and that the guesthouse facilitates a service quality culture (100%).
- E. The majority of respondents (86.7%) reported that there is room for improvement in the guesthouse's current quality program whilst 86.7% reported that there is a need for an improved quality management program at the guesthouse.
- F. All (100%) reported that customer retention can be achieved through TQM and a well-structured TQM system can improve customer service.

In order to address the research problem, the researcher recommends the implementation of an integrated model for TQM. The recommended TQM Model (Figure 41 in Section 7.5) integrates the Oakland Model for TQM developed by Oakland (2011:474) and as outlined in Section 3.12.2 and depicted in Figures 21, and the PDCA Cycle Model (as adopted by Deming and discussed in Section 3.12.1 and depicted in Figures 20)

This study embedded Oakland's TQM model in order to revise current service quality levels at guesthouses with the aim of improving customer satisfaction and retention. The role of training and development of managers and staff in the implementation of TQM is as much important as TQM itself.

6.7 REVIEW OF THE RESEARCH OBJECTIVES: AN OVERVIEW

Six (6) research objectives were formulated for this study and thoroughly discussed in Section 1.4 of Chapter 1 and can be summarised as follows:

The six research objectives for the study

1. To understand the challenges and make recommendations in terms of customer service rendered in 4-to 5-star guesthouses situated in the Western Cape region.
2. To underpin the problem and provide appropriate suggestions in terms of customer retention in 4-to 5-star guesthouses in the Western Cape region in order to attain and sustain higher occupancy levels.
3. To understand the challenges and make recommendations in terms of service quality in 4- to 5star guesthouses situated in the Western Cape region with emphasis on employee, guest and hospitality establishment relationships in competitive markets in terms of delivering and experiencing high levels of service quality.
4. To underpin problems and make suitable recommendations in terms of quality management of 4- to 5-star guesthouses situated in the Western Cape region.
5. To understand challenges and provide suggestions in terms of the star-grading system applicable to 4-to 5-star guesthouses in the Western Cape region.
6. To understand the challenges and make recommendations in terms of the implementation of TQM in 4-to 5-star guesthouses situated in the Western Cape region for sustained customer retention.

To indicate how the research objectives were addressed, each objective will be discussed in terms of the challenges, problems and recommendations to manage the challenges effectively based on the research findings (including the analysis of the **primary data**, as obtained through observation, questionnaire for interior customers (owner/manager/staff) and SERVQUAL questionnaire (for exterior customers) as well as **secondary data** from the literature review.

6.8 REVIEW OF RESEARCH OBJECTIVE ONE: CHALLENGES AND RECOMMENDATIONS ON QUALITY SERVICE

Research objective one (1) was formulated as follows:

Research objective one: To understand the challenges and make recommendations in terms of customer service rendered in 4-to 5-star guesthouses situated in the Western Cape region.

6.8.1 Challenges regarding objective one based on research finding discussed in Sections 6.2, 6.3 and 6.4.

The findings of the personal survey as discussed Section 6.2, 6.3 and 6.4 (primary data) and findings of the literature review as discussed in Chapter 2 and 3, (secondary data) offered a number of challenges pertaining to this objective of which the following should be noted regarding quality service:

A. Challenge regarding acknowledgement of the importance of quality service

The significance of quality customer service receives high acknowledgement which has resulted in the establishment and maintenance of a service quality culture at the participating guest houses. This means that, irrespective of the unique nature of each guesthouse's management and cultural context, a high premium is placed on the importance of quality service in order to improve customer retention (97.8%). Most of the respondents (86.7%) acknowledged the need for improvements in their current quality programs which explains the

significantly high proportion (77.8%) of respondents reflecting their positive inclination towards more efficient and cost effective task execution and service delivery.

B. Challenge regarding understanding of the correlation between work standards and quality service

When granted the opportunity to reflect on their own work standards, a significant percentage of employees (59.1%) acknowledged the correlation between work standards and principles relating to quality and quantity. This means that the positive relationship between high standards of service and customer retention is recognised.

C. Challenge regarding implementation of important quality management techniques

Although 77.7% of respondents indicated that they strongly agree or agree that quality circles should be formed where groups of employees do similar work, only 31.8% of respondents indicated that they fully agree that management encourages a guesthouse management style where teamwork is applied in every process. The research findings indicate (Sections 6.2 and 6.3) that almost all owners/managers/staff of guesthouses (97.8%) confirmed that management emphasises quality customer service and that management facilitates a service quality culture at guesthouses (100%).

6.8.2 Recommendations regarding objective one

A. Create superior customer service to achieve a competitive advantage

The literature review indicated that superior customer service can be used as a differentiating factor and subsequently will achieve a competitive advantage and are more likely to profit over their competitors.

Anderson and Vincze (2000:76) view sustainable competitive advantage as the ability to become and continue to be successful over time. This

success is based on the establishment's ability to depend on its own skills and assets (Petzer *et al* 2005:3).

Today's business environment necessitates that establishments develop a competitive advantage which will differentiate their product and service offerings from those of their competitors. Competitive advantage can be referred to as the value created by an establishment which enables differentiation of the establishment from its competitors (Petzer *et al* 2005:3; Dubé & Renaghan 1999:28–33).

TQM can contribute to creating competitive advantage for a guesthouse as TQM focuses on meeting the needs and expectation of customers, involving all parts of the establishment which includes management, the internal and the external customer, considering the costs which are related to quality, focusing on designing quality rather than inspecting it and developing systems and procedures which support quality and continuous incremental improvement.

B. Establish loyal customers to generate increased profits.

The need for quality as well as the different categories in which customers classify quality was underpinned in Section 2.1. Szwarc (2005:12) states that the link between customer satisfaction and the ability of the establishment to establish loyal customers generates increased profits.

Furthermore, customer satisfaction and loyal customers jointly create an improvement in the bottom-line performance of an establishment. Customer satisfaction and loyalty should be managed in a holistic way rather than treated separately (Szwarc 2005:12). The relationship between customer satisfaction and customer loyalty was underpinned in Section 2.8.2.

C. *Develop innovative differentiation strategies*

Petzer *et al* (2005:1) explicate that establishments are continually acquiring and developing new and innovative strategies to obtain and retain customers in order to increase business as the cost of losing customers rises. Service establishments such as guesthouses are compelled to devise and implement competitive differentiation strategies in order to improve their competitiveness and subsequently retain customers (Customer Retention Management 2005). Colgate (1998:80-89) explains that differentiation can be accomplished through gaining and sustaining competitive advantage (Petzer *et al* 2005:4).

Popova (2006:39) states that quality has become an important contributor to the differential advantage of a guesthouse. A guest, who experiences quality service at a guesthouse for the amount of money spent, leaves the establishment satisfied and promotes the guesthouses through positive word of mouth. The guesthouse then receives free promotion and is in a position to retain the guest.

The strategies as set out below can be identified as examples of differentiation strategies which enable guesthouse establishments to create and sustain competitive advantage:

- *Differentiation through branding*
- *Differentiation through positioning*
- *Differentiation according to price*
- *Differentiation according to location*
- *Differentiation through providing high quality service*
- *Differentiation through excellence in TQM*

D. Develop teamwork for sustained optimal quality service delivery

Teamwork is a prerequisite for the successful implementation of TQM instruments such as Quality Circles and for a strong quality service culture at a guesthouse. Management should attend to teambuilding and regularly ascertain if teamwork is optimal at the guesthouse.

6.9 REVIEW OF RESEARCH OBJECTIVE TWO: PROBLEMS AND SUGGESTIONS REGARDING CUSTOMER RETENTION

Research objective two (2) was formulated as follows:

Research objective two: To underpin the problem and provide appropriate suggestions in terms of customer retention in 4-to 5-star guesthouses in the Western Cape region in order to attain and sustain higher occupancy levels

6.9.1 Problems identified regarding customer retention based on research findings discussed in Section 6.2, 6.3 and 6.4.

The researcher and the appointed objective observer conducted informal discussions and non-structured interviews with owners, managers, staff and guests of the appointed guesthouses as an integral part of the qualitative measurement process.

As discussed in Section 6.2, it was observed that a lack of action orientation exist at guesthouses regarding the conducting of customer satisfaction surveys. Although all guesthouse owners and managers are in agreement that customer satisfaction surveys are regularly held at guesthouses, the majority of staff however stated that they have no idea what become of the completed forms.

A. Problem regarding database on customer needs

Less than a quarter (23%) of respondents indicated that the guesthouse regularly rewards guests for their business, less than half (44.3%) of respondents indicated that the guesthouse regularly maintains a database of guest preferences and details.

B. Problem regarding reward system

Participating guests had significantly different views regarding business reward systems. Although less than a quarter (23%) of respondents indicated that regular business with a specific guesthouse resulted in tokens of reward, 19.7% held the opinion that their regular support has never been acknowledged or rewarded.

C. Problem regarding communication between customers

Findings in Section 6.3 suggest that communication and interaction between customers are not a priority for guesthouses. About 1 out of 4 respondents (26.2%) indicated that the guesthouse regularly promotes positive encounters between guests while only 6.9% of respondents indicated that the guesthouse regularly introduces guests to one another.

Less than a third (29.5%) of respondents indicated that the guesthouse regularly manages the guesthouse environment to facilitate guest interaction while 19.7% of respondents indicated that the guesthouse regularly attracts compatible guests.

D. Problem regarding the management of customers' satisfaction

From the responses it is clear that measurement of client satisfaction is conducted regularly but that comparison with other guesthouses are not. Staff is also not utilised as a source of information through feedback on customer behaviour.

More than half (54.1%) of respondents indicated that the guesthouse regularly measures guest satisfaction with the service quality of the guesthouse while 39.3% of respondents indicated that the guesthouse regularly identifies customer needs.

6.9.2 Suggestions regarding customer retention

The following suggestions are made to assist guesthouses to manage customer retention:

A. *Maintain a database on customer needs*

A guesthouse should maintain a database of guest preferences and details to be utilised during return visits by the customers.

B. *Reward customers for continuous support*

A guesthouse should develop a reward system to give recognition and tokens of reward for continuous support by loyal customers.

C. *Facilitate communication between customers*

Guesthouses should manage its customer environment and facilitate communication and interaction between customers promoting positive encounters between customers and introducing customers to one another. It is imperative that customers receive confirmation that the guesthouse attracts compatible customers.

D. *Manage customers' satisfaction and retention*

A guesthouse should develop and implement an instrument/questionnaire to identify customer needs and a SERVQUAL questionnaire to measure the level of guest satisfaction with the service quality of the guesthouse amongst all customers all the time.

E. *Conduct comparison with other guesthouses*

Guesthouses should also from time-to-time conduct comparison with other guesthouses regarding level of customer satisfaction and feedback on customer needs.

F. *Retain employees and facilitate employee satisfaction*

Another customer retention strategy described in Section 2.10 is the involvement of management relating to retaining employees as well as fostering employee satisfaction.

Section 2.10 underpins the fact that a lower employee turnover rate enables the establishment to maintain strong personal relationships with its customers. Another element pertaining to high staff turnover is that it

creates a negative environment and subsequently reduces the quality of service provided by employees to customers. It is suggested that employees be given career development opportunities as well as a high degree of involvement in the business.

G. Forster customer relations

Research indicates that in order to retain customers, commitment to customer relationships should be fostered. With reference to this study and the focus on 4-to 5-star guesthouses, the establishment of membership cards or loyalty programs can be used as direct incentives for customer retention.

H. Implement a combination of customer retention strategies

Additional customer retention strategies as illuminated in Section 2.10 include the following:

- Customer retention management through customer-service marketing
- Customer retention management through service recovery
- Customer retention management through employee training
- Customer retention management through effective communication

6.10 REVIEW OF RESEARCH OBJECTIVE THREE: CHALLENGES AND RECOMMENDATIONS REGARDING SERVICE QUALITY AND BUSINESS RELATIONS IN COMPETITIVE MARKETS

Research objective three (3) was formulated as follows:

Research objective three: To understand the challenges and make recommendations in terms of service quality in 4- to 5-star guesthouses situated in the Western Cape region with emphasis on employee, guest and hospitality establishment relationships in competitive markets in terms of delivering and experiencing high levels of service quality

6.10.1 Challenges identified regarding service quality and business relations in competitive markets based on research finding discussed in Sections 6.2, 6.3 and 6.4.

A. Challenges identified from observations and informal interviewing of owner/manager/staff respondents

- Owners and managers are paying lip service regarding the training of staff in quality service. Although owners and managers stated that they are fully committed to training staff in all aspects of their work. Staff however indicated that quality service is not defined and the only training is the basic training required by their job descriptions.
- Most staff members indicated very little knowledge of other guesthouses (competitors) and stated that comparisons with other guesthouses are seldom discussed by owners/managers.
- Most guests indicated that apart from receiving a short satisfaction questionnaire to be filled out and handed in on departure, very little contact is made between management/staff and guests to determine guest satisfaction with service quality or to ensure follow-up visits by customers.

B. Challenge regarding comparison with competitors

A shortfall in the quality management program of guesthouses is the practice to not regularly compare customer satisfaction results with other competitors.

According to Section 5.5, 59% of respondents indicated that the guesthouse regularly conducts customer satisfaction surveys (Table 25 and Figure 28). However, only 9.8% of respondents indicated that the guesthouse regularly compares the results of customer satisfaction surveys with competitors (Table 25 and Figure 28).

C. Challenge regarding customer suggestions

Less than half (47.5%) of respondents indicated that the guesthouse regularly collects customer suggestions and complaints to assess customer satisfaction while about 1 in 4 respondents (26.2%) indicated that the guesthouse regularly determines improvements in customer satisfaction. A most alarming finding for attaining customer loyalty and retention is that only 39.3% of respondents indicated that the guesthouse regularly identifies customer needs.

D. Challenge regarding staff's utilisation as a source of information about customers

Staff are not fully utilised as a source of information about behaviour of customers. Only 14.8% of respondents indicated that the guesthouse regularly acquires feedback from staff on guest behaviour.

E. Challenge regarding training and utilisation of managers and staff in quality management and staff satisfaction

Only about half of the respondents (54.5%) indicated that quality-related training is given to the entire workforce (Table 22 and Figure 25). Similarly 54.5% reported that they are trained in the quality program at the guesthouse. Less than 1 in 3 respondents (31.1%) reported that they receive recognition for best performance in their jobs

F. Challenge regarding long term customer relationships

Findings in Section 6.3 and 6.4 suggest that, irrespective of the importance of sustained contact with guests, the execution of basic action steps such as updated customer databases only occur at certain guesthouses.

Although more than a half of respondents (55.7%) indicated that the guesthouse regularly builds long-term customer relations, less than a half (47.5%) of respondents indicated that the guesthouse customise relationships with individual guests or group of guests.

6.10.2 Recommendations regarding service quality and business relations in competitive markets

A. *Train managers and staff in quality service and TQM*

Owners of guesthouses should not only pay lip service to the training of managers and staff regarding quality service and TQM. Knowledge and skills are required for the successful implementation of TQM as well as to master the techniques for sustained optimal levels of quality service.

B. *Train managers and staff to attain all the dimensions of service quality*

The literature review indicated a number of dimensions of service quality that should be adhered to by service rendering establishments (Sackdev and Verma (2004:102)):

- *Assurance*: The courteousness, knowledge, skill and overall know-how of service employees in their ability to promote trust and confidence amongst customers.
- *Reliability*: The consistency and dependability with which tasks are carried out. This can also refer to the extent to which service employees honour the establishment's promises and perform the service right the first time.
- *Responsiveness*: The willingness or readiness of employees to provide service or the timelessness with which service is rendered.
- *Tangibles*: The characteristic of service that refers to the physical evidence of the service that is the physical facilities such as the appearance of employees or the service facilities and the tools or equipment used to provide the service.
- *Empathy*: The ability of employees to care about and treat customers with individuality in terms of the service rendered

C. *Train managers and staff to exceed customer expectations*

Literature review indicates that to remain successful as a service providing establishment, meeting the basic needs of customers are no longer sufficient. The challenge is to continuously exceed customer expectations.

As discussed in Section 2.6 in Chapter 2, Chakrapani (1991:1-5) is convinced that service quality can be divided into three dimensions which are depicted in Figure 4 namely:

- *Basic quality*: It can be asserted that the first dimension seeks to determine whether the service/product delivers all it is expected to deliver.
- *Dependability*: The second dimension finds its momentum in that it goes beyond only assessing the qualities of the product/service and mostly deals with the way customers are treated once a product or service is sold to them.
- *Exceeding expectations*: Researching the third dimension places emphasis on exceeding the expectations of the customer.

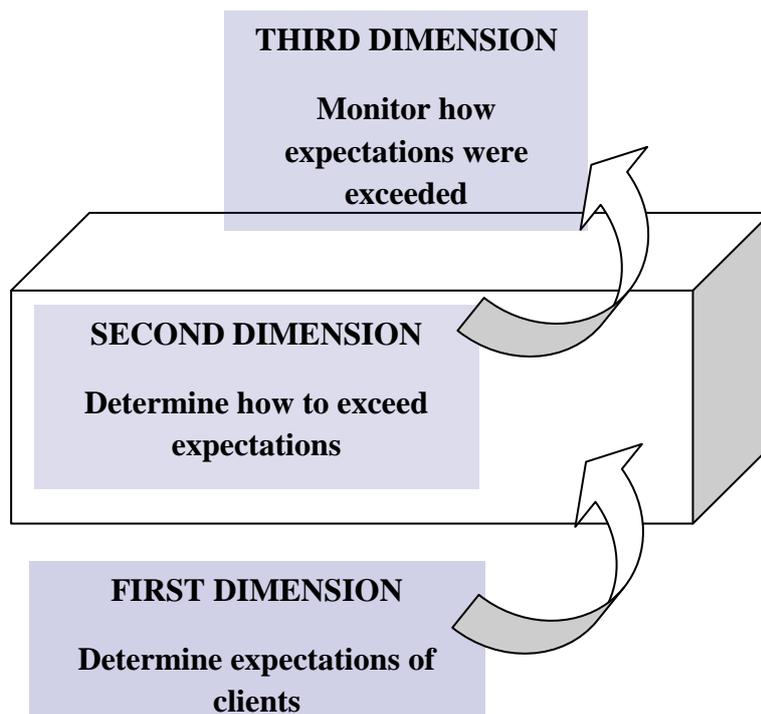


Figure 4: A model for the three dimensions of service quality

D. Compare survey findings with competitors

Owners and managers should regularly compare the results of their customer satisfaction surveys with other competitors. This comparison

will inform owners and managers of their performance in the market place compared to other similarly graded guesthouses.

E. Collect customer suggestions

Guesthouse should regularly collect customer suggestions and complaints to assess customer satisfaction. Guesthouse should also regularly determine improvements in customer satisfaction by comparing survey results obtained at different periods.

F. Utilise staff as source of information

Staff should also be utilised as a source of information regarding interaction with customers, their needs and level of satisfaction with services rendered. Similarly, staff's feedback on customer behaviour should be noted on the database for customer needs, requirements and feedback.

G. Facilitate long term relationships with customers

Emphases must be placed on the importance of facilitating long-term relationships with customers. As the literature review has indicated, there is no higher level of achievement than customer loyalty. Satisfaction is the lowest acceptable level of service offerings. Creating pleasant customer experiences will eventually lead to creating loyal customers. Obtaining loyalty is the most difficult of the customer service goals to achieve, but becomes a competitive advantage if attained. Figure 10 illustrates the three levels of customers and the relationship between customer satisfaction, customer loyalty and increased profits. (Boshoff & Du Plessis 2009:316)

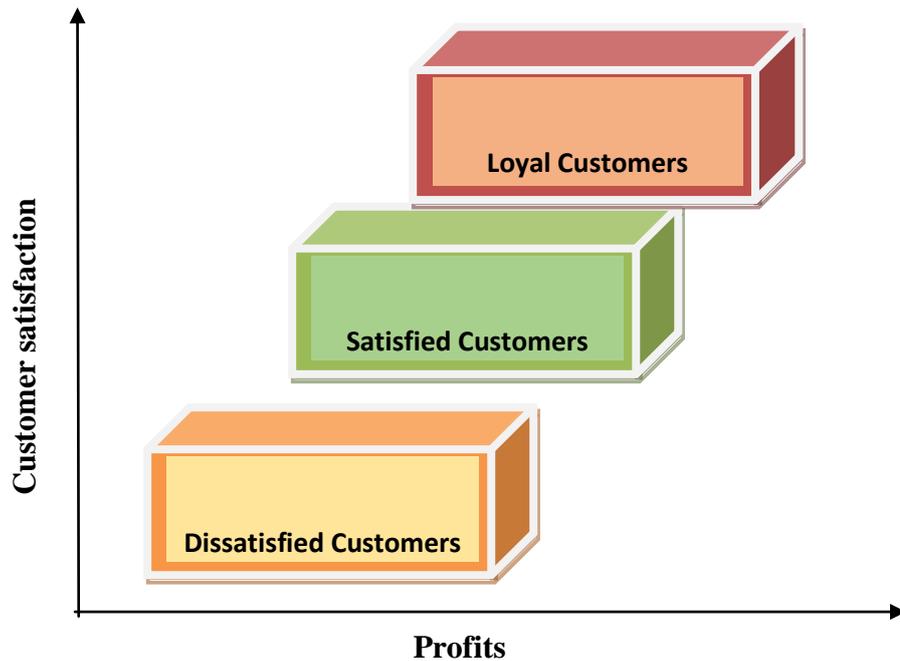


Figure 10: The relationship between customer satisfaction, customer loyalty and profits

H. Make quality the responsibility of everyone employed at the guesthouse

Quality should be understood and become the shared responsibility of all role players in an establishment. Evans (2005:9) proclaims that the lack of commitment in establishing a program to constantly maintain and enhance quality standards within an establishment has led to omitted successes and long-term sustainability.

Pycraft *et al* (2008:48) state that due to its major advantages, service quality is an important operational objective in any business. The rendering of high quality level services fosters customers' satisfaction and retention. Pycraft *et al* (2008:50) continuous to state that quality services also reduce business costs as fewer mistakes are made which mistakes can be costly to a business.

I. *Educate managers and staff in the consequences of unsatisfactory services*

The consequences of poor service quality are calamitous in nature. Substandard or poor service quality creates unfavourable behaviour among customers. The inability to retain customers forces the establishment to increase their spending in acquiring new customers.

Contrary to the aforementioned, superior service quality yields the opposite effect in that customers frequent the establishment, hence increasing their spending on the establishment's service offerings. High service quality levels create loyal customers and provide the service establishment with the ability to charge premium prices, increasing its income and establishing higher profit levels (Boshoff & Du Plessis 2009:51-52).

6.11 REVIEW OF RESEARCH OBJECTIVE FOUR: PROBLEMS AND RECOMMENDATIONS REGARDING QUALITY MANAGEMENT

Research objective four (4) was formulated as follows:

Research objective four: To underpin problems and make suitable recommendations in terms of quality management of 4-to 5-star guesthouses situated in the Western Cape region.

6.11.1 Problems identified regarding quality management based on research finding Section 6.2, 6.3 and 6.4.

A. *Problems regarding quality management identified through observations and recorded as field notes*

- The majority of owners/managers believe that they apply TQM although most of them were not able to define TQM. Nearly all owners/managers and staff are in agreement regarding the importance of quality services to guests but only a few could indicate what the relation is between TQM, service quality and retention of customers.

- A large communication gap exists between management and staff. Most owners/managers indicated the importance of open communication with staff and confirmed their success in implementing such communication. Most of the staff however complained about communication from management.
- Apart from one guesthouse, no indication was found from any other guesthouses that comprehensive TQM of any sort is being implemented. Most guesthouses implement their own understanding of TQM comprising training manuals and administrative procedure manuals.

B. Challenge regarding TQM knowledge and actual implementation of the system

Findings indicated that only two thirds of the respondents (66.7%) are actually familiar with the principles of TQM while a significantly lower percentage (13.3%) implements these principles at their respective guesthouses.

This means that a third of the respondents lack any knowledge of TQM principles which explains that more than half (54.5%) of respondents are implementing their own quality programs and quality training.

C. Challenge regarding acknowledgement of importance of TQM

The fact that a high percentage of participating respondents (97.8%) acknowledged the value of the implementation of TQM resulting in improved customer services predisposes a positive tendency towards change.

D. Challenge regarding implementation by owners/managers/staff

By analysing the responses of the respondents, it is evident that although TQM principles are recognised as valuable, the effective implementation thereof at participating guesthouses can be questioned.

A significant percentage of respondents (86.7%) are not granted the opportunity to put their suggestions for improvements of quality service to management. These findings should be viewed in combination with results indicating that only 22.7% of respondents expressed satisfaction with regard to effective top-down and bottom-up communication channels at their respective guesthouses. Only 47.7% of respondents indicated that they fully agree that policies are communicated to employees.

E. Challenge regarding implementation of principles of TQM such as communication

Only 1 in 4 of the respondents (22.7%) strongly agreed that effective top-down and bottom-up communication exist in the guesthouse (Table 24 and Figure 27). It is important to communicate guesthouses policies and procedures as well as quality standards to employees in order to maintain the provision of high quality service standards.

Less than one third of respondents (31.8%) indicated that managers of departments share their information and experiences with their workers. Only 31.8% of the respondents fully agree that the entire workforce understands and is committed to the vision, values and quality goals of the establishment.

F. Challenge regarding implementation of principles of TQM such as recognition and rewards for best job performance

Only 31.1% of respondents indicated that they receive rewards and recognition for best performance in their jobs. This is most alarming as it is a clear indication of the lack of sufficient long term commitment towards successful improvement of quality service and customer retention.

G. Challenge regarding implementation of training and skills development in quality customer service and TQM

Findings imply that, although not fully exploited and implemented, it is recognised that services rendered by guesthouses in general, can improve with the implementation of science-based action steps as described within

the TQM program and training in TQM system and practises which will enable them to achieve and maintain higher occupancy levels.

Even though 77.8% of respondents indicated that training and development is an important part of TQM, only 54.5% of respondents indicated that they are trained at their respective guesthouses in quality management and only 22.7% of respondents indicated that they fully agree that quality training are indeed given to managers, supervisors and employees.

H. Challenge regarding benchmarking of best practises

The empirical study indicates that 20.5% of respondents strongly agreed that benchmarking is done towards identifying best practises for improvement (Table 24 and Figure 27). Mahony (2006:39) states that the tourism industry in South Africa is guided by a range of different tourism principles and standards. These include general principles and codes of conduct, reporting initiatives, benchmarking as well as objectively reviewed certification and award schemes in order to promote quality management in hospitality and lodging establishments.

6.11.2 Recommendations regarding quality management

A. Educate all managers and staff in quality management

Owners should educate all managers and staff employed by the guesthouse about service quality and the relation with customer retention. The importance of open communication between management and staff must be demonstrated and any gap in communication between staff and management should be addressed.

B. Practise effective top-down and bottom-up communication

Owners should educate all managers and staff employed by the guesthouse about the importance of open communication between management and staff. Open communication must be demonstrated and any gap in communication between staff and management should be addressed.

C. Train all managers and staff in TQM

Owners should educate all managers and staff employed by the guesthouse about the principles of TQM as an integrated system for quality management. Managers and staff should be trained in all aspects of TQM to ensure the successful implementation and utilisation of TQM.

D. Consider staff's suggestions for improving quality service

Owners and managers should grant staff the opportunity to put forward their suggestions for improvement of quality service. Suggestions should be encouraged and recognised as a valuable contribution towards continues service excellence

E. Create a common vision and set of values

Owners and managers must create and ensure that the all staff shares the common vision and set of values for the guesthouse. Staff should be envisioned, empowered and enabled to attain the common vision. Recognition should be given to staff espousing and demonstrating the values of the guesthouse.

F. Implement the training and skills development program of TQM

Owners and managers should make staff aware that services rendered by guesthouses in general, can improve with the implementation of the science-based action steps as described within the TQM program and training in the TQM system and practises which will result in the guesthouse achieving higher occupancy levels.

G. Conduct benchmarking of best practises

Owners and managers should through benchmarking identify best practises for improvement of quality service. Benchmarking should take note of various codes of conduct, reporting initiatives, objectively reviewed certification and award schemes, etc. in order to promote quality management in guesthouses.

H. *Implement appropriate instruments for assessment of service quality*

The researcher recommends the implementation of the SERVQUAL model (as discussed in Section 2.7.2) adapted by Boshoff and Du Plessis (2009:48-49) and depicted by Figure 6 which refers to the perceptual gap or difference between customers and management of an establishment pertaining to their respective perceptions of expectations and actual delivery of quality service.

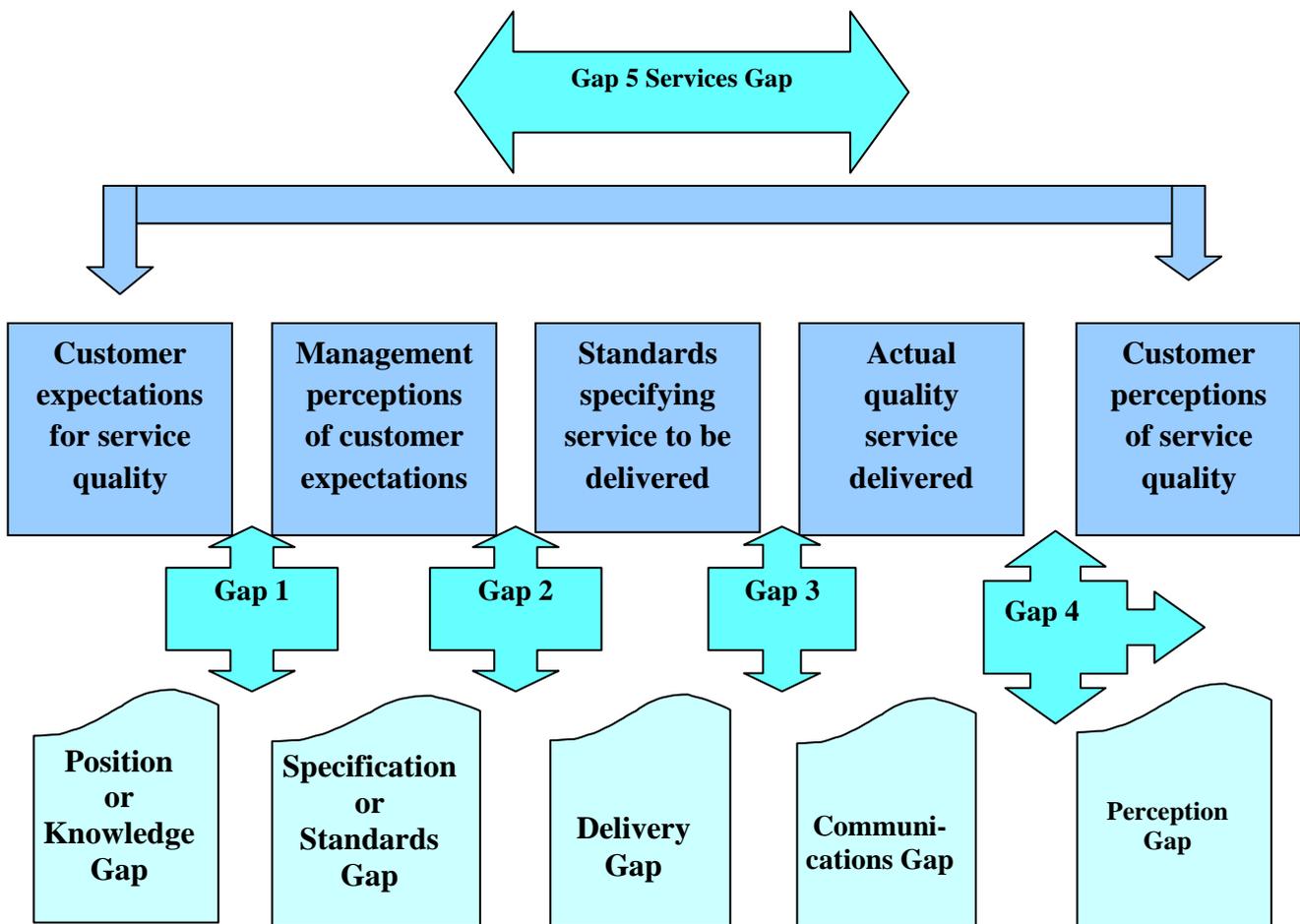


Figure 6: Adapted Gap model (Adapted from Boshoff & Du Plessis (2009:48-49))

6.12 REVIEW OF RESEARCH OBJECTIVE FIVE: CHALLENGES AND SUGGESTIONS REGARDING THE STAR-GRADING SYSTEM

Research objective five (5) was formulated as follows:

Research objective five: To identify challenges relating to the star-grading of 4-to 5-star guesthouses in the Western Cape region and making appropriate suggestions pertaining to the star-grading system were provided.

6.12.1 Challenges identified regarding star-grading system

- A. *Challenge of a paucity of documented academic writings or research pertaining to the development and implementation of the star-grading system in South Africa.*

The process of grading lodging establishments continues to serve as the most effective mechanism to ensure high quality service standards (Nelwamondo 2009:29). Section 3.8 in Chapter 3 provides an overview of the nature and criteria or standards of star-grading and shows that star-grading is given to an accommodation establishment by the TGCSA (Tourism Grading Council of South Africa) according to specific criteria set out by South African Tourism.

The findings of the literature review indicate a paucity of documented academic writings or research pertaining to the development and implementation of the star-grading system in South Africa. Numerous sources have indicated that little evidence is available, with reference to historical documentation reflecting the development of the South African star-grading system (Suter 2011).

- B. *Challenge regarding various bodies involved in the grading of lodging and hospitality establishments and this grading can take many forms.*

South Africa has various bodies involved in the grading of lodging and hospitality establishments and this grading can take many forms. Research indicates that star- grading is dominantly applied throughout the process of grading guest accommodation establishments.

As discussed in Sections 3.8.1 – 3.8.6, the tourism industry in South Africa is guided by a range of different tourism principles and standards, including general principles and codes of conduct, reporting initiatives, benchmarking as well as objectively reviewed certification and award schemes applied by various national bodies (Mahony 2006:39).

C. Challenge regarding the correlation between TQM and star-grading systems

TQM revolves around the assumption that focused management action is the key to improved quality of work and establishment. This in turn leads to the rendering of continuous quality service at a competitive cost and, therefore, satisfied customers and a resultant growth in market share. The challenge exists that guesthouses may perceive TQM as yet another system of setting standards for rendering of quality service.

6.12.2 Suggestions regarding star-grading system

A. Encourage academic writings and research pertaining to the development and implementation of the star-grading system in South Africa.

Regarding the findings of the literature review that there is a paucity of documented academic writings or research pertaining to the development and implementation of the star-grading system in South Africa, it is suggested that academic study and research is encouraged on all levels of Government and by Research Bodies in South Africa.

B. Review various bodies involved in the grading of lodging and hospitality establishments.

As discussed in Section 3.8 in Chapter 3, the involvement of numerous national bodies in the grading and setting of accommodation and service standards widely applied throughout the tourism and hospitality industries requires a review. The development of all-encompassing industry standards with specific reference to hospitality and lodging accommodation establishments, including for the grading of 4-to 5-star guesthouses, has become necessary.

C. *Analyse and acknowledge the correlation between TQM and star-grading systems*

It is suggested that owners and managers of guesthouses analyse the differences and similarities in purpose of TQM as a management philosophy and integrated quality management system and the applicable star-grading systems. As discussed in Chapter 3, this study adopts the principle that the main management concept utilised to enhance quality, with specific reference to the level of service quality in guesthouses, is TQM. (See Section 3.13).

From the analysis it's evident that both systems share the same vision and purpose. TQM is a management philosophy and system that focuses on improving the quality of a company's products and services and stresses that all company operations should be oriented toward this goal (Hill & Jones 1995).

The grading of guesthouses ensures high service quality standards and adheres to the principles of TQM as TQM should be used to control the entire quality process in pursuit of attaining higher quality standards. The similarities in vision and purpose between TQM and star-grading systems applicable to guesthouses can be summarised in Table 52 as follows:

Table 52: Similarities in vision and purpose between TQM and star-grading systems

TQM PRINCIPLE	DESCRIPTION OF THE TQM PRINCIPLE AND STAR-GRADING AS APPLIED AT GUESTHOUSES.
1. TQM should be initiated and led by top- management	For TQM to be introduced successfully there has to be top management commitment, demonstrated through active involvement, setting clear goals and a vision for the establishment and relies on the successful integrating of TQM into all management and operational processes. The star-grading process is supported by top management and relies on accreditation of guest accommodation establishments by various independent bodies.
2. The scope of TQM and its implementation should be an establishment-wide endeavour.	The TQM system cannot be implemented successfully and establishment objectives cannot be achieved if it's not an establishment-wide endeavour. The critical importance of employee involvement in the quality process is based on the belief that the best process innovation ideas come from people actually doing their jobs and that their opinion is valued.

	<p>In order for establishments to obtain the desired star-grading and accreditation management must train management and staff in the principles and procedures of delivering high quality service in order to obtain star-grading.</p>
<p>3. The scale of TQM must ensure everybody is responsible for quality service</p>	<p>TQM's premise is that everyone in the establishment is responsible for quality. Guesthouse management has the responsibility to expose staff to the principles of quality and TQM in order to ensure that guests receive consistently high quality service throughout their stay.</p> <p>The success of obtaining the desired star-grading the guesthouse depends on the quality of its employees and their effective management in order to assist establishments in achieving their service standards required by the grading system and standards.</p>
<p>4. TQM philosophy focuses on prevention and not just the detection of poor quality standards.</p>	<p>Guesthouses that provide distinctive levels of superior service quality to first-time guests that visit them can create a sustainable competitive advantage over their competitors and foster customer retention. Service quality is a strong determinant of customer retention and future patronage</p> <p>Customer satisfaction is one of the most valuable resources that an establishment can possess in a saturated and competitive market such as the guest accommodation sector when aspired at desired star-grading and the retaining of that star-grading.</p>
<p>5. TQM should be implemented in pursuit of attaining higher quality standards.</p>	<p>TQM should be used to control the entire quality service delivery process. A central core value in TQM is that all services and processes should always have a customer focus. The guesthouse should revolve around guests who value quality, thus TQM should always be viewed in relation to customers' needs and expectations Satisfying customer requirements better than the competition is widely recognised as a key to success.</p> <p>The grading of guesthouses increases the focus on the customer by ensuring continuous high service quality for guests. In addition to services, star-grading systems also set standards for the tangible facilities that a guesthouse must make available to its customers as part of the total product and service offering.</p>
<p>6. TQM sets specific standards that is derived from the implementation thereof</p>	<p>The implementation of TQM supports the adherence to certain standards such as the principles and standards adhered to by guesthouses when being graded or accredited.</p> <p>As affirms by Nelwamondo (2009:28) the grading of guest accommodation establishments encapsulates quality dimensions. In practice it is common for almost all types of tourism accommodation establishments to adhere to certain standards.</p>
<p>7. TQM centres on the principle that it is less expensive to prevent poor quality delivery than rectifying already poor quality provision</p>	<p>The long-term benefits of loyal customer-supplier relationships can be significant to any hospitality firm, as guests that are retained reflect directly on the firm's long-term financial outcome. TQM centres on the principle that it is less expensive to prevent poor quality delivery than rectifying already poor quality provision.</p> <p>This correlates directly to the grading of guesthouses in that high quality service delivered by a graded guesthouse affirms the return of guests on the basis of good quality service delivered.</p>
<p>8. Quality should become the overarching theme of</p>	<p>TQM is facilitating continuous incremental improvement. The implementation of TQM at an establishment necessitates a continuous commitment from management to adhere and solve questions concerning</p>

everyday operations	<p>quality. Management must establish a quality policy and support quality activities economically, morally and by managing resources.</p> <p>In order to maintain the desired star-grading, guesthouse owners and managers must realise that quality must be an integral part of everyday business and that successful quality management must be built on the basis of continuous commitment to quality service by everyone.</p>
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6.13 REVIEW OF RESEARCH OBJECTIVE SIX: CHALLENGES AND RECOMMENDATIONS REGARDING THE IMPLEMENTATION OF TQM

Research objective six (6) was formulated as follows:

Research objective six: To identify challenges and provide suitable recommendations relating to the implementation of TQM in 4-to 5-Star guesthouses situated in the Western Cape region for sustained customer retention.

6.13.1 Challenges identified regarding the implementation of TQM based on research finding Section 6.2, 6.3 and 6.4.

- A. *Challenge regarding the readiness for/and acknowledgement by guesthouses of the value of TQM in quality management*

Findings from the survey as discussed in Section 6.3 indicate that about two-thirds (66.7%) of guesthouse owners/managers/staff reported familiarity with TQM. Only one-in-ten (13.3%) reported that TQM have been implemented as a quality program at the guesthouse. The large majority (86.7%) reported that there is a need for an improved quality management program at the guesthouse whilst all respondents (100%) reported that a well-structured TQM system can improve customer service.

From the findings it's evident that guesthouses are ready to receive and implement TQM as a total quality management system in their endeavour to continuously render a high quality service to their customers.

B. Challenge regarding training and encouragement of staff to implement TQM

Findings from the survey as discussed in Section 6.3 indicate that only half of the owners/managers/staff (54.5%) reported that they are trained in the quality program at the guesthouse. More than two-thirds (77.8%) reported that they are encouraged to perform their tasks more efficient and effective whilst 100% of respondents reported that this can be achieved through TQM.

From the findings it's evident that guesthouses do attend to the encouragement of managers and staff to perform their tasks more efficiently and effectively and training is conducted at the guesthouses: two very critical factors for the successful implementation of TQM

C. Challenge regarding a culture conducive for the implementation of TQM

Findings from the survey as discussed in Section 6.3 indicate that all of respondents (100%) confirmed that management facilitates a service quality culture.

This is a very critical factor for the successful implementation of TQM. As discussed under the principles of TQM Section 6.12.2 the principles that quality should be embedded in all activities of the guesthouse and quality should be the responsibility of everyone at the guesthouse,

D. Challenge regarding insufficient importance placed on measurement of customer needs, customer satisfaction and performance by the guesthouse

Findings from the survey as discussed in Section 6.4 indicate that half of the customers (54.1%) indicated that the guesthouse regularly measures guest satisfaction with service quality. Less than two-thirds (59%) of customers indicated that the guesthouse regularly conducts customer satisfaction surveys.

Only 1-in-4 customers (26.2%) indicated that the guesthouse regularly determines improvements in customer satisfaction. Only one-third (39.3%)

of customers indicated that the guesthouse regularly identifies customer needs whilst only half of the customers (47.5%) indicated that the guesthouse regularly collects customer suggestions and complaints to assess customer satisfaction.

6.13.2 Recommendation regarding the implementation of TQM for sustained customer retention

A. Measure quality service successfully to manage quality services successfully

From the literature review discussed in Chapter 3, it is evident that the successful measurement of quality factors is a prerequisite for successful management of quality. The current practises at guesthouses regarding measurement of customer needs, customer satisfaction and the guesthouse's performance towards collection of customer suggestions and complaints require urgent attention. Owners and managers must realise that the very essence of TQM is measurement.

B. Set customer retention as an objective

The implementation of TQM should result in guesthouses to set customer retention as an objective. Management and staff should be aware that the management of TQM includes management of service quality perceptions being the comparison of a customer's expectation with a customer's perception of the actual service performance.

C. Set and preserve the guesthouse's competitive advantage

As claimed by Oosthuizen (2010:2) in order to attain customer retention and sustained business success, it is vital that South African hospitality establishments preserve their competitive advantage. The implementation of TQM could provide guesthouse with that competitive advantage so desperately required.

D. Adopt a TQM process and relevant critical success factors

Guesthouses need to adopt a TQM process and the relevant critical success factors if they are to achieve business excellence. Throughout this study it became evident that the implementation of TQM will impinge on:

- Meeting the needs and expectation of customers;
- Involving all parts of the establishment which includes management, the internal and the external customer;
- Considering the costs which are related to quality;
- Focusing on designing in quality rather than inspecting quality; and
- Developing systems and procedures which support quality and continuous incremental improvement.

E. Avoid the pitfalls of unsuccessful TQM implementation attempts

As noted in Section 3.11 in Chapter 3, various authors noted that the concept of TQM has been widely applied within the hospitality industry. Many hospitality and lodging establishments have since attempted to implement TQM requirements in daily operations (Chartrungruang *et al* 2006:51-57; Boella 1986; Umbreit 1987; Redman & Mathews 1995; Roberts 1995; Go *et al* 1996; Soriano 1999). However, relatively few guesthouses have become what might be described as TQM establishments.

Chartrungruang *et al* (2006:51-57) state that the aforementioned is due to failure to satisfy or adhere to the basic TQM criteria, whilst other attempts to implement TQM practices were purely discontinued as a result of lack of commitment from top management and empowerment of managers and staff. In this regard the principles of TQM must be adhered to during and after the implementation of TQM.

F. Implement the Oakland's Model for Total Quality Management as adapted by the researcher.

The literature review presents a number of service quality management models where each model attempts to capture and annotate service quality. The challenge lies in identifying a model which most effectively ascertains the core definition of service quality which is ultimately determined by customers. The researcher recommends guesthouses the Oakland's Model for Total Quality Management as adapted and discussed in Section 7.5.

Introducing the concepts needed for TQM requires not only determination and commitment to implement change, but also sensitivity, knowledge and skills in managing human resources (Oakland 2011:474). Section 3.12 presents the TQM model which can be used to implement TQM in guesthouses and the TQM factors that have to be considered for guesthouses.

Further recommendations and suggestions relating to the implementation of TQM efficacy dimensions as well as the implementation of a new revised TQM model will be illuminated in Chapter 7.

6.14 SUMMARY

This Chapter presents findings based on the research results recorded in Chapter 5. The researcher reviewed the research problem and the six research objectives (as discussed in Sections 4.5 and 4.6 of Chapter 4) in view of the research findings. Each of the six research objectives are discussed in this Chapter with reference to challenges or problems identified from the research findings as well as recommendation or suggestions to address these challenges or problems.

Statistical analysis was also conducted on biographical factors. It was determine that there are no significant differences between the responses of respondents as a result of biographical factors such as gender, department of work and length of service in the hospitality industry.

The researcher and the appointed objective observer conducted informal discussions and non-structured interviews with owners, managers, staff and guests of the appointed guesthouses as an integral part of the qualitative measurement process. The most significant observations and field notes recorded can be summarised as follows:

- A. The majority of owners/managers believe that they apply TQM although most of them were not able to define TQM.
- B. A large communication gap exists between management and staff. Most of the staff however complained about communication from management.
- C. A lack of action orientation exists at guesthouses regarding customer satisfaction surveys. The majority of staff stated that they have no idea what becomes of the completed forms.
- D. Owners and managers are paying lip service regarding the training of staff in quality service and TQM.
- E. Most staff members indicated very little knowledge of competitors and stated that comparisons with other guesthouses are seldom discussed by owners/managers.
- F. Apart from one guesthouse, no indication was found from any other guesthouses that a comprehensive TQM of any sort is being implemented.
- G. Most guests indicated very little contact is made between management/staff and guests to determine guest satisfaction with service quality.

In pursuit of parsimony, patterns of correlations among the questions used to measure the perceptions of respondents regarding the status of TQM at the guesthouse where they are currently employed were examined by subjecting the set of items to Principle Component Analysis (PCA) using SPSS 21.

Based on the research finding outlined in Sections 6.2 (observations), 6.3 (responses/data from owners/managers/staff) and 6.4 (responses/data from customers), the researcher identified a number of challenges or problems pertaining to the six (6) research objectives as discussed in Sections 6.8 up to 6.13. The researcher also made a

number of recommendations pertaining to the management of the challenges or problems which are also discussed in Sections 6.8 up to 6.13.

Research indicates that in order to retain customers, commitment to customer relationships should be fostered. With reference to this study and the focus on 4-to 5-star guesthouses, the establishment of membership cards or loyalty programs can be used as direct incentives for customer retention. Additional customer retention strategies include customer-service marketing, service recovery, employee training and effective communication.

As recommended by the researcher, TQM can contribute to creating competitive advantage for a guesthouse. It is recommended that guesthouses also implement differentiation strategies that will enable them to create and sustain competitive advantage. Differentiation can be attained through branding, positioning, price, location, high quality service and through excellence in TQM.

With TQM ensuring high service quality levels, it can create satisfied and loyal customers and provide the service establishment with the ability maximise customer retention and business success and profitability.

To ensure high service quality, it is imperative that guesthouses will rigorously measure and manage the guesthouse's compliance with the dimensions of service quality as defined by theorists ((Sackdev and Verma (2004:102) and Parasuraman *et al* (1985:41-50)). The five dimensions are as follows:

- A. *Assurance*: The courteousness, knowledge, skill and overall know-how of service employees in their ability to promote trust and confidence amongst customers.
- B. *Reliability*: The consistency and dependability with which tasks are carried out. This can also refer to the extent to which service employees honour the establishment's promises and perform the service right the first time.
- C. *Responsiveness*: The willingness or readiness of employees to provide service or the timelessness with which service is rendered.
- D. *Tangibles*: The characteristic of service that refers to the physical evidence of the service that is the physical facilities such as the appearance of employees or the service facilities and the tools or equipment used to provide the service.

E. *Empathy*: The ability of employees to care about and treat customers with individuality in terms of the service rendered (Sackdev & Verma 2004:102).

The successful implementation of TQM as a Total Quality Management System requires the adherence with all 8 TQM principles which can be summarised as follows:

Table 53: The eight (8) TQM principles

TQM PRINCIPLE	DESCRIPTION OF THE PRINCIPLE AS APPLIED AT GUESTHOUSES.
1. TQM should be initiated and led by Top-management	For TQM to be introduced successfully there has to be top management commitment, demonstrated through active involvement, setting clear goals and a vision for the establishment and relies on the successful integrating of TQM into all management and operational processes.
2. The scope of TQM and its implementation should be an establishment-wide endeavour.	The TQM system cannot be implemented successfully and establishment objectives cannot be achieved if it's not an establishment-wide endeavour. The critical importance of employee involvement in the quality process is based on the belief that the best process innovation ideas come from people actually doing their jobs and that the establishment acknowledges and values their opinion.
3. The scale of TQM must ensure everybody is responsible for quality service	TQM's premise is that everyone in the establishment is responsible for quality. Guesthouse management has the responsibility to expose staff to the principles of quality and TQM in order to ensure that guests receive consistently high quality service throughout their stay.
4. TQM philosophy focuses on prevention and not just the detection of poor quality standards.	Guesthouses that provide distinctive levels of superior service quality to first-time guests that visit them can create a sustainable competitive advantage over their competitors and foster customer retention. Service quality is a strong determinant of customer retention and future patronage
5. TQM should be implemented in pursuit of attaining higher quality standards.	TQM should be used to control the entire quality service delivery process A central core value in TQM is that all services and processes should always have a customer focus. The guesthouse should revolve around guests who value quality, thus TQM should always be viewed in relation to customers' needs and expectations Satisfying customer requirements better than the competition is widely recognised today as key to success in hospitality and guest-lodging establishments.
6. TQM sets specific standards that is derived from implementing TQM	The implementation of TQM supports the adherence to certain standards such as the principles and standards adhered to by guesthouses when being graded or accredited.
7. TQM centres on the premise that it is less expensive to prevent poor quality delivery than rectifying poor delivery	The long-term benefits of loyal customer-supplier relationships can be significant to any hospitality firm, as guests that are retained reflect directly on the firm's long-term financial outcome. TQM centres on the principle that it is less expensive to prevent poor quality delivery than rectifying already poor quality provision.

8. Quality should become the overarching theme of everyday operations	TQM is facilitating continuous incremental improvement. The implementation of TQM at an establishment necessitates a continuous commitment from management to adhere and solve questions concerning quality. Management must establish a quality policy and support quality activities economically, morally and by managing resources.
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The literature review presented a number of service quality management models where each model attempts to capture and annotate service quality. The researcher recommends that guesthouses implement the adapted Oakland's Model for Total Quality Management as outlined in Section 7.5.

Chapter 7 presents concluding remarks and recommendations based on the findings of the other Chapters. Throughout Chapter 7 it is argued that service excellence precedes customer loyalty, and hence it is important that guesthouses convince customers of their commitment to maintaining superior quality levels and providing constant high quality service with the view of attaining customer retention.

With reference to a proposed TQM model for guesthouses, Chapter 7 concludes with a revised TQM model (Section 7.5, Figure 41) which can be implemented at guesthouses as a total quality management system which will assist the improvement of service quality delivery and ultimately, the facilitation of customer retention.

CHAPTER 7

SYNTHESIS, CONCLUSIONS AND RECOMMENDATIONS

Customers buy value, therefore it follows that improving the customer experience will increase customer loyalty or retention. (Anon)

7.1 INTRODUCTION

This Chapter provides a summary of this study which includes the overview and summary of the literature review discussed in Chapters 2 and 3, research findings as discussed in Chapter 6 as well as conclusions derived from conducting the study and a brief evaluation. Chapter 6 provided an exposition of the findings which show that 4-to 5-star guesthouses situated in the Western Cape region have not yet implemented TQM as an integrated quality management system that can assist them to maintain quality standards resulting in customer satisfaction and customer retention and subsequently reaching their optimum profit levels. The next Sections of this Chapter provide a synthesis of the entire study.

7.2 SUMMARY OF LITERATURE REVIEW

7.2.1 Background and literature review captured in Chapter 1

The researcher followed a project management process towards determining all the steps in the research process that had to be followed. This process was outlined in Table 1 and Figure 1 of Chapter 1.

Chapter 1 of this study presented background information which was developed in order to present a meaningful final report. The research problem indicated the direction of the research and what the researcher was working towards addressing and was defined as follows:

Increasing pressure on 4-to 5-star guesthouses in the Western Cape region to be competitive and sustainable in terms of customer service, customer retention and service quality. A variety and even a lack of quality management strategies, star-grading systems and other systems are used by these guesthouses. Some quality systems are not applicable to guesthouses and are not effective. TQM, its efficacy dimensions and related systems and strategies seem to lack in terms of its inadequate or inconsistent application.

The research objectives of the study illustrated the driving force behind conducting the research and clearly provided structure and direction to the study. Six research objectives were formulated to delimitate the research. The research objectives are as follows:

The six research objectives for the study

1. To understand the challenges and make recommendations in terms of customer service rendered in 4-to 5-star guesthouses situated in the Western Cape region.
2. To underpin the problem and provide appropriate suggestions in terms of customer retention in 4-to 5-star guesthouses in the Western Cape region in order to attain and sustain higher occupancy levels.
3. To understand the challenges and make recommendations in terms of service quality in 4- to 5-star guesthouses situated in the Western Cape region with emphasis on employee, guest and hospitality establishment relationships in competitive markets in terms of delivering and experiencing high levels of service quality.
4. To underpin problems and make suitable recommendations in terms of quality management of 4-to 5-star guesthouses situated in the Western Cape region.
5. To understand challenges and provide suggestions in terms of the star-grading system applicable to 4-to 5-star guesthouses in the Western Cape region.
6. To understand the challenges and make recommendations in terms of the implementation of TQM in 4-to 5-star guesthouses situated in the Western Cape region for sustained customer retention.

The setting of boundaries by addressing the delimitation of the study made the study realistic and practically feasible.

The unit of analysis is 15 guesthouses. The respondents were 15 owners/managers of the guesthouses, 30 employees and 61 guests of the participating guesthouses. The questionnaire which was developed addressed *inter alia* the Owner/Manager/Senior Staff of the guesthouse with reference to the implementation of quality management activities at the guesthouse. Furthermore, the questionnaire addressed the customer with regards to customer satisfaction and service quality excellence offered by the guesthouse

Regarding the research environment, the boundaries of this study were kept within specified 4-to 5-star guesthouses in the Western Cape region. In recent years the Western Cape region has exploited so many of the advantages derived from the international travel and tourism industries, that this region has made provision for employment opportunities and the breaking down of national barriers.

Clarification of concepts contained in Chapter 1 meant that readers of the study would have a clear understanding of the research.

7.2.2 Literature review captured in Chapter 2

The literature review reflected in Chapter 2 focuses on the evaluation or measurement of the implementation of TQM principles at the 15 participating guesthouses by means of a triangular approach to measurement as depicted in Figure 2.

Chapter 2 provided a thorough description of the nature of service, the assessment of quality and the integrated concept of service quality.

The assessment of service quality in the South African hospitality industry was thoroughly described in this Chapter. Furthermore, a number of service quality measurement models were included which, in their own capacity attempted to capture and annotate service quality. The interrelationship between service quality and customer retention was clearly outlined whilst the principles and strategies surrounding customer retention were also illuminated. Chapter 2 provided customer retention strategies celebrated and recognised by leaders in this particular field, with specific reference to the hospitality industry. Another

imperative part of Chapter 2 was that it described the different service quality dimensions as well as the gurus that have contributed to the complex nature of these. Chapter 2 provided an outline of the characteristics of and discrepancies and similarities between service quality dimensions and customer retention.

Literature review recorded in Chapter 2 denoted that the main objective and mission of hospitality establishments should be the delivery outstanding quality customer services that exceed customer expectations turning highly satisfied customers into loyal customers and continuously applying an effective customer retention management system in the establishment.

Research indicated that with a growth of about 3000% recorded during the previous decade, the bed and breakfast and guesthouse sector has been the fastest growing accommodation sector in the hospitality industry in South Africa.

Research also indicated that a notable change has occurred in the tourism industry with particular reference to customers' growing demand for quality of service (Kapiki 2014:54). Chapter 2 also underpinned the need for and the importance of quality in that, when establishments deliver high quality services, satisfied customers will value the effort and will become loyal customers to those establishments.

However, the continuous delivering of best quality service is increasingly regarded as one of the major challenges facing hospitality managers (Kapiki 2014:54). The level of quality service delivered has become the essential criteria for continuous success in the intensely competitive hospitality market.

Literature review provided extensive information regarding the retention of customers. According to Boshoff & Du Plessis 2009:316, customer satisfaction and customer relationship management are prerequisite components for achieving customer retention Figure 10 illustrates the three levels of customers and the relationship between customer satisfaction, customer loyalty and increased profits.

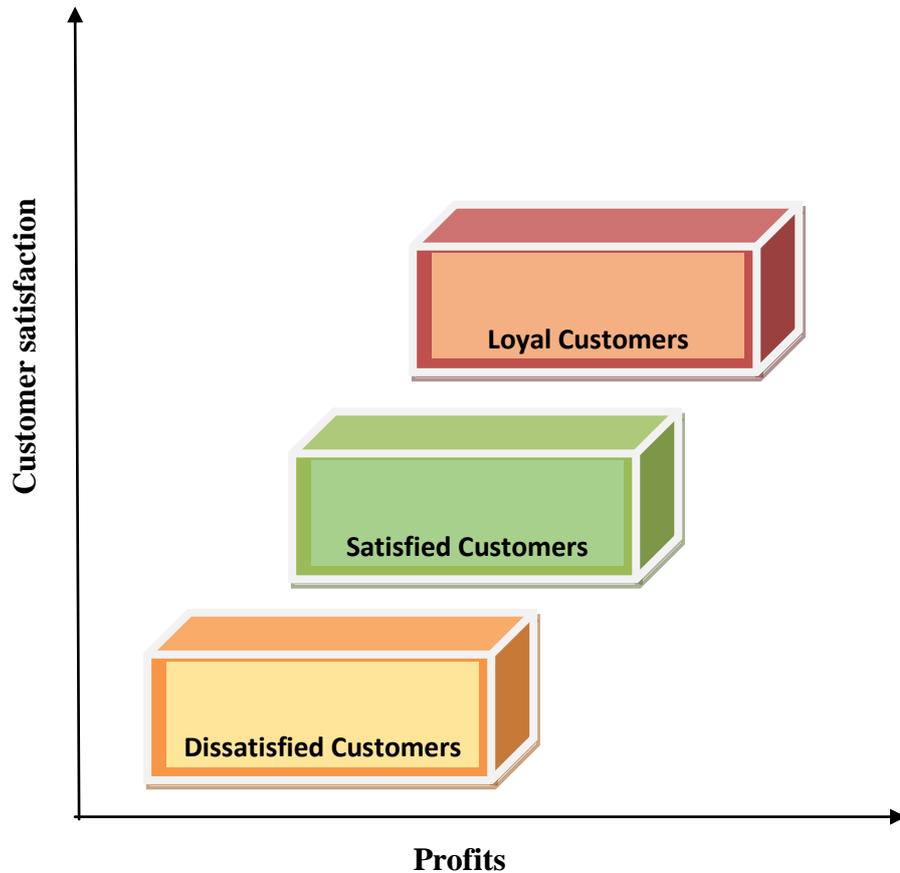


Figure 10: The relationship between customer satisfaction, customer loyalty and profits

Chapter 2 underpins the fact that a lower employee turnover rate enables the establishment to maintain strong personal relationships with its customers. In many cases, customers decide to follow employees to a new company when they depart from the company. Another element pertaining to high staff turnover is that it creates a negative environment and subsequently reduces the quality of service provided by employees to customers.

It is suggested that employees be given career development opportunities as well as a high degree of involvement in the business. Research indicates that in order to retain customers, commitment to customer relationships should be fostered. With reference to this study and the focus on 4-to 5-star guesthouses, the establishment of membership cards or loyalty programs can be used as direct incentives for customer retention.

Sackdev and Verma (2004:102) derived from the work of Parasuraman *et al* (1985:41-50) a number of dimensions of service quality namely reliability, courtesy, tangibles, responsiveness, competence, credibility, access, communication, understanding and knowledge of the customer. After years of modifications and adjustments, these service quality dimensions were reduced to only five dimensions which can be described as follows:

- A. *Assurance*: The courteousness, knowledge, skill and overall know-how of service employees in their ability to promote trust and confidence amongst customers.
- B. *Reliability*: The consistency and dependability with which tasks are carried out. This can also refer to the extent to which service employees honour the establishment's promises and perform the service right the first time.
- C. *Responsiveness*: The willingness or readiness of employees to provide service or the timelessness with which service is rendered.
- D. *Tangibles*: The characteristic of service that refers to the physical evidence of the service that is the physical facilities such as the appearance of employees or the service facilities and the tools or equipment used to provide the service.
- E. *Empathy*: The ability of employees to care about and treat customers with individuality in terms of the service rendered.

Table 4: Service quality dimensions and their instruments

DIMENSIONS	QUALITY INSTRUMENTS
Reliability	Ability to perform the promised service dependably and accurately Credibility Timely service Accuracy of records
Assurance	Employees' knowledge and courtesy Employees' ability to inspire trust and confidence Courtesy and politeness of staff
Tangibles	Location The appearance of physical facilities, equipment, personnel and written materials
Empathy	Caring, easy access, good communication, customer understanding Individualised attention given to customers
Responsiveness	Willingness to help customers and provide prompt service Staff conduct

Chakrapani (1991:1-5) is convinced that service quality can be divided into three basic dimensions which are depicted in Figure 5 and as discussed in Chapter 2 namely:

- A. *Basic quality*: It can be asserted that the first dimension seeks to determine whether the service/product delivers all it is expected to deliver.
- B. *Dependability*: The second dimension finds its momentum in that it goes beyond only assessing the qualities of the product/service and mostly deals with the way customers are treated once a product or service is sold to them.
- C. *Exceeding expectations*: Researching the third dimension places emphasis on exceeding the expectations of the customer.

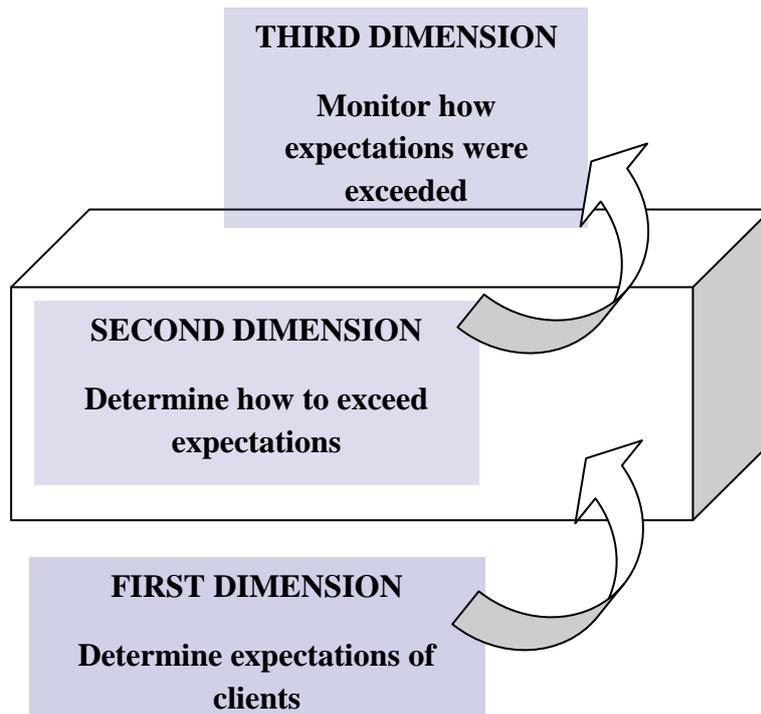


Figure 4: A model for the three dimensions of service quality *Adapted from Chakrapani (1991:2)*

Chapter 2 encapsulates a number of contemporary quality management models. These quality management models include the SERVQUAL model which refers to the perceptual gap or difference between customers and management of an establishment pertaining to their respective perceptions of expectations and actual delivery of quality service (Parasuraman *et al* 1985:41-50). The gap model was thoroughly described in Chapter 2. Figure 6 illustrates an adaption of the gap model.

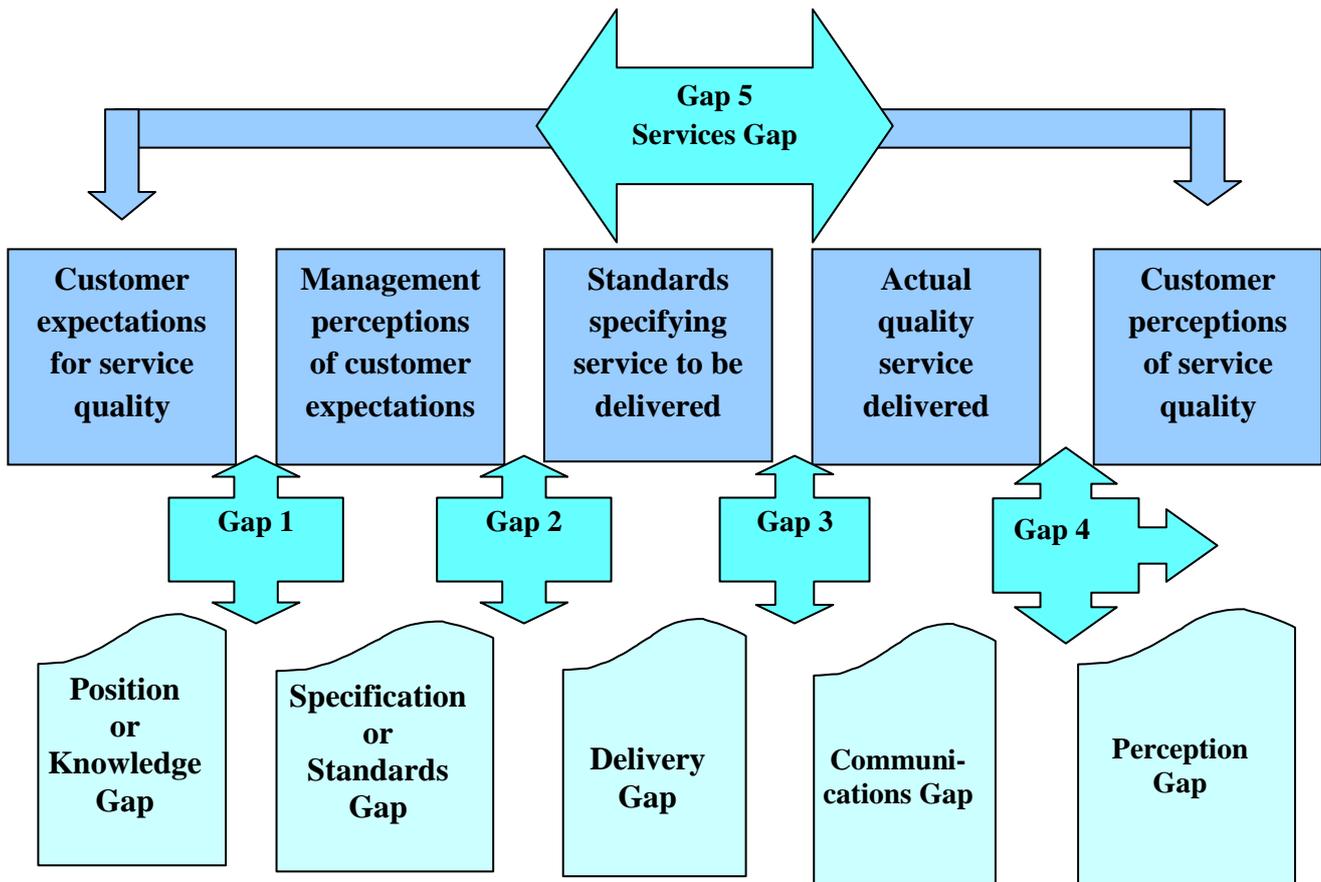


Figure 6: Adapted Gap model (Adapted from Boshoff & Du Plessis (2009:48-49))

Chapter 2 provided a thorough description of the interrelationship between service quality and customer retention was also included in this part of the literature review. Various customer retention strategies which are provided by celebrated and recognised leaders and theorists in this particular field, with specific reference to the hospitality industry. An outline of the characteristics, discrepancies and similarities of service quality dimensions and customer retention was also illuminated.

Customer retention can be referred to as a business strategy which endeavours to retain business' customers in order to retain their revenue contribution. Research indicated that customer retention is achieved when a satisfied customer's expectation are exceeded and then becomes a loyal customer.

With the importance of establishments implementing customer-retention management systems, Chapter 2 explored a number of customer retention strategies. These strategies include customer-service marketing strategies by

focusing through promotional efforts on new and desirable target audiences, service recovery and restitution strategies by inter alia rectifying and addressing service complaints received, employee training strategies that include training employee in customer relationships, service quality, establishment of effective customer relations as well as through effective communication strategies aimed at employees as well as customers.

In a globalising and competitive hospitality environment, one of the biggest challenges for South African enterprises is satisfying their customers' needs and expectations in a preemptive manner. Unless management and staff can offer their customers a higher level of service than their competitors, customers will be lost which will result in lower revenues, staff losses and subsequent financial challenges.

In studying the concept of quality, the study suggests that it best be done by examining quality in all its proposed dimensions (Krüger and Steenkamp 2008:155). These quality dimensions have been described in this Chapter 2 as reliability, responsiveness and competence. Adjoining the aforementioned, it can be stated that the customer treasures quality service which exceed requirements, delivering services that demonstrate value for money, services which are guaranteed to be delivered at the right time and continuously contribute to higher quality of life.

Chapter 2 signified the growing interest in service quality which has opened an entirely new playfield for research in quality service assessment and management. The importance of quality service has also been illuminated. Rendering high quality levels of service fosters not only contented customers but also promotes customer retention.

7.2.3 Literature review captured in Chapter 3

Chapter 3 introduced current hospitality practices evident in the South African guesthouse industry with specific reference to 4-to 5-star guesthouses situated in the Western Cape. To further the study, contemporary growth and development trends as well as policies and procedures surrounding the grading of guesthouses were provided. The Chapter illuminated the operation of existing graded

guesthouses in the Western Cape region. The relationship between the star-grading of guesthouses and TQM were outlined.

Chapter 3 also presented the factors that contribute to the evaluation of service quality, possible ways of measuring it and what discrepancies could arise between customers' expectations and their perceptions of the service received from the service provider. The concepts of TQM that different researchers have determined were extensively recorded. The Chapter also included some interpretations about the role of TQM critical success factors as well as the implementation of the TQM success factors in 4-to 5-star guesthouses situated in the Western Cape region.

TQM can contribute to creating competitive advantage for a guesthouse as the implementation of TQM centres on meeting the needs and expectation of customers, involving all parts of the establishment which includes management, the internal and the external customer, considering the costs which are related to quality, focusing on designing quality rather than inspecting it and developing systems and procedures which support quality and continuous incremental improvement.

Literature review reflected in Chapter 3 presented the fact that quality evaluations should not only be made on the outcomes of a service but should also involve evaluations of the process and quality of service delivery (Improving Service 2014). The aforementioned necessitates a conceptual model of service quality and its implications for future research.

The literature review revealed the PDCA Cycle, acronym for Plan-Do-Check-Act-Cycle, which was adopted by Deming in order to provide a framework for the improvement of a process or system. The model can be used to guide the entire improvement of quality processes or to develop specific quality processes once target improvement areas have been identified (PDCA 2014).

The PDCA cycle's components can be described in the following way:

- A. **Plan:** Collect and analyse data which is aimed at actions, improvements and accomplishments to be achieved in a given time frame. In this phase,

an analysis should be done on what the business intends to improve, which includes the investigation of areas that hold opportunities for change. These identified areas should offer the most return for the efforts implemented to attain more profitability at the end of the day.

- B. Do:** This phase encapsulates the execution of the necessary actions as defined in the preceding planning phase.
- C. Check:** Monitor or check the implementation of the proposed changes, by collecting data, in order to determine whether the executed actions have resulted in the achievement of the plan's objectives. This is a crucial step in the PDCA cycle. The implementation of change should be accompanied by an assessment of outcomes in order to determine whether they meet the desired level of improvement.
- B. Act:** This stage necessitates the implementation of the necessary changes by standardising those which are known to achieve the plan's objectives. It is suggested that, after planning a change, implementing and monitoring the changed process, one must decide whether it is worth continuing with that particular change. The PDCA cycle can for this reason be implemented to achieve process stability and improve process capability.

The PDCA cycle is outlined in Figure 19.

The PDCA cycle is outlined in Figure 19.

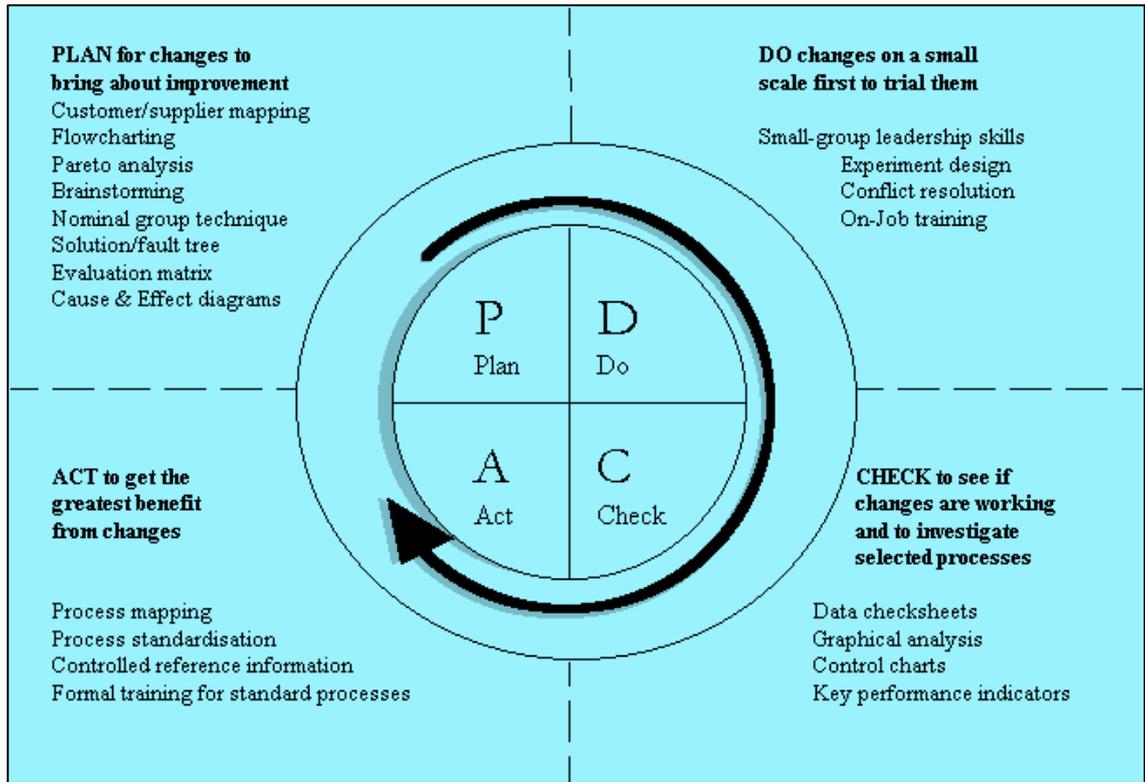


Figure 19: The PDCA cycle. *Source: hci.com.au/hc/site3/toolkit/pdcacycl.htm*

Other assessment models explored include the RATER model for assessment of knowledge gaps, standards gaps, delivery gaps, communication gaps and services gaps. The researcher included in this Chapter the INSQPLUS model for the assessment of service quality with reference to the positioning gap, specification gap, service delivery gap, communication gap as well as rating gap.

The Grönroos' perceived service quality model was analysed due to the model's premise that customer expectations are a function of market communication by organisations through brand and image endorsements. The researcher also studied the two-factor quality model also known as the "Kano's curve" model. In this model the horizontal axis exemplifies customer satisfaction that fluctuates between very dissatisfied and very satisfied. The vertical axis depicts the presence or absence of a quality element which can vary from not available to a high degree of availability.

The implementation of business management strategies, with the emphasis on Total Quality Management (TQM) is outlined in Chapter 3 and provides managers of hospitality lodging and accommodation establishments, with the capacity to reflect strategically on the establishment. The aforementioned refers to the establishment's current quality management practices, its position in the competitive marketplace, how it can gain sustainable competitive advantage and how its business management strategy can be implemented and executed successfully.

This study explored the view that hospitality lodging and accommodation establishments who succeed in implementing TQM successfully, will deliver higher service quality to customers and ultimately benefit from systematic retention of their customers. In today's competitive business environment, one should be reminiscent of the fact that commercial reality necessitates long-term relationships with customers.

As reflected in the literature review in Chapter 3, TQM can contribute to creating competitive advantage for a guesthouse as the implementation of TQM centres on meeting the needs and expectation of customers, involving all parts of the establishment which includes management, the internal and the external customer, considering the costs which are related to quality, focusing on designing quality rather than inspecting it and developing systems and procedures which support quality and continuous incremental improvement.

The successful implementation of TQM as a Total Quality Management System requires the adherence with all 8 TQM principles which can be summarised as follows:

TQM PRINCIPLES TO BE ADHERED TO WHEN IMPLEMENTING TQM AT GUESTHOUSES
1. TQM should be initiated and led by Top- management
2. The scope of TQM and its implementation should be an establishment-wide endeavour.
3. The scale of TQM must ensure everybody is responsible for quality service
4. TQM philosophy focuses on prevention and not just the detection of poor quality standards.
5. TQM should be implemented in pursuit of attaining higher quality standards.
6. TQM sets specific standards that is derived from implementing TQM
7. TQM centres on the premise that it is less expensive to prevent poor quality delivery than rectifying poor delivery
8. Quality should become the overarching theme of everyday operations

In the view of Oakland's theoretical understanding, this study argues that in highly competitive industries such as the hospitality industry, *merely* meeting or satisfying customers' expectations will not prove to achieve success in the long-run (Oakland 2003:4).

Oakland (2003:26) reiterates the fact that processes induce an important connection between planning, people and performance which in turn becomes crucial to providing quality and services to customers. The Oakland model for quality management is recommended for guesthouse and is depicted in Figure 21 in Chapter 3.

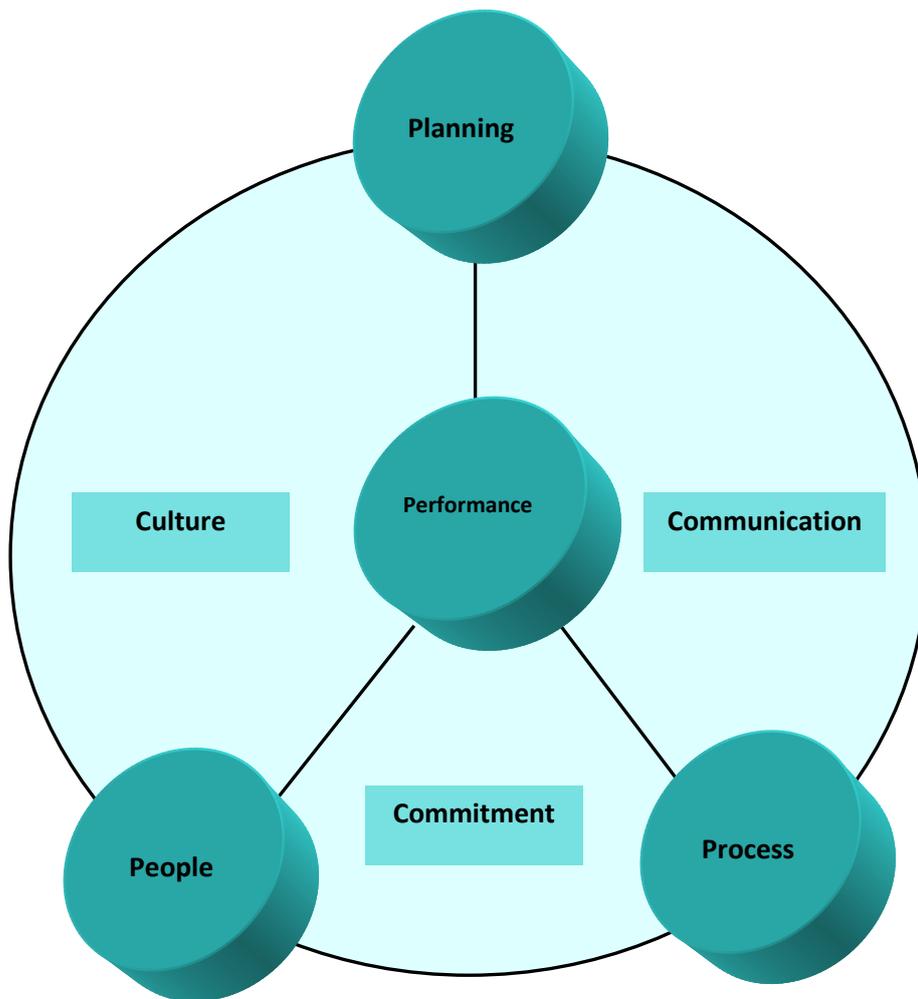


Figure 21: Oakland's model for Total Quality Management

7.2.4 Literature review captured in Chapter 4

Chapter 4 elaborated on the nature of research in general. Research can be described as a process of enquiry and investigation which encapsulates systematic and methodological processes whilst utilising appropriate methods to collect and analyse data (Hussey and Hussey 2003:1).

Research design refers to finding answers and seeking truths about a phenomenon (situation or problem) and demands an appropriate and suitable method of investigation (Steenkamp 2011). Yin (1994:20) defines research design as the preparation of a working plan aimed at systematically assembling, organising and integrating data, in order to solve the research problem.

The researcher is of the opinion that this study adheres to the above definition as it aimed to solve the stated research problem through a well-defined and multi-dimensional methodical process of investigation, analysis and factual observations, personally controlled and managed by the researcher. The research design of this study ensured the application of reliable methods (measuring instruments) which directly determined the level of reliability and validity of the research results.

Alshumaimeri (2001:1) explains that any type of research necessitates validity analysis. The objective of validity is to ensure that the scale of each item to be measured as well as each question of the questionnaire measures what they are supposed to measure. Alshumaimeri (2001:4) suggests careful consideration of the types of validity analysis methods which include content validity, construct validity and criterion validity. Three approaches to obtaining content validity include carefully defining what is to be measured, a thorough literature review and experts in the particular field of investigation can be approached in order to acquire opinions on whether an item should be included (Alshumaimeri 2001:8).

Literature review regarding data analysis indicated that the researcher should focus on the analysis of the primary and secondary data namely:

- A. *Primary data* through the application of its triangular approach towards measurement instruments which were both qualitative (observation and interviews, etc.) and quantitative (application of two questionnaires).
- B. *Secondary data* through literature research pertaining the guesthouse sector in the hospitality industry in South Africa (Chapter 2), quality service, customer satisfaction and customer retention (Chapter 3) and TQM as a quality management system (Chapter 3) and the nature of research and research methodologies (Chapter 4).

The research design and methodology entailed the following:

Research design and methodology for the study

1. Secondary data (literature review)
2. Primary data through a personal survey by means of three (3) measurement tools :
 - A. Observation of the establishment culture, interior and behaviour of management and staff of the participating guesthouses pertaining to the rendering of quality services to customers;
 - B. Conducting interviews with owners, managers and staff pertaining to the rendering of quality services to customers;
 - C. Compiling and applying questionnaire surveys. The questionnaires compiled and used by the researcher are as follows:
 - Questionnaire to be completed by internal customers (owners/managers/staff) measuring quality service and TQM;
 - Questionnaire to be completed by external customers (guests) regarding service quality, also known as SERVQUAL questionnaire.

7.3 SUMMARY OF RESEARCH FINDINGS

7.3.1 Overall objective of the measurement

This study had as its overall objective the measurement and evaluation of the implementation of TQM at participating 4-to 5-Star guesthouses in the Western Cape region, analysing the results and set to highlight the shortcomings and successes of its implementation as well as the formulation of recommendations on how 4-to 5-star guesthouses in the Western Cape region could improve their service quality levels and ultimately develop a strategy for sustained customer retention.

In pursuit of parsimony and patterns of correlations among the responses to questions to measure the perceptions of owners, managers and staff regarding

the status of TQM at the guesthouse where they are currently employed, as well as the perception of customers' experience of quality service, customer satisfaction and retention, the primary data obtained through the application of its triangular approach towards measurement instruments which were both qualitative (observation and interviews, etc.) and quantitative (application of two questionnaires), were analysed utilising various processes of statistical analyses.

7.3.2 Research findings from the observation and non-structured interviews

As part of the triangular approach towards measurement in the survey as outlined in Section 4.9 of Chapter 4, the researcher and the appointed objective observer utilised observation and conducting of non-structured interviews as part of the qualitative measurement in the survey. The most significant observations and field notes recorded can be summarised as follows:

- A. Nearly all owners/managers and staff agreed regarding the importance of quality services to guests but only a few could indicate what the relation is between service quality and retention of customers.
- B. A large communication gap exists between management and staff at a large number of guesthouses.
- C. Apart from one guesthouse, no indication was found from any participating guesthouse that comprehensive TQM of any sort is being implemented.
- D. Most guests indicated that very little contact is made between management/staff and guests to determine guest satisfaction with service quality or to ensure return visits by customers.

7.3.3 Differences between responses of respondents as a result of biographical factors

The researcher has applied exploratory factor analysis (EFA) to determine any significant differences in the responses between male and female, front and back office and length of service in the hospitality industry respondents. It can be

stated that there are no significant mean differences between the responses of the respondents as a result of gender, department or length of service.

7.3.4 Research findings regarding the implementation of TQM at participating guesthouses

The results of the questionnaire survey conducted amongst owners/managers/staff of the participating guesthouses were analysed. The findings can be summarised as follows:

A. Quality management

The findings indicated that only two thirds of the respondents (66.7%) are actually familiar with the principles of TQM whilst significantly lower percentage respondents (13.3%) are actually implementing these principles at their respective guesthouses.

It can therefore be deduced that a third of the respondents lack any knowledge of TQM principles whilst more than half (54.5%) of respondents are implementing their own quality programs and quality training.

In contrast to the above, the significance of quality customer service receives high acknowledgement (97.8%) resulting in the current service quality culture at the participating guest houses. This means that, irrespective of the unique nature of each guesthouse's management and cultural context, a high premium is placed on the importance of quality service in order to improve customer retention.

Most of the respondents (86.7%) acknowledged the need for improvements in their current quality programs which explains the significantly high proportion (77.8%) of respondents reflecting their positive inclination towards more efficient and cost effective task execution and service delivery.

When granted the opportunity to reflect on their own work standards, a significant percentage of employees (59.1%) acknowledged the correlation

between work standards and principles relating to quality and quantity. This means that the positive relationship between high standards of service and customer retention is recognised.

The fact that a high percentage of participating respondents (97.8%) acknowledged the value of the implementation of TQM towards improved customer services predisposes a positive tendency towards change.

B. Manager-employee interactions

By analysing the responses of the respondents, it is evident that although TQM principles are recognised as valuable, the effective implementation thereof at participating guesthouses can be questioned.

A significant percentage of respondents (86.7%) are not granted the opportunity to put their suggestions for improvements of quality service to management. These findings should be viewed in combination with results indicating that only 22.7% of respondents expressed satisfaction with regard to effective top-down and bottom-up communication channels at their respective guesthouses. Only 47.7% of respondents indicated that they fully agree that policies are communicated to employees.

Less than one third of respondents (31.8%) indicated that managers of departments share their information and experiences with their workers. Only 31.8% of the respondents fully agree that the entire workforce understands and is committed to the vision, values and quality goals of the establishment.

Only 31.1% of respondents indicated that they receive rewards and recognition for best performance in their jobs. This is most alarming as it is a clear indication of the lack of sufficient long term commitment towards successful improvement of quality service and customer retention.

C. Training and teamwork

Training and related quality improvement strategies were identified from the literature review and discussed in Chapter 3.

Findings from the survey imply that, although not fully exploited and implemented, it is recognised that services rendered by guesthouses in general, can improve with the implementation of the TQM system. Training in TQM system and practises will also enable them to achieve and maintain higher occupancy levels.

More than three quarters of the respondents (77.7%) indicated that they strongly agree or agree that quality circles should be formed where groups of employees do similar work. However, whilst team work forms the basis of quality circles, only one third of respondents (31.8%) indicated that they fully agree that management encourages a guesthouse management style where teamwork is applied in every process.

Even though about three quarters of respondents (77.8%) indicated that training and development is an important part of TQM, only 54.5% of respondents indicated that they are trained in quality management and only 22.7% of respondents indicated that they fully agree that quality training are indeed given to managers, supervisors and employees.

7.3.5 Research findings regarding the SERVQUAL questionnaire survey

The results of the SERVQUAL questionnaire survey amongst customers of the participating guesthouses were analysed. The findings can be summarised as follows:

A. Communication with customers

Findings suggest that, irrespective of the importance of sustained contact with guests in order to enhance customer retention, the execution of basic action steps such as updated databases only occur at certain guesthouses.

Less than half of the respondents (47.5%) indicated that the guesthouse customises relationships with individual guests or group of guests although more than half of the respondents (55.7%) indicated that the guesthouse regularly builds long-term customer relations,

Only one in five respondents (19.7%) indicated that the guesthouse regularly attracts compatible guests while only one in four (23%) indicated that the guesthouse regularly rewards guests for their business.

Less than half (44.3%) of respondents indicated that the guesthouse regularly maintains a database of guest preferences and details.

Participating guests had significantly different views regarding business reward systems. Although one in four (23%) indicated that regular business with a specific guesthouse resulted in tokens of reward, one in five (19.7%) held the opinion that their regular support has never been acknowledged or rewarded.

B. Communication between customers

Findings suggest that communication and interaction between customers are not a priority for guesthouses. Only one in four respondents (26.2%) indicated that the guesthouse regularly promotes positive encounters between guests whilst only one in fourteen (6.9%) indicated that the guesthouse regularly introduces guests to one another.

Less than a third of respondents (29.5%) indicated that the guesthouse regularly manages the guesthouse environment to facilitate guest interaction whilst only one in five (19.7%) indicated that the guesthouse regularly attracts compatible guests.

C. Managing customers' satisfaction and retention

From the analysis of the responses of respondents it is clear that measurement of client satisfaction is conducted regularly but that comparison with other guesthouses are not. Staff is also not utilised as a source of information through feedback on customer behaviour.

More than half (54.1%) of the respondents indicated that the guesthouse regularly measures guest satisfaction with the service quality of the guesthouse whilst only one in three (39.3%) of respondents indicated that the guesthouse regularly identifies customer needs.

Less than half (47.5%) of the respondents indicated that the guesthouse regularly collects customer suggestions and complaints to assess customer satisfaction whilst only one quarter (26.2%) indicated that the guesthouse regularly determines improvements in customer satisfaction.

Staff are not fully utilised as a source of information about behaviour of customers. Only 14.8% of respondents indicated that the guesthouse regularly acquires feedback from staff on guest behaviour.

A shortfall in the quality management program of guesthouses is the practice to not regularly compare customer satisfaction results with other competitors. Only 9.8% of respondents indicated that the guesthouse regularly compares the results of customer satisfaction surveys with competitors.

7.3.6 Research findings regarding the review of the research problem and six research objectives

The researcher reviewed the research problem as discussed in Sections 4.5 of Chapter 4 and confirmed the problems identified during the outset of the research process. Each of the six research objectives are discussed in Chapter 6 with reference to challenges or problems identified from the research findings as well as recommendation or suggestions to address these challenges or problems. The recommendations are summarised in Section 7.6.

7.4 CONCLUSIONS

TQM is a holistic approach which engages the entire establishment in attaining world-class quality, thus empowering employees to become a catalyst for continuous incremental improvement in delivering products or services. The nature of TQM encompasses a comprehensive, planned and organised approach towards guesthouse management. The approach attempts to improve or enhance the quality of products and services through ongoing modification and alteration in response to continuous feedback.

When taking the above into consideration, South African businesses have enjoyed an increased appreciation and application of business management strategies and

accompanying principles. The hospitality industry has not faltered in its drive to adopt new ideas. Throughout this study it was demonstrated that the implementation of TQM efficacy dimensions provides managers with the capacity to think strategically about the establishment, its business position, how it can gain sustainable competitive advantage and how business management strategies can be implemented and executed successfully.

The execution of the above strategy forms the basis for ensuring the smooth running of operations and ultimately, ensuring guests have memorable experiences at the particular establishment.

This study contends that 4-to 5-star guesthouses in the Western Cape region have experienced low customer retention due to *inter alia* the lack of comprehensive implementation of TQM principles which prevent them from reaching their optimum service delivery and service quality levels. These research findings illuminate the importance of implementing TQM in order to produce higher service quality to retain clients as a strategic mandate in today's service markets. Commercial reality necessitates long-lasting and enduring relationships that are beneficial to both the guesthouse and its customers.

The ability of an establishment to deliver constant superior service quality allows it to create value for its customers and enhance their long-term customer relationships through establishing customer loyalty. The concept of gaining loyalty from the customer has been a topic of study for many years and this study proposes the concept of redelivering high service quality in order to increase customer retention. The aforementioned should be the ethos of any establishment whose goal is to deliver high quality service. Furthermore, hospitality-related establishments should make the above part of their mission or vision statements in order to successfully embrace the concept of delivering 4-to 5-star quality service.

Throughout this study it is argued that service excellence precedes customer loyalty, and hence, it is important that service establishments, especially those in the hospitality industry, convince customers of their commitment to maintaining superior quality levels and providing constant high quality service.

The criteria for future success are determined by establishments' ability to retain customers through identifying their present needs, anticipating their expectations and maintaining on-going, long-term healthy relationships.

The researcher suggests that rendering constant high service quality is a prerequisite for retaining customers and for this reason urges service establishments such as guesthouses to constantly strive to develop and maintain these service quality levels.

The hospitality industry has proven to be a competitive industry with regard to fluctuating process and product offerings as well as constantly changing customer expectations. The aforementioned renders customer retention programs particularly important. First-class service in the hospitality industry may discourage customer defections but very few short-term strategies will prevent customer defections.

As this study has shown, guesthouses acknowledge the need for improvement in the current quality management systems applied at the guesthouses. They also acknowledge the importance of TQM as an integrated quality management system that will assist them to attain their goal of implementing and maintaining optimal levels of quality service standards. The current organisational cultures are also conducive for the implementation of TQM. What is required is commitment from owners and managers to put quality management and quality service in the centre of all aspects of operations and management at guesthouses and make quality everybody's responsibility. The recommendations contained in this Chapter 7 require consideration by all 4- to 5-star guesthouses in the Western Cape region should they be serious about sustained quality service and customer satisfaction and retention.

7.5 LIMITATIONS OF THE STUDY

This study may not have been representative of the entire target population due to the fact that a convenience sampling method was implemented for the purpose of collecting data.

To enable researchers to generalise findings for this hospitality segment, future research could be extended to other accommodation categories such as 3-star graded guesthouses, hotels, resorts, lodges and boutique hotels.

In addition to the aforementioned, since this study was conducted solely in the Western Cape, future research may also encapsulate findings of this research in other areas which may exhibit other results.

7.6 RECOMMENDATIONS ON AN INTEGRATED TQM MODEL FOR GUESTHOUSES

With reference to a proposed TQM model for guesthouses, a revised model was designed which can be implemented in guesthouses as a business management approach which will assist the improvement of service quality delivery and ultimately, the facilitation of customer retention. This model is shown in Figure 41.

In order to facilitate the implementation of the efficacy dimensions of TQM in guesthouses to improve service quality levels and hence increase customer retention, a revised integrated TQM model is proposed based on what Oakland refers to as “The four Ps and three Cs of TQM” (Oakland 2003:27). This study supports the fact that Oakland’s model for TQM can productively be integrated with the PDCA Cycle in order to assist managers of guesthouses to perceive and implement TQM effectively.

7.6.1 Planning

Oakland’s Model suggests that the first “P”, namely “planning”, involves the implementation of TQM in guesthouses which should include an evaluation of the entire establishment. This evaluation creates a redeployment of efforts towards the recognition of the guesthouse’s vision, mission, objectives, processes and procedures as well as the current establishment structure (Pitout 2007:9). Refocusing on the guesthouse’s vision and mission will give the opportunity to revise processes and structures enabling the achievement of goals and objectives (Pitout 2007:9).

The PDCA cycle’s first phase, also called planning, corresponds with Oakland’s first phase of planning as it suggests that planning should encapsulate the collection and analysis of data which is aimed at improvement, in order to develop a plan for what needs to be accomplished in a given time frame. The PDCA cycle contends that this first phase should include an analysis on what the business intends to improve, which includes the investigation of areas that present opportunities for change.

These identified areas should be developed and resources deployed in order to offer the highest return for effort implemented to improve profitability. Oakland (2003:27) reiterates that the development and deployment of policies and strategies enables the establishment to create appropriate partnerships and allocate resources effectively. Furthermore, Oakland (2003:27) states that consideration must be given to each of the above-mentioned elements which play an imperative role in the design of quality products and services.

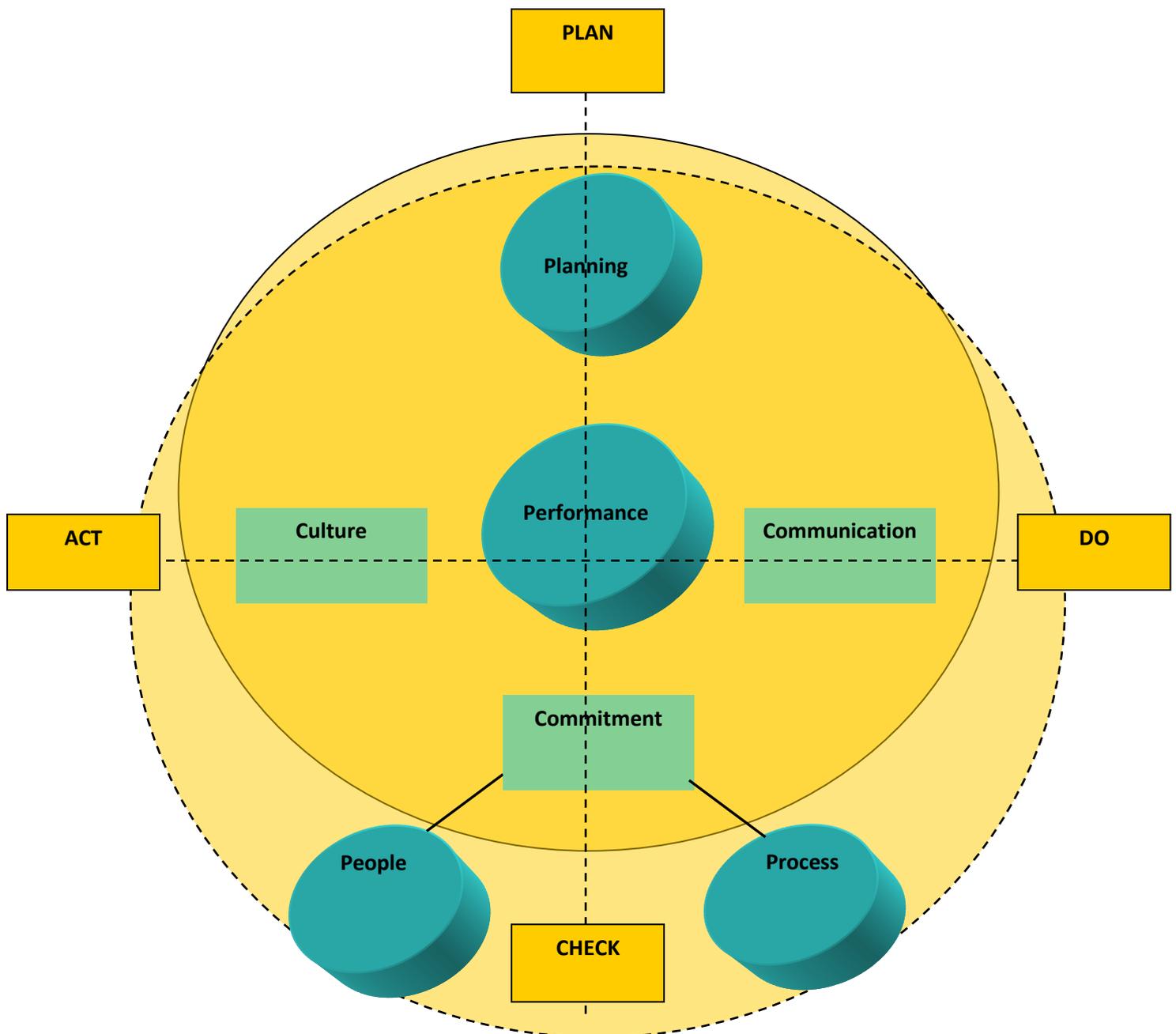


Figure 41: The integrated Oakland model for TQM and PDCA cycle

7.6.2 Performance

The second phase of the PDCA Cycle is the “do” phase. This phase encapsulates the execution of the necessary actions as defined in the preceding phase, namely planning. Oakland’s model for TQM (Oakland 2003:27) describes phase two as the “performance” phase. Both models require business to “do” and “perform” as planned in the previous phase.

This phase also includes the communication to and commitment of employees in order to implement the TQM process. It requires establishments to invest time and effort in establishing a performance measurement framework which enables them to carry out self-assessment, audits, reviews and benchmarking.

The aforementioned measurement frameworks have associated costs with regard to development and implementation and Oakland (2003:27) affirms that these costs need to be balanced with the value added to the establishment. Various models exist which establishments can use to perform self-assessments. These models include the Deming Prize, the Baldrige Award or the European Foundation for Quality Management Excellence Model.

Pitout (2007:27) is of the opinion that the aforementioned models can be used in a number of approaches which include workshops, audits and surveys. Oakland (2003:27) reinforces that benchmarking is another technique that can be used to measure establishment performance. Benchmarking facilitates processes by means of which the establishment can compare its operations, products and services to those of competitors.

The above is relevant to the guesthouse industry as benchmarking enables the guesthouse to compare its level of quality service to established industry standards as well as internal standards. Oakland (2003:27) concludes that the purpose of benchmarking is to establish the perspective of how well an establishment is performing in comparison to its competitors in order to challenge current practices and standards and to ultimately set goals for improvement.

7.6.3 Processes

Pitout (2007:11) agrees with Oakland (2003:27) in noting that all activities in an establishment can be viewed as processes. Managing each of the core processes of the establishment provides it with the ability to improve performance. Processes that were implemented should be monitored and assessed in order to verify whether they are effectively and efficiently put into practice.

The third phase of the PDCA cycle adheres to the aforementioned as it encapsulates the monitoring or checking of the implementation of the proposed changes. This is done by collecting data in order to determine whether the executed actions have resulted in the achievement of the plan's objectives. This is a crucial step in the PDCA cycle. The implementation of change should be accompanied by the assessment of outcomes in order to determine whether they meet the desired levels of improvement.

The aforementioned can be facilitated by identifying several measures with which one can monitor the level of improvement.

To assist managers of guesthouses in understanding their establishments' processes better, Oakland (2003:27) suggests that flowcharts should be utilised to graphically document these processes. The aforementioned provides managers with the opportunity to determine whether current processes necessitate a complete re-design in order to achieve optimum high quality service levels.

The guesthouse industry in South Africa has accreditation and grading bodies in place which exemplify industry standards and which can assist managers of guesthouses to implement processes which enable them to adhere to industry standards. These authoritative bodies were thoroughly discussed in Section 3.7. Oakland (2003:27) proposes that an appropriate quality management system (QMS) be established within the establishment which will assist management to manage the quality of the establishment's processes, which includes its products and services. ISO 9000:2000 was developed along with ISO 9001:2000 which are internationally recognised standards for QMSs (Pitout 2007:8).

The above QMS concept was discussed in Sections 3.10 and 3.12. Oakland (2003:27) states that the ultimate goal of a QMS is to ensure continuous incremental improvement of an establishment's processes which, when considering the guesthouse industry, becomes crucial when being graded or accredited as a four- or five-star quality service guesthouse.

7.6.4 People

According to Oakland (2003:27), the most valuable resource in an establishment is its human resources. It is an incontestable fact that people form an essential part of hospitality practices and services as one of the characteristics of services is that they cannot be separated from the people who provide them. Furthermore, the provision and consumption of services happens simultaneously because of the human factor involved. Pitout (2007:11) recognises the fact that establishments need to place emphasis on quality which is also aligned with their Human Resource Management (HRM) policies and their strategic goals.

The final phase of the PDCA Cycle encapsulates the "act" phase in which people (staff and management) adapt to and act out the changes as implemented during the previous phases. This stage necessitates the implementation of the changes by standardising those which are known to achieve the plan's objectives.

It is suggested that, after planning, implementing and monitoring a changed process, one must decide whether it is worth continuing with that particular change. If it consumed too much time, proved to be too difficult to adhere to, or even led to no improvement, one should consider aborting the change and planning a new one. The aforementioned should be followed by a review of the results in order to obtain further opportunities for improvement.

Pitout (2007:11) furthers by stating that employees should be empowered by and involved in their establishments. Training employees in providing high quality services should be one of the key prerogatives of the guesthouse's efforts in improving the quality of service.

Oakland (2003:27) encourages managing human resources through the acquisition of teamwork, more open channels of communication and clear leadership structures. With reference to the aforementioned, in order to develop a culture which accepts the TQM approach, and in order to sway the employees of an establishment to accept the TQM approach, effective communication with employees must be achieved (Oakland 2003:27). Employees must be educated to understand their individual roles in the TQM process as well as being enlightened in the benefits derived from what the TQM process offers (Pitout 2007:11; Oakland 2003:27). The combination of empowered and trained employees, well-structured teams which operate productively and effectively and adequate leadership and communication fosters cultural change for quality and also encourages employee commitment to the TQM efforts of the establishment (Pitout 2007:12; Oakland 2003:27).

Oakland (2003:28) reinforces the importance of the three Cs in the new model for TQM, which includes communication, culture and commitment. As mentioned previously, the three Cs represent the soft management issues.

The final phase of the PDCA model known as “act”, calls upon managers to reinforce quality policies and procedures so that, as indicated by the culture as a soft “c”, this becomes part of the establishment culture. The soft Cs provides the cement which integrates the four Ps of the model (Oakland 2003:28).

It can be concluded that the integration of Oakland’s TQM Model and the PDCA Cycle will assist managers of guesthouses to implement the TQM process successfully in order to achieve process stability and improve process capability which will ultimately enable them to prevail in the competitive hospitality industry.

7.7 RECOMMENDATIONS FROM THE REVIEW OF THE 6 RESEARCH OBJECTIVES

The findings of the review of the 6 research objectives pertaining to quality management, star-grading and TQM were discussed in Sections 6.8 to 6.13. The recommendations can be summarised as follows:

Table 54: Recommendations regarding the six (6) research objectives

RESEARCH OBJECTIVE	RECOMMENDATIONS
<p>1. To understand the challenges and make recommendations in terms of customer service rendered</p>	<ul style="list-style-type: none"> A. Create superior customer service to achieve a competitive advantage B. Establish loyal customers to generate increased profits. C. Develop innovative differentiation strategies D. Develop teamwork for sustained optimal quality service delivery
<p>2. To underpin the problem and provide appropriate suggestions in terms of customer retention in order to attain and sustain higher occupancy levels.</p>	<ul style="list-style-type: none"> A. Maintain a database on customer needs B. Reward customers for continuous support C. Facilitate communication between customers D. Manage customers' satisfaction and retention E. Conduct comparison with other guesthouses F. Retain employees and facilitate employee satisfaction F. Forster customer relations G. Implement a combination of customer retention strategies
<p>3. To understand the challenges and make recommendations in terms of service quality with the emphasis on employee, guest and hospitality establishment relationships in competitive markets</p>	<ul style="list-style-type: none"> A. Train managers and staff in quality service and TQM B. Train managers and staff to attain all the dimensions of service quality C. Train managers and staff to exceed customer expectations D. Compare survey findings with competitors E. Collect customer suggestions F. Utilise staff as source of information G. Facilitate long term relationships with customers H. Make quality the responsibility of everyone employed at the guesthouse I. Educate managers and staff in the consequences of unsatisfactory services

<p>4. To underpin problems and make suitable recommendations in terms of quality management of 4-to 5-star guesthouses situated in the Western Cape region.</p>	<ul style="list-style-type: none"> A. Educate all managers and staff in quality management B. Practise effective top-down and bottom-up communication C. Train all managers and staff in TQM D. Consider staff's suggestions for improving quality service E. Create a common vision and set of values F. Implement the training and skills development program of TQM G. Conduct benchmarking of best practises H. Implement appropriate instruments for assessment of service quality I. Educate managers and staff in the consequences of unsatisfactory services
<p>5. To understand challenges and provide suggestions in terms of the star-grading system applicable to 4-to 5-star guesthouses in the Western Cape region.</p>	<ul style="list-style-type: none"> A. Encourage academic writings and research pertaining to the development and implementation of the star-grading system in South Africa. B. Challenge regarding various bodies involved in the grading of lodging and hospitality establishments and this grading can take many forms. C. Analyse and acknowledge the correlation between TQM and star-grading systems
<p>6. To understand the challenges and make recommendations in terms of the implementation of TQM in 4-to 5-star guesthouses situated in the Western Cape region for sustained customer retention.</p>	<ul style="list-style-type: none"> A. Measure quality service successfully to manage quality services successfully B. Set customer retention as an objective C. Set and preserve the guesthouse's competitive advantage D. Adopt a TQM process and relevant critical success factors E. Avoid the pitfalls of unsuccessful TQM implementation attempts F. Implement the Oakland's Model for Total Quality Management as adapted by the researcher.

7.8 IMPROVING HIGH STAR-GRADED GUESTHOUSES BY MEANS OF CORE TQM EFFICACY DIMENSIONS

The study led to better recognition of critical success factors of TQM implementation in guesthouses which derive advantages in the provision of higher quality service to customers. TQM critical success factors were thoroughly described in Section 3.14 of this study.

Other advantages derived from offering higher service quality include competitive advantages, employee satisfaction and an increased working value, staff empowerment and involvement, customer satisfaction, customer loyalty and sustainability of establishments. This study proposes that service quality in 4-to 5-star guesthouses can be improved by means of the core efficacy dimensions of TQM. This study involved research on the critical success factors (CSFs) associated with managing a successful TQM implementation in the hospitality industry specifically in 4-to 5-star guesthouses.

Critical success factors were identified in Section 3.14 for sustained service quality which will result in long-term customer satisfaction and retention as summarised in Table 18. It is strongly recommended that guesthouses implement these and adherence to them.

Table 18: Critical success factors

MBNQA/EQA Criteria	MBNQA/EQA Critical factors for success
Leadership	Top management commitment and responsibility Top management involvement Role of divisional management Passion for excellence Inspire, guide, coach and support improvement activities Share values
Policy and strategy	Quality goals and policy Strategic quality management and planning Performance tracking Mission and vision statement Strategic business and quality plans Inspection policy
Customer focus	Identifying customer needs Customer quality measurement Customer relationships

MBNQA/EQA Criteria	MBNQA/EQA Critical factors for success
	Customer satisfaction orientation Market research
Information and analysis	Comparative benchmarking Establishment performance measures Quality improvement measures Customer satisfaction measures Managing supplier relationships Supplier performance evaluation Process partnership improvement
Human resource focus	Participatory environment Employee commitment Employee empowerment Top-down, bottom-up communication Teamwork Employee motivation (appraisal, rewards and recognition) Employee satisfaction Human resource development Employee well-being and satisfaction
Process management	Continuous incremental improvement Service process design Process implementation Process management Process review and improvement Supplier and partnering processes Product and service processes

MBNQA/EQA Criteria	MBNQA/EQA Critical factors for success
Business results	Stakeholder satisfaction Special impact Customer focused results Financial and market results Human resource results Establishment effectiveness results

7.9 RECOMMENDATIONS FOR FUTURE STUDIES

The author of this study recommends that the measurement and comparison of the value and importance of the critical success factors be established by using other techniques such as importance-performance-analysis by which decision making of TQM initiatives are facilitated.

A second suggestion for future studies is to reduce the items in the questionnaire in order to save time in analysis. The aforementioned does not imply the comparison of importance between items, but rather concentrating on critical items which might have been addressed by other related studies.

This study explored the implementation of TQM efficacy dimensions in 4-to 5-star guesthouses. The purpose of the aforementioned was to demonstrate that the implementation of TQM critical success factors as a business management approach will lead to increased service quality levels and hence increased customer retention.

This study also examined how the customers of the guesthouses value and perceive performances delivered by 4-to 5-star guesthouses. The research performed shows that the profitability of any business, with specific reference to guesthouses in this particular instance, does not entirely depend on the kind of relationship the business and its employees have with customers, and which acquisition and retention methods they implement. Therefore it is suggested that further investigation into aspects which may affect the business' profitability, such as supplier relationships should be established. By

exploring the aforementioned one can gain an even better understanding of the inherent qualities of the guesthouse.

This study was based on both a quantitative and a qualitative approach and the aim was to get uniformly reliable information out of each approach. With the aforementioned in mind, it should be mentioned that implementing both methods was the best chosen method as it gave more value and credibility to the research. By combining these two research methods, the researcher was able to capture both the guesthouses' and the customers' perspectives and opinions.

7.10 PERSONAL REFLECTIONS

The author of this study is of the opinion that there should be no doubt that in order for the implementation of TQM efficacy dimensions to succeed, owners, managers and employees of guesthouses should acquire new knowledge, skills and abilities. Training should be based on total quality and must be planned and provided if the aforementioned is to be realised. TQM has the ability to achieve and exceed overall customer satisfaction. This study supports the notion that a central core value of TQM lies in the undeniable fact that all products and processes should always focus on the customer.

Throughout this study it is argued that service loyalty precedes customer loyalty, and hence it is important that service establishments, especially those in the hospitality industry, convince their customers of their commitment to maintaining superior quality levels and providing the customer with constant high quality service.

The criteria for future success were subsequently determined with reference to the establishments' ability to retain customers through identifying their present needs, anticipating their prospective expectations, maintain on-going healthy relationships with them and enhancing future long-term relationships.

The author suggests that rendering constant high service quality is a prerequisite for retaining customers and for this reason urges service establishments such as guesthouses to constantly strive to improve their service quality levels and ultimately develop a strategy for sustained customer retention were illuminated.

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**ANNEXURE A: QUESTIONNAIRE FOR OWNERS, MANAGERS AND STAFF OF
PARTICIPATING GUESTHOUSES WESTERN CAPE REGION**

Dear Participant

As you are an experienced professional who has knowledge and experience in the hospitality industry, I would like to ask for your assistance by seeking your permission to be interviewed. I am currently engaged in a M.Com. degree in Business Management at the University of South Africa.

The topic of my master's dissertation centre on the theory that the non-implementation of the efficacy dimensions of Total Quality Management (TQM) results in an inability to increase service quality levels, hence subsequently failing to increase customer retention.

As part of my research I will be conducting interviews to obtain data on the influence of business and other factors on the practice of Total Quality Management. For this purpose, a number of respondents, including you, have been selected to participate in the survey.

As a result of your involvement in and experience of operations in the hospitality industry, your views and opinions concerning existing practices in quality management will be of major importance. All records and collected data containing your personal information will remain strictly confidential and no information that could bring about identification of any individual will be released.

Your participation is purely voluntary and you are under no obligation whatsoever to participate in this interview. If you need any further information or have some concerns regarding this study, please do not hesitate to contact me at:

I look forward to your response and thank you in anticipating for your willingness to participate.

Yours sincerely

Cherie Prinsloo

M.Com. Student

MANAGING SERVICE QUALITY AT GUESTHOUSES QUESTIONNAIRE

INSTRUCTIONS

- Please answer each question by making a cross (X) in the appropriate box.
- There are no right or wrong answers. Your answers will be a reflection of how you view each question.

A) BIOGRAPHICAL PROFILE

Gender

A1	Male		Female	
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Department

A2	Front of house		Back of house	
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Current Position

A3	
----	--

Years of service within the hospitality industry (years completed)

A4	0-5 years		16-20 years	
	6-10 years		20 + years	
	11-15 years			

B) TOTAL QUALITY MANAGEMENT (TQM)

Total Quality Management (TQM) is a holistic approach to quality management which engages the entire organisation in attaining high service quality by empowering employees to become a catalyst for continuous incremental improvement in delivering superior quality products or services. Total Quality Management (TQM) can also be described as a comprehensive, planned and organised approach towards organisational excellence. Total Quality Management (TQM) attempts to improve or enhance the quality of products and services through ongoing modification and alteration of processes, products and services in response to continuous feedback from internal and external customers.

It is believed that those guesthouses with a quality rating or star grading have some kind of quality management program in place. This program may be similar to TQM but may be named differently. The 4 or 5 star graded guesthouses may need to go beyond a basic quality management program to implement a more comprehensive TQM program.

	Quality management program at your guesthouse.				
B1	Are you familiar with Total Quality Management (TQM) as described above?	YES		NO	
B2	Does the guesthouse you are currently employed at implement Total Quality Management (TQM) as a quality program?	YES		NO	
B3	If your answer was yes to the above question (B2), does the guesthouse you are currently employed at train you in the implementation of a TQM program?	YES		NO	
B4	How would you describe the quality control program or approach that you're currently applying at your Guesthouse?				

B5	If the guesthouse you are currently working at, does not implement TQM; briefly describe the quality management program implemented at the guesthouse.				
B6	Does the guesthouse you are currently employed at train you in the implementation of the above described quality management program?	YES		NO	
B7	Does your guesthouse place emphasis on quality customer service?	YES		NO	
B8	Does the management of the guesthouse facilitate a service quality culture (the way in which services are rendered)?	YES		NO	
B9	Do you think that there is a need for improvement in the guesthouses' present quality program?	YES		NO	
B10	Are you encouraged to perform existing tasks in a more efficient and cost effective manner, where possible?	YES		NO	
B11	Do you think that the above can be achieved through TQM?	YES		NO	
B12	Do you think a well-structured TQM system can improve your customer service?	YES		NO	
B13	Is it evident, at the guesthouse where you are employed at, that there is a need for an improved quality management program?	YES		NO	
B14	Do you receive rewards and recognition for best performance in your job?	YES		NO	

B15	Does the guesthouse have a system in place for employees to put their suggestions in suggestion boxes for improvements of quality?	YES		NO	
B16	Are you of the opinion that there is a need for improvement in the guesthouses' present quality system?	YES		NO	
B17	Briefly describe how the quality program that is currently applied at your guesthouse is monitored or audited and how frequently:				
B18	Indicate to what extent do you view the following components as key ingredients for implementing a successful TQM program:				
Total Quality Management Principles	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1. Leaders are responsible to create a culture of quality.					
2. Employee participation in process re-engineering and communicating their ideas to management.					
3. Formation of quality circles where groups of employees do similar work.					
4. A systems approach is followed whereby those working on the systems must listen to feedback from those					

working in the system.					
5. Benchmarking and best practices with similar organisations.					
6. Training and development plays an important part of TQM.					

PLEASE SELECT THE RESPONSE WHICH BEST REPRESENT THE LEVEL OF AGREEMENT THAT YOUR GUESTHOUSE HAS WITH THE FOLLOWING STATEMENTS.		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
B19	Senior management communicates the guesthouses' policy, and values to the customers, employees, suppliers, and other groups.					
B20	Managers of this guesthouse assume active roles as facilitators of continuous improvement, coaches of new methods, mentors and leader of empowered employees.					
B21	The manager of every department shares their information and experiences with their workers.					
B22	The entire workforce understands, and is committed to the vision, values and quality goals of the organisation.					
B23	Work standards are based on quality and quantity rather than quantity alone.					

B24	The guesthouse carries out informal benchmarking to identify best practices for improvements and opportunities.					
B25	Different department's managers participate in the formation of guesthouse policy and strategic decisions that affect your work.					
B26	Management believes that the workers that are in close contact with the guesthouse customers should be able to make important decisions within their own areas of responsibility and obligation					

PLEASE SELECT THE RESPONSE WHICH BEST REPRESENT THE LEVEL OF AGREEMENT THAT YOUR GUESTHOUSE HAS WITH THE FOLLOWING STATEMENTS		Strongly disagree	Dis-agree	Neutral	Agree	Strongly agree
B27	Management believes that employees in close contact with guests have the capacity to action decisions without approval.					
B28	Quality related training is given to managers, supervisors and employees.					
B29	Management encourages a guesthouse management style where teamwork is applied in each process.					
B30	An effective system exists within the company to prioritise those processes					

	identified as needing improvement.					
B31	Effective top-down and bottom-up communication exists in this guesthouse.					
B32	Long-term relationship and working partnership exists with key suppliers.					

Thank you for your participation.

ANNEXURE B: SERVQUAL QUESTIONNAIRE FOR CUSTOMERS OF PARTICIPATING GUESTHOUSES

THE EFFICACY DIMENSIONS OF TOTAL QUALITY MANAGEMENT FOR SERVICE QUALITY AND ITS RELATIONSHIP TO 4 AND 5 STAR GRADED GUESTHOUSES IN THE WESTERN CAPE REGION

Dear Participant

As you are an experienced professional who has knowledge and experience in the hospitality industry, I would like to ask for your assistance by seeking your permission to be interviewed. I am currently engaged in a M.Com- degree in Business Management at the University of South Africa.

The topic of my master's dissertation centre on the theory that the non-implementation of the efficacy dimensions of Total Quality Management (TQM) results in an inability to increase service quality levels, hence subsequently failing to increase customer retention.

As part of my research I will be conducting interviews to obtain data on the influence of business and other factors on the practice of Total Quality Management. For this purpose, a number of respondents, including you, have been selected to participate in the survey.

As a result of your visiting the guesthouse participating in the survey, your views and opinions concerning existing practices in quality management at the guesthouse will be of great value to me. All records and collected data will remain strictly confidential and no information that could bring about identification of any individual will be released.

Your participation is purely voluntary and you are under no obligation whatsoever to participate in this interview. If you need any further information or have some concerns regarding this study, please do not hesitate to contact me. I look forward to your response and thank you in anticipating for your willingness to participate.

Yours sincerely

Cherie Prinsloo

M.Com. Student

**RENDERING OF SERVICE QUALITY AT GUESTHOUSES (SERVQUAL)
QUESTIONNAIRE**

INSTRUCTIONS

- Please answer each question by making a cross (X) in the appropriate box.
- There are no right or wrong answers. Your answers will be a reflection of how you view each question.

CUSTOMER SATISFACTION AND CUSTOMER RETENTION

Customer retention is when a customer keeps on buying the same market offering over a long period of time. For products with short purchase cycles, customer retention is when the customer continues to purchase the product or service over a specified time period. For products or services with a long purchase cycle, customer retention takes place when the customer indicates the intention to purchase the product or service at the next purchase occasion.

Indicate on a scale of 1 to 5, where 1 represents ‘never’ and 5 represents ‘regularly’, how often the following activities are performed at the guesthouse.						
Customer Retention		1	2	3	4	5
C1	The guesthouse focuses on building long-term relationships with guests.					
C2	Measure the satisfaction level of guests with the services quality experienced at the guesthouse.					
C3	Maintain a database of guest preferences and guest details.					
C4	Customise relationships with individual guests or groups of guests.					
C5	Recognise and reward guests for their business.					

Compatibility Management		1	2	3	4	5
C6	The guesthouse attract similar or compatible guest to the guesthouse.					
C7	Promote positive encounters between guests.					
C8	Manage the physical environment to facilitate the interaction between guests, for example in the lounge or dining room.					
C9	Introduce guests to each other.					
C10	Encourage employees to provide information regarding the behaviour of guests to management.					
Customer Satisfaction		1	2	3	4	5
C11	Customer satisfaction surveys are done regularly.					
C12	This guesthouse compares its customer satisfaction with competitors.					
C13	This guesthouse determines improvements in customer satisfaction.					
C14	Comprehensive identification of customers and customer needs are conducted in the guesthouse.					
C15	There is a process to gather customers' suggestions, feedback and complaints to assess customer satisfaction.					

Thank you for your participation.

**ANNEXURE C: SCHEDULE FOR INTERVIEWS WITH OWNERS, MANAGERS
AND STAFF OF PARTICIPATING GUESTHOUSES**

Nr	GUESTHOUSE NAME	STAR RATING	LOCATION	DATE
1	African Oceans	5	Mossel Bay	25 November 2011
10	Ivory Heights	5	Somerset West	15 March 2012
12	Wedgeview Country House & Spa	5	Somerset West	15 March 2012
11	La Residence	5	Franschhoek	16 March 2012
2	Azamare	5	Camps Bay	20 March 2012
3	Atlantic Suits	5	Camps Bay	20 March 2012
4	African Dreams	4	Camps Bay	20 March 2012
6	Lorrain's on Lincoln	4	Bellville	21 March 2012
13	Keret Accommodation	5	Bellville	21 March 2012
8	Annette Guesthouse	4	Platteklouf	22 March 2012
15	Linga Linga	4	Platteklouf	22 March 2012
7	Ellermen House	5	Bantry Bay	27 March 2012
14	Compass House	5	Bantry Bay	27 March 2012
5	Bel Rosen Guesthouse	4	Welgemoed	29 March 2012
9	Blaauwvillage Boutique Guesthouse	4	Big Bay	29 March 2012