Employee's Perception towards Service Climate - Hotel Industry in India: An Empirical Study

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ABSTRACT

The purpose of the study is to examine the perception of employees about the service climate in various dimensions like service leadership, service encounter, service systems, human resource management, customer satisfaction, etc in hotel industry (Tamilnadu). It suggests that hotel industry must take steps to improve the employee morale in order to enhance the value of the employee, designing an effective service performance linked compensation system and also it should provide customer focused training and development program to develop the service quality.

Keywords: Hotel Industry , Employee's perception , Service Climate

Introduction

Hotel Industry in India has witnessed tremendous boom in recent years. Hotel Industry is inextricably linked to the tourism industry and the growth in the Indian tourism industry has fuelled the growth of Indian hotel industry. The thriving economy and increased business opportunities in India have acted as a boon for Indian hotel industry. The arrival of low cost airlines and the associated price wars have given domestic tourists a host of options. The 'Incredible India' destination campaign and the recently launched 'Atithi Devo Bhavah' (ADB) campaign have also helped in the growth of domestic and international tourism and consequently the hotel industry.

In recent years, government has taken several steps to boost travel & tourism which have benefitted the hotel industry in India. These include the abolishment of the inland air travel tax of 15%; reduction in excise duty on aviation turbine fuel to 8%; and removal of a number of restrictions on outbound chartered flights, including those relating to frequency and size of aircraft. The government's recent decision to treat convention centers as part of core infrastructure, allowing the government to provide critical funding for the large capital investment that may be required has also fuelled the demand for hotel rooms.

The opening up of the aviation industry in India has provided exciting opportunities for hotel industry as it relies on airlines to transport 80% of international arrivals. The government's decision to substantially upgrade 28 regional airports in smaller towns, and the privatization & expansion of Delhi and Mumbai airport will improve the business prospects of hotel industry in India. Substantial investments in tourism infrastructure are essential for Indian hotel industry to achieve its potential. The upgrading of national highways connecting various parts of India has opened new avenues for the development of budget hotels in India. Taking advantage of this opportunity Tata group and another hotel chain called 'Homotel' have entered this business segment.

According to a report, demand exceeds supply in the Hotel Industry in India. Five-star hotels in metro cities allot same room, more than once a day to different guests, receiving almost 24-hour rates from both guests against 6 -8 hours usage. With demand-supply disparity, hotel rates in India are likely to rise by 25% annually. This will affect the competitiveness of India as a cost-effective tourist destination. The hotel industry in India is at $17 billion (Rs 87,601 crore) currently. Thirty per cent of the sector is organised. An additional 20 international brands are expected to come to India in the next two years. About $12 billion (Rs 61,836 crore) is the expected investment in this sector by 2011. Within the sector that is organised, the 5-star hotel segment contributes 58 per cent.

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Hotel industry in Tamil Nadu

Tamil Nadu is a flourishing state both in terms of economy and tourism and draws scores of tourists round the year. The things to watch in Tamil Nadu are almost endless and whether you are an adventure lover or a pilgrim, this amazing state has a lot in store for its visitors. Here, you can come across beautiful beaches, wildlife sanctuaries, historic landmarks, monuments and grand festivals. Almost all the important tourist destinations of Tamil Nadu offer a range of fine lodging facilities to its tourists depending on their interest and preferences. You can select from the five star to the three star or the budget category of the Tamil Nadu hotels.

Chennai, the capital city, offers top-notch accommodation facilities to its visitors. The city has some of the finest five star hotels that offer world-class facilities and are acclaimed for their high standard of facilities and services coupled with traditional south Indian hospitality. The five star hotels have lavishly done up guestrooms with guest amenities such as speakerphones with international direct dialing facility, Internet connectivity, mini-bar, personal safe, channel music and colour television with satellite programs.

The accommodations in Tamil Nadu are also ideal for the business guests as they provide the facilities for business centre and conferencing with state-of-the-art audio-visual facilities. Le Royal Meredien and Park Sheraton & Towers in Chennai, The Carlton Hotel in Kodaikanal and Taj Garden Retreat in Coonoor are some of the notable ones.

The three star hotels in Tamil Nadu also occupy an important place in the hospitality industry of the state and ensure a rewarding stay. These hotels are also strategically located and are ideal for the tourists who want a mix of economic tariffs and luxury. The services and facilities extended by these hotels include 24 hours room services, satellite channels, direct dialing telephones with STD/ISD, safe deposit locker, money exchange, laundry, travel desk, doctor on call, round the clock hot/cold water supply, and multi-cuisine restaurant. Holiday Inn Gem Park and Hotel Sinclairs in Ooty, Hotel Singaar International in Kanyakumari, Madurai Ashok and Madura Park Inn in Madurai are some of the noteworthy ones from this category.

There is another important category among the Tamil Nadu hotels and it is the budget hotels. These hotels are located in the key tourist destinations of Tamil Nadu and are perfect for those who are travelling on a shoe stringed budget and cannot afford the luxury of the five and four star hotels. These hotels have carved a niche in the entire hotel industry of Tamil Nadu and are especially acknowledged for their unmatched services and comprehensive range of facilities.

Review of Literature:

According to Schneider et al., 1998 Service climate is defined as "the shared perceptions of employees concerning the practices, procedures, and kinds of behaviours' that get rewarded and supported with respect to customer service and service quality". Much service climate research has attempted to identify antecedents of a positive service climate in service Hotels. This exists when employees' perceive that management regards quality service as important, and supports and rewards employees who deliver such service (Schneider et al., 1998). A number of key prerequisites for a positive service climate have been proposed in the literature. These include mutual support among departments and colleagues and facilitative conditions such as sharing information with staff, providing feedback, appropriate manager behaviours, training, and the removal of obstacles to the provision of excellent service. A measure of service climate quality would be based on employees' perceptions of how elements such as these were operationalised as practices or behaviours resulting in the delivery of superior service.

Service climate can be investigated in terms of global service climate (GSC), or its dimensions. GSC is distinguished from the dimensions of service climate by drawing on the explanation and scale development work of Schneider et al. (1998, p. 153). They describe global service climate (GSC) as a "summary measure of the Hotels's climate for service" and state that GSC is "not a composite of the three scales" (discussed below), but rather "it is its own distinct scale designed to tap the 'molar' aspect of service climate".
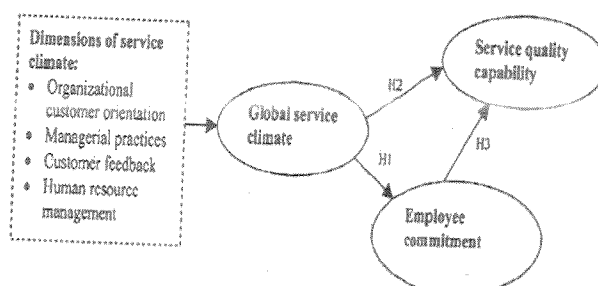

Figure 1 Dimensions of Service Climate

Lewin (1951) has described by means of psychological climate model that "climate" was an essential functional link between the people and the environment and stated that psychological climates were "scientifically describable facts". Rogg et al. (2001) found that service climate mediates the relationship between human resource practices and customer satisfaction in small business franchises but has no direct effects on customer satisfaction. According to Glick (1985), climate cannot be said to exist in an Hotel unless there is employee consensus of an acceptable level on climate perceptions.

Guion (1973) argued that a perceived climate concerned both the attributes of an Hotel and those of the perceiving individual.

James and Jones (1974) suggested the psychological climate be used to emphasise the fact that it is the aggregated cognitive interpretations of an Hotelsal workforce which arise from experience in the Hotels and provide a representation of the meaning inherent in the Hotelsal features, events and process (Schneider, 1983; Kozlowski and Farr.1988). Hospitality industry is one of the largest service sectors that has experienced extensive information surplus in the marketplace together with increased competition. Hopitality in this sense is described by Kotler, Bowen and makens (1996) as " those businesses that provide one or more of the following:

- Accommodation.

- Food and beverages.

- Entertainment.

Zeithaml and Bitner (2000) stated that reliability has been consistently shown to be the most important dimension in service quality. Quinn et al (1987), in a definition also adopted by Zeithaml and Bitner (1996), described services as including : " all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms that are essentially intangible of its first purchaser. Such as

- Convenience,

- Amusement,

- Timeliness,

- Comfort, or

- Health.

Gronroos (1984) divided service quality in to three components

- Technical

- Functional

- Image.

Research Methodology:

The primary objective of the study is to find out the employees perception towards the service climate. The entire 3, 4 & 5 star hotels in 4 major cities (Chennai, Coimbatore, Madurai, Tiruchirapalli) were taken into consideration and the top 50 hotels in each city has been taken into consideration.

In sampling design convenient sampling methodology is chosen by the researcher to identify the samples. 5 frontline employees (Front Office, House Keeping, Food& Beverage and Production) from each hotel were considered for the study to a total of 250. A structured questionnaire which has been validated (• = 0.896) has been used to collect the data from the respondents. The researcher has used SPSS 13.5 version to analyze the data.

Empirical findings:

From the Demographic profile analysis of the respondents, it is found that about 42% of respondents were in the age group of 21-25 and 89% of respondents are male. About 59% of respondents are unmarried and 57 % of respondents are under graduates. About 35% of respondents are in Housekeeping department and 51% of respondents are having the work experience of only 3 to 5 years.

Employees' responses to service climate are presented in Table 1. It reveals that the focus on all the parameters impacting quality of services (such as service leadership, service systems, human resource management and customer satisfaction) is only moderate and could be rates as below average. This suggests that a substantial improvement is required in services climate to improve quality of service in hotel industry.

One Way ANOVA using Post Hoc Multiple Comparisons Bonferroni test reveals that there is significant difference between age groups and internal service quality where the mean difference is significant

at the 0.05 level, similarly age groups and customer loyalty & profit, work experience and customer loyalty & profit, work experience and understanding the specific needs of customers are found to be positively associated.

There is significant difference between work experience and delivering high quality service, age and customer satisfaction through their service performance, age and needs of customer, age and great job of the employee, educational qualification and customer satisfaction, lastly educational qualification and effectiveness of cutting edge technology.

Chi-Square test reveals, there is a significant association between educational qualification and delivering product on time. Similarly, marital status and customer loyalty & profit, work experience and system design, work experience and human relations skills, finally work experience and delivering high quality service are all significantly associated.

Correlation analysis highlights that the two variables: internal service quality and delivering high quality service are linearly related with positive relationship. Similarly, clear and effective vision and

Table 1. Perception of employees towards Service climate

F1- Service Leadership	(All in %)				
	1	2	3	4	5
1. Management setting the example and providing excellent service internally (Internal service Quality)	2	28	69	1	0
2. Clear and effective articulation of the vision for service excellence has been taught to the employees	0	39	61	0	0
F2. Service Encounter					
3. Our ability to enhance customer satisfaction through quality service	12	34	51	3	0
4. The Hotel builds positive customer perceptions of service, enhance customer satisfaction, loyalty and profits	7	43	50	0	0
5. I have the responsibility and the authority to meet customer needs and to please customers.	10	26	64	0	0
F3. Service Systems					
6. My Hotel organization systems designed to prevent failure	2	28	56	12	2
7. My Hotel systems respond to failure immediately and able to avoid double disappointment	3	14	67	15	1
8. We as employees use cutting edge technology designed to enhance service quality	5	33	49	13	0
9. Service standards are communicated and understood by all the employees of the Hotel	10	35	35	17	3
F4. Human Resource Management					
10. Human relations skills are emphasized in the organization	8	31	51	2	5
11. Investment is made into training and developing the workforce	3	22	48	20	7
12. The employer link service performance and compensation	5	21	45	21	8
13. The employer link between reward for service and customer Satisfaction	0	21	45	27	7
F5- Customer Satisfaction					
14. We understand the specific needs of our customers.	17	33	49	1	0
15. We are focused on delivering high-quality products/services.	12	52	36	0	0
16. Our products/services meet our customers' expectations.	15	21	63	1	0
17. We deliver product and service on time	16	28	36	19	1
18. Customers regularly tell us that we are doing a great job	16	22	61	1	0
19. The overall service climate of the organization is good	14	40	45	1	0

service standards, responsibility and needs of customer, Customer loyalty & profit and Cutting edge technology, Customer satisfaction and Customer expectation, Training & development and Avoidance of failure & disappointment in the organisation, and Delivering products on time and Reward for service are linearly related. Hence a change in one factor will affect the other.

Conclusion

From this study, it follows that the service system needs attention on various factors such as : organisation systems designed to provide quality servies, failure handling system, use of cutting edge technology and communication of service standards to employees. Service managers need to design a service recovery strategy that reflects the context of the situation. Since the current industry practices do not "bond" the customer to the service provider, doing it right the first time would the optimum strategy for the hotel industry.

The compensation strategies should be effective. All the employees should be aware of the organizational goals and objectives. The methods used for evaluating employees' performance should be fair enough and easy to understand. The performance standards established should be achievable. Deserving employees should receive significant rewards. There should always be scope for improvements. Employees' performance should be evaluated on the basis of their productivity linked with service quality and customer satisfaction. Incentives account for employees' high productivity. Today's workforce believes in performance based pay, thus incentives will help to motivate them to produce more. In the hotel industry, it is the incentive that accounts for the overall package of the employee. In today's strategic compensation systems, incentives form an integral part of the performance based compensation packages. It is a challenge for hotel management to formulate strategies to maintain internal equity and external equity and provide the most competitive compensation packages to attract and retain the talented empathetic workforce. So developing effective incentive programs must be a part of management strategy to enhance service quality and customer satisfaction. Hence, Human resource Department needs to educate, train and develop the work force to achieve this **optimum strategy** by inculcating the sole practice of empowerment,

continuous improvement and self-realization of employees on sustained service quality enhancement which promotes positive service climate.

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