
QUALITY MANAGEMENT AND FIRM PERFORMANCE IN THE HOTEL INDUSTRY: EVIDENCE FROM MUREŞ COUNTY

Flavia Dana OLTEAN

Petru Maior University of Tîrgu Mureş, Romania, flavia.oltean@ea.uom.ro, flaviaoaltean@yahoo.com

Manuela Rozalia GABOR

Petru Maior University of Tîrgu Mureş, Romania, rozalia.gabor@ea.upm.ro, rozalia_gabor@yahoo.com

ABSTRACT

Tourism represents a basic component within economy of a country but within the human social assembly as well. Over the course of time, tourist services have become the central component of tourist activity, therefore a special attention has been provided to tourist service firms, but especially hotel units and factors that can influence competitiveness of these units. One of characteristic elements that contribute to getting the competitive advantage is represented by tourist service quality management. Under the circumstances, this research shows the importance of implementing quality management for managers as well as relationship between the factors defining quality management in hotel units in the Mureş county and economic performance through parametric statistics tools. The research method used is enquiry, and the working tool is questionnaire, the latter being provided to all hotel managers in the Mureş county. The main objective of this research is to show the importance of quality management as regards the management point of view and to analyse the influence of quality management over the performance indicators in hotels in the Mureş county (Romania) and in order to accomplish this objective, data has been gathered through providing a number of 42 questionnaires to managers and owners that work within hospitality industry. The results show a part acknowledge of research hypothesis, therefore the hotel sector in the Mureş county should take into consideration the improvement of quality managements regarding the services they supply. The study conclusions show a significant importance for hotel managers that want to get the customer satisfaction and implicitly auspicious economic results.

KEYWORDS: *hotel units, quality management, performance, Mureş County*

JEL CLASSIFICATION: *M15, C10, C80*

1. INTRODUCTION

One of the most important components of tourism is hospitality industry whose development both internationally and nationally is overwhelming. In fact, specialists in the field provide a special attention to hospitality industry, and within it, to hotel unit (O' Fallon and Rutherford, 2011; Walton, 2009; Vallen and Vallen, 2012; Neacşu et al., 2011; Fleşeriu, 2011). The continuous development of service quality management is currently a challenge for the hotel industry having thorough implications for the entire tourism industry. Policy developed by any tourist unit that is focused on service quality management, service strategy, human resources management and information technology assume the raise of many means and energies within the tourist sector as direct contact with customers, intangible supplied services and development of tourist services, are major elements.

In the hotel sector, starting with the year 1980, there were concerns as regards quality of services and products supplied to the customers (Johns, 1995) due to the impact that it can

generate over the activity performance (Claver-Cortés et al., 2006). Thus, it has noticed that quality management can influence the performance indicators in two ways (Garvin, 1984; Rust et al., 1995; Reed et al., 1996): by means of an internal impact (improvement of efficiency, cost cutting etc.) and of external impact (maximization of market share, increase of number of customers, getting of customer satisfaction, image improvement etc.) (Claver-Cortés et al., 2006, p.351). Similar analytical results (Claver-Cortés et al., 2006; Claver-Cortés et al., 2008; Tari et al., 2010; Wang et al., 2012) have emphasized that hotels implement quality management systems as they are considered a method to:

- Improve service quality,
- Train employees,
- Develop a quality culture,
- Get the required economic efficiency (internal impact),
- Create a favourable image (external impact).

Consequently, supply of a higher quality services encourages the increase of economic efficiency, increases customer satisfaction compared to the services supplied by the hotel units and drives the lack of discrepancies.

Regarding these elements, we want to mention that the objective of this research is focused on two directions:

- Analysis of service quality management in the Mureş county by using the descriptive statistics
- Analysis of correlations between quality management and economic-financial results;

Under these circumstances, we want to mention that this study represents a part of a more extended research that is focused on the development of service management in hotel units in the Mureş county, where the following elements have been included: services supplied by the hotel unit personnel, food services, recreation services, additional services and customized services and managerial practices by means of strategy in services, service quality, human resources and information technology.

2. LITERATURE REVIEW

2.1. Quality management

The concept "quality in services" appeared in the field of services in the second half of the XIXth century, much later than in other fields of business (Teodorescu, 2009, p. 413).

The issue of assuring the tourist service quality has become the number one priority both micro economically and macro economically, more and more tourist firms writing their own quality standards (Cristea, 2009, p. 452). The heart of the current researches internationally (Lo and Chai, 2012) on service quality have shown and summarized the following stages as being representative: a) evaluation (measurement) of tourist service quality, b) consumer satisfaction and c) total quality management (TQM).

a) *Evaluation of tourist service quality.* Importance of existence as regards some models focused on service quality is acknowledged in the foreign and national literature (Callan and Bowman, 2000; Callan and Kyndt, 2001, Min et al, 2002) through its direct effects on the consumer satisfaction and through the indirect effects on consumer loyalty (Wilkins et al., 2007, p. 840).

b) *Customer satisfaction.* Service quality (Naseem et al., 2011, p. 52) is related to consumer satisfaction (Shi and Su, 2007) and consumer satisfaction is related to returning. At present, there is a series of discussions in order to establish if service quality represents an antecedent or a consequence of consumer satisfaction (Brotherton and Wood, 2008, p. 324).

Empirical and theoretical researches in the field, have proved that relationship between the two concepts should be from quality to satisfaction. (Brotherton and Wood, 2008, p. 324).

The term "consumer satisfaction" is usually defined as representing the general evaluation of qualities (attributes) of a product or service (Bartikowski and Llosa, 2004).

Therefore, satisfaction depends on certain characteristics of the supplied tourist product: accommodation, transportation, gastronomy and service cost (Pizam et al., 1978).

c) *Total quality management (TQM)*. Within a paper, Philip Kotler states that "quality represents the best way to get customers loyalty, the most effective defence against competition and perhaps the only way to develop and get a permanent income" (Kotler, 2006).

Internationally, tourist units often apply the principles and techniques regarding TQM both to intensify operations and to comply with the International Standards Organization (ISO) in order to recognize the quality of their services globally (State and Istudor, 2009, p. 423).

Nationally, the current trends concerning quality tourist service management (Teodorescu et al., 2009), mention the approach of the following stages: quality control, quality assurance, total quality control and total quality management.

According to each stage, working tools and methods are developed, that increases the operationalization opportunities of such an approach (Teodorescu et al., 2009, p. 412).

At present, it is more and more about a *quality culture* both nationally and internationally (Stanciu and Hapenciuc, 2009) (Tommy, 2002; Claver-Cortés et al., 2006), being a reference concept focused on the permanent increase of the quality of supplied services (Stanciu and Hapenciuc, 2009, p. 486).

2.2. Firm performance

Literally speaking, the performance term relates to evaluation of indicators as profit, costs and market share (Laitinen, 2002). Philips (1996) in its attempt to adopt multidimensional approach in evaluation of performances in hotels, uses three dimensions (Rachel and Haber, 2005, p. 683): efficacy: occupancy, average daily rate per room etc.; efficiency: profit, investment profitability etc., and adaptability: successful introduction of some new services/products, income that is generated by introducing some new services, respectively. Sink and Tuttle (1989) mention that performance should not be evaluated only through financial indicators, therefore non-financial indicators should be taken into consideration (customer satisfaction, employee satisfaction etc.) (Avci et al. 2011, p. 148). Rachel and Haber (2005) state that performance can be measured both objectively and subjectively, and hotel managers have unique objectives and own methods to measure performance according to which they evaluate the success of their work (Rachel and Haber, 2005, p. 683). Under the circumstances, we think that it is important to mention that performance of hotels represents a rather new concept in specialty studies nationally, and managers develop own methods to evaluate the performance of their work.

Therefore, we used within the research the general indicators used in evaluating performance, indicators that focus on the efficiency of work, respectively, such as: turnover for each category of activity, market share, occupancy of accommodations, value of income and value of expenditure.

3. OBJECTIVES, HYPOTHESES AND METHODOLOGY OF RESEARCH

Within research, the research hypotheses are worded starting from the research objectives, and parametric statistical methods have been used to test the hypothesis.

Data obtained has been processed by means of the following software: SPSS 17.0 (Statistical Packages for the Social Sciences) and Microsoft Office Excel.

Therefore, we have surveyed the importance of service quality management in the Mureş county using the descriptive statistics, by applying the weighted arithmetic average and we have surveyed the correlations between the factors defining quality management in hotel units and performance and in this respect we have worded the following hypothesis:

H1: Quality management in hotel units is correlated positively with economic-financial indicators

The statistical method used in data analysis and interpretation is the *Pearson Correlation Coefficient* (parametric statistics tool), in order to measure the intensity of a linear relation between two quantitative variables.

The surveyed population consists of a number of 42 hotel units, located in the Mureş county. Taking into consideration that the surveyed population is low (42 hotels), this study has been carried-out by means of an exhaustive research, data being taken from the report "List of tourist welcome structures with ranked accommodation functions " presented by the Ministry of Tourism in Romania. Data collection period was June - September 2015.

Elements surveyed within the research are the following:

- Size of implementing the quality management in hotel units by means of the following variables:
 - *Tangible elements of supplied hotel services show quality*
 - *A quality management system is implemented within hotel*
 - *Implementation of a quality management system is in progress within hotel*
 - *Product and service quality system is carried-out continuously*
 - *We want to develop the quality of services and products in the future*
 - *A permanent maintenance of spaces, background and neighborhood is carried-out*
 - *A constant encouraging as regards improvement of all services*
 - *Responsibilities and obligations of employees contribute to creation of quality services*
 - *Verification of customer satisfaction level concerning quality of supplied services, by means of questionnaires during accommodation in hotel unit*
 - *Development of an own system for complaints and suggestions*
- Performance of hotel units included in the study by means of indicators:
 - *Occupancy of accommodations,*
 - *Turnover for accommodation services,*
 - *Turnover for food services,*
 - *Turnover for other services,*
 - *Market share,*
 - *Volume of income,*
 - *Volume of expenditure.*

In order to get the size of information technology, respondents (hotel unit managers) have been asked to describe the importance extent of variables, using a Likert scale, from 1 (not important) to 5 (very important). In order to measure the performance of hotel units included in the study, respondents have been asked to mention the efficiency rate of indicators using the range scale (from very low - below 20%, to very high – over 80%) and to indicate the value of income and expenses for the year 2011, using the range scale (from below Lei 0.5 million to over Lei 15 million) as well.

4. RESULTS

In order to test the research hypotheses it is important to show the results of descriptive analysis for variables that form the quality management size within research (figure 1).

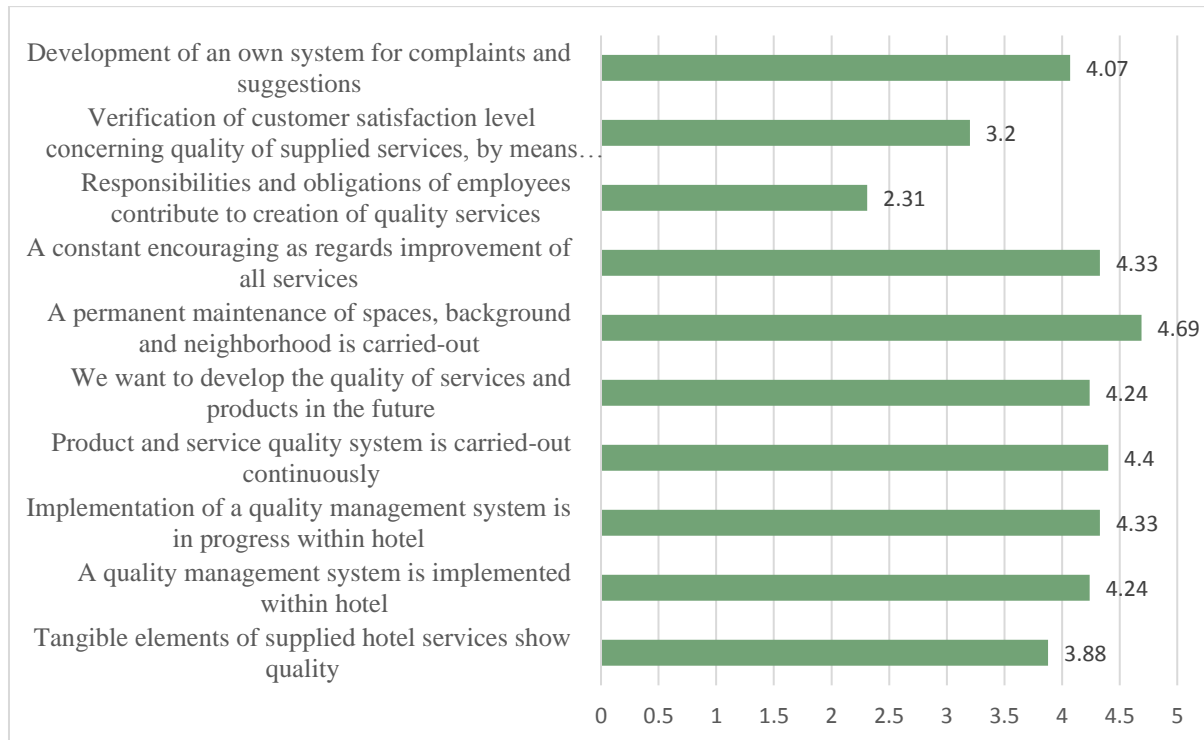


Figure 1. Graphical representation of the average score achieved by every variable within the general study

Therefore, managers have understood the quality importance within activity carried-out, considering variables as important and very important. Thus, variables have registered an average score around 4 and 5 (between 3.62 and 4.69), the only exception being represented by the variable *A quality management system is in progress within hotel*, that achieved an average score of 2.31 within the study, explanation being the following: hotel units included in the study have implemented a quality management system within hotel unit.

The highest score has been achieved by variable *We want to develop the service and product quality in the future*, 4.69, respectively that means hotel unit managers consider this variable as very important. This side shows that hotel units in the Mureş county are concerned by the quality of supplied services and products, and even more, are concerned to improve quality continuously.

In order to test the H_1 hypothesis we have used the Pearson parametric correlation coefficient in order to test the direction and intensity of the relationship between variables that form *quality management* and *performance indicators* category in hotel units, the results being shown in table 1.

Table 1. Results of Pearson correlation analysis between quality management and efficiency indicators in hotel units

VARIABLES \ INDICATORS		Occupancy of accommodations	Turnover for accommodation services	Turnover for food services	Turnover for other services	Market share	Income	Expenditure
Tangible elements of supplied hotel services show quality	Correlation	.540**	.418**	,295	.372*	,256	,205	,152
	Level of significance	,000	,006	,058	,015	,101	,192	,337
	N	42	42	42	42	42	42	42
A quality management system is implemented within hotel	Correlation	.436**	.316*	.346*	.381*	,290	.323*	,278
	Level of significance	,004	,041	,025	,013	,062	,037	,075
	N	42	42	42	42	42	42	42
A quality management system is in progress within hotel	Correlation	-,016	-,038	,006	-,113	-,056	,023	,056
	Level of significance	,920	,814	,972	,476	,723	,883	,725
	N	42	42	42	42	42	42	42
Control of product and service quality is carried out continuously	Correlation	.323*	,197	,197	,221	,044	,073	,076
	Level of significance	,037	,212	,212	,160	,782	,645	,633
	N	42	42	42	42	42	42	42
We want to develop service and product quality in the future	Correlation	,254	,118	,118	,299	,177	,239	,214
	Level of significance	,104	,456	,456	,054	,261	,128	,173
	N	42	42	42	42	42	42	42
A constant maintenance of spaces, background and neighborhood is carried-out	Correlation	,278	,186	,278	,291	,168	.341*	.399**
	Level of significance	,075	,238	,075	,061	,288	,027	,009
	N	42	42	42	42	42	42	42
A constant encouraging as regards improvement of all services is carried-out	Correlation	.400**	.349*	.400**	.391*	,252	,203	,246
	Level of significance	,009	,024	,009	,010	,108	,198	,117
	N	42	42	42	42	42	42	42
Responsibilities and obligations of employees contribute to creation of some quality services	Correlation	.347*	.347*	,295	.358*	,258	.330*	.375*
	Level of significance	,025	,025	,058	,020	,099	,033	,014
	N	42	42	42	42	42	42	42
Control of customer satisfaction level is carried-out concerning supplied services, through questionnaires during accommodation in hotel unit	Correlation	,163	,196	,196	,232	,220	,210	,171
	Level of significance	,301	,214	,214	,140	,162	,181	,278
	N	42	42	42	42	42	42	42
We develop an own system of receiving complaints and suggestions	Correlation	.393*	.428**	.393*	.404**	.383*	,224	,213
	Level of significance	,010	,005	,010	,008	,012	,154	,175
	N	42	42	42	42	42	42	42

The results of the Pearson correlation analysis between the quality management and economic-financial indicators in hotel units included in the study show average values of correlation coefficients (statistically significant) but also statistically significantly uncorrelated values. Variables that have not registered correlation coefficients with efficiency indicators are:

- *A quality management system is in progress within hotel,*
- *We develop service and product quality in the future, and*
- *Control of customer satisfaction level is carried out as regards services supplied, by means of questionnaires during accommodation in hotel unit.*

All the other variables have registered correlation coefficients with certain economic-financial indicators. Concerning these results, we state that the H_1 hypothesis is partly acknowledged.

5. CONCLUSIONS AND DISCUSSIONS

Over the course of time, theoreticians together with practitioners have understood the importance of service quality in establishing the competitive advantage (Guchait et al., 2012, p. 12 according to Nadiri and Hussain, 2005). Researches (Parasuraman et al, 1988) have proved that the process of assuring some quality services sustain and develop customer satisfaction, increases returning intention and encourages generation of positive recommendations (Guchait et al., 2012, p. 12).

The most renowned researchers in the quality (Deming, 1982; Juran, 1988), have surveyed the conjunction between quality management and performance, showing that the role of quality is crucial in order to improve performance indicators. Generally speaking, the empiric literature that presented the relation between quality management and performance uses various variables that express quality and report mixed results (Tari et al., 2010, p. 501).

Concerning the research results, we notice that quality management in hotel units influence to a certain extent the performance in hotel units. Variables that have not registered correlation coefficients with efficiency coefficients are: *A quality management system is in progress within hotel, We want to develop service and product quality in the future, and Control of customer satisfaction level is carried-out, as regards supplied services by means of questionnaires during accommodation in hotel unit*, that means hotel units in the Mureş county do not develop a quality management system that helps them get economic results and competitive advantage. As a result, if within foreign researches strong intensity relations have been noticed between the quality management size and performance, as regards our research low intensity relations have been noticed as well as statistically non-significant.

Thus, we consider that managers that work in the hotel sector should first of all provide a special attention to tangible facilities, hotel design, and maintenance of spaces, background and neighborhood, respectively. Secondly they should provide a special attention to product and service quality control, and thirdly they should be concerned by the hotel unit personnel, employees' responsibilities and obligations respectively, employees that contribute to creation of some quality services. In this respect, we want to mention that the results of foreign studies have proved the connection between quality of supplied products and services and performance (Wang et al., 2012; Claver-Cortés et al., 2006, Wilkins et al., 2007), connection that will drive the achievement of durable competitive advantage. As regards future research prospects, we consider they come from research limits. Therefore, the surveyed population has a low size, and as a result, several hotel units from several geographical areas in the country are to be included in future researches. Furthermore, we consider that ownership of hotel units should be surveyed in the future as well, in order to establish implementation of quality management in hotels that belong to an international hotel group.

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