

CHAPTER II

LITERATURE REVIEW

Hospitality is one of the fastest-growing service sectors throughout the world (Kandampully, 2007, p. 13). In many respects, the hospitality industry is very closely associated with the tourism industry. Presently, there are many businesses in the hospitality industry and increasing competition in term of hotels and tourists, especially, boutique hotels, chic hotels, and HIP hotels (also called design hotels). A person who is an owner and/or administrator should have an efficient method to manage or handle the organization. Service efficiency is one of many important factors which help small hotels to be successful. Therefore, this chapter reviews the literature which covers relevant concepts and theories such as:

1. Small hotels' management
 - 1.1 Human resources management
 - 1.2 Service and service quality management
2. Relevant research

Small hotels' management

Hotels are not only places where one can obtain good food and comfortable rooms, they are also centers of community life with facilities for meetings, entertainment, communication, and personal services. Their stock in trade has always been hospitality and service, and hotels have made an art of dispensing comfort, pleasing the palate, and creating a feeling of home for guests (Henkin, 2001, p. 1). Additionally, the specificity of small hotels, types of small hotels, hotels' services and small hotels' organization structure were reviewed in order to understand small hotels administration. The details are described as below:

The specificity of small hotels

Small hotels have their own specificity within the accommodation industry that should be taken into account when analyzing their efficiency. The presumed advantage of small hotels is that they preserve traditions while offering a personal

service in a welcoming atmosphere. Perhaps, one could assume that the client is more likely to feel like a guest. The threats faced by small hotels today stem from the intense competition generated by the national and multinational chains of medium and large hotels. These chain hotels offer standardized architecture, rooms and services, which often results in a sterile, impersonal environment that is not conducive to providing a unique or unforgettable experience. The large chain hotels are more likely to be in the most accessible, central locations and they aim to attract key market targets (i.e. business travelers and package tourists) by means of discounts, loyalty inducements and rates negotiated with carriers and tour operators. Thus, in contrast, the small hotels suffer from their lack of economies of scale and scope that affect their turnover and profitability. Small hotels' peripheral location and reliance on passing trade and local advertising gives them a sense of isolation from the industry (Glancey and Pettygrew, 1997, pp. 21-25), an unclear conception of their clientele and a perceived lack of competitive advantage (Harris and Watkins, 1998, pp. 31-36). Wanhill (1997, pp. 47-70) refers to certain weaknesses associated with small and medium-sized tourism enterprises: (i) supply dominated by the family business, (ii) a lack of commercial drive and initiative, owing to non-economic motives for operating the business, and (iii) limited skills in marketing, quality assurance, pricing policy, cost control and re-adjustment. Additionally, there is a shortage of financial resources.

Not all of these characteristics are shared by ENATUR, since it is a national chain of small hotels. Consequently, it is not a family business, but it has relatively low turnover and profitability. It is subject to a lack of entrepreneurial drive, owing to the public nature of its ownership. Similarly, its limitations in terms of skills equally stem from its public nature. However, ENATUR's challenges to successful business development are accentuated because of its small hotel characteristics combined with the hotels' peripheral locations (Morrison, 1998, pp. 191-200).

These characteristics of small hotels differentiate them from larger hotels and should be taken into account whenever one benchmarks small and big hotels in the same sample. In this thesis, since a relatively homogenous sample of small hotels, which have a common administration and seem to follow similar strategies, is being analyzed, there is sufficient justification for analyzing them as a unit.

Types of small hotels

Small hotels are located all over Phuket and have tended to go up continuously. This is in response to the changes in tourist behaviors and needs. Therefore, many investors or hotel entrepreneurs have increasingly invested in small hotel businesses in order to provide for tourists who want to stay overnight at their destination. Nowadays, there are many types of small hotels in Phuket in accordance with the concepts and theories of Baker, Baradley and Huyton (1998, pp. 7-10; Henkin, 2001, pp. 3-5; Henkin, 2001, pp. 5-7; Mill, 2006, p. 3; Powers and Barrows, 2006, pp. 261-271; Ninemeier and Perdue, 2008, pp. 61-62; Walker, 2008, pp. 109-118; Andrews, 2009, pp. 14-15). The details of these various types are given below:

1. Motels

The motel was adapted from experience in the tourist camp. A deluxe version of the tourist camp, the motel has become more and more popular with travelers and is increasingly becoming a competitive threat to the hotel industry.

Motels today are as modern and as well equipped as hotels. In many instances, since they are newly constructed, motels are even better than their older hotel competition. Motels provide private baths, radio and television, bellhop service, restaurants, telephone service, valet and laundry service, and they will even make reservations for you at your next stopping point. Additional features sometimes make motels more convenient for motorists than hotels. Usually located outside of busy downtown areas, motels relieve the driver of the fatiguing task of trying to park on congested city streets. By allowing motorists to park their cares alongside of their rooms (no longer called cabins), motels allow travelers to save on garage bills and miscellaneous tipping, and they make unpacking and packing every night unnecessary.

Because of their locations along highways, at airports, and even in some downtown locations, motels constitute the greatest competition faced by hotels. These sites are chosen with an eye to highway and air traffic, as well as nearness to newly built industrial sections. The increase in highway and air travel has helped augment the growth of airport and highway motels, each new motel diverting a portion of the business that formerly went almost exclusively to downtown hotels. Motels often have better locations than hotels built in former years and when different traffic patterns existed.

In the early days of the hotel industry, hotels were built largely downtown and quite often near railroad stations. With the decrease of railroad passenger traffic and the move of both industry and offices to the suburbs, these downtown hotels are no longer convenient for the customers they once served.

The moves to the suburbs by industry and the subsequent spurt in the building of conveniently located motels have been followed by another trend. The companies patronizing suburban motels have called on the motels to supply public space for meetings and meals. Motels have, therefore, added convention, meeting, and public ballroom space to meet these demands. Here again, motels have become a threat to hotels in this lucrative area. Many hotel organizations consider the sudden advent and popularity of motels so threatening that they have entered the motel field themselves.

2. Rooming houses

Rooming houses provide inexpensive lodging for weekly or monthly guests. Most people who choose a rooming house are attracted because of low rents and convenient access to transportation. When rooming houses provide meals for their guests, they are then called boarding houses. These houses do not provide the comforts of a hotel but merely the necessities, including room, linens, bath facilities (generally public), and maid service.

While not major in scope, another important type of hotel operation is the conversion of older hotels into senior citizen residences. Certain downtown hotels that have declined in popularity have been converted into housing for older people, who enjoy the easy access to downtown shopping and conveniences.

Add another recent addition to the industry—the specialized hotel. Conference centers, with their focus on business meetings, are one example. Another is the all-suite hotel, which has proven itself a winner, albeit not a major entry as yet. The all-suite hotel offers suites only, and at the same competitive rates that other hotels charge for regular rooms. This trend toward specialized hotels, individual hotels, and chains should become an important segment of the industry.

3. Limited-service hotels/ budget hotels/ economy hotels

Limited-service hotels typically offer clean guest rooms only—reasonably sized and furnished rooms without the frills of full-service hotels. There is



little or no public space, no meeting or function space, and usually no or very limited food and beverage facilities, lounge or banquet service. Room rates are correspondingly low for this type of lodging property. Terms previously used for this classification of properties included “budget” or “economy” hotels. Most are typically found in suburban and highway locations. There are two basic types: traditional properties that rent sleeping rooms to guests for several (or fewer) days and extended-stay properties that market to guests desiring lodging accommodations for longer time periods (generally one week or longer).

4. Bed-and-breakfast inns

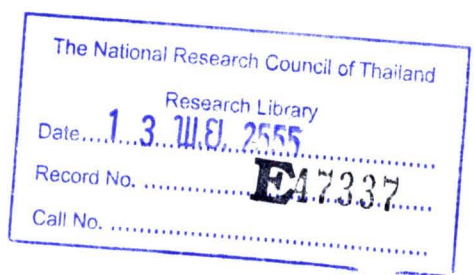
A bed-and-breakfast inn (B & B) typically has five to ten rooms, although some are larger. Breakfast is served and included in the room rate for these properties. Typically, there is no on-site restaurant and no license for alcohol service. A country inn or small hotel, however, usually has 10 to 20 guest rooms or more, and often there is a full-service restaurant on-site, possibly with a license for alcohol service.

5. Boutique hotels

Boutique hotels span all price segments and are noticeably different in look and feel from traditional lodging properties. Interior-design styles in boutique hotels range from postmodern to homey. Soft attributes, such as image and atmosphere, typically distinguish these properties. Travelers’ desires to be perceived as trendy, affluent and artistic tie into boutique themes. Starwood Hotels & Resorts Worldwide has a version of the boutique concept with their W properties.

6. Resort hotels

Resort hotels are usually in a suburban or isolated rural location, with special recreational facilities. Its operation depends on size and the hotel’s distance from large urban centers. In some resort areas, the hotels are expected to provide only food and lodging, but many large resort hotels could not stay in business unless they also provide sport and meeting facilities. Some of the most famous resort hotels offer magnificent provisions for golf, tennis, swimming, boating, dancing, horseback riding, and planned social activities and entertainment.



Hotel services

In an era of globalization, services and products of every hotel are very important to the customer's buying decision. Therefore, hotel entrepreneurs and/or administrators should provide facilities in the hotel to attract customers. Taki (2006, unpaged; Kitphanphanich, 2004, unpaged; Daengroj, 2006, unpaged) mentioned that the services of hotels are:

1. Room service
2. Food and beverage service
3. Banquet service
4. Laundry service
5. Souvenir shop service
6. Currency exchange service
7. Business information service
8. Shuttle service
9. Telephone service
10. Tour service
11. Beauty service
12. Fitness center service
13. Parking service
14. Luggage service
15. First aid service

Small hotel administrative systems

As a hotel comprises a large number of staff responsible for different areas of work, there is a need to coordinate the activities of the different staff and departments. Each worker has to clearly understand his or her duties and responsibilities, as well as how his or her work fits in with that of the other staff or departments of the hotels.

Figure 2 shows the organizational chart of small hotels, this organizational chart shows where and how each department fits into the overall organization of a hotel. In addition, it illustrates the division of responsibilities and lines of authority. For example, the hotel in Figure 2 is divided into six major sections, each with a distinct area of responsibility.

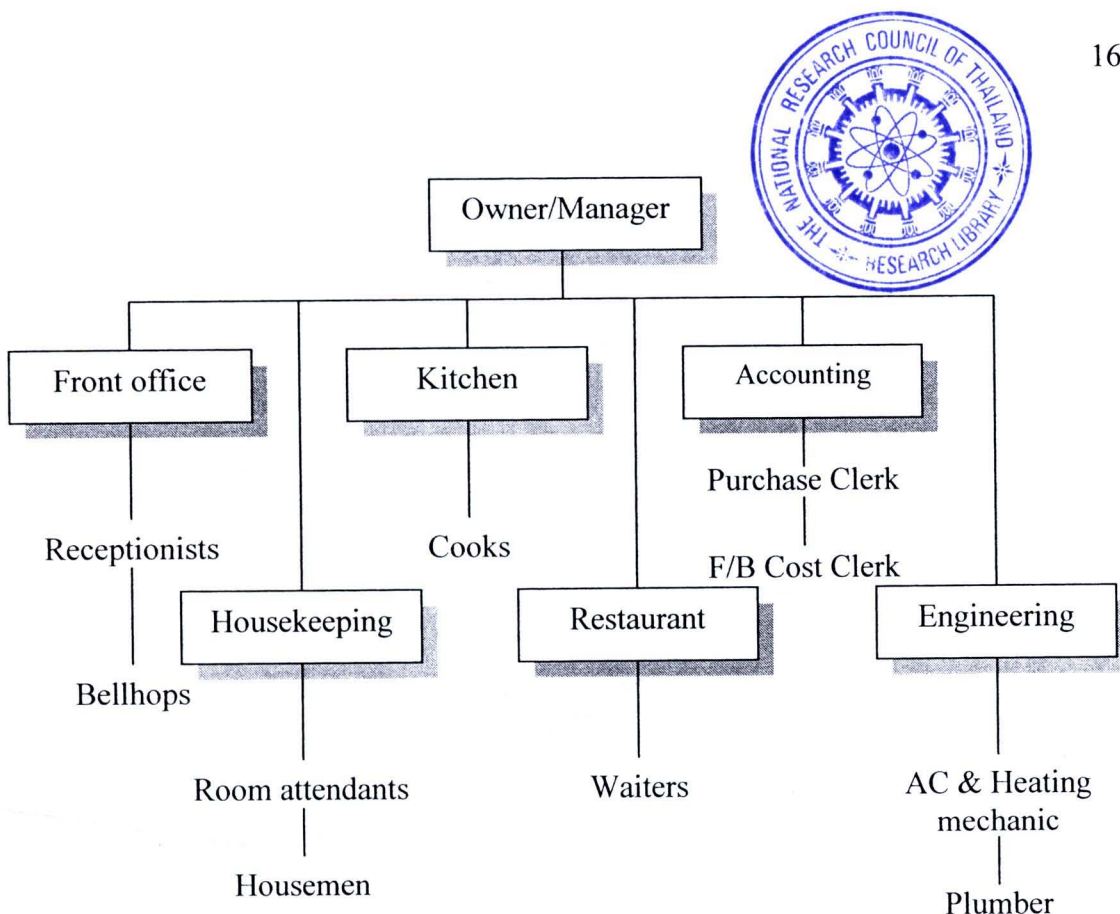


Figure 2 Small hotel organization structures

Source: Modified from Baker, Bradley and Huyton, 1998, p. 15

Baker, Bradley and Huyton (1998, pp. 13-23; Andrews, 2009, pp. 24 – 34) wrote that smaller hotels have similar functions to larger hotels which are executed by fewer people with multiple skills. For example:

1. The General Manager takes on the roles of human resources manager and sales manager in addition to the operations responsibilities.
2. The Front Office Supervisor oversees the front desk operations as well as lobby activities.
3. The Dining Room Supervisor oversees the dining room operations and bar. Small operations would have limited restaurant options, possibly only a dining room that serves at all meal times. It is possible that the dining room has a dispensing bar to provide drinks eliminating the need for a formal bar.
4. The housekeeper takes on the roles of the floor supervisor or the housekeeping control desk supervisor.

5. The accountant takes over the income and payable responsibilities in addition to producing the statutory requirements such as Profit and Loss Statements and Balance Sheets.

6. The purchase clerk also performs the receiving and store functions. Though this is strictly not ideal in terms of food and beverage control, the operations are small enough for direct supervision and control by the General Manager.

7. The Food and Beverage Cost Clerk does all the costing functions.

8. The Engineering Supervisor is multi-skilled to troubleshoot engineering problems. However, many operations require specialists like air-conditioning and heating mechanics and plumbers.

9. Most other services such as laundry, horticulture, civil works, et cetera, are outsourced.

Responsibilities of major hotel departments

In the previous section, the major departments of a hotel were listed, explained, and classified. These departments are usually set up to carry out specific duties. In this section, the main areas of responsibility of the various departments will be described as follows.

1. Front office department

The Front Office Department has the following functions:

- 1.1 To reserve rooms
- 1.2 To register guests into the hotel
- 1.3 To provide information to guests during their stay
- 1.4 To maintain the master bills

Their prime responsibility is to sell rooms to achieve budgeted revenue targets. The principle job positions are:

Front office manager: Oversees the front office and lobby. He or she translates company policies and procedures into practice in the department.

Front office supervisor: Oversees a shift in a twenty-four hour front office operation.

Registration agent: The person who registers guests into the hotel and allots rooms to them.

Reservation agent: Makes room reservations and controls the supply of rooms for sale.

Front office cashier: Maintains the guest folios (bills) and receives payment when guests check out. He or she functionally comes under the Accounts Department, but administratively coordinates closely with the front office. The Front Office Department has the following functions:

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Concierge: Provides information and facilitation to in-house guests and visitors; handles guest and hotel mail; and provides the messaging services.

Senior bell captain: Responsible for all guest baggage handling services through bell captains.

Bell captain: Oversees guest baggage services in a shift through a team of bell hops.

Bell hops: Primarily handle guest baggage.

Transportation supervisor: Responsible for all hotel owned transport and services provided by drivers. These include airport transfers, staff pick-up and city tours.

Porter: Receives guests at the main portal and provides security information to Security Department. He also ensures traffic control in the hotel porch.

Valets: Provide car parking services to the visitors of the hotel.

Note: The Housekeeping coordinates closely with the Front Office for the preparation of guest rooms for sale through teams of floor supervisors and room attendants. The public area section cleans all front office and lobby areas while the florist provides floral arrangements.

2. Housekeeping department

This department is responsible for the cleanliness, maintenance and the aesthetics of the hotel. Its primary functions are:

- 2.1 To clean guest rooms for sale
- 2.2 To clean public areas
- 2.3 To maintain and provide laundered employee uniforms
- 2.4 To maintain and provide laundered guest room and restaurant
linens
- 2.5 To decorate the hotel with fresh and dried flower arrangements
- 2.6 To maintain the landscapes and gardens
- 2.7 To administer the lost and found articles of guests

Typical job positions are:

Executive housekeeper: Translates the policies, procedures and standards of the hotel in the housekeeping operations.

Assistant housekeepers: Assists the Executive Housekeeper in managing employees in a shift.

Floor supervisors: Oversees the standards of cleanliness on a guest floor.

Linen and uniform supervisor: Maintains the large inventories of uniforms and linen ensuring that they are clean and fresh for issue.

Public area supervisor: Oversees all cleaning schedules in public areas.

Night supervisor: Oversees the night cleaning operations.

Control desk supervisors: Maintains communication with housekeeping personnel spread across the hotel.

Room attendants: Clean a set of allotted rooms.

Housemen: Perform hardy cleaning tasks in guest floors and public areas.

Horticulturist: Oversees the landscapes and gardens.

Gardeners: Maintain the gardens and the supply of fresh flowers.

Florist: Provides the hotel with fresh and dried flower arrangements.

Laundry manager: Oversees the laundry operations that dry clean, wash and press guest and staff garments and house linen.

Laundry operators: Are crews of washermen, drycleaners, pressmen, valets, spotters, and markers who identify guest laundry.

3. Food and beverage department

The food and beverage (F&B) department offers a variety of facilities to guests but concentrates mainly on the provision of food and drink. These services may be provided by coffee shops, bars, lounges and specialty restaurants, and also by the banqueting and room-service departments. Therefore, the food and beverage department has a set of departments responsible for the sale and food and beverage. These departments are:

Restaurants: Coffee shop, specialty, grill room, night club, etc.

Kitchens: Includes central and satellite kitchens

Kitchen stewarding: Kitchen cleaning, dish washing, pot washing

Bars: Central bars and dispenses bars

Room service: Food and beverage service to guest rooms and offices

Banquets: Indoor and outdoor catering for functions and meetings

Delicatessen: Shop that sells forced meats

Pastry shop: Sells confectionaries

Bakery shop: Sells assorted breads, pies and muffins

Furthermore, small hotel entrepreneurs need to get knowledge of human resources management, service and service quality management in order to enhance service efficiency for staff of small hotels. The details are described as follow:

Human resource management

The human resources management details are described as follows.

1. Defining human resources management

Tanke (2001, p. 4) defines human resource management as “the implementation of the strategies, plans, and programs required to attract, motivate, develop, reward, and retain the best people to meet the organizational goals and operational objectives of the hospitality enterprise.”

Ivancevich (2004, unpagd) mentions that human resource management is the function of an organization which makes effective use of staff in order to achieve organizational goals and individual goals.

Noe, Hollenbeck, Gerhart and Wright (2006, unpagd) described human resource management as policies, practice methods and systems that influence behavior, attitudes, and performance of employees.

From the definitions above, it can be said that human resource management means policies and practices that reflect activities involving the provision, use and retention of human and affect the success of the organization.

2. Human resources management model

Stutts and Wortman (2006, pp. 136-160) stated that the hotel business is one of the businesses in the hospitality industry that involves people. People in the hospitality business directly deliver services to the guests. These people are necessary in controlling the quality of the hotel, restaurant, or other hospitality products. The quality of services and products in hotels directly involve planning, organizing, directing, and controlling the work of people. Therefore, managing these people has great importance. The management of people takes place every day and may be viewed as a continuous cycle of related and integrated functions. Figure 3 provides one look at functional areas of managing people and the work they do: finding and recruiting people, matching people with the needs of the organization and training them to meet job needs, motivating and compensating people, and the relationships between the organization and the people who work in it.

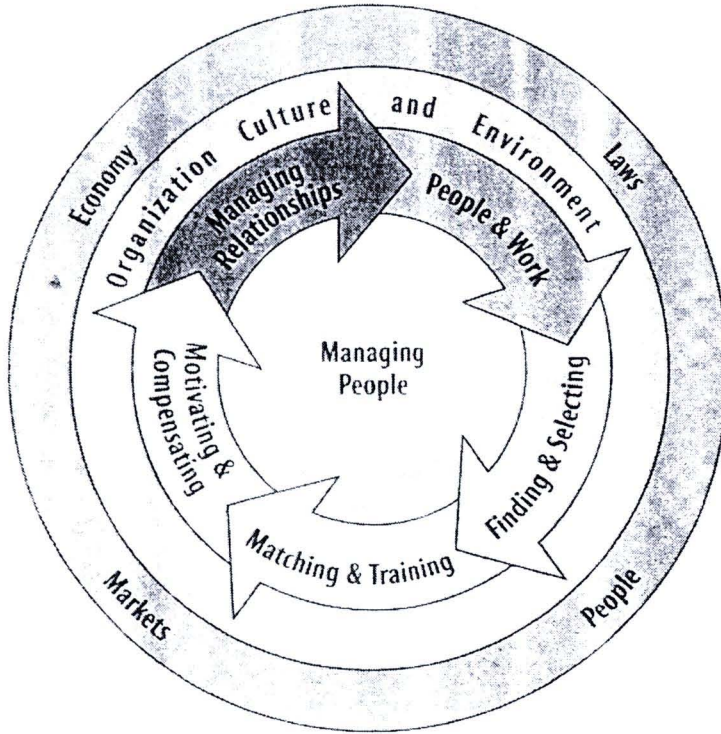


Figure 3 Environment and human resource management function

Source: Stutts and Wortman, 2006, pp. 136-160

Figure 3 shows the functions of environmental and human resource management for both external and internal environments. The **external environment** of an organization comprises all of those things that affect it from the outside: laws, local customs, economic conditions, markets, culture, national influences, and related factors. The **internal environment** represents a similar set of influences within an organization itself which include work and people, recruiting and selecting employees, matching and training, motivating and paying, and managing relationships.

3. Job descriptions

Stutts and Wortman (2006, pp. 146-147) said that the first visible tool to be developed from the job analysis process is the job description, also referred to as the position description. The job description is a written record of what the job, or the person in the job, actually does, and the conditions of the work. Job descriptions can

take various forms to meet the needs of each company or entity. All job descriptions contain basic information that is useful to managers, human resources staff, and the person holding or considering the job. A job description might consist of five parts including: 1) basic information, 2) a job summary, 3) essential functions, 4) accountabilities and 5) qualification standards.

Job descriptions are one of the building blocks of organizations and the tool most often used in analyzing and planning human resource actions. The accumulated set of job descriptions can be assembled to form the enterprise's organization chart. Job descriptions are also used in other human resource management activities, as shown in Figure 4.

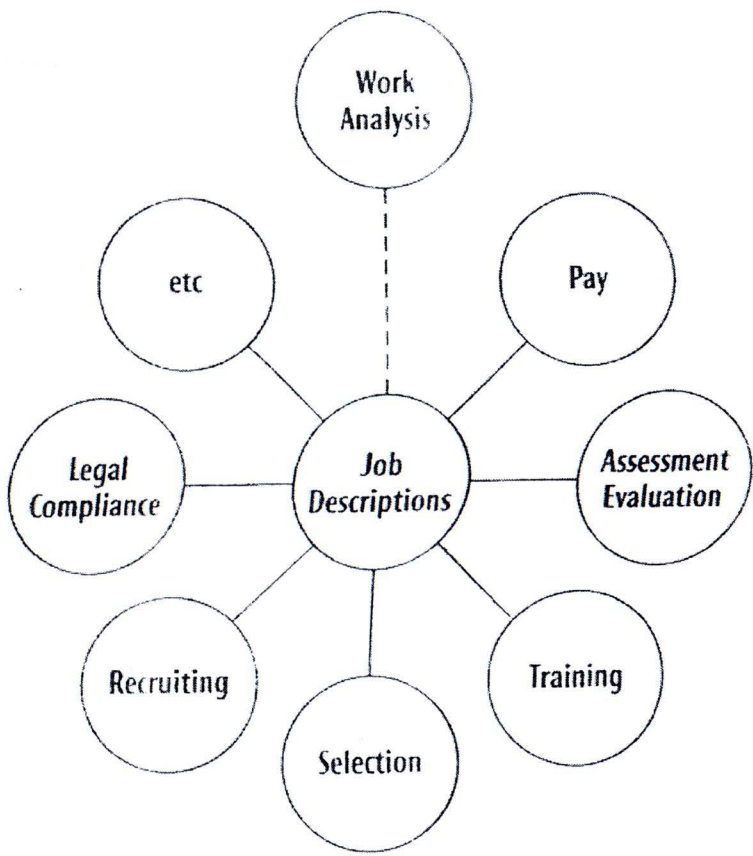


Figure 4 Uses of job descriptions

Source: Stutts and Wortman, 2006, pp. 146-147

Job descriptions may be evaluated for relative value within the organization and to help set pay scales. The work described in job descriptions can be compared to the skills and abilities of current organizational members to develop training needs. Job descriptions can be used in the development of advertising and other materials to recruit employees and as a tool for evaluating and selecting applicants. Job descriptions can be used as basis for the discussion of expectations with incumbent employees for communication and performance assessment purposes.

The job analysis process can result in the development of position or job descriptions. These become the primary tool for all other human resource management functions. The collection of job descriptions can be formed into an organization chart describing all of the work and relationships of a work group, division, hotel, or company.

Competency

The competency details are described as follows.

1. Defining competency

Academics have a variety of definitions for competency such as “capacity,” “power,” “potential,” and so on. McClelland (1983, pp. 57-83) defined competency as an individual personality that can push other individuals to create good performance or other criteria specified in their job responsibilities. Bartram, et al. (2002, p. 7) defined competencies as “sets of behaviors that are instrumental in the delivery of desired results.” The SHL Group (2011) mentioned that competencies are the key skills and behaviors required to be successful in a role, support the attainment of business objectives, and drive organizational success. By taking time to identify essential competencies to measure potential and existing employees, organizations can feel confident of placing staff in the areas of the business where they can be most effective.

The Institution of Engineering and Technology (2011) described competence as the combination of skills, attitudes and behaviors which lead to an individual being able to perform a certain task at a given level. Boyatzis (1982) as cited in Kumar (2009) indicates competency as “A capacity that exists in a person that leads to behavior that meets the job demands within parameters of organizational environment, and that, in turn brings about desired results.” Phuphatanapong (2008,

unpaged) stated that competency is knowledge, skills, abilities, and behavior that affect the achievement of the target position.

In summary, competency involves an individual personality that is able to combine skills, abilities, attitudes, knowledge and behaviors in ways which lead to good performance of a task or of the staff in order to be successful in a role and support the attainment of business objectives and drive organizational success.

2. Importance of competency frameworks

A multitude of studies have examined the individual determinants of job performance, with an emphasis on personality and intelligence (Barrick and Mount, 1991, pp. 1-26; Hunter and Hunter, 1984, pp. 72-98; Hurtz and Donovan, 2000, pp. 869-879; Salgado, 1997, pp. 30-43; Salgado, 1998, pp. 271-288). The problem with these studies, however, is that various elements of job performance are seldom distinguished, according to Bartram and the SHL Group (2005, pp. 1185-1203). That is, personality traits and intelligence might affect some facets of performance but not other facets of performance.

To clarify these relationships, Bartram and the SHL Group (2005, pp. 1185-1203) argue that researchers should develop a generic taxonomy of competencies, primarily to distinguish the various activities that underpin job performance. Once this taxonomy has been developed, researchers might then explore the individual characteristics that relate to the various competencies, partly to reconcile inconsistencies in past studies. Consistent with this proposition, researchers have shown that specific personality traits correlate with some, but not all, facets of job performance (Hogan and Holland, 2003, pp. 100-112; Robertson, Baron, Gibbons, MacIver, and Nyfield, 2000, pp. 171-180; Robertson and Kinder, 1993, pp. 225-244). Likewise, associations between personality traits and various criterion measures, such as leadership, vary across contexts, presumably because the precise competencies that underpin these criteria are not invariant across these settings (Judge, Bono, Ilies and Gerhardt, 2002, pp. 765-780).

3 Examples of competency frameworks

Several researchers have attempted to delineate the key facets of job performance, which ultimately represent taxonomies of competencies. Some of these taxonomies divide job performance into two broad classes, such as contextual and task

performance (Borman and Motowidlo, 1993, pp. 71-98). The distinction between getting ahead and getting along represents a similar dichotomy (Hogan and Holland, 2003, pp. 100-112).

Other taxonomies comprise broad, but nevertheless more specific, facets of performance. Campbell, McHenry and Wise (1990, pp. 309-329), for example, identified five facets of job performance in US army recruits: core proficiency, general soldier proficiency, effort and leadership, personal discipline, as well as physical fitness and military bearing. Campbell, McCloy, Oppler and Sager (1993, pp. 35-70) developed a more generic framework, which comprises eight facets of work performance, applicable to a range of settings. These facets include job-specific task proficiency, non-job-specific task proficiency, written and oral communication, demonstrating effort, maintaining personal discipline, facilitating team and peer performance, supervision and leadership, as well as management and administration. Generally, the association between individual traits and performance is stronger when more than two, rather than one or two, dimensions of job performance are distinguished (Scullen, Mount and Judge, 2003, pp. 50-66).

4. Delineation of the eight competencies

The competency evaluation form using for the staff of small hotels in Phuket can be classified into 8 groups (SHL Groups, 2011) as follow:

4.1 Leading and deciding

Leading and deciding takes control and exercise leadership. Initiates action, gives direction and takes responsibility. It comprises two sets of competencies. The first set of competencies is deciding and initiating action, which includes making decisions, taking responsibility, acting with confidence, acting on one's own initiative, taking action, and taking calculated risks. The second set of competencies is leading and supervising, which includes providing direction and coordinating action, supervising and monitoring behavior, coaching, delegating, empowering staff, motivating others, developing staff, as well as identifying and recruiting talent.

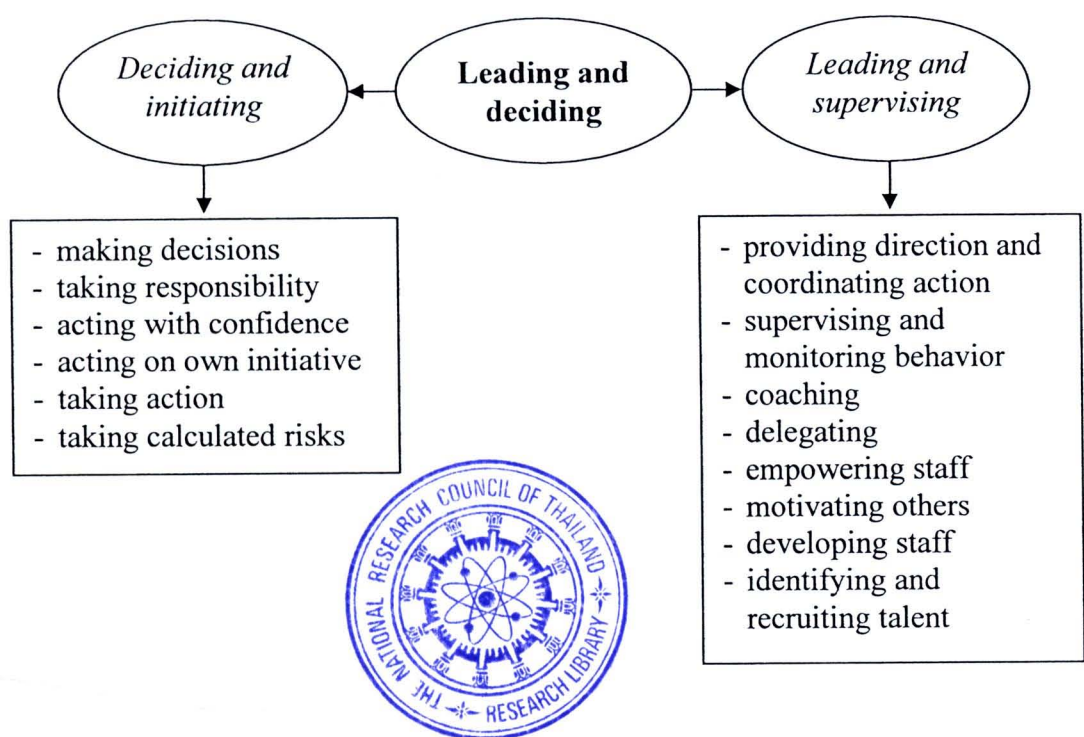


Figure 5 Leading and deciding competencies

4.2 Support and cooperating

Support and cooperating entails two sets of competencies. The first set, working with people, includes working with people, understanding others, adapting to the team, building team spirit, recognizing and rewarding contributions, listening, consulting others, communicating proactively, showing tolerance and consideration, showing empathy, supporting others, caring for others, as well as developing and communicating self-knowledge and insight. The second set, adhering to principles and values, refers to upholding ethics and values, acting with integrity, utilizing diversity, as well as showing social and environmental responsibility.

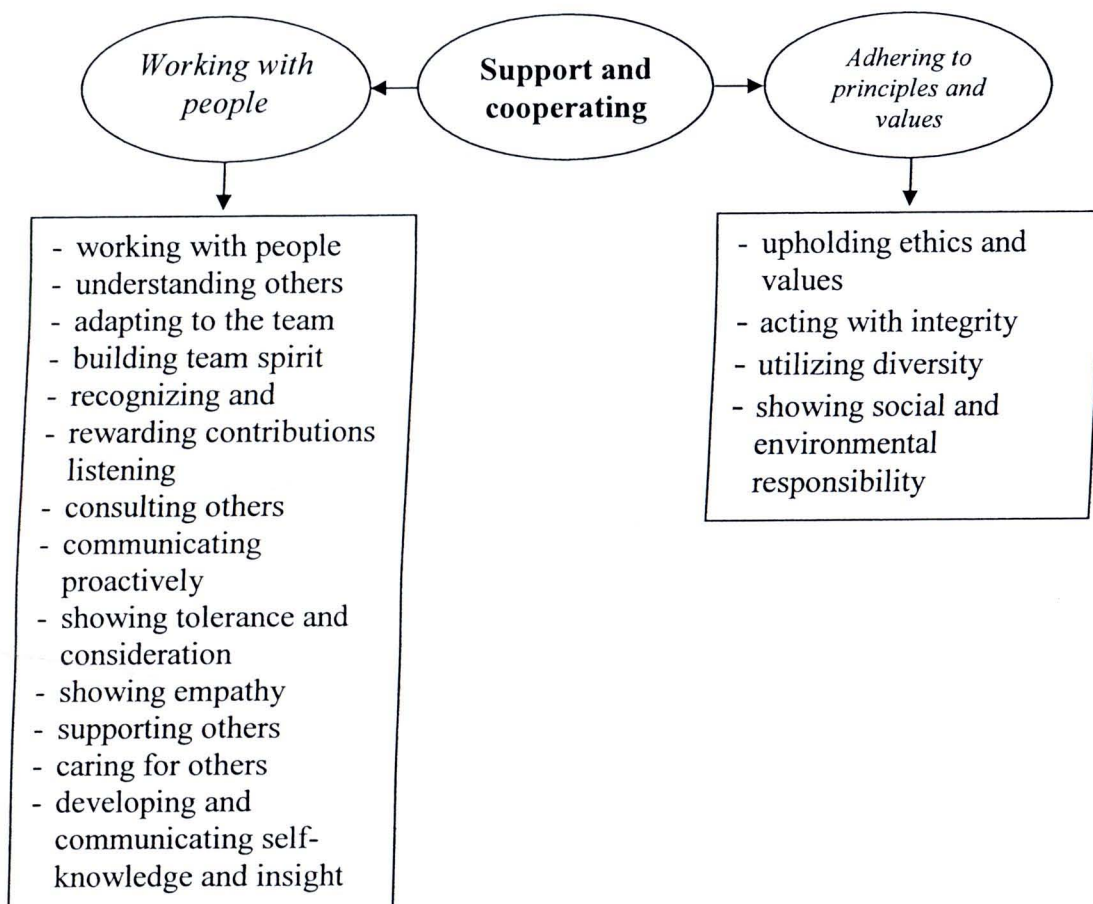


Figure 6 Support and cooperating competencies

4.3 Interacting and presenting

Interacting and presenting comprises three sets of competencies.

First, relating and networking entails relating and networking, building rapport, relating across levels, managing conflict, and using humor. Second, persuading and influencing entails making an impact, shaping conversations, appealing to emotions, promoting ideas, negotiating, gaining agreement, and dealing with political issues. Third, presenting and communicating information includes speaking fluently, explaining concepts and opinions, articulating key points of an argument, presenting and public speaking, projecting credibility, and responding to an audience.

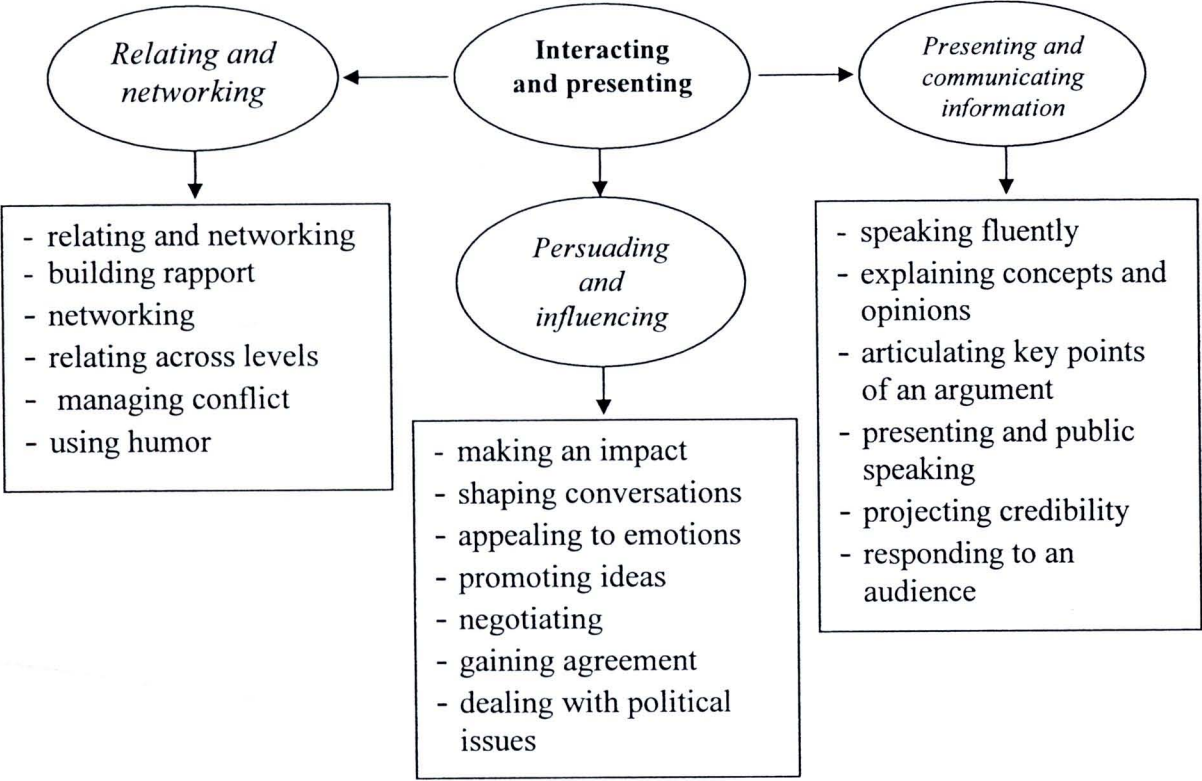


Figure 7 Interacting and presenting competencies

4.4 Analyzing and interpreting

Analyzing and interpreting also entails three sets of competencies. The first set is writing and reporting, which includes writing correctly, writing clearly and fluently, writing in an expressive and engaging style, and targeting communication. The second set is applying expertise and technology, which includes applying technical expertise, building technical expertise, sharing expertise, using technology resources, demonstrating physical and manual skills, demonstrating cross functional awareness, and demonstrating spatial awareness. The third set is analyzing, which comprises analyzing and evaluating information, testing assumptions and investigating, producing solutions, making judgments, and demonstrating systems thinking.

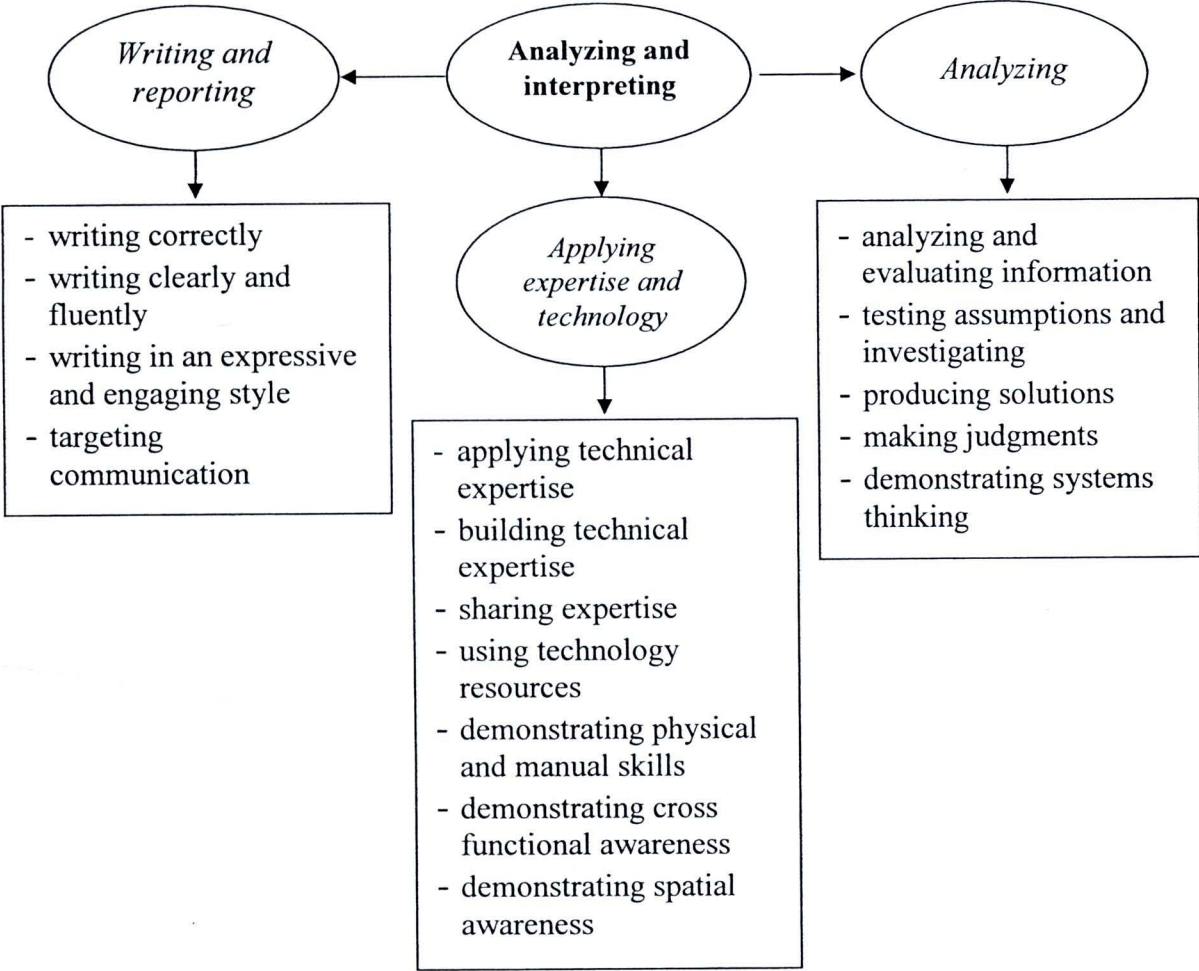


Figure 8 Analyzing and interpreting competencies

4.5 Creating and conceptualizing

Creating and conceptualizing comprises three sets of competencies as well. The first set, learning and researching, entails learning quickly, gathering information, thinking quickly, encouraging and supporting organizational learning, and also managing knowledge. The second set, creating and innovating, includes innovating as well as seeking and introducing change. Finally, the third set, formulating strategies and concepts, includes thinking broadly, approaching work strategically, setting and developing strategies, and visioning.

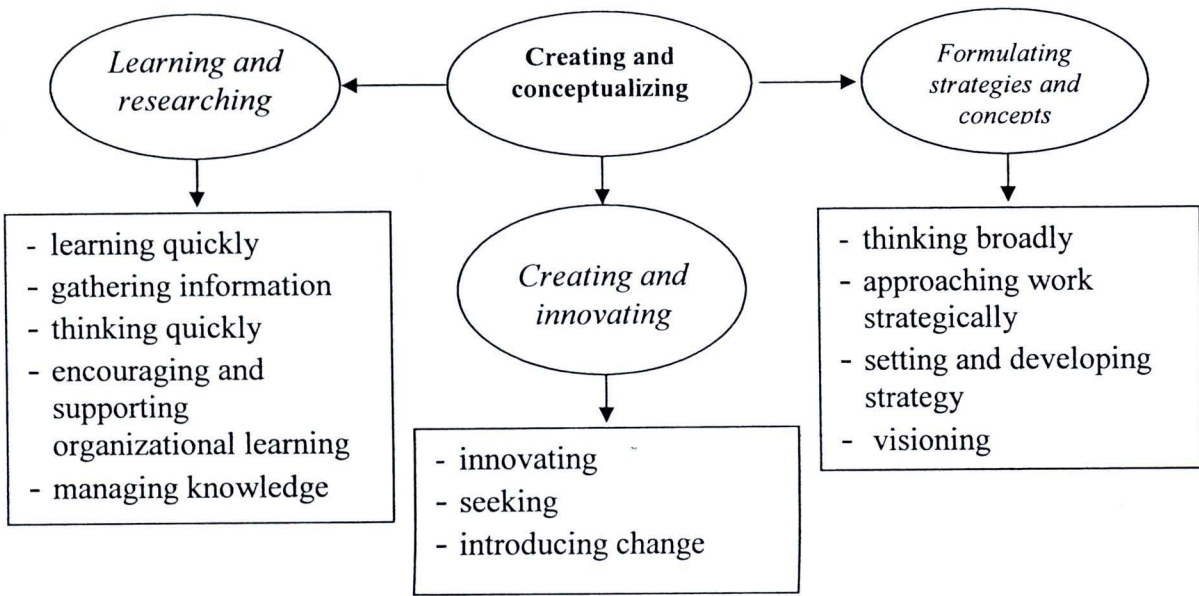


Figure 9 Creating and conceptualizing competencies

4.6 Organizing and executing

Organizing and executing can be divided into three sets of competences. The first set is planning and organizing, which comprises setting objectives, planning, managing time, managing resources, and monitoring progress. The second set is delivering results and meeting a customer expectation, which includes focusing on customer needs and satisfaction, setting high standards for quality, monitoring and maintaining quality, working systematically, maintaining quality processes, maintaining productivity levels, and driving projects to results. The third set is following instructions and procedures, including competencies like following directions, following procedures, time keeping and attending, demonstrating commitment, showing awareness of safety issues, and complying with legal obligations.

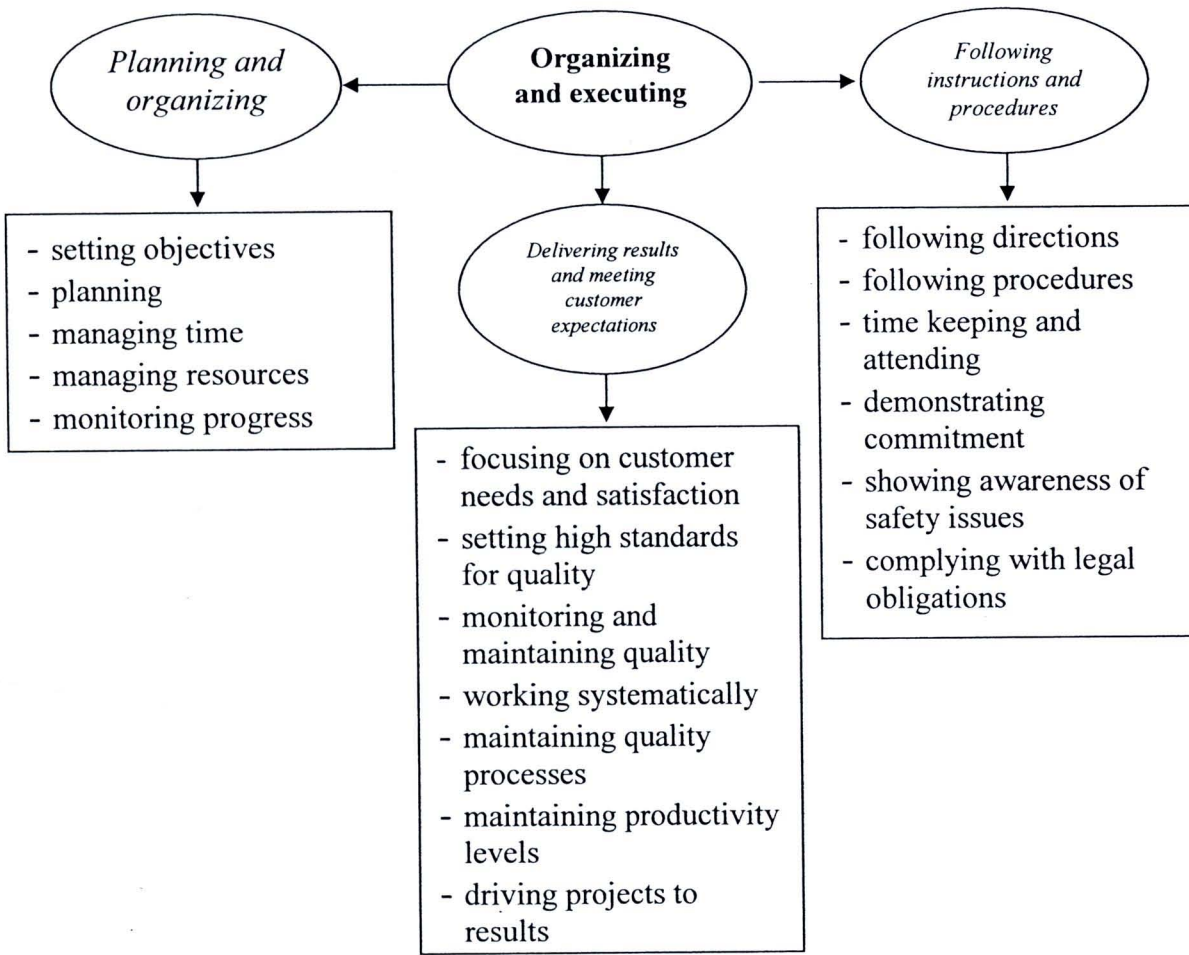


Figure 10 Organizing and executing competencies

4.7 Adapting and coping

The next set of competencies, adaptive and coping, can be divided into two categories. The first category, adapting and coping, includes adapting and responding to change, accepting new ideas, adapting interpersonal style, showing cross-cultural awareness, and dealing with ambiguity. The second category, coping with pressure and setbacks, comprises coping with pressure, showing emotional self-control, balancing work and personal life, maintaining a positive outlook, and handling criticism.

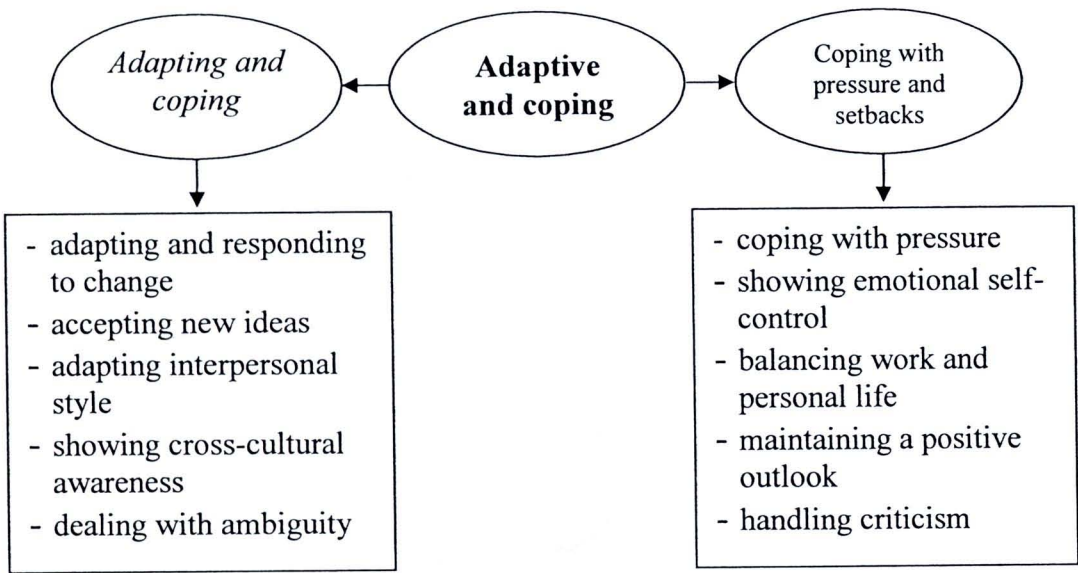


Figure 11 Adaptive and coping competencies

4.8 Enterprising and performing

Finally, enterprising and performing also comprises two sets of competencies. The first set, achieving personal work goals and objectives, entails achieving objectives, working energetically and enthusiastically, pursuing self-development, and demonstrating ambition. The second set, entrepreneurial and commercial thinking, entails monitoring markets and competitors, identifying business opportunities, demonstrating financial awareness, controlling costs, and keeping aware of organizational issues.

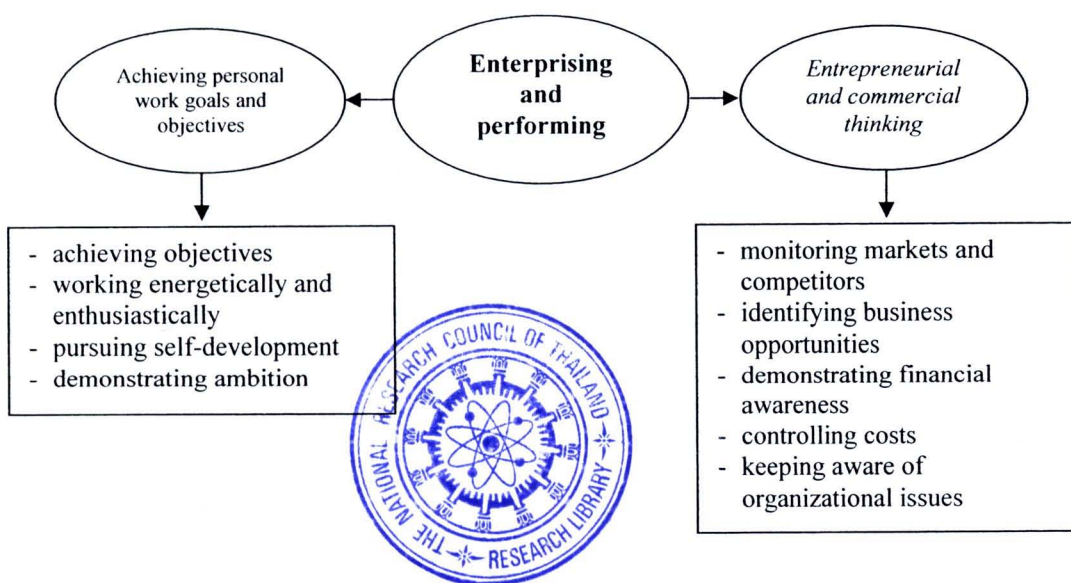


Figure 12 Enterprising and performing competencies

Additionally, Quinn, et al. (2007, pp. 15-21) describe that there are eight roles of competencies which are helpful in pointing out some of the values and criteria of effectiveness by which work units and organizations are judged. The four models of competencies are competing, controlling, collaborating, and crating. For the eight roles of competencies are director, producer, monitor, coordinator, facilitator, mentor, innovator, and broker. The details of these competencies are described as follows.

1. Competing: There are two roles in the competing model: director and producer. A **director** is expected to clarify expectations through processes, such as planning and goal setting, and to be a decisive initiator who defines problems, selects alternatives, establishes objectives, defines roles and tasks, generates rules and policies, and gives instructions. A **producer** is expected to be task oriented, work focused, and to have high interest, motivation, energy, and personal drive. A producer is supposed to accept responsibility, complete assignments, and maintain high personal productivity. This usually involves motivating members to increase production and to accomplish stated goals. Stereotypes of this role often have a fanatic desire to accomplish some objective.

2. Controlling: There are two roles in this model: monitor and coordinator. A **monitor** is expected to know what is going on in the unit, to determine whether people are complying with the rules, and to see whether the unit is meeting its quotas.

The monitor knows all the facts and details and is good at analysis. Characteristic to this role is a zeal for handling data and forms, reviewing and responding to routine information, conducting inspections and tours, and authoring reviews of reports and other documents. A **coordinator** is expected to maintain the structure and flow of the system. The person in this role is expected to be dependable and reliable. Behavioral traits include various forms of work facilitation, such as scheduling, organizing, and coordination staff efforts, handling crises, and attending to technological, logistical, and housekeeping issues.

3. Collaborating: There are two roles in the collaboration model: facilitator and mentor. The **facilitator** is expected to foster collective effort, build cohesion and teamwork, and manage interpersonal conflict. One is process oriented in this role. Expected behaviors include intervening in interpersonal disputes, using conflict-reduction techniques, developing cohesion and morale, obtaining input and participation, and facilitating group problem solving. A **mentor** is engaged in the development of people through a caring, empathetic orientation. This might be called the concerned human role.

4. Creating: There are two roles in the creation model: innovator and broker. The **innovator** is expected to facilitate adaptation and change. One pays attention to the changing environment, identifies important trends, conceptualizes and projects needed changes, and tolerates uncertainty and risk. In this role, people are expected to be creative, clever dreamers who see the future, envision innovations package them in inviting ways, and convince others that they are necessary and desirable. **The broker** is particularly concerned with maintaining external legitimacy and obtaining external resources.

Table 1 The eight managerial leadership roles and their key competencies

Leadership roles	Key competencies
Mentor role	1. Understanding self and others 2. Communicating effectively 3. Developing employees

Table 1 (Cont.)

Leadership roles	Key competencies
Facilitator role	1. Building teams 2. Using participative decision marking 3. Managing conflict
Monitor role	1. Managing information overload 2. Analyzing core processes 3. Measuring performance and quality
Coordinator role	1. Managing projects 2. Designing work 3. Managing across functions
Director role	1. Developing and communicating a vision 2. Setting goals and objectives 3. Designing and organizing
Producer role	1. Working productively 2. Fostering a productive work environment 3. Managing time and stress
Innovator role	1. Living with change 2. Thinking creatively 3. Managing change
Broker role	1. Building and maintaining a power base 2. Negotiating agreement and commitment 3. Presenting ideas

Source: Quinn, et al., 2007, p. 21

The Risk and Insurance Management Society (2007) mentioned that managers of all levels must know their own industry’s dynamics, economics, operations, staff, customers, competitors and other business partners and stakeholders. Therefore, there are three skill sets available for describing individual skills. These

skill sets consist of core competency skills, technical skills and conceptual skills. The details are described as follows:

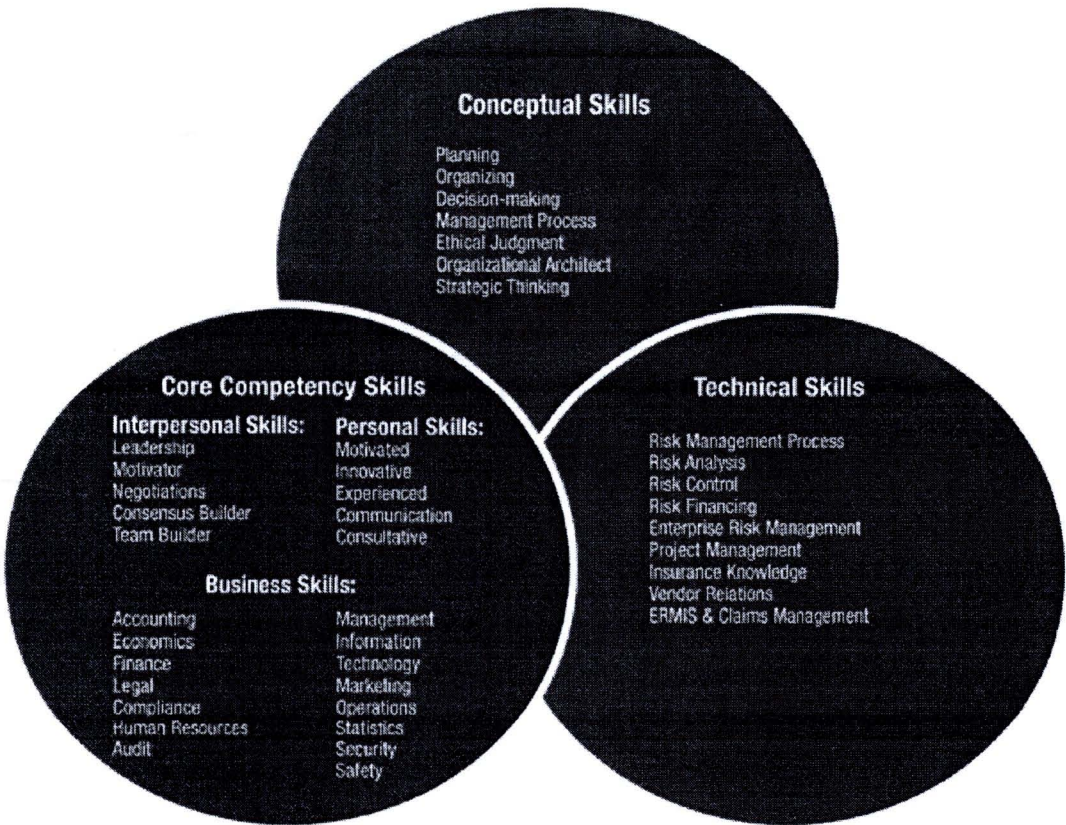


Figure 13 RIMS Risk Manager Core Competency Model

Source: Risk and Insurance Management Society, 2007

1. Conceptual Skills

This is the strategic layer which requires the ability to understand all the organization’s activities, how the pieces fit together, and how the organization can achieve its strategic goals. These skills include the ability to adopt a horizontal, portfolio approach of Enterprise Risk Management (ERM). These skills include:

1.1 Planning is to determine appropriate goals for an enterprise; goal oriented; sees the big picture; maintains a global perspective.

1.2 Organizing is to create an **Enterprise Risk Management** ERM department, staffing; build relationships with other stakeholders, create a risk management culture; leverage diversity.

1.3 Decision Making is to recognize and analyze problems and make difficult choices under uncertain conditions in dynamic global environments; use benchmarking to compare appropriate data; show good judgment.

1.4 Management Process is to know the basic five step management process of creating a program, analyzing opportunities, identifying solutions, the decision process, and system administration.

1.5 Ethical Judgment is to know ethical theories; demonstrates a high level of ethical behavior—as evidenced by compliance with the fiduciary duties of care (competency and due diligence), disclosure (transparency), and loyalty.

1.6 Organizational Architect is the ability to build business relationships, strategic alliances, and partnerships as well as being able to secure mutual benefit from such arrangements.

1.7 Strategic Thinking is the ability to create new innovative concepts, products, and solutions.

2. Technical Skills

This is the operational layer where many of the traditional duties and specialized skills of risk managers come into play.

2.1 Risk Management Process is to understand risk management models; adapt a model to the organization's needs; understand how risk creates value. Know the risk management process of creating a risk program, analyzing risks, identifying solutions, using a decision process, and system administration.

2.2 Risk Analysis is the ability to link risk initiatives into critical business drivers; perform risk identification, measurement, and analysis applying statistical concepts; create valid risk forecasts; perform risk mapping and risk profiling; determine the costs of risks.

2.3 Risk Control is the ability to apply risk control theories to create prevention, reduction, enablement, and enhancement tactics; can create emergency response and business continuity plans.

2.4 Risk Financing is the ability to understand risk retention plans and risk financing transfers, including insurance, alternative risk financing, and hybrid plans; prepare allocation to cost centers.

2.5 Enterprise Risk Management (ERM) is the ability to understand the techniques and processes for optimizing risk taking decisions within an organization.

2.6 Project Management is the ability to understand how to successfully design and implement projects; can prepare risk management reports.

2.7 Insurance Knowledge is the ability to understand the basics of 1) contract provisions and legal doctrines; 2) claims management; create portfolios of and place insurance coverage; be knowledgeable of global insurance markets; pricing; risk aversion; regulation; and able to negotiate, write and renew insurance contracts.

2.8 Vendor Relations is the ability to establish and maintain agent/broker relationships; develop other vendor relationships (third party administrator [TPA], RMIS, Legal, safety, et cetera).

2.9 Risk Management Information System (RMIS) is the ability to implement and operate comprehensive RMIS and claims management systems.

3. Core Competency Skills

Core competency skills form the basis upon which all competent managers stand. These skills are sometimes considered the “soft” interpersonal or personal skills, but they are also basic business management skills.

3.1 Interpersonal:

3.1.1 Leadership is the ability to influence others’ behavior toward the enterprise’s goals; having high emotional intelligence; can build trust while maintaining confidentiality.

3.1.2 Motivator is the ability to listen and to manage conflicts and achieve compromise while meeting meaningful goals and respecting other parties’ plan.

3.1.3 Consensus Builder is the ability to merge many ideas into a cohesive plan.

3.1.4 Team Builder is the ability to unify workers to achieve a common goal.

3.2 Personal:

3.2.1 Motivated is the ability to inspire to succeed and the ability to help others achieve their goals as well as being driven to deliver on goals.

3.2.2 Innovative is the ability to be creative and inquisitive; seek new solutions to challenges; and able to be adaptable, flexible, and open to change.

3.2.3 Experienced is the ability to possess adequate practical experience in appropriate disciplines.

3.2.4 Communication is the ability to listen and understand others' points of view and to articulate tactfully and respectfully one's own perspective orally, in writing, and in presentations.

3.2.5 Consultative is the ability to advise the organization's various divisions on how they can manage their particular risks.

3.3 Business Skills:

3.3.1 Accounting is the ability to understand the basic accounting concepts of transaction recognition, matching, and conservatism, and the ability to prepare financial reports.

3.3.2 Economics is the ability to understand micro and macro-economics, demand and supply, equilibriums, income, employment, and fiscal policies, money and banking, and resource allocation.

3.3.3 Finance is the ability to know capital structuring, capital budgeting, working capital management, analyzing financial statements, ratio analysis, the time value of money, portfolio theory, capital market transfers, asset/liability matching and financial engineering.

3.3.4 Legal is the ability to understand the legal components of the risk management industry.

3.3.5 Compliance is the ability to know the fiduciary duties to identify, disclose, and manage an organization's risks.

3.3.6 Human Resources are the ability to understand labor demand and supply, employment process, diversity management, training and development, and compensation and benefits.

3.3.7 Management is the ability to plan, organize, lead, control, and allocate resources.

3.4.8 Information Technology is the ability to understand the essential components and requirements so as to assist in designing an RMIS; networking.

3.4.9 Marketing is the ability to know SWOT (Strengths, Weaknesses, Opportunities, and Threats) market analysis, product development, pricing, packaging, promotions, and distribution; keep up with key industry trends and developments; know key customers and competitors; know how to differentiate the organization from competitors.

3.4.10 Operations are the ability to knowledge of how a business functions, process design, capacity planning and scheduling, inventor management, and quality control.

3.4.11 Statistics is the ability to understand data collection, description, modeling, probability, hypothesis testing, regression, time series analysis, decision analysis, trend analysis, and forecasting.

3.4.12 Security is the ability to secure the physical assets and premises of the enterprise. Ensuring personal security of staff as well as ensuring of intellectual property and data management systems.

3.4.13 Safety is the ability to protect the physical well-being of personnel against work-related accidents, injuries, or other debilitations.

3.4.14 Audit is the ability to review the accuracy of an organization's internal control systems and financial operations.

These ideas and issues will be applied to the study by which is able to analyze with the actual phenomena or situation for small hotels staff in Phuket.

Service and service quality management

Its details are described as follows.

1. Service management

1.1 Service concept

Nowadays, the lifestyle of people requires services because people can not live alone and need to rely on other people in society. A "service" is when people do something to (or behave in a manner to) willingly assist or facilitate another person and help make that person feel satisfied. Current concepts of service are used

widely in business, trade and commerce. And, service is an important key strategy in modern marketing which emphasizes the customer or consumer.

There are many authors who have studied and described the concept of service. For example, Kandampully (2007, p. 134) stated that “a service concept is an overall vision of a firm’s service orientation and position—a sense of self-awareness (perhaps even a sense of ‘self-destiny’) that explains to staff and customers what the organization stands for and what it aims to offer.”

Kandampully (2007, p. 134) stated that “a service concept is an overall vision of a firm’s service orientation and position—a sense of self-awareness (perhaps even a sense of “self-destiny”) that explains to staff and customers what the organization stands for and what it aims to offer.”

Fitzsimmons and Fitzsimmons (1994, 1998) pointed out that a service concept provides clear direction for two distinct functions: 1) the structural design of the service in theory and 2) the management and execution of that design in practice.

The first of these, the structural design of a service, involves careful consideration and detailed advice on such factors as:

1. Delivery systems—front office, back office, automation, and customer participation,
2. Facility design—size, aesthetics, and layout,
3. Location—customer demographics, single or multiple sites, competition, and site characteristics, and
4. Capacity planning—managing queues, number of servers, and accommodating average demand or peak.

The second of these, the management and execution of that design in practice, involves careful consideration and detailed advice on such factors as:

1. The service encounter—service culture, motivation, selection, training, and empowerment,
2. Service quality—measurement, monitoring, methods, expectations versus perceptions, and service guarantees,
3. Managing capacity and demand—strategies for altering demand and controlling supply, queue management, and

4. Information—competitive resources and data collection.

Grönroos (1987, unpagged) informed that “the service concept is thus an umbrella concept covering the whole service offering of a firm.” But, in talking of how a firm proposes to operate, the service vision should never lose sight of the fact that the customer is the focus and purpose of the whole concept. In discussing the firm in detail and how the firm proposes to behave, it is easy to lose sight of the fact that the whole purpose of the service vision is to serve the customer—not the firm.

The service vision should, therefore, state the core service (or services) that the firm proposes to offer to the customers, the facilitating and supporting services it proposes to offer to the customers, how the basic package is to be made accessible to the customers, how customer interactions are to be developed, and how customers are to participate in the process. The service concept is, thus, not ultimately defined in terms of products or service. Rather, it is defined in terms of the results produced for customers.

Eiglier and Langeard (1981, unpagged) said that “the focus of a service vision is on the customer and hence on the service attributes that best express benefit to the customer.” An effective service vision must, nevertheless, be mindful of the realities of the marketplace in which the organization wishes to operate. The service concept must take into account a realistic assessment of the organization’s position in that marketplace and must develop a clear idea of a service offer that matches this position.

In making such a market assessment and the appropriate service offer to match that assessment, the service vision must therefore provide direction for:

1. Market segments—the specific market segments that have been identified,
2. Service processes—how the proposed service is produced, distributed, and consumed in the marketplace,
3. Organization of the service offer—how the interface with the customer is to be organized in the marketplace, and
4. Service image—how to maintain the desired marketplace image to present to potential customers.



1.2 Defining service

It is generally known that service means facilitating customers in order to create satisfaction and a good impression in the customers. Many authors have defined the meaning of service. For example, Walker (2008, p. 11) stated that service is defined in Webster's New World Dictionary as "the act or means of serving." To serve is to "provide goods and services for" and "be of assistance to."

Not only that, while there are many definitions of service available, all contain the common theme of intangibility and simultaneous consumption (Fitzsimmons and Fitzsimmons, 2006, p. 4).

Zeithaml and Bitner (1996, p. 5) stated that services are deeds, processes, and performances.

Grönroos (1990, p. 27) described that "a service is an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between customers and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems."

Quinn, Baruch and Pauette (1987, p. 50) explained that "most authorities consider the services sector to include 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 (such as convenience, amusement, timeliness, comfort, or health) that are essentially intangible concerns of its first purchaser."

Sasser, Olsen and Wyckoff (1978, p. 8) said that a precise definition of goods and services should distinguish them on the basis of their attributes. A good is a tangible physical object or product that can be created and transferred; it has an existence over time and thus can be created and used later. A service is intangible and perishable. It is an occurrence or process that is created and used simultaneously or nearly simultaneously. While the consumer cannot retain the actual service after it is produced, the effect of the service can be retained.

Chalermjirarat (1993, p. 62) mentions that services are intangible, deteriorate, and are easy to dissolve. A service is made and delivered to customers immediately or almost immediately.

Kotler (1994, pp. 464-468) described that service means any activity or action that a group of person can not offer to other person which can not touch and non-ownership. That action may be included or excluded with the tangible goods.

In summary, services are deeds, processes, and performances of individuals or organizations that take place in interactions between customers and service employees and/or physical resources or goods and/or systems of the service providers, which are provided as solutions to customer problems. Services are designed to enhance the satisfaction of and respond to the needs of customers. A good service must respond to the needs and match with the expectations of the customers and make them feel good at the same time.

1.3 Service performance

Berry (1995, unpagged as cited in Kandampully and Butler, 2001, pp. 112-119) described that in a competitive environment, customers choose one firm over another on the basis of their perceived knowledge of the firm's ability to offer the best service in the marketplace which, from a customer's point of view, is the one that exhibits a commitment to consistent superior service. The capacity of service firms to deliver superior service is inextricably lined to reliability—the ability to offer service without failure. However, Boshoff (1997, pp. 110-130 as cited in Kandampully and Butler, 2001, pp. 112-120) informed that the high involvement of the human element in most service organizations renders mistakes unavoidable, despite every effort to minimize error in services.

According to Zemke and Bell (1990, pp. 42-48 as cited in Kandampully and Butler, 2001, pp. 112-119) indicated that effective service recovery leads to enhancement of the firm's competence and a favorable image, in terms of perceived quality and value. Service recovery is a systematic process undertaken by an organization in an effort to return aggrieved customers to a state of satisfaction after a service has ailed to live up to customers' expectations. It is thus imperative that tourism and hospitality organizations train employees on service failure-recovery procedures. There is clear evidence that service failures which are handled well (incorporate immediate corrective action—the so-called service recovery) have the

capacity to transform angry and frustrated customers into loyal ones (Kandampully, 1998, pp. 431-443).

Moreover, if the firm fails to recover from the service failure, the firm has essentially failed twice, magnifying negative customer perception and triggering the possibility of negative word-of mouth. Bitner, et al. (1990, pp. 71-84 as cited in Kandampully and Butler, 2001, pp. 112-119) described this as a ‘double deviation’ from expectations. It is argued here that the establishment of a service guarantee will direct the organization to undertake immediate action to deliver services to meet customer needs and corrective action to recover from failure. Thus, Lavidge and Steiner (1961 as cited in Kandampully and Butler, 2001, pp. 112-119) stated that service organizations will be able to use a service guarantee to convince customers of their superior service and, subsequently, gain the greatest influence over customers’ purchase decisions.

1.4 Service strategy

Berry (1995, pp. 236-245 as cited in Kandampully, 2007, pp. 139) described that service strategy is a distinctive formula for delivering the above service vision—a plan of action that energizes an organization and effectively defines the practical meaning of the word “service” for that firm.

Kandampully (2007, p. 139) informed that a service strategy determines every aspect of a service offering—including its development, its distribution, and its promotion. To be effective, a good service strategy should thus provide detailed guidance for:

- 1.4.1 the conception of the service offering;
- 1.4.2 the delivery of that service offering; and
- 1.4.3 the marketing, advertising, and promotion of that service

offering.

1.5 Service process

Shoetack (1981, pp. 221-229 as cited in Kandampully (2007, p. 134) indicated that it is the actual delivery of the service—a series of acts or performances that make up the very essence of a service. Compared with the theory involved in analyzing a “service concept” and a “service strategy,” the idea of a “service process” sounds simple enough—the actual practical delivery of a service.

But a service process is more complex than it seems. It really involves three distinct parts, and all three must be analyzed and assessed if the service process is to be effective (Kandampully, 2007, p. 143).

1.5.1 First, there are the steps, tasks, and activities necessary for the rendering of the service—the list of activities involved in the actual service process itself;

1.5.2 Second there are the means by which the tasks are executed—the combination of people and goods that make up the surrounding “infrastructure” of the service-delivery process.

1.5.3 Finally, there is the role and personal experience of the consumer—what Shocktack calls the “evidence” presented to the consumer.

In Summary, to understand a service process properly, we have to: 1) analyze what has to be done; 2) work out how it is to be done (and by whom); and 3) assess how the customer responds to it.

1.6 Service failure

Kelley and Davis (1994, pp. 52-61; Hart, et al., 1990, pp. 148-156) informed that service failure can vary depending on individual and situational factors, and understanding the seriousness of a failure is critical in determining an appropriate recovery strategy.

1.6.1 Defining service failure

Maxham (2001, pp. 11-24 as cited in Magnini and Ford, 2004, pp. 279-286) defined “service failure as any service related mishaps or problems (real or perceived) that transpire during a customer’s experience with a firm”.

Lewis and McCann (2004, pp. 6-17) described “service failures are inevitable and occur in both the process and the outcome of service delivery”.

1.6.2 Service failure categories

Bitner, et al. (1990, pp. 71-84 as cited in Lewis and McCann, 2004, pp. 6-17) categorized service failure according to employee behaviors when failures occur, relating to: the core service; requests for customized service; and unexpected employee actions.

Additionally, Bitner, et al. (1990, pp. 71-84; Chung and Hoffman, 1998, pp. 66-71 as cited in Dutta, Venkatesh and Parsa, 2007, pp. 351-363), identified three categories of service failures as:

1.6.2.1 Service system failure: This occurs in core service which is inclusive of product defects (food is cold, soggy, contains hair etc.) slow or unavailable service, facility problem (cleanliness issues like dirty silverware, insect or rodent problems etc.) unclear guest unfriendly policies (like not accepting cheques or credit cards) and out of stock conditions like inadequate supply of menu items).

1.6.2.2 Failures in implicit or explicit customer requests: This occurs chiefly when employees are unable to comply with the customer's individual needs like – food not cooked to order; or seating problems like – seating smokers in non-smoking section or lost reservations etc.

1.6.2.3 Unprompted and unsolicited employee: This includes behavior of employees that is unacceptable to guests like – rudeness; poor attitude; wrong order delivered; order misplaced or never filled; and incorrect charges like charging customers for items not ordered or give incorrect change.

The first category of service failure is really important as Chung and Hoffman (1998, pp. 66-71 as cited in Dutta, Venkatesh and Parsa, 2007, pp. 351-363) report that customers facing this type of service failure switched to others service providers the most. They concentrated on the above three broad parameters however the current study tries to identify service failures in specific categories such that managers can focus on recovery strategies within each specific category.

1.7 Service recovery

Fornell and Wernerfelt (1987, pp. 337-346; Smith and Bolton, 1998, pp. 65-81; Tax and Brown, 1998, pp. 75-88; Strauss and Friege, 1999, pp. 347-361; Brown, 1997, pp. 25-27 as cited in Mattila, 2001, pp. 583-596) indicated that service recovery is now recognized as a significant determinant of customer satisfaction and loyalty. Hart, et al. (1990, pp. 148-156 as cited in Michel, 2001, pp. 20-33) informed that it caused by the performance of service delivery which depends on various factors, such as the attitude of front-line employees, the capacity of the service system, and the behavior of the customer concerned as well as that of other

customers. Correspondingly, because of the many uncontrollable factors in a service encounter, service failures appear to be inevitable. As a result, these factors lead to customer dissatisfaction (Parasuraman, et al., 1985, pp. 41-50), customer defection (Reichheld, 1996, pp. 56-69), and negative word of mouth (Richins, 1983, pp. 93-107). However, if the firm is able to recover, dissatisfied customers can be returned to a state of satisfaction.

Interestingly, Andreassen and Best (1977, pp. 93-101; Singh, 1990, pp. 1-15; Lewis, 1996, unpaginated, and Halstaed, et al., 1996, pp. 107-115 as cited in Michel, 2001, pp. 20-33) described that service recovery differs from complaint management in its focus on service failures and the company's immediate reaction to it. Complaint management is based on customer complaints which may be triggered by service failures. However, since most dissatisfied customers are reluctant to complain, service recovery attempts to solve problems at the service encounter before customers complain or before they leave the service encounter dissatisfied. Both complaint management and service recovery are considered customer retention strategies.

1.7.1 Defining service recover

A general definition of service recovery is suggested by many authors as follows:

Grönroos (1988, pp. 10-13 as cited in Michel, 2001, pp. 20-33) suggested that 'service recovery refers to the actions a service provider takes in response to service failure.'

Zeithaml and Bitner (2000, p. 465 as cited in Dutta, Venkatesh and Parsa, 2007, pp. 351-363) informed that "service recovery is referred to as the action undertaken by an organization to face the eventualities of a service failure."

Zeithaml, et al. (1993, pp. 1-12 as cited in Weun, Beatty and Jones, 2004, pp. 133-146) defined "service recovery as a service employee's performance resulting from a customer's perception of initial service delivery falling below the customer's zone of tolerance."

Miller, et al. (2000, p. 38; Smith, et al., 1999, p. 422 as cited in Lewis and McCann, 2004, pp. 6-17) described that 'service recovery involves those

actions designed to resolve problems, alter negative attitudes of dissatisfied customers and to ultimately retain these customers' and 'it includes situations in which a service failure occurs but no complaint is lodged by the customers.'

Zemke and Bell (1990, pp. 42-48 as cited in Boshoff, 1997, pp. 110-130) described "service recovery as a process for returning aggrieved customers to a state of satisfaction with the organization after a service or product has failed to live up to expectations."

Schweikart, et al. (1993, pp. 3-21 as cited in Boshoff, 1997, pp. 110-130) viewed "service recovery as part of quality management and that the ultimate objective of it all is to maintain the business relationship with the customer."

1.7.2 Service recovery strategies

Grönroos (1990, unpagged as cited in Mattila, 2001, pp. 583-596) mentioned that service recovery strategies involve actions taken by service providers to respond to service failures. Lewis and McCann (2004, pp. 6-17) informed service recovery strategies have used by Bitner, et al. (1990, pp. 71-84; Kelley, et al., 1993, pp. 429-452; Johnston, 1994, unpagged; Miller, et al., 2000, pp. 387-400); Lewis and Spyropoulos, 2001, pp. 37-47), they identified as:

- 1) apology;
- 2) correction;
- 3) empathy;
- 4) compensation;
- 5) follow-up;
- 6) acknowledgement;
- 7) explanation;
- 8) exceptional treatment; and
- 9) managerial intervention.

An apology and correcting the problem are usually necessary planks of service recovery. The interventions of senior employees/management were found to be important by Kelley, et al. (1993, pp. 429-452; Hoffman, et al., 1995, pp. 1-11) but Lewis and Spyropoulos (2001, pp. 37-47; Miller, et al., 2000, pp. 387-400) identified benefits, if recovery was handled by front-line staff.



2. Service quality

2.1 Defining service quality

Service quality in the hotel industry has been examined in a number of studies (Chang, et al., 2002, unpagged; Sargeant and Mohamad, 1999, pp. 42-59; Tsang and Qu, 2000, pp. 316-326) and there are a number of models that conceptualise the construct of service quality (Grönroos, 2001, unpagged; Bienstock, Mentzer, and Bird, 1997, pp. 31-44; Parasuraman, Zeithaml, and Berry, 1988, pp. 12-40; Garvin, 1987, pp. 101-109). More recently researchers are concerned with the management of services (Rowley and Richardson, 2000, unpagged). Therefore, service quality is one of the most dominant themes of research into services. Most definitions of services quality given in the literature are based on the comparison between the service provider's actual performance 'perceptions', with what the author believe service performance would be 'experiences' in their service experience (Kandampully, 1998). The following are definitions of the service quality.

Parasuraman, et al. (1985, pp. 41-50) have defined "service quality" as the degree and direction of discrepancy between a customer's perceptions and expectations whereas "perceived service quality" is the gap between a customer's expectations and perceptions as a measurement of service quality (Su, 2004, pp. 397-408).

Service quality is a concept that many businesses will extend to services that meets customers' needs and expectation. Service quality is how well a customer's needs are met, and how well the service delivered meets the customer's expectations (Lewis and Booms, 1983 as cited in Su, 2004, 397-408). It is defined by the degree of difference between customers' desired expectations (what they think a service provider should offer) and their perceptions of service performance (Walker and Baker, 2000, pp. 411-431).

Grönroos (1983, unpagged) has argued that service quality is the manner in which the service is delivered to satisfy customers. The simplest form of service quality is the effort that every member of the organization invests in order to satisfy customers. On the other hand, its broadest sense is defined as excellence or superiority as perceived by customers.

LeBlanc (1992, pp. 276-286) classified service quality into three parts, namely physical, situational, and behavioral: that is, what is delivered, the circumstances of the delivery, and how it is delivered.

MacKay and Crompton (1988, p. 46) indicated that service quality is “the difference between what is expected from each of the service dimensions and what consumer perceives he or she receives from them.”

Yousapornpaiboon (2008, p. 25) described that service quality is the result of the discrepancy between customer’s expectations of services and their perceptions on the services actually received. Service quality is measured by the SERVQUAL instrumentation in five dimensions: reliability, responsiveness, assurance, empathy, and tangibles for the global service industry. Therefore, service quality measurement is considered to be one of the first steps in understanding business performance together with the delivery of service quality. Since, in the service industry there is increasing competition and constant change, service quality improvement becomes significant to business organizations and the world economy as well.

One conceptual model of service quality serves as a concise framework for understanding, measuring and improving service quality (Parasuraman, Zeithaml, and Berry, 1985, pp. 41-50; 1988, pp. 12-40; 1994a, pp.201-230; 1994b, pp. 111-124). They identified five discrepancies in the service delivery process affecting a consumer’s evaluation of the service experience. The five dimensions of service quality gaps are as follows:

Gap 1: The gap between consumer’s expectations and those perceived by management to be the customer’s expectations,

Gap 2: The gap between management’s perceptions of consumer expectations and the firm’s service quality specifications,

Gap 3: The gap between service quality specifications and service delivery,

Gap 4: The service delivery, external communication gap, and

Gap 5: The perceived service quality gap, the difference between expected and perceived service (Parasuraman, Zeithaml, and Berry, 1985, pp. 41-50).

This gap analysis model is a management guide to help determine service quality problems and for discovering appropriate ways to close the gaps.

The service quality gap concept that has received the most attention is the gap between expectations and perceptions of service quality (gap 5). Fitzsimmons and Fitzsimmons (2006, p. 132; Kandampully, 2007, pp. 88-89; Parasuraman, Zeithaml and Berry, 1985, unpagued; Ieamlaorphakdee, 2005, p. 49; Yossapornpaiboon, 2008, pp. 30-31) stated that service quality dimensions have been tested using a multiple-item scale called SERVQUAL to measure the five dimensions of service quality. All five dimensions are related to the importance of people in the service organization. The five dimensions are explained below:

1. Reliability is the ability to provide the promised service dependably and accurately. Reliable service performance is a customer expectation and reliability means that the service is accomplished on time every time, in the same manner, and without errors.

2. Responsiveness is the willingness to help customers and provide prompt service. Keeping customers waiting, particularly for no apparent reason, creates unnecessary negative perceptions of quality. In the event of a service failure, the ability to recover quickly with professionalism can create very positive perceptions of quality.

3. Assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence. The assurance dimension includes competence to perform the service, politeness and respect for the customer, and effective communication with the customer.

4. Empathy is the provision of caring and the individualized attention the organization provides its customers. Empathy includes approachability, sense of security, and the effort to understand the customer's needs.

5. Tangibles are the appearance of physical facilities, equipment, personnel, and communication materials. The condition of the physical surroundings is tangible evidence of the care and attention to details exhibited by the service providers.

2.2 Service quality and its determinants

There is a lack of consensus about the construct of service quality (Johnston, 1995, pp. 53-57). The most common approach is that of the disconfirmation paradigm (Robledo, 2001, pp. 22-31) which asserts that quality can be define as the gap between customers' expectations and perceptions (Parasuraman, Zeithaml and Berry, 1990, unpagged). These researchers proposed a conceptual framework capturing the dimensions utilized by customers when evaluating service quality. The dimensions were then applied to a gap model (SERVQUAL), where customers compared prior expectations of service provision with post experience perceptions (Parasuraman, Zeithaml and Berry, 1985, pp. 41-50; Parasurman, et al., 1988, pp. 12-40). Criticism of the gap model (Cronin and Taylor, 1994, pp. 125-131) led to the emergence of the derived importance approach which links customer satisfaction to service quality (Bolton and Drew, 1994, pp. 195-210). Rather than collect rating of perceived importance associated with service dimensions, regression models identify significant drivers of satisfaction. This precipitated the development of SERVPERF (Cronin and Taylor, 1994, pp. 125-131) and Normed Quality models (Teas, 1993, pp. 18-34). In a study of Hong Kong hotels, Chu (2002, pp. 285-301) suggests that the derived importance model is the more statistically reliable approach. Nevertheless, there is still wide support for both approaches.

There is agreement that the problems involved in addressing service quality management are in part a reflection of the intangible, simultaneous, nonstandardised and perishable nature of services (Harris and Harrington, 2000, pp. 31-36). The characteristics of services and their relationship to service quality are also difficult to clarify (Soteriou and Chase, 1998, pp. 495-508). The hotel sector faces manufacturing problems in providing high quality products and service delivery problems in providing high quality services (Keating and Harrington, 2002, pp. 303-315).

The delivery of hotel services involves high contact encounters with significant interaction among customers, staff and facilities (Lovelock and Wright, 1999, unpagged). Variability is inherent (and in some cases desirable) in service delivery. The challenge for management is to balance the need for routine and standardization with the need to treat customers as individuals. Excellent companies

know that positive employee attitudes promotes stronger customer loyalty, thus companies must attract the best employees with a long-term career focus (Kotler and Keller, 2006, unpagged).

Additionally, in a high contact setting, the physical evidence (tangibles) gives strong clues as to the quality of the service provider by communicating a message to the customer about the establishment before and during the encounter, and strongly influences the evaluation of the overall experience (Lovelock and Wright, 1999, unpagged).

There is consensus that the quality of the service encounter is critical to business success or failure and that service quality is rarely concerned with a single aspect of service but with the whole service package (Berry, Carbone and Haechel, 2002, unpagged). Indeed service quality in a tourism context has been viewed mostly as the quality of the opportunities available at a destination and is considered to be related to a tourist's quality of experience (Crompton and Love, 1995, pp. 43-57).

Underpinning our understanding of service quality is an array of determinants or dimensions which are critical for service management as these are essential to specify, measure, control and improve customer perceived service (Johnston, 1995, unpagged). There is debate over the number and actual determinants of service quality. Garvin (1987, pp. 101-109) identifies eight determinants; performance, features, reliability, conformance, durability, serviceability, aesthetics and perceived quality. Parasuraman, et al. (1985, pp. 41-50; 1988, pp. 12-40) identified ten which were subsequently collapsed into five: tangibles, reliability, responsiveness, assurance and empathy. Walker (1990, unpagged) identified product reliability, a quality environment and delivery systems that work together with good personal service, whilst Johnston, Sivestro, Fitzgerald, and Voss (1990, unpagged) as cited in Briggs, Sutherland and Drummond (2007, pp. 1006-1018) signal that there are as many as eighteen determinants. Subsequently, Johnston (1995, pp. 53-71) argued that researchers have not distinguished between the effect of determinants in the creation of satisfaction or dissatisfaction.

2.3 Relationship between service quality and customer satisfaction

According to Su (2004, pp. 397-408), both service quality and customer satisfaction have increasingly been identified as key factors in the battle for

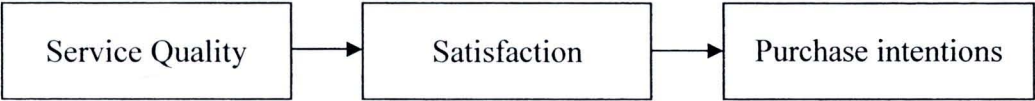
competitive differentiation and customer retention. It has been reported in the literature that service quality is closely related to customer satisfaction. Some scholars have pointed out the considerable overlap between the two concepts to the extent of conceiving the terms as synonymous and interchangeable (Grönroos, 1982, unpaginated as cited in Jamali, 2007, pp. 347-385; Rust and Zahorik, 1993, unpaginated as cited in Jamali, 2007, pp. 347-385). Moreover, the question of the sequential order of quality and satisfaction in services has triggered considerable debate in the literature (Jamali, 2007, pp. 347-385).

According to Gustafsson, et al. (2005, pp. 210-218), overall satisfaction in service context is similar to the overall evaluation of service quality. Measuring customer satisfaction and perceived service quality is very similar. Customer satisfaction is the customer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product/service as perceived after its consumption (disconfirmation of expectations model), whereas perceived service quality is often conceptualized as the comparison of service expectations with actual performance perceptions (Jamali, 2007, pp. 347-385). Research into service quality has often been carried out within the framework of the gap model in which the central idea is that service quality is the primary function of the different scores or gaps between expectations and perceptions (Rust and Oliver, 1994, unpaginated).

However, Taylor and Baker (1994, pp. 163-178) have argued that service quality and customer satisfaction are separate constructs. While satisfaction represents the state of a customer's psyche, quality refers to the state of a business's resources and efforts (Lee-Kelly, et al., 2002, pp. 276-286). In addition, service quality is the customer's attitude or global judgment of a company's service over time, while customer satisfaction refers to a specific business transaction (Lam and Zhang, 1999, pp. 341-349).

Satisfaction can be influenced by several factors in addition to service quality. These factors include price, packaging, and situational factors (e.g. the service encounter) (Lam and Zhang, 1999, pp. 341-349). Moreover, service quality has fewer conceptual antecedents (e.g. personal and impersonal communications) while satisfaction is influenced by a number of cognitive and affective processes including

equity, attribution, and emotion (Rust and Oliver, 1994, pp. 1-19). Zeithaml and Bitner (2000, unpagged) have added that satisfaction is an attitude that influences perceptions of service quality, which in turn influences purchase intentions:



In conclusion, although satisfaction and service quality are separate constructs, they are closely related because both revolve around expectation, experience, perception and evaluation of service as key variables (Jamali, 2007, pp. 347-385). Both customer satisfaction and perceived service quality are also key constructs used to characterize customer assessments of services and they are positively related to behavioral intentions (Rust and Oliver, 1994, pp. 1-19). Failure to provide good service may result in customer dissatisfaction. Jamali (2007, pp. 347-385) has concluded that satisfaction is a super-ordinate construct to service quality because satisfaction can result from a large variety of dimensions that may lie beyond those specified in the gap model and the SERVQUAL instrument as shown in Figure 4. In addition to a cognitive assessment of the basic service quality dimensions, a number of affective processes (equity considerations, emotions, attributions, cost benefit analyses, and tolerance zones) have also been found to influence customers' subjective assessments and their overall satisfaction (Jamali, 2007, pp. 347-385).

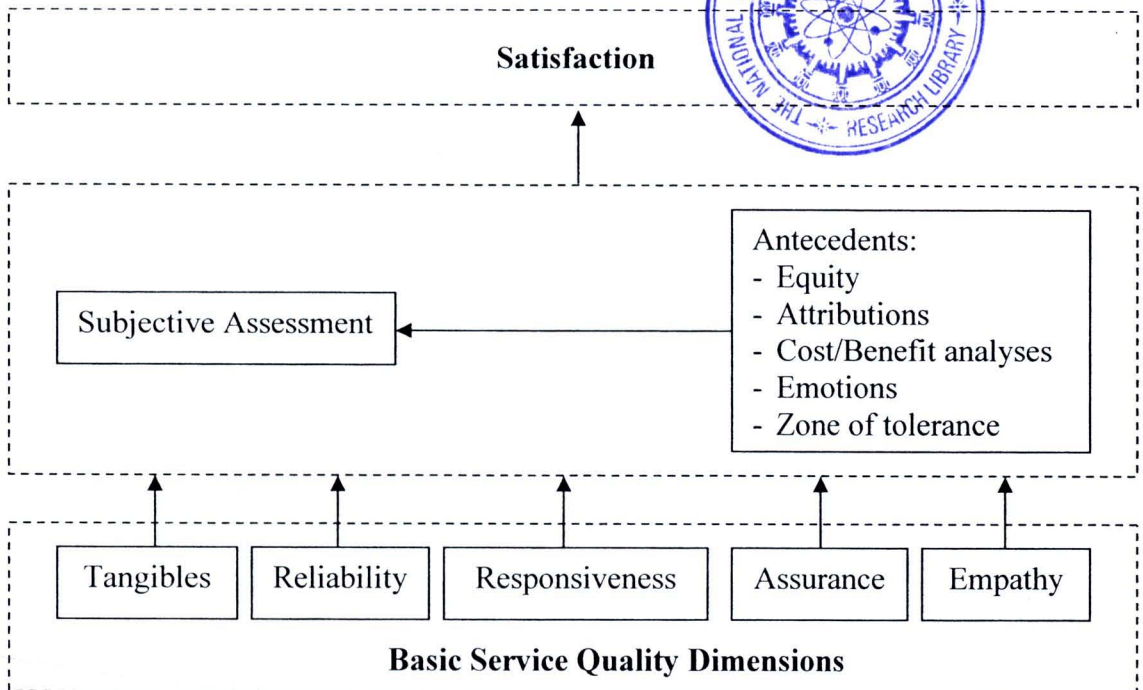


Figure 14 Relationship between customer satisfaction and service quality

Relevant researches

A study of service efficiency building for staff of small hotels in Phuket had the relevant researches as follow:

Tsang and Qu (2000) studied service quality in China's hotel industry. They discovered that, out of 35 hotel services, only 21 had statistically significant differences in mean scores. The item, "neat appearance of staff," had a positive mean score. Given service quality under each component, there were ten services related to tangibles, five services related to reliability, five services related to responsiveness, and a service of assurance component that were different at a statistically significant level with a negative gap ($p\text{-value} < .05$, $p\text{-value} < .01$).

Penpon. D., et al. (2008) studied international tourists' satisfaction toward accommodations at the Bangkok Marriott Resort and Spa. The findings reported that tourists felt highly satisfied with the service of hotel staff, hotel facilities, quality of food, comfort, and room quality. Moreover, customers were impressed with hotel staff services. Many tourists commented that associates at the Bangkok Marriott were friendly and helpful which influenced them to return to the Bangkok Marriott Resort

and Spa. Tourists also wanted to recommend the hotel to their friends, relatives or other people. The results showed that the Bangkok Marriott has excellent standards for servicing customers.

Alegre and Garau (2010) found that there is an important factor related to tourist satisfaction and dissatisfaction and to tourists' intentions to return to the destination. They focused on destination loyalty which is the most important element affecting tourists' decisions to revisit a destination again. They find out how tourists feel about a destination, thus, it is enough to analyze tourist satisfaction by measuring with an ordinal scale (highly dissatisfied—indifferent—highly satisfied).

Chi and Qu (2007) have focused on the link between customer satisfaction and successful companies. Customer satisfaction has always been considered an essential business goal. The satisfied customer buys more and is less price sensitive in the business; therefore, many successful companies have focused on customer satisfaction. The result is that concern for satisfaction has replaced concern for customer loyalty. Therefore, satisfaction and travel experiences contribute to destination loyalty. In other words, the tourist's satisfaction is an important element for creating destination loyalty and intentions to return.

Hui, Wan and Ho (2007) have researched the satisfaction of different tourist groups by using a conceptual. This research used a sample of 424 tourists who departed from Singapore Changi International Airport. It compares segmented groups (Europe, Asia, Oceania and North America) by using disconfirmations and perceptions. It shows that different tourist groups have different perceptions in terms of price, accommodations, food, and attractions. Therefore, it is important to study the tourists' satisfaction in each group in order to understand their needs.

Huh (2002) has focused on tourist satisfaction in terms of selected tourist demographic characteristics and travel behaviors which Huh believes influences tourist satisfaction. This study used the expectancy disconfirmation theory as a conceptual framework in order to discover the consumers' expectations of service or product performance in terms of purchasing. By using the theory of expectancy disconfirmation, the tourist satisfaction of the study destination will be known.

Buhalis (2000) has studied destination marketing which has become increasingly and extremely competitive worldwide. In this research, Buhalis analyzed

tourism products which offer an integrated experience to visitors. These tourism products are characterized by six factors in terms of products and services provided for tourists at the destination.

Barros (2005) studied how to measure efficiency in the hotel sector. This study discussed, by means of data envelopment analysis, the efficiency of individual hotels belonging to the Portuguese state-owned chain, Pousadas de Portugal, which is managed by the enterprise, ENATUR. The use of this technique for the analysis of intrachain comparative hotel efficiency can be of value in examining the competitiveness of the chain as a whole. By identifying the efficient hotels in a sample, the slacks in inputs and outputs of the inefficient hotels and the peer group of efficient hotels, the data envelopment analysis stands out as one of the most promising techniques to aid the improvement of efficiency.

Barros and Mascarenhas (2005) studied technical and allocative efficiency in a chain of small hotels. They analyzed the technical efficiency and allocative efficiency of hotels belonging to the Portuguese state-owned chain, Pousadas de Portugal, in order to investigate the performance of the chain as a whole. The resource-based view of management sees hotels as heterogeneous, but with different competitive advantages and disadvantages, which brings about differences of performance within the chain. In investigating the efficiency of the constituent units, the results are, at best, mixed.

Briggs, Sutherland and Drummond (2007) studied the service quality of hotels—specifically, an exploratory study of service quality in the Scottish hotel sector. The importance of tourism to Scotland, the criticality of the hotel sector to its growth and the link between service quality and business profitability provided the rationale for this study. Although service quality in the hotel industry has been well researched, there is little comparative research across the Scottish hotel sector on service quality aspects. This study examined service quality across small, medium and large hotels in Scotland to establish management and customers' current perceptions of service quality performance. Empirical findings indicate service is being lost by the focus of the Scottish QA scheme on tangibles and there are major inconsistencies in service quality performance across the sector.

Kozak and Rimmington (1998) examined the role of benchmarking within the small hospitality sector. This study argues that there is considerable potential for improving service quality by this means, not only in the small businesses themselves, but also in tourist destinations, which often depend heavily on this sector. While benchmarking activity is growing in large organizations, there has been limited application among small hospitality businesses. The study examined the reasons for this, and discusses how benchmarking, linked to external awards and grades, can offer advantages and bring about improvements in competitiveness for both small hospitality businesses and destinations. Consumers also benefit through clearer indication of the service likely to be offered, so that their service expectations are more likely to correspond with performance, and their satisfaction with the destination can be increased.

Conclusion

A study of Service Quality and Efficiency Building for the Staff of Small Hotels in Phuket began by reviewing the relevant literature on small hotels management—the specificity of small hotels, types of small hotels, hotel services, small hotel administrative systems, and responsibilities of major hotel departments. Additionally, the researcher reviewed the service and service quality management—service concept, defining service, service performance, service strategy, service process, service failure, and service recovery, and human resource—human resources management, and staff competencies. The research methodology will be described in the next chapter.