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## **Impediments to improvements in service quality in luxury hotels**

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**Purpose** – The purpose of this article is to identify the key factors that impede service quality delivery in the context of luxury hotels (four- and five-star properties) in Sydney, Australia.

**Design/methodology/approach** – The empirical dataset for this qualitative study was collected through 22 individual semi-structured interviews with senior hotel managers of ten luxury hotels in Sydney, Australia. The technique used for analysing the data was progressive comparative analysis, after which constant comparative methodology was applied. The key themes emerging from these techniques have been categorised to form conclusions.

**Findings** – Analysis of the data revealed a number of impediments to developing and maintaining distinguishable, superior service. These impediments fell into four broad areas: Budget constraints, Staff attitude, Lack of mentoring and High customer expectations.

**Research limitations/implications** – The limitations with the current study are primarily related to the scope of the research in terms of the number of hotel properties participating, and the fact that it incorporates the views of managers only. Furthermore, the focus of this study was on the hotel sector, and thus the findings cannot be accepted as being necessarily relevant and applicable to services across the tourism/hospitality industry as a whole. Future research needs to be conducted to incorporate the views of all stakeholders in service quality, including non-management staff and customers.

**Originality/value** – The findings of this research can inform hotel sector researchers and practitioners of identified impediments to service quality, whether current strategies are addressing these impediments and, if not, how strategies may be modified to address to achieve this.

Service quality; Hotels; Competitive advantage; Tourism; Hospitality services; Australia.

### **Introduction**

Hotels provide facilities for the transaction of business, for meetings and conferences, and for recreation and entertainment. According to Middleton and Clarke (1999), accommodation plays a functional role by providing the facilities that make travel convenient and comfortable. In his conceptual model of the tourism market system, Hall (1995) regarded accommodation as one of the more critical components on the demand side – because

accommodation has a major influence on the type of visitors who come to a destination. Similarly, Young (1973, p. 15) observed:

Accommodation more than any other component, will influence the sort of industry a destination will develop.

In addition, hotels make a vital contribution to overall visitor satisfaction at a particular destination. As Cooper *et al.* (1996) suggested, accommodation provides an essential support service to satisfy the wider motivation that brought the visitor to the destination. Hotels must therefore ensure that they provide the kind of service that will satisfy current customers and motivate new customers.

Luxury hotels have traditionally provided superior facilities and services. However, over the past decade, consumers have increasingly demanded greater value for money, accompanied with demands for higher levels of service and facilities. This has forced operators, particularly those in the luxury category, to become increasingly similar to each other in terms of the facilities they offer.

In Sydney, Australia, luxury hotel operators have the added challenge of an increasing supply of accommodation. The number of luxury hotel properties has increased from 25 in 1990 to 61 in 2000 (*Colliers International Hotels Investment Quarterly*, 2001). Although occupancies have remained steady, and although the Sydney Olympics in 2000 temporarily boosted demand, hoteliers remain concerned that the supply of accommodation will make it difficult to achieve reasonable returns for their shareholders in the next decade. Demand for accommodation has steadily increased by 3.6 per cent per annum, but a significant increase in supply (7,000 new rooms entered the market 1998 and 2000) has presented many challenges to hotel operators who seek to differentiate themselves from competitors who offer similar facilities (*Colliers International Hotels Investment Quarterly*, 2001).

The accommodation sector depends, to a great extent, on return business and word-of-mouth recommendations – which require satisfied customers. As Cooper *et al.* (1996, p. 172) observed:

The accommodation market is highly competitive, competing for the consumers' disposable income, [and] competition often centres on issues of facilities, image, and service.

To remain competitive and financially successful, the most important concern is therefore the provision of quality service to meet customer expectations.

The ever-increasing competition in the current environment has become a strategic issue for the hotel sector. Hotel companies have had to redefine themselves to reduce costs, enhance customer satisfaction, and gain a competitive advantage. The service-quality components have the greatest potential to create distinction (Parasuraman *et al.*, 1988; Saleh and Ryan, 1991; Grönroos, 2000; Kandampully *et al.*, 2002). This is especially true for competing hotels that are in the same, or similar, category.

## **Theoretical background**

### ***Services marketing***

In the past decade, scholars and practitioners have realised that traditional marketing concepts need to be expanded if they are to address issues that arise in the services sector. As Wright (1995, p. 37) observed:

Firms in these industries need marketing skills to cope with the increasing competitive environment and rising consumer expectations.

In addition, there has been a realisation that services marketing is the responsibility of everyone within the organisation, and that organisational marketing needs to be embraced as a corporate philosophy. In hospitality organisations, this means that traditional ways of marketing products need to be refined to meet the needs of a service industry that is striving for increased brand loyalty and market share through the delivery of high-quality products and services (Oh and Parks, 1997).

### ***Service quality***

Although it has been argued that service quality is the great differentiator among service providers (Parasuraman *et al.*, 1985; Kandampully *et al.*, 2002), there has been no agreed definition of service quality. Grönroos (1984) divided service quality into three components: technical, functional, and image. Juran (1988) stated that the quality of a product or service is determined by its fitness for use by external and internal customers. Gundersen *et al.* (1996) argued that a customer's experience is a product of both the tangible and intangible aspects, whereas Crompton and Mackay (1989) saw service quality as being concerned with the attributes of the service itself, and how those attributes developed positive perceptions of the service.

It is widely accepted in the literature that service quality is dependent on consumers' needs and expectations, and whether the level of service meets these needs and expectations. Service quality has thus been distinguished as a “gap” between customers' expectations and the performance they actually receive (Parasuraman *et al.*, 1985). Asher (1996) has suggested that service transactions are subjectively judged, and that service quality depends on the degree to which a customer's perceived expectations have been met. According to this paradigm, customers decide when they are satisfied. This satisfaction is dependent on many factors – such as the quality of tangible facilities; the responsiveness and empathy of staff to customer needs and requests; the consistency of service quality; the accuracy of information provided; and the location of the hotel. A smaller gap between expectations and perceptions leads to the service being perceived as a higher quality and to customer satisfaction being increased.

### ***Customer satisfaction***

According to Czepiel *et al.* (1985) customer satisfaction is a multidimensional concept that is an important variable in consumer behaviour. Churchill and Surprenant (1982) saw it as a cognitive evaluative process, and Oliver (1981) summed it up as an emotional reaction following “expectancy disconfirmation”. Both service quality and customer satisfaction are important in the evaluation of service quality in organisations striving for success in a competitive environment.

As previously noted, the accommodation sector depends to a great extent on return business and word-of-mouth recommendations from satisfied customers. Over the past decade, there

has been increasing interest in customer satisfaction and dissatisfaction (Yuksel and Yuksel, 2001). Customers now expect to receive products and services of a higher standard (Hall, 1995, Pearce, 1998, Weaver and Oppermann, 2000). According to Cooper *et al.* (1996, p. 172):

Customers are travelling more widely, returning with new ideas and new standards regarding accommodation provision.

This means that hotel customers are becoming much more discerning and demanding. Competition has thus increased in the hotel industry around the globe, and this has forced hotels to offer better amenities, superior service, and loyalty programs at a price that reflects value (Chaisawat, 1998).

The power now enjoyed by customers has raised expectations, and these expectations often determine whether customers will stay at a particular hotel. According to Cooper *et al.* (1996, p. 172):

The accommodation market is highly competitive, competing for the consumers' disposable income ... competition often centres on issues of facilities, image, service and the quality of the provision.

It has been suggested that customer satisfaction is one of the most valuable resources that a firm can possess in a saturated and competitive market such as the accommodation sector (Gundersen *et al.*, 1996), and service quality is a strong determinant of customer retention and future patronage (Cronin and Taylor, 1992; Parasuraman *et al.*, 1994; Gundersen *et al.*, 1996; Kandampully and Suhartanto, 2000). Hotels that provide distinctive levels of superior service quality can thus create a sustainable competitive advantage over their competitors.

### ***Relationship between customer loyalty/retention and service quality***

The importance of service quality to guest satisfaction, enhanced hotel reputation, and customer retention cannot be overestimated. Oliver (1999) has argued that customer loyalty, service quality, and satisfaction are linked, and are part of a cognitive process. A study by Bloemer *et al.* (1999) linked patronage and recommendations with personalised service, and associated this with more favourable price tolerance among customers.

Retaining customers saves money by reducing the cost of finding new customers. Moreover, Zeithaml *et al.* (1996) have suggested that a long-standing relationship with current customers has a positive effect on profitability through additional sales to that customer, as well as diminished resistance by customers to paying higher prices. Increased levels of customer service create improved customer loyalty, thus leading to increases in average daily room rates, occupancies, market share, and customer-retention rates (Enz and Sigauw 2000). According to Reichheld (1996), there is a positive relationship between loyalty and profitability, and increases in profitability can be the result of only a small percentage of loyal customers.

In summary, success in retaining a firm base of returning customers, together with the attraction of new customers through word-of-mouth promotion, require a sustained commitment to service quality.

## ***Service quality and employees***

A commitment to service quality is dependent on the staff members who deliver a high proportion of the product/service mix of hotels. As Baum (1995) has argued, tourism is about the guests, and the tourism product and service are evaluated on the basis of the expectations of guests. Tourism and hospitality employees are part of the product because they are responsible for the delivery of the service. Employees are thus ultimately responsible for the satisfaction or dissatisfaction of customers with the experiences they have had.

Loyalty in service industries is dependant on the development of interpersonal relationships, and the person-to-person interactions between customers and staff members are an essential element in the marketing of services and the building of loyalty (Czepiel and Gilmore, 1987; Surprenant and Solomon, 1987; Crosby *et al.*, 1990; Zeithaml *et al.*, 1993). Every encounter between a customer and a hotel employee is an opportunity for the customer to evaluate the level of service provided. Hotel employees thus play a major role in the satisfaction levels of hotel customers. As demonstrated in a study of hotels by McCain *et al.* (2005), management and employees can boost customer loyalty by demonstrating their competence and by delivering what they promised.

Against that background, the present study examines the impediments to service quality that exist in a context that has not previously been explored – that is, Sydney luxury hotels.

## **Methodology**

Data were collected from 22 individual semi-structured interviews with senior hotel managers of ten luxury hotels in Sydney in 2002 and 2003. The study adopted a qualitative, field-based research approach using semi-structured interviews (Yin, 1994). This format corresponds to data-collection methods used in the social sciences (Patton, 1990; Grbich, 1999).

An interview guide was used to outline a set of questions about the delivery of service quality. The interview guide kept the interactions focused, but allowed for individual perspectives and experiences to emerge.

Initially, 30 hotels were selected for possible inclusion in the study from a web site search of four- and five-star hotels in the Sydney metropolitan area. The general managers of the selected hotels were contacted by telephone. In each case, the purpose of the study was explained, and an interview was requested. The general managers of ten hotels who agreed to be interviewed suggested the managers in their hotels to be interviewed.

All interviews were audio-recorded to provide accurate data (Yin, 1994; Patton, 1990; Flick, 2002). Each interview took approximately one hour to complete, after which all interviews were transcribed, verbatim. The data were then coded and analysed.

The hotels included three four-star hotels and seven five-star hotels. They ranged in size from small (70 rooms) to large (558 rooms). Table I lists the key aspects of the participating hotels. Some hotels were owner-managed or strata-managed; some were part of a chain and franchised; the others belonged to a marketing network.

The purpose of the interviews was to determine and describe impediments to the delivery of quality service. Semi-structured interview questions were designed to allow respondents to think freely and to describe their feelings and experiences with respect to service quality in their hotels and in the hotel industry as a whole. The questions were derived from theory on service quality (Parasuraman *et al.*, 1985, 1988, 1994; Saleh and Ryan, 1991; Grönroos, 2000; Kandampully and Suhartanto, 2000) and from observation in the field.

Most respondents were young (30-45 years), and were equally divided between males and females. The respondents had significant experience in the accommodation industry (6-16 years), and most held a diploma in management (tourism/hospitality/hotel), but none had a university degree or equivalent. This low level of graduate qualification is common in the Australian hospitality industry, however this is changing as many Australian universities are now offering Bachelors and Masters degrees in tourism and hospitality management. Most interviewees expressed the opinion that “experience” and “hard work” in the industry, rather than formal education, had been instrumental in their appointments as managers, and their continuing professional progression.

The qualitative data were integrated with progressive comparative analysis (Blaikie, 2000). This method allows for a personal critique and a subject-content critique, and allows a general summary of ideas, themes, and theoretical implications to be developed. Constant comparative methodology (CCM) was then applied. CCM is a methodological technique derived from grounded theory, whereby the information that has been gathered is coded into emerging themes (Glaser, 1999; Glaser and Strauss, 1967; Grbich, 1999). The data are then repeatedly revised until it is apparent that no new themes are emerging. The themes are then categorised to form conclusions.

The data in the present study were collected by a combination of interviews and observation. Data analysis was inductive, and the process assumed the integrity of individual perceptions, rather than attempting to prove or disprove preconceived theory (Blaikie, 2000).

In addition, the researchers kept a research journal to facilitate the development of ideas and reflections. Casual observations were facilitated through:

- participation in meetings of department heads;
- several stays at the various hotels that participated in the research; and
- informal meetings with staff.

This helped to familiarise the researchers with the field being studied, contributed to the final shape of the interviews, and assisted the researchers in probing interviewees to obtain a holistic understanding of the issues involved. To avoid researcher bias, observations were compared with the participants' responses to interview questions and were fully discussed among the members of the research team.

Finally, to validate the findings and the researchers' observations, the results of the study were presented to the interviewees and their colleagues at subsequent departmental meetings to which one of the researchers was invited.

The analysis from the researchers' journal and the constant comparison technique revealed a number of themes. These are summarised in Figure 1 and are explored in greater detail below.

## Findings

The demographic data for the participating hotels are displayed in Table I. All of the establishments in this study were either four-star hotels or five-star hotels, both of which are considered to be in the “luxury” category. A four-star hotel is of excellent quality in terms of facilities and services; whereas a five-star hotel is of international quality, with an extensive range of services and facilities (AAA, 2003-2004).

All of the hotels in the study had a similar guest mix in terms of business guests, holiday guests, tour groups, and conference guests. They were all located in the central business district of Sydney and were all close to tourist attractions, amenities, and services. Food-and-beverage outlets, room service, leisure facilities, business-centre services, and technological services were of similar standard. This was of particular importance in the present study – because the aim of the research was to ascertain the impediments to delivering a high standard of service quality, without additional variables in the form of differences in facilities and services offered.

Analysis of the data revealed several impediments to developing and maintaining distinctive superior service. These impediments fell into four broad areas, as shown in Figure 1. These four areas can be summarised as: budgetary constraints; staff attitudes; lack of mentoring; and high customer expectations:

1. *Budgetary constraints.* The costs associated with the provision of the products and services that the hotel needs to deliver to remain competitive involve physical resources and human resources. These costs can be an impediment because shareholders often resist expenditure on these costs, and customers are often reluctant to pay higher prices for the provision of higher-quality service.
2. *Staff attitudes.* The opinions, values, beliefs, and behaviour of staff members with respect to service, the service industry, and work itself can all be impediments to better service.
3. *Lack of mentoring.* A lack of organised and effective programs that provide younger managers and supervisors with access to guidance from experienced senior managers can also be an impediment to better service.
4. *High customer expectations.* As customers become more experienced and sophisticated, and better understand the competitive nature of the hotel sector, their desires and expectations increase. Indeed, they can expect more for less – thus producing a “gap” between customers' expectations and the organisation's belief about a reasonable offer.

The findings with respect to each of these themes are discussed in greater detail below.

### ***Budgetary constraints***

Managers reported that a tension exists between the generation of profit and the expenditure on human and physical services and facilities. As one department head stated:

We are so busy, we run like a machine. When all you can see is a line of waiting customers, you know it's got to be done fast and sometimes we cannot go that extra mile.

Another admitted:

Sometimes we do under-roster, and all we think about is the profit and loss.

There was recognition that, above all else, the budget must be taken into account. This was reflected in the statement:

At the end of the day, we still have our budgets to deal with, and this is always at the back of our minds.

There was a realisation that the hotels could, or should, do better in producing a “little extra” in terms of service quality, but that they were restricted by costs and resources. A hotel manager observed:

The head office always tells us we want you to deliver the “best service”, but there is a limit to what we can provide with what we have to spend.

Managers indicated that they were more likely to be in favour with superiors if they delivered “bottom-line” results. At several departmental meetings attended by the researchers, more time was spent discussing cost-cutting measures than delivery of service quality. Moreover, in most hotels, budget meetings were held weekly whereas service-quality meetings were held quarterly. In addition, at one departmental meeting, when it was reported that forecasted occupancy was low, the immediate response was a reduction in staff training.

Some managers commented that luxury hotels needed to identify the distinctive features, services, competencies, and strengths on which they should concentrate to create value for their customers. A typical comment was that:

You need to know what your brand and class of hotel stands for, what kind of service you are to provide, and more importantly can deliver; and then be consistent. Consistency is what people expect; however, this consistency is unusual, even in the major brands.

However, despite the acknowledged importance of consistency, the managers also conceded that budgetary pressures meant that this is often not achieved.

It is therefore apparent that the limits of a strict budget were perceived by the respondents to be an impediment to service quality.

### ***Staff attitudes***

Managers reported that finding the right people with the right attitude is problematic. The pool of available talent from which to choose was perceived to be small. Managers also reported that some people who apply for positions do not wish to pursue a career in the hospitality industry. A typical comment was:

It's hard to get people to believe in what we do and why we do it, instead of it being just a job. Unfortunately, we still have people [who] work here, [who] just don't want to be here.

A human resources manager reported that:

We employ people who should not be in the roles that they are.

Some managers noted that inexperienced young staff members lack social skills in their interactions with customers:

These young guys just don't have the service ethic; it may be the way they have been brought up. Guests love you to talk to [staff members], but we have trouble getting staff to do that.

A similar opinion was voiced by another manager who stated:

Staff have difficulties being consistently good. They find it hard to adjust to our different types of customers. Technically they are fine, but socially they struggle; the attitude needs improving.

In addition, researchers observed a general unwillingness to engage with, and to please, customers. There was an observable lack of individual confidence and an indifference to social interaction with customers. Such interaction is vital in the hospitality industry, particularly if luxury hotels wish to distinguish themselves from other hotels with similar facilities. For example, when dining in a restaurant, researchers made several attempts to engage a young waitress in conversation. All attempts failed, and the young waitress proceeded with her technical tasks, head bowed, and replied only with short answers that failed to engage the customer in any way.

However, a contrary view was put by a regional manager of a large international chain:

We don't try hard enough to recruit the right people; we recruit from the usual places that we are comfortable with.

In support of this view, the researchers observed that hotel managers tend to recruit people who have previous experience in the position they have available. This was confirmed by several managers who expressed the view that:

[...] experience makes all the difference, not education.

It is therefore apparent that staff attitudes should be an important consideration when employing staff within an overall strategy of improving service quality.

### ***Lack of mentoring***

The interviews revealed a lack of mentoring of middle managers and supervisors by senior staff. A senior manager with more than 20 years of experience in the hotel sector observed that a hotel environment is:

[...] not a mentoring sort of place at all ... not just this one, but any one. We do things on the run; learn by our mistakes.

The same manager added:

A huge problem with hospitality is that it has a very low line intellectually. The people [who] are running the industry may not be all that smart, that's the bottom line. They can do the job right, but converting that and projecting their knowledge ... No, they cannot do that, which is a definite shame.

This statement implies that there is little opportunity to learn from formal or informal training in hotels, and that this is widespread in hotel organisations. This might be due to changes in hierarchical structures, as indicated by the following statement:

The hierarchical structure of hotels has changed greatly; our company now has hotel managers, not general managers. We have one general manager across three or four properties. I see my general manager regularly, give him a report of what's going on and that's it. I am left alone, which I like, but others need more support and often they don't get it.

Although these structural changes have facilitated dispersed decision making, and have improved the involvement of employees in such decision making, they have also had adverse consequences. Managers reported that vital managerial experience is not passed on to junior managers:

We have managers coming in who are younger and younger, who don't have the experience; they feel the pressure.

In addition, senior managers with extensive corporate knowledge have either moved into other industries that provide greater rewards, or have moved into the corporate offices of hotels away from individual properties. They are therefore spending little time on mentoring the new generation of managers. As one respondent observed:

A lot of good people have left the industry; gone to greener pastures. We have lost a lot of experience. The old guys have retired and there aren't many left to guide.

It is thus apparent that the concept of mentoring is important in any consideration of how to improve service quality.

### ***High customer expectations***

The fourth impediment to service quality identified from the interviews was difficulty in meeting the increased expectations of guests. As one manager observed:

Our customers travel a lot now; they stay in lots of places, and they compare us to where they have stayed before – [in] Asia particularly. Hotels in Asia are very plush, [and] they have heaps of staff to service the customer. We cannot compete with that because of cost; our staffing costs are so much higher.

As this statement reveals, hotels in Sydney must take into account the expectations of customers who are travelling internationally and being exposed to other tourist destinations.

The greatest frustration reported by managers was that guests are often unwilling to pay for the extras they expect and demand. This is illustrated by a remark made by a sales director:

Customers expectations are related to their previous experiences. Unfortunately for us, a lot of our customers' previous experience is with local clubs, so they expect greater value for money, and a lot of free facilities and services ... Most of our customers understand the pressure of competition, and they use it to their advantage.

In a competitive market in which lower prices are often used as a drawcard, customers' experiences are heightened and they demand high service at a low cost.

### **Limitations of the study**

The limitations with the current study are primarily related to the scope of the research. There are approximately 60 luxury hotels in the central business district of Sydney, but this study canvassed the views of managers in only ten of these hotels. However, although the sample size is not large, particular attention was paid to several important attributes – including star rating, type and size of property, location, and ownership arrangements – and the authors believe that the sample is an adequate representation of the luxury hotel market in Sydney.

In addition, the findings are restricted to Australian conditions, and it might not be possible to generalise the results to other contexts.

Furthermore, the study focused on the luxury hotel sector, and the findings might not therefore be applicable to other services in the tourism and hospitality industry as a whole.

Finally, this study concentrated on the perspectives of managers. It is acknowledged that this approach does not take full account of the perspectives of other major players in service encounters – customers and employees.

### **Implications and conclusions**

Using semi-structured interviews with managers and staff in ten luxury hotels in Sydney, Australia, this study has found that budget constraints, staff attitudes, a lack of mentoring, and high expectations of customers impede the delivery of service quality. These impediments potentially have significant consequences for the long-term sustainability of competitive advantage in the luxury-hotel sector.

The findings have several implications:

- The findings suggest that the participating hotels, under pressure from corporate offices and shareholders, prefer short-term financial gains rather than endeavouring to satisfy the expectations of customers. This adherence to tight budgetary management leads managers to cut staffing levels and expenditure on training. Such budgetary discipline is understandable in the short term, but it needs to be recognised that it takes time for the benefits of longer-term measures (such as improved services) to be felt organisationally, and it should be recognised that such benefits are more difficult to measure and demonstrate.
- It appears that hoteliers in Australia have not yet accepted that university graduates might add value to their longer-term strategic goals. To improve the level of services for guests, the recruitment, selection, training, and development of employees are important investments for hotel managers (Nebel, 1991; Rutherford, 2002; Cieri and Kramar, 2003), and managers need to be innovative in seeking appropriate employees. The findings of the present study are to be contrasted with the situation in the USA and Asia, where a large proportion of hotel employees are graduates of hotel schools and universities. Furthermore, in advertising for “experience”, hotels effectively eliminate many potential applicants who might have other attributes

required for a successful career in hotel service. The findings indicate that Sydney hotels are unwilling to utilise the full potential of the labour market.

- The findings imply that leaders within this sector do not pass on knowledge to less-experienced employees. As a consequence, vital information, skills, and “know-how” are lost. Service quality in the hotel sector is dependent on the sharing of information and a collaborative learning experience between juniors and seniors. Key areas for the sharing of insights include customers' needs, the hotel business generally, and the personal attributes necessary for managing people effectively (Nebel, 1991). The present findings suggest a disturbing trend whereby there is an apparent segregation between unskilled workers and those who have learned “on the job”. Employees who have potential are quickly promoted to higher positions. This has two major consequences: service delivery is reduced at the “front line” as able employees are removed; and those with potential who have been moved up lack support and mentoring in their new roles. This lack of organisational support for the wellbeing of future managers could have adverse implications for the motivation and ability of these managers to lead employees who are expected to deliver superior service quality. A lack of mentoring in the surveyed hotels is an impediment to achieving high levels of service quality.
- The reports from the surveyed managers suggest that luxury hotels in Sydney are staffed by people who have little genuine interest in their jobs. Service quality is essentially “an exchange of human actions and behaviour” (Susskind *et al.*, 2003, p. 374). The aptitude and attitude of employees, and the way in which they behave, thus have a significant impact on the customer's evaluation of service and, ultimately, on the customer's satisfaction. The lack of basic customer skills found in the present study is surprising in view of the fact that Sydney has several universities and colleges that offer courses in tourism and hospitality. The question arises as to whether these institutions are instilling the skills, knowledge, and values that the hotel industry requires. It appears that there might be an emphasis on the teaching of the technical skills required to work in the tourism and hospitality industry, at the expense of interpersonal skills – such as communication, leadership, and people management. The authors believe this problem can be addressed, in large part, if hotels adopt rigorous recruitment procedures that select people with the appropriate attitudes and skills. This should be supported by an organisational commitment to helping employees appreciate their roles in the hotel sector and, more broadly, in tourism.

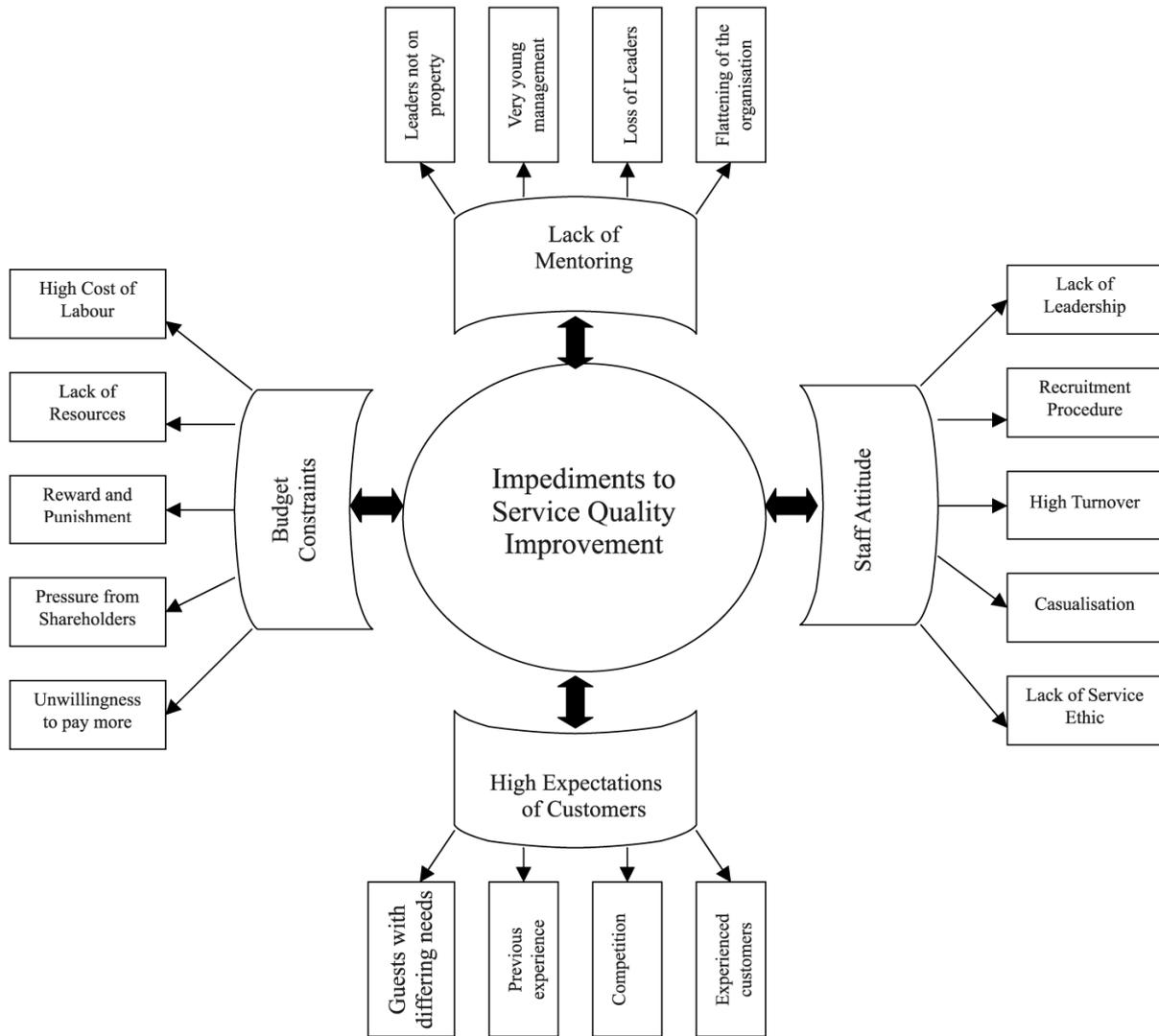
In conclusion, the findings of the present study suggest that leaders in Sydney luxury hotels should take responsibility for overcoming the impediments to service quality – budgetary constraints, inappropriate staff attitudes, lack of mentoring, and the high expectations of guests. If they do not do so, the sustainability of their hotels in the current competitive environment is placed at risk.

### **Directions for future research**

This research has provided important insights into the impediments that stand in the way of improved service quality. There has been little previous research on this theme in the Australian luxury hotel context, and the present study provides a basis for further investigation into the aspects of service that customers consider to be important in their overall experience, and the changes that hotels might need to make to meet the expectations of customers. However, the exploratory nature of this research requires authentication of the

beliefs expressed by managers here. Future research could explore the attitudes of managers across the hotel sector and, more broadly, across the tourism and hospitality industry.

Future research also needs to incorporate the views of other stakeholders in service quality – including employees and customers. Additional research could examine the themes identified in this paper and investigate these within the context of the relevant literature.



**Figure 1** Summary of theme

Hotel	Star rating	No. of rooms and configuration	Market segments
A	5	70 suites One and two bedroom Self-contained apartments	Business – 50 per cent Corp, 15 per cent En Holiday – 35 per cent FIT Leisure Conference – nil Tour groups – 3 per cent Other – no crew
B	5	134 suites Self contained apartments	Business – 55 per cent Holiday – 37 per cent Conference – nil Tour groups – 5 per cent Other – FIT 3 per cent
C	5	227 rooms 12 junior suites 2 king suites	Business – 63.5 per cent Holiday – 19 per cent Conference – 4.5 per cent Tour groups – 2.8 per cent Other – crew – 9 per cent
D	5	359 rooms 141 apartments Various options	Business – 10 per cent Holiday – 30 per cent Conference 20 per cent Tour groups – 20 per cent Other – casino – 20 per cent
E	5	531 rooms Incl. 100 junior suites 10 exec. suites	Business – 52 per cent Holiday – 3 per cent Conference – 20 per cent Tour groups – 22 per cent
F	5	558 rooms Incl. 49 suites	Business – 50 per cent Holiday – 5 per cent Conference – 15 per cent Tour groups – 10 per cent Other – loyalty and FIT leis – 20 per cent
G	4	181 rooms Incl. queen and king suites	Business – corp. 7 per cent, govt. 25 per cent Holiday – 30 per cent FIT Conference – 2 per cent Tour groups – 35 per cent
H	5	135 suites One and two bedroom apartments	Business – 80 per cent (vol. corp.) Holiday – 10 per cent UK, USA, Mid East Conference – res. conf. 10 per cent Tour groups – 1 per cent Other – long stay, family
I	4	525 rooms incl.	Business – 35 per cent Holiday – 30 per cent Conference – 10 per cent Tour groups – 15 per cent Other – crew 10 per cent
J	4.5	124 one, two and three bedroom apartments	Business – 45 per cent Holiday – 4 per cent Other – residence (10 per cent)

**Table I.**  
Participating hotel  
characteristics

**Table I** Participating hotel characteristics

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