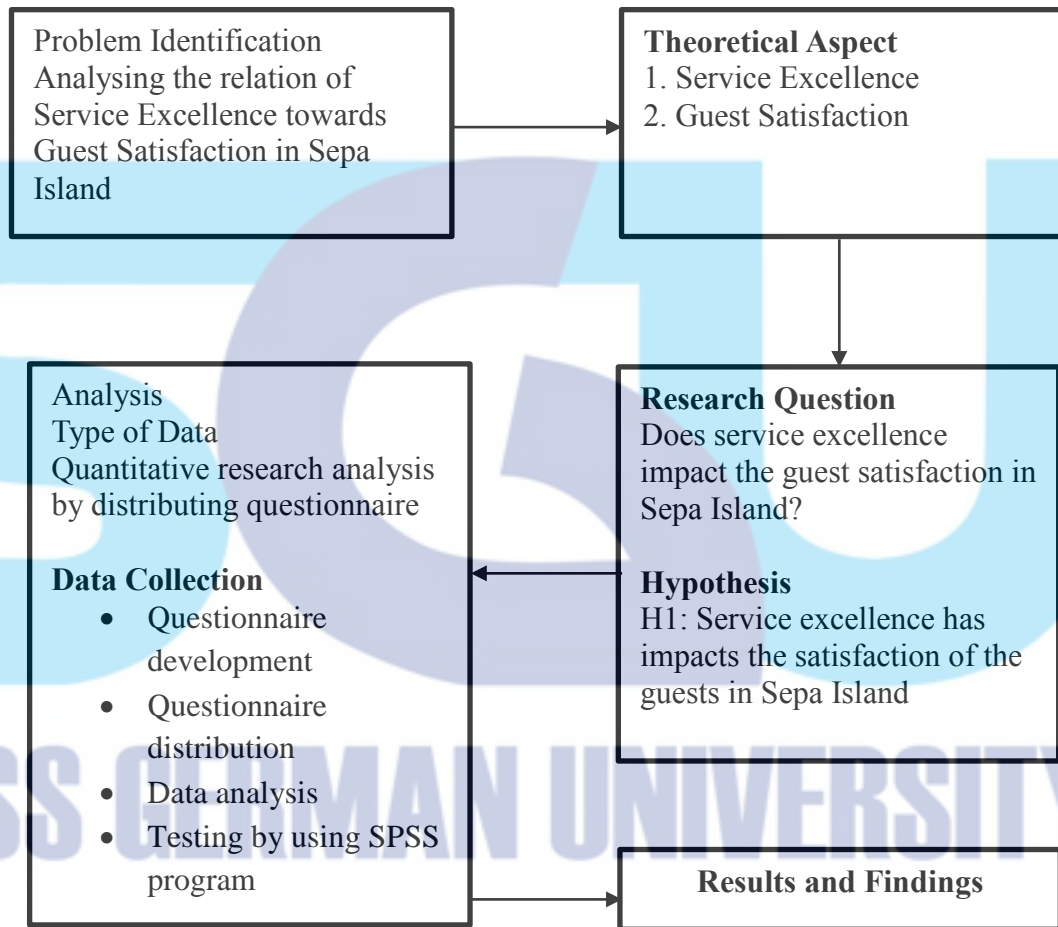


CHAPTER 2 - LITERATURE REVIEW

This chapter will discuss about the basic overview of the theories about the service excellence and guest satisfaction. The theories that are discussed in this chapter will become the base for the author to conduct the research.

2.1 Framework of Thinking



Source: Author

2.2 Concept of service and service Excellence

Service is an intangible product that is provided by the company and it will be felt by the guest or customer. According to the theory, service quality is an overall judgement similar to attitude towards the service and generally accepted as an antecedent of overall customer satisfaction (Naidoo, 2010) quoted from (Zeithaml, 1990). Whereas service excellence is always aiming to make guests looking forward to coming back to the company by surpassing their expectation about the whole property that they have visited (Meiers, 2011). Most company that based on hospitality are always trying to give the best service to be able to surpassed what the guest expect from the company, and to give the best experience for the guest and making them to be loyal to the company.

2.3 Six principles of Service Excellence

According to Nadzaria, 2014, six principles of service excellence are:

- a. **Attitude** is a behavior or temperament that has to be highlighted when having face to face encounter with the guests that includes polite appearance and uniform, positive thinking, logically and mentally healthy, and having appreciation behavior (Nadzaria, 2014). From another source, attitude can be defined as, a mental position with regard to a fact or a state (Merriam, 2016). Our respond to the guest have to be positive at all-time even we have our own personal problem, our attitude have to be positive. Attitude that we show to the guest will represent the image of the hotel whether it is in the way we speak, walk, and respond to what the guest said. Those things are very important for employee who works in front office department, food and beverage service, etc. that encounter the guest most of the time because it will be the first impression from the guest about the company.
- b. **Attention** can be defined as full attention towards the guests, whether it is related to attention for the needs and wants of the guests or understanding of their critics and suggestion, that includes serious listening and understanding the needs of the guests, observing and appreciating the

behavior of the guest, and giving full attention for the guests (Nadzaria, 2014).

The theory from Nadzaria is strengthen from another source who stated that attention is when you carefully listen to, look at, or think about someone or something (longman). The attention that company show to the guest will make them feels special.

More attention that they give to the guest will make the guest more satisfied with the service. Attention also can be given to complaining or unsatisfied guests if the product is not satisfying for them. Guest will not seek for an attention and they will tend to ignoring other perceivable information about the thing that they complaining about so, the company have to give their full attention for the guest to make sure that the guest feels special and satisfied with the product and service.

- c. **Action** can be defined a variety of real activities that has to be done on giving service to the guests (Nadzaria, 2014). From another researcher, action is the core of how a dream can be formed to become a reality and it is a bridge between expectation and reality (Pasolympia, 2016). Any corporation who serve the guest is always a dream that their guest will be satisfied with the service give. Therefore, to make guests satisfied we cannot depending only depending on how good is our appearance.

Variety of precise action are needed to be done to be able to satisfy the guests. In order to make the guest satisfy, we have to take the precise action that match the guest expectations and needs or wants.

- d. **Ability** means absotule, distinct knowledge and skills that has to be done in order to do service excellence, that includes skills in the particular department that is focused on by the employee, and able to conduct an effective communication, motivation building, and developing public relatiopn as an instrument on making a relation inside or outside the company (Nadzaria, 2014). In order to make guests satisfy beside from our

action, we have to have the ability to the the task or request that the guest ask us to do.

Even if our action towards the guest request is very good and responsive, if we do not have the ability to do the task from guest's request they will not satisfy as because, we are not actually able to do the task. Therefore, ability is important to make sure that the guest is satisfied with our service. Beside that, employee that used to having encounter with guest most of the time of their shift, has to be able to communicate well to the guest or another employee inside or outside the company.

- e. **Appearance** the way that someone or something looks whether is physical or non-physical and it is able to reflect the confidence and credibility of someone (Nadzaria, 2014). Appearance in hospitality industry is always one of the most important thing because, it effects the guest's first impression about the company.

Appearance actually can be defined to many more things that company employees should do from their uniform, their haircut tidyness, whether the shoes are polished or not, etc. these the parts of appearance that can effecting the first impression from the guest towards the company.

- f. **Accountability** is an attitude to put our side on the guests as a form of concern to avoid or minimalizing the loss or dissatisfaction of the guests (Nadzaria, 2014). From another theory, accountability can be defined as, the assignment of responsibility for conducting activities in a certain way or producing specific results (ThurLOW, 2016). In hospitality industry, accountability is very important to make the guest satisfied.

If the guests have request something and we have said our words that we are going to fulfill their needs it has to be realized and done because, we have to responsible for what we have said to the guest. If we fail to realizing our own words, guest will not satisfy with our service because they have put some hope that we will fulfill their requests.

The product that the company serve is also important to make the guest satisfied and not complaining but, customer services that the company perform is more important than the product (Dennis, 2008).

Service that the company provide to the guest will be their first impression and will be the perception by seeing and feeling all of the principals of service excellence, and the service provided will remain in the customer's mind for long after the product they purchased has run its course (Dennis, 2008). Guest satisfaction on the other hand can be defined into, the consideration of whether or not customer will return to the hotel or advertise it to the other tourist, is pivotal to the success of the hospitality business. Guests that we serve in the hotel might consider or advertising the company if we perform a good service to the guests (Guzzo, 2010).

2.4 Importance of Service excellence in hospitality industry

Service excellence is always aiming to make guests looking forward to come back to the company by surpassing their expectation about the whole property that they have visited (Meiers, 2011). When the company are able to surpass the guest expectation and make the guest satisfied from their service it means the company has given service excellence for the guest. A flow chart on the next page is showing how important customer service for the company which is leading to repeat purchase from the customer, the company will gain better profits, and the company will be able to competing more efficiently with competitors.



Figure 1 Legendary Customer Service

Source: (business case studies, UK Portal)

Good customer service always making the guests satisfied with the service that has performed by the company to the guests, which exceeding the guest's expectation about the service that the company may provide for them.

After they have a good first impression and happy with the service provided, they will automatically going back to the particular company. Repeat purchases by the customer are not accidental. Instead, they occur due to a relationship you have developed over time through providing superior customer service.

Repeat purchases by the customer, means bigger profit for the company because the customer loved the service already and they will be loyal to the company.

After all these processes, then the satisfied customers will do the word-of-mouth advertising to their friends, relatives, community, etc. by them self, which make the company is able to competing more efficiently with the competitors (Joseph).

2.5 Guest Satisfaction

Satisfaction is a feeling that associated with acceptance, happiness, relief, excitement, and delight (Hoyer & MacInnis, 2001). From another source it stated that, customer satisfaction defined as a person's feelings of pleasure or disappointment that results from comparing a product's perceived performance or outcome with his/her expectations (Kotler and Keller, 2009, p.789, cited in Leila Agha Kasiri, 2016). If the expectation is greater than the performance of the employee, then perceived quality is less than satisfactory and will make the customer dissatisfied with the service (Parasuraman, 1985). Therefore, in order to make the guest satisfied with the service given, the company have to exceeding the customer expectation about everything that the company provide. And it is one of the main goals of a hotel or resort to make their guests satisfied with the product and service provided for them. And if the product and services is exceed from what the guests expect, then it is possible to make the guest satisfied and become a loyal customer to the company and they might advertise the company to their relatives and/or friends.

2.6 Indicators of Guest satisfaction

There are many indicators that can affect the guest satisfaction. According to Adityo Laksono, he quoted from Zeithaml and Bitner, indicators of guest satisfaction are as follows (Laksono, 2015), (Valerie A. Zeithaml, 2003):

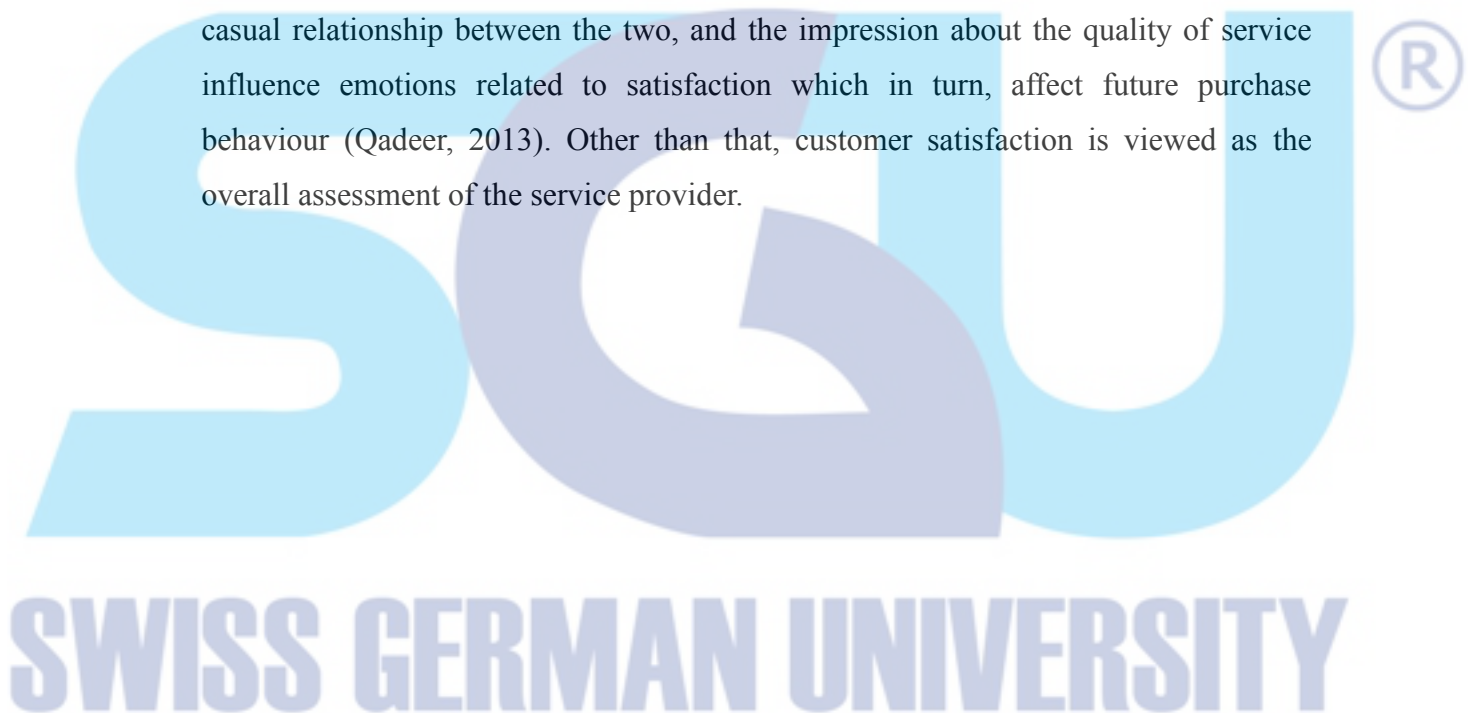
1. Quality of service. The consumer will feel satisfied if they receive good service or more than what the guest expect.
2. Quality of the product. Consumer will feel satisfy if the product that they have purchased is having good quality.
3. Price. If the product having the same quality but the price is lower, will give higher satisfaction for the guest who purchase the product..
4. Situation factor is the situation or condition that is happening to the guest.
5. Personality factor of the consumer is the characteristic of customer that includes the personal needs of the consumer.

These are the indicators of guest satisfaction according to Zeithmal and Beitmer.

However, this research will discussing about the service of Sepa Island because, the focus of this research is regarding service excellence and the principles, and how service excellence can effecting the guest satisfaction in Sepa Island.

2.7 Correlation between service excellence and guest satisfaction

From the theories in this sub chapter already discuss about, service excellence is related to guest satisfaction because, guest satisfaction will be gained by the company if they serve the guest properly and it will be better if the company could surpass the expectation of the guest which taking the guest satisfaction towards the company's service in a higher stage and making the company have a good reputation from the guest and they might become loyal to the company. Moreover, the guest could spread the word of mouth to the society about the company and bringing even more profit for the company. Service quality and satisfaction are distinct construct, and there is a casual relationship between the two, and the impression about the quality of service influence emotions related to satisfaction which in turn, affect future purchase behaviour (Qadeer, 2013). Other than that, customer satisfaction is viewed as the overall assessment of the service provider.



2.8 Previous Studies

Table 1 Previous Studies

Author	Year	Title	Variables	Findings
Leila Agha Kasiri, Kenny Teoh Guan Cheng, Murali Sambasivan, Samsinar Md. Sidin	2016	Integration of standardization and customization: Impact on service quality, customer satisfaction, and loyalty	<ul style="list-style-type: none"> - Standardization - Customization - Service quality - Customer satisfaction - Customer loyalty 	<ul style="list-style-type: none"> - integration of standardization and customization of service offerings is critical to improve service quality - standardization has higher impact on service quality when compared to customization - customer satisfaction has a significant effect on customer loyalty

Author	Year	Title	Variables	Findings
Antari Setiyawati, SE	2009	Study of Customer Satisfaction To Achieve customer Loyalty (Studi Kepuasan Pelanggan Untuk Mencapai Loyalitas Pelanggan)	<ul style="list-style-type: none"> - Customer Satisfaction - Customer loyalty 	<ul style="list-style-type: none"> - Good service quality and product will make the customer satisfied. - Satisfied customer is more likely to be loyal to the company.
Dayang Nailul Munna Abang Abdullah, and Francine Rozario	2009	Influence of Service and Product Quality towards Customer Satisfaction : A Case Study at the Staff Cafeteria in the Hotel Industry	<ul style="list-style-type: none"> - Service quality - Product quality - Customer satisfaction 	<ul style="list-style-type: none"> - Service and product quality is influencing customer satisfaction. - Service quality is not the only indicator to make customer satisfied. - Service quality contributes the most for guest satisfaction

Author	Year	Title	Indicators	Findings
Albert Caruana	2002	Service loyalty: The effects of service quality and the mediating role of customer satisfaction	<ul style="list-style-type: none"> - Service loyalty - Service quality - Customer satisfaction 	<ul style="list-style-type: none"> - Service quality contributes to service loyalty through customer satisfaction - Service quality and customer satisfaction are correlated

2.9 Difference of study

The study that was conducted by Leila Agha Kasiri, Kenny Teoh Guan Cheng, Murali Sambasivan, Samsinar Md. Sidin in 2016 that discussing about Integration of standardization and customization: Impact on service quality, customer satisfaction, and loyalty, has differences with this research as follows:

1. The study was conducted to find out how standardization and customization effecting the service quality, customer satisfaction, and customer loyalty
2. The study was conducted in three different places (hotels, hospitals, and university) in Malaysia.
3. The dependent variables of the research is different with the main indicators of this research

The Study that was conducted by Antari Setiyawati in 2009 that discussing about Study of Customer Satisfaction To Achieve customer Loyalty has differences with this research as follows:

1. The study was conducted in a retail shop (TB. Bangun Rejeki).
2. The main purpose of research is to see how customer satisfaction could affect customer loyalty.

The study that was conducted by Dayang Nailul Munna Abang Abdullah, and Francine Rozario in 2009 that discussing about Influence of Service and Product Quality towards Customer Satisfaction : A Case Study at the Staff Cafeteria in the Hotel Industry has differences with this research as follows:

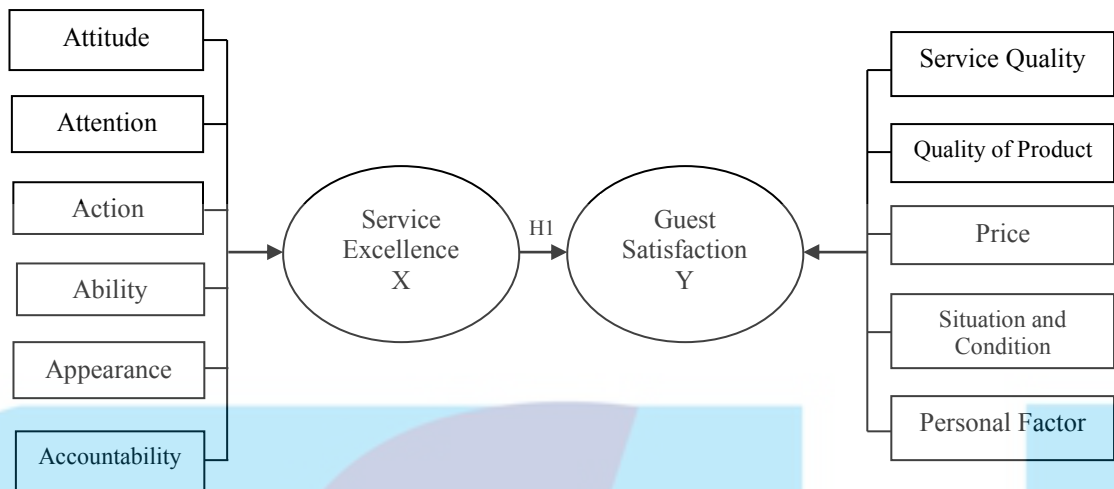
1. The research was conducted in a cafeteria inside a famous hotel in Malaysia.
2. Product Quality takes part as one of the main variable in the research
3. The sample of the respondents taken for this research are employees who works in the hotel

The study that was conducted by Albert Caranua in 2002 that discussing about Service loyalty: The effects of service quality and the mediating role of customer satisfaction, has some differences with this study as follows:

1. Service loyalty is the dependent variable of the research.
2. Customer satisfaction as the mediator for service quality to service loyalty.
3. Service quality as the independent variable for the research.

2.10 Research Model

Figure 2 Research Model



From the research framework above, it is shown that this research has 6 indicators of service excellence. On the other hand, guest satisfaction is indicated with 5 indicators that determine the satisfaction of the guests. The diagram of the research framework describe that the independent variable (X) is having simple linear regression with the dependent variable (Y).

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