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## Potential influence of ISO 9001: 2000 quality management principles on service quality in Kenya's hotel industry

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### Abstract

In this time of globalization and turbulent economic environment, hotel establishments in the world are required to implement new management approaches in order to provide high quality service. Implementation of quality management principles in Kenyan hotel establishments offers an opportunity to improve on the overall quality of service. This study explored the potential influence of ISO 9001: Quality Management Principles on service quality in the hotel industry in Kenya. The study employed co-relational research design. The target population was 300 employees and 80 middle level managers from selected star rated hotels in Nairobi city. Stratified and systematic sampling techniques were adopted to identify the respondents for the study. Using a ten percent formula, the sample size was determined to be 30 first line employees and 8 middle level managers. Both primary and secondary sources of data were adopted. Structured questionnaires were used to collect primary data from the respondents while secondary data was collected from journals and hotel records. Reliability was measured using the Cronbach's Alpha at a level of 0.7%. Inferential and descriptive statistics were used to analyze data. The findings of the study indicate a relationship between ISO 9001 and service quality ( $r = 0.5$   $p < 0.001$ ). In order to enhance service quality, recommendations are made to hotels to embrace accreditation under ISO 9001: 2000 Quality Management Systems.

**Key words:** *ISO; Service quality; Quality Management Principles.*

### 1.0 Background

ISO 9001 standards offer companies the competence to improve an effective quality system. Focus is on continuous adaptation as long as the organization shows the necessary promptness to utilize it. Hotel establishments can greatly benefit from the process if they see the standards as an opportunity to organize and improve their internal operations and quality, by creating a dynamic ever – improving quality systems. The real benefits can be realized only when the companies that apply them truly understand both their capabilities and their limits. (Ivana; Raguž, Ivona; Svilokos, Tonći, 2013)

Many Kenyan hotels are characterised by poor management principles like lack of involvement of employees in decision making process, less factual decision making and poor supplier relationships among others. These factors may influence performance of people and the quality of service in the hotel industry.

Implementation of ISO 9001 management principles in the hospitality sector may be a stepping stone towards eradication of the service quality gaps. The goal of this study is

to establish the relationship between ISO 9001 management principles and service quality in hotel industry, through examining the management principles like customer focus, leadership management, people involvement, process approach, system approach, continual improvement, factual decision making and mutually beneficial supplier relationships (Kenya Bureau of Standards, 2008).

### Specific objective and hypothesis

- a) The study will seek to determine the relationship between ISO 9001: quality management practices and service quality in Kenya hotel industry.
- b) To ascertain this relationship, the study will test the following hypothesis:

**Ho<sub>1</sub>**-*There is no relationship between ISO 9001 quality Management Practices does and service quality gaps.*

## 2.0 Literature Review

The revised ISO 9000: 2000 Series of standards based on eight principles are derived from collective experience and knowledge of the international experts. The principles can be used by senior management as a framework to guide their organizations towards improved performance. These principles are; customer focus, leadership, involvement of people, process approach, systems approach, continual improvement, factual decision making, and mutually beneficial supplier relationships. (Kenya Bureau of Standards, 2008)

The first principle-customer focuses enhances the organization’s understanding of current and future customer needs. This principle applies in researching and understanding customer needs and ensuring that the objectives of the organization are linked to customer needs and expectations. Secondly, leadership enhances unity of purpose and direction. It creates and maintains the internal environment in which people can become fully involved in achieving the organization’s objectives (Kenya Bureau of Standards, 2008).

Thirdly, involvement of people at all levels is the essence of an organization and their involvement enables their abilities to be used for the organization’s benefit. Fourthly, process approach improves the desired result that is; results are achieved more efficiently when activities and related resources are managed as a process. The fifth principle-system approach involves identifying, understanding and managing interrelated processes as a system. This contributes to the organization’s effectiveness and efficiency in

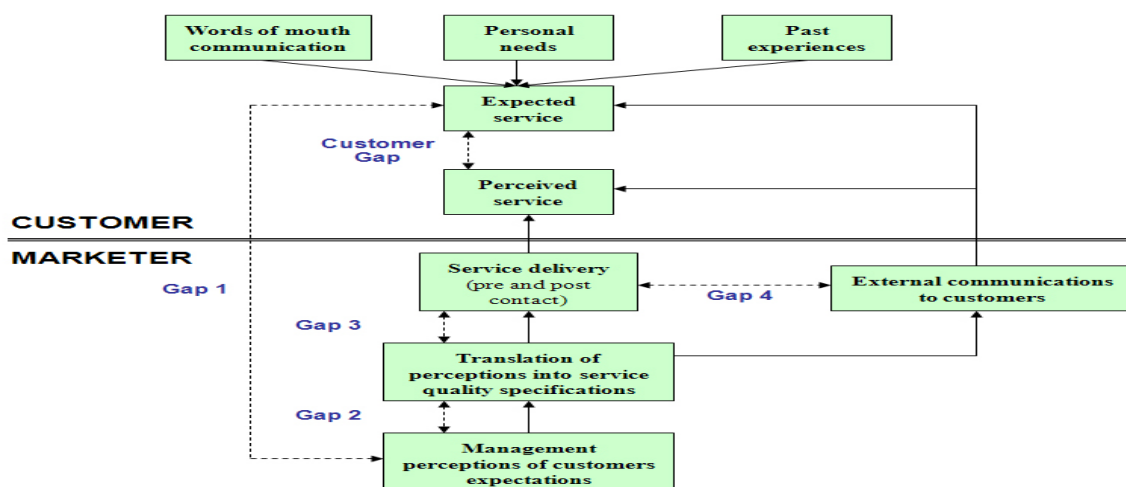
achieving its objectives (Kenya Bureau of Standards, 2008).

The sixth principle is continual improvement of the organization’s overall performance. This principle is a permanent objective of the organization. It is implemented by; employing a consistent organization, that is; a wide approach to improvement on the organization’s goals. Seventhly, factual decisions are based on accurate analysis of data and information. The application of this principle includes; ensuring that data and information is sufficiently accurate and reliable, making data accessible to those who need it, analyzing data and information using valid methods to make decisions (Kenya Bureau of Standards, 2008).

Lastly, a mutually beneficial supplier relationship enhances the ability of both to create value. Value can be built by; establishing relationships that balance short-term gains with long-term considerations, pooling of expertise and resources with partners, identifying and selecting key suppliers.(Kenya Bureau of Standards Training and advisory services, 2008).

### 2.1 Service quality gap models

The gaps model of service quality was first developed by a group of authors, Parasuraman, Zeithaml, Berry, at Texas A&M and North Carolina Universities (Parasuraman, Zeithaml & Berry, 1985). Perceived service quality can be defined as, according to the model, the difference between consumers’ expectation and perceptions which eventually depends on the size and the direction of the four gaps concerning the delivery of service quality on the company’s side.



**Figure 2.1:** Integrated Gap Model of Service Quality **Source:** Parasuraman, Zeithaml and Berry (1985).

The key points for each gap can be summarized as; gap one- marketing information; represents the difference between what customers expected and what management perceived about the expectation of customers. Gap two represents the difference between management's perceptions of customer expectations and the translation of those perceptions into service quality specifications and designs. Gap three-Service performance gap represents the difference between specifications or standards of service quality and the actual service delivered to customers. Gap four-the communication; the difference between the service delivered to customers and the promise of the organisation to customers about its service quality. Lastly Customer gap/service gap (gap five)-represents the difference between customer expectations and perceptions (Parasuraman, Zeithaml and Berry, 1985).

### 3.0 Methodology

This study was carried out in selected hotel establishments located in Nairobi city, Kenya. It employed a co-relational research design. The target population was 80 middle level managers and 300 first line employees from food and beverage management and rooms division departments of selected 5-star hotels in Kenya. Purposive sampling technique was used to identify the establishments. The target population was stratified between the management and front-line staff. A ten percent of each stratum was used to form the sample size of 8 middle level managers and 30 first line employees. The management was chosen as the major respondents because they were in a position to objectively assess the intricacies in the implementation processes of ISO 9001 quality management principles in hotel industry.

Both primary and secondary sources were used in the study. Primary data was collected through the use of questionnaires. Structured questionnaires were administered to both middle level managers and first line staff in the selected hotels. Secondary data was also collected and studied through use of hotel reports and records kept, other sources included relevant books, journals, magazines and the internet.

Likert scale questionnaires were used to collect data. Respondents were asked to

indicate the extent to which they agree to ISO 9001 management principles and service quality gap indicators. Data was analyzed with use of both descriptive and inferential statistics. Data confidentiality and privacy was highly upheld, no respondent was required to indicate their names on data collection instruments besides, data collection was done with voluntary informed consent of the respondents. The researcher did not at any time use any vulnerable or special populations in development of this study without their consent.

## 4.0 Results and analysis

### 4.1 ISO 9001 Quality Management Systems

The respondents were asked to rate their thoughts concerning a range of statements in relation to ISO 9001: Quality Management Systems. The attributes were analyzed on a 3-point Likert scale to establish their level of agreement.

Of the measures rated, a majority (81%) agreed on the importance of focusing on customers' requirements while 14.2% disagreed. A margin of 4.8% was neutral. In reference to leadership management style 90.5% agreed that it is an important factor that can influence service quality, 7.1% were neutral on this while only 2.4% disagreed.

When asked on whether all employees should be involved in quality practices, a majority of 83.3% agreed that it can influence service quality. 7.2% were neutral while 9.5% disagreed. With regard to managing activities as a process, it was agreed to by a majority of 69.0%, 28.6% were neutral while 2.4% disagreed while on managing interrelated processes as systems, 78.5% agreed, 16.7% were neutral while 4.8% disagreed.

As to whether continuous improvement is important in achievement of service quality 73.8% agreed, 14.3% were neutral and 11.9% disagreed. Lastly, pertaining to their thoughts as to whether having defined a factual decision making process is important, 71.5% of the respondents agreed, 19% were neutral while 9.5% disagreed. 78.6% felt that having a beneficial relationship with suppliers is a step towards achieving service quality, 14.3% were neutral while 7.1% disagreed.

**Table 4.1: ISO 9001 Quality Management Practices**

Item	Scale	Count	Percent
1. Customer focus	Disagree	6	14.2
	Neutral	2	4.8
	Agree	34	81
2. Leadership management styles	Disagree	1	2.4
	Neutral	3	7.1
	Agree	38	90.5
3. Employee involvement in quality practices.	Disagree	4	9.5
	Neutral	3	7.2
	Agree	35	83.3
4. Managing activities as a process	Disagree	2	2.4
	Neutral	1	28.6
	Agree	39	69.0
5. Managing interrelated processes as a system.	Disagree	2	4.8
	Neutral	7	16.7
	Agree	33	78.5
6. Continuous improvement on our performance	Disagree	5	11.9
	Neutral	6	14.3
	Agree	31	73.8
7. Factual decision making process.	Disagree	4	9.5
	Neutral	8	19.0
	Agree	30	71.5
8. Establishing beneficial relationship with suppliers	Disagree	3	7.1
	Neutral	6	14.3
	Agree	33	78.6

Source: Data Analysis, (2014)

#### 4.2 Service Quality

The views of employees were collected on their level agreement on presence of service quality gap indicators in their hotels. The study found that 83.3% disagreed that gap.1 existed in their hotel establishment, 16.7% were neutral while none agreed. With regard to gap.2, 89.0% disagreed, 8 % remained

neutral while a margin of 3% agreed. Concerning gap.3, a majority of 95.2% disagreed having experienced it in their hotel establishments, and only 4.8% were neutral, none agreed. 76.2% disagreed to the existence of gap 4 in their workplace, with 23.8% being neutral. No respondent agreed. Lastly, 78.6% disagreed having experienced gap 5, 14.3% were neutral and 7.1% agreed.

**Table 4.2: Service Quality Gaps**

Item		Count	Percent
Gap.1-Management does not understand what customers expect from a service.	Disagree	35	83.3
	Neutral	7	16.7
	Agree	-	-
Gap.2- The management has failed to develop a system of measures which will enable the delivery of a desired quality.	Disagree	37	89.0
	Neutral	4	8.0
	Agree	1	3.0
Gap. 3-There is variations between what managers have defined as standards of service quality and the way how a service is actually delivered.	Disagree	40	95.2
	Neutral	2	4.8
	Agree	-	-
Gap 4- There is variations between delivered service and what customers are actually promised about the service itself.	Disagree	32	76.2
	Neutral	10	23.8
	Agree	-	-
Gap 5-There is a difference between customers' service expectations and their perception about the specific service. (As a result of all the previous gaps).	Disagree	33	78.6
	Neutral	6	14.3
	Agree	3	7.1

Source: Data analysis, (2014)

This study employed simple regression method to test the null hypothesis. To test this relationship, a simple regression equation was estimated for the dependent variable against the independent variables. The dependent

variable (service quality) was denoted as the independent variables for the study was ISO 9001; Quality Management Principles (X).

#### 4.2: ISO 9001: Service Quality Gaps and Quality Management Principles

A regression analysis of SQ (service quality) against QM (quality management principles),

was done and the regression model was as follows:

$$SQ_i = \beta_0 + \beta_1 \text{QualM} + \mu$$

$$SQ_i = 2.143 + 0.286 \text{QualM} + \mu$$

Where;

$SQ_i$  = Service quality

QM= Quality management principles

$\beta_0$ = Constant term.

$\beta_1$  = Coefficients of the Regression

$\mu$  = Error term.

In order to test the stated hypothesis, statistical Significance of parameter estimates were established and thus enabling the researcher to establish the significance of the variable in the model and therefore it's relative importance in determining the dependent variable.

From the above model, it is clear that there exist a positive relationship between  $Y_i$  (service quality) and quality management principles (X), based on the positive coefficient of the variable  $\beta = 0.286$ . This shows that when quality management principles are implemented by one unit percentage, service quality improves by 28.6%. It follows then that implementation of quality management principles improves service quality.

The 95% confidence interval for the estimation of  $\beta$  ranged between 1.691 and 2.595 for the lower and upper bound respectively. The true population parameter would lie in this range on 95 occasions out of one hundred occasions this parameter is estimated. The standard error of the estimate stood at 0.078. This is a small value in relation to the regression coefficient which implies a reliable prediction of  $\beta$ .

**Table 4.3 Coefficients (Y against X)**

Model	Coefficients <sup>a</sup>													
	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics		
	B	Std. Error	Beta				Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
1 (Constant)	2.143	.224		9.583	.000	1.691	2.595							
X	.286	.078	.500	3.651	.001	.128	.444	.500	.500	.500	1.000	1.000		

a. Dependent Variable: Y

Source: Data analysis, (2014).

### 4.3: Hypothesis testing

The study had hypothesized that;

**H<sub>01</sub>:** *There is no significant relationship between quality management principles and service quality in the hotel industry.*

In order to test the relationships between the independent variables for this study, the

researcher subjected the data to a simple regression and the coefficients of correlations were obtained as shown in the table 4.4.

From the results of the analysis, hypothesis that there is no *there is no significant relationship between quality management principles and service quality in the hotel industry* was rejected. ( $t=3.651$ ,  $p=0.001$ ). This is because of the t value that is above the critical value of  $t_{\alpha}=2.96$ .

### 3.1.6 Model Summary of Service Quality Gaps on Quality Management Principles

The coefficient of determination ( $R^2$ ) is by definition the proportion of total variation in the dependent variable (Y) explained by the regression of Y on X (Koutsoyiannis and Georgiou, 1993). The coefficient of determination ( $R^2$ ) was found to be 0.250. It can be deduced that the regression of Y on X, explains 25% of the variations in the dependent variable. This means that service quality was explained by 25% of quality management principles.

At the same time, the data yield a Durbin-Watson value of 1.114. This means that there is correlation amongst the variables that were brought out in the study.

**Table 4: Model Summary of Y on X1**

Model	Model Summary <sup>b</sup>									Durbin-Watson
	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.500 <sup>a</sup>	.250	.231	.189	.250	13.333	1	40	.001	1.114

a. Predictors: (Constant), X

b. Dependent Variable: Y

Source: Data analysis, (2014)

### 5.0 Discussion and conclusion

The study had hypothesized that there is no significant relationship between quality management principles and service quality in the hotel industry. From the findings of the study, the hypothesis was rejected. A regression model indicates a positive relationship between service quality and quality management principles. Adoption and implementation of quality management principles improves service quality.

As indicated by statistical results in the previous chapter, majority rated highly the importance of focus on customers'

requirements in the design and delivery of services. This finding is consistent with the findings of Zurita, (2004) which asserts that companies which do not identify and acting on customer needs and expectations are more likely to have “service quality problems”. Kotler, (2006) pointed out that one of the important reason for the emergence of Gap.1 is the existence of too many levels of organisation which restrain and alter certain levels of information about the expectations and demands of customer requirements. Moreover, not understanding the customers’ expectations can be as well the result of a bad management of customers’ complaints (Veljković, 2009). Drawing from previous studies, hotels can emphasise on creating customer relationships through establishing feedback processes and managing customer complaints effectively.

The role of leadership management in attaining service quality cannot be underestimated. Perry, (2000) proposed that managers must be motivators and organisations must start to work towards a flat managerial structure that embraces regular performance reviews. The size of gap 1 in any hotel is proposed to be a function of many others including leadership and its commitment to service quality (Uran, 2007).

Different situations may call for different styles of leadership. Participatory leadership style may be suitable especially during a process of initiating change. Under this leadership style, subordinates will be freely allowed to communicate with the leader and also with their fellow subordinates. If employees are involved in decision-making processes, they become more responsible to the decisions made and take personal initiative to perform tasks.

From the results, majority noted the importance of involvement in quality practices. Employee involvement to achievement of quality is vital, Zurita, (2004) pointed out that employees feel empowered through being involved in consultation and the problem solving process and for these reasons should be more committed to achieve the organisation’s objectives.

Concerning process approach, a majority indicated that this is important in attaining service quality. Pantelic *et al*, (2010) pointed out that Gap 2 may exist due to unsystematically process of new service

development. A process approach is critical in achieving service quality as it offers an opportunity to detect deviations from the expected standards and a corrective action process can be initiated along the process. This in turn may save on costs of operations and enhance efficiency of operations. Process approach may as well enhance training process of new staff since all the procedures of performing tasks may be laid down.

Another requirement that is significant in achieving quality is management of the interrelated process as a system. An organisation may experience differences between specification of service quality and attributes of the process of service production and delivery, as brought about by differences between what managers have defined as standard of service quality and the way how a service was actually delivered (Ivanaet *al*, 2010). This discrepancy be brought about if interrelated processes are not intergrated. Managing processes as systems can bridge this gap as different players in all levels will be involved in all the stages of service production and delivery.

Equally important is continual improvement of the organisational performance. As pointed out by Zurita, (2004) continual improvement should be an attitude that all the employees are encouraged to bring everything they do, that is; quality is the responsibility of the individual not just the quality department. Organisations can overcome the difference between customers’ expectations regarding the service and their perception about the specific service though embracing a culture of continual improvement. In the current Kenyan hospitality market environment that is characterised with turbulent external forces, hotels are faced with off-balance uncertainties, but there is hope. This hope lies in the commitment to this principle. If hotels could focus on improving on their performance, the gap between customer expectations and perceived service could be narrowed.

Accurate decision making is a challenge to many organizations; however with the implementation of ISO 9001 quality management principles, a greater part approved that this could narrow the service quality gaps. Making of accurate decision depends on accurate analysis of data and information. Hotels can endeavor to gather up-

to date and reliable data and involve key players in the decision making process.

An organisation and its suppliers are interconnected and a good relationship between them is vital in achievement of quality. A mutual beneficial supplier relationship ensures that value is created between the two parties. Hotels can build this relationship by sharing information and future plans with key suppliers so that both work with commitment towards achievement.

Based on the combination of literature review with the results of this study, it is clear that implementation of ISO 9001 management principles can offer a good first step towards achievement of service quality in the Kenyan hotel industry. It offers a good first step towards reduction of service quality gaps. Moreover, it boosts quality culture and quality commitment.

Even though, service quality gaps may be eliminated through other ways like development of strong relations with customers; designing of standards and specifications of services that are in accordance with customers' demands; introducing adequate systems of the control and giving realistic promises to customers. The bottom line lies in full adoption and implementation of ISO 9001: Quality Management Systems. However, the adoption of these standards in a service industry, especially hotel sector can pose a challenge because of the unique features that define it. Further investigations need to be done to examine the intricacies that surround the adoption and implementation of these standards in the Kenyan hotel industry.

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