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THE IMPACT OF SERVICE QUALITY ON BUSINESS PERFORMANCE IN QATAR-BASED HOTELS: AN EMPIRICAL STUDY

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ABSTRACT. This study focuses on the impact of service quality on business performance in Qatar-based hotels. The study tests fifteen hypotheses built on existing theoretical models. The research adopts survey sampling method and uses the structural equation modeling approach. Empirical data were collected through the tourists of ten 5-star hotels in Qatar using the simple random sampling technique ($n = 243$). The findings revealed significant interrelations of tangibles, reliability, and empathy with financial, nonfinancial, and operational performance of the surveyed hotels. Responsiveness and assurance had a significant interrelation with nonfinancial performance and operational performance respectively. Based on the findings of this study, the paper discusses key managerial implications to improve specific dimensions of service quality for enhanced business performance. This paper has a special relevance for hotels in Qatar as they witness steady growth and seek avenues for improvement in service quality for a sustainable business performance.

INTRODUCTION

Service quality has been linked to organizational performance in most of the service sectors including tourism, hospitality, health care, banking, education, and insurance, since the past several decades. Although service quality has an important role to play in the development of customer satisfaction, several researchers have questioned its direct influence on business performance (Cheruiyot & Maru, 2013; Izogo & Ogba, 2015; Solomon et al., 2015; Tkaczynski, 2013). The researchers are of the view that it is not service quality alone which leads to the improvement in business performance and there are several other antecedents which may promote the business performance as it is a multi-dimensional construct. In fact, service quality may not influence all the dimensions of business performance, but only some of its

components. So, researchers have emphasized on the industry specific investigation of the influence of individual dimensions of service quality on the specific dimensions of business performance.

There are not many studies that deal with the aforementioned areas of research interest in the context of hotels, particularly in Arab countries, in which Qatar is one of the leading business economy (Al-Ababneh, 2013). The Middle East had 52 million visitors in 2013, and it is anticipated that travel and tourism's direct contribution to GDP in the region will grow at least by 5.5% in for the immediate years to come (United Nations World Tourism Organization, 2013). Qatar has launched the Qatar National Tourism Sector Strategy 2030, targeting an increase in tourism's contribution to GDP to 5.1% by 2030 from 2.6% currently and the

government and the private sectors have planned to invest about $40–45 billion in total in the tourism sector by 2030 (United Nations World Tourism Organization, 2013). Thus, it is clear that there is a tremendous boost for tourism and hospitality in Qatar and that there will be a requirement to enhance the service quality. In addition, there is also a need to check the relations between the service quality and business performance dimensions so that the hospitality sector may focus more on those specific dimensions of service quality that have an effect on business performance.

OBJECTIVES OF THIS RESEARCH

This research is basically an attempt to associate service quality with business performance in the context of hotels. The specific objectives are as follows:

1. Study the relevance of the dimensions of service quality and business performance in the context of hotels.
2. Seek the interrelation between the dimensions of the service quality and business performance.
3. Draw implications to the managers of the hotels so that the dimensions of specific relevance to business performance can be strengthened to achieve better business performance.

LITERATURE REVIEW

Service Quality

Service quality concepts have a long history and right since its inception it is known as what the customer gets out of what he or she is willing to pay (Ducker, 1991). Service quality is also considered as the extent to which the needs or expectation of the customers are met with (Amjad et al., 2013; Butt & de Run, 2010; Rodrigues et al., 2011). In terms of measurement, service quality frequently has been conceptualized as the difference between the perceived and expected service (Kara et al., 2005; Zeithaml et al., 1996). Measurement of

service quality has been a major issue since the past several years, and although a group of authors have argued that it should be the difference between the perception and expectation (Bolton & Drew, 1991; Rauch, Collins, Nal, & Barr, 2015; Zhang et al., 2014), another group of authors have argued that perception includes expectation, and hence, perception alone can be a measure of service quality (Brown et al., 1993; Cronin & Taylor, 1992).

Parasuraman and colleagues (1985) introduced the SERVQUAL model to measure service quality including 22 items in five dimensions: reliability, tangible, responsiveness, assurance, and empathy. These dimensions have specific service characteristic link to the expectation of customers. The SERVQUAL (Parasuraman et al., 1985) scale was basically developed for the service marketing environment first and then extended to other service sectors. Even though this model as an instrument has been used in various studies across industries, the SERVQUAL scale has received criticism from other scholars (e.g., Brown et al., 1993; Cronin & Taylor, 1992). Several researches have confirmed that the SERVQUAL instrument is applicable to the tourism industry and hence we used it in this research to measure service quality (Dedeoğlu & Demirer, 2015; Shaikh & Khan, 2011; Yuan et al., 2005).

Business Performance

The term *business performance* in the organizational context has different connotations. It could refer to operational performance, organizational performance (financial and nonfinancial), brand performance, market performance, research performance, and so on. There are different streams of research in this area, and it is necessary to focus on specific context of performance in the study related to the influence of service quality on performance. The literature is rich in performance measurement with different approaches, the most common being the balanced score card approach. Again, there are qualitative and quantitative measures of performance as well as

performance at the employee level and the organizational level.

At the organizational level of study, financial measures are most commonly used performance measures and comprise three main components: profit margin, return on assets, and return on equity. Performance indicators could be used for financial reports, monitoring of performance of employees, customer satisfaction, the health safety environment rating, the overall equipment effectiveness, and many other applications. If performance indicators are identified properly, then it can provide or identify resource allocation and control, help benchmarking, enhance personnel performance, and thus contribute to the overall business objectives (Kumar et al., 2009). Baharum et al. (2006) in their service quality framework proposed three aspects of business performance focused on the service aspect of quality, the technical aspect of quality, and the image aspect of quality that essentially enhance business performance. Researchers such as Jung and Hong (2008) have studied performance in terms of factors including customer satisfaction, employee morale, productivity, defective rate, warranty claim, and cost of quality. These studies focus on business performance in terms of employee performance. Thus, *business performance* can be defined and measured in many ways, and it is a multidimensional concept. Speaking in terms of the hotel industry, business performance has to be measured specifically in terms of financial performance, nonfinancial performance, and operational performance; thus, these three aspects of business performance have been considered in this research.

METHOD

This article is an empirical study that adopted a quantitative approach that involves data collection through survey questionnaire and analysis using second-generation statistical analysis and structural equation modeling. The following are the details of the methods and procedures adopted in this research.

Survey and Data Collection

The development of the metric in the form of a questionnaire followed by the theoretical model specification entailed a four-stage approach including meta-analysis of the literature, interviews with major stakeholders of hotel industry, questionnaire development, and pilot testing of the questionnaire. Ten five-star hotels in Qatar were randomly chosen for this research survey. The sample comprises guests of these hotels who were approached through the human resources manager of the hotels. Because the questionnaire was easy to understand and self-administered with clear instruction, they were directly handed over by the human resources manager to the respondents. Care was taken to see that the questionnaires were distributed when the guests were in a relaxed mood and had the patience and time for completing them. The questionnaire had three distinct parts. The first part referred to the demographic information of the respondent, the second part was the quantitative measurement of service quality and business performance using a 5-point Likert scale, and the third part was the collection of the qualitative information pertaining to service quality and business performance. Although service quality measurement was through the standard SERVQUAL questionnaire, business performance was using specifically developed questionnaire using the available ones. Table 1 summarizes the constructs, description, sample items, and origin of the items in the questionnaire before the factor reduction through confirmatory factor analysis.

Thus, the original questionnaire had 40 indicators of measurement that were to be rated on a 5-point Likert scale. First, a pilot study was conducted to validate and test the reliability of the questionnaire with a sample size of 35. During the pilot run, the questionnaire was given to six subject experts who were professors in the university and also to four experienced managers from the hotels where the survey was conducted. As per their inputs, some management jargons in the questionnaire were eliminated, and two questions were rephrased. The content,

TABLE 1. Survey Constructs, Sample Items, and Sources

Quality

Dimension	Description	Sample item	No. of items	Literature
Tangibles	Physical facilities, equipment, and the appearance of personnel	Excellent hotels will have modern-looking equipment.	5	Parasuraman et al. (1985), Sohail (2003), Mostafa (2005), Wiesniewski and Wiesniewski (2005), Francesca & Harini (2013), Samen et al. (2013), Alnsour et al. (2014), Santos et al. (2015)
Reliability	Ability to perform the promised service accurately and dependably	When excellent hotels promise to do something by a certain time, they will do so.	5	Parasuraman et al. (1985), Kumar et al. (2009), Camgöz-Akdağ et al. (2013), Shahin et al. (2014)
Responsiveness	Willingness to help customers and provide prompt service	Employees of excellent hotels will tell customers exactly when services will be performed.	5	Parasuraman et al. (1985), Ladhari (2009) Al-Borie & Damanhouri (2013), Woods & Miles (2014)
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence	The behavior of employees of excellent hotels will instill confidence in customers.	5	Parasuraman et al. (1985), Kitapci et al., (2013), Cronholm & Salomonson (2014), Zhang et al. (2014), Rauch et al. (2015)
Empathy	Caring and individualized attention to customers	Excellent hotels will have operating hours convenient to all their customers.	5	Parasuraman et al. (1985), Baldwin (2014), Batista & de Medeiros (2014), Ozretic-Dosen & Zizak (2015)

Business performance

Dimension	Description	Sample item	No. of items	Literature
Financial performance		With service quality, revenue of hotel will improve.	5	Ramamurthy (1995), Demirbag et al. (2006), Sila (2007), Jung & Hong (2008), Salaheldin (2009), Ben, Zouari, & Taktak (2014)
Nonfinancial performance		Higher service qualities will provide a capacity to develop a competitive profile.	5	Low & Siesfeld (1996), Feng et al. (2006)
Operational performance		Better service quality can lead to waste reduction.	5	Ramamurthy (1995), Brah et al. (2000), Demirbag et al. (2006), Sila (2007), Zelbst, Green, Jr., Sower, & Abshire (2014)

construct, and criterion validation was thus achieved through a thorough discussion with them to ensure that the questionnaire was grounded with the theoretical models and measured what it was intended to measure. The questionnaire with a total of 40 indicators of the latent variables was reduced to 24 items through confirmatory factor analysis, and the reduced questionnaire (see the Appendix) was subsequently used for collecting data to reach a total sample size of 243. A total of 300 questionnaires were distributed to the human resources managers of 10 selected hotels out of 49 five-star hotels in Qatar. Data were collected during the period of August 2014 through January 2015. A total of 250 filled questionnaires were returned, out of which 7 were incomplete and hence discarded. The remaining 243 were used for the analysis.

The Hypothetical Research Model

Several researchers have attempted to relate service quality to the desirable outcomes in organizations: gain in competitive advantage, increase in customer satisfaction, enhancement of customer loyalty, better employee retention, increased market share, better profitability, and lower costs (Akroush, 2008; Dahiyat et al., 2011; Seth et al., 2005).

Researchers have provided empirical evidence to relate service quality on several business performance measures including an increase in customers, profitability, and sales volume (Akroush, 2008; Duncan & Elliot, 2002; Zeithaml, 2000). Rust and colleagues (1995) found that superior service quality leads to greater revenues and yields greater profitability. An indirect relation between service quality and business performance through the meditating effect of customer loyalty has also been established (Zeithaml et al., 1996). Rapert and Wren (1998) proved that when a strategy based on service quality was used, it had a positively effect on operating income and growth in net revenues. Service quality had a direct effect on short- and long-term organizational performance (Amjad et al., 2013). Several researchers have established a positive relation between service quality and financial performance in different service organizations (Akroush, 2008; Akroush & Khatib, 2009; Duncan & Elliot, 2002; Lai & Cheng, 2005). Thus, empirical research on service quality has revealed that it exerts a positive effect on business performance. However, these studies have not linked the individual dimensions to the critical components of business performance. Thus, the following hypothetical research model has been established (see Figure 1), leading to three main hypotheses and 15 subhypotheses.
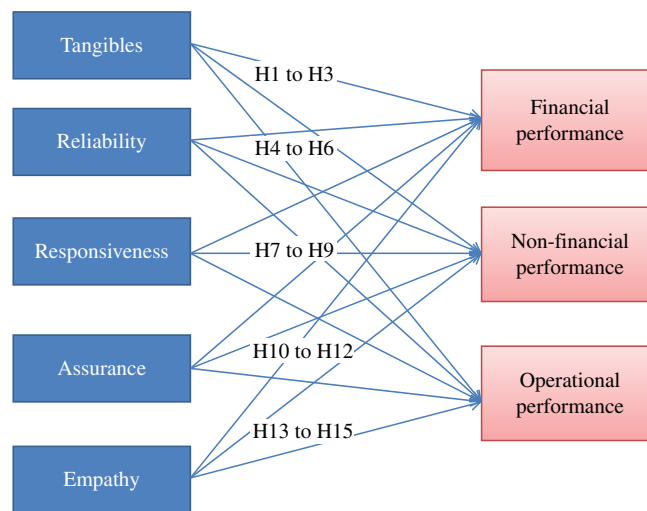

FIGURE 1. Hypothetical model. H = hypothesis.

Hypotheses

Main Hypothesis

H_{Ao}: Dimensions of service quality have no significant relation with financial performance.

H_{Aa}: Dimensions of service quality have a significant relation with financial performance.

H_{Bo}: Dimensions of service quality have no significant relation with nonfinancial performance.

H_{Ba}: Dimensions of service quality have a significant relation with nonfinancial performance.

H_{Co}: Dimensions of service quality have no significant relation with operational performance.

H_{Ca}: Dimensions of service quality have a significant relation with operational performance.

Subhypotheses

H_{1o}: Tangibles have no significant relation with financial performance.

H_{1a}: Tangibles have a significant relation with financial performance.

H_{2o}: Tangibles have no significant relation with nonfinancial performance.

H_{2a}: Tangibles have a significant relation with nonfinancial performance.

H_{3o}: Tangibles have no significant relation with operational performance.

H_{3a}: Tangibles have a significant relation with operational performance.

H_{4o}: Reliability has no significant relation with financial performance.

H_{4a}: Reliability has a significant relation with financial performance.

H_{5o}: Reliability has no significant relation with nonfinancial performance.

H_{5a}: Reliability has a significant relation with nonfinancial performance.

H_{6o}: Reliability has no significant relation with operational performance.

H_{6a}: Reliability has a significant relation with operational performance.

H_{7o}: Responsiveness has no significant relation with financial performance.

H_{7a}: Responsiveness has a significant relation with financial performance.

H_{8o}: Responsiveness has no significant relation with nonfinancial performance.

H_{8a}: Responsiveness has a significant relation with nonfinancial performance.

H_{9o}: Responsiveness has no significant relation with operational performance.

H_{9a}: Responsiveness has a significant relation with operational performance.

H_{10o}: Assurance has no significant relation with financial performance.

H_{10a}: Assurance has a significant relation with financial performance.

H_{11o}: Assurance has no significant relation with nonfinancial performance.

H_{11a}: Assurance has a significant relation with nonfinancial performance.

H_{12o}: Assurance has no significant relation with operational performance.

H_{12a}: Assurance has a significant relation with operational performance.

H_{13o}: Empathy has no significant relation with financial performance.

H_{13a}: Empathy has a significant relation with financial performance.

H_{14o}: Empathy has no significant relation with nonfinancial performance.

H_{14a}: Empathy has a significant relation with nonfinancial performance.

H_{15o}: Empathy has no significant relation with operational performance.

H_{15a}: Empathy has a significant relation with operational performance.

RESULTS, ANALYSIS, AND DISCUSSIONS

Descriptive Statistics

Demographics. The majority of the respondents ($n = 243$) were male in this research (65%) and in the age group of 25–35 years (39.5%), followed by the age group of 35–45 years (30%; see Table 2). The majority of the respondents were diploma holders (48.6%), followed by undergraduates (39.5%).

TABLE 2. Demographic Distribution of the Respondents

Attributes	n	%
Gender		
Male	158	65.0
Female	85	35.0
Age (years)		
Less than 25	19	7.8
25−35	96	39.5
35−45	73	30.0
45−55	28	11.5
Greater than 55	27	11.1
Educational qualification		
Diploma	118	48.6
Undergraduate	96	39.5
Postgraduate	23	9.5
Others	6	2.5
Income per month (QAR)		
Less than 5,000	21	8.6
5,000 to 10,000	98	40.3
10,000 to 20,000	76	31.3
20,000 to 30,000	42	17.3
More than 30,000	6	2.5
Experience in tourism (years)		
Less than 2	25	10.3
2−4	150	61.7
4−6	56	23.0
More than 6	12	4.9

TABLE 3. Relative Performance of Service Quality

Service quality	M	SD
1. Tangibles	3.5	0.5
2. Reliability	3.5	0.5
3. Responsiveness	3.4	0.5
4. Assurance	3.5	0.5
5. Empathy	3.5	0.5

The highest salary (per month) range is QAR 5,000 to 10,000 (40.3%), followed by QAR 10,000 to 20,000 (31.3%). The majority of the respondents have 2−4 years of experience in tourism/business visits (61.7%), followed by 4−6 years of experience (23%). By and large, respondents are qualified and have the required experience in the availing of the services of hotels, and there is a fair distribution of respondents across the cross section of the society.

Normality of the Data. Normality assumption was not violated with an acceptable range of skewness and kurtosis statistics (threshold values 1.00 and −3 to +3, respectively) for the 24-item scale used in this research. Therefore, the data could be subjected to further level of statistical analysis leading to the inferential statistics. The negative skewness shows that the response is toward the higher side of agreement in the Likert scale ($M = 3.51$).

Relative Performance of the Dimensions. The relative performance of the service quality dimensions indicates that almost all of the dimensions except responsiveness are at the same level of satisfaction among the guests of the hotels ($M = 3.5$, $SD = 0.5$; see Table 3). Thus, overall, guests are equally satisfied with reference to all the service quality dimensions. There is still scope for improvement in service quality, as indicated by the mean score.

The relative business performance of the hotels marginally vary from each other, with the operational performance being the most satisfied ($M = 3.7$, $SD = 0.9$; see Table 4) and financial performance being the least ($M = 3.5$, $SD = 0.7$). The nonfinancial performance is in the mid-range between the two ($M = 3.6$, $SD = 0.9$).

TABLE 4. The Reliability Measures

	Average variance extracted	Composite reliability	R^2	Cronbach's α	Communality	Redundancy
Assurance	0.8633	0.9499	0	0.9207	0.8633	0
Empathy	0.8627	0.9496	0	0.9204	0.8627	0
Financial performance	0.8788	0.956	0.8821	0.9309	0.8788	0.0738
Nonfinancial performance	0.8779	0.9557	0.8315	0.9301	0.8779	0.1928
Operational performance	0.8276	0.935	0.8458	0.8952	0.8276	0.4592
Reliability	0.6712	0.8576	0	0.7803	0.6712	0
Responsiveness	0.787	0.9168	0	0.8609	0.787	0
Tangibles	0.7183	0.8838	0	0.8071	0.7183	0

TABLE 5. Factor Loadings

	ASR	EMP	FNP	NFP	OPP	REL	RES	TNG
ASR1	0.9488	0	0	0	0	0	0	0
ASR2	0.9213	0	0	0	0	0	0	0
ASR4	0.9171	0	0	0	0	0	0	0
EMP3	0	0.9401	0	0	0	0	0	0
EMP4	0	0.9343	0	0	0	0	0	0
EMP5	0	0.9118	0	0	0	0	0	0
FNP3	0	0	0.9628	0	0	0	0	0
FNP4	0	0	0.9337	0	0	0	0	0
FNP1	0	0	0.9152	0	0	0	0	0
NFP3	0	0	0	0.9657	0	0	0	0
NFP2	0	0	0	0.9457	0	0	0	0
NFP4	0	0	0	0.8983	0	0	0	0
OPP3	0	0	0	0	0.9426	0	0	0
OPP4	0	0	0	0	0.9154	0	0	0
OPP2	0	0	0	0	0.8696	0	0	0
REL5	0	0	0	0	0	0.9145	0	0
REL1	0	0	0	0	0	0.8563	0	0
REL2	0	0	0	0	0	0.6663	0	0
RES2	0	0	0	0	0	0	0.9395	0
RES1	0	0	0	0	0	0	0.9254	0
RES5	0	0	0	0	0	0	0.7886	0
TNG3	0	0	0	0	0	0	0	0.9319
TNG5	0	0	0	0	0	0	0	0.8202
TNG1	0	0	0	0	0	0	0	0.7835

Note. ASR = assurance; EMP = empathy; FNP = financial performance; NFP = nonfinancial performance; OPP = operational performance; REL = reliability; RES = responsiveness; TNG = tangibles.

Measurement Model

Reliability and Validity. To verify the reliability of the latent variables in the model, internal consistency reliability measure, item reliability measure, and composite reliability measures were calculated. Table 4 shows the Cronbach's alpha coefficient and the composite reliability result for the model. The alpha coefficient has the acceptable value ranging from (0.8 to 0.9), indicating a moderately high level of internal consistency. The result of item reliability measured as standardized confirma-

tory factor loading (FL) ranged from 0.7 to 0.9 (see Table 5). The composite reliability is 0.9 indicating moderate to high reliability score. The convergent validity assessment based on factor loading and composite reliability indicate moderate to high acceptable range of factor loading for all items and good composite reliabilities in general. To test for discriminant validity, the square root of average variance extracted for each construct was compared with the correlation between the construct and the other constructs (Table 6) and was found to be

TABLE 6. The Correlation Matrix

	1	2	3	4	5	6	7	8
1. Assurance	**0.9291**	0	0	0	0	0	0	0
2. Empathy	0.8947	**0.9288**	0	0	0	0	0	0
3. Financial performance	0.8494	0.9146	**0.9374**	0	0	0	0	0
4. Nonfinancial performance	0.8135	0.8391	0.9241	**0.9370**	0	0	0	0
5. Operational performance	0.8748	0.8795	0.9108	0.8435	**0.9097**	0	0	0
6. Reliability	0.6359	0.6665	0.7129	0.7315	0.7334	**0.8193**	0	0
7. Responsiveness	0.6581	0.692	0.6892	0.7813	0.7037	0.7798	**0.8871**	0
8. Tangibles	0.6364	0.7638	0.6069	0.5627	0.6973	0.5543	0.6552	**0.8475**

higher (shown in bold), and hence, the discriminant validity is proved. The data could be subjected to the further analysis as very high measures were indicated in all the methods of reliability and validity.

Structural Model

The hypothesized model was designed to test three main hypotheses and 15 subhypotheses that were based on the research literature on external factors influencing the organizational performance. The model with path coefficients and the explanatory power (R^2) for each dependent construct is displayed. While path coefficients show the strength of relation between the two latent variables, the t values (Table 7) are indicative of the significance of relations which enable hypotheses testing. The R^2 values of about 0.8 (cutoff = 0.1) indicate high explanatory power of the model; the exogenous variables influence up to 80% on the endogenous variables of the study. The path coefficients are in the range of 0.01 to 0.9 for the variables associated through hypotheses. Out of 15 subhypotheses, 11 are supported and the remaining is unsupported.

The following hypotheses were supported.

H_{1a}: Tangibles have a significant relation with financial performance.

H_{2a}: Tangibles have a significant relation with nonfinancial performance.

H_{3a}: Tangibles have a significant relation with operational performance.

H_{4a}: Reliability has a significant relation with financial performance.

H_{5a}: Reliability has a significant relation with nonfinancial performance.

H_{6a}: Reliability has a significant relation with operational performance.

H_{8a}: Responsiveness has a significant relation with nonfinancial performance.

H_{12a}: Assurance has a significant relation with operational performance.

H_{13a}: Empathy has a significant relation with financial performance.

H_{14a}: Empathy has a significant relation with nonfinancial performance.

H_{15a}: Empathy has a significant relation with operational performance.

The following hypotheses were not supported:

H_{7a}: Responsiveness has a significant relation with financial performance.

TABLE 7. The t Values of the Hypothetical Model

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	Standard error (STERR)	T statistics (|O/STERR|)	Hypothesis
TNG → FNP (H1)	−0.252	−0.2433	0.0598	0.0598	4.2155	Supported
TNG → NFP (H2)	−0.2987	−0.2907	0.0719	0.0719	4.1522	Supported
TNG → OPP (H3)	0.0869	0.0952	0.0509	0.0509	1.7085*	Supported
REL → FNP (H4)	0.1663	0.1707	0.0542	0.0542	3.0678	Supported
REL → NFP (H5)	0.1043	0.1073	0.0661	0.0661	1.8784*	Supported
REL → OPP (H6)	0.2362	0.237	0.0769	0.0769	3.0724	Supported
RES → FNP (H7)	0.0638	0.0697	0.0844	0.0844	0.7558	Not supported
RES → NFP (H8)	0.3827	0.3886	0.1168	0.1168	3.2774	Supported
RES → OPP (H9)	−0.0141	−0.0052	0.0879	0.0879	0.1609	Not supported
ASR → FNP (H10)	0.0512	0.0609	0.0769	0.0769	0.6651	Not supported
ASR → NFP (H11)	0.1488	0.1692	0.112	0.112	1.3282	Not supported
ASR → OPP (H12)	0.417	0.4107	0.0808	0.0808	5.1615	Supported
EMP → FNP (H13)	0.9064	0.882	0.1248	0.1248	7.2632	Supported
EMP → NFP (H14)	0.5999	0.5667	0.1591	0.1591	3.7704	Supported
EMP → OPP (H15)	0.2924	0.2824	0.1195	0.1195	2.4464**	Supported

Note. ASR = assurance; EMP = empathy; FNP = financial performance; NFP = nonfinancial performance; OPP = operational performance; REL = reliability; RES = responsiveness; TNG = tangibles.
*p = .1; **p = .05; the rest are at p = .01.

H$_{9a}$: Responsiveness has a significant rela-
tion with operational performance.

H$_{10a}$: Assurance has a significant relation
with financial performance.

H$_{11a}$: Assurance has a significant relation
with nonfinancial performance.

Regression Analysis

The regression analysis indicates that overall
the financial performance is significantly influ-
enced by the dimensions of the service quality.
The regression equation indicates that except
for the assurance dimension, the rest have a
significant causal relation. Tangibles and assur-
ance have negative influences, whereas the
remaining dimensions have positive influences
on financial performance (Tables 8 and 9). This
revelation is in accordance to the outcome
obtained in structural equation modeling analysis.

$$S = 0.512886$$
$$R^2 = 0.84$$

Thus, the regression equation is as follows:

$$FNP = (0.419 - 0.188) \times (TNG + 0.195)$$

$$\times (REL + 0.385) \times (RES - 0.034)$$

$$\times (ASR + 0.547) \times EMP$$

Nonfinancial Performance

The regression analysis indicates that overall
the nonfinancial performance is influenced
significantly by the dimensions of the service
quality (Tables 10 and 11). The regression
equation indicates that except for the assurance
dimension, the rest have a significant causal
relation. This revelation is in accordance to the
outcome obtained in the structural equation
modeling analysis.

TABLE 8. Analysis of Variance of Financial Performance

Model		Sum of squares	df	Mean square	F	p
1.	Regression	38.755	5	7.751	38.929	.000[b]
	Residual	5.575	28	.199		
	Total	44.330	33			

Note. Dependent variable: FNP; predictors: constant, EMP, REL, TNG, RES, ASR. ASR = assurance; EMP = empathy; FNP = financial performance; REL = reliability; RES = responsiveness; TNG = tangibles.

TABLE 9. Regression Model: Financial Performance

Model		Unstandardized coefficients		Standardized coefficient	t	p
		B	SE	β		
1.	Constant	−0.335	.313		−1.069	.294
	TNG	−0.251	.118	−.235	−2.131	.042
	REL	0.163	.125	.126	2.102	.032
	RES	0.081	.142	.069	0.573	.571
	ASR	0.050	.163	.045	0.310	.759
	EMP	1.023	.203	.927	5.029	.000

Note. Dependent variable: FNP. ASR = assurance; EMP = empathy; REL = reliability; RES = responsiveness; TNG = tangibles.

TABLE 10. Analysis of Variance of Nonfinancial Performance

Model		Sum of squares	df	Mean square	F	p
1.	Regression	26.372	5	5.274	26.739	.000[b]
	Residual	5.523	28	.197		
	Total	31.895	33			

Note. Dependent variable: NFP; predictors: constant, EMP, REL, TNG, RES, ASR. ASR = assurance; EMP = empathy; REL = reliability; RES = responsiveness; TNG = tangibles.

$S = 0.935667$
$R^2 = 0.9$

Thus, the regression equation is as follows:

$$NFP = (0.201 - 0.220) \times (TNG + 0.071)$$

$$\times (REL + 0.355) \times (RES + 0.169)$$

$$\times (ASR + 0.550) \times EMP$$

Operational Performance

The regression analysis indicates that overall, operational performance is influenced significantly by the dimensions of the service quality (Tables 12 and 13). The regression equation indicates that all of the individual dimensions have a significant causal relation. This revelation is in accordance to the outcome obtained in the

structural equation modeling analysis.

$S = 0.922703$
$R^2 = 0.4$

$$OPP = (0.546 + 0.094) \times (TNG + 0.187)$$

$$\times (REL - 0.040) \times (RES + 0.172)$$

$$\times (ASR + 0.433) \times EMP$$

Implications to the Managers

This research has several managerial implications based on the descriptive statistic and the inferential statistics. The main revelation of the study was that if business performance enhancement is the aim of the managers of the hotels they need to focus mainly on *tangibles*, *reliability*, and

TABLE 11. Regression Model: Nonfinancial Performance

Model		Unstandardized coefficients		Standardized coefficient		
		B	SE	β	t	p
1.	Constant	.201	.312		.644	.525
	TNG	−.220	.117	−.243	−2.877	.021
	REL	.071	.124	.074	1.876	.044
	RES	.355	.141	.354	2.520	.018
	ASR	.169	.162	.178	1.047	.304
	EMP	.550	.202	.588	2.718	.011

Note. Dependent variable: NFP. ASR = assurance; EMP = empathy; REL = reliability; RES = responsiveness; TNG = tangibles.

TABLE 12. Analysis of Variance of Operational Performance

Model		Sum of squares	df	Mean square	F	p
1	Regression	20.919	5	4.184	24.048	.000[b]
	Residual	4.871	28	.174		
	Total	25.791	33			

Note. Dependent variable: OPP; predictors: constant, EMP, REL, TNG, RES, ASR.

TABLE 13. Regression Model: Operational Performance

Model		Unstandardized coefficients		Standardized coefficient		
		B	SE	β	t	p
1.	Constant	.546	.293		1.863	.073
	TNG	.094	.110	.115	1.855	0.04
	REL	.187	.117	.215	2.599	0.021
	RES	−.040	.132	−.045	−1.805	0.032
	ASR	.172	.152	.201	2.132	.027
	EMP	.433	.190	.515	2.279	.030

Note. Dependent variable: OPP.

empathy of service quality. Following are the specific implication to managers.

1. Overall, guests have expressed above-average satisfaction with the service quality provided in the hotels and correspondingly above-average business performance. Responsiveness in service quality is perceived to be slightly less than the other dimensions, and managers must initiate measures to improve upon the same. Promptness of services offered, willingness expressed by the employees to help the guests, hiring slightly higher level of manpower to avoid the employees being over busy, maintaining a minimum response time for service delivery may help in being more responsive towards the service offerings. *Financial performance* of the company is the least perceived among the business performance dimensions. It indicates that service quality may not be the only determinant of financial performance betterment. The hotels cannot undermine the remaining aspects such as marketing, branding, developing customer loyalty, customer retention, and so forth to enhance their *financial performance*.

2. Results have revealed the fact that *tangibles* have a significant influence on financial performance, nonfinancial performance, and operational performance. This is in conformance to the studies undertaken by a group of researchers in several other service industries (Agus et al., 2007; Bellini et al., 2005; Choudhury, 2013; Glaveli et al., 2006; Joseph et al., 2005; Prasad et al., 2015; Son et al., 2013). Tangibles refer to the physical facilities, equipment, and appearance of personnel providing the service. Customers expect the physical facilities to be state-of-the-art as they are aware of the level of automation which is currently available. So, managers of the hotels may focus their attention on the augmentation of the physical facilities and upgrade their technologies to keep in pace with the rapid strides in science and technology.

3. Reliability of services also has a significant influence on financial performance, non-financial performance, and operational performance. Several researchers have emphasized on the importance of reliability in service delivery (Chong et al., 2010; Durugbo et al., 2014; Nathalie & Djelassi, 2013). Managers need to constantly monitor the reliability of services through appropriate metrics. It is necessary to ensure of what kind of services are promised through advertisement or in public disclosures are delivered or not. The employees have to be trained to show concern to the problems encountered by the guests of the hotels on issues related to their comfort and wellbeing during their stay in the hotel. Employees must be trained to provide service right the first time and every time so that the hotel may build its reputation continually. Timely delivery of service is as important as the quality of the service that is delivered. Maintaining of the error-free records may also contribute to the enhancement of reliability of services.

4. It was interesting to note that empathy had a significant influence on financial performance, nonfinancial performance and operational performance. Many other researchers have also emphasized upon the importance of empathy in service delivery (Izogo & Ogba, 2015; Kayeser et al., 2014; Loke et al., 2011). Managers need to train their employees to develop a strong empathy toward their guests. Individual attention to the customers will add immense value to the customer service. The employees need to sense the best interest of the customers and deliver their services. Flexible operating hours are also indicators of better customer service quality. Thinking from the customers' point of view must also be developed by the employees for which the managers may have to provide systematic training. Understanding the specific needs of the employees and responding accordingly will demonstrate a strong sense of empathy to the customers.

5. Among the three dimensions of critical importance that have bearing on business performance, the first two emphasize providing service that is reliable and appealing to the customers in terms of equipment and other state-of-the-art technologies. The third one is about the empathy of the employees. So, training and development programs may have to be improved and a quality conscious culture has to be developed because empathy of a person is an inborn quality and developing it my demand certain specific skills on the part of the trainer.

CONCLUSIONS

Qatar is promoting tourism and hospitality much more than ever before and its sponsorship plan for the FIFA World Cup in the year 2022 has added an impetus to this. Many speculative studies have been undertaken to predict the increase in the number of tourists who may arrive at Qatar during those days and the corresponding improvements that may be necessary to meet the diversified service quality requirements of the tourists. It is not only tourism, but many of the business collaborations may be strengthened in the years to come as Qatar is gaining an international recognition and the steady growth in its economy particularly since the past decade. All the developments in the country have bearing on the hotels as it opens the floodgate of the inflow of people into the country who need to be accommodated comfortably to the international standards. This has necessitated the improvement in service quality in hotels, but not many studies have provided empirical evidences for the relation between service quality and business performance. This research has systematically investigated service quality and business performance and provided the empirical evidence for the relations between the dimensions of these two constructs.

The survey based approach had necessitated the development of a questionnaire and the standard SERVQUAL questionnaire was used to measure the dimensions of service quality. For the measurement of business performance a questionnaire was developed to suit to the specific requirements of the hotels. As the standard instruments were modified slightly for the individual dimensions to suit to the specifics of the study, the content, criteria, and construct validity was performed using the standard procedure. Exploratory factor analysis was conducted and the factor loading above 0.7 were considered and the original instrument with 40 indicators of measurement was reduced to 24-item scale. Various reliability testing methods have been adopted and the results of the measurement model of structural equation modeling have confirmed both reliability and validity. The sample size was 243 randomly chosen guests in the hotels in Qatar. Sample size was not an issue as the second generation statistical analysis using structural equation modeling was used. Out of the 15 hypotheses, all were supported except for those that tested relations of responsiveness with financial performance and operational performance and the relations of assurance with financial and nonfinancial performance. The managerial implications of the study have been focused mainly on the improvements in tangibles, reliability, and empathy because of their proved relations with business performance. It is not indicative that the other dimensions are insignificant, but these dimensions are directly influencing the business performance and hence they need closer attention.

Limitations of the Study

The limitation of the study is in its ability to generalize the results completely. The main issue is regarding the adequacy of sample size. However, care has been taken to see that the sample covers a cross-section of the guests, and it is indicated in the demographic distribution. The implications and suggestions are limited to the upscale segments of five-star properties and cannot be applied for the budget hotels. This research is timely in the context of Qatar, which is planning for a tremendous growth in its business plans in the years to come and hotels

are in its agenda. The implications drawn to the managers of the hotels in Qatar would be very useful for the improvement in service quality and the subsequent improvement in the business performance.

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APPENDIX

Impact of Service Quality on Business Performancein Qatar Based Hotels:
An Empirical Study

QUESTIONNAIRE

	Contact Information (Optional)
	Name
	Name of Company
	Telephone Number
	E-mail

Confidentiality Statement

The data collected through the questionnaire shall be used purely for academic research purpose. No mention of the respondent or the organisation to which he/she belongs shall be used anywhere.

Demographic Details

Gender   ☐   Male   ☐   Female

Age   ☐   < 25 years   ☐   25-35 years   ☐   36-45 years

☐   46-55 years   ☐   >55 years

Educational qualification   ☐   Diploma   ☐   UG   ☐   PG

☐   PhD   ☐   Others

Income (permonth in QAR)   ☐   < 10,000   ☐   10,000 - 20,000

☐   20,000 - 30,000   ☐   30,000 - 40,000

☐   40,000 - 50,000   ☐   > 50,000

Place Tick mark (√) on ONE response for each item with reference to the philosophy, belief or values based on your experience in hotel industry as a customer.

⑤⑤ Strongly agree	④④ Agree	③③ Neither agree or Disagree	②② Disagree	①① Strongly Disagree	5	4	3	2	1
A. Service Quality									
1. Tangibles (TNG)									

		5	4	3	2	1
TNG1	Excellent hotels will have modern-looking equipment.					
TNG2	The physical facilities at excellent hotels will be visually appealing.					
TNG3	Employees of excellent hotels will be neat in appearance.					
TNG4	Materials associated with the service (such as pamphlets or statements) will be visually appealing in excellent hotels.					
TNG5	Aesthetics of the hospital are very important for its success.					
2. Reliability (REL)						
REL1	When excellent hotels promise to do something by a certain time, they will do so.					
REL2	When customers have a problem, excellent hotels will show a sincere interest in solving it.					
REL3	Excellent hotels will perform the service right the first time.					
REL4	Excellent hotels will provide their services at the time they promise to do so.					
REL5	Excellent hotels will insist on error-free records.					
3. Responsiveness (RES)						
RES1	Employees of excellent hotels will tell customers exactly when services will be performed.					
RES2	Employees of excellent hotels will give prompt service to customers.					
RES3	Employees of excellent hotels will always be willing to help customers.					
RES4	Employees of excellent hotels will never be too busy to respond to customer requests.					
RES5	Employees of excellent hotels will respond to customer requirements with minimum possible time.					
4. Assurance (ASR)						
ASR1	The behaviour of employees of excellent hotels will instil confidence in customers.					
ASR2	Customers of excellent hotels will feel safe in their transactions.					
ASR3	Employees of excellent hotels will be consistently courteous with customers.					
ASR4	Employees of excellent hotels will have the knowledge to answer customer questions.					
ASR5	Employees of excellent hotels will build confidence in the customers for their extended patronage.					

5. Empathy (EMP)							
EMP1	Excellent hotels will give customers individual attention.						
EMP2	Excellent hotels will have the customers' best interests at heart.						
EMP3	Excellent hotels will have operating hours convenient to all their customers.						
EMP4	Excellent hotels will have employees who give customers personal attention.						
EMP5	The employees of excellent hotels will understand the specific needs of their customers						
B. Business Performance							
1. Financial Performance (FNP)							
FNP1	With service quality revenue of hotel will improve.						
FNP2	Better the service quality higher will be the net profits.						
FNP3	Service quality has the ability to enhance financial performance of the hotel.						
FNP4	With better service quality assets of the hotel will improve.						
FNP5	If financial performance should improve the service quality must improve.						
2. Non-financial Performance (NFP)							
NFP1	With better service quality R&D activities can be more.						
NFP2	Higher service quality will provide a capacity to develop a competitive profile.						
NFP3	Better service quality can enhance new product/service development.						
NFP4	Better service quality leads to market development.						
NFP5	Higher service quality will provide better market orientation.						
3. Operational Performance (OPP)							
OPP1	Better service quality can reduce cost.						
OPP2	Better service quality can lead to waste reduction.						
OPP3	Better service quality can improve process efficiency.						
OPP4	Better service quality can make the hotel run smoothly.						
OPP5	Better service quality can bring continuous improvements in service operations in the hotel.						

1. What is your opinion about the importance of service quality in a hotel industry?

2. How do you think a hotel can continuously improve its service quality?

3. Is service quality linked to business performance? How?

4. Is improving service quality the only way to enhance business performance? If not what are the other ways of doing it?

Thank you for the valuable input.