

# A STUDY OF THE EXPECTATIONS AND PERCEPTIONS OF BHUTANESE TOUR OPERATORS REGARDING TO THE SERVICE QUALITY OF THE ASSOCIATION OF BHUTANESE TOUR OPERATORS

Sangay Tshering<sup>1</sup>

## **Abstract**

*This research aims to study the expectations and perceptions of the members of the Association of the Bhutanese Tour Operators (ABTO) with regard to service quality, focusing on five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. It analyzes the impact of various demographics factors on the expectations and perceptions of tour operators with regard to ABTO service quality. Data was collected from 218 member tour operators using the convenience sampling method. The results show differences in the tour operators' expectations and perceptions in regard to ABTO service quality when segmented into the fine dimensions. Expectations were much higher in all cases and perceptions performed much lower than expectations, leading to a negative disconfirmation in regard to the service quality delivered by ABTO.*

**Keywords:** Service quality, Association of Bhutanese Tour Operators, Bhutanese tour operators, SERVQUAL

## **1. Introduction**

Economies around the world keep evolving, with all sectors, whether agriculture, industry and services, being affected. As countries develop and people enjoy higher disposable income, consumption starts soaring. So does the demand for and expectations of services. Service providers are expected to deliver high quality, turning service quality into one of the key ingredients for surviving competition.

One such economy rapidly changing is that Bhutan. With the country still at a developmental stage, tourism plays a big role in earning valuable direct foreign currencies. As is well known and often commented upon, the country's development paradigm revolves around the concept of Gross National Happiness (GNH) as opposed to the Gross Domestic Product (GDP) as is the case with any other economy. What this means is that the development of the country is based on the well-being of its citizens with all policies deep-rooted in the GNH philosophy. GNH policies develop around four pillars, namely, equitable socio-economic development, cultural preservation, environmental conservation and good governance (Centre for Bhutan Studies, 2013).

Obviously, tourism development in

Bhutan is rooted in this GNH philosophy. As a rapidly growing sector, tourism has been identified by the Royal government of Bhutan as a developmental tool for the country. The attraction of Bhutan is due in no small part to the fact that until the late 1960s, the country had been in a state of self-imposed isolation, perceived as the only way to secure its sovereignty. Since Bhutan did not join the band wagon of globalization, it instead developed a unique culture, identity, and development paradigm. With the advancement of domestic economic activities and the opening up to the internet, and television in the late 1990s, Bhutan has now more or less joined the rest of the world and is now enjoying a thriving economy, with tourism an important factor in the country's emerging prosperity. Simply put, tourism has become a tool for Bhutan to spread its unique culture and identity as well as a developmental tool and a source of employment.

One organization established to further this end is the Association of Bhutanese Tour Operators (ABTO), specifically set up with the mandate to assist and represent tour operators. This mandate requires among others a solid understanding of the expectations and perceptions of tour operators, which would in turn facilitate the recommendation and implementation of measures designed to offer a yet better service quality.

ABTO is the focus of this research. Specifically, this study considers the expectations and perceptions of tour operators (ABTO members) with regard to ABTO

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<sup>1</sup>Sangay Tshering recently graduated from Assumption University, Graduate School of Business. He currently works in Bhutan. This research was completed under the supervision of Dr. Aaron Loh.

service quality. With the number of tour operators and arrivals to Bhutan increasing annually (though still very low by most tourist destination standards), ABTO service quality as well as the expectations of tour operators are becoming issues of concern. Not understanding the changing needs of its members and delivering services not in accordance with their expectations would lead to a dysfunctional ABTO, thereby affecting the whole tourism industry in the long run.

This study uses the SERVQUAL instrument, focusing on five dimensions; tangibles, reliability, responsiveness, assurance, and empathy, which it considers in light of the demographic characteristics of AFTO members in order to develop a good grasp of tour operators' expectations and perceptions.

After considering the relevant literature, conceptual framework, and research methodology, this article focuses on the findings and the recommendations to be made based on these results.

## 2. Literature Review

This section examines the key concepts relevant to this study.

### - *Customer Expectations*

Berry and Parasuraman (1991) defined the term expectation as a comparison standard commonly used in two different ways; what the customer thinks will occur in a service encounter (predictions) and what the customer wants to occur (desires), which gave rise to two levels of expectations: a "desired level" and "adequate Level"

Customer expectations of service are beliefs about the service delivery that serve as standards or reference points against which performance is judged (Zeithaml et al., 2006). In the customer satisfaction literature, expectation is understood as meaning predictions made by the customer in regard to what is going to happen during the transaction. In the service quality literature, however, expectation refers to the service provider's take on what needs to be offered to fulfill the needs and wants of the consumer.

### - *Perceived Service Quality*

Perceived service quality is the perception of the service quality, left with the customer after experiencing the service/product and weighing it against one's expectations. According to Parasurman et al. (1985),

perceived service quality is viewed as the degree and prediction of discrepancy between perceptions and desire. Perceived service quality is thus the gap between customer's expectations and perceptions, which serves as its measurement.

Gronroos (1982) also defined service quality as the discrepancy between expectations and performance of service. Their definition points to the fact that the many definitions of perceived service quality by myriad of researchers and academicians closely resemble one another.

### - *Expectations, Perceptions, and Service Quality*

Measuring service quality has proven to be challenging for both researchers and companies due to its characteristics (Tiernan et al., 2008). Gronroos (1982) and Lehtinen and Lehtinen (1982) have come up with three dimensions as to how service quality can be perceived. They include a technical dimension (outcome), functional dimension (process), and image dimension. The technical dimension defines the core service delivered to the customer and the functional dimension the way in which the service is delivered. As important as the technical aspect is in a service setting, the functional aspect of how it is delivered is critical. The image aspect represents the image perceived by the customer in terms of its services. It plays a vital role in the formation of the expectation of the service which later defines the perceived service quality.

As mentioned earlier, researchers view perceived service quality as the difference between expectations and perceptions (Heung, Wong, & Qu, 2000). The gap between them makes it possible for perceived service quality to be evaluated and measured. The concept has been represented by the following equation:

$$Q = P - E; \text{ or } \text{SERVQUAL Score} = \text{Perception Score} - \text{Expectation Score}.$$

Understanding how buyers' form their expectations and the concept of image formed due to past experiences and channeled marketing efforts by the organization follows. Berry and Parasurman (1991) offered two levels of expectations, namely; desired and adequate levels. A desired level of service expectation is a higher level of expectation than an adequate one as the customer desires to have that standard of service. The desired level of service for many customers is very

difficult to achieve as desire is very subjective but customers are also satisfied if the level of service is at an adequate level. An adequate level of service means the least acceptable level of service that the customer deems satisfactory. Anywhere between the point of desired level of service and adequate level of service, the customer's expectation is met. The zone of tolerance has hence been determined by researchers and academicians. Berry and Parasuraman (1991) suggest that "the zone of tolerance is a range or service performance that a customer considers satisfactory."

Even though some researchers have criticized the use of the Perception-Expectations paradigm (e.g. Tsoukatos and Rand, 2006), many approved of the concept but have expressed concerns over the need for further research into the field.

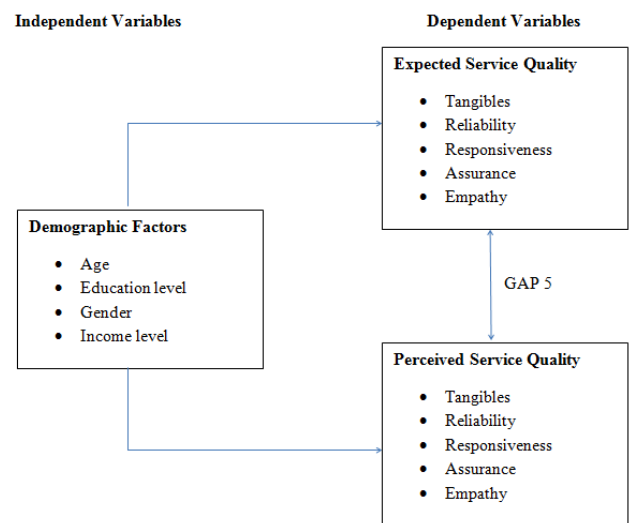
Following the development of SERVQUAL, Cronin and Taylor (1992) developed the SERVPERF instrument, a performance-based-only instrument. Their instrument questions the relationship between customer satisfaction and service quality. The nature of the link between customer satisfaction and service quality was shown in the construct of the Q=P-E. Customer satisfaction is a transaction specific assessment.

According to Tsoukatos and Rand (2006), even though currently there is a lack of consensus in the literature, the SERVQUAL model has been the most extensively and successfully used service quality measurement in the twenty-first century. Service quality and customer satisfaction are distinct but related constructs (Spreng and Mackoy, 1996). Satisfaction is "the customer's fulfillment response" ((Oliver, 1997). Service quality is an antecedent of the broader concept of customer satisfaction (Gotlieb et al., 1994; Buttle, 1996; Lee et al., 2000) and the relationship between service quality and loyalty is mediated by satisfaction (Caruna, 2002; Fullerton & Taylor, 2002).

### 3. Conceptual Framework and Research Methodology

Based on the literature reviewed, the following modified conceptual framework was designed for this study in order to investigate if there is a difference in expectations and perceptions of tour operators with regard to ABTO service quality.

**Figure 1: Modified Conceptual Framework**



Source: Created by the author for this study

The owners or managers of 218 tour operators make up the demographics factors of the independent variable which covered the 3<sup>rd</sup> part of the questionnaire. The 1<sup>st</sup> part and the 2<sup>nd</sup> part of the SERVQUAL questionnaire consist of expectations measuring and perceptions measuring respectively.

This study consists of 14 hypotheses classified into three groups. The first group of hypotheses will be evaluated by using the paired sample t-tests for testing the significance of the difference between customer expectations and perceptions of service quality provided by ABTO when segmented by five service quality dimensions. The latter group comprises six hypotheses measuring the difference of expectation and perceptions of tour operators when segmented by demographics factors. These hypotheses are analyzed by using a One-Way Analysis of Variance (ANOVA). The other group consists of hypotheses 12 and 13 measuring the difference of expectations and perceptions of tour operators when segmented by gender will be analyzed using Independent-T-Test.

The research methodology used for this study is descriptive research. Descriptive research helps to describe the relationship between variables of the hypotheses concerning expectations and perceptions of member tour operators about the service quality of ABTO. Descriptive research can be either qualitative or quantitative. For this research, quantitative research approach was

used as the main tool to fulfill the research objective.

In this research, the researcher used a self-administered questionnaire which was distributed to the sample group after a pre-test was conducted to determine the reliability of the data.

The target population for this study was member tour operators of ABTO, which currently includes 491 members (Association of Bhutanese Tour Operators, 2013). During a telephone interview, the officer at the ABTO office mentioned that not all tour operators in Bhutan are members of ABTO since membership requires a fee to be paid. Becoming a member of ABTO is voluntary. To date only 491 tour operators have stepped forward to become members. Since all the travel companies are privately owned, the owners of the 491 tour companies that are ABTO members were the target population for the study.

The target population for this study was ABTO member tour operators. ABTO currently has 491 members (Association of Bhutanese Tour Operators, 2013). As one employee at the ABTO office mentioned in a telephone interview, not all tour operators in Bhutan are members of ABTO, which, as we saw earlier, involves a membership fee. Becoming a member of ABTO is voluntary. All travel companies are privately owned. The 491 tour companies in the association were therefore the target population for this study. The sample size was determined based on Anderson's (1996) formula and came up to 218, allowing 5% tolerable error.

This research used the non-probability sampling technique to get samples from the population. Non-probability sampling technique involves samples being selected based on personal judgment or convenience. This research also used the convenience sampling technique. The advantages of convenience sampling are that subjects are selected because of the convenient accessibility of the researcher. This technique is easy, fast and usually the least expensive (Zikmund, 2008).

The questionnaires were distributed at individual tour operator's office in Thimphu and Paro, Bhutan. These two districts have a high concentration of tour operators. The measurement tool or the questionnaire to be used in this research is the SERVQUAL

instrument as the objective of the research is to study the 'Gap 5' of the gap model in regard to service quality of ABTO by the member tour operators. The SERVQUAL questionnaire consisted of three parts, two that included 22 statements on one with four questions about the demographics of the respondents.

#### 4. Results and Discussion

The researcher used the software analysis program SPSS (Statistical Package for the Social Sciences) to analyze the data gathered. Descriptive analysis, Independent T-test, Paired Samples T-test and One Way ANOVA were used to test the hypotheses.

As Table 1 below shows, the majority of the tour operators who are ABTO members are men (159 out of 218) and most of them hold a Bachelor's Degree. 84 of the respondents fall in the 31-45 years age category and 71 in the 21-30 years age category. Their income ranges from US\$ 10,001 to 20,000.

**Table 1: Summary of Respondents by Demographic Characteristics**

	Frequency	Percentage
<b>Age</b>		
21-30	71	32.6
31-40	84	38.5
41-50	51	23.4
50 or More	12	5.5
Total	218	100.0
<b>Education</b>		
High School or Less	18.3	18.3
Diploma	7.3	7.3
Bachelor Degree	61.0	61.0
PG diploma	13.3	13.3
Total	100.0	100.0
<b>Gender</b>		
Male	159	72.9
Female	59	27.1
Total	218	100.0
<b>Income</b>		
US\$ 10,000 or Less	36	16.5
US\$ 10,001- 20,000	73	33.5
US\$ 20,001-30,000	55	25.2
US\$ 30,001- 40,000	20	9.2
US\$ 40,001 and more	34	15.6
Total	218	100.0

The first group of hypotheses (Hypotheses 1-6) was tested by the Paired Sample T-test. These hypotheses aimed to identify whether there was a difference between tour operators' expectations and perceptions of ABTO service quality in terms of SERVQUAL dimensions (tangibles, reliability, responsiveness, assurance, and empathy). The results show that there is a difference between tour operators'

expectations and perceptions of ABTO service quality. This difference can be termed a negative disconfirmation of expectations as the expectations exceeded the perceptions of the service quality ( $E > P$ ). In all the hypotheses, the null hypotheses were rejected. The expectations of the tour operators are higher than their perceptions with regard to all the service quality dimensions. The highest pertained to reliability, followed by empathy, with tangibles as the lowest. These results are consistent with Parasuraman's et al. (1990) findings. Focusing on the mean importance of SERVQUAL dimensions in four service sections, they determined that reliability was the most critical dimension, followed by responsiveness, assurance, and tangibles as the least. The other dimensions in this research, however, are not in the same rank as those of Parasuraman et al. This can be attributed to the cultural difference that influences the respondents. According to Kotler (1996), culture is the most basic of a person's wants and behavior that an individual continuously learns in the society.

The second group of hypotheses (Hypotheses 7, 9, 13) was tested with the One Way ANOVA test. These hypotheses aimed to identify whether there was a difference between the tour operators' expectations of ABTO service quality when classified by demographic characteristics. Different age groups among member tour operators have different expectations as they come from different educational backgrounds. The results, however, were influenced by the members' number of years in the travel industry. Most of the senior travel players seem to be more directly involved with ABTO and the younger members more disconnected with the organization. Some of the tour operators mentioned materials that contain new knowledge that would be beneficial to all. Publications of in-depth study of European Culture or Thai Culture could modify the way tour operators structure their trips. While the need for a simple yet effective online system for services delivery was made clear to the researcher by some tour operators and complaints shared, some other tour operators were happy with what was being delivered.

Hypothesis 13 reports differences in the tour operators' expectation and perceptions when segmented by income level. ABTO organizes trips for Bhutanese tour operators

who are interested in attending travel meetings around the world (e.g. JATA in Japan, WTM in London, etc). While tour companies with higher income can afford to attend these meetings and find prospective partners, the smaller tour operators cannot go on such trips; hence the impact of income levels with regard to ABTO's service.

The third group of hypotheses (Hypotheses 8, 10, and 14) was tested by the One Way ANOVA test. Those hypotheses aim to determine whether there are differences in the tour operators' perception of ABTO service quality when classified by demographic characteristics. Hypothesis 8 shows that there is no difference when classified by age. For example, with regard to one particular dimension (tangibles), most of the tour operators mentioned that ABTO had a much bigger and better office than most of them.

Hypothesis 10 results are similar to those in Hypothesis 9. Tour operators thought that as an agency for the promotion of tour operators in Bhutan, ABTO needs to deliver more reliable, responsive, assuring, emphatic and high quality tangible services than it currently does. As the results of hypotheses 13 and 14 indicate, most of the smaller tour operators feel that they are not given as much focus as they should have and thus lose interest in availing services from ABTO.

The fourth group of hypotheses (Hypotheses 11 and 12) was tested using the Independent T-Test. Both hypotheses aim to determine whether there are differences between the tour operators' expectations and perceptions of ABTO service quality when classified by gender. The results indicate there are differences in tour operators' expectations and perceptions based on gender.

## **5. Conclusions and Recommendations**

The findings clearly indicate a gap in ABTO quality of service to the member tour operators. A negative disconfirmation of expectations was observed, meaning that the expectations were higher than the perceptions of the service quality. Hence, member tour operators' dissatisfaction with ABTO service quality in terms of tangibles, reliability, responsiveness, assurance, and empathy.

Since ABTO was established to facilitate the work of tour operators and develop the tourism industry in Bhutan and since members

pay US\$ 3per tourist to sustain the organization, they have high expectations. They expect ABTO to guide and assist member tour operators. Tour operators expect knowledge transfer, resourceful publications, guidance in terms of policy implications and amendments and also human resource development.

The highest expectation (31.1442) pertains to reliability, which translates into the ability to perform the promised service dependably and accurately. The tour operators have also expressed the highest perceived value (22.0092) in terms of service reliability. Yet the difference between the perceptions and expectations of tour operators in regard to service quality of ABTO is also the highest (-9.9135) in the reliability dimension.

Empathy stands second (29.5963) in the list of expectations. It refers to the need for care and individualized attention that a firm provides to its customers. In terms of perception of empathy, ABTO received (20.4954), the second highest mean for perception scores with a negative disconfirmation (-9.1009) which stands right below reliability's negative disconfirmation score.

The third dimension with regard to expectation scores was responsiveness (24.6651). Responsiveness scored (16.3578) in terms of perceptions and ranked the lowest as a perception score. The negative disconfirmation score (-8.3073) stood third in the SERVQUAL score. Responsiveness is defined as the willingness to help customers and provide prompt services.

Assurance, the knowledge and the courtesy of the employees and their ability to convey confidence, stands fourth (24.5963) and received third place (16.8440) in the perceptions score. The assurance dimension had a negative disconfirmation of (-7.7523) on the SERVQUAL score. The lowest (-4.6376) disconfirmation SERVQUAL score pertained to the tangibles dimension. Tangibles refer to the appearance of physical facilities, equipment, personnel, and communication materials. The expectation score was the lowest (21.6651) and in the third rank (17.0275) in terms of perception. Many members said that they did not really visit the ABTO office very often.

*- Recommendations with regard to the Reliability Dimension*

ABTO should focus on providing more dependable and accurate services. Only 6 employees work at ABTO even though its mission is to provide information in regard to any travel-related development within and outside the country; a task that is time-demanding. ABTO should also provide publications in relation to the development of the travel industry. It has a mandate to be a pioneering agency in terms of travel marketing for the tour operators. Bhutan is setting up a travel research and knowledge center. ABTO has to look into tourism policy matters and provide assistance to all member tour operators when issues come up. Since there are numerous tasks to be handled and little manpower, ABTO should either recruit more people (supposing it can afford it) or it should understand the most important needs of its members and develop a strategic plan for the deployment of its services to reduce the dissatisfaction gap.

Empathy is another issue. Having individual attention provided by a small ABTO workforce to a member base of 491 tour operators is not an easy task. During the researcher's field visit, many member tour operators expressed their need for individual attention, especially when important issues come up that need to be clarified or in the event of a crisis. ABTO should focus on more providing individual attention when assistance is needed or in response to crises.

ABTO needs to be more responsive. Identifying what caused member tour operators to develop high expectations and the development of an effective member relation service system with the help of information communication technology (ICT) would prove beneficial for ABTO as it would then be able to compile all data on Frequently Asked Questions (FAQs) and member complaints. After acquiring a good database, most of the services could be made online and automated. Most of the tour operators visit ABTO office for information and also at the travel meetings and conventions which ABTO organizes. Training on customer relationship management and a development of a proper member relations unit is also critical to close the gap.

The reliability of the information provided has been an issue. ABTO should conduct more in-house training for its personnel in order to develop a stronger

identity among its employees that reflects the vision of the organization. A few tour operators reported that they did not seek information and new knowledge from ABTO because the people there did not seem to know what they were doing. There is a need to initiate an effort to perform in-house knowledge sharing session and also focus on developing a research section to bring about new knowledge to be shared with its fellow members.

Finally, also an issue is the quality of the material both in terms of content and design, which was critiqued during the researcher's field study. For member tour operators, not having state-of-the art equipment and an impressive office structure did not matter as much as the quality of the material communicated (the brochures and reports shared by ABTO). The member tour operators expect substantial improvements in terms of content and knowledge delivered through ABTO publications.

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