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Are Luxury Hotels Satisfied With the Quality of Banking Services in Northern Cyprus?

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ABSTRACT

Tourism sector is one of the locomotive sectors in economy of the TRNC (Turkish Republic of North Cyprus). Even though, education sector plays a major role in the economy still it did not take the locomotive position of the Tourism sector. Due to this reality, the tourism institutions in TRNC are the main consumers of the banking sector. But, for the time being, the banking sector is not serving at the required level of quality for the tourism institutions. The study searched, how the luxury hotels as the dominant section of the tourism sector, identify the bank service quality. As a result of this study, it is seen that; the services provided by the banks are not satisfying the responsiveness, assurance, and empathy needs of the luxury hotels in TRNC.

Keywords: Northern Cyprus, Tourism, Commercial Bank, Service Quality, TRNC

INTRODUCTION

The modern banking facilities beside issuing loans or other kind of banking services; it also provides services to the all other sectors in a country. What determines the market share of a bank is not only the service it provides; but also how it provides it; which is developed as the Servqual system by Parasuraman and his followers. Servqual is a measuring method, which argues that the main issue to provide the highest quality service is to satisfy the needs of the consumers at the highest level and serve the consumers beyond their expectations. As a result, the service quality is defined by the consumers as the difference between wants or expectations and the difference between their perceptions. (Parasuraman et al., 1985; Parasuraman et al. 1988, p. 23).

Servqual scale is a principal instrument in the services marketing literature for assessing quality (Parasuraman et al.,1991; Parasuraman et al., 1988). This instrument has been widely utilized by both managers (Parasuraman et al., 1991) and academics (Babakus and Boller, 1992; Carman, 1990) to assess customer perceptions of service quality for a variety of services (e.g. Banks, credit card companies, repair and maintenance companies). The results of the initial published application of the servqual instrument indicated five dimensions of service quality which emerged across a variety of services. These dimensions include tangibles, reliability, responsiveness, assurance and empathy (Zeithaml at al, 1990, p. 176; Brensinger and Lambert, 1990; Crompton and MacKay, 1989). Tangibles are the physical evidence of service, reliability involves consistency of performance and dependability, responsiveness concerns the willingness or readiness of employees to provide services,
assurance corresponds to the knowledge and courtesy of employees and their ability to inspire trust and confidence, and finally, empathy pertains to caring, individualized attention that a firm provides it customers (Lassar et al., 2000, pp. 245-46).

The study searched what the luxury hotels (3, 4, or 5 star) percept about the bank service quality.

Even though there are limited researches (Nadiri and Hussain, 2005; Johns et al., 2004; Araslı et al., 2005) related to measuring service quality in the banking and tourism sectors of Northern Cyprus, no study designed to measure service quality of banking sector from the viewpoint of luxury hotels has been conducted. Therefore, this study aims at contributing to the literature in this field.

**METHODOLOGY AND DATA ANALYSIS**

As it’s mentioned above, the service quality of the bank sector in the TRNC is searched from the window of tourism sector. The share of the Tourism sector in GDP is 2.4%, while in the fixed capital investment is 6%. The net income of the tourism sector is 258.3 million dollar, which is a very important data for the huge trade deficit of TRNC (Tourism Planning Office, 2006, p. 53).

This research covers the luxury hotels with 3, 4, and 5 stars as the main body of the tourism sector. A questionnaire is sent to the high level managers of the luxury hotels by the date June 2007.

Table 1: Star Category of Hotels in Northern Cyprus (June 2007)

<table>
<thead>
<tr>
<th>Star Category</th>
<th>Number of Hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>*****</td>
<td>7</td>
</tr>
<tr>
<td>****</td>
<td>6</td>
</tr>
<tr>
<td>***</td>
<td>18</td>
</tr>
<tr>
<td>**</td>
<td>10</td>
</tr>
<tr>
<td>*</td>
<td>24</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>65</strong></td>
</tr>
</tbody>
</table>

Source: TRNC Ministry of Economy and Tourism

According to the valid questionnaires obtained in the research, the basic findings related to hotels in terms of star category, location and the type of bank usually worked with are given in Table 2. On the other hand, Table 1 shows the total number of hotels according to their star category up to the date June 2007. Questionnaires are sent to the high level managers of luxury hotels covering the same date. As can be understood from the given tables (Table 1, 2), 100% of the hotels with 4 and 5 stars, and 72% of the hotels with 3 stars existing in TRNC responded to the questionnaire. 57.7% of the hotels that responded to the questionnaire are located in the Kyrenia region. Most of these hotels (65.4%) work with Turkish branch banks, while the rest work with the local banks.

Table 2: Sample Characteristics of Hotels

<table>
<thead>
<tr>
<th>Factor</th>
<th>Category, Frequency and Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Star Category Frequency (%)</td>
<td>*** (13) (50) **** (6) (23.1) ***** (7) (26.9)</td>
</tr>
<tr>
<td>Location Frequency</td>
<td>Kyrenia (15) Famagusta (6) Iskele (1) Nicosia (4)</td>
</tr>
</tbody>
</table>
The questionnaire used in the study consists of three parts. Part 1 contains the basic characteristics of hotels including star category, location and the type of commercial bank with which they usually work. Part 2 includes expectations of hotels using a seven-point Likert scale ranging from “strongly disagree=1” to “strongly agree=7” to measure the 22 items. Similar to Part 2, Part 3 contains perceptions of respondents to measure the service quality of commercial banks for 22 items.

Both hotel characteristics and servqual items were tested to check if they were parametric or not. As a result of “One-Sample Kolmogorov-Smirnov Test” all variables proved to be normally distributed. Therefore, parametric tests have been applied in the study. Acordingly, the basic analysis and tests utilized in the study include frequency and percentage analysis, “one-sample t test”, “independent-samples t tests”, “paired-samples t tests”, “One-Way ANOVA test”, and “reliability analysis”.

Servqual Scores of Hotels towards Commercial Saving Banks

Luxury Hotels’ expectations and perceptions of service quality took part in Table 3. As shown in the table servqual scores for all items calculated as the difference between perceptions and expectations bear negative signs. However, even though servqual scores of 17 out of 22 items are negative, “paired samples t test” reveals that means of perception and expectation do not differ significantly at the $p<.05$ ($p>.05$). This shows that quality expectations are met for these items. On the other hand, servqual scores of only 5 out of 22 items do significantly differ from “0” ($p<.05$) meaning that when expectations are greater than performance, then perceived quality is less than satisfactory and a service quality gap materializes. In other words, banks fall short of expectations for these five items. These items are “Appealing of bank’s physical facilities”, “Providing sufficient trust to customers placing confidence in employees in this respect”, “Necessary knowledge of employees to answer customers’ questions”, “Customer personal attention given by employees”, “Consumer specific needs understood by employees”.

![Table 3: Average Servqual Scores of Hotels towards Banks in Northern Cyprus](image-url)
Table 4 shows average servqual scores presented in line with original five dimensions. The results reveal that significant differences occurred between expectations and perceptions of three dimensions (p < .05). These are “responsiveness”, “assurance” and “empathy”. In other words, quality expectations of luxury hotels towards banks in Northern Cyprus are not meet for these three dimensions.

The Impact of Hotels’ Characteristics on the Dimensions’ Servqual Scores

By referring to characteristics of hotels in Table 2 and servqual scores of five dimensions in Table 4 the “Independent Samples t Test” and “One-Way ANOVA test” were used to determine if the gap factor score means varied among different characteristics. Findings indicated that none of these characteristics yielded significant differences at the 0.05 level in disparity of service quality since significant values are greater than 0.05 as can be seen in Table 5.
CONCLUSIONS AND IMPLICATIONS

In service sectors such as banking, the quality of the service can be measured by the customer’s reactions instead of technical means. In this respect, the method widely used to measure the quality of service is servqual. According to this method, right quality is achieved when the customer’s expectations are met and high quality is achieved when the expectations are over met. In this study, the service qualities of the banks in TRNC are measured using the servqual method with the perspective of the luxury hotels.

According to the results from the research, 17 out of 22 servqual items, the service is of right quality. The items which are with low quality are to a large extent related with personal selling capabilities of the workers. For instance, the banks with low service quality seem to lack in characteristics such as the workers having enough knowledge to answer the questions of the customers, understanding the needs of the customers, and being trustworthy. It is regarded that these problems could be solved by training the workers especially on the subject of personal selling.

The research also provided the result that the service qualities that hotels receive from banks do not differentiate according to star category, location of hotel and type of bank. To express it another way, it will be strategically wrong for banks to choose a target group according to hotel characteristics when providing a service to them.

REFERENCES


