



**PERFORMANCE EXCELLENCE MEASUREMENT
FRAMEWORK: A STUDY OF HOTEL INDUSTRY IN
BANGLADESH**

BY

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ABSTRACT

The past decades have seen the development of numerous quality awards and excellence frameworks such as ISO, Deming Prize, Malcolm Baldrige National Quality Award (MBNQA), and European Foundation Quality Management (EFQM). More than 80 countries have successfully applied these frameworks in various sectors to achieve excellence in their businesses. Most of the Asian countries follow the MBNQA with little modification. However, the business sector in Bangladesh displayed limited efforts in following a framework for measuring performance excellence in a structured and systematic manner. This study filled the void by developing a framework that enables ranking of the criteria and sub-criteria for achieving business excellence in the hotel industry of Bangladesh.

The specific objectives of the study are to: (1) identify the most frequently used business excellence models that can be used as theories for developing a performance excellence measurement framework for the hotel industry of Bangladesh, (2) identify the necessary criteria and sub-criteria to develop a new framework for the hotel industry, (3) prioritise the criteria and sub-criteria in the course of developing the new performance excellence measurement framework, and (4) operationalise the new framework and evaluate the performance level of some selected hotels in Bangladesh. This study adapted the sequential mix method process by combining qualitative and quantitative approaches. Semi structured interviews with 24 participants were initially conducted to identify the criteria and sub-criteria. Subsequently, a questionnaire survey was carried out on 40 respondents to prioritise the identified criteria and sub-criteria, and 32 respondents were further surveyed to evaluate a selected number of hotels. Data for all three stages were accumulated from internal and external stakeholders of Bangladesh's hotel industry ranging from policy makers, quality management experts, experienced hotel guests, and top and middle-level hotel executives.

Thematic analysis was used during the qualitative stage and eight criteria were uncovered namely: *Top Management Commitment and Leadership*, *Strategic Planning*, *Service Process Management*, *Employee Focus*, *Customer/Guest Focus*, *Quality Management*, *Communication*, and *Business Results* together with their corresponding sub-criteria. Subsequently, the relative measurement of Analytic Hierarchy Process (AHP) was applied to prioritise these identified criteria and sub-criteria. *Quality Management* emerged as the most crucial criterion, and *Health and Safety-Security Measures* was the most important sub-criterion in addressing this criterion. Additionally, using the absolute measurement of AHP, Hotel Radisson Blu of Chittagong was identified as the best performing hotel among the selected hotels.

The performance excellence measurement framework developed for hotel industry is a unique one which can be used by practitioners to evaluate performance of hotels. Though the framework has been developed in the context of Bangladesh, however, the framework can be applied to measure performance of hotels in other countries as well with minor modifications.

ملخص

شهدت العقود الماضية تطوير العديد من الجوائز وأطر التميز مثل مثل أي. إيس. أو.، وجائزة ديمينغ، وجائزة مالكوم بالدريج الوطنية للجودة (مينكا)، وإدارة الجودة في المؤسسة الأوروبية (EFQ). وقد نجح أكثر من 80 بلدا في تطبيق هذه الأطر في مختلف القطاعات لتحقيق التميز في أعمالها. ومعظم البلدان الآسيوية تتبع وزارة الطاقة والمياه والبيئة مع تعديل طفيف، غير أن قطاع الأعمال في بنغلاديش أظهر جهودا محدودة في اتباع إطار لقياس التميز في الأداء بطريقة منظمة ومنهجية. وقد ملأت هذه الدراسة الفراغ من خلال وضع إطار يتيح ترتيب المعايير الأساسية والمعايير الفرعية لتحقيق التميز في الأعمال التجارية في صناعة الفنادق في بنغلاديش.

وتتمثل الأهداف المحددة للدراسة فيما يلي: (1) تحديد نماذج التميز التجاري الأكثر استخداما والتي يمكن استخدامها كنظريات لوضع إطار لقياس التميز في الأداء لقطاع الفنادق في بنغلاديش، (2) معايير لوضع إطار جديد لصناعة الفنادق، (3) إعطاء الأولوية للمعايير والمعايير الفرعية في سياق تطوير إطار قياس التميز في الأداء الجديد، و (4) تفعيل الإطار الجديد وتقييم مستوى أداء بعض الفنادق المختارة في بنغلاديش. قامت هذه الدراسة بتكييف عملية طريقة المزيغ المتسلسل من خلال الجمع بين النهج النوعي والكمي. وأجريت في البداية مقابلات شبه منظمة مع 24 مشاركا لتحديد المعايير والمعايير الفرعية. وبعد ذلك، أجري توزيع استبيان على 40 من العينات لتحديد أولويات المعايير والمعايير الفرعية المحددة، وتمت دراسة 32 من المشاركين في الدراسة لتقييم عدد مختار من الفنادق. وقد تراكمت البيانات الخاصة بالمراحل الثلاث من أصحاب المصلحة الداخليين والخارجيين في صناعة الفنادق في بنغلاديش، بدءا من صانعي السياسات وخبراء إدارة الجودة وضيوف الفنادق ذوي الخبرة والمديرين التنفيذيين في الفنادق العليا والمتوسطة.

تم استخدام التحليل المواضيعي خلال المرحلة النوعية وتم الكشف عن ثمانية معايير هي: الالتزام الإداري والقيادة العليا، والتخطيط الاستراتيجي، وإدارة عمليات الخدمة، وتركيز الموظفين، وتركيز العملاء / الضيوف، وإدارة الجودة، والاتصالات، ونتائج الأعمال، والمعايير. بعد ذلك، تم تطبيق القياس النسبي لعملية التسلسل الهرمي التحليلي (أهب) لتحديد أولويات هذه المعايير والمعايير الفرعية المحددة. وقد برزت إدارة الجودة باعتبارها المعيار الأكثر أهمية، وكانت تدابير الأمن والسلامة والأمن أهم معيار فرعي

في معالجة هذا المعيار. بالإضافة إلى ذلك، وباستخدام القياس المطلق لـ"أهب"، تم تحديد فندق راديسون بلو من شيتاغونغ كأفضل الفنادق أداءً بين الفنادق المختارة.

كان إطار قياس التميز في الأداء الذي يتم تطويره لصناعة الفنادق هو إطار فريد يمكن استخدامه من قبل الممارسين لتقييم أداء الفنادق. على الرغم من أن الإطار قد تم تطويره في سياق بنغلاديش، ومع ذلك، يمكن تطبيق الإطار لقياس أداء الفنادق في بلدان أخرى وكذلك مع تعديلات طفيفة.

APPROVAL PAGE

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DECLARATION

I hereby declare that this thesis is the result of my own investigation, except otherwise I stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions

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DEDICATION

*This thesis is dedicated to
my loving parents, wife and daughter
whose compassion for me flow like a waterfall
that continually nourishes my soul*

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TABLE OF CONTENTS

Abstract	ii
Abstract in Arabic	iii
Approval Page.....	v
Declaration	vi
Copyright	vii
Dedication	viii
Acknowledgements.....	ix
Table of Contents.....	x
List of Tables	xvii
List of Figures	xx
List of Abbreviations	xxii
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background of the Study	1
1.2 Need for Business Excellence	2
1.3 Concept of Best Practices Business Excellence Frameworks	4
1.3.1 Malcolm Baldrige National Quality Award (MBNQA)	4
1.3.2 European Foundation for Quality Management (EFQM).....	5
1.3.3 ISO Excellence Model	5
1.3.4 Deming Prize.....	6
1.4 Criteria for Business Excellence Model	7
1.5 Practising Business Excellence Framework in Asian Countries	9
1.6 Overview of the Global Hotel Industry	15
1.7 Hotel Industry in Bangladesh	17
1.8 Problem Statement.....	20
1.9 Research Questions.....	22
1.10 Research Objectives.....	22
1.11 Limitations of the Study	23
1.12 Significance of the Study.....	24
1.13 Chapter Summary	25
CHAPTER TWO	26
LITERATURE REVIEW	26
2.1 Introduction.....	26
2.2 Philosophies, Theories, and Principles of Quality Management.....	28
2.2.1 Deming’s Theory of Quality Management	30
2.2.2 Juran’s Theory of Quality Trilogy	31
2.2.3 Kaizen Concept of Quality Management.....	33
2.3 Performance Excellence in Hotel Industry	34
2.3.1 Performance Enhancement through Service Quality in Hotel Industry	35
2.3.1.1 Hotel Performance Improvement and SERVQUAL	40
2.3.2 Benchmarking and Hotel Performance Improvement	42
2.4 Framework of Performance Measurement for the Hotel Industry.....	43

2.4.1 Deming Cycle	44
2.4.2 Results and Determinants Model	45
2.4.3 Balanced Scorecard	46
2.5 Quality Awards and Excellence Models.....	47
2.5.1 ISO Excellence Model	50
2.5.1.1 Application of ISO in the Hotel Industry	52
2.5.2 EFQM.....	53
2.5.2.1 Application of EFQM in the Hotel Industry.....	54
2.5.3 MBNQA.....	55
2.5.3.1 Criteria of MBNQA.....	55
2.5.3.1.1 Organisational Profile	56
2.5.3.1.2 The Criteria Framework.....	57
2.5.3.1.3 Leadership.....	58
2.5.3.1.4 Strategic Planning	60
2.5.3.1.5 Customer Focus	60
2.5.3.1.6 Measurement, Analysis, and Knowledge Management	61
2.5.3.1.7 Workforce Focus.....	61
2.5.3.1.8 Operations Focus	62
2.5.3.1.9 Organisational Performance Results.....	63
2.5.3.2 Applications of MBNQA.....	63
2.5.3.3 Application of MBNQA in the Hotel Industry	66
2.5.4 Six Sigma	67
2.5.4.1 Application of Six Sigma in the Hotel Industry	68
2.5.5 Lean Quality.....	69
2.5.5.1 Application of Lean Quality Model in the Hotel Industry.....	71
2.6 Methods of Performance Measurement.....	72
2.6.1 Analytic Hierarchy Process (AHP).....	72
2.6.1.1 Application of AHP in the Hotel Industry.....	74
2.6.1.2 AHP Studies for Model Development.....	77
2.7 Research Gap	78
2.8 Chapter Summary	80
CHAPTER THREE	81
RESEARCH METHODOLOGY	81
3.1 Introduction.....	81
3.2 Research Paradigm	81
3.3 Research Design	84
3.4 Population and Sampling Technique	86
3.4.1 Study Population	86
3.4.2 Sample Size.....	86
3.4.3 Sampling Technique	88
3.5 Data Collection	89
3.6 Data Analysis.....	91
3.6.1 Qualitative Data Analysis	91
3.6.2 Quantitative Data Analysis	97
3.7 The Analytic Hierarchy Process	97
3.7.1 Developing Criteria, Sub-Criteria and Alternatives.....	98

3.7.2 Structure the Decision Hierarchy of Criteria, Sub-Criteria and Alternatives.....	99
3.7.3 Relative Measurement.....	101
3.7.4 Pairwise Comparison Matrix (PCM)	101
3.7.5 Criteria Weights	102
3.7.5.1 Determining Priority Vectors	103
3.7.5.2 Measuring Consistency.....	103
3.7.5.3 Global Weight for the Alternatives	105
3.7.6 Absolute Measurement	105
3.8 Chapter Summary	106

CHAPTER FOUR.....107

FINDINGS OF QUALITATIVE ANALYSIS.....107

4.1 Introduction.....	107
4.2 Demographic Profile of the Respondents	107
4.3 Themes Related to Measuring Performance of Hotels.....	111
4.3.1 Top Management Commitment and Leadership.....	116
4.3.1.1 Quality Leadership	118
4.3.1.2 Corporate Social Responsibility	119
4.3.2 Strategic Planning	121
4.3.2.1 Vision, Mission and Goal	122
4.3.2.2 Strategy Development and Implementation	123
4.3.3 Service Process Management.....	124
4.3.3.1 Process Design.....	126
4.3.3.2 Performance Metrics.....	127
4.3.3.3 Competitor Business Analysis.....	128
4.3.3.4 Promotional Policy	128
4.3.4 Employee Focus	130
4.3.4.1 Employee Development	132
4.3.4.2 Employee Satisfaction	134
4.3.5 Customer/Guest Focus	135
4.3.5.1 Customer/Guest Relationship Management	137
4.3.5.2 Customer/Guest Retention.....	138
4.3.5.3 Customer/Guest Satisfaction	139
4.3.6 Quality Management.....	140
4.3.6.1 Quick and Expected Service Delivery	141
4.3.6.2 Health and Safety-Security Measures.....	142
4.3.6.3 Environment Management	143
4.3.7 Communication.....	144
4.3.7.1 Internet /Digital Service.....	145
4.3.7.2 Networking Facilities	146
4.3.8 Business Results.....	146
4.3.8.1 Return on Investment.....	148
4.3.8.2 Quality Management	149
4.3.8.3 Employee Satisfaction	149
4.3.8.4 Customer/Guest Satisfaction	150
4.3.8.5 Leadership Performance	151
4.4 A Synthesis of the Criteria and Sub-Criteria	152
4.4.1 Top Management Commitment and Leadership.....	155

4.4.1.1 Quality Leadership	155
4.4.1.2 Corporate Social Responsibility	156
4.4.2 Strategic Planning	156
4.4.2.1 Vision, Mission and Goal	156
4.4.2.2 Strategy Development and Implementation	157
4.4.3 Service Process Management.....	157
4.4.3.1 Process Design.....	157
4.4.3.2 Performance Metrics.....	158
4.4.3.3 Competitor Business Analysis.....	158
4.4.3.4 Promotional Policy	158
4.4.4 Employee Focus	159
4.4.4.1 Employee Development	159
4.4.4.2 Employee Satisfaction	159
4.4.5 Customer/Guest Focus	160
4.4.5.1 Customer Relationship Management.....	160
4.4.5.2 Customer Retention	160
4.4.5.3 Customer Satisfaction.....	161
4.4.6 Quality Management.....	161
4.4.6.1 Quick and Expected Service Delivery.....	161
4.4.6.2 Health and Safety-Security Measures.....	162
4.4.6.3 Environment Management	162
4.4.7 Communication	162
4.4.7.1 Internet/Digital Service.....	163
4.4.7.2 Networking Facilities	163
4.4.8 Business Results.....	163
4.4.8.1 Return on Investment.....	164
4.4.8.2 Quality Management	164
4.4.8.3 Employee Satisfaction	164
4.4.8.4 Customer/Guest Satisfaction	165
4.4.8.5 Leadership Performance	165
4.5 Chapter Summary	166

CHAPTER FIVE 167

FINDINGS OF QUANTITATIVE ANALYSIS 167

5.1 Introduction.....	167
5.2 Demographic Profile of the Respondents	168
5.3 Assessing Criteria and Sub-Criteria by Pairwise Comparison Metrics (PCMs)	171
5.4 Establishing Weights of Criteria and Sub-Criteria as well as Assigned Points	177
5.4.1 Overall Weights of Criteria and Sub-Criteria as well as Assigned Points	177
5.4.1.1 Top Management Commitment and Leadership (89 points)	183
5.4.1.1.1 Quality Leadership (63 points)	183
5.4.1.1.2 Corporate Social Responsibility (26 points).....	183
5.4.1.2 Strategic Planning (79 points)	184
5.4.1.2.1 Vision, Mission and Goal (42 points).....	184

5.4.1.2.2 Strategy Development and Implementation (37 points)	185
5.4.1.3 Service Process Management (95 points)	185
5.4.1.3.1 Process Design (18 points)	185
5.4.1.3.2 Performance Metrics (23 points)	186
5.4.1.3.3 Competitor Business Analysis (26 points)	186
5.4.1.3.4 Promotional Policy (28 points)	186
5.4.1.4 Employee Focus (92 points)	187
5.4.1.4.1 Employee Development (53 points)	187
5.4.1.4.2 Employee Satisfaction (39 points)	187
5.4.1.5 Customer/Guest Focus (170 points)	188
5.4.1.5.1 Customer/Guest Relationship Management (68 points)	188
5.4.1.5.2 Customer/Guest Retention (42 points)	188
5.4.1.5.3 Customer/Guest Satisfaction (60 points)	189
5.4.1.5.4 Quality Management (186 points)	189
5.4.1.5.5 Quick and Expected Service Delivery (54 points)	189
5.4.1.5.6 Health and Safety-Security Measure (76 points)	190
5.4.1.5.7 Environment Management (56 points)	190
5.4.1.6 Communication (147 points)	190
5.4.1.6.1 Internet/Digital Service (86 points)	191
5.4.1.6.2 Networking Facilities (61 points)	191
5.4.1.7 Business Results (142 points)	191
5.4.1.7.1 Return on Investment (19 points)	192
5.4.1.7.2 Quality Management (24 points)	192
5.4.1.7.3 Employee Satisfaction (23 points)	192
5.4.1.7.4 Customer/Guest satisfaction (45 points)	193
5.4.1.7.5 Leadership Performance (31 points)	193
5.4.2 Analysis of Criteria and Sub-Criteria on the Basis of Category of Respondents	193
5.4.2.1 Weights from the Standpoint of Quality Management Experts	194
5.4.2.2 Weights from the Standpoint of Experienced Hotel Guests	199
5.4.2.3 Weights from the Standpoint of Hotel Executives	203
5.4.2.4 Comparison of Weights on the Basis of Category of Respondents	207
5.4.2.5 Test of Validity of Ranking on the Basis of Category of Respondents	212
5.4.3 Analysis of Criteria and Sub-Criteria Weights on the Basis of Demographic Profile	213
5.4.3.1 Analysis of Criteria and Sub-Criteria Weights on the Basis of Level of Education	213
5.4.3.1.1 Weights from the Standpoint of the Respondents Having Bachelor Qualifications	214
5.4.3.1.2 Weights from the Standpoint of the Respondents Having Masters Qualifications	218
5.4.3.1.3 Weights from the Standpoint of the Respondents Having Ph.D. Qualifications	222

5.4.3.1.4 Comparison of Weights on the Basis of Level of Education	226
5.4.3.1.5 Test of Validity of Ranking on the Basis of Level of Education	230
5.4.3.2 Analysis of Criteria and Sub-Criteria Weights on the Basis of Working Experiences	231
5.4.3.2.1 Weights from the Standpoint of the Executives Having Working Experiences of Below 5 Years.....	232
5.4.3.2.2 Weights from the Standpoint of the Hotel Executives Having Experiences of 5 to 10 Years	237
5.4.3.2.3 Weights from the Standpoint of the Hotel Executives Having Experiences of Above 10 Years.....	241
5.4.3.2.4 Comparison of Weights on the Basis of Working Experiences of Hotel Executives	245
5.4.3.2.5 Test of Validity of Ranking on the Basis of Working Experiences	250
5.5 Absolute Measurement	251
5.5.1 Data Collection	252
5.5.2 Demographic Profile of the Respondents in Hotel Evaluation	253
5.5.3 Intensities for Absolute Measurement	255
5.5.4 Evaluation of Hotels Using AHP Absolute Measurement.....	256
5.5.5 Synthesis the Sub-Criteria Weights of Hotels to Obtain the Global Weights	257
5.5.6 Rating some Selected Hotels of Bangladesh.....	259
5.6 Chapter Summary	264
CHAPTER SIX	266
DISCUSSION AND CONCLUSION	266
6.1 Introduction.....	266
6.2 Discussion of the Findings	266
6.2.1 RQ 1: What are the most appropriate performance excellence frameworks need to be considered as theories for developing a performance excellence measurement framework for the hotel industry of Bangladesh?	267
6.2.2 RQ 2: What are the necessary criteria and sub-criteria that need to be incorporated in the proposed performance excellence measurement framework?.....	269
6.2.2.1 Top Management Commitment and Leadership	270
6.2.2.2 Strategic Planning.....	271
6.2.2.3 Service Process Management	272
6.2.2.4 Employee Focus	273
6.2.2.5 Customer/Guest Focus.....	275
6.2.2.6 Quality Management	276
6.2.2.7 Communication	278
6.2.2.8 Business Results	279
6.2.3 RQ 3: How the criteria and sub-criteria are prioritized in the course of developing the new performance excellence measurement framework?.....	281

6.2.4 RQ 4: How the new excellence framework is operationalized to evaluate the performance level of some selected hotels in Bangladesh?	285
6.3 Contribution of the Study	287
6.3.1 Theoretical Contributions	287
6.3.2 Practical Contributions.....	289
6.4 Recommendations for Future Research.....	290
6.5 Conclusion	292

REFERENCES.....	295
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APPENDIX 1: LIST OF BUSINESS EXCELLENCE AWARDS IN DIFFERENT COUNTRIES.....	328
APPENDIX 2: INTEVIEW QUESTIONNAIRE.....	333
APPENDIX 3: AHP RELATIVE MEASUREMENT QUESTIONNAIRE	334
APPENDIX 4: AHP ABSOLUTE MEASUREMENT QUESTIONNAIRE	344

LIST OF TABLES

<u>Table No.</u>	<u>Page No.</u>
Table 1.1 Comparison of Criteria for the Best Practices Excellence Models	9
Table 1.2 National Quality Awards in Asian Countries	14
Table 1.3 Location of International Standard Hotels in Bangladesh	18
Table 1.4 List of Hotels on the Basis of Classification	18
Table 1.5 List of Some International Standard Hotels and Room Offerings	19
Table 2.1 Deming's 14 Points for Quality	30
Table 2.2 Principles of Juran's Quality Trilogy	32
Table 2.3 Results and Determinants Model	45
Table 2.4 Excellence Models/National Quality Awards	49
Table 2.5 MBNQA Model (Criteria, Items and Assigned Points)	58
Table 2.6 Major Studies Conducted on AHP in the Hotel Industry	75
Table 3.1 Step-By-Step Research Processes	85
Table 3.2 Number of Respondents in AHP Application	87
Table 3.3 Distribution of Respondents	88
Table 3.4 List and Definition of Identified Themes	94
Table 3.5 List and Definition of Corresponding Sub-Themes	95
Table 3.6 The Fundamental Scale of AHP	102
Table 3.7 Random Index for AHP	104
Table 4.1 Classification of Interview Respondents	108
Table 4.2 Detailed Profile of the Respondents in Qualitative Stage	109
Table 4.3 Respondent's Demographic Profile for Qualitative Stage	110
Table 4.4 Items Collected from the Respondents	112
Table 4.5 Main Ideas of Respondents' and Relevant Themes	113

Table 4.6 List and Definition of Themes	115
Table 4.7 Themes and Number of Occurrences	116
Table 4.8 List of Performance Criteria and Sub-Criteria Generated by the Respondents	153
Table 5.1 Detailed Information on Respondents Profile	169
Table 5.2 The AHP Fundamental Scale of Absolute Numbers	171
Table 5.3 Pairwise Comparison of Criteria with Respect to the Overall Goal	172
Table 5.4 Overall Weights of Criteria and Sub-Criteria by all Stakeholder Groups	178
Table 5.5 Overall Points of Criteria and Sub-Criteria Derived from Respondents	182
Table 5.6 Weights Derived from Quality Management Experts	196
Table 5.7 Weights Derived from Experienced Hotel Guests	201
Table 5.8 Weights Derived from Hotel Executives	205
Table 5.9 Comparison of Weights for Three Categories of Respondents	208
Table 5.10 Rank Correlation Coefficient (RCC) and <i>p</i> Values	212
Table 5.11 Weights Derived from the Respondents with Bachelor Qualifications	216
Table 5.12 Weights Derived from Master/MBA Respondents	220
Table 5.13 Weights Derived from the Ph.D. Respondents	224
Table 5.14 Comparison of Weights for Level of Education	227
Table 5.15 Rank Correlation Coefficient (RCC) and <i>p</i> Values	231
Table 5.16 Weights Derived from the Hotel Executives Having Experiences of Less Than 5 Years	234
Table 5.17 Weights Resulting from the Hotel Executives Having Experiences of 5 to 10 Years	239
Table 5.18 Weights Derived from the Hotel Executives Having Experiences of Above 10 years	243
Table 5.19 Comparison of Weights on the Basis of Working Experiences of Hotel Executives	246
Table 5.20 Rank Correlation Coefficient (RCC) and <i>p</i> Values	250
Table 5.21 Demographic Breakdown of the Interviewed Respondents	253

Table 5.22 Detailed Information on Respondents Profile	254
Table 5.23 Intensities and Their Weights	256
Table 5.24 Overall Weights of Criteria and Sub-Criteria Derived from all Respondents	257
Table 5.25 Synthesis to Obtain the Global Weights	258
Table 5.26 Performances of Radisson Blu Hotel on Various Sub-Criteria	260
Table 5.27 Weights and Ranks of Eight Sampled Hotels on the Basis of Sub-Criteria	261
Table 5.28 Points on Sub-Criteria of the Radisson Blu Hotel	263
Table 5.29 Ranks of Eight Sampled Hotels on the Basis of Points Earned	264
Table 6.1 List of Performance Criteria and Sub-Criteria Generated by the Respondents	281
Table 6.2 Overall Points of Criteria and Sub-Criteria Derived from Respondents	285
Table 6.3 Ranks of Eight Sampled Hotels on the Basis of Points Earned	287

LIST OF FIGURES

<u>Figure No.</u>	<u>Page No.</u>
Figure 2.1 Juran's Quality Trilogy Model	32
Figure 2.2 Kaizen Concept of Quality Management	34
Figure 2.3 Deming Cycle	44
Figure 2.4 Balanced Scorecard	46
Figure 2.5 ISO 9001:2000	51
Figure 2.6 Enablers and Results of EFQM	54
Figure 2.7 MBNQA Model	57
Figure 2.8 DMAIC Approach of Six Sigma	68
Figure 2.9 Lean Quality Principles	71
Figure 3.1 Flow Chart of Qualitative Data Analysis	91
Figure 3.2 AHP Hierarchy Model	100
Figure 4.1 Sub-Themes of Top Management Commitment and Leadership	118
Figure 4.2 Sub-Themes of Strategic Planning	122
Figure 4.3 Sub-Themes of Service Process Management	125
Figure 4.4 Sub-Themes of Employee Focus	132
Figure 4.5 Sub-Themes of Customer/Guest Focus	137
Figure 4.6 Sub-Themes of Quality Management	141
Figure 4.7 Sub-Themes of Communication	145
Figure 4.8 Sub-Themes of Business Results	148
Figure 4.9 Hierarchy of the Criteria, Sub-Criteria and Alternatives	154
Figure 5.1 Breakdown of the stakeholders of Bangladesh Hotel Sector	168
Figure 5.2 A Sample for a Complete Set of Pairwise Comparison Metrics	174
Figure 5.3 PCMs Comprising the Geometric Means of Group Judgements	176

Figure 5.4 Overall Values of Criteria and Sub-Criteria by Stakeholder Groups	180
Figure 5.5 Hierarchical Model for the Criteria and Sub-Criteria in Measuring Performance	181
Figure 5.6 PCMs Derived from Quality Management Experts	195
Figure 5.7 PCMs Derived from Experienced Hotel Guests	200
Figure 5.8 PCMs Derived from Hotel Executives	204
Figure 5.9 PCMs Derived from the Bachelor Respondents	215
Figure 5.10 PCMs Derived from Masters/MBA Respondents	219
Figure 5.11 PCMs Derived from Ph.D. Respondents	223
Figure 5.12 PCMs Derived from the Hotel Executives Having Experiences of Less than 5 Years	233
Figure 5.13 PCMs Resulting from the Hotel Executives Having Experiences of 5 to 10 Years	238
Figure 5.14 PCMs Derived from the Hotel Executives Having Experiences of Above 10 Years	242

LIST OF ABBREVIATIONS

Abbreviations	Description
ABEF	Australian Business Excellence Framework
AHP	Analytic Hierarchy Process
ANP	Analytic Network Process
BCPE	Baldrige Criteria for Performance Excellence
BEF	Business Excellence Framework
BEM	Business Excellence Model
CQA	China Quality Award
DEA	Data Envelopment Analysis
DMD	Deputy Managing Director
EFQM	European Foundation for Quality Management
EQA	European Quality Award
GDP	Gross Domestic Product
GM	General Manager
HKMA	Hong Kong Management Association
IHG	Intercontinental Hotels Group
ILO	International Labour Organisation
INQA	Iran National Quality Award
IPA	Importance-Performance Analysis
ISO	International Organisation for Standardisation
JQA	Japan Quality Award
JUSE	Japanese Union of Scientists and Engineers
KAAE	King Abdullah II Award for Excellence
KPI	Key Performance Indicators
MBNQA	Malcolm Baldrige National Quality Award
MPC	Malaysia Productivity Corporation
NHTTI	National Hotel & Tourism Training Institute
NIST	National Institute of Standards and Technology
NPA	National Productivity Award
NPO	National Productivity Organisation
NQA	National Quality Awards
PCM	Pairwise Comparison Matrix
PMQA	Prime Minister's Quality Award
QFD	Quality Function Deployment
QMEA	Quality Management Excellence Award
RGNQA	Rajiv Gandhi National Quality Award
SLSI	Sri Lanka Standards Institution
SQA	Singapore Quality Award
SQAC	Singapore Quality Award Criteria
TNQA	Taiwan National Quality Award
TQA	Thailand Quality Award
TQC	Total Quality Control
TQM	Total Quality Management
WTTC	World Travel and Tourism Council

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Service sector plays a crucial role in most economies. The sector comprises numerous industries such as tourism, banking, insurance, transportation, hospitality etc. The service industry is distinct from the manufacturing industry. Many service organisations are treated as profit earning business enterprises, among which the hotel industry features prominently (Yang *et al.*, 2011) and is related to the hospitality industry. The hotel industry is, at present, treated as the largest and most rapidly growing industry in the service sector (Mace, 1995). Huge amounts of capital are invested to improve the quality of services in this industry (Fernandez & Bedia, 2005).

Due to increased choice, greater value for money and augmented level of services, hotels face challenges of growing competition. Additionally, there are little differences between one hotel's products and services with that of another. Thus, gaining competitive advantage has become overbearing for the hotel industry. To secure some advantage, the most commonly used strategies followed by hotel authorities are low cost leadership through discounting price and developing customer loyalty by delivering unique services to customers. Hotels that attempt to increase their market share by reducing prices ultimately face the serious risk of negative impact on the medium and long term profitability. Hence, rather than price, quality of service has become the key indicator to a hotel's ability to differentiate itself from its competitors (Pereira-Moliner *et al.*, 2016; Kandampully & Suhartanto, 2000).

Hotel service providers face a manifold of challenges such as high customer demand on quality, and increasing competition for high customer satisfaction and the

demand for full services while ensuring service quality (Ikiz & Masoudi, 2008). Quality is the means by which a company can achieve competitive advantage. It reflects the ability to meet the needs and expectations of customers and all other stakeholders along with community in which a company operates (Tan *et al.*, 2015). Accordingly, quality consciousness is a vital issue to governments and companies. Companies are looking for effective guidance to implement quality programmes. Nations and hotel operators must search for strategic applications to improve the quality of their services.

Considering this, measuring performance is a growing priority for many organisations. To this end, many national and international performance measurement frameworks have been launched. For example, there are more than 95 quality performance awards and excellence frameworks at the international level, with additional national quality awards in 82 countries (www.coer.org.nz). Most countries established their frameworks for national quality award programmes based on the Deming Prize (DM), International Organisation for Standardisation (ISO), Malcolm Baldrige National Quality Award (MBNQA) and European Quality Award (EQA) as their success is remarkable in the industries of their respective countries.

1.2 NEED FOR BUSINESS EXCELLENCE

A business excellence model is a performance measurement framework used to improve the quality of products or services, and increase customer satisfaction and national competitiveness. It helps countries secure a sound position in the competitive market and improve the internal and external environment of the enterprise (Vercic & Zerfass, 2016).