

Internal Service Environment and Customer Loyalty of Selected Hotels in Abakaliki, Ebonyi State, Nigeria

Tawo, Francis Abang and Egele Aja Ebeke (PhD)
Department of Marketing, Ebonyi State University Abakaliki, Nigeria

Abstract: *The paper examines the effect of internal service environment on customer loyalty of selected hotels in Abakaliki, Ebonyi State, Nigeria. The main objective was to examine the influence of internal service environment on customer loyalty. The method employed in this paper was basically desk research method; focus on the review of related literature. The study shows that internal service environment have significant effect on customer loyalty. The study recommends that hotels should develop innovative ideas, (human and materials) to improve their service environment.*

Keywords: *Internal service environment, customer loyalty & hotel.*

1.1 Introduction

Historically, hotel industry is among famous commercial activities world over. (Sighania, 2014). On travelling and staying away from their homes and cities overnight, people needed accommodation to spend their nights, that is why a hotel is regarded as a home away from home. Recently African countries have experience an upsurge in hotel investment activities and hotel developments have become that fastest growing economy in Africa and in the whole world, (Ernest & Young, 2019). As part of the tourism industry, hotel provides a range of travel and related services such as accommodation, restaurant, clubs and bar, recreational activities, entertainment, among others needed by new generational travelers (Tsuruch 2018). In Nigeria, the hospitality and tourism industry has been credited as an important metric to enhance economic growth through domestic development and foreign exchange earnings (Alikor, 2022). In addition to oil, Agriculture, and manufacturing, hospitality and tourism industry is the main economic drivers for poverty reduction, attraction of foreign investors and economic development which can offer employment opportunities, foreign exchange, investment income and tax revenue (Alikor, 2022).

In hospitality and tourism industry where hotels use their human resources, they need to deploy appropriate, effective and efficient allocation of the resources to work because the success of the hotel depends on it

human resources (Kayo Ko, Seren, Mitsuo, 2018). In hospitality and tourism industry, human resource management plays important role in ensuring that the hotel maintain or improve it place in the service and competitive marketing environment.

Internal service environment of any service industry is the environment where the industry operate and provide emotional dimensions to the service experience which create memorable experience, (Chordchandol and Sriboongit, 2011). Azam etal (2012) explained that the service environment where interactions between customers and the service employee take place includes all the tangible elements that facilitate the process of discharging service and the intangible element which include the behavior of the service industry employee. According to Ahmad (2012), Internal service environment is a blend of tangible elements service industry employee. (material asset, facilities and functionality) and the behavior of the service employee, which aim to generate emotional experience that impact upon the long-term customer satisfaction and loyalty. The internal environment of the service organization (hotel) has strong influences on the level of customer satisfaction and loyalty, and in it the hotel build competitive advantage (Sayuti and Setiacan, 2019). The authors further stipulated that the tangible element of the service environment includes ambience, buildings, facilities layout furnishing, rooms facilities and quality, access road and road network, parking space, recreational facilities, adequate water supply, power supply, artifact, interior and exterior decoration and signage. And the intangible element which is the services rendered by the service employee. This blend of elements enhances the operation and quality service delivery which create customer satisfaction and loyalty. The service employees as the component of internal service environment are the employees engaged by the hotel to deliver or render quality service to customers. They are those whose primary objective is to offer entertaining experience to customers and their ultimate aim is to create memorable service experience. The hospitableness of the service rendered by the hotel employee depict it's unique selling proposition. In this regard, both the tangible and intangible asset of the hotel must be of high quality to create a conducive atmosphere that enhances customer satisfaction and loyalty and also enable the hotel to gain comparative advantage in a competitive marketing environment.

Statement of the problem

As noted by Ahmed (2012). Hotel business has changed recently to embrace special niche form of lodging, new ways of representing markets, brand proliferation, consolidation and new tools for acquiring customers, distribution and innovation. These have in some ways influenced hotels new demand on marketing. Among the areas of innovation being focused by hotels management is on its internal service environment. Also hotels are generally saddle with increased pressure of measuring and meeting up with customers demand for high quality service environment. This demand for high quality standard service environment has modified the concept of operations to focus more on achieving service efficiency, customer satisfaction and customer loyalty, (Nwosu, 2016). Currently, hotel customers are more than before increasingly becoming well informed and ready to switch loyalty to perceived better providers of quality service environment and effective service delivery. Therefore, the persistent customers' demand for high quality service environment and service delivery has become and remain a major challenge for hotel operators. Furthermore, the rating of hotels is expected to communicate the precise quality of the service environment and service delivery to customers. However, instances of rating inconsistencies of hotel environment and services may misinform customers and lead to their dissatisfaction and calamitously affect capacity utilization of the hotel products and services. Agarn, in some situations hotel general environment and support services do not match customer expectation. Nwokorce, Akalazu and Olusola (2014) cited in Alla (2022) uphold that hotels are expected to offer quality service environment in order to build positive image in the eyes of the customers for better hotel performance. More-so report from the world economic forum rank Nigeria very low in hotel performance based on clumsy, service delivery and poor customer satisfaction and loyalty, (World Economic forum, 2016). It is also noticed that some hotel customers switch over from one hotel to another in a particular town in most of the time, they are in need of hotel service while some stick to patronizing a particular hotel every time they are in need of the service of hotel in that particular town or city. This inconsistency of this customers patronizing behavior is a signal that certain customers value expectations are not adequately provided.

This therefore underpin the need for this reviewed paper that allow exploration of the effect of internal service environment on customer loyalty of hotels in Abakaliki, Ebonyi State, Nigeria.

Objective of the study

The overall or main objective of this study was to examine the effect of internal service environment of hotels on customer loyalty.

Literature review

Customers loyalty

According to management study Guide (2008), a customer is an individual or business organization that purchases goods or services produced by firm (hotel). They are the actual bosses in a deal who are responsible for profit in the business. They create demand for the services, used the services and judge the product or services with other people. Ombalusi (2016) also added that customers are the sources of generating profit because they always spend a greater shape of wallet. The author further opined that firms (hotels) must produce quality products or services with affordable price to attract more customers and make more sales. Beard (2014) asserted that customers loyalty is the success of the service organization to establish long-term relationship with their customers and also achieve rewards in interacting with its customers. The author further revealed that customer loyalty is the tendency and consistency of the customer to choose a product or service over all others due to satisfaction with the product or service. Reinartz and Kumar (2002) defined loyalty as the continuous belief of a customer in the products or services offered by the company. They further stated that loyal customer everyday make decisions on where to spend their time, money and efforts, they spend money, buy more, stay longer and tell more people about the products or services and hotel they are fully satisfied. The authors also stressed that customer loyalty exist long-term only if the hotel make the customers feel they are number one priority in their list of preferences. Harvey (2017) in corroboration with Reinartz and Kumar (2013) pointed that loyal customers always stay with one hotel, product or service and also recommend the hotel or service to others. Ranade (2012) pointed that hotel can only achieve customer loyalty if 'the products and service are considered under customer preferences, if the products and services are considered under customer value and if the customer experiences, perceptions and beliefs about the hotel as well as its products and services are highly valued. Gen and Jia, (2014) defined customer loyalty as customer behavior which shows a desire to maintain ongoing relationship with an organization. The authors stressed that customer-loyalty promote profitability and stimulate additional patronage and

purchases of the organization product or service. In corroboration with Gen and Jai, 2014, Arora and Narula, (2018) assert that a loyal customer is an asset to the service industry (hotel) and help to keep a firm dominant position in a correction and gain more profit.

They author further stated that customer loyalty is measured by the rate of customer repeat purchase of the organization product or service, increase market share, reduction in market expenses and referral behaviour. According to Shi et al (2020), customer loyalty is an important factor in enhancing and facilitating the sustainability of any hotel through maintaining the customers and strengthening relationship.

Dimensions of customer loyalty

Hen et al, (2019) identified dimensions of customer loyalty to include:

- (i) Attitudinal loyalty: Described as customers attitude – loyal or disloyal type of behaviour towards the product or service of interest. Attitudinal loyalty is constantly inclined towards continuous evaluation of competitors brands and the willingness to buy a product or service.
- (ii) Behavioural loyalty: Is more, useful in determining method and techniques of managing and maintaining relationship
- (iii) Situational loyalty: This loyalty is measured on the basis of continuous use variety of purchases based on consumption situations, word of mouth and intention of purchase.
- (iv) Emotional loyalty: Is an important type of loyalty which is result of customers' feelings, interpersonal relationship with the service staff or employee of the hotel, expectations, which are developed through some sort of comfort, which actually build trust and may also result in long term customer friendship.

Importance of customer loyalty in business

Hobb, (2018). He outline some importance of customer loyalty in business to include:

1. Loyal customers purchase goods and services again and gain over time. On the basis of business types and sales cycle, organization may end up selling more to loyal customer in a year than to first time customer. Hobbi (2018) also added that customer loyalty help make customers purchase goods and services over time, uplifts positive way to run business, increase the number of customer's trust in organization product and services and also use it continuously.

2. Brand loyalty customers have good relationship with the organization, always think and trust that the organization will provide quality products and services. This help the organization to create great opportunity to fulfill the needs of the customers, (Tenrch 2018). The author added that if business organization such as hotel have more loyal customers, it tends to safe from the draw of the competitions strong relationship with customers and make the business top from their competitors.
3. Loyal customers are the business word of mouth advertisers and always tend to talk more about the business. They always bring new customer to the business. Satisfied and loyal customers with the brand, product and also refers others to use the product or service. They always give positive head start of the brand to others who are not familiar with the business and act as a brand ambassador without cost, (Robb, 2018).
4. Loyal customers help to protect the business in this modern time because there many business which are providing more facilities and services. So customer loyalty make strong business and gives an afford to complete with other business. Loyal customers show honest and high-quality feedback, improve the business product and services by giving feedback, provide the business solicit feedback as well as help measure customer experience and satisfaction, (Aras, 2015).

Empirical Review

- (1)Abdus and Abdus (2013). Examine the impact of employee characteristics and their performance on customer satisfaction and loyalty in mobile phone service provider of Pakistan. The objective of the study was to examine the impact of service staff characteristics in respect of politeness, competence, and trustworthiness and their performance on customer satisfaction. The study adopted a survey research design. A total of 252 respondents were used as sample size, consisting of employees and customers of the organization, using random sampling technique. Data analysis was carried out using Pearson' Correlation and regression analysis respectively. The result of the study shows that employee characteristics have effect on customer satisfaction and loyalty.
- (2)Nwede, Ogba and Nwade (2022). Examine the determinant of customer satisfaction in high contact service environment of selected hotels in Abakaliki metropolis, of Ebonyi State Nigeria. The objective of the study was specifically to find out if customers satisfaction and loyalty in hospitality (hotel) industry is determine by employee service

quality, room quality value and security. The study adopted a survey research design and data were generated from 317 customers of the affected hotel services in Abakaliki. Factors analysis and multiple regression analysis techniques were used to analyzed the data. The result of the study revealed that all the determinant of customer satisfaction under the study have effect on customer satisfaction and loyalty

- (3) Ahmed and Olutayo, (2020), investigated effect of employee attitude on customer satisfaction and loyalty of selected hotels in Kampala, Uganda. The main objective of the study was to examine the effect employee attitude on customer satisfaction among hotels in Kampala. The study adopted cross sectional survey design with quantitative approach primary data were collected from 179 hotels employees randomly selected from four hotels in Kampala, Uganda, using a five-point likert scale questionnaire. Data analysis was done to determine the effect of independent variable on the dependent variable using linear regression analysis. The study result shows that employee attitude (positively or negatively) has effect on customer satisfaction and loyalty in hotel services in Kampala, Uganda.
- (4) Ahmad Arifin and Norzalita (2012). Examined the moderating effect of physical environment innovativeness (PEI) on the relationship between hosting quality and satisfaction in the hotel service in Lumper, Malaysia. The study adopted a survey research design. Survey questionnaire was employed as the method of data collection from hotel guests, using a 5 point-likert scale. Hierarchical moderated and regression analysis was employed to test hypothesis. The result of the study showed a positive influence and relation between the hosting quality and the moderating effect of the physical environment innovativeness (PEI) on hotel guest satisfaction and loyalty.
- (5) Chardchandol and Sriboonjet, (2011). Examine the factors influencing customer satisfaction within budget hotels in Bangkok Thailand. Survey research design was used. Data were collected from customers of the hotels through the use of questionnaire using 5-point-likert scale. Data were analyzed using multiple regression analysis. The result of the study showed that hotel image, eco-tangibles (physical facilities) had a positive and direct effect on customer satisfaction. But room quality and facilities had the highest correlation coefficient value.

Olodele et al, (2019) investigated the influence of qualities on customer patronage among hotels in southwest, Nigeria. The general objective of the study was to investigate the impact of quality hotel facilities on customer patronage among hotels in southwest, Nigeria.

The study adopted a survey research design. The primary source of data collection was adopted using multistage sampling techniques such as stratified, heterogeneous purposive and proportionate sampling techniques were used. A total of 69 hotels of all sizes were sampled. Questionnaire was used to collect data, and the collected data were analyzed with the aid of descriptive statistical tools such as percentages and inferential entail statistics such as hierarchical multiple regression analysis. The results of the study showed that the quality of hotel facilities have a positive and significantly related to customer patronage of hotels.

Theoretical framework

This study is anchored on resource base theory (RBT), which stipulates that the ability of a firm to operate in its industry depends on its acquisition of adequate resources which is required to produce goods and services and perform service that satisfy customer needs. The proponent of this theory is Barney, (1991), who conceptualizes a firm as a coordinate bundle of resources which it utilized to achieve its goals and direct its strategic behavior. Theory focuses on internal organization resources rather than externally drawn approaches to understanding accomplishment of organizational activities (Kozlenkova, Samila and Polmatier, 2014). The internal resources which enhances efficiency and effectiveness of the service delivery of the firm include material asset and facilities and the human resources; which includes all the service (front-line staff/employee) and the supporting staff of the firm (hotel) involved in the continuous reconfiguring and activating the firms' objective to create a satisfied market needs (Admire and Helf at, 2003). The resource based theory is predicated on the assumption that every firm (hotel) is unique and different in its business operation and activities, hence must acquire the relevant strategic resources tutored and amenable to it unique competitive position and strategies.

Methodology

The study adopted a desktop literature review method (desk study). This involved an in-depth review of studies related to the object of internal service environment on customer loyalty of selected hotels in Abakaliki, Ebonyi, state Nigeria. To determine the viability of the research subject, the study implemented three stages which comprises; Initial identification of articles related to, and base on the effect of internal service environment on customer loyalty. Second stage involved a search for fully available publications on the subject on thematic concerns related to the subject, and lastly, the selection of accessible publication and reduction of literature to focus on the articles that relate to the subject under-review. The findings and recommendation are based on the reviewed conceptual and empirical literature.

Conclusion/Recommendations

Based on the reviewed literature, it was observed that quality internal service environment have a positive relationship with customer satisfaction and loyalty. Therefore hotel industry in Abakaliki should adopt a more proactive method that will ensure more consistent innovative service environment and render effective and efficient service delivery to enhance customer overall satisfaction and loyalty.

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