

Impact Assessment of Quality Certifications on Organizational Performance with Special Reference to Hotels Certified by SLSI

W.P.N. Wijesundara and J.P.R.C. Ranasinghe
Uva Wellassa University, Badulla, Sri Lanka

Introduction

Since the awareness of the concept of Quality certification (QC) in foreign countries is very high, implementation of Quality Systems is becoming an international necessity. Therefore, it is vital to identify the impact of Quality certifications (QC) on Organizational Performance (OP). The quality of goods and services in hotel industry is a significant factor for a successful business and therefore, this effort is to conduct a study on the impact of QC on hotel industry.

Demand for the QC is very low in service sector as it involves high costs and lack of quality professionals (Almeida *et al.*, 2009). Investors' awareness on QC seems to be in a lower stage and currently there is a trend for being certified in hotel sector (Sri Lanka Standard Institution -SLSI). Hence, it is important to assess whether there is a real value of being certified.

The purpose of this study was to discover whether the hotels are really benefited by obtaining the ISO certification and to determine to which extent the various performances were affected. As ancillary objectives, the costs and benefits of being certified and factors influenced hoteliers to obtain quality certification have been investigated in this study.

Methodology

In this research, total quality certified hotels which are certified by SLSI were considered as the population of the study and the main certifications considered include ISO 22000, HACCP and ISO 14000.

A sample of nine hotels was considered and multi stage sampling method was applied for the sampling purpose. The evaluation period of the study was altogether four years period which is consisted with two years periods namely before and after the certification.

Since the objective of this study was to identify the relationship between QC and Organizational Performance with special reference to hotels which are certified by SLSI, the QCs which are not belonged to SLSI were also not considered when drawing the sample.

The primary data collection was mainly done by using a structured questionnaire and interviews were used as supporting data collection method, and the collected data was analyzed by using paired t-test and descriptive statistics. In this study to measure organizational performances Balanced Score Card was used and that includes four perspectives namely Financial Perspective (FP), Customer perspective (CP), Efficiency (EP) and Staff perspective (SP). In case of measuring FP several tools such as Annual operating profit / net profit per room, Average daily revenue per occupied room, ROA etc were used. As far as the measurement of CP considered, indicators such as Number of positive feedback received, Number of complaints received and Frequent customers as a percentage (%) of total customers were used. In measuring EP, Rate of room

occupancy, Staff per room, Sales volume per staff and ROI were considered. In order to measure SP, Staff turnover, Number of training sessions conducted and Average length of employment were employed.

The following main Hypotheses were established in this study.

H1: There is a difference between hotel performances before and after quality certification

H1: The hotel performances has increased after the quality certify

Results and discussion

Out of the total sample, five hotels (56%) were identified as ISO 22000 certified hotels, two hotels had obtained ISO 14000 and the rest two had certified with HACCP certification.

According to the paired sample t-test, there is a significant difference in performance between before and after obtaining QCs in terms of all the four perspectives of Balanced Score Card and the test is significant at $P < 0.05$. In addition, results revealed that test carried out to identify whether there is any improvement of hotel performance after being certified is also significant at $P < 0.05$ and what emphasizes is that there is a significant impact of QC on overall hotel performance and all four perspectives separately.

As far as the costs of being certified considered, basically direct costs charged by SLSI can be divided into two parts namely Precertification cost and Post certification cost. Apart from that, hoteliers are also incurring many other costs which are not directly paid to SLSI. Those are the cost of documentation and records, enhancing internal process and facilities, staff training, and changing & modifying internal infrastructure.

Further, the identified benefits of being certified include ability to earn higher revenue from new customers and satisfy existing customers, enhance competitiveness, reduce risk, improve staff motivation, use as effective marketing tool, more product acceptance, increase market share, market differentiation, greatly influence on hotel image, successful survive in market and QC brought effective control of internal processes.

As far as the factors which influence the hoteliers to obtain QCs are concerned, trend, higher customer concern, reducing risk, beating the competition, achievement of international quality recognition & market internationally, improvement of the consistency of operations, meeting legal requirements and improving the hotel and product quality are paramount.

Conclusions and recommendations

Key finding of the research is that there is a significant impact of QC on OP of hotel industry in Sri Lanka. Further, findings indicated that quality certifications have significant impacts on all four perspectives namely financial performances, customer perspective performances, efficiency and staff perspective performance. It was also identified that there were plenty of costs and benefits of being certified. Further, eight factors were identified which influence the hoteliers to obtain QC. Finally, it can conclude that in today's competitive and quality conscious market, acquiring ISO quality certification has become a critical and more effective type of a factor towards

achieving the organizational performance in Sri Lankan hotels for their survival in the industry.

It is recommended that there is a need of awareness programs to share the information regarding benefits and contribution of QC, consultation facilities and trainings for solving the problems without any difficulty. Further, Certification agencies and government should promote or motivate hotels to take quality certifications and it should be a legal requirement. It is also essential to design a reward system for continuous representation of QCs.

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