



FACULTY OF ENGINEERING AND SUSTAINABLE DEVELOPMENT
Department of Industrial Development, IT and Land Management

Improvements in the competitiveness of Chinese military-owned hotel through TQM

Hu Jingwei
Zhang Kaili

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Zhang Kaili
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Abstract

Nowadays, China has the tendency that more and more military-owned hotels are shifting to private hotels gradually over time. Military-owned hotels have various disadvantages. However, they also have many reasons to exist as well. This thesis aims to answer the research question on how the military-owned hotels can deal with the privatization tendency through the application of TQM systematically. Case study and literature review are used to find out the answers to the research question. Two case hotels, one military-owned hotel and one private hotel, are considered in this thesis. In order to guarantee the privacy of the two hotels and their staff, the military-owned hotel would be called Hotel A, and the private hotel would be called Hotel B. By reviewing various TQM theories, five important aspects in the particular quality management system have been identified for the case hotels. Finally, a generalized quality management system model is developed for Chinese Military-owned hotels in order to make them survive in the competition with private hotels.

Key words: TQM, Military-owned hotel, Privatization.

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1 Background

1.1 Overview of the economic trend from military-owned firms towards private firms in China

China has a very special economic mode that both the planned economy and market economy exist at the same time. Before 1978, all the enterprises all over China were owned by government or military, civilians did not have the access to do business. However, at that time, the financial condition of some military-owned enterprises were not ideal, more than about 60% military-owned enterprises were reported that they had incurred losses (Chen, 1997). Then, in 1978 China started to conduct a reform in the field of economy to reverse the declining financial situation (Chen, 1997). This change directly led to an intensive competition between the corporations owned by individuals and the corporations owned by military for the market economy has been stimulated by the government since 1978. Besides this, under this situation, the companies owned by individuals have a great opportunity to develop themselves. Unfortunately, facing such a pressure, the attempt of reform inside the military-owned enterprises was not effective (Zeng, 2002). From 1991 to 1996, more than 2000 military-owned enterprises were bankrupted (Chen, 1997). Military enterprises belong to Chinese state-owned enterprises. And according to Wang (2011), from 2001 to 2008, Chinese military enterprises did not even make any profit. These quantitative statistics demonstrate that these military-owned enterprises were not capable of dealing with the change.

According to Zeng (2002), the current general problems that the military-owned enterprises suffer from are inappropriate personal configuration, resistance to internal reform as well as communication gap between the management level and employees. Furthermore, according to Lin (2003), inadequate customer information and too centralized organizational structure are the factors that contribute to the decline of the Chinese military-owned enterprises as well. These pitfalls are the barriers for the military-owned enterprises to be efficient.

1.2 Overview of the cases

Two cases in this thesis can represent the each economic mode in China. As mentioned in the abstract part, In order to protect the privacy of the two hotels and their staff, the military-owned hotel would be called Hotel A, and the private hotel would be called Hotel B.

Hotel A is run by a military organization in Nanjing City, which is a three-star hotel. It essentially offers the service of catering, guest rooms and conference to the military personnel. Also, it is available to the civilians occasionally. The manager is

commissioned by the local military region and the manager receives the command from the local military region directly. The management level is extremely centralized; the others are all employees who have rather limited power in making decisions.

Hotel B locates in the downtown of Changzhou City. This hotel contains six floors and about twenty employees. Hotel B cooperates with its neighbor, a restaurant which offers customers with free breakfast. The traffic condition is good as one bus station is about ten meters away from the hotel.

The advantages and disadvantages of these two hotels would be identified as well as a comparison between both of them would be conducted in the scope of quality and organizational structure.

2 Purpose

The purpose is to investigate how military-owned hotels can deal with the tendency that more and more military-owned hotels are shifting to private hotels gradually over time by using TQM.

- What disadvantages and advantages do military-owned and private hotels have?
- How do the quality management systems differ between military-owned and private hotels?
- What are the causes of problems for military-owned hotels?
- Giving suggestions for improvement.

3 Methodologies

3.1 Research method

Research methodology is an approach for solving the research study issue systematically, studying how the research is conducted scientifically (Kothari, 2004). All scientific researchers have shared principles, such as an attempt towards logical reasoning and objectivity in the sense that researchers rely on their data rather than on their personal views or value preferences. Both qualitative and quantitative analysis can be quite well applied in the same study and in analyzing the same data. Moreover, in a sense qualitative and quantitative analysis can be seen supplementary, not as opposites or mutually exclusive models of analysis (Alasuutari, 1995).

Qualitative research is an interdisciplinary landscape comprising diverse perspectives and practices for generating knowledge. Researchers across departments in the social and behavioral sciences use qualitative methods. People attribute to their experiences,

circumstances, and situations, as well as the meanings people embed into texts and other objects, are focus of qualitative research (Biber, Nagy, Leavy, 2011).

Qualitative research approaches represent one of the two major paradigms from which social research is conducted. Quantitative research represents the other paradigm (Biber, Nagy, Leavy, 2011). Quantitative research is used to measure how many people feel, think or act in a particular way. These surveys tend to include large samples. Structured questionnaires are usually used incorporating mainly closed questions - questions with set responses. There are various vehicles used for collecting quantitative information but the most common are on-street or telephone interviews (DJS Research Ltd, 2012).

3.2 Chosen research method

The qualitative method is very useful for answering questions about the unexplored concept, thus it would be able to clarify the research study (Haberman & Danes, 2007). The authors are using qualitative data for our research study, considering that the main purpose was to find how the military-owned hotels are able to deal with the tendency that more and more military-owned hotels are shifting to private hotels gradually over time through total quality management. Defining each case hotel's problems, advantages, pitfalls and barriers, comparing these two different kinds of hotels, are the major ways to reach the purpose. Both qualitative and quantitative methods rely on the data collection and analysis concepts from previous literature that the authors have summarized above. Therefore it is common sense to employ this qualitative framework. According to Holloway (1997), the qualitative method consists of seven main elements:

1. The research focuses on peoples' everyday life in usual settings.
2. Data collection and analysis are usually processed simultaneously and interrelate.
3. Data is primary, not predetermined theoretical framework but derived from the data.
4. Context bound.
5. It focuses on the people who are involved in the research and their perceptions, meanings and explanation.
6. Relationship between the research and the researcher is close and based on a position of equality of human beings.

Referring to the research study, we focus on two different types of case study hotels. The authors are going to find out how the military-owned hotels are able to deal with the tendency that more and more military-owned hotels are shifting to private hotels gradually over time. The authors will achieve their purpose by collecting the data from each case study hotels' managers, analyzing and describing the data depending on the theories mentioned above.

3.3 Research strategies

As mentioned before, this thesis is determined as a qualitative research. In qualitative analysis, according to Natasha (2005), there are five qualitative research methods.

1. Observation and participation;
2. Interviewing with the relevant staff;
3. Reviewing the relevant literatures;
4. Analyzing the data or information;
5. Drawing Conclusion.

These methods can offer a deep understanding of the advantages and disadvantages that the two study cases have to the authors and readers. In this paper, first of all, no doubt, the authors will take part in the whole process of collecting information and interviewing with the staff and management level. Besides this, the interview with the staff and management level in each hotel would be conducted. Besides this, the authors will read a lot of literatures like books, journals, articles and information from the Internet in order to support this paper theoretically. These literatures can be seen as the secondary information in order to help the authors to analyze the empirical findings. Finally, a conclusion would be drawn at the end of the thesis.

3.3.1 Case study

A case study is being conducted in this thesis. Case study can let the authors understand a complicated issue or an object and can make the authors learn more about them on the basis of previous research (Susan, 1997). Hence the authors would analyze the two cases and give the suggestions for the Chinese military-owned hotel through the model of case study step by step according to Susan (1997):

1. Defining the research questions.
2. Selecting appropriate study cases.
3. Making preparation for qualitative data collection.
4. Inputting the qualitative data.
5. Analyzing the data.
6. Making a report and draw conclusions.

In designing the research, the research question would be defined via stating a general problem in Chinese hotel industry. The problem is that military-owned hotels have a tendency to become private hotels due to their poor financial statement and inappropriate management strategy. According to the phenomenon, three research questions have been proposed in order to understand and analyze the phenomenon. In this case, Hotel A as the typical represent of military-owned hotel and Hotel B as the typical represent of private hotel would be selected as the objects for this case study. In the next step, according to Susan (1997), author shall make a preparation for data collection, such as making a review of literatures, designing interview and construct a

good relationship with the interviewee. The interviewees are all the relatives of the authors', so the process of interview would be quite smooth. In step four, according to Susan (1997), the authors are ought to be engaged with the research activities, making record, listening, observing and integrating the interview information. After interviewing with the interviewee, the authors will interpret the information. Then, analysis about the data that have been collected will be conducted about the two cases. Furthermore, the analysis will reflect the whole Chinese hotel industry as well. Finally, a report of this case study will be made by the authors.

3.3.2 Interview

Qualitative interviewing is based on conversation with the emphasis on researchers asking questions and listening, and respondents answering. It is similar to standardized survey interviewing in this respect, but unlike the survey interview, the epistemology of the qualitative interview tends to be more constructionist than positivist. The purpose of most qualitative interviewing is to derive interpretations, not facts or laws, from respondent talk (Warren, 2001). According to Patton (1990, in King& Horrocks, 2010) there are six types of questions that can be asked in a qualitative interview:

1. Experience behavior questions
2. Background/ demographic questions
3. Feeling questions
4. Knowledge questions
5. Sensory questions
6. Opinion/ values questions

Our research study is based on interviews about military-owned and private hotels, thus we consider the empirical questions to be asked, and the interview will be done by video call and emails.

3.3.3 Interview process

Darling and Scott (2002) divide the interview process into five different stages: 1) Finding and selecting participants, 2) Making a connection, 3) The initial contact, 4) The interview, 5) Ending.

● Finding and selecting participants

The most important reason why the authors chose these two hotels as their case study objects is that both of two hotels are representative. It will help the authors to make analysis and conclusion about military-owned and private hotels. What is more, the authors can get much more detail information from their parents who work as managers in case study hotels. So these two hotels become the case study company.

● Making connection

Although there is a special relationship between case study hotels and the authors, two the authors still wrote interview questions carefully. Both two the authors connect with managers by video call and get the most real information from managers, as well as some staff. The advantage is that they can make connection at almost any time without any reservation.

● **The initial contact**

On February 14th, the authors made video calls with the interviewee to tell them this case study. On top of this, they also asked about some basic information about each hotel, for example, number of staff, address and the scale of hotels. Both two hotels' owners and managers showed their interest in this case study and would coordinate with the authors.

● **The interview**

The interview was conducted for the case hotels, and the detail is described in Table 1.

Table 1 Details of the interviews

No .	Date of interview	Position and hotel of interviewees	Duration	Place of interview	Issue discussed
1	2012-02-14	Top manager of Hotel A Accountant of Hotel A The owner of Hotel B Accountant of Hotel B	45 min	Video call	Basic information of hotels.
2	2012-03-01	Top manager of Hotel A Accountant of Hotel A The owner of Hotel B Accountant of Hotel B	40 min	Video call	Hotels' organizational structure, supplier situation.
3	2012-03-28	Top manager of Hotel A Accountant of Hotel A Receptionist of Hotel A	50 min	Video call	Internal and external customer satisfaction, leadership commitment.

		Waiter of Hotel A Waitress of Hotel A The owner of Hotel B Accountant of Hotel B Waitress of Hotel B			
4	2012-04-08	The owner of Hotel B Top manager of Hotel A	10 min	Video call	Mission, vision, goals, strategy, corporate culture and quality system.

● **Ending**

After collecting all the information from the interviewee, the authors will strive to integrate and analyze the information in the thesis. This thesis can be seen as the consequence of this interview and this case study, which will be sent to the interviewee as a feedback.

3.4 Validity, external validity and reliability

In order to guarantee the quality of this thesis, validity, reliability and external validity would be reviewed. Reliability is an effective tool for evaluating qualitative research (Nahid, 2003), in the context of qualitative research, this term means whether the research is appropriate or the direction of the read thread is right (Mehrens, 1987). As for validity, this concept means how well the purpose is achieved (Blaine et al, 1993). Anyway, reliability must be more prioritized than validity, because if the direction of a research is wrong, accuracy would not be meaningful any more (Blaine et al, 1993). As for external validity, it refers to whether the consequence of a scientific study can be applied to the other cases in the whole industry, which is based on validity (Mitchell, 2001).

3.4.1 Reliability

In order to assure the reliability of this thesis, the authors will make a detailed questionnaire for the staff and management level in each company to enable them to make their own judgment. But the interviewee may not be capable of understanding the questions well and give the wrong answers which are far away from the substance. Therefore, the authors will try to make the questions clear in order to avoid misunderstanding or vague answer. And the authors will make the interview come straight to the point in order to get exact and accurate information. Furthermore, in

order to make interview more reliable, when asking the interviewee questions, both of the authors will participate and take note of the answers.

3.4.2 Validity

The authors will try to prepare comprehensive questions, so that the information would be adequate for this thesis. In order to validate the thesis, the literature used will be collected from experts in the field of total quality management as well. The information will be reviewed while empirical data were also collected from the companies.

3.4.3 External validity

External validity can be seen as generalizability. In order to make the consequence of this thesis are able to be applied to the whole industry, firstly, Hotel A is completely run by a military unit, which entertains a lot of military personnel every year. Also, the management of this hotel is facing a bottleneck. And this hotel is losing its edge. Besides this, Hotel B is one of the most influential private hotels in Changzhou City. Therefore, the two companies can apply to the similar companies under common situation. Moreover, due to the circumstance of Hotel A, it is a proper case for the authors to analyze the tendency that many military-owned companies are shifting to private companies.

3.5 Limitation

Nothing can be 100% perfect, so the limitation always exists. The concept of TQM is not wildly applied in China, especially in Chinese hotel industry, so the interviewee may not be able to understand the questions completely. Also the military-owned hotel is conservative, the manager of Hotel A may not be willing to offer the information that the authors want to know. And the interviewee may not have the access to know some important confidential information.

4 Theoretical frameworks

4.1 Overview of the concept of quality

Quality is always a hot spot in any industry. The definition of the concept of quality in ISO 9000:2000 is the extent to which internal features satisfy the requirements (Bergman, 2010). In Chinese, quality is written as "品質". "品" means "product", "質" means "nature". The combination of these two characteristics stands for "the reliability of the goods", which is one of the aspects of quality. Another aspect of quality is how customers feel, sense or think about the every aspect of a company, in short, the service of a company (Bergman, 2010).

Therefore, quality is very vital for a company to make profits. Quality consists of two types, product quality and service quality. Hotel industry only offers service, it does not manufacture any real goods, and therefore, service quality dimensions will be discussed in this thesis. The dimensions are reliability, credibility, communication, responsibility, tangibles, empathy and courtesy (Bergman, 2010). Compared to product quality, services are not as tangible as products, which make services difficult to be explained and measured. In the process of creating the service, the customer is substantially important. Service includes various campaigns and activities as well as it cannot be tried in advance by the customer. Also, service is consumed and created at the same time (Bergman, 2010).

4.2 TQM for hospitality management

4.2.1 The definition of hospitality management

Hospitality management is the academic study of the hospitality industry. A degree in hospitality management is often conferred from either a university college dedicated to the studies of hospitality management or a business school with a department in hospitality management studies. Degrees in hospitality management may also be referred to hotel management, hotel and tourism management, or hotel administration (Michael, 1998).

In order to provide a wide range of services for its guests, a hotel is usually divided into many departments: restaurant, housekeeping, front office, human resources, accounting, security, marketing, engineering, training, etc. Different departments have different functions and studies, which are the command of the traditional services of the hotel (Michael, 1998).

4.2.2 Service quality in hospitality industry

In hospitality industry, according to Saunders (1992), the purpose of service quality is aimed to satisfy customers. Selecting and training front-line staff are significant as well. As it is mentioned in Section 4.1, service quality has several measurements: reliability, credibility, communication, responsibility, tangibles, empathy and courtesy (Bergman, 2010). They are the elements which cannot be ignored when the authors do the research on the service quality of the two study cases. Besides this, four service quality categories are supposed to be taken into account as well. According to Saunders (1992), they are timeliness, integrity, predictability, customer satisfaction. These measurements could help a hotel to know how the service would fulfill or exceed the customers' expectation before delivery. When the four standards have been fulfilled, the hotel needs to develop relevant techniques to fulfill these standards (Saunders, 1992).

4.3 Total quality management

4.3.1 Managing TQM as a management system

TQM is a widely recognized management philosophy, and it has become a key factor for companies to achieve a competitive advantage (Wang, 2011). Besides this, total quality management is an integrative strategy that an organization centers around quality based on the involvement of employees, in order to make its customers satisfied and bring itself long-run benefit. How to integrate a set of quality management strategies as a holistic method of total quality management in a company has been mentioned by many studies (Wang, 2011). Montes et al. (2003) classified the work of TQM into five basic components: leadership and commitment, customer management, supplier partnership, organizational structure and process management.

According to Bergman (2010), cornerstones of total quality management are committed leadership, focus on customers, basic decision, focus on process, improve continuously, let everybody be committed.

Collaboration between internal and external elements is significant for a company to implement TQM successfully. Successful implementation can motivate employees well and increase the efficiency of hotel (Lazari and Kanellopoulos, 2007). Leadership and customer are the main task for hotels when implementing TQM (Boudreau, 2001; Claveretal, 2006; Tihanyietal, 2000). Furthermore, according to Grandzol and Gershon (1998), companies that adopt TQM concentrate on customer satisfaction, leadership management, employee motivation, supplier relationship and process management. Ultimately, TQM can help hotels to improve financial performance (Agus, 2000; Claver-Cortés, 2008).

The above are various studies of how to integrate a set of quality management strategies as a holistic method of total quality management in a company. In this case, two different types of hotels would be researched in this thesis. Both of them are middle-scale companies, the positions and actives are not complicated, so the analysis of process management would not be necessary. Also, different organizational structures would affect the operation and profits of the two companies. Therefore, combined with various studies, organizational structure, supplier relationship, external customer satisfaction, internal employee satisfaction and leadership would be seen as aspects which are going to be discussed in this thesis.

4.3.2 Supplier partnership

● Supplier partnership

In Cali (1993) supplier partnership is defined as a mutual, ongoing relationship between a buying firm and a supplying firm involved in a commitment over an extended time period, and entailing a sharing of information as well as a sharing of the risks and rewards of the relationship:

1. Poor-quality costs due to inferior quality of purchased goods;
2. The Just-In-Time philosophy;
3. Necessity of having committed suppliers

● **Supplier relationship**

In business-to-business markets, a long-term orientation has become one of the main issues in relationships between customers and their suppliers (Mark, 1990). Long-term relationships with suppliers enable firms to be more efficient in procurement as well as more effective in delivering quality and in reducing transaction costs (Mark Manage, 1997).

4.3.3 External customer satisfaction

● **The Kano model (for external customer)**

Customer needs of a product can be separated into the following three groups:

1. Basic needs. These needs are so obvious to customers. They usually would not mention these needs if asked. However, if the basic needs are not fulfilled, the customer will be dissatisfied.
2. Expected needs. The customer is fully aware of these needs and will require them if asked. They are important and the customer therefore expects to have them fulfilled. A company can win customers by doing far better than the competitors in this aspect.
3. Excitement needs. Customers are not always aware of these needs. Therefore, we cannot state these unconscious needs if asked. But by identifying such customer needs and then satisfying them, the products (goods or services), and the organization will have added large value to the customer. By achieving these dimensions, a company can gain a considerable competitive edge over its competitors, and win loyal customers.

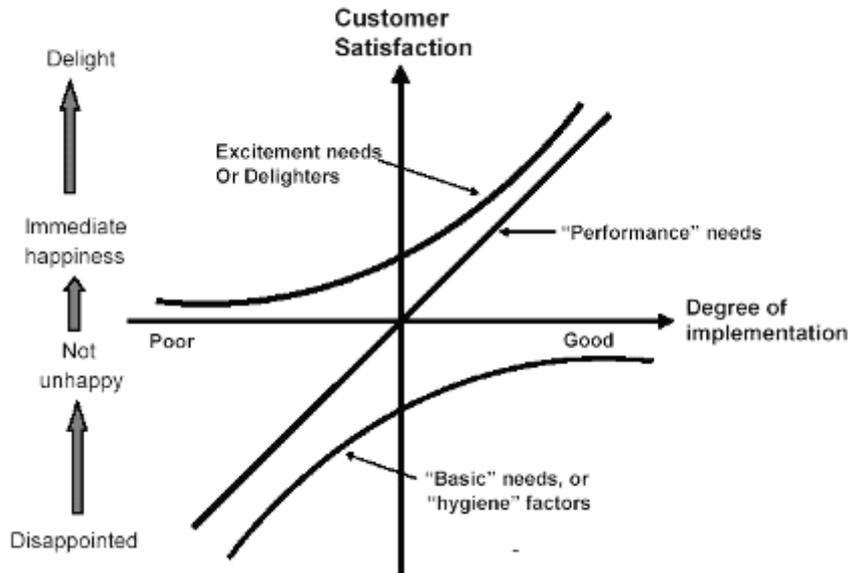


Figure 1 Kano Model (Bergman, 2003)

Must-be quality is the ability of a product to fulfill the basic needs, which are so fundamental and self-evident. The customer does not even require this quality when asked. Expected quality is the corresponding ability to fulfill spoken needs, largely identifiable through customer surveys. Attractive quality contains a surprise element and means that excitement needs are satisfied. This often results in customers who are faithful and loyal to the company (Bergman, 2003).

- **Customer satisfaction**

Customer satisfaction is related to the needs and expectations of the customer. These in turn are affected by several factors, such as previous personal experience of the company, the renown of the company or product, what the company has promised and, to some extent, the price of the goods or service (Anderson, 1984).

The service management literature argues that customer satisfaction is the result of a customer's perception of the value received in a transaction or relationship – where value equals perceived service quality relative to price and customer acquisition costs (Blanchard and Galloway, 1994; Heskett 1990) – relative to the value expected from transactions or relationships with competing vendors (Zeithaml et al., 1990).

- **The loyalty of customers**

The customer satisfaction can stimulate the customer loyalty. The customer satisfaction is not the only factor, however. Experiences are largely based on relations, and participation produces relations. The greater the possibilities of influencing products and results, the stronger the ties between customer and supplier will be. This

will often increase loyalty ratings. Loyalty will probably become crucial in the future. We have to listen more carefully to our customers, to understand what can affect their experiences of, and, preferably, their delight in, our products. We must work harder to win the loyalty of our customers (Bergman, 2003).

4.3.4 Internal employee satisfaction

● Motivation

Three bases are regarding motivation (Bergman, 2003)

1. Work should always include the following three elements, creativity (joy of thinking), physical activity (joy of physical work) and society (joy of sharing pleasure and pain with colleagues).
2. A comparison between sports and work. We can see that a decisive difference is that in sports players get immediate feedback on their performance – withholding the results from a football match till the next day would be utterly unthinkable. Another reason could be the clear and common goals that are formulated, at least in a cooperated team.
3. A combination of Maslow's hierarchy of human needs and Herzberg's theory of motivation.
4. Besides the three bases, the achievement motive is a driving force behind the continuous improvement of the quality development, as people are continually motivated by achieving better and better results.

● Co-workshop

The co-workshop notion refers to a desirable pattern of participation, involves creating opportunities and making this pattern easy for everyone to be an active, enterprising and engaged co-worker, which can actively promote the development. Stimulating and developing co-creativity and co-workshop means contributing to the personal development of the employees (Bergman, 2010).

4.3.5 Leadership for quality

● Requirements for a leader in an organization

According to Bergman (2010), leadership for companies is more and more important. As a relationship between the leader and the employees, leadership bonds the staff and management level together and requires employees to be willing to follow the leader. In order to fulfill this, a good leadership is supposed to include (Bergman, 2010):

1. Setting up a clear vision for the organization, in order to make the employees realize the future direction of the development of the company.
2. Basing on the vision, the leader shall lead his or her employees to move in the right track and achieve the vision.
3. Leader is obligated to motivate and inspire the employees materially and emotionally from time to time. Meanwhile, he or she shall stimulate the development of the company.

Furthermore, 14 points for management were proposed by Deming (1986). These points encourage a transformed approach to leadership. These factors are what a good leader shall do in an organization (Deming, 1986):

1. Creating consistent purpose to improve the product and service.
2. Adopting new methods.
3. Achieving quality aggressively.
4. Minimizing the cost by dealing with a single supplier.
5. Keeping every process for planning, production and service.
6. Setting up a training device within the organization.
7. Developing leadership.
8. Having courage when facing difficulties.
9. Solving problems by internal communication and collaboration.
10. Avoiding slogan, exhortation and targets due to much pressure.
11. Eliminating numerical performance indicators.
12. Eliminating annual rating and rank system.
13. Conducting an education and self-improvement system.
14. Letting everyone in the organization can participate the transformation.

● **Corporate culture**

According to Bergman (2010), strong cultures are very significant for a company to be successful. It is believed that an organization with organizational cultures have better financial results than the other companies. Nowadays, the trends of regarding value points are open attitude, team work, ethic and morale, responsibility and customer focus. Also, corporate culture shall be aligned with is customer needs and expectation (Bergman, 2010).

● **Mission**

According to Bergman (2010), it is very important for a company to define its customer categories. The mission often formulated in a mission statement. The mission statement can show what the role of the organization is, what the organization produce, how it wants to be recognized and what makes it different from other companies.

A mission statement shall be based on customer and market needs. Also, it shall show the competitive advantages for customers. Besides this, it is supposed to be easy to understand and spread (Bergman, 2010).

- **Vision**

The improvement work within an organization must be supported by a vision. A vision shall contain that where the organization is heading in the future. Also, when the target can be achieved will be estimated if possible (Bergman, 2010). According to Bergman, a vision shall be visual, described, clear, flexible, communicative and stable.

- **Goals**

A goal shall give the wisdom of what an organization wants to achieve the vision. If the vision is the beginning, the vision is the destination, and then, goals are like bridges to bound mission and vision together (Bergman, 2010). Goals shall fulfill the SMART principle which refers to Specific, Measurable, Acceptable, Reasonable, Time-set based (Bergman, 2010).

4.3.6 Cause-and-effect diagrams

The cause-and-effect diagram is also called a fishbone diagram or an Ishikawa diagram. This type of diagram was introduced for the first time by Dr Kaoru in 1943 in connection with a quality program at the Kawasaki Steel Workers in Japan. Its construction resembles a simplified fault tree. (Bergman, 2003)

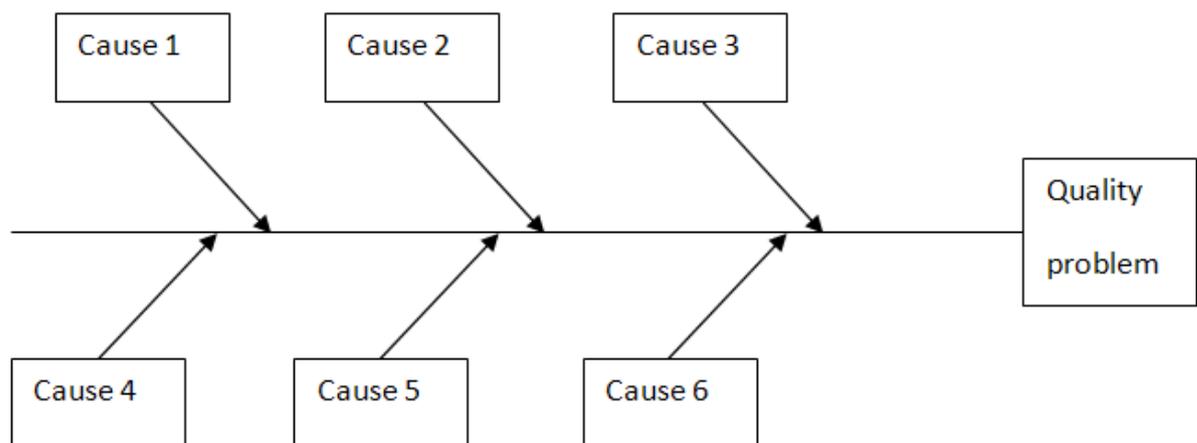


Figure 2 Cause-and-effect diagram (Bergman, 2003)

In the diagram the authors first roughly describe those types of causes that can possibly produce the observed quality problem. Then the authors concentrate on one of these roughly described causes and try to investigate it in more detail.

4.4 Centralized organizational structure and decentralized organizational structure

According to Gibson (2000), organizations are purposeful and goal-oriented, which means that the structure of the organization shall follow the purpose or goal. Furthermore, organizational structure has an influence on individual and group behavior, which has something to do with the performance. Therefore, it is quite important for the management level to take structure analysis and improvement into account, in order to improve the quality eventually.

● Centralization

Centralized organizational structure refers to whether the top manager makes decision or controls the organization bureaucratically (Gibson, 2000). Besides this, according to Seeds (2008), centralization is defined as the extent to which decision-making authority is kept at top levels of management.

● Advantages of centralized organizational structure

1. Focused vision

A more centralized structure can keep all levels of an organization focused on one vision or purpose. The top manager of a company can establish and communicate its vision or strategy to employees and keep all levels moving in the same direction.

2. Fast execution

Centralized organizations typically react more quickly to a dynamic marketplace, with fewer people involved in discussing and deciding on strategy and action. It makes the communication and decision making process much more efficient than in decentralized structures.

3. Reduced conflict

Companies experience less conflict and dissent among lower to mid-level employees, when only one person or a small group at the top makes important decisions. With top managers taking responsibility for making and implementing critical decisions, they insulate other managers from the burden of making risky or unfavorable decisions.

4. Control and reliability

The centralized leaders retain more control over operation of the company and development of its culture, when they are in charge of all major decisions.

● Decentralization

Decentralization is a type of organizational structure in which daily operations and decision-making responsibilities are delegated by top management to middle and lower-level managers within the organization, allowing top management to focus more on major decisions (Seeds, 2008).

● **Advantages of decentralization**

1. Empowering employees

It can empower employees by giving more autonomy to make their own decisions, giving them a sense of importance and making them feel as if they have more input in the direction of the organization.

2. Relieving the burden

Decentralizing takes some of the burden of daily business operations off the business owner. When the owner allows others to perform such tasks as hiring new employees or ordering supplies, this frees her up to spend more time on big-picture items.

3. Preparing for emergencies

A decentralized structure provides a better chance that the organization will maintain self-sufficiency because managers and employees are accustomed to working autonomously.

4. More efficient decision-making

A decentralized organization is able to make decisions more quickly than one with a centralized structure.

5. Ease of expansion

Decentralization can facilitate the process of expansion for a growing business.

4.5 SWOT analysis

The SWOT analysis is a significant tool to support decision making. Also, it can be used to analyze the strategic situation for a company systematically and define the position of the organization according to its internal and external environment. SWOT analysis is able to offer a systematic thinking and holistic assessment of all the practical and critical elements if it is used properly. After identifying these factors, the organization could adopt a strategy to develop itself. A right SWOT analysis could be the foundation of the implementation of new strategy (Gao, 2011).

SWOT mainly consists of four aspects, Strengths weaknesses opportunities as well as threats (Philip, 2008). Its basic steps are arranged as follows:

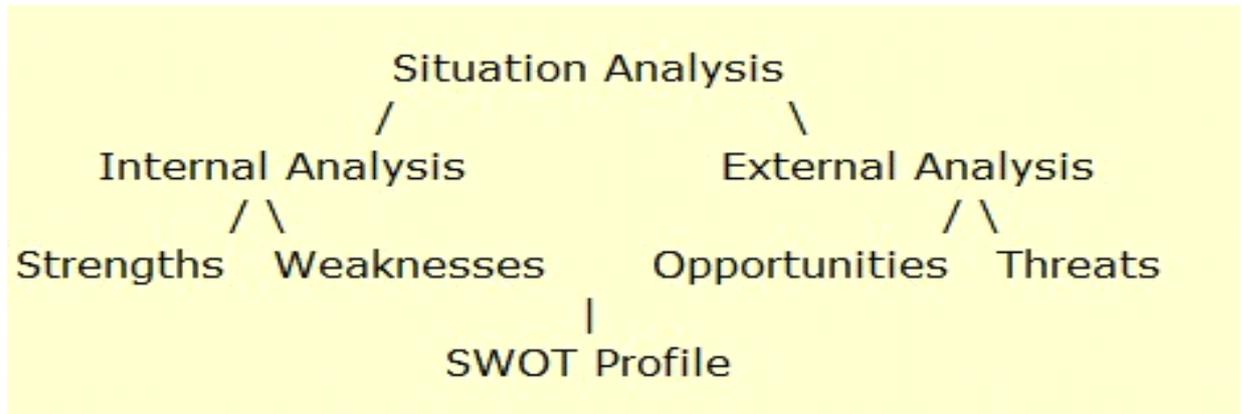


Figure 3 SWOT steps (QuickMBA, 2012)

SWOT can be divided into two types, internal and external environment analysis. In internal analysis, leadership, employees, organizational structure, operational efficiency shall be reviewed. In this section, strength and weakness shall be reviewed. Strength can be seen as the cornerstone to construct competitive advantages of an organization. Weakness is the pitfall for implementing the strength (QuickMBA, 2012).

As for external environment analysis, customer, supplier, competitor, environment, social issues, etc can be the factors that summarize the opportunities and threats. Besides this, PEST analysis including political, economic, and social and technology analysis shall be conducted in external environment analysis (QuickMBA, 2012).

	Positive factors	Negative factors
Internal factors	Strengths	Weaknesses
External factors	Opportunities	Threats

Figure 4 SWOT analysis profile (QuickMBA, 2012).

4.6 Theoretical model

The theories which are going to be used in this paper are integrated as a holistic framework. In order to achieve the purpose better, a summary of the theories is necessary. A theory model can structure the theories and present them in a clear way.

The following figure can illustrate the relationship between each theory and the purpose of the thesis vividly.

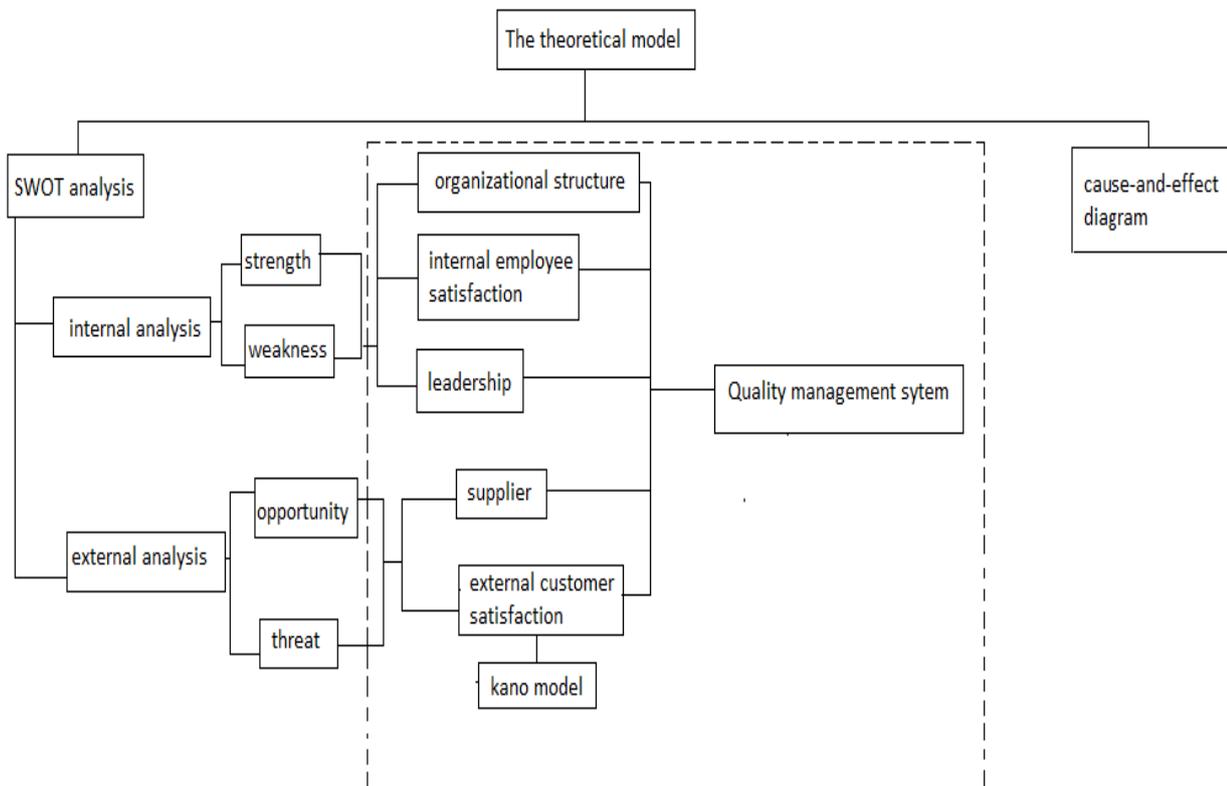


Figure 5 The theoretical model.

The main theory of this thesis is TQM, so the definition of quality is mentioned. And in this thesis, due to the characteristic of the hotel industry, service quality is focused. Then, SWOT analysis will be conducted in order to analyze the strengths, weakness, opportunity and threat of the two cases can be known as well, so that the analysis part can align with the purpose of the thesis. The aspects of analysis would cover organization structure, supplier relationship, external customer satisfaction, internal employee satisfaction and leadership. They are can be seen as the quality management system of the two study cases. In the aspect of external customer satisfaction, Kano model as a TQM tool would be used to analyze the customer needs of each hotel. Furthermore, cause-and-effect diagram would be used to analyze reasons of the quality problem of the study case.

5 Results

5.1 Hotel A

5.1.1 Organization structure of Hotel A

Hotel A has five essential departments which are responsible to the top manager of this hotel. The top manager is assigned by military and is a military officer (Top manager of Hotel A, 2012).

The accountants are responsible for the financial recording, integrate financial information and help managers or other decision makers to allocate financial resources (Accountant of Hotel A, 2012).

Lobby manager, as a department manager, mainly takes responsibility for restaurant and guest rooms. Lobby manager manages the manager of guest rooms and the manager of the restaurant. Manager of guest rooms manages the waiters and waitresses in the department of guest room. They are responsible for cleaning and room service. Manager of restaurant arranges the food delivery and service between the kitchen and dining-room. He or she manages the waiters and waitresses as well. Receptionist is also led by lobby manager. The job of receptionist is to help the customer check in and check-out, answer the phone call and send information to waiters and waitresses (Top manager of Hotel A, 2012).

The HR supervisor manages some office clerks. They are mainly responsible for assessment, recruitment, dismissal and coordination.

Logistics department strives to make the hotel run in order. Engineering department is responsible for fixing or maintaining equipment such as furniture, plumber and electrical power unit. Security department has 10 security guards who take responsibility for safety in the hotel. Purchasers' job is to source the raw materials and some commodities. They also need to select the appropriate supplier, then negotiate and bargain with them. The drivers often offer customers with the shuttle service (Top manager of Hotel A, 2012).

The organization structure is summarized as the following illustration.

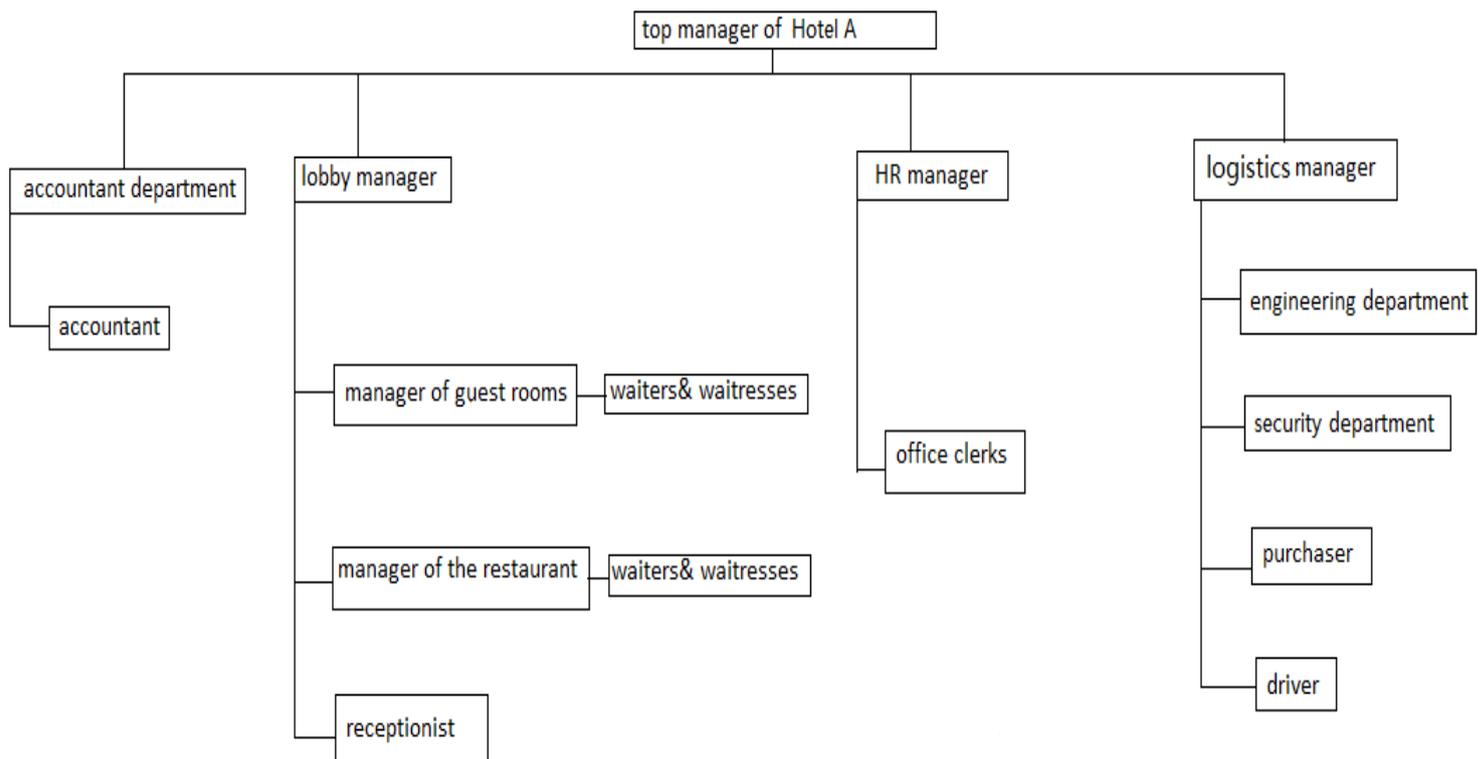


Figure 6 Organization structure of Hotel A.

5.1.2 Supplier partnership of Hotel A

- **Raw materials**

As a hotel run led by military, Hotel A does not need to think too much about its purchasing strategy. The reason is that the suppliers of Hotel A are determined by the military. The raw materials like cattle, fruit, vegetable, seafood, rice and flour are all offered by the military farm which locates in the rural area near the city (Top manager of Hotel A, 2012).

- **Commodities**

As for the commodities like cigarette, wine, candy and souvenirs are offered by a business-to-business trading company. This company has a long-term relationship with Hotel A since the hotel was established. The factory and administration office of the trading company are both in the city where the hotel is located as well. The quality of the products that the company provides is superior. Quality problems never

occurred during the transactions these years. And the goods were always delivered on time (Top manager of Hotel A, 2012).

- **Bed necessities and wash**

Furthermore, the bed necessities are offered by a company that is selected by Hotel A carefully. The price is feasible, and quality is good. Besides this, the products of the company are healthy and clean, which is a very important dimension for a bed necessities manufacturing company. And the bed necessities are washed by another company which is a well-known local washing company. All the suppliers above have a stable and long-term relationship with Hotel A (Accountant of Hotel A, 2012).

- **Infrastructure**

Also, the suppliers of the equipment like air conditioner, ventilation, door and window are selected by the hotel as well. The hotel selects the infrastructure suppliers according to price, quality, attitude and lead time (Top manager of Hotel A, 2012).

5.1.3 External customer satisfaction of Hotel A

As the top manager told the authors, Hotel A has a feedback device in order to realize the external customer satisfaction. In each guest room, on the desk, there is a visitor's book for customers to write down their opinions about the room service. As for restaurant, every time customers finish having the dinner, waiters and waitresses will ask them whether they are satisfied with the food or the service (Top manager of Hotel A, 2012). Furthermore, the customers feel safe in this hotel, due to its military background.

- **Relationship**

In guest room department, the hotel offers sufficient hot water, soft beds, TV, cups, room service and internal telephone. As for restaurant, the hotel can offer the customer with clean food and drinking, enough chairs and table, washroom and tableware. These services are most basic for a hotel. And customers are mainly content with them (Top manager of Hotel A, 2012).

Furthermore, customers think the environment of the guest rooms is causal and peaceful. They also feel that the waiters and waitresses and receptionists have good manners, and the rooms are tidy and the bed necessities are very clean. Moreover, every room is equipped with an air conditioner which can make customers feel comfortable in summer. Afterwards, they really appreciate that they can get on the Internet for free. In addition, there is a bar in the hotel. Customers can drink and chat in order to relax themselves there. As for the restaurant, customers think the food is

tasty and waiters and waitresses are thoughtful and patient (Top manager of Hotel A, 2012).

Customers in Hotel A are divided into two segments, civilian customer and military customer. Normally, military customers are in majority. Also, for Hotel A is run by military, the hotel offers specific services to military customers, especially to some senior military officers, like colonel and general. Normally, if a senior military officer wants to come to this hotel, his assistance will inform the top manger in advance. And then the top manger will ask the lobby manger to arrange some waiters and waitresses to entertain the officer. They often prepare some flowers and decorations to welcome the senior officer. Also, they usually prepare some extra rooms in case that the officer has some underlings. In the room where the officers live, fruit, snacks and tea will be provided from time to time. Furthermore, the room number is confidential and guarded by the securities during the night (Top manager of Hotel A, 2012).

● **Complaint**

Most of the complaints come from civilian customers. Firstly, they feel that the efficiency of the waiters and waitresses and receptionists is quite low. It takes them a long time to check in and check out. Also, if they request a room service, waiters& waitresses will come to them after 10 more minutes, though their manners are good. Secondly, civilian customers feel that they are not cared by the hotel comparing with military customers. They think that military customers have more priorities, which makes them feel unfair. The third complaint is about the restaurant. Customers think the frequency of food update is too slow. The food has not changed a lot over time, since the hotel was established (Accountant of Hotel A, 2012).

5.1.4 Internal employee satisfaction of Hotel A

● **Motivation**

Motivation device in Hotel A is diverse and reflected in various levels. When every new employee is recruited by the hotel, each of them will be offered an accommodation inside the hotel if they request. And they will be provided with the free staff meal every day. In the accommodations, the employees can have hot drinking water and snacks that are given by the hotel as well (Accountant of Hotel A, 2012).

In the facility of hotel, such as lobby, restaurant and guest rooms, fire hydrants are equipped completely, which can protect the employees to some extent. The accommodations for employees are all in basement, so the ventilation is substantially vital as well. Ventilation is equipped and inspected regularly. Besides this, during the night, the accommodations are guarded by the security personnel in case of some

thrives and robbers. In order to realize the health conditions of employees, the hotel also arranges a physical test at the end of every year for the employees. The fee of the physical test is paid by Hotel A. However, some employees claim that in summer, the accommodation is hot due to the lack of air conditioners. And it is not easy for them to have a shower due to lack of large amount of hot water. Also, because about eight people live in one room, the employees think the privacy cannot be protected well (Waitress of Hotel A, 2012).

Hotel A also helps its employees to buy various insurance such as accident insurance, medical care and unemployment insurance. If female employees are pregnant, they will have a maternity leave. Also, they will receive some extra gifts from the hotel (Accountant of Hotel A, 2012).

Hotel A also sets a range of rewards for its employees. For instance, it has the reward for satisfying service, for economizing and for excellent performance. Moreover, every employee can get an annual bonus every year. But according to some employees, although Hotel A has various rewards to motivate employees, they do not feel motivated actually, because the amount of the reward is not sufficient. And they do not think the motivation device is carried out completely. Some of them tell that they do not want to work so hard, for they can still get pretty much the same money if they work casually. Also, their base wages are not high. A waiter and waitress can get 2000 Yuan (2000 Yuan≈2000 Kronor) every month. And it is very hard for them to be promoted as the staff told the authors. Therefore, most of them claimed that they would not stay in this hotel for a long time. They are looking forwards to a job-hooping. Additionally, the rules are little bit strict, which makes the employees feel inhibited (Waiter of Hotel A, 2012).

Furthermore, they told the authors that they do not have enough vacation, which makes them feel bored with the work (Waitress of Hotel A, 2012).

● **Training and education**

Training in hotel is not conducted by a specified department. The new employees are often mentored by the senior employees or the department manager. The training circle is normally two weeks. At the end of the training course, a test will be conducted in order to verify whether the new employees are capable of being a waiter or a waitress officially. Many trainees do not have a solid hotel-service background, which means they do not know how to do room service or serve the customer in the restaurant before they take this training. If someone is not qualified, he or she will be asked to take the training again. The training takes place inside the hotel basically. And after the training, the hotel does not offer developed training to the employees any more. The training for the employees is in several aspects, ability of communication, ability of observation, ability of handling the emergency and the ability of techniques and skills (Top manager of Hotel A, 2012).

In order to improve the ability of communication, in the restaurant, the employees are required to dress up when they are entertaining the guests. And the manners of the waiters and waitresses shall be respectful. If the customers ask questions, employees are supposed to answer politely and patiently. In the guest room department, employees are trained to guide the customers to go to the right room and ask them when they need room service. Furthermore, they are constrained to get tips from customers (Waitress of Hotel A, 2012).

As for training the ability of observation, when entertaining the customers in the restaurant, the waiters and waitresses shall add the drinking, replace the dishes and ask the customers if they need extra help in time. In guest room department, after the customer leave, waiters and waitresses shall observe the room and check whether the customers have left some belongings (Waiter of Hotel A, 2012).

As for the ability of handling the unexpected issues, if the waiters and waitresses deliver the wrong dish, the dish is knocked over by waiters and waitresses, the food itself has a problem, the customer has some special requirements and etc., waiters and waitresses shall apologize in time and must report the problem to the department manager (Waiter of Hotel A, 2012).

As for the ability of techniques and skills, the new employees are trained to make bed, clean up the living room washroom. In the restaurant, the new employees are trained how to wash the plates and bowls in a standardized process (Top manager of Hotel A, 2012).

As the hotel is led by the military, the employees are often required to take some political courses. Most of the employees are not willing to take this political lecture. (Receptionist of Hotel A, 2012).

● **Co-work relationship**

In Hotel A, co-work takes place between two or more departments. The co-work is mainly in three aspects (Waitress of Hotel A, 2012).

The first aspect is among the four departments. In Hotel A, two or more departments often co-operate. HR sends the new employees to the lobby department. If employees in lobby department find some equipment does not work, the logistics department will send someone to fix them up. And the security will protect the staff within the hotel. Furthermore, every department shall report the financial record to the accountant department (Top manager of Hotel A, 2012). But according to the accountant of Hotel A, the other departments often cannot report their financial record on time per month (Accountant of Hotel A, 2012).

The second aspect is among the waiters and waitresses. The waiters and waitresses always work as separate small teams (normally 3 people as one team). Co-work between waiters& waitresses mainly occur in the guest room department. Normally, after the customer check out, the team will inspect and clean the room together. But when the amount of the customers is large, the collaboration within the team will be in a chaos. The waiters and waitresses say that they do not have a desire to handle this kind of issues with all effort; instead, they just want to do the job as usual (Waitress of Hotel A, 2012).

The third aspect is between the receptionist and waiters and waitresses. When the customer checks out, the receptionist will tell waiters& waitresses to inspect the room. After the inspection is finished, waiters and waitresses shall report the situation in the room to the receptionist. Sometimes, if the customer needs room service, he or she can call the receptionist, and then the receptionist will send waiters& waitresses there. The problem is, when the receptionist asks the team to go to clean and check the room, or asks them to offer the room service for the customer; the team sometimes cannot make it on time (Receptionist of Hotel A, 2012).

However, as the interviewee told the authors, in fact, the condition of co-workship in this hotel is not in a harmony. The efficiency of implementation is quite low (Waitress of Hotel A, 2012).

5.1.5 Leadership for quality of Hotel A

5.1.5.1 Leadership

After interviewing the waiters and waitresses of Hotel A, they think that the top manager is qualified essentially. (Accountant of Hotel A, 2012).

However, they do not think the middle-level managers are qualified. As far as they are concerned, the middle-mangers are not committed and efficient. Most of them do not have the ability to make the employees in his or her department to stick together. Anyway, they are not willing to take their responsibilities (Receptionist of Hotel A, 2012).

5.1.5.2 Mission, goals and vision.

● Mission

As the top manager of Hotel A told the authors, the mission of the hotel is to mainly offer good-quality service to military personnel, meanwhile entertain some civilian customers (Top manager of Hotel A, 2012).

- **Vision**

Hotel A is a company that is financially supported by military. Therefore, as the top manager told the authors, the hotel is not so ambitious about its future. This hotel does not have a clear vision (Top manager of Hotel A, 2012).

- **Goals**

Since the hotel does not have a specific vision, the goals do not exist either (Top manager of Hotel A, 2012).

5.1.5.3 Corporate culture

In Hotel A, the manger does not create a corporate culture intentionally. She told the authors that she never thought about the corporate culture. She does not even know the exact definition of corporate culture. From her point, in Hotel A, the corporate culture is determined by military. The Communism or Marxism could be considered as the corporate culture for Hotel A narrowly, she said (Top manager of Hotel A, 2012).

5.2 Hotel B

5.2.1 Organization structure of Hotel B

Hotel B as a middle-size private hotel has a simple organizational structure. In Hotel B, the jobs are divided clearly. Each department is independent and will never interfere with the job of others. No employee plays two or more roles in the hotel. The owner of Hotel B has the final say for most issues. He pays wages to all the staff, and decides the plan of hotel's development. There are two managers employed to help manage this hotel. One is personnel manager and the other one is business manager. Their jobs are divided clearly and independently. The personnel manager's job is to manage and supervise staff, for instance, doorkeeper of the park, security guards, dustman, receptionist, waiters and waitresses. But the business manager and accountant are not managed by personnel manager. The personnel manager is responsible for training and supervising employees. He or she is asked to report to the owner about the situation of employees at regular intervals (The owner of Hotel B, 2012).

The gatekeeper's work place is a simply equipped room. He can cook and sleep in this simply equipped room and control the door of park. Another job of gatekeeper is to help the customer park their cars (The owner of Hotel B, 2012).

There are two security men. One of them works in the daily time and the other one works at night. Both of them come from Security Company and have been trained strictly (The owner of Hotel B, 2012).

Dustmen are asked to clean the hall every week. He or she does not take responsibility of cleaning each floor of the hotel. Waiters and waitresses will do the cleaning. On top of keeping each floor clean and tidy, the main job of waiters and waitresses is to clean the rented rooms and check how much pot food was eaten by customers. Because Hotel B is a middle-size hotel, waiters just offer simple room service. Before customers leave, waiters need to check any damage that customers made in the room and report to the reception (Waitress of Hotel B, 2012).

Receptionist is considered as an important position in the hotel. The owner said, "The receptionist is a face of the hotel to some extent. When customers come into our hotel, their first impression comes from the receptionist and the environment of the hall. So the receptionists have to be polite and elegant." What is more, the receptionist is also required to have a good ability to communicate with customers. The skill of using relevant computer software is necessary, because the hotel has its own computer system. During the interview, the owner told the authors that they always spent quite long time in training new receptionists (The owner of Hotel B, 2012).

The warehouse keeper's job is to guard the storage and keep ventilation clean (The owner of Hotel B, 2012).

The business manager takes the responsibility for managing material input, goods selling and customer service. Offering service is the main function of a hotel, but selling some goods is also an important way of earning. On top of these goods, the business manager also manages the material like toilet requisites and slippers. The business manager's another important job is to keep good connection with frequenters as they support a huge area of hotel's income. The business manager can manage the employees as well. The personnel manager and business manager have the identical authorization in this hotel. (The owner of Hotel B, 2012)

In Hotel B, the accountant is the owner's wife. She has more than 5 years of accounting experience. She reports financial situation of the hotel to owner directly. Except accounting, another job of hers is to payoff wages to all employees every month. Due to this special relationship, the accountant of this hotel also takes part in recruitment and training new employees. (The accountant of Hotel B, 2012)

Although the two managers manage most of the employees, they can still talk to the owner directly. The owner cannot only manage two managers, but also has the right to interfere with almost all things in the hotel and make decisions. However, the owner does not choose to make all power in his hand. Instead of this, he gives enough

freedom and trust to the managers and staffs to encourage them use their creativity (The accountant of Hotel B, 2012).

The hotel does not have its own restaurant. It cooperates with the restaurant called "Lan Yu Bai". The customers can get free breakfast tickets from the hotel when they check in (The owner of Hotel B, 2012).

According to the information from the interviews, the authors made a chart of Hotel B's organizational structure.

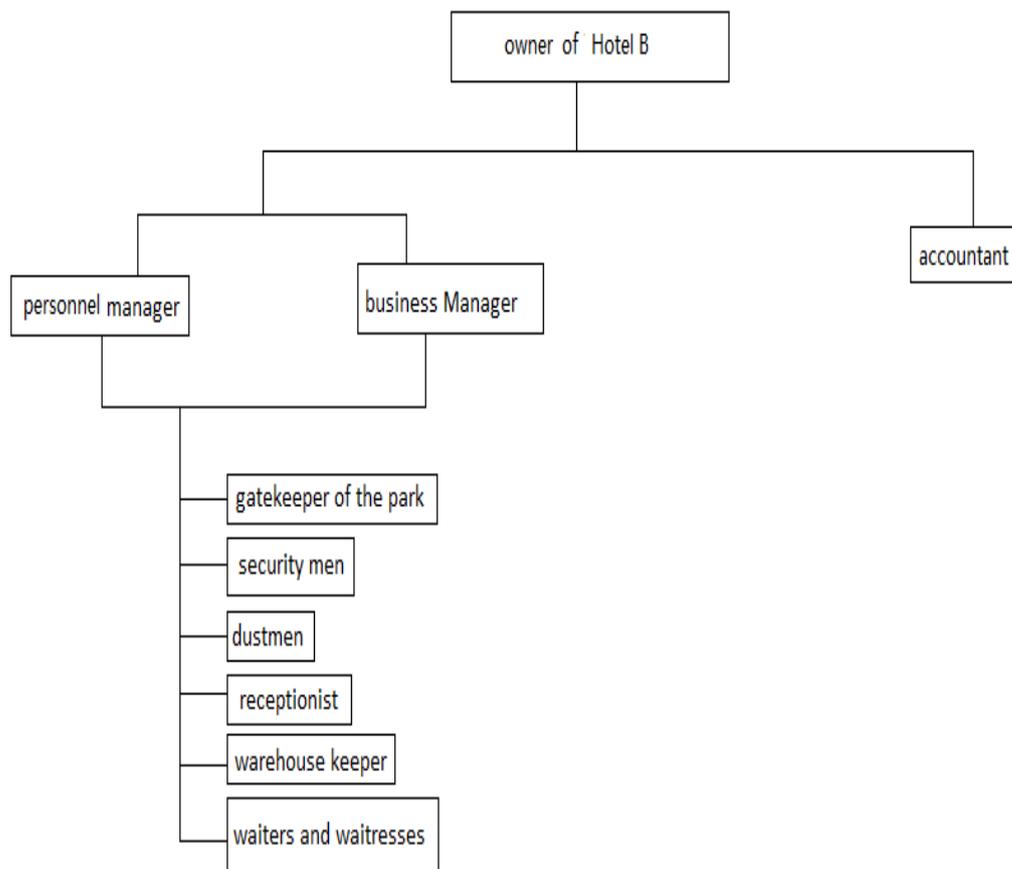


Figure 7 Organization structure of Hotel B.

5.2.2 Supplier partnership of Hotel B.

According to the interview, suppliers of Hotel B can be divided into four groups. They are the supplier of toilet requisites and slippers, repairmen, supplier and cleaner of bed necessities and supplier of snacks.

- **Toilet requisites and slippers**

The owner of Hotel B told the authors, there were three suppliers of toilet requisites and slippers originally. They used two months to compare these suppliers and finally chose one of them as a long-term partner. Cheaper goods with higher quality are the only request of the hotel (The owner of Hotel B, 2012).

- **Maintenance**

The repairmen of this hotel come from two different companies. One is from the elevator company and takes responsibility for repairing and maintaining the elevator. The other one comes from an electric company. Because the Hotel B purchases all electrical applicants from one company, so the company offers a repairman for Hotel B to help solve the problems (The owner of Hotel B, 2012).

- **Snacks**

The owner of Hotel B is also running another food company. All the snacks are supplied by this company with the lowest price (The owner of Hotel B, 2012).

- **Bed necessities and wash**

The Hotel B has broken the partnership with two suppliers and cleaner of bed necessities. The reasons are that the suppliers used sleazy scouring agent and made damage to the bed necessities. The hotel requires less or no damage to the bed necessities with a reasonable price. The current supplier offers a satisfying service with a reasonable price (The owner of Hotel B, 2012).

5.2.3 External customer satisfaction of Hotel B

5.2.3.1 External customer

- **Relationship**

The owner of Hotel B, in the interview, told the authors that they offer some basic services to all customers. These services include a soft bed, all-day hot water, a television, an air conditioner, and cups (The owner of Hotel B, 2012).

Besides these basic services, the hotel offers Internet to the customers who have the requirement for this aspect. If the customer wants to surf the Internet but does not bring his or her computer, the hotel will rent computer to the customers. On some festivals, the hotel will give some discounts and little gifts to customers. For example, the hotel offers chocolates and roses to the customers who check in on Valentine's Day (The owner of Hotel B, 2012).

After the interview of Hotel B, the authors found that the customers of this hotel are mainly civilians. Some customers rent rooms for short term and some customers may make a contract with the hotel for a long-term renting. The short-term living customers, most of them are the travelers who come from other places. On top of the basic services mentioned above offered by the hotel, the reception will prepare map and tourist handbook for this kind of customers. Besides the travelers, some short-term customers are students. As it was mentioned in the part of introduction, Hotel B is near a high school. Sometimes, this high school will be set as a place for some important examinations, and these examinations always take three to four days. Many students live far away from this high school and their parents hope they can play fully role of themselves in the examinations. As a result, the parents often booked a room of the hotel for their children and make them have good rest and peaceful environment of study. The hotel would arrange a quiet room to the students.

Compared with the short-term customers, the long-term customers can enjoy the free breakfast every morning because they have made a contract with the hotel. What is more, waiters do not need to check the long-term customers' rooms every day, and they just need to do some simple cleaning job. The hotel also offers wake-up services to these customers if they require. Some people from some other city work in Changzhou for a long time, and they do not want to buy a house of apartment here. The other one is the group of people who need a place for activities or conferences. Most of them will not live in the hotel for a long period (The owner of Hotel B, 2012).

On top of this, there is a special group of customers who have personal relationship with the owner of Hotel B, for example, the relatives and friends of the owner. This group of customers can enjoy discount and some of them can enjoy almost all the services but do not need to pay for anything (The owner of Hotel B, 2012).

● **Complaints**

The owner of Hotel B told the authors that they pay attention on customers' feedback. They use the questionnaire to collect the feedbacks. They usually put a questionnaire on the desk in each room. The waiters will take it to the manager when the customers check out.

From the feedbacks, the authors found that the complaints regarding parking, air conditioners and automatic mahjong tables. Some customers complain that the park is small for parking and may easily cause the friction between the cars. Sometimes, the air conditioners and automatic mahjong tables may stop working and cause the customer unsatisfied (The owner of Hotel B, 2012).

5.2.4 Internal employee customer of Hotel B

● **Motivation**

According to the interview, the owner of Hotel B motivates his staffs through two ways. One is from the aspect of spirit and the other one is from the physical aspect (The owner of Hotel B, 2012).

In the Hotel B, one of the regulations is that everyone has a chance to be promoted depending on his or her performance. The owner told the authors that higher wages always play an important role in motivating staffs. On top of this, there is another strategy of the owner to motivate his staffs from the physical aspect. Since there are a lot of festivals and holidays, the owner of Hotel B gives gifts to all staffs on some important Chinese traditional festivals. The owner said that this strategy not only can motivate staffs, but also help consolidate the corporate culture of the hotel (The owner of Hotel B, 2012).

The owner of Hotel B does not only put his eyes on the physical methods of motivating the staffs, but also tried some methods from the aspect of spirit. Most staffs of Hotel B come from other provinces and they choose stay in Changzhou on Sprint Festival instead of going back to their hometowns, because they want to save more money. The owner treats all staffs on Sprint Festival and makes them feel like in their home. Some staffs told the authors that they would never leave this hotel because they could hardly find another hotel like Hotel B (The owner of Hotel B, 2012).

According to the interview to employees, the authors found that the owner of Hotel B not only motivated employees on the aspect of physical work, but also motivated them to be more creative in their works. The owner of the hotel said that the staffs had to face different kinds of customers, and they need to use their creativity to deal with various problems. However, if the staffs cannot solve the problems, they need to report to managers instead of using wrong methods on their own (The owner of Hotel B, 2012).

● **Training**

When the owner of Hotel B talked about the training of staff, he said it should be divided into two aspects. The employees like gatekeeper of the park, accountant, security men, dustmen and managers do not need any more training, because these employees had been trained in universities or companies before which they were employed. The only thing they need to do is to be familiar with the situation of the hotel. Then they can deal with their work. The other group includes the employees like waiters, waitresses, and receptionists. Most of them had not gone through any training before they were employed. They were trained by those experienced and senior employees in the hotel (The owner of Hotel B, 2012).

Waiters and waitresses are asked to learn how to help customers find their rooms, clean the rooms and offer satisfying room service. Receptionists are required to learn

how to give a cordial reception, help customers check in, notice the waiters to offer room services and help customer check out (The owner of Hotel B, 2012).

According to the information of interviews, it will take about one month to train new-
come employees. The processes of training are always not as good as expected. Some
employees cannot catch the point and make quite a lot of mistakes. The owner of
Hotel B said that the exam and verification are not very clear, which leads to the risk
of employing some unqualified people and make negative impact on the development
of the hotel (The owner of Hotel B, 2012).

The owner of Hotel B told the authors that, there will be no more training or
education to employees in the following days. But several meetings are necessary to
discuss the improvement of service quality.

● **Co-workship**

According to the interview to the owner of Hotel B, it can be found that the co-work
in this hotel can be mainly divided into three aspects (The owner of Hotel B, 2012).
The first one is the co-work relationship between the personnel manager and the
business manager. Waiters are asked to observe and record the Preferences of
customers, then reported to the personnel manager. The personnel manager needs to
give this information to the business manager, so that the business manager can keep a
good connection with the frequenters. However, if there are some misunderstandings,
the hotel will face the risk of losing its customers. But this is already the whole co-
work part between two managers. According to the information of the interview, two
managers are usually independent. They put their focus on how to improve
performance to satisfy the boss and have less communication and co-work between
them. The owner considers it as a problem which is waiting to be solved (The owner
of Hotel B, 2012).

The second co-work relationship is between the waiters. There are two to three
waiters on each floor. If there are a lot of customers checking out, they need to
cooperate and assign jobs to check and clean the rooms as fast as possible. On top of
this, waiters have to cooperate when they do some room services. The owner of Hotel
Bt said that the desire of efficiency makes cooperation necessary and important (The
owner of Hotel B, 2012).

The third co-work relationship is between waiters and receptionist. Every waiter is
equipped an interphone to keep connection with the receptionist. Customers' needs are
always firstly sent to receptionists, and the receptionists will connect with the waiters
and told waiters what the customers' needs are. Then the waiters afford room services
to the customers. What is more, when customers check out, the waiters need to check
the room and report the situation of the room to the receptionists. By doing so, the
receptionists can decide whether to take out corresponding amount of the deposit or

not. If the customer leaves something in the room, waiters can contact with the receptionist and make the customer wait for a moment (The owner of Hotel B, 2012).

5.2.5 Leader for quality of Hotel B

5.2.5.1 Leadership

● Leader commitment

After interviewing the waiters and waitresses of Hotel B, almost all of them think the owner is qualified. But some of them advised that there could be some clear rules of rewards and punishment. There were some complaints about personnel manager of Hotel B from the waiters and waitresses. They complain that the personnel manager used some brutal words (The owner of Hotel B, 2012).

5.2.5.2 Mission, goals and vision

● Mission

During the interview, the owner of Hotel B told the authors that he went to the hotel every evening to check the situation of the hotel and make sure the hotel can operate normally. On top of these, the owner is investing money in fitment to offer better environment to both internal and external customers (The owner of Hotel B, 2012).

● Goals

When the owner talked about the goals of the hotel, he said that it is unrealistic to be the best private hotel or something like that. But there are some simple goals, for example, to extend the parking place and reduce the complaints about the park from some customers, to add some recreation facilities to make the customers enjoy themselves in the hotel (The owner of Hotel B, 2012).

● Vision

Hotel B as a middle-size hotel also has its vision. The owner told the authors that he wanted to make Hotel B become a three-star hotel in five years. By the time, there will be a bigger parking place and more recreation facilities (The owner of Hotel B, 2012).

5.2.5.3 Corporate culture

When interviewing the owner of Hotel B, the owner told the authors that Hotel B was a middle-size hotel that did not have a clear and integrated company culture. They

only have some simple goals and missions. But the owner said that he was trying to build a unique culture of this hotel to lead employees and the development of the hotel (The owner of Hotel B, 2012).

6 Analysis

In this section, the concept of SWOT analysis will be used to analyze the result of two case studies about Hotel A and Hotel B, in order to learn the advantages and disadvantages of the two hotels. And then, the difference of quality system between Hotel A and Hotel B will be analyzed as well. Afterwards, the authors will analyze the causes of the problems that occur in Hotel A. The last, some suggestions will be offered by the authors.

6.1 Strength and weakness analysis of Hotel A

6.1.1 Organizational structure

- **Strength**

According to (Seeds, 2008), the organizational structure of Hotel A can be defined as a centralized organization.

In Hotel A, each employee has his or her own job. And departments are divided according to their own functions. Top manger makes most of the decisions independently. All the activities are controlled by top manger, which can make management simple. Also, it is convenient for this hotel to implement orders and instructions. Furthermore, the image of the company is more easily to be fostered, for staffs strictly follow the orders from top manager. Besides, when facing crisis, the whole company can concentrate on the problems due to the single leader (Michael, 1998).

- **Weakness**

Conversely, according to (Seeds, 2008), this kind of structure is not good for the hotel to cultivate unique and creative employees, which makes Hotel A lack of flexibility. Also, centralized organization would reduce the quality of the decisions, for the top manager could not be always right. Besides this, due to high-centralized structure, the middle-level managers do not even need to manage the employees; instead, they only implement the instructions from top manager. Then, they would not be creative and active. Furthermore, the middle managers would rely on top manager so much and do not want to undertake relevant responsibility.

6.1.2 Employee satisfaction

- **Strength**

Hotel A offers accommodation to the employees in order to fulfill their basic needs, and the guard protects the accommodation. Also, regular physical test and various insurance can motivate employees to some extent. Moreover, Hotel A has a range of rewards for the employees in order to make them work harder. Furthermore, the training for new employees is comprehensive and considerate (Michael, 1998).

- **Weakness**

Firstly, the air conditioners of the accommodation are not equipped well, which makes employees feel very uncomfortable in summer. And the privacy cannot be protected well, for 8 people share one room. Secondly, the meaningless rewards and low wages cannot satisfy employees. Hotel A also does not offer sufficient vacations to employees. Strict rules make employees lack of active. Thirdly, two-week training circle for new employees is not enough. As a result, they would not be qualified to serve the customers. And, the lack of developed training would not be helpful for the employee to be more skillful. Fourthly, the co-work does not go well within Hotel A. Employees are not motivated due to their negative attitude towards their work, so they do not want to take responsibility at all. Fifthly, the education is too political, so that employees are not willing to take this kind of courses.

6.1.3 Leadership

- **Strength**

Top manager is nice and friendly to employees. She is also good at entertaining the senior military officers, which makes the military feel content with the hotel.

- **Weakness**

Firstly, middle-level managers do not take their responsibility. Secondly, the hotel does not have any clear vision or goals, which makes employees confused about what they are fighting for exactly. Thirdly, lack of organization culture would make employees feel lack of motivation sometimes.

6.2 Opportunity and threat analysis of Hotel A

6.2.1 Supplier relationship

- **Opportunities**

The military farm offers the raw materials, they are healthy and clean, so the food safety can be completely assured. Furthermore, this can be seen as internal supply, so, Hotel A does not need to consider the price. Also, the suppliers of the commodities and bed necessities& wash have long-term contract with Hotel A. Long- term contract can create a friendly and stable relationship between the two sides, which can assure the quality of the goods, save the cost and increase the efficiency of purchase (Michael, 1998).

● **Threats**

Hotel A does not have any stable relationship with the suppliers of equipment. So, the quality of the equipment cannot be assured completely. When the air conditioners or heaters do not work, the customer satisfaction will be reduced.

6.2.2 External customer satisfaction

● **Opportunities**

According to Bergman (2010), Kano model can be utilized to analyze the needs of external customers at each level. The authors analyzed the services the hotel offers to its external customers through the following table:

Table 3 Kano model of external customer needs of Hotel A (Bergman, 2010)

External customer needs	Detailed service
Basic needs	<ul style="list-style-type: none"> ● sufficient hot water, soft beds, TV, cups, room service and internal telephone ● clean food and drinking, enough chairs and table, washroom and tableware
Expected needs	<ul style="list-style-type: none"> ● Causal and peaceful environment ● Good manners of waiters& waitresses and receptionists ● Clean and tidy rooms and bed necessities ● Internet for free ● Bar for entertainment ● Tasty food
Excitement needs	<ul style="list-style-type: none"> ● Sophisticated and extremely respectful service for senior military officers

Good environment and nice manners can make customers feel comfortable, which can be seen as the advantages of Hotel A. Also, since the hotel is managed by the military, the senior military officers would be entertained well. This kind of special service makes them quite satisfied. Furthermore, the hotel is very safe, because it checks every guest's identity carefully (Michael, 1998).

- **Threats**

The biggest problem about external customer satisfaction for Hotel A is that the hotel offers the very considerate service to the military officers. This situation makes civilian customers feel unfair. The authors believe that Yi Kung does not care about the civilian customers enough. Moreover, the food in restaurant has not change, which makes customers feel tired of the food.

6.3 Strength and weakness analysis of Hotel B

6.3.1 Organizational structure

- **Strength**

According to the Gibson (2000), and after analyzing, the organizational structure of Hotel B can be classified as a decentralized organizational structure. This structure promotes the combination of managers' power and responsibility as well as improves the efficiency of the organization. This structure also gives more chances to middle-level managers to improve their efficiency of management.

In Hotel B, the jobs are divided clearly. Each department is independent and will never interfere with the business of others. No one plays two or more roles in the hotel.

The owner divides his power to the managers and shows his trust to his staffs. By doing so, the managers and the other staffs get much freedom and can use their creativity more easily. It is a good way to motivate the employees and improve the quality of their works.

Choosing a cooperated restaurant is a good way to save the costs and human resources. The owner does not need to employ new managers, waiters and cooks. He can also save the money in investing the tableware and building a kitchen. What is more, the business manager does not need to care the purchasing of food. Choosing a cooperated restaurant does not only save the money, but also saves the time.

- **Weakness**

The organizational structure of Hotel B is not propitious for building image of the company. This structure also may make it hard to implement orders and instructions.

There is limited co-worker-ship between two managers in Hotel B. These two managers put almost all of their attention on their own jobs. They do little communication or cooperation and just focus on satisfying the boss. By doing so, they can do their jobs well, but cannot make the hotel operate better.

There is no clear standard about how much creativity employees can bring into their jobs. If the employees use their creativity without any limitation, the hotel has to face the risk of losing its customers. There still should be some rules and regulations to limit the freedom of the employees. Otherwise, some employees may not satisfy the customers, even worse, may makes customers angry. So, rules and regulations are needed to constrain employees. However, owner has to take care of making rules, because some too serious rules may kill employees' creativity in their jobs.

6.3.2 Employee satisfaction

● Strength

The owner of Hotel B uses some personal methods to hold the employees together and motivate them play full of their roles in their jobs. For example, the owner of Hotel B gives gifts to all staffs on some important festivals. On top of this, the owner treats all staffs on sprint festival and makes them feel like in their home every year. It makes many staffs desire to help the development of the hotel from their hearts. The employees get much more than what they want and are fully motivated by all the things the owner do for them.

The co-work between receptionists and waiters is a good way to reduce the loss and increase the customer satisfaction. When the waiters check the room, they can find the damage and inform the receptionists to reduce the loss in time by deducting deposit. It also helps increase the customer satisfaction when the waiters find any things that the customers left. The receptionists can tell the customers and let them wait for a moment.

● Weakness

Hotel B only trains the employees at the beginning before they are formally hired. After that training, there will be no more training or education for employees. The employees cannot get more professional training and education. Not only it restricts the improvement of employees' ability, but also restricts the employees to use

creativity in their jobs. It also has a negative impact on improving the quality of services.

Another weakness of Hotel B in the employee part has been mentioned above. There is little co-work between two managers.

6.3.3 Leadership

● Strength

The owner of Hotel B goes to the hotel and checks the situation every evening. This steps help keep the normal operation of the hotel and by the way inspect employees' work. From a long-term perspective, it helps keep direction of the development of the hotel by daily inspection.

Strength in the leadership part is that the owner uses his own way to hold employees together and motivate them. According to the interview with staffs, the methods owner uses are quite useful and efficient.

● Weakness

The authors do not find any weakness in the aspect of leadership

6.4 Opportunity and threat analysis of Hotel B

6.4.1 Supplier relationship

● Opportunities

There is an interesting point that the owner of Hotel B also supplies snacks to his hotel. The owner takes responsibility to purchase. It makes the hotel purchase snacks with the lowest price. The owner also can ensure the quality of the snacks by checking all the goods before they are sent. What is more, it saves the owner's time and money to communicate and keep relationship with suppliers of snacks. It also helps increase sales of the owner's another company.

Hotel B has its standards to evaluate and choose its suppliers. Cheaper goods are the pre-essential request. On top of this, there are several requirements of the quality of the goods and services. By doing filtration, the hotel can ensure to offer a high level of quality of goods and services to its customers. This is a good way to increase customer satisfaction. By the same time, it helps build a nice image of the hotel.

● Threats

Hotel B does not have its own repairmen. The repairmen of this hotel come from two different companies. One is from the elevator company and takes responsibility for repair and maintains the elevator. The other one comes from an electric company. When some electronic products are broken, it costs time to inform and wait for the repairmen. If the air conditioner does not work in summer, the customers have to bear the hot and wait for the repairmen. It may cause the loss of customers.

6.4.2 External customer satisfaction

● Opportunities

The hotel offers different expected services to different external customers to win customers in the competition. According to the different needs and situation of the customers, the hotel offers best and suited goods or services. It makes customers feel that the hotel do not only pay attention on their payment, but also care their feelings.

According to the Kano model (Bergman, 2003), the authors analyzed the services the hotel offers to its external customers through the following charts.

Table 4 Kano model of external customer needs of Hotel B (Bergman, 2010)

External customer needs	Detailed services
Basic needs	<ul style="list-style-type: none"> ● a soft bed for sleeping; all-day hot water for washing ● a television for rest and entertainment ● an air conditioner for controlling temperature of the room ● and cups for drinking
Expected needs	<ul style="list-style-type: none"> ● Offering internet for surfing. ● Renting computers to customers. ● Preparing map and tourist handbook for traveler customers. ● Planning a quiet room which is good for study to the student customers. ● Offering the police customers coffee and tea.
Excitement needs	<ul style="list-style-type: none"> ● Giving discounts and gifts to customers on some festivals. ● Offering free breakfast to long-term living customers.

Not only can the excitement services surprise the customers, but also let them feel that it is worthy living in this hotel. The hotel also gives feedbacks to its customers. These kinds of services can increase the customer satisfaction and also attract more new customers. What is more, it also helps enhance good image of the hotel.

- **Threats**

Some customers complain that the park is a little small for parking and may easily cause the friction between the cars. This is a problem which the hotel has to solve. Otherwise it will cause un-satisfaction of customers and cost time in dealing with the conflicts.

6.5 Difference of quality management system between Hotel A and Hotel B

- **Organizational structure:**

(Hotel A) Centralized organizational structure makes Hotel A lack of flexibility and creativeness. The most serious issue is the middle-level managers are lack of motivation, for they do not have any real power, and they have to depend on top manager. Furthermore, the middle-level managers are not motivated, waiters and waitresses are not motivated either. But the centralized structure can ensure the stabilization of the hotel, because everyone can do their own jobs properly.

(Hotel B) Decentralized organizational structure promotes the combination of managers' power and responsibility as well as improves the efficiency of the organization. This structure also gives more chances to middle-level managers to improve their efficiency of management. The top manager divides his power to two middle-level managers and gives more freedom to his employees.

- **External customer satisfaction:**

(Hotel A) Hotel A cares too much about military customers, especially senior military officers. This concentration makes civilian customers feel unfair and uncomfortable. Unsatisfaction of civilian customers would have a negative impact on the profits of Hotel A (Michael, 1998). However, customers feel safe in this hotel, due to its military background.

(Hotel B) The hotel offers different expected services to different external customers to win customers in the competition. According to the different needs and situation of the customers, the hotel offers best and suited goods or services. It makes customers feel that the hotel do not only pay attention on their payment, but also care their feelings.

- **Employee satisfaction:**

(Hotel A) The basic needs of employees in Hotel A can be fulfilled essentially. Some details about accommodation are not perfect, such as lack of air conditioners and privacy. Also, rewards are meaningless. Top manager controls the reward device, but she cannot manage everything, therefore, sometimes employees cannot get their rewards, as they are deserved to get. As a result, Hotel A would lose human resources, and competitiveness would be reduced. Due to too short training circle, they are not qualified to serve customers, and then they cannot undertake their job well. As a result, the co-work does not go well in the hotel which reduces the work efficiency. Also, the education in Hotel A has nothing to with the corporate culture, which cannot help the employees to be motivated (Michael, 1998).

(Hotel B) Instead of controlling everything by him, the top manager delegates his power to middle-level managers and use his personal methods to motivate his employees. He gives gifts to all staffs on some important festivals. On top of this, the owner treats all staffs on sprint festival and makes them feel like in their home every year. It makes many staffs desire to help the development of the hotel from their hearts. The employees get much more than what they want and are fully motivated by all the things the owner do for them. The education only includes some rules, regulations and the skills of offering services. The hotel would never control its employees' minds.

- **Leadership:**

(Hotel A) The organization structure of Hotel A is centralized, every activity and issue is controlled by top manager, which can help the hotel to make fast decision when facing emergency, and to make the employees implement the orders efficiently.

However, this situation would make the staff hold back their ability of innovation. Also, lack of clear vision, goal and corporate culture is not good for the hotel to develop sustainably and to motivate employees.

(Hotel B) The owner of Hotel B went to the hotel and checked the situation every evening. This steps help keep the formal operation of the hotel and by the way inspect employees' work. From a long-term perspective, it helps keep direction of the development of the hotel by daily inspection.

6.6 Cause of the problem of Hotel A

According to Bergman (2010), cause-and-effect diagram is a quality tool to analyze the quality problem takes place in an organization. Therefore, in this portion, this tool

would be used to analyze the reason of the quality problem of Hotel A. The following figure can be seen as an abstract of the previous analysis, which can show that the relationship between the specific causes and the the problem.

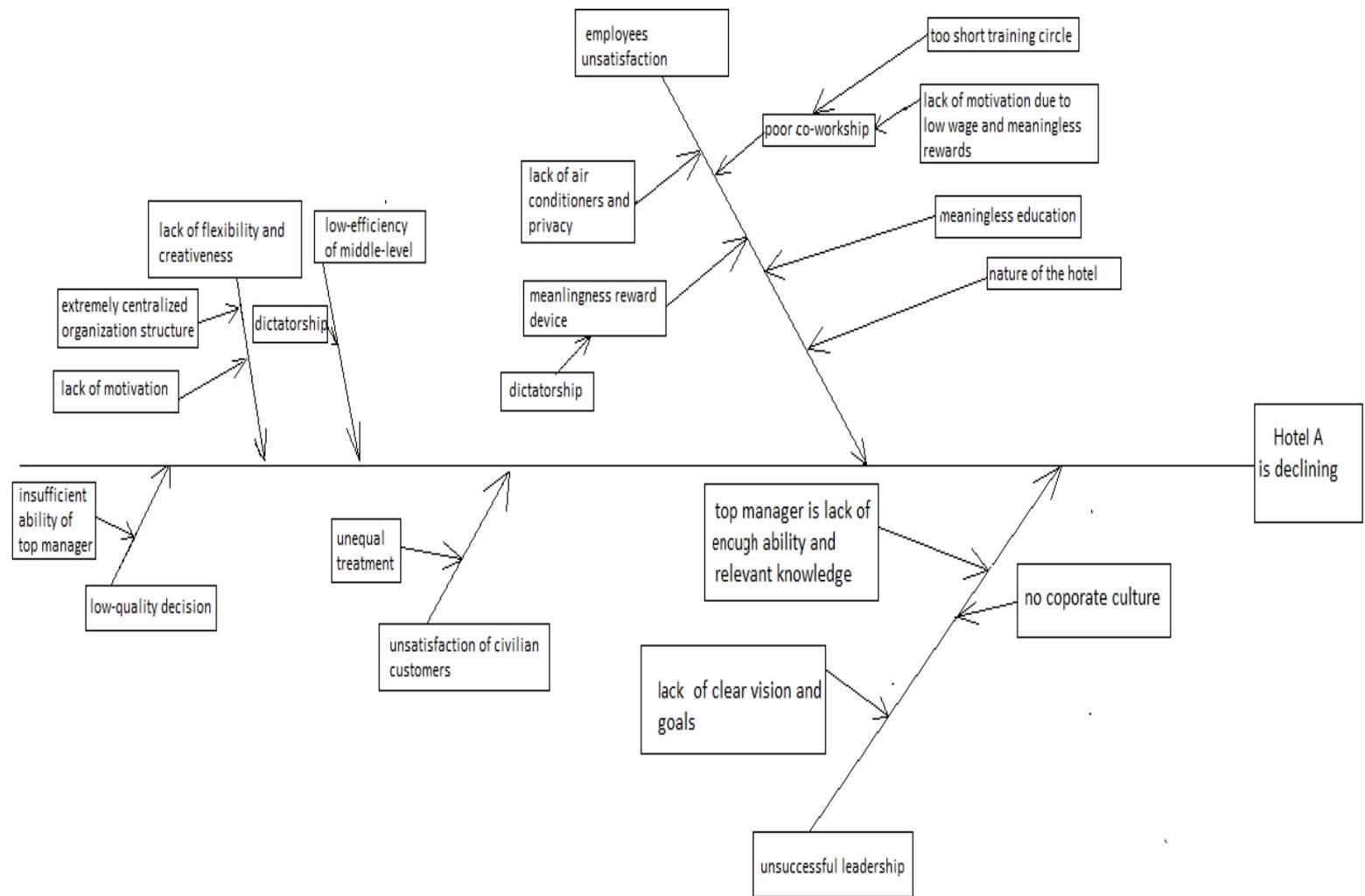


Figure 8 Cause-and-effect diagram of quality problem of Hotel A

6.7 Suggestions for Chinese military-owned hotels

● Organizational structure

As for a hotel led by the military, a substantial down-top reform of organizational structure cannot be achieved easily. So the suggestion about organization structure for military hotel is top-down reform (Seeds, 2008). Military hotels can combine centralized structure with decentralized structure. Top manger still has final say about some significant issues, however, she or he must discuss with middle-level managers as well. Also, as for the trivial daily administrative issues, the authors suggest that top

manger would delegate authorities and rights to middle-level managers properly, in order to make middle-level mangers active and motivated (Seeds, 2008).

- **External customer satisfaction**

In the light of the nature of military-owned hotels, military customers are focused. However, caring too much about military customer would make civilian customers feel uncomfortable. Military hotels would better concentrate on civilian customers as well as military customer, for civilian customers could bring substantial profits as well (Michael, 1998).

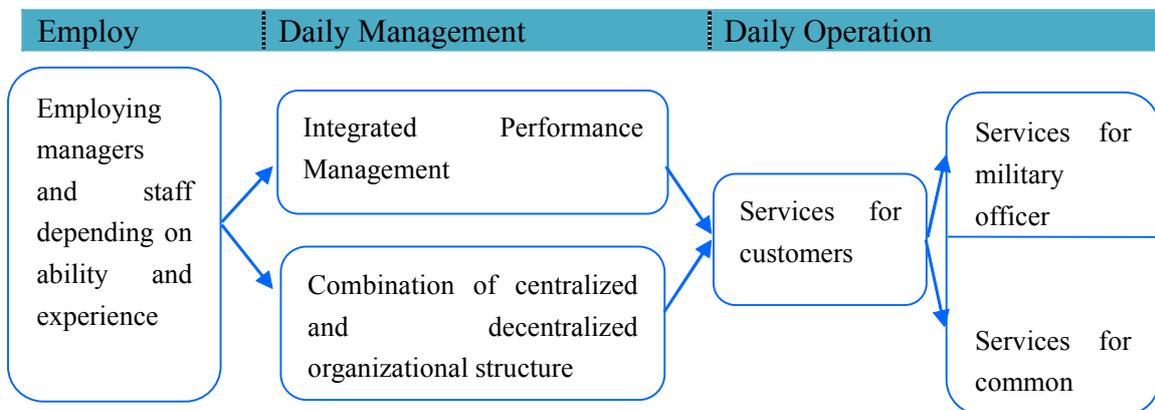
- **Internal customer satisfaction**

The employees are not military personnel; many people sharing one room would damage their privacy. Military-owned hotels shall improve the living environment for employees, in order to ensure that they can have a good rest. The rewards can be decided by the performance of each employee (Bergman, 2010). By doing so, employees may have more motivation in their daily jobs. The top manager's power can be delegated to middle-level managers and give them suited freedom to use creativity in their jobs. If the condition is allowed, there can be more training and education. If it is possible, the top manager may use some methods like what mentioned above in the Hotel B. By doing so, it cannot only motivate employees, but also helps build the company culture. The co-work problems will be also solved after employees are fully motivated. Military-owned hotels should not force their employees to take so many political courses, instead, Military-owned hotels are supposed to offer some more education regarding the hotel itself to employees. Otherwise, it is very brutal for top managers to control the employees' minds.

- **Leadership**

It is impossible for the military to change the device of selecting top managers in near future. The top managers of military-owned hotels are military officers as well. According to the situation, the military area could offer a range of commercial courses to top managers. So they would know more knowledge about hotel management. The military area could reward top managers according to the performance of hotels , which they are responsible to. Also, top managers shall learn from the privacy hotels, they shall set clear vision and goal, so that staff would know where they are heading. Furthermore, top managers shall integrate all the trivial requirements in each aspect as a whole system (Bergman, 2010).

A suggested model of quality management system is given in this thesis:



7 Conclusion

In this thesis, the authors analyzed the strength and weakness of two kinds of hotels' leadership, organizational structure and employee satisfaction. They also analyzed the opportunities and threats of two kinds of hotels' external customers and suppliers. Then the authors compared private and military-owned hotels with the results of analysis and find out what disadvantages and advantages do military-owned and private hotels have. By the same time, the authors compared two kinds of hotels' quality management methods. The authors list all the problems and use cause-and-effect diagram as a tool to find the causes of problems for military-owned hotels. After finishing the analysis, the authors give suited suggestions about each problem to military-owned hotels to help them deal with the tendency that more and more military-owned hotels are shifting to private hotels gradually over time.

According to the findings and analysis, military-owned hotels have to own their own quality management systems. By doing so, there will be detailed standards for managing daily operation and raw material purchase. An integrated quality management system ensures the quality of services and goods which the hotel offers to customers. Some military-owned hotels should stop the education which likes brainwashing and give more freedom to employees to motivate them. On top of this, military-owned hotels need real experienced top managers instead of high-rank military officers.

8 Further study

As for this thesis, the substance is about Chinese military-owned hotel management through TQM. Based on the consequence of the paper, the authors think that TQM could be applied in other Chinese military business like manufacturing industry, medical industry and communications industry. These Chinese military industries also face the situation that they are going to be under hammer. Therefore, the authors suppose that the study can be conducted in these fields, in order to increase their service and goods quality.

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