AN EMPIRICAL ASSESSMENT OF SERVICE QUALITY IN THE CONTEXT OF TRAVEL AGENCIES IN THE REPUBLIC OF MACEDONIA

EMPIRIJSKA PROCJENA KVALITETE USLUGA PUTNIČKIH AGENCIJA U MAKEDONIJI

TRŽIŠTE

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SAŽETAK

Ovaj rad istražuje kvalitetu usluga putničkih agencija u Makedoniji iz perspektive korisnika. Za mjerenje kvalitete usluge autori su primijenili modificiranu verziju SERVQUAL instrumenta. Rezultati usporednog t-testa upućuju na značajne razlike između očekivanja i percepcija s dvjema iznimkama. Uočena je pozitivna ko-

ABSTRACT

This paper investigates the service quality of travel agencies in the Republic of Macedonia from a customer perspective. Its authors applied a modified version of the SERVQUAL instrument for measuring service quality. The results of the performed paired sample t-testing indicated significant differences between expectations and

relacija između aritmetičke sredine očekivanja i percepcija kao i između aritmetičkih sredina percepcija i jazova, dok je negativna korelacija uočena između aritmetičkih sredina očekivanja i jazova. Nadalje, provedena je faktorska analiza srednjih vrijednosti jazova koja upućuje na postojanje 3 dimenzije: orijentacije prema korisnicima, pouzdanosti i opipljivosti. Analiza podataka pokazala je da postoje negativni jazovi između očekivanja i percepcija u svim trima dimenzijama. Konačno, koristeći ANOVA test, utvrđene su signifikantne razlike između vrijednosti jaza kod ukupno tri različite vrste putničkih agencija (s licencom "A", "B" i "C") koje se odnose na identificirane dimenzije. Postoje brojna područja u kvaliteti usluga putničkih agencija gdje su potrebna poboljšanja kako bi se u potpunosti zadovoljili korisnici usluge.

perceptions, with two exceptions. A positive correlation was identified between expectation means and perception means as well as between perception means and gap score means, with a negative correlation identified between expectation means and gap means. Furthermore, factor analysis of the gap score means was performed, revealing the existence of 3 dimensions: customer orientation, reliability and tangibles. Data analysis showed negative gaps between expectations and perception on all three dimensions. Finally, by using the ANOVA test, significant differences among the gap scores of the three different classes of travel agencies (with "A", "B" and "C" licenses) were determined, both in total and with regard to the identified dimensions. There are a number of areas of the travel agencies' service quality where enhancements are needed in order to satisfy the customers more fully.

1. INTRODUCTION

Travel and tourism continues to be one of the world's largest industries. The total impact of the industry means that, in 2011, it contributed 9% of the global GDP and accounted for 255 million jobs (World Travel and Tourism Concil, 2012). Therefore, numerous countries in the world are focusing on promoting their natural and cultural beauty in a "battle" for gaining more of the global tourist share. Macedonia strives to keep pace with this global trend, expecting tourism to contribute 3.4% to the national GDP in 2013 (Ministry of Economy of the Republic of Macedonia). This can be achieved thanks to governmentally planned incentives to spur development of the tourism sector.

Without a doubt, travel agencies which provide information and services to customers are an aspect that should not be neglected since they have a crucial role in tourism development. Intense global competition is forcing travel agencies to search for competitive advantages, i.e. to find profitable ways to differentiate themselves. The delivery of high-quality services to consumers is increasingly recognized as a key factor affecting company performance in some businesses, including travel and tourism (Atilgan, Akinci, & Aksoy, 2003). In fact, service quality has become the great differentiator, the most powerful competitive weapon most service organizations strive to possess (Berry, Parasuraman & Valarie, 1988).

The aim of this article is to investigate customer expectations and perceptions of service quality in the context of travel agencies in the Republic of Macedonia. The study has been conducted in order to explore the differences between customer expectations and perceptions regarding the service quality; to assess the dimensionality of service quality delivered by travel agencies in Macedonia; to make a comparative study of service quality perceptions of the different classes of travel agencies; to discover and measure the gap between expected and perceived service and, on the basis of the study results, to suggest ways

and tools for improving the service quality in travel agencies with a view to making their overall service more effective and efficient.

2. LITERATURE REVIEW

Recent research has invested much effort in the conceptualization and measurement of service quality and its effect on business performance (Akroush, 2009; Cronin, 2003; Caceres & Paparoidamis, 2007; Akroush, 2008; Frischmann & Gensler, 2011; Oliver, 2010; Gupta & Zeithaml, 2006; Coelho & Vilares, 2010; Ekinci, Zeglat, & Whyatt, 2011; Yee, Yeung, Cheng & Lai, 2009; Larivière, 2008). Despite the awareness of the importance of service quality in strategic planning and for corporate success, there are no precise definitions of this concept. A number of the suggested definitions focus on meeting customer needs and requirements.

Parasuraman, Zeithaml and Berry (1988) define perceived service quality as "a global judgment, or attitude, relating to the superiority of the service". Many researchers in the service quality literature agree with this definition (Cronin & Taylor, 1992; Boulding, Kalra, Staelin & Zeithaml, 1993; Bolton & Drew, 1991; Spreng & Mackoy, 1996; Caruana, Ewing & Ramaseshan, 2000; Jain & Gupta, 2004; Lee, Lee & Yoo, 2000). Bitner and Hubbert (1994) define service quality as "the consumers' overall impression of the relative inferiority/superiority of the organization and its services". Delivering quality service means conforming to customer expectations on a consistent basis and providing a better service than the customer expects (Lewis & Booms, 1983). If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman, Zeithaml & Berry, 1985; Lewis & Mitchell, 1990). Similarly, Bolton and Drew (1991) suggest that "customers' perceptions of service quality are directly affected by disconfirmation and indirectly affected by disconfirmation, expectations and actual performance levels".

While there is consistency in measuring and defining customer perceptions as the consumer's belief about the experienced service, expectations have been conceptualized in different ways. In the satisfaction literature, expectations are viewed as predictive (so-called will expectations; Oliver, 1981; Fornell, Johnson, Anderson, Cha & Bryant, 1996; Anderson, Fornell & Lehmann, 1994) while in the service quality literature, expectations are conceptualized as desires or wants of consumers, i.e. what they feel a service provider *should* offer rather than *would* offer (Parasuraman, Zeithaml & Berry, 1988). Furthermore, customers' service expectations are characterized by a scope of levels rather than a single level (Zeithaml, Berry & Parasuraman, 1993), ranging from the ideal standard to the worst imaginable (Santos & Boote, 2003). Zeithaml, Berry and Parasuraman (1993) proposed a model, identifying two different comparison standards for service quality evaluation: *desired service* (the level of service a customer believes can and should be delivered) and *adequate service* (the level of service the customer considers acceptable). The difference between the two levels is a zone of tolerance that represents the range of service performance a customer would consider satisfactory (Parasuraman, Zeithaml & Berry, 1994).

Parasuraman, Zeithaml and Berry (1985) have prevailed in the conceptualization of the service quality, finding that consumers' perceptions of quality are influenced by various gaps which lead to service quality discrepancy. They conceptualized and measured service quality as a multidimensional construct, initially identifying ten dimensions. The subsequent research, analysis and testing have condensed these into the following five dimensions of service quality: tangibles, reliability, responsiveness, assurance and empathy (Parasuraman, Zeithaml & Berry, 1988). They claim that quality perceived in a service is a function of the gap between customers' desires/expectations and their perceptions of the service that is actually received, i.e. service quality is a measure of how well the service delivered meets the expectations of service. Therefore, the company should maximize the positive difference

between perceptions and expectations in order to maximize its service quality. Based on these findings, Parasuraman et al. (1988, 1991) developed the SERVQUAL in order to measure customer's perceptions of and expectations from service, and to calculate service quality as the difference between these two. The expectations component of the original SERVQUAL scale refers to customers' normative standards (the service levels customers believe excellent companies in a sector must deliver) while perceptions component refers to customers' perceptions of a given company's service within the sector (Parasuraman, Berry & Zeithaml, 1993). Further research by Parasuraman, Berry and Zeithaml, (1994) proposed alternative scales for measuring service quality and found that the three-column format (measuring perceptions ratings in conjunction with adequate- and desired-service expectation ratings) is capable of indicating the position of the zone of tolerance and the perceived service level relative to the zone.

Although the SERVQUAL instrument has been widely used, it has been subjected to certain criticism as well. Carman (1990) argued that it may be more appropriate to do more replication and testing of the SERVQUAL dimensions and measures before accepting it as a valid generic measure of perceived service quality that can be used in any service situation. Teas (1993) suggested that a considerable portion of the variance in the SERVQUAL expectation measures may be caused by respondents' misinterpretations of the question rather than to different attitudes or perceptions. Regardless of the criticism and its limitations, SERVQUAL is the most widely used instrument for service quality measurement and for measurement of the effects of service quality on customer satisfaction. An important advantage of the SERVQUAL instrument is that it has been proven valid and reliable across a large range of service contexts (Ueltschy, Laroche, Eggert & Bindlet, 2007; Arambewela & Hall, 2006). A number of studies have proved the effectiveness of using the SERVQUAL instrument in the tourism industry (Atilgan, Akinci & Aksoy, 2003; Díaz-Martín, Iglesias, Vázquez & Ruiz, 2000; Luk, 1997),

although the literature referring to the service quality of travel agencies is still scarce.

Ryan and Cliff (1997) used a modified SERVQUAL instrument to study travel agencies in New Zealand, revealing three dimensions of service quality: reassurance, reliability and tangibles. Luk (1997) proved the original five-dimensional structure of the service quality of tour guide services in Hong Kong (tangibles, responsiveness, assurance, reliability and empathy), applying a SERVPERF scale instead of SERVQUAL scale. Lam and Zhang (1999) studied the service quality of travel agents in Hong Kong, identifying five factors of service quality (reliability, responsiveness and assurance, empathy, resources and corporate image and tangibility). The results of their study showed that customers' perceptions of service quality fell short of their expectations, with the reliability dimension having the largest gap. The existence of the five dimensions, as they were originally suggested, was confirmed by Bigné et al. (2003) in their service quality research of travel agencies which also used the SERVQUAL scale. The SERVQUAL instrument proved to be valid and reliable with the results of the survey conducted in South China (Zhou & Pritchard, 2009), showing that there is a gap between expected service and perceived service regarding all five dimensions. The largest gap was revealed in the dimension of reliability while the smallest gap scores occurred within the dimension of tangible items. The study of Shahin and Janatyan (2011) goes beyond the previous studies by using regression to estimate the relationship between the overall customer dissatisfaction and service quality gaps. Its results revealed a linear relationship between empathy and tangibles gaps and the overall dissatisfaction of customers.

According to the previous studies, we can propose the following hypotheses:

H1: Service quality is a multidimensional construct.
H2: There is a gap between the expected service and the perceived service of travel agencies in Macedonia.

In order to reveal the underlying reasons creating the service quality gap, the study further explores the correlation between expectations, perceptions and gap score means. By examining the mathematical equation of the service quality gap (P-E), one can easily suggest a positive effect of perceptions and a negative effect of expectations on the service quality gap. Additionally, the empirical research proposes that high expectations of the service receiver and low performance of the service provider together were responsible for large negative gap scores (Zhou & Pritchard, 2009; Johns, Avci & Karatepe, 2004). Zhou and Pritchard (2009) showed that the higher the expectation of that service quality that people had the less satisfied they felt about the service quality actually delivered (measured as a gap score between expectations and perceptions). They found that perception means were positively correlated to gap score means while expectation means were negatively correlated to gap score means. Therefore, we propose the following hypotheses:

H3: Expectation means and gap means of service quality are negatively correlated.
H4: Perception means and gap means of service quality are positively correlated.

While the role of perceptions is straightforward, the effects of expectations are controversial and could move in opposite directions (Yi, 1990; Boulding, Kalra, Staelin & Zeithaml, 1993). Although in his initial model Oliver (1993) specified that expectations did not influence the perceptions of performance, customer satisfaction literature proposes that expectations have a significant positive effect on the perceptions of performance (Yi, 1990; Spreng & Mackoy, 1996; Fornell et al., 1996). This can be explained by assimilation theory, which assumes that individuals are reluctant to acknowledge discrepancies with regard to their previously held positions and, therefore, "assimilate" judgment of their initial feelings for an object or event (Oliver, 2010). Therefore, by lowering expectations a firm might also lower the perception of performance, leading to a lower satisfaction level (Spreng & Mackoy, 1996).

Since the satisfaction literature uses predictive (will) expectations, we can assume that this is in line with the suggestions of Boulding et al., (1993) who acknowledged that increasing customer expectations of what a firm *will* provide during future service encounters actually leads to higher perceptions of quality after the customer is exposed to the actual service, all else equal. At the same time, they suggested that customers' expectations of what a firm *should* deliver during a service encounter *decrease* their ultimate perceptions of the actual service delivered, all else equal (Boulding et al., 1993). Boulding et al. (1993) found opposite effects of customer expectations on their perceptions of service quality, depending on the actual type. Since this research used normative (so-called should) expectations, we propose the following hypothesis:

H5: Expectation means and perception means of service quality are negatively correlated.

Based on the previously stated research objective to make a comparative study of service quality perceptions of the different classes of travel agencies, the authors have analyzed the current classification of travel agencies in Macedonia. As part of the Government's efforts at designing, establishing and continually improving business standards for conducting tourism business, since 2004 travel agencies in Macedonia have performed their activities on the basis of a license for tourism activity issued by a relevant institution. Travel agencies can be granted: license "A", license "B" and license "C". The type of license that can be issued depends on the preconditions for performing travel agency business (bank guarantee, solvency, number of employees, certificates, skills and foreign language knowledge) as well as on the authorization for travel agencies to provide different travel services within the country and abroad. Also, the type of license provides consumers and the industry with an assurance of the level of commitment to quality business practices and professionalism in operation at a particular agency. According to the Law on Tourism of the Republic of Macedonia (2004), the classes of travel agency licenses are:

o License "A" authorizes a travel agency to organize travel tours within the country and abroad (tour operator activity)
o License "B" authorizes a travel agency to organize travel tours within the country and to sell tours organized by travel agencies with license "A"
o Travel agency with license "C" can only sell travel tours organized by the travel agencies that are license "A" or license "B" holders.

Consequently, we develop the following hypothesis:

H6: There are significant differences among the SERVQUAL scores of different classes of travel agencies in Macedonia.

3. RESEARCH METHODOLOGIES

The questionnaire used for the measurement of customer-perceived service quality in this research followed the basic structure of the SERVQUAL instrument, as developed by Parasuraman, Zeithaml and Berry (1988). First, the original SERVQUAL instrument was translated into Macedonian and six managers of travel agencies (from the three classes of travel agencies) were asked to confirm the phrasing of the translated items and the suitability for this specific industry. As proposed by the managers, two items of the original SERVQUAL instrument were deleted because of their unsuitability for the research context. The final questionnaire consisted of two sets of 20 items, representing the modified SERVQUAL scale. The expectation section required the respondent to indicate on a seven-point scale (strongly disagree to strongly agree) the extent to which the ideal service-providing organization (travel agency, in this case) possesses the characteristics desired in each statement. In the perception section, the statements required the respondent to indicate the extent to which a particular travel agency possesses the charac-

teristics described, again on a seven-point scale (strongly disagree to strongly agree). The differences between expectations and perceptions were calculated and used for further analysis.

The questionnaires were administered to undergraduate students at the Ss. Cyril and Methodius State University's Faculty of Economics in Skopje. The student population was used because students are a group that travels the most thanks to their mobility and free time for leisure activities during summer and winter school break. A convenience sample was used by requesting the respondents to complete the questionnaires that solicited their views on different aspects of travel agency operations (excellent travel agency and the travel agency whose services they used recently) with some basic demographic information. A total of 150 questionnaires were distributed and 135 replies received, 133 of which were valid (98.5%). The sample size is above the recommended minimum level of at least five times as many observations as the number of variables to be analyzed (Hair, Black, Babin, Anderson & Tatham, 2006). The gender structure of the sample is as follows: 98 females (73.68% of the total sample) and 35 males (26.31% of the total sample) while the average age of the sample is 21.78 years, with a minimum of 18

and a maximum of 24 years. The gender structure of the sample reflects the gender structure of the students who study at the Faculty of Economics in Skopje (in 2012, 69.7% were females and 30.3% were males).

4. EMPIRICAL DATA, ANALYSIS AND RESULTS

4.1. Gap analysis

Data on expectations and perceptions were used to calculate the gap scores, obtained by subtracting the average expectation score from the average perception score for each item. Additionally, paired sample t-testing was performed in order to explore the differences between expectations and perceptions. The findings presented in Table 1 indicated significant differences between expectation items and their respective perception items ($p<0.05$), except between the expectation and perception items referring to customers' best interest at heart.

Table 1: Expectation means, perception means and gap means

	Expectations		Perceptions		Gap means	p value
	means	S.D.	means	S.D.		
Modern-looking equipment	5.50	1.23	4.83	1.30	-0.66	0.000
Visually appealing physical facilities	5.27	1.39	4.69	1.64	-0.58	0.001
Neat appearance of employees	5.84	1.27	5.40	1.45	-0.44	0.002
Visually appealing materials associated with the service (brochures or statements)	6.07	1.11	5.38	1.44	-0.68	0.000
Keeping the promises made	6.08	1.22	5.17	1.61	-0.91	0.000
Sincere interest in solving customer's problem	5.88	1.46	5.02	1.68	-0.86	0.000
Performing the service right the first time	5.82	1.31	4.83	1.71	-0.98	0.000
Error-free records	6.08	1.12	5.44	1.36	-0.63	0.000

Table 1. Continued

	Expectations		Perceptions		Gap means	p value
	means	S.D.	means	S.D.		
Prompt service to customers	5.86	1.14	5.26	1.41	-0.59	0.000
Willing to help customers	6.00	1.17	5.21	1.47	-0.79	0.000
Never too busy to respond to customers' requests	5.61	1.43	4.91	1.45	-0.70	0.000
Instilling confidence in customers	5.98	1.31	5.28	1.44	-0.70	0.000
Feeling safe in transactions	6.05	1.13	5.41	1.43	-0.64	0.000
Employees' courteousness	6.05	1.11	5.36	1.52	-0.68	0.000
Employees' knowledge to answer customers' questions	6.17	1.01	5.50	1.39	-0.67	0.000
Providing individual attention to customers	5.71	1.33	4.95	1.58	-0.76	0.000
Convenient operating hours to all customers	5.24	1.54	4.90	1.60	-0.34	0.021
Personal service by employees	5.87	1.23	4.35	1.69	-1.53	0.000
Having customers' best interests at heart	4.87	1.56	4.88	1.59	0.01	0.963
Understanding of specific customer's needs	5.47	1.34	4.94	1.63	-0.53	0.001

Source: authors' calculations

It is evident that respondents have relatively high expectations in general (all expectation means are higher than 5.20, except for "having customers' best interest at heart"). The highest expectations (6.17) can be noted for "employees' knowledge to answer customers' questions". Also, high expectation means (>6.00) are evident with regard to "materials associated with the service (pamphlets or statements)", "keeping the promises made", "error free records", "feeling safe in transactions" and "employees' courteousness". The highest perception mean (5.50) concerns "employees' knowledge to answer customers' questions"; it means that customers expected to be treated seriously and the agencies met their expectations by giving anticipated and adequate replies. Also, high perception means (> 5.40) were obtained for "error free records" and "neat appearance of employees", with low perception means (<4.50) obtained for "appealing physical facilities" and "personal service by employees" (4.35). It is obvious that customers have high expectations of being treated with due respect by the agencies' employees, but not of their interest holding a central position in travel agency operations.

The results showed all gap scores (except those referring to having the customers' best interest at heart) as negative, which means that customers' perceptions of delivered service quality are lower than their expectations, in turn indicating poor service quality of the travel agencies in Macedonia. The largest gap between perceived service and expectations of the respective customers (-1.53) was found on "personal service by employees". Furthermore, relatively high gap scores are noted with regard to "performing the service right the first time" (-0.98), "keeping the promises made" (-0.91) and "sincere interest

in solving customer's problem" (-0.86). All four items are more or less related to the service given by the agency staff. As a result of the lowest level of expectations, the only item with a positive gap score is "having customers' best interest at heart", which refers to taking real care of customers. Other relatively low gap scores are those of "convenient operating hours" (-0.34) and "neat appearance of employees" (-0.44). Consequently, it can be concluded that the travel agencies managed to meet low customer expectations of travel agency operations in terms of putting customers' interest in the first place. However, customers are highly dissatisfied with the first time performance of the service, completion of promised tasks and solving customers' problems once they appear (post-purchase satisfaction).

To reveal the connection among expectations, perceptions and the gap between expectations and perceptions, correlation analysis was employed (Table 2).

but positive (r=0.326). The results are in line with the findings of Johns, Avci and Karatepe (2004) and Zhou and Pritchard (2009), meaning that the higher the expectations about the service the lower the perceived service quality, and the higher the performance of the travel agency the more satisfied its customers are with the service quality received. The H5 was rejected since the results of the correlation analysis indicated the existence of a positive correlation between expectation means and perception means (r=0.606), which is opposite to the findings of Boulding et al. (1993). Johns, Avci and Karatepe (2004) explained that a high positive correlation between expectations and performance scores is perhaps due to a halo effect. Additionally, the positive correlation found to exist between customer expectations and perceptions might be explained by the previously mentioned assimilation theory. On the other hand, this outcome can also be explained by the problems concerning the operationalization of the service expectation

Table 2: Correlation among expectation, perception and service quality

		Expectation	Perception	Service quality (gap score)
Expectation	Pearson Correlation	1	0.606**	-0.554*
	Sig. (2-tailed)	.	0.005	0.011
Perception	Pearson Correlation	0.606**	1	0.326
	Sig. (2-tailed)	0.005	.	0.160
service quality (gap score)	Pearson Correlation	-0.554*	0.326	1
	Sig. (2-tailed)	0.011	0.160	.
**. Correlation is significant at the 0.01 level (2-tailed).				
*. Correlation is significant at the 0.05 level (2-tailed).				

Source: authors' calculations

The results in Table 2 indicate that H3 and H4 can be accepted, showing that expectation means and gap means were negatively correlated (r=-0.554) and that the correlation between perception means and gap means was weak

concept (Teas, 1993). As it was previously stated, a considerable portion of the variance of SERV-QUAL expectations measures may be related to the respondents' misinterpretations of the question (Teas, 1993).

4.2. Factor analysis and gap analysis across factors

Obtained data were subjected to a principal component factor analysis with Varimax rotation (Table 3). Construct validity was assessed using the exploratory factor analysis. In the first run of the exploratory factor analysis 3 factors were identified that accounted for 62.442%

of the total variance explained. The results of the exploratory factor analysis indicated an acceptable level of convergent and discriminant validity.

Table 3 shows the three identified dimensions of service quality: customer orientation, reliability and tangibles. Subscale reliabilities in terms of the internal consistency measures were also examined (Table 4).

Table 3: Factor analysis results, factor loadings (principal component, varimax rotation) of 20 items (N=133)

	Gap means	SD	Factors		
			1	2	3
Customer orientation					
Prompt service to customers	-0.594	1.642	0.557	0.458	0.189
Willing to help customers	-0.789	1.692	0.656	0.485	0.132
Never too busy to respond to customers' requests	-0.699	1.710	0.662	0.447	0.089
Instilling confidence in customers	-0.699	1.656	0.670	0.317	0.234
Feeling safe in transactions	-0.639	1.474	0.572	0.422	0.237
Employees' courteousness	-0.684	1.716	0.667	0.418	0.216
Employees' knowledge to answer customers' questions	-0.669	1.659	0.653	0.449	0.183
Providing individual attention to customers	-0.759	1.728	0.765	0.142	0.156
Convenient operating hours to all customers	-0.338	1.665	0.655	0.018	0.292
Personal service by employees	-1.526	2.032	0.753	0.116	0.153
Having customers' best interests at heart.	0.008	1.869	0.537	0.316	0.134
Understanding of specific customer's needs	-0.534	1.816	0.705	0.391	0.080
Reliability					
Keeping the promises made	-0.910	1.873	0.314	0.734	0.216
Sincere interest in solving customer's problem.	-0.857	2.008	0.490	0.685	0.060
Performing the service right the first time	-0.985	1.923	0.322	0.789	0.065
Error-free records	-0.632	1.351	0.331	0.634	0.256
Tangibles					
Modern-looking equipment	-0.662	1.609	0.398	0.063	0.702
Visually appealing physical facilities	-0.579	1.888	0.214	0.135	0.828
Neat appearance of employees	-0.444	1.597	0.187	0.436	0.595
Visually appealing materials associated with the service (brochures or statements)	-0.684	1.464	-0.103	0.590	0.502
Variance explained (%)			49.224	7.179	6.038
Cronbach alpha			0.931	0.863	0.745

Source: authors' calculations

Table 4: Subscale reliability

No.	Dimension	Cronbach alpha		
		Expectation	Perception	Gap means
1	Customer orientation	0.914	0.947	0.931
2	Reliability	0.860	0.881	0.863
3	Tangibles	0.691	0.834	0.745

Source: authors' calculations

Subscale reliability measures for dimensions 1, 2 and 3 were 0.75, 0.86 and 0.93, respectively. All reliability measures are above the recommended minimum level of 0.60 (Hair et al., 2006). The first factor labeled *customer orientation* accounts for 49.2% of the total explained variance and consists of twelve scale items related to the employees' attitude to and skills for providing the service and their sincere interest in customers, as well as the convenience of the travel agencies' operating hours. This factor is a combination of the items referring to the "responsiveness", "assurance" and "empathy" dimensions proposed by Parasuraman, Zeithaml and Berry (1988). The second and third dimension correspond to the originally suggested dimensions by Parasuraman, Zeithaml and Berry (1988). *Reliability* accounts for 7.18% of the total explained variance and includes variables that are closely tied to the promises regarding providing service on time, solving problems if they appear, providing the right service the first time. *Tangibles* accounts for 6.04% of the total explained variance and is constructed from four scale items, which are associated with the visual appeal of the travel agencies' physical facilities and communication materials to the customers. The item "visually appealing materials associated with the service" has relatively high factor loadings on two dimensions (reliability: 0.590 and tangibles: 0.502), but it is more natural for this item to be analyzed as part of the tangible dimension.

Dimension analysis (Table 5) indicated the lowest gap score on reliability (-0.85), followed by customer orientation (-0.66) and tangibles (-0.59). Although the gap score on tangibles is negative, still, this is the most satisfactory dimension of the Macedonian travel agencies' service quality. The gap between customers' perceived tangibles of travel agencies and their expectations is relatively low. At the same time, customers perceive relatively low service quality in interpersonal interactions between customers and employees, and consistent and prompt responsiveness to customer needs and expectations. The highest gap between customers' perceptions and their expectations of travel agencies' service quality can be noted with regard to the reliability dimension of service quality.

Table 5: Summary of expectation, perception and gap means across the factors

Dimension	Expectation means	Perception means	Gap means
Customer orientation	5.74	5.08	-0.66
Reliability	5.96	5.12	-0.85
Tangibles	5.67	5.08	-0.59
Note: 7= highest expectation or perception; 1 = lowest expectation or perception			

Source: authors' calculations

For further analysis, separate gap scores were computed for the three classes of travel agencies by the type of license (Table 6). The performed ANOVA test revealed significant differences among the gap scores of the three different classes of travel agencies, in total and regarding the identified dimensions.

5. DISCUSSION AND CONCLUSION

The results of this study have confirmed all the hypotheses which were proposed in the literature review section, with the exception of the

Table 6: Gap scores for three classes of travel agencies in Macedonia

	Customer orientation	Reliability	Tangibles	Total	*p* value
Total	-0.66	-0.85	-0.59	-0.68	0.000
A (54.13 %)	0.23	0.07	0.03	0.15	0.000
B (31.58 %)	-1.16	-1.30	-0.95	-1.15	0.000
C (14.29 %)	-2.91	-3.33	-2.14	-2.83	0.000

Source: authors' calculations

As expected, the travel agencies with license "A" have the highest SERVQUAL score in total, as well as regarding particular dimensions. The SERVQUAL score for this class of agencies is positive (0.15), indicating that their customers have higher perceptions than expectations with regard to the service quality. They perceive service quality to be the highest on responsiveness and customer orientation of the travel agencies' employees, as well as on the safety and confidence that travel agencies instill. This was an expected result since the "A" license travel agencies are required to have more employees with specific skills and knowledge, which in turn creates a higher level of service quality. On the other hand, travel agencies with a "B" or a "C" license show a negative gap between perceptions and expectations (-1.15 and -2.83, respectively). The perceived service quality of these travel agencies is lower than customers' expectations, especially when it comes to the reliability and customer orientation of the travel agencies. The highest gap was recorded between the customers' perceptions and their expectations with regard to the reliability of the "C" license travel agencies (-3.33). In that respect, the travel agencies should permanently strive to invest in enhancing their employees' skills while also stimulating a sincere, courteous and responsive relationship with customers.

fifth hypothesis (H5). Discussions concerning the tested hypotheses are presented in this section.

It is important for travel agency managers to consider perceived quality as a multidimensional construct because focusing on the core service quality alone is too narrow an approach. In that respect, this study showed customer orientation, reliability and tangibles to be the core dimensions of service quality in the context of the Macedonian travel agencies, thus confirming the first hypothesis (H1). Furthermore, the second hypothesis (H2) was confirmed by the results of the gap analysis which indicated that perceptions of the travel agency service did not meet customer expectations. This means that the overall service quality of the travel agencies in Macedonia is not satisfactory (-0.68). Customers have the highest expectations of travel agencies' reliability (5.96) and although this dimension has the highest perception mean (5.12), the gap score is the lowest (-0.85), indicating the highest gap between expectation and perception of this service quality dimension. Customer orientation and tangibles have the same level of customer perceptions (5.08) but, as a result of the relatively higher expectations for customer orientation (5.74) than for tangibles (5.67), customer orientation has a higher gap mean (-0.66) than do tangibles (-

0.59). The relatively low level of service quality perceived by customers in this study implies that the travel agencies should strive to improve their service quality by continuously investing in staff trainings and incentives, as well as in their physical capacities. Customer service must match marketing efforts invested, otherwise a customer would remain dissatisfied and all marketing efforts might be wasted. The process of fulfilling customer needs, therefore, requires tailoring travel agencies' services to what the customers want, rather than making them accept whatever travel agencies can conveniently provide.

The third (H3) and forth (H4) hypotheses were confirmed by the performed correlation analysis, which indicated a positive correlation between perception means and gap score means while a negative correlation was identified between expectation means and gap means. This suggests that, in order to improve the level of service quality, the travel agencies in Macedonia should strive to improve the actual service performance so as to match customer expectations. The fifth hypothesis (H5) was rejected since correlation analysis indicated that there was a positive correlation between expectation means and perception means.

The last hypothesis (H6) was assessed by conducting an ANOVA test and the results indicated significant differences among the SERVQUAL scores of the three different classes of travel agencies (with "A", "B" and "C" licenses), both in total and on the identified dimensions. As expected, customers perceive the highest level of service quality to exist in the travel agencies that possess license "A". This group of travel agencies has more and better skilled employees who can instill confidence in the provided service.

This study contributes to the literature by providing an insight into the expectations and perceptions of the travel agency services in Macedonia since such a study has not been conducted in Macedonia or in the region. Methodologically, this research examines the suitability of the applied scale for measuring service quality in the

travel agency business. The assessments of reliability of the service quality scale confirmed the correspondence rules between empirical and theoretical concepts. These methodological attempts will provide a valuable guidance to the future empirical research of service quality. Managerially, this research provides company managers with a scale to assess the quality of their service from the perspective of the three identified dimensions. This study also provides marketing managers in the travel agency business with knowledge they can employ for the purpose of increasing customer satisfaction and raising the retention level. Travel agencies can identify the expectations and perceptions of their clients and adjust their marketing program to target clients. The result of this study can provide managers with useful insights that will help them in designing traveling, promotional and training programs as well as in organizing travel agency operations in general.

While this study successfully measures the perceived service quality in the travel agency context, there are some limitations and problems that should be addressed in future research. The research limitations mostly refer to the analyzed problem, methodology used and the research sample.

In this research, service quality of travel agencies was measured from the customers' perspectives. The authors believe that it would be valuable to interview managers and travel agency employees about the service quality provided, since they are directly involved in the process of service delivery. Therefore, future studies should also investigate the travel agencies' service quality from the managers' and employees' point of view.

Although the original SERVQUAL scale was adjusted by omitting two items (as proposed by the managers of the travel agencies), further modifications might include the addition of some new items or re-wording of the original items. This could be done by using customer focus groups or other qualitative studies. The modification of

the generic SERVQUAL scale is suggested due to the cultural differences and specific characteristics of the analyzed service sector.

Another limitation concerning the used scale is that the expectations component measures only the normative (should) expectations (as proposed in the original SERVQUAL scale). Future studies should also measure different levels of expectations (e.g. desired and adequate) in order to provide a more precise diagnosis of the reasons for service quality gaps.

Regarding the research sample, it could be noted that it was small and limited to the population of students who are mobile and fond of traveling but who represent only one market segment. A more comprehensive insight into this topic and more reliable results will be provided by using a larger sample and by including different groups of people. When considering the sample selection, future research might try to intercept customers at bus stations, train stations and airports. Moreo-

ver, instead of a non-probability sampling technique, future research could also employ random sampling, which will provide more valid and credible results and will enable generalization of the research results to a larger population.

Another limitation of this study is its cross-sectional nature, which could be overcome by using a longitudinal study. This is important since customer expectations and perceptions change over time, so the differences in tourists' expectations and perceptions should be recorded. Also, a proposed future study could measure customer expectations and perceptions before and after experiencing a travel agency service.

Future research could extend onto neighboring countries as well, encompassing the Western Balkans region or South East Europe as Macedonia is economically and historically connected to these countries. In that case, cultural sensitivity should be also taken into account since there are cultural differences among nationalities.

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