

## Perceptions of restaurateurs on quality grading

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### Abstract

A restaurateur's strategic focus is to maximise wealth for the owner(s). To achieve wealth maximisation, a restaurateur could implement one or more of the following strategies: focus strategy, cost-leadership strategy and/or differentiation strategy. A management intervention a restaurateur could implement to achieve this is quality differentiation. Grading of an establishment will assist a restaurateur in becoming a market leader. Currently there no national restaurant grading system exists in South Africa. As support and participation of restaurateurs in any future quality grading system are essential, it is imperative to test their perceptions of the implementation of a quality grading scale.

The aim of this paper is to gather the perceptions of restaurateurs of an envisaged scale that could be used to grade independent full-service restaurants. In this study the researcher tested the perceptions of restaurateurs using nine possible outcomes of implementing quality grading in the independent full-service restaurant segment.

The outcomes to be tested were presented to restaurateurs in a questionnaire uploaded on "survey monkey". This was emailed to 3 286 restaurateurs and 265 responses were received. Respondents who were positive regarding grading indicated that they were enthusiastic about the impact grading would have on international tourism, as well as the fact that it could contribute to an increase in the value of their establishments.

**Keywords:** customer expectations, customer perceptions, grading, quality dimensions, restaurants, service quality, scale.

## Introduction

A major responsibility of a restaurateur of an independent full-service restaurant is to put in place defensive and offensive strategies to respond to demands that the dynamic current business environment poses to the restaurant (Thompson & Strickland, 2003). Currently the South African restaurant industry has to contend with a slow economic recovery and tough competition. One strategy designed specifically to survive in a climate of intense competition, is quality differentiation (Imrie, Cadogan & McNaughton, 2002). This strategic option embraces differentiation by delivering excellent products and service to customers (Pun & Ho, 2001; Sachdev & Verma, 2004). The strategy of quality differentiation is translated into aims and objectives that are focused on satisfying customers' quality needs (Nayak, 2013). These quality needs comprise of multiple inseparable dimensions that the restaurateur can manage effectively solely when their relative importance is understood. The ascribed importance of customer needs gives an indication of the relative importance of each quality dimension to address specific customer needs. Once a restaurateur appreciates the importance of a quality dimension he/she will then be in a position to allocate resources according to the relative importance of that specific quality dimension (Sachdev & Verma, 2004).

When all the identified service quality dimensions are delivered upon, the restaurant will achieve the high level of service quality that guarantees customer satisfaction. When increased levels of service quality are reached a patron will experience or perceive superior satisfaction. Some researchers assert that superior satisfaction might not be sufficient to achieve and maintain a competitive advantage. A restaurateur should strive to achieve ultimate customer satisfaction by maintaining an attractive (top) quality restaurant (Lilja & Wiklund, 2006).

Addressing the quality requirements of customers will contribute not only to customer satisfaction, but also contribute to: positive

financial results, increased repeat patronage, positive word-of-mouth, a consistent and expanding customer base, reduced costs, increased customer loyalty, higher returns on investment, reduction in manufacturing costs, lower vulnerability to price competition and achievement of restaurant aims and goals (Al-Khattab & Aldehayyat, 2011; Brunner, Markus & Opwis, 2008; Duggal & Verma, 2013; Ingram, 1996; Lilja & Wiklund, 2006; Markovic, Raspor & Dorcic, 2011; Narangajavana & Hu, 2008; Nayak, 2013; Parasuraman, Berry & Zeithaml, 1991; Ryu, Lee & Kim, 2012b; Sachdev & Verma, 2004). A realisation has dawned on restaurateurs of the increasing need for a standardised national grading system that will lead to improved restaurant service quality, but unfortunately, to date adequate academic research of the construct has not been done.

## SERVICE QUALITY CONCEPTS

A restaurateur needs to have a sound understanding of management theory and practice that forms part of a restaurant quality differentiation strategy. Restaurant quality comprises a combination of production outcomes/tangibles and the process of service/intangible delivery (Markovic et al., 2011).

Popular definitions of quality can be classified into two broad categories; manufacturing-specific quality and customer-service-specific (Getty & Thompson, 1994). For the purpose of this research quality concepts are defined as follows:

Quality refers to the degree to which the standard of excellence of a service meets the expectations and needs of the customer (Johns, 1992).

Even though Sachdev and Verma (2004) describe service quality as:

"... an elusive, indistinct and abstract concept", effective measurement of quality in the restaurant depends on clearly defined quality constructs. Service quality is defined by Parasuraman et al. (1991) as:

"The degree and direction of discrepancy between customers' perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future behaviour."

Another definition offered for service quality is:

"... service quality equals service perception minus service expectation" (Sachdev & Verma, 2004). If there is a positive difference the customer will be satisfied. However the higher the positive difference, the greater level of customer satisfaction will be. Roest and Pieters (1997) suggest that service quality is: relativistic, not absolute, cognitive, not affective, product focused not consumer-focused, post-purchase, not pre-purchase and benefits not sacrifices to the customer.

Quality control as adapted from Westgard (2003) can be defined as:

"A holistic process to achieve and maintain quality of a product, process or service. Activities and processes are measured against set standards. Quality problems are identified and eliminated as well as causes of quality problems so that the needs of the customer are constantly met or exceeded."

These definitions imply certain essential components of quality management. It must be planned with continual activities to ensure the delivery of quality outputs that satisfy the customer while balancing the cost-benefit ratio. According to the World Tourism Organisation grading can be defined as a system:

"... in which hospitality establishments of the same type have been conveniently broken down into classes, categories, or grades according to their common physical and service characteristics and established at government, industry or other private levels" (Narangajavana & Hu, 2008).

Grading of hospitality organisations involves the measurement of service providers

according to a generally accepted set of standards, values or norms.

## GRADING

The main goal of tourism grading systems is to protect the customer (Callan, 1994). Grades allow the customer to compare service providers using a standardised measurement when deciding on which establishment to support (Cser & Ohuchi, 2008; Narangajavana & Hu, 2008). Hatfield and Seiver's (2001) study on grading and customers' preferences revealed that participants rated grading as 8.3 (mean) out of ten the selection or rejection of an establishment.

Implementation of grading is associated with positive business results in the hospitality industry (Johnson et al., 2005; Narangajavana & Hu, 2008; Stringam & Gerdes, 2010). Results of a phenomenological study on quality assurance (grading) are: grading is appreciated by customers and managers; grading has a positive impact on quality, customer satisfaction and competitiveness as well as promoting the industry; and, grading has a positive impact on maintaining minimum standards in the hospitality industry when commitment from all role players to the grading system that has been implemented (Manhas & Dogra, 2013; Peng & Lin, 2009). Some hospitality organisations incorporate grading in their pricing differentiation strategies (Israeli & Uriely, 2000).

Grading enables a restaurateur to achieve the primary strategic intent, which is to maintain the competitive edge of the restaurant. A functional grading scale for restaurants could include the following set of service standards (Budhwar, 2004; Hyun, 2010; Pantelidis, 2010):

Location  
Food  
Service  
Quality  
Menu  
Price

Atmosphere  
Management  
Concept differentiation and  
Marketing.

## INTERNATIONAL RESTAURANT GRADING

According to the Automobile Association (AA) website, in the United Kingdom (UK) a system of awarding Rosettes to a restaurant is based on an assessment of the entire meal. The assessment of the meal is done during one or more visits by AA inspectors. The Rosette system works as follows:

### 1 Rosette

Standards achieved that are outstanding in the local area. Food is prepared with care, understanding and skill, using quality ingredients (50 percent of graded restaurants).

### 2 Rosettes

Excellent restaurant that achieves higher standards consistently. Precision is apparent in cooking with quality ingredients being selected (40 percent of graded restaurants).

### 3 Rosettes

Outstanding restaurant that achieves standards and recognition beyond the local area. Cooking is done with selected quality ingredients and sympathetic treatment of the ingredients. Timing, seasoning and flavour will always be excellent. Excellent menu items will be augmented by intuitive service and a well-chosen wine list (10 percent of graded restaurants).

### 4 Rosettes

Among the top restaurants in the UK and nationally recognised for culinary excellence. These restaurateurs exhibit an intense level of ambition, a passion for excellence, superb technical skills and remarkable consistency. They combine an appreciation of culinary traditions with a passionate desire for further exploration and improvement (very few restaurants).

### 5 Rosettes

Equal to best in the world. Unique in displaying breathtaking culinary skills to which other restaurants aspire (very few restaurants).

Other international restaurant grading systems are:

Michelin Guide/Guide Rouge – 1 to 3 stars awarded by professional inspectors

The Good Food Guide – Rating out of 10 by public reviews

Gault Millau – Rating from 1 to 20 points by inspectors and local agents

Le Cordon Bleu – reviews

Georgina Campbell's Guide – 0.5 to 3 stars by anonymous inspectors

Smulweb.nl – reviews

Egon Ronay's Guide – 1 to 3 stars by inspectors

Lekker – Ranking Netherlands restaurants from 1 to 100

Knoopjelos.nl – Rating from 1 to 10 points by inspectors

White Guide – Rating from 60 to 100 points by inspectors

Forbes Travel Guide – 1 to 5 stars by professional inspectors, customers and personal reporting

American Automobile Association – 1 to 5 diamonds by inspectors

Zagat – Rating on a 30 point scale by public review

Australian Good Food & Travel Guide – 1 to 5 crossed fork-and-spoon symbols by inspectors

Food Connection Pakistan – 1 to 5 points by registered users

## **SOUTH AFRICAN GRADING BODIES**

Two prominent active grading bodies feature in the South African accommodation industry. They are the Tourism Grading Council of South Africa and the Automobile Association of South Africa.

The Tourism Grading Council of South Africa's (TGCSA) grading system classifies accommodation providers into 9 categories namely, hotels, lodges, bed-and-breakfast establishments, guest houses, country houses, self-catering facilities, caravan and camp sites, MESE (meetings, exhibitions and special events), backpacker and hostelling facilities.

Grading criteria include the following attributes: management, meals, room service, hotel layout, location, facilities, secure parking, valet service, housekeeping, porter service and child care service (TGCSA, 2012). The following hotel non-accommodation specific criteria are applicable to the restaurant industry: management, meal (quality), location, facilities, parking and child care. The process for grading starts with an application to TGCSA. An establishment is obliged to meet the following minimum criteria before being considered for grading: public liability insurance cover as well as, suitable safety and security measures for staff and customers. It must be a registered business, possess a Health and Safety Certificate, comply with liquor and tobacco legislation and be able to ensure that no unlawful discrimination takes place (2011). TGCSA will then do a quality standard review based on an inspection by an accredited grading agent. Once this process has been completed a 1 - 5-star grading is awarded to the accommodation supplier. The Automobile Association of South Africa (AA) grades accommodation suppliers once when an application form and payment have been received. The grading is decided on by an endorsement committee after having received

an inspection report from an accredited grading agent.

## **RESTAURANT SELECTION CRITERIA**

Patrons use two main sources of information when selecting restaurants: advertisements placed by the restaurant and the physical environment of the restaurant. They select restaurants that project the desired positive image. Two factors that contribute to a positive image are pleasant physical surroundings and good service (Ryu, Lee & Kim, 2012a).

Studies analyzing customers' hospitality selection criteria have uncovered that on average, participants consider four options before taking a decision. The six major criteria hotel guests use to inform their decision, ranked from most significant to least significant, are: non-smoking establishment, swimming pool, high-speed internet, hot tub, fitness centre and price range (Jones & Chen, 2011). In contrast to aforementioned, Pedraja & Yague (2001) postulate that price has the most significant impact on potential patrons' dining decisions. Tucci and Talaga (1997) report that food quality, speed of service and courtesy of the waiter are important decision-making criteria when selecting a restaurant, with service guarantees not rated as important. Physical attractiveness of restaurants has also been identified as an important determinant in the choice of restaurant at which to dine (Alonso & O'Neill, 2010). Clark and Wood (1999) report that among respondents' reasons for choosing a specific restaurant are: range of menu items, quality of food, price of food, atmosphere and speed of service. Other factors identified by Ingram (1996) are: historical customer perceptions; purpose of dinner; account settlement – acceptance of credit card; location of restaurant – access; parking; visibility; traffic conditions; type of neighbourhood; booking procedure; knowledge of particular restaurant – good food; existing grade; published prices; and terms. Tourists select restaurants during

holidays on the grounds of healthy eating and the experience (Sparks, Bowen & Klag, 2003).

Studies on re-patronage decisions reveal quality of food as the main reason. Service quality is the second and cost the third most important reason for returning to a restaurant (Soriano, 2002). Kincaid, et al. (2010) state that re-patronage decisions are based on the following aspects: food service, staff and accessibility. Barber, Goodman and Goh's (2010) findings differ from those of Soriano (2002) and Kincaid et al.(2010) as they report restaurant cleanliness as being the most important aspect in re-patronage decisions with cleanliness of restrooms rated as second-most important. In support of Barber, Goodman and Goh (2010), Barber and Scacelli (2010) cite a positive correlation between cleanliness and a customer's intention to return to a restaurant. The identified restaurant selection criteria could be placed on a restaurant grading scale to provide customers with a standardised guide when faced with selecting an appropriate restaurant to dine at or re-patronage.

### **GRADING CHALLENGES**

Even though grading gives a customer confidence in his purchasing decision, certain limitations exist in these grading scales (Kozak & Rimmington, 1998). In an article by Manson (2009), she reports that Mr. B. Cotton, the chief executive of British Hospitality Association, questions the validity of grading when customers appear to attach more value to existing brands in the hospitality industry. However he does see a need for grading independent establishments that do not share the benefit of a well-known brand.

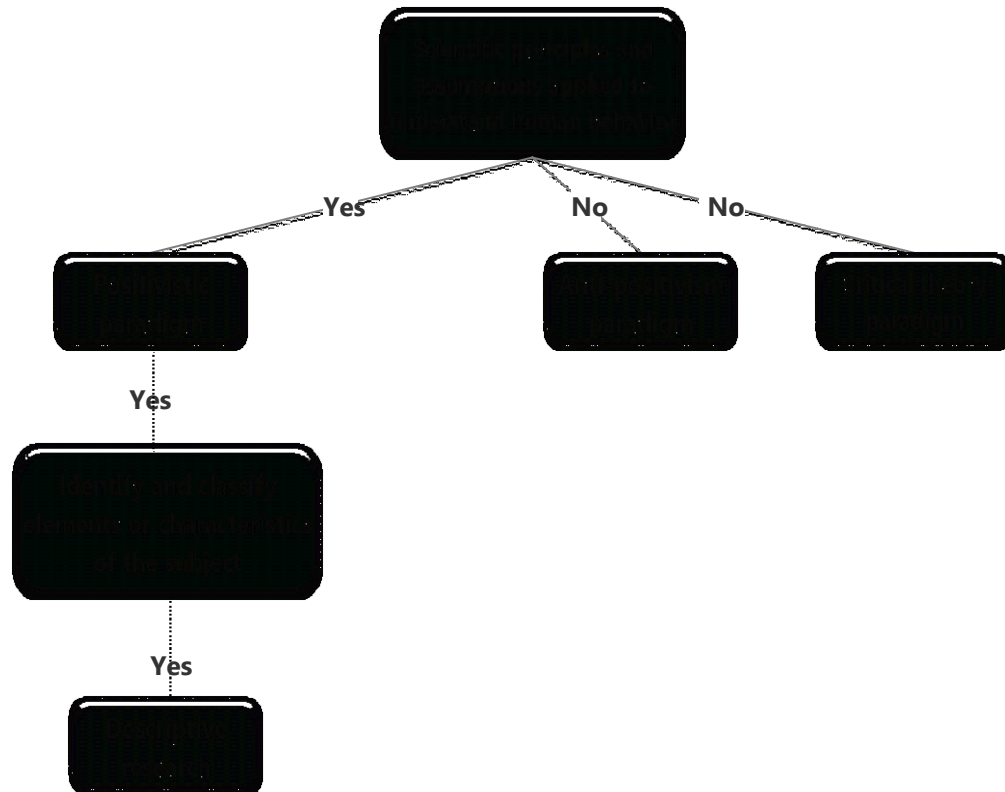
A large number of establishments in the hospitality industry consist of small family-owned enterprises that do not have the necessary resources to subscribe to a grading system (Kozak & Rimmington, 1998). Grades awarded have a limited term and are time sensitive as they reflect a standard that was prevalent at the moment of measurement (Kozak & Rimmington, 1998). The shelf life of

an allocated grade is also detrimentally affected by the rapidly changing needs and expectations of the hospitality customer (Li-Jen & Lockwood, 2006). Intense competition in the industry further pressurises providers to increase the frequency with which they change their products and services (Costa, 1997). Inexperienced supervisors and unskilled employees contribute to fluctuating levels in quality of service that, in turn, inevitably impact on grading (Chapman & Lovell, 2006).

From the literature review it is clear that grading has the potential to contribute to higher quality service delivery with the benefit of contributing to customer satisfaction, as well as benefitting the restaurateur by ensuring re-patronage. A standard grading system will benefit the consumer as it will allow for objective dining decisions to be taken.

### **RESEARCH DESIGN AND DATA COLLECTION**

This research project entails a review and synthesis of existing literature on restaurant quality management theory, of models and interventions, as well as of existing knowledge on hospitality grading. Once the literature has been reviewed the current situation at restaurants will be investigated. After data on the existing situation has been analysed a possible solution to the research problem will be put forward. This solution will be in the form of a new restaurant grading scale. Using the meta-theory underpinning this research project as a point of departure the researcher developed an appropriate empirical research design. The decision is based on the realisation that this project requires a combination of descriptive and exploratory research. This process is presented in Figure 1. The restaurant grading research project fits into the positivistic research paradigm as it intends to report on human behaviour. The positivistic paradigm in research implies that phenomena are measured and evaluated in an effort to establish meaning.



**Figure 1: Research meta-theory decision tree**

In this study data were collected in numerical format therefore a quantitative approach was adopted. Participants were required to provide data, therefore the study was interrogative in nature. The study was of ex-post-facto design, as none of the variables could be controlled. As the data were collected once, the collection can be compared to a snapshot. This type is known as a cross-sectional study. The fact that variables are measured from respondents' responses to questions identifies the study as a survey. As huge volumes of data were to be collected a self-administered questionnaire was developed as suggested by Mouton (2012). Restaurateurs' perceptions of quality grading of restaurants were measured using responses to questions on the questionnaire, whereas evaluation and meaning were done by statistical analysis and interpretation. Four different types of research are identified: exploratory, descriptive, analytical and predictive. Exploratory research is undertaken when very little information on a

phenomenon is available. This applies in this instance where perceptions of restaurant grading have never been tested in South Africa. This research project intends to analyse and describe perceptions, therefore it can also be classified as descriptive research (Mouton, 2005). Elements from both exploratory and descriptive research were applied to determine grading perceptions.

### Questionnaire

The self-administered questionnaire tested nine grading items. To avoid the selection of a middle value by respondents (Allen & Seaman, 2007) a four-point Likert scale was used. The scale is an ordinal scale as it allows respondents to rate their perceptions along a continuum. The researcher made use of a questionnaire to collect data because it is a quick and cost-effective method that ensures anonymity, lends itself to standard statistical analysis, and enables maximum participation

by a large number of participants ([Coldwell & Herbst, 2004](#)).

### **Sample selection**

When testing perceptions it is important to accommodate maximum participation therefore the questionnaire was made available to the entire population of restaurateurs of independent full-service restaurants that had e-mail addresses. The sample selection method used is convenience sampling ([Coldwell & Herbst, 2004](#)). In normal circumstances there are some concerns regarding reliability when using this sampling technique. This however is not true in this instance as the number of restaurants with email addresses was extensive and the number of those without e-mail addresses was negligible.

### **Survey Monkey**

The web-based research system "survey monkey" was selected to administer the questionnaire to participants. This program emails a link to the participants and records their responses. The researcher compiled an email address database of participants (restaurateurs of independent full-service restaurants) from four sources, the Yellow pages directory, Brabys business directory, Eat out guide as well as general Google searches. A database of 3 268 email addresses was compiled over a three-month period. Restaurant names or parts of names, where two or more were identical same, were not included in the list as this is a clear indication of the establishment being part of a franchise. Once the pilot study had been completed the email addresses of sample were copied to the "survey monkey" mailing list. On Sunday, 21 April 2013 the first requests for participation were emailed. "Survey monkey" allows a researcher to create a "cover letter" (email) thereby providing a link to the questionnaire. The email also contains a link to follow, if the participant does not want to receive any further emails requesting participation. The researcher made use of this option to send

reminders and ended up sending an additional 47 messages to request participation, reminders to complete the questionnaire, or requests to complete incomplete questionnaires and finally a thank you letter which provided a final opportunity to participate.

### **Responses**

On 10 June 2013 the survey was officially closed so that data could be uploaded onto SPSS. Of the 3 286 email addresses on the data base 470 (14.3%) were either not active or incorrect. The survey was subscribed to 2 816 participants. A total of 349 (12.3%) restaurateurs responded. Of these respondents, 265 (9.7%) filled out the entire questionnaire and 74 (2.6%) filled it out partially. The number of completed questionnaires is considered to be acceptable, when compared to another international study where 115 completed questionnaires were regarded adequate for a study on service quality in the banking sector ([Bahla & Nantel, 2000](#)). In another study, to determine customer value factors, 247 questionnaires were completed ([Yuncu, Oktay & Yalcin, 2013](#)).

### **Data analysis**

The data analysis was done using SPSS20. Demographic data collected provide information regarding gender, age and size of restaurant of those who participated in the study. This demographic data would assist future researchers on independent full-service restaurants as no such data had been collected previously. Data on grading perceptions were presented as numbers and percentages as well as ranked according to means. This allowed the researcher to give feedback to the interested grading authorities or organisations on reasons for respondents' being willing to have their restaurants graded. Exploratory factor analysis was also done to identify patterns and correlations. The following values were determined and reported on: Pearson's product-moment correlation coefficient, Kaiser-Meyer-Olken



value, Bartlett's test of sphericity Cronbach's Alpha and eigenvalues. Cluster analysis was done to reveal groupings that may exist in the data itself.

## RESULTS

Table 1 lists the numbers, percentages and mean scores of responses to restaurant grading perceptions.

**Table 1: Grading variable mean scores**

## MEAN SCORES OF PERCEPTIONS OF GRADING

Respondents were asked to rate their perceptions of grading.

Grading	Totally Disagree	Disagree	Agree	Totally Agree	Total	Mean
A graded restaurant is locally and internationally recognised for its quality assurance.	13 4.9%	45 17.0%	116 43.8%	91 34.3%	265 100%	3.08
Graded restaurants can increase the number of potential clients.	10 3.8%	51 19.2%	109 41.1%	95 35.8%	265 100%	3.09
Grading exposes restaurants to international tourists.	13 4.9%	34 12.8%	110 41.5%	108 40.8%	265 100%	3.18
It will be easy for customers to match their expectations to actual service.	15 5.7%	54 20.4%	104 39.2%	92 34.7%	265 100%	3.03
Grading a restaurant leads to improved service quality.	16 6.0%	55 20.8%	86 32.5%	108 40.8%	265 100%	3.08
A graded restaurant can expect an increase in profit.	26 9.8%	80 30.2%	89 33.6%	70 26.4%	265 100%	2.77
A high grade will increase a restaurant's value.	15 5.7%	42 15.8%	102 38.5%	106 40.0%	265 100%	3.13
A grading system for restaurants should be based on customer expectations.	15 5.7%	39 14.7%	109 41.1%	102 38.5%	265 100%	3.12

Grading	Totally Disagree	Disagree	Agree	Totally Agree	Total	Mean
A grading system for restaurants should be based on restaurateurs' perceptions of quality service.	19	58	101	87	265	2.97
	7.2%	21.9%	38.1%	32.8%	100%	

The statements: grading can increase the number of clients, recognition of service quality and improvement in service quality received the same mean score ( $M=3.08$ ) from respondents. The ranked mean scores are reflected in Figure 2.

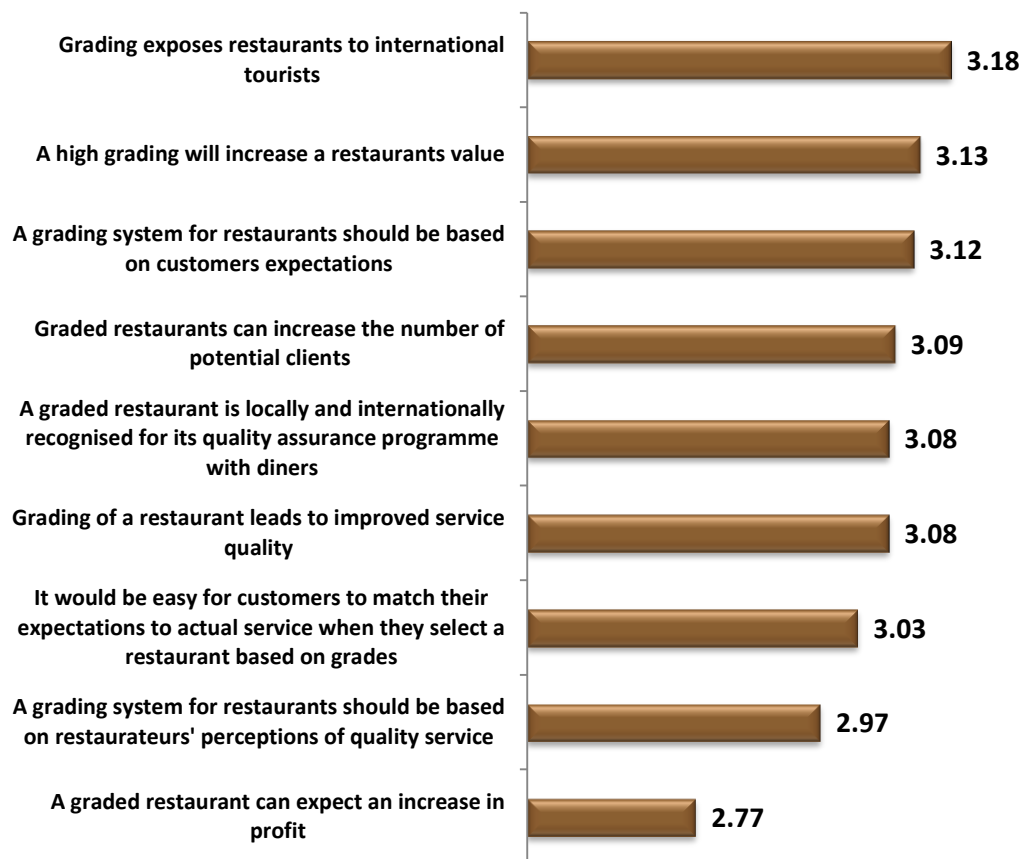


Figure 2: Grading perceptions mean scores ranked

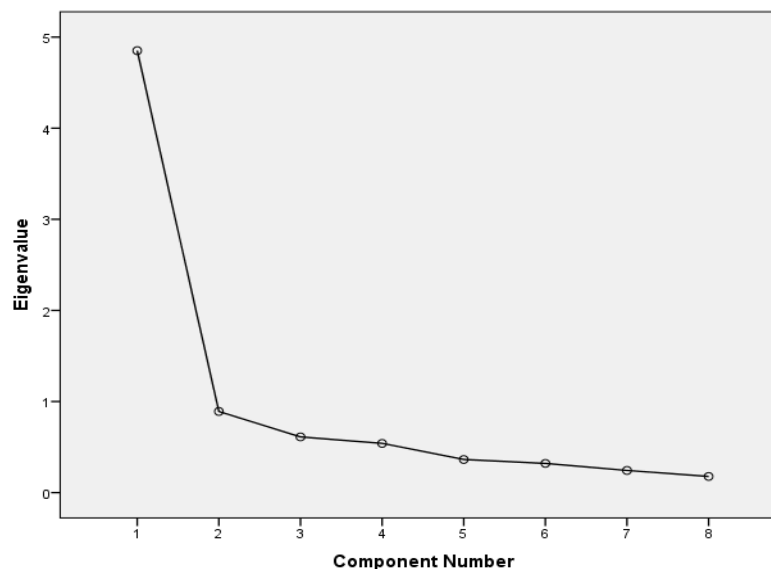
The highest mean score was allocated to the statement that grading exposes restaurants to international tourists, and the lowest to the statement that a graded restaurant can expect an increase in profit.

## AN EXPLORATORY ANALYSIS OF GRADING PERCEPTIONS

The relationships, among the nine variables that were measured on a scale of one to four to indicate the extent to which the participants agreed with the statement regarding the

restaurant grading system, were investigated using Pearson's product-moment correlation coefficient. Preliminary analyses were performed to ensure that the assumptions of normality, linearity and homoscedasticity were not violated. Inspection of the correlation matrix confirmed that all the coefficients were above 0.3. Additionally, the Kaiser-Meyer-Olkin value was 0.893, far exceeding the recommended minimum value of 0.6 ([Kaiser, 1974](#)) and the Bartlett's Test of Sphericity ([Bartlett, 1954](#)) reached statistical significance,  $p < .001$ , supporting the factorability of the correlation matrix.

One of the items, A high grading will increase a restaurant's value, expresses a view on a high grading, as opposed to the other items that simply express views on grading. This item loaded well on a second component, but did not fit in logically with the other items that loaded on the same component. When excluding this item from the analysis, an increase of two percent in the variance explained by the solution, was achieved. It was therefore decided to exclude this item from the exploratory factor analysis. It will be treated as a separate component together with the components revealed by the PCA procedure using the remaining eight items.



**Figure 3: Scree plot - grading**

Principal component analysis (PCA), using the eight items revealed the presence of one component with an eigenvalue exceeding one and another one with eigenvalue almost reaching 0.9, cumulatively explain a 71.7 percent variance in the data. Inspection of the scree plot (Figure 3) revealed an inflection point at the third component.

Using Catell and Vogelmann's ([1977](#)) scree test, it was decided to retain these two components for further investigation. To aid in the interpretation and scientific utility of these

two components, a Varimax rotation was performed. Orthogonal rotation was chosen since its analytical procedures are better developed than those of Oblique rotation. Varimax was specifically chosen since it results in a clearer separation of factors. The rotated solution revealed the presence of a reasonably simple structure ([Thurstone, 1935](#)), with each of the two components featuring a number of strong loadings (a loading below 0.4 was excluded from the solution on one component) (Table 2).

**Table 2: Rotated factor matrix – grading**

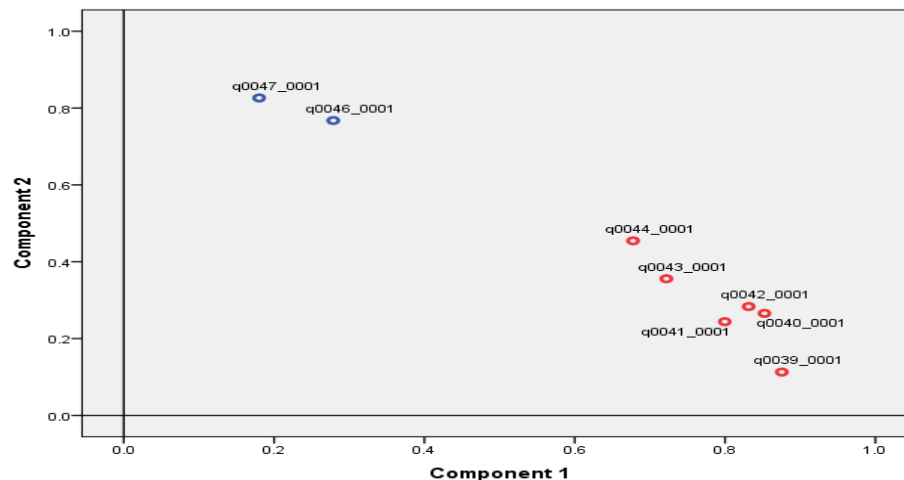
PCA with Varimax rotation (Kaiser Normalization)	Component	
	1	2
Restaurateur perceptions: A graded restaurant is locally and internationally recognised for its quality assurance programme by diners.	.875	
Restaurateur perceptions: Graded restaurants can expect an increase in the number of potential clients.	.852	
Restaurateur perceptions: It will be easy for customers to match their expectations to actual service when they select a restaurant based on grades.	.831	
Restaurateur perceptions: Grading exposes restaurants to international tourists.	.800	
Restaurateur perceptions: Grading of a restaurant leads to improved service quality.	.722	
Restaurateur perceptions: A graded restaurant can expect an increase in profit.	.678	.454
Restaurateur perceptions: A grading system for restaurants should be based on restaurateurs' perceptions of quality service.		.826
Restaurateur perceptions: A grading system for restaurants should be based on customers' expectations.		.768

The first component demonstrates a high internal consistency, while the second component almost reaches acceptable internal consistency as illustrated by the Cronbach's Alpha coefficients listed in Table 3.

**Table 3: Reliability statistics for the six extracted grading factors**

Subscale	Description	N of Items	Cronbach's Alpha	Cumulative %
CGrade1	Quality visibility and evaluation	6	0.918	48.925
CGrade2	Basis for grading	2	0.584	71.778
Overall	All dimensions	8	0.902	

The generally agreed upon lower limit for Cronbach's Alpha is 0.70, although this may decrease to 0.60 in exploratory research. Due to the exploratory nature of this study, the logical relationships among items loading on it and the fact that the two components are well separated in rotated space (Figure 4), imply that the internal consistency of the second component will be considered adequate.



**Figure 4: Component plot in rotated space - grading**

Subscales for the two extracted components were obtained by calculating the mean scores of the items loading on each of the subscales. For the first factor, the mean calculation was done only if at least five of the six items had valid values, while for the second factor, the mean calculation was done only if both the items had valid values. This resulted in two latent factors being calculated and named: Component 1: Quality visibility and evaluation; and Component 2: Basis for grading. The first two factors cumulatively account for at least 71 percent of the variation in the factor space after rotation.

## DISCUSSION

None of the mean scores falls below the mid-mean value of 2.5. It can therefore be deduced that restaurateurs feel positive towards a grading system for full-service restaurants. It should also be noted that restaurateurs awarded a high mean score ( $M=3.12$ ) to the statement that grading should be based upon customer expectations or opinions. **This indicates that the restaurateurs fully realise the importance of customer participation in grading of independent full-service restaurants.** Based on the proportion of respondents who selected the 'totally agree' and 'agree' response option, 82.3 percent ( $n=218$ ) agree that grading exposes restaurants to international tourists, with 40.8

percent ( $n=108$ ) agreeing totally with the statement regarding restaurant grading. The statement to which the smallest proportion (60%,  $n=159$ ) of respondents agree, is that a graded restaurant can expect an increase in profit.

Restaurateurs seem to be positive that grading will be advantageous to their businesses. This opinion, that grading will be advantageous to business, corresponds with that in the reviewed literature, which states that benchmarking/grading leads to competitive advantage ([Hong et al., 2012](#)). The positive reaction of respondents to grading contradicts those findings that the restaurant industry is reluctant to implement quality improvement and assessment measures ([Antun et al., 2010](#)). The descriptive statistics for the two extracted factors reveal that the mean scores for 1) Basis for grading is 3.05 and 2) Quality visibility and evaluation, is 3.04. A high mean score for a factor corresponds to, on average, a high level of agreement with grading view statements. On a scale of 1 to 4, a mean value above 2.5 is considered to be large.

## CONCLUSIONS

The study reported on in this paper is a first attempt at describing the perceptions of independent full-service restaurateurs based

on results of empirical research. This study will contribute to available literature on quality management in the South African independent full-service restaurant sector. Most importantly the results of this study could be used as motivation for developing a national standard grading system for independent full-service restaurants in South Africa.

Future research should be conducted to present an inclusive and transparent process to develop a grading system with the inclusion of other sections of the restaurant industry thereby affording them an opportunity to voice their opinions on grading.

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