

Implementation of Total Quality Management Based Knowledge Management and Its Effect on Customer Satisfaction and Organization Performance (Studies on Four and Five Star Hotels in Bali)

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Abstract

This study aims to examine and explain the effect of implementation of Total Quality Management on Organizational Performance, by Customer Satisfaction and Knowledge Management as a mediating variable. A structural model which is composed of four variables, was developed based on literature studies conducted. The developed model is analyzed by using Partial Least Square (PLS) approach. The samples in this study are four and five star hotels in Bali as many as 87 hotels, and the respondents are the General Manager and Operational Manager as many as 164 people. The data was collected by the research instrument in the form of perception measured using a Likert scale. The findings showed that the implementation of Total Quality Management (TQM) in the four and five star hotels in Bali, do not directly affect the organizational performance, but the indirect effect if it can increase customer satisfaction and enhance the role of knowledge management first which is owned by the employees of the hotel. This findings of this study also successfully provide important implications in the form factor of leadership and continuous improvement as the foundation of the success of the practice of Total Quality Management on four and five star hotels in Bali.

Keywords:Total Quality Management, Knowledge Management, Customer Satisfaction, Organizational Performance.

I. Preface

The creation of a business competitive advantage requires the presence of quality control through implementation of Total Quality Management (TQM), which is a management philosophy that emphasizes the need subscribers (Talib, Rahman and Qureshi, 2012). In addition, Total Quality Management (TQM) is a new paradigm of doing business that that attempts to maximize the competitiveness of the organization and improve organizational performance (Hackman and Wageman, 1995). When considered at Total Quality Management (TQM), organization management will focus on customer satisfaction, involving all employees and continuous improvement of the quality of products, services, people, processes and organizational environment (Krajewski and Ritzman, 2010).

Organizational performance improvement through the implementation of TQM in various companies has proven to give a good contribution and make the organization survives and has a high competitiveness, such as that experienced by the companies on Japan in around 1950. (Mehra, Hoffman, Sirias, 2001). Another view of the TQM stated that the success or failure of TQM implementation in a business is also largely influenced by organizational culture. Joiner (2006), stated that the implementation of TQM emphasizes on the importance of realizing the "organizational culture" environment that gave support to the success of improving organizational performance. This is consistent with research by Goetsch and Davis (2003) that the implementation of TQM can change the culture orientation of an organization towards quality culture.

Empirical research on the implementation of Total Quality Management (TQM) and organizational performance has been studied by previous researchers such as Samson Terziovski, (2000); Nair (2006); Lakhali, Federico and Limam (2005); Joiner (2006); Yusuf, Gunasekaran and Guo (2007); Valmohammadi C, (2011) where the research is carried out respectively to the conclusion that TQM as a process that has been widely applied to improve the competitiveness of companies known to have a positive and significant impact on the organisational performance. Meanwhile, in another group of researchers, namely: Pilar Corredor and Hessian Salome (2010); Kati Tanninen, et al. (2010) and Ismail Sila, (2007) present the another result that companies that implement TQM do not always give an impact on organizational performance.

Based on the results of Total Quality Management (TQM) implementation and organizational performance with some empirical research evidence, in this case that shows inconsistency of the results so that the research will be carried back to develop a research model by adding variables of customer satisfaction and knowledge management variables which are expected to be able to explain the research gap. This model was developed by examine the direct effect of Total Quality Management (TQM) implementation and organizational performance, and the indirect effect of TQM on organizational performance which is mediated by customer satisfaction and knowledge management on services in hotels that have qualification as 4 and 5 star in Bali,

because hotels in this group has implemented a service product refers to the TQM in which each activity has had a standard operating procedure (SOP) but the level of occupancy that is seen to fluctuate between 60-64 percent of the corresponding data obtained from Statistics Center Institution of Bali Province. This condition is the occupancy rate is still below the ideal minimum occupancy according to the Indonesian Hotel and Restaurant Association (IHRA) Bali is 70 percent.

2. Literature Review

Total Quality Management (TQM)

Total Quality Management (TQM) was introduced in the mid-1980s, especially by W. Edwards Deming, Joseph Juran and Kaoru Ishikawa (Hackman and Wageman, 1995). TQM is generally understood as an integrated organizational strategies to improve product and service quality. Since the mid-eighties TQM is better known as a universal remedy for a variety of organizational problems, including the organizational performance increasement. TQM in the practices and theoritis world has been as important rule on management practices accretion (Prajogo and Sohal, 2003). In line with this Tjiptono (2003) suggested that Total Quality Management (TQM) is an approach to doing business that attempts to maximize the competitiveness of the organization through continuous improvement of products, services, people, processes and the environment.

Based on the description of Total Quality Management (TQM) as above, Goetsch and Davis (2003) revealed ten major elements of TQM, namely: (a) Focus on the Customer, (b) Obsession on the Quality, (c) Scientific Approach, (d) Long-term Commitment, (e) Cooperation Team (Teamwork), (f) Continuous Improvement Systems, (g) Education and Training, (h) The Restrained Freedom, (i) Unity of Purpose and (j) The Employee Engagement and Empowerment.

The Malcolm Balridge National Award (1987), which is one of the quality attestation to admit the Total Quality Management as an important part of the business strategy focused on six topic areas become elements of Total Quality Management which is integral and dynamic touch (Nasution 2005), namely (a) Leadership, (b) Information and Analysis, (c) Human Resource Development, (d) Quality Management Process, (e) Quality of results, (f) Customer Satisfaction.

Customer Satisfaction (CS)

Customer satisfaction is a person feeling satisfied or otherwise after comparing between the reality and expectations received from a product or service (Kotler, 2000). Further described that customer satisfaction can only be achieved by providing a quality service to its customers. Good service is often judged by the customers directly where the employee as a person who serves or also called as producers of services, efforts are needed to improve the quality of service provided in order to satisfy desires and increase customer satisfaction. Oliver (1980) also stated that customer satisfaction is the customer response of their fulfilled need. Further, Kotler and Keller (2007) describes satisfaction and loyalty. The higher the value received by the customer, the higher the level of satisfaction, and consequently will be more loyal customers. Horn (2002) divided the concept of satisfaction into a macro and micromodel. Macro-model refers to the attention of the organization implementing the satisfaction program as a result of the study, while the micro-models with respect to the construction of wish fulfillment, attributes balance (equity) and the emerging influence.

Perceptions and expectations of the customers affected by several factors according Gasperz (2005), namely: (a) The needs and desires relating to things perceived by the customer when they are trying to make a deal with the manufacturer or the company, (b) The past experience when consuming products of the company or the products of its competitors, (c) The experience of their friends who use the same products and (d) Communication through advertising and marketing. Highly competitive business conditions now, then satisfaction and customer loyalty becomes a very important thing. At the company customer satisfaction and loyalty are very important to improve the profits so that the company can always maintain good relations with customers.

Knowledge Management (KM)

According to the resource-based view or the Resource-Based View (RBV), the company can maintain competitive advantage by deploying valuable resources (Barney, 1991, Grant, 1996, Barney, 2001). However, direct application of Resource-Based View (RBV) in predicting the success of the company is too simple. In the economy knowledge, knowledge management is an important element of labor, and entrepreneurship. Knowledge management deals with the capability of knowledge acquisition, knowledge conversion, and application of knowledge, which is rooted in the company's operations and is derived from the configuration of the organizational structure and culture (Grant, 1996). Davenport and Prusak (2000) elaborated that knowledge and information are different things, but there are linkages between them. Knowledge is composed of a combination of experience, values, contextual information, and expert views that provide a framework for evaluating and incorporating new experiences and information. Pawit (2012) provided an understanding of

knowledge management is quite simple, combining words of management and knowledge as well as time management, enterprise management, household management and the management of other aspects.

Type of the Knowledge Management application is divided into two ways: Tacit Knowledge is more focused on personal knowledge or otherwise acquired knowledge of the individual (personal) and the second is an Explicit Knowledge is more formal and systematic and also easily communicated and shared with others. Furthermore, Bose (2003), reveals the knowledge management cycle consists of four processes, namely knowledge creation, knowledge structuring, knowledge dissemination and knowledge application. While Awwad & Ghaziri (2004), confirms the process of knowledge management or knowledge management life cycle contains four phases, starting of knowledge capturing, organizing, refining and knowledge transfer. When examined each of these concepts, it seems that knowledge creation is identical with knowledge capturing, knowledge structuring is identical with knowledge organizing, and refining knowledge dissemination is identical with knowledge transfer.

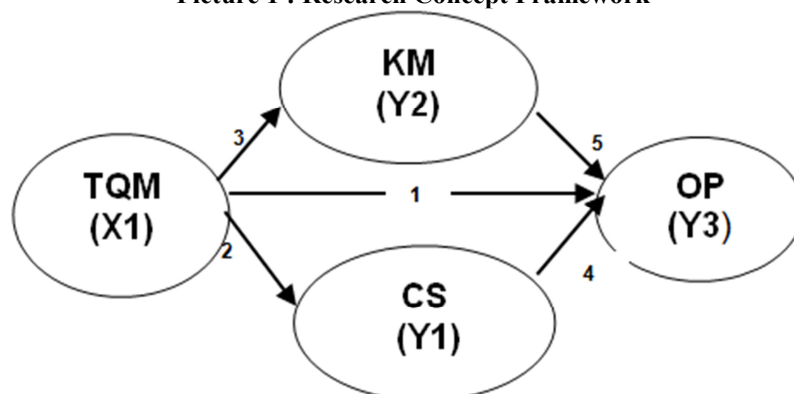
Organizational Performance (OP)

In general, the concept of organizational performance based on the idea that the organization is a combination of productive assets, including human resources, physical resources and capital to achieve a common goal (Carton & Hofer, 2010). Organizational performance is a reflection of the success or failure in describing the level of achievement of the implementation of an activity, program or policy in achieving goals, objectives, mission and vision of the organization. The higher performance of the organization, the higher the level of achievement of organizational goals. Performance can be known if the organization has defined success criteria. Performance of the company is something that is produced by a company in a certain period by reference to the applicable standard. Performance of the company should be an outcome that can be measured and can describe the empirical condition of a company of any size agreed. To determine the performance achieved then conducted performance research. Then, the company performance is something that is produced by a company in a certain period with reference to established standards. Thus the assessment of companies performance implies a process or a system of assessment on the working capacity implementation of a company based on a particular standard (Kaplan and Norton, 2000).

3. Conceptual Framework and Hypotheses

Quality has become a priority of competition and also one of the requirements for success in the global marketplace (Hackman & Wageman, 1995). According to Foster and Jonker (2007) that quality management has now entered a new generation as gauges and controllers are focused on the quality of outputs (products and services), as well as expanded to the whole organization, known as total quality management. In addition, the increasing of global competition climate, this time the value of knowledge plays an important role in improving competencies as the basis for implementing Total Quality Management in a business organization. Organizations need to consider adaptive and intelligent strategy of knowledge management process to be successful and competitive. Based on the foundation of TQM implementation and Knowledge Management that determine customer satisfaction and configurate organizational performance, then it can be argued a concept model of research as the following picture:

Picture 1 : Research Concept Framework



Based on the framework of the research model on Picture 1 built on the basis of theoretical and empirical research, then the hypothesis can be formulated as follows:

Yusuf, Gunasekaran and Guo (2007), provided empirical evidence that TQM can significantly help the organization to continually improve itself, not only in the quality of products or services but also in integrated management of company. The same is evidenced by Joiner (2006), the findings indicated that there is a positive relationship between the level of TQM implementation practices and organizational performance. Likewise

Valmohammadi C., (2011), his research stated that TQM implementation affect the performance of the organization. Based on theory and empirical evidence of TQM implementation in various organizations both manufacturing and services industries, so it can be proposed hypothesis 1, namely:

H₁: Implementation of TQM Positively Influence on OP.

Research of Kiessling, Juan, and Dabic (2008), knowledge management has a positive influence on organizational innovation results of the company, product improvement and enhancement of employees. Kiessling, Chen, Huang (2008), Strategic of human resource practices is related to KM capacity, has a positive influence on organizational performance. Based on previous research on the above description, it can be formulated hypothesis 2, namely:

H₂ : Implementation of TQM Impact on OP through KM as Variable Mediation

Naseem, Sheikh and Malik (2011), stated that there is direct relationship between customer satisfaction and organizational success mediated by employee satisfaction. Similar results were also presented by Chi and Gursoy (2008), the research findings indicated that customer satisfaction has a positive significant effect on the financial performance, employee satisfaction does not have a significant direct effect on financial performance. In contrast, there is no direct relationship between employee satisfaction and financial performance, which is mediated by customer satisfaction operating in a more competitive market. Based on previous research above, it can be formulated hypothesis 3, namely:

H₃ : Implementation of TQM Influence on OP through CS for Mediation Variables.

4. Research Method

The population in this study are all 4 and 5 star hotels spreadin eight counties and cities in Bali. The basic consideration of the population took 4 and 5-star hotels, because based on the information from Tourism Department of Bali Province in 2012, 4 and 5 star hotels have established Operational Standard of service certified ISO, in which there is TQM implementation. As for the number of four-star hotels is 45 and the number of five-star hotel is 42, for a total of 87 hotels. All four and five-star hotels sampled in this study (saturated sample), and the data collection tools used is instrument in the form of a questionnaire, which was given to the respondents, the General Manager and Operational Manager, as many as 164 people of respondents to respond the question items. The answer of the question in this study was measured by using a Likert scale with five-point assesment, namely: a) Strongly agree score of 5; b) Agree score of 4; c) Neutral score of 3; d) Disagree score of 2; and e) Strongly disagree score of 1.

Total Quality Management (TQM) prepared based on the TQM indicators refer to the research, Cheng, Kuan, Shiu (2011), and Richard et al (2010) as follows consisting of (1) Top management support; (2) Employee Involvement; (3) Leadership; (4) Continuous improvement; (5) Customer Focus; (6) Internal / External Cooperation and (7) Learning process. Customer satisfaction as an endogenous variable is compiled based on the indicator of customer satisfaction measurement refered Fecikova Ingrid (2004); An Index Method for Measurement of Customer Satisfaction consists of (1) Complaints Handling; (2) Perceived Service Quality. Knowledge Management referred to this study is as mediating variable: the ability of five-star hotel in obtaining (acquisition), spreading (sharing), and application and also knowledge about internal resources (strenght or weakness) which is owned by the star hotel based on the theory of Chen, Huang (2007). Meanwhile, the organizational performance is measured based on internal and external persefektif with three indicators that refer to the concept of Mine Haktani, Peter Harris, (2005) and Cheng, Kuan, Shiu (2011), namely (1) Financial Perspectives (2) Customer Perspectives (3) Operational Processes Perspectives.

5. The Result of Research

Convergent validity calculation based on the correlation between scores on the reflexive indicator and latent variable scores with the criterion used is the loading value of 0.5 to 0.6 is considered sufficient, the number of indicators per latent variable is not large, ranging from 3 to 7 indicators. Convergent validity analysis results are presented in Table 1.

Table 1. Analysis Result of Convergent Validity

Variable	Indicator	Outer Loading	t-statistics
TQM	X1.1	0.821	15.648
	X1.2	0.668	7.644
	X1.3	0.912	32.952
	X1.4	0.848	23.951
	X1.5	0.830	18.440
	X1.6	0.837	25.448
	X1.7	0.848	30.527
CS	Y1.1	0.875	28.917
	Y1.2	0.879	30.082
KM	Y2.1	0.946	69.374
	Y2.2	0.908	31.477
	Y2.3	0.915	45.031
OP	Y3.1	0.852	18.516
	Y3.2	0.934	93.112

Discriminant validity testing by comparing the value of the square root of average variance extracted (AVE) of each latent variable with other correlations among latent variables in the model. When the square root of AVE of latent variable is greater than the correlation with all other latent variables, it is said to have good discriminant validity. The recommended AVE value must be greater than 0,50. As listed in Table 2 below:

Table 2. Analysis Result of Discriminant Validity

Variable	AVE Root	TQM	KM	CS	OP
TQM	0.826	1.000			
KM	0.923	0.780	1.000		
CS	0.877	0.819	0.780	1.000	
OP	0.894	0.640	0.699	0.825	1.000

Composite reliability

Testing of Composite reliability aims to test the reliability of the instrument in a research model specifically for indicators that are reflective. Groups of indicators that measure a variable has a Composite reliability which is good if it has a composite reliability ≥ 0.7 , although that is not an absolute standard. Composite reliability test results are presented in Table 3

Table 3. Analysis Result of Composite Reliability

Variable	Composite Reliability
TQM	0.937
KM	0.945
CS	0.869
OP	0.888

Linearity Assumption Test

Data Analysis in this study used Partial Least Square (PLS) method. There in important assumption in the PLS analysis, the relationship among variables is linear. The results of testing the linearity assumption is presented in Table 4

Table 4. Analysis Result of Assumption Linieritas

No	Relationships	Linearity	Result
1	TQM OP	0,000	Linier
2	TQM CS	0,000	Linier
3	TQM KM	0,000	Linier
4	CS OP	0,000	Linier
5	KM OP	0,000	Linier

Goodness of Fit-Inner Model

Goodness-fit inner model of the form Q2 and calculated from the R-square value, has range value range $0 < Q2 < 1$. R-square based on determination coefficient of all dependent variables, in the models of this study, there are three dependent variables, namely: Customer Satisfaction (Y_1), Knowledge Management (Y_2), and Organizational Performance (Y_3). The coefficient of determination R^2 dependent variables are presented as follows

Table 5. Goodness Of Fit Model

No	Dependent Variables	R-square
1	CS	0.608
2	KM	0.670
3	OP	0.699

Based on Table 5, Q2 values can be calculated as follows:

$$Q^2 = 1 - \{(1 - 0,608) \times (1 - 0,670) \times (1 - 0,699)\}$$

$$= 0,9611$$

Thus it can be seen that the model is very good, which can explain the phenomena studied by 96.11%.

Hypothesis Test Result and Analysis

Analysis of the data for hypothesis testing in research used Partial Least Square (PLS) performed by t-test and summarized in the following table. Hypothesis 1: PLS Analysis generates path coefficient = -0.197 with $p = 0.129$. This suggests that the implementation of total quality management has no direct influence on the organizational performance. This means that the implementation of total quality management does not directly affect the performance of the hotel.

Table 6. Hypothesis Testing Results

No	Relationships	Path coef	p	Result
1	TQM OP	-0.197	0.129	Not significant
2	TQM CS	0.819	0.000	Significant
3	TQM KM	0.780	0.000	Significant
4	CS OP	0.820	0.000	Significant
5	KM OP	0.213	0.037	Significant

Hypothesis 2: PLS Analysis generates path coefficient of the influence of the implementation of TQM to KM = 0.780 and $p = 0.0000$ (significant) and the influence of knowledge management on organizational performance with a path coefficient = 0.213 and $p = 0.036$ (significant). It can be concluded that knowledge management is as perfect mediation (complete mediation) on the effect of the implementation of total quality management on organizational performance. The number of the indirect effect can be seen from the path coefficient of = $0.780 \times 0.213 = 0.166$. This means that the implementation of total quality management will be able to improve the performance of the hotel if the knowledge of the managers and employees can be enhanced to provide a quality service.

Hypothesis 3: Customer satisfaction is a mediating variable that affects the implementation of TQM on organizational performance. PLS analysis produces path coefficient of the effect of the implementation of total quality management on customer satisfaction = 0.819 and $p = 0.000$ (significant). The influence of customer satisfaction on organizational performance with the path coefficient = 0.820 and $p = 0.000$ (significant). It can be concluded that customer satisfaction is a perfect mediation (complete mediation) of the Implementation of total quality management influence on organizational performance. The indirect effect reflected on path coefficient of = $0.819 \times 0.820 = 0.672$. Thus hypothesis 2 is accepted. This means that the implementation of total quality management will be able to improve the performance of the hotel if give satisfaction to customers first.

Table 7. Outer loading / Outer Weight

Variable	Indicators	Outer Loading	Mean
TQM (X ₁)	Top Management Support (X _{1.1})	0.821	4.864
	Employee Involvement (X _{1.2})	0.668	4.782
	Leadership (X _{1.3})	0.912	4.777
	Continuous Improvement (X _{1.4})	0.848	4.714
	Focus on the Customer (X _{1.5})	0.830	4.791
	Internal/ External Cooperation (X _{1.6})	0.837	4.621
	Learning Process (X _{1.7})	0.848	4.549
CS (Y ₁)	Customer Complaint Handling (Y _{1.1})	0.875	4.696
	Perceived Service Quality (Y _{1.2})	0.879	4.571
KM (Y ₂)	Knowledge Creation (Y _{2.1})	0.946	4.554
	Knowledge Transfer (Y _{2.2})	0.908	4.494
	Knowledge Application (Y _{2.3})	0.915	4.675
OP (Y ₃)	Financial Perspectives (Y _{3.1})	0.852	4.400
	Customer Perspectives (Y _{3.2})	0.934	4.673

The average value reflects the perception of the hotel manager to the research indicators, while the outer loading and outer weight represents the indicator contribution in forming variables. Respondents' perception of the research variable indicators was reviewed from the value of the outer loading or outer weight and mean values. The results of the Partial Least Square analysis, showed that the highest indicator that contributes to the implementation of TQM in the four and five-star hotels are the indicators of leadership. Waldman and Yammarino (1999) explained that a leader must have charisma that is a great strength of the leader to motivate subordinates in carrying out the task. The subordinate trust the leaders because the leaders are considered to have views, values and goals which are considered correct. Therefore, The leaders who have a greater charisma can more easily influence and manage the subordinates to act in accordance to what desired by the leader.

6. Discussion

The Influence of Implementation of TQM to OP.

Research findings indicate that the implementation of TQM has a negative and insignificant effect on the organizational performance at -0.197. The findings of this study are mainly caused by the very high competitive conditions in the hospitality industry in Bali, so the hotels try to create a winning competitive strategy through the implementation of TQM infrastructure improvement continuously (Continuous improvement). This finding is not in line with the results of research conducted by Samson & Terziovski, (2000); Joseph, et al., (2007); Valmohammadi, C (2011) which revealed that TQM is a process that has been widely applied to enhance the competitiveness of companies, in which TQM practices have a significant impact on organizational performance. The finding of this study supports the result conducted by (Nair, 2005; Lakhali, Federico & Limam, 2005; Joiner, 2006) where the hotel operationally is the business of services seller, thus the performance improving success of the hotel is highly dependent on the quality of interaction between the hotel services seller with the customer of the hotel itself.

The Indirect Influence of the Implementation of TQM on OP Mediated by KM.

The indirect influence (indirect effect) of the variables of the implementation of TQM on organizational performance through Knowledge Management variable is positive and significant with a path coefficient (standardized). The results of the analysis on the indirect effect of the implementation of TQM variable on organizational performance through knowledge management is positive and significant at 0.166. Mediating influence which happens is perfect mediation (Complete Mediation). This result means that the implementation of total quality management will be able to improve the performance of the hotel if the knowledge of managers and employees can be enhanced to provide quality service. Thus Knowledge Management provides a very important role in the implementation of TQM in improving the performance of the hotel. This results are consistent with the theoretical study by Linderman et al, (2004) which integrated quality management practices with knowledge creation processes. Fang and Peter (2009); in her study also revealed that knowledge management in business is an important factor necessary for organizational survival, and to maintain a competitive advantage of organization through TQM approach which views knowledge as a source of competitive advantage.

Another empirical study consistent with the findings of this study was revealed by Kiessling, Juan and Dabic (2008) which explored the relationship of knowledge management, knowledge of employees and

organizational performance in economic transactions, where the findings revealed a positive effect of knowledge management on the organizational performance, company innovation, product improvement and increase in employees. Chen, Huang (2008), Fugate., Stank and Mentzer (2009) with not much different findings revealed that the human resource strategy with a capacity of knowledge management, operations distribution has a positive effect on organizational performance.

The Indirect Influence of the Implementation of TQM on OP mediated by CS.

Indirect influence (indirect effect) of the variables of the implementation of TQM on organizational performance through customer satisfaction variable is positive and significant with a path coefficient (standardized). The results of the analysis of the indirect effect of TQM practice variables on organizational performance through customer satisfaction is positive and significant at 0.672. Mediating influence which happens is perfect mediation (Complete Mediation) which means that the implementation of total quality management will be able to improve the performance of the hotel if give satisfaction to customers first.

These results reinforce the study results of Choi and Eboch (1997) which revealed that adoption of TQM practices has direct impact on customer satisfaction and indirect impact on organizational performance. This results are consistent with the findings of Forza and Filippini (1997), revealed that TQM practices oriented on quality, related to customers, suppliers, process control, and human resources in relation to the suitability of the two-dimensional quality performance and customer satisfaction. The results of the study state the importance of the role of human resources in TQM, it suggests that the human resources in building operation should be increased its knowledge and skills. Besides the results of research that strengthens the research, when viewed from the research findings with the distribution of questionnaires at four and five-star hotels in Bali became the object of manager perception research stated that the success of the implementation of TQM can not be separated from the role of top management leadership and always had a vision of continuous improvement in each process. TQM requires the continuous improvement that is never stopped covering people, equipment, suppliers, materials and procedures.

7. Conclusion and Limitations Research

The conclusions obtained from this study suggests that the implementation of total quality management (TQM) constructing a direct relationship between TQM implementation and organizational performance does not present significant influence. Meanwhile, the implementation of total quality management (TQM) constructing an indirect relationship between TQM implementation and organizational performance, customer satisfaction and knowledge management is concluded as mediated variables because the condition of the hospitality business in Bali is very high competition. The existence of fare competition among the hotels and with low occupancy rates, only around 40% -60%, so in profit reflected of the financial performance of the hotel to be low. Customer satisfaction reflected in the complaints handling and the perceived service quality got a good response from the management perception, because the hotel management has a strong commitment in providing maximum satisfaction to every customer. Meanwhile, knowledge management which reflects the ability of the management of four and five-star hotels in Bali are very encouraging internal quality improvement of human resources to always carry out the quality service tasks through the increase of working knowledge of creative, innovative, friendly, always responsive on the customer complaints and needs by advancing the aspects of ethics and manners.

This research has contributed to the theoretical and practical, but so far the results still have limitations. The first limitation is related to the study respondents who were only involves the General Manager of the hotel and Intermediate Level Manager or Operational Manager. Especially for customer satisfaction, it would be more objective when examined by hotel customers directly, although it can be proxied by the hotel based on the filling of the customer satisfaction questionnaire (guest comment). The second is generalizing the results of this research specifically applies only to four and five-star hotels applicable for four and five-star hotels in Bali and does not include all existing hotels in Bali (1,2,3 star Hotels, Melati Hotel and Pondok Wisata).

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