CUSTOMER COMPLAINTS AND THE EFFECTIVENESS OF SERVICE GUARANTEES IN THE HOTEL INDUSTRY

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Abstract

Purpose – This study examines the relationship between service guarantee and service quality in four and five star hotels in Malaysia. It also examines the role of empowerment as a mediating variable between service quality and service guarantee, and between service guarantee and service recovery. Finally, this study examines the effectiveness of service recovery on customer satisfaction after unpleasant service experiences with the hotel.

Design – The paper presents an exploratory analysis to examine the implementation of service guarantees in Malaysian hotels and the effect of empowerment on service guarantees and service quality from the customers' perspective.

Methodology – This study focuses on the four and five star hotels in Malaysia. A survey through questionnaires distributed to the respondents who stayed at the hotel. To examine the relationship, the analysis is done using SPSS and AMOS for empirical analysis.

Findings – The study found a significant relationship between service guarantee and service quality; service guarantee and empowerment and confirmed that empowerment mediates the relationship between service guarantee and service recovery.

Originality of the research – The study is novel in its application of signalling theory to the study of service guarantee and service quality from the customer's perspective and with employee empowerment in the Malaysian hotel scenario.

Keywords service guarantee, service quality, empowerment, customer satisfaction

INTRODUCTION

Quality and quality management have become more important particularly in the service industry (Crisafulli and Singh 2016). In the last few years, many academicians and practitioners have acknowledged that one way for an organisation to improve service quality is to implement service guarantees. In response to customer anxiety and curiosity toward service intangibility and its associate consequences, service guarantee act as a marketing tool to promote the service organisation with superior service quality and build marketing muscle for the firm (Van Vaerenbergh, Keyser and Larivière 2014). A service guarantee is also an effective strategy for reducing customer risk, as the effect of service guarantees will be greater when the purchase risk is higher (Meyer, Gremler and Hogreve 2014).

Consumers experience higher risk when purchasing services compare to purchasing tangible goods, thus service guarantees provide customers a reliable service promise in which they can expect to receive during service consumption. The service guarantees offered by service provider such as hotel will enhance consumer perceptions of the firm's commitment to excellent service (Shahril et al. 2013). This view is supported by a study by Wirtz, Kum and Lee (2000) that found explicit service guarantees offered by outstanding hotels increased customer purchase intention, enhance customer satisfaction, and reduced customer purchase risk and quality improvement expectation. Nevertheless, despite many suggestions from scholars to empower employees in service guarantees implementation, there are little studies that have empirically investigated the relationship of service guarantees and empowerment, and how it contributes to service quality. Although a number of empowerment benefits have been discussed, it gains less attention in the service guarantees context, therefore, empirical examination into the relationship is beneficial. In service guarantees research, an investigation of the relationships between empowerment, service guarantees, service quality and customer satisfaction are lacking.

In any given study, there has been little empirical evidence on the aforesaid relationship, particularly on the Malaysian hotel industry. This study would like to confirm that service guarantee acts as marketing tool and it represent hotel assurance to deliver quality service to customers and contribute to customer satisfaction. Additionally, the study emphasised that signaling theory is a useful signal to high-quality service in hotel and it possibly done with employees' role and empowerment. Finally, this study anticipates that empowerment enhance employee contribution thus lead to higher level of customer satisfaction. This research aims to make an original contribution to service guarantees literature and service marketing field.

1. LITERATURE REVIEW

Previous research on service guarantees demonstrated the significance of service guarantees and their positive relationship with firm reputation, reduced customer risk, and associates with service quality positive consumer perceptions (Wu et al. 2012). Service guarantees that focus on customer will not cause a mess but will enable management to gain control over the organisation if it is designed properly (Hart 1988). Unlike product warranties, which are clearly expressed in the form of a warranty card, McCollough (2010) asserted that service guarantees can be either implicit or explicitly displayed by the service firm. The success of service guarantees depends on the commitment shown by the employees and top management and only slightly depends on the issue of whether it is an implicit or explicit service promise (Hays and Hill 2006).

Service guarantees force an organisation to be more proactive and focus on key performance, and this focus differentiates high-quality and low-quality firms (Kashyap 2001). In relation to this division, the literature review emphasised the important scopes of service quality. Parasuraman, Zeithaml and Berry (1988) initiate five service quality dimensions: reliability, responsiveness, tangibles, assurance and empathy.

In the perspective of service guarantees and reliability, service guarantees can represent a positive image and build the credibility of firms when their employees have consistently delivered the expected services to customers and kept their service promises. Reliability was reported as the most important dimension, as it is an important feature in judging the service quality (Nguyen 2021). Consumers have perceived that reliability is the most imperative attribute of service quality (Berry, Parasuraman, Zeithaml 1994). The relationship between service guarantees and reliability is undeniable, as service guarantees are made to deliver service promises to customers and reduce perceived risks (Kandampully and Butler 2001).

Service guarantees have a beneficial impact on customer satisfaction by demonstrating responsiveness, which is one of the important SERVQUAL dimensions. Being responsive will require the firm to manage its service reliability when the employees show interest in helping customers and providing prompt service (Hays and Hill 2001). Customers expect the service to be delivered on time and in the manner, they were promised and if that does not occur, then firms should offer a solution for dissatisfying service. When service problems occur, the customer's confidence depends on the response and actions of the employees to make things better or worse (Nguyen 2021). It is argued that trained employees with sufficient skill and knowledge for problem resolution signal a firm's quality initiatives and act as a tool to improve the service quality. Therefore, service guarantees have a close relationship with employee responsiveness.

Providing tangible evidence about service is necessary, as customers can make an initial judgment on the service provided by organisations. Five-star hotels, for example, may display tangible evidence through their style and decorations, hardness, colour, facilities, employees, and equipment used in a service package. In the presence of this tangible evidence with which to evaluate quality, customers can depend on these cues that service firms are committed to serving customers with a guarantee of meeting their expectations and create loyalty (Paraman 2020). Thus, the tangible evidence demonstrates the commitment of providing services at a guaranteed standard and making their quality easier to evaluate.

Service guarantees require employees to display assurance and empathy to customers. Employee knowledge and courtesy is part of the service delivery, and these may enhance customers' trust and confidence. Based on the argument, this study will investigate four- and five-star hotels in Malaysia with and without explicit service guarantees, as these organisations are dedicated to deliver good service and customer satisfaction. Generally, four-and five-star hotels in Malaysia offer similar facilities and services that reflect the firm's commitment to delivering high-quality service.

Therefore, based on the above argument, it leads to the first hypothesis of the study.

Hypothesis 1: Service guarantees will have a positive relationship with the service quality.

Wirtz (1998) argued that the successful service guarantees initially start with empowered employees, which is lacking in Asian companies. He suggested that front-line employees

are empowered and capable of making swift decisions rather than having to report to supervisors. Therefore, the importance of empowerment has been identified in service guarantees context. Wirtz (1998, 70) argued that the success of service guarantees programs "require empowered employees rather than non-empowered people". This example suggests that the development of service guarantees, it requires management to trust and give employees the authority or empowered them to deliver the service promise. In a similar vein, few scholars have conceptually suggested the importance of empowerment in running service guarantees (Kandampully and Butler 2001; Kashyap 2001). Empowerment is seen as relevant especially in the heterogeneity of services. Empowered employees will have the authority when dealing with customer and flexible scripts are deemed necessary when they have to modify their manners to the demand of every and each service encounter.

In fact, employees will provide higher satisfaction to guests when they have the authority to take appropriate action to fulfil customer needs. Hewagama et al. (2019), for instance, suggested that empowered employees are motivated to perform and this represents the organisation commitment to delivering satisfying service. Employee empowerment deals with power and seeks to describe how empowered employees will do whatever it takes to solve customers' problems and satisfy them (Hewagama et al. 2019).

Accordingly, Aziz (2007) suggested that managing employees through empowerment is important and it is one of the effective competitive strategies via service quality enhancement. Aziz's (2007) study was conducted in Malaysian hotels and found that empowerment has significant contribution to job satisfaction which is then positively correlated to service quality. A firm that provides a clear vision of the expected service outcome gives managers the chance to empower employees. Because service guarantees serve as organisation's core marketing programs for quality improvement (Hays and Hill 2006), it may be said that empowerment and quality initiatives are inter-related because service guarantees strongly depend on employee participation and involvement.

Accordingly, based on the preceding argument, it could be debated that employee empowerment has made an important contribution to organisations that have gained a useful benefit through their service quality. As a result, the nature of service guarantees is associated mainly with organisations that aim to deliver excellent service quality, which suggests the significance of empowering service employees who deliver services to their customers. Accordingly, the following hypotheses are formulated:

Hypothesis 2: Service guarantees will have a positive relationship with empowerment.

Hypothesis 3: Empowerment mediates the relationship between service guarantees and the service quality.

In a similar vein, service guarantees give organizations chance to track the point of failure in service delivery and offer assistance in service recovery (Ostrom and Iacobucci 2016). Additionally, customer complaints during service failures serve as both indicators for firms to identify the causes of service failure and an important tool for paying attention to customer feedback (Kashyap 2001). Thus Hart et al. (1990) argued that front-line employees are important to the service recovery strategy. It is important that empowered

front-line to respond rapidly to customer problems and aware that they are permitted to exercise discretion in resolving customer issues through various ways including by apologising, giving free overnight stays, and others.

Accordingly, efficient recovery and a prompt employee response when there is are problem is crucial. By acting fast, an organisation demonstrates a sense of urgency and portrays that each customer's concern is important to the company. Additionally, Wirtz (1998) suggested that firms should learn how to handle customer complaints from past experience. Learning from the past analysis will assist a company to identify the causes of failure and prevent future mistakes.

This study proposes that employee responsiveness in a service recovery will contribute to a firm's commitment to delivering quality service. This assumption is based on an earlier research that has found a positive correlation between hotel commitment and prompt response to a service recovery, which results in service quality and has a positive relationship with customer satisfaction (Shams et al. 2021). Rod and Ashill (2010) conducted a study on private and public hospitals, and their findings showed that there is a strong relationship between an organisation's assurance to service quality and its service recovery performance. They argued that employees' commitment to service recovery efforts indicates employees' support for the organisation.

Consequently, the achievement of a service firm is mainly influenced by the integration of its customer satisfaction, loyalty and service quality. Exceptional service drives customer satisfaction and the ability to exceed customer expectations will set the company apart from its competitor. Hays and Hill (2006) combined this concept based on the service-profit chain suggested by Heskett et al. (1994), which relates customers' satisfaction to their loyalty and willingness to recommend the firm for its superior service quality. Customer retention due to satisfaction with firms' service delivery will generate positive economic reimbursements to the organisation.

In the hotel industry, customer satisfaction is strongly depending on the quality of service (Shams et al. 2021). It is essential for the hotel to provide high-quality service that results in customer satisfaction thus enhance the hotel image. Delivering service quality has become a priority in this millennium of competition because it will lead to satisfied customer and customer happiness has been long recognised as having a positive association with service quality. Accordingly, based on the above argument, it leads to the following hypotheses:

Hypothesis 4: Empowerment mediates the relationship between service guarantees and employee responsiveness in a service recovery.

Hypothesis 5: Employee responsiveness in a service recovery effort will have a positive relationship with the service quality

Hypothesis 6: The service quality will have a positive relationship with customer satisfaction.

Based on the above hypotheses, Figure 1 represents the study framework and the proposed hypotheses

Figure 1: **Study Framework**
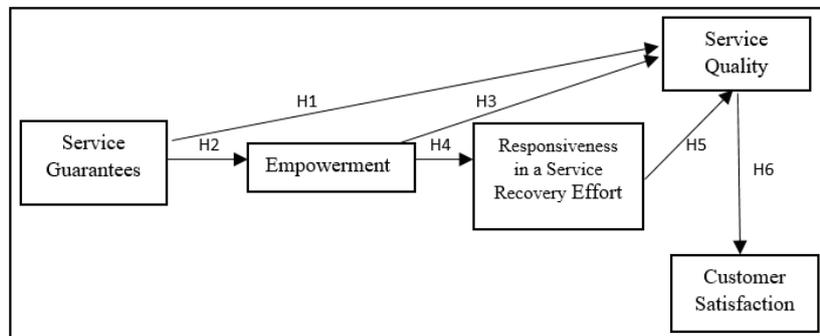
In the service guarantees study, earlier research has acknowledged theoretical approaches that rationalise service guarantees, service failure and recovery. The most suitable theory associates with service guarantee research area is signaling theory that acts as a quality signal to the customer on service quality provided by an organisation.

Signaling theory was introduced from the study of information economics and has been used when dealing with a market interaction (Boulding and Kirmani 1993). While signaling theory highlights the high-quality goods and services offered by the seller, it tends to see the function of service guarantees in minimising customer risk and increasing customer confidence in purchasing services. In addition, the learning principles of this theory focus on the important roles played by service guarantees during service consumption, which include pre-purchase, during consumption and in-service failure situations in order to provide customers with higher level of service quality.

The information and economics study that began signaling theory considered the event "in which buyers and sellers possess asymmetrical information" (McCollough 2010, 30). Signaling theory believes that whereas sellers have complete knowledge and information of the product quality and performance, the buyer's information is limited and imperfect. Due to asymmetrical information, the sellers of a high-quality product make an initiative to communicate buyers' pre-purchase signal and potential buyers to gain an economical benefit over competitors that may offer a lower-quality product (McCollough 2010). Consumers believe that high-quality firms can more affordably use costly signalling mechanisms than lower-quality firms, and to distinguish between high-quality and low-quality firms, a "credible signal should have a bonding component and it comes in the form of wealth and reputation" (Boulding and Kirmani 1993, 112).

This theory indicates that a guarantee has a significant impact on a seller's credibility for a high-quality product. As applied to the study, this theory holds that customers expect the guarantee to influence the service quality provided by the organisations and employee roles because to have a meaningful and reliable service promise, organisations have to ensure greater employee commitment and involvement. The foundation of service guarantees forces a firm to identify the performance expectations of its customers and

improve all parts of its service delivery. Hence, the organisation has to empower employees and provide them with the necessary training to deal with service consequences including service failure. Furthermore, greater involvement by employees reinforces firms' commitment to honour their guarantees. In the application of signaling theory to this study, it is anticipated that service guarantee will have a significant association with service quality. Next, service guarantees will encourage a firm to improve its overall service performance with support and participation from employees. Consequently, an organisation needs to empower employees to solve problems quickly as an efficient service recovery is vital where it represent organisation high commitment to produce service quality to customer. In any case of service failure, empowered employees will have prompt response to solve problems quickly thus it will increase customer satisfaction through employees' commitment and dedication. Therefore, in summary, the variables that are identified to suit this study are as follows: service guarantee lead to service quality and empowered employee will response promptly to service failure which results to service quality and lead to customer satisfaction.

2. METHODOLOGY

2.1. Pre-test

The questionnaires were pre-tested to examine the internal consistency of the questionnaire items, to refine the questionnaires and to disclose confusing questions. In this study, five constructs were investigated, namely, service guarantee as a main construct, empowerment, service recovery, service quality and customer satisfaction. To measure study constructs for this current research, items validated in previously published studies were adapted and utilised (Hays and Hill 2006; Aziz 2007; Gazzoli, Hancer and Park 2010). The questionnaires were pre-tested and evaluated by eight academics from Faculty of Hotel and Tourism Management, Universiti Teknologi Mara, Malaysia who served as assessors. The academicians were informed on the rationale of the study, an appropriate clarification was given, and they were invited to express their opinion by indicating the appropriate category. Some of the constructive suggestions and opinions were taken into account during the face validity test and the layout and content of the questionnaires were improved.

2.2. Survey Method

This study employed a survey in an effort to examine the relationship of the constructs used in this research. This method is chosen due to the advantages of a survey design, which is more economical and encourages rapid turnaround in the data-collection period (Matthews and Ross 2010). Additionally, questionnaires are considered to be appropriate in this context, because categorising the opinions given by the respondent is difficult. This study used a five-point scale for the items where 1 is 'strongly disagree' and 5 is 'strongly agree'. This five-point scale was chosen because the possible answers are balanced in the directional categories. The measurement scale for service guarantee is the scale developed by Hays and Hill (2006) with five dimensions measuring service guarantee. To measure empowerment, the study used scale developed by Aziz (2007)

and Gazzoli, Hancer and Park (2010). The scale used to measure customer satisfaction was adapted from the nine-scale used by Severt (2002) and for service quality measurement, this study selected the most appropriate items to suit study setting and adapted the scale used by Aziz (2007).

To obtain information from customers, face-to-face interviews using the questionnaires were used, as it is easier to approach customers compared to service employees. The researcher accompanied customers to assist them in answering the questions should there be any problems while they are completing the survey questions. Furthermore, this technique will increase the response rate due to the lack of ambiguity of the questions that result from the presence of the researcher.

2.3. The Study Population

Local and international customers who actually stayed in the queried four-star and five-star hotels in Kuala Lumpur, Malaysia were chosen to participate in the study. However, the study focused on customers that actually lodged a complaint to the hotel about an unpleasant service experience. The nature of the guest's complaint could be through face-to-face communication, guest satisfaction forms, hotel email, or other suitable forms of communication. In determining the number of respondents, this study follows suggestion by Hair et al. (2010) that suggested a sample size of 300 are sufficient with a study employing seven or less latent constructs.

This study employed five constructs, therefore, 300 samples is sufficient sample size for the study. To maximise the number of respondents, the researcher distributed 320 survey questionnaires to customers that stayed at total 12 four-and five-star hotels in Kuala Lumpur, Malaysia. The researchers approached the customers soon after they check-out from the hotel and asked if they could join the survey. Prior to answering the questionnaires, the researcher obtained feedback and agreement from the respondents that they were satisfied with the hotel services and their expectation was met although there was some unpleasant service experience occurred during their stay. The data collection began from March 2018 to middle Jun 2018 when the hotel usually experienced an average occupancy rate. The researchers managed to collect 320 survey questionnaires from participated respondents within four months of data collection.

2.4. Data Analysis Technique

This study used two main statistical tools to analyse the data which include SPSS and for the final analysis, which involves confirmatory analysis and structural model analysis, the study used AMOS to fit structural equation modeling (SEM). The main reason for choosing SEM analysis for this study was that the study assumes that SEM is able to solve research problems related to the relationships between the given constructs. Accordingly, SEM will able to test the mediating effect of the variables.

3. FINDINGS

Table 1 represents the demographics of 290 respondents that participated in the study

Table 1: **Respondent Profile**

Category	Frequency	Percent (%)
Gender		
Male	159	54.8
Female	131	45.2
Total	290	100
Age		
18-20 years	4	1.4
21-30 years	94	32.4
31-40 years	108	37.2
41-50 years	65	22.4
Above 50 years	19	6.6
Total	290	100
Ethnicity		
Local		
Malay	190	65.5
Indian	7	2.4
Chinese	16	5.5
International		
Indonesian	9	3.1
European	14	4.8
Philippines	6	2.1
Hong Kong	2	0.7
American	7	2.4
Australian	8	2.8
Singaporean	13	4.5
Middle East	5	1.7
Thailand	2	0.7
People's Rep. of China	3	1.0
Japanese	2	0.7
Others	6	2.1
Total	290	100
Education		
Secondary school	21	7.2
First degree	85	29.3
Post graduates	126	43.4
Others	58	20
Total	290	100
Purpose of visit		
Leisure	144	49.7
Business	46	15.9
Work	95	32.8
Others	5	1.7
Total	290	100
Hotel Category		
Four-star	114	39.3
Five-star	176	60.7
Total	290	100

Source: Authors' calculations

The demographic background of this sample facilitates explaining the analysis process for this study. After a careful examination of potential outliers, the total useable combination of local and international customer sample size was 290. In this group of samples, 54.8% were male, and 45.2% were female.

Table 1 shows that respondents from 31 to 40 years of age comprised the largest portion of the sample, 37.2%. Almost half of the customers in the sample were travelling for leisure, as 49.7% reported the purpose of their visit as being a personal trip, such as vacation, while the remaining customers were on business and work-related trips. Within the customer sample, 43.4% had a higher level of education. As shown in the table, the respondents consist of local 70%, and international customers represented 30%.

a.   Preliminary Analysis

The customer data were tested using normality plots and histograms and revealed no indication of non-normality. This was later proved by the Kolmogorov-Smirnov and Shapiro-Wilk test, which showed the data were normally distributed as shown in Table 2. The significant value demonstrates 0.000 and based on central limit theorem, the data were normally distributed when the sample is larger than 30. The skewness and kurtosis supported the previous result, indicating that the data were approximately normally distributed and all values were in an acceptable normality range. Of 295 valid data sets, five outliers were found and removed, leaving 290 valid cases for further analysis.

Table 2: **Kolmogorov-Smirnov and Shapiro-Wilk**

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
SR	.113	290	.000	.973	290	.000
SQ	.132	290	.000	.971	290	.000
CS	.155	290	.000	.951	290	.000
SG	.162	290	.000	.957	290	.000
EMP	.255	290	.000	.906	290	.000

Source: Authors' calculations

b.   Multicollinearity

The test for the customer data was conducted using SPSS to identify any multicollinearity problems. Both values showed no evidence of multicollinearity, with a tolerance value of less than 0.10 and a VIF value of above 10. Thus, the multicollinearity assumption was not violated as shown in Table 3.

Table 3: **Multicollinearity Assumptions**

Dependent Variable	Independent Variable	Collinearity Statistics	
		Tolerance	VIF
SQ	EMP	.532	1.881
	SG	.552	1.811
	SR	.550	1.818
EMP	SG	1.000	1.000
SR	EMP	1.000	1.000
CS	SQ	1.000	1.000

Source: Authors' calculations
Note: SQ = service quality, EMP = empowerment, SG = service guarantees
SR = service recovery, CS = customer satisfaction

3.1 Measurement Model

Few steps were taken to estimate the measurement model before the final measurement model was achieved. For this study, the measurement model was constructed by combining five constructs in a model using AMOS 22.0. The model was tested for its goodness-of-fit using fit statistics. The output of the tested model demonstrated an acceptable fit to the data, as illustrated in Figure 2. Therefore, because the goodness-of-fit is significantly high, no further modification was required and the model was acceptable for the next stage of analysis, namely, structural equation modelling.

Figure 2: **Measurement Model**
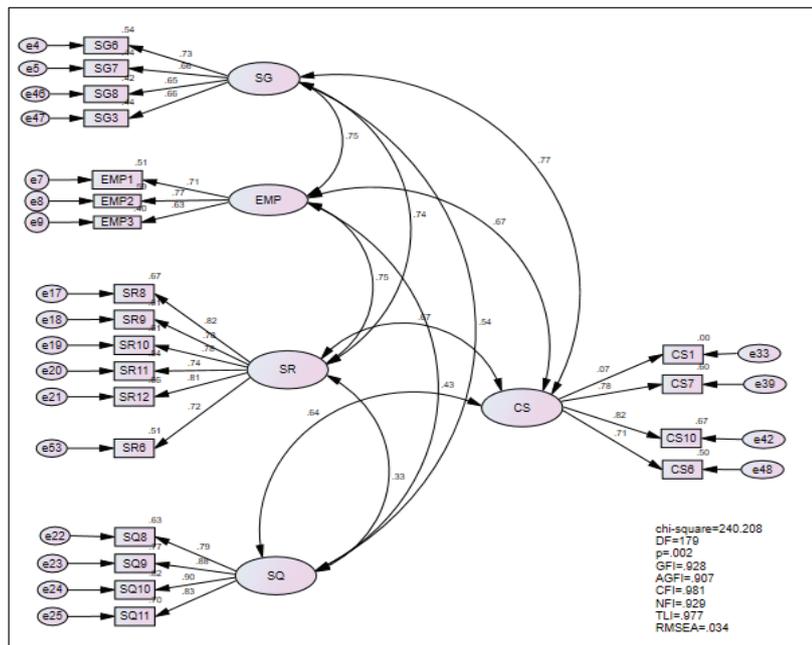
Source: Authors' calculations

The initial estimations of this customer model produced significant result. The values of chi square per degree of freedom (χ^2/df) and Root Mean Square Error of Approximation (RMSEA) were within the acceptable range (χ^2/df = 1.45, RMSEA = 0.034). The other indices also demonstrated satisfactory results, and Table 4 illustrates the results from each index category. These results suggest that the model was fit and meets the fundamental requirements.

Table 4: **Measurement Model Fit Statistic**

Single Measurement Model	χ^2/df	Comparative Fit Index (CFI)	Tucker Lewis Index (TLI)	RMSEA
	1.45	0.977	0.972	0.034

Source: Authors' calculations

Table 4 shows that the three fitness categories reached the level of acceptance, including the CFI, TLI, RMSEA and CMIN/df. Therefore, the study assumed that the model is acceptable and fits the data.

Unidimensionality

The unidimensionality was investigated in this study. Each item satisfied the recommended factor loading and factor loading of service guarantees as the main construct was quite high that represent 0.824. Hence, all items representing the service guarantees construct were reliable in measuring the concept. Therefore, the unidimensionality of each construct was established. The study also performed the convergent and discriminant validity test.

Composite Reliability

The study also calculated the composite reliability and as shown in Table 5, all scales demonstrated acceptable composite reliability. All of the construct reliabilities exhibited values greater than 0.70, therefore all the constructs used in the study is valid and reliable (Hair et al. 2010).

Table 5: **Composite Reliability of Constructs**

Constructs	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Service Guarantees (SG)	0.695	0.744	0.422
Empowerment (EMP)	0.850	0.746	0.498
Service Recovery (SR)	0.832	0.899	0.501
Service Quality (SQ)	0.770	0.898	0.597
Customer Satisfaction (CS)	0.841	0.901	0.694

Source: Authors' calculations

Convergent Validity

The convergent validity was assessed based on the criteria that satisfy the following criterias (1) all of the items being significant and (2) the AVE being at least 0.50 (Bagozzi and Yi 1988). All parameters had acceptable factor loadings and were significantly different from zero. The AVE values were also within the recommended range, except for the service guarantees and empowerment scales, for which the AVE values were 0.422 and 0.498, respectively. The marginal value of AVE for the service guarantees construct is due to the marginal loading of one of the items, which affects the overall AVE. Although the AVE for empowerment was 0.498, the factor loadings of all items were above 0.60; thus, it was significant in representing the construct. In general, all factor loadings were significant, with the standardised estimates of each item being greater than 0.60 and the AVE ≥ 0.50; therefore, the convergent validity was established.

Discriminant Validity

The discriminant validity was ascertained by investigating the correlation of each construct and all correlations have a correlation of less than 0.85. Because each construct displayed a low correlation with the other constructs, it can be concluded that each measure assessed distinct and different concepts. Thus, the discriminant validity was deemed satisfactory. Figure 3 shows the correlations between each construct with a value less than 0.85.

Figure 3: **Correlations among constructs**

		SG	EMP	SR	SQ	CS
SG	Pearson Correlation	1.000	.609**	.591**	.684**	.601**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	290	290	290	290	290
EMP	Pearson Correlation	.609**	1.000	.611**	.550**	.544**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	290	290	290	290	290
SR	Pearson Correlation	.591**	.611**	1.000	.586**	.622**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	290	290	290	290	290
SQ	Pearson Correlation	.684**	.550**	.586**	1.000	.755**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	290	290	290	290	290
CS	Pearson Correlation	.601**	.544**	.622**	.755**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	290	290	290	290	290

Source: Authors' calculations

3.2 Hypotheses Testing

There were six hypotheses developed and tested to support the goals of this study and the results found that two hypotheses were not supported while four hypotheses were supported. The final structural model in Figure 4 showed the relationships between the measured variables.

Figure 4: **Final Structural Model**
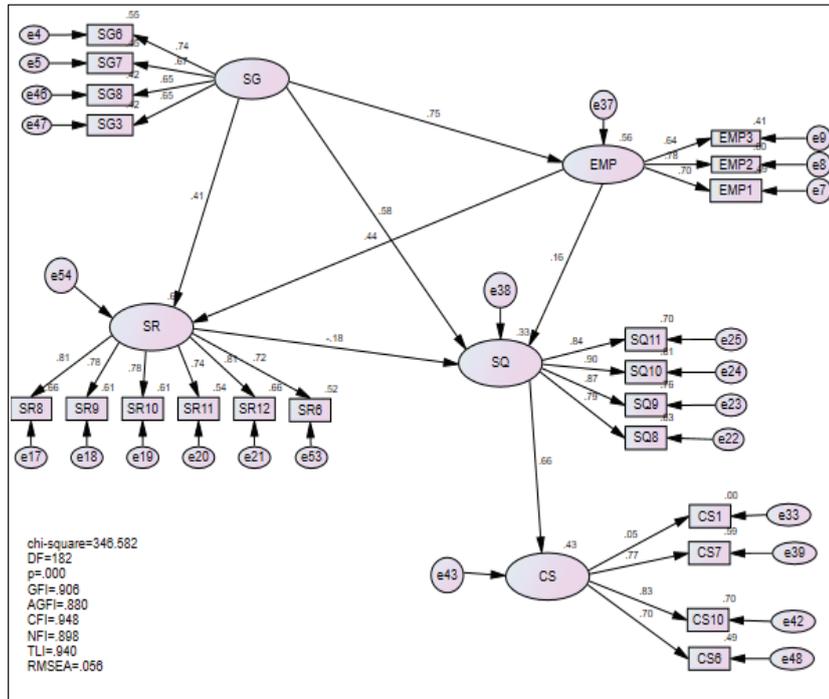
Source: Authors' calculations
Note: SG= service guarantees, EMP= empowerment, CS= customer satisfaction
SR= responsiveness in service recovery, SQ= service quality

Table 6 summarised the results of the tested hypotheses and it was found that hypothesis 1, 2, 4 and 6 were statistically significant while hypothesis 3 and 5 were insignificant.

Table 6: **Summary of hypotheses testing**

HYPOTHESES	Coefficient value	P-value	Supported/Not Supported
H1: Service guarantees will have a positive relationship with the service quality.	0.612	0.000	Supported
H2: Service guarantees will have a positive relationship with empowerment.	0.581	0.000	Supported
H3: Empowerment mediates the relationship between service guarantees and the service quality.	0.204	0.239	Not Supported
H4: Empowerment mediates the relationship between service guarantees	0.668	0.000	Supported

and employee responsiveness in a service recovery.			
H5: Employee responsiveness in a service recovery effort will have a positive relationship with the service quality.	-.178	0.208	Not Supported
H6: The service quality will have a positive relationship with customer satisfaction.	0.607	0.000	Supported

Source: Authors' calculations

The results show the coefficient value and p-value for each tested hypothesis. The significant and supported hypotheses displayed the p-value that is less than 0.05 while the coefficient value range from 0.5 to 0.6 indicated that the variables are positively correlated.

4. DISCUSSION

Service quality is an important focus in the research of service guarantees. The study discovered a positive relationship between service quality and service guarantees that was proposed in hypothesis 1. The findings are similar to Hays and Hill (2006) study who found that service guarantee has significant impact to customer opinion of service quality. This contribution is grounded based on the fact that service guarantees act as impressions of quality to customers and provide reliable cues on the credibility of service providers to maintain service performance. These elements are deemed as important criteria for customers.

Service guarantees lead customers to have more favourable attitudes towards purchasing a service and thereby increase purchase intention. Customers perceive service guarantees as indicators of firm readiness to maintain service promises and their dedication to customer satisfaction, thereby reducing the likelihood of service failure. This scenario might explain the reason for the significant association between service quality and service guarantees in the study.

Based on the findings, it could be argued that service guarantees help customers to differentiate sellers of high-quality services from those of lower-quality services. Clearly, a service guarantee is an important element for sending pre-purchase signals about service quality, as mentioned in the signaling theory. The findings appear to lend support to Boulding and Kirmani's (1993) argument in which they claimed that service guarantees serve as a firm's initial effort to improve consumer perceptions of their higher bond credibility. In a similar vein, the notion of service guarantees sheds light on the fact that customers believe that highly reputed hotels will keep the standards of service performance.

The study is to investigate the relationship of empowerment and service guarantees, as stated in hypothesis 2 and the result shows significant relationship between these two variables. It is suggested that empowered employees have important role to ensure the

success of the implementation of service guarantees. To the best of the researchers' knowledge, only Shahril et al. (2013) study that has tested on this relationship, particularly on Malaysia's hotel industry, therefore the result of hypothesis 2 provides new insights on both relationships. Service guarantees require employee commitment to deliver quality service and empowered employees are believed to be more committed, which in turn will deliver satisfying and good quality service and build loyalty and repeat customers.

Four-and five-star hotels have higher levels of service credibility, and they will not compromise their service quality, and empowering their employees is an effective competitive strategy for service quality improvement.

4.1 The Mediating Role of Empowerment

Another primary finding that is crucial for this study is related to the mediating role of empowerment to service quality and employee participation. The study treats empowerment as a mediating variable. Hypothesis 3 proposed that empowerment mediates the relationship between service guarantees and service quality. In the context of this study, the results suggest that empowerment does not have a strong impact on service quality. The results of the study contradict with Timothy and Abu Bakar (2013) as their study found a meaningful relationship between empowerment and service quality. However, their study was conducted in banking sector which might produce different result. For this study, possible reason may be due to the limited authority that was given to the employees to address customer needs. Following that, the lack of employee spirit and poor inspiration could also have an impact on the service delivery quality.

Generally, front-line employees in the hotel industry in Malaysia are at the lower-ranks, thus, careful decisions must be made by managers to empower this group of employees because they may abuse the power that is given to them. Nevertheless, less empowered employees have low morale and little control. In other words, the results of this study suggest that the degree of empowerment was at a moderate level as it did not have a strong influence on service quality. Additionally, the study focused on two departments, the front office and the food and beverage department, while more respondents from other departments could contribute to the finding of different results.

Based on the findings, the customers felt that empowerment has no positive relationship with service quality. Customers may believe that in the four-and five-star hotel category, empowered employees are essential to address customer requests or complaints, as employees are trained and must have the credibility to address complex situations. Thus, customers assumed that empowerment would be inevitable in this type of hotel category due to the positive outcomes that empowerment would offer for a successful service encounter. The finding from the study suggests that empowerment is a part of service delivery, contributes to a higher level of satisfaction and thus is not a tool for service quality.

Next, in hypothesis 4, the study proposed that empowerment mediates the relationship between service guarantee and service recovery. Based on the results, this study has been able to provide a new finding that empowerment is a meaningful mediator as it supports the relationship between service guarantees and employee responsiveness in service recovery. This finding is similar with Hewagama et. al (2019) that found empowerment has significant impact to service recovery and the study was conducted in Sri Lankan's hotel. This indicates that a service guarantee is closely related to service recovery and could be effectively achieved through employee participation. The frontline employees must be empowered as they deal directly with customers, and their prompt response is the best constituent during service recovery actions. These findings have provided evidence that empowered employees could go to extra lengths to address customer dissatisfaction and create positive actions toward rectifying customer problems, thus signalling organisational commitment to achieve customer satisfaction.

This study evidenced that there was no relationship between employee prompt response during service recovery and service quality, as speculated in hypothesis 5. This finding emerged to support a disappointing link in the study, in which no evidence was found to support these two relationships. One potential reason could be that they will refer to higher authority when handling complaints and hesitate to solve the problems by themselves and they still need to be monitored by immediate superiors. A study conducted by Liat et al. (2017) found that service recovery associates with customer satisfaction and this might be the reason of the insignificant findings in this study. The findings appear to highlight that employee responsiveness is part of customer satisfaction and did not serve as a tool for service quality.

One promising contribution of the study provides confirmation on the relationship of service guarantees and service quality and the important role of empowerment for the success of service guarantees and their positive impact on employee motivation and response during service recovery. The findings from this study appear to support the idea of a positive relationship between service guarantees, empowerment, service quality and customer satisfaction.

Finally, in hypothesis 6, this study proposed that service quality have significant impact to customer satisfaction. The results of this study confirmed the relationship and it corresponds with previous empirical study conducted by Shahril, Bachok and Amiluddin (2021), Ryu and Han (2010) and Guzzo and Dominici (2010). The study further proved that service quality has been one of the key drivers to gain customer satisfaction.

4.2 Theoretical Contributions

This study has been useful in making new contributions to the area of service marketing. This study, therefore, brings together bodies of literature, which it then presented from the service marketing perspective. The theoretical contributions are discussed corresponding to the components of the model in the study. One of the primary contributions of this study relates to the confirmation of the previous research, and providing theoretical suggestions in the service guarantees domain. With regard to signaling theory, this research added support to Boulding and Kirmani's (1993) and Hays

and Hill's (2006) conceptualisation and studies in which service guarantees acted as signal of quality of a service provider to customers, other related partners and competitors. The positive association between service quality and service guarantees that was found in the study supports the notion of service guarantees as marketing tool and how they form an impression of service quality. The theory holds that guarantee will influence service quality, failure to implement might cause service quality to be affected, therefore, employee study did not support the signaling theory proposed in the study.

This contribution is important as offering service guarantees has a huge impact on customers, especially in the high-contact customer service industry. In line with this study issue, the study has also provided additional research concerning service guarantees by exploring new outcomes, treating empowerment as a mediating variable and examining its relationship with service quality and employee participation.

This study has also contributed to the service quality and customer satisfaction literature by providing significant findings concerning this association. Previous literature reviews have reported consistent findings on the positive effect of service quality on customer satisfaction in various settings such as hotels, restaurants, banking institutions and other service industries. This study has validated the findings from customer's perspective, which supports the positive relationship between customer satisfaction and service quality and in the service guarantees context.

Finally, an added contribution of this research is that this study may be one of the first to investigate the relationship of service guarantees and service quality, and the mediating roles of empowerment in the hotel industry.

CONCLUSION

The results of the study imply that four-and five-star hotels implement service guarantees as most of them provide service at the high standard; however, the compensation that is offered to customers during service failures is based on the authority and discretion of the employees. This practice has been quite different in more developed countries as they will do whatever it takes to satisfy customers and compensate them accordingly. This research discovered that employee management is critical because it have a major impact on customer and business performance.

Managing employees in effective ways has become hotels' priority, and empowering employees may have significant values that can be created through participation at work. The result of the study suggests that maintaining service promises can be achieved by giving greater control to employees where they are empowered to make better decisions when interacting with customers. Next, for the hospitality industry in Malaysia that the analysis and findings is replicable to other hospitality areas such as food and beverage, airline, other accommodation types, health-care, theme park, cruise vacations and other related industry. The challenge for all organisation in hospitality industry is to ensure that their employees always provide service at least the level of service that their guest want and expect, every time and perfectly, and meet customer satisfaction which is stated in service guarantees promise.

For the Ministry of Tourism Malaysia as a policy maker and in its responsibility for promoting the tourism sector, this study has provided valuable information on the findings that hotel customers viewed service guarantees as important signals for service quality, particularly in upscale hotels. With the government support and incentives, it is hoped that four-and five-star hotels in Malaysia are able to accommodate the needs of their customers.

LIMITATIONS AND FUTURE RESEARCH

The study has focused on hotel settings and treats empowerment as a mediating variable to examine its impact on service quality and employee involvement. Other constructs were not tested as mediating variables because empowerment has been suggested to have a strong impact on employee performance. In terms of research design, the study used only quantitative methods, however using a mixed method approach could have a greater impact on the study's findings. For sample limitation, the study only selected two departments, namely the front office and the food and beverage department as it believed that these two departments have a higher degree of interaction with customers. Therefore, more departments might be included in future studies.

The data and findings reported were derived from an exploratory research in a single country and a single service sector, which raises concern on the study's generalisation to other cultures and service categories. As such, the findings are relevant to the Malaysian hotel industry, and it may also shed light on hotel services in other nations. Future research is needed, particularly in relation to other nations, as this expansion may serve to a better knowledge of the benefits of service guarantees implementation and the degree of empowerment of employees from different national origins.

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