

The Impact of Guarantees on Service Quality, Image, Satisfaction and Value: Exploring the Effectiveness of Service Guarantees in Tourism Management

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This research evaluates a second-order multiple mediation model based on signalling and prospect theory by using five-star resorts as a case study. This pioneering work explores the concept in a dynamic setting that covers seven locations within the Malaysian Peninsula, Sabah and Sarawak. Specifically, it evaluates the presence of service guarantees and its effectiveness in strengthening customer loyalty. Results reveal that the image, satisfaction and value of service quality substantially increase the drivers of customer loyalty opinions when service guarantees are offered in a market where they were previously non-existent. International and domestic tourists perceive a gain when service guarantee is present and a loss when it is not. This finding helps guide a national tourism policy to improve the signalling and prospect of customer loyalty domestically and abroad.

Key words: *Corporate Image, Customer Satisfaction, Perceived Value, Presence of Service Guarantees, Prospect Theory, Service Guarantee, Service Quality, Signalling Theory.*

Introduction

Identifying customer expectations and opinions on the drivers of service guarantee implementations is crucial in the tourism industry, especially for resorts where loyalty motivations are unpredictable. This pioneering study evaluates signalling and prospect theories in the context of a five-star Malaysian resort market. It differs from many previous studies that held unvarying views on the presence of service guarantees, notably the study

conducted from an unvarying perspective by Jin et al., (2016) on travel agencies in Taiwan. To comprehend customer expectations on loyalty drivers for service guarantees and their responses towards changes in the five-star resort industry, this work built an a priori model based on a second-order latent multiple modelling approach using Joint significance and Bootstrapping methods. This paper aims to identify the shift in reference point for customer loyalty. It also presents new insights into identifying the loyalty drivers of service guarantee. The current research adopts signalling and prospect theories to evaluate the effectiveness of service guarantees, which continues to be a popular topic amongst service scholars (Glikson et al., 2019; Jerger & Wirtz, 2017). Current service guarantee literature posits that any conclusions on the effectiveness of service guarantees may be biased despite their hypothetical and down to earth pertinence to the tourism sector; therefore, a systematic review is crucial (Hogreve & Gremler, 2009; Meyer et al., 2014). Empirical results contribute few useful insights on the classifications of resorts, their periods of operation and their macro environment; such details can have a corresponding impact on the applicability of service guarantee as a marketing strategy (Jin et al., 2016). This examination bolsters the notion of service guarantees uncommonness will modify the perceptions of tourists about the resort industries' signalling and prospect motives. Building on signalling and prospect theories, this study finds that Malaysian customers of five-star resorts perceive a loss if no service guarantees are offered and that this loss will become the new reference point.

This study is structured as follows. Segment 2 shows the audit of applicable writing and the hypotheses developed according to the findings from literature. Segment 3 carries out a single-method design to evaluate the research hypotheses. Segment 4 reports the consequences of this examination. Finally, Segment 5 discusses the confinements of the examination, the exploration findings and their suggestions.

Literature Review and Hypothesis Construction

Interaction between Value and Quality

This study intends to illustrate the rise in signalling strength and perceived value in a particular market. This study employs the classic halo effect (Nisbett & Wilson, 1977; Thorndike, 1920) to hypothesise that the perceived attributes of service quality are affected by the high cross-correlation of perceived positive and negative traits of service value in market analysis. In particular, the market supposes that highly ranked resorts have high service quality (positive halo effect) in comparison to low-ranked ones where service quality is adjudged to be poor (horns or reverse halo effect). Such assumptions become a reference point that outcomes in gains and misfortunes shape the opinion of the market. Drawing on this finding, the first hypothesis is as follows:

H1a. The association between quality and loyalty is mediated by value.

Interaction between Value, Satisfaction and Quality

In an expectancy–disconfirmation paradigm of value, specific service quality attributes that guarantee satisfaction and value may be misleading in the Malaysian tourism industry. According to expectancy–disconfirmation theory (Oliver, 1977; Helson, 1964) and value-percept theory (Westbrook & Reilly, 1983), a service will receive a positive review if customer expectations are fulfilled or even exceeded. This argument is unsound given the disputed role of expectations in impacting the level of satisfaction. The satisfaction or dissatisfaction of customers may occur where desires never at any point existed (McGill & Iacobucci, 1992; Yi, 1990). Hughes (1991, p. 168) states, “shockingly, despite the fact that encounters didn't satisfy desires, an impressive number of visitors were generally fulfilled”. Tourist’s satisfaction can still be realised even when their experiences do not match expectations (Pearce, 1991). These findings, however, conflict with the prediction of the expectancy–disconfirmation paradigm that customer dissatisfaction occurs when expectations are not realised. Whether customer expectations and opinions on the drivers of service quality will vary should be investigated in the specific situation of the actual market’s dynamic nature, especially when resorts may announce a lowest price guarantee and then renege on it. Will the reference point of customers in such dynamic settings affect the market value and satisfaction drivers that determine customer loyalty in tourism? To answer this query, the hypothesis is:

H1b. The association between quality and loyalty is mediated in order by value and then by customer satisfaction.

Interaction between Satisfaction and Quality

Signalling theory is applied in the tourism sector, be that as it may, constrained consideration has been directed to the quality of interaction between satisfaction and service quality as signals in this sector even though they work in that capacity, first to guarantee quality and afterward to guarantee fulfilment (Matos & San Martín, 2012; Rocha & Fink, 2017; Smith & Font, 2014). Few studies have examined this area as well as the interaction of market and firm level variables (e.g. customer satisfaction) in affecting service quality effectiveness. Satisfaction is found to have a noteworthy intervening impact between quality dimensions and loyalty (Kasiri et al., 2017). Therefore, the next hypothesis presented is:

H1c. The connection between quality and loyalty is interceded by satisfaction.

Interaction between Customer Satisfaction, Corporate Image and Service Quality

The drivers of gains, losses and signalling in such a market are also vague. Given that customers do not distinguish amongst evaluation criteria, no variances in service evaluation will occur between resorts because psychological discomfort will arise and mental readjustment will be necessary (Oliver, 1980). Dissonance theory (Cardozzo, 1965; Yi, 1990) has failed to garner widespread support partly because in failing to consider the “tolerance level”. However, when perceived quality is outside the zone of tolerance, that is, the distance from the standard is considerable, contrary to the theory’s assumption.

Consequently, as customers move from one experience to the next, their expectancies regarding, say the resort’s reception, the accommodation or the food and beverages, may change because of their experience with the previous service. Thus, a reference point that signals behavioural driver is formed. Hence, corporate image will manifest loyalty drivers (Ladhari, 2009). Image and satisfaction have a significant effect on loyalty (Cheng & Lew, 2015), with the former having a substantial mediation effect on loyalty (Lai et al., 2009). The next hypothesis is thus formulated as follows:

H1d. The association between quality and loyalty is mediated in order by satisfaction and then corporate image.

Interaction between Corporate Image and Service Quality

Service quality is the most significant factor in conditions where image has a significant impact on customer loyalty (Cheng & Lew, 2015). Thus, for a five-star resort where image promotes customer loyalty (Cheng & Lew, 2015), focus should be directed towards customer loyalty for the resort to survive the competitive market (Cheng, Mansori, & Cham, 2014; Kandampully & Suhartanto, 2000). Although the indirect effects are more apparent, a direct correlation likewise exists between image and loyalty (Lai et al., 2009). Thus, most of the effects of quality and image on loyalty are indirect. Additionally, corporate image has a significant mediating effect on loyalty but a significant direct impact on loyalty. Outside of the United States however, researchers have yet to integrate the role of corporate image in customer loyalty (Lai et al., 2009). Therefore, the next hypothesis is formulated as follows:

H1e. The relationship between service quality and customer loyalty is mediated by corporate image.

Service Guarantee and Consumer Loyalty in the Resort Market

Signalling theory primarily concerns information asymmetry in the signalling requirements (San Martín, 2005; Matos et al., 2015) of consumer markets (McColl, 2018). Meanwhile, prospect theory (Kahneman & Tversky, 1979; Tversky & Kahneman, 1991, 1992) states that the outcomes of consumer markets depend on gains and losses. Practitioners can apply these theories to enhance services and promote demand for five-star resorts (Yu et al., 2019). Based on these speculations and discoveries, the paper builds upon a few theories, as introduced in the accompanying areas.

Association between Quality, Value and Guarantee

The universal description of what comprises service guarantee does not exist (Shin & Ellinger, 2013; Meyer et al., 2014). In this work, we consider two key components of guarantee, namely quality and perceived value towards declaring service utility. Specifically, when service guarantee offerings are consistent, market expectations are fulfilled and become a reference point for value estimations. In this case, the propositions of loss aversion and prospect theory (Kahneman & Tversky, 1979; Tversky & Kahneman, 1991, 1992) hold. In the field of tourism, Han & Kim (2010) and Han (2015) show that quality also, "saw ramifications for esteemed items" assume significant roles in influencing typical "behavioural credence", which exhibits a causative rather than a contextual relationship. Thus, the initial hypothesis is as follows:

H2a. The connection between guarantee and loyalty is interceded in order by service quality and then perceived value.

Association between Quality, Satisfaction and Service Guarantee

Existing literature shows that service guarantee's effectiveness has a motivating relationship with customer opinions regarding quality, loyalty and satisfaction (Hays et al., 1998). Service guarantees are an external force acting as a precursor signalling quality (Ostrom & Iacobucci, 1998), thus boosting customer satisfaction (McCollough & Gremler, 1999). The present work suggests that service guarantees have a zero one variable and serves as a reference point in a mediation mode that assesses the degree to which a market signals definite service quality standards. The absence of such guarantees impacts the effectiveness of diminishing quality prospect signals which should be assessed. In the field of tourism, Han & Kim (2010) and Han (2015) show that administration quality and "perceived ramifications for esteemed articles" play important roles in affecting typical "behavioural credence", which exhibits a causative rather than a contextual relationship. To prove this assumption in a specific market the second hypothesis presented is:

H2b. The connection between guarantee and loyalty is interceded all together by quality and afterward by satisfaction.

Interaction between Service Quality, Perceived Value, Satisfaction and Service Guarantee

Taking into account innovations to the market, the motivations for offering service guarantees will be unpredictable at the market and corporate-levels. Growing satisfaction is a crucial driver of value and is affected by service guarantees. Meyer et al., (2014) suggests that market and corporate level view of guarantees and their effect on quality, value and satisfaction must be assessed properly through a mediation framework. Therefore, our next hypothesis is the following:

H2c. The association between guarantee and loyalty is mediated in order by service quality, perceived value and finally customer satisfaction.

Association between Service Quality, Corporate Image and Service Guarantee

In his study, Thomassen (2018) contributes to signalling framework (e.g. Bergh et al., 2014; Connelly et al., 2011; Karasek & Bryant, 2012; Spence, 1974; Zerbini, 2017) by revealing that service guarantee signals quality by increasing corporate image (Shin & Ellinger, 2013; Durna et al., 2015). Guarantee ought to be created as a strategy. The next hypothesis therefore states the following:

H2d. The association between guarantee and loyalty is mediated in order by quality and then corporate image.

Collaboration between Quality, Image, Guarantee and Loyalty

Recovery refers to a firm's efforts to recover a customer who experiences a loss in order to restore satisfaction and improve image (Mostafa et al., 2015). However, most service recovery efforts are unsuccessful. Providing guarantees to minimise losses for customers is a reasonable strategy from a signalling perspective because it enhances the corporate image; however, it does not affect perceived fairness and post-recuperation fulfilment (Thomassen, 2018). On the contrary, Crisafully and Singh (2016) argue that an enhancing effect on such variables does occur. Further research is therefore needed to draw more consistent conclusions. On this basis, we propose the next hypothesis.

H2e. The connection between guarantee and loyalty is interceded in order by quality, image and finally satisfaction.

Interaction between Corporate Image, Customer Satisfaction and Service Guarantee

When service guarantees are offered in a market where such practice is not common, customers perceive a gain of corporate image (Jin et al., 2016), which in turn increases from the customers' satisfaction towards guarantee (Mostafa et al., 2013). In the tourism industry, the strong quality signals of service guarantees help customers perceive corporate image and their own satisfaction (Harvey, 1998). Service guarantees are a novelty in the Malaysian tourism industry. Hence, the current research investigates how corporate image and level of customer satisfaction in five-star resorts correlate with the absence of guarantees in the industry and shape tourist opinions. The next hypothesis is as follows:

H2f. The association between guarantee and loyalty is interceded in order by image and satisfaction.

Interaction between Perceived Value and Service Guarantee

Service guarantees become a reference point of their own potential value when they are non-existent in a market (Jin et al., 2016). Theoretically, this notion broadens the scope of guarantee implementations in the resort market. Given that service guarantees are new in this industry, we extend the scope of signalling and prospect theories to expound on their differential effects. In particular, customers perceive a gain from the presence of service guarantee and a loss from its absence. These effects become a reference point for further evaluating value perception and identifying customer motivations and behavioural outcomes. Prospect theory (Kahneman & Tversky, 1979; Tversky & Kahneman, 1991, 1992) states that customer opinions are founded on the perceived gains and losses rather than the final outcome. Therefore, our next hypothesis is as follows:

H2g. The connection between guarantee and loyalty is interceded by value.

Interaction between Value, Loyalty and Guarantee

Extensive studies have been performed on the changing slope of prospect hypothesis' utility capacity, but the slope of its satisfaction function has not received equivalent research interest. With regards to this investigation, clients see higher gains if five-star resorts offer service guarantees because such guarantees are regarded as authentic signals of quality (Jin et al., 2016). However, barely any examinations have analysed the impact of satisfaction on changing the slope of the utility curve. Service guarantee offerings in five-star resorts result in higher value curves because customers take a cue from the resort's value and satisfaction when assessing whether satisfactory service guarantees will be provided (Meyer et al., 2014).

Such motivations have not been evaluated in the setting of five-star resorts because service guarantees are absent in the said resort market. Moreover, the drivers of a new service guarantee offering can be attributed simply to a marketing ploy, where signalling quality is unimportant. Thus the next hypothesis is as follows:

H2h. The connection between guarantee and loyalty is interceded all together by value and afterward consumer satisfaction.

Interaction between Satisfaction and Service Guarantee

Satisfaction or dissatisfaction affects service guarantee signals differently and influences the perception of potential customers regarding their own potential satisfaction (Vaerenbergh et al., 2014; Flanagan et al., 2014; Grégoire et al., 2015; Ostrom & Iacobucci, 2016). Based on this finding, the next hypothesis states the following:

H2i. The association between guarantee and loyalty is interceded by satisfaction.

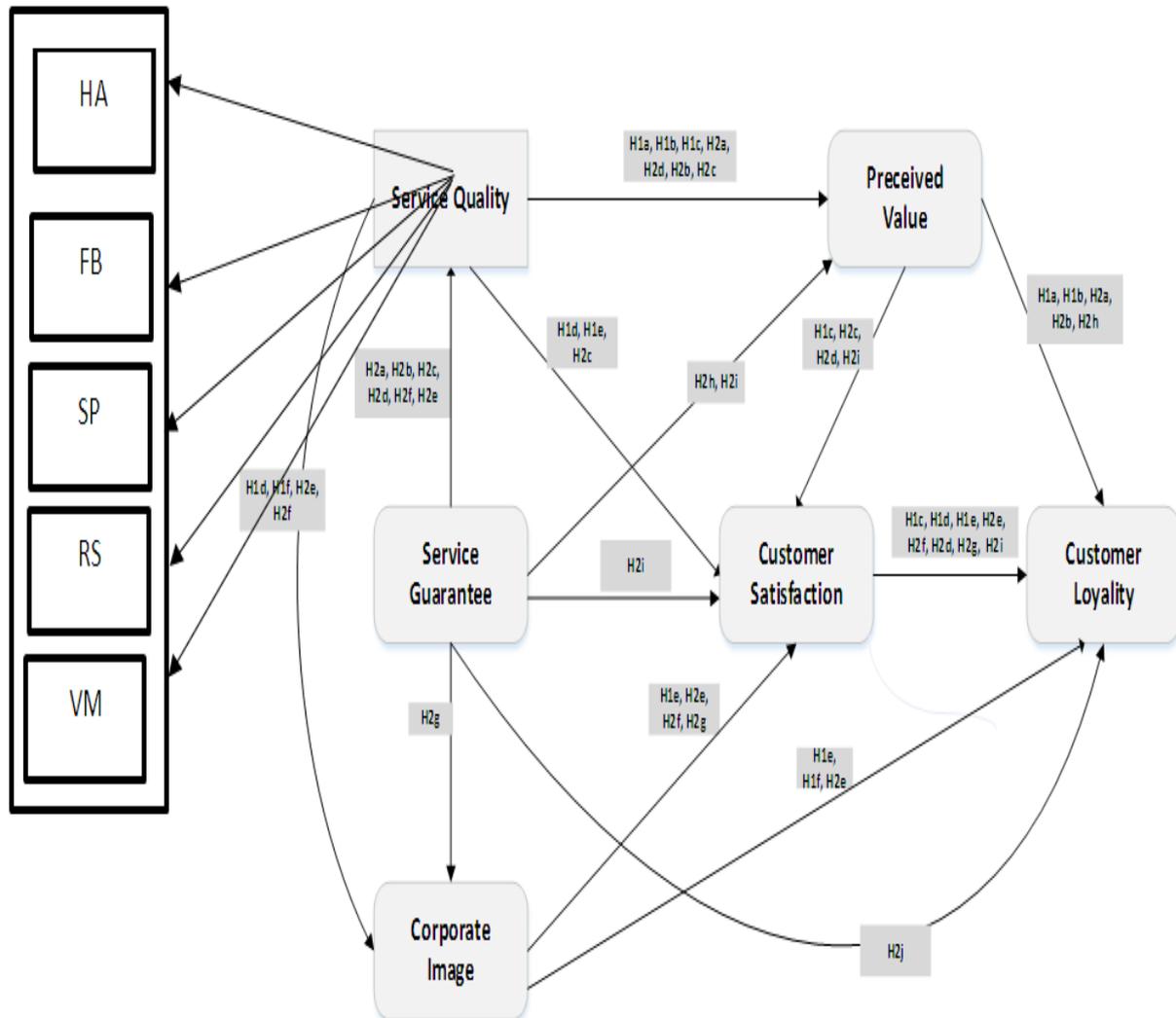
Interaction between Guarantee and Loyalty

Guarantees signals can increase loyalty (Zeithaml et al., 2009; Gronroos, 2007; Hart, 1988; Hart, 1993; Meyer et al., 2014) in different settings (Ostrom & Iacobucci, 2016). Research on how the effectiveness of guarantees impacts customer loyalty (Jin et al., 2016) is scant. Furthermore, research that examines the market drivers signalling and evaluating the prospects of behavioural outcomes in resorts is seriously lacking in the tourism sector. Therefore the next hypothesis provided is:

H2j. Guarantee has a positive association with loyalty.

Figure 1 demonstrates the proposed framework of loyalty determinants of Malaysia's five star resort industry.

Figure 1: Proposed Conceptual Model



Data Collection

This study evaluated the significance of multiple mediation and linear effect of guarantee expectation on loyalty and variation in customer reference point when evaluating the signalling effect of quality on value, image and satisfaction.

Method

Invitations were sent to 52 five-star resorts in Malaysia to recruit participants to the study. Of this number, 27 resorts accepted the invitation to participate. The questionnaires were disseminated to the pre-determined resorts. A pilot test was conducted at the Four Seasons Resort, Langkawi, where 30 participants were asked if they expected five-star resorts to offer service guarantees. Their feedback was employed to modify the confirmed items. The

respondents were asked routine demographic questions and thanked for their participation and debriefed.

The questionnaires were distributed at the lobby, public areas and food and beverage outlets. A minimum sample size of 384 cases was considered appropriate for this research, with the final total of 328 usable samples established for this study.

Measures

Participants were instructed to assess the resort in terms of its quality and their purchase intentions. The expected service quality was assessed using 17 items adapted from Mohsin & Lockyer (2010). The constructs utilised a five-point Likert-type scale, with 1 = strongly disagree, 3 = neutral and 5 = strongly agree. The mean and standard deviation scores based on the Likert-type scale were computed for all measured items. The following scores were obtained: service guarantee = 4 (McCollough & Gremler, 2004), perceived value = 3 (Chitty et al., 2007; Oh, 1999; Cronin et al., 2000; Nasution & Mavondo, 2005), corporate image = 3 (Kandampully & Suhartanto, 2003; Chitty et al., 2007; Kayaman & Arasli, 2007), customer satisfaction = 3 (Westbrook & Oliver, 1981; Chitty et al., 2007; Han et al., 2000) and customer loyalty = 3 (Han et al., 2008; Back & Parks, 2003).

Fifty-eight respondents were categorised as late respondents, and their responses on the service quality, service guarantee, perceived value, corporate image, customer loyalty and customer satisfaction constructs were compared to those of early respondents (342).

Common Method Bias

Replication could be biased because perceived value and image were not evaluated and previous studies were mainly carried out in developed nations outside of Southeast Asia. The present research adopted the reflective service quality indicators developed by Mohsin & Lockyer (2012) using the following dimensions: hotel ambience; food and beverage services and quality; staff presentation and knowledge; reservation services; and value for money. Bootstrapping and Joint Significance methods were applied to assess the hypothesised mediations and paths. MacKinnon, Lockwood & Williams (2004) and Williams & MacKinnon (2008) recommended the bias-corrected bootstrap confidence interval method to explore the significance of mediation effects in the path analysis.

Results

Data Coding and Treatment of Missing Values

When using sample size to determine the sample size, a researcher should consider data distribution, estimation method, model complexity, missing data and amount of average error variance (Hair et al., 2006b). Therefore, a sample between 150 and 400 is needed when the assessment is based on maximum likelihood (Hair et al., 2006b), with more complicated models necessitating a larger sample size. Our initial 400 distributed questionnaires yielded 384 returns. Of this total, 328 usable responses were available for analysis after we removed incomplete questionnaires.

Reliability Analysis

The Cronbach's alpha for six dimensions of the research variables are listed in Table 2. The alpha values (0.793–0.913) exceeded the minimum requirement of 0.70 Cronbach's alpha when three items on customer satisfaction were deleted (see Table 2). Cronbach's alpha values for service guarantee, perceived value, corporate image and customer satisfaction were 0.909, 0.867, 0.872 and 0.793, respectively. Service quality sub-dimensions, the alpha values were 0.893, 0.828, 0.808, 0.862 and 0.811 for hotel ambience, food and beverages, staff presentation, reservation service and value for money, respectively. Value for customer loyalty was 0.913. The overall instruments were deemed reliable for this research.

Table 2: Reliability analysis of the research variables

Dimension	No. of items	Cronbach's Alpha	No. of deleted items
Service Quality			
• <i>Hotel ambience</i>	06	0.893	0
• <i>Food and beverages</i>	05	0.828	0
• <i>Staff presentation</i>	03	0.808	0
• <i>Reservation services</i>	03	0.862	0
• <i>Value for money</i>	03	0.811	0
Service Guarantee	11	0.909	0
Perceived Value	05	0.867	0
Customer Satisfaction	03	0.793	3
Corporate Image	05	0.872	0
Customer Loyalty	06	0.913	0

Demographic Profile of Respondents

Per the descriptive analysis (Table 3), most of the respondents were male (63.7%). The distribution of age groups was as follows: 25–34 years (26.5%), 35–44 years (34.2%), 45–54 years (19.8%), 55–64 years (15.5%) and 65 years and above (4%). Moreover, the majority of respondents were married (74.4%), 23.8% were single and 1.8% were divorced. With regard to the academic background of the respondents, 53.7%, 32%, 4.6% and 9.8% have a bachelor's degree, postgraduate degree, diploma and professional qualification, respectively (see Table 3).

Table 3: Demographic profile of the sample

Description	Frequency	Percentage (%)
Gender		
Male	209	63.7
Female	119	36.3
Age		
25–34 years	87	26.5
35–44 years	112	34.1
45–54 years	65	19.8
55–64 years	51	15.5
65 year and above	13	4.0
Marital Status		
Single	78	23.8
Married	244	74.4
Divorced	6	1.8
Education		
Bachelor's degree	176	53.7
Postgraduate degree	105	32.0
Diploma	15	4.6
Professional qualification	32	9.8
Occupation		
Manager	204	62.2
Director	97	29.6
Executive	27	8.2
Location of Resort		
Penang	111	33.8
Langkawi	71	21.6

Description	Frequency	Percentage (%)
Port Dickson	12	3.7
Johor	32	9.8
Terengganu	20	6.1
Sabah	50	15.2
Sarawak	32	9.8

Table 3 illustrates that managers (62.2%) comprised the majority of respondents, followed by directors and executives at 29.6% and 8.2%, respectively. The resorts were mostly located in Penang (33.8%), with Langkawi (21.6%), Sabah (15.2%), Johor and Sarawak (9.8% each), Terengganu (6.1%) and Port Dickson (3.7%) following in decreasing order.

Nationality Demographics

Respondents in this study came from over 34 countries (see Table 4), with the majority originating from Malaysia (20.1%), Singapore (13.4%), the United Kingdom (12.2%) and Australia (9.5%).

Table 4: Nationality demographics of the sample

Description	Frequency	Percentage (%)
Malaysia	66	20.1
Singapore	44	13.4
UK	40	12.2
Australia	31	9.5
Others	146	44.8

Confirmatory Factor Analysis

The measurement model was assessed in this research through uni-dimensional confirmatory factor analysis (CFA) (see Table 5).

Table 5: Results of Confirmatory Factor Analysis

Variables	Model	χ^2/df	CFI	NFI	RMSEA
Service Quality	Default	2.429	0.948	0.915	0.066
Service Guarantee	Default	4.550	0.911	0.889	0.104
	Revised	3.405	0.982	0.975	0.086
Perceived Value	Default	2.408	0.992	0.987	0.066

Corporate Image	Default	2.540	0.991	0.985	0.069
Customer Satisfaction	Default	16.768	0.867	0.861	0.220
	Revised	2.296	0.992	0.985	0.063
Customer Loyalty	Default	11.509	0.927	0.921	0.179
	Revised	1.715	0.999	0.997	0.047

The focus was on normed chi-square (CMIN/df), root mean square error of approximation (RMSEA), standardised root mean square residual, goodness of fit (GFI), root mean square residual, comparative fit index (CFI), Tucker–Lewis index (TLI), incremental fit index, adjusted GFI, parsimony normed fit index (PNFI) and parsimony normed CFI (PCFI).

Confirmation of Second-order Variables for Service Quality

The CFA is performed for individual factors by using the uni-dimensionality approach and the measurement model was evaluated along with all the research variables of this study. The results reveal a value of 2.244 for CMIN/df (χ^2/df). This is lower than the maximum value of 5.0, CFI = 0.903, which exceeds the 0.90 cut-off point, and the RMSEA value of 0.062, which is less than the 0.088 minimum required value. Hence, an acceptable fit of the measurement model is obtained. The results also signify that standardised loadings for all others constructs were higher than 0.5.

Construct Validity and Reliability of the Measurement

The outcomes of the uni-dimensionality approach and measurement model revealed that factor loadings for all measured items were higher than 0.50. The majority of loadings exceeded 0.60, denoting a good correlation between the items and their factor grouping (Morakabati, Page, & Fletcher, 2017). Composite reliability (CR) for all variables was likewise carried out to verify the consistency of constructs. CR values of 0.81–0.88 were obtained, a robust evidence of reliability.

Correlations amongst Latent Variables

Correlations of latent variables were computed to identify the discriminant validity and multicollinearity problems. No discriminant validity problems existed in the measurement model on the basis of the results (see Table 5).

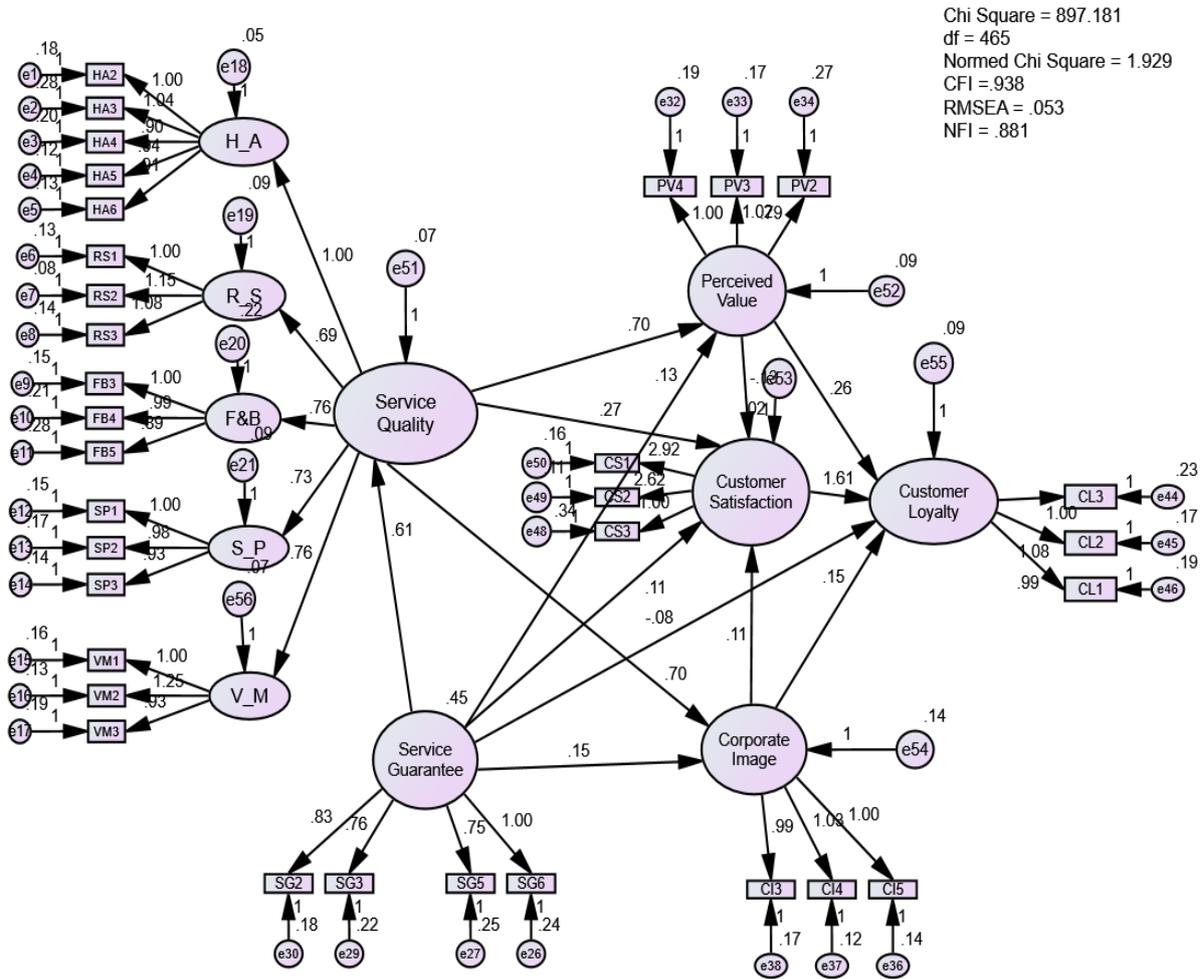
Table 5: Correlations between variables in the study

Variable	Mean	Std. Dev.	SG	SQ	PV	CI	CL	CS
Service guarantee (SG)	4.021	0.497	0.854					
Service quality (SQ)	4.001	0.440	0.842	0.876				
Perceived value (PV)	4.014	0.544	0.796	0.854	0.755			
Corporate image (CI)	3.979	0.598	0.746	0.826	0.711	0.779		
Customer loyalty (CL)	3.752	0.668	0.649	0.802	0.559	0.703	0.899	
Customer satisfaction (CS)	3.864	0.484	0.675	0.792	0.588	0.697	0.864	0.883

Structural Model Analysis and Results

The full baseline structural model (see Figure 2) in this study shows satisfactory GFI with a relative chi-square value (χ^2/df) within the 5.0 maximum of 2.023. CFI is 0.921 and TLI is 0.912, both of which exceeds 0.90; the RMSEA value of 0.056 is less than the minimum required value of 0.088; and PNFI is 0.770, lower than 0.90. Standardised loadings for most of the constructs, however, exceeded 0.5 of the corresponding t-values. Overall mediation effect (see Table 6) shows significant at the 0.05 level and insignificant at the 0.05 level.

Figure 2: Structural Model Analysis



Customer loyalty had a R^2 value of 74.1%, which means all independent variables contributed to 74.1% of the variance. A user-defined Estimand in IBM-AMOS was utilised to perform multiple mediator analysis and assess each specific indirect effect (Table 7). Limited studies has applied Joint Significance and Bootstrapping method to evaluate the loyalty function. Therefore, in order to test the mediating effect, Joint significance method (MacKinnon et al., 2002) and Bootstrapping method (MacKinnon et al., 2004) are applied.

Table 6: Overall effect

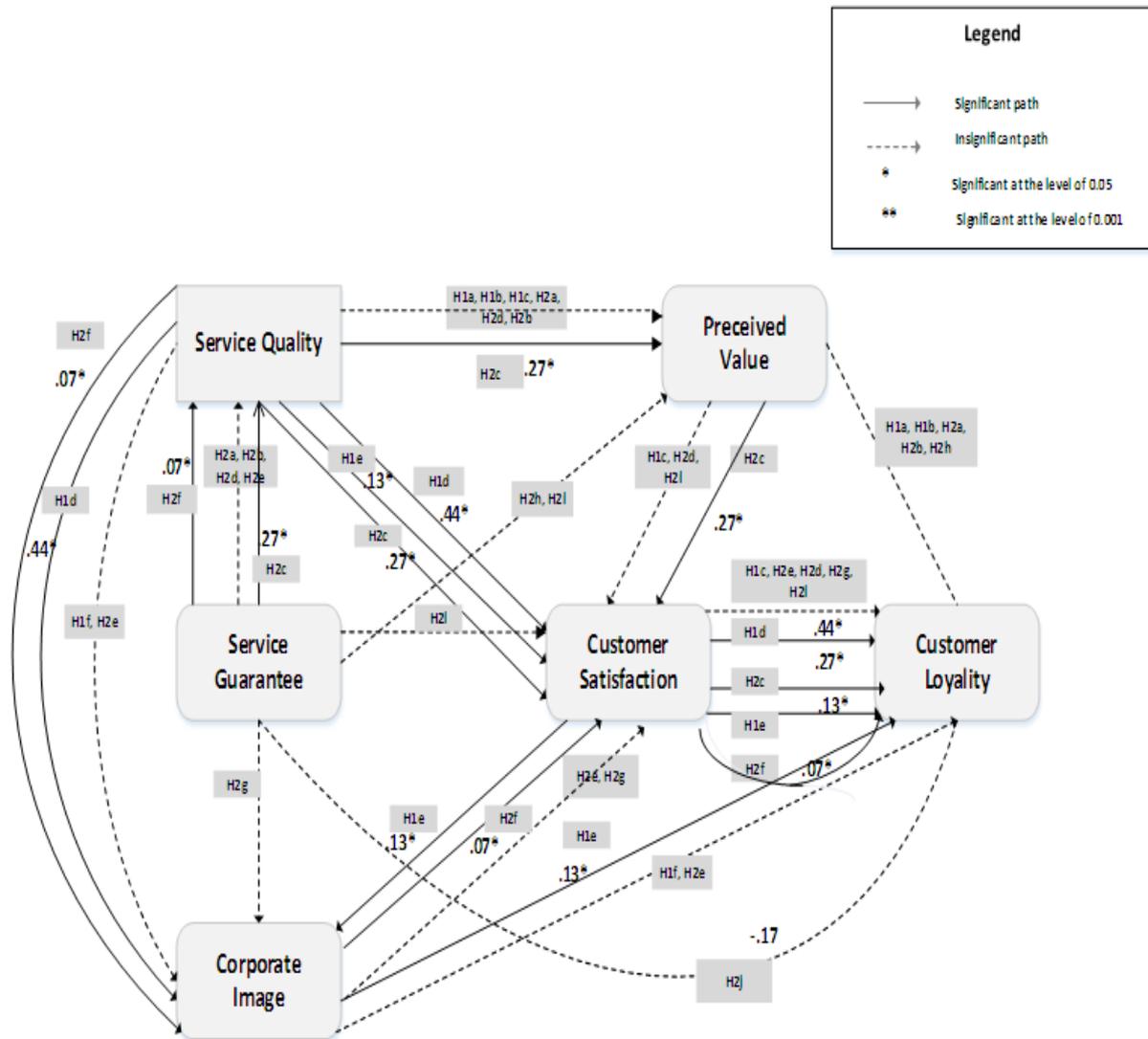
X Variable	Y Variable	Direct Effect	Indirect Effect	Total Effect	Mediation Type	Hypothesis
Service Quality	Customer Loyalty	---	0.708*	0.708*	Indirect Effect	Supported
Service Guarantee	Customer Loyalty	-0.081**	0.657*	0.576*	Full Mediation	Supported

* Significant at the 0.05 level, ** Insignificant at the 0.05 level.

Table 7: Specific Indirect Effects – Serial Multiple Mediator Analysis

Serial Multiple Mediator Analysis								
					Estimate (β)	P-value	Hypothesis	
Service Quality	Perceived Value	Customer Loyalty			0.184	0.05	Not Supported	H1a
	Perceived Value	Customer Satisfaction	Customer Loyalty		-0.152	0.06	Not Supported	H1b
	Customer Satisfaction	Customer Loyalty			0.441	0.02	Supported	H1c
	Corporate Image	Customer Satisfaction	Customer Loyalty		0.126	0.01	Supported	H1d
	Corporate Image	Customer Loyalty			0.109	0.16	Not Supported	H1e
Service Guarantee	Service Quality	Perceived Value	Customer Loyalty		0.112	0.05	Not Supported	H2a
	Service Quality	Customer Satisfaction	Customer Loyalty		0.268	0.02	Supported	H2b
	Service Quality	Perceived Value	Customer Satisfaction	Customer Loyalty	-0.092	0.06	Not Supported	H2c
	Service Quality	Corporate Image	Customer Loyalty		0.066	0.16	Not Supported	H2d
	Service Quality	Corporate Image	Customer Satisfaction	Customer Loyalty	0.076	0.02	Supported	H2e
	Corporate Image	Customer Satisfaction	Customer Loyalty		0.026	0.08	Not Supported	H2f
	Perceived Value	Customer Loyalty			0.034	0.19	Not Supported	H2g
	Perceived Value	Customer Satisfaction	Customer Loyalty		-0.028	0.17	Not Supported	H2h
	Customer Satisfaction	Customer Loyalty			0.172	0.04	Supported	H2i

Figure 3: Standardised Structural Equation Model



Results of Hypothesis Testing

This study proposed 14 hypothesised mediation effects and 1 direct effect. Bootstrapping method was used to evaluate the hypothesised mediations and paths, and the direct, indirect and total effects are computed. From the findings, 5 hypotheses were statistically significant while 10 hypotheses were not significant (see Figure 3).

Given that the p-value exceeds 0.05, no significant relationship exists between service guarantee and customer loyalty. Thus, the hypothesis is not supported.

The above results reveal that perceived value is not involved in the mediation effect. Furthermore, the mediation effect of customer satisfaction is crucial to the impact of service

quality on customer loyalty because of its substantial effect ($\beta = 0.441$) on customer loyalty compared to other paths.

No.	Hypothesized paths	Remarks
H1a	The relationship between Service Quality and Customer Loyalty is mediated by Perceived Value	Not Supported
H1b	The relationship between Service Quality and Customer Loyalty is sequentially mediated by Perceived Value and Customer satisfaction	Not supported
H1c	The relationship between Service Quality and Customer Loyalty is mediated by Customer Satisfaction	Supported
H1d	The relationship between Service Quality and Customer Loyalty is sequentially mediated by Customer Satisfaction and Corporate Image	Supported
H1e	The relationship between Service Quality and Customer Loyalty is mediated by Corporate Image	Not Supported
H2a	The relationship between Service Guarantee and Customer Loyalty is sequentially mediated by Service Quality and Perceived Value	Not supported
H2b	The relationship between Service Guarantee and Customer Loyalty is sequentially mediated by Service Quality and Customer Satisfaction	Supported
H2c	The relationship between Service Guarantee and Customer Loyalty is sequentially mediated by Service Quality, Perceived Value and Customer Satisfaction	Not supported
H2d	The relationship between Service Guarantee and Customer Loyalty is sequentially mediated by Service Quality and Corporate Image	Not supported
H2e	The relationship between Service Guarantee and Customer Loyalty is sequentially mediated by Service Quality and Corporate Image and Customer satisfaction	Supported
H2f	The relationship between Service Guarantee and Customer Loyalty is sequentially mediated by Corporate Image and Customer satisfaction	Not supported
H2g	The relationship between Service Guarantee and Customer Loyalty is mediated by Perceived Value	Not supported
H2h	The relationship between Service Guarantee and Customer Loyalty is sequentially mediated by Perceived value and customer satisfaction	Not supported
H2i	The relationship between Service Guarantee and Customer Loyalty is mediated by customer satisfaction	Supported
H2j	The presence of service guarantee has a positive relationship to customer loyalty	Not Supported

Discussion

The direct impact of quality signals and service guarantee prospects on loyalty are significantly weak. In response to the presence of a service guarantee, this decrease is lesser in magnitude than the indirect increase when the absence of guarantees is high because the reference point of customers is the notion of “quality without a guarantee”. Thus their reference point undergoes a paradigm shift towards “quality with guarantee” in a market where guarantees are not the norm. This shows that guarantees perform well in new markets. Prior research on signalling and prospect theories did not delve into the strength and drawbacks of signals and the prospects of constructs from a multiple mediation effect. Therefore, determining the stronger and more pertinent mediated outcome is critical (MacKinnon, 2004). The present study fulfils the conditions set and subsequently, offers new directions for multiple mediation research. In this work, service quality is found to be the main mediator in the signalling process but has no direct impact on customer loyalty, only a very strong indirect one ($\beta = 0.708$, $p < 0.05$). On the contrary, the direct effect of service guarantee (primary risk reversal function) on customer loyalty is insignificant ($\beta = -0.081$, $p > 0.05$), while overall indirect effect ($\beta = 0.657$) and total effect ($\beta = 0.576$) are statistically significant. This outcome denotes that other variables completely mediate the impact of service guarantee on customer loyalty.

Managerial Implications

A substantial “niche” advantage is linked with the quality signals of service guarantees, specifically in markets where service guarantees are not typical, such as Malaysia and other ASEAN markets. In these environments, other quality signals are unclear, undefined and uncertain. Service guarantees must be utilised as a differentiator across the Southeast Asian tourism markets. Such an uncommon strategy in this region provides clear insights regarding its market utilisation. Additionally, the existence of service guarantees may influence the opinions of customers regarding their own motivations.

Study Limitations and Direction for Future Research

Future studies may replicate the current model to other South East Asian resort markets. Research could also look into multiple moderation effects. Therefore, whether or not other external variables may have influence on signalling and prospecting service quality could be the primary research question. Studies are also encouraged to replicate the current model to the public sector where guarantees remain a novelty. Hopefully, future investigations into these areas will provide insightful directions for researchers to pursue a comprehensive understanding of service guarantee’s role as a significant marketing strategy in the tourism industry.



Conclusion

This paper makes an important contribution to knowledge. Ignoring exogenous and operating variables (including quality of service) may lead to biased results (Carvalho & Marques 2012; Pinto, Simoes & Marques 2017). This issue has been ignored by previous studies, hence it is important to investigate how exogenous variables (Service Guarantee) effects the endogenous variable (Customer Loyalty). Subsequently, the studies conducted by Bottasso & Conti (2003, 2009a, 2009b) and Molinos-Senante, Porcher & Maziotis (2017a) integrated exogenous and quality of service variables in the cost function estimation. However, limited studies have applied Joint Significance and Bootstrapping method to evaluate the loyalty function in an integrated second order model with prospect and signalling theories in the five star resort context. Extremely limited studies have integrated exogenous variables in a latent multiple mediation variable model testing customer loyalty.



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