Predicting Customer Satisfaction Using a Two-level Service Expectation Framework: Empirical Evidence from Star Rated Hotels in Malawi

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Abstract

Hospitality is the fastest-growing, experience-intensive service industry and becoming the biggest export service sector worldwide. Several countries including Malawi, have several star-rated hotels which possess some anticipated degree of comfort and service quality in those hotels. It is anticipated that customers evaluate the service performance of a hotel against their expectations and experiences, eventually deriving satisfaction. The purpose of this study was to establish whether service expectations can measure or predict customer satisfaction. Using an explanatory and descriptive design, this study focused on eleven hotels of star ratings situated in Lilongwe and Blantyre cities in Malawi. Two hundred and three hotel guests took part in the study. Data collection was done with the aid of survey questionnaire; the SPSS version 23.0 software and AMOS software version 22.0 were used for data analysis. Initially, paired samples t-test was used to compare mean scores for desired service expectations across fourteen pairs of hotel services with mean scores for adequate service expectations. The paired samples t-test results indicated that the Zone of Tolerance (ZoT), measured as the difference between the desired and adequate service mean scores, were positive and significantly different in all the 14 pairs. The study engaged the Structural Equation Modelling (SEM) to ascertain the relationships between service expectations and customer contentment as latent variables of the hypothesised model. Both the unidimensionality test and confirmatory factor analysis (CFA) were used to establish the factor structure of the measurement variables in the model. The hypothesis that service expectations do not significantly predict customer satisfaction was rejected ($\beta = 0.793$; $t=7.969$; $p<0.05$). The study concluded that there were high customer perceptions of services consistent with their expectations; which in turn, significantly predict customer satisfaction in star-rated hotels. The study recommends that managers of star-rated hotel ought to closely monitor and constantly improve hotel service attributes that raise customers' expectations to enhance customer satisfaction among current hotel guests and possibly aid more customer recruitment.

Keywords: Service expectations, desired service expectations, adequate service expectations and Customer satisfaction

INTRODUCTION

From the past few decades, the service industry, which includes hospitality, has been the prominent ingredient of many economies worldwide (Hudson & Hudson, 2013; Yilmaz, 2010). Interest in the quality of service in hospitality is extensively linked to customer satisfaction (Grönroos, 2016). Consequently, this recognition gives a hurdle to providers of hospitality services to uphold elevated service levels by creating awareness of customer prospects and better their products and services. Client fulfilment is regarded as a prerequisite for survival in the present competitive environment (Akama & Kieti, 2003;

Pizam, Shapoval, & Ellis, 2016; Sepula, Kieti, Korir, & Cheloti-Mapelu, 2018; Yilmaz, 2010). Crucially, satisfaction in the hospitality industry is holistic, viewed as a customer's emotional state triggered from the evaluation of the entire service delivery process and experiences within the establishment (Sepula *et al*., 2018; Zaibaf, Taherikia, & Fakharian, 2013). For instance, satisfaction with a hotel experience results from a combination of various products and services elements, such as accommodation, food and beverage provision, recreation and entertainment, ancillary services, security and safety, and pricing issues which constitute the experience (Amin, Yahya, Ismayatim, Nasharuddin, & Kassim, 2013; Pizam *et al*., 2016). Expectations have become a popular theoretical concept among zone of tolerance scholars such as Grönroos (2016). Expectations of a good service are somewhat specific to an individual, a business and the nature of the encounter; and knowing in advance what customers anticipate, is very critical in executing the appropriate quality service. For instance, in a hotel set-up, it is important to manipulate perceptions of customer during the service execution process to get the anticipated level of overall satisfaction (Zainol *et al.*, 2010).

Previous service quality studies have acknowledged the potential existence of various classes of expectations, with more focus paid to adequate and desired standards (Grönroos, 2016; Gwynne, Devlin, & Ennew, 2000; Nadiri, Kandampully, & Hussain, 2009; Yilmaz, 2010). The suggested existence of both adequate and desired services forms a two-level service expectation framework which has given rise to the concept of a Zone of Tolerance (ZoT), earlier suggested by Parasuraman, Zeithaml, and Berry (1994). Although both service quality and customer satisfaction are believed to be synonymous (Markovic & Raspor, 2010; Sepula *et al*., 2018), perceived service quality has been previously investigated as a significant predictor of overall customer satisfaction in the hospitality industry (Back & Lee, 2015). More importantly, studies focussed on the treatment of expectations as a comparison yardstick for measuring service quality rather than customer satisfaction in different contexts which includes the hospitality sector (Gwynne *et al*., 2000; Nadiri *et al*., 2009; Yilmaz, 2010; Zainol *et al*., 2010). Hence, there is a paucity of information on whether expectations can truly measure or predict customer satisfaction particularly in star rated hotels, one of the segments of the hospitality.

The purpose of this study was to the establish the predictive power of service expectations on customer satisfaction in star-rated hotels located in Lilongwe and Blantyre Cities in Malawi. Since the nature of expectations is believed to be a little vague (Yuksel & Yuksel, 2001a), this paper attempted to expand knowledge on the ability of service expectations to significantly predict customer satisfaction in a hotel where customers interact with a set of different service elements that uniquely form the basis for their experiences during their stay (Cetin & Walls, 2016; Hwang & Seo, 2016).

LITERATURE REVIEW

Customer satisfaction

Customer satisfaction is a prominently discussed topic gaining a lot of attention in both business or management and academic research. Notwithstanding considerable progress in customer satisfaction research based on several theoretical frameworks, extant literature reveals disparities on the best conceptualisation of the customer satisfaction construct (Ekinci & Dawes, 2009; Sepula *et al*., 2018; Yuksel & Yuksel, 2001a). Interestingly, compromise among scholars proposes that consumer satisfaction is vital to the

accomplishment in service delivery in the hospitality industry (Pizam *et al*., 2016; Yuksel & Yuksel, 2001a). Satisfaction relates to customers' assessment of their service experiences from a more idiosyncratic perspective (Fallon & Schofield, 2004; Yuksel & Yuksel, 2001a). It may result from an easy to complex process involving a person's thought, attitudes and other silent psychological and physiological traits (Zaibaf *et al*., 2013; Zemke, Chena, Raaba, & Zhong, 2017).

Oliver (1980) submits that customer satisfaction is an attitude or evaluation. It is shaped by customers (referred to as hotel guests in this study) contingent on the comparison of their prior purchase expectations of an ideal product or service obtained from a transaction to their more personal perceived after-purchase performance of what they get. Customer contentment is viewed as an all-inclusive emotional response to a spectrum of services that a customer interacts with throughout the service experience. Increased satisfaction obtained from some service elements, pay off for low satisfaction levels from other elements and produce an overall impression of the entire experience (Li, Ye & Law, 2013; Sepula *et al*., 2018; Yuksel & Yuksel, 2001a). Zeithaml, Bitner, and Gremer (2013) suggest that customer satisfaction is also related to other service outcomes such as personal pleasure, fulfilment, contentment, delight or sense of relief.

Being a relative concept, satisfaction is often adjudicated against some yardstick. From the Expectancy-Disconfirmation framework, customers tend to compare the actual performance of the product or service with their earlier expectations as a standard (Oliver, 2010). If expectations are realised, the customer eventually feels satisfied. On the contrary, dissatisfaction occurs if the performance of the perceived service or product is below par the expectations (Yuksel & Yuksel, 2001a). In such a scenario, expectations are looked upon as the customer's desires or wishes that service providers, such as hotels, should have ideally offered (Kim, Choi, & Schwartz, 2012; Sepula *et al*., 2018). They are treated as customers' beliefs of an impending service delivery and serve as a reference point against which performance is evaluated (Zainol, Lockwood, & Kutsch, 2010).

The Expectancy-Disconfirmation remains the most prominent framework of measuring consumer satisfaction more than any other frameworks. Nevertheless, it suffers from soundness and consistency limitations in gauging customer satisfaction due to lack of customers' objective stance to assess their individual satisfaction levels (Pizam *et al.*, 2016; Sepula *et al*., 2018; Torres, 2014; Yuksel & Yuksel, 2001b). Lack of appropriate comparative principles that "stick", pose problems in the evaluation process of service or product performance (Pizam *et al.*, 2016; Sepula *et al*., 2018; Yuksel & Yuksel, 2001a). As a result, the use of a multi-expectation framework (Yilmaz, 2010) involving two different types of expectations (desired and adequate) has been given prominence in research. The two expectations act as comparison standards to evaluate hotel services; and consequently, predict customer satisfaction.

Previous studies agree that overall delightful impression with a hospitality experience is the summation of satisfaction with a variety of essentials or elements of all products and services constituting that experience (Pizam *et al*., 2016; Sepula *et al*., 2018). Pizam *et al*. (2016) identified a harmonious mixture of three elements which impact on client satisfaction in the hospitality. Sepula *et al*. (2018) in recent times used these elements in a study set to investigate the prognostic power of the grading standard as a component of a hotel rating system on customer satisfaction in Malawi. The elements under investigation were modified

from Pizam *et al*., 2016 and included: (1) *the material product*, (food and beverages, bedrooms and accessories, conference facilities, etc.); (2) the *behaviour and attitude* of employees hosting or serving the customers in direct contact with customers, (3) the *hotel environment* (the building, layout, the furnishings, ambience and décor). These attributes were also used in this study to operationalise the overall customer satisfaction construct (Sepula *et al*., 2018).

Service Expectations

Expectations have been largely popularised by ZoT scholars such as Grönroos (2016). Customer expectations are customers' beliefs about an imminent service delivery providing as a yardstick against which service performance is evaluated (Zainol *et al.*, 2010). However, Ekinci (2004) and Yilmaz (2010) concede that the nature of customer expectations is somewhat obscure. This is particularly evident in the disconfirmation and service quality theoretical models (Ivan, Hitchcock, Yang, & Tun-Wei, 2018; Parasuraman *et al.* 1988). The models compare the degree to which experiences and outcomes of a service process meet customer's expectations (Pizam *et al.*, 2016).

Types of Service Expectations

Various types of customer expectations have previously been explored and are placed into different categories (Ekinci, 2004; Zeithaml *et al.*, 2013). Firstly, *ideal* expectations reflect the desired level of service or product performance. Secondly, *normative* expectations reflect what the level of service or product performance should be or ought to be based on the value of money paid for, for a service offered (Ekinci, 2004). *Experience-based norm* expectations bank on customers' previous experiences used as a comparison yardstick for deciding their satisfaction levels with a service executed presently (Ekinci, 2004). The *acceptable* expectations denote a satisfactory service performance devoid of outstanding add-ons (Zeithaml *et al*. 2013). Finally, the *minimum tolerable* level is the lowest level of customer expectations for a service performance and it explains the most rudimentary level of a service performance (Ekinci, 2004).

Several studies reveal challenges associated with analysing expectations this way because customers do not necessarily harbour expectations of a service attribute on one level always. The understanding of a service performance is subjective, thereby rendering this manner of categorisation of expectations inconsistent and unreliable (Ekinci, 2004; Teas,1994; Yilmaz, 2010). For instance, Teas (1994) points out that in some circumstances the perceived customer satisfaction may decrease despite the actual service performance surpassing the ideal expectation. To resolve this challenge, Zeithaml, Berry and Parasuraman (1993) established the use of a multi-expectation framework in the measurement of customer satisfaction.

The multiple expectations' framework arose from the belief that customers embrace different levels of service expectations (Kettinger & Lee, 2005; Zeithaml *et al*., 2013). Basically, customer expectations can be considered from both narrow and broad perspectives. In the narrower sense, individual expectations are treated as simple beliefs in performance of a product or service; and a broad perspective which takes expectations as multidimensional, linked to different levels of service performance (Yilmaz, 2010). The two popular and most frequently utilised expectation levels are *desired service expectations* and *adequate service expectations* (Gwynne *et al*., 2000; Yilmaz, 2010; Zainol *et al.*, 2010). The desired service expectations represent the pinnacle of service the customer hopes or wishes

to receive from a service offering (Kettinger & Lee, 2005; Zeithaml *et al.*, 2013). A service offering which surpasses this type of expectation is regarded as of superior quality (Ekinci, 2004). The latter expectation level denotes the bare minimum level of satisfactory service, i.e., the lowest level of service a customer is eager to receive (Grönroos, 2016; Nadiri *et al.*, 2009; Zeithaml *et al.*, 2013).

The Zone of Tolerance (ZoT)

Customers evaluate a service performance on the account of both desired service and adequate service expectations on a continuum. These two important expectation levels form the bounds of customer's *Zone of Tolerance* (ZoT) (Parasuraman *et al*., 1994). If the received service experiences of the customer perch anywhere between these two borders, the received experiences will be tolerated leading to favourable perceived quality (Grönroos, 2016). Due to the heterogenous nature of services, variation in the ZoT is expected among different customers, across different service providers, across different employees of the same provider, and perhaps with the same employee at different times (Grönroos, 2016; Zainol *et al*. 2010; Zeithaml *et al.*, 2013). This is an indication that indeed hotel guests may use a multi-expectation framework as a comparison yardstick in assessing the performance of hotel services (Yilmaz, 2010).

The use of expectation yardsticks is generally seen through a customer's assessment of both service quality and satisfaction when service expectations are compared with the perceived performance of a service. Zeithaml *et al.* (1993) suggest the importance of clarifying the nature of service expectations and their resultant antecedents in order to establish whether customers possess service expectations as predictions or ideal yardsticks of a service. Thus, customers can use their satisfaction levels in distinguishing similar service providers, such as hotels, as the service providers strive to keep their customers consistently happy (Zeithaml *et al.*, 1993).

Service Expectations and Customer Satisfaction

Customer expectations emanate from the perception of various sources of information relevant to a hospitality establishment. This information can be obtained from three possible sources: either from personal sources or sources before (pre-encounter) or during (intra-encounter) hospitality experiences (Yuksel & Yuksel, 2001a) suggest. Individual-specific information sources vary among individuals and may lead to different individuals expecting different levels of service in similar consumption set-ups. Examples of individual-specific sources include a personal service philosophy, personal needs, and perceived service alternatives (Zeithaml *et al*., 2013).

Information from sources before receiving a hospitality experience, may be both subjective and objective information impetuses that are received by customers prior to a given service encounter (Yuksel & Yuksel, 2001a). Subjective pre-encounter impetuses have an implied marketing flavour. They include information such as facilities available, services and products provided, commitment to service quality, that hotels deliberately disseminate to secure business. For example, sales calls carried out by the hotel marketing teams, distribution of hotel brochures and use of billboards in strategic spots (Yuksel & Yuksel, 2001a). The subjective sources of information are particularly crucial to the formation of expectations when customers lack alternative sources of information. Objective pre-encounter impetuses include information sources that are not from hotels directly and are likely to be more credible information sources. Earlier experiences with the hotel services,

word-of-mouth or information from third parties are some of the best examples (Yuksel & Yuksel, 2001a). Some of the hotel service attributes investigated in this study are based on this categorisation.

Customers rely heavily on informal messages to form expectations, particularly when the information sources are colleagues and relations (Oliver, 2010). Additionally, the information a customer receives during the service encounters may affect both the formation of service expectations and their levels. Customers meet the hotel staff at the reception or the waiting staff in the restaurant, the physical environment, and other customers present. During such moments of interactions, customer expectations are more likely to be tinkered one way or the other during a service encounter (Grönroos, 2016; Yuksel & Yuksel, 2001a).

In conclusion, a customer must possess prior purchase expectations to be able to draw compare their perceptions of the service performance against their expectations, and this may not work in contexts where customers do not have well-formed expectations (Yuksel & Yuksel, 2001a). Absence of experience or familiarity with a hotel service may cause expectations to be transient and uncertain. Hence, many hospitality services, especially in star-rated hotels, are based squarely on experience and credence elements. These elements may only be available or easily judged only after, rather than before the consumption experience (Reid & Bojanic, 2010). Following the discourse above, the study sought to establish the predictive effect of service expectations on customer satisfaction. To this end, the following null hypothesis was postulated:

METHODOLOGY

Conceptual model

Using a modified combination of hotel service attributes from existing literature (Amin *et al.*, 2013; Nadiri *et al.*, 2009; Pizam, 2016; Yilmaz, 2010), the study proposed that service expectations predict customer satisfaction using a two-level expectation framework as illustrated in the hypothesised conceptual model in Figure 1.

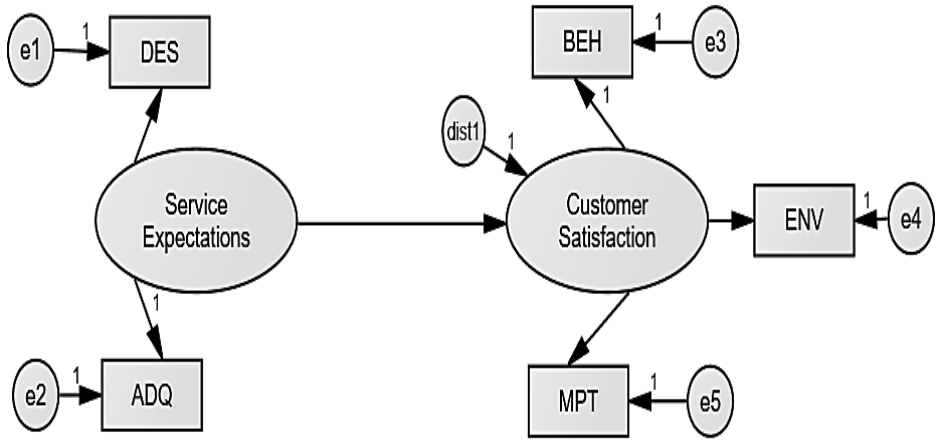

Figure 1: The Hypothesised Conceptual Model

Questionnaire design

The measurement items were obtained from studies of Amin *et al.* (2013), Nadiri *et al.* (2009), Pizam (2016), Sepula *et al.* (2018) and Yilmaz (2010) with slight adjustments for this study. The first part of the survey questionnaire had 5 question items focused on demographic profile of the hotel guests. They included aspects such as: sex, education level, how frequent they visited the hotel, and visitor hotel stay status. The second part of the survey questionnaire measured "service expectations" as a predictor (exogenous) variable, using two indicators namely: desired service expectations and adequate service expectations with their measurement items adapted from Amin *et al.* (2013), Nadiri *et al*. (2009), Ramsaran-Fowdar (2007) and Yilmaz (2010). "Customer satisfaction" as an outcome (endogenous) variable, was operationalised using 3 indicators, namely: staff behaviour and attitude, hotel environment and material products proposed by Pizam *et al*. (2016).

Response scores to the questionnaire items for the exogenous variable (service expectations) were obtained using a 5-point Likert type scale with the following options: 1 - Very low; 2 - Low; 3 - Neutral; 4 - High; and 5 - Very high adapted from Sepula *et al.* (2018) and Sepula and Bello (2019). "Service expectations" were measured by contrasting adequacy in service *vis a vis* desired service. For the endogenous variable (customer satisfaction), the options were; 1- Very dissatisfied; 2 - Dissatisfied; 3 - Neutral; 4 - Satisfied and 5 - Very satisfied, adapted from Sepula *et al.* (2018). In terms of face validity, hospitality academics reviewed the survey questionnaire and various grammatical and structural changes were done in the statements for enhanced understanding, readability and credibility (Emir, 2016; Sepula & Bello, 2019). Findings of the Cronbach's alpha reliability test for internal consistency signified that all the items developed to measure the two constructs had reliability coefficients above 0.9. Service expectations had an $\alpha = .941$, whereas customer satisfaction had an $\alpha = .923$. These values were way above the threshold of 0.7 recommended by Butler (2014) and Tavakol and Dennick (2011), thus confirming that the items were reliable in measuring the latent variables.

Data collection

Data was collected using self-administered questionnaire survey. During data collection, twenty-nine accommodation units (hotels, lodges, holiday resorts and guesthouses) across Malawi had effectively been graded and awarded stars (DoT, 2016). But only eleven star-rated hotels from the two major cities of Malawi (Lilongwe and Blantyre) participated in the study, over a period of 5 months, from January to May 2018. The survey was performed with the support of the hotel front office managers.

Hotel selection was done through census, while guest selection was done using simple random sampling technique. Guests dwelling in these star-rated hotels for two or more nights formed the study sample. The survey questionnaires were either given to guests, at the front desk at check-in. or the questionnaires were sent to their guestrooms. In both cases, the guests completed the questionnaires at their own time, which were then returned to the front office executives. A total of two hundred and twenty-four questionnaires were dispersed and two hundred and three questionnaires were returned and considered complete with no missing values, representing a response rate of 90.6%. 65.4% of the respondents were male and 34.6% were female. 41.6% were postgraduates and (36.8%) were first degree holders. Visitors on business assignments made up 84.3% of respondents, with 51.1% of guests having visited their favourite hotels for more than three times. Most of the guests (56.8%) were frequently booked on full board status (Table 1).

Table 1: Respondents' Demographic Profile

Demographic Item	Category	Frequency	Percentage
Gender	Male	125	65.4%
	Secondary/high school	2	1.1%
	College/vocational school	39	20.5%
The highest level of education	Graduate degree	70	36.8%
	Postgraduate	79	41.6%
	Twice	36	18.9%
	Thrice	17	8.9%
	Business	161	84.3%
Purpose of the hotel stay	Leisure	22	11.5%
	Other	8	4.2%
	Full-board	108	56.8%
Status of the hotel stay	Half-board	54	28.4%
	Bed & Breakfast	28	14.7%

***Source**: Author's analysis*

Data analysis

SPSS version 23.0 was used for reliability analysis of the collected data and to provide both descriptive and inferential statistics. Paired samples *t*-test was used to compare mean scores for desired services across fourteen pairs of services with mean scores for service adequacy. Besides, the measurement scales' properties such as convergent and discriminant validity, and composite reliability through confirmatory factor analysis (CFA), were calculated. The structural equation modelling (SEM) was used to verify the path relationships of service expectations and customer satisfaction, validate the final structural model and test the hypothesis, using the analysis of a moment structures (AMOS 22.0) software.

RESULTS

Paired sample t-test

Results of the paired samples *t*-test presented in Table 2 indicate the Zone of Tolerance (ZoT) scores. The ZoT calculated as the difference between the desired and adequate service mean scores (Yilmaz, 2010), were positive and significantly different in all the fourteen pairs.

The major differences were reported in service delivery elements such as: provision of services with ease ($\Delta M = 0.450, SD=0.892; p< 0.05$); efficiency in food and beverage service ($\Delta M=0.414, SD=1.037; p<0.05$); staff's provision of information about respective hotels and local areas ($\Delta M=0.387, SD=0.927; p<0.05$); and appropriateness of background/soft music ($\Delta M=0.377, SD=0.897; p<0.05$). However, the smallest differences were noted with service elements associated with staff behaviour or attitude: i.e., staff are never too busy to respond to your requests ($\Delta M=0.199, SD=1.106; p<0.05$); and staff behaviour instils confidence in you ($\Delta M=0.194, SD=0.906; p<0.05$).

Table 2: Paired Samples t-test for Service Expectation

		Paired Differences			Sig. (2-tailed) *
		M	SD	t	
Pair 1	The hotel has comfortable beds	.251	.740	4.696	.000
Pair 2	Hotel's physical facilities are visually appealing	.351	.780	6.218	.000
Pair 3	The hotel has clean and comfortable bathrooms	.325	.781	5.745	.000
Pair 4	The hotel provides you with all the services with ease	.450	.892	6.974	.000
Pair 5	Your safety/security is guaranteed	.272	.839	4.483	.000
Pair 6	Hotel operating hours are convenient for you	.335	.829	5.587	.000
Pair 7	Staff are never too busy to respond to your requests	.199	1.106	2.486	.014
Pair 8	Staff behaviour instils confidence in you	.194	.906	2.956	.004
Pair 9	Staff are well informed about the hotel and local area	.387	.927	5.775	.000
Pair 10	Hotel decor, ambience & aesthetics are appropriate	.277	.865	4.431	.000
Pair 11	Food & beverage service is efficient	.414	1.037	5.512	.000
Pair 12	Entertainment/recreational facilities are for your convenience	.351	1.009	4.804	.000
Pair 13	Background/soft music is appropriate	.377	.897	5.808	.000
Pair 14	Standard of housekeeping/cleanliness is high	.340	.817	5.755	.000

Note: *Paired samples *t*-test (2-tailed), $p < 0.05$
Source: Survey Data (2018)

Confirmatory factor analysis (CFA)

CFA evaluated the overall measurement model. Using the maximum likelihood estimation (MLE) method, was all the parameters in the hypothesised model, were calculated. The overall fit of the model was tested. Results indicated that chi-square statistic was not significant (CMIN = 3.440, p> 0.05); and the ratio of the CMIN value to degrees of freedom (CMIN/df = 1.147) was less than the cut-off point of 3 (Emir, 2016) as revealed in Table 3. The goodness-of-fit index (GFI = .993) and comparative-fit index (CFI = .999) were greater than the recommended value of 0.9. The root-mean-square error of approximation (RMSEA = .028) was below .05 (Kline, 2011). Therefore, the model fitted the data convincingly.

The study estimated convergent validity. Results were as shown in Table 3 below. There was a relatively elevated standardized factor loading of above .6 on their constructs with a range from .69 to .86 (Awang, 2012). The average variance extracted (AVE) (Table 3) were 0.582 for service expectations and 0.648 for customer satisfaction, exceeding the 0.5 rule of thumb, suggesting that most of the variance in the measurement items was explained by their latent variables (Hair, Hult, Ringle & Sarstedt, 2014).

Construct reliabilities in Table 3 were 0.736 for service expectations and 0.846 for customer satisfaction, and exceeded the 0.7 threshold, suggesting sufficient reliability (Tavakol &

Dennick, 2011). The results supported the convergent validity of the overall measurement model (Hair *et al*., 2014).

Table 3: Validity and Reliability for Service expectations and Customer Satisfaction

Construct	Items	Factor loadings	AVE	CR
Service expectations	Desired service (DES)	0.767	0.582	0.736
	Adequate service (ADQ)	0.759		
Customer satisfaction	Material products (MPT)	0.863	0.648	0.846
	Hotel environment (ENV)	0.849		
	Behaviour and attitude of the staff (BEV)	0.692		

Fit Statistics: (CMIN = 3.440, df = 3, p> 0.05; CMIN /df = 1.147; GFI = .993; CFI = .999; RMSEA = .028)
Source: Survey Data (2018)

Table 4 illustrates the discriminant validity. The criterion by Fornell and Larcker (1981) was achieved by probing the covariance between the two latent variables (service expectations and customer satisfaction). The criterion was used to evaluate whether each latent variable was exclusive and truly dissimilar from other. The results showed that the square root of the AVE for each latent variable (shown along the diagonal) was exceeding the correlation between the two latent variables. The results confirmed the evidence for the discriminant validity of the measures (Ab Hamid, Sami & Sidek, 2017; Fornell & Larcker, 1981).

Table 4: Discriminant validity

Latent variables	Service expectations	Customer satisfaction
Service expectations	0.763	
Customer satisfaction	0.627	0.808

Structural model
The CFA was re-run to examine the hypothesised relationships between service expectations and customer satisfaction. Table 4 reports the findings on the coefficients and the goodness of fit statistical analyses. Outcomes of the analysis of moment structures of the initial structural model indicated that the initial model poorly fitted to the data. Some of the fit indices were violated (CMIN/df = 4.207; GFI = .967; CFI = .971; RMSEA = .130).

To accomplish an overall structural model fit, *post-hoc* modification indices (MI) suggested that the model fit could be enhanced by correlating error terms recommended by modification indices. The primary model was consequently modified by correlating error terms as recommended by modification indices. The goodness-of-fit statistics of the hypothesised model were initially estimated. Chi-square value of the model and other goodness of fit indices were basically the same as the general measurement model had observed earlier (CMIN = 3.440, df = 3, p> 0.05; CMIN /df = 1.147; GFI = .993; CFI = .999; RMSEA = .028) which showed that the structural model fitted the data well. The modified structural model (Figure 2) demonstrated that service expectations accounted for

70% (R^2 = 0.70) of the proportion of variance in customer satisfaction. This model was regarded as the final model since the MI did not propose additional error term correlations.

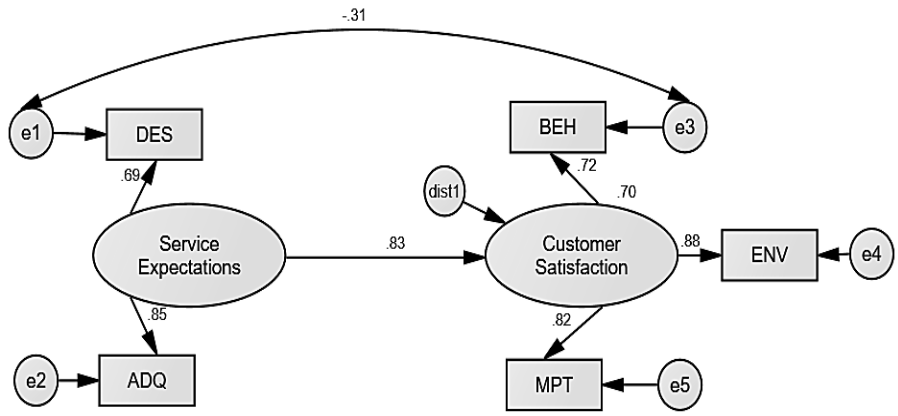

Figure 2: The final modified structural model

Hypothesis testing

The final stage in the data analysis tested the null hypothesis, H_0. The hypothesised structural model conceptualised that service expectations had a direct significant effect on customer satisfaction. The hypothesis was tested by looking at the statistical significance of the path coefficients. The path flowed from service expectations to customer satisfaction. The hypothesis H_0 postulated that service expectations do not significantly predict customer satisfaction. The regression weights in Table 5 signify that service expectations significantly predicted customer satisfaction (β= 0.793; t=7.969; p<0.05). The hypothesis was therefore not supported by the data. The standardised regression weights imply that an increase of one standard deviation in service expectations was expected to increase customer satisfaction by 0.793 standard deviations. In Table 5, the results indicate that hotel guests who have higher perceptions about services in star rated hotels in Malawi, consistent with their expectations, are more likely to have higher customer satisfaction levels. Overall, this study confirmed findings of previous studies (Nadiri *et al.*, 2009; Pizam, 2016; Yilmaz, 2010). High perceptions of various hotel service attributes have a positive effect on consumer satisfaction (Luo & Qu, 2016).

Table 5: Regression Weights (Default Model)

Hypothesized path	Estimate	*t* value	*p*-value	Result
Service expectations → Customer satisfaction	.793	7.969*	.000	Not supported

*p< 0.05

Fit statistics: (CMIN = 3.440, df = 3, p> 0.05; CMIN /df = 1.147; GFI = .993; CFI = .999; RMSEA = .028)

Source: Survey Data (2018)

DISCUSSION AND CONCLUSION

The study has offered empirical evidence that service expectations can predict customer satisfaction in Malawian star-rated hotels. Service expectations of hotel guests are found at two levels: the desired service and adequate service levels. The desired service level, representing the highest level of expectations, describes the service that a hotel guest hopes to receive. This is derived from a combination of what the customer believes 'can be' and 'should be'. The adequate level, representing the lowest level of expectations, describes what the customer deems acceptable, reflecting the customer evaluation of what the service 'will be' (Nadiri *et al*., 2009). The difference between desired service and adequate service indicates the Zone of Tolerance (ZoT), which is a spectrum of service performance that hotel guests find satisfactory (Nadiri *et al*., 2009; Parasuraman *et al*., 1994).

The study results revealed that hotel guests can differentiate between desired and adequate service expectations as a comparison standard in evaluating hotel services. Consistent with the findings of Yilmaz (2010) hotel guests can identify two different types of service expectations as a comparison yardstick in assessing customer satisfaction. If the actual service experiences of the customer fall midway these two borders, like the case in the present study, such experiences would be acceptable, leading to favourable perceived quality hotel service provision (Grönroos, 2016). Services provided in star rated hotels in Malawi, thus generally fall well within an area that represents a continuum of expectations and acceptable outcomes in service environments such as star rated hotels. Findings of the present study build on the study of Nadiri *et al.* (2009) which described the ZoT for customers' service expectations in a similar manner and determined the customer satisfaction levels.

Customers tend to have a wider ZoT when facing negative service experiences and a narrower ZoT when dealing with positive service experiences (Zainol *et al*., 2010). The results of this study indicate that Malawi's star rated hotels in the two cities have gone slightly out of their way to meet guest's expectations by delivering adequate service that exceeds their expectations in many service areas. Major differences were reported in service delivery elements such as food and beverage service efficiency; staff's information about respective hotels and local areas; and appropriateness of background/soft music. However, the ZoT registered in these service aspects was relatively narrow between the desired service (the highest level of expectations) and the adequate service (the lowest level of expectations) in all the fourteen pairs. This result, in concurring with Yilmaz (2010), suggests that hotel guests are less likely to tolerate heterogeneity in service delivery in the service aspects in question.

Since naturally hotel services have a characteristic element of variability, such variation in the ZoT is nevertheless expected among hotel guests, across hotels, even among employees of the same hotel, and perhaps with the same employee at different times (Grönroos, 2016; Zainol *et al*. 2010; Zeithaml *et al.*, 2013). This is probably one reason why some of the hotel service aspects related to staff attitude and behaviour investigated in this study ("staff being too is busy to respond to customers' requests"; or "staff behaviour instils customer confidence"), had much smaller ZoT almost suggesting more likely insignificant differences between desired and adequate expectations related to these aspects. Generally, the narrow ZoTs noted from the small differences are related to staff. The findings are not very surprising. The findings agree with the assertions of Zainol *et al.* (2010) who suggested that

usually these staff aspects may be regarded as positive encounters. There are visibly deep and constant interactions between hotel guests and staff during service execution. Consequently, the possibilities of variation in service execution, in this case, become far-fetched as observed by Yilmaz (2010). Finally, consistent with Zainol *et al*. (2010), the results of the present study, therefore, demonstrate that it is possible for hotel guests to have different perceptions on different hotel service attributes, thereby generating variability in their ZoT.

The study postulated that service expectations do not significantly predict customer satisfaction. The hypothesis was not supported by the data indicating that service expectations indeed have a significant effect on customer satisfaction. The results of the study suggest that service expectations significantly predict customer satisfaction. Evidence from the study suggests that hotel guests visiting star rated hotels in Malawi are generally satisfied with positive service experiences which fall well within the acceptable zone of tolerance supporting the previous research (Gwynne *et al*., 2000; Zainol *et al.*, 2010; Zeithaml *et al*., 2013). The scholars argue that customers who enter the service experience with prearranged anticipations in their minds can leave with an "acceptable outcome". This means that, although a service may not meet expectations in all respects, customers are, however, ready to accept variations within a specified range of performance. The customers will still be satisfied with the outcome as the case in the present study.

One possible explanation of this apparent consistency between the results and literature could be related to the demographic status of the respondents. It could be assumed that since most of the hotel guests are on an official or business-related mission, perhaps they are usually placed on paid-up full board accommodation status by their organisations. There is a possibility that such organisations, may have a special agreement of some sort with the hotels on such aspects as group bookings and discounts. Hotel guests affected by such arrangements may not have much liberty to look for choices of accommodation as they attend to various business activities within and outside the designated hotels. As a result, their expectations of the hotel services may be dynamic based on their prior experiences and will always try to look for surprising frills in service delivery to make their experiences memorable. Furthermore, there is supporting evidence of recurrent visits to the star rated hotels suggestive of loyalty of the hotel guests; and increasing familiarity with the service provisions offered in the star rated hotels. Such sentiments resonate well with views that guests will often compare actual services and products with their prior expectations. They will be ready to tolerate variations within a certain range of service performance (ZoT) whilst still being contented with the outcome (Yuksel & Yuksel, 2001a; Zainol *et al.*, 2010).

Findings of the study may again further corroborate Oliver's (2010) standpoint that the information a customer receives during service encounters, is likely to affect the development and level of expectations. Regular guests (that is, the business guests as in the present study) may have a lot of spectacular expectations beyond what they already know about those hotels to the extent of significantly affecting their satisfaction. The hotels can offer them customised services beyond their expectations. Sometimes the hotels may make some dramatic and noticeable service improvements within a certain period. The service improvements may eventually play a significant role on individual-specific information sources of service expectations. These vary among customers, thus, leading to different customers expecting different levels of service in similar consumption set-ups (i.e., star rated hotels). Instances of individual-specific sources include subjective service philosophy,

personal needs, and perceived service alternatives (Zeithaml *et al*., 2013). Due to these varied individual-specific information sources of expectations, it is likely that levels of customer satisfaction will consequently vary, perhaps resulting in a net effect of increased satisfaction as was the case in the present study.

The study findings provide more confidence to the hotels to embark on service enhancement programmes of various service elements, especially those related to staff, to provide more competitive advantage based on the customer satisfaction levels. Regular training of staff is off essence to consistent service delivery. Nonetheless, star rated hotels need to look beyond staff elements and address all the other service shortfalls in the entire service delivery process. Moreover, most often when hotels attempt to obtain feedback from guests regarding hotel service quality, the point of focus is usually at the services or facilities already available.

The study may guide hotel practitioners in pinpointing specific hotel package aspects that are crucial in drawing out positive emotional responses, which may certainly influence client satisfaction. The study results are also of practical significance to hotel managers in rationalising resource use. This way it will guide them in identifying top priority hotel aspects that require further enhancement in line with customers' expectations. Hotel managers ought to closely monitor the more subjective service-related elements of the star rated hotels to build long-lasting relationships with their customers, who will eventually make the hotels more profitable. They should constantly improve various components of their service offer to enhance the quality of services that are central to customer satisfaction. Although hotel customers tend to be more demanding on the level of adequate hotel services, Nadiri *et al*. (2009) warn that it is improbable, in a real sense, to meet all the service quality expectations for all the hotel customers to guarantee their satisfaction. This is why the ZoT provides a realistic cushioning effect to allow hotel customers to adjust between adequate and desired service expectations. This is an important aspect all hotel practitioners should be aware of. They should be ready to manage it for the success of the business in the long run.

This study has raised several questions necessitating further investigation. First, this study merely focused on a single class of serviced accommodation (hotels) in the cities of Malawi; this subject matter itself rose up the subject of generality. Future research ought to look into the other types and categories of the serviced accommodation properties granted star ratings across Malawi to reduce generality concerns in relation to the findings. Secondly, the study focused on fourteen service-related items only and previous studies utilised the 22 (or perhaps more) traditional items of the SERVQUAL framework. Conceivably, future research ought to focus on more holistic and other emerging hotel practices, for instance, adherence or compliance to environmental sustainability issues. This is one of the areas fast-gaining attention of scholars and practitioners in customer satisfaction research. Such investigations need to establish whether customers have any prior expectations in relation to environmental issues in hotels. Consequently, any significant effects of these emerging trends may have on customer satisfaction may further be established.

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