Service climate and service behaviour to customer satisfaction: A multilevel study of Muslim-friendly hotel

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Abstract: Literature has emphasised on the importance of internal integration and external environment towards the quality of services. As Muslim-friendly hotels (MFH) are service organisations, this research aims to integrate the organisation, employee and customers who are involved in the service encounters. This research is purposely conducted to test the proposition that an employee's service climate determines the employee's service behaviour and consequently customer satisfaction. This cross-sectional multilevel study involved 25 MFH (n=25) with 5 employees and 5 customers for each organisation, employees (n=125) and employees (n=125). The finding revealed the organisational service climate had a positive and significant impact on individual employee's service behaviour. In short, the employees at MFH acknowledge the conducive working environment which can motivate them in delivering quality service (γ10 = 0.77, SE = 0.09, p-value<0.001). The result shows that MFH has provided a motivational environment to support service delivery. However, it is insufficient to lead to customer satisfaction in relation to the inconsistency of the other hypotheses.

Keywords: Muslim-friendly hotel; multilevel; employee; customer; satisfaction

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Introduction

MFH is a Muslim-friendly hotel offering various facilities to support the duty as a Muslim (Alserhan, 2010; Stephenson, 2014). Interestingly, even though MFH is established to merely target Muslims, it also attracts non-Muslim travellers (Rosenberg & Choufany, 2009). As Muslims are the MFH's target market, many academicians and practitioners come out with a variety of master plans in designing the appropriate concept of MFH to satisfy Muslims. Most of them include physical facilities such as bedroom, lobby, bathroom and Muslim employees (Crescent Rating, 2019; Salaamgateway, 2017; Salleh et al., 2014; SIRIM, 2015). Notwithstanding, most of the plans do not include the practicality of MFH's working environment and employees' behaviour towards customer satisfaction.

A synthesis study conducted by Oktadianaet al. (2016) reported that most of the MFH-related discussions emphasised on characterising the ideal features of MFH products, while the other topics remained overlooked. The concept of customer satisfaction is among the most powerful concept as it proves the collaborative effort led to several positive organisational performances such as increase sales, profit and cost savings (Eid & Abdelkader, 2017; Gayatri & Chew, 2013). However, it is also proven that physical appearance is not the only factor that leads to satisfaction (Bettencourt & Brown, 1997a; Wall & Berry, 2007).

Islam has shown a good example in the al-Quran to satisfy guests or customers. Referring to a host-guest relationship; this relationship encourages the host to kindly treat his/her guest. In the surah adh-Dhariyat (verses 24–27), the hospitable treatment is shown by Prophet Ibrahim in welcoming strangers or guests who came to his home by serving a roasted calf, Allah says: "Has there reached you the story of honoured guests of Abraham? When they entered upon him and said, "(We greet you with) peace." He answered, "(And upon you) peace, (you are) a people unknown. Then he went to his family and came with a fat (roasted) calf" (al-Quran 51:21–24).

This host-guest relationship expresses that Islam places great importance on the kind treatment and hospitality of guests and neighbours. While the host-guest relationship is familiar in Islam, a similar concept called social interaction is used by Western scholars. In a service organisation, services are relying upon human interactions via the organisation to the employee to the customer and explained through the Social Exchange Theory (Blau, 1964). This theory is among the influential theories in the work behaviour organisation. It has emerged in the literature since six decades ago. Although it may be considered as an old theory, the fundamental of this theory represents the working organisation. Theoretically, the organisation is accountable in setting up an ideal working environment that facilitates employees' behaviour and motivation (Schneider et al., 1998) and a service-oriented environment that must be aligned with customers' desires (Wall & Berry, 2007). In return, employees are responsible for delivering excellent services on behalf of the organisation (Bettencourt & Brown, 1997). Therefore, all three entities (companies, employees and customers) contribute to the sustainability of the service sector.

Since we propose to test the model of the internal and external environment in MFH, we adopt the service climate concept to represent the internal working environment in MFH. This concept is widely used to correlate between employees and customers in service settings (Schneider et al., 1980; Solnet, 2006). Specifically, the study aims to test the four-proposition that employees' service climate determines employees' service behaviour and consequently customer satisfaction, particularly in MFH. This study employs multilevel research design which includes organisational level (Level 2) and individual level (Level 1) to imi...
tate the complex organisation of MFH. Therefore, the Hypotheses propose:

Hypothesis 1: Service climate at the organisational level is positively related to customer satisfaction at the individual level.

Hypothesis 2: Service climate at the organisational level is positively related to service behaviour at the individual level.

Hypothesis 3: Service behaviour at the individual level is positively related to customer satisfaction at the individual level.

Hypothesis 4: Service behaviour at the individual level mediates the relationship between service climate at the organisational level and customer satisfaction at the individual level.

Service climate and customer satisfaction

While negative behaviour is the contradicting reaction from the positive service climate established in the service organisation.


tivation and customer satisfaction at the individual level.

Hypothesis 4: Service behaviour at the individual level mediates the relationship between service climate and customer satisfaction at the individual level.

Hypothesis 3: Service behaviour at the individual level is positively related to service behaviour at the individual level.

Hypothesis 2: Service climate at the organisational level is positively related to customer satisfaction at the individual level.

Hypothesis 1: Service climate at the organisational level is positively related to customer satisfaction at the individual level.

Service behaviour and customer satisfaction

Employees react on behalf of the organisation. Their behaviour mirrors the organisation's behaviour in satisfying customers, therefore, it affects the quality service delivery and satisfaction of the customers they serve (Bettencourt & Brown, 1997; Schneider & Bowen, 1993). As the one who directly deals with the customers, the employee's service behaviour has a significant impact on service performance which also affects customer satisfaction level. Previous studies found a positive and significant relationship between employee service behaviour and customer satisfaction. For instance, Liao and Chuang (2004) found service behaviour to be positively associated with customer satisfaction in the context of restaurants in the US. An article by Stocket al. (2017) also discovered a similar finding, but in various business organisations in Germany. Therefore, this study offers the following hypothesis:

Hypothesis 3: Service behaviour at the individual level is positively related to customer satisfaction at the individual level.

Service climate, service behaviour, and customer satisfaction

Previous studies suggest the mediation effect between climate, service behaviour and customer satisfaction. With X represents service climate, M represents service behaviour and Y represents customer satisfaction, the precondition of mediation testing is simplest form represents the addition of addition of third variable (M, mediator) to the relationship between X and Y (cf. James et al., 2006; Mathieu & Taylor, 2007; Preacher & Hayes, 2004).

The previous studies posited the positive and significant relationship between service climate and customer satisfaction (Auh et al., 2011; Martinez-Tur et al., 2011; Schneider & Bowen, 1985; Schneider et al., 2009, 1980, 1998), between service climate and service behaviour (Borucki & Burke, 1999; Zhang et al., 2011a) and between service behaviour and customer satisfaction (Liao & Chuang, 2004; Schneider et al., 2005). These findings fulfil the preconditions listed by the methodologist as above. Particularly, Liao and Chuang (2004) found service behaviour as a mediator in the relationship between service climate and customer satisfaction. So, this study assumes the following hypothesis:

Hypothesis 4: Service behaviour at the individual level mediates the relationship between service climate at the organisational level and customer satisfaction at the individual level.

Materials and Methods

Design and participants

This study employed a cross-sectional design with 125 employees and 125 customers from 25 MFH in Malaysia (with organisational response rate = 8%). Across-sectional study refers to a study by which data are collected at a particular time only.
service (Bettencourt & Brown, 1997b), \( \alpha = 0.924 \). Similar to customer service (Bettencourt & Brown, 1997b), \( \alpha = 0.930 \). Meaness-items. We examined in-role using 5-item role-prescribed customer service (Bettencourt & Brown, 1997b), \( \alpha = 0.924 \). Similar to the service climate scale, responses were on a 5-point scale, with 1 (strongly disagree) to 5 (strongly agree) were used, with a midpoint, neither agree nor disagree. All of these items were treated as level 1, asking an individual employee’s behaviour.

**Customer satisfaction**

We used customer satisfaction using nine items that were adapted from Oliver, (1980); Susskind et al., (2003), e.g., “I feel satisfied with this employee performance”. Responses were on a 5-point scale, 1 (strongly disagree) to 5 (strongly agree), \( \alpha = 0.973 \).

**Aggregation procedures**

Prior to data aggregation, few data examinations were needed to justify the needs of data to aggregate to a higher level. This was assessed within-group agreement (\( r(\text{wg}) \)) (James et al., 1984), intraclass correlation (ICC(1)) and F value from analysis of variance (ANOVA) (Mathieu & Taylor, 2007). The results confirmed strong level \( r(\text{wg}) = 0.893 \), (SD =0.65) (Biemann et al., 2012). In addition, ICC (1) = 0.93 and the F value >1 justify aggregating the service climate measure to the organisational level.

**Hypothesis testing**

As the study employed the multilevel nature of the data, the data were then analysed using hierarchical linear modelling (HLM); HLM 7.03 software (Raudenbush & Bryk, 2002). This study involved two levels, Level 2 represents organisational data and Level 1 represents individual data.

This study used multilevel data that involve data from organisational and individual levels. The general concept that individuals (in this case; employees) interact with the social contexts (i.e., unit, department, organisation) to “which they belong, meaning that individuals are influenced by the social contexts to which they belong and the properties of those groups are in turn influenced by the individuals who make up that group” (Hox & Maas, 2002, p. 2). Multilevel scholars explicitly recognised this situation that lower-level entities are nested/dependent within higher-level collectives such as teams (Mathieu & Taylor, 2007; Aguinis et al., 2013).

In this study, multilevel data assist the researcher to seek shared perceptions among employees regarding the service climate and to capture the nested complexity of real organisation life (Mathieu & Taylor, 2007). In fact, the definition of service climate which is “shared perceptions of employees concerning the practices, procedures and kinds of behaviours that get rewarded and supported in a particular setting” (Schneider et al., 1998) shows that this variable is measured by employees’ perceptions. This relationship is then linked to the individual perception of customers, particularly on their evaluation of customer satisfaction.

**Results**

Table 1 indicates the intercorrelations of variables at both the organisational and individual levels. The result suggests that they are different constructs.

This study found a significant \( \chi^2 \) for each lower-level variable, indicating that the percentage of between-team variance is sufficient to justify the examination of between-group predictors of the dependent measure customer satisfaction, 10%, \( \chi^2(25) = 310.87, p < .001 \); and the mediators, service behaviour, 4%, \( \chi^2(25) = 242.60, p < .001 \). These results signify that there is potential for cross-level influences on all three individual-level variances, and
the service behaviour and service quality are potential mediators of cross-level effects.

Hypothesis 1, that service climate is positively related to customer satisfaction, $= 0.003$, $SE = 0.08$, $p$-value $= 0.964$ (see random intercept fixed slopes; Table 2) showing the Hypothesis 1 was not supported.

Hypothesis 2, that service climate is positively related to service behaviour, $= 0.77$, $SE = 0.09$, $p$-value $< 0.001$ (see random intercept model; Table 3, Model E) confirming Hypothesis 2.

Hypothesis 3, that service behaviour is positively related to customer satisfaction, $= -0.03$, $SE = 0.10$, $p$-value $= 0.724$ (refer to random intercept model, Table 2, Model B), indicating the Hypothesis 3 was not supported.

Hypothesis 4, that service behaviour mediates the relationship between service climate and customer satisfaction. It is noted that if the direct path is not significant, there is no mediating effect (Hair, Hult, Ringle, & Sarstedt, 2014). Therefore, it failed to support H4.

Discussion

Surprisingly, the results were different from the previous literature except for Hypothesis 2, organisational service climate and individual employee service behaviour. Otherwise, the results indicated a negative relationship.

In Hypothesis 2, it was proven that employees were satisfied with the working environment which MFH facilitates. This result was expected as it aligned with an abundance of research previously (Borucki & Burke, 1999; Jiang et al., 2016; Liao & Chuaung, 2004; Mechinda & Patterson, 2011; Zhang et al., 2011b). While most of the previous research have been conducted in various service organisations in different countries, this study also found a replicative finding. Here, the findings show the employees valued MFH as a conducive working environment in which their work roles are valued (positive service climate); it also leads to motivation for the employees to behave appropriately in serving the customers.

However, the findings for the other hypotheses were found to be contradictory with the assumptions based on most of the previous studies. Hypothesis 1 showed employees’ shared perceptions of service climate towards customer satisfaction, and Hypothesis 3 showed employees’ perception of service behaviour towards customer satisfaction were found to be insignificant. In addition, the mediation proposed in Hypothesis 4 was found to be insignificant. As mentioned in the introduction section, this kind of study has not got enough attention to Malaysia’s tourism industry. Therefore, the assumption of propositions was made based on the studies which were mostly conducted in the West. In a study conducted by Razalli et al. (2013) in a Malaysian hotel context, management responsibility was also found insignificant towards hotel performance. This study also shows that the internal working environment of MFH (i.e. service climate) does not have such an influential impact on a hotel’s service performance.

These contradictory results can be explained by several possible explanations. This study specifically focuses on the MFH which implements the concept called Muslim-friendly. This implementation may arise the expectations of the customers as compared to the conventional hotel (Battour et al., 2012). Due to the reason that the hotel’s sector involves labour-intensive, customer satisfaction may be evaluated and highly dependent on the behaviour of employees (Zailani et al., 2011). In addition, due to the fact that MFH is still at its early stage (Yusof & Muhammad, 2013), MFH is assumed to be at the position of finding the accurate way of entertaining employees and customers. As noticed, most Halal-related articles are emphasizing too much on appropriate facilities, but the customer satisfaction issue is also equally important is received inadequate attention.

These findings bring the new angle of thinking towards Muslim-friendly services in hotels. This study offers a different angle of view on how the relationship of employee-customer may affect the performance of MFH.

Conclusion

This research introduces a new paradigm to help the MFH industry develop. This research provides strong evidence that the working environment is able to motivate their service behaviours towards delivering services. This kind of environment facilitates employees to becoming more committed to the assigned task. Once employees are happy, they will perform the best in their career and this also may benefit the hotel providers. Good organisational management and harmonic environment may be very important in maintaining a sustainable working condition for employees. Notwithstanding, this behaviour is recorded to be inadequate to satisfy customers’ needs and wants for Muslim-friendly services in relation to the inconsistent findings of the other hypotheses.

Overall, this research contributes to the current body of knowledge in the exploration into employees’ and customers’ perceptions of MFH service encounters in Malaysia. In relation to some findings were inconsistent with those in the literature, therefore, this research suggested several future suggestions. First is by using other methods such as interviews. Secondly, using a larger sample size especially for the upper level. Thirdly, consider using climate strength, Fourthly, differentiate categories in the MFH.

Conflict of Interest

The authors declare that there is no conflict of interest in this work.

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