



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH
Volume 11 Issue 1 Version 1.0 February 2011
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
ISSN: 0975-5853

How to Manage Guest Complaints: Global Implications from Hong Kong Hoteliers

By Erdogan H. Ekiz, Neethiahnathan A. Ragavan, Kashif Hussain

Tourism Taylor's University

Abstract- In today's competitive business environment most, if not all, of the service companies aim at satisfying their customers to the fullest extent. However, mistakes and/or failures are prevalent incidences in service businesses particularly in hospitality industry. What distinguishes the few successful companies from the rest is their dedication to hear their customers' complaints. Seeing complaining customers as 'problem creators', not paying attention to their problems and failing during recovery attempt cause considerably significant losses in today's business environment. In this sense, receiving complaints and recovering these failures are vitally important for service companies in general and for hotels in particular. Given that customers' evaluations of organizations' responses to their complaints in service encounters are important elements of their satisfaction judgments and loyalty intentions, it is imperative for hotel managers to have well-established service recovery systems. Thus, this study attempts first to find out the current complaint handling practices in Hong Kong hotel industry, a well-performing destination in complaint handling, and second to highlight factors influence organizational responses to guest complaints. Results indicate important issues which should be benchmarked by hoteliers around the world.

Keywords: *Complaint Management, Benchmarking, Global Lessons, Hotels, Hong Kong.*

Classification: *GJMBR-A FOR Classification: 150503*



HOW TO MANAGE GUEST COMPLAINTS GLOBAL IMPLICATIONS FROM HONG KONG HOTELIERS

Strictly as per the compliance and regulations of:



How to Manage Guest Complaints: Global Implications from Hong Kong Hoteliers

Erdogan H. EKIZ, Neethiahnathan A. RAGAVAN, Kashif HUSSAIN

Abstract- In today's competitive business environment most, if not all, of the service companies aim at satisfying their customers to the fullest extent. However, mistakes and/or failures are prevalent incidences in service businesses particularly in hospitality industry. What distinguishes the few successful companies from the rest is their dedication to hear their customers' complaints. Seeing complaining customers as 'problem creators', not paying attention to their problems and failing during recovery attempt cause considerably significant losses in today's business environment. In this sense, receiving complaints and recovering these failures are vitally important for service companies in general and for hotels in particular. Given that customers' evaluations of organizations' responses to their complaints in service encounters are important elements of their satisfaction judgments and loyalty intentions, it is imperative for hotel managers to have well-established service recovery systems. Thus, this study attempts first to find out the current complaint handling practices in Hong Kong hotel industry, a well-performing destination in complaint handling, and second to highlight factors influence organizational responses to guest complaints. Results indicate important issues which should be benchmarked by hoteliers around the world.

Keywords: *Complaint Management, Benchmarking, Global Lessons, Hotels, Hong Kong.*

I. INTRODUCTION

The growing awareness of consumerism and its concomitant consequence of consumer complaints have made it challenging competing companies to acquire and retain a pool of loyal and profitable customers. Moreover, even though most of the companies aim at satisfying their customers to the fullest extent, mistakes and failures are frequent occurrences in service businesses as is the case in hospitality industry. When the inseparability characteristic and labor-intensive nature of the services added on top of these, providing services with zero defects is a rigid and unrealistic target. As Zemke and Bell (2000) adequately put forward, in the quest to provide high quality, cutting-edge, customer-pleasing services, mistakes do happen through no fault of the

customer or service provider. While companies may not be able to prevent all mistakes and failures, they can and must learn how to recover from these problems (Hart, Heskett and Sasser, 1990). What distinguish the few successful companies from the rest are their own efforts to reach out to their customers and hear their complaints (Andreassen, 2000). Not paying attention to customer complaints may cause considerable losses in today's business environment (Nadiri and Hussain, 2005; Yuksel and Yuksel, 2008).

Service companies in general, hotels in particular have been increasingly encouraging their customers/guests to voice their complaints directly to them since these complaints are chances given to alter what is going wrong in the provision of service (Blodgett, Hill and Tax, 1997). Once guests decide to complain, hoteliers have to be well prepared in both tangible (structure, employees, procedures etc) and intangible (prejudgments, skills etc) ways to offset the guests' negative reaction to the service failures. To do so, all the necessary actions should be taken by companies to move a customer from a state of disappointment to a state of satisfaction (Bell and Ridge, 1992).

Guests' evaluations of organizations' responses to their complaints in service encounters are important elements of complaint management, which, if well handled, can lead to guest satisfaction and long-term loyalty. In order to ensure this, hoteliers should have clear understanding of importance and necessity of guest complaints, be focused and committed to guests needs, have a clear, practical yet comprehensive complaint handling procedures and have trained and motivated employees to deal with complaining guests (Day *et al.*, 1981; Kowalski, 1996; Blodgett and Anderson, 2000; Hedrick, Beverland and Minahan, 2007).

Above discussion plainly shows that receiving complaints and recovering these failures are vitally important for service companies in general (Christiansen and Snepenger, 2002) and for hotels in particular (Ekiz and Au, 2009). Given that customers' evaluations of organizations' responses to their complaints in service encounters are important elements of their satisfaction judgments and loyalty intentions (Chebat, Davidow and Codjovi, 2005), it is imperative for hotel managers to have well-established service recovery systems. Thus,

About- Graduate School of Hospitality and Tourism Taylor's University, Lakeside Campus, No. 1, Jalan Taylor's, 47500 Subang Jaya, Selangor Darul Ehsan, Kuala Lumpur, Malaysia.

Emails: erdogan.ekiz@taylors.edu.my, erdogan.ekiz@gmail.com
Webpages: www.taylors.edu.my www.ib-ts.org

this study attempts first to find out the current complaint handling practices in Hong Kong hotel industry, a well-performing destination in complaint handling (Ekiz, 2009), and second to highlight factors influence organizational responses to guest complaints. First Hong Kong hotel industry will be briefly introduced. Followed by literature review which will include; some basic definitions of study constructs and linkages found in previous studies. After proposed hypotheses and conceptual model, basic methodological issues will be addressed. Finding, discussion and conclusion sections will be followed by implications to hoteliers based on research findings. Lastly, limitation and venues for future studies will be given.

II. LITERATURE REVIEW

1) *Hotel Industry in Hong Kong*

Hong Kong, with a total area of 1,092 square kilometers, is about 70 miles southeast of the southern Chinese city of Guangzhou. The territory consists of Victoria (commonly known as Hong Kong Island), the Kowloon Peninsula, the Lantau Islands, and more than 200 small other islands (Lloyd, Lopa and Braunlich, 2000). There are approximately seven million people (95% Chinese) living in Hong Kong (<http://partnernet.hktb.com>).

In, overall tourism arrivals to Hong Kong reached 29,590, 654 with a steady rise compared with the 2008 figures (HKTb, 2010a). Furthermore, figures released by the Hong Kong Tourism Board show an outright record of 16,856,016 visitor arrivals to Hong Kong in the first six months of 2010. The figure represented not only a year-on-year increase of 23.1%, but also the highest half-yearly figure ever recorded. Also reaching a new mark was the arrival figure for the month of June, which increased by 43.5% to reach 2,619,722 (HKTb, 2010b).

"The rapid growth of the tourism industry in Hong Kong in 1990s and early 2000s stimulated the rapid development of the local hotel industry" (Law and Jogaratman, 2005, p. 171). Hong Kong Tourism Board (HKTb) classified its members into three categories based on their tariff levels and staff-to-room ratio. Qu, Ryan and Chu (2000, p. 66) provided detailed information about this classification "...High-Tariff A hotels as those with a room tariff above HK\$ 2,400 (US\$ 300) and with a staff-to-room ratio of 1.60 or above; High-Tariff B hotels with a room tariff between HK\$ 1,750 (US\$ 225) and HK\$ 2,400 (US \$300) and with a staff-to-room ratio between 0.97 and 1.60; and Medium-Tariff hotels with a room tariff below HK\$ 1,750 (US \$225) and with a staff-to-room ratio of 0.97 or below". By May 2010, there are 142 hotels in operation. The number of hotel rooms has increased over the years to reach 62,423 in May 2010 with the occupancy rates 83

percent with 3.57 nights as average length of stay (HKTb, 2010b).

Law and Hsu (2006, p. 308) underlined the importance of hotels for the Hong Kong tourism industry by stating "...hotel expenses are one of the major sources of tourism receipts in most tourist receiving destinations...hotel expenditure is the second largest source of income for the tourism industry...". Furthermore, Yeung and Law (2003; 2006) highlighted that hotels in Hong Kong are doing well in terms of meeting visitors' expectations as well as basic usability criteria they are performing well regardless of their classification.

2) *Theoretical Framework*

The primary objectives of companies in any industry are to develop and provide offerings that satisfy their customers' needs and expectations, in doing so ensuring their economic survival. Companies offering services in general and hotels in particular are no exemptions. In order to acquire and retain a pool of loyal and profitable customers, many hotels centered their attention on providing a flawless high quality service to their customers (Kotler and Armstrong, 2006). Nonetheless, mistakes and failures are frequent occurrences in hotels as service companies (Babakus *et al.*, 2003). Hoffman and Bateson (2006) argue that because of the unique characteristics that distinguish services from goods, failures are inherent events in service encounters, yet companies should recover these failures in the best possible way.

A synthesis of the related literature shows that how organizations respond to customer complaints (Davidow, 2000; Karatepe and Ekiz, 2004) is associated with whether; they are focused and/or committed to their customers' needs and wants (Firnsthahl, 1989; Barlow and Moller, 1996), they have prejudgments towards complaining customers (Bitner, Booms and Tetreault, 1990; Boden, 2001), they understand the general importance of complaint management (Heskett, Sasser and Schlesinger, 1997; Barlow and Maul, 2000), they have an effective organizational structure to handle these complaints (Diener and Greyser, 1978; Zeithaml, Bitner and Gremler, 2006), their systems, policies and procedures of complaint management are capable to deal with customer complaints (Gilly and Gelb, 1982; Zemke and Bell, 2000), their actual complaint handling practices are proper or not (Hart, Heskett and Sasser, 1990; Tax, Brown and Chandrashekar, 1998) and they have required skilled and trained human resources to solve complaints (Hoffman, Kelley and Rotalsky, 1995; Liao, 2007). These issues are described and linked to the organizational responses, in the following section.

a) *Guest Focus and Commitment*

Companies must understand customer needs and wants to satisfy, if not delight, them. Tocquer and Cudennec (1998) stated that although it is easy to define customer focus it can be challenging to make it real and meaningful since to do it well all the resources and operating systems need to be driven by customer needs and expectations. In other words, companies should give the top priority to satisfy their customers. In order to do so, companies should put themselves in the customers' shoes to spot and solve potential problems before their customers even aware of them (Firnsthahl, 1989; Zemke and Anderson, 2007).

Another indicator of a customer focused and committed company is how they make complaining easy for their customers. Since complaints are gifts (Barlow and Moller, 1996) and must be seen as opportunities given to companies to correct their mistakes (Cranage, 2004), companies need to go the extra mile to make complaining easy (Gilly and Hansen, 1985). Welcoming complaints creates a positive environment where companies become more open to respond their customers' complaints (Davidow, 2003a). Furthermore, once the customer problem is reported and solved successfully, corrective actions need to be taken to prevent the reoccurrence of that particular failure. By doing so, company can avoid future dissatisfaction and complaints (Zemke, 1993) which is a sign of their focus and commitment towards their customers / guests, in the hospitality setting. Focusing on guests also increases the efficiency of organizational responses that will be offered to the customer when the next failure occurs. Based on the preceding discussion, following hypothesis is proposed:

H_1 : Guest focus and commitment will have a significant positive relationship with organization's responses to guest complaints.

b) *Prejudgments towards Guest Complaints*

Many managers cultivate and maintain some kind of presumption towards customers who voice their dissatisfaction. Barlow and Maul (2000) noted that many companies try to distance themselves from hearing bad news or attempt to eliminate complaints all together. Furthermore, Barlow and Maul (2000) claimed that even some managers become schizophrenic about complaints where they have strong prejudgments towards complaining customers. When the managers have prejudgments towards the communication of complaints, this will have serious negative effect on formulation of complaint handling policies and guidelines of organizational responses (Stauss and Seidel, 2004).

The most obvious indicators of prejudgments are; seeing complainers as adversaries and/or grumblers, having the belief that number of complaints

should be minimized which is usually followed by the certainty that low number of incoming complaints is a good sign (Plymire, 1991; Stauss and Seidel, 2004). When managers have these kinds of prejudgments, they not only affect their peers and employees negatively but also create unwritten guidelines that discourage company to take constructive steps while responding to customer complaints (Kotler, Bowen and Makens, 1999). Above discussion leads to the following hypothesis:

H_2 : Prejudgments towards guest complaints will have a significant negative relationship with organization's responses to guest complaints.

c) *Understanding of the Importance of Complaints Management*

Having an effective complaint management is important in retaining customers when problems occur and winning their loyalty. Beyond the opportunity for recovery, complaints also provide an opportunity to gather information that can be disseminated and used throughout the organization for product modification, service enhancements, and preventative measures (Gursoy, Ekiz and Chi, 2007). To do this right, everyone in the company should have the understanding of the importance of complaints as a quality improvement tool. Thus, company should consider handling complaints to be an investment not expenditure and encourage guests to register their complaints instead of taking their businesses to competitors (Heskett, Sasser and Schlesinger, 1997; Kotler, 2003).

Management initiatives and resources devoted to capturing and responding to complaints serve as one indicator of understanding the importance and necessity of complaint management. Consequently, affects how company reacts and responds to customer complaints (McAlister and Erffmeyer, 2003). Thus, the following hypothesis is proposed:

H_3 : Understanding of the importance of complaints management will have a significant positive relationship with organization's responses to guest complaints.

d) *Organizational Structure*

A company's structure is an important element in both physical, being visible to approach, and operational, how many administrative levels must a registered complaint need to travel until it reaches to management. The more complicated the formal structure is, the less number of complaints registered and solved successfully (Grönroos, 2007). No doubt that the way a company organized can make it easy for customers to reach the right individual or area when they have a complaint or question (Davidow, 2003b; Karatepe, 2006). Having well structured departments/divisions makes responding guest complaints easier and more efficient which are

necessary in providing effective organizational responses. This is true also when inter-organizational communication, among departments and/or individuals, is concerned while dealing complaints (Bell, Zemke and Zielinski, 2007). Therefore, it will not be misleading to argue that a well structured organization is more likely to provide better solutions to guests' problems. Hence, the following hypothesis is proposed:

H₄: Effective organizational structure will have a significant positive relationship with organization's responses to guest complaints.

e) *System, Policy and Procedures of Complaint Management*

Given that complaint-handling process is a strategic tool, service organizations need to establish appropriate complaint mechanisms, systems and procedures (Blodgett, Hill and Tax, 1997). To make full use of this strategic tool, an effective complaint management system should be developed which should be tailor-made by considering the customer profile, company mission, industry specifications etc. Boden (2001) suggested that a successful complaint policy should be; easy to understand, simple to implement and effectively communicated to all staff. Grönroos (2007), taking this one step further, recommended that the complaint procedures should be as unproblematic and free from bureaucracy as possible, given the fact that companies should make the complaining process very easy not to further frustrate complaining customer. It is always good to have written policies to handle different levels of complaints in creating a consistency among each occurrences as well as train employees (Suh *et al.*, 2005). Another advantage of having predetermined and communicated policies and procedures is assisting the complaint handling process in providing clear guidelines for employees in providing responses to complaining customers (Susskind *et al.*, 2000). This discussion suggests the following hypothesis:

H₅: Clear system, policy and procedures of complaint management will have a significant positive relationship with organization's responses to guest complaints.

f) *Handling the Complaints*

Understanding the importance of guest complaints, not having prejudgments or having a system and written procedures may not be enough to solve the guest problem unless their complaints properly handled. Yim *et al.*, (2003), consisted with Hui and Au (2001), recommended timely and fair solution as fundamental components of complaint handling. Brown (1997) suggested that in case of delays in complaint resolution, reasons and justifications should be provided to guests. A proper explanation of the situation may

prevent further annoyance of the guest who is already feeling frustrated, angry or even hurt.

Although having procedures are very important while dealing with complaining guest, companies should not be rigid as analyzing specific the situations. In other words, as they are reacting to guest complaints, individual circumstances of each case need to be taken into account (Etzel and Silverman, 1981; Fornell and Wernerfelt, 1988). This flexibility may create a positive environment in which guests may be more willing to cooperate in the solution of their complaints. Above discussion leads to the following hypothesis:

H₆: Proper handling the complaints will have a significant positive relationship with organization's responses to guest complaints.

g) *Human Resource Aspect of Complaint Management*

Due to the inseparability characteristic of the services; production and consumption cannot be separated in services, human interaction becomes very important during the complaint handling. Bitner, Booms and Tetreault (1990) claimed that the way a complaint is handled is the most important determinant of complainants' outcome perceptions of recovery. In labor-intensive industries, such as tourism and hospitality, companies should spend extra effort on selecting the suitable frontline employees and training them with complaint handling skills (Gilly, 1987; Olsen, Teare and Gummesson, 1996).

Empowerment is another central issue in complaint management which is neglected most of the time. Due the facts that faster the problem solved the more customers satisfied (Davidow, 2000) and employees represent the company (Zemke and Bell, 2000), they are expected be as efficient as possible in solving problems. Similarly, Boshoff and Leong (1998) affirmed that empowerment can contribute towards the speedy solving of customer problems and reduce the raised tension between customer and the company. For instance, while handling a complaining guest, a frontline employee should be allowed to make value-added atonement gestures, such as offering discounts or free services, without special permission from their seniors or managers (Strauss and Seidel, 2004). Therefore the following hypothesis is proposed:

H₇: Effective human resource management will have a significant positive relationship with organization's responses to guest complaints.

h) *Organizational Responses to Guest Complaints*

Examination of the related literature demonstrates that much of the recovery studies are based on anecdotal evidence (Firnstahl, 1989; Hart, Heskett, and Sasser, 1990; Zemke and Bell, 2000). Specifically, several studies suggested actions such as

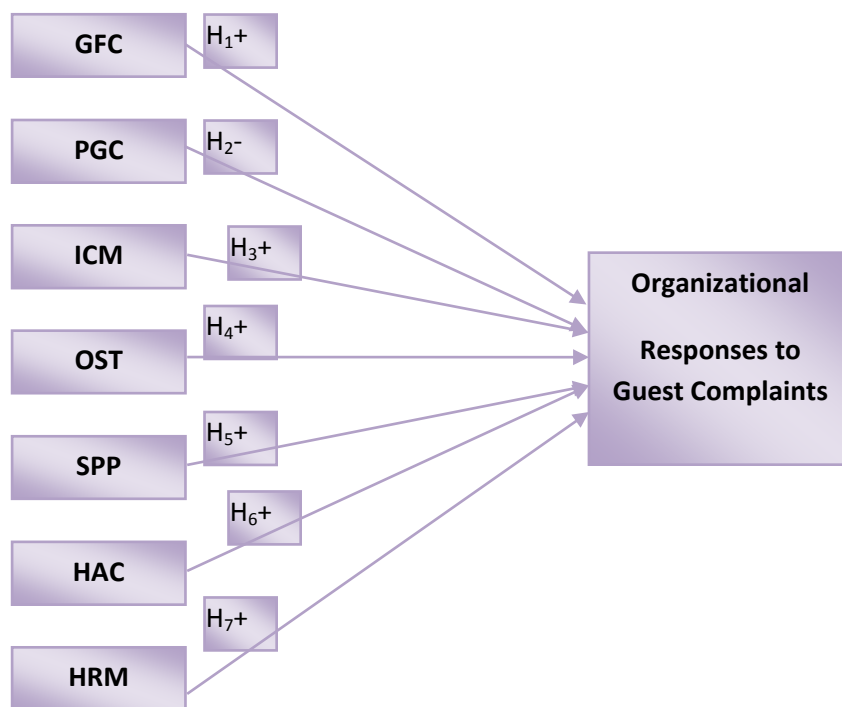
listening, apologizing, providing a speed solution, keeping promises, explaining the failure and providing a tangible token of atonement (Kelly, Hoffman and Davis, 1993; Bitner, Booms and Mohr, 1994; Hoffman, Kelley and Rotalsky, 1995). Previous studies suggested a number of service recovery attributes or *organizational responses*, which may assist in handling guest complaints (Blodgett, Wakefield and Barnes, 1995; Tax, Brown, and Chandrashekar, 1998; Boshoff, 1999; Smith, Bolton and Wagner, 1999; Davidow, 2000; Ekiz, 2003; Yavas *et al.*, 2004; Gursoy, Ekiz and Chi, 2007). These common attributes are apology, explanation, effort, redress, facilitation, attentiveness, and promptness.

Apology refers to a psychological exchange, what is offered in exchange for an inconvenience or problem customers faced. *Explanation* basically refers to information given by a service provider about why the problem occurred. *Promptness* represents the fairness of the organization in responding to customer complaints on a timely manner. *Attentiveness* is the interaction and communication between a company

staff and a complainant. *Effort* refers to the force, energy, or activity by which work is accomplished. *Facilitation* refers to the policies, procedures, and tools that a service firm has in place to support customer complaints. *Redress* refers to the fair settlement or fix of a problem that arise between a company and a customer (Diener and Greyser, 1978; Kincade, Redwine and Hancock, 1992; Blodgett, Wakefield and Barnes, 1995; Boshoff and Leong, 1998; Dunning and Pecotich, 2000; Davidow, 2003a; Karatepe, 2006; Ekiz and Arasli, 2007).

Below Figure 1 shows the seven hypothesized relationships between complaint related variables, namely 'guest focus and commitment - H_1 ', 'prejudgments towards guest complaints - H_2 ', 'general importance of complaints management - H_3 ', 'organizational structure - H_4 ', 'system, policy and procedures of complaint management - H_5 ', 'handling the complaints - H_6 ' and 'human resource aspects of complaint management - H_7 ' and 'organization's responses to guest complaints' variable.

Figure 1: Conceptual Model and Hypotheses



III. METHODOLOGY IN BRIEF

To reach above-mentioned aims and test the hypotheses, self-administrated questionnaires were sent to hotel managers or front office managers, as most of the time they are involved in guest complaints, who are listed in the most recent edition of the Hong Kong Hoteliers Association's member list (HKHA, 2009). By using the judgment that, HKHA members represent the

majority of the hotel managers in Hong Kong, researchers target all the members without using any sampling criterion. By collecting data from hoteliers, this study provides some useful insights about the important phenomenon that is mostly studied from the customers' point of view. One hundred and twenty-one questionnaires were sent to the managers. In order to ensure a high rate of return prepaid envelopes also were included to the sent mails. With the intention to further increase the response rate follow-up emails were sent to

the non-responding hotels to request their contribution, as suggested by Parasuraman (1982). Between November and December 2009, 89 questionnaires were received of which 86 of them were found to be usable. This number corresponds to a response rate of 69.9%. Descriptive analyses (Hair, Money, Samouel and Page, 2007) were carried out by using Statistical Package for the Social Sciences (SPSS) for Windows version 16.0.

Apart from the basic hotel information, 44 Likert scale questions were included in the questionnaire (Likert, 1932). The breakdown of these questions according to the study dimensions is as follows: guest focus and commitment (4 questions), prejudgments towards guest complaints (4 questions), importance of complaints management (5 questions), organizational structure (4 questions), system, policy and procedures of complaint management (5 questions), handling the complaints (6 questions), human resource aspects of complaint management (9 questions) as independent variables and organizational responses to guest complaints (7 questions) as dependent variable. These dimensions were borrowed from Ekiz (2009) who collected his data in 2007 to compared Hong Kong and North Cyprus hotel industries. Present research, after two years, investigates the current situation and provides benchmarking point to hotel managers by using Hong Kong as a successful case.

IV. RESULTS

Descriptive analyses were carried out by using Statistical Package for the Social Sciences (SPSS) for Windows version 12.0. Simple frequency distributions were computed for each of the questions. Results of the frequency test revealed that more than, forty percent (45.6 %) of the respondent hotels in Hong Kong are luxury hotels. As consistent with Law and Jogaratham's (2005) observation, respondent hotels in Hong Kong are generally large in scale, more than 300 rooms (74.3 %).

Almost seventy percent (71.3 %) of the hotels in Hong Kong primarily serve business travelers.

Respondent hotels were also asked two questions about their basic guest complaint practices; in general who deals with guest complaints and approximately how many complaints they receive in a month. Consistent with Ekiz (2009), results revealed that managers or supervisors deal with the majority of the guest complaints (67.8 percent) in Hong Kong. Hoteliers reported that approximately they receive less than 10 guest complaints in a month.

Churchill (1979) and Parasuraman, Zeithaml and Berry (1988) suggested that before testing hypotheses in any quantitative study exploratory factor analysis (EFA) through Cronbach's alpha coefficient and item-to-total correlations should be performed to verify the factorial structure, reliability and consistency of the instrument used. Researchers are encouraged to eliminate any items even dimensions/factors that are not fitting in the theoretical model. In the case of present study, 32 items developed by Ekiz (2009) were found to be consistent, reliable and valid.

As can be seen from Table 1, the values of the coefficient alpha ranged from 0.75 to 0.91 for eight factors which are above the cut-off value (0.70) recommended by Nunnally and Bernstein (1994). When the whole items in the survey instrument are considered, coefficient alpha value found to be 0.892, well above the suggested figure of 0.70. As for the reliability coefficients for each variable in the model depicted in Figure 1, coefficients alphas for guest focus and commitment, prejudgments towards guest complaints, general importance of complaints management, organizational structure, system, policy and procedures of complaint management, handling the complaints, human resource aspects of complaint management and organizational responses to guest complaints found to be 0.75, 0.84, 0.82, 0.85, 0.87, 0.75, 0.91, 0.90 respectively.

Table 1: Scale Items, Reliabilities, Corrected Item-Total Correlations and Mean Scores

Scale Items		Corr ^a	Mean ^b	α
Guest Focus and Commitment (GFC)		4.56	0.75	
1. The goal of guest satisfaction is the top priority in our hotel.	0.76	4.77		
2. It is not at all unusual to spot and solve potential problems before the guests are even aware of them.		0.70	4.26	
3. We make it easy to complain.	0.67	4.49		
4. When a guest complaint is recovered we do our best to prevent the reoccurrence.		0.71	4.70	
Prejudgments towards Guest Complaints (PGC)		3.97	0.84	
1. Our guests are satisfied. The low number of incoming complaints proves it.		0.64	4.63	
2. The number of complaints should be minimized.		0.75	4.61	

3. Guests who complain are adversaries.	0.82	2.12
4. The majority of guests who complain are grumblers.	0.70	4.50
General Importance of Complaints Management (ICM)		4.54 0.82
1. Assisting guests' complaints is a clear priority in our hotel. 0.71		4.62
2. Everyone in our hotel understands that retaining current guests every bit as important as gaining new one.		0.72 4.61
3. We need to get complaints to improve our service quality. 0.74		4.33
4. We encourage guests to complain to us when they are dissatisfied since we believe that these are opportunities to recover our failures. 0.81		4.58
Organizational Structure (OST)		4.35 0.85
1. The way our hotel is organized makes it easy for guests to reach the right individual or area when they have a complaint or question. 0.75		4.03
2. Our guests do not need making multiple contacts to report their complaints. 0.72		4.62
3. Our organizational structure makes it easy for employees to solve customer complaints quickly. 0.83		4.68
4. There is a good teamwork between individual employees when handling guest complaints. 0.72		4.06
System, Policy and Procedures of Complaint Mgmt. (SPP)		4.87 0.87
1. Our hotel has a policy of asking guests what they expect from us when problems occur. 0.74		3.77
2. In our hotel there is an established structure of compensation to handle complaints. 0.72		3.51
3. In our hotel, there are well-structured standard forms and/or software interface for complaint recording. 0.73		4.02
4. We accept complaints on our hotels website. 0.75		4.19
Handling the Complaints (HAC)		4.54 0.75
1. All accepted complaints are forwarded to the responsible units/departments quickly. 0.77		0.75 4.51
2. Complainants usually receive a fair solution to their problems. 0.77		4.67
3. In case of delays in complaint resolution, reasons and justifications are provided to guests. 0.79		4.61
4. Received complaints are analyzed on a regular basis by mgmt. 0.82		4.38
Human Resource Aspects of Complaint Mgmt. (HRM)		4.46 0.91
1. Our hiring criteria for front-line employees emphasize "working with guests" skills. 0.76		0.74 4.27
2. We train our guest contact employees in dealing with complaints. 0.76		4.33
3. Our employees are usually coached by their seniors or managers in service recovery skills. 0.88		4.41
4. Our frontline employees are allowed to make value-added "atonement" gestures without special permission from their managers. 0.81		4.82
Organizational Responses to Guest Complaints (ORE)		4.68 0.90
1. We always give a genuine apology to our complaining guests. 0.77		4.69
2. We always explain our guests why the problem occurred. 0.82		4.61
3. Our employees pay attention to guest concerns. 0.74		4.75
4. Our employees treat our guests with respect. 0.73		4.68

Notes: ^a refers to Corrected Item-Total Correlations. α refers to coefficient alpha scores. Overall $\alpha = 0.892$. ^b refers to mean scores of each item. Each item is measured on a five point Likert scale where 1 = 'strongly disagree' to 5 = 'strongly agree' (Likert, 1932).

The regression analysis is employed to test the hypothesized relationships. Regression analysis can be defined as “statistical technique used to derive an equation that relates a single criterion variable to one or more predictor variables; it considers the frequency distribution of the criterion variable, when one or more predictor variables are held fixed at various levels” (Churchill and Iacobucci, 2002, p. 981).

Multiple regression analysis was carried out to test the hypothesized relationships. Guest focus and commitment, prejudgments towards guest complaints, general importance of complaints management, organizational structure, system, policy and procedures of complaint management, handling the complaints and human resource aspects of complaint management were taken as independent variables and organizational responses to guest complaints as the dependent

variable. The results in Table 2 demonstrate that regression analyses were first confirmed by testing the assumptions of normality, linearity, Homoscedasticity, and independence of residuals (Tabachnick and Fidell, 1996). In addition, there is no evidence of Multicollinearity problem, meaning that each conditioning index is lower than 30, and at least two variance proportions are lower than 0.50 (Hair *et al.*, 1995).

The independent variables jointly explain 56% of the variance (R^2) on ‘organizational responses to guest complaints’. Although these explained variance figures are not low, yet can be increased by adding new variables such as; ‘understanding emotional value of complaints’ (Barlow and Maul, 2000), ‘evaluating service performance’ (Zemke, 1995).

Table 2: Results of Multiple Regression Analysis

Multiple R = 0.62 $R^2 = 0.53$ Adjusted $R^2 = 0.56$ Standard Error = 0.411			
F = 33.20 $P < 0.001$			
<i>Independent Variables:</i> Guest Focus and Commitment (GFC), Prejudgments towards Guest Complaints (PGC), General Importance of Complaints Management (ICM), Organizational Structure (OST), System, Policy and Procedures of Complaint Management (SPP), Handling the Complaints (HAC), Human Resource Aspects of Complaint Management (HRM)			
<i>Dependent Variable:</i> Organizational Responses to Guest Complaints (ORE)			
<i>Independent Variables</i>	Beta ^a	t-value	Sig. ^b
Guest Focus and Commitment (GFC)	0.09	9.74	0.01
Prejudgments towards Guest Complaints (PGC)	-0.20	-5.31	0.02
General Importance of Complaints Management (ICM)	0.18	3.24	0.02
Organizational Structure (OST)	0.31	2.89	0.04
System, Policy and Procedures of Complaint Mgmt. (SPP)	0.13	4.96	0.03
Handling the Complaints (HAC)	0.22	5.57	0.01
Human Resource Aspects of Complaint Mgmt. (HRM)	0.10	8.81	0.01

Notes: ^a Standardized coefficient, ^b $p < 0.05$

Assumptions:

Normality: Kolmogorov-Smirnov Statistics $0.015 < 0.721$ at a significant level of 0.001

Linearity: Confirmed by the analysis of partial regression plots

Homoscedasticity: Confirmed by the analysis of partial regression plots

Independence of Residuals: Durbin-Watson test, score = 2.185

Multicollinearity Statistics:

Index	Condition				Variance Proportions					
	Constant	GFC	PGC	ICM	OST	SPP	HAC	HRM		
1	9.34	0.00		0.01	0.52	0.00	0.00	0.02	0.00	0.02
2	15.71	0.00		0.04	0.10	0.01	0.06	0.25	0.01	0.05
3	21.68	0.00		0.00	0.01	0.03	0.23	0.50	0.01	0.21
4	24.09	0.00		0.03	0.00	0.00	0.30	0.02	0.00	0.55
5	31.71	0.00		0.31	0.02	0.26	0.00	0.10	0.03	0.01
6	36.26	0.01		0.15	0.01	0.28	0.10	0.01	0.62	0.01
7	41.84	0.12		0.33	0.07	0.11	0.00	0.03	0.13	0.02

Notes: There is no evidence of Multicollinearity problem since each conditioning index is lower than 30, and at least two variance proportions are lower than 0.50 (Tabachnick and Fidell, 1996).

The results demonstrate that 'guest focus and commitment' exerts the highest significant positive effect on 'organizational responses to guest complaints' in both locations ($\beta=0.09$, $t\text{-value}=9.74$). Table 2 also shows that 'human resource aspects of complaint management' ($\beta=0.10$, $t\text{-value}=8.81$), 'general importance of complaints management' ($\beta=0.18$, $t\text{-value}=3.24$), 'system, policy and procedures of complaint management' ($\beta=0.13$, $t\text{-value}=4.96$) and 'handling the complaints' ($\beta=0.22$, $t\text{-value}=5.57$) exert significant positive effects on 'organizational responses to guest complaints' in both locations. In the case of 'prejudgments towards guest complaints' results revealed that this variable has significant negative effect on 'organizational responses to guest complaints' in both locations ($\beta=-0.20$, $t\text{-value}=-5.31$). Lastly, 'organizational structure' found to have a significant effect on 'organizational responses to guest complaints' ($\beta=0.31$, $t\text{-value}=2.89$). Overall, the results of the multiple regression analyses show that the all hypotheses are supported.

V. DISCUSSION AND CONCLUSION

Consumer complaints are critical in improving the service quality by continuously correcting the mistakes thus increasing customer satisfaction, loyalty positive word-of-mouth. Thus companies need to invest time, money and effort in handling customer complaints properly. With this realization, present study attempted to find out the current complaint handling practices in Hong Kong hotel industry, a well-performing destination in complaint handling (Ekiz, 2009), and second to highlight factors influence organizational responses to guest complaints.

First of all, results revealed that there is very little number of guests complaining to both group of hoteliers. One may think that this is very good sign if s/he does have little knowledge about approximate number of non-complaining guests which is almost twenty customers for every complaining one (Chebat, Davidow and Codjovi, 2005). This should ring the alarm bells for hotels and push them to find more aggressive ways, if necessary, to raise more complaints.

Results also show that most of the reported complaints are being handled by managers or supervisors. Existing literature suggests that this is neither efficient nor effective way of handling guest complaints (Olsen, Teare and Gummeson, 1996; Davidow, 2003b). Since employees represent the hotel at that moment, hotels should not let their employees looking for their managers to offer even a small atonement which will comfort dissatisfied customer standing in front of reception desk. The key to prevent such occurrences is empowerment. Only empowered and trained employees can solve guest complaints in a timely manner and reduce level of tension between

guest and hotel (Boshoff and Leong, 1998; Strauss and Seidel, 2004). Thus hoteliers should: (i) look for guest skills and experience while hiring their staff (ii) train their guest employees especially in dealing with guest complaints (iii) empower their employees so that they can handle guest complaints more effectively.

On a five point Likert scale where 1 = 'strongly disagree' and 5 = 'strongly agree', values above the midpoint of three shows agreement. A glance of to Table 1 reveals that the all mean values are above the mid-point (except PGC 3 which is expected since it is a reversed coded item) value of 3.00, indicating that hoteliers in Hong Kong are well aware of the importance of guest complaints. Other significant findings of the study are as follows:

- Hoteliers should not have prejudgments towards complaining guests! As discussed in the literature review section having prejudgments towards the communication of complaints may have serious negative effects on formulation of complaint handling policies and guidelines of organizational responses (Barlow and Maul, 2000; Stauss and Seidel, 2004). Hoteliers should not try to minimize number of complaints; instead they need to be open to hear more from their guests.
- Hoteliers should have well established systems and should be equipped with policies and procedures in order to respond effectively. Given the advantages of having written policies and procedures; consistency and efficiency during handling process, easing the training of employees etc., hoteliers should have a systematic approach that are tailor-made to satisfy their needs (Susskind *et al.*, 2000; Suh *et al.*, 2005). Hoteliers should invest in building systems to better handle their guest complaints.
- Hotels' should be structured in a way that they can handle guest complaints efficiently. Previous studies concluded that organizational structure is important both physically and operationally and can make complaining easier and more convenient for guests and solving it for the hotel (Karatepe, 2006; Grönroos, 2007). Thus, hoteliers should focus on developing and maintaining such structures.
- Hoteliers should be aware of the importance of complaint management. Both academics and industry practitioners agreed on the importance of managing complaints in an effective and efficient manner (Gilly and Hansen, 1985; Heskett, Sasser and Schlesinger, 1997; McAlister and Erffmeyer, 2003). In align with this, results point out that hotel managers in Hong Kong tend to grasp the significance of complaint management. Specifically, hoteliers reported that they need to get complaints to

improve their existing service quality levels. This suggests that hotel managers in other destinations should also have similar thinking to widen their perceptions about complaint management.

- Hoteliers should realize the fundamental importance of human resources in dealing with complaining guests. As has been suggested by several scholars human interaction is the core of recovering from a service failure and even a best planned, generous and fair recovery may not create favorable response if frontline employees cannot deliver it properly (Bitner, Booms and Tetreault, 1990; Olsen, Teare and Gummesson, 1996; Kotler and Armstrong, 2006). Results signify that hotel managers in Hong Kong are training and empowering their guest contact employees to increase the efficiency of complaint resolution. Allowing their frontline employees to offer discounts or free services without getting special permission, is a brilliant example of empowering the employees. Hotel managers in similar destinations should also realize the importance of their employees in handling guest problems.
- As for the remaining variables '*organizational responses to guest complaints*', '*handling the complaints*' and '*guest focus and commitment*', results revealed that hoteliers in Hong Kong are aware of the significance of these issue in solving guest problems. The existing body of literature suggests that; how organizations respond to guest complaints are vitally important in guests post recovery attitudes (Kelly, Hoffman and Davis, 1993; Boshoff, 1999; Karatepe and Ekiz, 2004), how the way guests complaints handled influences their reactions to companies (Etzel and Silverman, 1981; Brown, 1997; Yim *et al.*, 2003) and how focusing on guests and being committed to their needs fosters the chance of being successful in recovering from a service failure (Firnsthahl, 1989; Tocquer and Cudennec, 1998; Cranage, 2004). These findings suggest that hoteliers should spend time and effort in understanding true value of hearing the bad news about their services from their complaining guests who actually gone through the troubles and yet willing to help by giving a second chance of recovering the failed service.
- Additionally, '*guest focus and commitment*' appears to be the most influential variable on organizational responses to guest. This finding suggests that hoteliers should think focusing on guest needs is important in responding the guest complaints. The second and third most significant variables change in both locations

that is while 'human resources' and 'prejudgments' were respectively second and third in rank of importance. This result highlights the importance given to human resources related issues.

- Finally, above results support that all complaint related variables had significant influence on organizational responses to guest complaints. Thus it can be concluded that hotel managers should; get rid of their prejudgments, be more committed to their guests needs, understand the significance and value guest complaints, have a tailor-made procedures in dealing with complaints, and focus on training and empowering their human resources to be able to satisfy their complaining guests.

1) *Limitations and Implications for Further Research*

Following are the limitations of this study. First and foremost important limitation is the inclusion of only the members of major hotel association. Future studies may include all hotels which can increase the number of received responses positively. Secondly, this study did not consider detailed characteristics of hotels such as; management and/or franchising contract types or age of the hotel. Considering these characteristics, perhaps as dummy variable, may provide additional insights for future studies. Thirdly, this study reports response of hotel managers thus might suffer from the social desirability response bias due to its self-report nature. To overcome this problem, future studies can collect data from frontline employees and guests, as well as managers, to have a more complete view of the big picture. Finally, this study used '*guest focus and commitment*', '*prejudgments towards guest complaints*', '*general importance of complaints management*', '*organizational structure*', '*system, policy and procedures of complaint management*', '*handling the complaints*', and '*human resource aspects of complaint management*' as independent variables and '*organizational responses to guest complaints*' as dependent variable. Analysis of other theoretical and statistical relationships among these variables and/or inclusion of other constructs in the model such as '*recognizing and rewarding*' (Zemke and Bell, 2000), '*understanding emotional value of complaints*' (Barlow and Maul, 2000), '*evaluating service performance*' (Zemke, 1995) and '*controlling the process complaint*' (Tax, Brown, and Chandrashekar, 1998) would provide further insights to understand the complex nature of complaint handling practices. .

As a closing note, until further empirical studies are conducted, the results of the present study and strategies based on them should remain tentative.

Replication studies in other destinations, perhaps other island states and/or developing countries, with larger sample size would be fruitful for further generalizations of the study findings.

REFERENCES RÉFÉRENCES REFERENCIAS

1. Babakus, E., Yavas, U., Karatepe, O. M. and Avci, T. (2003), "The Effect of Management Commitment to Service Quality on Employees' Affective and Performance Outcomes". *Journal of the Academy of Marketing Science*, 31(3), 272-286.
2. Barlow, J. and Maul, D. (2000), *Emotional Value: Creating Strong Bonds with Your Customers*. San Francisco: Berrett-Koehler Publishers.
3. Barlow, J. and Moller, C. (1996), *A Complaint is a Gift: Using Customer Feedback as a Strategic Tool*. San Francisco: Berrett-Koehler Publishers.
4. Bell, C. R. and Ridge, K. (1992), "Service Recovery for Trainers". *Training and Development*, (May), 58-63.
5. Bell, C. R., Zemke, R. and Zielinski, D. (2007), *Managing Knock your Socks of Service*. 2nd edition, New York: AMACOM Books.
6. Bitner, M. J., Booms, B. H. and Mohr, L. A. (1994), "Critical Service Encounters: the Employee's Viewpoint". *Journal of Marketing*, 58(4), 95-106.
7. Bitner, M. J., Booms, B. H. and Tetreault, S. M. (1990), "The Service Encounter: Diagnosing Favorable and Unfavorable Incidents". *Journal of Marketing*, 54(1), 71-84.
8. Blodgett, J. G. and Anderson, R. D. (2000), "A Bayesian Network Model of the Consumer Complaint Process". *Journal of Service Research*, 2(4), 321-338.
9. Blodgett, J. G., Hill, D. J. and Tax, S. S. (1997), "The Effects of Distributive, Procedural, and Interactional Justice on Postcomplaint Behavior". *Journal of Retailing*, 73(2), 185-210.
10. Blodgett, J. G., Wakefield, K. L. and Barnes, J. H. (1995), "The Effects of Customer Service on Consumer Complaining Behavior". *Journal of Services Marketing*, 9(4), 31-42.
11. Boden, A. (2001), *The Handling Complaints Pocketbook*. Hants: Management Pocketbooks Ltd.
12. Boshoff, C. (1999), "RECOVSAT: An Instrument to Measure Satisfaction with Transaction-Specific Service Recovery". *Journal of Service Research*, 1(3), 236-249.
13. Boshoff, C. and Leong, J. (1998), "Empowerment, Attribution and Apologizing as Variables of Service Recovery: An Experimental Study". *International Journal of Service Industry Management*, 9(1), 24-47.
14. Brown, S. W. (1997), "Service Recovery through IT: Complaint Handling will Differentiate Firms in the Future". *Marketing Management*, 6(3), 25-27.
15. Buttle, F. and Burton, J. (2002), "Does Service Failure Influence Customer Loyalty?". *Journal of Consumer Behaviour*, 1(3), 217-227.
16. Chebat, J. C., Davidow, M. and Codjovi, I. (2005), "Silent Voices - Why Some Dissatisfied Consumers Fail to Complain". *Journal of Service Research*, 7(4), 328-342.
17. Chu, K. H. L. and Murrmann, S. K. (2006), "Development and Validation of the Hospitality Emotional Labor Scale". *Tourism Management*, 27(6), 1181-1191.
18. Chung, T. and Law, R. (2002), "Success Factors for Hong Kong Hotel Websites". *Proceedings of Fifth Biennial Conference on Tourism in Asia: Development, Marketing and Sustainability*, May 23-25, Macao, 96-104.
19. Churchill, G. (1979), "A Paradigm for Developing Better Measures of Marketing Constructs". *Journal of Marketing Research*, 16(1), 64-73.
20. Churchill, G. A. Jr. and Iacobucci, D. (2002), *Marketing Research: Methodological Foundations*, 8th edition, Ohio: South-Western Thomson Learning.
21. Cranage, D. (2004), "Plan to Do it Right: and Plan for Recovery". *International Journal of Contemporary Hospitality Management*, 16(4), 210-219.
22. Davidow, M. (2000), "The Bottom Line Impact of Organizational Responses to Customer Complaints". *Journal of Tourism and Hospitality Research*, 24(4), 473-490.
23. Davidow, M. (2003a), "Organizational Responses to Customer Complaints: What Works and What Doesn't", *Journal of Service Research*, 5(3), 225-250.
24. Davidow, M. (2003b), "Have you Heard the Word? The Effect of Word of Mouth on Perceived Justice, Satisfaction and Repurchase Intentions Following Complaint Handling". *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 16, 67-80.
25. Day, R. L., Grabick, K., Schaetzle, T. and Staubach, F. (1981), "The Hidden Agenda of Consumer Complaining". *Journal of Retailing*, 57(3), 86-106.
26. Diener, B. J. and Greyser, S. A. (1978), "Consumer Views of Redress Needs". *Journal of Marketing*, 42(4), 21-27.

27. Dunning, J. and Pecotich, A. (2000), "Understanding the Role of Adequate Explanations within the Post-Complaint Process". *Visionary Marketing for the 21st Century: Facing the Challenge*, 277-280.
28. Ekiz, H.E. (2009), Factors influencing organizational responses to guest complaints: cases of Hong Kong and Northern Cyprus. *Journal of Hospitality Marketing and Management*, 18(6), 539-573.
29. Ekiz, H. E. (2003), *Organizational Responses to Customer Complaints in Hotel Industry: Evidence from Northern Cyprus*. Unpublished Master Thesis (MBA), Famagusta: Eastern Mediterranean University: Faculty of Business and Economics.
30. Ekiz, H. E. and Arasli, H. (2007), "Measuring the Impacts of Organizational Responses: Case of Northern Cyprus Hotels". *Managing Global Transitions: International Research Journal*, 5(3), 271-288.
31. Ekiz, H. E. and Babacan E. (2007), "Hong Kong ve Kuzey Kıbrıs Otel Endüstrileri'nde İnternet Kullanımı", *Cesme Ulusal Turizm Sempozyumu*, 21-23 November, Ege University, Proceeding Book, 311-323.
32. Etzel, M. J. and Silverman, B. I. (1981), "A Managerial Perspective on Directions for Retail Customer Dissatisfaction Research". *Journal of Retailing*, 57(3), 124-136.
33. Firnstahl, T. W. (1989), "My Employees are my Service Guarantees". *Harvard Business Review*, 67(4), 28-32.
34. Fornell, C. and Wernerfelt, B. (1988), "A model for Customer Complaint Management". *Marketing Science*, 7(3), 287-298.
35. Gilly, M. C. (1987), "Postcomplaint Processes: from Organizational Response to Repurchase Behavior". *The Journal of Consumer Affairs*, 21(2), 293-313.
36. Gilly, M. C. and Gelb, B. D. (1982), "Post-Purchase Consumer Processes and the Complaining Consumer". *Journal of Consumer Research*, 9(December), 323-328.
37. Gilly, M. C. and Hansen, R. W. (1985), "Consumer Complaint Handling as a Strategic Marketing Tool". *Journal of Consumer Marketing*, 2(4), 5-16.
38. Grönroos, C. (2007), *Service Management and Marketing: Customer Management in Service Competition*. 3rd edition, West Sussex: John Wiley and Sons Ltd.
39. Gursoy, D., Ekiz, H. E. and Chi, C. G. (2006), "Impacts of Organizational Responses on Complainants Justice Perceptions and Post-Purchase Behaviors in North Cyprus Hotel Industry: International Tourist Perspective", *CHRIE 2006 Conference*, July 26-30, Washington: Washington State University, 141-146.
40. Gursoy, D., Ekiz, H. E. and Chi, C. G. (2007), "Impacts of Organizational Responses on Complainants' Justice Perceptions and Post-Purchase Behaviors", *Journal of Quality Assurance in Hospitality and Tourism*, Accepted for Publication, forthcoming at Volume 8, Number 1.
41. Hair J. F. Jr., Anderson, R. E., Tatham, R. L. and Black, W. C. (1995), *Multivariate Data Analysis with Readings*. 4th edition, New Jersey: Prentice Hall Inc.
42. Hart, C. W. L., Heskett, J. L. and Sasser, W. E. Jr. (1990), "The profitable Art of Service Recovery". *Harvard Business Review*, 68(4), 148-156.
43. Hedrick, N., Beverland, M. and Minahan, S. (2007), "An Exploration of Relational Customers' Response to Service Failure". *Journal of Services Marketing*, 21(1), 64-72.
44. Heskett, J. L., Sasser, W. E. and Schlesinger, L. A. (1997), *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction and Value*, New York: The Free Press.
45. Heung, V. C. S., Ekiz, H. E. and Ling, L. (2007), "Evaluation of Customer Feedback Systems at Hotels in China", *APAC-CHRIE & APTA Joint Conference 2007*, 24-27 May, Beijing International Studies University, Full paper in Proceedings CD.
46. HKHA (2009), Hong Kong Hotels Association. [Online] retrieved 14 December 2009 from www.hkha.org/main.asp?sec=3.
47. HKTb (2010a), "Arrivals exceed 3.2 million in September", *Hong Kong Tourism Board News: 25 November*, [Online] retrieved 26 November 2010 from <http://partnet.hktourismboard.com>.
48. HKTb (2010b), "Hotel Room Occupancy Report - October 2010", *Hong Kong Tourism Board*, [Online] retrieved 26 November 2010 from <http://partnet.hktourismboard.com>.
49. Hoffman, K. D. and Bateson, J. E. G. (2006), *Services Marketing: Concepts, Strategies and Cases*. 3rd edition, Ohio: Thomson South-Western.
50. Hoffman, K. D., Kelley, S. W., and Rotalsky, H. M. (1995), "Tracking Service Failures and Employee Recovery Efforts". *Journal of Services Marketing*, 9(2), 49-61.
51. Hui, M. K. and Au, K. (2001), "Justice Perceptions of Complaint-Handling: a Cross-Cultural Comparison between PRC and

- Canadian Customers". *Journal of Business Research*, 52(2), 161-173.
52. Judd, C. M., Smith, E. R. and Kidder, L. H. (1991), *Research Methods in Social Relations*. 6th edition, Fort Worth: Rinehart and Winston Inc.
 53. Karatepe, O. M. (2006), "Customer Complaints and Organizational Responses: the Effects of Complainants' Perceptions of Justice on Satisfaction and Loyalty". *Interactional Journal of Hospitality Management*, 25(1), 69-90.
 54. Karatepe, O. M. and Ekiz, H. E. (2004), "The Effects of Organizational Responses to Complaint on Satisfaction and Loyalty: a Study of Hotel Guests in Northern Cyprus". *Managing Service Quality*, 14(6), 476-486.
 55. Kelly, S. W., Hoffman, K. D. and Davis, M. A. (1993), "A Typology of Retail Failures and Recoveries". *Journal of Retailing*, 69(4), 429-452.
 56. Kincade, D. H., Redwine, A. and Hancock, G. R. (1992), "Apparel Product Dissatisfaction and the Post-Complaint Process". *International Journal of Retail and Distribution Management*, 20(5), 15-25.
 57. Kotler, P. (2003), *Marketing Management*. 11th edition, New Jersey: Prentice-Hall Inc.
 58. Kotler, P. and Armstrong, G. (2006), *Principles of Marketing*. 11th edition, New Jersey: Prentice-Hall Inc.
 59. Kotler, P., Bowen, J. and Makens, J. (1999), *Marketing for Hospitality and Tourism*. 2nd edition, New Jersey: Prentice-Hall International Inc.
 60. Kowalski, R. M. (1996), "Complaints and Complaining: Functions, Antecedents, and Consequences". *Psychological Bulletin*, 119(2), 179-196.
 61. Law, R. and Hsu, C. H. C. (2006), "Importance of Hotel Website Variables and Attributes: Perceptions of Online Browsers and Online Purchasers". *Journal of Hospitality and Tourism Research*, 30(3), 295-312.
 62. Law, R. and Jogaratnam, G. (2005), "A Study of Hotel Information Technology Applications". *International Journal of Contemporary Hospitality Management*, 17(2), 170-180.
 63. Law, R. and Lau, W. (2004), "A Study of the Perceptions of Hong Kong Hotel Managers on the Potential Disintermediation of Travel Agencies". *Journal of Travel and Tourism Marketing*, 17(2/3), 117-131.
 64. Liao, H. (2007), "Do It Right This Time: The Role of Employee Service Recovery Performance in Customer-Perceived Justice and Customer Loyalty after Service Failures". *Journal of Applied Psychology*, 92(2), 475-489.
 65. Likert, R. (1932), *A Technique for the Measurement of Attitudes*. Archives of Psychology, 140, (eds) Woodworth, R.S., New York University Publications.
 66. Lloyd, J., Lopa, J. M. L. and Braunlich, C. G. (2000), "Prediction Changes in Hong Kong's Hotel Industry Given the Change in Sovereignty from Britain to China in 1997". *Journal of Travel Research*, 38(May), 405-410.
 67. Lovelock, C. H. (2000), *Services Marketing: People, Technology, Strategy*. 4th edition, New Jersey: Prentice-Hall International Inc.
 68. Lovelock, C. H., Wirtz, J. and Keh, H. T. (2002), *Services Marketing in Asia: Managing People, Technology, Strategy*. Singapore: Prentice-Hall Asia Pte Ltd.
 69. Mangione, T. W. (1995), *Mail Surveys: Improving the Quality*. Applied Social Research Methods Series Volume 40, Thousand Oaks: Sage Publications.
 70. McAlister, D. T. and Erffmeyer, R. C. (2003), "A Content Analysis of Outcomes and Responsibilities for Consumer Complaints to Third-Party Organizations". *Journal of Business Research*, 56(4), 341-351.
 71. Nunnally Jr., J. C. (1970), *Introduction to Psychological Measurement*. New York: McGraw-Hill Book Company.
 72. Nunnally, J. C. Jr. and Bernstein, I. H. (1994), *Psychometric Theory*. 3rd edition, New York: McGraw-Hill Book Company.
 73. Nyer, P. U. (2000), "An Investigation into Whether Complaining can Cause Increased Consumer Satisfaction". *Journal of Consumer Marketing*, 17(1), 9-19.
 74. Olsen, M., Teare, R. and Gummesson, E. (1996), *Service Quality in Hospitality Organizations*. London: Cassel Publishing Inc.
 75. Parasuraman, A. (1982), "More on the Prediction of Mail Survey Response Rates". *Journal of Marketing Research*, 19(May), 261-268.
 76. Parasuraman, A., Zeithaml, V. A. and Berry, L. (1988), "A Multi Item Scale for Measuring Consumer Perception of Service Quality". *Journal of Retailing*, 64(Spring), 12-40.
 77. Plymire, J. (1991), "Complaints as Opportunities". *The Journal of Consumer Marketing*, 8(2), 39-43.
 78. Qu, H., Ryan, B. and Chu, R. (2000), "The Importance of Hotel Attributes in Contributing to Travelers' Satisfaction in the Hong Kong Hotel Industry". *Journal of Quality Assurance in Hospitality and Tourism*, 1(3), 65-83.

79. Saxe, R. and Weitz, B. A. (1982), "The SOCO Scale: A Measure of the Customer Orientation of Salespeople". *Journal of Marketing Research*, 19(August), 343-351.
80. Singh, J. (1988), "Consumer Complaint Intentions and Behavior: Definitional and Taxonomical Issues". *Journal of Marketing*, 52(1), 93-107.
81. Singh, J. and Wilkes, R. E. (1996), "When Consumers Complain: A Path Analysis of the Key Antecedents of Consumer Complaint Response Estimates". *Journal of Academy of Marketing Science*, 24(4), 350-365.
82. Smith, A. K. and Bolton, R. N. (1998), "An Experimental Investigation of Customer Reactions to Service Failure and Recovery Encounters: Paradox or Peril?". *Journal of Service Research*, 1(1), 65-81.
83. Smith, A. K., Bolton, R. N. and Wagner, J. (1999), "A Model of Customer Satisfaction with Service Encounters Involving Failure and Recovery". *Journal of Marketing Research*, 36(3), 356-372.
84. Spreng, R. A., Harrell, G. D. and Mackoy, R. D. (1995), "Service Recovery: Impact on Satisfaction and Intentions". *The Journal of Services Marketing*, 9(1), 15-23.
85. Statistical Yearbook of Tourism (2006), Tourism and Planning Office, Nicosia: State Printing House.
86. Stauss, B. and Seidel, W. (2004), *Complaint Management: the Heart of CRM*, Ohio: Thomson Business and Professional Publishing.
87. Suh, J. H. K., Barker, S., Pegg, S. and Kandampully, J. (2005), "Service Recovery Readiness in Australian Hospitality and Leisure Operations: A Conceptual Framework and Findings from an Exploratory Study", *Journal of Quality Assurance in Hospitality and Tourism*, 6(1/2), 43-64.
88. Susskind, A. M., Borchgrevink, C. P., Brymer, R. A. and Kacmar, K. M. (2000), "Customer Service Behavior and Attitudes among Hotel Managers: A look at Perceived Support Functions, Standards for Service, and Service Process Outcomes", *Journal of Hospitality and Tourism Research*, 24(3), 373-397.
89. Tabachnick, B. G. and Fidell, L. S. (1996), *Using Multivariate Statistics*. 3rd edition, New York: HarperCollins College Publishers.
90. Tax, S. S., Brown, S. W. and Chandrashekaran, M. (1998), "Customer Evaluation of Service Complaint Experiences: Implication and Relationship Marketing". *Journal of Marketing*, 62(2), 60-76.
91. Tocquer, G. A. and Cudennec, C. (1998), *Service Asia: How the Tigers can Keep their Stripes*. Singapore: Simon and Schuster Pte. Ltd. - Prentice Hall.
92. Voorhees, C. M., Brady, M. K. and Horowitz, D. M. (2006), "A Voice from the Silent Masses: An Exploratory and Comparative Analysis of Noncomplainers". *Journal of the Academy of Marketing Science*, 34(4), 514-527.
93. Yavas, U., Bilgin, Z. and Shemwell, D. J. (1997), "Service Quality in the Banking Sector in an Emerging Economy: A Consumer Survey". *The International Journal of Bank Marketing*, 15(6), 217-223.
94. Yeung, T. A. and Law, R. (2003), "Usability Evaluation of Hong Kong Hotel Websites", in Frew, A. J., Hitz, M. and O'Connor, P. (eds.), *Information and Communication Technologies in Tourism 2003*, New York: Springer Computer Science, 261-269.
95. Yeung, T. A. and Law, R. (2006), "Evaluation of Usability: a Study of Hotel Web Sites in Hong Kong". *Journal of Hospitality and Tourism Research*, 30(4), 452-473.
96. Yim, C. K., Gu, F. F., Chan, K. W. and Tse, D. K. (2003), "Justice-Based Service Recovery Expectations: Measurement and Antecedents". *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 16, 36-52.
97. Zeithaml, V. A., Bitner, M. J. and Gremler, D. D. (2006), *Services Marketing: Integrating Customer Focus across the Firm*. 4th edition, New York: McGraw-Hill Publication.
98. Zemke, R. (1993), "The Art of Service Recovery: Fixing Broken Customers and Keeping them on Your Side", in Scheuing, E. E. and Christopher, W. C. (eds.), *The Service Quality Handbook with Contributions from 57 International Experts*. New York: American Management Association Publication.
99. Zemke, R. (1995), *Service Recovery: Fixing Broken Customer*. Oregon: Productivity Press.
100. Zemke, R. and Anderson, K. (2007), *Delivering Knock Your Socks off Service*. 4th edition, New York: American Marketing Association Publication.
101. Zemke, R. and Bell, C. R. (2000), *Knock Your Socks off Service Recovery*. New York: American Marketing Association Publication.