

**An investigation into the impact of Chinese
cultural values on service quality and the resultant
implications for customer satisfaction:
The Taiwan experience**

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Abstract

This primary aims of this study are three-fold: (i) to shed light on the influence of Chinese cultural values on expectations of service quality, (ii) to explore the determinants of service expectations, and (iii) to analyze the relationship between service quality, value for money, satisfaction, and behavioural outcomes. To accomplish these aims, the study utilizes a survey instrument and draws evidence from a sample of 524 customers of two types of restaurant in Taiwan: five star hotel chain restaurants and local chain restaurants. Overall, the findings pose a challenge to the marketing and service research scholars in terms of applicability of Western-dominated cultural frameworks to study customer expectations of more specific-cultural contexts. For example, the results offer no support for the relationship between *gunaxi* (關係; personal relationship), and customer service expectations in the five-star hotel chain restaurants. Instead, the positive impact of *mien-tzu* (面子; face-giving) on service expectation of tangible is significant. Findings also refute the significant relationship between perceived value for money and customers behavioral intentions. Or they disprove a positive relationship between perceived value for money and customer satisfaction in the local chain restaurants.

Overall, this study makes a contribution to the advancement of Asian management research by diverting its emphasis from primarily Western-dominated service management research context to the more unique context of the Asian region so as to explore and examine the peculiarities of Chinese cultural norms and values and its implications for customer expectations, perceptions, perceived value for money, and resultant behavioral outcomes, thereby modification of existing theoretical service quality models. The insights offered in this research suggest that academics, practicing managers, and policy makers need to acknowledge the importance of cultural norms and better understand the determinants underpinning a customer's expectations towards service offerings into their conceptualizations and practices of managing services and their customer relationships.

Keywords: Chinese culture; service quality; satisfaction; value for money; behavioural outcomes; hospitality sector; Survey; Taiwan.

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Chapter One: Introduction

This chapter provides an overview of the current study. It briefly discusses the rationale for, motivation behind and importance of conducting the research, and the choice of context and research site. It outlines the key research questions, research aims, research design, research outputs, and research limitations. The chapter also defines briefly the definitions of the key terms and provides an overview of the remainder of the dissertation.

1.1 Rationale, motivation, and context

Over the last several decades, organizations have come to realise that the salient factor of sustained competitive advantage is probably to understand, meet, exceed, and even anticipate customers' needs and expectations (Viales and Coelho 2003). Such paramount importance of meeting, exceeding, and anticipating customers' needs as a means of gaining competitive advantage is clearly evident in most of universal quality awards, namely, EFQM, MBNQA, and Deming Prize, in which customer satisfaction has been given the highest weight, and therefore the eligibility of the applicant firm for the quality award. In particular the issue of customer satisfaction is the case for service-oriented organisations not least because of the unique characteristics of a service – as opposed to product (quality).

To this end, service operations and marketing management scholars have been trying to develop frameworks and models to measure service quality, thereby finding out the strengths and weaknesses of not only the service provider but also to help the service sector fulfil their customers' needs and thereby delight them. This was in particular the position taken by Parasuraman and colleagues (1985) who developed the very oft-cited five-gap model of service quality and the SERVQUAL tool for service quality measurement. In simple terms, the model defines the service quality gap as the discrepancy between customer expectations and customer perceptions of how the service is performed – i.e. the difference between 'what it is' and 'what it should be'. To deliver better service to customers, it is therefore needed to understand, first, what customer expectations of a specific service are, and more importantly and second,

what factors determine their expectations. This implies that customer expectations serve as the cornerstone on which service quality is built and therefore measured. Thus, when service performance meets or exceeds customer expectations, customers are satisfied with the service encounter. In contrast, when service performance is lower than customer expectations, customers are left dissatisfied (see Bitner et al. 1990). In short, the aforementioned discussion simply suggests that good service quality (or high customer perceived value) causes great customers' satisfaction and vice versa (see Aga and Safakli 2007; Elkinci 2004; Gonzalez et al. 2007; Hu et al. 2009; Ueltschy et al. 2007).

A review of service marketing theory suggests that while customer satisfaction and customer perceived value are complementary, each has its own distinct characteristics (Eggert and Ulaga 2002; Woodruff and Gardial 1996). For Zeithaml and Bitner (1996:32), value in service is regarded as "...key competitive factor defining the way services are bought and sold...". Based on this definition, it is not uncommon to see service providers deliver greater value of products/services to customers in an attempt to not only create customers' positive behavioural outcomes but also act as a real driver of firm's financial performance (Khalifa 2004). Thus, the creation of customer value has become imperative in building and sustaining a competitive advantage (Wang et al. 2004).

Although most companies recognize the paramount importance of satisfying customers' needs and boosting customer perceived values in local markets as a means of survival and long-term success (see Ritson 1986, 1997), most recent studies indicate that due to the fierce competition at local level, there is a need on the part of businesses to operate and compete globally. The implication of this trend is clear-cut: while on the one hand, firms' primary objective would remain the same in that they are in operations to serve customers, it also poses a real challenge to their management teams in terms of how to serve heterogeneous global customers where each country and context has its own unique and specific cultural norms and values (Laroche et al. 2004). Due to current role and contribution of service sector to the economy and rapid pace of internationalisation of service firms, it is difficult for businesses to establish a universal marketing strategy which can be effectively used

across a complex of diverse national cultures. For Pucik and Katz (1986), culture poses a major challenge for businesses in that different cultures have their own unique social interactions and rules, thereby entailing customer expectations in terms of service encounter. Some studies have examined the various perceptions of service quality in different cultures (e.g. Reimann et al. 2008). For instance, Malhotra et al. (1994) analyse the difference between developing and developed nations on service quality dimensions and conclude that different dimensions of service quality should be emphasised differently in developed and developing countries. Tsang and John (2007) investigate Western and Asian's tourist experiences in terms of service assessment. Their main conclusion is that Western tourists tend to mind time saving and task fulfilment, while their Asian counterparts concern more about interpersonal relationships, which affect their evaluation of the service encounter. Keillor et al. (2007) investigate the influence of technical (i.e. the results of the service) and functional service quality (i.e. service delivery) on customers' behavioural intentions across eight countries. The findings show that Germany, India, Morocco, and the USA emphasize the importance of physical quality. In contrast, Australia, China, the Netherlands, and Sweden underline the 'experience' of the service encounter such as human interaction rather than tangible aspects. Whilst these studies have shed light on different aspects and dimensions of service quality in terms of customer satisfaction, customer perceived value for money, and behavioural attitudes of the customers, they have shared the same commonality of cultural framework. In other words, in most of these and other follow-up studies (e.g. Donthu and Yoo 1998; Furrer et al. 2000; Mattila 1999; Tsoukatos and Rand 2007), Hofstede's (1991) cultural index (and to a lesser extent Hall's high-low cultural context) have been the most widely used and cited cultural frameworks to examine cultural impact on service assessment.

In light of the aforementioned discussion and the need to further investigate the experiences of customers in other cultural contexts, three main issues motivate this study. The first relates to the under-researched context of Chinese society. A review of the extant literature pertinent to the impact of culture on service quality and its resultant implications for customer expectations and perceptions indicate that a majority of aforementioned studies were conducted in the context of developed economies which share the same homogeneous cultural backgrounds. Absent in this

debate, though, has been sufficient exploration of the impact of culture on service quality in less developed or developing economies. Clearly, using specific, context-dependent cultural values can reflect the reality of social behaviour of a society (Reisinger and Turner 2002), thereby fulfilling the ever-changing needs of its people (i.e. customers). As Reimann et al. (2008) have pointed out, such lack of research on culture and its implications for service quality dimensions highlight a need on the part of organisational scholars to conduct empirical research on Asian cultures which may provide different views of explaining the relationship between cultural values and service quality, and their consequences for customers expectations and perceptions towards services. Such lack of research is clearly evident in the context of China (and of Chinese cultural norms) (Hoare and Butcher 2008; Lockyer and Tsai 2004) and more specifically in service-oriented sectors such as hospitality industry. In doing so, this study attempts to fill in this gap and generates insights, and develops greater understanding of the impact of Chinese cultural values on service assessment, which is regarded as a major driver of customer satisfaction, customer perceived value for money and subsequent customer's behavioural intentions. This study heeds the suggestions offered by Reimann et al. (2008:70) in a sense that since Hofstede and Bond's (1988) findings that uncertainty avoidance provides inconsistent results among certain Asian cultures (which in turn led to the introduction of the fifth cultural dimension of long-term orientation), further research in Asian cultural norms might provide additional [cultural] insights into the impact of cultural values and norms on service quality dimensions and the resultant implications for customer expectations/perceptions/satisfaction. So given the role of China and its consumers in global economy and previous call for such research, this study could bring new insights into the long-standing debate on service quality and culture. More specifically, the paramount importance of research in the wider Asian Pacific context (as opposed to Western-dominated research) has also been highlighted by White (2002), Meyer (2006), Fang (2010), and Ahlstrom (2010) in a sense that "there is a need to move beyond the Hofstede paradigm (as he explored, among other things, the general characteristics of Asian management as opposed to management elsewhere) if today's borderless and wireless cross-cultural management has a chance to be understood and theorized" (Fang 2010:156). This study therefore makes a contribution to the advancement of Asian management research by diverting its emphasis from primarily Western-dominated service management research context to the more unique context

of the Asian region so as to explore and examine the peculiarities of Chinese cultural norms and values and its implications for customer/consumer expectations, perceptions, perceived value for money, and resultant behavioural outcomes of the customers, thereby modification of existing theoretical service quality models (Meyer 2006; Tsui 2004).

The second motivation is associated with the relationship between service quality expectation and its determinants. Zeithaml et al. (1993) introduce the key influential factors of service expectations such as word-of-mouth, past experience, and explicit and implicit service promises. Since then, these factors have been widely employed and validated by other services and marketing scholars in a range of different service organisations and across various countries. In particular most of these studies were conducted in Western-dominated organisational settings (e.g. Bosque et al. 2006; 2009; Clow and Kurtz 1997; Devlin et al. 2002; Dion et al. 1998; Prugsamatz et al. 2006; Walker and Baker 2000). Given the Western-dominated nature of past research, the current study extends this line of inquiry and tries to test and validate such determining factors in the novel context of Taiwan and therefore contribute empirically to the debate.

The final motivation lies in the ongoing debate on the relationship between service quality, satisfaction, value for money, and behavioural outcomes. A review of the extant literature shows that the relationship between these constructs have been frequently studied at the aggregate level construct (e.g. Chumpitaz and Paparoidamis 2004, 1992; Lai et al. 2009). In contrast, the current study makes an attempt to narrow the gap in the literature by investigating such relationships at individual level construct where the impact of each individual construct on the others is explored and investigated.

Taiwan (representing Chinese cultural values) provides an ideal locus for such research, given that the service sector has the highest share of GDP (Gross Domestic Product) (70%) in 2008, with over 50% of population employed in the sector (CIA 2008; National Statistical 2009). The service sector creates the largest competitive employment opportunities and employs the bulk of Taiwan's labour force – an

indication of the importance of service sector for Taiwan's economy. While this highlights the fact that the development of service industries bears weighty importance of the economy, and frequent call for research on service quality as well as a closer investigation of the cohesion between cultural values and customer satisfaction in the context of Asian cultures, little has so far been done. Hence, our guiding objective in this study is to provide an insight into these issues by investigating the significance of cultural values for service assessment in the restaurant industry from customers' point of view, thereby offering both theoretical and empirical contributions to the research community, policy makers as well as the management of service firms.

1.2 The Taiwanese context: past, present, and future

In 1895, military defeat forced China to cede Taiwan to Japan. Taiwan reverted to Chinese control after World War II. Following the Communist victory on the mainland in 1949, 2 million Nationalists fled to Taiwan and established a government using the 1946 constitution drawn up for all of China. Over the last five decades, the ruling authorities gradually democratized and incorporated the local population within the governing structure. In 2000, Taiwan underwent its first peaceful transfer of power from the Nationalist to the Democratic Progressive Party. Throughout this period, the island prospered and became one of East Asia's economic "Tigers" (see CIA 2008).

While the years of previous government are remembered for political tension between Taiwan and China and Taiwan was under threat for seeking formal independence, it seems that this issue is a lower priority for the current government. Instead, despite a huge amount of suspicion on both sides, cross-strait relations have been improving and reached a new pinnacle since 2008 when the new government officially took power. Indeed, a sustainable relationship with China can be regarded as a strategic imperative for the current government as the outcome could have a profound impact on national and international interests of Taiwan. As current evidence shows, there is a genuine interest on the part of the current government in promoting an alliance with China over various national, regional and international issues.

Taiwan has a dynamic capitalist economy with gradually decreasing guidance of investment and foreign trade by the authorities. In keeping with this trend, some large, state-owned banks and industrial firms have been privatized. Exports have provided the primary impetus for industrialization. The island runs a large trade surplus, and its foreign reserves are among the world's largest. Despite restrictions on cross-strait links, China has overtaken the US to become Taiwan's largest export market and its second largest source of imports after Japan. China is also the island's number one destination for foreign direct investment (FDI). Strong trade performance in 2007 pushed Taiwan's GDP growth rate above 5%, and its unemployment rate of below 4% (CIA 2008).

As a result of the aforementioned clarity in the country's political, social, and economical outlooks, it can safely be concluded that the country will attract flocks of famous Chinese (mainland China), regional, and multinational businesses and that the country will be witnessing a tremendous spurt in growth for its service sector to serve them. While Taiwan restricted trade and travel with the mainland China for over half a century (since 1949), the new government (led by President Ma Ying-Jeou) has helped open doors to warmer ties since 2007. "In a sign of rapprochement, the two sides held their first direct talks in June 2008 and signed agreements to launch the flights and triple the number of mainland people allowed to visit the island to 3,000 daily" (Zhigang 2008). For Yao Ta-kuang, the Chairman of Taiwan Association of Travel Agents, the implications of such tourism agreement are two-fold: financial and non-financial benefits. Overall, some 3,000 mainland visitors arriving daily will not only bring in US \$1.97 billion annually, but also the revenue will benefit half a million people in all service-related sectors on the island and 2 million people, if their family members are included (Zhigang 2008). As service sector (e.g. hospitality sector) contributes to the current administration's push for stronger economic and cultural links with regional and other developing and developed countries, as well as China's current push of using pandas (to advance its unification agenda with Taiwan), it is therefore imperative that, first, the government gives enough impetus to the sector through a well thought-out planning to increase the country's economic interdependence on others, and finally and second, the service sector which evolve in tune with the optimistic country's economic outlook and government's support and

partnership to build a competent and talent pool of operational and supervisory levels workforce to provide high quality services to the consumers and customers, thereby for the effective contribution of the sector to Taiwan's economy. Given the characteristics of non-Western institutional context, Taiwan is a very interesting context to explore how the cultural influences over service quality dimensions in the hospitality sector (i.e. restaurant/food services) play out.

1.3 The importance of service sector in Taiwan's economy

Services lie at the very hub of economic activity in any society and are the dominant segment in the economies of the so-called advanced industrial nations (Fitzsimmons and Fitzsimmons 2006). While the percentage of employment in services was accounted for 50 percent of the workforce in 1950, the service sector now employs about 8 out of 10 workers (Statistical Yearbook 2003). Furthermore, many products are a combination of a goods and a service and many manufacturing companies provide services as well as products (Heizer and Render 2006). Fitzsimmons and Fitzsimmons (2006) take the argument further and talk about the dependency of manufacturing on services. Their argument is this: the success of manufacturing requires rapid feedback from the marketplace, ability to customise products, and fast delivery – all of which are dependent on integration of downstream services (p. 4).

Although a majority of Taiwan's industries have traditionally been labour intensive manufacturing industries, their competitive advantage lies in several service-oriented industries such as information, telecommunications, and other high technology industries (see NRI, 2010). Such paramount importance of service sector in Taiwan's economy is also evident in the recent government's call to support some 10 high technology industries as the foundation of Taiwan's economic success in the first few decades of the 21st century, a majority of which are either directly or indirectly associated with service sector.

The service sector is thriving and shows promise of further growth as the spending power of the population increases. By the end of 1995, the growth of the service sector exceeded that of the agricultural and manufacturing sectors by more than 60

percent and has continued to do so. The different businesses that fall under the service sector in Taiwan are: finance, insurance, real estate, hospitality (including restaurants, hotels, food and beverages and the like), international trade, social and individual services, transport, storage, telecommunications, legal, accounting, civil engineering, information, advertising, designing as well as governmental services. Among these businesses, finance, insurance, hospitality, and real estate are the most dominant ones. In consequence, it can safely be concluded that the service sector creates the largest competitive employment opportunities and employs the bulk of Taiwan's labour force. More specifically, manufacturing has long been overtaken by the service sector in terms of contribution to GDP. While the service sector contributed the biggest slice of GDP at 64 percent, with manufacturing industry accounting for 33 percent, and agriculture 3 percent to the Taiwan's economy in 1999, this proportion has now been changed to 70 percent, 28 percent, and 2 percent, respectively.

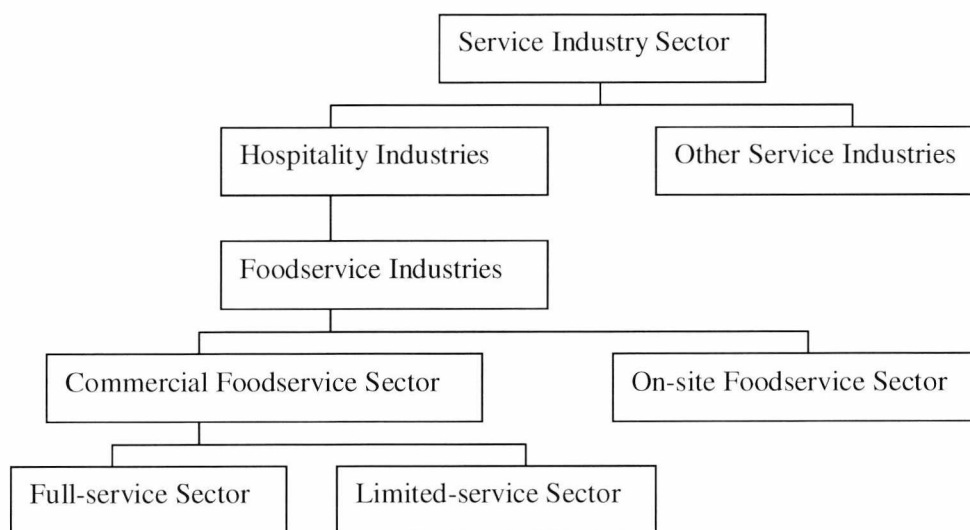
1.4 Hospitality industry: definition and function

In a manner similar to other business management concepts, the term hospitality has also been open to organisational scholar scrutiny over the past years. A useful review of the term and its key elements has been presented by Brotherton (2002; 1999) and Brotherton and Wood (2008:38-39). As their review indicates, despite the widespread adoption of the term, hospitality, its use to describe the activities of the industry, and its meaning are still elusive (Bright and Johnson 1985). Therefore, in the study of hospitality in general, and hospitality management in particular, defining the term is rather problematic not least because of a lack of general agreement as to what hospitality is. Oxford Dictionaries Online (2010) defines hospitality as 'friendly and generous reception and entertainment of guests or strangers'. For Tideman (1983), hospitality can be defined as 'the method of production by which the needs of the proposed guest are satisfied to the utmost and that means a supply of goods and services in a quantity and quality desired by the guest and at a price that is acceptable to him or her so that he or she feels that the product is worth the price'. Jones (1996) argues that hospitality is made up of two distinct services: one relates to the provision of overnight accommodation for people staying away from home, and the other refers to the provision of sustenance for people eating away from home. Cassee (1983) takes

a more holistic approach to defining the term and views hospitality as a harmonious mixture of tangible and intangible components –i.e. food, beverages, beds, ambience and environment, and staff behaviour (see also Brotherton 2002; 1999:168; Brotherton and Wood 2008; Cassee and Reuland 1983:144). Based upon a review of past definitions of the term, Morrison and O’Gorman (2006:3) view hospitality as a multi-faceted activity which represents a host’s cordial reception, welcome and entertainment of guests or strangers of diverse social backgrounds and cultures charitably, socially or commercially with kind and generous liberality, into one’s space to dine and/ or lodge temporarily (see Brotherton 2002; 1999; Brotherton and Wood 2008: 38-39, for further details).

Despite some similarities and differences in focus between the aforementioned definitions and perspectives towards the term, one thing is clear-cut: given different circumstances and contexts and their unique characteristics, the degree to which the hospitality offering is conditional or unconditional may vary from one context to another one, and from one circumstance to the other. In addition, when people’s living standards are improving they are able to spend more on leisure activities including dining away from home as well as other hospitality-related services – an indication of the fact that foodservices have now become a generally accepted part of people’s lifestyles (see Ritson and Hutchins 1995). Hence as Brotherton and Wood (2008) have rightly commented, it is not uncommon to see that people everywhere purchase food while they work, travel and engage in leisure activities. This in turn implies that the provision of food and beverage (by hospitality industry in general and restaurants or food service providers in multitudes of form in particular) to customers as a key business activity has played a long and important role in society.

Figure 1.1 Foodservice industry and its sectors



Source: Barrows (2008:421-25)

In addition to the nature of hospitality term, the hospitality industry is deemed essential for both developing and developed economies. This is primarily because hospitality is responsible for providing good quality services (such as accommodation, food, attractions, leisure activities, and entertainment) to the public where each individual consumer has his or her unique and different preferences, expectations and tastes. Given such broad mission, as Figure 1.1 depicts, hospitality is viewed as the umbrella industry under which the foodservice segment provided by restaurants in its multitude of forms (as the research sites for the current study) operates. As can be seen from Figure 1.1, the foodservice industry is often classified into two primary segments: (i) the commercial segment and, (ii) the onsite/non-commercial segment on a global scale. Whilst the former refers to most types of foodservice operations such as quick-service, fine-dining, pubs, and family restaurants, the latter segment covers those foodservice outlets that serve a larger entity such as a business/ industry, university, hospital and the like. The commercial sector is the largest and most dominant on both a regional and global scale (Barrows 2008). According to Barrows' (2008) review of the existing statistics on hospitality industry turnover and extent of operations in global marketplace, the commercial sector is approximately ten times larger than the on-site/non-commercial sector. As part of the commercial segment,

restaurants are generally categorized into two main types: (i) full-service restaurants and (ii) limited-service restaurants (Barrows 2008). The full-service restaurant category is composed of any operations in which the customers receive complete table service such as dinner houses (including themed restaurants), family restaurants, and fine-dining. Here customers seem to spend more time to get served as, for example, once they have arrived they have to wait to be seated, order a meal, interact with restaurant staff, and sit for a relatively longer time. The implication of the customers' (guests') long stay at the restaurants is that the management of restaurant needs to provide a comfortable dining environment (and of course high quality food) to the customers and pay sufficient attention to such service components of physical setting and dining environment. As Barrows (2008) has pointed out, this is because each of these service components would highly likely influence customer satisfaction and his or her subsequent behavioural responses. The limited service category (e.g. fast-food restaurants), on the other hand, refers to any operations where the customer is an integral part of the service delivery system. Quick-service, cafeterias, buffets, coffee shops, and pubs are some examples of limited service restaurants (Sulek and Hensley 2004). In short, foodservice (including both food and beverage) industry is a part of the larger hospitality sector. In the context of foodservice industry, various components of service delivery (both tangible and intangible) would clearly influence, form and shape customers dining experiences and therefore both need to be managed and delivered effectively by the service provider. The current research makes an attempt to assess customers (guests) experience with dining in both hotel chain restaurants and local Chinese chain restaurants operating in Taiwan.

1.5 Hospitality industry in Taiwan

According to the recent statistics (Domestic Statistic 2010), the entire unit number of industrial and commercial enterprises accounted for 1,105,102 in Taiwan during 2001-2006 – an increase of 18.15% within the past five years. The breakdown of such statistics in terms of economic sectors was as follows: service sector 79.55% and industrial sector 20.45%. In reference to hospitality sector in Taiwan, there was an increase of 42.33 percent in food/beverage and accommodation services (e.g. hotels, guest house) over the past five years – putting the sector in the first position in 2007.

Indeed, the major source of revenue of hospitality sector came from accommodation and foodservices. At a macro level, the service sector had also attracted the greatest number of working population –i.e. 4,309,646 which accounted for 57.08% of working population. Because of continuous development of tourism and travelling and more importantly changes in people's life style, hospitality industry has been viewed as a major contributor to Taiwan's economy (Domestic Statistic 2010).

Across the hospitality industry and in particular food and accommodation services, chain system has become the mainstream of commercial development as it makes most use of collective purchase and marketing activities. This in turn has resulted in two separate but related developments: first, higher flexibility of small-scale enterprises, and (ii) achieving economy of scale for large-scale enterprises. With regard to the current study, a chain restaurant is a set of related restaurants with the same brand name in more than one location across the country that are managed either under common ownership or franchising agreements (Converse 1921). Currently, there are some 284 chain hospitality industries, engaged in various activities such as restaurants and hotels, with over 4800 franchised stores in Taiwan. Each chain restaurant has 11.8 franchised stores and each chain beverage industry has 20.8 franchised stores. In terms of service quality, it is expected that all service providers, both the parent company and its franchisees, provide the same level of service quality to the customers (guests) across the country and be consistent in their service quality measures. This issue is of paramount importance not least because if one franchised outlet (e.g. store, restaurant, and hotel) causes service failure, the other franchised outlets' businesses will also be adversely affected.

Nielsen Global Online Survey (2009) of Taiwanese consumers reveals that 1 in 7 Taiwanese eats out every day or more than once a day. National statistics for family income and expenditure in 2008 report that personal and household consumption expenditure in food is regarded as the most highest expense than any other household expenses. Indeed, more recent evidence confirms that dining-out rate has reached 34.8 percentage of household food expenditure in 2008 – an increase of 7.6 percent compared to that of 1998 (National Statistical 2009). Whilst food consumption has an important and indispensable role in Taiwanese life as well as in other nations, the key

issue and one related to the current study is that consumption style of dining-out in a range of different restaurants (both modern 5-start hotel chain restaurants and more traditional chain family-owned restaurants) is very common and emphasised in Taiwanese society. So, food provided and served in restaurants reflects the nature of Taiwan's colourful cultural background and norms. For instance, food can be integrated using Chinese ingredient styles from mainland and Japanese taste which emphasise healthy diet. As a result of such cultural tendency towards other nations' dietary habits, Taiwanese people are more open-minded and try to embrace and accept other foreign foods. Thus, various foods from different countries can be found easily in Taiwan and are served along with local dishes. It is therefore not uncommon to see that people in Taiwan spend more money on dining-out. Indeed, dining out seems to be the preferred option than cooking at home for several reasons, namely, economical (cheaper), social (interaction with others), and quality wise issues (see also Ritson et al. 1986). With regard to the latter, it should be noted that dining-out is not only a common and preferred economic choice for Taiwanese but also it is rather easy to find good quality restaurants with diverse dishes everywhere in the country.

1.6 Research questions

The present study examines the relationship between Chinese cultural values and service quality dimensions and the resultant implications for customer expectations, perceptions, perceived value for money, satisfaction, and finally customer behavioural intentions in the restaurant industry in Taiwan. More specifically, the following research questions, which emerged from the extant literature on the subject, guide this study:

1. Do Chinese cultural values affect customer expectations of service quality?
2. What are the primary determinants of service quality expectations in hotel chain and local chain restaurants?
3. Does service quality affect customer satisfaction and value for money? Which dimensions of service quality impact on (a) customer satisfaction and (b) value for money?

4. What is the nature of relationship between customer satisfaction and customer perceived value for money?
5. What are the implications of customer satisfaction and (customer) perceived value for money for customer behavioural responses?

1.7 Research aims and objectives

The primary aim of this research is to contribute towards the ongoing debate on the cultural norms and traditions and service quality dimensions. To this end, this study makes an attempt to shed light on the impact of Chinese cultural values and norms on service quality dimensions particularly with regard to customer expectations, and the relationship between service quality, satisfaction, perceived value for money, and customer behavioural intentions. To accomplish this guiding aim, it draws evidence from (i) Taiwanese five star hotel chain restaurants, and (ii) local chain restaurants – regarded as an under-researched industry in an under-researched culture. In the light of the aforementioned primary aim, the study makes an attempt to achieve the following five specific objectives:

1. To explore and examine the impact of Chinese cultural values on expectations of service quality dimensions from a customer's perspective.
2. To elucidate the major determinants of customer expectations of service quality.
3. To explore and analyse the relationship between (a) service quality dimensions, (b) value for money, and (c) satisfaction.
4. To examine the relationship between value for money and satisfaction.
5. To analyse the impact of customer satisfaction and value for money on (customer) behavioural intentions.

1.8 Research design

This study utilises a positivist research philosophy. The principal axiom of positivist approach hinges on the argument that reality is objective, singular and can be directly observed by data collection. It advocates the use of a high structure methodology which facilitates replication and quantifiable observations for further statistical

analysis (Davies 2007; Saunders et al. 2000; Saunders et al. 2007). The current study starts with an extensive review of the literature. On the basis of this thorough review, it then develops hypotheses to predict the constructs and their relationship. Eventually, it seeks evidence to either confirm or refute the proposed hypotheses through empirical fieldwork (see Easterby-Smith et al. 2002). As a quantitative research, this study entails several methodological stages, namely, (i) to propose and develop several working hypotheses, (ii) to develop instruments and methods for measuring the constructs, (iii) to conduct fieldwork and collect empirical data, (iv) to build models to analyse the collected evidence, and finally (v) to evaluate and validate the results (Fielding and Schreier 2001).

In respect of data collection, survey strategy is employed so as to collect appropriate empirical data from two types of restaurant across three regions: (i) five star hotel chain restaurants, and (ii) local chain restaurants, across northern, middle, and southern regions in Taiwan. For the purpose of data analysis, the research framework is split into two sections: one section explores customer expectations of service quality through the lens of Chinese cultural values, and the other section examines the relationship between service quality, value for money, satisfaction, and behavioural outcomes. The final results shed light on the nature of customer expectations through the lens of Chinese cultural values and provide invaluable insights for both services and marketing management scholars and practicing managers of hospitality industry in a non-Western organisational context – i.e. Taiwan hospitality industry.

1.9 Definition of key terms

The key terms used in this study are defined as follows (see Appendix F for further details):

- **Mien-tzu (Face-giving)**: An image of self delineated in terms of approved social attributes; a situation where customers feel free to demonstrate themselves in front of others and get respect as well as individual requests from staff of restaurants (Goffman 1955:213; Hoare and Butcher 2008; Lockyer and Tsai 2004; Qian et al. 2007).

- **Guanxi (Personal relationship):** Personal connection or a person's ability to secure special favours among others through personal connections and networking with other individuals; knowing or being familiar with someone who works in the restaurant (Dunning and Kim 2007; Lockyer and Tsai 2004; Qian et al. 2007).
- **Hé (和; Harmony):** A person's inner balance as well as the balance between individuals and their natural and social surroundings; customer's preferences to maintain a harmonious atmosphere in the restaurant during dining (Hoare and Butcher 2008).
- **Service Quality:** The difference between a customer's expectations and perceptions of a service; customer perceptions of the performance of a service (Cronin and Taylor 1992; Parasuraman et al. 1991; Parasuraman and Zeithaml 1994; Parasuraman et al. 1985; Parasuraman et al. 1988).

1.10 Limitations of the study

The study is limited by the following conditions:

- Single industry (i.e. hospitality and more specifically foodservices / restaurants).
- Restricted samples (i.e. inability to generalize the findings to other service industries).
- Restricted participation of restaurateurs to a single brand (i.e. only restaurants affiliated to one five star hotel chain brand and one local chain brand across the three regions).
- Limited scope of the research to only Taiwan (i.e. low transferability of the findings to mainland China and other Chinese-spoken countries).
- Using a combination of face-to-face and self-administered questionnaire survey (i.e. causing the respondents to feel uneasy to correctly and accurately answer the questions).
- Convenience sampling.

1.11 Organisation of the remainder of the study

Chapter Two presents a review of the research on 'culture'. In doing so, it discusses the following issues: general definitions of culture, universal and more general cultural frameworks, the concept of national culture, the cultural profile of Taiwanese society, the concept of Chinese culture, and Chinese cultural values. More importantly, this chapter presents a comparative discussion of different cultural models as well as their strengths and weaknesses. The section concludes with several key issues about culture and its impact on dining behaviours of Chinese consumers.

Chapter Three provides a review of the literature on service quality, satisfaction and value for money. Based on the definition of service quality (i.e. the difference between perceptions and expectations), this section is divided into two sub-sections. First of all, it discusses the definition of service, quality, and service quality. In the expectations section, it discusses various definitions of expectations, the level of expectations, and factors influencing customer expectations. In the perceptions section, the term 'perception' is defined and a review of the key service quality models will be presented. Finally, the constructs of satisfaction, value for money, and their consequences in terms of customer behavioural intentions are also discussed in detail. The section concludes with the key issues relevant to service quality and the relationship between service quality, satisfaction, value for money, and customer behavioural outcomes.

Chapter Four demonstrates the main issue which is central to this research – i.e. the Model Conceptualization and Development of Hypotheses. Building upon the previous two chapters on 'culture' and 'service quality', it examines the relationship between cultural values and service quality dimensions and their consequences for customer satisfaction, value for money, and behavioral outcomes. In short, this section integrates Chapters Two & Three in order to develop research hypotheses in terms of (i) 'the influence of cultural values on expectations of service quality,' and (ii) 'the relationship between service quality, value for money, satisfaction, and behavioural intentions'.

Chapter Five discusses the adopted research methodology – i.e. quantitative research methodology using survey questionnaire. This chapter covers topics such as research philosophy, research approach, research strategy, sampling, data collection method, time horizons, survey instrument and administration, pre-testing, and finally purification of instrument.

Chapter Six presents the analysis of the questionnaire survey data. Based on the data analysis and key objectives of the study, this chapter tests the developed hypotheses and presents the key results into two research models: one model explores the link between, service expectations, their determinants, and Chinese cultural values, and the other model examines the relationship between service quality, value for money, satisfaction, and customer behavioural outcomes.

Chapter Seven summarizes previous chapters and present a summary of the key findings. It discusses the influence of Chinese cultural values on expectations of service quality; it explores the relationship between service quality, satisfaction, value for money, and behavioural outcomes. It finally presents the implications of the research findings for academia, practicing managers, and policy makers.

For the purpose of clarity, Figure 1.2 illustrates the overview of the dissertation (see next page).

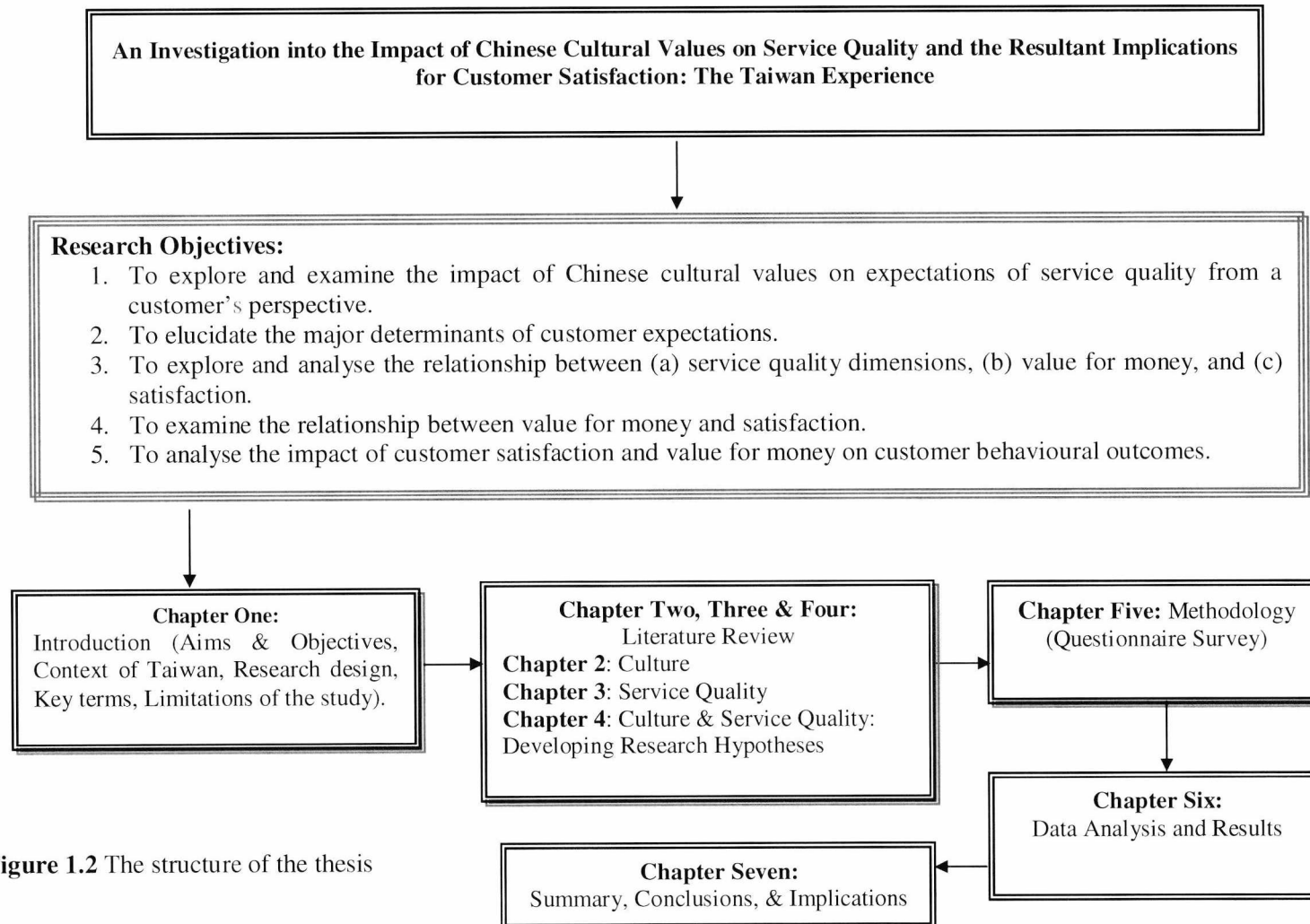


Figure 1.2 The structure of the thesis

Chapter Two: Literature Review – Culture

2.1 Introduction

This chapter aims to present a review of the literature pertinent to culture in terms of definitions, frameworks, and more specific cultural norms related to the research context and sample. It starts by providing a range of definitions of culture. It then presents a review of the two most frequently cited cultural frameworks: Hofstede's cultural dimensions and Hall's low and high context cultures (see Section 2.3). As this study makes an attempt to explore the research phenomena through the lens of Chinese cultural values with a particular focus on Taiwan, the cultural profile of the Taiwanese society is then presented. Here, Chinese culture and its three moulding forces of Confucianism, Taoism, and Buddhism are explained. More specifically, the core Chinese cultural values of *mien-tzu* (face-giving), *guanxi* (personal relationship), and *hé* (harmony) are discussed. Given the primary focus of the current study on hospitality sector (i.e. hotel chain and local chain restaurants) as its main research sites, the final section of the chapter highlights the importance of food in Chinese society. The chapter ends with a summary of the key issues discussed and a link with the next chapter.

2.2 Culture: definitions, layers, and levels

Similar to many other humanities and social sciences concepts, culture (derived from the Latin *cultura* stemming from *colere* which means 'to cultivate', see Harper, 2001) is a term that can be defined and interpreted in different ways. Kroeber and Kluckhohn (1952) compiled a list of 164 definitions of 'culture' in their book entitled: "*Culture: A Critical Review of Concepts and Definitions*". A review of their work which mainly derived from the writings of anthropologists shows that culture is often used in two broad senses, namely, as an integrated pattern of human knowledge, belief, and behaviour that depends upon the capacity for symbolic thought and social learning, and as a set of shared attitudes, values, goals, and practices that characterizes an institution, organization or group.

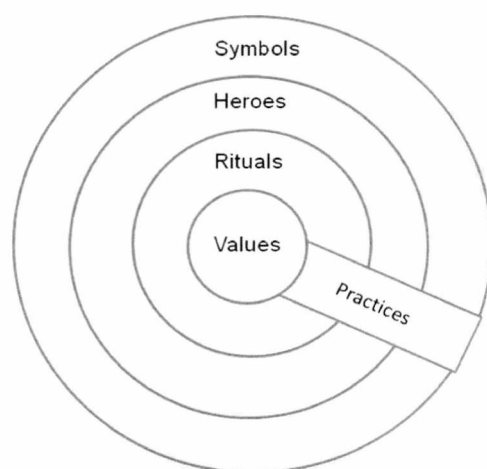
In a similar vein, House et al. (1999:182) define culture as “shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations”. For others, culture is an important concept that “shapes everything” (Hickson and Pugh 1995:90) and can be regarded as “the way in which a group of people solves [their] problems” (Trompenaars 1994). Hofstede’s (1994b:4) conceptualization of culture indicates that culture can be regarded “as mental programming” referring to culture as a reflection of a certain group phenomenon as a person shares his/her feelings and thinking with others in the same circumstances through learning and life experience. Based on such perspectives, Child and Kieser (1977:2) take a more macro approach to conceptualisation of the culture and define it as “patterns of thought and manners which are widely shared. The boundaries of the social collectivity within which this sharing takes place are problematic, so that it may make as much sense to refer to a class or regional culture as to a national culture”. Others take the argument on culture conceptualization further and view it as “an assemblage of imagining and meanings” and at different levels (Lewis 2002:12). Hence, while communities and societies are built by people as unit, culture is formed by means of a combination of imagining and meanings. People communicate and interact via language, symbols, as well as verbal and non-verbal signs to deliver information. This shapes culture, and imagining and meanings can be changed through space and time. So culture is not static as diverse individuals and groups are generated by different meanings and imagining.

Such diversity of individuals and their shared meanings and imagining, in turn creates different layers of culture such as individual, national, and organizational culture. For example, Singh (2004) has made an attempt to offer a multi-level approach to the study of culture where perceptual, behavioural, and symbolic viewpoints are used to analyze cultural values. For Singh, the formation of culture can be classified into these three levels. Level one, the perceptual level, interprets overall cultural conception by means of fundamental cultural models such as language structures (see Kaplan 1966). The second level, the behavioural level, consists of cultural models which include: cultural dimensions of Hofstede’s (1980b; Hofstede and Bond 1988) five-dimensions framework, Hall’s (1976) high and low context cultures, and Trompenaars’ (1994)

cultural values which carry influential force to individuals, and consequently generate behavioural outcomes. In addition, appearance of signs and symbols such as icons, codes of society and colour in the public which illustrates representations of cultural thought over time is included in the symbolic level.

To better understand culture, Hofstede (1994b:7) presents the 'onion diagram' which classifies manifestations of culture. As Figure 2.1 shows, Hofstede characterizes cultural differences through four key terms: values, rituals, heroes, and symbols, which according to Hofstede constitute the "skin of an onion".

Figure 2.1 Onion diagram: manifestation of a culture



Source: Hofstede (1994b: 7)

As Figure 2.1 indicates, first layer is *symbols* which constitute the outer layer of the onion not least because they are most visible to outsiders and can be exchanged between cultures. They include any kind of pictures, objects, gestures, or words which carry a particular meaning only recognized by the members of one culture. As a result of gradual evolvement and replication over time, new symbols are shaped instead of old ones. Words, idioms, jargons, accents, flags, status symbols, brand names, clothes, hair styles, colours, and pins are some examples of the layer of symbols. The second layer is called *heroes*. Heroes are role models that possess specific characteristics that are highly recognized and admired by members of groups in a culture. Heroes can be alive or dead, and real or imaginary. Any member of groups can function as a hero. Movie, music and sport stars, politicians, historical people, cartoon heroes, heroes

from books, and even people from one's own family could function as heroes. The third layer relates to *rituals* which are conventionalized behavioural patterns that occur in particular situations. Business meetings, church services, morning routines which are regarded as activities that take place on a regular basis in a particular course are examples of rituals. Rituals also play a significant role in language (e.g. small-talks, greetings, agreeing and disagreeing). As can be seen from Figure 2.1, cultures demonstrated by symbols, heroes or rituals can be seen and practiced. In other words, practices are composed of the aforementioned three layers –i.e. symbols, heroes, and rituals. Finally, *values* which are shown as inner layer, constitute the core element of Hofstede's cultural framework and therefore are viewed as priorities. They are viewed as those "broad tendencies to prefer certain states of affairs over others". They are regarded as do's (right) and don'ts (wrong), are taught in early childhood, and are deemed essential for one's decision about what is right or wrong. Whilst personal values differ among the members of one culture they are normally respected by all members of the culture. According to Hofstede, values are classified into two types of desired and desirable ones. In other words, 'what people want for themselves versus how people think the world ought to be' (Hofstede 1994b:9). For Hofstede, values can be interpreted in several different and contrasting ways: as statistical norms based on 'the choices actually made by the majority' (Hofstede 1994b:10), and 'as absolute norms concerning ethical and ideological beliefs'.

In terms of manifestation of the culture of Taiwan, it can be analysed and illustrated through the lens of Hofstede's culture onion. From the outer layer of the onion, *symbols* which can stand for and represent Taiwan could include ACER, ASUS, GIANT, MSI, BENQ, and Taiwan flag. The second layer, *hero*, could include figures such as 'Sun Yat Sen' who was a political leader, foremost pioneer of Nationalist party in China and Founding father of Republican China (Taiwan). Indeed, he is regarded as a well-known national hero not only for both Taiwan and mainland China but also for wider Asian Chinese community. Accordingly, there are many conventional *rituals* in Taiwan such as Moon Festival (Mid-Autumn Festival), Ghost Festival (Ghost Month), Dragon Boat Festival, Double Ninth Day and Lantern Festival (Holidays and Festivals in Taiwan 2010). For instance, during mid-August every year in China, Taiwanese usually have moon cakes and BBQ with families and

friends not least because the full-moon festival in Chinese community symbols the gatherings of friends, relatives and families. Finally, the influence and role of religions such as Confucianism, Buddhism and Taoism as well as other elements of Chinese culture constitutes Taiwanese people's core *values*.

A developed version of the work of Hofstede can be seen in the contribution of Trompenaars who authored a book entitled, "*Riding the waves of culture: understanding cultural diversity in business*". Trompenaars (1994) defines culture as a component of shared values. In his discussion of layers of culture he argues that norms as judgments and senses in a particular society can generate formal or informal stipulations. In contrast, values as determination of assessments are developed by a group that has similar ideas for sharing in a society. So, whilst the norms, consciously or subconsciously, give us a feeling of "this is how I normally should behave", values offer us a feeling of "this is how I aspire or desire to behave" (p. 23).

The foregoing brief review of Hofstede's and Trompenaars' writings on cultural values, norms, and layers indicates that Hofstede's definition of desired values and Trompenaars' definition of norms are rather similar. More specifically, the definition of values presented by Trompenaars is similar to that of desirable values by Hofstede. So it can be argued that Hofstede's values could include Trompenaars' view of norms and values (see Fang, 2006 for further details). Although discussions of cultural values tend to gravitate towards the individual, value domains can also be construed from a collectivist or a combination of individual-collectivist as well. Thus, hedonism, power, achievement and self-direction clearly serve individual interests; tradition, conformity and benevolence serve collective interests; and finally, security, universalism, and spirituality serve individual and collective interests (Straker 2006: 53).

Based on insights from Hofstede's inner layer of onion diagram –i.e. values – others have made further attempts to frame and expand the concept of cultural values. The Schwartz Value Inventory (SVI), for example, reports the key results of an extensive worldwide survey of 60,000 people through ten value types. A brief description of each value type is presented in Table 2.1 (Straker 2006).

Table 2.1 Schwartz value inventory value type

Elements	Description (Value association)
Power	Social status and prestige. The ability to control others is important and power will be actively sought through dominance and control.
Achievement	Setting and achieving goals. When others have reached the same level of achievement, status is reduced thus greater goals are sought.
Hedonism	Seek pleasure above all things.
Stimulation	Closely related to hedonism but pleasure is derived from excitement and thrills.
Self-direction	Independent and outside the control of others. Prefer freedom.
Universalism	Social justice and tolerance for all. Promote peace and tolerance for all.
Benevolence	Very giving; seeks to help others and provide general welfare.
Tradition	Respect for things that have gone before. Customary; change is uncomfortable.
Conformity	Seeks obedience to clear rules and structures.
Security	Seeks health and safety to a greater degree than others.

In summary, the above review of the literature pertinent to the definitions layers of culture demonstrate that ‘culture’ is defined differently by different authors. However, it is most commonly used in three basic senses: (i) excellence of taste in the fine arts and humanities (high culture); (ii) an integrated pattern of human knowledge, belief, and behaviour that depends upon the capacity for symbolic thought and social learning; and (iii) the set of shared attitudes, values, goals, and practices that characterizes an institution, organization or group. In simple term, culture is a word for people’s “way of life”, meaning the way they do things. A group of people has a separate culture when that group sets itself apart from others through its actions (Douglas 2001; Kroeber and Kluckhohn 1952; Levine 1971). In the context of the current study, culture as ‘a set of shared attitudes and values’ (see definition iii) has been adopted as our operational definition. In respect of layers or levels of culture, Hofstede’s onion diagram has been widely used to analyze multiple layers of culture and explore individual cultural characteristics. As the above analysis of Hofstede’s onion diagram shows, each onion has a unique size and classification against the other. In other words, specific visible symbols, representative persons, conventionalized behavioural patterns, beliefs and values lead to a formation of an onion, and each onion can not serve as a substitute for the other not least because of its peculiar elements. Hence, as Fang (2006) has maintained, each country’s national cultural dimensions cannot be both individualist and collectivist, and both long-term oriented and short-term oriented.

2.3 National culture

Each country has its own unique cultural activities and cultural rituals. So national culture is the beliefs and values of the people of a country including the way people think and understand. According to Hofstede (1991:253), national culture is a common component of a culture and common traits of the residents within a particular nation, which can distinguish it from another. It reflects a statistical average of inhabitants' perspectives in a particular nation called a central tendency or an average tendency. For Hofstede and Hofstede (2005), national culture is 'the collective programming of the mind acquired by growing up in a particular country. As a result of such shared and collective programming of the mind, people of each country share a collective national character that shapes their values, attitudes, competencies, behaviours, and perceptions of priority. This implies that culture affects how people think and behave. A review of the related literature indicates that the debate on the national culture was stimulated by the contributions of Hofstede's (1991) cultural dimensions and Hall's (1976) high and low context cultures.

The Hofstede's cultural framework has been frequently adopted by organizational scholars for exploring and analysing cultural differences at individual, organizational, and national levels (see Kirkman et al. 2006). Hofstede undertook two surveys with 117,000 questionnaires in the branches of IBM Company between 1967 and 1969 and between 1971 and 1973 separately across 66 countries. Based on an initial sample of 40 (out of 66) countries, the analysis of the collected data revealed four national cultural dimensions, namely, *power distance*, *uncertainty avoidance*, *individualism/collectivism*, and *masculinity/femininity*. Subsequently, Hofstede obtained the same results when he expanded and reiterated his study to 53 cultures. As a result, the fifth dimension, *long-term orientation*, was added to the framework. The long-term as the fifth dimension was derived from the Chinese cultural values and norms (see The Chinese Culture Connection 1987). A brief review of Hofstede's five cultural dimensions is presented below (1994a:5; 1980a:45):

1. Power distance refers to the degree of inequality which the population of a country considers as normal.

2. Uncertainty avoidance relates to the degree to which people in a country prefer structured over unstructured situations.
3. Individualism (vs. collectivism) implies a loosely knit social framework in which people are supposed to take care of themselves and of their immediate families only. Collectivism, on the other hand, is characterized by a tight social framework in which people distinguish between the members of in-groups and out-groups.
4. Masculinity (vs. femininity) pertains to values such as assertiveness, performance, success and competition, which in nearly all societies are associated with the role of men. In contrast, femininity prevails over values like the quality of life, maintaining warm personal relationships, service care for the weak and solidarity, which in nearly all societies are more associated with the role of women.
5. Long-term orientation refers to the extent of emphasis on future-oriented culture. It is linked with Confucian values, persistence, ordering relationships by status and observing this order, thrift, and having a sense of shame (Hofstede 1994a:165).

Although Hofstede and subsequently other organizational scholar have made an attempt to generalize Hofstede's 5-dimension model to a wider sample of nations, it has received several criticisms. First, it is argued that number of respondents across nations was different and therefore not comparable. For example, whilst there were less than 100 respondents from a few countries such as Pakistan, in other cases such as France, Great Britain, Germany and Japan, nearly over 1000 questionnaires were collected (see Hofstede 1980a). A second critic relates to data collection, where the samples were only from a single multinational company and that data were regarded too old for today's dynamic cultural environment (see McSweeney 2002; Sivakumar and Nakata 2001). In addition, others (e.g. Sivakumar and Nakata 2001) argue that Hofstede's framework assumes a very simplistic view to interpret culture based on four or five dimensions not least because it fails or even ignores to explore within-country cultural heterogeneity. The framework has also been criticized for the fact that the first set of data which had resulted in the first four cultural dimensions was derived from employees but that of the fifth dimension was collected from a sample of students. Finally, a basic correlation analysis between the original four dimensions and the fifth dimension does not support the dimension of uncertainty avoidance. Instead, uncertainty avoidance was found to be closely related to the fifth dimension

(i.e. long-term orientation) at an individual rather than aggregate national level (Roberston 2000; Robertson and Hoffman 2000).

Similar to Hofstede's background and his cultural framework, Edward T. Hall was an anthropologist who made early discoveries of key cultural factors. In particular he is known for his high and low context cultural factors. Hall's cultural values are often used to interpret interactions of negotiation and communication for people with different backgrounds. In his seminal text entitled, *Beyond Culture* (1976), Hall talked about high-context and low-context messages served as two ends of a continuum. In a high-context culture, there are many contextual elements that help people understand the rules. As a result, much is taken for granted. However, this can be very confusing for people who do not understand the 'unwritten rules' of the culture. High-context is defined as people deeply involved with each other. Consequently, simple information and messages are widely shared through physical contact with profound meaning, and which internalized in an individual. In a high-context culture, relationships among people are intimate; an individual has strong self-control to hide internal feelings; and there exists a hierarchical structure in a society such as countries in the East. In contrast, in a low-context culture, very little is taken for granted. By definition, a low-context culture can refer to a context where "people are highly individualized, somewhere alienated, and fragmented, and there is relatively little involvement with others" (Hall 1976:39). According to Hall, low context culture exists among nations in the West, in which exchange of information relies on overt communication.

Hall's cultural model and his contrasting high-low cultural continuum are somewhat analogous to not only one of Trompenaars's (1994) dimensions of 'specificity and diffuseness', but also to the 'collectivism/individualism' aspect of Hofstede's (1991) cultural framework (see Ting-toomey 1985). To illustrate, people with collectivism maintain *hé* within a group, distinct individuals from inside or outside groups, and share value creating (Triandis 1989). Morling et al.'s (2002) study of cultural practices in the United States and Japan shows that Japanese with a collectivism culture can adjust themselves to match their environment, while American individuals prefer using acts of influence in the context of social relations.

Whilst Hall's cultural model has been frequently used and applied to various contexts at different levels, and therefore availability of some evidence on its wider applicability (see Cardon 2008), it has several limitations. Despite Hall's attempts to rank cultural groups, it fails to measure and conceptualize such cultural group norms and values (see Hermeking 2006; Cardon 2008). Furthermore, there is no information about the adopted methodology or analysis of the collected data as this could have important ramifications for the way the data is analyzed and interpreted. The methodological concern is important as Hall's cultural framework is based on several different studies from different nations and at different time periods (e.g. Japan and USA in 1987, Germany and France in 1990, and the USA in 1990; see Cardon 2008). In Victor's (1994:42) words, "While Hall's works have laid the foundation for the field, they are non-empirical and limited to a handful of cultures. Even some of these cultures (e.g. Arabic and Scandinavian) are too cross-culturally heterogeneous within the culture to be accurate. Moreover, national cultural norms and values of countries such as China, Mexico, Brazil – to name but a few – were seen to be ignored in Hall's cultural studies. So in order to infer robust conclusions, Hall's cultural model still needs to be further empirically validated (see Cardon 2008 for a review).

In addition to Hofstede's and Hall's cultural models, there exist several other cultural frameworks which can be used to explore and analyze cultural values at different levels. For example, Trompenaars and Charles Hampden-Turner (1997) have developed a model of culture with seven dimensions. Of these, five dimensions explore the ways in which human beings deal with each other. These are: 1. Universalism vs. particularism (what is more important, rules or relationships?). 2. Individualism vs. collectivism (communitarianism) (do we function in a group or as individuals?). 3. Neutral vs. emotional (do we display our emotions?). 4. Specific vs. diffuse (how separate we keep our private and working lives). 5. Achievement vs. ascription (do we have to prove ourselves to receive status or is it given to us?). The remaining two dimensions discuss different ways in which societies look at time. These are: 6. Sequential vs. synchronic (do we do things one at a time or several things at once?). And 7. Internal vs. external control (do we control our environment or are we controlled by it? In other words, this dimension shows the attitude of the culture to the environment).

In addition to the aforementioned cultural studies, there are several other cultural studies which centre on the bases of the results revealed in the Hofstede's study. For example, Smith et al. (1996) developed six dimensions to define national culture based on interview with managers across 21 countries. A review of these dimensions indicates that they are strongly correlated to Hofstede's work. Schwartz's dimensions (1994) explain social values across 56 countries which also partly overlap with Hofstede's five dimensional model. In a more recent study, the GLOBE research program was designed to conceptualize, operationalize, test, and validate relationships between culture and leadership effectiveness (House et al. 2004). The results of the GLOBE project reveal several dimensions such as: uncertainty avoidance, power distance, collectivism (organizational and individual), gender egalitarianism, assertiveness, future orientation, performance orientation, and humane orientation. Some of these dimensions are clearly correspond to Hofstede's original five dimensions.

In short, as the above discussion of national cultural models and frameworks indicates, there is certain commonality among their underlying assumptions and dimensions of national cultures. Each has its own strengths and critics. A majority of them seems to be criticized for their inappropriate or rather invalid methodological approaches. Of different cultural perspectives and frameworks, Hofstede's cultural framework (1980; 1994) and Hall's (1976) high-low cultural contexts seem to be the most widely used and cited studies of cultural literature. Whilst they share several similar viewpoints on analyzing cultural norms, they also differ in several certain areas. Most of cultural studies appear to refer to Hofstede's cultural model and benchmark their findings against it. Consistent with the aims of this study, and in contrast to many previous cultural studies in service-oriented settings at different individual, organizational, and national levels which discussed service quality dimensions and customer satisfactions through the lens of Hofstede cultural model, this study adopts the underlying cultural values of Chinese society as a means to investigate and interpret service quality characteristics and its resultant implications for customer satisfaction. To this end, the next section provides an overview of the Chinese cultural norms and values with a particular focus on the cultural profile of the Taiwanese society.

2.4 The cultural profile of the Taiwanese society

Based upon Hofstede's (1980b) cultural dimensions, compared to China and other Asian countries, Taiwan represents a moderately lower scores for long term orientation (87 against Asian: 88 and China: 118), a considerably higher score for uncertainty avoidance (69 against Asian: 61 and China: 40), a moderately lower score for dimensions of masculinity (45 against Asian: 58 and China: 66), power distance (58 against Asian: 60 and China: 80), and individualism (17 against Asian: 24 and China: 20).

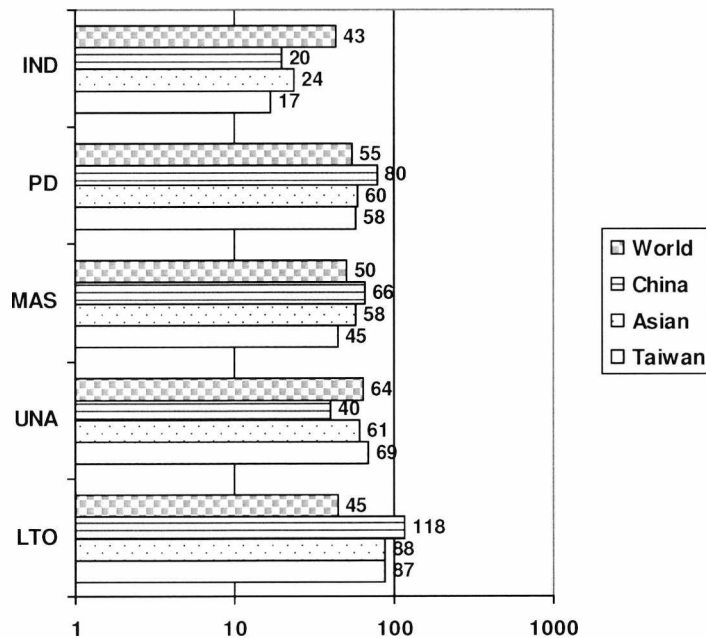
In comparison to world average, Taiwan's cultural scores based on Hofstede's dimensions can be summarized as follows: the Taiwanese rank higher than world average in the power distance ranking (58 compared to an average of 55). The Taiwanese rank lower than world average in the individualism ranking (17 compared to the average of 43). Taiwan stands for a moderately lower score for dimensions of masculinity (45 against 50), a significantly higher scores for both uncertainty avoidance (69 against 64), and long-term orientation (87 against 45).

Compared with Asian cultural dimensions, under the Hofstede's cultural dimension index, cultural characteristics of Taiwan have strong long-term orientation and collectivism, medium to low masculinity, as well as power distance. The society has the lower tolerance for uncertainty and ambiguity than other Asian countries. Such scores also apply to nations such as Hong Kong and Singapore, which all share cultural values such as those belong to the Chinese cultural heritage. Hofstede's analysis of Chinese cultural context has long-term orientation (LTO) with the highest-ranking factor (118). According to Hofstede, such ranking is true and applicable to all Asian cultures. LTO indicates a society's time perspective and an attitude of persevering. Whilst a short-term orientation implies a quick buck and exit, a long-term organization assumes that business negotiations and related decision making require a reasonable longer-time period to take place, that organizational strategies reflect long-term profits and growth at a rather slower rate, that members of long-term oriented organizations are expected to spend longer time on establishing a relationship

prior to actually conducting business, and that risk associated with investment has a higher priority than making a short-term profit.

In respect of individualism (IDV), unlike long-term orientation, the Chinese (from mainland China) rank lower than any other Asian country (20 compared to 24). According to Hofstede, one explanation for such difference could be attributed to the high level of emphasis on a collectivist society by the governing state –i.e. the Communist party. The low individualism ranking of Chinese society lies in the fact that individuals are closely tied to their inner groups such as family, extended family, or even extended relationships. This highlights the paramount importance of loyalty for individual members of a group which in turn encourages strong relationships in a sense that each individual member of a group is expected to take responsibility for fellow members of their group.

Figure 2.2 A comparison of Hofstede’s cultural dimensions



In the interest of clarity and ease of comparison, Figure 2.2 demonstrates a comparison among Asian, China, Taiwan and world Hofstede’s cultural index. As can be seen, Taiwan represents the lowest scores for individualism, masculinity, highest

scores for uncertainty avoidance, and is ranked higher than world average with regard to power distance and long-term orientation.

In an attempt to cluster countries based on three elements of geography, language and religion, Ronen and Shenkar's (1985) study reports several Far East countries such as Malaysia, Singapore, Hong Kong, Philippines, South Vietnam, Indonesia, Thailand and Taiwan to share several common cultural characteristics. These countries are reported to share several common attributes such as 'high power distance, low to medium uncertainty avoidance, low individualism, and medium masculinity' (p.451). Such findings have close affinity with Hofstede's cultural dimensions with regard to the Far Eastern cultural cluster. Whilst Ronen and Shenkar's (1985) study helps to validate Hofstede cultural model, it has been subjected to several methodological criticisms. For instance, the sample was questioned for having several different languages and religions. In terms of religion for example, Hong Kong, Singapore, Malaysia and Taiwan are reported to be heavily influenced by Confucianism, whilst the remaining sample countries do not seem to follow the tradition of Confucianism. In line with such limitations of Ronen and Shenkar's (1985) study, Batonda and Perry (2003) argue that there are common beliefs among mainland Chinese and the overseas Chinese diasporas including Taiwan, Hong Kong, and Singapore. Such shared beliefs (e.g. Confucian values) as well as group orientation and hierarchy may reflect the persistent nature of a Chinese culture which is rather inconsistent and different from non-Chinese cultural norms and values.

2.5 Chinese cultural values: Hofstede versus philosophical traditions of Chinese society

As discussed earlier, 'long-term orientation' dimension of Hofstede's cultural model was added to his original four-element model as a result of an extension to his research which was subsequently conducted in Hong Kong and Taiwan (Hofstede and Bond 1988; *The Chinese Culture Connection* 1987). The existence of such dimension which has its roots in the Confucian doctrine is firmly embedded in the Chinese culture. Following the emergence of this dimension which was purely dependent on and derived from Chinese cultural context, the Chinese business environment and

management practices, and more importantly Chinese cultural values and norms have received extensive attention from both academic and practitioners.

Chinese culture has been moulded by three philosophical and ethical traditions, namely, (i) Taoism, (ii) Buddhism, and (iii) Confucianism. Of these three ethical traditions, Confucianism has had tremendous influence on the culture and history of not only mainland China but also East Asian regions. It is an ethical and a philosophical system which was derived from the teachings of the Chinese philosopher Confucius. Due to governmental promotion of Confucian philosophies across East Asian region, it is now regarded as a state religion of some East Asian countries such as China (see Yao 2000). As a result of the paramount importance of these three philosophical and religious traditions in shaping cultural values and norms of Chinese society, each of them is briefly discussed below.

Taoism

Taoism (or Daoism) refers to a variety of related philosophical and religious traditions. It strongly concentrates on individual life, nature, and tranquillity. It is based on the teachings of the *Tao Te Ching*, a short tract written in the 6th century BC in China. Lao-Tse (604-531 BC) is widely believed to have founded Taoism in his search for a way that would avoid the constant feudal warfare and other conflicts that disrupted society during his lifetime. Its primary focus is on spiritual harmony within the individuals. Despite the richness of the concept which carries many abstract religious meanings, the word 道 *Tao* (or *Dao*) can be translated as, “path” or “way” (of life). It refers to a power that envelops, surrounds and flows through all living and non-living things. The Tao regulates natural processes and nourishes balance in the Universe. It embodies the harmony of opposites (i.e. there would be no love without hate, no light without darkness, and no male without female).

Taoist has a strong focus on the Three Jewels of the Tao: (i) compassion, (ii) moderation, and (iii) humility. In more accurate language, Taoism deals with life in harmony with nature. Although respect for nature is an integral part of Taosim, the

relationship between humanity and the cosmos (天人相應), health and longevity, and Wu Wei (i.e. action through inaction) has been emphasized as a means of producing and achieving harmony with and within the Universe (Conway 2010). There are two main schools of thought within Taoism: one is philosophical Taoism (Tao-Chia), and the other is religious Taoism (Tao-chaio). Whilst both share common features, philosophical Taoism is mainly associated with the philosophical writings of Lao-Tzu and Chuang-Tzu. Religious Taoism, on the other hand, refers to religious rituals with a particular focus on achieving perpetuity and immortality (Kwan and Ofori 2001; Religious facts 2010; Miller 2003; Conway 2010).

Buddhism

Buddhism is also regarded as a religion and philosophy. It encompasses a variety of traditions, beliefs and practices. In terms of its historical origin and founder, it has its root in Siddhartha Gautama's (known as the Buddha) writings and teachings. Siddhartha Gautama lived in the north-eastern Indian subcontinent some 26 centuries ago. The Buddha has been recognized by its followers as an awakened teacher whose primary mission was to help sentient beings end suffering, achieve nirvana (highest spiritual state where one has completed happiness and peace), and escape what is seen as a cycle of suffering and rebirth. Like many other religions and philosophies, Buddhism has its own branches. Here three different but related schools of thought are commonly recognized: Theravada, Mahayana, and Vajrayana. Theravada is known as the School of the Elders and indeed is the oldest branch of Buddhism with many followers mainly from Southeast Asia. Mahayana, on the other hand, is known as the Great Vehicle which is again more practiced throughout East Asia. The third branch is called Vajrayana which indeed has been derived from Mahayana. In other classification of Buddhism, Theravada, and Mahayana seem to be its two main categories with Vajrayana only as a sub-category of Mahayana. In contrast to other commonly practiced religions in Asia continent, Buddhism has been recognized as the most popular religion with followers from every where in the world. According to most recent statistics on religion adherents (e.g. CIA World Fact Book 2010), world estimates for Buddhism vary between 230 and 500 million, with most around 350 million, making it the world's fourth-largest religion (see Adherents.com 2010;

Armstrong 2001; Bechert and Gombrich 1984; Buswell 2003; Garfinkel 2005). Specifically, the teachings of the Buddha aim at achieving the goal of Perfect Enlightenment. The way to achieving such goal is referred to as Dhamma, which is meant “the nature of all things” or “the truth underlying existence”. The Buddha’s teachings centre on several key issues which have been termed as the ‘eightfold path’ including: right understanding, right thought, right speech, right action, right livelihood, right effort, right mindfulness, and right concentration (Kwan and Ofori 2001). A more detailed account of Buddhism and its underlying principles has been summarised in seven key precepts: 1. The Way of Inquiry, 2. The Four Noble Truths, 3. The Middle Way or Eightfold Path, 4. Karma, 5. Rebirth, 6. No Creator God, and 7. The Illusion of Soul (see Bechert and Gombrich 1984; Buswell 2003; Anson 2010 for further detail).

In short, there is strong evidence of the influence of Buddhism on Chinese people way of life. It is not uncommon to see that people seek relief from their sufferings by praying for Buddha’s help during their visit of temples in many parts of China. At a macro level, many of past Chinese rulers seemed to use Buddhism to benumb the minds of the people and avert revolt. So today, Buddhism is regarded as a major religious, cultural, and social force in almost every part of China and wider community of Asian people. For example, due to the Development of Chinese Schools of Buddhism during the rise of the Tang Dynasty at the beginning of the 7th century, Buddhism reached out to more and more people. It soon became an important part of Chinese culture and had great influence on Chinese art, literature, sculpture, architecture and the philosophy of that time (Buddhist Studies 2010).

In a similar manner, Taiwan also has the highest population (35%) of Buddhism with 8.086 million followers in recognized 26 religions in Taiwan, and the second highest population (33%) of Taoism with 7.6 million followers. Consequently, there are small percentages of the population who practice other religions such as Protestantism (2.6%), Roman Catholic (1.3%), and Islam (0.3%) in Taiwan (see Report on International Religious Freedom 2010; Taiwan Yearbook 2006). Clearly, the existing statistics indicate that both Buddhism and Taoism have attracted more followers in Taiwan than any other religions and it is highly likely that these two religions

continue to influence significantly Taiwanese people's way of life, behaviours, and attitudes.

At a more macro level, there are over 334 million Buddhists in the world, making it the fourth largest religion, behind Christianity, Hinduism, and Islam. Although most of the world's Buddhists are still in Asia, the religion is steadily gaining popularity in the West. Behind that religion are principles of such unchanging and everlasting truth that they have guided and inspired countless souls for over 2000 years in their own personal quest for knowledge and enlightenment (Buddhist Studies 2010).

Confucianism

Confucianism is a Chinese ethical and philosophical system. It was developed from the teachings of the Chinese philosopher Confucius (Kong Fuz or K'ung-fu-tzu, lit. "Master Kong", 551–478 BC). Confucianism is characterized by a highly optimistic view of human nature. The faith in the possibility of ordinary human beings to become awe-inspiring sages and worthies is deeply rooted in the Confucian heritage. The insistence that human beings are teachable, improvable, and perfectible through personal and communal endeavour are all central to Confucianism. The main principle of Confucianism is *ren* ("humaneness" or "benevolence"), signifying excellent character in accord with *li* (ritual norms), *zhong* (loyalty to one's true nature), *shu* (reciprocity), and *xiao* (filial piety). Together these constitute *de* (virtue). In other words, the strong focus of Confucianism is on personal and governmental morality, correctness of social relationships, justice, and sincerity. These values gained prominence in China over other doctrines, such as Legalism (法家) or Taoism (道家) during the Han Dynasty (206 BCE – 220 CE). Confucius' thoughts have been developed into a system of philosophy known as *Confucianism* (儒家). Whilst it is a common religious practice in China, it was introduced to Europe by the Italian Jesuit Matteo Ricci, who was the first to Latinize the name as "Confucius" (see Lo 1999; Streng 1985; Taylor 1990; Confucianism 2010: Answers.com).

The main idea of Confucianism is the cultivation of virtue and the development of moral perfection. Confucianism holds that one should give up one's life, if necessary, either passively or actively, for the sake of upholding the cardinal moral values of *ren* and *yi*. As a form of moral ethic and a practical philosophy of human relationships and conduct (Tu 1984), Confucianism emphasizes the responsibilities of individuals towards one another on five important human relationships: those between (i) ruler and subject, (ii) husband and wife, (iii) father, and son, (iv) brother and brother, and (v) friend and friend (Zhu et al. 2007:257). Confucianism also advocates six basic values as follows: 1. Moral cultivation, 2. Importance of interpersonal relationships (concepts of trust, *guanxi*, *renqing*, and *li*), 3. Family orientation, 4. Respect for age and hierarchy, 5. Avoidance of conflict and need for harmony, and 6. Concept of face (Bond and Hwang 1986; Child and Markoczy 1993; Hofstede and Bond 1988; Redding 1990; Tan 1990; Fang 2006).

As the aforementioned short discussion indicates, each of the above ethical and religious philosophies and in particular Confucianism seem to be rather complex systems of moral, social, political, philosophical, and quasi-religious thoughts. They have shared values and have similar underlying assumptions. Although they form the basis of the Chinese jurisprudence and education systems, they do not prescribe the worship of any god. As a result, they cannot be considered as pure religions in their own right as other world famous religions such Islam or Christianity. One explanation for this argument lies in the fact that Confucianism, Taoism, and Buddhism are rather philosophies than religions for the Chinese. Chinese people are less concerned with religion than nations are (Fung 1966). Confucianism and Taoism, the two indigenous Chinese philosophies, are singled out as the foundation of Chinese thought. Buddhism, which was 'imported' to China from India around the first century, especially the Buddhist doctrine of 'reincarnation' has enabled many Chinese to endure hardship, suffering and other vicissitudes in life and to look forward to a better life.

Confucianism, Taoism, and Buddhism are considered as complementary ethical beliefs and a basis for recognizing right from wrong in people's daily life. In respect of such complementary nature of the three ethical and religious beliefs, Mair (2000) views Chinese religion as a composite of these three great ethical traditions, where

Confucianism represents the wrap, Taoism the woof, and Buddhism the appliqué. As the appliqué, Buddhism has been deeply and firmly woven into the basic fabric of Chinese society and firmly woven into the basic fabric of Chinese culture (Kwan and Ofori 2001). They have had tremendous influence on the cultural values, norms, and history of East Asian region and in particular China. Despite having common ethical principles, neither Confucianism nor Buddhism and Taoism prescribe any specific rituals or practices. However, they constitute an integral part of the Chinese society's way of daily life and are deeply embedded in Chinese' cultural norms and values.

In addition to mainland China and Hong Kong, the cultural norms of Taiwan as well as other East Asian countries such as Korea, Vietnam, Singapore, and Japan are also strongly influenced by Confucianism (Religious Facts 2010; Miller 2003). Altogether these three traditions share common features and consequently have acted together to produce a culture of humanism in a sense that they have made the Chinese way of life intensely practical and philosophical (Haley et al. 1998; Sheh 1995; Kwan and Ofori 2001). This is in particular the case for Confucianism and its knock-on and lasting effects on Chinese cultural values and norms both at individual and national levels. For example, consistent with the primary objectives of the current PhD thesis, Confucianism and Taoism tacit assumptions of the centrality of moral ethic and practical philosophy of human relationships highlight, among other things, a need for *guanxi*, *mien-tzu* and *hé* (see Fang 2006). As will be discussed in the next section (see 2.6), *guanxi*, *hé*, and *mien-tzu* are regarded as three key cultural elements of Chinese community (see Bond and Hwang 1986; Child and Markoczy 1993; Hofstede and Bond 1988; Redding 1990; Tan 1990; Kwan and Ofori 2001; Zhu et al. 2007). Given the centrality of *guanxi*, *mien-tzu* and *hé* to the current study, each of these cultural norms is discussed in the following sections.

2.6 Chinese cultural values

Due to the heterogeneous socio-economic, religious, political, and historical context of the Far East region which is deeply embedded in its people's way of doing things in daily life, and more importantly personal beliefs and values, it is not uncommon to argue that Chinese cultural values to be different from those of the Western societies in many ways (see Chen and Francesco 2000; Child and Lu 1996). For instance, as the

earlier discussion on Chinese religious values and beliefs indicates, Chinese cultural norms and values have been evolved, shaped and established largely from interpersonal relationship and social orientation of the Chinese community. Chinese culture has its roots in and derived from specifically works of Confucius, whose firm religious convictions have made up the vital pillars of Chinese life and their ways of doing things (Qian et al. 2007). Given the underlying precepts of Confucianism and other influential ethical and religious philosophies such as Taoism which have established the norms for a series of common individual beliefs among Chinese, Chinese culture is believed to have a strong focus on a preference for tightly-knit social networks, the expectation that in-group members will support each other (Ramaseshan et al. 2006), and a strong urge to maintain social *hé* and interdependence within the in-group members (Lee and Dawes 2005). Based upon such shared preferences among Chinese, most current studies on Chinese national culture have commonly revealed three core rituals which can be regarded as the main representations of Chinese cultural values (see Mente, 2000; Alon, 2003). These are *mien-tzu*, *guanxi*, and *hé*.

Hé as the axis of the wheel of Chinese behavioural norms is supported by two spokes: *guanxi* and *mien-tzu*. *Guanxi* forms the structural pattern of the Chinese social fabric and *mien-tzu* is the operational mechanism that connects the nodes of *guanxi* network (Chen 2001). In Chinese society, individuals must deal regularly with a variety of public officials, agencies, associations, and commercial operations for personal as well as business reasons. These connections should include a number of people who are in positions that can be useful to them (e.g. from hotel staff and restaurant managers to businesspeople and government officials in the ministries, and agencies concerned with their areas of business). If they do not have their own *guanxi* within these organizations, their chances of getting whatever they need or want are greatly diminished and often zero. Indeed, the whole of Chinese community whether socially, economically and politically, runs on personal connections i.e. on *guanxi*. People therefore spend a great deal of time, energy, creativity and money on developing and nurturing connections. All interactions, whether major or minor, are treated as matters of considerable importance. Consequently, maintaining an acceptable balance with

personal relationships is a subtle and sometimes mysterious challenge for Chinese community (Mente 2000).

According to Melendez (2007), while '*mien-tzu*' is the fuel that makes the Chinese business engine turn over, '*Guanxi*' is the "personalized glue" that makes it all stick together as a working dynamic. So corollary to *mien-tzu*, as Melendez's review of Chinese culture suggests, is the inseparable concept of *Guanxi* (relations) (Melendez 2007). That is, *mien-tzu* and *guanxi* work hand-in-hand. While one without the other renders useless, it is the dynamic of these two concepts which collectively work together. Also, Chinese often endeavour to establish *guanxi* and give *mien-tzu* to others in order to avoid confrontation and conflict. If conflict is unavoidable, harmony is still the goal for reducing the negative impact of conflict by searching for any possible *guanxi* or saving face between the two parties. This kind of indirect communication pattern provides the Chinese with an opportunity for not saying no and not showing aggressive behaviours in public. This is because both saying no and showing aggression will lead to losing face and are detrimental to *hé* (Chen 2001).

Alan (2003) also emphasizes the importance of these three Chinese cultural values in Chinese society and Chinese people's daily life. For example, a person's ability and strength can be described through how he/she uses his/her *guanxi* with him/her to gain special offer/discount from a five-star hotel restaurant. The person needs to know somebody through *guanxi* to gain this offer. So, it is a matter of *mien-tzu* as to whether or not the person would respond to this request. Denying such a request would result in a loss of '*mien-tzu*' for those who unsuccessfully request this favour. Conversely, it is given '*mien-tzu*' when the request has been approved. With each favour granted, there would accrue *renqing* (human sentiment) and the potential requirement for a return favour at sometime in the future. When an individual is interacting with others in the network, all in-group members may evaluate his or her *mien-tzu* in terms of either performance or morality to maintain interpersonal *hé* (Hwang 1987). *Hé* is viewed as the end rather than the means of human interaction in which people try to adapt and relocate themselves in the dynamic process of interdependence and cooperation by a sincere display of whole hearted concern between each other (Chen 1993). This applies to the maintenance of interpersonal

harmony within a group, implying that integrity is deemed essential in Chinese society.

As the three core and prominent elements of Chinese culture, *guanxi*, *mien-tzu*, and *hé* have strong implications for interpersonal dynamics (Chen 1997; Child and Lu 1996; Lai 2006; Tung and Worm 2001). At the heart of *guanxi* is the national cultural value of collectivism. The concept of *guanxi* indicates the primacy of relations over rules (Alon 2003). It is therefore an inseparable part of the Chinese business environment. Given the paramount importance of interpersonal relations in effective management of today's businesses both at national and more importantly at international levels, developing good *guanxi* seems to permeate every level of Chinese business environment. The positive implications of an effective *guanxi*-based business practices are many. For example, establishing good and long-term *guanxi* with both local and international business partners can result in, among others, reduction in uncertainty, decrease in transaction costs, providing usable resources, and a sense of connectedness (Chen and Peng 2008; Wellman et al. 2002). *Mien-tzu* also is an equally important concept in Chinese culture. In a manner similar to that of *guanxi*'s root and origin, *mien-tzu* has its roots in the unequivocal ideological precepts of Confucianism. In Chinese culture, it is not only important to maintain good relationships but also it is vital to protect a person's *mien-tzu* or dignity and prestige. By definition, *mien-tzu* resembles to the notion of 'reputation' which can be established through one's good personal/individual and team/organizational relationship. Since reputation can be achieved through networking with others, the concept of *mien-tzu* is believed to be inseparable from the concept of *guanxi* or 'relations'. So the dynamic of these two concepts collectively work together (Melendez, 2007) or as Sherriff et al. (1999) put it, "*mien-tzu* is a key component in the dynamics of *guanxi* (personal relationship)." For others, the concept of *mien-tzu* can be used as a mechanism for realization of human relationships which in turn constitute the social *hé* (Jia 1997-8; Lee et al. 2001). *Hé* (Harmony), on the other hand, is one of the primordial values of Chinese culture. Chinese consider *hé* as the universal path which we all should pursue. So *guanxi* forms the structural pattern of the Chinese social fabric; *mien-tzu* is the operational mechanism that connects the nodes of *guanxi* network; and both concepts of *guanxi* and *mien-tzu* are natural

products of the emphasis of *hé* on the Chinese society. They also function to keep the wheel of *hé* in good repair (Chen and Starosta 1998:6-7).

Given the importance of *guanxi*, *mien-tzu* and *hé* as the basic elements of a sustainable dynamic relationship between individuals and businesses in Chinese society, further details of each of these concepts are discussed below.

2.6.1 Mien-tzu (Face-giving)

In broad term, *face* refers to reputation and therefore can be defined as an image of self delineated in terms of approved social attributes (Goffman 1955:213). It is “a projected social image in a diverse range of communicative situations” (Wright and Orbe 2003:2). It implies status and prestige and is a mark of personal dignity (Woo 1999:117). For Cheng (1986), *face* is both the goal and the means for strengthening and expressing the harmonization of human relationships among men in society. In a similar vein, others (e.g. Leung and Chan 2003:1575) talk about *face* as ‘the respect, pride, and dignity of an individual as a consequence of his/her social achievement and the practice of it’.

A review of the literature pertinent to the definitions of key cultural terms of the Chinese society shows *face* to be based on two separate but related dimensions: *Mien-tzu* and *Lien* (Hu 1944). *Mien-tzu* implies that a person gains somewhat prestige and public image from external environment and obtains other factors such as wealth, social connection and authority through his or her own personal performance (Yau 1995). On the contrary, *Lien* refers to the evaluation of moral criteria between social and individual internal sanction (Anderson and He 1999; Hu 1944; Redding and Ng 1982). So since *Mien-tzu* is externalized it can then be monitored (Brunner et al. 1989; King 1993; Lam and Wong 1995) but *lien* cannot be manipulated not least because it is internalized. For Ho (1976), *Lien* represents “the confidence of society in the integrity of ego’s moral character, the loss of which makes it impossible to function properly within the community.” In other words, *Lien* is the basic moral uprightness that all people begin life with. So everyone is entitled to *lien* as honest, decent members of society. This implies that *Lien* cannot be gained. Rather, it can only be lost for immoral or socially disagreeable behaviour. However, *Mien-tzu* is defined as “reputation [which is] chieved through getting on in life, and through success and ostentation.” To differentiate between the two terms, Ho argues that whilst everyone initially enters society with the same amount of *lien*, one usually starts off with no *mien-tzu* at all. So one gains *mien-tzu* throughout their life. For Ho, *Mien-tzu* can be gained in two ways: personal achievement and non-personal factors such as a display of wealth, or having social connections. Based on these two components of *lien* and

mien-tzu, Ho finally presents a more thorough definition of *face* as follows (1976:883): “The respectability and/or deference that a person can claim for him/herself from others, by virtue of the relative position s/he occupies in the social network and the degree to which s/he is judged to have functioned adequately in the position as well as acceptably in his social conduct”.

Hwang (1987) takes a different view on *face* and talks about *face* work (a kind of ‘social recognition’ in Chinese society) in terms of its horizontal and vertical dynamics. Horizontal *face* work involves the practice of giving *face*, saving *face* and avoiding losing *face* of others. In order to obtain horizontal *face* work, Goffman (1972) highlights the importance of following the rules of self-respect and consideration that needs to be considered as preconditions for achieving it. For Goffman (1972), the combined effect of these two rules is as follows: in social interactions, one’s behaviour is to maintain one’s *mien-tzu* and the *mien-tzu* of others!” Therefore, maintaining one’s *mien-tzu* is not solely the responsibility of an individual, but is also influenced by the actions of those with whom he/she is closely associated, and how he/she is perceived and dealt with by others. So the emphasis here is on the reciprocity of obligations, dependence and the protection of the esteem of those involved. Vertical *face* work, on the other hand, involves projection of self-image and impression management. Vertical *face* work refers to *face* enhancement and is important to elevate one’s own *mien-tzu* and show off one’s power. It therefore influences an allocator’s choice of distributing resources to one’s benefit. So due to its horizontal and vertical aspects, the practice of *face* work is strategic in nature as it plays a major role in daily social interactions of Chinese society (see Leung and Chan 2003:1577-8 for further detail).

In other study of *face* work, Jia (1997-8) considered *face* work as a Chinese conflict-preventive mechanism and a primary means to cultivate harmonious human relations in Chinese social life. Viewed in this way, it encompasses four traits: relational, communal/social, hierarchical and moral. Relational characteristic of *face* concerns affective and emotional interactions. As a result of such interactions, a person is expected to be conscious of others’ relations in his/her interpersonal interactions with others. So he is willing to give *face* and maintain *face* to one another. Communal or

social *face* work is consistent with the concept of Hu's (1944:47) 'public censure'. According to communal/social *face* work, since an individual concerns his or her role in the existing social network and the relationship and interaction with others, he or she demonstrates a kind of behaviour which is accepted by the community. Hierarchical *face* work is based on the assumption that *mien-tzu* is exercised according to the relational hierarchy within the family based on age and blood ties, and the hierarchical nature of the society (Chang and Holt 1994). Similarly, Bond and Hwang (1986:249) point out that *mien-tzu* is "more disciplined by concerns about hierarchical order in Chinese culture with a particular focus on family". So in hierarchical *face* work it is necessary to consider others' social status and significance in the society. Finally, moral is regarded as the fourth trait of *face*. Indeed, Lien is the primary carrier of moral codes. Moral *face* work highlights the fact that Chinese people try not to do those behaviours which are regarded as socially unacceptable across the society. Instead, people make any attempt to remind themselves of socially accepted good behaviours and practices, and therefore of maintaining good moral reputation (see Jia 1997-8 for further detail).

In addition to different traits of *face* work and their implications for individual's behaviours, social feedback is another important factor of *face* work. Such individual's perception of social feedback on their behaviour is affected by others so as to gain, save, give and avoid losing *mien-tzu*. Especially Chinese are always trying to meet others' expectations, to maintain their *mien-tzu*, and to return others' *mien-tzu* as others act in the same way towards them even though they are under a strong constraint (Yau 1995). Thus *mien-tzu* plays the important role of interpersonal relationships in Chinese's people social activities and daily lives (Tse 1996; Yau 1995; Redding and Ng 1982; Ting- Toomey 1988; Yau 1988).

In the context of service encounter, past research (e.g. Lockyer and Tsai 2004; Mattila 1999) on Chinese customers' behaviours shows that a guest (e.g. in a restaurant) feels that his/her status is higher than the service employees – i.e. which means *face* giving. *mien-tzu* giving can be displayed by providing high quality food, personalized services, high respect for customers, fulfilling their requests and protect their *mien-tzu* by making them feel important and the like. In a face-conscious society such as China,

both *mien-tzu* gaining and *mien-tzu* saving are identifiable objectives of everybody's life (Chu 2006; Huang 2008:454). In a business relationship, common face-losing conduct could include directly addressing conflict, demonstrating anger, even criticizing the others in public, and not treating other people appropriately (Cardon and Scott 2003). The significance of *mien-tzu* work for Chinese could be seen through Woo and Prud'homme's (1999:316) observation where they note that, "The Chinese are preoccupied with the concept of *mien-tzu* and are very sensitive to having and maintaining *mien-tzu* in all aspects of [their] social and business life" (see also Zhu et al. 2007:357-8).

In short, the above discussion highlights the paramount importance of *mien-tzu* for Chinese people as people would like to have a good reputation at least in front of their own peers both at work and during other social events. Indeed, as Melendez (2007) has pointed out, having good *mien-tzu* is actually a "bankable" notion in Chinese culture. In the context of a person's workplace, having *mien-tzu* in front of one's business colleagues or within a community is literally a statement of that person's value in the eye's of others. So *mien-tzu* is regarded and needs to be taken into account as a key factor in establishing business relationship with others not least because people with good *mien-tzu* are generally dependable, reliable, and as a result are viewed as trustworthy to do business with. Failure to have *mien-tzu* work therefore could be a major barrier in developing both personal and business relationships in Chinese society.

2.6.2 Guanxi (Personal relationship)

The Chinese concept of '*guanxi*' is translated as 'relationship' (both one's social and business network) in English. Indeed, *guanxi* is regarded as one of the most important Chinese cultural traits. It describes the basic dynamic in personalized networks of influence which constitute a central idea in Chinese society. *Guanxi* reflects the interplay of a complex network of personal and social relationships. It can be understood in terms of not being just what you know, but also whom you know. A review of past research (e.g. Hong and Engestrom 2004:554; Luo 1997; Zhu et al. 2007) shows that its meaning has altered over time from the five Confucian role relationships in interpersonal relationships to the mutual exchange of favours in diverse social networks (Hong and Engestrom 2004:554; Luo 1997). In terms of the combination of the term *Guanxi*, *Guan* as noun refers to "a pass" or "barrier", and as verb *Guan* means "to close". *Xi* as noun, on the other hand, refers to "system", and as verb it can be translated as "tie up" or "link" (Fan 2002: 546). Therefore, *guanxi* implies that a person through personal connections between two individuals can secure special favours (Dunning and Kim 2007; Jacobs 1979; Qian et al. 2007). Fan (2002) depicts and discusses *guanxi* from a rather multidimensional perspective. As Fan has pointed out, *guanxi* can be regarded as relationship between two individuals. The relationship is formed by three classifications, namely, relationship by birth or blood, relationship by nature, and relationship acquired such as knowing the same person and friend. *Guanxi* reveals the centrality of 'connection' in today's social life. *Guanxi* is not only dynamic, but helps individuals connect a wider network. That is, one can reach his purpose through his single *guanxi* to link other people as link persons. Moreover, *guanxi* is bilateral exchange. Through *guanxi*, tangible or intangible favours can be delivered in an informal and non-transparent process so as to achieve specific tasks. According to Dunning and Kim (2007) and Yeung and Tung (1996), *guanxi* also can be seen as a resource and indeed a type of personal asset. This is because personal asset can be accumulated by exchange of favours. As long as one is in trouble and needs help, his 'asset' can work to overcome the problem (Dunning and Kim 2007). Finally, *guanxi* is regarded as a process. This implies that in order to accomplish tasks, relevant ones are involved from initially a relationship between two individuals. It then takes time and causes diverse results so that he states that his process is a part of conducting *guanxi*.

More specifically and central to this study, *guanxi* reflects a cultural context of Chinese society (Dunning and Kim 2007). As a result, it is used to interpret human interactions (Geddie et al. 2005) and behavioural intentions during their personal and business relationships (關係). People often focus on social relationship webs (i.e. *guanxi*), since *hé* with others is of great value in Confucian oriented societies. Thus, Chinese tend to put more energy into maintaining good relationships with people around them. In addition to the centrality of good personal and business 'relationships' with others, Hackley and Dong (2001) argue that *guanxi* also conveys other meanings such as power, social status and resource transmission (see also Huang 2008). So in the context of business relationship of Chinese society, *guanxi* could play a two-fold role: it intensifies the quality of relationship which in turn results in future corporations among individuals (Sheth and Parvatiyar 1995), and it also constitutes a significant segment of doing business (Fan 2002).

In consequence of such double connotations of *guanxi*, across different and in particular service-dominated businesses in China, Chinese consumers very often try to find friends or relatives who know someone or who are in a service industry prior to their visits. Even if the potential service provider is a friend's relative whom the consumer has never met, the consumer would presume and expect a more courteous and better quality service offering (see Lin et al. 2007). In cultural terms, across Asian collectivist societies people expect preferential treatment from people with whom they are familiar (Voronov and Singer 2002) not least because such interest and loyalty to do business with whom you know would maintain the relationships, decrease searching cost, and finally diminish uncertainty risk such as service failure. So it can be concluded that, the better the *guanxi*, the more a customer expects a higher level of service standard (Armstrong and Seng 2000). However, as Lockyer and Tsai (2004) point out, customers may possibly abuse intimate relationships to manipulate situations and demand more service, value and favour.

2.6.3 *Hé* (Harmony)

The term *hé* is taken to mean *harmony*, ‘peace’, ‘unity’, ‘kindness’ and ‘amiableness’ in English (Gao et al. 1996:283). *Hé* or *harmony* is defined as “a person’s inner balance as well as the balance between individuals and his or her natural and social surroundings (Hoare and Butcher 2008:159)”. It relates to presentation of personal relationships in line with certain criteria of conduct and behaviour appropriateness so as to maintain inner *hé* and avoid competition and conflict (Lai 2006). According to Chen (1997), *hé* derives from inter-relation and *mien-tzu* (Chen 1997). For example, in a Chinese family there exists an order of ranking under a set of rules (Redding 1990), which emphasizes on an appropriate role for each family member (Gao et al. 1996).

In the context of a business membership, as Ding (2006) has argued, as long as a member demonstrates proper behaviour during meetings and other formal and informal gathering, this not only creates a modest image in his or her interaction, but also it strengthens one’s social interactions and human relations. In this respect, Wheeler et al. (1989) found that Chinese people do stress harmonious interactions among in-group members. The importance of *hé* has also its root in Confucianism. Based on the teachings of the Chinese philosopher Confucius, interpersonal relationships with *hé* would contribute to a more stable society and individuals involved in business transaction should shape shared benefits and goodness among people (Ding 2006). So during businesses partnership with others with shared interests, the importance of collective instead of the self, demonstration of an appropriate role in line with characteristics of *hé*, developing mutual trust, and finally creation of common benefits are strongly expected. Accordingly, McCort and Malhotra (1993) and Tu (1985:232), among others, talk about the Asian view of self where it has been highlighted as the ‘centre of relationship’. For Wong and Ahuvia (1998:426), the interdependent construct of the self, commonly found in Southeast Asian cultures is based on the fundamental connectedness of human beings to each other. For those with interdependent selves, one’s identity lies in one’s familial, cultural, professional, and social relationships. Triandis’ (1995) debate on individualism and collectivism in the context of Chinese cultural orientation reveals

the paramount importance of *hé* as he reports that many decisions of Chinese consumers are made under heavy influence from the group with which they are interacting, such as the extended family, friends, co-workers, and the people in the same social circle. It has been reported that, Chinese consumers tend to be more susceptible to social influences than consumers in any other country.

More specifically Jensen and Hansen's (2007) study on consumer's values provides different views on and insights into the importance of *hé* in the restaurant business. Using in-depth interview technique, their results reveal that *hé* comprises of several dimensions, namely, aesthetic balance (e.g. the combination of menu and wine and of the aesthetical composition of the interior), suitability (e.g. the events in the restaurant arena suit the actual occasion or the expressed purpose of visiting the restaurant), appropriateness (e.g. norms of accepted behaviour such as honesty, justice and mindfulness), and personal space (e.g. experiencing of a preferred degree of social distance or closeness with the adjoining guests and front-line personnel as a result of the physical setting and communicative approach from others). Accordingly, Bove and Johnson's (2001) findings suggest that establishing and maintaining the long-term customer relationships make customers more tolerant of minor mistakes or inconsistencies. Therefore, as members of collective culture, Chinese consumers strive hard to maintain relational *hé* through placing a heavy emphasis on achieving group goals and fulfilling its needs (Hsu 1981).

In short, for Chinese consumers the aspects of interaction and human relationship and more importantly the need for maintaining a balance between individual consumers and their natural and social surroundings particularly in the context of the burgeoning service sector are considered to be of paramount importance (Qian et al. 2007). This implies that for Chinese consumers an odd service failure may not necessarily be regarded as the primary reason for terminating a personal relationship (Imrie et al. 2002). Instead, due to the importance of interpersonal treatment for Chinese or East Asian customers during service encounters (Patterson and Mattila 2008), there exists a tacit assumption that service failure may have been caused by factors that are essentially beyond service providers' control, and that Chinese consumers may tolerate failure with the content or timing of service as long as an acceptable substitute

is provided within an appropriate time frame. This is because it is not only important for Chinese customers to avoid being an embarrassment to the service provider staff, but also it is more important for them to maintain a harmonious relations with the service provider staff and create a harmonious atmosphere.

2.7 Food in Chinese culture

Chinese Cuisine is a term for styles of food originating in the regions of China. Traditional Chinese foods and cuisine exhibit Chinese culture, art and reality and therefore are deemed essential in Chinese people's everyday lives (Li and Hsieh 2004). Due to playing an important role in Chinese life, it has led many nutrition and food sciences scholars to characterize the Chinese society as having a food-centred culture. Not only are Chinese wide-ranging in their choice of foods, but also concerns for excellence in food preparations and related health issues have been found in all segments of society and is clearly reflected in the common greetings (see Campbell and Campbell II, 2006).

For Chinese, the enjoyment of food is a facet of the art of living (Simoons 1991). Wolf (1974) states that Chinese dining behaviours constitute an important part of a broader social system, where, for example, a family's social standing may be discerned in terms of the people with whom the family dine (eat). Accordingly, a review of past Chinese dining behaviours reveals that the persons invited to eat with a family at home normally included kin, associates, and others of similar social standing. However, there have been certain changes in the Chinese dining behaviours over the past several decades. For example, it is not uncommon nowadays for various reasons such as economical and convenience, to see that most Chinese would prefer to dine out with family and friends – as opposed to focusing on their social standing as the main criterion for choosing their guests. But here there are clearly reasons for the choice of restaurant or types of Chinese cuisine. For example, when Chinese invite friends for dining to a luxurious and expensive restaurant, such choice of restaurant could display not only the degree of importance of the guests or business, but also reflects on the hosts' economic conditions and his or her personal status.

As a highly important feature of China's culture and the importance attached to dining in Chinese daily life coupled with China's long history of ritual and etiquette, dining etiquette has gradually developed over the past several thousand years. In terms of the origin of a formal dining etiquette in China, existing evidence links its beginnings in the Zhou Dynasty (1045-256 BC). In consequence, Chinese dining etiquette has developed into a set of generally accepted dining rituals and practices such as eating ambience (i.e. taking seat in accordance with the master of the banquet's arrangement and loud talking and laughing at the restaurant) and dining etiquette (i.e. appearance, to bring small gifts or good wine, punctuality, introduction to others). In addition, due to the unique nature of Chinese dining culture foreign visitors therefore have to have appropriate awareness of its associated accepted norms and etiquette (e.g. proper use of chopsticks, thank you gesture, drinkable water) (China Highlights 2010).

Chinese cuisine has also become extremely popular in other parts of the world. Such popularity of Chinese cuisine is due to the historical immigrant Chinese populations. In consequence, in order to cater different national tastes, the style of Chinese cooking has changed in other countries which differs significantly from the Chinese cuisine of mainland China. For example, American Chinese cuisine and Indian Chinese cuisine are prominent examples of Chinese cuisine that has been adapted to suit local palates (Campbell and Campbell II 2006).

In short, from the above discussion one can easily conclude that Chinese dining etiquette has its own markedly different cultural practices. It is therefore vital for both local people and in particular foreign visitors to observe the accepted cultural norms which dictate the dining etiquette for the customers. More importantly, it is deemed essential for food service providers and restaurant owners across hospitality industry to observe the essentials, beliefs and etiquette of Chinese dining culture, thereby gaining face not least because of their familiarity with the dining culture and accordingly giving face to the customers or guests.

2.8 Conclusion

This chapter has outlined a key element of this dissertation –i.e. culture. To this end, several definitions, frameworks and the cultural norms and values of Taiwan through the lens of both the often-cited Hofstede's and Hall's cultural frameworks as well as Chinese cultural norms were discussed. Despite a range of different definitions of culture, most of them seem to share several common features. At individual level, culture is defined as a group of members who share their feelings and thinking with others in the same circumstance. From a national perspective, national culture depicts common characters of the residents in a particular nation. In this respect, cultural frameworks such as Hofstede (see section 2.3), Hall (see section 2.3) and those follow-up cultural frameworks were discussed. For example, Geert Hofstede's cultural model evaluates and analyses national cultures based on five dimensions, namely, power distance, individualism, masculinity, uncertainty avoidance, and long-term orientation so that one can easily explore the similarities and differences between national cultures. Hall's (1976) cultural dimensions compare national cultures through the styles in which they communicate (see Wurtz 2005). Accordingly, Hall identified high-context and low-context cultures. The high and low context concepts are primarily concerned with the way in which information is transmitted or communicated, and context refers to how much one needs to know before s/he can communicate effectively (Dahl 2006).

Based on Hofstede's cultural dimensions, Taiwan national culture is believed to belong to Chinese cultural norms and traditions. Through the lens of Hofstede's cultural dimensions and compared to other Asian countries, Taiwan national culture was found to be characterized as follows: moderately lower for long-term orientation, masculinity, power distance, individualism, and significant higher score for uncertainty avoidance. As part of contribution of this PhD thesis, Chinese unique cultural norms and values were explored and elucidated through a thorough literature review, providing a context for further analysis of service quality (see Chapter Three) dimensions. Here in a manner similar to that of and indeed part of Chinese national culture, Taiwan national culture was found to be largely affected by three moulding forces of Confucianism, Taoism, and Buddhism (see Batonda and Perry 2003;

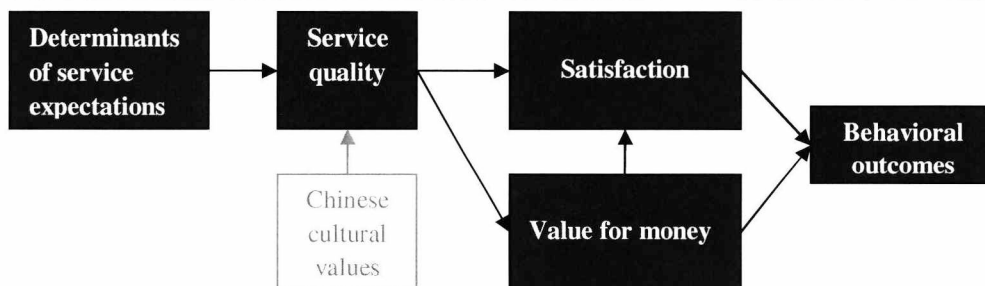
Hofstede and Bond 1988; Ronen and Shenkar 1985). In terms of its own unique cultural norms, Chinese culture places a strong focus on the significance of interpersonal relationship. This is characterised by *mien-tzu*, *guanxi*, and *hé* which are regarded as the most prominent cultural elements that are strongly associated with interpersonal dynamics of business-customer relationships. Given the adopted research context (Taiwan) and its primary focus on hospitality (i.e. food services & restaurants), the importance of food and dining in Chinese society was discussed. As the review indicated, food/dining and its associated norms in Chinese society was seen to play an essential role in people's daily life as it reflected the peculiarities of Chinese dining etiquette and culture. It was also found that the nature and extent of interaction between food service providers and in particular customer-contact employees and their customers were functions of the generally accepted dining etiquette and beliefs of Chinese dining culture, ensued by important ramifications for both the service providers and the degree of foodservice/restaurant customers' satisfaction. Given that the primary aim of this study is to investigate service quality dimensions through the lens of Chinese national culture, the next chapter (Chapter Three) aims to present a thorough review of the literature pertinent to service quality so that a following chapter (Chapter Four) would integrate and combine the two culture and service quality chapters to propose an integrated framework for further empirical exploration of the impact of Chinese culture on service quality dimensions in terms of customer expectation, satisfaction, perceived value for money, and the resultant behavioural outcomes.

Chapter Three: Literature review - service quality

3.1 Introduction

Consistent with the second key element of this study (i.e. culture which was discussed in detail as the first key element of the current study in chapter 2), chapter three aims to present a review of the literature pertinent to service quality. This is because the current research project aims to shed light on the impact of Chinese cultural values and norms on service quality dimensions, customers' expectations and perceptions, customer satisfaction, and customer perceived value (for money) as well as any ramifications for customers' behavioral outcomes. To fulfill these aims, the chapter is split into four main sections (see Figure 3.1). The first section examines the nature of service, quality, and service quality constructs. The second section explores customer expectation of a service and how a service is perceived by a customer upon its consumption. Here the often-cited service quality measurement tools and models are explained with a particular focus on SERVUQAL and SERVPERF as the most common means of measuring food service quality in food services/restaurant industry. The third section considers customer satisfaction with a service. Here the primary antecedents and consequences or outcomes of customer satisfaction are presented. The fourth section discusses customer perceived value for money in terms of its associated models, its relationship with service quality and satisfaction and more importantly its consequences or outcomes. Finally a short final section summarizes the key issues of the chapter and its link with the next chapter.

Figure 3.1 Chapter outline: service quality



3.2 Definition of service

Like many other business management terms and concepts, the term *service* has also a range of diverse definitions. Back to several decades ago, American Marketing Association (1960:21) defined services as “activities, benefits, or satisfactions which are offered for sale, or are provided in connection with the sale of goods. For example, amusements, hotel services, electric services, transportation, services offered by barber shops and beauty shops, repair and maintenance services, consultancy services, medical services at hospital, the work of credit rating bureaus, education at university, banking services, and the like are all different types of common services. Whilst such extensive list of examples is merely illustrative they do share certain common elements. In all these examples the service provider makes an attempt to serve the convenience of its customers.

A review of more recent definitions of service indicates that marketing and services scholars try to take the argument of service definitions further by elucidating the key characteristics of services – as opposed to products – as part of their definition. Viewed in this light, a service can be viewed as intangible and perishable goods, which are produced and consumed simultaneously (Sasser et al. 1978). Similarly, Qunn et al. (1987:50) define services to “include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in many forms (such as convenience, amusement, timeliness, comfort, or health) that are essentially intangible concerns of its purchaser [recipient]”. In a more recent definition of service, Grönroos (2007:52) defines a service as “a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems”. Based on the aforementioned definitions, services therefore can be regarded as activities which are of less intangible nature and provided as solutions to a customer’s needs, who acts as a co-producer of the service offering (see Fitzsimmons and Fitzsimmons 2006; Tsoukatos 2007).

A review of the aforementioned definitions of the term *service* reveals that they all share a common feature in that they try to either directly or implicitly make a reference to the unique characteristics of services from those of goods. A summary of these characteristics is shown in Table 3.1.

Table 3.1 Goods versus services

Goods	Services
Tangible Standardized Production as separate from consumption Nonperishable	Intangible Heterogeneous Simultaneous production and consumption Perishable

Source: Adopted from Parasuraman et al. (1985a:41-50)

As Table 3.1 shows, services are “experienced” (Shostack 1977) and are viewed as intangible products (Parasuraman et al. 1985b) because they cannot be inventoried, easily patented, readily displayed, or easily communicated (Zeithaml et al. 2006). However, as Palmer (2005) has argued, such a lack of physical evidence of services and their intangible nature could imply an increase in the level of uncertainty that a customer faces when choosing between competing services. Thus, it can be argued that services are perceived and experienced by customers in subjective and highly abstract ways (Grönroos 2000a) and that is why customers’ perceptions of a similar service could be different.

Another characteristic of services refers to their heterogeneous nature, whereas goods tend to be more standardized. One implication of heterogeneity of services is that services need to be customized in order to meet consumers’ specific needs and as a result customization service offering by a service provider differs from customer to customer (Lovelock and Wirtz 2007). The implication of such heterogeneity of services across time, organizations, and people for Zeithaml et al. (2006) is that maintaining service quality would be a challenging task for the service provider. Such challenge stems from the fact that service quality actually depends on many factors that cannot be fully controlled by the service supplier. The ability of a customer to articulate his or her needs, the ability

and willingness of service personnel to satisfy those needs, the presence (or absence) of other customers, and the level of demand for the service are all examples of those issues which influence the level of quality of service offering. As Zeithaml et al. (2006) have precisely argued, due to the popularity of service sector and inter-firm relationship (between service organizations), it is not uncommon these days to see a service is provided by a third party, thereby further increasing the potential heterogeneity of the offering. As a result of such complex and indeed out of control factors, the service providers cannot always articulate for sure that the service is being delivered in a manner consistent with what was originally planned and promoted (see for further details Zeithaml et al. 2006).

In contrast to most goods which are produced first, then sold and finally consumed by the customers, the production and consumption of most services take place at the same time. As Table 3.1 shows, such description highlights the third characteristic of services: simultaneity –i.e. services are produced, sold and consumed simultaneously (Fitzsimmons and Fitzsimmons 2006; Zeithaml et al. 2006). To illustrate the simultaneous nature of production and consumption of services, let's take the example of a dining service. In case of a restaurant, food and its associated services cannot be provided until they have been sold, and the dining experience is essentially produced and consumed at the same time. In reference to quality of service and customer satisfaction this implies that service quality is highly dependent on what happens in 'real time,' including actions of service employees and the interactions between service employees and customers. Clearly the real-time or simultaneous nature of service production and consumption not only creates a challenge for the management of foodservices but also it can result in advantages in terms of opportunities to customize offerings to the needs of individual customers, enhancing customer satisfaction, and consequently improving overall business performance – i.e. generating more revenue (Zeithaml et al. 2006). So it can be argued that the outcome of service transaction or the level of the quality of service offering is a function of several factors, *inter alia*, the inseparability of production and consumption which implies that services are not subject to a predetermined quality control processes or marketed in the traditional way (as this is the case for products) (see

Grönroos 2000b), and involvement of customers in service delivery as co-producers (see Zeithaml et al. 2006).

As Table 3.1 indicates, services are perishable – as opposed to non-perishable nature of goods. Whilst goods can be made to stock for future sale, services cannot be stored. For example, unoccupied hotel room, empty seats on a plane, unbooked rental cars, and empty hospital beds are all examples of lost opportunity forever. To recover such lost opportunities, most service organizations are now charging for reservations which are not kept. For examples, charges may be made for missed appointments at a consultancy firm or at the hospital. Perishability is closely related to both the capacity and demand. In other words, as long as there exists a reasonable balance between capacity and demand, perishability would not pose a threat to the service provider. However, in case of very high or low demand and therefore imbalance, it could have severe ramifications for the service organizations. So services are perishable in two different ways. First, once a service has been delivered to the customer, it means that it has been consumed and indeed vanished. Second, if a service is not delivered or consumed for whatever reason (e.g. it does not match the needs of a customer or low demand), this is regarded as lost business opportunity. As we mentioned earlier, this aspect of services needs to be continuously monitored and effectively managed in order to make use of the full capacity of the service organization (Parasurman et al. 1985, 1988; Zeithaml et al. 1990; Johnston and Clark 2005; Looy et al. 2003; Fitzsimmons and Fitzsimmons 2006).

In short, as the above discussion shows, most of the definitions of services share several common dimensions and characteristics. Whilst services are similar to goods or products in a sense that they are rendered to meet the needs of customers they have got their own unique characteristics. Intangibility, perishability, simultaneity, and heterogeneity are perceived to constitute the general characteristics of services. These unique features in turn pose a range of challenges to the management of service organizations both in terms of full utilization of the firm's capacity and resources and much more importantly meeting and exceeding the diverse and unique needs of each single customer. The latter issue which relates to the difference between a customer's expectations and perceptions

of a service (referred to as 'quality gap' by Parasurman et al. 1985), and ability of the service provider to effectively fill any existing gap seems to differentiate a successful from unsuccessful service organization.

3.3 Definition of quality

Like other management concepts, the term 'quality' is, as Garvin (1988: xi) put it, "an unusually slippery concept, easy to visualize and yet exasperatingly difficult to define". Garvin (1984) captures this ambiguity by differentiating between the key elements and dimensions of quality which are performance, reliability, conformance, durability, serviceability, aesthetics, and perceived quality. So based on such list of quality features it is then not unusual to see quality to imply different things to different people, depending on the situation. Despite the vague nature of the term, Juran and Godfrey (1998) define quality as those features of products which meet customer needs and thereby provide customer satisfaction. Based on their definition, quality is a sort of freedom from deficiencies or errors that require doing work over again (rework) or that result in field failures, customer dissatisfaction, customer claims and the like. For quality management gurus (e.g. Deming, 1986), despite differences in defining and approaches to quality, the customer's definition of quality is the only criterion that matters and needs to be adopted by the management. In line with Deming's view on the nature of quality, Feigenbaum (1983) defines quality as a subjective term for which each person has his or her own definition. For example, taking into account the technical usage of a product or service, quality can be perceived based on two elements: 'the characteristics of a product or service that bear on its ability to satisfy stated or implied needs of a customer' or 'a product or service which is free of deficiencies'. Whilst each of these elements reflects on quality, from a customer's point of view, as International Standard Organisation ISO 8402, (1994) reports, quality is viewed as 'the totality of characteristics of an entity (product, service, process, activity, system, organization, person) that bear on its ability to satisfy stated and implied needs'.

Based on the early writings of quality management gurus, Reeves and Bednar (1994) extend the above definitions of quality to encompass a four-way classification of quality definitions that incorporate, among others, excellence, value, conformance to specifications, and meeting and / or exceeding customer requirements. The diversity inherent in this four-way classification of quality definitions, as they pointed out, indicates that “the quality construct space is so broad and includes so many components that there would be little utility in any model that tried to encompass them all” (p. 441).

So whilst the definition of quality is rather easy for products as they are tangible and have clear specifications, service quality varies from one customer to another. In other words, due to differences in individual customer expectations and perceptions of services under different circumstances, service providers have to take such individual differences into account during both the design and delivery of service offering. However, such individual differences do not apply to manufacturing or product quality as customers can easily judge the quality of a product based on its specifications. Hence the point that quality needs to be viewed and perceived by the customer (of whether service or manufacturing organization) seems to be the linking pin of the management of quality in both manufacturing and service-oriented firms.

The paramount importance of effective management of (product or service) quality is largely attributed to the tacit assumption that customers are highly likely willing to pay higher prices for higher quality services or products. Given the context and sample of the current study and the choice of five star hotel chain restaurants versus local chain restaurants, price-quality correlations across the two samples need to be explored in further details. Generally speaking, five-star hotel chain restaurants are expected to set a rather higher price range for their services. Accordingly, local traditional Chinese restaurants are generally well-known for providing good quality foods at rather cheap prices. Despite such general perceptions of price-quality correlations, the extant literature on price-perceived quality relationship exhibits contradictory results.

Bowbrick (1982) finds the price-perceived quality hypothesis to be too general and untestable to produce anything other than trivial results. Earlier studies on the subject found a rather low correlation between price and perceived quality (Friedman 1967; Swan 1974), and others reported a nonlinear relationship between them (Peterson and Jolibert 1976). In a similar vein, Anderson et al. (1994) provide evidence on the absence of relationship between the two variables or as Shapiro (1973) reports, the relation between price-quality varies to a large extent between individuals (Shapiro 1973) and between products (Geistfeld 1982; Chen et al. 1994). Several other studies consider price as an indicator of quality (Scitovsky 1945; Zeithaml 1987; Hanf and von Wensebe 1994) or view price to become less important compared to other features such as brand name (Gardner 1971) or store image (Stafford and Enis 1969).

In linking various attributes of a service with its quality, price was reported to be the least vital attribute that customers linked with the perceived quality (Parasuraman et al. 1985b). In light of such weak price-quality correlation, it is believed that price can convey demand-relation quality information or supply-related information to the customers (Scitovsky 1945). For example, when customers are not familiar with products/services, price as a quality cue could shape their expectations towards products/services performance (Rao and Monroe 1988). In other words, customers often judge price and service quality by the concept of 'equity,' and this in turn would shape and then generate the level of their (dis)satisfaction (Oliver 1997).

In short, as the above review indicates, price is only one of several potentially useful extrinsic cues that a customer may use to judge the overall level of service quality (Zeithaml, 1988). Hence other service characteristics such as brand name or service/product package (especially packaged goods) could be equally or even more important to shape a customer's overall judgment of service/product quality. Therefore, evidence of a generalized price-perceived quality relationship seems inconclusive. This in turn suggests that quality research could perhaps benefit from a de-emphasis on price as the primary extrinsic quality indicator. Accordingly, inclusion of other important indicators as well as identification of situations in which each of those indicators is

important may provide more interesting and useful answers about the extrinsic signals that customers use to judge the overall quality of service offerings.

3.4 Customer expectations of service

As mentioned above, quality can be judged and defined by comparing a customer's expectations (before a service is provided) and his or her perceptions (after a service is provided) of a service. Service expectations are initial beliefs that a customer has with reference to service delivery – i.e. before a service is rendered or consumed. So, as Zeithaml et al. (1993:1) point out, “expectations serve as standards with which subsequent experiences are compared, resulting in evaluations of satisfaction or quality”.

3.4.1 Expected service: levels of expectations

A review of literature on customer expectations of service reveals several different operationalizations of customer expectations. One of the very early studies is that of Miller (1977) who suggests four different types of expectations: ideal, expected, deserved, and minimum tolerable. Miller stresses the importance of knowing against which type of expectations a consumer compares the performance of the product. In a follow-up study of these types of expectations, Gilly et al. (1983) find moderate support for them as independent constructs. Later research has also shown that, first, some standards of comparison are better than others at explaining satisfaction (e.g. Bolting and Woodruff 1988; Cadotte et al. 1983), and second, the relationship between disconfirmation, performance and satisfaction depend largely on the standard used (e.g. Bolting and Woodruff 1988).

According to Parasuraman et al. (1988), expectations can be defined as ‘desire or wants of consumers –i.e. what they feel a service provider should offer rather than would offer’. In their quality gap model, the expectations component was designed to measure ‘customers’ normative expectations’ (Parasuraman et al. 1990). It is ‘similar to the ideal standard in the customer satisfaction/dissatisfaction literature’ (Zeithaml et al. 1991).

However, others (e.g. Tea 1993) have found such conceptualization of service quality expectations concept to be problematic in a sense that it could cause the 'perceptions-minus-expectations' service quality measurement framework to be "a potentially misleading indicator of customer perceptions of service quality (p.33). Tea's (1993) explanation for such ambiguity is that respondents may use some six interpretations of expectations, namely, service attribute importance, forecasted performance, ideal performance, deserved performance, equitable performance, and minimum tolerable performance. In response to such criticism, Parasuraman et al. (1991b; 1994) redefined expectations as the service which customers would expect from 'excellent service organizations', rather than 'normative' expectations of service providers. Despite such criticism of quality gap measurement framework, they have strongly justified and defended their position in terms of its inclusion in service quality research.

As a follow-up to further amendment and redefining of the term expectations and in order to avoid the initial ambiguity, Zeithaml et al. (1993) later constructed a model which grouped service expectations into: (i) desired service and (ii) adequate service. Of these two categories, the former refers to a blend of what a customer believes "can be" and "should be". So desired service reflects the level of service that a customer hopes to receive (or a customer "wished for" level of performance). The latter or adequate service can be defined as the "minimum tolerable expectations, or the bottom level of performance acceptable to the customer" (Zeithaml et al. 1993; Zeithaml et al. 2006). In other words, the level of service that a customer "will" accept can be regarded as adequate service. As a result of the difference between desired service and adequate service, one can easily measure the 'zone of tolerance' coined by Zeithaml et al. (1993).

Subsequently, Zeithaml et al.'s desired-adequate model received several criticisms as follow up studies (e.g. Caruana et al. 2000) found little or mixed support for the model. For example, it was found that respondents did fail to differentiate between minimum/adequate and desired expectations. However, in other study by Laroche et al. (2004a), the authors found that the two types of expectations –i.e. 'Should' expectation and will' expectation – could be distinguished from each other in a sense that they found

'Should' expectation to be higher than those of 'will' expectation and that 'should' expectation's standard deviation was seen to be smaller than that of the will' expectation.

In short, a review of marketing and services research (e.g. Boulding et al. 1993) on the subject shows that the 'should' expectations are often employed in the service quality literature. According to Boulding et al. (1993) and Walker and Baker (2000), whilst desired expectations are thought to remain relatively stable over time, adequate performance expectations may vary more widely. Clearly, for a marketing strategist to influence consumer evaluations in a desired direction, it is necessary to get to know how customer will evaluate the service (Webster 1991). So as a result of the above discussion and in line with a majority of past research evidence, this study utilized customer's 'desired' expectations as a mechanism for measuring service quality.

3.4.2 Factors influencing customer expectations of service

Zeithaml et al.'s (1993) model of nature and determinants of customer expectations of service revealed three different types of service expectations: (i) desired service (what customer wants), (ii) adequate service (the standard that customers are willing to accept), and (iii) predicted service (the level of service customers believe is likely to occur). In doing so, they adopted a focus group technique and collected data from eight service industries in order to explore the potential differences between, end-customers and business customers, as well as experienced and inexperienced customers in the light of pure and product-related services. Analyzing the data, they found that all service industries under investigation generated the same results with respect to the three different types of service expectations: adequate, desired and perceived service. Specifically, the determinants of predicted service were found to be: explicit service promises (e.g. advertising, personal selling, other communications), implicit service promises (e.g. tangibles, price), word-of-mouth (e.g. personal, expert), and past experience. In addition to the influence of these antecedents of predicted service on desired service, the desired service was found to be influenced by enduring service intensifiers (e.g. personal service philosophies) and personal needs. Furthermore, sources

of adequate expectation were found to be transitory service intensifiers (e.g. service problems), perceived service alternatives, self-perceived service role, and situational factors.

In other studies, services and marketing scholars explored the antecedents of service expectations across different service settings. For example, Dion et al. (1998) evaluated the Zeithaml et al.'s (1993) model of service expectations. In doing so, they added disconfirmation, service quality, and satisfaction dimensions. In order to collect data on service reliability, they targeted a sample of 267 auto repair service personnel who bought auto components from manufacturer dealerships and independent suppliers (p.66). The results showed that desired and adequate service levels could be distinct from each other as desired service level was seen to be higher than the adequate service level. Examining the relationship between service superiority (i.e. desired versus perceived service), service adequacy (i.e. adequate versus perceived service), and service quality, their findings revealed that both service superiority and service adequacy had positive relationship with service quality. With reference to the influence of adequate service levels on predicted service level, the results showed that a significant positive relationship existed between the service level which customers predicted they would receive and the adequate service level which they would accept. Such positive relationship between predicted and adequate service levels implies that buyers are willing to accept a minimal service level significantly lower than their predicted service level. With respect to the antecedents of predicted and desired service levels, the findings revealed that explicit service promise impacted on predicted service whereas explicit service promises and enduring service intensifiers appeared to impact on desired service. So it is evident that the variation in adequate service levels is greater than that in the desired service levels. Other important findings of Dion et al.'s (1998) study can be surmised as follows: calculated disconfirmation (calculated difference between perceived and predicted service) was found to be linked with both subjective disconfirmation (comparison process) and consequently with satisfaction; perceived performance (rather than predicted service) was seen to be associated with high satisfaction. Finally, service quality was found to have a positive impact on customer satisfaction.

In other study of six service industries including media, dental, auto service, laundry service, air travel, and legal services, Webster (1991) explored and analyzed the relative impact of (i) past experience, (ii) word-of-mouth communications, (iii) opinion leadership (influence derives from knowledge and expertise), and (iv) external communications from the service provider on customer service expectations. The results indicated that whilst each of the four factors had significant impact on customer expectations they varied in their level of influence across the services areas. For instance, past experience was found to have a greater impact across all services. However, whilst past experience was seen to have the highest impact on customer service expectations in air travel, word-of-mouth was found to have the greatest impact on customer service expectations in medical, dental, and auto-related services. The study also found external communications from service providers (e.g. advertising and sales promotions) to minimally impact on customer expectations (see Mills 2005:5).

In other studies, Clow and Kurtz (1997) gained insights from Zeithaml et al.'s (1993) and Grönroos' (1990) earlier findings and constructed a model of the antecedents of service expectations. In constructing their model, they employed tangibles cues, price, advertising, word of mouth, firm image, satisfaction, and technical (what the customer receive from the service) and functional service quality (how the customer received from the service) to analyze their effects on consumer expectations across four service settings, namely, tax services, dental services, restaurant, and video rental stores. Their key findings can be summarized as follows: firm image had direct impact on consumers' expectations across all services (in other words, the image that the consumers had of a service firm was seen to have the strongest impact on their expectations); the relative importance of the antecedents was found to vary across industries; advertising was found to have no significant impact on expectations or firm image in any of the four industries; and the level of customization and service provider's judgment were found to have impact on the relative importance of each of the antecedents of consumer expectations (p. 230). More specifically, in the dental services, consumers' expectations were impacted directly by firm image, consumer satisfaction with the last service experience, tangible cues and the functional component of service quality. Across the restaurant and video

rental stores, satisfaction with the last service encounter, the technical components of service quality, firm image, tangible clues, word of mouth communication and distribution were all found to directly impact on consumers' expectations of service.

As a follow-up to the 1993 Zeithaml et al.'s study of the nature and determinants of customer expectations of service where they found that consumers used both desired and adequate expectations in service quality evaluations and that a 'zone of tolerance' seemed to separate the levels of desired and adequate expectations, Walker and Baker's (2000) exploratory study of a multi-expectation framework for services supported a marked difference between the desired and adequate expectations of customers. With reference to the influence of past experience on desired expectations, their study showed that desired expectations did not fluctuate significantly across any experienced group (less than one year, one year, two years, three plus years' experience). Based on their results, mean expectations for what a health club can and should provide remained relatively stable for all levels of experience. Furthermore, none of the desired expectation dimensions significantly increased across the one year to three or more years of experience comparison at the 0.05 level of significance. Conversely, with regard to the relationship between previous experience and adequate service expectations, the results indicated that adequate service expectations increased as consumers gained experience. While all five adequate dimension expectations were greater for consumers with three plus years' experience than those with one year experience, only the tangibles and reliability dimensions were found to be significantly greater than the remaining dimensions approaching statistical significance. Although tangibles, reliability, assurance and empathy of adequate service were found to be directly impacted by a number of perceived alternatives, a comparison between the two groups (one is ease for switching health clubs and the other group is difficulty for switching health clubs) showed that none of the five adequate expectation dimensions was statistically different. Similarly, dimensions such as tangibles, reliability, and assurance of zone of tolerance were directly affected by number of perceived alternative; however, none of the five service quality dimensions' (i.e. reliability, assurance, tangibles, empathy, and responsiveness – referred to as five SERVQUAL dimensions developed by Parasuraman et al., 1985. SERVQUAL

is a simple and useful framework to qualitatively explore customers' service experiences across various service-oriented organizations. SERVQUAL model is an efficient index in helping organizations shape up their efforts in bridging the gap between customers' expectations and perceptions of services. Given the importance of SERVQUAL model to the current PhD study, further details on its definition, evolution, application, validation and critique will be given in the following sections) zones of tolerance was significantly narrower for those who thought they could easily switch versus those who believed otherwise. Walker and Baker's (2000) exploratory study also examined the relationship between consumer experience and zone of tolerance. Their findings based on the insights gained from a health club customer indicated that new customers with experience for two months had a relatively narrow zone of tolerance. However, after a preliminary period of time as customers continued to gain experience (over one year), their zone of tolerance continued to narrow. So as the results showed, the zone of tolerance decreased as the years of health club experience increased from one year to three or more years. In addition, essential dimensions (most essential dimensions such as assurance and reliability; less essential dimension such as empathy, responsibility, and tangibles) were shown their influence on zone of tolerance and adequate service. It indicated that zone of tolerance measures were narrower for more essential dimensions than for less ones, whereas adequate expectations also tended to be higher for more essential than for less essential items.

As conceptualizations of expectations in customer evaluations continue to evolve, researchers have been exploring multiple levels of expectations in satisfaction and service quality evaluations. In 1993 Zeithaml, Berry and Parasuraman found that consumers used both desired and adequate expectations in service quality evaluations and that a "zone of tolerance" separated these levels. Subsequently, Walker and Baker's (2000) follow-up study extends Zeithaml et al.'s seminal work by investigating the zone of tolerance as it relates to consumer experience with the service provider, perceived competitive choice opportunities, and the essentialness of differing service dimensions. Results indicate that consumers readily distinguish between desired and adequate expectation levels, and understanding both expectation levels is important. Although perceptions of what a firm

should offer remain relatively stable, perceptions of acceptable performance vary by service dimensions and as consumers acquire experience. In comparison with the traditional SERVQUAL framework, this multiple expectation conceptualization offers service marketers the opportunity to fine-tune resource allocations (p. 411).

In their study of the antecedents of service expectations, Devlin et al (2002:117) examine the determinants of both desired and predictive expectations based on several service quality dimensions for (student) bank accounts prior to consumption, along with information on several possible antecedents (e.g. word of mouth, past experience, banking need and philosophy, explicit and implicit service promises). Using hierarchical regression analysis, their results show that implicit service promises are important antecedents of both 'predictive' and 'desired' classes of expectations. In addition, explicit services promises have some influence on predictive expectations, whilst word of mouth influences desired expectations. In an attempt to explore the nature of expectations of overseas universality students, Prugsamatz et al.'s (2006) study examines the influence of explicit and implicit service promises on Chinese students. They analyze a range of different information sources (e.g. explicit service promises such as advertising, personal selling; implicit service promises such as tangibles and price; past experiences; word of mouth; image and reputation) to find out their influence on Chinese students' expectations of overseas universities' service quality. Their main conclusions are that past experiences, advertising, and word of mouth are the most three influential sources of information which impact on the overall expectations of university students. The results indicate that those information sources that influence a student's predicted service quality expectations are most likely to also impact on the student's desired service quality expectations (i.e. overall expectations). Finally, the level of a student's overall expectations is found to be considerably greater when the student is exposed to more explicit service promises than implicit ones.

In other relevant studies, researchers took the argument on the nature and determinants of customer expectations of service further and tried to provide empirical evidence about the formation of expectations, and the relation between expectations, satisfaction, and

consumer loyalty. For example, Bosque et al.'s (2006:410; see also Bosque et al. 2009) study of customer expectations formation in tourism industry utilized a mixed methodology using data collection methods such as in-depth interviews, focus groups, and a survey of the customers of a travel agency. Using two structural equation models their results demonstrate several important findings, namely, (i) the paramount importance of 'image' in the expectations formulation process and indeed the main factor generating expectations of a customer of a holiday destination, (ii) the direct relationship between expectations and consumer satisfaction, and (iii) the close association between satisfaction and consumer loyalty. More specifically, tourist expectations were found to be a second-order factor based on inter-correlations among several first-order factors such as past experience, external communication, word of mouth communication, and destination image.

In short, through a systematic review of the literature pertinent to factors influencing customer expectations of service, the above discussion provides insights into the conceptualization and determinants of service expectations. In doing so, different service organizational contexts such as banking (Devlin et al. 2002), rental video stores, tax services, restaurants and foodservices, dental services (Clow and Kurtz 1997), auto-repair services (Dion et al. 1998), education (Prugsamatz et al. 2006), and health club services (Walker and Baker 2000), among others, were used to examine the determinants of service expectations. The review indicates that the base of the most current conceptualization and research methodological issues relevant to the determinants of service expectations is the seminal work of Parasuraman, Zeithaml and Berry (1985, 1988) and their quality gap model – referred to as SERVQUAL model (Zeithaml et al., 1990, 1993) where the authors identified three types of service expectations, namely, desired, adequate, and predicted as well as several factors shaping and influencing customers' expectations, namely, word of mouth, explicit service promise, implicit service promise, and past experience.

3.5 Customer perceptions of service

As discussed earlier, the idea of quality gap derives from the tacit assumption of the difference between customers' expectations and customers' perceptions of service quality. In Parasuraman et al.'s (1985) service quality gap model, this is referred to as Gap 5 (i.e. the gap between a customer's perceptions and experiences and the customer's expectations of the service). Whilst customers' expectations are formed before any service is bought by the customers or delivered to the customers, customers' perceptions of service are shaped once the service is rendered or consumed by the customers. Perception is therefore can be defined as the accumulated measure of expected and perceived service quality of each perspective in a service encounter (Svensson 2004). Perceptions are always considered relative to expectations. Since customers' expectations of services are dynamic and changing quite often, evaluations of services may also shift over time – from person to person and from culture to culture (Zeithaml et al. 2006). Indeed, the level of service quality, customer satisfaction, and perceived value are all based on customers' perceptions of the service – as opposed to some predetermined objective criteria of what service is or should be. As a result of the dynamics of and the interconnection between customers' perceptions of service quality, on the one hand, and service quality, satisfaction, perceived value, on the other hand, these three factors are included in this section and their similarities, differences and relationships are discussed in further details.

3.5.1 Service quality

Service quality or quality of service is a very broad term that is used to both set a minimum standard for a service before it is delivered to a customer and to see how a customer perceives the quality of a service once it has been delivered. So the ultimate aim of any service quality programme is to minimize the errors rate during the course of preparing the service and delivering it to the customer.

For Grönroos (2000a) and Svensson (2001, 2002), service quality is recognized as being dependent upon the interactive process between the service provider and the buyer in a service encounter. So the parties involved in a service encounter (i.e. service provider and customer) need to act differently, albeit in parallel, to achieve their own goals. On the one hand, the service provider (also called marketer) views service quality in terms of the level of service attributes needed to make the service acceptable and profitable for the customer in the market place, thereby guaranteeing and fulfilling the service provider's needs for profitability and economic success. Hence the service provider needs to put into place the necessary service attributes or measures of quality before a customer buys the service. On the other hand, customers view service quality as equivalent to the level of service attributes required to satisfy their own needs and requirements (Tsoukatos, 2007: 42). Due to the intangibility of services and the simultaneous nature of services (i.e. production of services and their consumption take place at the same time), customers' perceptions of service quality are rather subjective as they are mainly based on, for example, past experiences and word of mouth, and indeed different from one customer to other customer even for the same service. Unlike products which are tangibles and therefore easy for both manufacturers and customers to evaluate and judge their quality based on their tangible specifications, services are judged and assessed by customers on several fronts, namely, the service outcome (or core service), design and delivery process, as well as the 'peripherals' associated with the service (see George and Hazlett, 1997; Lewis 1993; Zeithaml and Parasuraman 2004; Zeithaml et al. 1990). Indeed, despite a service provider's own judgment of its service quality offering, customers as the

exclusive judges and primary sources of service quality are generally acceptable among advocates of marketing and services field.

As discussed in the extant literature on service quality (see Parasuraman et al. 1985; Berry and Parasuraman 1991; Lewis and Booms 1983; Chakrabarty et al. 2007), service quality can be viewed as a measure of how well the service level delivered conforms to and matches customer expectations over a continuous period of time rather than to any predetermined set of specifications which is common to measure a product quality in manufacturing organizational contexts. Thus a service is of high quality as long as it is judged to be of high quality by its users (customers) no matter how a service provider thinks the quality to be. According to Grönroos (1984, 1982), customers evaluate the level of service quality of a service provider through a comparison of the level of the service quality delivered to them with their (customers') own personal expectations, shaped by previous experiences gained through, for example, word of mouth and past experience. In the literature pertinent to service management and marketing (e.g. Grönroos 1984, 1982; Parasuraman et al. 1985b, 1988), the results of the difference between the level of the service quality delivered to a customer and customer's own personal expectations is called perceived service quality, an indication of a customer's satisfaction with the overall excellence or superiority of a service (Parasuraman et al. 1988:16).

In short, in order to improve the level of perceived service quality and enhance customer satisfaction in the long-term followed by attitudinal loyalty and purchase intention of customers (see Carrillat et al. 2009), service providers need to take into account and handle those factors which have direct impact on the personal experiences of the customers. In doing so, any issue or factor which could produce both negative and positive effects on the services received by the customers need to come under scrutiny, thereby generating as low a percentage of customer-affecting errors as possible and improving customers' long-term image and perception of the service provider offerings (see Tsoukatos 2007: 42).

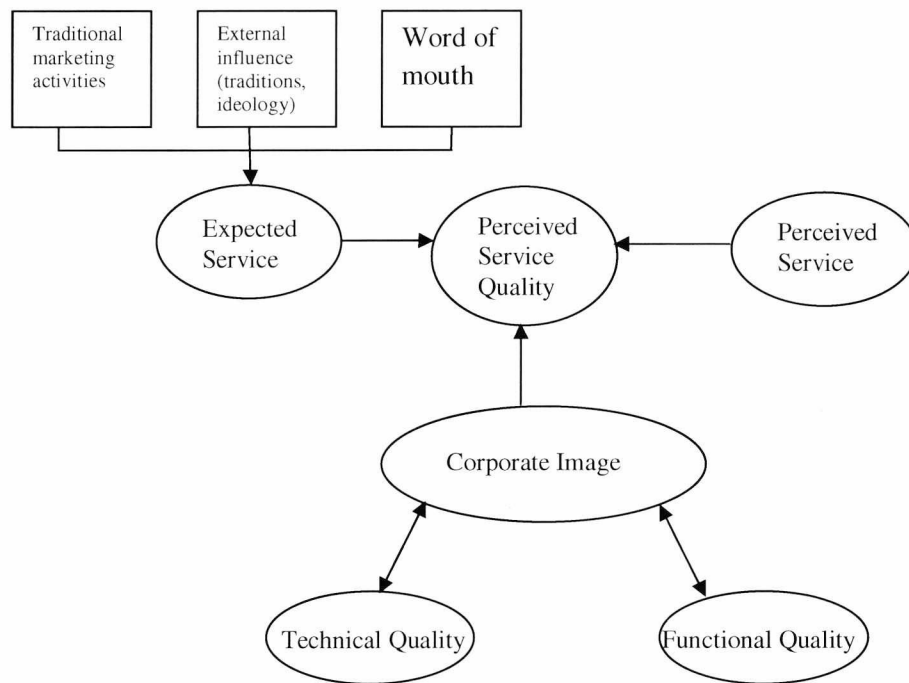
3.5.1.1 Conceptualization of service quality

As a result of the importance of perceived service quality and therefore customer satisfaction, there has been a growing realization of the paramount importance of customer satisfaction and the role of customers in helping a firm's quest for enhancing quality of its offerings. This in turn has resulted in further conceptualization of the term 'service quality' by marketing and services scholars. Whilst marketing and services organizational specialists agree on the paramount importance of customer satisfaction, there exist some differences with regard to the conceptualization of service quality. On the one hand, initial conceptualization of service quality (Grönroos 1984, 1982; Parasuraman et al. 1985b) is based on the tacit assumption that satisfaction or dissatisfaction is the result of a confirmation or disconfirmation of a customer's expectations of a service with the service actual/perceived performance. In the marketing and services literature, comparing product or service performance with prior expectations about how the product or service would or should perform is referred to as 'disconfirmation paradigm' (Oliver 1980). According to Oliver (1980), disconfirmation paradigm views service quality as a result of the comparison between perceived and expected service performance. In other words, the expectation-disconfirmation paradigm can be used as proxies to predict customer satisfaction. In order to help practicing managers better anticipate customer needs and therefore satisfy their customers or exceed customer satisfactions, several models have been developed and frequently used in the extant literature on service quality conceptualizations. Of these, the Nordic (European) model (Grönroos 1984; 1982) and the American Gap model (Parasuraman et al. 1985b, 1988) seem to be frequently-cited and adopted by marketing and services management scholars for analyzing satisfaction or dissatisfaction of customers. Whilst the two models share several commonalities, they also have their own underlying assumptions. A brief review of each of these models is given below.

3.5.1.2 The Nordic model of service quality

One of the very first models of service quality is that of the Nordic (or European) model. The model was first posited by Grönroos (1984, 1982) and incorporates the disconfirmation paradigm used in the physical goods literature. The model views services as products in a sense that they require a customer's involvement in the process of simultaneous production and consumption. As a result, it focuses on the importance of the fact that service firms need to think about their service promises to their customers and fulfilling them accordingly and appropriately. The model divides various aspects of service quality into two broad 'functional' and 'technical' categories. Technical quality refers to the results of the service or 'what' a customer receives or gets from the service. Functional quality relates to the service delivery or the way that the service is delivered. In more accurate language, the functional aspect of service quality clarifies how a customer receives the technical aspects of service quality. In other words, technical aspects of quality reflects on the 'what' issues of a service and functional aspects of service quality clarifies 'how' a customer receives the services. The key elements of the Grönroos' Nordic model of service quality are shown graphically in Figure 3.2.

Figure 3.2 The Nordic service quality model



Source: Grönroos (1984b: 40)

As Figure 3.2 indicates, both customer expectations and customer perceptions of a service are used to analyze satisfaction/dissatisfaction of the customer with a service. In respect of customer expectation, the model assumes that customers' expectations for a service are influenced by (i) traditional marketing activities of the firm (e.g. promotion, pricing, availability), (ii) external influences (e.g. tradition, habits, ideology, political beliefs), and (iii) word-of-mouth (both positive and negative). With regard to the customer perceptions, the model views perceived service quality to be a function of (or is influenced by) the 'technical' and 'functional' quality of the service delivered by the company through the company 'image'. In other words, both technical and functional aspects of service quality would create an image (either positive or negative) for the company and this in turn would build the nature of perceived service quality on the part of the customers.

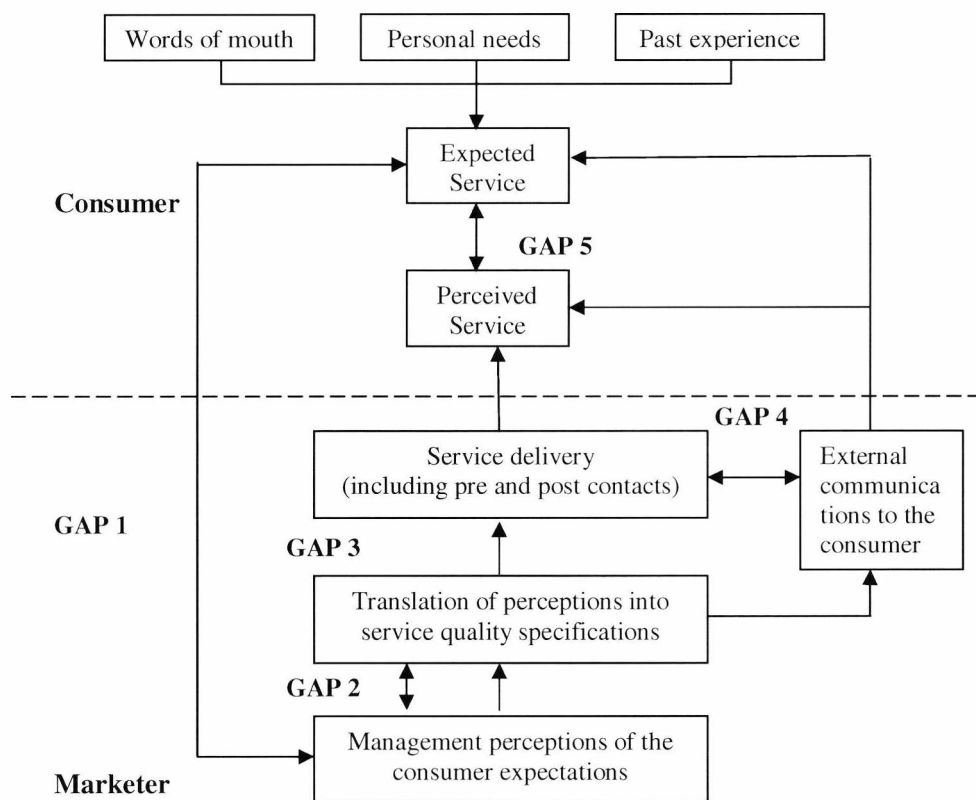
Despite the popularity of Nordic service quality model, it has been criticized for various reasons and consequently it has remained less popular compared to the American Gap model of service quality. According to Williams and Buswell (2003), the Nordic model fails to offer suggestions for measuring service quality particularly with regard to the technical quality. For example, in the context of health care services, some technical aspects of service quality were found to be rather difficult to evaluate. This in turn led other researchers to modify the model and develop their own scales to assess the technical aspects of service quality in question (see Kang and James 2004). The difficulty of measuring technical quality of services left other scholars to utilize more qualitative methods for their own assessment which were different from each others. For instance, whilst Brady and Cronin (2001) used open-ended surveys to ask customers to identify specific attributes of technical quality of a service, Kang (2006) and Akroush and Khatib (2009), among others, adopted in-depth interviews to discover the service technical parameters.

3.5.1.3 The American gap model of service quality

Another popular model of service quality is that of Parasuraman et al.'s (1985b, 1988) model where customers' perceptions of service quality are measured against customers' expectations and the resultant outcomes would be a gap that needs to be analyzed carefully if businesses aim to differentiate themselves from their competitors and satisfy and retain their customers in the long-term horizon. In the marketing and services literature, Parasuraman et al.'s service quality model has been referred to as 'Gap analysis model' or simply '5 Gaps model' of service quality. It is clearly an important customer satisfaction framework which can guide a firm's future service quality performance. In order to help service organizations satisfy their customers through enhancing the quality of their service offerings, Parasuraman et al. (1985) elucidate five gaps that face organizations seeking to meet or exceed customer expectations of delivered services. The Gap model of service quality was derived from Parasuraman et al.'s qualitative research project which aimed to investigate several issues, namely, (i) the service providers' perceptions of service quality, (ii) problems and processes created during the delivery of services, (iii) customers' perceptions of the basic characteristics of quality, (iv)

differences in quality perceptions between customers and service providers, and finally (v) the development of a general conceptual model for service quality that entailed both the marketers' and the customers' viewpoints. The investigation of all these research aims resulted in the oft-cited quality gap model which is shown graphically in Figure 3.3. In a nutshell, the gap model views service quality as the discrepancy between expectations and performance in the process of delivering services by the service providers to the customers (Parasuraman et al. 1988:35-6, 1985; Zeithaml et al. 1988). As Figure 3.3 indicates, the model is explained in terms of 5 quality gaps as follows:

Figure 3.3 GAP analysis model



Source: Parasuraman et al. (1985a,b)

Gap 1 is the difference between customers expectations and management perceptions of customers expectations (the difference between what customers expect and what managers think they expect). This gap can be filled or narrowed through survey research.

Gap 2 is the difference between management perceptions of customers expectations and service quality specifications. In order to narrow the gap, managers need to make sure that their organizations define the level of service that they believe is needed.

Gap 3 is the difference between service quality specifications and the service that actually is delivered by the organization. To narrow the gap and ensure that the delivered services are consistent with the predefined specifications, managers need to precisely analyze and audit customer experiences with the service that their organizations deliver to the customers.

Gap 4 is the difference between the service delivered to customers and the promise of the organization to customers about its service delivery. To narrow the gap, organizations should not exaggerate about their service offerings to their customers as this unnecessarily raises customer expectations and therefore harms customer's perceptions of service quality. Instead organizations need to communicate with their customers appropriately and clearly and only provide those information which can help customers with better and fair evaluation of the delivered services.

Gap 5 is the total (summary) or aggregate of the other 4 gaps and is the difference between overall perceived service quality and expected service quality. Perceived service quality is the size and direction of Gap 5, and indeed is a function of Gaps 1, 2, 3 and 4, reflecting the discrepancy between expected and perceived service through initially ten and finally five refined dimensions of service quality (Parasuraman et al. 1985b, 1988).

In addition to the elucidation and a more rigorous analysis of various sources of the contributory 5 Gaps, the Gap model also helps identifying a list of key drivers for each gap. In this respect, a generic breakdown of the key drivers of the quality gaps (Zeithaml, 1990) is shown in Table 3.2.

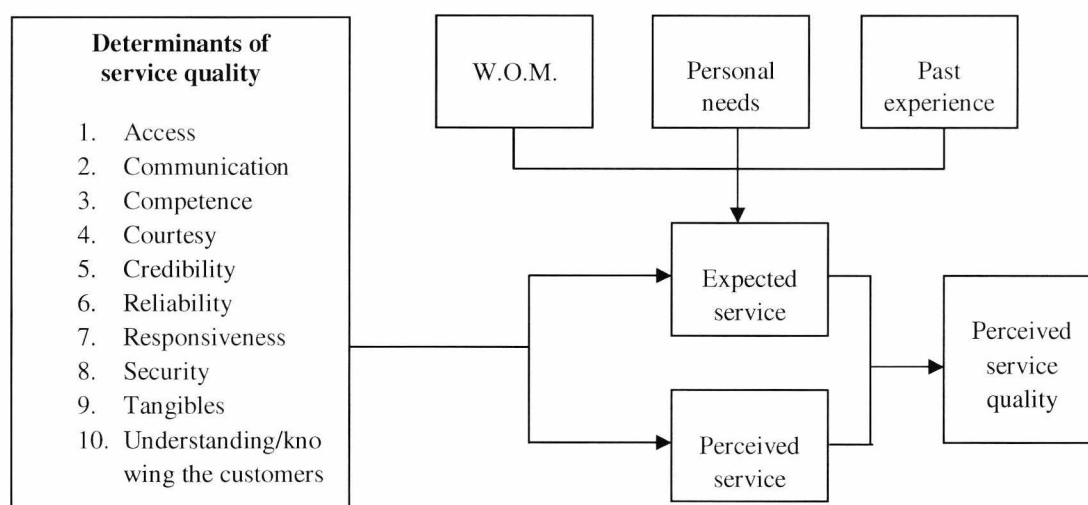
Table 3.2 The primary drivers or key factors of the quality gap model

Gap 1	<ul style="list-style-type: none"> • Inadequate market research orientation • Lack of upward communication • Insufficient relationship focus
Gap 2	<ul style="list-style-type: none"> • Absence of customer driven standards • Inadequate service leadership • Poor service design
Gap 3	<ul style="list-style-type: none"> • Deficiencies of human resource policies • Failure to match supply and demand • Customer not fulfilling roles
Gap 4	<ul style="list-style-type: none"> • Ineffective management of customer expectations • Overpromising • Inadequate horizontal communications

Source: Parasuraman et al. (1985b, 1988); Zeithaml (1990).

According to Parasuraman et al. (1985a,b, 1988), expected service quality or customers' expectations of service quality are shaped by several factors, *inter alia*, (i) word of mouth, (ii) their personal needs, and (iii) their own past experiences. In the interest of clarity, a detailed list of the determinants of perceived service quality is shown in Figure 3.4.

Figure 3.4 Parasuraman et al.'s determinants of perceived service quality



Source: Parasuraman, et al. (1985b: 48)

Further details on the nature and scope of these perceived service quality determinants which provide a basis for customers' perceptions of service quality are as follows (Zeithaml et al. 1990:21-2):

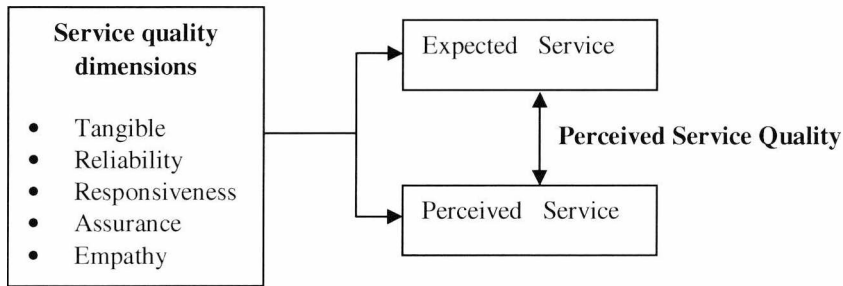
1. Tangibles - Appearance of physical facilities, equipment, personnel, and communication materials.
2. Reliability - Ability to perform the promised service dependably and accurately.
3. Responsiveness - Willingness to help customers and provide prompt service.
4. Competence - Possession of the required skills and knowledge to perform the service.
5. Courtesy - Politeness, respect, consideration, and friendliness of contact personnel.
6. Credibility - Trustworthiness, believability, honesty of the service provider.
7. Security - Freedom from danger, risk or doubt.
8. Access - Approachability and ease of contact.
9. Communication - Keeping customers informed in language they can understand and listening to them.
10. Understanding the customer - Making the effort to know customers and their needs.

As a result of subsequent research and many follow-up studies, the aforementioned 10 dimensions merged into 5 broader categories as follows (Parasuraman et al. 1988:23):

1. Tangibles: Physical facilities, equipment, and appearance of personnel.
2. Reliability: Ability to perform the promised service dependably and accurately.
3. Responsiveness: Willingness to help customers and provide prompt service.
4. Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence.
5. Empathy: Caring, individualized attention that a firm provides to its customers.

Given the aforementioned discussion on the determinants of service quality and how they shape customers perceptions towards the quality level of service offerings, Figure 3.5 depicts the relationship between service quality dimensions and perceived service quality.

Figure 3.5 Service quality dimensions



Source: Parasuraman et al. (1985, 1988, p. 23)

As mentioned earlier, each gap requires a unique treatment on the part of the management of the service organization if they are meant to be properly measured, managed, minimized, and eventually overcome. For example, in rectifying Gap 5, the difference between perceived service quality and expected service quality, frequent and on time customer survey is needed to fill up any gap before it gets too late as it is not uncommon for customers to turn to other service providers in a matter of seconds (see Henning 2009).

Similar to other service quality models (e.g. the Nordic model), the Gap model has received several criticisms in particular from those advocates of the Nordic model. For some scholars (e.g. Cronin and Taylor 1992; Mangold and Babakus 1991; Richard and Allaway 1993), the Gap model has a single focus on functional quality (process of service quality), thereby failing to take into account the technical aspects of quality (i.e. outcome of service quality). The Nordic school followers also claim that the Gap Analysis model offers no explanation for 'what' must be reliable, responsive, assured, empathetic, and tangible. Brady and Cronin (2001) point out that if the perception of overall service quality is a latent variable then it must refer to something which is not evident in the Gap Analysis model. Tsang and Qu (2000) argue that the 5 Gap model needs to cover two other gaps: One is between perceived service and service delivery, and the other gap exists between service delivery and management perceptions of consumer expectations. Whilst each of the 5 gaps provides some insights into how service quality and customer satisfaction can be improved, it is generally believed that Gaps 1 and 5 and the additional two suggested gaps could provide better insights for service providers to evaluate and

identify service quality problems, thereby enhancing customer satisfaction. Finally, with the exception of Gap 5 where Parasuraman et al. (1988) introduced the SERVQUAL scale, the quality Gap model does not seem to offer clear procedures for the measurement of the gaps in the service provider's side.

In short, the quality Gap model makes an attempt to highlight the primary impediments to service quality. In a manner similar to that of the Grönroos' Nordic model, it pinpoints the perception gap (Gap 5) and a rigorous description of its contributory factors. For example, it considers the expected service to be a function of (i) word of mouth communication, (ii) personal need, and (iii) past experience, and regards perceived service to be a function of (i) service delivery and (ii) external communications to customers (Parasuraman et al. 1985; Zithaml and Bitner 1996). It therefore provides an opportunity to the organization to take appropriate actions to overcome the existing problems and retain its customers in the long run. In comparison to other service quality models, the Gap model has dominated the marketing and services literature and been under further scrutiny by the service and marketing management scholars to better portray perceived service quality (see Brady and Cronin 2001). Despite its drawbacks, the model helps the management of service organizations detect, eliminate the sources of and even prevent customer dissatisfaction through linking internal organizational environment with the external customers, thereby offering the management an integrated view of the consumer-company relationship.

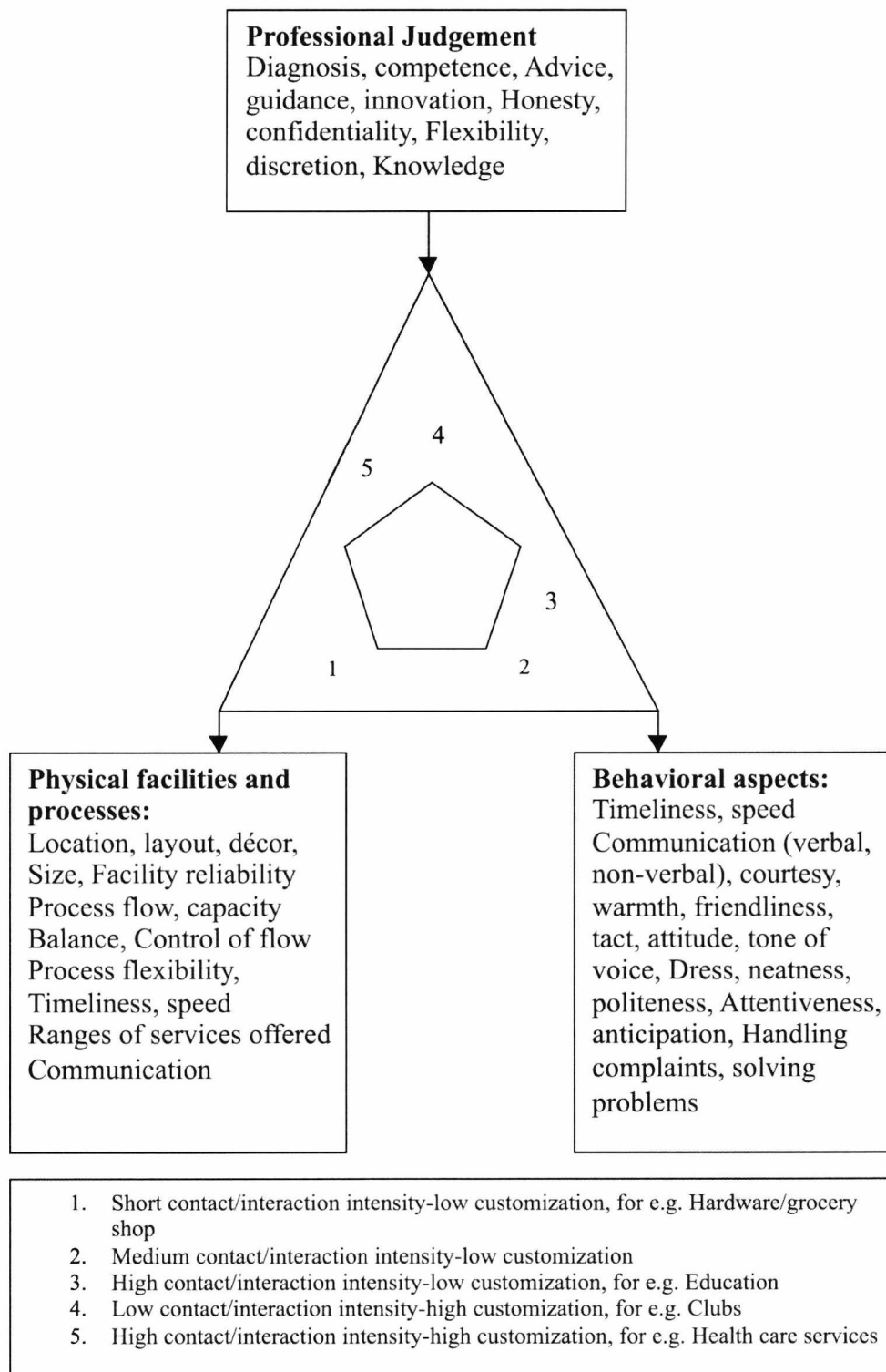
3.5.1.4 Alternative service quality models

In addition to the two main service quality models of the Nordic (European) model and the Gap (American) model of service quality, a number of alternative service quality models have been presented over the past several years. Whilst these models have their own peculiarities and have something new in their approaches towards better understanding of the expectation-perception paradigm (covering both conventional services as well as more recent electronic service offerings), they are primarily extensions of the aforementioned two frequently cited and adopted service quality models of Nordic

and Gap analysis. Each of these models is briefly discussed below (see Seth et al. 2005: 914-21 for a review).

Attribute service quality model: Haywood-Farmer (1988) developed the attribute service quality model. This model recognizes a service company to be of high quality only if the level of its service quality is consistent with customer expectations. As Figure 3.6 shows, in order to measure such consistency between the quality of service offering by the service provider and customer expectations, three vital service attributes are taken into account and analyzed: (i) physical facilities and processes, (ii) people's behavior, and (iii) professional judgment. Each of these attributes is further broken down into several measurable factors. Each set of attributes can form the apex of a triangle. Based on this model, the success of service firm in delivering high quality services to its customers requires the service provider to pay sufficient attention to each of the three attributes and maintain a balanced and appropriate mix of them to reach good quality service. Failing to do so or too much focus on one of them to the exclusion of the others may generate trouble for both the organization and its customers. In developing an appropriate mix of the three attributes as well as their elements for mapping different types of service settings, the degree of contact and interaction, degree of labor intensity, and degree of service customization need to be taken into account. For example, in mapping a service setting with low degree of customers' contact and interaction and labor intensity (e.g. utilities and transportation of goods), there needs to be more emphasis on physical facility and process characteristic of the model. The implication of this for the service organization is that the management needs to make sure that equipments are reliable and also easy for customers to use. In short, as a result of different characteristics of various types of service organizations, this model helps service providers recognize the importance of these service attributes and maintaining a balance between them, thereby satisfying the needs of the customers.

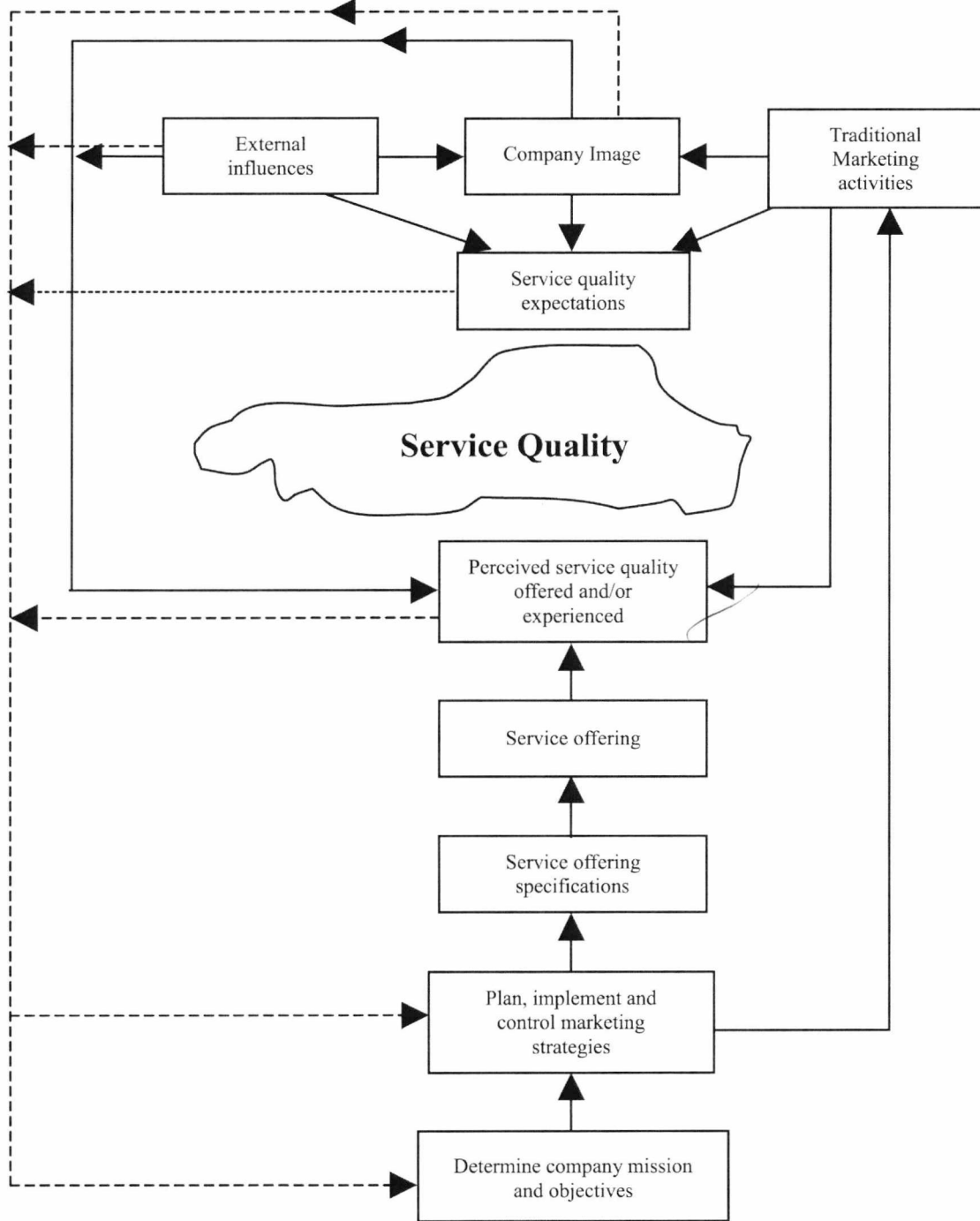
Figure 3.6 Attribute service quality model



Source: Haywood-Farmer (1988)

Synthesized model of service quality: this model was initially presented by Brogowicz et al. (1990) with an aim to integrate traditional managerial framework, service design and operations and marketing activities. The synthesized model of service quality is derived from a combination and synthesis of service quality dimensions by Grönroos' (1984) model of service quality and Parasuraman et al.'s (1991a,1985b) quality gap model. As Figure 3.7 indicates, the model makes an attempt to elucidate the dimensions associated with service quality in a traditional managerial framework of planning, implementation and control. Based on the model, the overall service quality gap is defined as a function of technical and functional quality gaps (see Grönroos 1984). This synthesized model of service quality states that the three factors of company image, external influences, and traditional marketing activities are the factors that influence technical and functional quality expectations (Seth et al. 2005). Based on the model, a service quality gap may occur even when a customer does not yet encounter the service provider or experience the service but learned about it through word of mouth, public media communications, and advertising. So the model suggests that there is a need on the part of service providers to incorporate potential customers' perceptions of service quality offered, and actual customers' perceptions of service quality experienced. Despite various strengths of this model, it seems to lack empirical justification in different types of service settings.

Figure 3.7 Synthesized model of service quality



Source: Brogowicz *et al.* (1990)

Performance only model of service quality (referred to as **SERVPERF**): In contrast to other service quality models, Cronin and Taylor (1992) believe that customers' perceptions of service quality (as opposed to expectation-perception framework) are better predictor of service quality. To design the model, Cronin and Taylor (1992) analyzed the conceptualization and measurement of service quality, its relationship with consumer satisfaction and purchase intentions, and finally compared computed difference scores with perceptions to come up with "the perception or performance only" index as the key and a better determinant and predictor of service quality. According to the authors, the performance only measurement of service quality (so called SERVPERF), can result in a five per cent reduction of items, thereby presenting better and more reliable results compared to those results derived from 'performance minus expectation' measurement of Parasuraman et al.'s (1985b) model. In short, as Cronin and Taylor (1992) have pointed out, their SERVPERF model considers service quality as a form of consumer attitude and that the performance only measure of service quality is an enhanced means of measuring service quality which can be operationalized by the adequacy-importance model (Nitin et al. 2005: 920).

Ideal value model of service quality: Mattsson (1992) introduced the ideal value model of service quality on the basis of a value approach to service quality, modeling it as an outcome of satisfaction process. The model suggests the use of a perceived ideal standard against which the experience is compared. Although the existing literature on service quality views expectations as belief about having desired attributes as the standard for evaluation, the ideal value model of service quality argues that such belief-based expectation needs to be analyzed through other measures such as experience based, ideal, minimum tolerable, and desirable standards. Based on the ideal value model, implicit negative disconfirmation on a pre-conscious value level is then hypothesized to determine satisfaction on a "higher" attitude level. This negative disconfirmation is the major determinant of customer satisfaction and as a result more attention should be given to cognitive processes by which customers' service concepts are formed and changed (Nitin et al. 2005: 920).

Model of perceived service quality and satisfaction: this model was initially developed by Spreng and Mackoy (1996) which indeed is a modification of Oliver's (1993) model of service quality. It makes an attempt to enhance the understanding of the constructs 'perceived service quality' and 'consumer satisfaction'. The model views overall service quality and customer satisfaction to be functions of (or to be influenced by) expectations, perceived performance desires, desired congruency, and expectation disconfirmation. The measurement criterion for these items are the following ten attributes of advising: convenience in making an appointment, friendliness of the staff, advisor listened to my questions, the advisor provided accurate information, the knowledge of the advisor, the advice was consistent, advisor helped in long-range planning, the advisor helped in choosing the right courses for career, advisor was interested in personal life, and the offices were professional.

IT-based model. Developed by Zhu et al. (2002), IT-based model highlights the importance of information technology (IT)-based service options. Service providers are using IT to reduce costs and create value-added services for their customers. It proposes a service model that links customer perceived IT-based service options to traditional service dimensions. The model makes an attempt to investigate the relationship between IT-based services and customers' perceptions of service quality. The IT-based service construct is linked to service quality and is measured by SERVQUAL scale (Parasuraman et al. 1991a; Parasuraman et al. 1988). In a similar vein, Santos (2003) presented a **model of E-service quality**, with e-service being defined as service in cyberspace. The e-service model of service quality is a conceptual model with its determinants. It posits that e-service quality has incubative (e.g. proper design of a web site, how technology is used to provide customers with easy access, and understanding and attractions of a web site) and active dimensions (e.g. good support, fast speed, and attentive maintenance that a web site can provide to its customers) for increasing hit rates, and customer retention.

The aforementioned service quality models are only some of the existing models of service quality. Listing and illustrating all of the existing service quality models (over 20 models in total) is beyond the scope of this chapter. However, in the interest of clarity,

better understanding, and further comparison of service quality models, Table 3.3 presents a summary of the aforementioned models in terms of respondents, underlying focus, scope as well as strengths and weaknesses.

Overall, as the above review indicates, these models have guided scholars to construct industry-specific and/or culture-specific measurements and models. These models clearly can guide various service providers in hospitality sector in general and foodservices and restaurants in particular to improve the quality of their service offerings. For instance, as the nature of restaurants includes medium-high degree of contact and interaction, medium-high degree of labor intensity, and low-medium degree of service customization, there needs to be more stress on behavioural aspects of the attribute service quality model (see Haywood-Farmer, 1988). Accordingly, the synthesized model (see Brogowicz et al., 1990) which combines traditional managerial processes to prevent and minimize service quality gap, could be appropriately employed to enhance both the level of service quality and consequently maximize customer satisfaction. In other words, foodservice and restaurants' service providers need to appropriately manage service delivery and service promises to the customers in planning, implementation and controlling service-marketing strategies that meet customers' perceptions and expectations. In the same vein, E-service quality models (e.g. Santos 2003; Berkley and Gupta 1994; Zhu 2002) which are different from traditional service quality models could help service providers achieve higher level of customer satisfaction. For example, as a result of employing IT systems, restaurant customers nowadays could browse and compare many restaurants and food service providers online, make a reservation in advance, read menu, select meal, and even make payment to avoid unnecessary time of waiting and queuing. On the other hand, restaurants and foodservice providers can benefit from IT in its multitude of forms (e.g. offering booking system, dining by appointment only, and online ordering systems for both sit-in and take-away services would allow restaurants to balance supply and demand, deliver meal on time, have accurate billing management, and maximize revenue and benefit from a more efficient cost management system). Even though using IT can bring more benefits to food service providers, cost/expense of planning and implementing technology-focused delivery systems also need to be taken into account. Table 3-2

provides a summary of the most frequently used models of service quality in terms of authors, type/title, key findings and applications as well as weaknesses and limitations (for a review of service quality models see Seth et al. 2005).

Table 3.3 Salient Features of Service Quality Models (Source: Seth et al. 2005: 935-942)

Author (Year)	Model	Respondents	Measurement of Service Quality Addressed through	Key Findings and Applications	Weaknesses and limitations
Parasuraman et al. (1985)	Gap model	Ranged from 298 to 487 across companies/tele phone co., securities brokerage, insurance co., banks and repair and maintenance	Ten dimensions (reliability, security, responsiveness, access, communication, tangibles, courtesy, credibility, competence, understanding/knowing)	<ol style="list-style-type: none"> 1. The model is an analytical tool. It enables the management to identify systematically service quality gaps between a numbers of variables affecting the quality of the offering . 2. This model is externally focused. It is capable of assisting the management to identify the relevant service quality factors from the viewpoint of the consumer 	<ol style="list-style-type: none"> 1. Exploratory study. 2. The model does not explain the clear measurement procedure for the measurement of gaps at different levels
Brogowicz et al. (1990)	Synthesized model of service quality	-	Through technical and functional quality defining planning, implementation and control tasks.	<ol style="list-style-type: none"> 1.The use of this model and related managerial tasks can help managers to improve the success of their service offerings in any industry. 2. This model identifies key variables that require systematic management attention in planning, implementation and controlling service-marketing strategies that prevent or minimize service quality gap. 	<ol style="list-style-type: none"> 1. Needs empirical validation 2. Need to be reviewed for different type of service settings.
Cronin and Taylor (1992)	Performance only model	660/banking, pest control, dry-cleaning and fast food	22 items same as SERVQUAL but with only performance statements.	<ol style="list-style-type: none"> 1.Service quality should be conceptualized and measured as an attitude. 2. The performance-based SERVPERF is efficient in comparison with SERVQUAL, as it directly reduces the number of items by 50 per cent and the results are better. 3. Service quality is an antecedent of consumer satisfaction and may have a 	<ol style="list-style-type: none"> 1.Need to be generalized for all types of service settings. 2. Quantitative relationship between consumer satisfaction and service quality need to be established.

Author (Year)	Model	Respondents	Measurement of Service Quality Addressed through	Key Findings and Applications	Weaknesses and limitations
Teas (1993)	Normed quality and evaluated performance model	120/randomly selected from discount stores	Limited subset of SERVQUAL items (two of five dimensions)	better effect on purchase intentions than service quality. 1.The model raised a number of issues pertaining to conceptual and operational definitions of expectation and revised expectation. 2.The criterion and construct validity of the EP model was higher than both the SERVQUAL and NQ model..	1.This model was tested for limited sample size and for narrow service setting (discount store).
Sweeney et al. (1997)	Retail service quality and perceived value model	1,016 respondents/ electrical appliances stores	Functional quality through five SERVQUAL items and technical quality through one SERVQUAL item	1.The technical service quality is an important contributor to product quality and value perceptions and hence influences willingness to buy. 2.Functional service quality has indirect influence on willingness to buy through product quality and value perception; however, it has influence on willingness to buy that is independent of product assessment (poor staff manners).	1.The model considers only one value construct, i.e value for money. 2.Fewer number of items per construct are taken in this study.
Dabholkar et al. (2000)	Antecedent mediator model	397 undergraduate and postgraduate students	Through measurement of reliability, personal attention, comforts and features.	1.Consumers evaluate different factors related to the service but also form a separate overall evaluation of the service quality (which is not a straightforward sum of the components). 2.The antecedent's model can provide complete understanding of service quality and how these evaluations are formed. 3.Customer satisfaction is a better predictor of behavioral intentions. 4.A strong mediating role was found, confirming that it is important to measure customer satisfaction separately from service quality when trying to determine customer evaluations of service.	1.Antecedents of customer satisfaction have not been explored. 2.The model measures behavioural intention rather than actual behaviour. 3.Needs to be generalized for different service settings.

Author (Year)	Model	Respondents	Measurement of Service Quality Addressed through	Key Findings and Applications	Weaknesses and limitations
Frost and Kumar (2000)	Internal service quality model	724 at different levels/ Singapore airline staff	SERVQUAL dimensions	1.The perceptions and expectations of internal customers and internal suppliers play a major role in recognizing the level of internal service quality perceived.	1.Need to be generalized for all types of internal environments. 2.Effect of changes in external environment on model is not considered.
Soteriou and Stavrinides (2000)	Internal service quality DEA model	194 responses/26 bank branches	Measurement of perceptions of customers using SERVQUAL-based Instrument.	1.Indicates the resources, which can be better utilized to produce higher service quality levels.	1.Does not provide the measurement of service quality. 2.Model ignores other bank performance measures.
Zhu et al. (2002)	IT-based model	185/bank customers (with past experience of using IT-based service options like ATM, 24 hr call line etc.	SERVQUAL items with perceptions only statements.	1.IT-based services have a direct impact on the reliability, responsiveness and assurance dimensions and an indirect impact on customer satisfaction and perceived service quality. 2.IT can help service providers achieve higher level of customer satisfaction. 3.The customer evaluation of IT-based services is affected by preference towards traditional services, past experience in IT-based services and perceived IT policies.	1.Fewer number of items chosen to measure the feeling of self-control and comfort in using IT-based services. 2.Does not provide a measure of service quality of IT-based transactions.
Grönroos (1984)	Technical and functional quality model	219/bank, insurance, restaurants, shipping, airline companies, cleaning and maintenance, car rental companies, travel agencies and a range of	Functional and technical quality	1.Service quality depends on technical quality, functional quality and corporate image of the organization in consideration Functional quality is more important than the technical quality.	1.The model does not offer an explanation on how to measure functional and technical quality.

Author (Year)	Model	Respondents	Measurement of Service Quality Addressed through	Key Findings and Applications	Weaknesses and limitations
		institutes from public sector.			
Haywood-Farmer (1988)	Attribute service quality model		Physical facilities and processes, people's behaviour professional judgment.	<ol style="list-style-type: none"> 1.This model provides a base of segregating service organization on three dimensions for better management of quality. 2.The model has the potential to enhance understanding of the concepts of service quality and help to guide about targeting towards the right customer segment. 3.This model is useful both in the design stage and periodically as the service and possibly customer taste evolve. 	<ol style="list-style-type: none"> 1.It does not offer the measurement of service quality. 2.It does not offer a practical procedure capable of helping management to identify service quality problems or practical means of improving service quality.
Mattsson (1992)	Ideal value model	40 guests while checking in and checking out/two large luxury hotels.	Through 18 items of value and nine items of customer satisfaction	<ol style="list-style-type: none"> 1.This model incorporates and defines the importance of diverse components of the service encounter to be studied. 2.This model provides a new learning perspective on how an ideal standard can be formed and how it can be sustained mentally. 3.The model highlights attention to the importance of negative disconfirmation experience as a determinant for satisfaction outcome. 	<ol style="list-style-type: none"> 1.Fewer number of items used for value and customer satisfaction. 2.Needs to be defined for all types of service settings.
Berkley and Gupta (1994)	IT alignment model		The model does not cover the measurement of service quality	<ol style="list-style-type: none"> 1.This model describes how IT can be used to improve customer service along key service quality dimensions including reliability, responsiveness, competence, access, communication, security and understanding the customer. 2.This model can help the organizations to realize the complete benefit of using information systems for delivering improved quality of service. 	<ol style="list-style-type: none"> 1.It only highlights the impact of IT on service quality. The model does not offer a way to measure and monitor service quality. 2.The model is silent about the level of IT use for particular service settings.

Author (Year)	Model	Respondents	Measurement of Service Quality Addressed through	Key Findings and Applications	Weaknesses and limitations
				3.Allows managers to understand the commonly used technologies in their industry and determine appropriate technology suiting their requirements	
Dabholkar (1996)	Attribute and overall affect model	505 undergraduate students/fast food setting	Through three items measuring expected service quality specifically of ordering situation	1.The attribute-based model is favored in forming the evaluations of service quality for technology-based self-service options. 2.The overall affect model is also supported but it does not add further explanatory power to the attribute-based model.	1.Needs to be generalized for different self-service options. 2.Effect of demographic variables, price, physical environment etc. is not considered.
Spreng and Mackoy (1996)	Perceived quality and satisfaction model	273 undergraduate students	Through desires, perceived performance, expectations, and desired congruency (each comprising ten attributes)	1.This model shows that service quality and satisfaction are distinct and desires congruency does influence satisfaction. 2.A key determinant of service quality and customer satisfaction is meeting customer desires. 3.Rising expectations have a positive effect on customer satisfaction perceptions of performance, but they also have a negative effect on satisfaction through disconfirmation.	1.The model does not highlight how the service quality is achieved and operationalized. 2.The model is weak in providing directions for improvements in service quality.
Phillip and Hazlett (1997)	PCP attribute model		Pivotal attributes, core attributes and peripheral attributes	1.Provides a simple, effective and general framework of assessing service quality for any service sector Highlights the area of improvements for service quality depending on the frequency of encounter. 2.The dimensions to these three levels of attributes are individual sector-dependent and with reference to consumer.	1.The model is lacking in providing general dimensions to three levels of attributes. 2.Lacks empirical validation.
Oh (1999)	Service quality, customer value and	545/two luxury hotels	Through single item for perceived price and eight items for perceptions for hotel settings.	1.The model can be used as a framework for understanding consumer decision process as well as evaluating company performance.	1.Model needs to be generalized for different types of service settings. 2.Model variables are

Author (Year)	Model	Respondents	Measurement of Service Quality Addressed through	Key Findings and Applications	Weaknesses and limitations
	customer satisfaction model			2.This model provides directions and targets for customer-oriented company efforts.	measured through relatively fewer items.
Broderick and Vachirapornpuk (2002)	Internet banking model	160 incidents on 55 topic episodes posted/UK internet web site community	Through service setting, services encounter, customer expectation and image	1.Implication for the management of quality in internet banking service arises in two areas: a) within the service interface and b) with the management of increased customer role. 2.The level and nature of customer participation had the greatest impact on the quality of service experience and issues such as customers' "zone of tolerance" and the degree of role understanding by customers and perceived service quality.	1.Not much empirical work carried out. 2.The model is based on the experience of one web site only, needs to be validated with other experiences.
Santos (2003)	E-service quality model	30 focus groups comprising six to ten members	Through incubative and active dimensions	1.It provides a better understanding of e-service quality and, therefore, to achieve high customer retention, customer satisfaction, and profitability. 2.This e-service quality model can be of assistance to all companies that engage e-commerce or plan to do so.	1.Exploratory study. 2.Model did not provide specific measurement scales. 3.No statistical analysis carried out.

In short, as the above discussion and the content of Table 3.3 show, the domain of service quality operations have expanded extensively since 1984 when Grönroos (1984) presented his service quality model to guide marketers on what influences service delivered to customers and how customers perceive quality dimensions of services. The focus on the development of service quality models has shifted from more personalized services to encompass the internet-based or online-based services such as those with organizational and behavioural characteristics. A review of the models shown in Table 3.3 reveals that there is a close association between service quality outcome and measurement, on the one hand, and type of service setting, situation, time, customer's need, and the like, on the other hand (Seth et al. 2005: 946). The close interconnection between service outcomes, its measurement, type of service organizations – to name but a few – reveals the complexity of measuring and maintaining customer satisfaction not least because of ever changing nature of customers' expectations for various services. The changing nature of customers' expectations and individual differences between customers' expectations and perceptions for the same services and at the same service setting – leave alone different services and service settings – require further amendments to the existing service quality models by the advocates of marketing and services research. Whilst the aforementioned models are different in terms of focus and ways to measure and improve service quality, they all provide a useful benchmark for further enhancement of service quality across a range of services. In order to strengthen a company-customer relationship over a longer period of time, all these models highlight the paramount importance of an efficient customer care system, designing a clear market and customer focus strategy, having motivated staff, good understanding of the concept of service quality, and factors influencing it as well as how it should be measured.

3.5.1.5 The measurement of service quality

As the earlier discussion on service quality models indicates, measurement of service quality has been a key research focus of marketing and service management scholars over the past two decades. The main debate on measuring service quality includes two different but related sets of issue: (i) disconfirmation versus performance only measurement and (ii) dimensions of service quality. With regard to the former it is vital to understand that satisfaction or dissatisfaction is the result of a confirmation or disconfirmation of the expected service performance with the actual service performance (referred to as disconfirmation paradigm, see Oliver 1993), and that performance or perceptions (actual service performance) could act as a more valid predictor of service quality (Cronin and Taylor 1992). In respect of the latter, the debate on dimensions is concentrated both with (i) the number of dimensions of service quality and (ii) whether dimensions are general or can be generalized to various service settings or are service specific or context-dependent. Whilst there is a consensus on some five service quality dimensions, several other studies propose different numbers. Further details on the measurement of service quality in the light of the issues raised are given below.

3.5.1.6 Disconfirmation instruments (the SERVQUAL scale)

Over the past two decades, the extensive debate on the disconfirmation paradigm by both marketing and service management specialists followed by emerging a great number of service quality models has resulted in the development of disconfirmation instruments. Prominent in this category of instruments is the Zeithaml et al.'s (1990) and Parasuraman et al.'s (1985b) SEVQUAL (or RATER) scale. As a by-product of the Gaps Analysis Model (Parasuraman et al. 1988), using the disconfirmation paradigm as a theoretical basis by the authors, SERVQUAL scale has been created for measuring the extent and direction of the Gaps Analysis Model. In other words, the SERVQUAL scale is a technique for performing a gap analysis of a firm's service quality performance against customer service quality needs, i.e. measuring the discrepancy between customers'

perceived performance of the service and their expectations of the service (Parasuraman et al. 1996, 1985b, 1988). According to Berry and Parasuraman (1991), the term 'expectation' is used as a comparison standard which can be measured either in terms of what customers believe 'will' happen in a service encounter (predictions) or in terms of what 'should' happen (expectations) (Berry and Parasuraman 1991) in a service encounter (see Parasuraman et al. 198b; Zeithaml et al. 1990; Buttle, 1996; Lages 2005; McCabe et al. 2007; Nyeck et al. 2002 for further details on SERVQUAL instrument). The results of SERVQUAL analysis help the service organization not only elucidate the causes of service quality shortfalls in each or all of the service quality dimensions/attributes, but also act as a driver for service quality improvement. The SERVQUAL methodology was originally developed based upon 10 aspects of service quality (i.e. reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding or knowing the customer, and tangibles) with an aim to measure the gap between customers expectations and perceptions/performance. Later in early 90s, the authors had refined the model to the useful acronym RATER encompassing only five key dimensions of (1) the reliability of the service provider, (2) the assurance provided by the service staff, (3) the tangible aspects of the service, (4) the empathy shown to consumers, and (5) the responsiveness of the service provider. A review of past research shows that these five dimensions are generalizable to virtually any service organisation. Despite such development, the original five key dimensions of Parasuraman et al.'s (1985b) model seem to be the common framework for most of the current research on the subject. In order to operationalize these five key dimensions, a 22-item instrument along the five dimensions (Tangibles 4 items, Reliability 5 items, Responsiveness 4 items, Assurance, 4 items, and Empathy 5 items) was developed to measure customer perceptions of service quality (Parasuraman et al. 1988). To evaluate the level of quality of a service based on these five dimensions from the customer's perspective, customers are given the SERVQUAL questionnaire to provide information on their performance (perceptions) and expectations of a service, using identical seven Likert scales (scores), for each of 22 distinct service-attributes along the five dimensions of tangible (4 items), reliability (5 items), responsiveness (4 items), assurance (4 items), and empathy (5 items). Service quality for each attribute is then quantified as the

difference between the perception and expectation scores. A service is qualified as 'quality service' when differences are greater or equal to zero, meaning that the service provider meets or exceeds customer expectations with regard to certain or all service attributes (see Tsoukatos 2007:52; Parasuraman et al 1985b for a review).

Although, the original SURVQUAL scale was developed based on samples of five different service categories, namely, appliance repair and maintenance, retail banking, long-distance telephone, securities brokerage, and credit cards, the scale has been designed to fit the needs of a variety of other service settings as it can be easily and appropriately customized to fit in each service context. In terms of its applicability, Parasuraman et al. (1988:30-1) note that: "The instrument... provides a basic skeleton through its expectations/perceptions format encompassing statements for each of the five service quality dimensions. The skeleton, when necessary, can be adapted or supplemented to fit the characteristics or specific research needs of a particular [service] organization. SERVQUAL is most valuable when it is used periodically to track service quality trends, and when it is used in conjunction with other forms of service quality measurement".

Due to the convenience in its application and potential to be modified to accommodate the needs of other service businesses, customized SERVQUAL metrics have been used in a wide spectrum of service settings such as restaurant (Stevens et al. 1995), career centers (Engelland et al. 2000), internet retail (Janda et al. 2002), hotels (Akbaba 2006; Ekinci and Riley 1998; Wilkins et al. 2007), hospitals (Sower et al. 2001), retail banking (Aldlaigan and Buttle 2002; Anvary Rostamy et al. 2005), financial services (Maddern et al. 2007), airline services (Pakdil and O'zlem 2007), tourism industry (O'Neill and Charters 2000), sports (Theodorakis et al. 2001), and higher education (Markovic 2006). In addition, SERVQUAL scale has also been used as a primary means of measuring customer perceptions of service quality in other countries such as Turkey (Akbaba 2006), Australia (Wilkins et al. 2007), Canada (Saleh and Ryan 1991), Croatia (Markovic 2006), India (Sureshchandar et al. 2002), the USA (Dabholkar et al. 1996), Hong Kong (Lam and Zhang 1999), Belgium (Vandamme and Leunis 1993), the United Arab Emirates

(Jabnoun and Azaddin 2005), and Spain (Caro and Garcia 2007) – to name but a few (see Ladhari 2008:68 for further detail). Despite its widespread application across various service settings and countries, the SERVQUAL scale is clearly not or was not meant to be a panacea by its developers which can rectify and resolve all service quality-related concerns and problems of all service businesses. So while it is helpful in guiding the management of service firms to better think of the barriers to customer satisfaction and drivers of poor service quality, it has been criticized on a number of fronts. For example, in addition to the doubt over SERVQUAL's construct validity, critiques of the SERVQUAL scale argue that its five key dimensions are not universal, and that customer final decision to buy a service is taken at a higher-level of abstraction rather than the very simple assumptions put forth by the SERVQUAL model (Zeithaml et al. 1990; Buttle 1996; Lages and Fernandes 2005; McCabe et al. 2007). Given such drawbacks, the SERVQUAL scale cannot be regarded as an exclusive means of service quality assessment. Rather it can be used as a fundamental structure for new instruments (Khan 2003; Markovic 2006) or starting-point for the development of the item pool (Dabholkar et al. 1996; Frochot and Hughes 2000; Sureshchandar et al. 2002; Tsoukatos 2007:52; Ladhari 2008).

3.5.1.7 Performance-only measurement tool (SERVPERF)

Despite the popularity of SERVQUAL, Cronin and Taylor (1992) suggest that there are problems inherent in the use of the disconfirmation paradigm to measure service quality. Specifically, Cronin and Taylor (1992) argue that, if service quality is to be considered "similar to an attitude," as proposed by Parasuraman et al. (1985, 1988), its operationalization could be better represented by an attitude-based conceptualization. Therefore, they suggest that the expectations scale be discarded in favour of a performance-only measure of service quality that they term SERVPERF. In several cross-sectional empirical tests, SERVPERF was seen to outperform SERVQUAL (Brady et al. 2002:19).

As mentioned earlier (see Section 3.5.4 Service Quality Models), SERVQUAL scale has remained as one of the most oft-cited means of service quality measurement. Whilst the SERVQUAL scale uses both expectations and perceptions to calculate the existing quality gap, others have employed the underlying assumptions of the SERVQUAL instrument to argue that measuring perceptions of performance – as opposed expectation-perception continuum – is sufficient to assess the level of quality of a service offering. This model has been referred to as performance-only measure or SERVPERF (Cronin and Taylor 1992), consisting of the perceptions only part of the SERVQUAL scale. In other words, performance-only index has been developed as a consequence of and based on SERVQUAL assessment. As one of the frequently cited and used measure of service quality, it has the ability to capture the variance in consumers' overall perceptions of service quality (see Brady et al. 2002; Cronin and Taylor 1992, 1994).

In constructing the SERVPERF scale, Cronin and Taylor (1992, 1994) used the SERVQUAL's attributes and the scale's dimensionality but they discarded the expectations portion of the scale as they primarily focused on performance or perception-only index. Cronin and Taylor (1992) examined the relevant performance of unweighted SERVPERF, and subsequently SERVPERF weighted by importance (of dimensions) for measuring service quality across four industries including banks, pest control, dry cleaning, and fast food. Their results offered empirical evidence that the unweighted SERVPERF explained more variance and was more parsimonious than the other measure (also see Tsoukatos 2007: 53-4).

3.5.1.8 SERVQUAL vs. SERVPERF (Performance-Only) index: the measurement debates

A number of studies provide support for both underlying theoretical basis and other characteristics of SERVQUAL scale. For example, Asubonteng and McCleary (1996) conducted a comparative study of Parasuraman et al.'s (1985b) initial research and some twelve research projects subsequently conducted and published using the SERVQUAL approach. The results confirmed that the SERVQUAL research had high reliability and face validity for measuring service quality across different service categories. In a similar vein, Brensinger and Lambert's (1990), Babakus and Boller's (1992), and Brown et al.'s (1993) studies, among others, verified the face validity of the metric and showed SERVQUAL metric to perform well in concurrent validity. Similarly, Angur (1997) also found favourable SERVQUAL's convergent and discriminant validity (see also Tsoukatos 2007: 56).

In addition to the availability of evidence on validity of SERVQUAL scale, several other studies have made an attempt to compare the SERVQUAL scale with the performance-only index. In comparison to the performance-only (SERVPERF) index, Angur et al.'s (1999) study of two major banks in India reports that SERVQUAL provides greater diagnostic information than the SERVPERF scale with no significant difference in the predictive ability of the two measures. Based upon data from insurance industry in the US, Stafford et al.'s (1999) research examined 'the efficacy of four approaches of measuring service quality', namely, SERVPERF, SERVQUAL, the log of ratio, and ratio. The findings show that the log of ratio and the ratio methods are inferior to both the SERVPERF and SEVQUAL measures. In addition, the goodness-of-fit indicators reveal that the SERVQUAL scale provides a much better model than that of SERVPERF. Cook and Health's (2001) study also show similar results in that SERVQUAL is believed to perfectly measures service quality of different service settings particularly in the context of banking industry where O'Donnell (2001) reports SERVQUAL to be the most appropriate metric because it, allows bankers to elucidate key problem areas for further

future improvement. Gi-Du et al. (2002) also take a supporting perspective in favour of SERVQUAL's ability to measure internal service quality and distinctive nature of its key dimensions which are proved to be conceptually robust and easy to understand and apply.

In other comparative study, Johns et al. (2004) used SERVQUAL scale and SERVPERF index to examine and evaluate the level of service quality of travel agents services in Northern Cyprus. The results of SERVPERF index show that the travelers are concerned most with the efficiency and least with the personalization of the services offered by the travel agencies. The analysis of SERVQUAL scores highlights the 'modern' appearance of the service and servicescape to have the largest service gaps and the interpersonal qualities as those attributes to be of the lowest score gap. A comparison of the results of the two service quality models indicate that SERVPERF index seems to be a better predictor of overall satisfaction than SERVQUAL scale, and that the reliability/validity statistics of the two scales are seen to be marginally more satisfactory for the SERVPERF set of attributes. However, the analysis of the existing empirical data strongly suggests that the information derived from SERVQUAL scale is unidimensional in character, and is consistent with and supporting the numerous findings of other related research findings.

Carrillat et al. (2007) adopted a meta-analytic perspective to investigate the difference between predictive validity of SERVQUAL and SERVPERF. The meta-analysis data comprised of seventeen studies with forty-two effect sizes of the relationship between SERVQUAL and SERVPERF scales for measuring overall service quality (OSQ). The findings show that both scales are adequate and equally valid predictors of overall service quality (see Bosque et al. 2006, 2009). More specifically, whilst adapting the SERVQUAL scale to the measurement context was found to improve its predictive validity, the predictive validity of SERVPERF did not seem to improve by context adjustments. In addition, the predictive validity of SERVQUAL and SERVPERF on overall service quality (OSQ) was found to be higher for: (i) non-English speaking countries, (ii) countries with lower levels of individualism, and (iii) industries with an intermediate level of customization such as hotels, rental cars, or banks. One explanation

for this finding lies in the fact that SERVQUAL is developed as a scale with the intention and ability to be generalized to a range of different service contexts.

In other comparative study, Jain and Gupta (2004) collected data through a survey of consumers of fast food restaurants in Delhi to explore the ability of SERVQUAL and SERVPERF scales for providing a more convergent and discriminant valid explanation of service quality construct. The results of their study indicate that characteristics of the SERVPERF scale are of high convergent as well as discriminant validity but deficient in its diagnostic power. Conversely, SERVQUAL scale was found to possess higher diagnostic power, thereby high ability to identify the areas of a firm's service quality shortfalls for managerial interventions and follow-up improvement.

In other similar study, Cui et al. (2003:191) collected data on expectations, perceptions, and importance measures from 153 bank customers in the Republic of Korea (RoK) in order to provide further evidence on measuring service quality with a particular focus on the two oft-cited models of SERVQUAL and SERVPERF. The results of the confirmatory factor analysis and principal component analysis revealed that the measurement scales lacked validity with the South Korean sample based and that SERVQUAL and SERVPERF were not uni-dimensional. An amended SERVQUAL type scale showed three factors to be similar to the original SERVQUAL analysis, and an amended SERVPERF type scale showed two factors, with most of the original items converged on different conceptual dimensions. The findings indicated that the SERVPERF scale may not be superior to SERVQUAL when used in the context of South Korea banking industry. Despite the strength of SERVPERF as a composite measure of service quality, it may not provide better measurement of the distinct aspects of service quality than SERVQUAL instrument.

Zhuo and Miao (2009) examine the SERVPERF instrument to measure service quality in Chinese express industry. To this end, the exploratory and confirmatory factor analyses were conducted to assess the dimensionality, reliability, and validity of SERVPERF instrument. The findings reveal that the adapted version of SERVPERF instrument is a

valid and valuable tool to measure service quality though it does not perform better than SERVQUAL. Other similar studies found SERVPERF index to be rather easy, straightforward, and convenient to use in particular when time and cost are the major concerns of the researchers (see Hudson et al. 2004). Clearly, most studies on the comparison between the SERVQUAL and SERVPERF show mixed results with a number of researchers defending the original disconfirmation paradigm of service quality measurement (i.e. SERVQUAL) and others disputing its applicability and significance in revealing and rectifying service quality issues and instead they advocate and argue in favor of SERVPERF on both theoretical and operational grounds (see Buttle 1996). For example, Subsequent to the study of Cronin and Taylor (1992), a number of researchers has offered support to the idea that performance-only measures are superior to the expectation-perception gap measures. For example, in a very thorough study Buttle (1996) talks about criticisms of SERVQUAL on several fronts, namely, theoretically and operational to offer support to the SERVPERF instrument. A summary of Buttle's (1996: 8-32) main findings for the SERVPERF and against SERVQUAL instrument is shown in Table 3.4.

Table 3.4 Key theoretical and operational criticisms of SERVQUAL

Theoretical	Operational
<p>* Paradigmatic objections: SERVQUAL is based on a disconfirmation paradigm rather than an attitudinal paradigm; and SERVQUAL fails to draw on established economic, statistical and psychological theory.</p> <p>* Gaps model: There is little evidence that customers assess service quality in terms of P - E gaps.</p> <p>* Process orientation: SERVQUAL focuses on the process of service delivery, not the outcomes of the service encounter.</p> <p>* Dimensionality: SERVQUAL's five dimensions are not universals; the number of dimensions comprising SQ is contextualized; items do not always load on to the factors which one would a priori expect; and there is a high degree of inter-correlation between the five RATER dimensions.</p>	<p>* Expectations: The term expectation is polysemic; consumers use standards other than expectations to evaluate SQ; and SERVQUAL fails to measure absolute SQ expectations.</p> <p>* Item composition: Four or five items cannot capture the variability within each SQ dimension.</p> <p>* Moments of truth (MOT): Customers' assessments of SQ may vary from MOT to MOT.</p> <p>* Polarity: The reversed polarity of items in the scale causes respondent error.</p> <p>* Scale points: The seven-point Likert scale is flawed.</p> <p>* Two administrations: Two administrations of the instrument cause boredom and confusion.</p> <p>* Variance extracted: The over SERVQUAL score accounts for a disappointing proportion of item variances.</p>

Source: Buttle (1996: 8-32)

Babakus and Boller (1992) argue that the expectation-perception difference scores do not provide any additional information beyond what is obtained from performance only or perceptions alone scale. Similarly, Teas (1993) states that service quality expectations concept is a potentially misleading indicator of customer perceptions of service quality mainly due to its serious discriminant validity shortcomings. Relevant to the research context of the current thesis, the findings of Crompton and Love's (1995) study suggest that the inclusion of expectations in an assessment instrument in the restaurant industry is likely to cause more problems than it is worth, and it should therefore be dropped not least because expectations statements do not yield more useful information than what is gained from the perception scores alone following the service episode. In this respect, Yuksel and Rimmington (1998) point out that a performance-only approach is the more reliable and valid measure of satisfaction than the confirmation-disconfirmation approach. A review of other related research (e.g. Keillor et al. 2004; Laroche et al. 2004b; Law et

al. 2004; Ueltschy et al. 2007; 2009; Van Dyke et al. 1997) reveals extensive addition and applicability of the performance only measures across a range of different service settings.

In summary, both the performance-only (SERVPERF) and Expectation-Perceptions (SERVQUAL) scales have their own merits and could provide valuable insights into the constituents of poor service quality and ways to improve service quality operations. As François et al.'s (2007:472) meta-analytic review of the validity of the SERVQUAL and SERVPERF scales across five continents reveals, SERVQUAL and SERVPERF are equally valid predictors of overall service quality (OSQ). But each of these scales has their own strengths and weaknesses. On the one hand, as Jane and Gupta review (2004) has concluded, the SERVPERF scale (i) is a more convergent and discriminant valid explanation of the service construct, (ii) possesses greater power to explain variations in the overall service quality scores, and (iii) is also a more parsimonious data collection instrument. On the other hand, the SERVQUAL scale entails superior diagnostic power to pinpoint areas for managerial intervention followed by taking an appropriate action to eliminate the causes and sources of poor quality. In order to upgrade the ability of SERVPERF index in diagnosing quality problems of a service provider, the use of the weighted SERVQUAL scale has been recommended as the most appropriate alternative from the point of view of the diagnostic ability of various scales. However, it should be noted that the weighted SERVQUAL scale requires further information collection on the part of the management of service organization (see Cronin and Taylor 1992). In a nutshell, there is no doubt that both scales continue to be the most useful and oft-cited and applied models for measuring service quality of a range of diverse service settings across different countries (Ladhari 2008, 2009). However, based on the above comparison and pros and cons of the two scales, the nature of the key questions and aims of the current thesis, and more importantly the results of the pilot study by the researcher's, a customized version of SERVPERF is adopted to collect data from the respondents on their perceptions towards service quality. Further debates on the two service quality measurements are given in the following sections.

3.5.1.9 Measurements debates

In support of their own designed performance-only index or SERVPERF, Cronin and Taylor (1992) suggest that SERVQUAL confounds satisfaction and attitude. They state that service quality can be conceptually described as 'similar to attitude', meaning that the 'importance-performance' model of service quality measurement can be a better indicator of service quality. In line with the assumptions of SERVPERF index, Brady et al. (2002) replicated and extended the study of Cronin and Taylor (1992) and came up with similar results to those of Cronin and Taylor. Similarly, Lee et al.'s (2000) comparative study of SERVQUAL (performance minus expectations) with performance-only model (SERVPERF) reports that the results from the SERVPERF scale are to be superior to those of SERVQUAL model. In response to Cronin and Taylor's (1992) criticism, Parasuraman et al. (1994) defend their position arguing that follow-up research has offered further conceptual and empirical support to their model in a sense that service quality can be measured as the discrepancy between customers' expectations and perceptions.

In support of SERVPERF scale, Carman's (1990) and Bouman and Van der Wiele's (1992) studies state that two administrations (i.e. expectations and perceptions) of the instrument cause boredom and confusion. Brown et al.'s (1993) study also reports methodological problems of reliability, discriminant validity, and variance restrictions with the applicability of SERVQUAL. Similarly, McAlexander et al. (1994) compare the applicability and efficacy of SERVQUAL, weighted SERVQUAL, SERVPERF, and weighted SERVPERF in a dental health care setting. Their findings indicate that SERVPERF outperforms SERVQUAL (see also David 2003). They, however, agree with the claim made by Parasuraman et al. (1994) that the measurement of expectations can serve as a diagnostic function for managers, on the grounds that patients have uniformly high expectations across all SERVQUAL dimensions (McAlexander et al. 1994). Other studies on the applicability of SERVQUAL also reveal further significant methodological problems in particular when it is applied to B2B services as well as a lack of predictive validity and its inability to explain certain phenomena such as satisfaction and long-term

commitment (Gounaris 2005). As other key limitation of the SERVQUAL, some researchers argue that it does not allow for customers to have low quality expectations (Oliver 1993). Linked to the topic of current thesis, Imrie (2005) concludes that the disconfirmation paradigm seems to have reached the limits of its usefulness because Taiwanese consumers' reported desiring service goes quite beyond what they believe should be provided. In addition, the disconfirmation approach runs into difficulty when complex services are evaluated as customers may not know what to expect, and even after the service is delivered they may not know with certainty how good the service was (Lovelock 1996). Additionally, Haksever et al. (2000) propose that whilst the model may be appropriate for large service organizations it offers inaccurate representations of service quality in small firms (see Tosukatatos 2007).

Given the above discussion on the drawbacks of the SERVQUAL scale, further applications of SERVPERF (or performance-only measure) has reported to outperform the SERVQUAL scale (e.g. Babakus and Boler 1992; Brady et al. 2002; Cronin and Taylor 2002; Dabholkar et al. 2000). Even Zeithaml (one of the founders of the SERVQUAL scale) in a recent study observed that "...Our results are incompatible with both the one-dimensional view of expectations and the gap formation for service quality. Instead, we find that perceived quality is directly influenced only by perceptions (of performance)" (Boulding et al. 1993:24). Such statement in itself is an indication of or even lends a testimony to the superiority of the SERVPERF scale (see for further detail on the two scales, Jain and Gupta 2004:28). So in the light of the above discussion and insights gained from the researcher's own pilot study, the SERVPERF was adopted as the primary index for collecting data on customers' perceptions of service quality.

3.5.1.10 The SERVQUAL vs. SERVPERF: the number of dimensions debate

One of the primary areas where SERVQUAL scale has received extensive criticism relates to the number of service quality dimensions. A review of the pertinent research suggests the number of SERVQUAL dimensions (see Ladhari 2008 for further detail) to be one dimension (Lam 1997); two dimensions (Babakus and Boller 1992; Gounaris 2005); three dimensions (Cui et al. 2003; Hurst et al. 2009; Najjar and Bishu 2006; Zakaria et al. 2009); four dimensions (Kilbourne et al. 2004); six dimensions (Carman 1990; Headley and Miller 1993); seven dimensions (Walbridge and Delene 1993); and nine dimensions (Carman 1990). For example, Grönroos (1982) conceptualized service quality as a two dimensional construct comprising technical and functional quality. Lehtinen and Lehtinen (1982) view service quality to have three constructs: interactive, physical, and corporate quality. McDougall and Levesque's (1994) study also do not support Parasuraman et al.'s (1985b) initial five service quality dimensions. Their study reveals only three underlying elements or dimensions of tangibles, contractual performance (outcome), and customer-employee relationships (process). Kilbourne et al.'s (2004) study of SERVQUAL to investigate the long-term health-care service quality in the USA and the UK reports a four-factor structure of 'tangibles', 'reliability', 'responsiveness', and 'empathy'. In a similar vein, Arasli et al. (2005) adopted SERVQUAL scale to measure the degree of service quality in banking industry. He reports a three-dimensional structure where items such as 'responsiveness' and 'empathy' were loaded into one dimension and that the 'assurance' dimension was eliminated (see also Babakus and Boller 1992; Carman 1990; Ramsaran-Fowdar 2008; Ladhari 2009).

Furthermore, other related studies question the degree of significance of the original SERVQUAL five dimensions. Chang (2009b) argues that the dimension of 'tangibility' was less significant when compared with other dimensions in terms of customers' perceptions of service quality. Chang's study also reveals that elements such as 'communication' and 'sociability' seem to be more critical when applied to service

contexts such as travel industry. Such findings have led other scholars to consider the SERVQUAL dimensions to be inadequate not least because evaluation and measurement of service quality dimensions are culturally dependent on the customers (Saunders 2008). With reference to the culture and content, Imrie et al. (2002), for example, report that the SEVQUAL conceptual model does not seem to capture the breadth of criteria utilized by Taiwanese consumers where interpersonal relation as a dimension of service quality is perceived to be of paramount importance. Similarly, compared to the initial five SERVQUAL dimensions, Ramsaran-Fowdar's (2008) study found tangibility / image, reliability / fair and equitable treatment, responsiveness, assurance / empathy, core medical service / professionalism / skill /competence, equipment and records, as well as information dissemination to represent and interpret service quality in health care. Based on a review of 30 empirical studies of service quality, Ladhari (2008) comes to the conclusion that the number and nature of the SERVQUAL dimensions vary, depending on the service context, as well as within the same service industry. In consequence, several researchers have argued that industry-specific measuring instruments might be more appropriate than a single generic scale – an indication of the fact that simply adapting the SERVQUAL items as a more generic model is insufficient to measure service quality across diverse service industries, contexts, and cultures (e.g. Ladhari 2009).

In response to the aforementioned review of the inadequacy of the SERVQUAL scale on several fronts (e.g. number of dimensions, type of industry, and culture) Parasuraman et al. (1991a) have offered a detailed interpretation for the differences in the application of SERVQUAL scale and the resultant service quality dimensions in many SERVQUAL studies. As they put it, “respondents may indeed consider that the SERVQUAL dimensions are conceptually distinct, but if their evaluations of a specific company on individual scale items are similar across dimensions then fewer dimensions will result. On the other hand, if their evaluations of a company on scale items within a dimension are sufficiently distinct, more than five dimensions will result” (p.440).

In short, whilst the response offered by Parasuraman et al. (1991a) could justify the discrepancies in many SERVQUAL studies, it did not stop marketing and services scholars to improve and revise the existing service quality models. Instead, their SERVQUAL model and their defense have led many service specialists to build upon their initial SERVQUAL models and further improve it to encompass various needs and requirements of different service settings, contexts, and cultures.

3.5.1.11 The measurement of service quality in restaurant industry

Whilst service quality models such as SERVQUAL and SERVPERF are claimed to be applicable to a range of different service settings, both marketing and services scholars have made an attempt to design and develop more specific and tailor-made service quality models for a particular service industry. Linked to the topic of the current PhD thesis are models such as LODGSERV (Knutson et al. 1990, 1991), DINESERV (Knutson et al. 1990, 1991; Stevens et al. 1995) and TANGSERV (Raajpoot, 2002), which are used extensively for measuring service performance of lodging and food (restaurant) services. A summary of these models and their refinement over the past two decades by advocates of service quality and marketing research are presented below.

LODGSERV: an instrument which is used to measure consumers' expectations and perceptions of service quality in the hotel industry. With a reference to the initial 5 dimensions of SERVQUAL, Knutson and colleagues (1990, 1991) decided to define and measure service quality and subsequently help the management of the lodging services improve the quality of their service offerings. To do so, they used confirmation factor analysis (see Hunter and Gerbing 1982) to modify the initial dimensions of the SERVQUAL scale. Their results found reliability as the most important of the five dimensions followed by assurance, responsiveness, tangibles, and empathy (in order of importance). Like other more generic service quality models, LODGSERV instrument was extensively modified and applied to a range of services in different hospitality industry across many countries. In a follow-up study, Knutson *et al.* (1992) used

LODGSERV to see how different consumers' expectations were based on the price segment at economy, mid-price and luxury hotels. Two key findings of their study were that, first, the five dimensions maintained their ranking position across the three segments, and second, there was a positive correlation between price and level of service quality expectations (i.e. the higher the hotel price, the higher the service quality expectations). Further examination of the applicability of LODGSERV was conducted by Patton *et al.* (1994) where LODGSERV instrument was found to retain its reliability when administered in non-US cultures such as Hong Kong, Taiwan, Japan, Australia, and the UK (see Armstrong *et al.* 1997: 183-4).

DINESERV: an instrument which is used to measure consumers' expectations and perceptions of service quality in foodservices or restaurants. In comparison to more generic LODGSERV instrument for overall performance of hotel industry, and relevant to the topic of the current PhD thesis, DINESERV is more specific to dining restaurants. The DINESERV instrument is an adaptation and refinement of initial SERVQUAL five dimensions. It contains 29 statements on a seven-point response scale. In designing the instrument, Knutson *et al.* (1995; see also Stevens *et al.* 1995) conducted a pilot test of 598 respondents selected from a random sample of people from telephone directories of a midsize city in the North Central US. The study was designed to develop and test an instrument (later labeled as DINESERV) which could help restaurants measure, assess and manage the quality of their guest services. Data were collected through telephone interviews with adults who had eaten a minimum of six or more times during the previous six months in three restaurant segments, namely, (i) quick service, (ii) casual/theme, and (iii) fine dining. Consistent to SERVQUAL scale, DINESERV is composed of five dimensions: assurance, empathy, reliability, responsiveness, and tangibles. A review of past research shows that DINESERV instrument is a valid and reliable research index to measure consumer expectations of restaurant services (see Kim *et al.* 2009).

As a result of validity and reliability of DINESERV tool, there has been a surge of interest on the part research scholars to apply the tool to similar service settings in other countries. For example, Heung and colleagues (2000) adopt the DINSERV instrument to

compare the service quality of four types of restaurant (i.e. Chinese, casual dining, full service, and quick service) located in one of the Hong Kong airports. The survey asked the travelers to rate 33 service-quality items against three key service quality levels, namely, desired service, adequate service, and the actual service. Whilst their results found the quality of services offered to exceed the travelers' basic expectations or could be perceived as adequate service, they did not seem to exceed the travelers' desired service levels.

Kim et al. (2003: 67) adapted the DINESERV scale to both validate the five dimensions of DINESERV and evaluate service quality of foreign-brand, casual dining restaurants in Korea. In terms of its applicability to Korean context, the results found DINESERV scale to be a valid instrument in the Korean culture. More specifically, service quality was found to differ significantly based upon two factors: (i) customers' characteristics, and (ii) types of restaurant. With regard to customers' characteristics, factors such as gender, average spending, and dining occasions were seen to significantly impact on customers' perceptions of service quality. In respect of the types of restaurant, chain restaurants displayed significantly different levels of service quality.

In a similar study, Kim et al. (2009a) examined the reliability and validity of a modified DINESERV instrument to fit the need of specific establishments. Using a survey, data was collected from a convenience sample of 504 restaurant customers. Of these, 226 questionnaires were collected from customers of an American-style restaurant in Taiwan and another 278 questionnaires from customers of a casual Italian restaurant in the U.S. Using exploratory factor analysis, four dimensions of service quality in such food service operations namely, 'product/service', 'reliability', 'Greeter' and 'physical environment' were elucidated. The authors also utilized the structural equation model and as a result, the same four dimensions were supported (p. 10).

TANGSERV: an instrument which is used to measure tangible aspects of service quality in food services. In an attempt to explore the nature and importance of tangible aspect of service quality, Raajpoot (2002:109) reviewed the pertinent literature to service quality

and more specifically the domain of tangible quality construct and consequently developed a scale where he labeled it 'TANGSERV'. TANGSERV is composed of three main dimensions, namely, (i) ambient/social factors such as music, light, dining hall temperature, and crowding, (ii) design factors such as location and seating arrangement; and (iii) product/service factors such as food presentation and food variety.

In brief, there is clear evidence to show that hospitality industry and in particular food services and restaurants have been central to the focus of marketing and services scholars. As the review indicates, several instruments were designed and adapted to a range of hospitality services and across different countries. These instruments (e.g. LODGSERV and DINESERV) were frequently reported to be reliable and validated in different studies, contexts and countries. Given such developments of measuring the level of service quality of food services in restaurants and evaluating diners' perceptions of restaurant services, and more importantly in line with the primary aim of the current PhD research, the instrument utilized for measuring service quality in restaurant industry was a customized scale based on insights gained from Parasuraman et al.'s (1985) SERVUQAL scale, Cronin and Taylor's (1994) SERVPERF index, Knutson et al.'s (1995) DINESERV model as well as previous related studies.

3.5.1.12 Other studies on measuring service quality in restaurant industry: methodological and analytical focus

Importance-performance analysis (IPA): this framework was initially developed by Martilla and James (1977) as a means to help organizations better understand customer satisfaction. Based on the IPA, customer satisfaction is a function of two separate but related factors: expectations about the significant attributes of a product or service and judgments about the performance of each attribute. Based upon insights gained from IPA framework, Liu and Jang (2009) examined American customers' perceptions of Chinese restaurants in the US. Their research also made an attempt to shed light on those attributes of Chinese restaurants which influenced American customers' satisfaction and

their behavioural intentions. Their research highlighted environmental cleanliness, attentive service, food taste, and service reliability to be key attributes for the success of Chinese restaurants as well as a means of creating satisfied customers and positive post-dining behavioural intentions. In other study and with an aim to explore customer's perspectives on service quality performance of Taiwanese foreign restaurants, Chen and Chen (2010) used the DINESERV questionnaire and analyzed their findings based on the IPA analysis approach. The findings reveal seven service items that Taiwanese foreign restaurants should improve upon, if they wish to stay in business and outperform their competitors: the parking lot around the restaurant, regular updates to the menu, comfortable seating, fast service, waiters' problem-solving ability, waiters' understanding of customers, and always putting the customer first.

Key Success Factor (KSF): Albeit similar to other researches on service quality models and framework in terms of the final results (i.e. a list of several key dimensions), Mamlis (2009) took the argument further and made an attempt to elucidate the critical dimensions in determining consumer choice in food service industry/restaurants. Based on the results of a survey of 300 participants, the following six key success factors were identified to be of help in better understanding market and consumer behaviour: adaptation to locality, service, facilities, food quality, place to be, and sales incentive program.

Whilst the above-mentioned studies of service quality in hospitality (restaurant) industry are more specific in their approach (i.e. an intention to design and develop a service quality framework), most of other related studies only make an attempt to replicate these models in other contexts and countries or try to examine customers' perceptions of delivered services based on the frequently cited and applied service quality dimensions such as SERVQUAL scale, SERVPERF index, DINESERV tool, and the like. For example, Chang (2009a) assesses customers' perceptions of services provided to measure service quality of a chain steakhouse in Taiwan; Qin and Prybutok (2009) explore the potential dimensions of service quality, and examine the relationship among service quality, food quality, perceived value, customer satisfaction and behavioural intentions in fast-food restaurants; Wu and Liang (2009) construct a comprehensive framework with

reference to service encounters and restaurant consumer behaviour in luxury-hotel restaurants across four areas in Taiwan; Kim et al. (2006) examines the relationship among elements of relationship management activities (tangibles: physical environment and food quality; intangibles: employees' customer orientation, communication, relationship benefits, and price fairness), relationship quality, and relationship outcomes (commitment, loyalty, and word of mouth) to develop and test a model in order to explore the mediating effect of relationship quality on the relationship between the seven relationship management activities and the three relationship outcomes. Namkung and Jang (2008) identify key quality attributes that significantly distinguish highly satisfied diners from non-highly satisfied diners; Keillor et al. (2004) devise a model that involves the direct effects of technical (physical good quality) and functional (service quality and servicescape) elements of the service encounter on customers' behavioural intentions across eight countries, namely, Australia, China, Germany, India, Morocco, the Netherlands, Sweden, and the United States; Bojanic and Rosen (1994) explore the application of SERVUQAL in restaurant industry; Sohail (2005) examines and measures the quality of services provided by seafood restaurant in Malaysia from an Asia Pacific perspective; and finally Lee and Hing (1995) provide evidence to show the usefulness and application of the SERVQUAL model as a means to identify the strengths and weaknesses of individual restaurant's service dimensions (see also Bojanic and Rosen 1994).

In short, despite the differences in the extant research on service quality in the context of food services and restaurants in particular with reference to their methodological and analytical approach, most of the current studies have a great deal in common as they try to explore various aspects of service quality in the restaurant setting based on the five-dimensional SERVQUAL instrument and modify it to fit their own theoretical and methodological needs. All these studies also place a great emphasis on the paramount importance of food quality as a key factor in assessing the quality of service offering of restaurants. Indeed, several researches support the idea that food quality needs to be part of tangible dimension of overall service quality (e.g. Kim et al. 2006; Liu and Jang 2009;

Mamalis 2009; Namkung and Jang 2008; Peri 2006; Qin and Prybutok 2009; Raajpoot 2002; Sulek and Hensley 2004).

3.5.1.13 Conclusion

The above review of studies on measuring service quality shows that researchers are far from reaching a consensus on the superiority or inferiority of disconfirmation (SERVQUAL) or performance-only (SERVPERF) measures. Even though SERVQUAL is the most commonly used scale by service organizations and identified as the appropriate measurement tool for measuring service quality in the service management literature (Ladhari 2009), some researchers have argued that SERVPERF is a better measure because it does not depend on ambiguous customers' expectations. For Crompton and Love (1995), the inclusion of 'expectations' as an assessment instrument in the restaurant industry is likely to cause more problems than it is worth. They therefore suggest that it should be dropped not least because it will not yield more useful information than what is gained from the 'perception' scores alone following the service episode. In more accurate language, arguments in favor of SERVPERF are based on the notion that performance perceptions are already the results of customers' comparison of the expected and actual service (Babakus and Booler 1992; Oliver and DeSarbo 1988). So, performance only measure should be preferred to avoid any sort of redundancy. In addition to such potential redundancy, as other studies found (e.g. Teas 1993), Parasuraman et al.'s (1991) conceptualization of service quality was reported to be rather incongruent with its operationalization. In other words, a key problem with the SERVQUAL metric relates to its failure in allowing customers to have low quality expectations. Such limitation can be explained through the lens of classical attitudinal perspective where it argues that positive attitudes [of customers towards a service] are formed when evaluations of an object are close to an expected ideal point. Therefore, as Teas (1993) has noted, service quality should peak when perceptions equal expectations. Such drawbacks of the SERVQUAL instrument would definitely make its applicability so limited – an indication of its failure to provide a sound and reliable measurement of food service quality particularly for Taiwanese consumers since their desired service is

reported to exceed what they believed should be provided (Imrie 2005; Carrillat et al. 2007). The latter finding (Imrie 2005) confirms that the debate on the applicability of service quality measurement scales across cultures and service settings is an on-going issue in the literature – an indication of the need for more cross cultural replications of such scales and gaining better insights into whether these scales are universal or more context-dependent. As mentioned earlier, in the frame of this study, a SERVPERF with a customized SERVQUAL dimensions is designed and tested for reliability, validity, and dimensionality. Such customized metrics is because the data was collected from two types of Taiwanese chain restaurants (e.g. Tsoukatos 2007). This study therefore contributes to filling the long-established void in the literature on the applicability and reliability of the SERVPERF scale, across cultures and service settings, by reporting valuable research evidence form an under-researched hospitality industry in Taiwan.

3.5.2 Satisfaction: definition and underlying assumptions

Similar to service quality construct, the concept of satisfaction is another element of the current thesis. In spite of the extant literature on customer satisfaction, a review of the existing research findings reveals a wide variance in the way that the term 'satisfaction' was defined. Such ambiguity in the nature and definition of satisfaction is echoed by Oliver's (1997:13) observation that "everyone knows what *satisfaction* is until asked to give a definition. Then it seems, nobody knows" (see also Giese and Cote 2000). Such lack or little exploration of definitional issues of the term has left the subject of customer satisfaction to a lack of definitional and methodological standardization (Peterson and Wilson 1992). In consequence, most of the existing definitions of [customer] satisfaction seem to have overlapping components. In more general term, [customer] satisfaction can be defined as the contentment one [a customer] feels when one [he or she] has fulfilled a desire, need, or expectation; or state of being gratified or satisfied (see WordNet search). More specifically, to reveal the key components of the definition of customer satisfaction, Giese and Cote (2000) conducted an extensive review of the related literature covering some twenty definitions utilized by the organizational scholars over the past 30 years of research on customer satisfaction. Their review considers satisfaction as an emotional response (Cadotte et al. 1987), a cognitive response (Bolton 1998; Bolton and Drew 1991; Tse and Wilton 1988), or a combined of both responses (Churchill and Surprenant 1982; Westbrook 1980). Of these two perspectives to the definition of satisfaction, more recent definitions seem to concede satisfaction an emotional response (Mano and Oliver 1993; Oliver 1992; Oliver 1997; Giese and Cote 2000).

Bitner and Hubbert (1994) take the argument on the nature of satisfaction further by distinguishing two types of satisfaction: overall-specific satisfaction versus transaction-specific satisfaction. The former refers to the consumer's overall (dis)satisfaction with the organization based on all encounters and experiences with that particular organization. The latter, transaction-specific satisfaction, on the other hand, focuses on the consumer's (dis)satisfaction with a discrete or specific service encounter (pp.76-7). In Bitner and

Hubbert's view, the latter definition of satisfaction is more convincing on two accounts. First, it helps to understand consumers' direct reactions to service providers' performance in a particular period of time; and second, it offers a reference point from customers' feedback for service providers owing to internal changes, quality improvements, and regular assessment (see Olsen and Johnson 2003). So these two perspectives of satisfaction are clearly distinct from each other and thus can be easily distinguished not least because overall (dis)satisfaction is regarded as an accumulation of all previous single (dis)satisfaction and that each single satisfaction can be regarded as a transaction-specific satisfaction (see Parasuraman et al. 1994; Bodet 2008; Jones and Suh 2000; Olsen and Johnson 2003).

A review of other related research shows that customer satisfaction can also be defined as an outcome or as a process (Yi 1990). Viewed in this way, Tse and Wilton (1988: 204) refer to satisfaction as a psychological state outcome. It generates when consumers response to an assessment – i.e. a comparison of previous expectations with actual performance after consumption. Hunt (1977:459-60) presents an alternative definition of satisfaction as follows: “an evaluation rendered that the (consumption) experience was at least as good as it was supposed to be”. For Engel and Blackwell (1982:501), satisfaction is viewed as “an evaluation [usually carried out during the delivery process] that the chosen alternative is consistent with prior beliefs with respect to that alternative”. Although the existing debate on the definition of satisfaction is rather common in any other topic and is therefore expected, most authorities on the subject (e.g. Oliver, 1980, 1981, 1993; Parasuraman et al. 1994) view satisfaction as an emotional response to the use of a product or service. Despite such broad agreement on this definition among marketing and services specialists, there is also a recognition of the fact that satisfaction is a complex human process, which involves cognitive and affective processes, as well as other psychological and physiological influences (see also Giese and Cote 2000).

In the literature pertinent to customer satisfaction with service quality (see Oliver 1981), the disconfirmation paradigm has been frequently cited and employed to interpret satisfaction with a service (or product) (Oliver 1981). As a pleasurable level of

consumption-related activities such as a service (which is derived from a customer's subjective judgment), customer satisfaction with a service is determined by comparing between customers' expectations of a service and their perceptions of the service quality actually received – referred to as disconfirmation paradigm advocated by Oliver (1980). Based on the disconfirmation paradigm, the positive disconfirmation exists when performance exceeds the expectations – an indication of higher satisfaction. On the contrary, the negative disconfirmation occurs as the performance is lower than the expectations – an indication of lower satisfaction or resulting in dissatisfaction (see Oliver and DeSarbo 1988). In brief, the disconfirmation model views customer satisfaction as a function of expectations and hence disconfirmation and customer expectations clearly impact on the level of customer satisfaction.

In addition to Oliver's (1980) expectancy disconfirmation model which has been fundamental to Parasuraman et al.'s (1984, 1985) SERVQUAL instrument, other models have also been discussed in the literature to play a role in formulating customer satisfaction with a service. Hom (2000) classifies these models into six broad classifications:

1. The perceived performance model. In this model, expectations play a less significant role in satisfaction formation.
2. Norms models. Customers compare perceived performance with some stand for performance. It is therefore different from the expectations disconfirmation model.
3. Multiple process models. This model views satisfaction formation process as multidimensional so that customers use more than one standard of comparison in forming a (dis)confirmation judgment about an experience with a product/service.
4. Attribution models. These models integrate the concept of perceived causality (the locus of causality, stability, and controllability) for a product/service performance into the satisfaction process.
5. Affective models. In these models, emotion, liking, and mood influence (dis)satisfaction feelings following the consumption experience.

6. Equity models. These models emphasize a customer's attitude about fair treatment in the consumption process.

In terms of operationalization of the term, overall satisfaction seems to be a better and more stable definition as it reveals the overall attitude of an individual [customer] toward services or products (Parasuraman et al. 1994). Such reasoning has led the marketing and services scholars (e.g. Olsen and Johnson 2003; Bitner and Hubber 1994) to consider and employ overall satisfaction as a greater predictor and measure of consumption behaviour and intentions in their research. This is because overall satisfaction is composed of all customer experiences with a service to date – an indication of a more robust and valid approach to its measurement.

3.5.2.1 The links between service quality and satisfaction

As the two key constructs employed in the current thesis, service quality and satisfaction need to be clearly discussed in terms of their cause-and-effect relationship. Overall, a review of the existing research indicates that the two terms are closely interconnected and interlinked. As a result of their dynamic nature and their impact on the survival of service organizations, they have seen to be central to organizational scholars who are interested in studying customer evaluation and to practicing managers as a major driver for creating competitive advantage. In spite of the surge of interest and research in both concepts, a review of the extant literature on the topics indicates that there exist unclear distinctions between the two constructs. In consequence, it is not uncommon to see that they are used interchangeably by both academia and practitioners (see Iacobucci et al. 1995). As can be seen from Figure 3.8 (Iacobucci et al., 1995:280), one explanation for this is that both concepts share antecedents (disconfirmation paradigm: expectations vs. experience) and common consequences (e.g. purchase intention, loyalty, word of mouth). For Gummesson (1987) and Spreng and Singh (1993), service quality and customer satisfaction have no significant theoretical differences. In a similar vein, Dabholkar (1993) states that service quality and customer satisfaction converge in time to represent the same thing: an overall global attitude. Despite such similarities between the two concepts, Iacobucci et al. (1995:278-80) take the argument further and observe that the difference between service quality and customer satisfaction mirrors managerial versus customer concerns. In other words, a manager and service firm make every attempt to provide 'high quality' service to customers, and that customers experience the service encounter and consequently they will either be 'satisfied' or not with the service experience (see Iacobucci et al. 1995 for further detail).

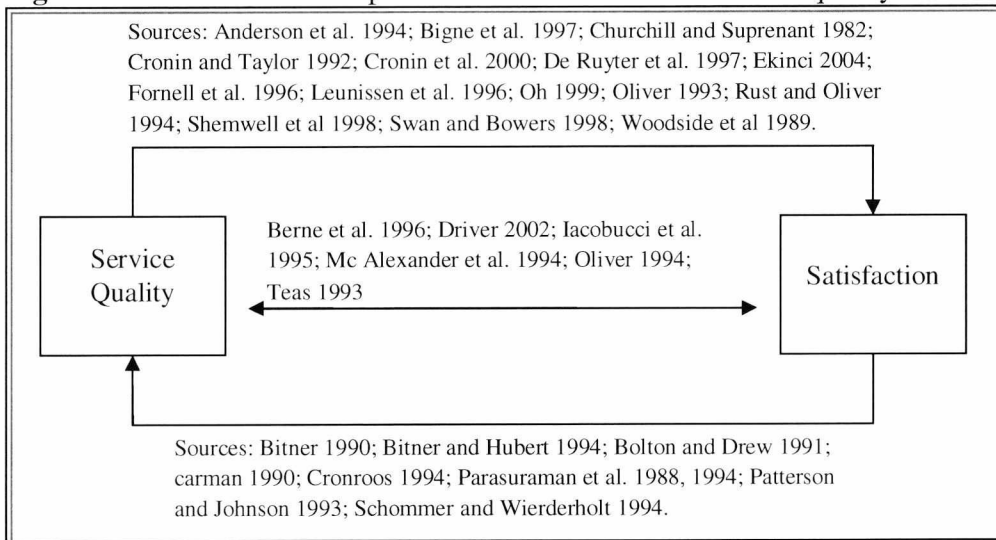
Figure 3.8 Service quality and customer satisfaction



Source: Iacobucci et al. (1995:280)

So the position that service quality and customer satisfaction are closely linked and interconnected, but conceptually distinctive and different (Bahia et al. 2000; Shemwell et al. 1998) appear to prevail in the extant literature on service quality. For Bitner and Hubbert (1994) and other service quality specialists, satisfaction is a more specific, short-term evaluation, and quality is a more general and long-term evaluation. According to Parasuraman et al. (1988), service quality can be viewed as a global judgment or attitude that reflects overall assessment of the service. On the other hand, satisfaction pertains to an individual transaction. Such definitions and distinction of the two concepts have led service scholars (e.g. Bitner 1990; Parasuraman et al. 1988) to view satisfaction as an antecedent of service quality in that an accumulative effect of a specific transaction causes a global assessment. On the contrary, other service scholars' perspectives on this relationship (e.g. Aga and Safakli 2007; Carrillat et al. 2009; Cronin and Taylor 1992; Cronin et al. 2000; Olorunniwo et al. 2006; Ueltschy et al. 2009; Xu et al. 2006) have claimed an adverse argument where service quality is viewed as a determinant of satisfaction. In an attempt to further investigate the nature of relationship between service quality and satisfaction and explore the antecedent role of service quality and satisfaction in the development of service customers' behavioural intentions. Brady and Robertson (2001) conducted a cross-cultural study of fast food companies across several nations. Their findings showed that the effect of service quality on behavioural intentions was mediated by a consumer's level of satisfaction and that this relationship was consistent across cultures (see Aga and Safakli 2007; Elkinci 2004; Hu et al. 2009; Ueltschy et al. 2007 for further detail and similar studies). In a manner similar to that of Brady and Robertson's (2001) study, Gonzalez et al. (2007:154) developed a model to depict how service quality perceptions and customer satisfaction influenced behavioural intentions. Consistent with previous findings (e.g. Brady and Robertson, 2001), their results revealed the influence of service quality and customer satisfaction on behavioral intentions in the tourism industry. Clearly, a review of these research findings indicates that, instead of whether satisfaction is a predictor of service quality or vice versa, as Figure 3.9 shows (Gonzalez et al. (2007:154), it can be safely concluded that the service quality-satisfaction relation can be viewed as a better predictor for further analysis of the relationship between the two concepts.

Figure 3.9 Causal relationships between satisfaction and service quality

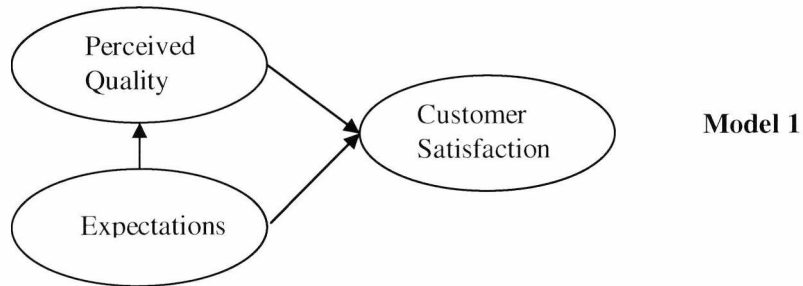


Source: Adapted from Gonzalez et al. (2007:154)

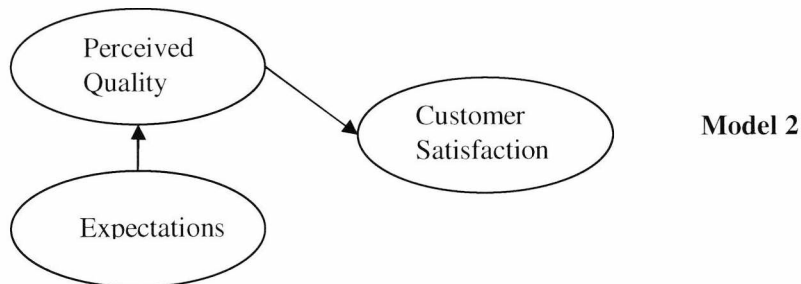
In other related study, Kristensen et al (1999) employed several various models of the relationship between perceived service quality and customer satisfaction to construct five models of customer satisfaction formation. As Figure 3.10 indicates, perceived service quality and expectations are regarded as the main antecedents of satisfaction. Their key argument is that the relationship of perceived quality with customer satisfaction depends on product category, and that the process of satisfaction is dependent on price, complexity (the complexity of evaluation on product quality), and sign value (how prestigious the product is to the customer in relation to his/her social environment). These factors are included in the European Customer Satisfaction Index (ECSI) which links customer satisfaction with its determinants and its outcome. In the ECSI model, perceived quality is split into two components: (i) hardware and (ii) human ware. The former (i.e. hard ware) consists of the quality of the product/service attributes, and the latter (i.e. human ware) represents the associated customer interactive elements in service. These two hardware and human ware factors are consistent with Grönroos's (1984) technical and functional quality.

In short, as above review of the link between service quality and satisfaction indicates, the two constructs are closely linked and interconnected. Overall, as the evidence reveals, service quality significantly impacts on satisfaction. However, as the review shows, service quality and satisfaction are so conceptually distinct and different (see Bahia et al. 2000). More specifically, while satisfaction is more specific and is regarded as short-term evaluation and assessment by customers, service quality is a more general and long-term evaluation by customers of service offerings (Bitner and Hubbert 1994; Shemwell et al. 1998).

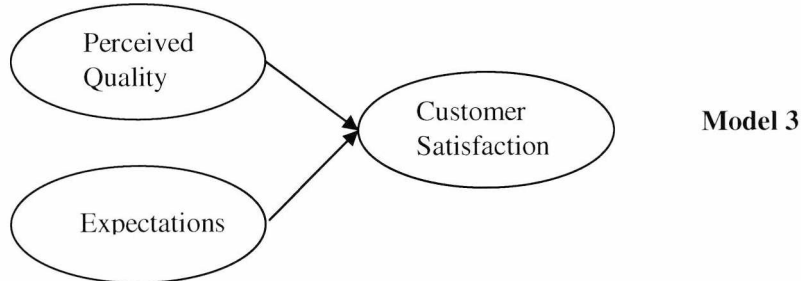
Figure 3.10 Five models of customers' satisfaction formation (Kristensen et al., 1999: 604)



Source: Oliver (1980; 1977; 1981), Anderson (1973), Churchill and Suprenant (1982), Bearden and Teel (1983), Woodruff et al. (1991), Oliver and DeSarbo (1988) and Spreng and Olshavsky (1993)



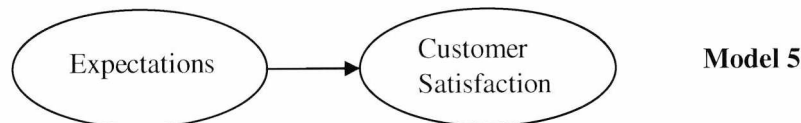
Source: Anderson and Sullivan (1993)



Source: Bearden and Teel (1983), Churchill and Suprenant (1982), Oliver and Linda (1981), Oliver and DeSarbo (1988), Westbrook and Reilly (1983), Tse and Wilton (1988)



Source: Oliver (1977), Anderson and Sullivan (1993), Churchill and Suprenant (1982), Johnson and Fornell (1991), Tse and Wilton (1988)



Source: Oliver (1980)

3.5.2.2 Studies on the antecedents and consequences of customer satisfaction

In addition to defining satisfaction and its relationship with service quality, satisfaction is also needed to be further explored in terms of its antecedents and consequences. In terms of antecedents of satisfaction, there has been a surge of interest on the part of marketing and services scholars as well as practicing managers on the subject of customer satisfaction not least because it is an important means of measuring and evaluating quality. Clearly, the subject of customer satisfaction in terms of the antecedents of satisfaction has long been a subject of study (e.g. Cardozo 1965; Churchill and Suprenant 1982; Oliver and DeSarbo 1988; Oliver and Bearden 1985; Tse and Wilton 1988). Overall, a majority of findings shows that satisfaction has positive relationship with customers' loyalty, word-of-mouth communication, willingness to pay more, repurchase intention, and negative behavioural outcomes associated with switching intention and complaining (Bansal and Taylor 1999; Bigne et al. 2008; Brady and Cronin 2001; Butcher et al. 2001; Carpenter 2008; Chan and Wan 2008; Durvasula et al. 2004; Grace and O'Cass 2005; Hunt et al. 1995; Matzler et al. 2006b; McDougall and Levesque 2000; Xu et al. 2006; Bearden and Teel 1983; Oliver and Swan 1989; Hirschman 1970; Fornell and Wernerfelt 1987;1988; Andreasen 1985).

With regard to both antecedents of satisfaction and its behavioural and economic consequences, there have been relatively few studies to explore particularly the consequences of customer satisfaction. One of the earlier studies on the subject is that of Anderson and Sullivan (1993) who made an attempt to develop an analytical framework in terms of the antecedents and consequence of customer satisfaction. In doing so, they conducted a national survey of 22,300 customers in Sweden during 1989-1990. The representative sample of customers was chosen from a diverse range of service organizations, namely, airlines, banks, car rentals, charter travel, clothing retail, department stores, furniture stores, gas stations, insurance, mainframe computers, personal computers (PCs), railroads, and supermarkets. To operationalize the concept of satisfaction, they adopted Oliver's (1980) expectancy-disconfirmation paradigm where

satisfaction was defined as a function of perceived quality and disconfirmation. It was hypothesized that expectations would directly and positively impact on perceived quality and disconfirmation (i.e. the degree that perceived service quality does not or fail to match customer expectations of a service). More specifically, their research framework separated the effects of negative and positive disconfirmation on satisfaction by proposing a moderating variable which they labeled 'ease of evaluating quality' that they believed it would impact on the extent of disconfirmation. In short, the key findings of Anderson and Sullivan's (1993) study are as follows: satisfaction was found to positively impact on repurchase intentions; expectations and disconfirmation were found to be the antecedents of satisfaction, and that satisfaction was found to positively impact on repurchase intentions; both positive and negative disconfirmation were found to increase with the 'ease of evaluating quality'. Finally, given that service quality is hard to assess, it can be argued that expectation plays an important role in determining satisfaction (Anderson and Sullivan 1993). To explore the antecedents and consequence of customer satisfaction, Szymanski and Henard (2001) utilised a meta-analysis approach, where data were obtained from 50 studies including 44 published studies in journals such as *Journal of the Academy of Marketing science*, *the Journal of Consumer research*; *the Journal of Customer satisfaction, dissatisfaction and complaining behaviour*, *the Journal of Marketing*, *the Journal of Marketing research*, *Management Science*, and *Marketing Science* – to name but a few— and six postgraduate theses prior to July 1998. Their findings revealed several antecedents of satisfaction, namely, expectations, disconfirmation of expectations, performance, affect, and equity. In terms of consequences or outcomes of customer satisfaction, factors such as complaining behaviour, negative word of mouth (WOM) behaviour, and repeat purchasing were found to be the main outcomes or consequences of customer satisfaction. Their findings also provided evidence on the relationships among predictors/antecedents of satisfaction and the consequences/outcomes of satisfaction separately. In this respect, there was strong and significant support for the determinants of satisfaction as suggested in theory. Of these determinants or antecedents, equality and disconfirmation were found to have the strongest correlations with satisfaction. Of different antecedents of satisfaction, performance was found to be statistically related to disconfirmation ($r=0.49$), expectation

($r=0.34$), and equity ($r=0.25$). Moreover, whilst customer satisfaction was found to have a positive relationship with repeat purchasing, it was seen to have a negative relationship with (i) negative WOM, and (ii) complaining behaviour. With regard to the consequences of satisfaction, the results were found to support a negative relationship between consumer satisfaction with either negative WOM or complaining behaviour (see Szymanski and Henard 2001 for further review).

Linked to the topic and focus of the current thesis, a review of the hospitality and service management literature reveals that satisfaction impacts on behavioural outcomes and in turn affects profitability and the financial performance of companies (Chumpitaz and Paparoidamis 2004; Gupta et al. 2007; Mittal and Kamakura 2001; Qin and Prybutok 2009). With regard to the latter (i.e. satisfaction impacts on performance), many marketing and services scholars have presented models connecting satisfaction to company's financial performance. In the context of hospitality industry, Chi and Gursoy (2009) found that while customer satisfaction had a significant positive impact on financial performance, employee satisfaction had also a positive relationship with financial performance mediated by customer satisfaction. In other similar study, Van der Wiele et al. (2002) provided evidence for the links between customer satisfaction and overall business performance. Their study focused on the nature of relationships among service quality, customer satisfaction, and profitability in the Taiwanese banking industry. Lee and Hwan (2005) came to two main conclusions: one the one hand, customers believed that their satisfaction directly influenced their post-purchase intentions; on the other hand, the management believed that customer satisfaction would result in higher profitability. So although these findings represent two different sets of samples (customers versus management), they seem to be complementary as high customer satisfaction would result in both high post-purchase intentions on the part of customers which subsequently result in higher profitability for the firm/management. In other words, the impact of customer satisfaction on profitability is mediated by the nature of post-purchase intentions of customers.

As a result of the knock-on effect of customer satisfaction, service providers of hotel industry have recognised that a persistent customer satisfaction program is not only the most effective method of retaining existing customers but also it can act as a means of attracting new ones. In this respect, Ekinici et al.'s study (2008) of the antecedents and consequences of consumer satisfaction for hospitality services concluded that consumers' overall attitudes towards a service firm was integrated into two key elements: (i) the existing model of satisfaction, and (ii) its impact on their intention to return (i.e. behavioural loyalty). Accordingly, Matzler et al.'s (2006a) research on the relative importance of service dimensions in the formation of price satisfaction and service satisfaction in the hotel industry found that price satisfaction had a stronger impact on customer loyalty than service satisfaction when satisfaction was spilt into price and service elements. Such research evidence has led Gonzalez et al. (2007) to argue that satisfaction (of consumers visiting spa resorts) places a positive and significant influence on customer's buying intentions, word-of-mouth communication, and price sensitivity. The aforementioned discussion suggests that customer satisfaction is viewed as a benchmark to service providers for assessing service delivery. Given the importance attached to (customer) satisfaction in the context of this thesis, the next section presents a summary of the extant literature on satisfaction in the context of hospitality industry particularly restaurant/foodservice industry.

In the context of hospitality sector and with a focus on food services/restaurants, Liu and Jang (2009) found food taste, service reliability, and environmental cleanliness as the three vital attributes and drivers for creating both (i) satisfied customers and consequently (ii) positive post dining behavioural intentions such as loyalty intentions, recommendation, and word of mouth (WOM). Similarly, Ladhari et al. (2008) found that dining satisfaction had a significant impact on recommendation, customer loyalty, and willingness to pay more. The findings of Kim (2010) presented similar results where customer orientation in service employees (COSE) enhanced both customer satisfaction and affective commitment, rapport mediated the effects of COSE on customer satisfaction and affective commitment, and COSE enhanced repurchase intention via customer satisfaction and affective commitment. In short, Ladhari et al.'s (2008) study highlighted

and confirmed the importance of COSE and rapport as drivers for enhancing customer satisfaction and retention in the food-service industry. In other similar research, Han et al. (2009) presented evidence where the satisfaction-revisit intention relationship was found to be stronger in each low-switching barrier group than in each high-switching barrier group. Taking a different view to the nature of satisfaction, Mattila (2008) reported that customers with feelings of anger and disappointment or regret were likely to engage in various dissatisfaction responses (e.g. direct complaining, negative word-of-mouth, and switching). Taking the issue into the context of Chinese customer complaint behaviour towards Hong Kong hotel restaurant services, Heung and Lam's (2003) study found that most customers were likely to engage in private complaint behaviours such as word-of-mouth communication and ceasing to patronise the restaurant – an indication of quite low complaint intentions of Chinese diners and their passive behaviour about communicating dissatisfaction to restaurants.

In short, as the above review indicates, customer (dis)satisfaction results in both negative and positive behavioural intentions on the part of customer (see Kim et al. 2009b for their findings on university foodservices). For example, high satisfaction will not only strengthen customer loyalty, but also improve the dining facility's reputation of a service firm, thereby generating greater revenue.

3.5.3 Perceived value (value for money): the definition

Similar to the two concepts of service quality and satisfaction (discussed in the aforementioned sections), *perceived value (value for money)* is another key term of the current thesis. Unlike service quality and satisfaction which have been widely and extensively explored, the concept of 'value' has often not been clearly defined in the pertinent literature. Such lack of sufficient studies on the subject resulted in a situation where some scholars viewed the term 'value for money' as the most overused and misused concepts in the social sciences generally and in the marketing and service management literature in particular (Khalifa 2004). With regard to the management literature, value is clustered around three categories of value: (i) shareholder value (by financial economists), (ii) customer value (promoted by marketers), and (iii) stakeholder value (advocated by stakeholder theorists) (Reichheld 1994). Nevertheless, as several other studies report, customer value is viewed as the source of all other values (Heskett et al. 1994; Lemon et al. 2001; Treacy and Wiersima 1995). Although 'perceived value' has been defined in different ways by different authors, the more commonly cited definition is that of Zeithaml (1988:14), who defines value as "the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (see Sanchez-Fernandez and Iniesta-Bonillo 2007, Khalifa 2004 for further detail). In the domain of marketing, the construct of customer value seems to be defined and discussed differently. For example, Flint et al. (2002) view the construct in three different manners, namely, (i) values, (ii) desired values, and (iii) value judgments. Values can be defined as "centrally held enduring core beliefs, desired end-states, or higher order goals of the individual customer or organization that guide behaviour". Desired customer values, on the other hand, are referred to as "the customers' perceptions of what they want to have happened in a specific kind of use situation, with the help of a product or service offering, to accomplish a desired purpose or goal". Finally, value judgment is "the customer's assessment of the value that has been created for them by a service provider given the trade-offs between all relevant benefits and sacrifices in a specific-use situation". As customer perceived value has been subjected to different interpretations on the part of different service and marketing researchers, Table 3.5 makes an attempt to present a

representative overview of some generally cited and used definitions of customer-perceived value.

Table 3.5 Overview of definitions of perceived value

Definition of Customer-Perceived Value	Authors
The consumer's overall assessment of the utility of a product based on a perception of what is received and what is given.	Zeithaml et al. (1990)
Ratio of perceived benefits relative to perceived sacrifice.	Monroe (1991)
Perceived value is viewed as trade-off between desirable attributes compared with sacrifice attributes. The judgment of value results from a trade-off in positive consequences (benefits) or desired outcomes and negative consequences (sacrifice) or costs.	Woodruff and Gardial (1996)
Perceived worth in monetary units of the set of economic, technical, service, and social benefits received by a customer firm in exchange for the price paid for a product offering, taking into consideration the available alternative suppliers' offerings and price.	Anderson et al. (1993)
The customers' assessment of the value that has been created for them by a supplier given the trade-offs between all relevant benefits and sacrifices in a specific-use situation.	Flint et al.(1997)
Customer value is the customers' perception of what they want to have happen (i.e. the consequences) in a specific use situation, with the help of a product or service offering, in order to accomplish a desired purpose or goal.	Woodruff and Gardial (1996)
A typology of consumer value based on three dichotomies.	Holbrook (1996; 1999)
1. Extrinsic versus intrinsic: a product viewed instrumentally as a means to some end versus a consumption experience prized for its own sake as an end in itself.	
2. Self-oriented versus other-oriented: something value by virtue of the effect it has on oneself or for one's own sake versus an aspect of consumption positively evaluated because of how others respond or for the sake of someone else.	

Definition of Customer-Perceived Value	Authors
3. Active versus reactive: involving the manipulation of some product by its user versus the appreciation of some consumption experience wherein an object affects oneself rather than vice versa.	
An interactive relativistic preference experience.	Holbrook (1999: 22; 1994: 5)
Give (sacrifice)-versus-get (benefit) trade-off concept and measured it with indicators such as good value, value for money and fair price.	Baker et al. (2002); Grewal et al. (1998); Sweeney et al. (1999)
Value as low price: value as whatever the consumer wants in a product; value as the quality obtained for the price paid, and value as what the consumer gets for what he or she gives.	Zeithaml (1988)
Consumer-perceived value builds on the assumption that customers want to maximize the perceived benefits and minimize the perceived sacrifices	Lindreen and Wynstra (2005)
Value for money as a uni-dimensional construct is defined that customers have a cognitive trade-off between perceived quality (benefits) and sacrifice, based on the notion of monetary exchange.	Whittaker et al. (2007); Zeithaml 1988)
Perceived value consists of three common denominators.	Uлага and Chacour (2001)
<ol style="list-style-type: none"> 1. Value is a multi-dimensional construct and it is composed of several components. 2. Value is more a function of subjective evaluation of a customer. 3. Perceived value seems to be a function of or closely influenced by the level of market competition. Perceived value can be split into four key definitions (i) value as low price (sacrifice) (ii) value as whatever the customer wants in a product or service (benefits) (iii) value as the quality obtained for the price paid (trade-off concept) by the customer, and finally (iv) total benefits obtained for total sacrifice incurred by the customers (what the customer gets for what the customer gives).	Zeithaml (1988)

Definition of Customer-Perceived Value**Authors**

In the give (benefits)-get (costs) concept of perceived value, customers' benefits include tangible and intangible attributes of product/service offerings and the sacrifice component includes monetary and non-monetary factors such as time and effort needed to acquire and use the product/service.

Gale (1994); Monroe (1991); Butz and Goodstein (1996); Carothers and Adams (1991); Grönroos (1997); Horovitz (2000)

3.5.3.1 Models of Consumer perceived value

Given the increasing debate on the nature of customer perceived value, and its close association with customer satisfaction and the degree of service quality, marketing and services scholars are keen to formulate the construct in terms of its underlying key components. To this end, a range of perceived value models were developed and validated over the past several years. A brief discussion of these models is given below.

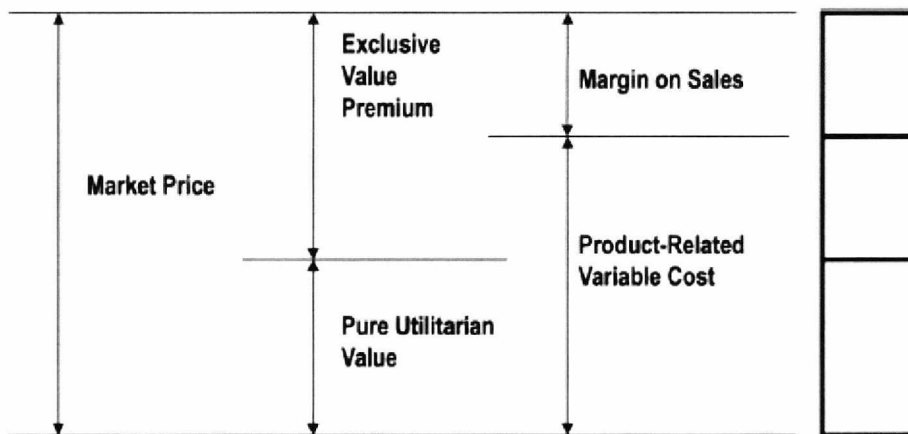
(1) Benefits/Costs Ratio Models

Central to most of these debates is the give-get concept of perceived value which is often explained using utilitarian or benefits/costs ratio models. For example, Day (1990) talks about a balance between costs and benefits of a transaction by arguing that customer perceived value represents the difference between “customer’s perceived benefits” and “customer’s perceived costs”. Accordingly, Woodruff and Gardial (1996) take the argument further and talk about the judgment of value as a function of a trade-off in positive consequences (benefits) or desired outcomes and negative consequences (sacrifice) or costs. In a similar vein, Zeithaml (1988) makes an attempt to breakdown perceived value into four key definitions such as (i) value as low price (sacrifice), (ii) value as whatever the customer wants in a product or service (benefits), (iii) value as the quality obtained for the price paid (trade-off concept) by the customer, and finally (iv) total benefits obtained for total sacrifice incurred by the customer –i.e. what the customer gets for what the customer gives (all relevant components considered) which in turn highlights the benefits and sacrifice concept. In respect of the give-get concept of perceived value, Huber et al. (2001) talk about benefits (get) and costs (give) in terms of consumers’ perceptions in the activities of acquisition, consumption (or using), and maintenance, as well as consumers’ expectations of personal values satisfaction before buying. Viewed in this sense, customers’ benefits include tangible and intangible attributes of the product/service offering (Gale 1994; Monroe 1990); and the sacrifice component includes monetary and non-monetary factors such as time and effort needed to acquire and use the product/service (e.g. Butz and Goodstein 1996; Carothers and

Adams 1991; Grönroos 1997; Kotler 1996; Naumann 1995; Treacy and Wiersma 1995; Zeithaml 1988; Horovitz 2000).

Others (e.g. Groth, 1994) take the argument further by noting that consumers purchase products or services for other than just pure utilitarian reasons. Such non-utilitarian reasons could explain, for example, why people do not assign a value to high quality replications of art work. To reflect on this importance (i.e. non-utilitarian reasons), Groth (1994:8) coins the concept of ‘exclusive value premium’ (EVP). As Figure 3.11 indicates, premiums above pure utilitarian value are attributable to psychic needs fulfillment. Psychic factors are internal and external in nature. Internal factors are in relation to factors of importance independent of the opinions, influences, approval, and suggestions of others. Of these, whilst some may be perceived, others are real. On the contrary, external factors are associated with factors of importance because of the opinions, influences, approval, suggestions, interactions, and interpersonal relations of or with others, which could be real or perceived.

Figure 3.11 Exclusive value premium and margin



Source: Groth (1994:10)

In reviewing and revising the nature and definitions of customer perceived value, Ravald and Grönroos (1996) add the key elements of relationship to the debate on the value and talk about the importance of stability in the customer relationship not least because, as

they assert, customer perceived value is not based solely on product features but also on the overall perceptions of the relationship. Viewed in this way, Grönroos (2000a) develops a generally applicable framework of value perception in exchange relationships. He states that the trade-off between benefits and sacrifices in long-term oriented exchange processes is not restricted to the single episode level. Rather, customer perceived value should be considered as episode (specific incident –i.e. supplier-customer single encounter) and relationship benefits and sacrifices. Later, Feick and Price (1987) further explored the customer perceived sacrifices in terms of both short-term and long-term sacrifices (referred to as relationship costs in the literature). In short, Grönroos (2000a) illustrates the customer perceived value (CPV) in the form of the following three equations where each discusses CPV from a different perspective:

$$(i) \text{ CPV1} = (\text{Episode benefits} + \text{relationship benefits}) / (\text{Episode sacrifice} + \text{relationship sacrifice})$$

$$(ii) \text{ CPV2} = (\text{Core solution} + \text{additional services}) / (\text{price} + \text{relationship cost})$$

$$(iii) \text{ CPV3} = (\text{Core value} \pm \text{added value}).$$

The first equation, CPV1, demonstrates the value which is created by elements in singular episodes or service encounter as well as by perceptions of the relationship itself. This means that inherently value-creating elements exist in a relationship. Such relationship benefits may be a feeling of trust in a supplier or service provider, or social and technological bonds that have been established between the parties. At the same time, relationship sacrifice is related to a given relationship that exists in an ongoing relationship.

The second equation, CPV2, divides the benefits for a customer into two parts: (i) the benefit of a core solution, and (ii) the benefit of additional services. The core solution in quality terms creates the perception of the outcome-related technical quality or so-called, ‘*what*’ dimension. On the other hand, additional services may be related to the episode, such as personal attention, deliveries or meals served during transportation. They may also be part of the continued relationship, such as information support, social calls, or

recovery of quality problems or other types of mistakes. In quality terms, such additional services are perceived as the process-related functional quality or as Grönroos (2000a) labeled it '*how*' dimension.

Finally, in the third equation, CPV3, the core value is defined as the benefits of a core solution compared with the price paid for that solution, whereas the added value is created by additional services in the relationship compared with the relationship costs that occur over time. Overall, if additional services cause unnecessary or unexpected relationship costs, the effect of the added value component is perceived to be negative – an indication of a lack of added value (see Khalifa 2004:651; Grönroos 2000:155 for further detail). More thorough discussion on utilitarian models and value perception in exchange relationships is rather prevalent in the strategy literature where utilitarian models are analyzed in a broader and complete manner.

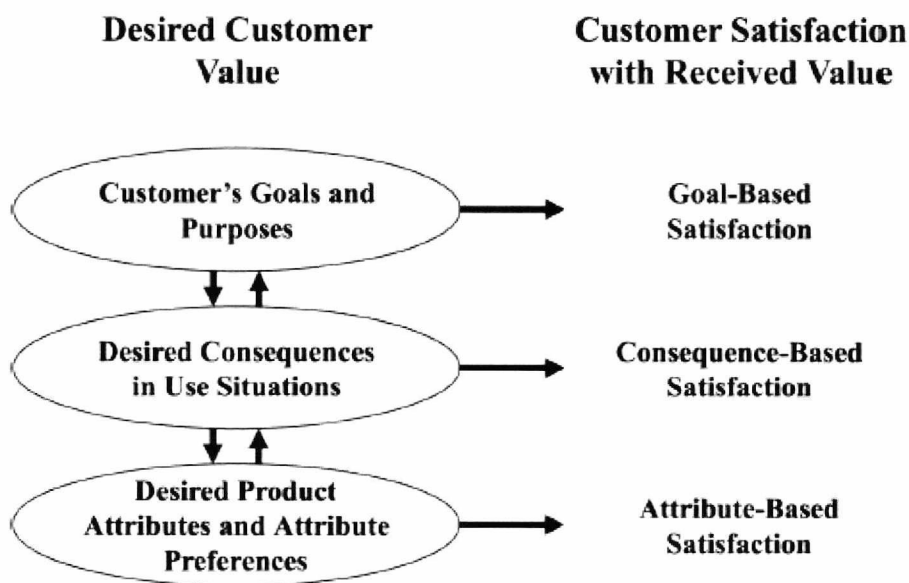
2. Means-Ends Models

Means-ends models refer to products/services which are used as means of achieving desirable outcomes or ends for customers. So based on this theory, 'means' consist of products or services and 'ends' are considered to be core to customer's personal values. Means-end theory is based on the premise that individual's choice of a product or service is a major enabler for him or her to achieve his or her desired end states (Huber et al. 2001). This theory has been widely used in services and marketing research. Zeithaml (1988), for example, employed this theory to revise earlier models of product/service evaluation (e.g. Dodds and Monroe 1985) and define perceived value as a bi-directional trade-off between 'giving' and 'getting', where 'giving' refers to what is sacrificed and 'getting' reflects on what is received in an exchange. Such interpretation of product/service assessment and judgment has been widely used in consumer behavior literature where it is generally accepted that (to quote Woodruff 1997:142): "Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block)

achieving the customer's goals and purposes in use situations" (see also de Chernatony et al. 2000; Gutman 1982; Peter and Olson 1987; Rokeach 1973).

For Woodruff (1997), value stems from customers' learned perceptions, preferences, and evaluations. Given his definition and reasoning for customer value and proposed underlying assumptions, he developed a model where he labeled it as 'customer value hierarchy model'. As Shown in Figure 3.12, the model demonstrates that moving up and down the customer value hierarchy explains both desired and received value. So moving up the hierarchy implies that customers think about products as bundles of attributes and attribute performances. They form preferences for certain attributes based on their ability to facilitate desired consequences, reflected in value in use and possession value. Customers also learn to prefer those consequences that help them achieve their goals and purposes. On the other hand, moving down the hierarchy, customers use goals and purposes to attach importance to consequences (Clemons and Woodruff 1992), which, in turn, guide customers when forming preferences of attributes and attribute performance (see Khalifa 2004:654 for further discussion on customer value; see also Parasuraman 1997).

Figure 3.12 Customer value hierarchy model



Source: Woodruff's (1997)

3.5.3.2 The links between service quality and perceived value

A review of the extant literature on the relationship between the two constructs of service quality and perceived value recognizes a conceptual confusion that often exists between 'value' and 'quality' (Oliver 1999; Zeithaml 1988). Such confusion arises as the two constructs share certain common characteristics, notably, both involve customers' evaluative judgments that are subjective, personal, and context-dependent (Rust and Oliver 1994; Zeithaml 1988). For example, Fornell and Johnson (1993) refer to perceived value as the perceived level of service quality – an indication that the two constructs can be regarded as one and indeed the same. On the contrary, many marketing and service scholars such as Bolton and Drew (1991), Day and Crask (2000), and Dodds and Monro (1985), among others, view the two constructs to convey different meanings and therefore to be distinct and different from each other.

In reference to the distinctive characteristics of the two constructs, some scholars have viewed quality as a sub-component of overall value (e.g. Holbrook 1999; Sweeney and Soutar 2001). Bolton and Drew (1991:383)'s study reports that: "...Value seems to be a richer, more comprehensive measure of customers' overall evaluation of a service than service quality...". Accordingly, Huang and Tai (2003:41) support this view by arguing that "...Value is more important than quality, since value is [the factor] which is immediately considered by consumers". Such perspectives towards the distinct features of the two constructs conform to the initial Zeithaml's (1988) observation where she found value to exist at a higher level of abstraction than quality, not least because the former – i.e. value – represents the individualized concept and demonstrates a broader array of facets than does the latter – i.e. quality. In a similar vein, Holbrook and Corfamn (1985) also examined the multifaceted nature of the value construct and came to the conclusion that quality can be regarded as a construct which is composed of, among other elements, a particular form or special type of customer value. Such interconnection between the two constructs echo Johnson's (1997:126) observations that "... quality has also a direct positive effect on value...". Or as Cronin et al. (2000), Parasuraman and Grewal (2000), and Lapierre et al. (1999) argue, service quality can be regarded as an

important driver of perceived customer value (see Huber et al. 2007; Sanchez-Fernandez and Iniesta-Bonillo 2007 for further detail).

In short as the above short review indicates, the two constructs of value and quality are closely interlinked and positively correlated. Whilst in some studies the former has a knock-on impact on the latter, other studies on the subject report that the former is a function of the latter. In any case, most existing literature seems to examine the dynamic relationships between the two constructs. That is, although quality can be viewed as a primary determinant of a service/product value, the value of a service can also reflect on the level of its quality.

3.5.3.3 The links between perceived value and satisfaction

In a manner similar to that of value-quality relationship, a review of the extant literature on the outcomes of customer perceived value reveals that it is also closely associated with customer satisfaction. The overall view is that value and satisfaction might even be reasonably perceived as similar concepts if one assumes a framework in which quality functions act as a determinant or input for both value and satisfaction. In the context of services, Johnson et al. (1997) talk about the interconnection between the two concepts of value and satisfaction as representatives for transactional or episodic impressions as well as cumulative perceptions over a long duration. Like value-quality relationship, perceived value and satisfaction are also regarded as some forms of relative judgments of both cost and benefit aspects of a service/product (Ostrom and Iacobucci 1995; Zeithaml and Bitner 1996). Such relationship has led Woodruff and Gardial (1996) to view satisfaction and value as two complementary constructs. Despite such close link between the two concepts, as most related research evidence indicates, there is no doubt that each concept has its own distinctive features and functions (e.g. Eggert and Ulaga 2002; Fornell et al. 1996). In this respect, some existing research presents evidence on the influence of customer perceived value on (customer) satisfaction (e.g. Chen 2008; Chen and Tsai 2008; Huber et al. 2007; Hume and Mort 2008). As Zeithaml (1988) found a decade ago,

customers who perceived that they received 'value for money' were more satisfied than customers who did not perceive that they received 'value for money'. Based upon such finding, McDougall and Levesque's (2000) study found that perceived value contributed directly to customer satisfaction, thereby influencing a customer's future (purchase) intentions (see Huber et al. 2007 for further detail).

3.5.3.4 The links between perceived value and its consequences

As a result of the close interconnection between customer perceived value, on the one hand, and service quality as well as satisfaction, on the other hand, the existing research evidence on the subject has highlighted several consequences and outcomes of perceived value. Eggert and Ulaga's (2002) and Lin et al.'s (2005) findings present two mental processes routes for consumer value perceptions. They regard the first one as a sequence of cognition, affective, and behaviour, and label the second one as cognition-behaviour relationship. More specifically, in line with the framework of the theory of reasoned action (Fishbein and Ajzen 1975), the relationship between perceived value and behaviour outcomes was found to be mediated by satisfaction. In other words, cognitive variables are mediated by affective ones to result in behavioural outcomes (i.e. perceived value → satisfaction → behavioural outcomes). The cognition-behaviour relationship is also supported by the theory of reasoned action because of indirect effect and is viewed as the effect of perceived value instead of satisfaction on post-purchase behavioural outcomes (i.e. perceived value → behavioural outcomes) (Eggert and Ulaga 2002; Lin et al. 2005). Brady et al.'s (2005) examination of the model (using samples of service consumers in Australia, Hong Kong, Morocco, the Netherlands, and the USA across varied temporal and service settings such as fast food, retail grocery stores, airlines, and physicians) also offer support to cognition → affect → intention model.

A majority of existing research evidence on the subject have found (i) a link between satisfaction, perceived value and behavioural outcomes, and also (ii) a link between satisfaction, perceived value, and behavioural outcomes separately. For example, Chen's

(2008) study on service evaluation of a sample of air passengers concluded that perceived value had a significant positive effect on satisfaction. Accordingly, both perceived value and satisfaction were found to have significant positive effects on behavioural intentions. In addition, perceived value revealed a larger effect than overall satisfaction on behavioural intentions. In other study, Ha and Jang (2010) examined American customers' perceptions of values regarding dining experiences in Korean restaurants in the United States. Specifically, the effects of hedonic (e.g. interior design, Korean music, traditional aspects of Korean foods, mood, layout and facilities aesthetics) and utilitarian values (e.g. cost of food, taste of food, food portion, variety of menu items and healthy food options) on customer satisfaction and behavioural intentions were investigated. Their key conclusions were that: American customers were found to value the utilitarian aspects of Korean restaurants more than the hedonic aspects; utilitarian aspects were found to have a stronger impact on customer satisfaction and behavioural intentions than those of hedonic aspects; utilitarian aspects appeared to be more influential in terms of the behavioural intentions of the high familiarity group. Relatedly, Ryu et al.'s (2008) findings found overall quick-casual restaurant image, perceived value, and customer satisfaction to be significant predictors of customers' behavioural intentions, and that customer satisfaction could act as a partial mediator in the relationship between restaurant image/ perceived value and behavioural intentions. Similarly, Arora and Singer's (2006) study provided evidence on the impact of satisfaction and customer value on post-consumption attitudes of customers as well as on customer's intention to return and to recommend a fine dining restaurant. In this respect, Hu et al.'s (2009) study of the hotel industry found that delivering high quality service and creating superior customer value could result in achieving high customer satisfaction, thereby influencing the firm's corporate image, and enhancing consumer retention rate. In a similar vein, Hutchinson et al. (2009) presented evidence that both value and satisfaction had significant influences on the intention to revisit and word-of-mouth behavioural intention. More existing research evidence (e.g. Chang et al. 2009) shed light on the relationship between customer satisfaction and loyalty. In this respect, the evidence revealed a stronger relationship for customers with high perceived value than those of low perceived value. Such relationship is based on the past research findings where (i) perceived value was found to be an

immediate antecedent to both customer satisfaction and repurchase intention, and that (ii) perceived value was found to have a direct and indirectly impact on word-of-mouth through customer satisfaction and re-purchase intention (see Oh 1999).

In brief, the aforementioned review of the literature on perceived value and its consequences highlights the role of customer satisfaction as a moderating variable in the path to behavioural outcomes which is evident in the relationship between cognition, affective, and behaviour suggested by Eggert and Ulaga (2002) and Lin et al. (2005). Furthermore, previous studies also support the link between perceived value and behavioural outcomes (cognition - behaviour). For instance, the findings of Brady and Robertson (1999), Cronin et al. (1997), Varki and collate (2001) show that perceived value has a link with behavioural intentions, and is closely associated with willingness to buy (Sweeney et al. 1999), loyalty (Souitaris and Balabanis 2007; Butcher et al. 2001; Brady and Cronin 2001), word-of-mouth (Brady and Cronin 2001; Petrick 2002; Durvasula et al. 2004; Whittaker et al. and repurchase intention (Petrick 2002; Brady and Cronin 2001; Jen and Hu 2003; Durvasula et al. 2004; Debra and O'Cass 2005).

3.6 Summary

In order to fulfil the overall objective of the current research –i.e. exploring the impact of Chinese cultural values on service quality and its resultant consequences for customer expectation, satisfaction, perceived value for money, and subsequent behavioural outcomes – and as a follow-up to previous chapter (i.e. Chapter 2: Culture), this chapter made an attempt to present a review of the literature pertinent to service quality in terms of its definition, customer's expectation, perception, satisfaction, and perceived value for money. Each of these constructs was discussed in the light of different service settings with a particular focus on food services/restaurant industry. Overall, the review of literature revealed several important findings. First, for each of the aforementioned constructs, there were different definitions and models and each had its own underlying assumptions and peculiarities. Second, each of these research constructs was found to be explored in details and across a range of different service settings by both marketing and services specialists. Third, with regard to the conceptualisation of service quality and measuring the level of service quality and consequently customer satisfaction with the service offerings, both the Nordic model (referred to as European model) (Grönroos 1982, 1984) and Gap model (known as American model) of service quality (Parasuraman et al. 1985b, 1988) were found to be widely and extensively employed by marketing and services scholars and across different service settings and countries. As a result of their widespread use, they were extensively revised and revisited by other advocates of service quality and consequently several alternative service quality models were emerged (e.g. attribute service quality model, synthesized model; see Seth et al. 2005 for a review) to help both researchers and practicing managers better measure the degree of service quality and mechanisms to improve it.

In short, the common denominator of all these service quality models can be summarized as follows: an efficient service quality system requires an efficient customer care system where an appropriate market and customer-oriented strategy needs to be defined, and that competent and motivated staff need to be in place for enhancing customer satisfaction and long-term survival of the service firm. In respect of the application of service quality

models in hospitality industry (i.e. food services/restaurants as the context of this PhD Thesis), the review of the literature found that not only the food services/restaurants appeared to be central to the attention of marketing and services scholars but also customized and tailored versions of Parasuraman et al's (1985) SERVQUAL scale and Cornin and Taylor's (1994) SERVPERF index in the form of DINESERV instruments were found to be widely employed for measuring service quality in restaurant industry. Although the debate on service quality models aims to shed light on the level of quality of the service offering, other key objective of firm's service quality strategy is to see how satisfied their customers are with a particular service. In this respect, our review of the extant literature found a sort of cause-and-effect relationship between service quality and customer satisfaction. Even in some studies, it appeared that the two constructs were interchangeable. Of models linking service quality and customer satisfaction together, Iacobucci et al.'s (1995) study made an attempt to differentiate between the two constructs in terms a reflection of managerial versus customer concerns. Finally, others (e.g. Anderson and Sullivan 1993) have explored such relationship and made an attempt to go beyond a simple definition of satisfaction and enhanced the debate by exploring the antecedents (such as expectations, disconfirmation of expectations, and performance) and consequences (such as complaining behaviour, word of mouth, and repeat purchase) of customer satisfaction. Further review of the pertinent literature to service quality revealed a final construct which was closely associated with both service quality and customer satisfaction: customer perceived value (or value for money). A review of the literature found the concept to be closely linked to the 'give versus get' trade-off where value for money was measured as a ratio of perceived benefits to perceived sacrifice (Baker et al. 2002; Grewal et al. 1998; Sweeney et al. 1999).

In short, based upon insights gained from the literature review of culture (see Chapter 2) and service quality (the current chapter / chapter 3) and in line with the overall objective of this research, the following chapter (Chapter 4) aims to specifically examine the impact of Chinese cultural value on service quality, and the relationship between service quality, customer satisfaction, customer perceived value for money, and behavioral outcomes. Accordingly, the following chapter (Chapter 4) would lay the foundation for

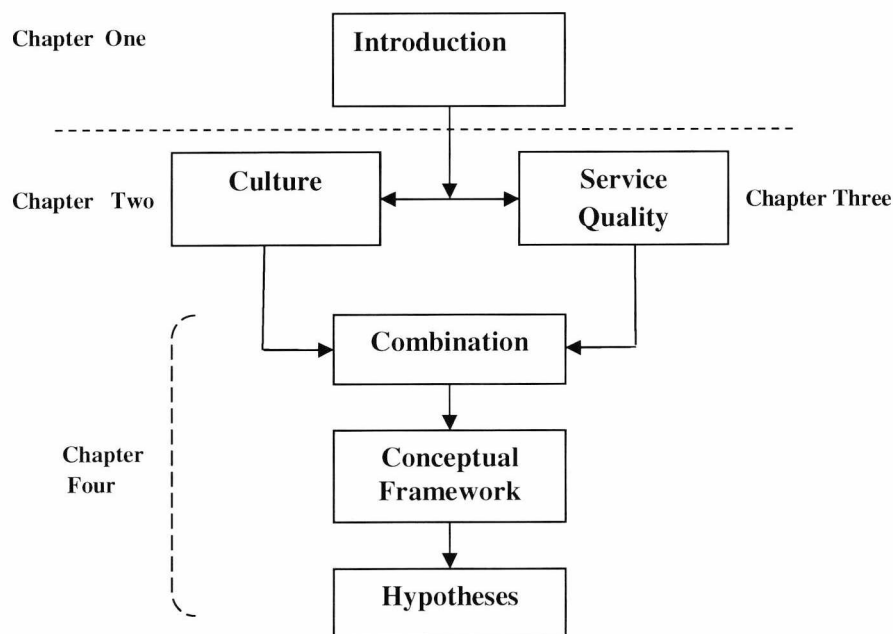
formulation and articulation of the main research hypotheses which will be then tested empirically in the subsequent chapters.

Chapter Four: Literature review - the relationship between Chinese cultural values, service quality, and the resultant consequences

4.1 Introduction

This section aims to explore the interconnections between culture and service quality dimensions in general and Chinese cultural values and their impact on service quality in particular. This chapter is a synthesis of the previous two chapters –i.e. chapter 2: Culture, and Chapter 3: Service Quality. The discussions offered in the chapter makes an attempt to analyze, first, the impact of cultural values on customers' expectations of delivered services, second, overall customer satisfaction with delivered services, third, customer's perceived value for money, and finally and fourth, behavioural intentions of the customer. In doing so, a summary of previous studies on the relationship between culture and service quality is presented with a particular focus on Hofstede's (1991) and Hall's (1976) cultural dimensions. Furthermore, the interconnection between culture and service quality is discussed through the lens of Chinese cultural norms. In short, as shown schematically in Figure 4.1, the discussions offered in this chapter build the foundation upon which the conceptual research framework is designed, and the associated hypotheses are derived for further empirical scrutiny and testing in the following chapters.

Figure 4.1 The structure of chapter four



4.2 The influence of cultural values on service quality

Over the last three decades, organisational scholars have been investigating and analysing the way that customers behave and more importantly are influenced through the course of the purchase of a product or service. While some studies attribute a customer's expectations of a product or service to several factors, namely, the specifications of the product or service, the characteristics of the manufacturer or service provider, customer's own experience with the product or service, or even to customer's purchase power – to name but a few – others take quite a different view on this issue. Analysing the current and previous work on this topic, some common themes emerge. It would appear that any interaction between individuals whether at workplace or outside workplace are dominated and governed by the existing (to quote Gallois and Callan 1997, p.86) "culture-specific social rules, [norms and traditions]".

Usunier (1996) takes the argument further and provides one explanation for this in that prevailing cultural norms apply in any social interaction and that service encounters are not an exception. In a similar vein, Kotler et al. (2003) proposed a model to identify consumer behaviour and how it could be influenced. Their model, based on several previous studies (e.g. House et al. 2004) suggests four factors which can be regarded as the major determinants of customer behaviour: (1) cultural factors, (2) social factors (e.g. reference group, family, roles, and status), (3) personal factors (e.g. age, life-cycle stage, occupation, lifestyle, and personality), and (4) psychological factors (e.g. motivation, perception, beliefs, and attitudes). Having analysed these four factors precisely, the authors came to the conclusion that cultural factors exerted the broadest and deepest influence on consumer (purchase) behaviour.

A different approach was taken by Malhotra et al. (1994) in their conceptual study of the determinants of service quality between developed (e.g. USA) and developing countries (e.g. India and Philippines). Their main argument was that environmental differences between the two types of countries could have varying influences on service quality determinants. As a result, they put forward several propositions and developed a number of hypotheses to link the ten dimensions of service quality (proposed by Parasuraman et al. 1985) to economic and socio-cultural factors. Their main conclusion was that various dimensions of service quality should be emphasized differently in developed and developing countries [not least because each country has its own peculiarities in terms of cultural norms and values, thereby influencing the customer expectations and subsequent behaviour in different ways]. In a similar comparative study of the importance of outcomes and process service dimensions (such as physical good quality, service quality, and servicescape) for behavioural intentions of the customer, Keillor et al. (2007) studied several countries with different economical, social, political, and cultural backgrounds: Australia, China, Germany, India, Morocco, the Netherlands, Sweden, and USA. They found that while good physical quality affected behavioural intentions in Germany, India, Morocco, and United States, it did not have any influence on customer's behavioural intentions in Australia, China, Netherlands, and Sweden. Furthermore, their findings showed that process elements of the service encounter, service quality and servicescape,

only affected behavioural intentions in Australia, Germany, Netherlands, Sweden, and the United States. Finally, their main conclusion was that whilst in some of these countries more human interactions, during the course of customer-service provider encounter, were deemed necessary for the customers, in others, a heavy focus was placed on the tangible product aspects of the encounter rather than the human interaction.

Clearly, all of the aforementioned studies do indeed reveal a considerable degree of attention to cultural factors as a major element in shaping customer's buying behaviour and any resultant outcomes. In addition, a key tendency of organizational scholars in studying culture and service quality across various countries appears to be an increased emphasis that is being placed upon the widely-cited Hofstede's cultural dimensions for the examination of cultural differences and their impact on, first, service quality dimensions, second, customer's expectations, perceptions, and perceived value for money, and finally and third, on customer's behavioural outcomes. In the interest of clarity and further illustration, Table 4.1 summarizes the widely cited studies which primarily focus on the impact of culture on service quality. In the interest of clarity, these studies are categorized in terms of the authors, year of study, the nature of service quality dimensions, the nature of national cultural traditions, and the research context.

Table 4.1 A summary of previous research on the relationship between cultural values and service quality dimensions

Studies	Service quality dimensions	Nations/cultural dimensions	Industry context
Winsted (1997)	8 dimensions: Authenticity, caring, perceived control, courtesy, formality, friendliness, personalization, promptness	USA and Japan	Medical and restaurant
Donthu and Yoo (1998)	The five SERVQUAL dimensions	Canada, Great Britain, India and USA/ Hofstede's five dimensions	Banking services
Winsted (2000)	Civility, concern (part of the assurance and empathy), congeniality, communication, attention and courtesy	Japan and USA	Medical encounters
Reisinger and Tuner (2002)	Communication, family/competence, interaction, feeling display, satisfaction	Asian tourist in Australia	Tourism and hospitality industry
Kim and Jim (2002)	Physical aspects, reliability, personal interaction and problem solving	UK and Korean college students	Shopping at a discount store
Birgelen et al. (2002)	Service visit quality, service call quality, electronic service quality	International customers/Hofstede's cultural dimensions	After-sales service for its high-tech office equipment
Raven and Welsh (2004)	The five SERVQUAL dimensions	Kuwait and Lebanon	The retail stores
Laroche et al. (2004)	The SERVPERF inventory	USA, Canada, Japan	Dentists' office settings
Lockyer and Tsai (2004)	Restaurant attributes (cleanliness, food quality and style of waiting staff)	Taiwan	Hotel dining experience
Raajpoot (2004)	PAKSERV for Asian culture/six dimensions: tangibility, reliability, sincerity, formality, personalization, assurance	Hofstede's dimensions, national culture dimensions and personal values	Banks, hospitals, retail and insurance industries
Jabnoun and Azaddin (2005)	The five SERVQUAL dimensions and two dimensions, values and image	UAE (Dubai and Sharjah)	Customers of Islamic banks and conventional banks

Studies	Service quality dimensions	Nations/cultural dimensions	Industry context
Malhotra et al. (2005)	Original ten dimensions of service quality by Parasuraman et al.	USA, India and the Philippines	Banking service
Nadiri and Hussain (2005)	Tangible and intangible service quality	Cyprus	Four-star and five-star hotels
Ueltschy et al. (2007)	The performance-only SERVPERF	USA, Japan and Germany /employing high/low cultural context	Dentist setting
Tsoukatos and Graham (2007)	The five SERVQUAL dimensions	Hofstede's cultural dimensions	Greek retail insurance
Tsang and John (2007)	Based on the SERVQUAL and related to the relational quality included	Western and Asian in HK/power distance	International tourists
Keillor et al. (2007)	Technical dimensions for service encounter: physical good quality, service quality and servicescape	Australia, China, Germany, India, Morocco, the Netherlands, Sweden and USA	fast-food and grocery shops
Huber et al. (2007)	Evaluation on process of repair service	Germany and Demark	A typical garage workshop service
Hoare and Butcher (2008)	Interaction quality, food appeal and performance comparison	Chinese values (mien-tzu and hé)	Chinese diners
Wang et al. (2008)	The five SERVQUAL dimensions	Chinese tourist in the UK	Hotel industry
Dash et al. (2009)	The five SERVQUAL dimensions	India and Canada/ Power distance and individualism	Banking
Ueltschy et al.(2009)	The SERVPERF inventory	Japanese, Chinese, Korean	Dental office setting
Ruetzler et al.(2009)	service and sanitation; food dislikes, selection and taste; drinks; value; crowding	Different groups: Asian, Indian, UK/Canada, Latin USA	University foodservice
Smith and Reynolds (2009)	The SERVQUAL scale	Individualist and collectivist/ Chinese, African and English	Retail banking

4.3 A review of existing research on the relationship between cultural values and service quality

It seems hard to deny that the study of interconnection between cultural values at both organizational and national levels and various management practices and subjects has been the focus of much research over the past few decades. In this regard, one cannot help but be impressed by the widespread use of Geert Hofstede's cultural dimensions as a means of linking organizations with their external environment in terms of how the dominant cultural values influence over organizations, and their people, and therefore people's behaviour outcomes as well as their attitudes towards their work.

As discussed earlier (see Chapter 2), Hofstede's cultural framework is a well known model because this framework is employed for measuring and analysing cultural differences at organizational, individual and national levels (Kirkman et al. 2006). Based on the five dimensions of *power distance*, *uncertainty avoidance*, *individualism/collectivism*, *masculinity/femininity*, and *long-term orientation*, it provides a platform for both organisational scholars and more importantly practicing managers to get to know and better understand other cultural norms and their resultant implications beyond their own local and national boundaries. As Hofstede (2001) has pointed out, such familiarity with different cultures is of paramount importance in that it can help to reduce the level of concern and frustration on the part of both local and specifically international managers who wish to operate in the global marketplace.

As a result of the importance of culture for both organisations and practicing managers, there has been a plethora of research which made an attempt to find out the dynamics of cultural values and organisational effectiveness. Whilst the world's economy reliance on manufacturing sector was evident until 1980s and even early 1990s, the economy now seems to follow the service path since the new millennium. Although this implies the shrinkage of manufacturing or production-related sector in developed economies, it also justifies the growing reliance on the service sector in that the quality of services is

subject to the quality of the service provider – i.e. people who provide the service – which in turn is a function of various internal (e.g. management style, organisational culture) and external factors (e.g. national cultural values, economic status, the degree of political stability, and the extent of competition across the sector). In consequence and in contrast to previous studies which were mainly focused on the study of (Western) cultural values in manufacturing industries and the resultant implications for both manufacturers and end customers, the service sector in its multitudes of form has recently been subject of most culture-related research – and more specifically in the context of developing economies and non-Western cultures.

Prior to reviewing the research on the national cultural values and their implications for service firms and their service quality level from the point of view of customer, two issues are deemed essential and noteworthy to mention. First, the *cultural framework* adopted for this study, and second, the *service quality framework* used for this study. In respect of the former, this study differentiates itself from prior similar work by using the Chinese cultural values rather than the oft-cited and widely used Western-driven cultural frameworks such as Hofstede's cultural model (1991) and Hall's high-low context cultures (1976). With regard to the latter, whilst there exist several service quality models which can be equally used to explore the research phenomenon, this study adopts a revised and tailored version of Parasuraman et al.'s (1988) service quality model (referred to as SERVQUAL) for several reasons, namely, it has been the most frequently-cited and applied service quality framework by both service operations and marketing scholars; the use of Parasuraman's framework therefore provides the opportunity to the researcher to compare the results of the current research with those of previous similar studies to find out any similarities or differences; Parasuraman's framework has been validated and confirmed by most, if not all, of previous studies, thereby providing the opportunity for transferability of the findings to similar research contexts and population; and finally and fourth the research sample chosen for this study has close affinity with those of past researches (e.g. Bojanic and Rosen 1994; Lee and Hing 1995) – an indication of high reliability of the research findings. Given such rationale for the researcher's choice of cultural and service quality frameworks, a

review of research on the impact of culture on service quality from customer's point of view constitutes the aim of the remainder of this section.

4.3.1 Relationship between cultural values and service quality

In the area of cultural values and their impact on service quality dimensions, the issue of cross-country analysis plays a central part in understanding the paramount importance of culture and subsequent satisfaction and behaviour of the customer. In this regard, Donthu and Yoo (1998) adopted Hofstede's cultural framework and SERVQUAL scale to conduct a cross-country survey in Canada, Great Britain, India, and the United States in terms of how customers' cultural orientations could impact on their service quality expectations. Of the 25 possible relationships between the five cultural dimensions, they limited their focus to 6 items and then analysed these items based on the five SERVQUAL dimensions. Their main conclusions were that customers with high scores in power distance, uncertainty avoidance, and individualism had higher service quality expectations than customers with low respective scores. With regard to individual service dimensions, customers with high power distance scores had lower expectations of responsiveness and reliability than those with low power distance customers. In addition, high uncertainty avoidance customers placed more importance on tangibles than low uncertainty avoidance customers. Finally, individualistic customers appeared to have higher expectations of empathy and assurance than collectivistic customers. Despite various strengths of the study, one crucial limitation, similar to that of the studies of Winsted (1997) and Mattila (1999), was that they failed to take into account the contingency variables. For example, although they used the power distance dimension, their study did not make a distinction between powerful and weak customers; while they used the masculinity dimension their study did not differentiate between services provided by male or female employees; and finally, although they used the uncertainty avoidance dimension they ignored or undermined the difference between frequent and infrequent service situations (see Furrer et al. 2000 for further detail).

In another study, Mattila (1999) chose the environment of luxury hotels in order to investigate the impact of culture on customer evaluation of complex services. Her primary objective was to understand the trade-off between the personalized service and pleasant physical environment of the luxury hotels from the points of view of two different types of customers: Western and Asian hotel guests. To this end, she initially developed a framework to depict the cultural differences between Western and Asian customers in terms of individualism versus collectivism, power distance (see Hofstede 1980, 1991), and high- versus low-context communication (see Hall 1976). It should be noted that she did not control for these dimensions when she split her sample into three categories: Westerners, Asian Chinese, and Asian Indian. She also related these three groups of customer to only a reduced set of service dimensions (e.g. physical environment, personal service components, and hedonic dimension). Her main findings were that customers with Western cultural backgrounds were more likely to rely on the tangible cues from the physical environment than their Asian counterparts and that the hedonic dimension of the consumption experience could be more important for Western consumers than for their Chinese Asian counterparts.

Using Hofstede's cultural dimensions, Furrer et al. (2000) empirically analysed customers' perceptions towards service quality across several different cultural groups. In doing so, they initially mapped the relationship between service quality perceptions and cultural dimension positions. One of their research aims was to show that SERVQUAL dimensions were closely correlated with Hofstede's cultural dimensions. Furthermore, in order to enhance the level of their interpretation of the relationship between cultural dimensions and service quality perceptions, they chose the individual level rather than national level as the unit or focus of their analysis. Given such assumptions, their main findings were as follows: culture with a large power distance was characterized by differences between more powerful and less powerful people. The level of difference between people was found to be dependent on social class, education level, and occupation (Hofstede 1991). In some situations, for example, the power of the service provider came from their expertise, professional knowledge, or skills. However, in the context of other service activities such as hotels, restaurants, and retailers, it was

seen that service employees were of low status (see Mattila 1999). In addition, masculine cultures were distinguished by social gender roles. It emphasized different characteristics between female and male service employees. In a culture with uncertainty avoidance, it was defined in frequent and infrequent service situations as it related to risks and uncertainties. With reference to individualism and long-term orientation, they were defined on the basis of Hofstede's explanation (see Furrer et al. 2000). Furrer et al. (2000) proved the existence of a significant positive correlation between power distance and tangibles and assurance; significant negative correlation between power distance and empathy, responsiveness, and reliability; significant positive correlation between individualism and responsiveness, reliability, tangibles, and empathy; significant positive correlations between uncertainty avoidance and responsiveness, assurance, empathy and reliability; significant negative correlation between uncertainty avoidance and tangibles; significant positive correlation between long-term orientation and responsiveness and reliability; and finally significant negative correlation between long-term orientation and tangibles and assurance.

In a similar vein, Tsoukatos and Graham (2007) explored and analysed the influence of Hofstede's cultural dimensions on service quality dimensions in the context of Greek retail insurance. In a manner consistent with Furrer et al. (2000), they adopted the definition of cultural dimensions at individual level as a basis for their analysis. Their results showed that tangibles and empathy had no significant correlation with any of the cultural dimensions; and that individualism had no significant correlation with any of the service quality dimensions. Moreover, while both responsiveness and assurance had negative correlations with power distance and masculinity, they had positive relationships with uncertainty avoidance. Finally, although reliability was found to have negative correlation with power distance and masculinity, it had a positive correlation with uncertainty avoidance and long-term orientation.

Taking a more cross-country approach, Dash et al. (2009) investigated the relationship between Canadian and Indian consumers' national cultural orientations and banking service quality expectations. Their study employed Hofstede's power distance and

individualism dimensions, and five dimensions of service quality from Parasuraman et al. (1988) to explore the relationship between cultural factors and service quality dimensions. The findings of this study revealed the two cultural dimensions of power distance and individualism to significantly impact on the five service quality dimensions (SERVQUAL). At national level, it was found that the two Hofstede's cultural values had impact on tangibles and reliability; nevertheless, there was no significant effect on responsiveness, empathy, and assurance. At individual level, consumers with low power distance had higher service expectations of responsiveness and reliability, whilst those with high power distance highly expected tangible service attributes. On the other hand, consumers with high individualism expected lower empathy and assurance service attributes. In addition, Indian consumers were found to attach more importance to tangible cues when evaluating service quality, whereas Canadian showed service reliability to be of more importance. However, differences in overall service quality expectations were not significantly different across the two countries.

Smith and Reynolds (2009) explored consumers' service evaluation from both cognitive and affective perspectives. Their primary aim was to examine the relationship between service evaluation and behavioural intentions and how this might differ across individualist and collectivist cultures. To this end, three groups, namely, African, Chinese, and English higher education students were selected as participants to assess service quality of retail banking, customer satisfaction, affect (emotions/feelings), and customers' behavioural intentions. With reference to the determinants of consumers' service evaluation, assurance was found to be a determinant of overall positive affect/emotion for both African and Chinese respondents under collectivist cultures. However, responsiveness was a significant factor only for English consumers under individualist cultures. In addition, service quality, satisfaction, and affect/emotion were found to have significant positive relationships with customers' behavioural intentions (e.g. consumer loyalty) for all three groups.

In summary, the aforementioned studies (which were mainly built upon or adopted Hofstede's (1991) cultural dimensions and Parasuraman et al.'s (1988) service quality dimensions as the bases for their research design, analysis and interpretation) strongly confirm the dynamics and importance of cultural values and service quality dimensions. In other words, it is evident that cultural values have significant implications for and influence over service quality dimensions. However, as discussed in Chapter 2, the applicability and generalisability of Hofstede's cultural framework have received further scrutiny in the extant cultural literature – an indication of the need for more novel and model cultural framework for better cross-country cultural studies and analyses.

This in turn suggests a need on the part of organisational scholars to utilise more specific cultural values and norms and understand peculiarities of other rules of social behaviour in order to reflect the reality of their dynamics and interconnections (see Reisinger and Turner 2002). Batonda and Perry (2003) assert that there are common beliefs among mainland Chinese and the overseas Chinese diasporas including Taiwan, Hong Kong, and Singapore, which are different from Western culture. Reisinger and Turner (2002) argue that using specific cultural values can reflect the reality of social behaviour of a society. Such lack of research on culture and its implications for service quality dimensions in the context of Asian cultures may provide different views of explaining the relationship between cultural values, service quality, and customer satisfaction (see Reimann et al. 2008). The paramount importance of research in the wider Asian Pacific context (as opposed to Western-dominated research) has also been highlighted by White (2002), Meyer (2006), Fang (2010), and Ahlstrom (2010) in a sense that “there is a need to move beyond the Hofstede paradigm (as he explored, among other things, the general characteristics of Asian management as opposed to management elsewhere) if today's borderless and wireless cross-cultural management has a chance to be understood and theorized” (Fang 2010:156). To further explore the characteristics of the Asian cultural values, the following section will introduce the relationship between Chinese cultural values and Chinese customers' experiences in

terms of their expectations and perceptions of service quality and the associated consequences for customer satisfaction, value for money, and behavioural outcomes.

4.3.2 Asian culture and its implications for service quality: the customers view

A review of the existing literature on culture and its impact on customers view towards service quality indicates that there are variations in customers expectations and perceptions towards service quality and that this variation is traceable to the influence of culture on shaping customers expectations and perceptions towards service quality. While existing studies have not specifically targeted a particular non-Western cultural context to study the correlation between culture and a customer's view of service quality, they provided invaluable insights into the differences among Western and non-Western influential cultural values and their implications for the customers' view of service quality. For example, in order to explore the effects of cultural values on consumers' assessment of service quality, Mattila (2000) investigated the hospitality sector and studied two contrasting types of travelers: Asian versus Western travelers. Analyzing the data, it was found that unlike Western travelers, their Asian counterparts gave lower ratings to the service provider in both sub-operations of hotel check-out and fine dining. In a similar vein, Poon and Low's (2005) study revealed a very similar and significant difference between Asian and Western evaluation of hotel service quality. In other words, the results showed that satisfaction levels were high amongst Western travelers in comparison to their Asian counterparts. One explanation for such discrepancy across the aforementioned research can be traceable to the fact that service-oriented Asian cultures not only support high-service expectations but also most Asian cultural values support expectations of status differences between customers and service employees.

In another comparative study, Reisinger and Turner (2002) evaluated five language groups of Asian tourists –i.e. Indonesian, Japanese, Korean, Mandarin, and Thai – who

visited Australia. Their study highlighted several cultural differences between Asian tourists' expectations and Australian service providers. For example, in respect of the total Asian sample, five dimensions were identified: perceptions of punctuality (the timing and responsiveness of service), interaction (the preference for forms of social interaction), perceptions of understanding (to the hosts' ability to anticipate and understand individual tourists' needs, pay attention to tourists, and speak the Asian language), rules of feeling display (disclosing personal feelings in public), and satisfaction (with interpersonal relations in an atmosphere of closeness and cooperation). In contrast, it was found that there were two characteristics of Mandarin-speaking sample, namely, perceptions of punctuality and understanding. That is, they emphasized the importance of doing something on time, as it reflected sincerity, respect, and profession. On the other hand, for their inherent needs, they expected to receive more concerns for coping with different customs and be understood what their needs were and how to satisfy them.

In a more recent but similar study, Tsang and John (2007) analysed the cultural differences between Asian and Western tourists' perceptions of relational service quality provided by guest-contact employees in Hong Kong. The authors hypothesized that Asian tourists would give lower ratings to relational quality when compared to their Western counterparts. Using logistic regression analysis and based on respondents' favourable or unfavourable service experiences as their dichotomous dependent variables, the research found that quality of interpersonal relationships was a key factor in determining the Asian customers' service-encounter evaluation. However, in the case of Western customers, it appeared that they placed a heavy emphasis on goal completion, efficiency, and time savings.

In a more diverse sample of Japanese, Korean, and Chinese customers of dental services but with similar cultural values, Ueltschy et al. (2009) analysed and compared the influence of Asian culture on assessing service quality. The findings of this study showed that Chinese were the most transparent customers in their reactions in terms of both high satisfaction and high perceived service quality for good performance and low

satisfaction and low perceived service quality for poor performance than did the Japanese and Korean respondents. However, as Japan service standards were among the highest in the world, the Japanese expressed significantly lower customer satisfaction as performance was high, than did the Korean subjects. The differences in results across the three samples are interesting not least because, on the one hand, all the three countries are considered as high-context culture which have their roots in Confucianism, and, on the other hand, differences in national culture lead to the conclusion that “one size does not fit all” when it comes to service offerings (p. 972). In short, in all the aforementioned studies, the researchers’ intent to transplant peculiarities of non-Western cultural values was evident, though in none could it be said that the endeavour to elucidate the peculiarities of non-Western cultural values had scored any marked success or real contribution to the current literature. However, it would not be unfair to mention that they have provided the scope to argue that Asian customers may have higher expectations of service encounters, meaning that they are more in favour of interpersonal interaction, need more care, and prefer extra personalized service.

4.3.3 The influence of Chinese cultural values on service quality

As seen in the previous section, differences in cultural values across different countries were evident, thereby differences in customer’s view towards a specific service category and its dimensions. While this implies that there is a need on the part of the service provider to get to know the dominant cultural values of its marketplace, it is also imperative to elucidate the peculiarities of each specific culture. As mentioned earlier, this elucidation of cultural values in the context of Taiwan (a representative of Chinese culture) is central to this research project. In doing so, this section makes an attempt to discuss and describe the influence of Chinese cultural values on service quality.

In an attempt to conceptualise a comprehensive model at the business-to-business level (although this is not the focus of this research because this Thesis takes the individual as its unit of analysis rather than the business to business relationship), Armstrong and Seng (2000) used *guanxi* (relationship – a previously discussed key element of Chinese

cultural values) in the context of the Asian banking industry. Interestingly, they found that a business relationship which connoted by good *guanxi* was also closely associated with higher expectations in services of the service providers. Taking a different service context, Lockyer and Tsai (2004) analysed Chinese cultural values in respect of dining experiences, restaurant attributes and customer satisfaction in a five-star international hotel in Taiwan. Their main findings were as follows: Taiwanese guests had higher expectations of service quality in a sense that cleanliness, good quality food, and good attitude of staff were considered as *mien-tzu* giving by the guests; the concept of *mien-tzu* giving, social status and *hé* with people were seen to strongly affect on dining experience of the guests; and *mien-tzu* giving and social status were seen to be strongly correlated; in respect of the staff and guest interaction, '*mien-tzu* giving' meant to carry a sense of high status for guests, which was seen to be formed by increasing the social distance with service providers; social status could be demonstrated by dining in a five-star hotel as a symbol of social position; due to the nature of *hé*, guests were unwilling to complain about the service when even they were dissatisfied. In short, Lockyer and Tsai's study highlights the paramount importance of understanding of what Chinese guests want in the course of a customer service provider relationship.

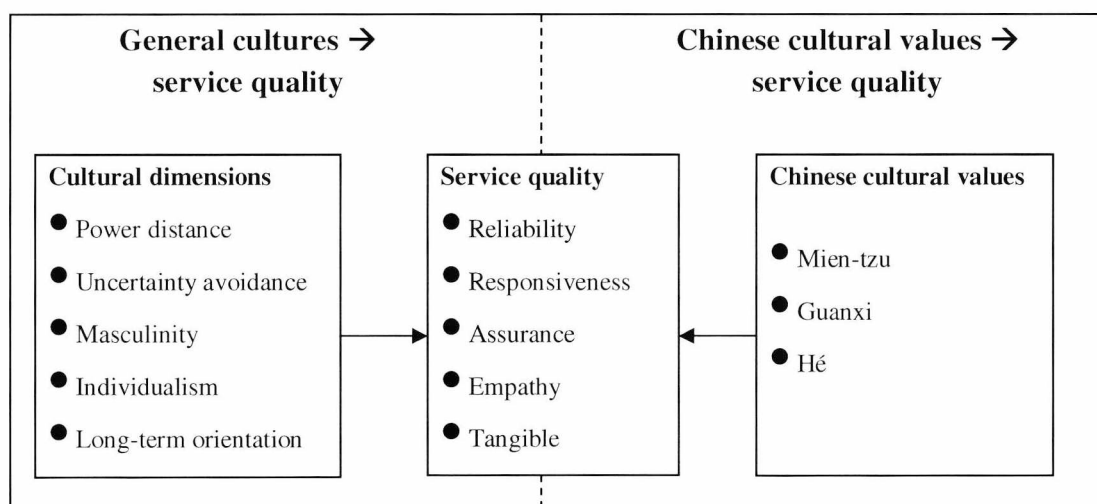
Similarly, in Hoare and Butcher's (2008:156) study, the authors examined the antecedent roles of the Chinese cultural values of "*mien-tzu*" and "*hé*" in influencing customer satisfaction/loyalty, and the service quality dimensions that were most salient to the context of Chinese diners. In other words, they made an attempt to answer the question of "Do Chinese cultural values affect customer satisfaction/loyalty?" In doing so, a self-administered survey was conducted for a convenience sample of Chinese diners (from China, Taiwan, and Hong Kong) in Australia. Despite the limitation of the study in that the choice of student sample tended to limit the generalizability of the findings to a wider population, the authors used factor analysis and the following conclusions were drawn from their study: the findings identified three service quality dimensions, namely, interaction quality (e.g. service personnel's reception and farewell manners, politeness, friendliness, promptness, and food service skills), food appeal (e.g. freshness, taste, variety and price of food), and performance comparison (customers'

expectations of food quality and service quality, their impression of meal experience and their standard of food hygiene). Further regression equations analysis of the data revealed that both cultural factors and the three quality dimensions were significantly and positively correlated to both customer satisfaction and customer loyalty. Furthermore, “*mien-tzu*” was shown to have an influence on customer satisfaction, while food appeal and performance comparison were found to influence both customer satisfaction and loyalty. In another study, but in a different context, Wang et al. (2008) assessed Chinese tourists’ perceptions of the UK hotel service quality and analysed the role of Chinese culture in influencing their expectations and perceptions. Their findings indicated that Chinese tourists had high expectations of the UK hotel service quality, preferred customized and personalized services (empathy dimension), expected employees not only to be consistently courteous but also to have the ability and knowledge to help the customers (assurance dimension), strongly believed in reliable service from employees who had to be ready to help with enthusiasm (reliability and responsiveness dimension), and finally expected UK hotels to have similar and adequate facilities (tangible dimension). Particularly, the Chinese tourists perceived the three service dimensions of empathy, reliability, and tangible to be the most important factors influencing their service experiences.

As mentioned earlier, a plethora of previous and existing research evidence suggests quite clearly that Hofstede’s cultural dimensions provide a widely used instrument for the study of the impact of culture on service quality dimensions, thereby understanding the customers’ perceptions of service quality. Despite sufficient commonality in the current evidence about the applicability of Hofstede’s cultural dimensions for the study of culture and service quality dimensions, a key contention of the current study is to use Chinese cultural values as a new means of exploring the research phenomenon. In more accurate language, this study proposes three Chinese cultural values of *mien-tzu*, *guanxi* and *hé* for the examining the relationship between cultural values and service quality dimensions and the resultant implications for the customers. In the interest of simplicity and clarity, the overall research framework is depicted schematically in Figure 4.2. In short, as pointed out by previous research (see Gilbert and Tsao 2000; Hwang 1998;

Wang et al. 2008), both *guanxi* and *mien-tzu* are prevalently used and are regarded as integral ingredients of any business partnership taken place in the context of Chinese spoken countries. *Hé* emphasizes on and encourages in-group members to create a harmonious atmosphere. More specifically, with regard to service quality dimensions, *guanxi* appears to have a close association with reliability, responsiveness, assurance, and empathy of service quality, whereas *mien-tzu* seems to have a close link with all service quality dimensions. In addition, *hé* appears to have a link with reliability dimension. So, it can be argued that Chinese cultural values affect service assessment and that ‘*mien-tzu*’, ‘*guanxi*’ and ‘*Hé*’ are all closely linked with customer expectations of service quality. Such relationship and interplay between Chinese cultural values and service quality dimensions, as well as the resultant implications for customer satisfaction, customer perceived value for money, and customer’s behavioural intentions constitute the primary aim of this research.

Figure 4.2 A comparison of the relationship between general versus Chinese cultural values and service quality dimensions



4.3 The relationship between service quality, perceived value, satisfaction, and behavioural intentions

A review of the general literature on the impact of culture on service quality and the resultant implications for the customer satisfaction, value for money, and subsequent customer behavioural outcomes indicates that the topic has received increasing interests as suggested by both past and more recent articles by Zeithaml et al. (1996), Winsted (1997), Donthu and Yoo (1998), Mattila (1999), Furrer et al. (2000), and Zhang et al. (2008) – to name but a few. In seeking to unravel the plethora of research pertinent to the possible relationships between culture, service quality dimensions, customer perceived value for money, customer satisfaction, and customer behavioural intentions, Table 4.2 summarizes some of the key articles relevant to the research phenomenon.

Table 4.2 Literature linking quality, value and satisfaction to various service encounter outcomes

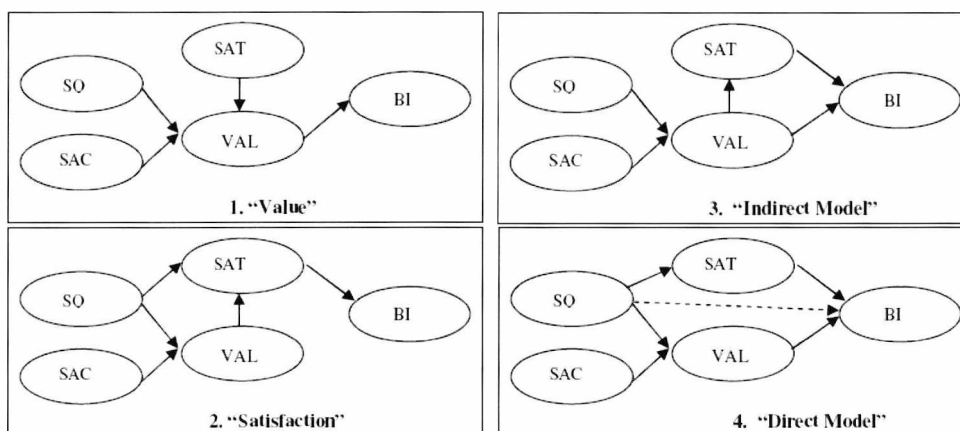
Source	Relevant constructs	Link(s) to outcomes	Empirically tested?
Parasuraman, Zeithaml, and Berry (1988)	SQ, BI	SQ	Yes
Parasuraman, Berry, and Zeithaml (1991)	SQ, BI	SQ	Yes
Anderson and Sullivan (1993)	SQ, SAT, BI	SQ, SAT	Yes
Boulding et al. (1993)	SQ, BI	SQ	Yes
Taylor and Baker (1994)	SQ, SAT, BI	SQ	Yes
Zeithaml, Berry, and Parasuraman (1996)	SQ, BI	SQ	Yes
Taylor (1997)	SQ, SAT, BI	SQ, SAT	Yes
Athanassopoulos (2000)	SAC, SQ, SAT, BI	SQ	Yes
Cronin and Taylor (1992)	SQ, SAT, BI	SAT	Yes
Anderson and Fornell (1994)	SQ, SAT	SAT	No
Gotlieb, Grewal, and Brown (1994)	SQ, SAT, BI	SAT	Yes
Ostrom and Lacobucci (1995)	SAC, SQ, SAT, VAL, BI	SAT	Yes

Source	Relevant constructs	Link(s) to outcomes	Empirically tested?
Fornell et al. (1996)	SQ, SAT, SV, BI	SAT	Yes
Patterson and Spreng (1997)	SAT, SV, BI	SAT	Yes
Hallowell (1996)	SAT, BI	SAT	Yes
Andreassen (1998)	SQ, SAT, SV, BI	SAT	Yes
Bolton (1998)	SAT, BI	SAT	Yes
Chenet, Tynan, and Money (1999)	SQ, SV, SAT, BI	SAT	No
Oliver (1999)	SAT, BI	SAT	No
Garbarino and Johnson (1999)	SAT, BI	SAT	Yes
Bolton and Lemon (1999)	SAT, BI	SAT	Yes
Bernhardt, Donthu, and Kennett (2000)	SAT, BI	SAT	Yes
Ennew and Binks (1999)	SQ, SV, SAT, BI	SAT, SV	Yes
Zeithaml (1988)	SAC, SQ, SV, BI	SV	No
Bolton and Drew (1991)	SQ, SAT, SV, BI	SV	No
Gale (1994)	SQ, SV, BI	SV	No
Chang and Wildt (1994)	SAC, SQ, SV, BI	SV	Yes
Hartline and Jones (1996)	SQ, SV, BI	SV	Yes
Wakefield and Barnes (1996)	SQ, SV, BI	SV	Yes
Cronin et al. (1997)	SAC, SQ, VAL, BI	SV	Yes
Sirohi, McLaughlin, and Wittink (1998)	SAC, SQ, SV, BI	SV	Yes
Sweeney, Soutar, and Johnson (1999)	SAC, SQ, SV, BI	SV	Yes

In line with these studies, Cronin et al. (2000) provided a more detailed analysis of the possible relationship between the above-mentioned variables. In their study, they made an attempt to theoretically investigate and conceptualise the causal relationship among service quality, service value, satisfaction, and behavioural intentions. Based on their

review of the literature pertinent to each variable, they described four models which are illustrated in Figure 4.3.

Figure 4.3 Conceptual frameworks with quality, value, satisfaction, and behavioural intentions



Note: SAC: Sacrifice; SQ: Service quality; VAL: Service value (perceived value); SAT: Satisfaction; BI: Behavioural intentions
 Source: Adapted from Cronin et al. (2000:198)

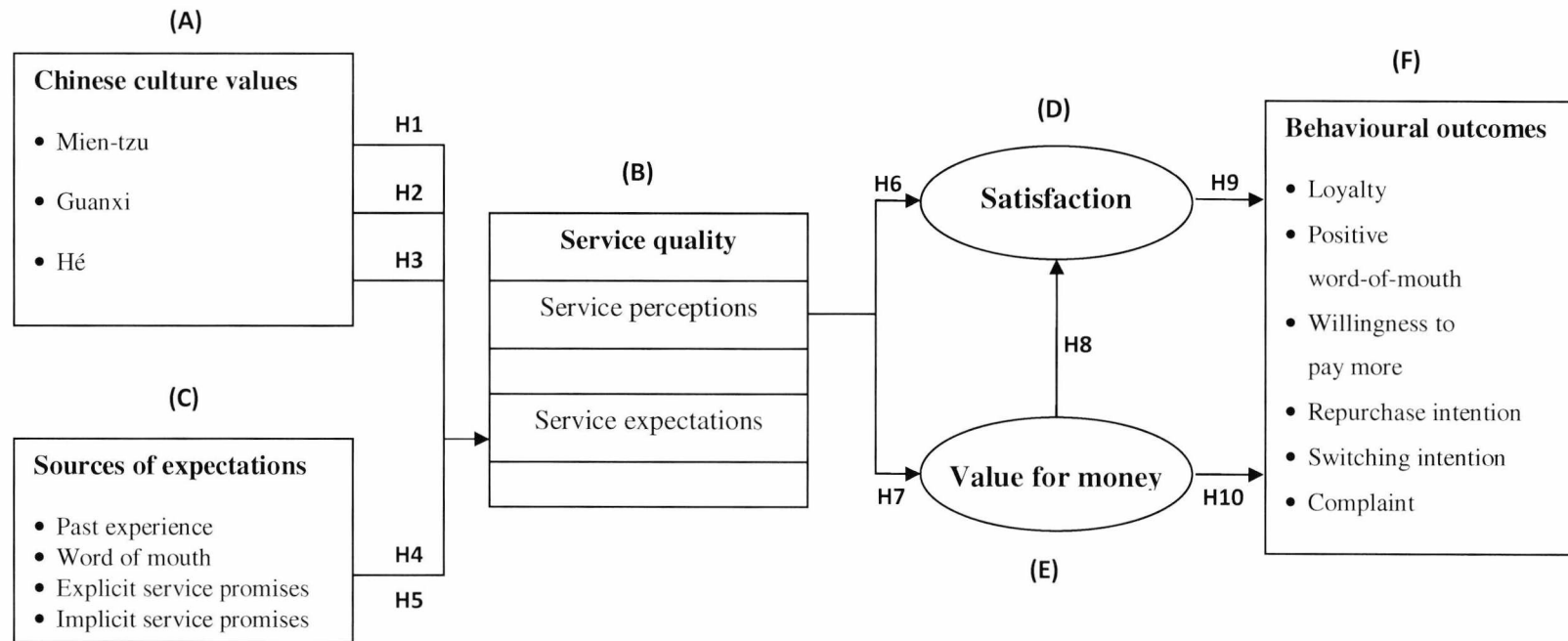
As Figure 4.3 shows, the first model which is drawn from the service value (for money) literature directly links service value and customer satisfaction to behavioural intentions (see Table 4.2, e.g. Chang and Wildt 1994; Cronin et al. 1997; Gale 1994; Parasuraman and Grewal 2000; Sirohi et al. 1998; Sweeney et al. 1999; Wakefield and Barnes 1996). The second conceptualisation is drawn from the satisfaction literature review, which suggests that customer satisfaction has a direct and close link with behavioural outcomes (see Table 4.2, e.g. Anderson and Fornell 1994; Andreassen and Lindestad 1998; Bolton and Lemon 1999; see Table 4.2, e.g. Ennew and Binks 1999; Fornell et al. 1996; Hallowell 1996). The third model, the indirect model, is developed from the literature pertinent to the relationships among service quality, satisfaction and behavioural intentions (see Table 4.2, e.g. Anderson and Sullivan 1993; Gotlieb et al. 1994; Patterson and Spreng 1997; Taylor 1997). In other words, it uses the first two models to bridge service quality with behavioural intentions. Finally, the fourth model examines the direct effect of service quality on behavioural intentions.

A review of the aforementioned four models highlights several key issues. It is shown that the direct model –i.e. model 4 – fits well and outperforms the competing models. It also supports the view that the indirect model can be used across various industries with multiple methods to understand customers' decision-making process in terms of their purchases of service products (Cronin et al 2000). In this respect, in a comparison study of the direct and indirect effect of service quality on behavioural outcomes, Durvasula et al. (2004) chose the context of life insurance services in Singapore. Their results showed that service quality was not linked to behavioural outcomes. Nevertheless, the indirect model was more appropriate to understand the relationship between clients and service providers (see Durvasula et al. 2004). Brady et al. (2005) also argued that the direct antecedent role of service quality appeared to be relatively less important and more complex than those of value and satisfaction.

Clearly, the aforementioned studies can prove to be both helpful guide yet a less comprehensive means of analysing the impact of various cultural values across different nations on service quality, value for money, customer satisfaction, and the resultant customer behavioural intentions. The advantages of these studies and more specifically Cronin et al.'s conceptual framework come from their potentiality in acting as conceptual link between culture and service quality dimensions, customer satisfaction, perceived value for money, and behavioural intentions, or template against which to compare further cross-cultural studies with a particular focus on culture and service quality perceptions. The disadvantage of these conceptual frameworks derives from the fact that they tend to be insufficiently focused for the purpose of the current research not least because of, first, the peculiarities of the Chinese cultural values, and consequently and second, the possibility of falling into the trap of distorting reality by generalising the existing research outcomes of a specific culture/service quality dimensions relationship to other national or international contexts. However, as mentioned earlier, all these studies and existing associated conceptual frameworks were worthwhile and useful as stepping-stone for outlining the current study and therefore represented the foundation of the current research framework as follows (see Figure 4.4). The question of how to interpret this framework and detailed discussion about the nature of the

relationship between these variables and how they interact across other national cultures brings us to the final section of this chapter –i.e. section 4.6: developing research hypotheses.

Figure 4.4 Conceptual research framework



Sources: Adapted from Bitner and Hubbert (1994); Hoare and Butcher (2008); Parasuraman et al. (1985b, 1988); Qian et al. (2007); Lockyer and Tsai (2004); Dunning and Kim (2007); Zeithaml et al. (1993, 1996); Parasuraman and Zeithaml (1994); Cronin and Taylor (1992); Oliver (1980); Butcher et al. (2001).

4.4 Research hypotheses

1. Chinese cultural values and service quality [see framework: labelled A & B]

The extant literature on cross-cultural studies have shown that cultural norms and values have a strong impact on service encounter evaluation (Patterson et al. 2006; Winsted 1999) and service quality expectations (Donthu and Yoo 1998). Thus, it is not uncommon to argue that people with different cultural backgrounds have different expectations (Aksoy et al. 2003) and subsequently different perceptions of a specific service or product quality. According to the majority of current research pertinent to the impact of culture on customer expectations and perceptions of service and product quality, a key characteristic of most current research is the shift of Western-dominated cultural-related studies from the application of Hofstede's cultural framework to non-Western country-specific cultural values as the major determinants of customer expectations towards the quality of different services or products.

For example, Mattila (2000) and Tsang and John (2007) argue that Asian (Chinese culture included) customers give lower rating to the service provider than Western ones primarily due to their unique cultural values which are different from those of recognised in non-Asian contexts. For Poon and Low (2005) and others, this is mainly because Asian people have higher expectations of services than their non-Asian counterparts. In addition, a key factor in customers' evaluation of service quality is the interaction between customers and service provides (Mattila 1999), especially in Asia where the importance of interpersonal relationships is highly emphasized. In this regard, more relevant literature and a critical account of Chinese cultural values versus Western cultural values suggest that the concept of '*guanxi*' and '*mien-tzu*' are two crucial characteristics for understanding Chinese business practices. For example, Hwang (1998) argues that *mien-tzu* and favour (from *guanxi*) have a profound influence over interpersonal relationship in Chinese society. Lockyer and Tsai (2004) mentioned that both '*guanxi*' and '*mien-tzu*' were integral parts of business relationships in the service settings in Chinese-dominated cultural societies. This implies that Chinese cultural

values – i.e. *mien-tzu* and *guanxi* – could impact on customers' evaluation of service quality.

As Fan (2002:543) has pointed out, *guanxi*, as a central concept in Chinese society, describes the basic dynamic in the complex nature of personalized networks of influence and social relationships. In Western media, *guanxi* has been translated as two common words: connections and relationships (Wang 2007; Wong 1998). However, some argue that neither of these terms sufficiently reflect the wide cultural implications that *guanxi* describes. In consequence, it is not uncommon to see *guanxi* has found its way and application in most current writings on Chinese cultural values in English spoken countries. *Mien-tzu* which conforms to the notion of reputation is a dynamic which applies to both personal and business relationships in China. According to Yau (1995), *mien-tzu* refers to a person's public image which is formed by the external environment and other factors such as wealth, social connection and authority as well as through his or her own personal performance in society. As a result of these cultural values, Chinese are often concerned about their choices being approved by others or whether they meet others' expectations; they are also very much concerned to maintain, enhance or lose *mien-tzu* in relation to other people in social activities (Keh and Sun 2008; Yau 1995). Therefore, *mien-tzu* has an important role of interpersonal relationships in Chinese social activities (Tse 1996; Yau 1988).

In this regard, Lockyer and Tsai's (2004) study highlights the concept of '*mien-tzu*' in a sense that when a guest (e.g. in a restaurant) feels that his/her status is higher than the service employees (Mattila 1999) –i.e. which means *mien-tzu* giving. *Mien-tzu* giving can be displayed by providing high quality food and a positive attitude on the part of the service provider. Wang et al. (2008) argue that Chinese people have high expectations of service providers who can offer individual services (empathy), pay high respect for them (assurance), fulfill their requests (i.e. responsiveness and reliability), and protect customers' *mien-tzu* by making them feel important. The study of Reisinger and Turner (2002) highlights two characteristics of Mandarin-speaking respondents to be of paramount importance: perceptions of punctuality (i.e. reliability and responsiveness)

and understanding (i.e. empathy). Tsang and John (2007) and Mattila (1999), among others, conclude that interpersonal relationship is a critical determinant in service encounter for Asian customers. In addition, customers use tangibles (e.g. furniture, office, and facilities) as surrogates for service quality in that these features are visible evidence of quality service, which would help them lower their perceived risk, reduce wrong decision-making, and lose their *mien-tzu* (Donthu and Yoo 1998). Due to tangible elements as symbols of respect (Furrer et al. 2000), the recognition of guests' status in society (Lockyer and Tsai 2004), and maintaining the distance between guests and service employees (Raajpoot 2004), it was also found that tangibles were also important for high status of customers. Based on the above discussion of *mien-tzu*, it is proposed that:

H1-1: The higher the level of mien-tzu, the higher the relative emphasis on service expectations of tangibles.

H1-2: The higher the level of mien-tzu, the higher the relative emphasis on service expectations of reliability.

H1-3: The higher the level of mien-tzu, the higher the relative emphasis on service expectations of responsiveness.

H1-4: The higher the level of mien-tzu, the higher the relative emphasis on service expectations of assurance.

H1-5: The higher the level of mien-tzu, the higher the relative emphasis on service expectations of empathy.

On the other hand, personal connections known as “*Guanxi*” is the basis of relationship marketing in the context of Chinese culture. However, it should be noted that its meaning goes beyond the Western concept of relationship network. It is formed before a transaction takes place and also pursues long-term relationships (Geddie et al. 2005). Also, when shopping for a new provider, Chinese consumers very often try to find friends or relatives who know someone or who are in a service industry. Even if this potential provider is a friend's relative whom the consumer has never met, a consumer would presume and expect that the service provider is courteous, the service is of

quality, and is rendered as special offer (Lin et al. 2007). In Asian collectivist societies, people expect preferential treatment from people with whom they are familiar (Voronov and Singer 2002) because it may maintain the relationships, decrease searching cost, and diminish risk uncertainty such as service failure. Therefore, as a result of good *guanxi* (personal networking), a customer expects a very high level of service standard (Armstrong and Seng 2000). For example, customer expects that the personnel of a focal service provider have sufficient knowledge to handle any situation (i.e. assurance), provide service with competence (i.e. error-free service, meeting time commitments, and fulfilling promises/reliability), make efforts to meet individual needs and preferences (i.e. empathy) and are proud to help their special customers (i.e. responsiveness) and even give them special treatment. The impact of such personal relationship not only benefits the customer, it could also release service providers from strict standards of performance (Lin et al. 2007). However, it is likely that customers abuse intimate relationships to manipulate situations and demand more service or value (Lockyer and Tsai 2004). Some argue that customers can get good quality service from the service providers so as to maintain the relationship. The aforementioned discussion suggests that:

H2-1: The higher the level of guanxi, the higher the relative emphasis on service expectations of reliability.

H2-2: The higher the level of guanxi, the higher the relative emphasis on service expectations of responsiveness.

H2-3: The higher the level of guanxi, the higher the relative emphasis on service expectations of assurance.

H2-4: The higher the level of guanxi, the higher the relative emphasis on service expectations of empathy.

According to Melendez (2007), while '*mien-tzu*' is the fuel that makes the Chinese business engine turn over, '*Guanxi*' is the "personalized glue" that makes it all stick together as a working dynamic. So corollary to *mien-tzu*, as Melendez's review of Chinese culture suggests, is the inseparable concept of *Guanxi* (relations). That is, *mien-*

tzu and *guanxi* work hand-in-hand. While one without the other renders useless, it is the dynamic of these two concepts which collectively work together.

In addition to *gaunxi* and *mien-tzu*, Asian cultures also set high value on group *hé* (Mooij 1998). Confucian thought counsels individuals to refrain from showing joy or sadness in order to avoid imposing one's feelings on others and thereby disrupting *hé* of the group (Bond and Hwang 1986; Song 1985). As the service provider is considered a member of their in-group, collectivists customers (e.g. Chinese) would easily conform to and tolerate poor service (Dash et al. 2009) in that they do not want to break *hé* (i.e. good relationship between the customer and the service provider) (Donthu and Yoo 1998). Reliability has been conceptualized as the ability to perform the promised service dependably and accurately. Dependability refers to fulfilling promises including time commitment, whereas accuracy refers to making a minimum number of mistakes (Raajpoot 2004). In Asian cultures, customers do not consider an odd service failure as the reason for terminating a personal relationship (Imrie et al. 2002) because interactions with others and maintain good human relationships (i.e. *hé*) are considered more important (Qian et al. 2007). East-Asian consumers are highly sensitive to interpersonal treatment during service encounters (Patterson and Mattila 2008). There may be an acceptance of the fact that service failure may have been caused by factors that are essentially beyond service providers' control and Chinese may tolerate failure with the content or timing of service as long as an acceptable substitute is provided within an appropriate time frame – an indication of the customers' reluctance to cause embarrassment to the staff and therefore to maintain a harmonious atmosphere. Moreover, Donthu and Yoo (1998), Furrer et al. (2000) and Dash et al. (2009), among others, conclude that customers in high power distance cultures have lower reliability expectations. In other words, buyers in high distance cultures are more tolerant of reliability shortcomings compared to buyers in lower power distance cultures – an indication of the paramount importance of *hé*. Thus, it can be proposed that:

H3: The higher the level of Hé, the lower the relative emphasis on service expectations of reliability.

2. Expectations and the associated determinants [framework C-D]

Overall, service expectations are divided into two categories: desired and adequate (Zeithaml et al. 1993). Desired expectations refer to what consumers believe that they should receive from service providers. In other words, desired expectations exist prior to the consumption of a service. Adequate expectations, on the other hand, reflect the extent to which customers are willing to accept from the service providers. It refers to the minimum expected level of service that a customer wishes to receive. In respect of these two types of expectation, a review of previous research indicated that the level of desired service was usually higher than that of adequate service and therefore these two types of expectation were distinctly different from each other (Dion et al. 1998; Laroche et al. 2004, Kalamas et al. 2004). According to Zeithaml et al.'s (1993) discussion of the two categories of expectation, desired service can be regarded as the most appropriate benchmark for the purpose of comparison between a customer's desired and adequate level of service quality. The gap between the adequate level of expectations and the desired level of expectations generates what is known in literature as the 'zone of tolerance'.

In respect of the antecedents of expectations, Oliver (1980) talks about three major factors which can impact on customer expectations towards a service: (i) the product, (ii) the context of the consumer, and (iii) consumer characteristics. Zeithaml et al.'s (1993) study of previous research and their own research findings elucidate several key determinants of service expectations, namely: past experience, word of mouth, explicit promise service, and implicit promise service. Their review indicates that these antecedents of expectations are applicable to customer service expectations across a range of diverse service sectors, *inter alia*, banking (Devlin et al. 2002), rental video stores, taxi services, restaurants, dental services (Clow and Kurtz 1997), auto-repair services (Dion et al. 1998), medical services, cleaning services, and air travel services (Webster 1991).

In reference to antecedents of expectations, some studies show that past experience impact positively on service expectations (Prugsamatz et al. 2006;; Webster 1991). Devlin et al. (2002) found that implicit service promises (i.e. price, tangibles) impact on service expectations (desired service). The findings of Dion (1998) reveal a positive link between explicit service promises and service expectations. In a similar vein, Webster (1991) concludes that explicit service promises such as advertising and sales promotions impact positively on service expectations. In addition, Prugsamatz et al. (2006) explore service quality of University from Chinese students' points of view. Their findings suggest that "the more explicit and implicit service promises the respondent is exposed to, the higher the desired and predicted expectations of university's service quality". In a manner similar to Oliver's (1980) study, Zeithaml et al. (1993) take the argument on customer expectations further by maintaining that service expectations are caused by several other factors, of which the context in which a customer receives the service, and communications between customers and service providers seem to play key roles in helping a customer to decide to purchase a service (see Devlin et al. 2002). Such brief discussion could lead to the proposition that:

H4: Higher past experience will be closely linked to the higher level of service expectations.

H5: Higher service promises will be closely linked to the higher level of service expectations.

3. Service quality and customer satisfaction [framework B-D] and value for money [framework B-E]

Some scholars argue that Chinese people prefer more interactions with service providers (Mattila 2000). In Reisinger and Turner's (2002) study, the authors asserted that their Chinese respondents were more concerned about some of the attributes of service delivery such as timing and responsiveness of service, social interaction, and individual customers' (i.e. tourists in this study) needs. Tsang and John (2007) found that "staff

understanding customers' concerns and needs", "dependable service," and "responding effectively" were among those service attributes which were central to their Asian research sample. In a similar vein, Wang et al.'s (2008) research revealed that Chinese people had high expectations of providing customized and personalized service in a sense that they were expected to get reliable service with enthusiasm and be served based on their profession. In other study, service dimensions of empathy, reliability, and tangible were seen to be the most important elements affecting Chinese customers' service experiences (Wang et al. 2008). Several other studies reported a positive correlation between the level of service quality and customer satisfaction (e.g. Aga and Safakli 2007; Cronin and Taylor 1992; Cronin et al. 2000; Olorunniwo et al. 2006; Xu et al. 2006). Therefore, it can be concluded that the importance of service quality reflects customer satisfaction with good service experience. Thus, it can be suggested that:

H6: Higher service quality will be closely linked to the higher level of customer satisfaction.

Accordingly, perceived value is a cognitive evaluation perceived by customers in terms of a trade-off between what is received (benefits) and what is given (sacrifices) (Sanchez-Fernandez and Iniesta-Bonillo 2007; Zeithaml 1988). Service quality is viewed as a benefit, whereas sacrifice elements include time, energy, effort, price/money and relevant costs in service marketing (Sweeney et al. 1999; Zeithaml 1988). According to the trade-off model, value for money is defined in terms of perceived value which is a uni-dimensional construct and can be defined in terms of a perceived value construct (give and get components) (see Lin et al. 2005). Some studies report that service quality has positive influence on perceived value (Chen et al. 2005; Ralston 2003). This brief discussion proposes that:

H7: Service quality has a positive influence on value for money.

4. Value for money and customer satisfaction [framework E-D]

Based on the aforementioned discussion, perceived value is a cognitive evaluation between benefits (e.g. service quality, social interaction, and relationship) and sacrifices (e.g. price, time, effort, risk, and convenience) perceived by customers (Sanchez-Fernandez and Iniesta-Bonillo 2007; Zeithaml 1988). Value for money is treated as an assessment between what customers get and what they pay (cost). On the contrary, satisfaction is treated as a response to an evaluation process (Carpenter 2008; Oliver 1981). Overall, satisfaction is the customer's general attitude toward the product or service based upon the customer's own experience or post-consumption perceptions of a service (Jones and Suh 2000).

As discussed earlier, Chinese people are higher price sensitive in that they are more concerned about price of the product/service than the quality of it (Hofstede and Bond 1988). In addition, Poon and Low (2005) found that Asian travelers were more concerned about value for money, and how the consumption of the service consequently affected their satisfaction – compared to their Western counterparts. Thus, a monetary evaluation with service/product for Chinese people is of paramount importance. A review of the relevant marketing literature reveal that value for money has close and linear relationship with overall satisfaction (Durvasula et al. 2004; Hume and Mort 2008; Poon and Low 2005; Souitaris and Balabanis 2007). In the same vein, McDougall and Levesque (2000:394) point out that “customers who perceived they received value for money are more satisfied than customers who do not perceive they received value for money.” Therefore, it can be hypothesized that:

H8: The higher the degree of value for money, the higher the degree of customer satisfaction.

5. Customer satisfaction and behavioural outcomes [framework D-F]

Satisfaction stems from the disconfirmation paradigm (see Oliver 1980). In other words, satisfaction judgments are formed through an evaluation process or a response to an evaluation process based on a comparison of perceived performance with pre-experience expectations (Hunt 1977; Oliver 1981; Shukla 2004). Satisfaction with delivered products and services has been suggested and empirically tested as a factor influencing a buyer's decision to continue a business relationship (Leung et al. 2005). Satisfaction may well be the strongest predictor of behavioural intentions (Grace and O'cass 2005). It is believed that customer satisfaction is a major determinant of increased market share, profitability, positive word of mouth, and customer retention (Anderson et al. 2008). In the extant literature on the subject, it is evident that outcomes of satisfaction include loyalty (Brady and Cronin 2001; Butcher et al. 2001; Carpenter 2008; Mcdougall and Levesque 2000), word of mouth (Brady and Cronin 2001; Hunt et al. 1995), switching intention (Bansal and Taylor 1999; Mcdougall and Levesque 2000), complaining (Chan and Wan 2008), willingness to pay more (Bigne et al. 2008) and repurchase intention (Brady and Cronin 2001; Grace and O'cass 2005; Hunt et al. 1995). In respect of the Chinese society, when customers are not satisfied with products or services, they are unwilling to take public actions such as complaining to manufacturers or service providers mainly because of '*mien-tzu*' concern (Yau 1995). In a similar vein, Chan and Wan (2008) had come across similar results in a sense that Chinese people preferred doing negative word of mouth – as opposed to taking practical actions – while their American counterparts were seen to engage in voice behaviour and more practical oriented responses as their reactions to service failure. It is therefore evident that word of mouth is central to Chinese (and wider Asian community) customers' (cultural) reactions and judgment about a particular service or product (Ueltschy et al. 2004; Cheung et al. 2007; Yau 1995). However, in the presence of satisfaction with a product/service, Chinese were seen to have a high degree of loyalty to the service provider. Unless the poor product or service performance causes their dissatisfaction, it is very unlikely that they switch to other service/product providers (Yau 1995). In this respect, Xu et al. (2006) argue that Chinese customer satisfaction is positively related to

loyalty in terms of positive word of mouth, willingness to pay more, and to stay loyal with the business. Thus, the following hypotheses can be derived:

H9-1: Customer satisfaction has a positive influence on positive word of mouth.

H9-2: Customer satisfaction has a positive influence on loyalty.

H9-3: Customer satisfaction has a positive influence on willingness to pay more.

H9-4: Customer satisfaction has a negative influence on complaint.

H9-5: Customer satisfaction has a positive influence on repurchase intention.

H9-6: Customer satisfaction has a negative influence on switching intention.

6. Value for money and behavioural outcomes [framework E-F]

According to the ‘give-versus-get’ trade-off concept (Durvasula et al. 2004; Lin et al. 2005; Sanchez-Fernandez and Iniesta-Bonillo 2007), value for money is associated with the uni-dimensional construct of perceived value (Baker et al. 2002; Lin et al. 2005; Sweeney et al. 1999). Consumer value is a comparative, personal and situational judgment. In an exploratory study, Zeithaml proposed that value was the ‘customer’s overall assessment of the utility of a product/service based on perceptions of what was received and what was given’. Perceived value is based on customers’ careful evaluation of a product or service (Zeithaml 1988), and can be treated as a trade off between perceived benefits and perceived costs (Lovelock and Wirtz 2007). Perceived costs include elements such as perceived monetary price and perceived non-monetary price such as time and effort of a service/product (Zeithaml 1988). However, due to the problem with quantification of non-monetary price, most previous researches were in favour of actual price as a means of a customer’s evaluation of a service/product (see Hume and Mort 2008; Jen and Hu 2003). Hence, the current PhD Thesis adopts the suggested recommendation in the extant literature in that value for money refers to the evaluation based on monetary price. Also, value for money as an evaluation criterion for the current study is of paramount importance not least because, as previous cultural studies have found (Hofstede and Bond 1988), Chinese people are more price sensitive. Specifically and relatedly, value for money is believed to have significant influence on

individual's behavioural outcomes. Whittaker et al. (2007) and Durvasula et al. (2004), among others, argue that value for money influences intention to be engaged into word of mouth. Jen and Hu (2003) and Grace and O'Cass (2005) conclude that value for money directly and positively impacts on re-purchase intention. Jen and Hu (2003) talk about the relationship between value for money and re-purchase intention and found support in the context of bus passengers in Taiwan. Similarly, Petrick (2002) points out that value for money in service encounter influences intention of customers on repeating their experiences in terms of re-purchase behaviour or sharing their negative or positive service encounter experiences with others. Chen and Tsai (2008) also found that Chinese people in Taiwan had a high degree of loyalty mainly due to the effect of the perceived value when they purchased TV travel products. Lin and Mattila (2006) state that Taiwanese customers like to demonstrate switching behaviour in particular when the switching costs are low – encouraging them to switch quickly to other service providers (Wang 2010). Recent studies on the subject also report that when customers judge current service providers to be of high value and therefore worthy to do business with, customers are willing to pay more even though the service providers decide to increase their prices. On the contrary, when customers perceive what they get is less than what they paid, they could make complaint or even have switching intentions (Zeithaml et al. 2006). Similar results were found by Souitaris and Balabanis (2007), Butcher et al. (2001) and Brady and Cronin (2001). So, it can be concluded that the behavioural outcomes are highly likely to be affected by perceived value for money evaluation. Hence, it can be suggested that:

H10-1: Value for money has a positive influence on positive word of mouth.

H10-2: Value for money has a positive influence on loyalty.

H10-3: Value for money has a positive influence on willingness to pay more.

H10-4: Value for money has a negative influence on complaint.

H10-5: Value for money has a positive influence on repurchase intention.

H10-6: Value for money has a negative influence on switching intention.

4.5 Conclusion

This chapter began by explicating the implications of cultural values for service quality from a customer's point of view. Whilst the focus of this chapter was on Chinese cultural values in terms of its implications for customer satisfaction, customer perceived value for money, and subsequent customer behavioral outcomes, a summary of previous research on the relationship between cultural values and service quality dimensions based on Hofstede's cultural dimensions was presented. This was because Hofstede's cultural model was the most widely cited study of national culture for the examination of the cultural impact on service assessment. The key learning point deriving from various studies on Hofstede's cultural model was that, first, cultural factors were regarded as major elements in shaping customer's buying behaviour and any resultant outcomes, and as a result and second, familiarity with different cultures could help reduce the level of concern and frustration on the part of both local and specifically international managers who wish to operate in the competitive global marketplace. Despite popularity of Hofstede's cultural model, it has been subject to several major limitations (see Chapter 2 for further details; see also McSweeney 2002; Sivakumar and Nakata 2001), thereby its inability or failure to provide a thorough and holistic view of more specific cultural values and norms of other (mainly less economically developed non-Western) nations.

In response to such theoretical and empirical shortcomings of earlier (mainly Western-driven) cultural frameworks and in order to understand peculiarities of other rules of social behaviour and reflect the reality of their dynamics and interconnections across other nations and their consequences for customer buying behaviour (see Reisinger and Turner 2002), the Chinese cultural values (e.g. *Mien-tzu*, *Guanxi*, and *Hé*) were discussed and therefore adopted to study and frame the relationship between cultural values, service quality dimensions, and the resultant implications for customers in terms of customer satisfaction and subsequent customer behaviours. As discussed earlier, a review of the literature on examining cultural values in service assessments indicated

that the impact of Chinese cultural norms in this outlet received little attention. And that the current Thesis is a response to previous call for further research into this topic.

Building upon existing extant literature pertinent to Western-dominated cultural values and more specifically, Chinese cultural norms, a conceptual framework was proposed, a range of theoretical issues was raised, and a number of hypotheses were drawn. In order to test these hypotheses and find out any similarity or difference between the results of this study with those of previous ones, the next chapter is devoted to a review of the quantitative research methodology adopted for this study –i.e. questionnaire-based survey.

Chapter Five: Research methodology

5.1 Introduction

Building upon the literature review chapters (2 & 3), designed research framework and the associated hypotheses (Chapter 4), the purpose of this chapter is to discuss the adopted methodological approach to collect data and empirically test the framework. This exploration of methodology starts with a presentation of research objectives, rationale, and the adopted research philosophy. Then, methods of data collection are explained in detail, followed by an examination of the questionnaire development as the product of the research problem as well as questionnaire structure and validation. Furthermore, participants and samples, types of questions, and subjects of the research are also outlined.

5.2 Research objectives

This overall objective of this research is two-fold: (i) to explore the impact of Chinese cultural values on service quality dimensions, and (ii) to examine the relationship between service quality, value for money, satisfaction, and behavioral outcomes at the individual level of construct from customers' perspectives.

Culture is defined as patterns of thoughts and manners which are widely shared (Child and Kieser 1977). According to Hofstede (1980), the impact of culture on human life is by means of shaping values, beliefs, and attitudes. Therefore, in the context of service encounter, it is argued that cultural values impact on customers assessment of service (e.g. Smith and Reynolds 2009; Ueltschy et al. 2009; Winsted 1997). Some studies (e.g. Dash et al. 2009; Donthu and Yoo 1998; Furrer et al. 2000; Tsoukatos and Rand 2007) show that cultural dimensions of Hofstede's framework (1980) are significantly correlated with service quality dimensions. Keillor et al. (2007) report that countries' differences influence on both customers' service quality evaluation and behavioural intentions. In a similar manner to that of Hofstede's cultural dimensions, as a review of the extant literature indicates, it is not uncommon to argue that Chinese cultural values also impact

on service encounter, assessment, and behavioural intentions (Hoare and Butcher 2008; Lockyer and Tsai 2004; Wang et al. 2008). Despite the generally accepted notion of cultural influences on service quality, there has been a dearth of research to shift focus from employing Western-dominated Hofstede's cultural framework to more specific impact of (non-Western) Chinese cultural values on service quality dimensions. This study therefore contributes to such void in the current research and makes an attempt to enhance our understanding of the research phenomenon. In addition, the extant literature also confirms a range of evidence to examine and support the relationship between service quality, value for money, satisfaction, and behavioral outcomes in mainly Western-dominated organizational contexts and more importantly at the aggregate level of constructs (e.g. Devlin et al. 2002; Prugsamatz et al. 2006; Walker and Baker 2000; Zeithaml et al. 1993). In response to such void in the existing research, this study makes an attempt to fulfil the research objectives in the novel context of restaurant/foods services industry in Taiwan.

5.3 Philosophical position of the research

The philosophical position of this research hinges on positivism. Saunders et al (2000) and Easterby-Simth et al. (2002) argue that there are two principal methodologies: (i) positivism and (ii) phenomenology (interpretivism). Positivism (adopted for the current study) is based on the notion that "the social world exists externally, and that its properties should be measured through objective methods, rather than being inferred subjectively through sensation, reflection or intuition" (Easterby-Simth et al. 2002). Positivists assert that reality is objective and singular and can be directly observed by data collection. So researcher is independent from that being researched (Creswell 1994) not least because the goal of research is to provide an unbiased and possible ideal of knowledge. It is emphasised that using a high structure methodology facilitates replication and quantifiable observations that is appropriate to statistical analysis (Davies 2007; Saunders et al. 2000; Saunders et al. 2007). In this respect, Bryman (2008) and Bryman and Bell (2007), among others, assert that there are several primary preoccupations for quantitative researchers. These preoccupations include measurement,

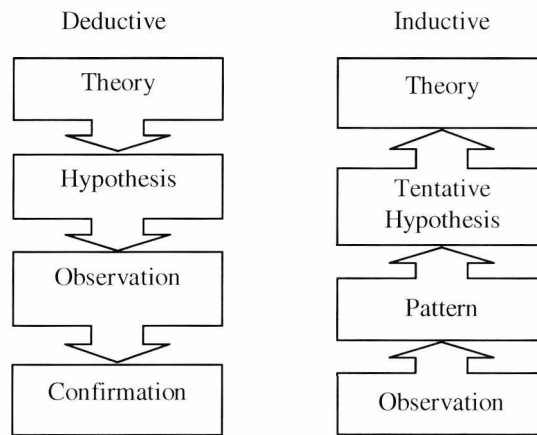
causality, generalisation and replication which in turn reflect epistemologically grounded beliefs about what establishes acceptable knowledge. Positivism also advocates high generalizability of the research findings to wider range of populations.

Utilising the underlying assumptions of positivism research philosophy, this study therefore attempts to empirically analyse, explore and test the developed conceptual model and the related derived hypotheses which can be broadly applied to relevant contexts and research findings which focus on the relationship between culture and service quality assessment (from a customer's point of view) in the non-Western organisational context of hospitality sector in Taiwan.

5.4 Research approach

Given that we have adopted a positivism methodological approach, deductive reasoning or logic is followed in this study. As Figure 5.1, deductive logic which is also called, a 'top-down' approach, works from the more general to more specific concept (Trochim 2006). It implies that a conclusion necessarily follows from a set of initial theories. It starts with suggesting a theory about the topic which is being narrowed down into several working hypotheses. Then observations collection addresses the hypotheses. Next, the hypotheses with specific data are examined by quantitative analysis so that a confirmation of original theories is followed and an explanation of causal relationship between factors is given (Saunders et al. 2007). The confirmation then can be applied to all legitimate members or contexts. In contrast, an inductive research approach called a 'bottom-up' approach works the other way round. In short, as a result of adopting a positivistic view to study the research phenomenon (see Figure 5.1), our focus is on theory testing wherein theory is first adopted to lay a foundation for research framework ensued by developing and testing the working hypotheses in the restaurant industry (Saunders et al. 2007). Such brief summary of deductive orientation of the current study is depicted graphically in Figure 5.1.

Figure 5.1 Deductive versus inductive reasoning



Source: Adapted from Trochim (2006)

5.5 Research strategy: survey

The survey method or so-called ‘questionnaire survey’ is usually employed in business and management researches as a deductive approach (Saunders et al. 2007). This approach allows the collection of a large amount of data from a sizeable population and in a highly economical way. Its primary advantage and one which is attracting a range of scholars to employ it as a major data collection technique lies in the fact that it results in high internal validity, which means research results can be generalised and the findings can be applied to wider and other research contexts (Cooper and Schindler 2008; Saunders et al. 2007). Whilst the questionnaire is not the only data collection device which belongs to the survey category, it is the most prominent data collection technique (Saunders et al. 2007). In light of these advantages, the current research utilises structured questionnaire to collect data from the research sample. Structured questionnaire is a means of collecting standardised data which in turn results in easy comparison of the findings. Finally, it allows researchers to obtain information that cannot be observed directly.

5.6 Time horizons: cross-sectional

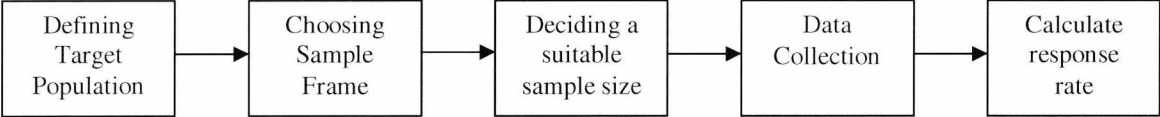
Following our positivistic perspective and deductive orientation, time horizon of the current study hinges on a cross-sectional (as opposed to longitudinal) approach (Saunders et al. 2007). Given the nature of our research objective (i.e. to explore the impact of Chinese cultural values on service quality expectations) and the availability of extant research evidence on the research subject, a cross-section descriptive survey seems to be an appropriate option for the current study (Limpanitgul 2009; Saunders et al. 2007). More specifically, the current research is viewed as a cross-sectional approach because, first, it explores the research phenomena at a particular time, and second, it is concerned with collecting data on more than one case at a single point in time. On the contrary, longitudinal design involves collecting data over time. That is, it involves data collection from the same sample at two or more points in time. The collected data from each collection period can then be compared to reveal and evaluate their differences (David and Sutton 2004). Clearly, since this study aims to investigate the cultural influences of Chinese society on service quality dimensions, it is therefore difficult to observe cultural changes and variations for next time period or horizon (e.g. year, decade or a longer time period). Moreover, data collection over time and for a long-time period has several disadvantages in terms of, for example, time and cost considerations. Accordingly, due to time restrictions, budget limitations, and more importantly the tacit assumption that people are unlikely to change their well- long-term-established preferred social and cultural habits and beliefs in a mid-term time horizon, longitudinal studies are not frequently undertaken by individual researchers (David and Sutton 2004). As such, the current study adopts a cross-sectional approach to data collection.

5.7 Sampling: descriptions and size

According to McDaniel and Gates (1995), the sampling process involves several stages, ranging from defining target population, to adopting the most appropriate approach for data collection. A summary of these stages are shown in Figure 5.2. For the purpose of

this study, we followed McDaniel and Gates’s (1995) sampling process framework to secure us the most appropriate sampling approach.

Figure 5.2 Sampling process



Source: Adapted from McDaniel and Gates (1995)

The purpose of this research is to explore the relationship between Chinese cultural values and service quality on the one hand, and service quality, customer satisfaction, value for money, and customer behaviour outcomes/intentions from a customer’s perspective in Taiwan, on the other hand. In light of these objectives, restaurants (or food services) are selected as an ideal research site to examine the research phenomena. A restaurant is regarded as a high-contact service operation and has specific service attributes which are of both tangible and intangible nature: meal/food, atmosphere of the restaurant, courtesy of staff, cleanliness, food presentation, staff attitudes – to name but a few (Cook et al. 1999; Lovelock and Wirtz 2007). In the context of Chinese culture, restaurants are a common venue for social gathering, networking, a venue for friendly meetings, and business entertainment. Food consumption in restaurant provides an experience of excitement, celebration, and establishes strong social connections (Chow et al. 2007). Despite one’s affordability, there are a range of different local and more modern restaurants in Taiwan where families and individual customers with any level of income and taste can spend quality dining time. The recent Nielsen Global Online Survey (2009) reports that a majority of Asian countries prefer out-of-home socialising, and to this end, one in seven Taiwanese eats out every day or more than once a day. Given such popularity of dining out in the country and being part of everyone’s daily life, it is argued that people (customers) expectations, perceptions, and their overall assessment of restaurant services are significantly impacted and indeed shaped by their cultural norms

and traditions. This in turn establishes an appropriate venue for fulfilling our research aim to investigate the impact of culture on customers expectations of service quality.

In the service management literature, restaurants are viewed as a non-professional service. Here and like any other businesses, the primary task of service provider is to satisfy a customer's needs and want (Furrer et al. 2000). In this respect and given the close interaction between customer and service provider and individual differences between customers in terms of their expectations of restaurants services, one can assume a dominant customer-service provider context which can be characterised as: high power customers and low power service providers (restaurateurs). This implies that restaurant management and its staff not only need to understand fully their customers' feelings and concerns about food/non-food related service quality, but also need to provide extra care to cultural norms which dominate the hospitality industry and in particular establish a customer's code of behaviours. As our review of the literature reveals, several past research have shed light on such customer-service provider interaction in the light of Chinese cultural traditions (see Hoare and Butcher 2008; Lockyer and Tsai 2004; Mattila and Patterson 2004; Reisinger and Turner 2002; Ruetzler et al. 2009; Winsted 1997; Wong 2004). Due to the importance of interpersonal relationships in Chinese society and the fact that customers behaviours and attitudes are heavily influenced and shaped by the national cultural norms, hospitality industry in general and more specifically restaurants and food services in particular are deemed appropriate to demonstrate the impact of culture on service encounter. In light of such evidence, restaurant settings were therefore chosen as an ideal site to target our respondents.

To better understand out-of-home dining behaviours of customers and given the tendency of Taiwanese to do so – an indication of their local culture norms – this research selects two types of restaurant for the purpose of further comparison and elucidating related cultural norms: (i) five-star hotel chain restaurants, and (ii) local chain restaurants. In the interest of more reliable, valid and comparable results, the study selects only hotel *chain* and local *chain* restaurants not least because as 'chain' they provide a similar and consistent service package and delivery across all branches. Data also are collected from

three regions of Taiwan. Even though there are over 100 five-star hotels across the whole country, we focus on three main regions, namely, Taipei (the Northern region), Taichung (the Middle region), and Kaohsiung (the Southern region). In short, respondents in this study are customers of the five-star hotel chain restaurants and the local chain restaurants.

In respect of sample size, one has to take into account issues such the confidence level, the tolerable margin of errors, the types of statistical analyses, and the size of the total population from which the sample is drawn (Saunders et al. 2007). As the current study proposes several working hypotheses and the relevant constructs need to be precisely measured, it is therefore imperative to have an appropriate sample size which could provide quantifiable outcomes and generalizable results. In addition, due to using structural equation modelling (SEM) (Dorn and Polegato 2008), a reasonable sample size is vital not least because SEM is rather case sensitive. A general rule of thumb which is common in survey-based research suggests that the number of responses needs to be the number of parameters/items used in the survey instrument multiplied by five. It is also generally advisable that the “sample size should exceed 100 observations regardless of other data characteristics to avoid problematic solutions and obtain acceptable fit concurrently” (Nasser and Wisenbaker 2003:754). Accordingly, many researchers even recommend a minimum sample size of 200 respondents (e.g. Dillon et al. 1987; Marsh et al. 1998). In line with these recommendations and in an attempt to enhance the generalisability of the findings, a sample size of 524 was collected across both categories of restaurant settings (257 respondents for five-star hotel chain restaurants & 267 respondents for local chain restaurants).

5.8 Data collection method

Since Chinese are reported to reluctantly and unwillingly take part in academic research (Harzing 2000), a low response rate could be expected. Being a Taiwanese citizen whose first language was Chinese helped overcome this potential problem. Due to the familiarity of the researcher with the research context and in order to improve the response rate, this

study uses a combination of face-to-face and self-administration survey for data-collection as response rates of this method is very convincing. Face-to-face questionnaire survey provides the researcher the opportunity to effectively monitor participants to complete (in particular detailed ones) questionnaires. Our choice of data collection method is consistent with Groves' (1989) argument that face-to-face survey method is superior to self-administrated questionnaires in perceptual or attitudinal surveys. In addition, this data collection method results in a reasonable and acceptable length of data collection period (Czaja and Blair 2005; De Vaus 2002). In the interest of clarity and clarification of the employed face-to-face questionnaire survey method, Table 5.1 compares the advantages and disadvantages of face-to-face, postal, telephone, and web-based questionnaire surveys. As can be seen from the Table, response rate seems to improve when the mode of delivery is via face-to-face survey method.

Table 5.1 Advantages and disadvantages of postal, face-to-face, telephone and web-based questionnaire surveys

Mode of delivery	Face-to-face	Phone	Post	Internet
<u>Response rates</u>	Good/Very Good	Fair/Good	Poor/Good	Poor/Good
General samples	Good	Good	Good	Poor
Specialised samples	Good	Good	Good	Good
<u>Representative samples</u>				
Avoidance of refusal bias	Good	Good	Poor	Satisfactory
Control over who completes questionnaire	Good	Satisfactory	Satisfactory	Satisfactory
Gaining access to selected person	Satisfactory	Good	Good	Good
Locating selected person	Satisfactory	Good	Good	Good
<u>Effects on questionnaire design</u>				
Long questionnaires	Good	Satisfactory	Satisfactory	Satisfactory
Complex questionnaires	Satisfactory	Good	Poor	Good
Boring questions	Good	Satisfactory	Poor	Satisfactory
Item non-response	Good	Good	Poor	Good
Question sequence control	Good	Good	Poor	Good
Open-ended questions	Good	Good	Poor	Satisfactory
Sensitive topics	Fair	Fair/Good	Good	Poor/Fair
Nonthreatening questions	Good	Good	Good	Good
<u>Quality of answers</u>				
Minimise social desirability	Poor	Satisfactory	Good	Good
Make question order random	Poor	Good	Poor	Good
<u>Ability to minimise distortion due to</u>				
Interviewer characteristics	Poor	Satisfactory	Good	Good
Interviewer opinions	Poor	Satisfactory	Good	Good
Influence of other people	Satisfactory	Good	Poor	Satisfactory
Allows opportunities to consult	Satisfactory	Poor	Good	Good
Avoids interviewer subversion	Poor	Good	Good	Good

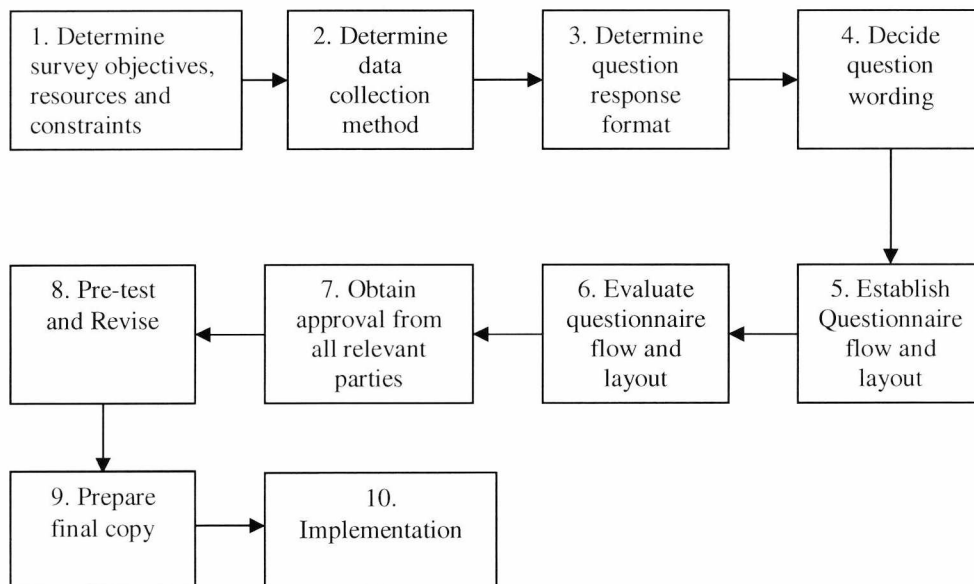
Mode of delivery	Face-to-face	Phone	Post	Internet
<u>Implementing the survey</u>				
Ease of obtaining suitable staff	Poor	Satisfactory	Good	Good
Length of data collection period	Medium/Long (4-12 weeks)	Short (2-4 weeks)	Long (10 weeks)	Very short/Short (1-3 weeks)
Cost	High	Low/medium	low	Very low

Source: Adapted from De Vaus (2002) and Czaja and Blair (2005).

5.9 Developing survey instrument

In line with McDaniel and Gates' (1998:268) recommendations about the questionnaire developing process (see Figure 5.3), several issues were taken into account to develop the questionnaire survey for the study.

Figure 5.3 Questionnaire developing process



Source: Adapted from McDaniel and Gates (1998:268)

Based upon an extensive review of the extant literature about the research phenomenon, and the primary objectives/questions of the study and a need for a questionnaire survey as a desirable means of exploring and examining the research questions, a draft questionnaire was prepared. This initial draft of the questionnaire was discussed in two separate meetings with relevant experts familiar with both academic and practical aspects of the research phenomenon. Overall, a group of both academic and practicing managers familiar and experienced with the topic and restaurant/foods services operations in the UK and Taiwan were consulted. The expert panels were asked to assess the questionnaire, especially, the five dimensions of service quality (see Parasuraman et al.

1988), and its applicability to the restaurant industry. Of the expert panel in Taiwan, 2 were academics, 2 were owners of the local restaurants and the remaining 2 were managers at local chain restaurants with sufficient work experience in hotel restaurants. The academic members of the panels had research interests in hospitality and in particular food services. In short, the expert panels were requested to provide suggestions on the appropriateness of questionnaire and in particular whether the five dimensions of service quality covered all the aspects of service quality and delivery which were deemed essential to customer's expectations and perceptions of restaurant services; whether the questionnaire tool could shed light on the overall assessment of service quality from a customer's point of view; whether the questionnaire would reflect on industry-specific features. Finally, they were also asked to suggest ways to improve the questionnaire in terms of structure and wording – e.g. adding new items, sections, or even deleting items which were deemed unnecessary or repetitive. In addition to expert panels, customer-contact employees of several restaurants were also asked to evaluate the service quality section and to give suggestions for further refinement of the draft questionnaire. In this respect, the customer-contact staff were asked to think of situation where customers needed more help, feel more comfortable or otherwise with the service, as well as actions taken by the staff to respond to a customer's concerns.

With regard to the section on the Chinese cultural values of the questionnaire, both the panel members and customer-contact employees were asked to comment on whether the items could take place during service delivery, and what situations or factors would result in service success and failure; what situations or factors would lead to customers' pleasant and unpleasant experiences.

In light of the panel's comments, a range of recommendations were offered as follows. Although the members found the service quality dimensions section to be rather thorough in its coverage of the relevant service quality facets of restaurants in Taiwan, they suggested to add several other items relevant to service quality section. With reference to Chinese cultural values, they also stated that these items could impact on the customers expectations of service quality. Although we initially decided to include

all elements and values of Chinese culture, the panel members only found *mien-tzu* (面子), *guanxi* (關係), and *hé* (和) to be of critical importance with regard to the interface and interaction between the service providers and customers and more importantly their relevance to the international business and those international managers who wish to operate in hospitality sector in Taiwan. The remaining parts of the questionnaire (e.g. service expectations, satisfaction, value for money, and behavioural outcomes), were all found to be satisfactory to represent what the research intended to measure. In only a couple of statements, the panel members suggested rephrasing or more clarity in the statements.

In short, based upon the comments from the panel members and customer-contact staff of the restaurant, their inputs and comments were incorporated and the draft questionnaire was adjusted accordingly and finally deemed appropriate and capable in terms of purpose, structure, wordings, content as the primary research instrument for collecting data from the customers of restaurant industry.

5.10 Details of the survey instrument (the questionnaire)

Having obtained approval from all relevant parties invited for reviewing and revising the questionnaire, the final version consisted of seven sections: background information, service expectations, Chinese cultural values, service quality, satisfaction, value for money, and behavioural outcomes. Each of these sections is discussed below.

Background information section: In the first section, apart from respondents' information and profile, the research inquired some questions about their dining experience/behaviour in the restaurant setting. For example, respondents across both the five-star hotel chain restaurants and local chain restaurants were asked to provide answer to questions such as "*How often do you go to different restaurants?*", "*How often do you go to this restaurant?*", and "*Do you come here alone or with others?*"

Additionally, questionnaires for five star hotel chain restaurants were added an additional question, which asked “*Do you stay in the hotel?*”.

Service expectations section: In the second section, determinants of service expectations (labelled as service expectations in the questionnaire) contained ten items which were mainly taken from past relevant research such as Devlin (2002), Clow et al. (1997), and Bebeko et al. (2006) (and revised in light of the panel member’s comments to suit the specific context of the restaurants in Taiwan). This section attempts to understand what kind of determinants impact on customer service expectations. As mentioned earlier, prior research on the subject (Zeithaml et al. 1993) found past experience, word of mouth, explicit service promises, and implicit service promises to be the major determinants and influential factors of service expectations. Accordingly similar statements were incorporated in the service expectations section of the questionnaire. Of the ten items in this section, the first three items explored and measured the impact of past experience on a customer’s service expectations of the restaurant operations; two items intended to test whether a word of mouth approach (e.g. by friends, families, and third parties) impacted on a customer’s service expectations of restaurant operations; another two items were used to measure the impact of explicit service promises such as the advertisement and receiving promotional leaflets on a customer’s service expectations of the restaurant operations; the final three items were utilised to assess the implicit service promises, thereby examining whether restaurant staff’s dressing code policy, the appearance and physical environment of the restaurant, and the price offered by the restaurant affected the customers service expectations of the restaurant operations.

Chinese cultural values: The third section of the questionnaire relates to the Chinese cultural values. It consisted of three cultural values or norms, namely, (i) *mien-tzu*, (ii) *guanxi*, and (iii) *hé*. The measure of *mien-tzu* comprises of four items taken from several related studies such as Qian et al. (2007), Hoare and Butcher (2008), and Lockyer and Tsai (2004) – to name but a few. Of these, two items aim to measure whether staff of the restaurant respect customers under any circumstance. The other two

items test whether a customer thinks that the restaurant gives him/her personalised service, and even special service where the routine and existing rules of the restaurant is ignored in order to fulfil the customer's request, thereby making a customer giving *mien-tzu* and feeling special. In order to measure *guanxi* (the second element of Chinese cultural values), four items were utilised based on work of, among others, Lockyer and Tsai (2004) and Qian et al. (2007). The *guanxi* construct emphasises on the individual level of relationship between the staff and customers in the restaurant. It measures whether a customer can get something special by *guanxi*, whether a customer can get high level of service and feel less dissatisfied because of *guanxi*, and whether a customer increases the frequency of visiting a restaurant because he/she is familiar with the staff or has *guanxi* with the staff. The operationalisation of *hé* as the third element of Chinese cultural values with five items is derived from Hoare and Butcher's (2008) study who intended to measure *hé* as a construct that reflected on the harmonious relationships in the context of Chinese dining culture. The three items taken from Hoare and Butcher's study focus on the importance of 'slow eating' and good interaction with staff in the Chinese dining culture. The *hé* construct tests whether a customer can maintain a harmonious atmosphere as there is a problem with service, whether a customer feels that slow eating can reflect on a sort of harmonious and elegant atmosphere in the Chinese dining culture, and whether it is important for customers to preserve the dignity of the restaurants staff to keep a harmonious atmosphere. In addition to those items adopted from Hoare and Butcher's (2008) work, another two items are also added to measure the *hé* construct. These added items were derived from the discussion with expert panel members. More specifically, they examine whether a customer can tolerate poor quality meals or poor quality service with complaint, and whether a customer can not complain as the staff make mistakes.

Service quality: The fourth section of the questionnaire is associated with service quality. Based on a revised and modified version of SERVQUAL, a two-column format is employed for measuring customer expectations and perceptions of service quality. Whilst SERVQUAL is employed widely for measuring customer expectations of services, it has been criticised on a number of grounds (see Chapter 3: Service Quality).

Our rationale for using the customised SERVQUAL scale is due to the fact that it has been extensively used in a variety of service settings both within English and non-English-speaking countries (Hoare and Butcher 2008; Tsang and John 2007; Winsted 1997). In this respect, more recent research indicates that services and marketing scholars of Non-English speaking countries with less individualistic cultural norms rely heavily on using customised SERVQUAL scale as their primary metrics for measuring customer expectations and perceptions of service quality characteristics (see Carrillat et al. 2007). Carrillat et al. (2007) also suggest that non-English speaking countries as well as those conducted in other countries rely on modified versions of the SERVQUAL scale. In a similar vein, service quality section of the questionnaire utilises the customised SERVQUAL five dimensions based on earlier work (Kim et al. 2006; Oubre and Brown 2009; Stevens et al. 1995) to examine customer expectations and perceptions of restaurant services in Taiwan. In order to measure customer expectations and perceptions of service quality, the SERVQUAL scale is built upon five dimensions, namely, (i) tangible, (ii) reliability, (iii) responsiveness, (iv) assurance, and (v) empathy. The measure of **tangible** consists of 13 items. It was adopted from the original Parasuraman's (1988) seminal paper and modified in the light of Stevens et al.'s (1995), Oubre and Brown's (2009) and Kim et al.'s (2006) extensions to Parasuraman's (1988) work. For example, instead of the three original items from Parasuraman's (1988) SERVQUAL scale, 3 items on the questionnaire were derived from Stevens et al. (1995) study of 'DINESERV as a tool for measuring service quality in restaurants'. So, of the 13 items, our questionnaire employed Stevens et al.'s (1995) three items for measuring tangible aspects of service quality dimensions. These are: "*The restaurant has visually attractive parking areas and building exteriors.*", "*The restaurant has a visually attractive dining area.*", and "*The restaurant has a décor in keeping with its image and price range*", Instead of those items suggested by Parasuraman (1988): "*They should have up-to-date equipment.*", "*Their physical facilities should be visually appealing.*", and "*The appearance of the physical facilities of these firms should be in keeping with the type of services provided.*" However, during the course of consultation with the expert panel members and customer-contact staff, the first item (i.e. *The restaurant has visually attractive parking areas and building exteriors*) was suggested to be split into

two items, (i) *“This restaurant has visually attractive parking areas.”*, and (ii) *“This restaurant has visually attractive building exteriors.”* This was because the panel members believed that this would make the statement more clear and easy to understand by the participants. Moreover, experts suggested that tangible aspects of the restaurant could include an exterior and interior appearance of tangible facilities. Accordingly, the necessary changes were made to the draft questionnaire. In doing so, based on several related past research, namely, Stevens et al. (1995), Qubre and Brown (2009), and Kim et al. (2006), another five items related to tangible dimension were adopted: (i) *“This restaurant has a menu that is easily readable.”*, (ii) *“This restaurant has a dining area that is comfortable and easy to move around in.”*, (iii) *“This restaurant has rest rooms that are thoroughly clean.”*, (iv) *“This restaurant has dining areas that are thoroughly clean.”*, and (v) *“This restaurant has comfortable seats in its dining area.”* In addition to tangible aspects of restaurant services, all panel members also strongly believed that restaurant was mainly a place for dining (i.e. serving meal and drink) and therefore food should be the most important factor to influence a customer’s feeling about the overall service quality of the restaurant. This suggestion was line with the findings of the extant literature on the subject (Kim et al. 2009a; Kim et al. 2009b; Mamalis 2009; Tam 2005). Therefore, it was suggested that food quality needed to be taken into account for assessing service quality of the restaurant. Several other studies have also highlighted the importance of food quality in restaurant industry as a major determinant of customer expectations and perceptions of the overall service quality (e.g. Liu and Jang 2009; Mamalis 2009; Namkung and Jang 2008; Qin and Prybutok 2009). Based on these concerns and insights gained from Kim et al.’s (2006) current study, the paramount importance of tangible aspects of restaurant services was then formulated and another 3 items were finally added to the questionnaire to measure the tangible aspects of service quality in restaurant. These are: (i) *“This restaurant offers excellent taste of food.”*, (ii) *“This restaurant offers excellent appearance of food.”*, and (iii) *“Quality of food and beverage is consistently high.”*

The operationalisation of **reliability** with five items was adapted from Stevens et al. (1995) and Qubre and Brown (2009) (see also Parasuraman 1988). It should be noted

that the Stevens et al.'s (1995) and Qubre and Brown's (2009) scales are both based on original Parasuraman's (1988) SEERVQUAL index and were later customised to fit their own organisational settings. Of these 5 items, three items (Stevens et al. 1995) measure *the extent to which the restaurant can quickly correct a failed service and rectify the problem, serve customers' food exactly as they ordered it, and whether the restaurant is dependable and consistent*. Another item was adopted from Qubre and Brown (2009) to test "*whether the bill of the restaurant is accurate*" instead of "*They should keep their records accurately.*" from the SERVQUAL scale. The remaining item adopted from Parasurman et al. (1988) which measured "*whether the restaurant can provide the service at the time they promise*".

The measure of **responsiveness** consists of 4 items. The first 2 items adopted from Qubre and Brown (2009) for testing "*the extent to which the staff of the restaurant pay attention to customers at the appropriate time*", and "*the staff help each other maintain good service quality*". The third item was taken from Stevens et al.'s (1995) study to measure "*the extent to which the staff are willing to give more effort and put into place resources to handle customer's personal requests*". The fourth item was adopted from Parasuraman et al. (1988) which tested "*whether the staff of the restaurant are willing to help customers*".

The operationalisation of **assurance** with 4 items was derived from several studies, namely, Stevens et al. (1995), Qubre and Brown (2009), and Parasuraman (1988) as well as expert panel members' suggestions. The 2 items (taken from Stevens et al. 1995) measured "*the extent to which a customer feels confident and comfortable with the restaurant during service delivery*", and "*whether the restaurant supports the staff which can lead to doing their jobs well*". Another item (taken from Qubre and Brown, (2009) is intended to test "*the extent to which the staff of the restaurant are well-trained, competent, and experienced so that they can offer good quality service to customers*". Finally, the fourth item (derived from the discussion with the expert panel members) aimed to measure "*the extent to which a customer believes that this restaurant can resolve his/her requests completely*".

The measure of **empathy** was composed of 5 items which were mainly based on Parasuraman's (1988) SERVQUAL scale. Later, Stevens et al. (1995) and Qubre and Brown (2009) adjusted them to fit in the industry-specific attributes of their own research. So the operationalisation of empathy was based on Stevens et al.'s (1995) and Qubre and Brown's (2009) earlier work. Of the 5 items, the first 3 items were intended to measure "*the extent to which the staff are concerned about a customer's individual needs and wants, make him/her feel special, and that the staff have a customer's best interests at heart*". A fourth item of empathy (taken from Stevens et al. (1995) assessed "*the extent to which the restaurant anticipates a customer's individual needs and wants*". The final item was adopted from Parasuraman et al. (1988) to test "*whether the restaurant operating hours are convenient to all its customers*".

The operationalisation of **satisfaction** with 4 items was derived from Oliver (1980). They were employed to measure "*the overall satisfaction of service encounter in the restaurant*". More specifically, their primary focus is on "*the customers' feeling about coming to this restaurant, good decision-making to have a meal in this restaurant, and satisfaction with the overall services provided by this restaurant*".

The construct of **value for money** with 5 items was adjusted from Butcher et al. (2001) where the authors utilised them in measuring customer perceived value for money in the hospitality sector. The five items assessed whether the price and food offered by the restaurant was worthy with a comparison of the price a customer pays. More specifically, they are intended to measure "*whether the meal is at very reasonable price, the meal is very good value for money, the restaurant provides a good service for the price, the food I served was a good meal, and the meal at this restaurant appears to be a reasonable bargain meal*".

The final section of the questionnaire pertains to **behavioural outcomes** which include factors such as "*positive word of mouth, loyalty, willingness to pay more, complaint, repurchase intention, and tendency to switch to other service providers (i.e. switching intention)*". Such classification of customers behavioural outcomes is derived from

Zeithaml et al.'s (1996) study. Further extensions and applications of Zeithaml et al.'s (1996) work were made by several other authors, namely, Liu et al. (2001), Kim et al. (2006), Bigne et al. (2008), Ngai et al. (2007), Grace and O'Cass (2005), Namkung and Jang (2007), and Lin and Mattila (2006). So the operationalisation of behavioral outcomes with six elements was adopted from all the aforementioned studies followed by some minor amendments suggested by the expert panel members. The construct of **positive word of mouth** with 3 items is taken from Liu et al. (2001) and Kim et al. (2006). It measures "*whether a customer shares his/her feelings about the service encounter with others*". The construct of **loyalty** is also taken from Liu et al. (2001) and Kim et al. (2006) with 3 items with reference to "*a customer's first choice where competitors' good offers are also available*". The operationalisation of **willingness to pay more** is adapted from Zeitham et al. (1996) and Bigne et al. (2008) with 4 items testing "*whether a customer still dines in the same restaurant when its price increases or other competitors run special offers*". The construct of **complaint** is partially adapted from Ngai et al. (2007) who reports that Asian people are less likely to complain to the service providers. Consumer complaint behaviour is demonstrated through three types of behaviours, namely, doing nothing, taking private action, and taking public action. Each of these 3 items presents three types of complaint behaviour on the part of customers. However, it is suggested that a customer may not complain about poor service quality not least because he/she will not go to the restaurant for dining any more. Such interpretation of the customer behaviour results in developing an additional item to describe this situation. To reflect on this issue, the following question is added to better measure the complaint construct: "*I do not report my dissatisfaction to the restaurant manager. Instead, I will not visit the restaurant again*". The measure of **repurchase intention** with 4 items is derived from Grace and O'Cass' (2005) and Namkung and Jang's (2007) studies where they are intended to measure "*whether customers are likely to come back to this restaurant again or in the future*". Finally, the measure of **switching intention** with 4 items is adapted from Lin and Mattila (2006). They are intended to measure "*whether customers will switch to other restaurants if they find other good restaurants, if cost relevant to switching restaurant in terms of time and money is high and if it is not a hassle for them*".

A summary of the measurement scale with the primary sources for each construct and item is given in Table 5.2. As Table 5.2 briefly shows, and the aforementioned section discusses it in further details, the questionnaire is composed of seven parts. The first part is designed to find out about the respondents' background. The remaining six parts are intended to measure the impact of cultural traditions and values on the respondents' expectations and perceptions about quality of services offered by the restaurants, as well as evaluating customers overall satisfaction, customers perceived value for money, and customers behavioural intentions. Based on a review of the extant literature particularly the widely adopted SERVQUAL scale (see from Parasuraman 1988; Zeitham et al.1996) the initial draft of the survey instruments was developed and subsequently modified and customised through detailed discussion with a group of experts so that the survey instrument was finally deemed appropriate for and applicable to the restaurant setting and context – i.e. five star hotel chain restaurants and local chain restaurants in Taiwan.

The questionnaire adopts the most widely used scale in survey research –i.e. the Likert scale. Respondents are asked to specify their level of agreement to a statement based on a 7-point Likert scale, where “1” refers to “strongly disagree” and “7” refers to “strongly agree” for all sections with the exception of the first part of the questionnaire - i.e. Section on the respondents' background information. Prior to data collection, the instrument was translated from English into Chinese and translated back to English from Chinese to make sure that a high degree of consistency of each item in two languages was maintained and the appropriateness of the translation was optimal.

Table 5.2 Measurement Scale

Construct		Source	Items
Determinants of Service Expectations	Past experience	Devlin et al. (2002) Clow et al. (1997)	3
	W.O.M	Clow et al. (1997)	2
	Explicit Service Promise	Devlin et al. (2002)	2
	Implicit Service Promises	Devlin et al. (2002) Bebko et al. (2006)	3
Chinese Cultural Values	Mien-tzu	Qian et al. (2007) Hoare and Butcher (2008); Lockyer and Tsai (2004)	4
	Guanxi	Lockyer and Tsai 2004; Qian et al. 2007	4
	Hé	Hoare and Butcher 2008	5
Service Quality		Parasuraman 1988; Stevens et al. 1995; Qubre and Brown 2009; Kim et al. 2006.	31
	Tangible		13
	Reliability		5
	Responsiveness		4
	Assurance		4
	Empathy		5
Satisfaction		Oliver 1980	4
		Butcher et al. 2001	5
Value for Money Behavioural Outcomes	Positive W.O.M	Liu et al. 2001; Kim et al. 2006	3
	Loyalty	Liu et al 2001; Kim et al. 2006	3
	Willingness to Pay More	Bigne et al. 2008; Zeithaml et al. 1996	4
	Complaint	Ngai 2007	4
	Repurchase	Grace and O’Cass 2005;	4
	Intention	Namkung and Jang 2007	
	Switching intention	Lin and Mattila 2006	4

5.11 Pre-testing and modifying the instrument

Upon completion of the survey instrument, a pilot test was conducted (i) to assess the reliability of the scale, (ii) to ensure of the comprehensiveness of the content, and (iii) to make certain of the correct wordings of the questionnaire. To this end, thirty-two questionnaires were distributed and thereafter completed by the restaurants customers. During such pilot test, the following issues and concerns were raised by the respondents and subsequently were incorporated in the revised draft of the questionnaire and handled appropriately.

1. In the draft questionnaire some reverse scales were employed to ensure that the respondents would answer/tick the correct category. However, in the pilot test participants found such reverse scale to be rather confusing and complex particularly with regard to service quality section. Accordingly, the reverse items were not employed in the service quality section.
2. The respondents found the questionnaire to be rather lengthy and time consuming to be fully completed. Indeed, it took each respondent some 30 minutes to complete a single questionnaire. Whilst extra care was taken to shorten the questionnaire, it was finally decided to offer a small incentive in order to encourage the respondents to fully cooperate with the research team and complete the questionnaire.
3. Initially, in an attempt to precisely measure the respondents' views, items of each section of the questionnaire were mixed. However, the respondents raised their concerns and found it hard to follow. Hence, they all suggested to put relevant items together under clear headings/titles not least because this resulted in both saving time and increasing their willingness to complete the whole questionnaire.
4. The statement "*As I receive promotional leaflets, I believe that the restaurant will undertake this offer.*" from 'the service expectations scale' was considered to be rather

vague in Chinese and was subsequently rephrased to read “*I believe that the restaurant will provide this offer which is shown on the promotional leaflets*”.

5. Statements such as “*I have good impression of this restaurant because of its staff’s dress code policy.*” and “*I have good impression of this restaurant because of its staff’s dress*” were considered identical. Of these two, therefore, the second statement “*I have good impression of this restaurant because of its staff’s dress*” was used in the Chinese version of the questionnaire.

6. One item of Chinese cultural values, “*Complimentary food and drink, favourable comments and bending rules for fulfilling my requests in the restaurant, make me feel special.*” was also found to be almost incomprehensible. To overcome such problem, the statement was rephrased as follows: “*The restaurant gives me remarkable services which make me feel special (such as free food and drink, great admiration and extra services exceeding its policies)*” was used in Chinese version.

5.12 Purification of the instrument

Churchill (1979) and Gerbing and Anderson (1988), among others, advise advocates of quantitative research who adopt survey instrument as their primary means of data collection to use Cronbach Alpha (or Cronbach's α) (see Cronbach 1951), and item-total correlation to measure the internal consistency or reliability of each of the items of the scale. Accordingly, the current study used the coefficient alpha for each of the constructs to determine whether the selected items represented each of the main dimensions based on the ‘increase of coefficient alpha if item deleted’ criterion (Pallant 2001). Item-total scale correlations analysis was completed and represented the correlation of individual items with the sum of all other items in the scale to ensure internal consistency and reliability of the scale and accordingly items with low item-total ($r < 0.40$) correlation were dropped (Nunnally 1994).

As shown in Table 5.3, the initial analysis of the main constructs of the questionnaire (see Table 5.3), reveals that the overall Cronbach's alpha of the determinants of service expectations is 0.751; that of Chinese cultural values is 0.809 after removing the item 12th; that of perceptions and expectations of service quality is over 0.95; satisfaction's Cronbach's alpha without the first item is 0.896; reliability of value for money is 0.852 after taking off the fourth item; and the overall Cronbach's alpha of behavioural outcomes without item 12th and 16th is 0.909. After removing items and final refinement, the reliability of all dimensions of each construct is over 0.7 – an indication of high reliability of the constructs (Nunnally 1994).

Table 5.3 Reliability of the constructs in the pilot test

Construct	Deleted items	Cronbach's Alpha
Determinants of Service Expectations		0.751
Past Experience		0.745
Word-of-Mouth		0.730
Explicit Service Promises		0.704
Implicit Service Promises		0.865
Chinese Cultural Values		0.809
Mien-tzu		0.740
Guanxi		0.728
Hé	Question 12	0.779
Expectations		0.976
Tangible		0.934
Reliability		0.906
Responsiveness		0.879
Assurance		0.956
Empathy		0.916
Perceptions		0.965
Tangible		0.890
Reliability		0.884
Responsiveness		0.878
Assurance		0.937
Empathy		0.889
Satisfaction	Question 1	0.896
Value for money	Question 4	0.852
Behavioural outcomes		0.909
Positive Word-of-Mouth		0.893
Loyalty		0.799
Willingness to Pay More		0.910
Complaint	Question 12	0.945
Repurchase intention	Question 16	0.886
Switching intention		0.750

5.13 Survey administration

Upon designing the survey instrument and assessing the reliability and validity of its key constructs and their associated items, an attempt was made to increase the response rate. To this end and taken into account concerns such as cost, information control (variation to responses to questions), sampling control (ability to select cooperative respondents) and administrative control (factors affecting the efficiency of the survey such timing, quality control and standardization), a face-to-face survey technique was employed as the primary means of administering the survey. Despite being expensive and time consuming compared to other survey administration methods (e.g. mail questionnaire, telephone interview, and internet survey), this method has resulted in a very high a desirable response rate (the ratio of questionnaires received to the number of questionnaires distributed). In using this method, all respondents were offered a small incentive (gift) as a means to encourage their willingness to fully complete the survey. The research team was composed of the principal investigator (PI) and another six research assistants (RA) who were postgraduate students and employed by the PI to distribute the questionnaires to the potential respondents. Each of the RAs had first degree in marketing and management. At the time of the research and data collection, they were studying MSc marketing and service management at a well-established local university. They attended research methodology courses in social sciences and particularly were familiar with research methods in the general field of business administration. All had experience not only with data collection but also conducting their own research under the supervision of several senior academics in similar areas of marketing and service management fields. More importantly, all had experience with data collection from customers of hospitality sector particularly the hotels and local restaurants and foodservices. Prior to distributing the questionnaires to the potential respondents, the RAs were asked to attend a half-a-day briefing meeting with both the PI and a senior academic who were teaching and mentoring the RAs at the local university (the senior academic was one of the members of expert panel who advised the PI on designing and developing the questionnaire). During the meeting, the primary aims of the research were explained, the questionnaire instrument was discussed in

terms of both the layout and the content, and more importantly, the responsibilities of the RAs were clearly illustrated. The RAs were asked to deliver the questionnaires to potential customers during their main meals of the day –i.e. lunch and dinner. The questionnaire was given to customers while they were waiting to be seated. Prior to handing in the questionnaires to the potential respondents, each RA was advised to briefly explain the aim of the study and the content of the questionnaire and to make sure that the potential respondents were interested in participating in the research. During the initial contact with the potential respondents and explaining the research aims, the RAs also offered a small gift as a means of appreciation of their time and cooperation.

Those customers (potential respondents) who showed interest in filling out the questionnaires were asked to fill in the ‘Service expectations section’ (i.e. Determinants of service expectations) and ‘Service quality section prior to ordering their meal (i.e. before serving meal. They were also asked to complete the rest of the questionnaire once they had finished their meal.

Those respondents who were willing to complete the questionnaire were advised to contact the RAs in case they had any questions. But all RAs were also advised to respect the privacy of the respondents and leave it to their own discretion to whether complete the questionnaire or not. In doing so, the potential respondents were advised to leave the completed questionnaire at the restaurant cashier counter where prior arrangements were made with the management of the restaurant. The RAs were advised to sit somewhere away from the direct observation of the respondents but easy to access in case of the respondents’ needs. Based upon the respondents’ request, confidentiality and anonymity were promised and maintained.

Overall, the data collection lasted some five months (Mid-September 2009 to Mid-February 2010). During a two-stage process, the data were collected from the customers of the five star hotel chain restaurants and local chain restaurants who were residing across three regions of Taiwan –i.e. North region (Taipei), Middle region (Taichung),

and South region (Kaohsiung). In stage 1 which lasted 2 months, some 227 questionnaires were collected from the customers of both restaurant settings. Given our initial target of a minimum of 500 questionnaires and low response rate of stage 1, another 297 questionnaires were collected during stage 2 which lasted over 3 months. In short, the overall response rate across both restaurant settings was comparable to previous similar studies where the average response rate ranged from 17% to 30% (e.g. Smith et al. 1999; Andaleeb and Conway 2006; Smith and Bolton 1998, 2002; Atkinson 1988; Bowen and Chen 2001; Wolak et al. 1998; Caruana 2002). Indeed our response rate was quite higher than a majority of self-administered survey instruments of past similar research in restaurant and food services in both Taiwan and elsewhere. This was largely attributed to the adopted approach to survey administration and initial briefing of the potential respondents by the research team.

5.14 Summary

In order to empirically test the working hypotheses proposed in Chapter 4 and analyze the relationships between the associated research variables, this chapter (Chapter 5) has outlined the adopted philosophical position and methodological approach. More specifically, given the nature of the research questions and aims of the study – i.e. the impact of Chinese cultural values on customers expectations towards service quality and the resultant implications for customers satisfaction, perceived value for money and the customers behavioural outcomes – a philosophical position which hinges on positivism has been deemed appropriate for the current study.

Accordingly, a questionnaire survey was utilised as the major data collection instrument. Despite its limitations in terms of depth of information where respondents can not provide more detail information and instead they only can provide standardised answers, it was found to be the most appropriate method of data collection instruments for several reasons, namely, accommodating the large sample chosen for the study, time

constraints, and more importantly, allowing the researchers to provide questions that could rigorously be analysed.

Utilising the questionnaire as the primary means of data collection, the current study adopts a cross-sectional approach to data collection from restaurant/foodservices industry in Taiwan. Restaurant industry and food services are chosen not least because of the industry specific attributes such as high-customer contact environment and both intangible and tangible nature of its service offerings. More specifically, given the primary focus of the current research on the impact of Chinese cultural traditions on customers expectations and perceptions of service quality, the choice of restaurants and foodservices is closely interlined with the Chinese culture as restaurants are deemed quite popular and common venues for business and social gatherings and particularly a means of shaping social connections among Chinese people. Clearly, the very high customer-employee (referred to as human) interaction in this business environment can display the peculiarities and indeed the impact of cultural influences in people's way of assessing restaurant services. With regard to restaurants and foodservices as the focus of our data collection, five star hotel chain restaurants and local chain restaurants were chosen across three regions in Taiwan to represent a wider community of the respondents and consumers of the food services.

Regarding the data collection methods, a paper-and-pencil questionnaire administration, where the researcher was available, was adopted. Although this is similar to a face-to-face questionnaire administration, none of the questions were presented orally by the researcher. Instead, the researcher only handed in the questionnaire, responded to any questions on the part of the respondents, and finally collected the completed questionnaires from the cashier counter of the restaurants. In designing the seven sections (i.e. individual background information, service expectations, Chinese cultural values, service quality, satisfaction, value for money, and behavioural outcomes) and format of the questionnaire, the insights of a panel of experts were sought ensued by a pilot test, purification of the questionnaire, and therefore a questionnaire with high reliability was designed.

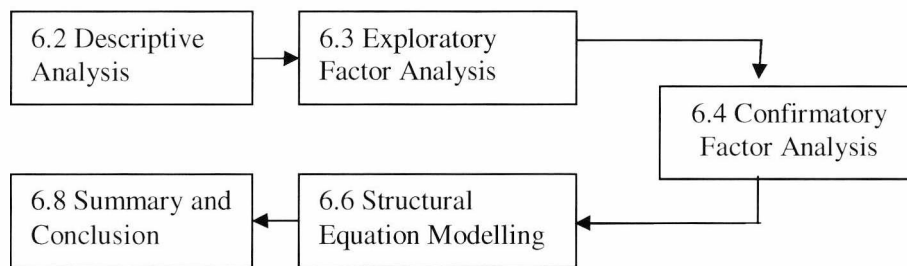
Using the final version of the questionnaire, the data were then collected from customers in the five-star hotel chain restaurants and local chain restaurants, resulting in response rates of 31% and 42% accordingly. The collected data were finally analysed by SPSS and LISREL software using descriptive and inferential statistics methods. In this regard, the following chapter (Chapter 6) provides a detailed analysis of the results of the questionnaire survey.

Chapter Six: Data analysis and results

6.1 Introduction

Having discussed the positivist methodological approach for the current study and using a combined face-to-face and self-administrated questionnaire survey (after in-person briefing by the research team) as the most appropriate data collection method to gather quantitative data, chapter 6 now makes an attempt to analyse the collected questionnaire data. Given the diversity of the statistical procedures and methods adopted for analysing the data, the chapter is divided into five sections.

Figure 6.1 The structure of this chapter



As shown in Figure 6.1, the chapter starts with presenting a descriptive analysis where the characteristics of the respondents, their dining experiences, and profiles of the five-star hotel chain restaurants and local restaurants are presented. Then, in order to verify the measures used for assessing the key research constructs –i.e. Chinese cultural values, service quality (expectations and perceptions), determinants of service expectations, satisfaction, value for money, and behavioural outcomes – exploratory factor analysis (using principal components analysis) is utilised. Next, in an attempt to confirm the factor loading and assess the model fit, conformity factor analysis is employed and reliability and validity are examined. Using structural equation modelling data are further analysed to test the hypotheses and validate the proposed conceptual framework.

Finally, the chapter concludes with outlining a summary of the key issues governing the analysis of the data for the current study.

As mentioned earlier, data were collected from respondents (i.e. customers) of two types of restaurant (five-star hotel chain restaurants & local chain restaurants). The respondents were residing across three regions in Taiwan, namely, Taipei (North), Taichung (Middle), and Kaohsiung (South). More importantly, they were different in terms of several demographical variables such as gender, age, marital status, education, occupation, and salary. Due to such demographical diversity of the respondents, we had to ensure whether there were any significant differences between the data collected across the three regions. Accordingly, prior to conducting factor analysis and confirmatory factor analysis, a series of chi-square tests were employed across the three regions based upon different demographic variables. Analysing the chi-square test results, no significant difference were observed between the respondents of the five-star hotel chain restaurants and local restaurants across the three regions ($p>0.05$) individually. Given no significant differences, we then combined the three regional datasets into a single one for further analysis.

6.2 Characteristics of respondents

A descriptive overview of the respondents of both five star hotel chain restaurants and local chain restaurants in respect of region, marital status, income, occupations, age, education, and gender is shown in Table 6.1. As Table 6.1 indicates, nearly half of the respondents are from northern area (Taipei) and the remaining half are residing in the middle and southern regions of Taiwan. Such distribution of the respondents is expected not least because northern region or Taipei is over populated compared to the rest of the country. In addition, Taipei as the capital of Taiwan has attracted a range of businesses over the past two decades. Of these restaurants and foodservices appear to be booming and developing very rapidly thanks to the existence of sensibly higher demand for food services and more importantly growing tendency of Taiwanese for out-door dining in

both well-established, traditional local chain restaurants and modern world-class hotel chain restaurants.

Interestingly, the majority of our respondents of both five star hotel chain restaurants and local chain restaurants are female (accounted for 57.6% and 61.8%, accordingly). Such statistics are not uncommon given that, women usually do the cooking activities at home. In other words, women decide whether to dine out or eat at home; female employees have more tendencies to dine out. 8% of the respondents of five star hotel chain restaurants have university and above level qualifications. In comparison, the respondents of local chain restaurants possess senior high school (27.7%) and university level (49.8%) qualifications. Such tendency on the part of highly educated respondents to choose five-star hotel chain restaurants can be explained in terms of their affordability. In other words, the scale of salary is tightly linked with the university qualifications and those of higher qualifications are on high salary scale – an indication of their affordability to dine out at more expensive hotel restaurants.

In the five star hotel chain restaurants, the respondents' age ranges from 20 to over 65. Whilst some 71.9% of the respondents of the five-star hotel chain restaurants are married, 69.6% of the respondents of local restaurants are single. One explanation for such married people's tendency to use five-star hotel chain restaurants could be linked to the extremely important role of family relations in the collective societies such as Taiwan (Hofstede 1994). So, decision to dine out and where to dine out are made with family or group members – an indication of a need to conformity and compliance to social or group norms (see Chung and Mallery, 1999). Clearly those respondents who dine out at local chain restaurants do not have to follow any group norms and instead they follow their own individual preferences. They choose to go to local restaurants as they are rather cheaper and deemed essential for further socialising with local people. As Table 6.1 shows, occupations of the respondents of five star hotel restaurants (e.g. 23% of the respondents were executive, 25.3% self-employed, 20.6% white collar, 3.5% blue collar, 8.9% professional, 9.3% civil servant, 4.3% retired or unemployed, and 5.1% had other occupations) are more diverse compared to the respondents of local

chain restaurants. On the contrary, those samples of local chain restaurants are mostly white-collar (21.3%) employees, professional (16.1%), civil servant (16.5%), retired or unemployed (13.9%) and others (24.3%). Clearly, occupations of the respondents of five star hotel restaurants provide them a higher level of affordability, thereby encouraging them to use top quality five star hotel restaurants. Accordingly, it is then not uncommon to see a great number of the respondents of local chain restaurants to be very keen to use local food services not least because of their rather cheap prices. Finally, as Table 6.1 indicates, monthly salary for nearly half of the respondents of five star hotel restaurants (47.9%) are between NT\$30,000 to NT\$59,999. Interestingly, approximately half of the respondents (49.4%) of local chain restaurants receive the same salary level (between NT\$30,000 to NT\$59,999). However, whilst the monthly salary for the respondents of five star hotel chain restaurants ranges from NT\$30,000 to over NT\$100,000, in the local restaurant setting, the respondents' monthly salary ranges from NT\$17,280 to NT\$59,999.

Table 6.1 Demographic characteristics of respondents

Area	Five star chain hotel restaurant		Local Chain restaurant		Total
	Frequency	%	Frequency	%	
Northern (Taipei)	128	49.8%	115	43.1%	243
Middle (Taichung)	84	32.7%	90	33.7%	174
Southern (Kaohsiung)	45	17.5%	62	23.2%	107
Total	257		267		524
Education					
	Frequency	%	Frequency	%	
Elementary school	0	0%	5	1.9%	5
Junior high school	5	1.9%	8	3%	13
Senior high school	29	11.3%	74	27.7%	103
College/University	154	59.9%	133	49.8%	287
University (post-graduate) or above	69	26.8%	47	17.6%	116
Gender					
	Frequency	%	Frequency	%	
Male	109	42.4%	102	38.2%	211
Female	148	57.6%	165	61.8%	313

	Five star chain hotel restaurant		Local Chain restaurant		Total
Age					
	Frequency	%	Frequency	%	
20-29	27	10.5%	83	31.1%	110
30-39	73	28.4%	81	30.3%	154
40-49	65	25.3%	81	30.3%	146
50-59	64	24.9%	19	7.1%	83
60-65	19	7.4%	3	1.1%	22
> 66	9	3.5%	0	0%	9
Marital status					
	Frequency	%	Frequency	%	
Married	182	71.9%	81	30.4%	263
Single	75	29.1%	186	69.6%	261
Occupations					
	Frequency	%	Frequency	%	
Executive/ manager	59	23%	3	1.1%	62
Self-employed	65	25.3%	4	1.5%	69
White collar	53	20.6%	57	21.3%	110
Blue collar	9	3.5%	14	5.2%	23
Professional	23	8.9%	43	16.1%	66
Civil servant	24	9.3%	44	16.5%	68
Retired/ unemployed	11	4.3%	37	13.9%	48
Others	13	5.1%	65	24.3%	78
Income (monthly)					
	Frequency	%	Frequency	%	
< NT\$17,280	9	3.5%	43	16.1%	52
NT\$17,280-NT\$ 29,999	14	5.4%	57	21.3%	71
NT\$30,000- NT\$59,999.	123	47.9%	132	49.4%	255
NT\$60,000- NT\$99,999.	66	25.7%	23	8.6%	89
>=100,000	45	17.5%	12	4.5%	57

Further descriptive analysis of the data also sheds light on the dining experiences and behaviours of the respondents. As Table 6.2 shows, dining out during weekend is a rather common practice for both respondents from the five-star hotel and local chain restaurants – accounted for 29.6% and 41.2%, respectively. In respect of the five star

hotel chain restaurants, some 23.7% of the respondents appear to dine out three or more times per week and some 23.3% seem to dine out once every three months or longer. In comparison, 32.6% of the respondents from local restaurants dine out three or more times per week. Across both five star hotel and local chain restaurants, some 7.8% and 4.5% of the respondents report that they dine out every day. Of all respondents across the local chain restaurants, 71.9% are repeat customers. Accordingly, 65.4% of the five star hotel chain respondents are first time visit customers. Clearly, such evidence highlight a rather accepted behavioural norm of Chinese consumers where they prefer eating out and enjoy good quality food in both five star hotel and local restaurants. Consistent with the high collectivism in Chinese community, respondents of five star hotel chain restaurants and local chain restaurants seem to dine out usually in group with friends and families. Interestingly, a majority of the respondents of five star hotel chain restaurants chose to only go for meal without any intention to stay over (accounted for 72.4%).

In short, the aforementioned descriptive statistics point to several important findings. In comparison to dining at home with limited options and choices, both five-star hotel chain and local chain restaurants can provide different types of food which in turn could match different individual tastes. It is therefore not uncommon to see that dining out is a rather common practice in Chinese community. Such tendency to dine out is concordant with the Chinese traditional philosophy of food where different foods can provide different amounts and forms of *ch'i* (energy) to the body. In other words, Chinese believe that human body is affected by the *ch'i* of heat, cold, wetness, and dryness. So the selection of food and availability of different cuisines in both five-star hotel chain and local chain restaurants is essential for Chinese as the nature of foods affect the equilibrium of *ch'i* in the body. Clearly the dining behaviours and experiences of the Chinese and our respondents can be explained by the Chinese *yin-yang* theory of food where people should have the balanced intake of foods from 'cold', 'hot', 'dry', 'wet', and 'bu' (nutritious) (Wu 1995:23-24). Accordingly, the existing evidence points to the cultural traditions of Chinese community where people dine out in both five-star and local chain restaurants as a means to maintain the group *hé* (Chang et al. 2010). Such

group-oriented and group dining attitudes of Chinese are also consistent with Hofstede's (1994) influential work who probed deeply into the dominant collectivist Chinese culture.

Table 6.2 Frequency of dining in the restaurant

	Five star chain hotel restaurant		Local restaurant	
	Frequency	%	Frequency	%
Every day	20	7.8%	12	4.5%
Only weekend	76	29.6%	110	41.2%
Up to three or more times per week	61	23.7%	87	32.6%
Once per month	40	15.6%	34	12.7%
Once every three months or longer	60	23.3%	23	9.0%

Dining in this restaurant	Frequency	%	Frequency	%
First time visit	168	65.4%	75	28.1%
Repeat customer	89	34.6%	192	71.9%

Dining with	Frequency	%	Frequency	%
Individually	0	0%	5	1.9%
Families	116	45.1%	184	68.9%
Friends	141	54.9%	78	29.2%

Stay in the hotel	Frequency	%
Yes	71	27.6%
No	186	72.4%

6.3 Exploratory factor analysis

Given that the adopted questionnaire survey comprised of several constructs where each construct used multiple items, factor analysis was utilised to not only reduce the data to a smaller set of variables but also to explore the theoretical structure of each construct (i.e. using a construct as a single factor or consisting of multiple independent dimensions) (Fabrigar et al.1999; Tabachnick and Fidell 2001). More specifically, the

two widely used types of factor analysis were utilized: Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA).

EFA is a means of uncovering the underlying structure of a relatively large set of variables. Using EFA, a researcher initially assumes that any indicator may be associated with any factor, and that factor loading are used to intuit the factor structure of the data. More specifically, using EFA the researcher is not confined to any prior theory (Child 1973; Bryant and Yarnold 1994; Sheppard 1996; Gorsuch 1983; Velicer and Jackson 1990).

As the most common form of factor analysis, Principal Component Analysis (PCA) seeks a linear combination of variables where the maximum variance is extracted from the variables. It then removes this variance and seeks a second linear combination which explains the maximum proportion of the remaining variance, and so on. This is called the principal axis method and results in orthogonal factors. Accordingly, this study ran PCA to elucidate patterns in data, where their similarities and differences are highlighted. Given that PCA captures most of the variability in the pattern of correlations and to detect the structure in the relationships between variables by classifying them (Smith 2002), the current study utilised it to depict the empirical summary of the dataset and verify whether the items used for measuring the constructs of service quality (expectations and perceptions), determinants of expectations, Chinese cultural values, satisfaction, value for money, and behavioural outcomes were correctly grouped and appropriately classified. Using the Statistical Package for Social Sciences (SPSS v.17) software (Field 2005), the suitability of the data was assessed prior to using PCA. Initial inspection of the correlation matrix confirmed the presence of many coefficients of 0.3 and above.

Based upon the above procedure, the items used to measure each construct were then tested using PCA. PCA was performed to verify the factor structure and identify items for deletion. Consistent with past research items with factor loading lower than 0.4 (i.e. factor loading cut-off=0.4) and/or with high cross loading were deleted. Next, using

varimax rotation the eigenvalue or latent root criterion of 1.0 was used for factor inclusion and a factor loading of 0.4 was used as the benchmark to include items in a factor (Yoon and Uysal, 2005:49). So those factors with eigenvalues less than 1 were screened out. As a result of low loading or/and cross loading 9 items of *service perceptions*, 9 items of *service expectations*, 1 item of *Chinese cultural values*, 1 item of *determinants of service expectations*, and 6 items of *behavioural outcomes* were removed from the items used for examining the five star hotel chain restaurant setting. In the same vein, 4 items of *service perceptions*, 11 items of *service expectations*, 1 item of *Chinese cultural values*, and 7 items of *behavioural outcomes* were deleted from the items employed to examine the local chain restaurant setting.

As Table 6.3 depicts, the results of PCA analyses determined significantly correlated factors for both five star hotel chain and local chain restaurants. In both the five star hotel chain and local chain restaurants, all Kaiser-Meyer-Oklin (KMO) values for all constructs exceeded the recommended value of 0.6 (Kaiser 1970, 1974) and Bartlett's Test of Sphericity reached statistical significance ($p < 0.05$) which supported the factorability of the correlation matrix in both settings (Pallant 2005) – an indication of the appropriateness of the scale items for further factor analysis.

Table 6.3 Summary of K.M.O and total variance explained

Constructs	Five star chain hotel restaurant		Local chain restaurants	
	K.M.O	Total variance explained	K.M.O	Total variance explained
Service perceptions	0.921	84.16	0.909	75.64
Service expectations	0.935	87.64	0.879	79.90
Chinese cultural values	0.897	78.36	0.763	70.06
Determinants of service expectations	0.847	72.13	0.775	78.86
Behavioural outcomes	0.84	75.93	0.817	78.68
Value for money	0.84	77.43	0.674	57.94
Satisfaction	0.743	81.36	0.716	77.35

As can be seen from Table 6.3 (see *Appendix A* for details), the results of PCA further showed that the construct of *service perceptions* and *service expectations* in the five star hotel chain restaurants consisted of five components with eigenvalues exceeding 1.0. In the service perceptions section, first factor included items 1, 2, 3, 7, 8, 9 and 10. These items were related to restaurant's parking areas, building exterior, dining area, cleanliness of rest room, and seats. Given the nature of these items, we labelled the first factor as '*tangible*'. The second factor comprised of items 11, 12 and 13. These items represented food's appearance, taste, and quality; therefore, it was labelled '*food quality*'. The third factor consisted of items 19, 20 and 21 representing employees' willingness to help within appropriate time, and it was then named '*responsiveness*'. The fourth factor included items 23, 24, 25 and 26. As these items referred to employees' knowledge and profession with regard to handling customers' requests, the fourth factor was then named '*assurance*'. The fifth factor which consisted of items 27, 28, 29 and 31 reflected on restaurants' understanding to meet individual customers' needs and wants. Hence, this factor was labelled '*empathy*'.

On the other hand, in the service expectations section, the first factor comprised of items 1, 2, 3, 4 and 5. As these items were relevant to restaurant's interior and exterior design and staff's dress, the first factor was labelled as '*tangible*'. The second factor comprised of items 11, 12, 13, 14 and 15 which represented food's appearance, taste, quality, and exact service delivery and responses. Of these five items, three items concerned 'food' and therefore the second factor was named '*food quality*'. The third factor consisted of items 20, 21 and 22. As these items were related to staff's willingness to assist customers in appropriate time, the third factor was labelled '*responsiveness*'. The fourth factor included items such as 23, 24, 25 and 26 and was named '*assurance*' because the four items were relevant to employees' knowledge, profession and supportive employees which made customers comfortable. The fifth items consisted of items 27, 28, 29, 30 and 31. These items referred to meeting individual customers' requests and needs and making them feel special. Accordingly, the factor representing these items was labelled '*empathy*'. Compared with the initial analysis (run with 31 items explaining 67.22% and 75.85% of the variance for service

perceptions and service expectations, respectively), the new results showed that the five extracted components together accounted for 84.16 % and 87.64% of the variance for *service perceptions*, and for *service expectations*, respectively.

In the local restaurant setting, the construct of *service perceptions* and *service expectations* also comprised of five components with eigenvalues exceeding 1.0. In the service perceptions section, the first factor consisted of items 2, 3, 4, 5, 7, 8, 9, and 10 with reference to restaurant's facilities such as dining area, décor, rest room, as well as seats, and consequently was named *tangible*. The second factor included items 11, 12, and 13 with regard to food's taste, presentation, and quality so that it was labelled *food quality*. The third factor consisted of items 14, 15, 16, 17, 18 and 19 with reference to restaurants' services provided correctly and exactly. Consequently, this factor was named *reliability*. The fourth factor comprised of items 20, 21, 22 and 23 which referred to employee's willingness to help customer's request and needs. Given such emphasis, it was then named *responsiveness*. The fifth factor including items 26, 27, 28, 29, 30 and 31 was named *empathy* due to its primary focus on providing individual needs and wants and then making customers feel special. In the service expectations section, the first factor included items 6, 7, 8, 9 and 10 with reference to readable menu, comfortable dining area, cleanliness of rest room, and comfortable seats. As these items referred to those visible processes to customers, the first factor was then labelled *tangible*. The second factor consisted of items 11, 12 and 13 with reference to food's quality, taste, and presentation. Given the nature of these items, the second factor was then named *food quality*. The third factor composed of items 14, 15, 17 and 18 which referred to restaurants' services provided correctly and exactly as well as accurate bill. Given the focus of these items, the factor representing them was labelled *reliability*. The fourth factor, comprising of items 19, 20, 21 and 22 with reference to employees' willingness to help customers in an appropriate time, was named *responsiveness*. Eventually, the final factor included items 27, 28, 30 and 31 with reference to providing service by restaurants' employees was labelled *empathy*. In comparison to our initial analysis (run with 31 items explaining 56.44% and 75.25% of the variance for *service*

perceptions, and for *service expectations*, respectively), the final five extracted components together explained 75.64% and 79.90% of the variance, respectively.

Similarly, *Chinese cultural values* revealed the presence of three components of *mien-tzu*, *guanxi*, and *hé* in both settings with eigenvalues exceeding 1.0. The results for five star hotel chain restaurants showed that the first factor which included items 1, 2, 3 and 4 referred to face-giving, treating in front of families/friends, and accordingly, the factor was labelled *mien-tzu*. The second factor consisted of items 5, 6, 7 and 8 which highlighted the importance of relationship between customers and restaurant staff was named *guanxi*. The third factor composed of items 9, 10 and 11 which revealed the importance of maintaining a harmonious atmosphere, avoiding embarrassment to the staff and acceptance of poor service without complaints. Given these focus, the factor representing these items was then labelled *hé*. Accordingly, the results for the local chain restaurants showed three factors with regard to Chinese cultural values. The first factor included items 1, 2, 3 and 4. As the primary focus of these items was on face-giving and treating in front of families/friends, the first factor was labelled *mien-tzu*. The second factor consisted of items 5, 6, 7 and 8 with reference to relationship with restaurant staff. Given such focus and importance of customer-employee relationship, the second factor was named *guanxi*. The third factor included items 9, 10 and 11 with a particular focus on keeping a harmonious atmosphere and avoiding embarrassment to the staff. Hence, the final factor was labelled *hé*. As Table 6.3 indicates, these three components explained 78.36% and 70.06% of the variance for five star hotel chain and local chain restaurants, respectively. The construct of determinants of service expectations presented through two components, namely, past experience and service promises. These two components explained 72.13% of the total variance for the five star hotel chain restaurant setting. Of these, one factor comprised of items 1, 2, 3 and 4 with a particular reference to experience in the past from customers' themselves and friends/families, and therefore was named *past experience*. The other factor included items 6, 7, 8, 9 and 10 with a focus on external service promises from service providers such as advertising, promotional leaflets and internal service promises such as staff's dress code, the appearance of the restaurant and price offered. Given these service

characteristics, the factor was labelled *service promises*. In a similar manner, the construct of determinants of service expectations in the local chain restaurants included three components. The first factor included items 1, 2 and 3 with reference to previous experience of customers and hence it was named *past experience*. The second factor comprised of items 4 and 5 with a focus on opinion and comment about restaurant services. Given such focus, the second factor was labelled *word-of-mouth*. The third factor consisted of items 6, 7, 8, 9 and 10 with respect to external service promises from service providers such as advertising, promotional leaflets and internal service promises such as staff's dress code, the appearance of the restaurant and price offered. Accordingly, the third factor was named *service promises*. These three components – i.e. word-of-mouth, service promises, and past experiences – explained 78.86% of the total variance.

The construct of *behavioural outcomes* in the five star hotel chain restaurants included four sub-constructs or components, namely, *positive word-of-mouth*, *willingness to pay more*, *complaint*, and *switching intention*. Upon removing six items, these four components altogether explained some 75.93% of total variance. The first factor included items 1, 2, 3 and 6 with regard to positive opinion and comments about restaurants and switching to another restaurant because of special offer. As three of these four items were related to positive recommendation about restaurants, the first factor was named *positive word-of-mouth*. The second factor included items 7, 8, 9 and 10 with reference to customers' intention because of an increase in price. Accordingly, this factor was labelled *willingness to pay more*. The third factor consisted of items 11, 13 and 14 with reference to complaint about the restaurant and services and complaint to managers because of service failure. Given such emphasis, the third factor was named *complaint*. The fourth factor comprised of items 19, 21 and 22. These items were related to a customer's intention to change to other restaurants and accordingly was named *switching intention*. Similarly, the construct of behavioural outcomes in the local chain restaurant contained four sub-constructs or components, namely, *positive word-of-mouth*, *loyalty*, *willingness to pay more*, and *repurchase intention*. The first factor composed of three items, namely, 1, 2 and 3 with reference to positive opinion and

comments about restaurant and services, and accordingly, it was labelled *positive word-of-mouth*. The second factor, with items 4, 5 and 6 referring to the restaurant as a customer's first choice, was named *loyalty*. The third factor consisted of items 7, 8, 9 and 10 with regard to price offered continues to rise and customers still choose this restaurant. Given the focus of these items, the third factor was labelled *willingness to pay more*. The final factor included items 15, 17 and 18 referred to a customer's intention of coming back to this restaurant, and hence it was named *repurchase intention*. In short, the aforementioned four factor solution (as a result of screening out seven items) explained 78.68% of total variance.

Finally, as Table 6.3 indicates, the construct of *value for money* (with total variance explained: 77.43% for five star hotel chain restaurant and 57.94% for local chain restaurant) and of the construct of *satisfaction* (with total variance explained: 81.36% for five star hotel chain restaurant and 77.35% for local chain restaurant) were extracted as one group in both settings (see for further detail: *Appendix A*).

6.4 Confirmatory factor analysis

Having used Exploratory Factor Analysis (and Principal Component Analysis), the confirmatory factor analysis (CFA) is then performed to examine the validity of underlying constructs in the conceptual relationship model. CFA therefore seeks to determine if the number of factors and the loadings of measured (indicator) variables on them conform to what is expected on the basis of pre-established theory. Indicator variables are selected on the basis of prior theory and factor analysis is used to see if they load as predicted on the expected number of factors. As a result, in the current research CFA is used, for example, to help the researcher determine if the SERVUQAL scale can provide uni-dimensionality, reliability and construct validity of the instrument (Sureshchandar et al. 2002). Using LISREL 8.52, a CFA was then employed in the current research to, first, test the items of the research constructs of *service quality (perceptions & expectations)*, *Chinese cultural values*, *determinants of service*

expectations, and *behavioural outcomes*, second, to confirm the factor loading, and finally and third, to assess the model fit.

In order to develop a good model, the six widely used fit indices (e.g. $\chi^2/d.f < 5$, RMSEA < 0.1 ; GFI > 0.9 ; CFI > 0.9 ; CFI > 0.9 ; NFI > 0.9 ; NNFI > 0.9) were employed to assess the model adequacy based on the following several criteria. First, factor loading of the item retained was above the minimal standard of 0.60 (Bagozzi and Yi 1988). Second, the $\chi^2/d.f$ ratio was less than 2 which confirmed a good fitting (according to Carmines and McIver 1981), if the ratio is 5 or below it is still an acceptable fit (Carmines and Mciver 1981). Third, the root mean square error of approximation (RMSEA) is regarded as a good fit when it is less than 0.1. If RMSEA is less than 0.05 it implies a very good fitting. RMSEA represents a very excellent fitting, if it is less than 0.01 (Steiger 1990). Fourth, goodness of fit index (GFI) exceeded 0.9. Fifth, comparative fit index (CFI) exceeded 0.9 (Hair et al. 2006). Finally, both normed fit index (NFI) (Byrne 1994; Hair et al. 2006) and non-normed fit index (NNFI) exceeded 0.9 (Bentler 1988; Hayduk 1987).

Based upon the aforementioned criteria, the criterion of factor loading with a cut-off point of 0.6 (cut-off=0.6), and a report of modification index (MI), the following amendments were made to the key constructs of the research across the two settings: in five star hotel chain restaurant setting, 3 items of *service perceptions* ; 6 items of *service expectations*; 1 item of *Chinese cultural values*; 2 items of *determinants of service expectations*; and 2 items of *behavioural outcomes* were screened out. Accordingly, in the local chain restaurant setting, 9 items of *service perceptions*, 2 items of *service expectations*, 1 item of *Chinese cultural values*, 1 item of *behavioural outcomes*, and 2 items of *determinants of service expectations* were deleted (see Appendix A). Upon such refinement made to all dimensions, the refined items all met the above criteria and resulted in a good model fit where ($\chi^2/d.f$ ratio < 5 , RMSEA < 0.1 ; GFI > 0.9 ; CFI > 0.9 ; CFI > 0.9 ; NFI > 0.9 ; NNFI > 0.9).

6.4.1 The results of the confirmatory factor analysis

As discussed in the previous sections, CFA (and prior to that EFA and PCA) were used to confirm and validate the items that were used to measure the constructs of *service perceptions*, *service expectations*, *Chinese cultural values*, *determinants of service expectations*, and *behavioural outcomes*. Utilising CFA, the following results were finally derived from the factor analysis of the research constructs and their associated items.

In the five star hotel chain restaurant setting, CFA validated 19 items for measuring the *service perceptions* construct of *tangible*, *food quality*, *responsiveness*, *assurance*, and *empathy*; 16 items for the *service expectations* construct of *tangible*, *food quality*, *responsiveness*, *assurance*, and *empathy*. Accordingly, in the local chain restaurant setting, CFA validated 18 items for measuring the *service perceptions* construct of *tangible*, *food quality*, *reliability*, *responsiveness*, and *empathy*, and 18 items for measuring the *service expectations* construct of *tangible*, *food quality*, *reliability*, *responsiveness*, and *empathy* (see APPENDIX B). As mentioned earlier, the measurement of service quality is based upon the widely adopted and utilised Parasuraman's (1988) SERVQUAL model as well as follow-up related work of Stevens et al. (1995), Qubre and Brown (2009), and Kim et al. (2006). In addition to these sources, as mentioned earlier, we also asked the expert panels to assess the applicability of the questionnaire to the restaurant industry. In respect of the *Chinese cultural values* construct of *mien-tzu*, *guanxi* and *hé*, CFA validated 10 items across both the five star hotel chain and local chain restaurants. In terms of measuring *mien-tzu*, 4 identical items (taken from Qian et al. 2007; Hoare and Butcher 2008; Lockyer and Tsai 2004) were confirmed in the two settings. Another 3 identical items (adopted from Lockyer and Tsai (2004); Qian et al. (2007)) for measuring *guanxi* were validated in the two settings. Finally, CFA validated 3 items for measuring *hé* (taken from Hoare and Butcher, (2008) and suggestions offered by the expert panel in both five star hotel chain and local chain restaurant settings.

In respect of the *determinants of service expectations*, namely, *past experience*, *word-of-mouth*, *implicit* and *explicit service promises* (adopted from Zeithaml et al. 1993), CFA validated 7 items for measuring the aforementioned determinants of service expectations. Using CFA, the results highlighted *past experience* and *service promises to be the major* determinants of service expectations in the five star hotel chain setting. With regard to the local chain restaurant setting, CFA validated 8 items namely *word-of-mouth*, *past experience*, and *service promises* to be the major determinants of service expectations. Whilst CFA validated 3 items for measuring *past experience* in five star hotel chain restaurant setting, it validated 2 items for measuring *past experience* in the local chain restaurant setting. As mentioned earlier, these items were derived from Devlin et al.'s (2002) and Clow et al.'s (1997) work. Whilst CFA validated 4 items for measuring *service promises* in five star hotel chain restaurant setting, it validated 4 items (taken from Devlin et al., (2002) and Bebeko et al. 2006) for measuring *service promises* in the local chain restaurant setting. In the context of the local chain restaurants, CFA further validated 2 items for measuring *word-of-mouth* (adopted from Clow et al. 1997).

With reference to *behavioural outcomes* in the local restaurant setting, CFA validated 3 items for measuring *positive word-of-mouth* (derived from Liu et al. 2001 and Kim et al. 2006). For measuring *loyalty*, CFA validated 3 items based on the work of Liu et al. (2001) and Kim et al. (2006), and another 3 items for measuring *repurchase intention* based upon the instrument adopted by Grace and O'Cass (2005) and Namkung and Jang (2007), and the other 3 items for measuring *willingness to pay more* derived from Ngai et al. (2007). In the context of five star hotel chain restaurants, CFA validated 3 items (taken from Bigne et al. 2008; Zeithaml et al.1996) for measuring *willingness to pay more*; 3 items for measuring *complaint* (taken from Ngai et al. 2007); 3 items for measuring *positive word-of-mouth* (derived from Liu et al. 2001; Kim et al. 2006), and finally another 3 items for measuring *switching intention* derived from Lin and Mattila (2006).

In short, the above procedures and factor analysis help confirm the scale adopted for measuring the constructs of Chinese cultural values, service quality construct, behavioural outcomes, and service expectation constructs. In more accurate language, the EFA, and CFA factor analyses coupled with the insights gained from the review of the literature strengthen and enhance the legitimacy of grouping and clarifying the survey instrument constructs and their associated items.

6.5 Reliability and validity

Up to this point of analysis, (EFA and CFA) factor analysis for the key constructs and their associated items were completed. Building upon the outcomes of the employed EFA and CFA factor analysis –i.e. refined grouping and classification of the constructs and their associated items – structural equation modelling (SEM) method was then employed to further substantiate the proposed hypotheses (see chapter 4, section 4.5 Research Hypotheses). But prior to using SEM, it is imperative to validate the research scale in several distinct but related steps.

First, Cronbach's alpha values were calculated to estimate the internal consistency. All scales yielded an alpha score greater than the recommend value of 0.7 across the two settings – an indication that they passed the acceptable threshold level.

Second, using the results of CFA factor analysis (where CFA confirmed and purified items in each single dimension and correctly grouped them), composite reliability (CR) and the average variance extracted (AVE) were then conducted to make sure that the measures were internally consistent and reliable (Gerbing and Anderson 1992). As shown in Table 6.4, AVE of all constructs fell between 0.680 and 0.840 in the five star hotel chain restaurant setting and between 0.553 and 0.871 in the local chain restaurant setting, which were all over the recommended acceptable value of 0.5 (Hair et al.2006). CR estimates also ranged from 0.864 to 0.953 in the five star hotel chain restaurant setting, and between 0.786 to 0.953 in the local chain restaurants, which exceeded the critical value of 0.7, recommended by Hair et al. (2006) – an indication of satisfactory

results of both CR and AVE parameters. Moreover, as all the standardized factor loadings of items (see APPENDIX B) were found significant ($p < 0.01$), CR and AVE for each construct met the criteria (see Hair et al. 2006), thereby providing supportive evidence for convergent validity (Anderson and Gerbing 1988).

Table 6.4 Composite reliability (CR), Average Variance Extracted (AVE), and remaining items

Construct	Five Star hotel restaurant			Local Restaurant		
	CR	AVE	Items left	CR	AVE	Items left
PER_TAN	0.953	0.770	6	0.871	0.683	5
PER_FOO	0.891	0.731	3	0.863	0.679	3
PER_RELI	-	-	-	0.942	0.843	3
PER_RES	0.929	0.814	3	0.953	0.871	3
PER_AS	0.936	0.785	4	-	-	-
PER_EM	0.879	0.708	3	0.925	0.755	4
EXP_TAN	0.939	0.793	4	0.885	0.661	4
EXP_FOO	0.922	0.797	3	0.897	0.746	3
EXP_RELI	-	-	-	0.914	0.728	4
EXP_RES	0.927	0.810	3	0.937	0.788	4
EXP_AS	0.919	0.791	3	-	-	-
EXP_EM	0.912	0.775	3	0.853	0.659	3
MIEN-TZU	0.939	0.792	4	0.832	0.554	4
GUAN	0.906	0.764	3	0.848	0.653	3
HARM	0.864	0.680	3	0.84	0.786	3
PAST	0.921	0.796	3	0.915	0.844	2
WOM	-	-	-	0.836	0.720	2
PROM	0.916	0.731	4	0.930	0.768	4
PWOM	0.870	0.694	3	0.951	0.867	3
LOY	-	-	-	0.887	0.724	3
PAY	0.940	0.840	3	0.896	0.743	3
COM	0.887	0.726	3	-	-	-
REPU	-	-	-	0.878	0.707	3
SWIT	0.929	0.813	3	-	-	-

Note: PER_: perceptions, EXP_: expectations, —: not be extracted, TAN: tangible, FOO: food, RELI: reliability; RES: responsiveness, AS: assurance, EM: empathy, GUAN: guanxi, HARM: hé, PAST: past experience, WOM: word-of-mouth, PROM: service promises, PWOM: positive word-of-mouth, LOY: loyalty, PAY: willingness to pay more, COM: complaint, REPU: repurchase intention, SWIT: switching intention.

Third, as discussed earlier (see Chapter 5: Research Methodology), the questionnaire instrument was developed based on several reliable sources, namely, a review of the extant literature on the research phenomena, and insights gained from the expert panel

members during pilot study. Such thorough approach to designing, developing and refining the questionnaire secured the content validity of the questionnaire instrument.

Finally and fourth and in a manner similar to that of past research (see Kim and Stoel 2004:114), LISREL 8.8 (see Joreskog and Van Thillo 1972; Jöreskog and Sörbom 1998) was employed to assess discriminant validity. Among the research constructs/dimensions, as Campbell and Fiske (1959; see also John and Benet-Martinez 2000) have pointed out, discriminant validity shows that a test of a concept is not highly correlated with other tests designed to measure theoretically different concepts. To assess discriminant validity in the current study, the fit of correlated two-factor models was compared with that of single-factor models for each possible pair of dimensions (Anderson and Gerbing 1988). As a means of comparison and assessment of discriminant validity, a chi-square difference test was used on the values obtained for both two-factor and one-factor models for each pair. As Appendix C shows, whilst the first model (χ^2 : correlation fixed at 1) involves setting the correlation between constructs at 1.0, the other model (χ^2 : correlation estimated freely) allows the correlation to be freely estimated, which in turn creates a nested model (Bollen 1989). As can be seen from *Appendix C*, the difference in degrees of freedom between the two models is 1.0 (i.e. χ^2 : difference at 1 *df*). As a rule of thumb, a chi-square difference greater than 3.84 would suggest that the two constructs are statistically different. As the constructs with the free (unconstrained) phi coefficient were all found to fit the data far better than those with a fixed coefficient, this confirms the results of these difference tests therefore confirmed the discriminant validity of the models.

In short, as a result of the aforementioned analysis of reliability and validity of the research constructs, it can be safely argued that the scale possesses internal consistency with regard to content, convergent, and discriminant validities – an indication of its appropriateness and suitability for further structural equation modeling (SEM) analysis.

6.6 Structural equation modelling

To further explore the proposed research hypotheses (see Chapter 4, section 4.5. Research Hypotheses) and examine the relationships between the constructs proposed in the research framework, structural equation modelling (SEM) analysis was employed. Prior to using SEM to further substantiate the proposed hypotheses, a brief overview of its definition and uses is given.

6.6.1 An introduction to structural equation modeling

In the existing research evidence on service quality in both marketing and services literature, structural equation modeling (SEM) has been widely used as a means to, first, examine the dimensionality of the service quality scale, second, test the existing relationships among variables, and third, estimate causal relations that involve both observable and unobservable variables (Kline 2005; Kang et al. 2002; Shah and Goldstein 2006). Indeed, the extensive use of factor analysis (exploratory and confirmatory) in the current study is closely linked to SEM not least because factor analysis represents a special case of SEM (so do the multiple regressions and path analysis). Given such broad ability of SEM as a statistical technique for testing and estimating causal relationships between variables and its appropriateness for both theory testing (confirmatory: starts with a series of hypotheses that get represented in a causal model – used as such in the current study) and theory development (exploratory), there exist several advantages of using SEM in place of conventional statistical methods. SEM provides a more appropriate analytical method to investigate the co-related hypotheses in a causal model. It has the ability to model constructs as latent/unobserved/intangible variables –i.e. not measured directly, but are estimated in the model from measured variables which are assumed to tap into the latent variables. Moreover, SEM estimates relationships between multiple independent, dependent and latent variables simultaneously. Using confirmatory factor analysis reduces measurement error by having multiple indicators per latent variable. In terms of clarity in the presentation of the results, SEM has an attractive graphical modeling interface

which assists in and facilitates the interpretation of the model (Anderson and Gerbing 1988; Fitzgerald and Johnson 2002; Skrondal and Rabe-Hesketh 2004).

Given the aforementioned strengths, the current study utilizes LISREL 8.8 (an acronym for linear structural relations) – the pioneering software for structural equation modeling (Jöreskog and Sörbom 1998) – not least because it was found fit for the purpose of the current research data analysis strategy (as opposed to using other statistical software such as AMOS, EQS – see Hox (1995) for a comparative review of LISREL, EQS & AMOS for windows).

6.6.1.1 Performing Structural Equation Modelling Analysis

Given the strengths and advantages of structural equation modelling (SEM), SEM was employed to build, estimate and test the overall model fit ensued by testing the proposed hypotheses. Using SEM, the designed research framework (see Chapter 4, section 4.4, Figure 4.3) is divided into two sections, where each section is composed of two models, of these one represents the structural and causal relationships for the five star hotel chain restaurant sample, and the other depicts the structural and causal relationships for the local chain hotel restaurant sample. The first section of the research framework is linked to **Model A** and **Model B**. **Model A** depicts the relationship between *Chinese cultural values, determinants of service expectations* and *service expectations* in the five star hotel chain restaurant setting. Accordingly, **Model B** examines the relationship between *Chinese cultural values, determinants of service expectations* and *service expectations* in the local chain hotel restaurant setting. The second section of the research framework represents **Model C** and **Model D**. **Model C** analyses the relationship between *service quality (perceptions), satisfaction, value for money, and behavioural outcomes* in the five star hotel chain restaurant setting. In the same vein, **Model D** investigates the relationship between *service quality (perceptions), satisfaction, value for money, and behavioural outcomes* in the local chain restaurant setting. Models A and B were first built and subsequently tested using data from

customers of both the five star hotel chain restaurants, ensued by developing and testing Models C and D.

6.6.2 Building and testing the models: A and B

In order to understand how customer expectations and perceptions towards dining services are affected by Chinese cultural values and norms, a model linking with the three primary cultural constructs –i.e. *guanxi*, *mien-tzu*, and *hé* – was built and subsequently tested. Having established the appropriateness and dimensionality of the customised SERVUQAL in Taiwanese restaurant industry, 257 questionnaires from the respondents of five star hotel chain restaurants and 267 questionnaires from the respondents of local chain restaurants across three regions – i.e. Taipei in the North, Taichung in the middle, and Kaohsiung in the South – were collected so that both Model A and Model B were developed and tested individually for further comparative analyses of the two research settings –i.e. five star hotel chain restaurants versus local chain restaurants.

Prior to discussing the overall models results, it is necessary to point out how the model, the causal relationships and more importantly the adopted approach to analysing them are different from the past related and extant literature on the research phenomenon. Overall and similar to past research, the developed models of A and B make an attempt to shed light on the nature of relationship between service expectations, the antecedents of service expectations, and Chinese cultural values. A review of the extant literature shows that the relationships between service quality expectations and its determinants are typically formulated at the aggregate level and indeed seem quite rich in this respect (e.g. Clow and Kurtz 1997; Dion et al. 1998; Prugsamatz et al. 2006). The current study therefore goes beyond the dominant aggregate level analysis to encompass the analysis of the individual dimensions of the constructs and their relationships. Given this, it is argued that the current study would better contribute to the existing knowledge base not least because the models contain an analysis of the individual dimensions of service

expectations constructs – as opposed to putting all dimensions of service quality together as a whole and test their impact on customer expectations. Building upon this contribution, the current study explores the impact of culture on service expectations through the unique lens of under-researched Chinese cultural traditions. This is an important vehicle to advance and drive the available marketing and services management knowledge base because a majority of the existing studies on cultural values and service expectations employs Hofstede's (1994) or Hall's (1976) cultural dimensions as generally accepted platforms to explore the relationship between culture and service expectations. The current study, however, utilises the Chinese cultural norms to examine their relationships with service expectations. In the light of these contributions, the next section presents the overall results of the two models of A and B where the attempt is made to shed light on the relationship between Chinese cultural values, service expectations and the determinants of service expectations at the level of individual dimensions across the two samples – i.e. five star hotel chain restaurants and local chain restaurants.

6.6.3 Overall model results: model A and B

The overall validity of the model results was assessed using goodness-of-fit indices. In respect of Model A (five star hotel chain restaurants), as Table 6.5 shows, the indices of goodness-of-fit provided satisfactory support for the overall model fit ($\chi^2 = 679.52$, $d.f = 353$, ratio $\chi^2/d.f = 1.92$; CFI = 0.97; GFI = 0.85; NFI = 0.94; NNFI = 0.97; RMSEA = 0.060). Based upon the examination of the relationship between service expectations, their determinants (*past experience* and *service promises*), and Chinese cultural values (*mien-tzu* and *guanxi*), the variation explained by the structural relationships in Model A reveals the following results: 24% for *tangible*, 18% for *food quality*, 12% for *responsiveness*, 12% for *assurance*, and 1% for *empathy* construct.

Table 6.5 Summary of goodness-of-fit

Model	Chi-Square/ <i>d.f.</i>	CFI	GFI	NFI	NNFI	RMSEA
	Value <3		>0.9			<1
A (five star)	679.52/353=1.92	0.97	0.85	0.94	0.97	0.060
B*(local)	1441.84/554=2.6	0.89	0.77	0.84	0.88	0.078
B (Local)	901.56/405=2.2	0.93	0.82	0.90	0.92	0.068

Note: *d.f.*= degree of freedom; CFI=comparative fit index;
 GFI= Goodness of fit index; NFI=normed fit index;
 NNFI= non-normed fit index;
 RMSEA= Root mean square error of approximation.
 *word-of-mouth construct included

The same procedure was utilised for testing the overall validity of model B* (Local chain restaurants). However, it was found that the coefficient of one of two items (Question 4.and Question 5) for *word-of-mouth* construct was 1.37 – an indication that the model fit results did not meet the minimum recommended level (see Table 6.5). It was then decided to remove Question 4. However, the standardised error of Question 5 remained again over 1.0 – an indication that the model fit had not yet achieved. Finally it was decided to remove *the word-of-mouth* construct. Consequently, Chinese cultural values of *mien-tzu*, *guanxi*, and *hé*, past experiences, service promises, and service expectations were remained to represent the key elements of Model B. Accordingly, the fit of the improved model B was reasonably good, with a chi-square of 901.56 (405 *d.f.*), a CFI of 0.93, a GFI of 0.82, an NFI of 0.90, an NNFI of 0.92, and a RMSEA of 0.068 (see Table 6.5). As Table 6.5 indicates, in parallel with GFI (with a value of 0.82), the comparative fit index (CFI) had also been calculated and included as a criterion to test the overall validity of the model. The inclusion of CFI with a value of 0.93 (meeting the recommended minimum acceptable level of 0.9) is because since the GFI (with a value of 0.82 which is lower than the recommended minimum acceptable level of 0.9) is considerably influenced by variations in sample size and non-normality of the measures, previous authors (see Burton et al. 1998) have recommended to use the comparative fit index (CFI) as an alternative measure of fit. Based upon the examination of the relationship between service expectations, their determinants (*past experience* and *service promises*), and Chinese cultural values (*mien-tzu*, *guanxi*, and *hé*), the variation explained by the structural relationships in Model B reveals the following results: 3%

for *tangible*, 12% for *food quality*, 17% for *reliability*, 8% for *responsiveness*, and 21% for *empathy* construct.

6.6.4 Building and testing the models: C and D

In order to empirically explore the relationships between the remaining four constructs of the research proposed framework –i.e. *service quality (perceptions)*, *satisfaction*, *value for money*, and *behavioural outcomes*, another two models were built and subsequently tested and validated. Of these, the first model which was labelled as Model C examined the relationship between *service quality perceptions*, *satisfaction*, *value for money*, and *behavioural outcomes* in the five star chain hotel restaurants. The second labelled Model D explored the relationships between these constructs in the local chain restaurant setting. Prior to presenting the overall model results, it is helpful to discuss how the adopted approach to analysing and testing the models differ from the existing research evidence. A review of the extant literature on the relationship between *service quality (perceptions)*, *satisfaction*, *value for money*, and *behavioural outcomes* indicates that such relationship has been widely and frequently investigated using the oft-cited SERVQUAL scale. The current study, however, utilised a customised version of SERVQUAL scale where service quality perceptions dimension was revised and amended to reflect on and accommodate the peculiarities of the Taiwanese restaurant industry context. Moreover and similar to those of Models A and B, the current study elaborated on the individual level relationship between the aforementioned constructs– as opposed to aggregate level examination of the relationship between the constructs. Finally, the current study’s rationale to use the construct of *service quality (perceptions)* – as opposed to the dominant *service quality expectation* dimension – is concordant with the existing debate on the research phenomenon which considers the disconfirmation paradigm to have reached the limits of its usefulness for applicability to more diverse community of customers in other non-Western organisational contexts such as Chinese community (i.e. Taiwan) where Taiwan consumers, for example, are reported to desire services beyond what consumers believe should be provided (Imrie 2005). As mentioned earlier, in order to empirically test the aforementioned individual-

level relationship among the constructs across the two settings, data from a sample of 257 respondents in five star hotel chain restaurants and another sample of 267 respondents in local chain restaurants across three regions of Taiwan were collected.

6.6.5 Overall model results: C and D

In order to assess the overall validity of the models C (representing the data from the five star chain hotel restaurants) and D (representing the data from the local chain hotel restaurants), the same procedure was undertaken based on the goodness-of-fit indices. As Table 6.6 shows, the goodness-of-fit indices for Model C (five star hotel chain restaurants) support for the overall model fit ($\chi^2=1163.99$, $d.f.=636$, ratio $\chi^2/d.f.=1.83$; CFI=0.97; GFI=0.81; NFI=0.93; NNFI=0.96 ; RMSEA=0.057). Even though GFI value for Model C was lower than a minimum recommended level of 0.9, as Burton et al. (1998) have suggested, CFI with a value of 0.97 was used as a substitute measure of fit for GFI. Based upon the examination of the relationship between service quality, value for money, satisfaction, and behavioural outcomes, the variation explained by the structural relationships in Model C reveals the following results: 24% for *value for money*, 36% for *satisfaction*, 12% for *positive word-of-mouth*, 6% for *willingness to pay more*, 3% for *complaint* and 1% for *switching intention* construct.

Table 6.6 Summary of goodness-of-fit

Model	Chi-Square/d.f.	CFI	GFI	NFI	NNFI	RMSEA
	Value <3		>0.9			<1
C (five star)	1163.99/636=1.83	0.97	0.81	0.93	0.96	0.057
D (Local)	1502.9/565=2.66	0.936	0.80	0.901	0.929	0.079

Note: d.f.= degree of freedom; CFI=comparative fit index;
 GFI= Goodness of fit index; NFI= normed fit index;
 NNFI= non-normed fit index ;
 RMSEA= Root mean square error of approximation.

In terms of Model D (local chain restaurants), as Table 6.6 indicates, the fit of the model was also reasonably good with the following values of the goodness-of-fit indices: ($\chi^2 = 1502.9$, $d.f. = 565$, ratio $\chi^2/d.f. = 2.66$; CFI = 0.936; GFI = 0.80; NFI = 0.901; NNFI = 0.929; RMSEA = 0.079). Even though GFI value for model D was lower than a

minimum recommended level of 0.9, as Burton et al. (1998) have suggested, CFI with a value of 0.936 was used as a substitute measure of fit for GFI. Based upon the examination of the relationship between service quality, value for money, satisfaction, and behavioural outcomes, the variation explained by the structural relationships in Model D reveals the following results: 30% for *value for money*, 45.9% for *satisfaction*, 21.1% for *positive word-of-mouth*, 14.6% for *loyalty*, 12.9% for *willingness to pay more* and 41.4% for *repurchase intention* construct.

6.7 Hypotheses testing

The overall results of structural causal models in previous section have so far supported an overall satisfactory model fitness. Consistent with the satisfactory model fitness results, Table 6.7 and Table 6.8 further display the estimated scores of each path of the conceptual models for the respondents of both the five star hotel chain restaurants and local chain restaurants. Since, the research framework was initially divided into two sections where each section discusses two models (four models in total), all the linkages and relationships are shown separately through the four structural models. So **Models A** and **B** examine the relationship between *Chinese cultural values*, *determinants of service expectations*, and *service expectations* in the five star hotel chain restaurant setting (Model A) and in the local chain restaurant setting (Model B). Accordingly, **Models C** and **D** explore the relationship between *service quality (perceptions)*, *satisfaction*, *value for money*, and *behavioural outcomes* in the five star chain hotel restaurant setting (Model C) and in the local chain restaurant setting (Model D).

Table 6.7 Estimation results of the conceptual model

Structural Path	Sign	Five star hotel restaurant		Local restaurant	
		Standardized Estimates (T-value)	Result	Standardized Estimates (T-value)	Result
H1-1:Mien-tzu →EXP_TAN	+	Tang :0.10 (1.54); Food: 0.04 (0.62)		Tang: 0.13 (1.96)*; Food:0.17 (2.66)**	Accept
H1-2:Mien-tzu → EXP_RELI	+	--		0.14 (1.90)	
H1-3:Mien-tzu →EXP_RES	+	0.05 (0.60)		0.11 (1.44)	
H1-4:Mien-tzu →EXP_AS	+	0.16 (2.07)*	Accept	--	
H1-5:Mien-tzu →EXP_EM	+	0.00 (-0.03)		0.01 (0.11)	
H2-1:Guan→ EXP_RELI	+	--		0.05 (0.63)	
H2-2:Guan→ EXP_RES	+	0.14 (1.82)		0.20 (2.62)**	Accept
H2-3Guan→ EXP_AS	+	0.03 (0.41)		--	
H2-4Guan→ EXP_EM	+	-0.03 (-0.35)		0.08 (1.14)	
H3:Harm → EXP_RELI	—	--		-0.27 (-3.90)**	Accept
H4: Past → EXP_					
Past→ TAN	+	Tang:0.06 (0.85); Food:0.13 (1.88)		Tang:0.09 (1.36); Food:0.27 (3.92)**	Partial Accept
Past→ RELI	+	--		-0.04(-0.62)	
Past→ RES	+	0.02 (0.29)		0.07 (0.98)	
Past→ AS	+	-0.02 (-0.33)		--	
Past→ EM	+	0.07 (0.92)		0.14 (2.05)*	Accept
H5: Prom → EXP_					
Prom→TAN	+	Tang:0.41 (5.35)***; Food:0.34 (4.31)***	Accept	Tang: 0.10 (1.47); Food: -0.06 (-0.92)	
Prom→RELI	+	--		0.23 (3.36)**	Accept
Prom→RES	+	0.22 (2.60)**	Accept	-0.04 (-0.57)	
Prom→AS	+	0.24 (2.83)**	Accept	--	
Prom→EM	+	-0.03 (-0.36)		0.41 (2.82)**	Accept

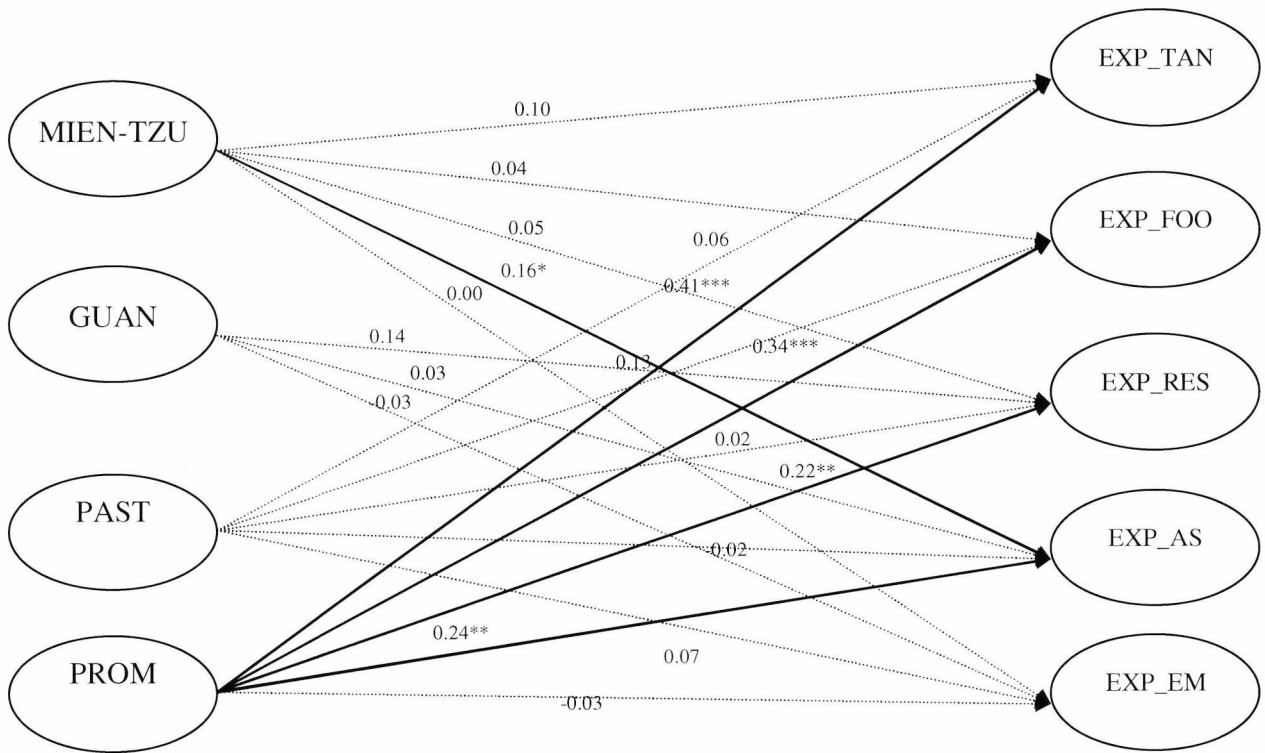
Note: 1. *** P<0.001; ** P<0.01; *P<0.05;

2. --: the variable did not be extracted from factor analysis so it did not be tested.

3. Loading show in standardised estimates.

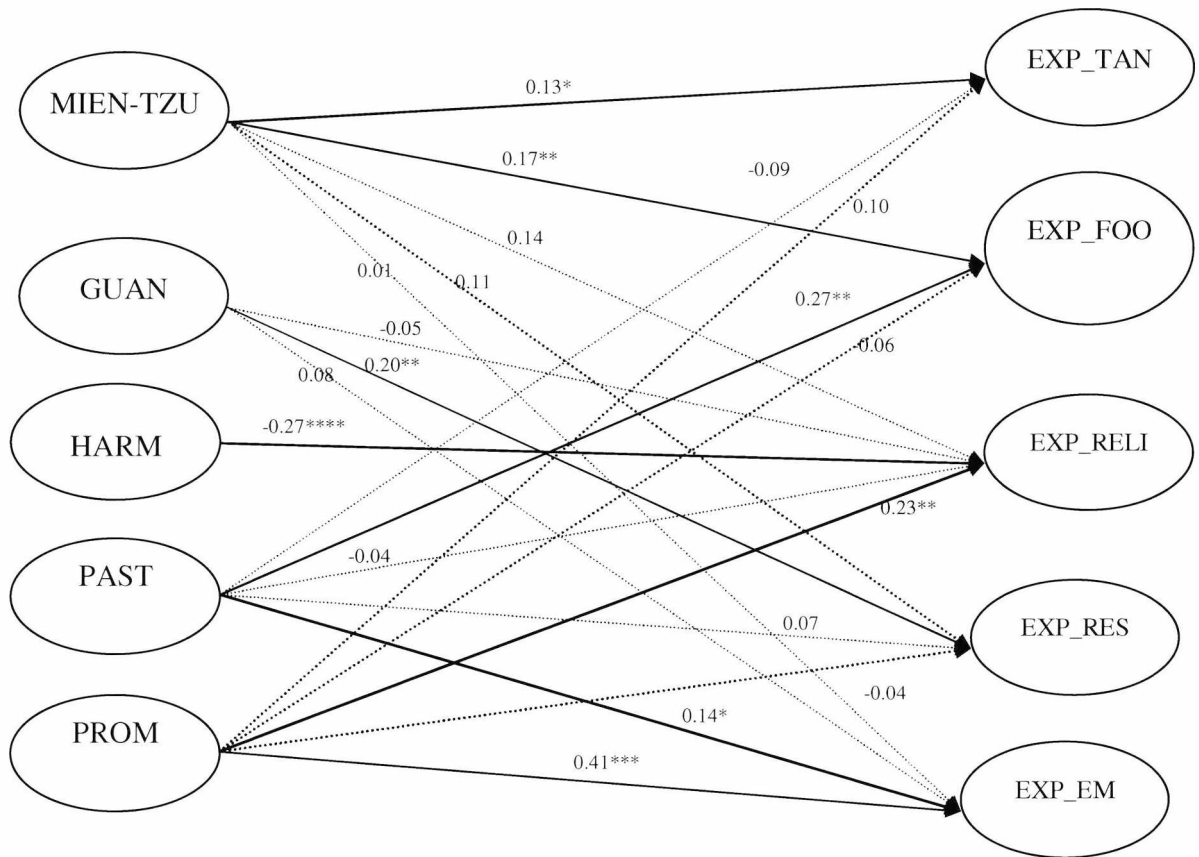
4. EXP_: service expectations; TAN: Tangible; RELI: Reliability; RES: Responsiveness; AS: Assurance; EM: Empathy; Guan: Guanxi; Harm: Hé; Past: Past experiences; Prom: service promises.

Figure 6.2 The structural model (A) for five star chain hotel restaurants (n=257)



Note: 1. *** P<0.001; ** P<0.01; *P<0.05
 2. Loading show in standardised estimates.
 3. EXP_: service expectations; TAN: Tangible; FOO: Food; RES: Responsiveness; AS: Assurance; EM: Empathy; GUAN: Guanxi; PAST: Past experiences; PROM: service promises.

Figure 6.3 The structural model (B) for local chain restaurants (n=267)



Note: 1. *** P<0.001; ** P<0.01; *P<0.05

2. Loading show in standardised estimates.

3. EXP_: service expectations; TAN: Tangible; FOO: Food; RELI: Reliability; RES: Responsiveness; EM: Empathy; GUAN: Guanxi; HARM: Hé; PAST: Past experiences; PROM: service promises.

As Table 6.7 shows, the first set of hypotheses (H1-1 to H1-5) proposed that the higher the level of *mien-tzu*, the higher the relative emphasis on service expectations of tangibles, reliability, responsiveness, assurance and empathy. More specifically, this first hypothesis proposed the higher the level of *mien-tzu*, the higher the relative emphasis on tangible aspect of service quality. Food quality was extracted from the tangible construct which referred to taste, appearance, and quality of food; therefore, food quality was also considered as one element of tangible. As the values shown in Table 6.7 indicate, the hypothesis is not supported (tangible: $\gamma=0.10$; food: $\gamma=0.04$) in the five star hotel chain restaurant setting, whereas in the local chain restaurant setting, *mien-tzu* was found to impact on tangible and the hypothesis therefore is accepted (food quality: $\gamma=0.27$; t-value=3.92; $P<0.05$; tangible: $\gamma=0.13$; t-value=2.66; $p<0.01$). H1-2 suggested the higher the level of *mien-tzu*, the higher the relative emphasis on service expectations of reliability. As the data in Table 6.7 show, this relationship is not supported in the local chain restaurant setting (H1-2: $\gamma=0.14$; t-value=1.90). Hypothesis H1-4 which postulated that the higher the level of *mien-tzu*, the higher the relative emphasis on service expectations of assurance was substantiated and accepted in the five star hotel chain setting (H1-4: $\gamma=0.16$; t-value=2.07; $p<0.05$). However, hypotheses which posited the higher the level of *mien-tzu*, the higher the relative emphasis on service expectations of responsiveness (H1-3) and empathy (H1-5) were not supported statistically in both settings.

The second set of hypotheses (H2-1–H2-4) postulates that the higher the level of *guanxi*, the higher the relative emphasis on service expectations of reliability, responsiveness, assurance, and empathy. As can be seen from Table 6.7, the results offered no support for hypotheses H2-1, H2-3, and H2-4. With regard to hypothesis H2-2 (positive impact of *guanxi* on responsiveness), although the results offered no support for its acceptance in the five star chain hotel restaurant setting (five star: $\gamma=0.14$; t-value=1.82; $p>0.05$), the positive impact of *guanxi* on responsiveness in the local restaurant setting (local: $\gamma=0.20$; t-value=2.62; $p<0.01$) was supported.

The third hypothesis (H3) posits the adverse effect of *hé* on service expectations of reliability where, for example, the higher level of *hé* is expected to result in, lower emphasis on service expectations of reliability. The result offered significant (H3: $\gamma = -0.27$; $t\text{-value} = -3.90$; $p < 0.01$) support for such adverse impact of *hé* on service expectations of reliability in the local chain restaurant samples. The fourth set of hypotheses (H4) is tested by several sub-hypotheses where it is postulated that customers with past service experience have high service expectations in terms of tangible, reliability, responsiveness, assurance, and empathy. As Table 6.7 shows, the evidence presents mixed results for each of the two research settings. In the five star hotel chain restaurant setting, the results indicated that relationship between a customer's past service experience and service expectations of tangible, reliability, responsiveness, assurance, and empathy was not significant – thereby offering no support for hypothesis H4. In the local chain restaurant sample, such relationship was rather mixed. Whilst a customer's past service experience was found to result in high service expectation of empathy (Empathy: $\gamma = 0.14$; $t\text{-value} = 2.05$; $p < 0.05$), the relationship between a customer's past service experience and high service expectation of tangible was partially supported (Tangible: $\gamma = 0.09$; $t\text{-value} = 1.36$; $p > 0.05$; food: $\gamma = 0.27$; $t\text{-value} = 3.92$; $p < 0.001$), and finally, a customer's past service experience was not found to result in high service expectations of reliability and responsiveness – an indication of offering no support for the hypothesis. The fifth set of hypotheses (H5) is tested by several sub-hypotheses, positing a positive influence of service promises on service expectations of tangibles, reliability, responsiveness, assurance, and empathy. As can be seen from Table 6.7, the results were different for each of the two samples. In the five star hotel chain sample, the evidence revealed the positive relationship between service promises and tangible (Tangible: $\gamma = 0.41$; $t\text{-value} = 5.35$; $p < 0.001$; food; $\gamma = 0.34$; $t\text{-value} = 4.31$; $p < 0.001$), the positive link between service promises and responsiveness ($\gamma = 0.22$; $t\text{-value} = 2.60$; $p < 0.01$) as well as the positive relationship between service promises and assurance ($\gamma = 0.24$; $t\text{-value} = 2.83$ $p < 0.01$) – therefore no support for the positive impact of service promises on empathy. On the contrary, the positive relationship between service promises and reliability ($\gamma = 0.23$; $t\text{-value} = 3.36$; $p < 0.01$) as well as the positive relationship between service promises and empathy

($\gamma=0.41$; $t\text{-value}=2.82$; $p<0.01$) were found significant in the local chain restaurant sample – thereby offering no support for the positive impact of service promises on tangible and responsiveness.

As the above discussion shows, Table 6.7, Figure 6.2 (Models A), and Figure 6.3 (Model B) have so far presented some evidence which have either supported or refuted hypotheses H1 to H5 where attempt has been made to illustrate the first section/segment of the main research framework. Put simply, Table 6.7, Figure 6.2 (Models A), and Figure 6.3 (Model B) have made an attempt to shed light on the nature of relationship between *Chinese cultural values, determinants of service expectations* and *service expectations* in the five star hotel chain restaurant setting (Model A) and in the local chain restaurant setting (Model B).

In respect of the second section of the research framework which is presented through Models C and D, the aim is to examine the relationship between service quality (perceptions), satisfaction, value for money, and behavioural outcomes in the five star hotel chain restaurant setting (Model C) and in the local chain restaurant setting (Model D). In the following section, Table 6.8, Figure 6.4, and Figure 6.5 illustrate these relationships in the form of hypotheses 6 to 10 (H6-H10).

As Table 6.8 indicates, the six set of hypotheses (H6) is tested by several sub-hypotheses where it postulates a positive relationship between service quality and satisfaction. It suggests that a customer's service assessment impacts on the customer satisfaction. In respect of the five star hotel chain restaurants (see both Table 6.8 and Figure 6.4), the results show that the positive impact of (service quality) assurance on satisfaction is significant ($\gamma= 0.13$; $t\text{-value} = 2.46$; $p < 0.05$) – thereby offering support for the hypothesis; there exists a partial support for the positive relationship between (service quality) tangible and satisfaction (tangible: $\gamma= 0.17$; $t\text{-value}=2.10$; $p<0.05$; food: $p>0.05$); the positive impact of responsiveness on satisfaction is not significant ($\gamma=0.05$; $t\text{-value}= 0.86$); and finally the data offers no support for the positive impact of empathy on satisfaction ($\gamma=0.16$; $t\text{-value}=1.61$). With regard to the local chain restaurants (see

Table 6.8 and Figure 6.5), the results indicate that reliability ($\gamma=0.26$; t-value=5.15; $p<0.001$) and empathy ($\gamma=0.20$; t-value=4.24; $p<0.01$) of service quality have positive impact on satisfaction; the results partially support the impact of tangible on satisfaction (tangibles: $p>0.05$; food: $\gamma=0.16$; t-value=2.30; $p<0.05$); and finally the results offer no support for the impact of responsiveness on satisfaction ($\gamma=0.05$; t-value=1.32).

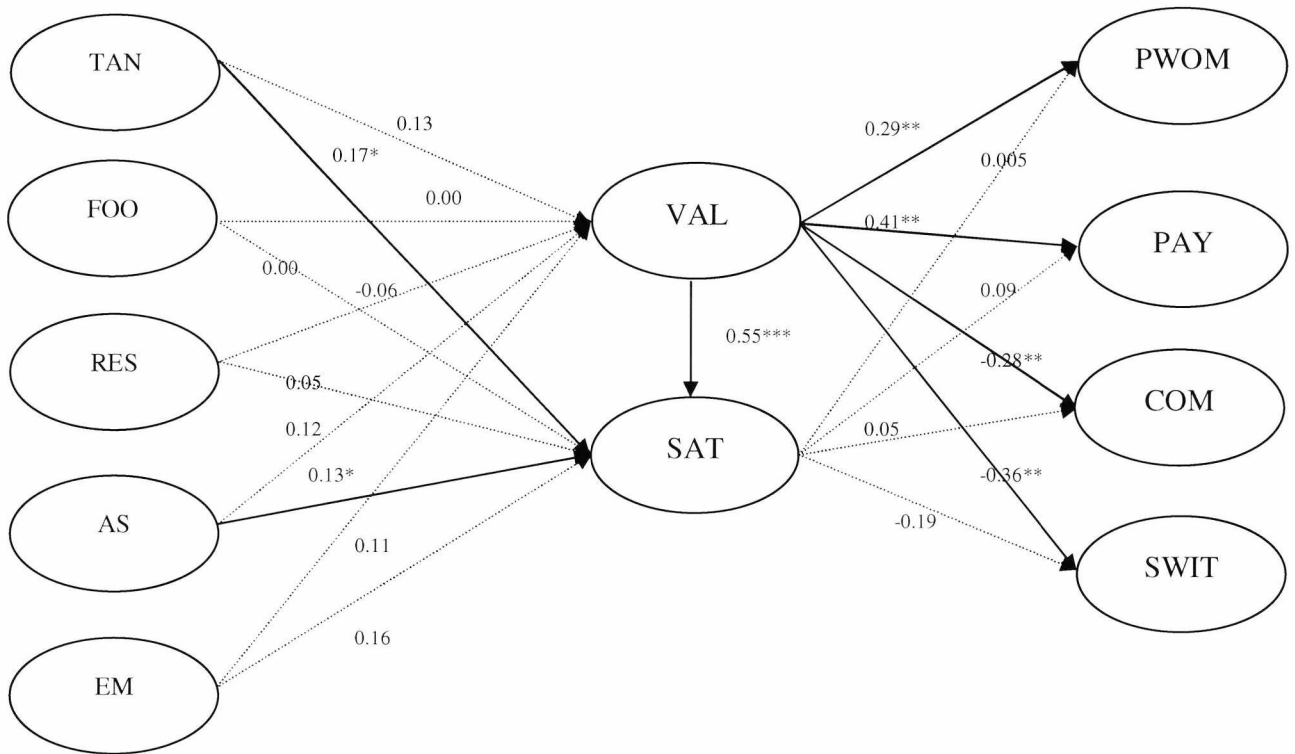
Table 6.8 Estimation results of the conceptual model

Path	Sign	Five star hotel restaurant		Local restaurant	
		Standardised Estimates (t-value)	Result	Standardised Estimates(t-value)	Result
H6: SQ→ SAT					
TAN→SAT	+	Tang:0.17 (2.10)*; Food:0.00 (0.09)	Partial Accept	Tang:-0.01 (-0.17); Food: 0.16 (2.30)*	Partial Accept
RELI→SAT	+	--		0.26 (5.15)***	Accept
RES→SAT	+	0.05 (0.86)		0.05 (1.32)	
AS→SAT	+	0.13 (2.46)*	Accept	--	
EM→SAT	+	0.16 (1.61)		0.20 (4.24)**	Accept
H7: SQ→ VAL					
TAN→VAL	+	Tang:0.13 (1.26); Food: 0.00 (-0.06)		Tang: -0.01 (-0.15); Food: -0.06 (0.49)	
RELI→VAL	+	--		0.02 (0.23)	
RES→VAL	+	-0.06 (-0.76)		-0.02 (-0.42)	
AS→VAL	+	0.12 (1.83)		--	
EM→VAL	+	0.11 (1.38)		0.01 (0.14)	
H8: VAL→SAT	+	0.55 (8.41)***	Accept	0.07 (1.72)	
H9-1:SAT→PWOM	+	0.005 (0.06)		0.37 (4.28)***	Accept
H9-2:SAT→LOY	+	--		0.49 (5.46)***	Accept
H9-3:SAT→PAY	+	0.09 (0.96)		0.40 (4.96)***	Accept
H9-4:SAT→COM	-	0.05 (0.50)		--	
H9-5:SAT→REPU	+	--		0.66 (8.79)***	Accept
H9-6:SAT→SWIT	-	-0.19 (-1.90)		--	
H10-1:VAL→PWOM	+	0.29 (3.38)***	Accept	0.09 (1.74)	
H10-2:VAL→LOY	+	--		0.06 (0.96)	
H10-3:VAL→PAY	+	0.41 (4.55)***	Accept	0.10 (1.81)	
H10-4:VAL→COM	-	-0.28 (-2.81)**	Accept	--	
H10-5:VAL→REPU	+	--		-0.02 (-0.63)	
H10-6:VAL→SWIT	-	-0.36 (-3.63)***	Accept	--	

Note: 1. *** P<0.001; ** P<0.01; *P<0.05;

2. --: the variable did not be extracted from factor analysis so it did not be tested.
3. Loading show in standardised estimates.
4. SQ: Service quality perceptions; TAN: Tangible; RELI: Reliability; RES: Responsiveness; AS: Assurance; EM: Empathy; SAT: Satisfaction; VAL: Value for money; PWOM: Positive word-of-mouth; LOY:Loyalty; PAY: Willingness to pay more; COM: Complaint; REPU: Repurchase intention; SWIT: Switching intention.

Figure 6.4 The structural model (C) for five star chain hotel restaurants (N=257)

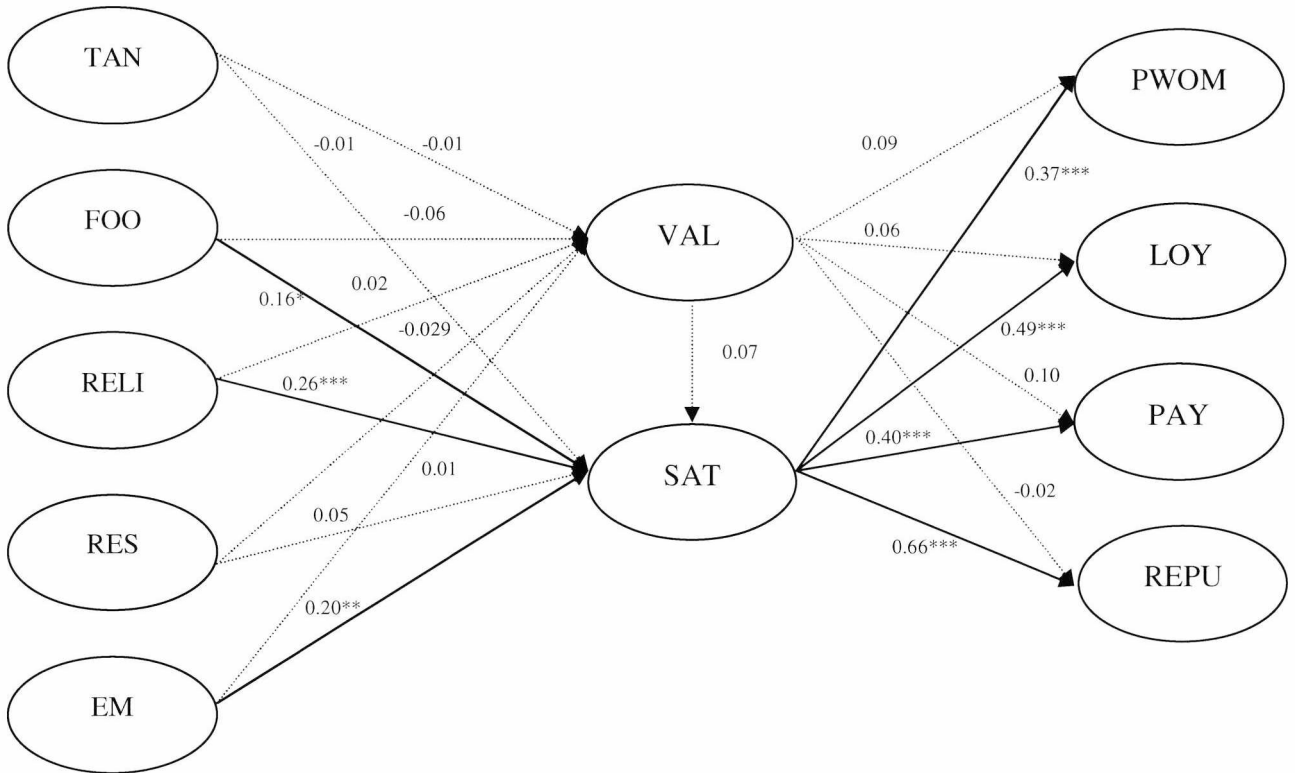


Note: 1. *** P<0.001; ** P<0.01; *P<0.05

2. Loading show in standardised estimates.

3. TAN: Tangible; FOO: Food; RES: Responsiveness; AS: Assurance; EM: Empathy;
 SAT: Satisfaction; VAL: Value for money; PWOM: Positive word-of-mouth;
 Pay more: Willingness to pay more; COM: Complaint; SWIT: Switching intention.

Figure 6.5 The structural model (D) for local chain restaurant (N=267)



Note: 1. *** P<0.001; ** P<0.01; *P<0.05

2. Loading show in standardised estimates.

3. TAN: Tangible; FOO: Food; RELI: Reliability; RES: Responsiveness; EM: Empathy; SAT: Satisfaction; VAL: Value for money; PWOM: positive word-of-mouth; LOY: Loyalty; PAY: Willingness to pay more; REPU: Repurchase intention.

The seventh set of hypotheses (H7) postulates that service quality has a positive influence on value for money. It suggests that the level of service quality that customers receive positively affects their judgment in terms of the ratio of what/how much customers paid and what they were given. In this regard, the findings offer no support for the positive link between service quality and value for money across both the five star hotel restaurant (TAN-VAL: $\gamma=0.13$; $t\text{-value}=1.26$; FOO-VAL: $\gamma=0.00$; $t\text{-value}=-0.06$; RES-VAL: $\gamma=-0.06$; $t\text{-value}=-0.76$; AS-VAL: $\gamma=0.12$; $t\text{-value}=1.83$; EM-VAL: $\gamma=0.11$; $t\text{-value}=1.38$) and local chain restaurant settings (TAN-VAL: $\gamma=-0.01$; $t\text{-value}=-0.15$; FOO-VAL: $\gamma=-0.01$; $t\text{-value}=0.49$; RELI-VAL: $\gamma=0.02$; $t\text{-value}=0.23$; RES-VAL: $\gamma=-0.02$; $t\text{-value}=-0.42$; EM-VAL: $\gamma=0.01$; $t\text{-value}=0.14$).

Hypothesis H8 posits the link between value for money and satisfaction. Whilst the results in Table 6.8 and Figure 6.4 point to the positive effects of value for money on satisfaction in the five star hotel chain restaurants ($\beta=0.55$; $t\text{-value}=8.41$; $p<0.001$), the data exhibited in Table 6.8 and Figure 6.5 on the positive impact of value for money on satisfaction proved insignificant in the local chain restaurant samples ($\beta=0.07$; $t\text{-value}=1.72$).

The ninth set of hypotheses (H9-1 to H9-6) postulate the positive impact of customer satisfaction on positive word-of-mouth, loyalty, willingness to pay more, and repurchase intention, on the one hand, and posit the negative impact of customer satisfaction on complaint and switching intention, on the other hand. In simple terms, this set of hypotheses suggests that delighted customers create positive word-of-mouth, are more loyal, are willing to pay more, and are highly likely to repeat purchase from the same service provider. Conversely, as they are not satisfied with the service, they highly likely to make complaint, and turn to other service providers. The results, shown in Table 6.8 and Figure 6.4 offer, no support for the relationship between satisfaction and behavioural outcomes (such as positive word-of-mouth, willingness to pay more, customer complaint, and his/her switching intention) in the five star hotel chain restaurants (positive word-of-mouth: $\beta=0.005$; $t\text{-value}=0.06$; willingness to pay more: $\beta=0.09$; $t\text{-value}=0.50$; complaint: $\beta=0.05$; $t\text{-value}=0.50$; switching intention: $\beta=-0.19$; $t\text{-value}=-0.19$).

value=-1.90). On the contrary, as Table 6.8 and Figure 6.5 show, in the local chain restaurants, satisfaction has positive relationship with several behavioural outcomes such as positive word-of-mouth ($\beta=0.37$; t-value=4.28; $p<0.001$), loyalty ($\beta=0.49$; t-value=5.46; $p<0.001$), willingness to pay more ($\beta=0.40$; t-value=4.96; $p<0.001$), and repurchase intention ($\beta=0.66$; t-value=8.79; $p<0.001$).

The final and tenth set of hypotheses (H10-1 to H10-6) postulates a positive relationship between value for money and several behavioural outcomes such as word of mouth, loyalty, willingness to pay more, and repurchase intention, on the one hand, a negative relationship between value for money and two other behavioural outcomes, namely, complaint and switching intention. In more accurate language, these hypotheses suggest that customers demonstrate their business relationship intentions with service providers based on a comparison between what they have got from service providers and what they paid to them in exchange. The results of such comparison could lead to either positive or negative behavioural outcomes. With regard to the five star hotel chain restaurant samples, as Table 6.8 and Figure 6.4 show, value for money has positive impact on positive word-of-mouth ($\beta =0.29$; t-value=3.38; $p<0.001$), and on willingness to pay more ($\beta =0.41$; t-value=4.55; $p<0.001$). Accordingly, the negative impact of value for money on complaint ($\beta =-0.28$, t-value=-2.81, $p<0.01$) and switching intention ($\beta =-0.36$; t-value=-3.63; $p<0.001$) proved significant in the five star hotel chain samples. In the local chain restaurant samples, however, the relationship between value for money and the aforementioned behavioural outcomes is not significant – thereby offering no support for hypotheses H10-1 – H10-6 in the local chain restaurant setting (VAL-PWOM: $\beta =0.09$, t-value=1.74; VAL-LOY: $\beta =0.06$, t-value=0.96; VAL-PAL: $\beta =0.10$, t-value=-1.81; VAL-REPU: $\beta =-0.02$, t-value=-0.63).

6.8 Summary

This chapter presented a range of different descriptive and inferential statistical methods which were employed to explain the profile of the research respondents and overall research context, to examine the suggested working propositions, and to validate the overall research framework. The employed descriptive statistical methods made an attempt to describe the respondents' profiles, the peculiarities of the research samples, and the research site. As Table 6.1 showed, demographic characteristics of respondents in terms of residence area, gender, education, age, marital status, occupation, and income confirmed that the perspectives offered by the research participants represented the wider community of the customers of restaurants/food services in terms of, among others, dining habits and preferences, dining out or at home, the importance of dining in Chinese community, and more importantly, cultural influences on the respondents' approach towards dining, for example, tendency to go to five star hotel chain restaurants in group or dining in local chain restaurant individually.

Accordingly, the more advanced inferential statistics made an attempt to make inferences from the collected data to wider research conditions and populations using a range of statistical tests such as advanced factor analysis and structural equation modelling techniques. More specifically, chi-square test, correlation analysis, factor analysis, confirmatory factor analysis, chi-square difference tests, ensued by structural equation modelling to further test and estimate the causal relations between the key research constructs –i.e. testing hypotheses – were rigorously employed. The primary focus here was on a comparative analysis of the two research samples where the first represented customers of five star hotel chain restaurants and the second samples typified customer using local chain restaurants as their primary choice of dining. For example, factor analysis was conducted to verify the measures used for the construct of service expectations, service perceptions, determinants of service expectations, Chinese cultural values, satisfaction, value for money, and behavioural outcomes. Then confirmatory analysis was employed to confirm the factors labelled for further statistical scrutiny. During the course of the analysis, reliability and validity tests were conducted

so that the researcher was certain that the constructs were measured not only consistently but also they measured what they initially intended to measure. Finally, the structural equation modelling (SEM) validated the conceptual model with several goodness-of-fit indices. As discussed in detail, the overall conceptual model was divided into two sections where each section composed of two models (four models in total: Models A, B, C, & D). The focus of Models A and B was on the relationship between Chinese cultural values, determinants of service expectations and service perceptions in the five star hotel chain restaurant setting (Model A) and in the local chain restaurant setting (Model B). Whilst the results confirmed the positive impact of *mien-tzu* on Chinese customers' higher emphasis on service expectations of assurance, the impact of other Chinese cultural norms such as *guanxi* on various aspects of service expectations were found insignificant in the five star hotel chain restaurants. Also, the findings offered support to positive relationship between service promises and service expectations of tangible, food quality, responsiveness, and assurance in the five star hotel restaurant setting. In the local chain restaurant setting, the findings showed that *mien-tzu* had positive influence on service expectations of tangible and food quality; *guanxi* resulted in a more emphasis on responsiveness; *hé* led to less emphasis on reliability of service expectations; past experience had positive effect on service expectations of food quality and empathy; and finally service promises positively influenced the service expectations of reliability and empathy (see for further details, Table 6.8, Figure 6.2, and Figure 6.3).

Accordingly, Models C and D explored the relationship between *service quality (perceptions)*, *satisfaction*, *value for money* and *behavioural outcomes* in the five star hotel chain restaurant setting (Model C) and in the local chain restaurant setting (Model D). Here the results were also mixed across the two settings. For example, in the five star chain restaurant samples, satisfaction was found to be positively affected by tangible, assurance, and value for money. Value for money positively affected satisfaction, positive word-of-mouth, and willingness to pay more, but negatively impacted on complaint and switching intention. In the context of local chain restaurant samples, satisfaction was impacted by food quality, reliability, and empathy; and in turn

satisfaction was found to have positive influence on positive word-of-mouth, loyalty, willingness to pay more, and repurchase intention.

Chapter Seven: Conclusions and implications

7.1 Introduction

This primary aims of this study were three-fold: to shed light on the influence of Chinese cultural values on expectations of service quality, to explore the determinants of service expectations, and to analyze the relationship between service quality, value for money, satisfaction, and behavioural outcomes from the customer's perspective. To accomplish these aims, the study draws evidence from Taiwanese five star hotel chain restaurants and local chain restaurants – regarded as an under-researched industry in an under-researched cultural context.

At a macro level, there is ample evidence in the extant literature on the paramount importance of culture and its influence on human behavior via shaping the values, beliefs, and attitudes of individuals (UNESCO 2002). Accordingly and at a micro level, culture has been reported to impact on a customer's expectations of service quality. Over the past several decades, much has learned on the relationship between the dimensions of culture and of service quality through the application of oft-cited and frequently-applied Hofstede's (1994) and Hall's (1976) cultural frameworks. A common denominator of such stream of research on culture and service quality has been the dominant role of the seminal work of Hofstede (1994) – an indicative of Western thoughts, attitudes and values. However, the paramount importance of research in the wider Asian Pacific context as well as non-English speaking countries as a means to analyze the nature and extent of cultural influences over service quality dimensions has also been highlighted by a plethora of current research on the subject (White 2002; Meyer 2006; Fang 2010; Ahlstrom 2010; Carrillat et al. 2007; Reisinger and Turner 2002; Reimann et al. 2008; see Soltani et al. 2011).

In response to such call for further research on more specific cultural norms and traditions and their impact on customers expectations of service quality, the current study therefore makes a contribution to the advancement of Asian management research by diverting its

emphasis from primarily Western-dominated 'culture and service quality' research context to the more unique context of Chinese cultural values. The specific aim here is to explore the implications of Chinese cultural values and traditions for customers expectations towards service quality dimensions (see Meyer 2006; Tsui 2004; Tsang and Kwan 1999). In examining this relationship in the context of Taiwan region, this study employed Chinese cultural values of *guanxi*, *mien-tzu* and *hé* as well as a customized version of SERVUQUAL instrument.

In doing so, the current study distinguishes itself from the past research and contributes to the existing knowledge base in several important ways. In contrast to the existing literature where a majority of scholars have made an attempt to study customer expectations and perceptions towards service quality in the light of Hofstede's and Hall's cultural models, the current study utilizes the Chinese cultural values as a lens through which customer expectations and perceptions towards service quality can be thoroughly analyzed. In a manner similar to past research, the current study employed the Zeithaml et al.'s (1993) determinants of service expectations. Whilst previous studies undertook an aggregate level of constructs to study the primary determinants of service expectations, the current study employed the same determinants but at individual level of construct and in the non-Western context. Finally, in a manner similar to past research, the relationship between service quality, value for money, satisfaction, and behavioral outcomes, has also been explored in the current research.

Methodologically, this study relies on the positivism research philosophy. It started with an extensive review of the pertinent literature to culture, service quality and the impact of culture on service quality. Based on such extant review of the literature, several working hypotheses were derived. Through extensive fieldwork and adopting a cross-sectional design, appropriate data were collected using a survey instrument (Easterby-Smith 2002). The results formed a research framework which was then divided into two segments for further empirical analysis. One segment examined the impact of Chinese cultural values on service quality expectations. The other analyzed the relationship between service quality, satisfaction, value for money and behavioural outcomes. In analyzing the two

frameworks, statistical techniques such as correlation analysis, chi-square test, exploratory and confirmation factor analyses, reliability and chi-square difference test for validity purposes, and structural equation modeling using SPSS and LISREL software were used.

The remainder of this chapter presents a summary of the findings, followed by a discussion on the implications of the findings. It also highlights several limitations of the study and suggests ways and recommendations to further pursue this line of inquiry. The chapter finally ends with a section outlining the main conclusions of the study.

7.2 Summary of the findings

This section is devoted to discussing the answers to the main research questions particularly with regard to the impact of Chinese cultural values on expectations of service quality, the relationship between service expectations and their determinants, and the relationships between service quality, value for money, satisfaction, and behavioural outcomes.

7.2.1 The impact of Chinese cultural values on expectations of service quality

The influence of Chinese cultural values was examined through several hypotheses outlining the relationship between cultural values of mien-tzu, guanxi, and hé and the dimensions of service quality. Overall, the results seem to be rather mixed and limited and that such impact appears to be different across the five star hotel chain and local chain restaurants. Whilst mien-tzu has positive link with service expectations of assurance in the five star hotel chain restaurants, it appears to positively impact on tangible dimensions (tangible and food quality) of service quality in the local chain restaurants. This finding implies that customers of five star hotel chain restaurants place a heavy emphasis on staff's expertise/skills/knowledge (i.e. greeting customers, cooking skills, familiarity with various methods of serving, courtesy, ability to convey trust and confidence), and consequently expect that dining in these luxurious restaurants to bring them special feelings and esteem – an indication of the importance of mien-tzu giving and the willingness of people to avoid being humiliated in the presence of others in a social encounter such as dining out in prestigious restaurants (see Goffman 1955:213). In respect of the local chain restaurants where mien-tzu is positively linked to tangible and food quality dimensions of service quality, mien-tzu giving hinges on attributes such as authenticity in Chinese cuisine coupled with Chinese red interior design and good staff attitudes. Clearly, dining in such atmosphere which represents both favorite authentic Chinese cuisine and ancient Chinese dining activities (e.g. live music and dance performances) results in the diners' positive social value by the staff during dining out as

an important social encounter in Chinese society. These findings have close affinity with Lockyer and Tsai's (2004) study in a sense that mien-tzu giving is associated with restaurant attributes of cleanliness, good quality food and good attitude of staff of five star hotel restaurants. Lockyer and Tsai's (2004) study views cleanliness and good quality food as tangible dimensions and observes good attitude of staff to be met and expected in all kinds of restaurants.

In respect of the second element of Chinese cultural values –i.e. guanxi – the results seem to be different across the two settings of five star hotel chain and local chain restaurants. In the five star setting, the relationship between guanxi and service expectations is insignificant. One explanation is that the customers' (guests') impression of five star hotel restaurants is that hotel restaurants are expected to offer delicious food in spectacular surroundings by staff who are well-trained and disciplined. Regardless of the type of the guests or whether a guest is familiar with the staff, there exists a set of common code of practices for the staff in terms of how to serve the guests. So a certain level of service quality is expected, no matter who the guest is. Guanxi as a central cultural norm in Chinese society describes the personalized networks of influence, and refers to a guest's social or business network. Given the hotel staff well-established code of practice and existence of in-house regulations where each member of staff has to closely follow their defined responsibilities and abide by the rules, having guanxi does not necessarily bring about any extra attention and offer to the guests. In other words, having guanxi does not affect the way a guest is served in the five star hotel chain restaurants not least because a member of staff is more concerned to follow the pre-defined rules and regulations than to go beyond the rules to favor a guest at the price of ignoring the rules or disfavoring other guests.

However, guanxi has positive influence on service expectations of responsiveness in the local chain restaurants. One primary reason is that it is easier to know a member of staff in the local restaurants and benefit from such prior acquaintance. In the presence of such (prior) guanxi, it is rather common to see a guest expects prompt response and more willingness to help on the part of the staff whom s/he knows. In the same vein, it is also

expected that staff are more willing to help the guests of their acquaintance for enhancing and further maintaining guanxi.

Clearly, such personal connections between the guests and the staff where one is able to prevail upon another to offer extra services and personal care could result in the frequency of visits to gradually grow and generate more sales. As a result of such network of contacts between the guests and staff at the local chain restaurants, some 70 percent of the respondents of local chain restaurants are repeat customers – compared to less than 40 percent at the five star hotel chain restaurants. These findings are consistent with Furrer et al.'s (2000) argument that in cultures with a long-term orientation, long-term relationships with service providers are expected. More specifically, service quality dimensions of reliability and responsiveness are found to be positively linked to long-term orientation. Similar results are also reported by Donthu and Yoo (1998).

In regard to the third Chinese cultural values – i.e. hé – there is clear evidence that hé is highly stressed and observed in Chinese community. As a result, it is not surprising to see that the relationship between hé and service expectations of reliability is not deemed essential. This implies that customers can tolerate staff's unintentional mistakes so as to maintain a harmonious environment in particular when they dine in a group of several individuals. Similarly, Lockyer and Tsai (2004) also found that guests were unwilling to complain about the service when even they were dissatisfied because of the nature of hé – an indication of the paramount importance of the collective interest and its priority over that of the individual. Hence it is not uncommon to see individual diners are reluctant to complain in order to serve the needs of and be in harmony with the whole group. These findings conform to past research evince (e.g. Donthu and Yoo 1998) which suggest that collectivist customers place a heavy focus on 'we' rather than 'I' – an indication of easy conformance to or even being tolerant of poor services to maintain group harmony (i.e. good relationship between the customer, the service provider, and more importantly between the members of the same group). Thus, as Donthu and Yoo (1998) have observed, collectivist customers do not have high level of service quality expectations not least because they prepare themselves to conform to whatever level of service is provided.

Consistent with deep-seated social belief of long-term orientations of Chinese people, Chinese customers are expected to be more tolerant of things that may go wrong unintentionally or seem unclear. Poor service delivery is likely to be accepted among long-term oriented customers. In line with high power distance culture of Chinese society, customers seem to have lower reliability expectations – an indication that they are more tolerant of reliability shortcomings compared to customers in lower power distance cultures (see Donthu and Yoo 1998; Furrer et al. 2000; Dash et al. 2009).

7.2.2 The relationship between expectations towards service quality and its determinants

As the findings indicate, of different determinants of service quality expectations (e.g. past experience, word of mouth, service promises), only service promises and past experience are found to be linked to some of the dimensions of service quality expectations (e.g. tangible, reliability, responsiveness, assurance, and empathy) in the five star hotel chain and local chain restaurants, respectively. This result is consistent with a plethora of existing research where both past experience (Bosque et al. 2009; Clow and Kurtz 1997; Devlin et al. 2002; Prugsamatz et al. 2006; Walker and Baker 2000; Webster 1991) and service promises (Clow and Kurtz 1997; Devlin et al. 2002; Prugsamatz et al. 2006; Webster 1991) are reported to impact on service expectations. However, in contrast to the existing research where such relationship is depicted at the aggregate level of constructs, the current study makes an attempt to test the relationship at individual level of construct.

In the five star hotel chain restaurants, service promises have positive links with service expectations of tangible, responsiveness and assurance. It can be argued that Chinese customers choose five star hotel chain restaurants as a primary means of fulfilling their dining experience. As a result of obtaining initial information on dining at a particular hotel restaurant (through for example, leaflets or other means of advertisement), they have some expectations prior to dining in terms of appearance of physical facilities,

interior decorations, layout of the restaurant, inclination of the staff to help and respond promptly as well as courtesy of the staff and their ability to communicate confidence and trust to the guests. Upon visiting the restaurant and consumption of the food, customers then make a comparison between their expectations and perceptions (e.g. the appearance, dress of staff, and price offered) towards the level of service quality offered by the hotel restaurant. As customers go to five star hotel chain restaurants occasionally, it is highly likely that they do not expect a high level of individualised care and attention (i.e. empathy). Instead, they expect to receive a good service quality and desirable dining experience. These findings are consistent with the extant literature on the relationship between service quality expectations and its determinants. Devlin et al. (2002) found that implicit service promises such as price and tangibles (i.e. facilities) impacted on service expectations. The findings of Dion et al.'s study (1998) reveals a positive link between explicit service promises and service expectations. Webster (1991) also reports that explicit service promises such as advertising and sales promotions impact positively on service expectations. In the same vein, Prugsamatz et al.'s (2006) study of university students reveals that when customers are exposed to more explicit and implicit service promises, they are highly likely to have higher desired and predicted expectations of service quality of the university. Clearly, their level of expectations was reported to be considerably greater when exposed to explicit service promises. Whilst in the current study it was found difficult to analyze each of the implicit and explicit service promises separately and individually across both chain restaurants (see Appendix A & B), both explicit service promises and implicit service promises were integrated to form the single constructs of service promises. This in turn can provide an appropriate venue for future research where each of explicit and implicit service promises and their relationship with service expectations could be empirically tested.

In the local chain restaurants, the results show that past experience impacts positively on service expectations of food quality and empathy. On the one hand, Chinese people go to local restaurants for a simple reason: serving traditional cuisine of good quality in a friendly environment. So at its most basic level, a Chinese customer expects a good level of food quality from their dining experiences. Such expectation primarily stems from the

fact that the customer has already experienced (i.e. past personal experience) the dining atmosphere of the restaurant in terms of both tangible and intangible aspects of dining. As a result of such past personal experience with dining, it is expected that the restaurant staff understand and sympathize with the customer's needs and preferences. Indeed, Chinese customers who dine out in traditional local restaurants expect a very high level of understanding and sympathy on the part of service providers. Having past dining experience in a local restaurant could result in a situation where restaurant staff recognize the customers and be aware of their specific dining needs (e.g. less salt, less oil, well-done, medium hot, and the like). Given the good level of food quality and high level of individualized attention and care offered to the customers, it is not surprising to see that over 78% of the respondents in local chain restaurants dine out at least twice per week. Dining-out therefore is a very common practice in Chinese society where most of Taiwanese prefer to have meal in local restaurants. Interestingly, some 70% of the customers of local chain restaurants are repeat customers (compared to some 60% of first time visit customers in the five star chain hotel restaurants – an indication that past experience does not significantly impact on service expectations in the five star chain hotel restaurant settings).

The findings on the relationship between past experience and service expectations of food quality and empathy in the local chain restaurants are consistent with the existing research evidence. In other words, a review of the extant literature provides mixed results (as there was difference between the two restaurant settings). For example, Prugsamatz et al. (2006), Webster (1991), and Clow's (1997) study of service quality in restaurant setting shed light on the positive impact of past experience on service quality expectations. On the contrary, Walker and Baker (2000) and Dion et al. (1998) report that the relationship between experience and service expectations is rather insignificant. With regard to the repeat and first time customers, the findings of the current study conform to the past research evidence where repeat customers are reported to enhance their expectations of a future encounter (Johnson and Mathews 1997) and that past encounters with service providers could play a significant role in customers' expectations of a future encounter (Bosque et al. 2006). As mentioned earlier, most of these studies explore the

relationship between service expectations and their determinants at the aggregate level of constructs (whereas in the current study attempts have been made to examine the research phenomenon at the individual level of construct).

7.2.3 The relationships between service quality, satisfaction, value for money, and behavioural outcomes

A large number of past and current studies on the relationship between service quality and satisfaction seem to suggest that service quality have a positive influence on satisfaction (i.e. Aga and Safakli 2007; Carrillat et al. 2009; Cronin and Taylor 1992; Ueltschy et al. 2009; Yuksel and Yuksel 2002; Chow et al. 2007; Iglesias and Guillen 2004). Analysing the relationship between service quality and satisfaction (at the individual level of construct), the current study provides evidence to support the positive impact of service quality dimensions of tangible and assurance on satisfaction in the five star hotel chain restaurants. The heavy emphasis of customers on the importance of appearance of both staff and physical facilities for enhancing customer satisfaction conforms to the unique, innovative aesthetics and architectural styles of five star hotel chain which in turn bring about a relaxed and upscale dining atmosphere for the guests. Improving aesthetics and dining atmosphere of hotel to enhance customer satisfaction is boosted through the existence of a pool of employees who can behave with utmost courtesy towards the guests and have knowledge and ability to convey a sense of confidence in their services and more importantly complete customer satisfaction. It is therefore not surprising to see that a customer who prefers a hotel restaurant to local ones to expect and enjoy the unique and innovative interior design and facilities of the five star hotel chain coupled with their professional staff who can convey a true sense of satisfaction to the guests. The emphasis of the customers of five star hotel chain on tangible and assurance can also be explained in terms of cultural backgrounds of the respondents. Furrer et al. (2000), Donthu and Yoo (1998) and Dash et al. (2009), among others, argue that customers in higher power distance countries (such as China) attach more importance to tangible dimensions of services when evaluating the overall level of

service quality. As Furrer et al. (2000) have pointed out, one explanation for this is that tangibles help customers reduce perceived risk of service failure. Raajpoot (2004) also takes the argument further by suggesting that consumers' desires for a service environment should aesthetically reflect the nature of the service being provided. Furthermore, given the high cost of dining in five star hotel chain restaurants, customers expect to make most of their dining experience and enjoy the whole dining environment/atmosphere rather than merely focus on food quality *per se*. In short the aforementioned discussion highlights the paramount importance of aesthetic and tangible facilities (as opposed to only food quality) to customer satisfaction in the five star hotel restaurant setting (see also Powers and Barrows 2005).

In the context of local chain restaurants, the results support the positive impact of service quality dimensions of food quality, reliability, and empathy on satisfaction. On the one hand and in contrast to the five star hotel chain restaurants, tangibles facilities and aesthetic aspects of dining environment do not seem to significantly impact on customer satisfaction in the local chain restaurants. Instead, food taste and food presentation are keys to high diners' satisfaction (see Namkung and Jang 2008). These results have close affinity with existing research evidence (Bartlett and Han 2007; Qin and Prybutok 2009; Law et al. 2004; Hensley and Sulek 2007; Andaleeb and Conway 2006) on the positive relationship between food quality and customer satisfaction. In respect of other dimensions of service quality, the current research evidence confirms the positive relationship between reliability and satisfaction. This is also consistent with the existing research evidence (e.g. Poon et al. 2004) where good or poor level of customer service experiences is attributed to the customer cultural background and therefore it appears to vary from culture to culture. Given the high power distance or collectivist culture of Chinese society, customers tend to tolerate poor services and unintentional staff's errors. As customers are satisfied generally, it is highly likely that the service providers perform the promised services more accurately and dependably (i.e. reliability). Finally, the current research evidence supports a positive relationship between empathy aspect of service quality and satisfaction. As mentioned earlier, customers of local chain restaurants seek a type of dining experience where staff provide individualized attention

to the customers and positively contribute to the customer's feeling and personal needs during their dining time.

With regard to the relationship between service quality dimensions (i.e. tangibles, reliability, responsiveness, assurance, and empathy) and value for money (i.e. the tradeoff between benefits gained and sacrifices made – see Grace and O'Cass 2005), the results of the current study appear to downgrade the significant relationship between these two constructs. Hence, Parasuraman's five service quality dimensions are not considered as important by the customers for assessing their service encounter across both the five star hotel chain and local chain restaurants.

One explanation for such lack of relationship between value for money and service quality could be that value as utilitarian aspect is not sufficient to depict the nature of (Taiwanese) customer service encounter. Overall, past research suggests two types of value for assessing the customer encounter, namely, utilitarian (functional) value and symbolic (hedonic) value. Promotional incentives are examples of utilitarian (functional) value and cleanliness, taste of food, kindness of employee, and facilities represent symbolic (hedonic) value (see Bolton and Drew 1991; Dodds et al. 1991; Park, 2004; Chen and Hu 2010). Based on such classification of service encounter assessment, Park (2004) presents evidence to suggest a significant positive relationship between customer perceived utilitarian and hedonic values (both services/intangible and products/tangible attributes) of eating out in fast food restaurants. More specifically, Park reports that quick service and promotional incentives have positive correlation with utilitarian (functional) value, whereas other attributes (e.g. quick service, cleanliness, promotional incentives, taste of food, kindness of employee, and facilities) have association with symbolic (hedonic) value in fast food restaurants (see also Chen and Hu 2010:544; Wu and Liang 2009). In the context of the current research, the aforementioned discussion on perceived value for money suggests that service quality dimensions could affect hedonic value instead of traditional utilitarian value (value for money) in Taiwan foodservices and restaurant industry. In other words, customers' preferences to go to each of the two restaurant settings could be explained based upon and attributed to several monetary and

nonmonetary measures. Such measure could be partially explained based on the notions of 'eating' versus 'dining' occasion proposed by Powers and Barrows (2005). According to Powers and Barrows 'eating' occasion refers to a situation where the food product or service often plays a 'supporting' role – an indication that it does not represent the primary reason that the guest prefers to go either a five star or local chain restaurant. On the other hand, the dining experience occasions highlights the centrality of meal experience (including the food) to the customer. Clearly it can be argued that each occasion and specific needs of the customers could be assessed and valued differently by the customers not least because by using each of the two settings customers expect to benefit from certain factors associated with both hedonic value and more traditional utilitarian value of the service/product. Such categorization of perceived service value (i.e. traditional utilitarian and hedonic values) and service quality and a lack of significant relationship between value for money and service quality in the current study provide a venue for further research on the nature of perceived value for money in the context of restaurant industry in neighboring countries with non-Chinese cultural backgrounds.

The current study also makes an attempt to hypothesize the positive relationship between customer satisfaction and value for money. The results are consistent with a majority of past research (e.g. Hume and Mort 2008; Chen 2008; Chen and Tsai 2008; Huber et al. 2007) which confirm a positive impact of value for money on customer satisfaction. However, the current study presents mixed results for each of the two research settings. On the one hand and consistent with Wu and Liang's (2009) study of luxury-hotel restaurants in Taiwan, a positive relationship between customer satisfaction and value for money is reported in the five star hotel chain setting. On the other hand and consistent with Qin and Prybutok's (2009) study of fast food restaurants in Taiwan, the positive relationship between customer satisfaction and value for money is found insignificant in the local chain restaurant setting. In respect of the local chain restaurants, a lack of positive relationship between customer satisfaction and value for money does not necessarily mean that value for money is not related to customer satisfaction in the local restaurant setting. Rather, it implies that the characteristics of local restaurants are

relatively homogenous – an indication that compared to other factors perceived value does not exhibit significant variation (Qin and Prybutok 2009:91).

With reference to the impact of satisfaction and value for money on behavioural outcomes, the current study provides mixed results for each of the two settings. On the one hand, it supports the positive relationship between customer satisfaction and behavioural outcomes (e.g. positive word-of-mouth, loyalty, willingness to pay more, and repurchase intention) in the local chain restaurant setting. These findings have close affinity with those of Ladhari et al. (2008) which reveal that satisfaction positively impacts on recommendation, customer loyalty and willingness to pay more. Kim et al.'s (2009) study of restaurant industry concludes that satisfaction has positive link with positive word-of-mouth and return intention. In a similar vein, Ekinci et al.'s (2008) study also confirms the positive impact of satisfaction on loyalty (see also Qin and Prybutok 2009). On the other hand, it confirms the positive impact of value for money on several behavioural outcomes such as positive word-of-mouth and willingness to pay more, and supports a negative relationship between value for money and complaint and switching intention in the five star hotel chain restaurant setting. These findings conform to past research evidence such as those of Tam (2004), Kivela et al. (2000), and Arora and Singer (2006), among others, who conclude that value for money has impact on positive word-of-mouth. Oh (2000:19) argues that as customers expect high value for money during their service encounter, they might express strong intentions to patronise the restaurant. Oh also views value for money to be a powerful predictor in customers' dining decisions. Accordingly, value for money has negative impact on several other behavioural outcomes such as complaint and switching intention. Customers expect positive consequences to occur and fair treatment and good service to be due (Zeithaml et al. 2006). Therefore, if services they receive are lower than what they pay for (based on their value judgment), they tend to demonstrate negative behavioural intentions such as complaint and switching intention – not least because of perceived low switching costs (Wang 2010). These findings partially support Lin and Mattila's (2006) earlier results as they observe that Taiwanese customers are likely to demonstrate switching behaviour [in case of perceived low value for money].

7.3 Research implications

The research implications drawn from this study offer both theoretical and practical insights for services and marketing management scholars as well as practicing managers. In the following sections, a detailed discussion on specific theoretical and practical implications and contributions of the research findings are presented.

7.3.1 Implications for theory

In the interest of clarity and simplicity, these implications are discussed based upon the key themes displayed in the main research framework (see Figure 4.3).

7.3.1.1 The impact of Chinese cultural values on expectations of service quality

The findings of this study on the relationship between (Chinese) cultural values and the dimensions of service expectations could be considered as an important contribution to knowledge. This link has been examined through the lens of Chinese cultural values – as opposed to the dominant Western-oriented Hofstede’s (1994) and to a lesser extent Hall’s (1976) cultural dimensions. To the best of our knowledge, no similar research formwork as shown in Figure 4.3 has been reported in the extant literature on the research phenomena. Hence, the first contribution relates to utilizing Chinese cultural norms and traditions on two fronts: (i) to extend the debate on the more specific cultural contexts and its implications for overall customer satisfaction (Furrer et al. 2000; Mattila 1999; Evangelos and Graham 2007; Dash et al. 2009; Smith and Reynolds 2009), (ii) to posit the nature of service provider-customer’s understanding of each other’s preferences, expectations and perceptions. Such focus on the application of Chinese cultural values as our theoretical lens echoes the current call by the organizational scholars for more research on the wider Asian Pacific context (as opposed to Western-dominated research) who argue that (to quote Fang 2010:156) “there is a need to move beyond the Hofstede

paradigm (as he explored, among other things, the general characteristics of Asian management as opposed to management elsewhere) if today's borderless and wireless cross-cultural management has a chance to be understood and theorized" (see also White 2002; Meyer 2006; Ahlstrom 2010). The research findings have offered evidence to partially support the influence of Chinese cultural values on various dimensions of service quality expectations. Therefore, Chinese cultural values of mien-tzu, *guanxi*, and *hé* can be considered as drivers for not only directing service quality assessment but also guiding the marketing and services scholars to revisit their theoretical lens through which service quality dimensions can be assessed, thereby helping both service providers and customers to experience a service encounter free of negative service quality gap.

In short, this study is a response to frequent call for more research with reference to using specific cultural values to evaluate service quality (i.e Reisinger and Turner 2002; Reimann et al. 2008; Fang 2010; Ahlstrom 2010). We hope that such new perspective of exploring the relationships could establish a primary knowledge base that could be of interest to other services and marketing researchers who seek to establish a complete Chinese cultural framework to examine its wider effect on the overall service and marketing management field. So given the role of China and its consumers in global economy and previous call for such research, this study has made meaningful contribution into the long-standing debate on the dynamics of service quality and culture.

7.3.1.2 The relationship between expectations of service quality and its determinants

Linked to the impact of culture on service quality expectations is a contribution that hinges on the impact of past experience, word-of-mouth and implicit/explicit service promises (referred to as the determinates of service quality expectations) on the customers service expectations. These determinants of service quality expectations were initially introduced by Zeithaml et al.'s (1993) seminal work and subsequently were employed, tested and validated across a range of (primarily Western-dominated) service

organizations in different countries by marketing and services scholars (e.g. Devlin et al. 2002; Clow and Kurtz 1997; Dion et al 1998; Walker and Baker 2000). The current study contributes to this ongoing research stream through validating these determining factors in the novel context of Taiwan and therefore contributes empirically to the debate. More importantly, other relevant contribution stems from the fact that most of previous researches have made an attempt to examine the relationship between service quality expectations and its determinants at aggregate level construct. The current study has made an attempt to extend the debate by exploring the relationship between the research constructs at individual level construct. With regard to the later contribution, the results, for example, indicate that past experience and service promises have positive impact on expectations of service quality across both restaurant settings. Such heavy dependence on past experiences and service promises (external information) to picture the primary needs of the consumers are valuable inputs into knowledge base on linking past experience as well as service promises with customer service expectations.

7.3.1.3 The relationships between service quality, value for money, satisfaction, and behavioural outcomes

The current study also contributes to theory development and testing in regard to the relationship among service quality, value for money, satisfaction, and behavioural outcomes. In this respect, this study contributes to the debate in three-related ways. First, in contrast to many previous studies on the research phenomena, attempts have been made to individually investigate the impact of each of the elements of service quality. Accordingly, each of the several behavioral outcomes has also been examined separately – as opposed to their aggregate impact. Clearly, such level of examination of the research constructs, albeit in only restaurant industry, proves useful for advocates of ‘culture-service quality’ research who wish to follow this line of investigation across other service-oriented industries in both China (Taiwan included) and other Chinese-spoken countries and other neighboring nations with more specific cultural norms (see Tsoukatos 2007). Second, in contrast to utilizing generic form of SERVQUAL index, the

current study has made an attempt to develop a more customized version of SERVQUAL instrument to appropriately reflect on and measure the relationships between service quality, value for money, satisfaction, and behavioural outcomes in the context of restaurant industry in Taiwan. Whilst customization is not without its drawbacks particularly with regard to the follow-up comparability and generalizability of results, particular care was taken to incorporate the customized attributes within the general frame of the SERVQUAL dimensions. Hence, this study contributes towards making a strong case for further applicability of SERVQUAL across non-Western cultures to further capture the service attributes of the industry under research. In short, the research findings based upon the five dimensions of SERVQUAL and testing the metric and evidence from Taiwanese five star hotel chain and local chain restaurants contribute to the existing knowledge on the dimensionality of the SERVQUAL metric, thereby offering support for further consideration of the dimensionality of the metric in non-Western, more specific industry and cultural context such as hospitality industry (e.g. restaurant and food services) and Chinese cultural traditions and norms (see Jabnoun and Azaadin 2005; Kim et al. 2009; Kim et al. 2009; Raajpoot 2004; Tsoukatos, 2007:193). Finally and third, in contrast to the extant research evidence on the relationship between service quality, value for money, satisfaction, and behavioural outcomes, the current study reports two contrasting findings with those of past research evidence. First, it disproves a significant relationship between value for money and behavioural outcomes in the local chain restaurants. Second, it refutes a significant relationship between satisfaction and behavioural outcomes in the five star hotel chain restaurants. Clearly such results provide an opportunity for further follow-up studies on why this is the case given that most of prior studies have frequently offered strong support for the significant relationship between value for money and behavioural outcomes as well as satisfaction and behavioural outcomes.

7.3.2 Managerial and policy implications

Implicit in the aforementioned findings on culture and service quality, on the one hand, and service quality, value for money, satisfaction, and behavioural outcomes, on the other hand, are several points which deserve further attention by practicing managers – both local as well as international managers of hospitality sector generally and restaurant and food services in particular. The implications of the findings for local managers who create the service encounter – i.e. restaurant managers – as well as their customer-contact employees who create the service experience are that they need to consider, embed, and observe the cultural backgrounds of the customers in both the design and delivery of dining services. For example, the findings support the paramount impact of mien-tzu on service expectations of assurance in the five star hotel chain restaurants; or in the case of local chain restaurants, they offer support to the positive impact of mien-tzu on service expectations of tangible (e.g. food quality). Given that mien-tzu implies one's good reputation, the findings highlight the fact that restaurant customers expect the service provider to have a high level of expertise, knowledge about how to perform their tasks, ability to handle customer requests, and bringing the customer a feeling of confidence and trust (referred to as assurance in the literature on service quality management). Hence, the management of five star hotel chain restaurants has to invest in staff's interpersonal and technical training so that they become competent and capable in serving their customers, thereby giving mien-tzu to their guests through retaining and maintaining immense regard for them and enhancing their personal values. In respect of the management of local chain restaurants, there is a need on the part of the management to create a genuine dining environment which results in giving mien-tzu to the guests thereby enhancing customer's value, through dining in a friendly atmosphere where the overall ambience of the restaurant is cosy, the internal design and decoration of restaurant is consistent with the expectations of the customers and deeply rooted in Chinese culture (e.g. the culture of chopsticks which signals the wisdom of Chinese ancient people to rip, pick, nip and stir food; the culture of setting tables; the culture of respecting others at the table, and the like), the customer-contact staff keep the customer in high spirits through behaving with

the utmost courtesy, and more importantly, food quality and presentation in terms of color, flavor, aroma make up a seductive dish for the customer.

The current study also sheds light on and offers support to the significant relationship between the Chinese cultural element of *guanxi* and responsiveness in the local chain restaurant setting. The implication of this finding for the management of local restaurants is that they need to put into place any mechanisms (e.g. empowering employees, establishing a performance-related pay for those high performers, promotion, holiday pay, sick pay) to encourage and persuade their customer-contact employees to willingly help and provide prompt and high quality services in particular to those customers whom they have some prior *guanxi* with. In other words, customers who have prior personal and business relationship with the local restaurants expect more personalized, prompt services. Effective and successful responsiveness to the needs and requirements of the customers who have established *guanxi* with the restaurant would result in certain positive behavioral intentions on the part of the customers. Here, the importance of *guanxi* to the success of restaurant business encourages the management to empower their staff to handle the customers' concerns on their own discretions, thereby better serving the customers. Both satisfied staff and happy customers will then highly recommend the restaurant to their friends/families as their first choice of dining; they will spread positive word-of-mouth; and finally, they will remain loyal to the restaurant both as an employee and a customer. Such positive and right *guanxi* then further stimulates profit and growth of the restaurant business. In the marketing and services literature, such knock-on effect of employees on the customer satisfaction and organizational profitability is referred to as service-profit chain (Heskett et al. 1997).

The current research evidence also offers support to the negative relationship between the Chinese cultural tradition of *hé* and service expectation dimension of reliability. The implication of such insignificant relationship for the management of local chain restaurants is two-fold. First, they need to put into place the necessary mechanisms to enhance the ability of their staff to perform to their best, if they wish to fulfill or even exceed their service promises. So the more dependable and reliable the services, the more

satisfied the customers. Again providing both interpersonal and technical training would help employees outperform and exceed the customers' needs. Clearly, skilful and trained employees would create a more harmonious dining atmosphere ensued by harmonious employee-customer relationship. Second, to maintain a harmonious dining atmosphere and meet customer service expectations, restaurant managers need to be cognizant of a customer's minimum level of tolerance and more importantly of the failing points of service delivery and how to cope with them. Situations where cause a lack of harmonious dining environment or result in service provider-customer conflict and discord could include slow or unavailable service, facility/equipment problems, and failure to fulfill a customer's requests (both implicit and explicit) (Mack et al. 2000:342; Hoffman et al. 1995; Bitner et al. 1990). Such causes of service failure guide the management of the local restaurants to invest more in employee training in particular those of customer-contact ones. Of course, there are also situations which are beyond the direct control of the service provider and result in service failure. Here, employees should be trained more in terms of interpersonal skills and ability to rightly discuss the failed services with the customers and offer apology, correction, replacement, refunding the money, explanation, assistance, and compensation (Bitner et al. 1990:54; Kelley et al. 1993; Hoffman et al. 1995; Miller et al. 2000; Lewis and Spyropoulos 2001; Lewis and McCann 2004, Lewis and McCann 2004:8). Even if service failure is caused from a customer's side, employees should be trained to remain professional and maintain a harmonious relationship with the customer and to resolve the arising problems amicably. Clearly such effective handling of customer complaint would make them more loyal and repeat ones, therefore generating more revenue for the business.

In respect of the implications of the research findings for the international managers and businesses who wish to operate in the hospitality sector in Taiwan and greater mainland China, we draw attention to several issues. It is imperative for the international managers to know the peculiarities of Chinese culture (e.g. *gunaxi*, *mien-tzu*, *hé*) and its underlying traditions (e.g. Confucianism and Taoism) and their values in their businesses. This is because it is clearly different from the Western culture (e.g. US and Europe) as well as even other neighboring Asian cultures. Such familiarity includes, among others, knowing

the philosophy underpinning Chinese culture –i.e. Confucius which plays a critical role in Chinese society and indeed is an analogous to the role played by the religion in the West, familiarity with the language, the importance of win-win solutions in business relationships and negotiations (mien-tzu), the importance of trust in business relationship (guanxi), and individual values as a function of group membership (hé), (see Lenard 2006; Ahmed and Li 1996).

7.3.2.1 Policy implications

Clearly, the research findings and aforementioned managerial implications and their achievements pose a crucial challenge for the policy makers in Taiwan and greater mainland China in that the government should play the linking-pin role among the parties involved in designing and delivering food services to the customers: community of the hospitality sector which includes both domestic and international restaurants and food services, their customers, and public organizations which govern and monitor the operations of hospitality sector. The role played by the government needs to focus on strengthening the relationship between the parties and ensuring its sustainability through mandatory effective service provider–customer relations policies. Given the rapid economic growth of China (including Taiwan), tendency of many foreign firms to enter into China to make most of the existing opportunities, and the fierce competition to capture the untapped potential in Chinese market, the intervention of the government through passing supportive legislations of the hospitality sectors and consumer rights are deemed essential. For example, there has so far not been any rating system to evaluate restaurant quality services in Taiwan. Here the government could suggest a similar system to that of ‘Michelin Guide’ which identifies restaurants and hotels within each comfort and price category – ranging from ‘no-star’ to ‘3-star’ restaurants (see <http://www.michelinguide.com/us /ratings.html>). Accordingly, those who perform better and create a more positive service experience for the customers need to be publicly recognised. Establishing such ranking system to recognise the quality performance of restaurant food and service quality would clearly equip customers with more information and better judgment on value for money and also encourage service operators to compete

and maintain a higher level of food quality. Over the past several years, there have been some attempts to improve ties between Taiwan and the mainland China. To facilitate such close partnership two pandas were given to Taiwan by Chinese President Hu Jintao as a sign of interest in enhancing more macro level partnership between the two sides which were split since the end of the Chinese Civil War in 1949. They arrived in a chartered plane on 23 November and – after quarantine – made their debut at the Taipei Zoo on 26 January. Since then an average of 12,500 people have visited the Panda House to see the velvety animals per day, making them the star animals of the zoo. Yet the pandas do carry political symbolism as China named them Tuan Tuan and Yuan Yuan (Tuanyuan means reunion in Chinese) to symbolize that Taiwan and China should reunify (Source: Sood 2009; see Soltani et al., 2009:1336). Give President Ma's open policies to towards mainland China coupled with such surge of interest in visiting Taiwan by mainland Chinese, ensued by a need to serve them appropriately during their stay, the government needs to strictly manage the hospitality sector in general and hotel/foods services particularly to flourish tourism industry.

7.4 Research limitations and recommendations for further research

Despite presenting a variety of new insights into the impact of Chinese cultural traditions of mien-tzu, gunaxi and hé on service quality and the resultant implications for customer satisfaction, and the fact that extra care was taken with regard to sample choice, data collection and analysis, the study also has several limitations. The first limitation relates to the fact that the data were collected from a single industry (hotel chain restaurants and local chain restaurants), thereby restricting the generalizability of the findings to wider business contexts. The context of hospitality sector in general and restaurant/food services in particular is characterized by a service offering with both elements of products and services, high power of customers, and medium-high contact with service employees depending on the type of restaurants (Palmer 2005; Chase 1978; Shostack 1977; Furrer et al. 2000). Given such peculiarities and attributes of restaurant services, one can easily question the generalisability of findings. Even in the context of hospitality sector, not all industries share and function with the same attributes. For instance, transportation is a low contact, low power of customers and tangibles dominant operations. So whilst certain findings of this study may be generalizable across service industries with similar service characteristics, other generalisations are unlikely to be reliable. However, it should be noted that researchers quite often advocate a single industry as this contributes to, among others, control for variance due to industry-specific conditions including variability between industries in terms of workforce management, market conditions, degree of unionization or even differences in consensus understanding of the meanings of terms (Flynn et al. 1994; Sroufe and Curkovic 2008; Soltani et al. 2012).

As such, a second limitation of this study lies in its restricted samples. Although adequate for statistical analyses, this can be considered as further limiting the generalisation of the findings. Accordingly, a third limitation of this study is related to the choice of restaurateurs. In this study, two types of restaurant across three regions (i.e. North, Middle, and South) were chosen: the five star hotel chain restaurants and the local chain restaurants. Given that the sample has not covered all food services, the applicability of the findings to the wider food service businesses in Taiwan is questionable. A fourth

limitation of this study relates to the generalization of the findings to other Chinese-spoken countries. No previous study has so far sufficiently made an attempt to explore the direct relationship between service quality and Chinese cultural values. Whilst the current study has attempted to fill the void and explored the national level cultural impact Taiwanese society on service quality dimensions, there is danger if we claim that the research findings are safely applicable to other foodservices/restaurant industry in neighboring Chinese-spoken countries. For example, in contrast to open door policy of Taiwanese government, the mainland Chinese government seems to have a rather closed-door policy. Clearly, each of these policies has important and serious ramifications for the way people (customers) behave, live and eat not least because such macro economical and political policies guide people to lead a life and consume in a rather different way. Such limitation in turn provides a venue for further replication of this study to those neighboring and regional nations with similar cultural backgrounds. The fifth limitation refers to the adopted survey method. This study utilized a combination of face-to-face and self-administered survey for data collection. The face-to-face element of data collection could result in the interviewer bias which in turn could influence the way the respondents answer the survey questions. Whilst, most studies on the subject seem to employ a mail survey or face-to-face questionnaire survey (but not both together), the face-to-face element of engaging with the potential respondents in this study only served to fulfill several important objectives, namely, to get to know whether they were happy to complete the survey on a volunteer basis, to brief the respondents on how and when to complete different sections of the survey, and to reduce various drawbacks of face-to-face questionnaire survey not least because this method is generally considered to poorly minimize social desirability of the respondents. Accordingly, the combination of face-to-face and partially-administered survey helps the researcher to overcome the disadvantages of self-administered survey (such as mail survey) in terms of low response rates and more importantly to allow opportunities to consult if participants have questions. Despite such attention and care on the part of the researcher, the initial but minor face-to-face contact with the respondents could partially influenced their overall judgments and hence could be seen as a limitation of the current study. Finally and sixth, convenience sampling method, even though used frequently in similar streams of research for data

collection (e.g. Bigne et al. 2008; Babin et al. 2005; Wu and Liang 2009; Namkun and Jang 2008; Stevens et al. 1995) could also restrict the generalizability of the research findings. The convenience sampling technique has several advantages, namely, it is fast, inexpensive, and easy. But, it lacks an appropriate measure of the representativeness of the information collected about the sample to the population. However, given the time and budget limitations, this technique was found suitable and therefore extra care was taken to reduce the bias in the samples for stability of final results.

7.4.1 Recommendations for further research

In light of the aforementioned limitations, several issues deserve further attention in any future research on the topic. One area for further exploration of the research phenomena is the context of the research. This study explores the relationship between service quality and relevant consequences through the lens of Chinese cultural values. Given that the data were drawn from Taiwanese customers of restaurant services, it would be imperative to further validate the results by examining other research contexts such as Mainland China, Hong Kong, Singapore or any other Chinese-spoken countries to reveal the similarities and differences. Given the surge of interest of Chinese tourists in visiting Taiwan, perhaps Chinese customers could constitute a new research samples for future similar research in Taiwan. The use of other cultural frameworks such as GLOBE, or that of Trompenaars or Schwartz could also shed new light on the peculiarities of national cultures and their implications for the consumer behaviors. This also provides opportunities to find out more about the suitability of each cultural framework for specific cultural norms. A similar line of enquiry into the research phenomena in other service-oriented organisations could prove beneficial to further explore the influence of culture on customer expectations and perceptions towards services. For instance, insurance is an important product in Taiwanese society due to their private health care system. So the choice of which insurance company to prefer over other competitors is influenced by a range of diverse factors. In this respect, a majority of Taiwanese customers buy insurance products through recommendations made by family members and friends. Due to the importance of cultural norms such as *guanxi* (personal connection)

and mien-tzu -giving, customers are shy to reject their friends/relatives' requests (who are sale representatives). However, whether service offered is better or gets worst after buying through this relationship is worth to be investigated. In respect of the impact of Chinese cultural values, the current study focuses on only three key elements of guanxi, mien-tzu and hé which are core to Chinese cultural traditions and business relationship among people. This in turn provides a venue for further exploration of the impact of other Chinese cultural values on customer service evaluation and business relationships. Even though service quality section of the questionnaire with a two-column format (one column for measuring expectation and the other for assessing perceptions) was designed, the SERVPERF index was employed for service quality assessment in this study. This suggests that future study can either use the two-column format and test the service quality gap (service performance – service expectations) (referred to as SEVQUAL) to compare the results between the two approaches or design a three-column format (minimum expectations, maximum expectations, and service performance) to analyze the customer's zone of tolerance (ZOT) and its relationship with the customer's behavioural consequences. Finally, given that this study utilized a quantitative approach based on a detailed survey instrument to investigate the research phenomena, a mixed methodology can be considered as a more appropriate means of exploring the cultural influences on service quality operations.

7.5 Concluding remarks

Customers are the *Raison d'être* of all organizations whether private or public, manufacturing or service, and for-profit or non-for-profit ones. So the common denominator of all firms operating in any market is serving their customers. Whilst different markets and businesses have their own risks and gains, firms can successfully manage their operations as long as they understand the needs, wants and the requirements of their customers, and more importantly appreciate how customers' needs and expectations are formed, influenced or even can be altered. Such understanding, it is argued, seems to be more challenging and difficult in the context of services not least because of the peculiarities of services – as opposed to products – in terms of, *inter alia*,

intangible nature of services, customers as co-producers, and more importantly individual differences among customers with regard to their expectations towards services. The complexity of understanding and measuring customer expectations towards services is coupled with the extant literature on the paramount importance of culture on customer expectations, perceptions and assessment of services.

Accordingly, the evidence presented in the current study shed light on the paramount importance of cultural norms and values as major determinant of a customer's expectation towards services. This research evidence presented here are deemed essential for the advocates of culture and services research not least because they draw conclusions from one of fastest growing market in the world –i.e. Taiwan (as part of greater China).

Such focus on the non-Western cultural context of Taiwan (as representative of mainland China) – as opposed to the Western-dominated Hofstede's and Hall and Hall's cultural dimensions – and its implications for a customer's assessment of services have revealed several important research findings, recommended ways to move forward on the part of practicing managers, and raised several important research questions for future follow-up exploration on the part of organizational scholars. So we hope that the ideas and suggestions offered in this study would be taken on board for effective management of the hospitality sector in general and restaurant/food services particularly and for further empirical testing so that the results would hopefully help other practicing managers to better manage their service operations with similar cultural backgrounds.

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Appendix A. Descriptive, factor loading, Kaiser-Meyer-Olkin measure of sampling adequacy (KMO), and total variance explained

Five star hotel restaurant				Questionnaire Items	Local restaurant			
Constructs	Mean	SD	Loading		Constructs	Mean	SD	Loading
Service Perceptions					Service Perceptions			
KMO=0.921 Total variance explained:84.16					KMO=0.909 Total variance explained:75.64			
TAN (Tangible)	5.24	1.134	.802	1. This restaurant has visually attractive parking areas.	TAN (Tangible)			--
	5.35	1.050	.847	2. This restaurant has visually attractive building exteriors.		4.54	1.202	.775
	5.42	1.032	.868	3. This restaurant has a visually attractive dining area.		4.68	1.274	.827
			--	4. Staff of this restaurant are clean, neat, and well dressed.		4.89	1.229	.812
			--	5. This restaurant has a décor in keeping with its image and price range.		5.04	1.149	.793
			--	6. This restaurant has a menu that is easily readable.				--
	5.40	1.114	.849	7. This restaurant has a dining area that is comfortable and easy to move around in.		4.93	1.115	.741
	5.61	1.066	.844	8. This restaurant has rest rooms that are thoroughly clean.		4.77	1.334	.868
	5.65	1.066	.858	9. This restaurant has dining area that are thoroughly clean.		5.02	1.142	.795
	5.49	1.146	.808	10. This restaurant has comfortable seats in its dining area.		4.97	1.243	.793
FOO (Food)	5.33	1.161	.881	11. This restaurant offers excellent taste of food.	FOO (Food)	5.34	1.047	.794
	5.36	1.077	.881	12. This restaurant offers excellent appearance of food.		5.10	1.094	.869
	5.44	1.077	.899	13. Quality of food and beverage is consistently high.		5.24	1.124	.797
			--	14. When this restaurant promises to do something by a certain time, it does so.	RELI (Reliability)	5.43	1.283	.780
			--	15. This restaurant quickly corrects anything		5.34	1.257	.776

Five star hotel restaurant				Local restaurant				
Constructs	Mean	SD	Loading	Questionnaire Items	Constructs	Mean	SD	Loading
				that is wrong.				
			--	16. This restaurant is dependable and consistent.		5.64	1.256	.810
			--	17. This restaurant serves your food exactly as you ordered it.		5.92	1.196	.874
			--	18. The bill is accurate.		6.01	1.163	.836
RES (Responsiveness)	5.37	1.103	.787	19. Staff support each other to maintain speed and quality of service.		5.30	1.201	.634
	5.31	1.055	.802	20. Staff are attentive at the appropriate time.	RES (Responsiveness)	5.07	1.344	.764
	5.33	1.066	.784	21. Staff are always willing to help me.		5.13	1.352	.740
			--	22. This restaurant gives extra effort to handle my special requests.		4.91	1.363	.788
AS (Assurance)	5.42	1.083	.912	23. This restaurant has staff who can handle my requests completely.		5.12	1.235	.620
	5.53	1.097	.930	24. This restaurant makes me feel comfortable and confident in dealings with them.				--
	5.54	.996	.928	25. The staff are well-trained, competent, and experienced.				--
	5.48	1.104	.926	26. This restaurant seems to support the staff so that they can do their jobs well.	EM (Empathy)	5.03	1.276	.662
EM (Empathy)	5.06	1.118	.731	27. The staff are sensitive to my individual needs and wants.		4.72	1.338	.804
	5.09	1.086	.785	28. This restaurant makes me feel special.		4.79	1.176	.762
	4.97	1.021	.846	29. This restaurant anticipates my individual needs and wants.		4.67	1.291	.768
			--	30. The staff seem to have my best interests at heart.		5.18	1.246	.694
	5.19	1.095	.720	31. This restaurant should be expected to have operating hours convenient to all its customers.		5.06	1.175	.735

Five star hotel restaurant				Local restaurant				
Constructs	Mean	SD	Loading	Questionnaire Items	Constructs	Mean	SD	Loading
Service Expectations					Service Expectations			
KMO=0.935 Total variance explained:87.64					KMO=0.879 Total variance explained:79.90			
TAN (Tangible)	5.26	1.212	.772	1. This restaurant has visually attractive parking areas.				--
	5.40	1.128	.807	2. This restaurant has visually attractive building exteriors.				--
	5.39	1.137	.821	3. This restaurant has a visually attractive dining area.				--
	5.40	1.128	.797	4. Staff of this restaurant are clean, neat, and well dressed.				--
	5.40	1.131	.789	5. This restaurant has a décor in keeping with its image and price range.				--
			--	6. This restaurant has a menu that is easily readable.	TAN (Tangible)	5.91	1.035	.737
			--	7. This restaurant has a dining area that is comfortable and easy to move around in.		5.51	.998	.856
			--	8. This restaurant has rest rooms that are thoroughly clean.		5.63	1.041	.880
			--	9. This restaurant has dining area that are thoroughly clean.		5.70	1.022	.875
			--	10. This restaurant has comfortable seats in its dining area.		5.57	1.047	.844
FOO (Food)	5.74	1.221	.799	11. This restaurant offers excellent taste of food.	FOO (Food)	5.94	1.170	.789
	5.52	1.179	.796	12. This restaurant offers excellent appearance of food.		5.59	1.319	.740
	5.67	1.174	.776	13. Quality of food and beverage is consistently high.		5.79	1.334	.801
	5.54	1.172	.790	14. When this restaurant promises to do something by a certain time, it does so.	RELI (Reliability)	6.01	1.104	.797
	5.46	1.237	.726	15. This restaurant quickly corrects anything that is wrong.		5.98	1.098	.800
			--	16. This restaurant is dependable and consistent.				--

Five star hotel restaurant				Local restaurant				
Constructs	Mean	SD	Loading	Questionnaire Items	Constructs	Mean	SD	Loading
			--	17. This restaurant serves your food exactly as you ordered it.		6.22	1.016	.840
			--	18. The bill is accurate.		6.31	.973	.856
			--	19. Staff support each other to maintain speed and quality of service.	RES (Responsiveness)	5.72	1.204	.750
RES (Responsiveness)	5.49	1.180	.753	20. Staff are attentive at the appropriate time.		5.55	1.371	.848
	5.49	1.190	.765	21. Staff are always willing to help me.		5.57	1.398	.832
	5.44	1.201	.768	22. This restaurant gives extra effort to handle my special requests.		5.52	1.366	.806
AS (Assurance)	5.36	1.226	.805	23. This restaurant has staff who can handle my requests completely.				--
	5.50	1.166	.885	24. This restaurant makes me feel comfortable and confident in dealings with them.				--
	5.54	1.135	.878	25. The staff are well-trained, competent, and experienced.				--
	5.50	1.139	.809	26. This restaurant seems to support the staff so that they can do their jobs well.				--
EM (Empathy)	5.53	1.064	.924	27. The staff are sensitive to my individual needs and wants.	EM (Empathy)	5.60	1.323	.734
	5.33	1.174	.917	28. This restaurant makes me feel special.		5.30	1.283	.842
	5.35	.981	.933	29. This restaurant anticipates my individual needs and wants.				--
	5.30	1.063	.908	30. The staff seem to have my best interests at heart.		5.72	1.183	.742
	5.40	.947	.938	31. This restaurant should be expected to have operating hours convenient to all its customers.		5.65	1.145	.768
Chinese cultural values KMO=0.897 Total variance explained:78.36				Chinese cultural values KMO=0.763 Total variance explained:70.06				

Five star hotel restaurant				Questionnaire Items	Local restaurant			
Constructs	Mean	SD	Loading		Constructs	Mean	SD	Loading
Mien-tzu	5.93	1.086	.869	1. The staff of the restaurant should not let customers lose face under any circumstance.	Mien-tzu	6.05	.986	.753
	5.83	1.075	.871	2. I expect the staff of the restaurant to treat me with respect in front of my family/friends.		5.79	1.068	.771
	5.62	1.043	.885	3. I do NOT view the personalized service delivery in the restaurant as giving face. (r)		5.29	1.203	.791
	5.69	1.058	.871	4. Complimentary food and drink, favourable comments and bending rules for fulfilling t my requests in the restaurant, make me feel special.		5.72	1.050	.798
GUAN (Guanxi)	5.14	1.326	.831	5. I believe knowing the staff of the restaurant can get something special from them.	GUAN (Guanxi)	5.09	1.306	.838
	5.05	1.292	.807	6. I think that having guanxi with the staff of the restaurant can make me feel less dissatisfied.		5.14	1.310	.880
	4.63	1.400	.777	7.I do NOT think that having a guanxi with the staff of the restaurant can get high level of service.(r)		4.67	1.187	.771
	4.90	1.353	.706	8.I usually go to the restaurant for dining as I am more familiar with its staff.		4.84	1.133	.774
Harm (Hé)	5.01	1.455	.729	9.I believe it is important to preserve the dignity of the restaurant's staff to keep a harmonious atmosphere.	Harm (Hé)	5.41	1.260	.821
	4.33	1.514	.870	10.I do not make complaints as I do not want to cause embarrassment to the restaurant's staff.		4.74	1.678	.748
	4.07	1.531	.801	11. I generally make no complaints about poor quality meals or services because I accept what I am given.				--
			--	13. I respect the Chinese dining culture of 'slow eating', because it reflects a kind of harmonious and elegant atmosphere.		5.10	1.156	.614
Determinants of service expectations					Determinants of service expectations			
KMO=0.847 Total variance explained:72.13					KMO=0.775 Total variance explained:78.86			
PAST (Past	5.45	1.185	.875	1. I had bad experience with this restaurant in	PAST (Past	5.37	1.318	.863

Five star hotel restaurant				Questionnaire Items	Local restaurant			
Constructs	Mean	SD	Loading		Constructs	Mean	SD	Loading
experience)				the past. (r)	experience)			
	5.43	1.120	.785	2. The staff were very pleasant to me in the past.		5.39	1.047	.921
	5.58	1.167	.917	3. As I was at this restaurant, I was treated rudely. (r)		5.21	1.160	.931
	5.41	1.083	.735	4. My friends/families have a low opinion of this restaurant. (r)	W.O.M (word-of-mouth)	5.38	1.168	.893
			--	5. Word-of mouth communication that I have heard about this restaurant has rated this restaurant highly.		5.09	1.026	.910
PROM (Service promises)	5.19	1.127	.824	6. As I see the advertisement of this restaurant, I have a certain level of expectation.	PROM (Service promises)	5.17	1.191	.818
	5.32	1.097	.835	7. As I receive promotional leaflets, I believe that the restaurant will undertake this offer.		5.33	1.225	.822
	5.37	1.135	.836	8. I have good impression of this restaurant because of its staff's dress code policy.		5.09	1.291	.883
	5.44	1.148	.835	9. I have certain level of expectations because of the appearance of the restaurant.		5.11	1.196	.893
	5.56	1.134	.844	10. As I know the price offered by the restaurant, I expect it to provide a reasonable level of service.		5.37	1.073	.860
Behavioural outcomes KMO=0.84 Total variance explained:75.93					Behavioural outcomes KMO=0.817 Total variance explained:78.68			
PWOM (positive word-of-mouth)	5.20	1.098	.882	1. I want to tell other people positive things about this restaurant.	PWOM (positive word-of-mouth)	5.58	.975	.901
	5.09	1.109	.902	2. I want to recommend this restaurant to my friends and families.		5.62	.920	.857
	4.94	1.159	.808	3. I do not encourage friends and relatives to		5.69	.904	.815

Five star hotel restaurant				Local restaurant				
Constructs	Mean	SD	Loading	Questionnaire Items	Constructs	Mean	SD	Loading
				come to this restaurant. (r)				
			--	4. I do not think of this restaurant as my first choice compared to other restaurants. (r)	LOY (Loyalty)	4.09	1.217	.817
			--	5. In any situation, this restaurant remains my first choice.		4.10	1.228	.830
	4.61	1.312	.550	6. When another restaurant runs special offer, I am very likely to switch to another one rather than patronize this restaurant.		4.47	1.224	.904
PAY (Pay more)	3.74	1.374	.826	7. I will come back to this restaurant even if the price increases.	PAY (Pay more)	3.77	1.297	.726
	3.73	1.437	.885	8. I am willing to pay a higher price for this restaurant than for other restaurants.		3.64	1.188	.858
	3.66	1.452	.885	9. If this restaurant increases its prices, it still remains my favourite one.		3.63	1.304	.895
	3.84	1.431	.816	10. I have no problem with paying more for the service offering of this restaurant.		3.67	1.331	.833
COM (Complaint)	4.50	1.375	.777	11. I complain to my friends and families about this restaurant if I am not happy with the service.				--
	3.86	1.428	.810	13. If I am not happy with the service offering of the restaurant, I will complain to external bodies.				--
	4.34	1.383	.731	14. I usually report any failure in service to this restaurant manger.				--
			--	15. I am likely to come back to this restaurant again.	REPU (Repurchase intention)	5.19	1.110	.818
			--	17. I will definitely come back to this restaurant in the future.		4.87	1.199	.832
			--	18. I have every intention of coming to this restaurant in the future.		4.87	1.248	.867
SWIT	4.25	1.362	.820	19. I do not foresee myself switching to a				--

Five star hotel restaurant				Local restaurant				
Constructs	Mean	SD	Loading	Questionnaire Items	Constructs	Mean	SD	Loading
(Switching intention)				different restaurant. (r)				
			--	20. As the cost associated with switching restaurant in terms of time, money, effort are high, I have no intention to change a restaurant. (r)				--
	4.58	1.508	.888	21. For me, it would be a hassle to change restaurants. (r)				--
	4.28	1.444	.882	22. I haven't found very many other good restaurants with whom I could be satisfied. (r)				--
Value for money					Value for money			
KMO=0.84 Total variance explained:77.43					KMO=0.674 Total variance explained:57.94			
VAL (Value for money)	4.89	1.250	.901	1. At the price I paid, the meal was very reasonable.	VAL (Value for money)	5.22	.939	.704
	4.48	1.206	.908	2. The meal I had was a very good value for money.		4.68	1.041	.824
	4.89	1.201	.881	3. This restaurant provides a good service for the price.		5.24	1.070	.742
	4.33	1.246	.827	5. The meal at this restaurant appears to be a reasonable bargain meal.		4.65	1.094	.769
SAT (Satisfaction)					SAT (Satisfaction)			
KMO=0.743 Total variance explained:81.36					KMO=0.716 Total variance explained:77.35			
	5.33	1.095	.907	2. I am satisfied with the overall service provided by this restaurant.		5.25	1.036	.847
	5.16	1.162	.888	3. My choice of having a meal in this restaurant was a wise one.		5.19	.873	.906
	5.44	1.106	.911	4. I do not feel regret for dining in this restaurant.		5.45	.930	.884

All items were measured by seven-point Likert scales with 1 (*strongly disagree*) and 7 (*strongly agree*) as end points.

Appendix B. Constructs items, standardised loadings, composite reliability, and average variance extracted

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
Service Perceptions					Service Perceptions					
V	TAN (Tangible)	0.81	0.953	0.770	1. This restaurant has visually attractive parking areas.					
V		0.88			2. This restaurant has visually attractive building exteriors.	V	TAN (Tangible)	--		
V		0.91			3. This restaurant has a visually attractive dining area.	V		--		
					4. Staff of this restaurant are clean, neat, and well dressed.	V		0.83	0.871	0.683
					5. This restaurant has a décor in keeping with its image and price range.	V		0.82		
V		--			6. This restaurant has a menu that is easily readable.					
					7. This restaurant has a dining area that is comfortable and easy to move around in.	V		0.73		
V		0.96			8. This restaurant	V		--		

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
V		0.97			has rest rooms that are thoroughly clean.	V		0.88		
V		0.92			9. This restaurant has dining area that are thoroughly clean.	V		0.88		
V	FOO (Food)	0.93	0.891	0.731	10. This restaurant has comfortable seats in its dining area.	V	FOO (Food)	0.79	0.863	0.679
V		0.91			11. This restaurant offers excellent taste of food.	V		0.76		
V		0.96			12. This restaurant offers excellent appearance of food.	V		0.92		
					13. Quality of food and beverage is consistently high.	V				
					14. When this restaurant promises to do something by a certain time, it does so.	V	PER_Reliability	0.90	0.942	0.843
					15. This restaurant quickly corrects anything that is wrong.	V		--		
					16. This restaurant is dependable and consistent.	V		0.94		
					17. This restaurant serves your food	V		--		

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
					exactly as you ordered it.					
V	RES (Responsiveness)	0.93	0.929	0.814	18. The bill is accurate.	V		0.91		
					19. Staff support each other to maintain speed and quality of service.	V		--		
V		0.91			20. Staff are attentive at the appropriate time.	V	RES (Responsiveness)	0.96	0.953	0.871
V		0.96			21. Staff are always willing to help me.	V		0.95		
					22. This restaurant gives extra effort to handle my special requests.	V		0.94		
V	AS (Assurance)	0.89	0.936	0.785	23. This restaurant has staff who can handle my requests completely.	V		--		
V		0.92			24. This restaurant makes me feel comfortable and confident in dealings with them.					
V		0.95			25. The staff are well-trained, competent, and experienced.					
V		0.93			26. This restaurant seems to support the	V	EM (Empathy)	--		

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
V	EM (Empathy)	0.86	0.879	0.708	staff so that they can do their jobs well. 27. The staff are sensitive to my individual needs and wants.	V		0.92	0.925	0.755
V		0.90			28. This restaurant makes me feel special.	V		0.81		
V		-			29. This restaurant anticipates my individual needs and wants.	V		0.89		
V		-			30. The staff seem to have my best interests at heart.	V		--		
V		0.86			31. This restaurant should be expected to have operating hours convenient to all its customers.	V		0.85		
Service Expectations					Service Expectations					
V	TAN (Tangible)	0.86	0.939	0.793	1. This restaurant has visually attractive parking areas.					
V		0.91			2. This restaurant has visually attractive building exteriors.					
V		-			3. This restaurant has a visually					

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
					attractive dining area.					
V		0.87			4. Staff of this restaurant are clean, neat, and well dressed.					
V		0.93			5. This restaurant has a décor in keeping with its image and price range.					
					6. This restaurant has a menu that is easily readable.	V	TAN (Tangible)	0.67	0.885	0.661
					7. This restaurant has a dining area that is comfortable and easy to move around in.	V		0.74		
					8. This restaurant has rest rooms that are thoroughly clean.	V		0.90		
					9. This restaurant has dining area that are thoroughly clean.	V		0.92		
					10. This restaurant has comfortable seats in its dining area.	V		--		
V	FOO (Food)	0.88	0.922	0.797	11. This restaurant offers excellent taste of food.	V	FOO (Food)	0.83	0.897	0.746

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
V		0.88			12. This restaurant offers excellent appearance of food.	V		0.79		
V		0.92			13. Quality of food and beverage is consistently high.	V		0.96		
V		--			14. When this restaurant promises to do something by a certain time, it does so.	V	RELI (Reliability)	0.90	0.914	0.728
V		--			15. This restaurant quickly corrects anything that is wrong.	V		0.89		
					16. This restaurant is dependable and consistent.					
					17. This restaurant serves your food exactly as you ordered it.	V		0.81		
					18. The bill is accurate.	V		0.81		
					19. Staff support each other to maintain speed and quality of service.	V	RES (Responsiveness)	0.81	0.937	0.788
V	RES (Responsiveness)	0.93	0.927	0.810	20. Staff are attentive at the appropriate time.	V		0.94		
V		0.86			21. Staff are always	V		0.91		

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
V		0.91			willing to help me.					
					22. This restaurant gives extra effort to handle my special requests.	V		0.89		
V		--			23. This restaurant has staff who can handle my requests completely.					
V	AS (Assurance)	0.90	0.919	0.791	24. This restaurant makes me feel comfortable and confident in dealings with them.					
V		0.90			25. The staff are well-trained, competent, and experienced.					
V		0.87			26. This restaurant seems to support the staff so that they can do their jobs well.					
V	EM (Empathy)	0.86	0.912	0.775	27. The staff are sensitive to my individual needs and wants.	V	EM (Empathy)	0.82	0.853	0.659
V		--			28. This restaurant makes me feel special.	V		0.77		
V		0.90			29. This restaurant anticipates my individual needs and					

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
V		--			wants. 30. The staff seem to have my best interests at heart.	V		0.84		
V		0.89			31. This restaurant should be expected to have operating hours convenient to all its customers.	V		--		
Chinese cultural values					Chinese cultural values					
V	Mien-tzu	0.87	0.939	0.792	1. The staff of the restaurant should not let customers lose face under any circumstance.	V	Mien-tzu	0.71	0.832	0.554
V		0.89			2. I expect the staff of the restaurant to treat me with respect in front of my family/friends.	V		0.73		
V		0.90			3. I do NOT view the personalized service delivery in the restaurant as giving face. (r)	V		0.73		
V		0.90			4. Complimentary food and drink, favourable comments and bending rules for fulfilling t my requests in the	V		0.80		

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
V	GUAN(Guanxi)	0.89	0.906	0.764	restaurant, make me feel special.	V	GUAN(Guanxi)	0.82	0.848	0.653
V		0.91			5. I believe knowing the staff of the restaurant can get something special from them.	V		0.91		
V		--			6. I think that having guanxi with the staff of the restaurant can make me feel less dissatisfied.	V		--		
V		0.82			7. I do NOT think that having a guanxi with the staff of the restaurant can get high level of service.(r)	V		0.67		
V	HARM (Hé)	0.84	0.864	0.680	8. I usually go to the restaurant for dining as I am more familiar with its staff.	V	HARM (Hé)	0.84	0.786	0.553
V		0.87			9. I believe it is important to preserve the dignity of the restaurant's staff to keep a harmonious atmosphere.	V		0.73		
					10.I do not make complaints as I do					

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
V		0.76			not want to cause embarrassment to the restaurant's staff. 11. I generally make no complaints about poor quality meals or services because I accept what I am given.					
					13. I respect the Chinese dining culture of 'slow eating', because it reflects a kind of harmonious and elegant atmosphere.	V		0.65		
Determinants of expectations					Determinants of expectations					
V	PAST (Past experience)	0.90	0.921	0.796	1. I had bad experience with this restaurant in the past. (r)	V	PAST (Past experience)	--	0.915	0.844
V		0.83			2. The staff were very pleasant to me in the past.	V		0.98		
V		0.94			3. As I was at this restaurant, I was treated rudely. (r)	V		0.85		
V		--			4. My friends/families have a low opinion of this restaurant. (r)	V	W.O.M (word-of-mouth)	0.92	0.836	0.720
					5. Word-of mouth	V		0.77		

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
					communication that I have heard about this restaurant has rated this restaurant highly.					
V	PROM (Service promises)	0.88	0.916	0.731	6. As I see the advertisement of this restaurant, I have a certain level of expectation.	V	PROM (Service promises)	0.84	0.930	0.768
V		0.89			7. As I receive promotional leaflets, I believe that the restaurant will undertake this offer.	V		0.90		
V		--			8. I have good impression of this restaurant because of its staff's dress code policy.	V		0.86		
V		0.79			9. I have certain level of expectations because of the appearance of the restaurant.	V		--		
V		0.85			10. As I know the price offered by the restaurant, I expect it to provide a reasonable level of service.	V		0.77		
Behavioural outcomes						Behavioural outcomes				

Five star hotel restaurant					Local restaurant									
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE				
V	PWOM (positive word-of-mouth)	0.90	0.870	0.694	1. I want to tell other people positive things about this restaurant.	V	PWOM (positive word-of-mouth)	0.96	0.951	0.867				
V		0.95			2. I want to recommend this restaurant to my friends and families.	V		0.93						
V		0.71			3. I do not encourage friends and relatives to come to this restaurant. (r)	V		0.90						
						4. I do not think of this restaurant as my first choice compared to other restaurants. (r)		V			LOY (Loyalty)	0.96	0.887	0.724
						5. In any situation, this restaurant remains my first choice.		V				0.86		
V					--	6. When another restaurant runs special offer, I am very likely to switch to another one rather than patronize this restaurant.		V				0.76		
V	PAY (Pay more)	0.91	0.940	0.840	7. I will come back to this restaurant even if the price increases.	V		--						

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
V		--			8. I am willing to pay a higher price for this restaurant than for other restaurants.	V	PAY (Pay more)	0.82	0.896	0.743
V		0.95			9. If this restaurant increases its prices, it still remains my favourite one.	V		0.91		
V		0.89			10. I have no problem with paying more for the service offering of this restaurant.	V		0.85		
V	COM (Complaint)	0.73	0.887	0.726	11. I complain to my friends and families about this restaurant if I am not happy with the service.					
V		0.92			13. If I am not happy with the service offering of the restaurant, I will complain to external bodies.					
V		0.89			14. I usually report any failure in service to this restaurant manger.					
					15. I am likely to come back to this restaurant again.	V	REPU (Repurchase intention)	0.76	0.878	0.707

Five star hotel restaurant					Local restaurant					
EFA	Construct	Loading	CR	AVE	Items	EFA	Construct	Loading	CR	AVE
					17. I will definitely come back to this restaurant in the future.	V		0.91		
					18. I have every intention of coming to this restaurant in the future.	V		0.85		
V	SWIT (Switching intention)	0.89	0.929	0.813	19. I do not foresee myself switching to a different restaurant. (r)					
					20. As the cost associated with switching restaurant in terms of time, money, effort are high, I have no intention to change a restaurant. (r)					
V		0.86			21. For me, it would be a hassle to change restaurants. (r)					
V		0.95			22. I haven't found very many other good restaurants with whom I could be satisfied. (r)					

Appendix C. Chi-Square tests for Discriminant validity

Five star hotel restaurant					Local restaurants				
Model	χ^2 (correlation Estimated freely)	χ^2 (correlation fixed at 1)	χ^2 difference (at 1 df)	Distinct Constructs ?	Model	χ^2 (correlation Estimated freely)	χ^2 (correlation fixed at 1)	χ^2 difference (at 1 df)	Distinct Constructs ?
Service perceptions					Service perceptions				
Tangible - Food	319.00	352.31	33.31	Yes	Tangible - Food	394.3	435.5	41.2	Yes
Tangible - Responsiveness	319.00	350.94		Yes	Tangible - Reliability	394.3	415.6	21.3	Yes
Tangible - Assurance	319.00	366.61	47.61	Yes	Tangible - Responsiveness	394.3	419.87	25.57	Yes
Tangible - Empathy	319.00	329.36	10.36	Yes	Tangible - Empathy	394.3	400.83	6.53	Yes
Food - Responsiveness	319.00	372.23	53.23	Yes	Food - Reliability	394.3	408.49	14.19	Yes
Food - Assurance	319.00	362.75	43.75	Yes	Food - Responsiveness	394.3	417.28	22.98	Yes
Food - Empathy	319.00	345.26	26.26	Yes	Food - Empathy	394.3	430.48	36.18	Yes
Responsiveness - Assurance	319.00	381.39	62.39	Yes	Reliability - Responsiveness	394.3	420.95	26.65	Yes
Responsiveness - Empathy	319.00	349.85	30.85	Yes	Reliability - Empathy	394.3	411.14	16.84	Yes
Assurance - Empathy	319.00	362.63	43.63	Yes	Responsiveness - Empathy	394.3	404.61	10.31	Yes

Five star hotel restaurant					Local restaurants				
Model	χ^2 (correlation Estimated freely)	χ^2 (correlation fixed at 1)	χ^2 difference (at 1 df)	Distinct Constructs ?	Model	χ^2 (correlation Estimated freely)	χ^2 (correlation fixed at 1)	χ^2 difference (at 1 df)	Distinct Constructs ?
Service expectations					Service expectations				
Tangible - Food	118.82	133.91	15.09	Yes	Tangible - Food	453.95	496.48	42.53	Yes
Tangible - Responsiveness	118.82	131.54	12.72	Yes	Tangible - Reliability	453.95	511.48	57.53	Yes
Tangible - Assurance	118.82	148.12	29.3	Yes	Tangible - Responsiveness	453.95	514.27	60.32	Yes
Tangible - Empathy	118.82	174.99	56.17	Yes	Tangible - Empathy	453.95	498.1	44.15	Yes
Food - Responsiveness	118.82	142.17	23.35	Yes	Food - Reliability	453.95	473.55	19.6	Yes
Food - Assurance	118.82	148.97	30.15	Yes	Food - Responsiveness	453.95	461.1	7.15	Yes
Food - Empathy	118.82	179.3	60.48	Yes	Food - Empathy	453.95	471.07	17.12	Yes
Responsiveness - Assurance	118.82	146.81	27.99	Yes	Reliability - Responsiveness	453.95	485.33	31.38	Yes
Responsiveness - Empathy	118.82	173.95	55.13	Yes	Reliability - Empathy	453.95	476.6	22.65	Yes
Assurance - Empathy	118.82	181.41	62.59	Yes	Responsiveness - Empathy	453.95	466.41	12.46	Yes

Five star hotel restaurant					Local restaurants				
Model	χ^2 (correlation Estimated freely)	χ^2 (correlation fixed at 1)	χ^2 difference (at 1 df)	Distinct Constructs ?	Model	χ^2 (correlation Estimated freely)	χ^2 (correlation fixed at 1)	χ^2 difference (at 1 df)	Distinct Constructs ?
Chinese cultural values					Chinese cultural values				
Mien-tzu – Guanxi	194.15	205.39	11.24	Yes	Mien-tzu – Guanxi	386.89	404	17.11	Yes
Mien-tzu – Hé	194.15	207.6	13.45	Yes	Mien-tzu – Hé	386.89	406.1	19.21	Yes
Guanxi – Hé	194.15	205.78	11.63	Yes	Guanxi – Hé	386.89	405.97	19.08	Yes
Determinants of service expectations					Determinants of service expectations				
Past experience – service promise	31.08	75.90	44.82	Yes	Past experience – WOM	46.53	69.83	23.3	Yes
					Past experience – Service promises	46.53	62.84	16.31	Yes
					W.O.M – Service promises	46.53	72.46	25.93	Yes

Five star hotel restaurant					Local restaurants				
Model	χ^2 (correlation Estimated freely)	χ^2 (correlation fixed at 1)	χ^2 difference (at 1 df)	Distinct Constructs ?	Model	χ^2 (correlation Estimated freely)	χ^2 (correlation fixed at 1)	χ^2 difference (at 1 df)	Distinct Constructs ?
Behavioural outcomes					Behavioural outcomes				
PW.O.M – Pay more	135.16	148.69	13.53	Yes	PW.O.M – Loyalty	165.31	217.41	52.1	Yes
W.O.M – Complaint	135.16	140.66	5.5	Yes	W.O.M – Pay more	165.31	215.18	49.87	Yes
W.O.M – Switching Behaviour	135.16	140.19	5.03	Yes	W.O.M – Repurchase	165.31	178.26	12.95	Yes
Pay more – Complaint	135.16	159.16	24	Yes	Loyalty – Pay more	165.31	178.09	12.78	Yes
Pay more – Switching behaviour	135.16	217.44	82.28	Yes	Loyalty – Repurchase	165.31	200.08	34.77	Yes
Complaint – Switching Behaviour	135.16	198.29	63.13	Yes	Pay more – Repurchase	165.31	205.92	40.61	Yes

Appendix D Pilot Test

Dear Sir/Madams

I am a PhD scholar at the University of Kent Business School in the UK. I am currently involved in a research project entitled: "An Investigation into the Impact of Chinese Cultural Values and Norms on the Customer Expectations and Perceptions of Restaurant Service Quality". Through your participation, I hope to understand how Chinese cultural values impact on your expectations and perceptions towards restaurant service offerings in Taiwan.

Enclosed is a questionnaire that I am asking you to complete. The instructions for completing the questionnaire can be found on the questionnaire itself. Please be assured that all personal information you provide, will be kept strictly confidential and no names will be disclosed to anybody or on any study report at any time. Moreover, this study has followed the procedures set out in The Faculty Research Ethics Handbook of the University and has already received the ethical clearance of the University.

Your participation represents a valuable contribution to the hospitality sector in particular and Taiwan's economy and Chinese Cultural Norms generally. If you are interested in the research findings or should you have any other concern please kindly contact me at the below address or email me at yl60@kent.ac.uk.

I thank you again for your kind cooperation and time.

Yours faithfully

Ying-Ying Liao

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University of
Kent

Kent
Business School

I. Background information.

Please tick the appropriate box below.

1. Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female	2. Education: <input type="checkbox"/> Elementary school <input type="checkbox"/> Junior high school <input type="checkbox"/> Senior high school <input type="checkbox"/> College/University (Undergraduate) <input type="checkbox"/> University (Post-graduate) or above
3. Age: <input type="checkbox"/> 20-29 <input type="checkbox"/> 30-39 <input type="checkbox"/> 40-49 <input type="checkbox"/> 50 -59 <input type="checkbox"/> 60 -65 <input type="checkbox"/> 66 and more	4. Occupation: <input type="checkbox"/> Executive/Manager <input type="checkbox"/> Self-employed <input type="checkbox"/> White collar <input type="checkbox"/> Blue collar <input type="checkbox"/> Professional <input type="checkbox"/> Civil servant <input type="checkbox"/> Retired/unemployed <input type="checkbox"/> Other _____ (please specify)
5. Marital status: <input type="checkbox"/> Married <input type="checkbox"/> Single	6. Salary (per month): <input type="checkbox"/> Less than NT\$17,280 <input type="checkbox"/> NT\$17,280 – NT\$ 29,999 <input type="checkbox"/> NT\$30,000 – NT\$ 59,999 <input type="checkbox"/> NT\$60,000 – NT\$ 99,999 <input type="checkbox"/> NT\$ 100,000 or more
7. How often do you go to different restaurants? <input type="checkbox"/> every day <input type="checkbox"/> only weekends <input type="checkbox"/> up to three or more times per week <input type="checkbox"/> once per month <input type="checkbox"/> once every three months 7.1 How often do you go to THIS restaurant? <input type="checkbox"/> first time visit <input type="checkbox"/> repeat customer 8. Do you come here alone or with others? <input type="checkbox"/> individually <input type="checkbox"/> in group (with families) <input type="checkbox"/> in group (with friends) 9. Do you stay in the hotel? <input type="checkbox"/> Yes <input type="checkbox"/> No. (only for chain hotel)	

II. Service Expectations

The following set of statements relate to your expectations of this restaurant service offerings (prior to consumption of its services). For each statement, please show the extent to which you think each statement affects your expectations of the restaurant services. (Filling in before ordering meal)

Items	Strongly Disagree.....Strongly Agree						
	1	2	3	4	5	6	7
1. I had bad experience with this restaurant in the past. (r)	1	2	3	4	5	6	7
2. The staff were very pleasant to me in the past.	1	2	3	4	5	6	7
3. As I was at this restaurant, I was treated rudely. (r)	1	2	3	4	5	6	7
4. My friends/families have a low opinion of this restaurant. (r)	1	2	3	4	5	6	7
5. Word-of mouth communication that I have heard about this restaurant has rated this restaurant highly.	1	2	3	4	5	6	7
6. As I see the advertisement of this restaurant, I have a certain level of expectation.	1	2	3	4	5	6	7
7. As I receive promotional leaflets, I believe that the restaurant will undertake this offer.	1	2	3	4	5	6	7
8. I have good impression of this restaurant because of its staff's dress code policy.	1	2	3	4	5	6	7
9. I have certain level of expectations because of the appearance of the restaurant.	1	2	3	4	5	6	7
10. As I know the price offered by the restaurant, I expect it to provide a reasonable level of service.	1	2	3	4	5	6	7

III. Chinese Cultural Values

The following set of statements is associated with Chinese Cultural Values. These cultural values may affect your service evaluation (i.e. assessing the service quality) and service encounter (i.e. when you interact with the restaurant staff) of the hospitality sector.

Items	Strongly Disagree.....Strongly Agree						
	1	2	3	4	5	6	7
1. When the restaurant is recommended by my family, it is my first choice.	1	2	3	4	5	6	7
2. My family suggestion regarding the restaurant is the most important criterion in my judgement of its service quality.	1	2	3	4	5	6	7
3. The elders in my family are always a very important source in choosing a restaurant.	1	2	3	4	5	6	7
4. The staff of the restaurant should not let customers lose mien-tzu under any circumstance.	1	2	3	4	5	6	7
5. I expect the staff of the restaurant to treat me with respect in front of my family/friends.	1	2	3	4	5	6	7
6. I do NOT view the personalized service delivery in the restaurant as giving mien-tzu. (r)	1	2	3	4	5	6	7
7. Complimentary food and drink, favourable comments	1	2	3	4	5	6	7

Items	Strongly Disagree.....Agree						
	1	2	3	4	5	6	7
and bending rules for fulfilling t my requests in the restaurant, make me feel special.							
8.I believe knowing the staff of the restaurant can get something special from them.	1	2	3	4	5	6	7
9.I think that having guanxi with the staff of the restaurant can make me feel less dissatisfied.	1	2	3	4	5	6	7
10.I do NOT think that having a guanxi with the staff of the restaurant can get high level of service. (r)	1	2	3	4	5	6	7
11.I usually go to the restaurant for dining as I am more familiar with its staff.	1	2	3	4	5	6	7
12.If the restaurant's staff make mistakes, I cannot tolerate them for the sake of maintaining peace and harmony. (r)	1	2	3	4	5	6	7
13I believe it is important to preserve the dignity of the restaurant's staff to keep a harmonious atmosphere.	1	2	3	4	5	6	7
14.I do NOT make complaints as I do not want to cause embarrassment to the restaurant's staff. (r)	1	2	3	4	5	6	7
15.I generally make no complaints about poor quality meals or services because I accept what I am given.	1	2	3	4	5	6	7
16.I respect the Chinese dining culture of 'slow eating', because it reflects a kind of harmonious and elegant atmosphere.	1	2	3	4	5	6	7
17.It is NOT important for me what others think of it when I go to this restaurant.(r)	1	2	3	4	5	6	7
When I am uncertain about where to have meal, I always go to the restaurant where my friends/friends go.	1	2	3	4	5	6	7
18.I go to the same restaurant as my friends do, as it makes me feel closer to them.	1	2	3	4	5	6	7
19.In choosing the dining venue, I always choose the same restaurant as my friends do.	1	2	3	4	5	6	7
20.Prior to choosing the restaurant, I made some cost-benefit evaluation of its services compared to other restaurants.	1	2	3	4	5	6	7
21.The restaurant I choose for dining reflects my concern for my personal expenses	1	2	3	4	5	6	7
22.I do not go to those restaurants that I can not afford to.	1	2	3	4	5	6	7
23.My choice of the restaurant reflects my economical status.	1	2	3	4	5	6	7

VI. Service quality

The following set of statements is related to your feelings about the restaurant service quality. For each statement, please mention the extent to which you believe the restaurant service has the feature described by the statement. Circling a "1" means that you strongly disagree with the statement and circling a "7" means that you strongly agree with it. You may circle any of the numbers in the middle that show how strong your feelings are.

Items	Before ordering meal							After serving meal						
	My ideal service level that I desire							Service performance I received						
	Strongly Disagree.....						Strongly Agree	Strongly Disagree.....						Strongly Agree
1. This restaurant has visually attractive parking areas.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
2. This restaurant has visually attractive building exteriors.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
3. This restaurant has a visually attractive dining area.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
4. Staff of this restaurant are clean, neat, and well dressed.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
5. This restaurant has a décor in keeping with its image and price range.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
6. This restaurant has a menu that is easily readable.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
7. This restaurant has a dining area that is comfortable and easy to move around in.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
8. This restaurant has rest rooms that are thoroughly clean.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
9. This restaurant has dining area that is thoroughly clean.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
10. This restaurant has comfortable seats in its dining area.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
11. This restaurant offers excellent taste of food.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
12. This restaurant offers excellent appearance of food.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
13. Quality of food and beverage is consistently high.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
14. When this restaurant promises to do something by a certain time, it does so.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
15. This restaurant quickly corrects anything that is wrong.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
16. This restaurant is dependable and consistent.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
17. This restaurant serves your food exactly as you ordered it.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
18. The bill is accurate.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
19. Staff support each other to maintain speed and quality of service.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
20. Staff are attentive at the	1	2	3	4	5	6	7	1	2	3	4	5	6	7

Items	Before ordering meal							After serving meal						
	My ideal service level that I desire							Service performance I received						
	Strongly Disagree.....					Strongly Agree	Strongly Disagree.....						Strongly Agree	
appropriate time.														
21. Staff are always willing to help me.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
22. This restaurant gives extra effort to handle my special requests.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
23. This restaurant has staff who can handle my requests completely.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
24. This restaurant makes me feel comfortable and confident in dealings with them.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
25. The staff are well-trained, competent, and experienced.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
26. This restaurant seems to support the staff so that they can do their jobs well.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
27. The staff are sensitive to my individual needs and wants.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
28. This restaurant makes me feel special.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
29. This restaurant anticipates my individual needs and wants.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
30. The staff seem to have my best interests at heart.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
31. This restaurant should be expected to have operating hours convenient to all its customers.	1	2	3	4	5	6	7	1	2	3	4	5	6	7

V. Satisfaction

This section concerns your overall satisfaction of service offerings of this restaurant (i.e. after you have finished your meal). Please read the question and circle the number in the scale that indicates your overall judgment.

Items	Strongly Disagree.....					Strongly Agree	
1. I feel unhappy about my decision to come to this restaurant. (r)	1	2	3	4	5	6	7
2. I am satisfied with the overall service provided by this restaurant.	1	2	3	4	5	6	7
3. My choice of having a meal in this restaurant was a wise one.	1	2	3	4	5	6	7
4. I do not feel regret for dining in this restaurant.	1	2	3	4	5	6	7

VI. Value for money

This section assesses whether or not the price and food offered by this restaurant have value for money after service encounter (i.e. after you have served the meal).

Items	Strongly Disagree.....Strongly Agree						
	1	2	3	4	5	6	7
1. At the price I paid, the meal was very reasonable.							
2. The meal I had was a very good value for money.							
3. This restaurant provides a good service for the price.							
4. I do not think that the food I served was a good deal. (r)							
5. The meal at this restaurant appears to be a reasonable bargain meal.							

VII. Behaviour outcomes

This statement relates to your behaviour intentions after service encounter (i.e. after you have served the meal).

Items	Strongly Disagree.....Strongly Agree						
	1	2	3	4	5	6	7
1. I want to tell other people positive things about this restaurant.							
2. I want to recommend this restaurant to my friends and families.							
3. I do not encourage friends and relatives to come to this restaurant. (r)							
4. I do not think of this restaurant as my first choice compared to other restaurants. (r)							
5. In any situation, this restaurant remains my first choice.							
6. When another restaurant runs special offer, I am very likely to switch to another one rather than patronize this restaurant.							
7. I will come back to this restaurant even if the price increases.							
8. I am willing to pay a higher price for this restaurant than for other restaurants.							
9. If this restaurant increases its prices, it still remains my favourite one.							
10. I have no problem with paying more for the service offering of this restaurant.							
11. I complain to my friends and families about this restaurant if I am not happy with the service.							
12. I do not report my dissatisfaction to the restaurant manager. Instead, I will not visit the restaurant again. (r)							
13. If I am not happy with the service offering of the restaurant, I will complain to external bodies.							
14. I usually report any failure in service to this restaurant manger.							
15. I am likely to come back to this restaurant again.							
16. I will not probably have meal in this restaurant in the							

Items	Strongly Disagree.....Strongly Agree						
	1	2	3	4	5	6	7
future. (r)							
17. I will definitely come back to this restaurant in the future.	1	2	3	4	5	6	7
18. I have every intention of coming to this restaurant in the future.	1	2	3	4	5	6	7
19. I do not foresee myself switching to a different restaurant. (r)	1	2	3	4	5	6	7
20. As the cost associated with switching restaurant in terms of time, money, effort are high, I have no intention to change a restaurant. (r)	1	2	3	4	5	6	7
21. For me, it would be a hassle to change restaurants. (r)	1	2	3	4	5	6	7
22. I haven't found very many other good restaurants with whom I could be satisfied. (r)	1	2	3	4	5	6	7

Appendix E Questionnaire

Dear Sir/Madams

I am a PhD scholar at the University of Kent Business School in the UK. I am currently involved in a research project entitled: "An Investigation into the Impact of Chinese Cultural Values and Norms on the Customer Expectations and Perceptions of Restaurant Service Quality". Through your participation, I hope to understand how Chinese cultural values impact on your expectations and perceptions towards restaurant service offerings in Taiwan.

Enclosed is a questionnaire that I am asking you to complete. The instructions for completing the questionnaire can be found on the questionnaire itself. Please be assured that all personal information you provide, will be kept strictly confidential and no names will be disclosed to anybody or on any study report at any time. Moreover, this study has followed the procedures set out in The Faculty Research Ethics Handbook of the University and has already received the ethical clearance of the University.

Your participation represents a valuable contribution to the hospitality sector in particular and Taiwan's economy and Chinese Cultural Norms generally. If you are interested in the research findings or should you have any other concern please kindly contact me at the below address or email me at yl60@kent.ac.uk.

I thank you again for your kind cooperation and time.

Yours faithfully

Ying-Ying Liao

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University of
Kent

Kent
Business School

I. Background information.

Please tick the appropriate box below.

1. Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female	2. Education: <input type="checkbox"/> Elementary school <input type="checkbox"/> Junior high school <input type="checkbox"/> Senior high school <input type="checkbox"/> College/University (Undergraduate) <input type="checkbox"/> University (Post-graduate) or above
3. Age: <input type="checkbox"/> 20-29 <input type="checkbox"/> 30-39 <input type="checkbox"/> 40-49 <input type="checkbox"/> 50 -59 <input type="checkbox"/> 60 -65 <input type="checkbox"/> 66 and more	4. Occupation: <input type="checkbox"/> Executive/Manager <input type="checkbox"/> Self-employed <input type="checkbox"/> White collar <input type="checkbox"/> Blue collar <input type="checkbox"/> Professional <input type="checkbox"/> Civil servant <input type="checkbox"/> Retired/unemployed <input type="checkbox"/> Other _____ (please specify)
5. Marital status: <input type="checkbox"/> Married <input type="checkbox"/> Single	6. Salary (per month): <input type="checkbox"/> Less than NT\$17,280 <input type="checkbox"/> NT\$17,280 – NT\$ 29,999 <input type="checkbox"/> NT\$30,000 – NT\$ 59,999 <input type="checkbox"/> NT\$60,000 – NT\$ 99,999 <input type="checkbox"/> NT\$ 100,000 or more
7. How often do you go to different restaurants? <input type="checkbox"/> every day <input type="checkbox"/> only weekends <input type="checkbox"/> up to three or more times per week <input type="checkbox"/> once per month <input type="checkbox"/> once every three months 7.1 How often do you go to THIS restaurant? <input type="checkbox"/> first time visit <input type="checkbox"/> repeat customer 8. Do you come here alone or with others? <input type="checkbox"/> individually <input type="checkbox"/> in group (with families) <input type="checkbox"/> in group (with friends) 9. Do you stay in the hotel? <input type="checkbox"/> Yes <input type="checkbox"/> No. (only for chain hotel)	

II. Service Expectations

The following set of statements relate to your expectations of this restaurant service offerings (prior to consumption of its services). For each statement, please show the extent to which you think each statement affects your expectations of the restaurant services.

Items	Strongly Disagree.....Strongly Agree						
	1	2	3	4	5	6	7
1. I had bad experience with this restaurant in the past. (r)	1	2	3	4	5	6	7
2. The staff were very pleasant to me in the past.	1	2	3	4	5	6	7
3. As I was at this restaurant, I was treated rudely. (r)	1	2	3	4	5	6	7
4. My friends/families have a low opinion of this restaurant. (r)	1	2	3	4	5	6	7
5. Word-of mouth communication that I have heard about this restaurant has rated this restaurant highly.	1	2	3	4	5	6	7
6. As I see the advertisement of this restaurant, I have a certain level of expectation.	1	2	3	4	5	6	7
7. As I receive promotional leaflets, I believe that the restaurant will undertake this offer.	1	2	3	4	5	6	7
8. I have good impression of this restaurant because of its staff's dress code policy.	1	2	3	4	5	6	7
9. I have certain level of expectations because of the appearance of the restaurant.	1	2	3	4	5	6	7
10. As I know the price offered by the restaurant, I expect it to provide a reasonable level of service.	1	2	3	4	5	6	7

III. Chinese Cultural Values

The following set of statements is associated with Chinese Cultural Values. These cultural values may affect your service evaluation (i.e. assessing the service quality) and service encounter (i.e. when you interact with the restaurant staff) of the hospitality sector.

Items	Strongly Disagree.....Strongly Agree						
	1	2	3	4	5	6	7
1. The staff of the restaurant should not let customers lose mien-tzu under any circumstance.	1	2	3	4	5	6	7
2. I expect the staff of the restaurant to treat me with respect in front of my family/friends.	1	2	3	4	5	6	7
3. I do NOT view the personalized service delivery in the restaurant as giving mien-tzu. (r)	1	2	3	4	5	6	7
4. Complimentary food and drink, favourable comments and bending rules for fulfilling t my requests in the restaurant, make me feel special.	1	2	3	4	5	6	7
5. I believe knowing the staff of the restaurant can get something special from them.	1	2	3	4	5	6	7
6. I think that having guanxi with the staff of the restaurant can make me feel less dissatisfied.	1	2	3	4	5	6	7
7. I do NOT think that having a guanxi with the staff	1	2	3	4	5	6	7

Items	Strongly Disagree.....Agree						
	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree
of the restaurant can get high level of service.(r)							
8. I usually go to the restaurant for dining as I am more familiar with its staff.	1	2	3	4	5	6	7
9. If the restaurant's staff make mistakes, I cannot tolerate them for the sake of maintaining peace and harmony. (r)	1	2	3	4	5	6	7
10. I believe it is important to preserve the dignity of the restaurant's staff to keep a harmonious atmosphere.	1	2	3	4	5	6	7
11.I do not make complaints as I do not want to cause embarrassment to the restaurant's staff.	1	2	3	4	5	6	7
13. I respect the Chinese dining culture of 'slow eating', because it reflects a kind of harmonious and elegant atmosphere.	1	2	3	4	5	6	7

VI. Service quality

The following set of statements is related to your feelings about the restaurant service quality. For each statement, please mention the extent to which you believe the restaurant service has the feature described by the statement. Circling a "1" means that you strongly disagree with the statement and circling a "7" means that you strongly agree with it. You may circle any of the numbers in the middle that show how strong your feelings are.

Items	Before ordering meal							After serving meal						
	My ideal service level that I desire							Service performance I received						
	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree		
1. This restaurant has visually attractive parking areas.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
2. This restaurant has visually attractive building exteriors.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
3. This restaurant has a visually attractive dining area.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
4. Staff of this restaurant are clean, neat, and well dressed.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
5. This restaurant has a décor in keeping with its image and price range.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
6. This restaurant has a menu that is easily readable.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
7. This restaurant has a dining area that is comfortable and easy to move around in.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
8. This restaurant has rest rooms that are thoroughly clean.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
9. This restaurant has dining area that is thoroughly clean.	1	2	3	4	5	6	7	1	2	3	4	5	6	7
10. This restaurant has comfortable seats in its dining area.	1	2	3	4	5	6	7	1	2	3	4	5	6	7

Items	Before ordering meal							After serving meal								
	My ideal service level that I desire							Service performance I received								
	Strongly Disagree.....	1	2	3	4	5	6	7	Strongly Disagree.....	1	2	3	4	5	6	7
11. This restaurant offers excellent taste of food.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
12. This restaurant offers excellent appearance of food.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
13. Quality of food and beverage is consistently high.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
14. When this restaurant promises to do something by a certain time, it does so.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
15. This restaurant quickly corrects anything that is wrong.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
16. This restaurant is dependable and consistent.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
17. This restaurant serves your food exactly as you ordered it.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
18. The bill is accurate.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
19. Staff support each other to maintain speed and quality of service.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
20. Staff are attentive at the appropriate time.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
21. Staff are always willing to help me.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
22. This restaurant gives extra effort to handle my special requests.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
23. This restaurant has staff who can handle my requests completely.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
24. This restaurant makes me feel comfortable and confident in dealings with them.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
25. The staff are well-trained, competent, and experienced.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
26. This restaurant seems to support the staff so that they can do their jobs well.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
27. The staff are sensitive to my individual needs and wants.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
28. This restaurant makes me feel special.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
29. This restaurant anticipates my individual needs and wants.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
30. The staff seem to have my best interests at heart.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
31. This restaurant should be expected to have operating hours convenient to all its customers.	1	2	3	4	5	6	7	1	2	3	4	5	6	7		

V. Satisfaction

This section concerns your overall satisfaction of service offerings of this restaurant (i.e. after you have finished your meal). Please read the question and circle the number in the scale that indicates your overall judgment.

Items	Strongly Disagree..... Strongly Agree						
	1	2	3	4	5	6	7
2. I am satisfied with the overall service provided by this restaurant.							
3. My choice of having a meal in this restaurant was a wise one.							
4. I do not feel regret for dining in this restaurant.							

VI. Value for money

This section assesses whether or not the price and food offered by this restaurant have value for money after service encounter (i.e. after you have served the meal).

Items	Strongly Disagree..... Strongly Agree						
	1	2	3	4	5	6	7
1. At the price I paid, the meal was very reasonable.							
2. The meal I had was a very good value for money.							
3. This restaurant provides a good service for the price.							
5. The meal at this restaurant appears to be a reasonable bargain meal.							

VII. Behaviour outcomes

This statement relates to your behaviour intentions after service encounter (i.e. after you have served the meal).

Items	Strongly Strongly Disagree..... Agree						
	1	2	3	4	5	6	7
1. I want to tell other people positive things about this restaurant.							
2. I want to recommend this restaurant to my friends and families.							
3. I do not encourage friends and relatives to come to this restaurant. (r)							
4. I do not think of this restaurant as my first choice compared to other restaurants. (r)							
5. In any situation, this restaurant remains my first choice.							
6. When another restaurant runs special offer, I am very likely to switch to another one rather than patronize this restaurant.							
7. I will come back to this restaurant even if the price increases.							
8. I am willing to pay a higher price for this restaurant than for other restaurants.							

Items	Strongly Strongly Disagree.....Agree						
	1	2	3	4	5	6	7
9. If this restaurant increases its prices, it still remains my favourite one.	1	2	3	4	5	6	7
10. I have no problem with paying more for the service offering of this restaurant.	1	2	3	4	5	6	7
11. I complain to my friends and families about this restaurant if I am not happy with the service.	1	2	3	4	5	6	7
13. If I am not happy with the service offering of the restaurant, I will complain to external bodies.	1	2	3	4	5	6	7
14. I usually report any failure in service to this restaurant manger.	1	2	3	4	5	6	7
15. I am likely to come back to this restaurant again.	1	2	3	4	5	6	7
17. I will definitely come back to this restaurant in the future.	1	2	3	4	5	6	7
18. I have every intention of coming to this restaurant in the future.	1	2	3	4	5	6	7
19. I do not foresee myself switching to a different restaurant. (r)	1	2	3	4	5	6	7
20. As the cost associated with switching restaurant in terms of time, money, effort are high, I have no intention to change a restaurant. (r)	1	2	3	4	5	6	7
21. For me, it would be a hassle to change restaurants. (r)	1	2	3	4	5	6	7
22. I haven't found very many other good restaurants with whom I could be satisfied. (r)	1	2	3	4	5	6	7

Appendix F. A glossary of key terms

Term	Definition	References
<p>Chinese Cultural values: values and norms that are unique to the Chinese community and characterise the peculiarities of Chinese cultural beliefs and traditions. Some of these values are <i>Mien-tzu</i>, <i>Guanxi</i>, and <i>Hé</i>.</p>		
<p>Mien-tzu</p>	<p>An image of self delineated in terms of approved social attributes. A situation where customers feel free to demonstrate themselves in front of others and get respect as well as individual requests from staff of restaurants.</p>	<p>Goffman (1955:213); Qian et al. (2007); Hoare and Butcher (2008); Lockyer and Tsai (2004)</p>
<p>Guanxi</p>	<p>Personal connection or a person's ability to secure special favours among others through personal connections and networking with other individuals. Knowing or being familiar with someone who works in the restaurant.</p>	<p>Dunning and Kim (2007); Qian et al. (2007); Lockyer and Tsai (2004)</p>
<p>Hé</p>	<p>A person's inner balance as well as the balance between individuals and their natural and social surroundings. Customer's preferences to maintain a harmonious atmosphere in the restaurant during dining.</p>	<p>Hoare and Butcher (2008)</p>
<p>Determinants of Expectations</p>		
<p>Past Experience</p>	<p>Customers past exposure to similar service. Whether customers have been in this restaurant before or not.</p>	<p>Devlin et al. (2002); Clow et al. (1997); Zeithaml et al. (1993)</p>
<p>Word of Mouth</p>	<p>Statements made by a person or parties rather than the serving organization</p>	<p>Clow et al. (1997); Zeithaml et al. (1993)</p>

Term	Definition	References
	about what the service look like in terms of quality and other attributes. Customers know this restaurant through from others before visiting it.	
Explicit service promise	Information related services which are made to customers by service providers. Customers imagine service would look like from external sources, such as advertising, leaflets, and etc.	Devlin et al. (2002); Zeithaml et al. (1993)
Implicit service promise	Service related clues lead to inferences about what the service should and will be. Customers imagine service should and will look like from internal sources, such as staff's dress, the appearance of the restaurant, price offered and etc.	Devlin et al. (2002); Bebko et al. (2006); Zeithaml et al. (1993)
Service Quality	1. It is the difference between a customer's expectations and perceptions of a service. 2. Customers' perceptions of the performance of a service provider. Customers' actual feeling about restaurant service quality once the service has been consumed.	Cronin and Taylor (1992); Parasuraman et al. (1991); Parasuraman and Zeithaml (1994); Parasuraman et al. (1985); Parasuraman et al. (1988)
Reliability	The ability to perform the promised service dependably and accurately	
Responsiveness	The willingness to help customers and provide prompt services	
Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence.	
Empathy	The caring, individualized attention provided to the customer by the service provider.	

Term	Definition	References
Tangible	The appearance of physical facilities, equipment, personnel, food, and communication materials	
Service Expectations	What customers feel a service provider 'should' offer (prior to consuming the service).	
Service performance (or perceptions)	Customers' feeling about the quality of a service once the service has been consumed.	
Satisfaction	The consumer's overall satisfaction with the service provider – e.g. restaurant	Oliver (1980)
Value for money	a cognitive trade-off between relevant aspects of the service and associated costs of the service	Butcher et al. (2001)
Behavioural outcomes		
Switching intentions	Customers consider switching to other foodservice (restaurant) providers – i.e. competitors.	Lin and Mattila (2006)
willingness to pay more	Customers are willing to continue any transaction with the current service provider even though they have to pay higher price.	Bigne et al. (2008); Zeithaml et al. (1996)
Complaint	A combination of negative responses that stem from dissatisfaction and service defection.	Ngai (2007)
Repurchase intention	Intention or decision about future repurchase of service.	Grace and O'Cass (2005); Namkung and Jang (2007)

Term	Definition	References
Loyalty	Expressing a preference for a company over other companies/its competitors, by continuing to purchase from it, or by increasing business with it in the future.	Liu et al. (2001); Kim et al. (2006)
Positive W.O.M (word of mouth):	Positive statements made by a person or parties (rather than the serving organization) about what the quality of the service and how it looks like, and intention to recommend the service (e.g. the restaurant) to friends/relatives/colleagues.	Liu et al. (2001); Kim et al. (2006)