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Customer Complaint Handling and Patronage of Hotels in Owerri, Imo State, Nigeria

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Abstract

This study examines the relationship between customer complaint handling and Patronage of Hotels in Owerri, Imo State. The research design adopted was descriptive survey research design, and questionnaire served as the instrument of data collection. Data collected were analyzed using mean statistic. Pearson product moment correlation coefficient, with the help of SPSS 21.0 and Microsoft Excel software, were used to test the hypotheses. The study revealed that there is significant relationship between apology and customer retention, apology significantly enhances customer loyalty, there is significant relationship between compensation and customer retention and compensation significantly enhances customer loyalty. The study concludes that the achievement of organizational goals in hotel firms depends on the extent customer complaints are managed. It was therefore recommended that whenever there is poor service, the staff of the hotel firms should apologize to customer to achieve customer retention and the hotel firms should make provision for compensation of customers based on poor services so as to enhance customer loyalty.

Keywords: Complaint Handling, Patronage, Apology, Customer Retention, Customer Loyalty, Compensation

Introduction

Hospitality companies in general must improve their complaint resolution efforts. This is because poor complaint-handling processes account for additional dissatisfaction and leads to poor

patronage and retention (Ang & Buttle, 2012). In most cases, complaining is a natural consequence of low satisfaction, not an opportunity to increase satisfaction hence complaint resolution has become more important than complaints per se (Mensah, 2016). Effective handling of complaints in Owerri's competitive hotel market is a critical factor for maintaining a competitive edge and boosting customer loyalty. Many hotels struggle with retaining clients due to poor, slow, or unprofessional responses to complaints regarding service quality, poor ambience, and lack of security. Successful resolution involves listening, apologizing, providing immediate solutions, and following up (Ramphal 2025).

The benefits of a good customer complaint handling system should increase operational efficiency, by identifying trends and causes of complaints, resolve more complaints by adopting a more customer-focused approach, engage staff with new customer service training opportunities and monitor and continually improve the complaints handling process. The goal of customer complaint management system is to achieve customer retention, improve loyalty, satisfaction, which will lead to high performance in the hotel. To effectively handle complaint in hotel business, the organization must pay attention to trust, commitment, communication and conflict handling (Sirdeshmukh et al., 2012). Conflict handling was described by Natuhwera (2025) as the firm's capability to reduce the harmful outcomes of apparent and possible conflicts. Komunda & Oserankhoe (2012) advocates for a comprehensive customer complaints management system, complete with complaint handling procedures, customer satisfaction checks, customer feedback acquisition and customer retention measures, as the major strategies for achieving firm growth, especially in hotel firms.

Statement of the Problem

When hotels show inability to deal with customer complaints, customer allegiance could be affected, resulting in high customer turnover and low customer patronage. In Nigeria, some hospitality establishments like hotels do not have clear policies on how to handle customer complaint (Adeyinka, & Tamining, 2020). Even in some situation where such policies are in existence, some employees, especially front-line staff may not be aware of such or do not know how to implement such. The above situation sometimes leads to poor customer complaint handling (as it concerns lack of apology, lack of compensation and empathy) (Ramphal 2025; & Muhammadd, Huma and Ibraheem, 2022). Some staff of hotel firms do not know how to use apology as the first step of complaint handling. This has always led to customer dissatisfaction and lack of loyalty, thereby reducing the organization customer base (Mbaenyi, 2023). Assael (2018) asserts that apart from the inability to effectively use apology by staff of hotel firms, some hotel establishments do not have any compensation policy for their customers.

Objectives of the Study

The main objective of this study focused on the relationship between Customer Complaint Handling and Customer Loyalty of Hotels in Owerri, Imo State. The specific objectives are to:

1. investigate the relationship between apology and customer retention.
2. access the extent apology relates with customer patronage.
3. examine the relationship between compensation and customer retention.
4. access the extent compensation relates with customer patronage.

Research Questions

Based on the objectives of the study, the following research questions were posed for the study.

1. What is the relationship between apology and customer retention?
2. To what extent does apology enhances customer loyalty?

3. What is the relationship between compensation and customer retention?
4. To what extent does compensation enhances customer loyalty?

Research Hypotheses

Based on the objectives of the study, the following research hypotheses guided the study.

Ho1: There is no significant relationship between apology and customer retention.

Ho2: Apology does not significantly relates with customer loyalty.

Ho3: There is no significant relationship between compensation and customer retention.

Ho4: Compensation does not significantly relates with customer loyalty.

Customer Complaint

Customer Complaint (CC) is the verbal or none verbal expression of dissatisfaction about products/services of an organization by the customers of such organization. Customer Complaint (CC) refers to the responses triggered by perceived dissatisfaction that is neither psychologically accepted nor quickly forgotten in consumption of a product or service (Homburg & Fürst, 2015). A commonly used definition of customer complaining was suggested by Singh (1988), cited in Oki (2017) who conceptualized it as a set of multiple (behavioral and non-behavioral) responses, some or all of which are triggered by perceived dissatisfaction with a purchase episode by a customer of a business. A customer complaint is a report from a consumer providing documentation about a problem with a product or service.

Complaint Handling

Complaint handling is the way in which companies systematically manage problems in customer relations. According to Johnston (2021) cited in Hansen, Wilke and Zaichkowsky (2019) it involves the receipt, investigation, settlement and prevention of customer complaints and recovery of the customer. Tronvoll (2022) argue this processes can be likened to information processing in an organization. The goal is to stabilize customer relationships that are at risk and to assure a specific level of quality by creating a consistent business environment regarding personnel. Dee et al. (2024) define complaint handling as a process that is used to resolve customer concerns. Johnston (2021) indicates that it consists of many sub-processes for the receipt, investigation, settlement, prevention, and recovery of complaints. Complaints handling has an impact on customer loyalty and ultimately on revenue. There is need for effective customer complaint handling. When a problem is resolved successfully, the satisfaction level of the customer is increased and will tell five of their closest acquaintances about it compared to telling three if the service was initially good.

Customer Patronage

Regular patronage of customer to a particular hotel firms shows that the customers are loyal to the organization. Customer Patronage is defined as the degree to which a customer exhibits repeat purchase behaviour from a service provider, possesses a positive, long-lasting attitude and disposition towards a service provider (Gremler & Brown, 2023). Customers' patronage is the extent to which customer buy a particular product, patronize a particular organization and therefore enhance recruit purchase for a particular product/service. Here, customers are the recipient of products and services from organizations. Patronage can be achieved when there is high level of purchase of goods. Therefore, customer patronage is the extent to which end users patronize a particular product or services. According to Nwokorie and Ezeibe (2025) the word patronage mean a person or thing that eats or uses

something or a person who buys goods and services for personal consumption or use. Customer patronage is the support, encouragement, privilege, or aid that an organization or individual bestows to another.

Equity Theory

This theory was developed by John Stacey Adams in 1963. The theory was developed against the lack of theoretical explanation of the psychological basis of inequity perception (Adams, 1963). The inability to explain the perception of fairness was the primary concern for employers and governments, because it underlined the employees' behaviour and attitudes towards organisations (Adams, 1963). Consumers are prone to spread negative news when they perceive an unfair response to a service failure. When customers perceive that they have not been sufficiently compensated for the damage, they may feel even more annoyed than they were subsequent to the failure. This is because a report of a service failure may imply unfair treatment of the customer; service recovery must therefore re-establish justice – from the customer's perspective. With effective handling of complaints, consumers will perceive fair treatment. In the case of a service failure, individuals will perceive inequity and they will try to restore equity by complaining. This theory was used because complaining customers develop their equity or fairness perceptions by evaluating three facets of the complaint handling encounter: the fairness of the decision making criteria, procedures and polices used to accomplish the final outcome (procedural justice), the fairness of the obtained tangible outcomes (distributive justice) and the interactional justice or manner in which the service complaint handling process is carried out.

Social exchange theory

George C. Homans is credited with founding the Social Exchange Theory,, initiating it with his 1958 article "Social Behavior as Exchange" and expanding it in 1961. Social Exchange Theory (SET) provides a robust framework for understanding the relationship between complaints handling strategies and customer loyalty in the hotel industry in Imo State, Nigeria. It posits that social behavior is the result of an exchange process intended to maximize benefits and minimize costs. In the context of hotel services, customers invest money and time, expecting high-quality service in return. When a service failure occurs (e.g., poor room service, unprofessional staff), this exchange becomes imbalanced. The complaint handling process acts as a corrective mechanism to restore this balance.

Empirical Review

Some studies have been done in related area of this study. Some of them were summarized thus:

Nwokorie and Ezeibe (2025) researched on service failure as a causative factor of customer loyalty and aggression on hospitality industry employees in Enugu Nigeria (2010-2014). It used expos factor method and data were collected using secondary sources. Data were analyzed using regression statistics. They study revealed that poor customer loyalty and aggression is caused by poor service delivery. Over 29% of the respondents agreed that adoption of maintenance culture is effective in eliminating customer complaint and aggressive.

Ramphal (2025) focused on complaints handling system for the hospitality industry in Ghana. A content analysis was conducted on 20 complaints handling management system documents. This will hopefully assist the operations managers in the hospitality sector to understand the requirements of a complaint system and facilitate easy implementation so as to enhance customer satisfaction. It discovered that companies that operate well-designed complaints-handling processes may experience higher levels of customer retention and loyalty. Recent thinking suggests that organizations should encourage

complaints as this first-hand information and experiences from the customer can add value to the organization if it is managed efficiently and effectively.

Ibezim (2025) investigated the effect of service quality on customer loyalty in hotels in Umuahia, Abia State. The study used service improvement model to analyze the subject matter. Survey research design was used and questionnaire served as the instrument of data collection. The population of the study is made up of the entire 180 permanent staff of selected 4 five star hotels. The collected were analyzed using simple percentage and the hypotheses tested using Pearson product coefficient correlation. The findings revealed that quick service leads to customer retention and satisfaction.

Munuve and Yakubu (2024) focused on impact of customer service with customer satisfaction and loyalty among customers of Ghavamin Bank in Sistan and Baluchestan Province. It used a survey research. The study population was composed of all customers of Ghavamin Bank in Sistan and Baluchestan. Cluster sampling was used with a sample size of 385 people determined by using Morgan table due to the unlimited statistical population. Data analysis was performed using descriptive and inferential statistics by means of SPSS software. The results indicated that there is a significant, direct relationship between the service marketing and customer satisfaction and loyalty.

Okenwa (2024) examined the role of public relations on the complaint management in Nigeria business firms. The researcher selected business firms in Umuahia Abia State. Three research objectives, three research questions and two research hypotheses guided the study. Survey research design was used and questionnaire served as the instrument of data collection. The data collected were analyzed using simple percentage. The study reveals that effective public relations do project the image of an organization to enhance growth and sustainability. Also, the study discovered that public relation has positive effects on complaint management and survival in business organization.

Karatepe (2023) carried out a study on customer complaint, emotional exhaustion, and hotel employee's outcomes. This study was done in United Arab Emirates. The study used closed group discussion. Data were gathered from a sample of frontline staff of international five-star chain hotels of Dubai in the United Arab Emirate. The results of this study show that Emotional exhaustion partially mediated the effects of customer aggression on job satisfaction and turnover intentions. The results further reveal that complaint management support act as a moderator of the impacts of emotional exhaustion on hospitality workers.

Tag-Eldeen, Barakat and Dar (2023) focused on the impact of complaint on employees' morale, performance, turnover intentions in five-star Egyptian hotel operations. Two questionnaires were distributed among the subjects of the sample; which include bell desk staff, kitchen stewards and head departments. ANOVA was used. The results of this research confirmed that there is a correlation between complaint and, employees' morale and turnover intentions.

Inedegbor (2023) investigated the impact of business communication on customer loyalty in Nigerian companies. Using the survey method, the study obtained sample data from 100 small and large manufacturing and service companies operating in Lagos State of Nigeria. The research instrument showed encouraging evidence of reliability and validity. Data were analyzed using descriptive statistics, percentages and t- test analysis. The study found that effective business communication is emphasized to a reasonable extent in the surveyed Nigerian companies. However, the 'level of emphasis' was a question of degree. It was also found that the extent of practices of effective business communication, were related to the category of business (service versus manufacturing) and its size.

Agukamma (2022) researched on complaint management problems in Nigeria organizations using fast food firms in Aba, Abia State. The population covered 14 management teams in 8 selected firms. In line with the above, three research objectives, three research questions and three research hypotheses

were formulated. The researcher employed descriptive survey research design and questionnaire served as the instrument of data collection. The data collected were subjected to statistical test using simple percentage and analysis of variance. He discovered that poor employee approaches affects customer complaint management Nigeria organizations.

Issa (2022) focused on strategies for managing complaint in hotel establishments in hotels in Southern Kaduna. The work used interview s schedule through telephone interview and personal interview. The data were analyzed using percentages and regression statistics. It was discovered that the major strategies for complaint management include showing concern through apology and showing remorse by assisting the complainant in reducing the problems.

METHODOLOGY

In this study, survey research design was used. The population of the study is made up of the frontline staff in the three-star (and above) hotel establishments in Owerri, Imo States. The total population is 153. The hotels were used because they are up to three star hotels and above in standard, and they have been in existence for more than 5 years. More so, the frontline staff were used because they are in position to provide information on the subject matter. Census method was used so as to study the entire 153 frontline employees in the hotels under study. This is because the population is not large and could be studied.

In this study, the questionnaire was used as the major instrument of primary data collection. The questionnaires contained the Likert- scale statements based on the constructs of the study inline with the research questions. The questionnaire was framed in likert format of strongly agree (4point), agree (3ponts), disagree (2point) and strongly disagree (1pont).

The data collected in this study was analysed using mean statistic and Pearson Product Moment Correlation Coefficient (PPMCC) at 0.05 level of significance through Statistical Package for Social Sciences (SPSS version 21.0).

DATA PRESENTATION, ANALYSIS AND INTERPRETATIONS

Out of the 153 copies of the questionnaire distributed by the researcher, only 148 copies were properly filled and returned.

Table 1: Construct for apology

S/N	Questionnaire Items	SA (4)	A (3)	D (2)	SD (1)	n	EX	X	Dec
1	I expressed sincere regret (apologized) immediately when customers complained.	147	1	-	-	148	591	4.0	Positive
2	I took personal ownership of the problem rather than blaming others.	76	29	23	20	148	457	3.1	Positive
3	When I apologizes to customers, it makes the customers to re-accept the organizational products and services	83	39	13	13	148	488	3.3	Positive
4	Apology makes the customers to forgive the employees and move on	93	41	6	8	148	404	2.7	Positive
5	Apology enhances business relationship in our hotels	86	33	9	20	148	481	3.3	Positive
	Grand mean							**3.3**	

Source: Field Survey (2026).

In item 1 of the above Table 1, it shows that 147 of the respondents strongly agreed to the statement" while 1 agreed. Since the mean scores is 4.0, it can therefore be concluded that the majority of the respondents agreed to the statement.
In item 2, the researcher observed that 76 of the respondents strongly agreed to the statement , 29 agreed, and 23 disagreed while 20 strongly disagreed. Since the mean scores is 3.1, it can therefore be concluded that the majority of the respondents agreed to the statement.
In item 3 shows that 83 of the respondents strongly agreed to the statement "39 agreed, 13 disagreed while 13 strongly disagreed. Since the mean scores is 3.3, it can therefore be concluded that the majority of the respondents agreed to the statement.
In item 4, the researcher observed that 93 of the respondents strongly agreed to "", 41 agreed, and 6 disagreed while 8 strongly disagreed. Since the mean scores is 2.7, it can therefore be concluded that the majority of the respondents agreed to the statement.
In item 5, the researcher observed that 86 of the respondents strongly agreed to the statement", 33 agreed, and 9 disagreed while 20 strongly disagreed. Since the mean scores is 3.3, it can therefore be concluded that the majority of the respondents agreed to the statement.

Table 2: Construct for compensation

S/N	Questionnaire Items	SA (4)	A (3)	D (2)	SD (1)	n	EX	X	Dec
1	Some time, my management direct that we offer compensation (discount, free item) when a service failure occurs.	56	71	15	6	148	473	3.2	Positive
2	Tangible compensation (e.g., cash back, free room) is more valued by some customers	111	29	6	2	148	545	3.7	Positive
3	I have implemented Compensation through replacement in few cases	66	69	8	5	148	492	3.3	Positive
4	If well utilize, Compensation can leads to better understanding and business sustainability	75	38	20	15	148	499	3.4	Positive
5	Compensation promotes organizational growth through customer referral	100	33	8	7	148	522	3.5	Positive
	Grand mean							**3.4**	

Source: Field Survey (2026).

In item 1 of the above Table 2, it shows that 56 of the respondents strongly agreed to the statement" while 71 agreed, 15 disagreed whereas 6 strongly disagreed. Since the mean scores is 3.2, it can therefore be concluded that the majority of the respondents agreed to the statement.
In item 2, the researcher observed that 111 of the respondents strongly agreed to the statement, 29 agreed, and 6 disagreed while 2 strongly disagreed. Since the mean scores is 3.7, it can therefore be concluded that the majority of the respondents agreed to the statement.

In item 3 shows that 66 of the respondents strongly agreed to the statement "69 agreed, 8 disagreed while 5 strongly disagreed. Since the mean scores is 3.3, it can therefore be concluded that the majority of the respondents agreed to the statement.
In item 4, the researcher observed that 75 of the respondents strongly agreed to ", 38 agreed, and 20 disagreed while 15 strongly disagreed. Since the mean scores is 3.4, it can therefore be concluded that the majority of the respondents agreed to the statement.
In item 5, the researcher observed that 100 of the respondents strongly agreed to the statement, 33 agreed, and 8 disagreed while 7 strongly disagreed. Since the mean scores is 3.5, it can therefore be concluded that the majority of the respondents agreed to the statement.

Table 3: Construct on customer retention

S/N	Questionnaire Items	SA (4)	A (3)	D (2)	SD (1)	n	EX	X	Dec
1	The extent of customer retention in our hotel is high because of good complaint handling strategies	27	15	50	56	148	309	2.1	Negative
2	There is increase customer retention/acquisition in our hotels from time to time	107	37	1	3	148	544	3.7	Positive
3	There is significant effect of complaint handling and customer retention in our hotels	41	69	19	19	148	428	2.9	Positive
4	When firm focus on customer complaint handling, it leads to improved customer retention	31	7	60	50	148	315	2.1	Negative
5	complaint handling leads to customer retention in our hotels	109	30	5	4	148	540	3.6	Positive
	Grand mean							**2.9**	

Source: Field Survey (2026).

In item 1 of the above Table 3, it shows that 27 of the respondents strongly agreed to the statement "while 15 agreed, 50 disagreed whereas 56 strongly disagreed. Since the mean scores is 2.1, it can therefore be concluded that the majority of the respondents disagreed to the statement.
In item 2, the researcher observed that 107 of the respondents strongly agreed to the statement", 37 agreed, and 1 disagreed while 3 strongly disagreed. Since the mean scores is 3.7, it can therefore be concluded that the majority of the respondents agreed to the statement.
In item 3 shows that 41 of the respondents strongly agreed to the statement, 69 agreed, 19 disagreed while 19 strongly disagreed. Since the mean scores is 2.9, it can therefore be concluded that the majority of the respondents agreed to the statement.
In item 4, the researcher observed that 31 of the respondents strongly agreed, 7 agreed, 60 disagreed while 50 strongly disagreed. Since the mean scores is 2.1, it can therefore be concluded that the majority of the respondents disagreed to the statement.
In item 5, the researcher observed that 109 of the respondents strongly agreed to the statement, 30 agreed, and 5 disagreed while 4 strongly disagreed. Since the mean scores is 3.6, it can therefore be concluded that the majority of the respondents agreed to the statement.

Table 4: Responses on customer loyalty construct

S/N	Questionnaire Items	SA (4)	A (3)	D (2)	SD (1)	n	EX	X	Dec
1	Most of our old customer are no longer loyal us because of complaint handling issues	130	15	-	3	148	565	3.8	Positive
2	Increase customer loyalty in our hotel is based on our customer complaint handling approaches	49	71	20	8	148	457	3.1	Positive
3	Our hotel is not actually enjoying loyalty from our customers	21	28	60	39	148	327	2.2	Negative
4	Poor customer complaint handling has not led to poor patronage for our hotels	115	27	6	-	148	553	3.7	Positive
5	Effective complaint handling leads to increase customer base and sales turnover	139	6	2	1	148	579	4.0	Positive
	Grand mean							**3.4**	

Source: Field Survey (2026).

In item 1 of the above Table 4, it shows that 130 of the respondents strongly agreed to the statement" while 15 agreed, whereas 3 strongly disagreed. Since the mean score is 3.8, it can therefore be concluded that the majority of the respondents agreed to the statement.

In item 2, the researcher observed that 49 of the respondents strongly agreed to the statement", 71 agreed, and 20 disagreed while 8 strongly disagreed. Since the mean score is 3.1, it can therefore be concluded that the majority of the respondents agreed to the statement.

In item 3 shows that 21 of the respondents strongly agreed to the statement, 28 agreed, 60 disagreed while 39 strongly disagreed. Since the mean score is 2.2, it can therefore be concluded that the majority of the respondents disagreed to the statement.

In item 4, the researcher observed that 115 of the respondents strongly agreed, 27 agreed, while 6 disagreed. Since the mean scores is 3.7, it can therefore be concluded that the majority of the respondents agreed to the statement.

In item 5, the researcher observed that 139 of the respondents strongly agreed to the statement 6 agreed, and 2 disagreed while 1 strongly disagreed. Since the mean scores is 4.0, it can therefore be concluded that the majority of the respondents agreed to the statement.

Testing of Research Hypotheses

Hypothesis One

H_0: There is no significant relationship between apology and customer retention.

H_1: There is significant relationship between apology and customer retention.

Fig. 1: To test the hypothesis one, data in table 1 and table 3 were used.

H_1	There is significant relationship between apology and customer retention.	Pearson Correlation = 0.894 Critical value = 0.05 P –Value 0.000 N = 148 General mean =3.3 +2.9 = 3.1	**VALID**

The table above revealed that the Pearson correlation coefficient (r) result is obtained as 0.894 (with general mean of 3.4) and a corresponding P-value of 0.000. Since the P-value of 0.000 is less the critical value of 0.05, the researcher rejects the null hypothesis and concludes that there is significant relationship between apology and customer retention.

Hypothesis two

H_0: Apology does not significantly relates with customer loyalty.

H_1: Apology significantly relates with customer loyalty

Fig. 2: To test the hypothesis two, data in table 1 and table 4 were used.

H_i2	Apology significantly relates with customer loyalty	Pearson Correlation = 0.894 Critical value = 0.05 P –Value 0.000 N = 148 General mean =3.3 +3.4 = 3.4	**VALID**

The table above revealed that the Pearson correlation coefficient (r) result was obtained as 0.894 (with general mean of 3.4) and a corresponding P-value of 0.000. Since the P-value of 0.000 is less the critical value of 0.05, the researcher rejects the null hypothesis and concludes that Apology significantly relates with customer patronage

Hypothesis three

H_0: There is no significant relationship between compensation and customer retention.

H_1: There is significant relationship between compensation and customer retention.

Fig. 3: To test the hypothesis three, data in table 2 and table 3 were used.

H_i3	There is significant relationship between compensation and customer retention.	Pearson Correlation = 0.833 Critical value = 0.05 P –Value 0.000 N = 148 General mean =3.4 +3.4 = 3.2	**VALID**

The table above revealed that the Pearson correlation coefficient (r) result is obtained as 0.833 (with general mean of 3.2) and a corresponding P-value of 0.000. Since the P-value of 0.000 is less the critical value of 0.05, the researcher reject the null hypothesis and conclude that there is significant relationship between compensation and customer retention.

H_0: Compensation does not significantly relate with customer loyalty.

H_1: Compensation significantly relates with customer loyalty.

Fig. 4: To test the hypothesis four, data in table 2 and table 4 were used.

H_i4	Compensation significantly relates with customer loyalty.	Pearson Correlation = 0.894 Critical value = 0.05 P –Value 0.000 N = 148 General mean =3.4 +3.4 = 3.4	**VALID**

The table above revealed that the Pearson correlation coefficient (r) result is obtained as 0.894 (with general mean of 3.4) and a corresponding P-value of 0.000. Since the P-value of 0.000 is less the critical value of 0.05, the researcher reject the null hypothesis and conclude that Compensation significantly relates with customer patronage.

Discussion of Findings

Test of hypothesis one revealed that there is significant relationship between apology and customer retention. For Mbaenyi (2023), this is refers to an admittance of and acceptance of service failure and an expression of remorse enhance customer preference for firms. In typical customer complaints management, apology leads to retention of customers (Amanfi, (2012). When a hospitality firm handles customer complaint with needed apology, it will encourage customer retention.

Test of hypothesis two revealed that apology significantly relates with customer loyalty. Hoffman et al (2003) held that constant maintenance apology for mistake or low service leads to customer loyalty and likeness.

Test of hypothesis three revealed that there is significant relationship between compensation and customer retention. The efficacy of the compensation policy of a firm is determined by fairness, need, value and rewards of service recovery outcomes (Chebat & Slusarczyk, 2015; Wirtz & Mattila, 2014). This means that compensation enhances customer retention.

Test of hypothesis four revealed that compensation significantly relates with customer loyalty. In view of Muhammad and Huma (2022), an organization can achieve increase customer base when the customers are happy. For that, there is need for regular compensation of customers for low quality services.

Conclusion

This study observed that the way a hotel firms handles complaints can affect its business performance. This is so because poor complaint handling may lead to dissatisfaction, and affect patronage and retention of customers. In this case, poor complaint handling procedures could damage company-customer relationship and cause customer dissatisfaction; hence it could cause low customer patronage. This study thus concludes that the achievement of organizational goals in hotel firms depends on the extent customer complaints are managed.

Recommendations

Based on the findings and conclusions of this study, the following recommendations could be made:

1. Whenever there is poor service, the staff of the hotel firms should apologize to customer to achieve customer retention.
2. The hotel industry should make provision for compensation of customers based on poor services so as to achieve customer loyalty.
3. Staff of hotel firms should be trained on the way to attain to customers and use apology and compensation when required.
4. Hotel firms should offer very high quality of service to customer to achieve patronage.

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