

The Role of Assurance and Safety in Shaping Customer Referrals: Insights from Car Rental Services in Malaybalay City

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Abstract

Car rental services are vital to local transportation in Malaybalay City, Bukidnon, offering customers convenient and safe travel options. With growing competition among providers, understanding customers' perceptions of service quality and safety is crucial for enhancing the experience and fostering positive referrals. Despite this, limited empirical evidence exists on how specific service quality dimensions shape customers' sense of safety and their willingness to recommend services. This study assessed customer satisfaction across tangibility, reliability, responsiveness, assurance, empathy, safety, overall satisfaction, and referral behavior, while examining how the five core service quality dimensions relate to safety, satisfaction, and referrals. Using a quantitative, descriptive-correlational design, data were collected from 287 customers of selected car rental companies via a structured survey. Weighted mean analysis measured satisfaction levels, and Pearson correlation tested relationships among variables. Findings revealed that customers expressed general agreement across all dimensions, indicating overall satisfaction with service quality and safety. Assurance emerged as the strongest predictor of referrals, highlighting the importance of employee competence, courtesy, and trustworthiness. Both safety and service quality were significantly linked to referral behavior, suggesting that customers who feel safe and satisfied are more likely to recommend services. The study underscores the need to strengthen service quality practices, staff professionalism, and safety measures to build customer trust and encourage referrals. It further aligns with Sustainable Development Goals (SDGs) 8, 9, and 11 by promoting sustainable service management, safe transportation, and local business growth. Ultimately, its sustainability impact lies in advancing socio-economic development and community resilience through improved service standards and customer confidence.

Keywords: Assurance; Customer referrals; Customer satisfaction; Safety; Service quality; SERVQUAL; Transportation services

1. Introduction

Customer referrals are a critical driver of business growth, particularly in service-based industries where trust, credibility, and customer experience strongly influence consumer decisions. In car rental services, satisfied customers play a central role in expanding market reach by recommending services to others based on firsthand experiences rather than paid promotions (Arndt, 1967; Ortega et al., 2025). This study examines how customer satisfaction—shaped by service quality and safety—affects customer referrals among car rental companies in Malaybalay City, Bukidnon. By grounding the investigation in established service and behavioral theories, the study addresses gaps in empirical evidence within smaller, developing urban contexts and contributes to sustainability-oriented service management.

1.1 Customer Satisfaction and Customer Referrals in Car Rental Services

Customer referrals function as a powerful and credible form of marketing because they are rooted in authentic customer experiences rather than commercial advertising (Arndt, 1967). In the car rental industry, referrals enhance customer acquisition, market visibility, and long-term business sustainability, particularly in community-based markets such as Malaybalay City. Customer satisfaction is a prerequisite for generating referrals, as satisfied customers are more likely to engage in advocacy behaviors and repeat patronage (Kotler & Keller, 2016). In car rental services, satisfaction reflects the customer's holistic evaluation of the service process, from booking to vehicle return, and serves as the link between service performance and referral behavior.

1.2 Service Quality and Safety as Determinants of Customer Satisfaction and Referrals

Service quality is consistently identified as a primary determinant of customer satisfaction in service industries. The SERVQUAL model outlines five dimensions—tangibility, reliability, responsiveness, assurance, and empathy—that collectively shape customer perceptions of service performance (Parasuraman, Zeithaml, & Berry, 1988). Empirical studies confirm that tangible factors, such as vehicle cleanliness and condition, significantly influence satisfaction (Awara et al.,

2022), while reliability and responsiveness enhance retention and satisfaction (Khawaja & Yang, 2022). Responsiveness contributes to positive evaluations through timely assistance (Ladhari, 2009), assurance reduces uncertainty in safety-sensitive services (Zeithaml, Bitner, & Gremler, 2018), and empathy strengthens satisfaction and loyalty through personalized care. These findings underscore the central role of consistent, customer-focused service delivery in fostering satisfaction and referral intentions.

1.3 Service Quality, Safety, and Referral Practices in Local and Broader Transportation Contexts

Safety is an essential component of customer satisfaction in transportation-related services, where physical risk and vehicle reliability are inherent concerns. Customers who perceive strong safety practices, well-maintained vehicles, and transparent procedures report higher satisfaction levels. Studies on transportation services demonstrate that safety perceptions significantly influence satisfaction and trust (Chuenyindee et al., 2022), while trust reinforces customer loyalty (Ortega, 2025). Despite global and national evidence supporting these relationships, car rental businesses in Malaybalay City face challenges with inconsistent service delivery and inadequate safety monitoring. This local context highlights the need for focused empirical investigation in smaller, developing cities, where service conditions and customer expectations may differ from those in larger markets.

1.4 Theoretical Foundations Linking Service Quality, Satisfaction, and Customer Referrals

The study is anchored in three complementary theories: The Expectation-Confirmation Theory (ECT), the SERVQUAL Model, and Word-of-Mouth (WOM) Theory. The Expectation-Confirmation Theory explains customer satisfaction as the outcome of comparing prior expectations with perceived service performance, with positive confirmation leading to satisfaction (Oliver, 1980). The SERVQUAL Model provides a structured framework for assessing service quality through tangibility, reliability, responsiveness, assurance, and empathy (Parasuraman, Zeithaml, & Berry, 1988). Word-of-Mouth Theory explains how satisfied customers transmit their experiences to others, influencing referral behavior through credible, experience-based communication (Arndt, 1967). Together, these theories explain how service quality and safety shape satisfaction and, in turn, customer referrals in car rental services.

1.5 Empirical Gaps in Service Quality, Safety, and Referral Studies in Local Car Rental Businesses

While existing literature establishes strong links among service quality, customer satisfaction, and referrals, there is limited empirical evidence focusing on car rental businesses in smaller, developing urban settings. In Malaybalay City, it remains unclear which dimensions of service quality and safety most strongly influence customer referrals. This study addresses this gap by empirically examining the relationship between customer satisfaction—derived from service quality and safety—and customer referrals within the local car rental industry. The findings aim to provide context-specific insights that extend existing service marketing literature.

1.6 Alignment of Customer Satisfaction and Referral Outcomes with Relevant Sustainable Development Goals (SDGs)

The study aligns with SDG 8 – Decent Work and Economic Growth by supporting sustainable business practices that enhance service quality, customer satisfaction, and referral-driven growth in local enterprises. It also contributes to SDG 9 – Industry, Innovation and Infrastructure by promoting improvements in service quality and safety standards within the transportation sector. Additionally, the emphasis on safety and customer trust aligns with SDG 11 – Sustainable Cities and Communities, as reliable and safe car rental services support sustainable urban mobility and local economic resilience.

1.7 Contribution of Customer Satisfaction and Referral Research to Multidisciplinary Sustainability

This study contributes to socio-economic sustainability by providing evidence-based guidance to improve customer satisfaction and referral generation, thereby supporting the long-term viability of local car rental businesses. It also advances community sustainability by emphasizing trust, safety, and service reliability in transportation services that directly affect daily mobility. From a policy and institutional sustainability perspective, the findings can inform service standards and operational practices that enhance consumer protection and service accountability. Collectively, the study strengthens the sustainability of service-based transportation enterprises within developing urban contexts.

2. Material and methods

2.1 Research Design

The study employed a quantitative, descriptive-correlational research design to determine the relationship between customer satisfaction and customer referrals in the car rental industry in Malaybalay City, Bukidnon. The quantitative approach was used to objectively examine relationships among measurable variables by analyzing numerical data using statistical procedures.

2.2 Locale of the Study

The research was conducted among car rental businesses operating in Malaybalay City, Bukidnon. Malaybalay City serves as the capital of Bukidnon Province in Northern Mindanao and functions as its administrative and commercial center. As a developing, steadily urbanizing provincial city, Malaybalay provides an appropriate setting for examining customer satisfaction and referral behavior in local service-based transportation businesses.

2.3 Respondents of the Study

The respondents of the study were car renters who had availed of services from car rental companies in Malaybalay City, Bukidnon. To ensure informed responses, only individuals who had rented a car at least once were included in the study. Respondents were required to complete an online questionnaire. Individuals who chose not to participate after reading the informed consent form were excluded. Participation posed no risk, inconvenience, or penalty, and respondents were informed of their right to withdraw at any time.

2.4 Sample and Sampling Procedure

The study used a purposive sampling method to select respondents with direct experience with car rental services, ensuring that the collected data were relevant to the research objectives. In addition, the Taro Yamane sampling method was applied to determine the appropriate sample size for the finite population of car renters in the study area. This approach ensured reliable representation while maintaining precision and acceptable sampling error.

2.5 Research Instrument

Data were collected using a structured survey questionnaire adapted from and modified in accordance with existing studies. The instrument measured service quality dimensions, safety, customer satisfaction, and customer referrals. The questionnaire items were derived from established sources and subjected to expert validation to ensure alignment with the study objectives. A pilot test involving thirty respondents from Malaybalay City, Bukidnon, was conducted to assess reliability. The instrument yielded an overall Cronbach's Alpha of 0.778, indicating acceptable internal consistency. Reliability testing across individual variables further confirmed that the instrument was reliable and acceptable for use.

2.6 Data Gathering Procedure

Survey questionnaires were administered to respondents through both in-person distribution and online platforms. Permission was first obtained from car rental company owners before approaching respondents. Respondents were intentionally selected through purposive sampling and provided access to the questionnaire via a Google Forms link that included the informed consent form. Respondents who preferred a paper-based questionnaire were accommodated. Completion of the questionnaire took approximately ten minutes. Collected data were extracted, coded, and prepared for statistical analysis.

2.7 Data Analysis Techniques

The data were analyzed using Google Colab. Descriptive and correlational analyses were applied to address the study's objectives and test the stated hypothesis regarding the relationship between customer satisfaction and customer referrals.

2.8 Ethical Considerations

The study adhered to ethical standards and principles, in accordance with the Data Privacy Act of 2012 (Republic Act 10173). Participation was voluntary, and informed consent was obtained prior to data collection. Respondents were assured of confidentiality and anonymity, and no identifying information was recorded. The study posed no physical, emotional, or social risks, and participants retained the right to withdraw at any time without penalty. No coercion, incentives, or disclosure of confidential business information occurred. Academic integrity was upheld through accurate reporting and proper citation of all sources. The findings will be shared for academic purposes and may be disseminated through institutional or scholarly platforms upon completion of the study.

3. Results and Discussion

3.1 Customer Satisfaction of Car Rental Companies

3.1.1 Customer Satisfaction in Terms of Service Quality and Safety

The results show that customers of car rental companies in Malaybalay City are generally satisfied with the services they receive. Most respondents indicated agreement or strong agreement regarding their satisfaction, resulting in an overall mean interpreted as satisfied. Both service quality and safety obtained mean scores within the satisfied range, indicating that customers view these two components as meeting their expectations. However, some respondents expressed dissatisfaction, suggesting variability in customer experiences across rental companies. These findings support the Expectation-Confirmation Theory, which explains that satisfaction occurs when perceived service performance meets or exceeds expectations. Customers expect dependable service and safe vehicles, and when these expectations are fulfilled, satisfaction is achieved. The results also align with the SERVQUAL framework, which posits that service quality and

safety are key determinants of satisfaction. The generally positive satisfaction levels help explain the customers' willingness to recommend the rental companies to others, reinforcing the link between satisfaction and referral behavior.

3.2 Service Quality Dimensions of Car Rental Companies

3.2.1 Tangibility

The findings indicate that customers generally perceive the physical aspects of car rental services, such as vehicle condition, facilities, and employee appearance, as well-maintained. Most respondents agreed that the tangible elements met expected standards, resulting in a positive overall evaluation. Only a small portion of respondents expressed dissatisfaction, indicating occasional lapses in physical upkeep. From the SERVQUAL perspective, tangibility is the first point of customer evaluation because it provides visible cues to service quality. Clean, presentable vehicles and facilities create a positive initial impression that fosters trust. When these expectations are met, customer satisfaction increases, which supports the study's finding of a strong relationship between satisfaction and customer referrals. This also aligns with Arndt's view that positive impressions encourage customers to share their experiences with others.

3.2.2 Reliability

The results show that most customers perceive car rental companies in Malaybalay City as reliable and dependable. Respondents generally agreed that services were delivered as promised, transactions were handled accurately, and rentals were completed the first time correctly. Although a minority reported negative experiences, the overall evaluation indicates consistency in service delivery. Reliability is considered the core dimension of service quality under the SERVQUAL model because it reflects the company's ability to fulfill its promises. When customers experience dependable service, their confidence increases, leading to higher satisfaction. Consistent with the Expectation-Confirmation Theory, meeting reliability expectations enhances satisfaction and strengthens customers' willingness to recommend the service, supporting the observed positive relationship between satisfaction and referrals.

3.2.3 Responsiveness

The findings reveal that customers generally perceive car rental staff as responsive and willing to help. Most respondents agreed that employees provided prompt service, responded quickly to inquiries, and handled concerns efficiently. While some respondents experienced slower responses, the overall evaluation remained positive. Responsiveness reflects employees' readiness to assist customers, which is critical for time-sensitive services such as car rentals. According to the SERVQUAL model, responsiveness indicates the effort a company puts into customer care. When responsiveness meets expectations, customer satisfaction increases, reinforcing referral intentions. This supports Arndt's assertion that attentive service encourages customers to share positive experiences with others.

3.2.4 Assurance

The results indicate that customers generally feel confident and secure when transacting with car rental companies in Malaybalay City. Most respondents agreed that employees are knowledgeable, courteous, and capable of instilling confidence. However, a small group reported uncertainty, suggesting inconsistencies in staff interactions. Assurance plays a vital role in building trust, especially in services involving safety and responsibility. In line with the Expectation-Confirmation Theory, customers expect professional and trustworthy staff, and satisfaction increases when these expectations are met. The positive assurance ratings help explain customers' willingness to recommend the service, consistent with Arndt's view that confidence in service providers promotes word-of-mouth referrals.

3.2.5 Empathy

The findings show that customers generally perceive car rental staff as empathetic and attentive. Most respondents felt that employees understood their needs, listened carefully, and provided individualized attention. Nevertheless, a notable portion of respondents reported moderate empathy, indicating room for improvement. Empathy enhances the emotional quality of service interactions and strengthens customer satisfaction. According to the SERVQUAL framework, empathy contributes to positive customer perceptions and future behavioral intentions. When customers feel understood and valued, satisfaction increases, which, as the study's findings show, supports positive referral behavior.

3.3 Customer Satisfaction in Terms of Safety

The results indicate that customers generally feel safe when using car rental services in Malaybalay City. Most respondents agreed that vehicles are safe to use, safety protocols are explained, and vehicles undergo proper inspection. However, some respondents expressed concerns, suggesting inconsistencies in safety practices. Safety is a critical factor in transportation services, and customers expect rental companies to minimize risks. In line with the Expectation-Confirmation Theory, meeting safety expectations enhances satisfaction. Customers who feel safe are more confident in the service, which supports the positive relationship between satisfaction and customer referrals observed in the study and aligns with Arndt's explanation of experience-based sharing.

3.4 Customer Referrals of Car Rental Companies

The findings show that customers are generally willing to recommend car rental companies in Malaybalay City. Most respondents indicated agreement regarding referral intentions, including speaking positively about the company and encouraging others to use the service. Nonetheless, some respondents were hesitant to refer, reflecting mixed service experiences. Customer referral behavior is a direct outcome of satisfaction. When customers perceive that service quality and safety meet their expectations, they are more likely to engage in positive word of mouth. These results are consistent with the Expectation-Confirmation Theory and Arndt's view that satisfied customers naturally share favorable experiences with others.

3.5 Relationship Between Customer Satisfaction and Customer Referrals

The results demonstrate a significant positive relationship between customer satisfaction and customer referrals. Both service quality and safety show strong and statistically significant correlations with customer referrals, indicating that higher satisfaction levels increase the likelihood of recommending the service. The findings led to the rejection of the null hypothesis, confirming that customer satisfaction is a major determinant of referral behavior. These results reinforce the theoretical foundations of the study. When customers perceive services as reliable, responsive, empathetic, assuring, and safe, their satisfaction increases, leading to stronger referral intentions. This supports the study's central argument that improving service quality and safety directly increases customer referrals among car rental companies in Malaybalay City.

4. Conclusion & Recommendations

The study concludes that customers of car rental companies in Malaybalay City, Bukidnon, are generally satisfied with the services they receive. Favorable ratings across all SERVQUAL dimensions—tangibility, responsiveness, reliability, assurance, and empathy—indicate that service delivery meets customer expectations in terms of professionalism and overall experience. Customers also expressed satisfaction with safety, as vehicle conditions, safety procedures, and staff practices contributed to their sense of security. The findings further show a high level of customer referrals, demonstrating that satisfied customers are willing to recommend car rental services to others. Statistical analysis confirmed a significant positive relationship between customer satisfaction and customer referrals, thereby rejecting the null hypothesis. Overall, the study establishes that customer satisfaction, driven by service quality and safety, plays a crucial role in increasing customer referrals in the car rental industry.

Based on the findings, car rental companies are encouraged to continue strengthening service quality and safety practices to maintain and enhance customer satisfaction. Sustaining high standards across all SERVQUAL dimensions and ensuring consistent safety measures may further reinforce customers' positive experiences and their willingness to recommend the services to others. Maintaining focus on these key drivers can support continued customer trust, satisfaction, and referral behavior within the car rental industry.

Compliance with ethical standards

This study was conducted in accordance with established ethical standards and principles, following the guidelines of Xavier University – Ateneo de Cagayan and the provisions of the Data Privacy Act of 2012 (Republic Act 10173). Ethical integrity was observed throughout the research process, including data collection, processing, analysis, and reporting. Participation was voluntary, confidentiality and anonymity were ensured, and no identifying information was recorded. The study posed no physical, emotional, or social risks to participants, and all data were used solely for academic purposes.

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Conflict of interest statement

The authors declare that there is no conflict of interest in the conduct of this study.

Statement of ethical approval

The study adhered to the ethical guidelines and research standards of Xavier University – Ateneo de Cagayan. No additional institutional ethics committee approval beyond what is stated was implied or obtained.

Statement of informed consent

Informed consent was obtained from all participants prior to their involvement in the study. Respondents were informed about the purpose, nature, and voluntary nature of the research, assured of confidentiality and anonymity, and informed of their right to withdraw at any time without penalty.

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