

THE RELATIONSHIP BETWEEN SERVICE QUALITY, CLIENT SATISFACTION, PERCEIVED VALUE AND CLIENT LOYALTY: A CASE STUDY OF FLY EMIRATES

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ABSTRACT

Client loyalty is one of the biggest challenges for the airline industry and marketers are seeking information on how to build client loyalty. This study will explore the relationship between service quality, client satisfaction, perceived value and client loyalty in the airline industry. The purpose of this study is to develop and implement a method for airline to identify attributes that will increase client loyalty. 384 respondents participate in this study and questionnaires were distributed randomly to passengers traveling by Emirates. In particular a deductive approach adapted to collect specific quantitative information to accept or reject the hypothesis. Current study applies Structural Equation Modeling SEM-PLS to investigate the relationship among the constructs in proposed model. This study found that service quality has appositve relationship on passengers' satisfaction and client loyalty and negative relationship on perceived value and client loyalty. The results of this study indicated that service quality and passenger's satisfaction are important factors effect of client loyalty. In conclusion Emirates must be able to understand the importance of service quality and passenger's satisfaction to fulfill the client loyalty and improve the service quality that make most significant in airline industry.

Keywords: Satisfaction; service quality; perceived value; client loyalty; airlines.

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La relación entre la calidad del servicio, la satisfacción del cliente, el valor percibido y la fidelidad del cliente: un estudio de caso de Fly Emirates

RESUMEN

La lealtad del cliente es uno de los mayores desafíos para la industria de las aerolíneas. Por eso, los profesionales de marketing están buscando información sobre cómo desarrollar la lealtad del cliente. Este estudio explorará la relación entre la calidad del servicio, la satisfacción del cliente, el valor percibido y la lealtad del cliente en la industria aérea. El propósito de este estudio es desarrollar e implementar un método para que la aerolínea identifique atributos que aumentarán la lealtad del cliente. Unos 384 encuestados participan en este estudio y los cuestionarios se distribuyeron al azar entre los pasajeros que viajaban en Fly Emirates. En particular, un enfoque deductivo adaptado para recopilar información cuantitativa específica para aceptar o rechazar la hipótesis. El estudio actual aplica el modelo de ecuación estructural SEM-PLS para investigar la relación entre los constructos en el modelo propuesto. Este estudio encontró que la calidad del servicio tiene una relación positiva en la satisfacción de los pasajeros y la lealtad del cliente. Por otro lado tiene una relación negativa en el valor percibido y la lealtad del cliente. Los resultados de este estudio indicaron que la calidad del servicio y la satisfacción del pasajero son factores importantes que afectan a la lealtad del cliente. En conclusión, Fly Emirates debe ser capaz de comprender la importancia de la calidad del servicio y la satisfacción del pasajero para cumplir con la lealtad del cliente y mejorar la calidad del servicio que es más importante en la industria de las aerolíneas.

Palabras clave: Satisfacción; calidad del servicio; valor percibido; fidelización del cliente, líneas aéreas.

1. INTRODUCTION

Airline industry is an increasingly growing industry and it has developed to become one of the most common means of travel (Law, 2017). Specifically, airline industry facilitates tourism and contribution to the growth of businesses which depend on airlines, such as hotels, restaurants and car hire operators (Lupiyoadi and Putra, 2014). Currently, passenger's loyalty in the airline industry is becoming ever important and relevant due to the fact that the delivery of high quality service is essential for airlines survival and crucial to the competitiveness of the airline industry (Ganiyu, 2016). To achieve client loyalty a high level of client satisfaction and high standard of service quality should be delivered by the service provider (Reshidi, 2013), since service quality is considered the basis for client satisfaction and client loyalty (Abu Rumman *et al.*, 2013; Jawabreh, 2017a; Alananzeh *et al.*, 2018; Clemes *et al.*, 2008).

Client loyalty plays a very crucial role for achieving competitive advantage in any organization. Olsen and Johnson (2013) found that client loyalty has an incredible impact on business profits. Azad *et al.* (2014) found that client loyalty is one major driver of success in tourism industry. Recently many studies have growing interest in research on client loyalty. Client loyalty defined by Oghojafor *et al.* (2016) as the adherence of clients

to a company. According to Ganiyu (2016) there is a relationship between client loyalty, service quality, client satisfaction and perceived value. Bowen and Chen (2001) have pointed out that two effective means of generating client loyalty are to delight clients and to deliver superior value derived from services quality. Gures *et al.* (2014) state client loyalty created when clients become advocate of an organization without any incentive.

Keeping a strong client relation is a challenge for services (Karatepe, 2004). Oliver (1999) found loyal clients had higher purchases than non-loyal clients. Ravald and Grdnroos (1996) found the loyal clients have a definite impact on their intention to continually stay with, or to leave, an organization. According to Gronroos (2009) a loyal client is regarded as a type of competitive advantage for an organization. Chand and Yeh (2017) assure that loyal clients cost less to serve in part because they know the service and require less information. Therefore, loyal client has explained the service to other clients. Rashidi (2013) state loyal client not only requires less information themselves, they also serve as an information source for other. Yang and Peterson (2004) found loyal clients often will be revenues generator and demand less time and attention from the firms they patronize.

Researchers have found a strong relationship between client satisfaction and client loyalty (Ganiyu, 2016). According to Lee *et al.* (2001) the most effective means of generating client loyalty are to satisfy clients derived from superior services quality. Ganiyu *et al.* (2012) argued that client satisfaction and loyalty are not directly correlated, particularly in competitive business environment because there is a big difference between satisfaction and loyalty. In addition, Neal (1999) argues that perceived value can significantly influence client loyalty through such determinants as client satisfaction. Yang and Peterson (2004) found this further highlight the critical role of perceived value for achieving client loyalty.

This research has been conducted to examine the relationship between service quality, client satisfaction, perceived value and client loyalty. Many researches have investigated these relations in a single framework but within the airline industry, the current study will explore the relationship between service quality, client satisfaction, perceived value and client's loyalty by assessing the impact of client satisfaction and perceived value towards service quality. Further, the current study mainly emphasizes on understanding client's loyalty by determining the impact of service quality dimensions, client satisfaction, and perceived value which in turn provides practical insights for airline managers into how to engage the passenger and build a mutual relationship. Thus, exploring these associations will help to identify a variable that is potentially powerful and will help airlines to increase the client's loyalty.

This study initiative examined exactly what goes to make up passenger loyal as well as how loyal clients were with the service provided by the airline under consideration. The current study extends the knowledge of client loyalty by developing a model which clarifies the relationship between service quality, client satisfaction, perceived value, and client loyalty which in turn provides practical insights for airline managers into how to engage the passenger and build a good relationship. Based on the results client might has some expectations before receiving a service from emirates airline, and suppose that if a client receive these expectations a perceived value will created based on his satisfaction then he will be loyal (Jawabreh and Al Sarayreh, 2017). But if there are a gap among services packages provided by emirates airlines then might will not meet

clients' expectations specially the difference between economic and business class. Thus, emirates airline required to change their policy regarding the economic services by improving the service design. Indeed, emirates airlines required to take in consideration passengers' satisfaction at economic level since it's influencing repurchase intentions and behavior, which in turn leads to sufficient profits and revenue for emirates airline. The study identifies the fact as well as the outcomes of airline passengers' loyalty with service, and concludes that superior service quality and client satisfaction lead to passenger loyalty. The study has contributed to the knowledge of relation between client loyalty, client satisfaction and service quality in a specialized area of the airline industry. Thus further this research indicates client satisfaction plays a moderating role between service quality and client loyalty (Jawabreh *et al.*, 2018). This study found that service quality has appositive relationship on passengers' satisfaction and client loyalty and negative relationship on perceived value and client loyalty. The result of this study indicated that service quality and passengers' satisfaction are an important factor effect of client loyalty. In conclusion Emirates must be able to understand the importance of service quality and passengers' satisfaction to fulfill the client loyalty and improve the service quality that makes the most significant in airline industry.

2. LITERATURE REVIEW

The literature of service quality, client satisfaction, perceived value and client loyalty is first reviewed to develop conceptual foundations for the present study. Next, a model integrating key variables from studies of service quality, client satisfaction, perceived value and client loyalty is proposed and empirically tested in the airline industry.

2.1. Client loyalty

One of the essential concerns of business nowadays to increase market share on a global perspective and to reach that goal there are many ways, one of these ways is gaining client loyalty, in other words business owner looking for more than satisfy and delight clients, they make extra efforts to transform their clients to loyalty level (Evans, 2015). Moreover, quality management, operations, and marketing scholars still show interest on client loyalty (Boakye *et al.*, 2017). Clients' loyalty will lead to reduce marketing costs, reducing transaction costs, reducing the cost of replacing the client, increasing sales, information from positive word of mouth, and reducing the cost of failure (Oliver, 1999). Several studies regarding client loyalty defined it as a non-random behavior shown by the purchase routine. Hill (1996) defines client loyalty as a behavior that is intended to purchase based on the routine decision-making units, other studies addressed client loyalty as attitudinal loyalty as a psychological facet of client loyalty (Reshidi, 2013). Aydin and Ozer (2005) stated that client loyalty is reflecting the re-purchase intention, resistance to switching to other competitor's products and a willingness to recommend the service or product to others. Further, several scholars as Mandhachitara and Thong (2011) and Bosque (2013) define the operational definition under two main aspects; behavioral and attitudinal of client loyalty as retaining the old clients and

attracting new clients, mean includes clients' repurchase intention (behavioral loyalty) and their positive willingness to recommend company's products and services to others (attitudinal loyalty). Previous scholars were observed that the characteristics of loyal clients are undertaking regular re-purchase; recommend the services to others, showing resistance to the attraction of similar products from competitors (Griffin, 1995). Chang and Yeh (2017) measured client loyalty based on a survey adopted from Bosque (2013) the survey combines six items that reflect both the behavioral and attitudinal aspects of client loyalty, and the survey items were rated on 5 point Likert scale.

2.2. Perceived value

There are several definitions of client perceived value According to Woodruff (1997), the client's perceived value defined as client's preference for an evaluation of those product attributes, performances, and consequences that help to achieve the client's goals and purposes in a specific circumstance. Thus, perceived value based on client experience of provided service and whether its conform to the expectations. Other scholars demonstrate that clients are ready to make sacrifice if the product or service provided deserve to do so, according to Dumond (2000) he demonstrates that client's value philosophy involves trade-off process between what client receives, benefits and any worthy things, and what he or she ready to gives for acquiring product or service, money. Indeed, this lead to the equation of client value is the total of benefits minus the money that lead to gain a product or service to meet certain needs. According to Chang and Wildt (1994) perceived value consider as an essential contributor to client's purchase intention. Moreover, Sirdeshmukh *et al.*, (2002) addressed that behavioral intentions of loyalty toward the service provider might be motivated as long as such relational exchanges provide superior perceived value to the client. According to above previous empirical research current study hypothesis developed as:

H1. Client loyalty will be positively influenced by perceived value.

2.3. Client Satisfaction

As client satisfaction heavily investigated by previous empirical studies within product and service context, but according to Oliver(1999) client satisfaction still considers as an essential factor to contribute on client's loyalty. Starting from Ganiyu *et al.* (2012) they defined generally client satisfaction as a cognitive reaction that surfaces in the form of a response to a single or prolonged set of service encounters. More specifically within the context of the current study Anderson *et al.*, (1994) defined client satisfaction as a client's overall evaluation of their total purchase and consumption experiences with the service they choose to have (Jawabreh, 2017b). Current study will investigate the impact of client satisfaction on client loyalty by surveying Emirates airlines services. Many studies investigate client satisfaction so far Coyne (1989) stated that client loyalty is low when client satisfaction is low which reveal a weak relationship and intermediate client loyalty relationship level when client satisfaction is intermediate and strong when client satisfaction is high. Another study by Fornell (1992) addressed that a high client satisfaction will

increase client loyalty as well as decrease clients' intention to go for other competitor's product. Within the context of current study there are several empirical studies on passengers which indicated that passengers' satisfaction has significant effect on passenger's loyalty (Lai and Chen, 2011). Similarly, another study approved a significant relationship between satisfaction and loyalty (Ratanavaraha *et al.*, 2016). Indeed, studies conducted by several authors such as Mohsan *et al.* (2011) and Degirmenci *et al.* (2012) revealed that client satisfaction has a positive relationship with client loyalty. Moreover, they addressed that companies within airline industry need to be more emphasize on clients' needs and demands to survive within dynamic competitive environment. According to above previous empirical research such as Oliver, 1999; Zeithaml *et al.*, 1996; Coyne, 1989; Lai and Chen, 2011 current study hypothesis developed as:

H2. Client loyalty will be positively influenced by client satisfaction.

2.4. Service Quality

Service quality is defined as clients' overall consumption experiences of the service (Aydin and Ozer, 2005). In this regard, the current study will investigate the experience of clients of Emirates airline by investigate the relationship between service quality and clients' loyalty. Based on the previous empirical researches there is a lack of research studying client loyalty within UAE context especially within airlines industry. Previous empirical researches have indicated that service quality have several effects on client loyalty depending on study context (Cronin *et al.*, 2000). For instance, previous studies have shown that service quality influences client satisfaction and loyalty (Lai and Chen, 2011). Another empirical study shown a direct effect of service quality on client loyalty demonstrated (Mandhachitara and Poolthong, 2011). Parasuraman *et al.* (1988) addressed that several scholars demonstrated service quality as an attitude formed based on difference between clients' expectations regarding a service to be received and perceptions of the service being received. Similarly, Zeithaml (2000) hypothesized that a client's behavioral intentions like repeat purchase affected by service quality. According to above previous empirical research such as Lai and Chen, 2011; Mandhachitara and Poolthong, 2011; Kiumarsi, Isa and Jayaraman, 2015 current study hypothesis developed as:

H3. Client loyalty will be positively influenced by service quality.

Airlines can achieve competitive advantage by maintaining and developing service quality, which can then lead to client satisfaction through emphasize on service quality dimensions such as reliability, responsiveness, empathy, assurance, tangibles. Anderson and Mittal (2000) stated that a client's attitude to recommend a company's product or service through marketing by word of mouth depends upon the level of product or service quality. Indeed, based on Aydin and Ozer (2005) and Lai and Chen (2011) service quality influences client satisfaction by his experience of received services depending on quality level. According to above previous empirical research, current study hypothesis developed as:

H4: Client satisfaction will be positively influenced by service quality

Recently, clients looking to increase their value of received services which indicate that they become rational. Clients have the desires to those services that offer them

highly satisfaction and utilization level in term of quality (Zameer *et al.*, 2015). In other words, perceived value considers as a clients' assessment of the product or service received with the expectations of that product or service and how that become a valuable in their perspective (Leifu *et al.*, 2015). A study conducted by (Zameer *et al.*, 2015) to investigate the role of service quality in perceived value and the results revealed that service quality have significant effect on the client perceived value. Another study by Malik *et al.* (2011) suggests service quality influence the client perceived value within as well.

Despite the enormous research on service quality, there is a lack of any research combined service quality and client perceived value towards client loyalty within service sectors (Abdelfattah *et al.*, 2015). Moreover, service qualities towards the clients' perceived value of services or products becomes more critical and need more emphasize from researchers within service sectors (Abdelfattah *et al.*, 2015) and (Dobre *et al.*, 2013). According to above previous empirical research (Zameer *et al.*, 2015) and (Malik *et al.*, 2011) current study hypothesis developed as:

H5. Perceived value will be positively influenced by service quality

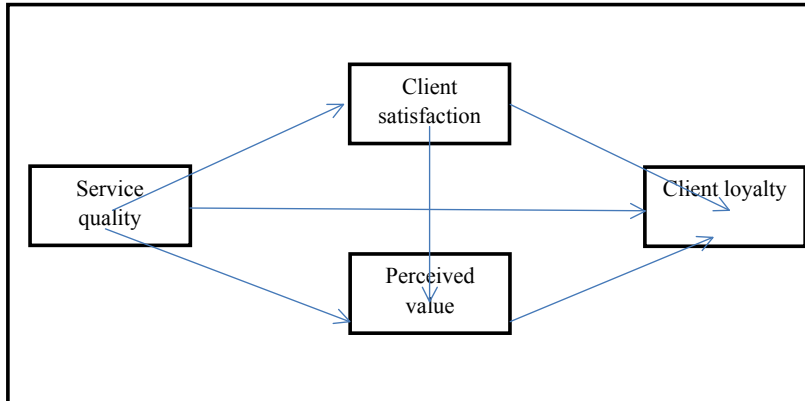
Several researchers argued that client satisfaction might be achieved by reaching a value to them. Particularly, Oliver (1981) addressed that client has some expectations before receiving a service, and if he receive these expectations a perceived value will created based on his satisfaction. Once he or she clients the service, he or she then has a perception of the value received from it. Now the Difference between expectation and perceptions results in client satisfaction (Ali *et al.*, 2015). Similarly Gounaris *et al.*, (2007) find that client satisfaction significantly affect perceived value. Thus based on previous discussion the study proposed the following hypothesis

H6. Perceived value will be positively influenced by client satisfaction.

2.5. Conceptual framework and hypotheses

The researchers propose the conceptual framework guiding this study is presented in Figure1. Based on the literature that investigated relationship between Service quality, client satisfaction, perceived value and client loyalty in the airline industry (Gures *et al.*, 2014) the model incorporated seven constructs. Service quality has been defined with five dimensions, namely Reliability, Responsiveness, Empathy, Assurance, and Tangibles. Client satisfaction was operationalized by four items: overall passenger satisfaction, attitude, impression and prompt service delivery. Perceived value has been operationalized by four dimensions namely emotional response, monetary price, behavioral price and reputation. Client loyalty was operationalized by five items: passengers repurchase intentions, recommend to others, willingness to engage in positive word of mouth and switching behavior and to tolerate on increase in price. The authors have generated six hypotheses relationships through empirical research associated with the model. These hypotheses focus on the interrelationships among service quality, client satisfaction, perceived value, and client loyalty. Arrows in the model indicate causal directions.

Figure 1
CONCEPTUAL FRAMEWORK



3. METHODOLOGY

Current study investigates the relationship between service quality, client satisfaction, perceived value and client loyalty in airline industry. Moreover, study the potential effect of service quality on client loyalty through customer satisfaction and perceived value. According to Sekaran *et al.* (2010) positivism research paradigm required quantitative research methods through a mono method. Hence, a self-administrated questionnaire was distributed. In particularly a deductive approach adapted to collect specific quantitative information to accept or reject the Hypothesis. Current study applies Structural Equation Modeling SEM-PLS to investigate the relationship among the constructs in proposed model.

3.1. The instrument

Survey instrument developed in this study consisted of a self-administered questionnaire used as a data collection instrument the questionnaire design was based on prior studies investigating airline client loyalty. Service quality was measured using a modified scale developed by Jahmani (2017) by incorporating service quality dimensions on the original SERVQUAL scale attributed to the work of Parasuraman *et al.* (1988). All five dimensions of service quality identified by Jahmani (2017) namely Reliability, Responsiveness, Empathy, Assurance, and Tangibles were adopted for this study. The measurement dimensions for satisfaction were adopted from Cronin *et al.* (2000), Olorunniwo *et al.* (2006), Fraering and Minor (2013), and Jahmani (2017). Client loyalty dimensions were adopted from Zeithmal *et al.* (1996), Mols (1998), Dehgan and Shahin (2011), and Caruana (2002) were aimed at evaluating a repurchase intentions recommend to others, willingness to engage in positive word of mouth and switching behavior and to tolerate on increase in price. Measurement dimensions for perceived value dimensions namely

perceived quality, emotional response, monetary price, behavioral price, reputation, overall perceived value, and behavioral intentions were adopted by Levesque and McDougall (1996), Petrick (2002);(2003), Zeithaml *et al.* (1996), Gallarza and Saura (2006). Scale items for assessing key constructs, such as service quality, client satisfaction, perceived value and client loyalty were adapted from prior studies validated measures. The respondents were requested to indicate the extent to which they agree or disagree, based on recent experience, by checking the appropriate response to the questionnaire items regarding the key constructs of the study. All the questions related to each dimension were measured using five –point Likert scales for each item, anchored by 1 strongly disagree and 5 strongly agree with 3 neutrals (neither agree nor disagree) as the midpoint were utilized.

3.2. Sample

This study operationalized four variables service quality, client satisfaction, perceived value, and client loyalty to test the hypothesized relationship. Quantitative data collection techniques were used because data should be quantifiable to facilitate the application of statistical analysis (Malhotra, 2010). The researchers carried out an empirical study and a questionnaire was used as a primary data collection tool at Dubai International Airport in Terminal 3 by collecting data from passengers who had traveled with Fly Emirates to competed international destinations at different times and days between Feb 2018 to May 2018 in order to randomize data collection. The research was explanatory in nature because it sought to determine the cause and effect relationships between variables. A systematic random sampling method was used to select respondents at a sampling. A total of 384 passengers were respondents during the study period, all passengers were contacted after arrive to response for the purpose of the study. Of the 517 passengers contacted, 384 participated in the study, resulting in a response rate of 74.2%.

3.3. Partial Least Square PLS-SEM

To investigate the proposed model PLS-SEM utilized to predict the construct and identify relationships between constructs (Hair *et al.*, 2011; Reinartz *et al.*, 2009). To the best of researcher's knowledge, no study has tested these integration models as a single model. Proposed model assess through PLS by typically follows a two-step process that is conducted as the assessment of the measurement model and the structural model (Chin, 2010; Hair *et al.*, 2010; Hair *et al.*, 2011).

3.4. Assessment of Measurement Model

Measurement model examines the validity and reliability of the relationship between the LV and associated observable variables, whereas assessment of the structural model considers the relationships between constructs (Chin, 2010; Hair *et al.*, 2010). To assess construct reliability, two coefficients are typically considered: Combust Reliability CR and the more common coefficient Cronbach's alpha (Bagozzi and Yi, 1988; Chin, 2010; Gotz *et al.*, 2010). However, CR is more suitable for PLS-SEM (Hair *et al.*, 2011). Table

1 show that the CR for all latent variables in the measurement model is more than 0.7. Therefore, the measurement model has internal consistency and is reliable.

Table 1
RESULTS OF THE MEASUREMENT MODEL FOR FIRST ORDER CONSTRUCTS

Construct	CR	Cronbach's Alpha	AVE
Client Loyalty	0.902	0.855	0.697
Client Satisfaction	0.895	0.844	0.681
Perceived Value	0.948	0.937	0.694
Service Quality	0.911	0.880	0.637

The validity of the reflective measurement model considers convergent and discriminant validity (Hair *et al.*, 2011; Gotz *et al.*, 2010). The AVE values of LVs should be higher than 0.5 to gain an acceptable convergent validity (Bagozzi and Yi, 1988; Hair *et al.*, 2010; Chin, 2010). AVE is used to measure the amount of variance in an LV that is contributed from its indicators (Chin, 2010). Table 3 shows that the AVE values of all constructs of the measurement model. However, after removing the items with loading lower than 0.5 the AVE of constructs have increased.

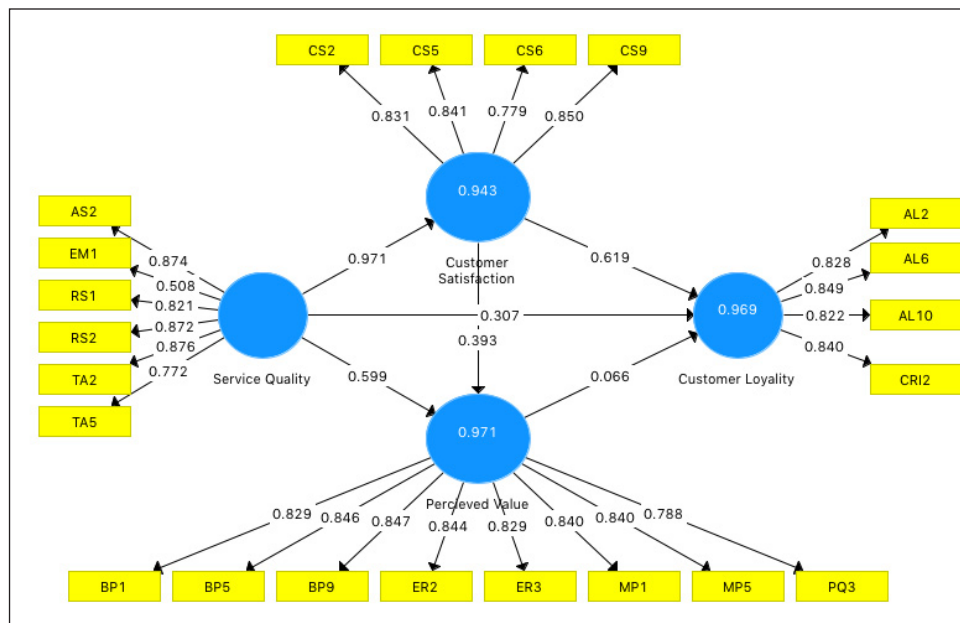
Discriminant validity is the extent to which each construct is truly distinct from the other constructs in the model (Chin, 1998; Hair *et al.*, 2010). Two measures must be checked to test discriminant validity. The AVE of each construct should be higher than the highest squared correlation of the construct with any other LV in the model, and an indicator's loading with its associated LV must be higher than its loading with other LVs (Fornell and Larcker, 1981; Hair *et al.*, 2011; Chin, 2010). Moreover, table 2 present the comparison of the square root of AVE of each construct with the correlation of the other construct. Figure 2 represent construct validity as evaluated using factor loadings, and average variance extracted. Particularly, the results of convergent validity assessment in figure 2 indicate that all of the standardized loading values are above the cut-off level of 0.5 (Anderson and Gerbing, 1988). Indeed, removing the tricky indicators from the constructs, reliability, convergent validity and discriminant validity was highly acceptable for measurement model

Table 2
DISCRIMINANT VALIDITY

Constructs	CL	CS	PV	SQ
CL	0.835			
CS	0.981	0.825		
PV	0.970	0.975	0.833	
SQ	0.972	0.971	0.981	0.798

Note: Square roots of average variances extracted (AVE's) shown on diagonal.

Figure 2
MEASUREMENT MODEL



4. GOODNESS OF FIT

Following Hair *et al.* (2011), a bootstrapping method with 500 repetitions was applied to assess the significance of the indicator weights and the path coefficients. In addition, the corrected R² of all constructs were estimated to employ a diagnostic tool to evaluate the model’s goodness of fit (GOF). The goodness of fit (GOF) measure applies the geometric mean of the communality and the average R² for endogenous constructs. The standard for evaluating the outcomes of the GOF analysis is small (0.02), medium (0.25) and large (0.36) (Hair *et al.*, 2010). In this research, the GOF value of 0.68 (see Table 3) validates the proposed model of the relationship between client satisfaction, service quality and client loyalty, and signifies that the model performs relatively well. Chin, Peterson, and Brown (2008) argue that an investigator should be able to employ the magnitude of R² and Stone-Geisser’s Q² value as a criterion for the predictive significant of assessing model using PLS. The results of Q² calculation are 0.66, 0.63 and 0.66 for CL, CS and PV respectively, indicating that they have satisfactory predictive relevance (Hair *et al.*, 2010). Further, as Table 3 shows, the results of testing the structural model indicating that service quality, client satisfaction explain 96% (R² = 0.96) of the variance of customer loyalty. Service quality explain 0.94 % (R² = 0.94) of the variance of client satisfaction. Service quality explain 0.97 % (R² = 0.97) of perceived value.

Table 3
GOODNESS OF FIT INDEX

Variables	AVE	R ²	Q ²
Client Loyalty	0.69	0.96	0.66
Client Satisfaction	0.68	0.94	0.63
Perceived Value	0.69	0.97	0.66
Service Quality	0.63	-	-
Average Score	0.67	0.71	-
AVE X R ²	0.47		
GoF= $\sqrt{(AVE \times R^2)}$	0.68		

5. ASSESSMENT OF STRUCTURAL MODEL

According to the objectives of this study, the relationships between constructs and Client Loyalty (CL) have been assessed. The following two criteria should be evaluated to obtain a preliminary assessment of the structural model (inner model): R-square (R²) measure of endogenous constructs and the path coefficients (Hair *et al.*, 2010; Chin, 2010).

The path coefficients must be significant, and R² is highly depended on the research area. Chin (1998) suggested 0.67, 0.33, and 0.19 measures for R² to be considered substantial, moderate, and weak, respectively. The R² value of endogenous construct (CL) of the current study is 0.96. Therefore, the value is acceptable. All path coefficients are highly significant as well (See Table 4). Therefore, all hypothetical relationships are significant and supported expect Hypothesis 1 was rejected as path coefficient not significance.

The researchers decides to utilize the effect size (f^2) (Formula 5-1) is another criterion that verifies whether the effects indicated by path coefficients are high, moderate, or low. 0.02, 0.15, and 0.35 values for f^2 represent low, moderate, and high effects, respectively (Cohen, 1988). The effect size implies whether the impact of a specific independent LV on a dependent LV is substantial or not (Chin, 2010) and is calculated according to the changes of R² of dependent LV when the independent variable included in the model and excluded. The effect size formula is presented as:

$$f^2 = \frac{R^2 \text{ included} - R^2 \text{ excluded}}{1 - R^2 \text{ included}} \quad (1-1)$$

After the researchers run the data on PLS the effect size represents the contribution of IV on R² of dependent LV. All relationships in the model have small, moderate and high effects which. The relationship between CS and CL has the highest effect size. Particularly, client satisfaction CS has highest significant and positive effect on client loyalty CL with path coefficient= 0.619, and $f^2=0.541$, that is followed by effects of SQ is significant and positive where the path coefficients is 0.307 with small effect sizes equal 0.10 and lowest one is perceived value as the hypothesis rejected.

Table 4
SUMMARY OF THE PLS REGRESSION RESULTS

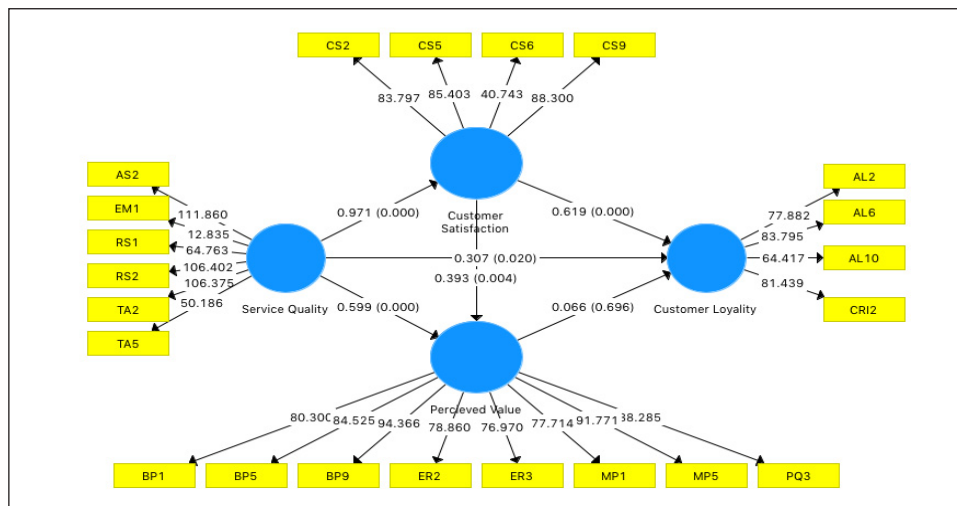
Relationships	Variable	Coefficient	Effect Size	t-value	p-value	Result
In Direct Relationships	PV→CL	0.066	0.004	0.391	0.696	H1: Not Supported
	CS → CL	0.619**	0.541	9.03	0.000	H2: Supported
	SQ→CL	0.307*	0.10	2.327	0.020	H3: Supported
	SQ→CS	0.971		133.357	0.000	H4: Supported
	SQ→ PV	0.599**		4.440	0.000	H5: Supported
	CS→PV	0.393*		2.912	0.004	H6: Supported

*P < .05, ** P < 0.01.

A bootstrapping method was used to calculate the t values of the model, where values of t equal to or greater than 1.96 indicated a significant level of the proposed relationship with a P value of less than 0.1. The analysis of the full sample size of 384 respondents showed that the relationship between CS and CL was significant ($\beta=0.619^{**}$, $t=9.03$, $p<0.01$). Thus Hypothesis 2 supported. In contrast to our expectation, PV has no significant relation with CL ($\beta=0.066^{*}t=0.391$, $p>0.05$). Therefore, hypothesis 1 is not supported.

Similarly, the results also showed that the relationship between SQ and CL was significant ($\beta=-0.307^{*}$, $t=2.327$, $p<0.05$) Supporting Hypothesis 3. The details of these results are presented in Table 4 and Figure 3.

Figure 3
COEFFICIENT AND P VALUES OF VARIABLES



6. DISCUSSION AND CONCLUSION

This study investigated the relationships between service quality, client satisfaction, perceived value, and client loyalty. This relationship captured from current studies (Jahmani, 2017; Sandada and Matibiri, 2016; Hussain *et al.*, 2015) that investigated the relationships. Hypotheses were identified and the result show client satisfaction has a significant relationship with client loyalty. This research has demonstrated that service quality absolutely impacts client satisfaction and satisfaction subsequently influence client loyalty in airline industry. This conclusion is consistent with study of (Sanadada and Matibiri, 2016) this research identified the dimensions that determine service quality as reliability, responsiveness, assurance, and tangibles that effect to passenger satisfaction and loyalty. To satisfy passengers, Emirates should make sure that they consider on five dimensions identified by the current study in providing their services in order to improve overall service quality. This finding was consistent with the result of study conducted by (Jahmani, 2017). Parasuraman and Grewal (2000) investigate that service quality is an important driver of perceived value. The results show that service quality has a direct impact on perceived value and client satisfaction. Hussain *et al.* (2015) suggest that high quality leads to perceived value, when clients receive good quality service they perceive it as good value.

According to Climis (2017); McDougall and Levesque (2000) airlines should design appropriate marketing strategies that promote perceived value when purchasing services since delivering value to clients contributes directly to client satisfaction, which in turn will encourages client loyalty. In contrast, this research has found an insignificant relationship between perceived value and client loyalty. This finding was not consistent with the results of study conducted by Yng and Peterson (2004). The findings suggest that client loyalty can be generated through improving client satisfaction and offering high service value. According to the literature, perceived value is the clients overall evaluation of a product based on perceptions of what is received and what is given (Zeithaml, 2000). This investigation has demonstrated that service quality has a direct impact on client satisfaction and client loyalty. Moreover, providing superior service quality is a strategic tool for client satisfaction. Therefore, the airline should make sure that they provide superior quality service in order to enhance client satisfaction and client loyalty.

On the basis of results of this study service quality and client satisfaction are significant relationships of client loyalty. Among this paradigm service quality with path coefficient (0.971) has the highest effect on client satisfaction followed by client satisfaction with path coefficient (0.619) effect on client loyalty. Also service quality with path coefficient (0.599) an effect on perceived value. Contrary to these findings insignificant relationship was between perceived value and client loyalty with path coefficient (0.066) findings indicates that client satisfaction was the best relationship of client loyalty. The possible explanations for this result could be attributed to the fact that Fly Emirates had good reputation and high service quality. The implication of this research is that managers intending to develop client loyalty must satisfy clients through the delivering an outstanding service quality. In addition, the findings also support the marketing theory that highly satisfied clients repurchase more and provide positive word of mouth, resulting in improved profitability (Sandada and Matibiri, 2016).

7. REFERENCES

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