

FACTORS INFLUENCING CUSTOMER LOYALTY IN
AIRLINE INDUSTRY IN MALAYSIA

BY

CHONG LEE WOON
LOW KEE KEE
TAI GUAN HWEE
TAN LING LEE
TAN SEOW CHENG

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- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the research project.
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Name of Student:	Student ID:	Signature:
1. Chong Lee Woon	1207656	_____
2. Low Kee Kee	1206977	_____
3. Tai Guan Hwee	1206820	_____
4. Tan Ling Lee	1206716	_____
5. Tan Seow Cheng	1207006	_____

Date:

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LIST OF ABBREVIATIONS

AMOS	Autonomous Marine Operations and Systems
C	Commitment
CKS	Chiang Kai Shek
CL	Customer Loyalty
IT	Information Technology
KLIA	Kuala Lumpur International Airport
MAS	Malaysia Airline System
MIM	Mobile Instant Message
PQ	Perceived Quality
RQ	Relationship Quality
S	Satisfaction
SEM	Structural Equation Modelling
SPSS	Statistical Package for Social Sciences
T	Trust
U.S	United States

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PREFACE

In year 2014, there were three airline tragedies happened in Malaysia. MH370, MH17 and QZ8501 tragedies has negatively affected the customers' confident when using the airline services. This leads to indirect negative impact on the companies' financial result and also causes them losing their customer loyalty. Satisfaction, trust, commitment and perceived quality are the major factors which may influence the customer loyalty. Marketing strategies that focus on different factors may bring different impact on customer loyalty. As to date, numerous studies have been conducted by past researchers to examine the customer loyalty in airline industry. However, no related study is conducted in Malaysia regarding this area. Hence, this has triggered us to conduct a research to investigate the factors influencing the customer loyalty in airline industry in Malaysia.

ABSTRACT

This research seeks to find out the dimensions of relationship quality (satisfaction, commitment, trust and perceived quality) that can affect customer loyalty in airline industry in Malaysia. It would contribute to airlines marketers for developing better future strategies in order to enhance customer loyalty in airlines industry. A quantitative research design has been chosen and convenience sampling has been used to select target respondents, airline passenger. A cross-sectional study was carried out where 300 sets of self-administered survey questionnaires have been disseminated and of it, 204 sets are qualified. The hypotheses and linear relationship between variables have been tested by using Multiple Linear Regression (MLR) Analysis and Pearson Correlation Analysis. The findings of this research recommended that commitment, trust and perceived quality are all positively and significantly influence on customer loyalty in airline industry in Malaysia. However, satisfaction was found to have positive but insignificant relationship with customer loyalty in Malaysian airline industry.

Key words: airline industry, relationship quality, customer loyalty, Malaysia

CHAPTER 1 INTRODUCTION

1.0 Introduction

In this chapter, background of study, problem statement, research objectives and questions, significance of study and outline of study will be discussed. Firstly, background of study is an introduction of the research topic. Next, problem statement addresses the problem to be studied. Followed by determining the research objectives and defining the research questions. Explain the significance of study and lastly, briefly sum up every chapter of study.

1.1 Background of Study

According to Kumar, Batista, and Maull (2011), one of the important methods to increase the airline company's competitiveness is to build customer loyalty. Customer loyalty means that the customers will repurchase the same brand product or services consistently in the future without being affected by a situation that could cause switching behavior (Oliver, 1999; Rodger, Taplin, & Moore, 2015). As cited in Bowen and Chen (2015), combined behavioral measurement and attitudinal measurement which is considered as composite measurement, is applied to measure the customer loyalty. Behavioral measurement considers consistent repetitive behavior as an indicator of loyalty. The attitudinal measurements use attitudinal data to reflect the emotional and psychological attachment inherent in loyalty and concerned with the sense of loyalty and allegiance. According to Shrestha (2014), the airline industry has started to emphasize on customer loyalty rather than customer acquisition, for example, the cost of frequent flyer programs is always higher than the advertising spending. It is because they clearly understand that competing solely on price is a no-win proposition, therefore, they use various kinds of strategies such as frequent flyer programs which are to reward those customers who often purchase and in substantial

amount. Besides, there is a continuous increase of customers' expectation in the present condition of increased global competition (Jan, Abdullah, & Smail, 2013).

According to Shrestha (2014), there are two reasons that make customer loyalty so important in this modern-day business. The first is it is easier to obtain purchase from old customers compared to new customers. This is supported by the past study, which found that the prime cost of obtaining new customers is five times more than retaining original customers (Kotler, Ang, Leong, & Tan, 1996). The second reason is the customer loyalty has a positive significant relationship with the company's profit. Customer loyalty can translate into profit through various ways such as cross-selling and up-selling, gain new customers by word of mouth, price insensitivity of loyal customers and cost reduction (Castañeda, 2011; Xie, Xiong, Chen, & Hu, 2015). Airline company provides satisfactory services to gain customer loyalty which will lead to improvement of return on investment, through the repurchasing of airline services ("J.D. Power Report," 2015). Besides that, customer loyalty is hard to duplicate, loyal customers will not have more reason to search information among alternative, thus decrease the chance of customers switching to other brand (Jan et al., 2013). All of the above can be applied to airline industry, customer loyalty is very important to an airline company as Gómez, Arranz, and Cillán (2006) stated that loyal passenger are highly important to the airlines because they need less effort to communicate and they are less price sensitivity.

1.2 Problems Statement

According to financial statement 2014 in Bursa Malaysia, Malaysian Airline's profit has decreased by 60% (RM496.7 million) because the revenue decreased by 6% (RM 644.957 million) compared to previous year. Air Asia's overall revenue increased but the increasing rate dropped from 7% to 2.4% compared to last two years (Bursa Malaysia 2012-2014). These are caused by the disasters of MH370, MH17 and QZ8501 happened in 2014 (Joanne, Hunter, & Raghuvanshi, 2014). The disappearance of MH370 causes the cancellation of 30,000 tickets because of the customers lack of trust and commitment in passengers towards airline industry in Malaysia (Ayob & Masron, 2014). The incident of MH17 caused a severe drop in average weekly bookings by 33 percent (Zappei, 2014). Actually, MAS has incurred financial loss of \$1.3 billion over past three years before 2014 due to increased competition from low-cost carrier like Air Asia which lured away passengers with their low price ticket (Zappei, 2014). Airline travelers high in price consciousness tend to switch to another brand with lower price (Anuwichanont, 2011). There are many Air Asia customers who complain about the poor service and experience like flight delay and crash landing incident when they travel (Amiruddin, 2013). Poor service quality has negatively impacted on customer's loyalty in airline industry (Bielen & Demoulin, 2007). Despite airlines companies might aim to provide superior service to all their customers, they often cannot, because it is neither practical nor profitable to meet the expectations of all these different customers (Kandampully, Zhang, & Bilgihan, 2015). According to Reichheld and Sasser (1990); Reinartz and Kumar (2002), it is important to retain customer loyalty because it is able to secure a firm's profitability. These have proved that the airline industry in Malaysia is losing the customer loyalty. Customer loyalty is said to be very important to business but yet, a very little is known about how customer loyalty can be achieved in airline companies.

Past study conducted by Jan et al. (2013) found that only three out of five factors: tangibility, reliability and assurance in SERVQUAL model will strongly influence on

customer loyalty in airline industry. The result of Johan, Noor, Bahar, Liu, and Low (2014) research in investigating customer loyalty in airline industry shows that the perceived quality has the strongest positive effect while satisfaction, perceived value and corporate image has only moderate positive relationship with customer loyalty. Likewise, Moghadam, Tabriz, Khorshidi, and Menhaj (2014) found that trust, commitment, satisfaction and perceived quality are able to affect the customer loyalty significantly in airline industry.

The limitation of the first past study is that the SERVQUAL model has been used instead of RQ model. Relationship quality is the better measurement of customer loyalty that can satisfy the customer well as the service quality has lack of worthy field in the quality evaluation (Clark, 1995; Roberts, Varkie, & Brodie, 2003). The accuracy cannot be assured due to the biases of respondents selected in the research of Johan et al. (2014) which only targeted on international students. Moghadam et al. (2014) conducted the research using relationship quality model in Tehran, Iran. Thus RQ model has not been tested in airline industry in Malaysia. To deal with these research gaps, this study will use relationship quality to measure the customer loyalty in airline industry in Malaysia and target on all categories of respondents.

1.3 Research Objectives and Questions

Table 1.1: General Research Objective and Question

General Research Objective	General Research Question
To find out the dimensions of relationship quality that can enhance customer loyalty in airline industry in Malaysia.	What are the dimensions of relationship quality that can enhance customer loyalty in airline industry in Malaysia?

Source: Developed for the research

Table 1.1 shows the general research objective and research question of this study.

Table 1.2: Specific Research Objectives and Questions

Specific Research Objectives	Specific Research Questions
To examine whether satisfaction will enhance customer loyalty in airline industry in Malaysia.	Will satisfaction enhance customer loyalty in airline industry in Malaysia?
To investigate whether commitment will enhance customer loyalty in airline industry in Malaysia.	Does commitment enhance customer loyalty in airline industry in Malaysia?
To describe whether trust can enhance customer loyalty in airline industry in Malaysia.	Can trust enhance customer loyalty in airline industry in Malaysia?
To discuss whether perceived quality will enhance customer loyalty in airline industry in Malaysia.	Does perceived quality enhance customer loyalty in airline industry in Malaysia?

Source: Developed for the research

Table 1.2 shows the specific research objectives and research questions of this study.

1.4 Significance of Study

This study presents analysis of dimensions of relationship quality which are satisfaction, commitment, trust and perceived quality that significantly affects customer loyalty in airline industry in Malaysia. There are numerous past studies using service quality (SERVQUAL) to examine the customer loyalty in airline industry in Malaysia. However, the relationship quality research in airline industry has not been conducted in Malaysia yet. Thus, this research will provide information about the association between the relationship quality and customer loyalty in Malaysia's airline industry.

This research is important because it provides practical contribution to airline marketers in imparting deeper insight and better understanding of customer relationship management in airline industry in Malaysia. Thus, airline marketers know which area to focus on and map out better future strategies such as invest resources in meeting customers' demands by providing free shuttle buses to customers and discount for cooperatives in order to stimulate customer loyalty in airline industry. In additional, airline marketers can make customers believe that promotion can benefit them and is reliable to encourage them to keep participating in the airlines' promotional activities to increase their intention of maintaining a long-term relationship. These can make customers more willing to remain loyal and can also create long-term profit for the airlines industry. Besides that, it is not only applicable to those airline companies that incurring losses but also profitable airline companies.

This study also provides theoretical contribution, which is to validate the model created by the founders. This is important to validate the relationship quality model because of relationship quality has only been used in very few researches in airline industry. Thus, this study will help to provide more evidences to prove that whether this model is actually working. At the end of this research, it might be useful to future researcher to save cost and time in order to generate the similar research.

1.5 Outline of Study

This research is organized into 5 chapters. Chapter 1 provides research overview that comprises background of the study, problem statement, research objectives and questions, significance and outline of the study. Chapter 2 reports on literature review concerning the topic of research which outlines theoretical foundation, review of the past studies, proposed conceptual framework and hypotheses development. Furthermore, research design; population and sampling procedures; data collection method; variables and measurement and data analysis techniques will be discussed in research methodology in Chapter 3. In chapter 4, the analyses of the results for descriptive analysis which comprises of demographic profile of the respondents and central tendencies measurement of constructs, scale measurement which comprises of reliability test and normality test and inferential analysis which comprises of Pearson correlation analysis and multiple linear regression analysis from pilot test and actual data will be discussed. Lastly, chapter 5 comprises of summary of statistical analysis, discussion of major findings, implications, limitations and recommendations of this study.

1.6 Conclusion

As a conclusion, chapter 1 provides an insight of the study that will be conducted which is to examine the association between relationship quality and customer loyalty. This chapter consists of the background of the study, problem statement, research objectives and questions, significance of the study and outline of study. The following chapter will discuss on the variables and the proposed theoretical framework of this study.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

This chapter provides an outline of the core concept regarding Relationship Quality Model. Next, thorough analysis of past literature studies on the identified variables were carried out. Moreover, the proposed theoretical framework will be adapted to imply the research basis along with the formation of research hypothesis.

2.1 Theoretical Foundation

2.1.1 Identification of Model

In this study, relationship quality (RQ) model has been applied. Basically, relationship quality means the communication quality between the firm and customers (Ibrahim, Hamid, Babiker, & Ali, 2015; Keating, Rugimbana, & Quazi, 2003; Lai, 2014). Most of the past researchers used service quality to measure customer loyalty (Jan et al., 2013). But, according to Roberts et al. (2003), relationship quality is the better measurement of behavior intention or customer loyalty because the relationship between service quality and customer loyalty is completely mediated by relationship quality and there is insignificant relationship between service quality and customer loyalty.

2.1.2 Relationship Quality

Relationship quality model was founded by Crosby, Evans, and Cowles in a research related to relationship marketing which was conducted in year 1990. It can be used as a tool to evaluate the strength of the relationship (Fournier, 1998). Relationship quality has been defined as a measure of the degree to

which the customers want to maintain the relationship with the suppliers (Hennig-Thurau, Gwinner, & Gremler, 2002). Crosby et al. (1990) mentioned that customers will use the past experience to evaluate the relationship with suppliers. Customer has confidence on the service providers' future performance based on the satisfactory past performance when the relationship quality is high (Crosby et al., 1990). On the other hand, customer will feel uncertainty when there is a low relationship quality. The lower the perceived risk in providing services, the higher will be the relationship quality (Chen, Shi, & Dong, 2008). Higher relationship quality can be achieved as well when the duration of exchange relationship is longer (Crosby et al., 1990).

2.1.3 Concept of Relationship Quality

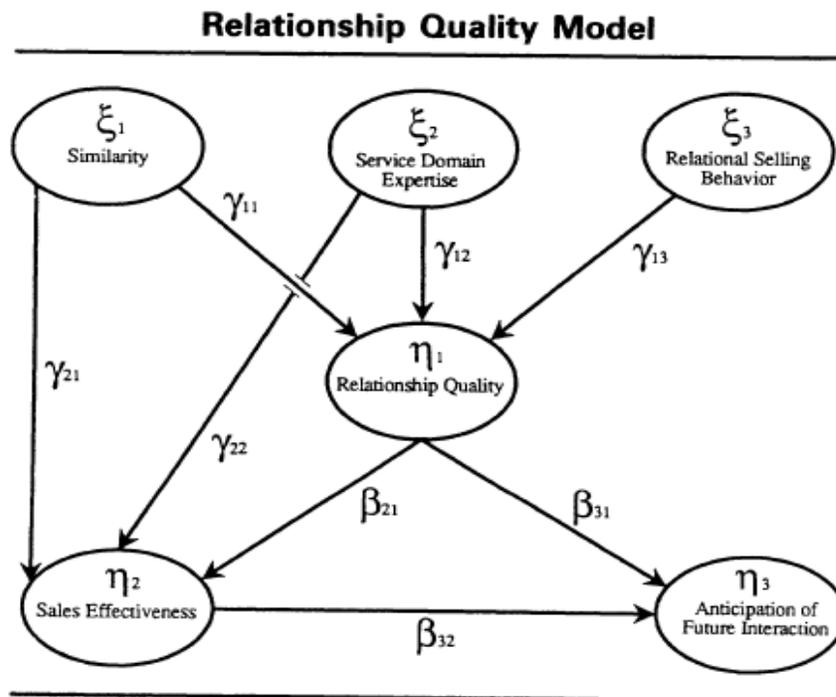


Figure 2.1: Relationship Quality Model

Adopted from Crosby et al. (1990)

Figure 2.1 shows the relationship quality model developed by the founders. Basically, there are three exogenous variables affecting the relationship quality and eventually lead to two outcome variables. The three variables consist of similarity, service domain expertise and relational selling behavior and they are actually referring to the characteristic of the salesperson. Crosby et al. (1990) suggested that relationship quality should consist of at least two components which are trust in salesperson and satisfaction. Sales effectiveness, as one of the outcome variables, refers to the overall sales within the relationship to date while anticipation of future interaction refers to the intention to repurchase the services or products.

After the relationship quality model has been founded, many researchers have studied the relationship quality model and the explanation of the model differed from another research. The components of relationship quality have been increased to many different but related dimensions by other researchers because of the different research projects in different industries afterwards. Table 2.1 shows the different components used by different researchers.

Table 2.1: Table of components used by different researchers

Researchers	Components
Lagace, Dahlstrom, & Gassenheimer, 1991	Trust in salesperson, satisfaction
Moorman, Zaltman, & Deshpande, 1992	Trust, perceived quality, involvement, commitment
Wray, Palmer, & Bejou, 1994	Trust, satisfaction
Kumar, Scheer, & Steenkamp, 1995	Conflict, trust, commitment, willingness to invest in the relationship, expectation of continuity
Bejou, Wray, & Ingram, 1996	Trust, satisfaction
Hennig-Thurau & Klee, 1997	Perceived quality, trust, commitment

Dorsch, Scott, & Scott, 1998	Trust, satisfaction, commitment, minimal opportunism, customer orientation, ethical profile
Roberts et al., 2001	Trust in integrity, trust in benevolence, commitment, affective conflict, satisfaction
Hennig-Thurau et al., 2002	Satisfaction, trust, commitment

Source: Developed for the research

However, in year 2007, when Rauyruen and Miller wanted to examine the customer loyalty in a business to business context, they had narrowed down to four specific variables in the relationship quality model. The components included the initial variable which is satisfaction from Crosby et al. (1990) and another three variables which are trust, commitment and perceived quality from other researchers.

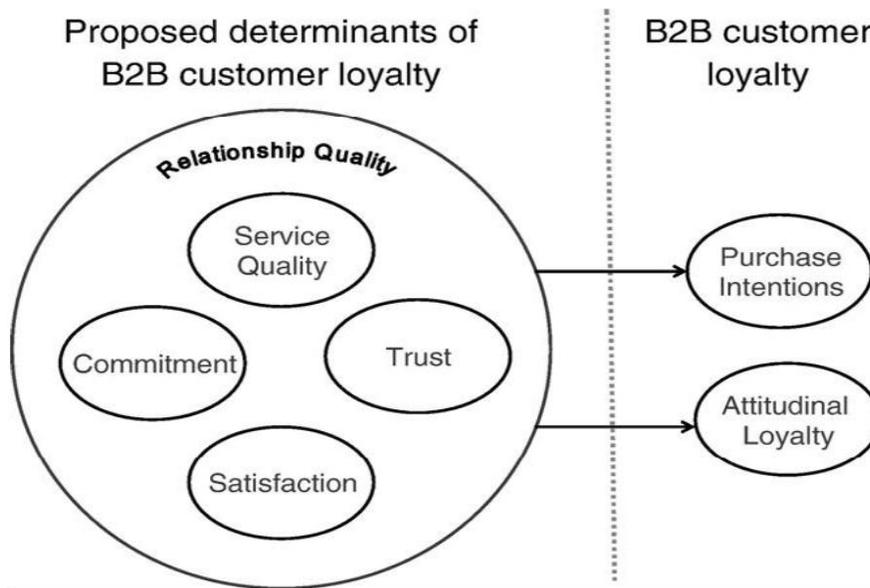


Figure 2.2: Relationship Quality Model

Adopted from Rauyruen and Miller (2007).

Figure 2.2 shows the new Relationship Quality Model developed by Rauyruen and Miller in year 2007.

Based on the literature studies, the three variables which are trust, satisfaction and commitment have been used most frequently among all (e.g. Roberts et al., 2003; Morgan & Hunt, 1994). Although the perceived quality was not used that frequent, Hennig-Thurau et al. (1997) suggested that perceived quality should be included because of the buyer-seller relationship only occurs when there is an exchange of products or services. As a result, relationship quality which consists of trust, commitment, satisfaction and perceived quality has been developed by Rauyruen and Miller (2007) for the purpose of investigating the relationship between relationship quality and customer loyalty in business to business context. This model was adopted by Moghadam et al. (2014) in examining the customer loyalty in airline industry as well.

2.1.4 Use of model in Other Researches

Relationship quality model is widely used in other researches in various industries. For examples, Chiew, Lau, Lee, Wong, and Wong (2011) used relationship quality to examine customer loyalty towards private hospitals in Malaysia. Relationship quality has been used by Pratminingsih, Lipuringtyas, and Rimenta (2013) in online shopping industry as well. Other researches who have used relationship quality included Rai and Medha (2013) in insurance industry; Rahmani-Nejad, Firoozbakht, and Taghipoor (2014) & Ibrahim et al. (2015) in banking sector.

2.1.5 Application of the Model in Research

This research will fully adopt the conceptual model from Rauyruen and Miller (2007), which means that the independent variables will be satisfaction, commitment, trust, and perceived quality and dependent variable will be customer loyalty.

2.2 Review of Past Empirical Studies

2.2.1 Definition

Table 2.2: Definition of variables in the research

Phrases	Definitions
Satisfaction	<p>Satisfaction refers to customer's fulfillment, need or happy that perceived from the service provided and salesperson's performance when they buying or using goods from them.</p> <p>Satisfaction can be stated as guarantee or assurance that can only perceived from the bargainee (Naudé & Buttle, 2000).</p> <p>Satisfaction refers to a person's feeling or emotional that perceived from their expectation and wish (Hao, Yu, Law, & Fong, 2015).</p> <p>Satisfaction can generate from depend on the salesperson's performance, attitude and service quality when they buying or using the goods from them (Vieira, Winklhofer, & Ennew, 2008).</p>
Commitment	<p>Commitment refers to the customers' desire to continue and maintain a relationship or the customers' reliance on the benevolence and credibility to the services provided by a businessman.</p> <p>Commitment refers to the intention of one person to maintain the relationship with others (Pritchard, Havitz, & Howard, 1999).</p>

	<p>Commitment is a psychological mind set, which determined whether to continue the relationship with a business partner (Wetzels, Ruyter, & Birgelen, 1998).</p> <p>Commitment is the degree of customers' reliance on the benevolence and credibility in the services provided by a company and its promotion (Pi & Huang, 2011).</p>
Trust	<p>Trust is built when customers do not hesitate to believe in services provider or the organization's intentions and customers think that they will not deliberately do anything to harm them.</p> <p>Trust exists when consumers have positive perception regarding the performance of product a brand and organization's behavior (Chaudhuri & Holbrook, 2002).</p> <p>Trust is defined as users' perception, opinions, emotions, or feelings that occur when consumers think that the provider can be relied upon to act in their benefits (Patrick, 2002).</p> <p>Trust refers to the consumer is willing to believe their exchange partner with honesty and integrity (Wang, 2009).</p>
Perceived Quality	<p>Customers' judgment regarding to the overall service performance of employees in firms or companies.</p> <p>Perceived quality can be defined as judgment or</p>

	<p>attitude of customers with regard to the overall outstanding service (Parasuraman, Zeithaml, & Berry, 1988).</p> <p>Perceived quality conceptualized as the degree to which a firm successfully serves the aim of customers (Zeithaml, Parasuraman, & Berry, 1990).</p> <p>According to Jiang and Wang’s study (as cited in Malik, 2012), perceived quality can be explained as consumer's evaluation concerning on service performance receiving and how it come up to their expectation.</p>
Customer Loyalty	<p>Customer loyalty defined as the commitment to repurchase the same brand product or service consistently in the future without affected by situation that could cause switching behavior (Oliver, 1999).</p> <p>Customer loyalty reflects the favorable attitude of a customer towards an organization like providing good word-of-mouth (Dimitriades, 2006).</p> <p>Customer Loyalty stated that customers who remain loyal to a service industry will be able to take on in favorable or unfavorable behavioral responses (Baumann, Elliott, & Hamin, 2011).</p>

Source: Developed for the research

Table 2.2 explains the meaning of satisfaction, commitment, trust, perceived quality and customer loyalty in the research.

2.2.2 Review of Past Empirical Study

2.2.2.1 Satisfaction

In the study by Pi and Huang (2011), a self-administered questionnaire was used to collect data from the 200 passengers in CKS airport in Taiwan to identify the effect of satisfaction on customer loyalty. Multiple regression analysis showed that satisfaction has positive and significant effect on the customer loyalty.

Moghadam et al. (2014) has investigated the impact of satisfaction on customer loyalty by distributing self-administered questionnaires to 500 passengers in Mehrabad and Imam Khomeini airport (Iran). Structural equation modeling shows that satisfaction has positively but insignificant relationship with customer loyalty.

Amin, Leila, and Zahra (2014) had distributed self-administered questionnaires to the customer in private banks in Iran. Pearson correlation analysis in SPSS software was conducted in this study. Result proved that satisfaction has positive and significant relationships with customer loyalty.

Naureen and Sahiwal (2013) also prove that satisfaction has positive and significant relationship with customer loyalty in banking sector of Pakistan by using chi-square analysis in SPSS-16. Self-administered questionnaire were distributed to 200 customers from the different bank in Pakistan.

Liu, Guo, and Lee (2011) had distributed self-administered questionnaires to the 440 students who had using mobile phone in University in Taiwan. Structural equation modeling (SEM) showed that satisfaction has positive and significant influence on customer loyalty.

2.2.2.2 Commitment

Moghadam et al. (2014) has investigated the impact of commitment on customer loyalty by distributing self-administered questionnaires to 500 passengers at Mehrabad and Imam Khomeini airport. Structural equation modeling analyzed that commitment affect the customer loyalty in the passengers significantly.

Vuuren, Roberts-Lombard, and Tonder (2012) also found that commitment has impact on customer loyalty in optometric business. 357 patients who had visited the industry at least twice within the past six years were asked to complete the self-administered questionnaire. Results from multiple regressions showed that commitment has positive and significant relationship with customer loyalty.

Mahajar and Yunus (2010) examined the impact of commitment on customer loyalty by selecting 160 customers from Jusco Store and Tesco superstore in Klang, Malaysia to do survey using self-administered questionnaire. Result from multiple regressions showed that commitment is positively related to customer loyalty.

Jumaev and Hanaysha (2012) also determined the impact of commitment to customer loyalty in the perspective of retail banking in Northern Malaysia. A total of 100 university lecturers and students who ever visit to different commercial banks were requested to complete a self-administered questionnaire. The findings are same with previous past studies.

Rafiq, Fulford, and Lu (2013) determined the relationship of commitment in customer loyalty in Internet retailing. Web-based survey of 491 Internet grocery shoppers is conducted using self-administered questionnaires.

Structural equation model test showed the result that commitment has a strong and positive impact on customer loyalty.

2.2.2.3 Trust

In Liang (2008) research investigated the impact of trust on customer loyalty towards U.S. hotel Industry. Email questionnaire was used and only 308 emails have been collected from customers who are the members of “Leading hotel of the world” in the United States. Multiple Regression Statistical method revealed that customers with higher level of trust over service provider will lead to longer customers’ loyalty. It can be confirmed that trust is a positive and significant associated with customer loyalty.

Madjid (2013), 150 questionnaires were distributed to Bank Rakyat customers in Indonesia in order to examine the impact of trust on customer loyalty at Bank Rakyat Indonesia. Structural Equation Modeling of Partial Least Square showed that customers trust has positive and significant impact on customers’ loyalty.

Kishada and Wahad (2013) investigated whether trust is significant in influencing customer loyalty in Malaysia Islamic Banking. 250 Islamic bank customers in Malaysia have filled the self-reported questionnaires. Multiple regression analysis was used and the result showed that trust has positive and significant influence towards customer loyalty.

Pratminingsih, Lipuringtyas, and Rimenta (2013) have investigated whether trust is significant in influencing customer loyalty towards online shopping industry. Structured questionnaires were distributed to 300 students from Indonesia who has experiences online purchasing. Multiple regression

analysis showed that trust has positive and significant affected the customer loyalty.

Deng, Lu, Wei, and Zhang (2010) conducted a study to determine the effect of trust in affecting the customer loyalty in mobile instant message (MIM) service at China. 514 mobile users who had used MIM service were responded in email questionnaire. Structural equation modeling (SEM) was used and result has shown there is a positive and significant relationship between trust and customer loyalty.

2.2.2.4 Perceived Quality

Deshmukh and Chourasia (2012) investigated the effect of perceived service quality on customer loyalty in IT sector of India by distributed 500 self-administered questionnaires to those internet users who had made payment in 15 outlets of IT service providers. Multiple regression analysis has shown that perceived that there are positive significant relationships between service quality and customer loyalty.

In Akbar and Parvez (2009) research, 304 structured questionnaires were distributed to subscribers or customers of a major private telecommunication company of Bangladesh to analyze the impact of customers' perceived service quality on customer loyalty. Structural equation analysis has shown that perceived service quality has significant positively effect on customer loyalty.

Wang and Chaipoopirutana (2014) investigated the influence of perceived service quality on customer loyalty by using primary and secondary data. Primary data has been collected from 400 respondents which had experienced Agricultural Bank of China business services at least 3 times.

Secondary data has been collected from other previous studies, journal, books and Agricultural Bank of China's website as well as from the internet. Pearson Correlation Coefficient and Multiple Linear Regression showed that perceived service quality significantly and positively affect the customer loyalty.

In Quoc, Sirion and Howard (2011) research, structured questionnaires were distributed to 400 bank customers in Ho Chi Minh City, Vietnam to analyze the impact of perceived service quality on customer loyalty in Vietnamese banking industry. Structural equation modeling (SEM) showed that perceived service quality affect customer loyalty positively and significantly.

In Musinguzi (2009) research, 300 questionnaires were distributed to customers from Jinja and Kampala in Uganda to analyze the impact of perceived service quality on customer loyalty in the freight forwarding industry in Uganda. Pearson Correlation analysis has showed that perceived service quality has significantly and positively on customer loyalty.

2.3 Proposed Conceptual Framework

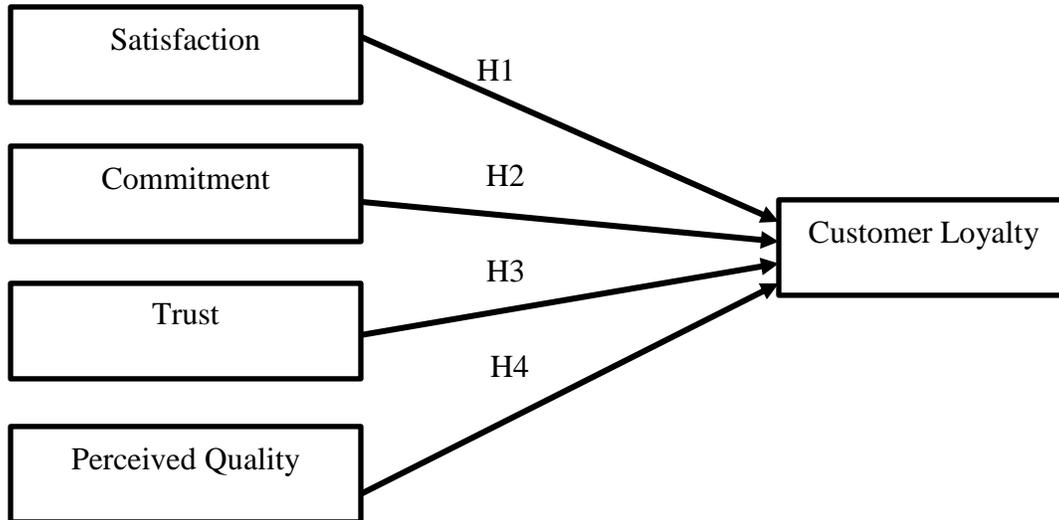


Figure 2.3: The Proposed Conceptual Framework

Adopted from Rauyruen and Miller (2007).

Figure 2.3 shows the proposed conceptual model for the research. The independent variables are satisfaction, commitment, trust and perceived quality while the dependent variable is customer loyalty. All of the independent variables are proposed to have positive relationship with the dependent variable.

2.4 Hypothesis Development

Built on the past literature review, hypotheses have been established for this study as below:

Table 2.3: Development of Hypotheses

H ₁	There is a positive significant relationship between satisfaction and customer loyalty in airline industry in Malaysia.
H ₂	There is a positive significant relationship between commitment and customer loyalty in airline industry in Malaysia.
H ₃	There is a positive significant relationship between trust and customer loyalty in airline industry in Malaysia.
H ₄	There is a positive significant relationship between perceived quality and customer loyalty in airline industry in Malaysia.

Source: Developed for the research

2.5 Conclusion

Relationship Quality Model has been applied and the discussion of the past literature studies has been carried out in this chapter. Similarly, the four hypotheses for the relationship among the 4 IVs and DVs and theoretical framework have been proposed in this chapter. The research methodology using in this study will be discussed in the next chapter.

CHAPTER 3 METHODOLOGY

3.0 Introduction

This chapter provides a clear explanation on how the research will be carried out. It describes who is the target respondent, what is the sample size and sampling procedure, when, where and how the data will be collected, how the variables will be measured and what techniques will be employed to examine the data collected.

3.1 Research Design

The objective of this research is to examine the factors influencing customer loyalty in Malaysia Airline Industry. A quantitative method was adopted in this study because it can generate a credibility and reliability numerical result from large sample size (Hyde, 2000). This research is a cross-sectional study as this survey was carried out at one point in time (Saunders, Lewis, & Thornhill, 2009). The unit of analysis would be the airline passengers who had flight experienced at least twice with Malaysia's airlines within past 3 years (2012 – 2015). In this research, a self-administered questionnaire was selected because it can reach to more people and get the completed responses within a short time (Muijs, 2004).

3.2 Population, Sample & Sampling Procedures

3.2.1 Population and Sample

The “purchase loyalty” strictly looks at repeat purchase behavior and is based on the passenger’s purchase history. The emphasis is on past instead of on future actions. As cited in Ostrowski, O’Brien, and Gorden (1993), long-term experiences are used to explain customers’ loyalty rather than single flight. Loyalty signify action of purchase and requires some duration that occur at least twice (Griffin & Herres, 2002). According to Reichheld, Markey, and Hopton (2000), the high costs of acquiring new customers can lead to unprofitable customer relationships for up to three years. Hence the population of this study was targeted on those passengers who had admitted to having been on at least twice Malaysia flight in the past three years. The questionnaires were distributed to the target respondents in KLIA and KLIA 2 as both are the major hubs in Asia and they are surrounded by four main cities like Kuala Lumpur, Shah Alam, Seremban and Melaka. KLIA was voted as the Second Best Airport that serving a larger number of 40-50 million passengers in Skytrax 2014 World Airport Awards (“KLIA Continues Superb,” 2014).

3.2.2 Sample Size

The sample size in this study has been answered through the Hinkin (1995) formula as the population could not be clearly identified. Hinkin (1995) stated that an ideal sample size should have an item to response ratio ranged from 1:4 to 1:10 for each set of scale to be factor. As there are a total of 26 items in this study, the ideal range of sample size is from 104 to 260. Hence a minimum sample size of 200 respondents was considered sufficient for this descriptive exploration.

3.2.3 Sampling Procedure

Non-probability convenience sampling technique has been used in selecting the sample due to the unavailability of details of target respondents. Marshall (1996) stated that convenience sampling is an easier technique to access to the sample and it is the least costly to the researcher, in terms of time, effort and money, Due to the time and financial constraint, convenience sampling is the right choice for this research.

3.3 Data Collection Method

This research collects primary data. Primary data is the initial information gathered (Malhotra & Peterson, 2006), it is suitable to address problems on hand although it requires higher time and cost. A self-administered questionnaire which consists of 26 questions was distributed to the target respondents. The questionnaire was developed based on the review of empirical studies. It was also pretested by distributing to 25 airline passengers to ensure all questions can be fully understood by all respondents. 300 sets of questionnaires have been distributed and 204 sets of them are qualified for the actual test. This survey was conducted at departure area and arrival area of KLIA and KLIA 2 during May 2015.

3.4 Variables and Measurement

Table 3.1 Measurement of variable

Variables	Description	Sources	Scale of measurement
Dependent variable			
Customer Loyalty (CL)	Refers to which customers who remain loyal to a service industry will be able to take on in favorable or unfavorable behavioral responses.	Baumann et al. (2011)	Interval
Independent variable			
Satisfaction (S)	Refers to a person's feeling or emotional that perceived from their expectation and wish.	Hao et al. (2015)	Interval
Commitment (C)	Refers to the intention to maintain the relationship with others.	Pritchard et al. (1999)	Interval
Trust (T)	Refers to the consumers is willing to believe their exchange partner with honesty and integrity.	Wang (2009)	Interval
Perceived Quality (PQ)	Refers to consumer's evaluation concerning on service performance receiving and how it come up to their expectation.	Jiang and Wang (as cited in Malik, 2012)	Interval

Source: Developed for the research

Table 3.1 indicates the variables, meaning and scale of measurement which are adapted from different sources. All variables were measured by using interval scale method. A total of 8 statements of dependent variable and 18 statements of independent variables were measured based on the five-point Likert scale ranging from 1= strongly disagree to 5= strongly agree. The independent variables were adapted from different sources such as satisfaction from Hennig-Thurau et al. (2002), commitment from Roberts et al.(2003) & Hennig-Thurau et al. (2002), trust from Ndubisi, Khoo-Lattimore, Yang, and Capel (2011) & Roberts et al.(2003) and perceived quality from Sohail (2003) as shown in Appendix B.

3.5 Data Analysis Techniques

This research used Statistical Analysis System (SAS) Enterprise Guide 5.1 to analyze the sample data collected. Descriptive analysis, scale measurement and inferential analysis were used in this study.

3.5.1 Descriptive Analysis

Descriptive analysis has been used to describe the demographic profile of target respondents in frequency and percentage of the sample characteristics in the form of tables, graphs and written explanations as well as central tendencies measurement of constructs that included mean and standard deviation. These demographic profiles consist of gender, age, and race, flight experience, frequency and purpose of taking flight.

3.5.2 Scale Measurement

3.5.2.1 Reliability Test

Reliability refers to the degree that provides consistent results. Reliability test is conducted to examine the consistency of observed scores by carry out on the same test. In this study, reliability indicates which is Cronbach's Alpha was used to estimate the consistency. Nunnally (1978) recommended that the Cronbach's alpha level that exceeds 0.70 will be considered reliable. If the values of Cronbach's Alpha are less than 0.70, the survey questionnaires are considered not reliable and have to be reconstructed. A low Cronbach's Alpha level occurs when there are inappropriate questions included in the questionnaire.

3.5.2.2 Normality Test

Saunders et al. (2009) said that normality test is used to determine whether the data sets are normally distributed. In this study, normality test has been tested by using skewness and kurtosis. A distribution is positively skewed when there is positive value of skewness and kurtosis while a distribution is negatively skewed when there is negative value of skewness and kurtosis. It is recommended that the result for skewness test should not exceed ± 3 while the result of kurtosis should not exceed ± 10.0 (Kline, 2005).

3.5.3 Inferential Analysis

3.5.3.1 Pearson Correlation Analysis

Pearson Correlation analysis is used to examine the association between two variables which are X and Y (Goodwin & Leech, 2006). Besides, Pearson Correlation is used to determine the relationship of strength and direction between two variables. According to Goodwin et al. (2006), there is no linear relationship between two variables when the value is 0. When the value is -1.00 or +1.00, it shows that a strong correlation between two variables. However, it should not exceed ± 0.90 to avoid multicollinearity problem (Hair, Bush, & Ortinau, 2006). Multicollinearity occurs when there are two highly correlated independent variables, it can be detected through testing the correlation matrix among all independent variables in the research. When multicollinearity problem occurs, one of the relevant independent variables should be removed.

In this research, it was used to examine the linear association among the four independent variables (satisfaction, commitment, trust, perceived quality). The purpose is to check the strength of the correlation relationship and to

prevent multicollinearity problem. Table 3.2 shows the different range of Pearson correlation and different level of strength of correlation relationship between the variables.

Table 3.2: Pearson Correlation and Strength of Correlation Relationship between variables

Pearson Correlation	Strength of Correlation Relationship
$r = 0.10$ to 0.29 or $r = -0.1$ to -0.29	Weak
$r = 0.30$ to 0.49 or $r = -0.30$ to -0.49	Moderate
$r = 0.50$ to 1.00 or $r = -0.50$ to -1.00	Strong

Adopted from: Sekaran & Bougie (2010)

3.5.3.2 Multiple Linear Regressions

Multiple Linear Regressions is used to assess the relationship between more than one independent variable and a single dependent variable (Zikmund, Babin, Carr, & Griffin, 2010).

According to Saunders et al. (2009), the regression coefficient indicates the relative significance of the independent variables in the forecast of the dependent variable while the coefficient of multiple determinations (R square) provides the measurement of how well a predictor of the equation of multiple linear regressions is likely to be. Moreover, if the p-value of multiple linear regressions is less than 0.05, then the relationship between the selected

independent variables and dependent variable will be significant. Thus, the alternative hypothesis should not be rejected. If not, vice versa.

In this research, the relationship between a dependent variable (customer loyalty) and five independent variables (satisfaction, commitment, trust and perceived quality) has been determined using multiple linear regressions. Table 3.3 shows the equation for multiple linear regressions and the meaning of each unknown item and the linear equation in the research.

Table 3.3 Equation for Multiple Linear Regressions

$\hat{Y} = B_0 + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n + e$
Where: \hat{Y} = Dependent variable B_0 = Constant value (also known as Y-intercept) b = The slope, for any corresponding change in one unit of X X = Independent variable e = Error term (normally distributed about a mean of zero)
$CL = B_0 + b_1S + b_2C + b_3T + b_4PQ$

Source: Developed for the research

3.6 Conclusion

This chapter has discussed about the research design, population, sample and sampling procedure, data collection method, variables and measurements and data analysis methods. To sum up, 204 qualified surveys will be interpreted by using reliability test, normality test, Pearson correlation, and multiple linear regressions techniques.

CHAPTER 4 DATA ANALYSIS

4.0 Introduction

Both pilot test and actual test had been discussed and justified in chapter 4. In addition, descriptive analysis, scale measurement and inferential analysis had been further explained for the actual data analysis.

4.1 Pilot Test Analysis

The pilot test was carried out based on a sample size of 25 airline passengers at Kuala Lumpur International Airport 1 & 2. It included reliability test and normality test.

4.1.1 Central Tendencies Measurement of Constructs

4.1.1.1 Normality Test

Normality test is to test whether the data is normally distributed. Mean represents the average respond of the data while the standard deviation represents the dispersion of the data from the mean. The degree of skewness defines which side do the data skew and kurtosis derives the shape of the distribution. It is recommended that the skewness should not be more than the values of ± 3 while the kurtosis should not be more than the value of ± 10 , in order to fulfil the requirement of the normality test (Kline, 2005).

4.1.1.1.1 Independent variable 1: Satisfaction (S)Table 4.1: Pilot test for normality test for satisfaction (S)

Items	Description	Mean	Standard deviation	Skewness	Kurtosis
S1	The airline services always meet my expectations.	3.3200	0.8524	-1.1378	0.7350
S2	I am delighted with the services provided by the airline.	3.3200	0.7483	-1.2668	2.4706
S3	I am happy with the services provided by the airline.	3.5200	0.7141	-0.4489	0.0467
S4	I am satisfied with the performance of services provided by the airline.	3.6800	0.6272	-0.7561	0.9671

Source: Developed for the research

Table 4.1 results that the mean for S4 (3.6800) is the highest while for S1 and S2 (3.3200) are the lowest. This shows that most of the target respondents agree with “I am satisfied with the performance of services provided by the airline” and disagree with “The airline services always meet my expectations” and “I am delighted with the services provided by the airline”. The standard deviation for S1 (0.8254) have the highest dispersion from the mean while for S4 (0.6272) have the lowest dispersion from the mean. All the skewness was fall between ± 3 and the kurtosis was fall between ± 10 ; thus, the data was normally distributed.

4.1.1.1.2 Independent variable 2: Commitment (C)Table 4.2: Pilot test for normality test for commitment (C)

Items	Description	Mean	Standard deviation	Skewness	Kurtosis
C1	I feel emotionally attached to the airline.	3.0000	0.7638	0	-1.2129
C2	I continue to deal with the airline because I genuinely enjoy my travel with them.	3.5600	0.8206	-1.9295	3.1799
C3	I am very committed to my travel to this airline.	3.2000	1.0801	-0.4313	-0.2754
C4	It is important for me to maintain relationship with the airline.	3.1200	1.0924	-0.0470	-1.0407

Source: Developed for the research

Table 4.2 results that the mean for C2 (3.5600) is the highest while for C1 (3.0000) is the lowest. This shows that most of the target respondents agree with “I continue to deal with the airline because I genuinely enjoy my travel with them” and disagree with “I feel emotionally attached to the airline”. The standard deviation for C4 (1.0924) have the highest dispersion from the mean while for C1 (0.7638) have the lowest dispersion from the mean. All the

skewness was fall between ± 3 and the kurtosis was fall between ± 10 ; thus, the data was normally distributed.

4.1.1.1.3 Independent variable 3: Trust (T)

Table 4.3: Pilot test for normality test for trust (T)

Items	Description	Mean	Standard deviation	Skewness	Kurtosis
T1	I am willing to rely on the airline services.	3.6800	0.9000	-1.5232	2.6553
T2	I have confidence in the airline services.	3.5200	0.6532	-0.0796	-0.0111
T3	I consider the airline staffs are concern for my wellbeing.	3.4400	0.7681	-1.5811	2.9598
T4	I consider the airline staffs are honest.	3.3600	0.8602	-1.2342	0.8613
T5	I consider the airline staffs have high integrity.	3.5200	0.7703	-0.6669	-0.0600

Source: Developed for the research

Table 4.3 results that the mean for T1 (3.6800) is the highest while for T4 (3.3600) is the lowest. This shows that most of the target respondents agree with “I am willing to rely on the airline services” and disagree with “I

consider the airline staffs are honest". The standard deviation for T1 (0.9000) have the highest dispersion from the mean while for T2 (0.6532) have the lowest dispersion from the mean. All the skewness was fall between ± 3 and the kurtosis was fall between ± 10 ; thus, the data was normally distributed.

4.1.1.1.4 Independent variable 4: Perceived Quality (PQ)

Table 4.4: Pilot test for normality test for perceived quality (PQ)

Items	Description	Mean	Standard deviation	Skewness	Kurtosis
PQ1	The airline provided services as promised.	3.5600	0.7118	-0.6052	0.2246
PQ2	The airline staffs provide prompt service when I needed.	3.6400	0.8103	-0.7501	0.2634
PQ3	Facilities in the airline are pleasant and appealing.	3.3600	0.8103	-0.2713	-0.5707
PQ4	The pilots and stewards are knowledgeable.	3.4000	0.8660	-0.9204	1.2666
PQ5	The cabin crews are caring.	3.6000	0.8660	-1.1714	2.4084

Source: Developed for the research

Table 4.4 results that the mean for PQ2 (3.6400) is the highest while for PQ3 (3.3600) is the lowest. This shows that most of the target respondents agree with “The airline staffs provide prompt service when I needed” and disagree with “Facilities in the airline are pleasant and appealing”. The standard deviation for PQ4 and PQ5 (0.8660) have the highest dispersion from the mean while for PQ1 (0.7118) have the lowest dispersion from the mean. All the skewness was fall between ± 3 and the kurtosis was fall between ± 10 ; thus, the data was normally distributed.

4.1.1.1.5 Dependent variable: Customer Loyalty (CL)

Table 4.5: Pilot test for normality test for customer loyalty (CL)

Items	Description	Mean	Standard deviation	Skewness	Kurtosis
CL1	I would recommend the airline to my friends.	3.6400	0.7000	-0.1496	0.1082
CL2	I say positive things about the airline to other people.	3.4800	0.7703	0.0723	-0.1330
CL3	I consider this airline the first choice for air transport.	3.6800	0.8524	0.2604	-0.8220

CL4	I encourage my friends and relatives to fly with this airline company.	3.7200	0.8907	-0.5421	-0.1479
CL5	I consider myself to be loyal to this airline.	3.1600	1.0677	-0.3436	-0.2153
CL6	I will consider this airline for air transport in the next few years.	3.4400	0.7681	-0.3818	-0.2876
CL7	I would continue to seek transport services from the airline.	3.4800	0.8226	-1.1514	2.3587
CL8	I refuse to change to another airline.	2.6800	0.9000	-0.4050	-0.3598

Source: Developed for the research

Table 4.5 results that the mean for CL4 (3.7200) is the highest while for CL8 (2.6800) is the lowest. This shows that most of the target respondents agree with “I encourage my friends and relatives to fly with this airline company.” and disagree with “I refuse to change to another airline”. The standard deviation for CL5 (1.0677) have the highest dispersion from the mean while for CL1 (0.7000) have the lowest dispersion from the mean. All of the skewness was fall between ± 3 and the kurtosis was fall between ± 10 ; thus, the data was normally distributed.

4.1.2 Scale Measurement

4.1.2.1 Reliability Test

Reliability test was used to test the consistency of the 26 items in the questionnaire. The items are consistent and variable is considered reliable if the Cronbach's Alpha equals or exceeds the value of 0.7 (Nunnally, 1978).

Table 4.6 Pilot test of Reliability Analysis

Variables	Number of Items	Cronbach's Alpha
Satisfaction (S)	4	0.8512
Commitment (C)	4	0.7326
Trust (T)	5	0.8383
Perceived Quality (PQ)	5	0.8283
Customer Loyalty (CL)	8	0.9125

Source: Developed for the research

Based on table 4.6 above, it shows the Cronbach's Alpha of each of the variables. Customer loyalty has the highest reliability level (0.9125) while commitment has the lowest (0.7326). All of the variables are accepted since the Cronbach's Alpha are all above 0.7. In other words, the data collected to measure the variables is reliable.

4.2 Descriptive Analysis

4.2.1 Respondents Demographic Profile

In section A of the survey consisted of the demographic characteristic of the respondents. It has been divided into six questions including the respondents' gender, age, race, flight experiences, times travel and categories in term of air travel.

4.2.1.1 Gender

Pie Chart 4.1 Gender

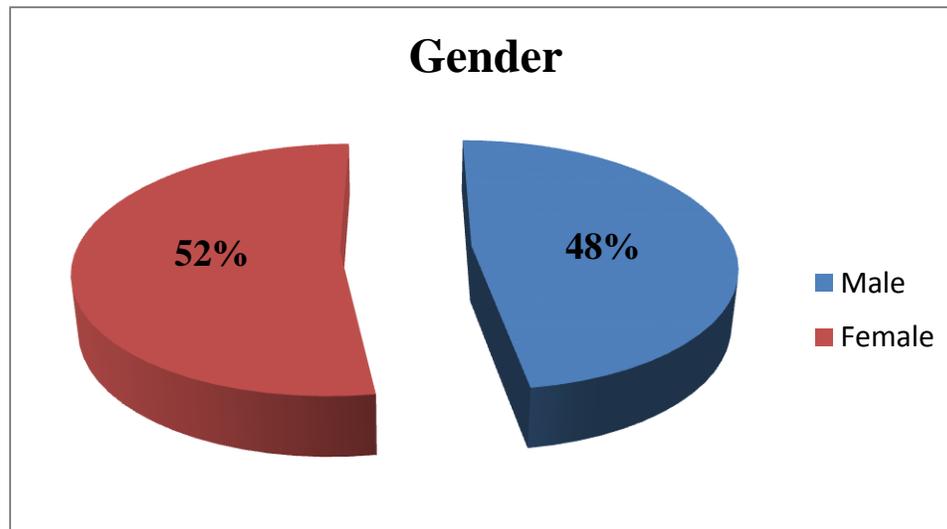


Table 4.7 Gender of the Target Respondents

Gender	Frequency	Percentage (%)
Male	97	47.55
Female	107	52.45

Source: Developed for the research

The pie chart 4.1 and table 4.7 above indicate the frequency and percentage of gender of 204 valid respondents who had taken part in this research. There are 47.55% male respondents and 52.45% female respondents.

4.2.1.2 Age Group

Pie Chart 4.2 Age Group

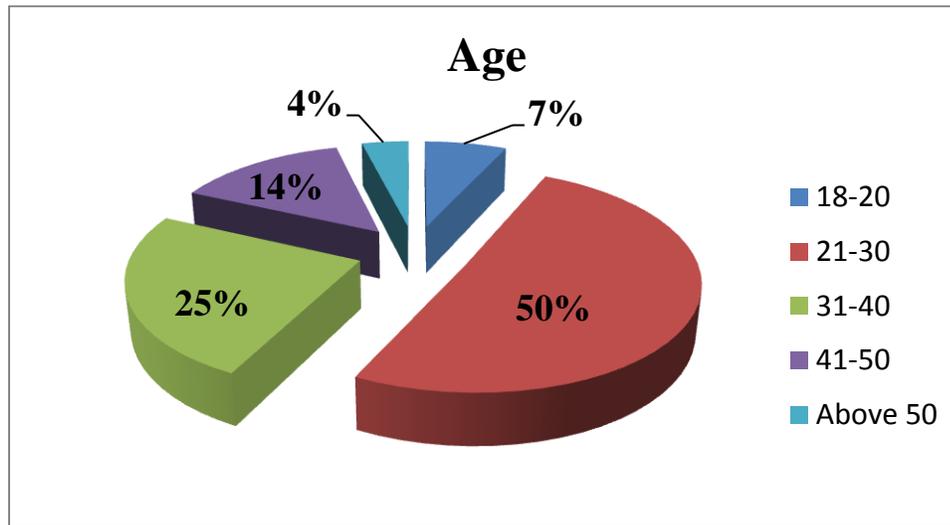


Table 4.8 Age Group of the Target Respondents

Age	Frequency	Percentage (%)
18-20	14	6.86
21-30	103	50.49
31-40	50	24.51
41-50	29	14.22
Above 50	8	3.92

Source: Developed for the research

According to the pie chart and table 4.8 above, it depicts the age range from 21 to 30 years old form the largest portion, accounting for 50.49% of total 204

respondents. This is followed by the age group of 31-40 years old, amounting to 24.51% of total 204 respondents while 14.22% of the respondents are between 41 to 50 years old. According to data, the two smaller groups which consist of 14 respondents are in the range of age of 18-20 years old and 8 respondents are above 50 years old, accounting for 6.86% and 3.92% respectively.

4.2.1.3 Race

Pie Chart 4.3 Race

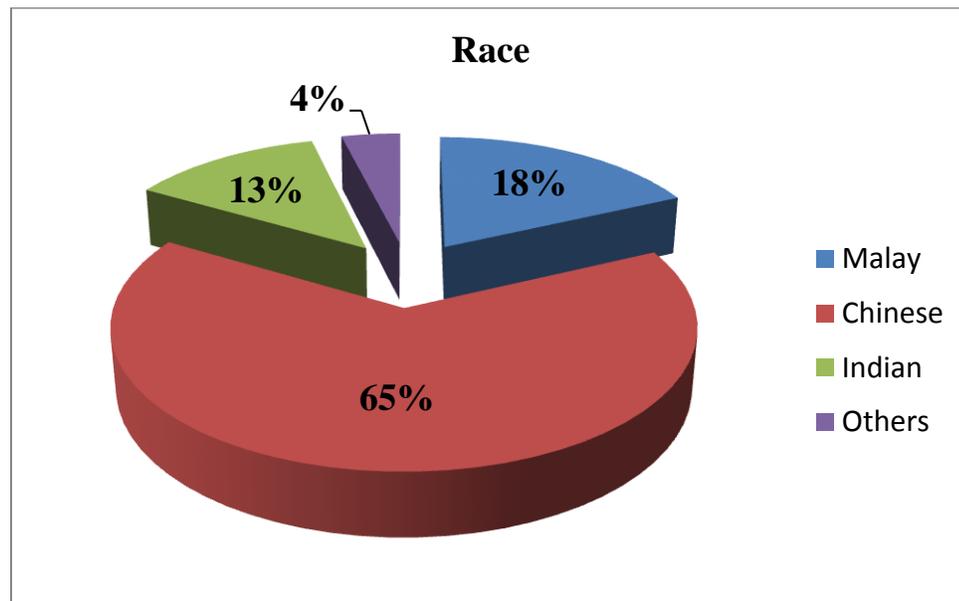


Table 4.9 Race of the Target Respondents

Race	Frequency	Percentage (%)
Malay	37	18.14
Chinese	133	65.20
Indian	26	12.75
Others	8	3.92

Source: Developed for the research

The pie chart 4.3 and table 4.9 illustrate the 37 respondents (18.14%) are Malay, 133 respondents (65.2%) are Chinese, 26 respondents (12.75%) are Indian while the remaining 8 respondents are from Arab, American and Taiwan.

4.2.1.4 Flight Experiences

Pie Chart 4.4 Flight Experiences of the Target Respondents in Airline Industry in Malaysia

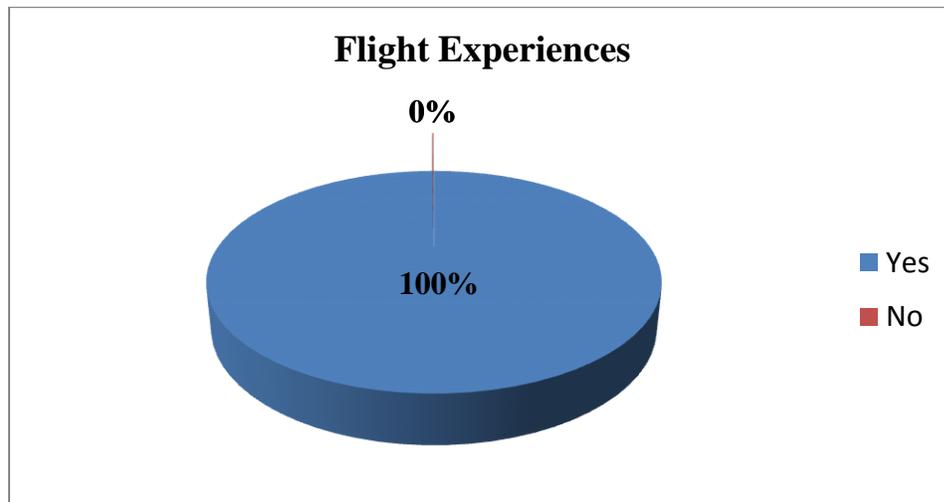


Table 4.10 Flight Experiences of the Target Respondents in Airline Industry in Malaysia

Flight Experiences	Frequency	Percentage (%)
Yes	204	100.00
No	0	0.00

Source: Developed for the research

The result depicts that all 204 respondents has taken airlines in Malaysia more than 1 time flight experiences within past 3 years from 2012 to 2015.

4.2.1.5 Flight Times within Past 3 Years

Pie Chart 4.5 Flight times of target respondents within past 3 years

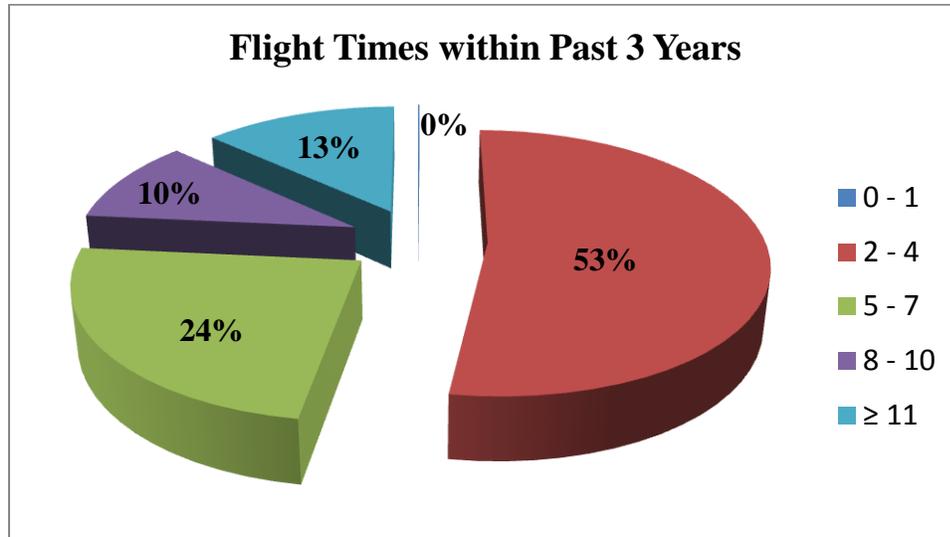


Table 4.11 Flight Times of target respondents within past 3 years

Times Travel within Past 3 Years	Frequency	Percentage (%)
0-1	0	0.00
2-4	107	52.45
5-7	49	24.02
8-10	21	10.29
≥ 11	27	13.24

Source: Developed for the research

According to the data analysis above, it depicts that 52.45% of respondents who had experienced flight with Malaysia Airline Company for 2–4 times from 2012 to 2015 while 49 respondents (24.02%) who had experienced flight for 5-7 times. 10.29% of respondents had flight for 8-10 times while the remaining 13.24% has more than 11 times flight experience with Malaysia airline company. However, none of the respondents is in between the range of 0-1 times in this research.

4.2.1.6 Categories of Air Travel

Pie Chart 4.6 Categories of Target Respondents in term of air travel

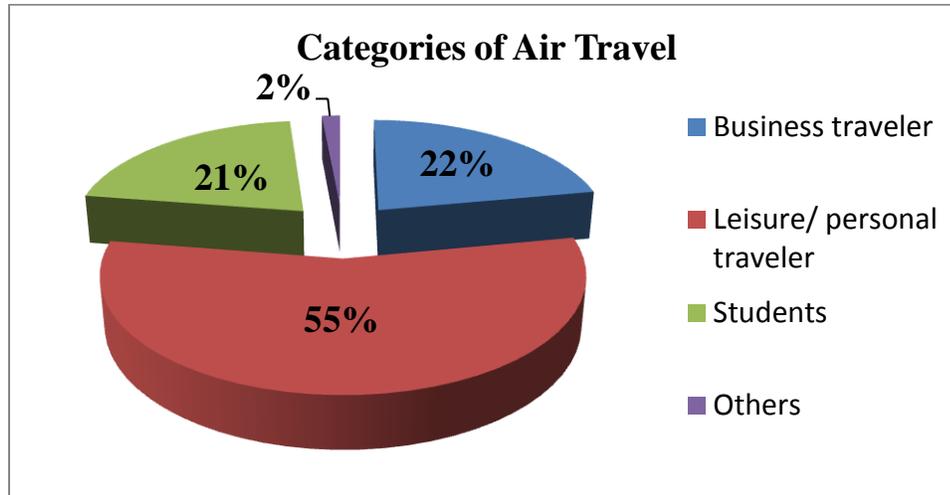


Table 4.12 Categories of Target Respondents in term of air travel

Categories	Frequency	Percentage (%)
Business traveler	45	22.06
Leisure/ personal traveler	113	55.39
Students	43	21.08
Others	3	1.47

Source: Developed for the research

Build on the analysis result, it illustrates that leisure or personal traveler forms the largest group, accounting for 113 respondents (55.39%) of total 204 respondents. The business traveler group and students groups have the similar percentages which are 22.06% and 21.08%. 1.47% of the respondents are from other category.

4.2.2 Central Tendencies Measurement of Constructs

4.2.2.1 Normality Test

Saunders et al. (2009) said that normality test is used to determine whether the data sets are normally distributed. The skewness and kurtosis must be range between ± 3 and ± 10 respectively. The distribution is positive skew when there is a positive value of skewness and kurtosis while the distribution is negative skew when there is a negative value of skewness and kurtosis. As shown in the table below, the values of the skewness are fall from -1.1663 to -0.0934 which shows that the data is normal distributed and negative skew. For kurtosis, its value range from -0.3284 to 2.0247 also show that the data are normally distributed.

4.2.2.1.1 Independent variable 1: Satisfaction (S)Table 4.13: Actual test for normality test for satisfaction (S)

Items	Description	Mean	Standard deviation	Skewness	Kurtosis
S1	The airline services always meet my expectations.	3.6225	0.7016	-0.8766	0.8813
S2	I am delighted with the services provided by the airline.	3.5637	0.6954	-0.3191	0.4232
S3	I am happy with the services provided by the airline.	3.6520	0.7099	-0.3838	0.0575
S4	I am satisfied with the performance of services provided by the airline.	3.6961	0.7129	-0.3051	0.0219

Source: Developed for the research

Table 4.13 results the mean for S4 (3.6961) is the highest while for S2 (3.5637) is the lowest. This shows that most of the target respondents agree with “I am satisfied with the performance of services provided by the airline” and disagree with “I am delighted with the services provided by the airline”. The standard deviation for S4 (0.7129) have the highest dispersion from the mean while for S2 (0.6954) have the lowest dispersion from the mean. All the skewness was fall between ± 3 and the kurtosis was fall between ± 10 ; thus, the data was normally distributed.

4.2.2.1.2 Independent variable 2: Commitment (C)Table 4.14: Actual test for normality test for commitment (C)

Items	Description	Mean	Standard deviation	Skewness	Kurtosis
C1	I feel emotionally attached to the airline.	3.2353	0.9224	-0.1431	-0.2461
C2	I continue to deal with the airline because I genuinely enjoy my travel with them.	3.7059	0.8433	-0.9909	1.2200
C3	I am very committed to my travel to this airline.	3.4069	0.8967	-0.6070	0.6628
C4	It is important for me to maintain relationship with the airline.	3.4951	1.0000	-0.3446	-0.3284

Source: Developed for the research

Table 4.14 result the mean for C2 (3.7059) is the highest while for C1 (3.2353) is the lowest. This shows that most of the target respondents agree with “I continue to deal with the airline because I genuinely enjoy my travel with them” and disagree with “I feel emotionally attached to the airline”. The standard deviation for C4 (1.0000) have the highest dispersion from the mean while for C2 (0.8433) have the lowest dispersion from the mean. All the

skewness was fall between ± 3 and the kurtosis was fall between ± 10 ; thus, the data was normally distributed.

4.2.2.1.3 Independent variable 3: Trust (T)

Table 4.15: Actual test for normality test for trust (T)

Items	Description	Mean	Standard deviation	Skewness	Kurtosis
T1	I am willing to rely on the airline services.	3.7255	0.7898	-1.1663	2.0247
T2	I have confidence in the airline services.	3.6127	0.8015	-0.2865	0.2643
T3	I consider the airline staffs are concern for my wellbeing.	3.6520	0.7887	-1.1207	1.9675
T4	I consider the airline staffs are honest.	3.5686	0.7817	-0.3865	0.0594
T5	I consider the airline staffs have high integrity.	3.6814	0.7099	-0.5372	0.2597

Source: Developed for the research

Table 4.15 result the mean for T1 (3.7255) is the highest while for T4 (3.5686) is the lowest. This shows that most of the target respondents agree with “I am willing to rely on the airline services” and disagree with “I consider the airline

staffs are honest”. The standard deviation for T2 (0.8015) have the highest dispersion from the mean while for T5 (0.7099) have the lowest dispersion from the mean. All the skewness was fall between ± 3 and the kurtosis was fall between ± 10 ; thus, the data was normally distributed.

4.2.2.1.4 Independent variable 4: Perceived Quality (PQ)

Table 4.16: Actual test for normality test for perceived quality (PQ)

Items	Description	Mean	Standard deviation	Skewness	Kurtosis
PQ1	The airline provided services as promised.	3.7402	0.7402	-0.9411	1.6075
PQ2	The airline staffs provide prompt service when I needed.	3.8186	0.6887	-0.7521	1.5544
PQ3	Facilities in the airline are pleasant and appealing.	3.5882	0.7734	-0.3633	0.1181
PQ4	The pilots and stewards are knowledgeable.	3.5588	0.7236	-0.1287	0.2279
PQ5	The cabin crews are caring.	3.6814	0.7168	-0.8203	1.4535

Source: Developed for the research

Table 4.16 result the mean for PQ2 (3.8186) is the highest while for PQ4 (3.5588) is the lowest. This shows that most of the target respondents agree

with “The airline staffs provide prompt service when I needed” and disagree with “The pilots and stewards are knowledgeable”. The standard deviation for PQ3 (0.7734) have the highest dispersion from the mean while for PQ2 (0.6887) have the lowest dispersion from the mean. All the skewness was fall between ± 3 and the kurtosis was fall between ± 10 ; thus, the data was normally distributed.

4.2.2.1.5 Dependent variable: Customer Loyalty (CL)

Table 4.17: Actual test for normality test for customer loyalty (CL)

Items	Description	Mean	Standard deviation	Skewness	Kurtosis
CL1	I would recommend the airline to my friends.	3.8627	0.6590	-0.7853	1.3987
CL2	I say positive things about the airline to other people.	3.6912	0.7413	-0.0934	-0.2911
CL3	I consider this airline the first choice for air transport.	3.7304	0.7946	-0.1917	-0.0771
CL4	I encourage my friends and relatives to fly with this airline company.	3.7843	0.7641	-0.3488	-0.0748

CL5	I consider myself to be loyal to this airline.	3.6225	0.9203	-0.6340	0.3212
CL6	I will consider this airline for air transport in the next few years.	3.7353	0.7869	-0.4736	0.3032
CL7	I would continue to seek transport services from the airline.	3.6814	0.7950	-0.7305	1.0552
CL8	I refuse to change to another airline.	3.1912	0.9663	-0.1937	-0.0300

Source: Developed for the research

Table 4.17 result the mean for CL1 (3.8627) is the highest while for CL8 (3.1912) is the lowest. This shows that most of the target respondents agree with “I would recommend the airline to my friends” and disagree with “I refuse to change to another airline”. The standard deviation for CL8 (0.9663) have the highest dispersion from the mean while for CL1 (0.6590) have the lowest dispersion from the mean. All the skewness was fall between ± 3 and the kurtosis was fall between ± 10 ; thus, the data was normally distributed.

4.3 Scale Measurement

4.3.1 Reliability Test

Reliability analysis is to test the internal consistency of the items in the questionnaire. According to Nunnally (1978), the Cronbach's Alpha value should be equal to or more than 0.7. Higher value of Cronbach's Alpha means the items in measuring the construct are more reliable. In contrast, the variables are considered not reliable if the value of Cronbach's Alpha is less than 0.70.

Table 4.18 Actual Data of Reliability Analysis

Variables	Number of Items	Cronbach's Alpha
Satisfaction (S)	4	0.8327
Commitment (C)	4	0.8177
Trust (T)	5	0.7840
Perceived Quality (PQ)	5	0.7987
Customer Loyalty (CL)	8	0.8849

Source: Developed for the research

Table 4.18 illustrates the Cronbach's Alpha of each of the variables. All of the variables are accepted since the Cronbach's Alpha are all above 0.7. It means that all of the data collected to measure the variables is reliable.

4.4 Inferential Analysis

4.4.1 Pearson Correlation Analysis

Table 4.19 Pearson Correlation Matrix

		S	C	T	PQ
S	Pearson Correlation	1.00000	0.59511	0.55127	0.70683
	Sig.		<.0001	<.0001	<.0001
C	Pearson Correlation	0.59511	1.00000	0.55575	0.59348
	Sig.	<.0001		<.0001	<.0001
T	Pearson Correlation	0.55127	0.55575	1.00000	0.56615
	Sig.	<.0001	<.0001		<.0001
PQ	Pearson Correlation	0.70683	0.59348	0.56615	1.00000
	Sig.	<.0001	<.0001	<.0001	

Source: Developed for the research

From the table 4.19, the highest coefficient value shown is 0.70683, which is lower than 0.90 and it shows that all independent variables (satisfaction, commitment, trust and perceived quality) are not highly correlated to each other. Thus, there are no multicollinearity problem exists in this study.

P-values of all the variables are less than 0.0001 in this study which fulfill the requirement (less than 0.05). Therefore, there are significance correlations among the independent variables (satisfaction, commitment, trust and perceived quality).

Correlation between satisfaction and commitment

Result state clearly that satisfaction and commitment are strongly interrelated with the coefficient value of 0.59511. Moreover, the result also indicates

satisfaction and commitment are significantly correlated with the significant value of <0.0001 .

Correlation between satisfaction and trust

Result state clearly that satisfaction and trust are strongly interrelated with the coefficient value of 0.55127. Moreover, the result also indicates satisfaction and trust are significantly correlated with the significant value of <0.0001 .

Correlation between satisfaction and perceived quality

Result state clearly that satisfaction and perceived quality are strongly interrelated with the coefficient value of 0.70683. Moreover, the result also indicates satisfaction and perceived quality are significantly correlated with the significant value of <0.0001 .

Correlation between commitment and trust

Result state clearly that commitment and trust are strongly interrelated with the coefficient value of 0.55575. Moreover, the result also indicates commitment and trust are significantly correlated with the significant value of <0.0001 .

Correlation between commitment and perceived quality

Result state clearly that commitment and perceived quality are strongly interrelated with the coefficient value of 0.59348. Moreover, the result also indicates commitment and perceived quality are significantly correlated with the significant value of <0.0001 .

Correlation between trust and perceived quality

Result state clearly that trust and perceived quality are strongly interrelated with the coefficient value of 0.56615. Moreover, the result also indicates trust and perceived quality are significantly correlated with the significant value of <0.0001 .

4.4.2 Multiple Linear Regressions (MLR)

Table 4.20(a): Summary of Multiple Regression Result

R-Squared		0.6268					
Adjusted R-Squared		0.6193					
F-value		83.57					
Sig. F		<.0001					
Regression Model	Parameter Estimate		Standardized Estimate			TOL	VIF
Variables	Beta(β)	SE b	B	t	Sig.		
Intercept	0.26966	0.20027	0	1.35	0.1797		0
Average_S	0.06921	0.06838	0.06616	1.01	0.3127	0.43893	2.27826
Average_C	0.18856	0.04798	0.23112	3.93	0.0001	0.54229	1.84402
Average_T	0.49737	0.05995	0.46916	8.30	< .0001	0.58642	1.70525
Average_PQ	0.18335	0.07303	0.16534	2.51	0.0128	0.43245	2.31240

Source: Developed for the research

MLR is used to measure the relationship between multiple variable to another variable. As shown in table 4.20(a), the R square of the model is 0.6268 which means that 62.68% of the variation in customer loyalty can be explained by 4 independent variables(S, C, T and PQ). The rest of 37.32% might due to other factors like customer orientation, reputation, service quality and etc.

The regression equation is:

$$CL = 0.26966 + 0.06921(S) + 0.18856(C) + 0.49737(T) + 0.18335(PQ)$$

Table 4.20(b): Summary of Multiple Regression Result

Hypothesis	β	P	Statistic Result
H1: Satisfaction has positive and significant relationship with the customer loyalty.	0.06921	0.3127 ($p > 0.05$)	Not supported
H2: Commitment has positive and significant relationship with customer loyalty.	0.18856	0.0001	Supported
H3: Trust has positive and significant relationship with customer loyalty.	0.49737	< .0001	Supported
H5: Perceived quality has positive and significant relationship with customer loyalty	0.18335	0.0128	Supported

Source: Developed for Research

Table 4.20(b) summarizes the relationship between the independent variable and dependent variables. Satisfaction does not support the hypothesis as the result shown positive but insignificant relationship with customer loyalty. Trust has the most significant impact on customer loyalty ($\beta = 0.49737$). This indicates that customer loyalty will increase by 0.49737 for every increase in trust, provided other variables unchanged.

4.5 Conclusion

This chapter included the discussion about using the descriptive analysis, inferential analysis and scale measurement to assess the data collection and carried out the analysis of the result. The more detailed discussion of the result followed by implication, limitations and recommendation of this study would be discussed in the next chapter.

CHAPTER 5 DISCUSSION, IMPLICATION AND CONCLUSION

5.0 Introduction

To have a better comparison between the previous studies hypotheses and actual data outcome, a deep discussion of major findings has been presented in Chapter 5. Practical and theoretical implication would be provided in this chapter, followed by some limitations and recommendations. Lastly, a conclusion in this research has also been shown in chapter5.

5.1 Summary of Statistical Analysis

5.1.1 Summary of Descriptive Analysis

There are 204 respondents which consist of 47.55% male and 52.45% female. The majority of the respondents are between 21 and 30 years old, followed by the range of 31 and 40 years old, 41 to 50 years old, 18 to 20 years old and above 50 years old, accounting for 50.49%, 24.51%, 14.22%, 6.86% and 3.92% of 204 respondents respectively. There are 65.2% of Chinese, 18.14% of Malay, 12.75% of Indian, and 3.92% of others. In this survey, 52.45% of respondents who had flight 2-4 times and 24.02% of respondents who had flight 5-7 times. There are only 13.29% had flight for more than 11 times and 10.29% had flight for 8-10 times. The largest category among all is the personal traveler group (55.39%).

5.1.2 Summary of Central Tendencies Measurement of Constructs

The data can be concluded as normal distributed as the amount of the skewness fall within ± 3 as well as the value of kurtosis range in between ± 10 . Based on the statistic result, the skewness values are in between -1.1663 to -0.0934 while kurtosis values range from -0.3284 to 2.0247.

5.1.3 Summary of Scale Measurement

The outcome of reliability test is revealed that Satisfaction variable 0.8327, Commitment variable 0.8177, Trust variable 0.7840, Perceived Quality variable 0.7987 and Customer Loyalty variable 0.8849. These five variables can be considered reliable as they exceeded the recommended acceptable figure of 0.70 Cronbach's Alpha.

5.1.4 Summary of Pearson Correlation

Table 5.1: Summary of Pearson Correlation Coefficient

		Average _ S	Average _ C	Average _ T	Average _ PQ
Average_ S	Pearson Correlation	1.00000	0.59511	0.55127	0.70683
	Sig		<.0001	<.0001	<.0001
Average_ C	Pearson Correlation	0.59511	1.00000	0.55575	0.59348
	Sig	<.0001		<.0001	<.0001
Average_ T	Pearson Correlation	0.55127	0.55575	1.00000	0.56615

	Sig	<.0001	<.0001		<.0001
Average_	Pearson	0.70683	0.59348	0.56615	1.00000
PQ	Correlation				
	Sig	<.0001	<.0001	<.0001	

Source: Developed for the research

Table 5.1 indicates that satisfaction and perceived quality has the strongest interrelation as they have highest coefficient value of 0.70683 among all. All of the variables which are satisfaction, commitment, trust and perceived quality are strongly correlated with each other since they exceed the coefficient value of 0.50.

5.1.5 Summary of Multiple Linear Regressions

Table 5.2: Summary of Multiple Linear Regressions

R-squared	0.6268	
Adjusted R-squared	0.6193	
F-value	83.57	
Dependent Variable	Independent Variables	P-value
Customer Loyalty	Satisfaction (S)	0.3127
	Commitment (C)	0.0001
	Trust (T)	<.001
	Perceived Quality (PQ)	0.0128

Source: Developed for the research

As shown in table 5.2, the R square of the model is 0.6268. It is defined that 62.68% of the variation in customer loyalty can be justified by 4 independent variables (S, C, T and PQ). The variables of commitment (0.0001), trust

(<.001) and perceived quality (0.0128) are significant related with customer loyalty because those variables do not exceed p-value of 0.05. However, satisfaction (0.3127) independent variable is more than p-value 0.05 so it is considered not significant.

5.2 Discussion on Major Findings

Table 5.3: Summary of Hypothesis Testing

Hypothesis	Description	Significant Level	Statistics Result
H1	There is a positive significant relationship between satisfaction and customer loyalty.	$p = 0.3127$ ($p > 0.05$)	Not supported
H2	There is a positive significant relationship between commitment and customer loyalty.	$p = 0.0001$ ($p < 0.05$)	Supported
H3	There is a positive significant relationship between trust and customer loyalty.	$p < 0.0001$ ($p < 0.05$)	Supported
H4	There is a positive significant relationship between perceived quality and customer loyalty.	$p = 0.0128$ ($p < 0.05$)	Supported

Source: Developed for Research

5.2.1 Satisfaction and customer loyalty

H₁: There is a positive relationship between satisfaction and customer loyalty in airline industry in Malaysia.

Table 5.3 shows that satisfaction is insignificant to the customer loyalty in Malaysia Airline industry. The result of this study is inconsistent with the past studies of Pi and Huang (2011), Amin, Leila, and Zahra (2014), Naureen and Sahiwal (2013) & Liu, Guo, and Lee (2011), except for Moghadam et al. (2014).

Jani & Han (2014) founds that satisfaction influences indirectly and significantly loyalty through industry image. Tragedies of MH370, MH17 and QZ8501 taint the image of Malaysia airline industry and negatively influence customer loyalty. According to Peña, Jamilena, & Molina (2013), company reputation significantly affect customer intention to recommend and also on repurchase intention. Even though customers are satisfied with the previous services provided in Malaysia airline industry, they will try to avoid from taking the services from the same industry if the image of the industry is badly affected.

Ouhna and Mekkaoui (2013) have suggested that satisfaction do not have direct relationship with the customer loyalty. It is argued that a customer with attitudinal loyalty might not have behavioral loyalty. In other word, the customers in Malaysia airline industry may satisfy with the service and actively promoting to his friend but he himself never spend their money on it. Hence, satisfaction is not significantly related to customer loyalty.

Almossawi (2012) proved that satisfaction is insignificantly related to customer loyalty because too many choices exist in this marketplace and customer is freely to make choice. Malaysia airline industry is highly competitive nowadays. Customers tend to switch to whichever industry that able to give lower price or better offer. Therefore, satisfaction is not enough to retain a customer loyalty. Another study by Mohsan, Nawaz, Khan, Shaukat, and Aslam (2011) also argued in the same way.

Coyles and Gokey (2002) suggested that satisfaction alone do not make a customer loyal because only emotive customer who is satisfied with the

product will have higher customer loyalty. Emotional value played the most vital role in building satisfaction and loyalty. Hence, Malaysia airline industry should satisfy their customer by giving long-term customer relationships priority over short-term sales so that the customer loyalty can be improved.

5.2.2 Commitment and customer loyalty

H₂: There is a positive relationship between commitment and customer loyalty in airline industry in Malaysia.

Hypothesis 2 (H₂) examined the relationship between commitment (C) and customer loyalty (CL) in airline industry in Malaysia. Based on the Multiple Linear Regressions' result, it shown that p-value equal to 0.0001 which is less than 0.05, therefore it is indicate that commitment is significantly related to customer loyalty and the hypothesis in this study is accepted. The result is in line with prior studies conducted by Moghadam et al. (2014), Vuuren et al. (2012), Mahajar and Yunus (2010), Jumaev and Hanaysha (2012) and Rafiq et al. (2013). The result shown that commitment is significantly related to customer loyalty because of the higher committed customers are more willing for long term relationship, use the airline companies and its associated services or recommend its others in the future.

5.2.3 Trust and customer loyalty

H₃: There is a positive relationship between trust and customer loyalty in airline industry in Malaysia.

Hypothesis 3 (H₃) examined the relationship between trust (T) and customer loyalty (CL) in airline industry in Malaysia. Based on the Multiple Linear Regressions' result, it shown that p-value less than 0.0001 which is less than

0.05, therefore it is indicate that trust is significantly related to customer loyalty and the hypothesis in this study is accepted. The result is in line with prior studies conducted by Liang (2008), Madjid (2013), Kishada and Wahad (2013), Pratminingsih et al. (2013) and Deng et al. (2010). The result shown that trust is significantly related to customer loyalty because of strong customer trusting behavior enables customer to make confident prediction about the service of airline companies' future transactions, thus it tend to influence customer loyalty.

5.2.4 Perceived quality and customer loyalty

H₄: There is a positive relationship between perceived quality and customer loyalty in airline industry in Malaysia.

Hypothesis 4 (H₄) examined the relationship between perceived quality (PQ) and customer loyalty (CL) in airline industry in Malaysia. Based on the Multiple Linear Regressions' result, it shown that p-value equal to 0.0128 which is less than 0.05, therefore it is indicate that perceived quality is significantly related to customer loyalty and the hypothesis in this study is accepted. The result is in line with prior studies conducted by Deshmukh and Chourasia (2012), Akbar and Parvez (2009), Wang and Chaipoopirutana (2014), Quoc et al. (2011) and Musinguzi (2009). The result shown that perceived quality is significantly related to customer loyalty because of the more customer perceive that airline companies have a good reputation which deliver the prompt services to customers when customers need, thus the more the customers are bound to be loyal and make referrals for airline companies.

5.3 Implication of the Study

5.3.1 Practical Implication

This research aimed to examine the dimensions of relationship quality which includes satisfaction, commitment, trust and perceived quality that significantly affect customer loyalty in airline industry in Malaysia. The model can be used by airline sector as a reference in maintaining greater customer loyalty. It will help the customer service institution to save time and cost because they do not need to conduct the research on maintaining customer loyalty in future as this research provide sufficient information for them.

Besides that, this study very important to management team in airline industry as they should work against building and sustaining the level of commitment each passenger have in airline industry. Loyal passenger is referring to the passenger who has intention to sustain the relationship with the airline. Thus, higher level of commitment will lead to higher customer loyalty.

This research also provides the management team the information that trust plays an important role which in affecting customer loyalty. The management should retain their customers through communicating the value of honesty and integrity so that the customers are willing to believe and trust them.

In addition, the management team can concentrate on the service quality which has a positive relationship with the customer loyalty. The management can improve the service quality in airline such as provide services as promised, pleasant facilities, and also hire staffs that are caring and knowledgeable. Good quality of service will help in turn to create a loyal customer in airline industry.

Lastly, this study allows the management team has a better understanding of satisfaction on the customer loyalty. The result of this study is inconsistent

with the previous study as satisfaction result insignificant relationship with customer loyalty. So, the management team should emphasis more on other variables like commitment, trust and perceived quality.

5.3.2 Theoretical Implication

Other than practical implication, this research also provides theoretical implication. There are some researches of relationship quality have been conducted in foreign country but not yet conducted in airline industry in Malaysia. So, this study has contributed to the relationship quality research by examining and modeling the link of relationship quality and customer loyalty in airline industry in Malaysia. Besides, this research will benefit to some scholar to save their time and cost to exploit a new study as they tend to conduct the similar researches area in Malaysia.

There are numerous past studies investigate the relationship between relationship quality and customer loyalty for banking sector and private hospital. But, there are few study conducted in airline industry. However, this research focused on airline industry in Malaysia to solve the significant issues has been mentioned before.

Furthermore, this research proved that all the relationship quality variables except for satisfaction are result had the significant relationship with the customer loyalty. Thus, this research shows the validity of the relationship quality model.

5.4 Limitations and Recommendations of Research

Table 5.4: Limitation and recommendation of the research

Limitations	Recommendations
<p>There are some limitations in this research. The first limitation is that this research collects data through distributing survey to the targeted respondents. The respondents can only choose the options provided in the survey and there are limited items for each of the variables. These kinds of close-ended questions will restrict the respondents for expressing out their own opinion or reason and it may lead to a wrong conclusion. Besides, the respondents may just simply fill out the survey due to time constrain. For examples, respondents might be in the rush for boarding and have limited time to answer the survey.</p>	<p>Therefore, it is recommended to include open-ended question in the questionnaire. It provides the opportunity to the respondents to give their own opinion and reason to clarify their responses. Furthermore, in order to have a better understanding of what the respondents thinking, future researchers are encouraged to conduct interview instead of self-administrated questionnaire.</p>
<p>Secondly, this research is a cross-sectional study due to time constrain. Cross-sectional study only examines the relationship between the variables at a particular point of time. It did not take into consideration that the risk of independent variables may be vary over the time and failed to detect the changes</p>	<p>As recommendation, longitudinal study should be conducted in future research. Longitudinal study studies a phenomenon at multiple points of time, which allow it to detect the changes of the independent variables and customer loyalty over time in detail. The result may become different and</p>

<p>in level of customer loyalty over time.</p>	<p>more accurate with different observation point of time.</p>
<p>Thirdly, the survey has only been conducted at KLIA and KLIA 2. Therefore, the result generated is insufficient to represent the population of the airline passengers in Malaysia.</p>	<p>The future researchers should cover a wider range of sample when conducting similar research. For example, they can expand to other airport in Malaysia such as Penang International Airport, Kuching International Airport, Kota Kinabalu International Airport and others rather than just focus on KLIA & KLIA 2. Wider range of target respondents will provide more accurate result.</p>
<p>Lastly, only four independent variables which are satisfaction, trust, commitment and perceived quality have been examined in this research. According to the previous researchers, there are some other factors that will affect the customer loyalty in term of relationship quality such as opportunism, customer orientation and ethical profile (Dorsch et al., 1998). Based on the result of multiple linear regressions, the r-square is 0.6268, which means that the independent variables only explain 62.68% of the customer loyalty.</p>	<p>In order to achieve higher r-square, future researchers should add in few more independent variables when doing comparable researches. More accurate result will be generated when higher percentage of customer loyalty can be explained by the independent variables.</p>

Source: Developed for the research

5.5 Conclusion

In this chapter, independent variables which are satisfaction, commitment, trust and perceived quality were discussed in details based on analysis result. The findings found that commitment, trust and perceived quality have positive and significant relationship with the dependent variable customer loyalty in airline industry in Malaysia but only the satisfaction is not significant. Several explanations were provided in order to justify why the satisfaction has no significant relationship with the customer loyalty.

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Appendix A

Summary of Past Empirical Studies on Relationship Quality – Customer loyalty

Study	Country	Data	Major Findings
Pi & Huang, 2011	Taiwan	A self-administered questionnaire of 200 passengers in CKS airport in Taiwan.	Result shows that satisfaction has positive effect on the customer loyalty in airline industry in Taiwan.
Moghadam, Tabriz, Khorshidi, & Menhaj, 2014	Iran	A self-administered questionnaire of 500 passengers in Mehrabad and Imam Khomeini airport in Iran.	Result proves that satisfaction has positive effect on customer loyalty in airline industry in Tehran, Iran.
Amin, Leila, & Zahra, 2014	Iran	A self-administered questionnaire of 400 customers in private banks in Iran.	Result shows that there is positive relationship between satisfaction and customer loyalty in private banks in Iran.
Naureen & Sahiwal, 2013	Pakistan	A self-administered questionnaire of 200 customers from the different bank in Pakistan.	Result proves that satisfaction has positive influence on customer loyalty in bank sector in Pakistan.

Liu, Guo, & Lee, 2011	Taiwan	A self-administered questionnaire of 440 students who had using mobile phone in University in Taiwan.	Result founds that satisfaction has positive influence on customer loyalty.
Moghadam et al., 2014	Iran	A self-administered questionnaire of 500 passengers in Mehrabad and Imam Khomeini airport in Iran.	Result proves that commitment has positive effect on customer loyalty in airline industry in Tehran, Iran.
Vuuren, Roberts-Lombard, & Tonder,2012	South-Africa	A self-administered questionnaire of 357 patients who had visited the optometric industry at least twice within the past six years.	Results shows that commitment has positive influence on customer loyalty within a service industry.
Mahajar & Yunus, 2010	Malaysia	A self-administered questionnaire of 160 selected customers from Jusco Store and Tesco superstore in Klang, Malaysia.	Result reveals that there is a positive relationship between customer commitment and customer loyalty.
Jumaev & Hanaysha 2012	Malaysia	A self-administered questionnaire of 100 university lecturers and students who are patronizing different commercial banks.	Result shows that commitment is a significant factor which influences the customer loyalty in banks.

Rafiq, Fulford, & Lu 2013	U.K.	Web-based survey of 491 Internet grocery shoppers is conducted using self-administered questionnaires.	Result shows that commitment has a strong and positive impact on customer loyalty.
Liang, 2008	U.S.	Mail survey of 1,300 emails sent to the customers who are the members of “Leading hotel of the world” system in the United States. Only 308 emails have been collected back.	Result indicates that there is positive correlation between trust and customers’ loyalty in U.S. hotel industry.
Madjid, 2013	Indonesia	A self-administered questionnaire of 150 Bank Rakyat customers in Indonesia	Result of this research shows that trust has significant positive effect toward customer loyalty.
Kishada & Wahad, 2013	Malaysia	A self-reported questionnaire of 250 Islamic bank customers in Malaysia	Result presented that trust has positive influence toward customer loyalty in Islamic banks in Malaysia.
Pratminingsih, Lipuringtyas, & Rimenta, 2013	Indonesia	Structured questionnaires were distributed to 300 students from Indonesia who has experiences regarding purchasing online stores.	An outcome showed that trust has positively affected the customer loyalty in online shopping in Indonesia private school.

Deng, Lu, Wei, & Zhang, 2010	China	514 mobile users who had used MIM service were responded in email questionnaire.	Result has shown there is a positive relationship between trust and customer loyalty.
Deshmukh & Chourasia, 2012	India	A self-administered questionnaire of 500 Internet Subscribers those had made their payments in 15 outlets of IT service providers.	Result shows that perceived service quality have a positive impact on customer loyalty.
Akbar & Parvez, 2009	Bangladesh	A structured questionnaire of 304 subscribers or customers of a major private telecommunication company in Bangladesh.	The result indicates that perceived service quality had positive effect on customer loyalty.
Wang & Chaipoopirutana, 2014	China	Involved primary data and secondary data. Questionnaire survey of 400 respondents which had at least 3 times experience for using Agricultural Bank of China business services. Secondary data has been collected from previous studies, journal, and Agricultural Bank of China's website.	Result proves that perceived service quality has positive influenced on customer loyalty.

Quoc, Sirion, & Howard , 2011	Vietnam	A structured questionnaire was distributed to 400 bank customers in Ho Chi Minh City, Vietnam.	Result proves that perceived service quality has positively and significantly on customer loyalty.
Musinguzi, 2009	Uganda	300 questionnaires were distributed to customers from Jinja and Kampala in Uganda.	Result proves that perceived service quality has significantly and positively on customer loyalty.

Source: Developed for the research

Appendix B

Variable	Item	Description	References	Scale of measurement	Definition
Satisfaction	S1	The airline services always meet my expectations.	(Hennig - Thureau, Gwinner, & Gremler, 2002)	Five-point Likert Scale 1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree	Refers to a person's feeling or emotional that perceived from their expectation and wish (Hao et al., 2015)
	S2	I am delighted with the services provided by the airline.			
	S3	I am happy with the services provided by the airline.			
	S4	I am satisfied with the performance of services provided by the airline.			
Commitment	C1	I feel emotionally attached to the airline.	(Roberts, Varkie, & Brodie, 2003)	Five-point Likert Scale 1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree	Refers to the intention to maintain the relationship with others (Pritchard et al., 1999)
	C2	I continue to deal with this airline because I genuinely enjoy my travel with them.			
	C3	I am very committed to my travel to this airline.	(Hennig - Thureau et al., 2002)		
	C4	It is important for me to maintain relationship with the airline.			

Trust	T1	I am willing to rely on the airline services.	(Ndubisi, Khoo-Lattimore, Yang, & Capel, 2011)	Five-point Likert Scale 1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree	Refers to the consumers is willing to believe their exchange partner with honesty and integrity (Wang, 2009)
	T2	I have confidence in the airline services.			
	T3	I consider the airline staffs are concern for my wellbeing.			
	T4	I consider the airline staffs are honest.	(Roberts et al., 2003)		
	T5	I consider the airline staffs have high integrity.			
Perceived Quality	PQ1	The airline provided services as promised.	(Sohail, 2003)	Five-point Likert Scale 1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree	Refers to consumer's evaluation concerning on service performance receiving and how it come up to their expectation (Jiang and Wang, as cited in Malik, 2012)
	PQ2	The airline staffs provide prompt service when I needed.			
	PQ3	Facilities in the airline are pleasant and appealing.			
	PQ4	The pilots and stewards are knowledgeable.			
	PQ5	The cabin crews are caring.			

Customer Loyalty	CL1	I would recommend the airline to my friends.	(Nadiri, Hussain, Ekiz, & Erdogan, 2008)	Five-point Likert Scale 1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree	Refers to which customers who remain loyal to a service industry will be able to take on in favorable or unfavorable behavioral responses (Baumann, Elliott, & Hamin, 2011)
	CL2	I say positive things about the airline to other people.			
	CL3	I consider this airline the first choice for air transport.			
	CL4	I encourage my friends and relatives to fly with this airline company.			
	CL5	I consider myself to be loyal to this airline.			
	CL6	I will consider this airline for air transport in the next few years.			
	CL7	I would continue to seek transport services from the airline.	(Harris & Goode, 2004)		
	CL8	I refuse to change to another airline.			

Source: Developed for the research



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23th March 2015

To Whom It May Concern

Dear Sir/Madam

Permission to Conduct Survey

This is to confirm that the following students are currently pursuing their *Bachelor of Commerce (HONS) Accounting* program at the Faculty of Business and Finance, Universiti Tunku Abdul Rahman (UTAR) Perak Campus.

I would be most grateful if you could assist them by allowing them to conduct their research at your institution. All information collected will be kept confidential and used only for academic purposes.

The students are as follows:

<u>Name of Student</u>	<u>Student ID</u>
Tai Guan Hwee	12ABB06820
Chong Lee Woon	12ABB07656
Low Kee Kee	12ABB06977
Tan Ling Lee	12ABB06716
Tan Seow Cheng	12ABB07006

If you need further verification, please do not hesitate to contact me.

Thank you.

Yours sincerely


.....
Puan Zam Zuriyati Binti Mohamad
Head of Department,
Faculty of Business and Finance
Email: zuriyati@utar.edu.my


..... 23/03/2015
Dr Krishna Moorthy Manicka Nadar
Supervisor,
Faculty of Business and Finance
Email: krishnam@utar.edu.my

Factors Influencing Customer Loyalty in Airline Industry in Malaysia

Survey Questionnaire

The purpose of this survey is to investigate the relationship between relationship quality and customer loyalty in airline industry in Malaysia. Please answer all questions correctly. All responses are completely confidential.

Thanks you for your participation.

Instructions:

- 1) There are THREE (3) sections in this questionnaire. Please answer ALL questions in ALL sections.
- 2) Completion of this form will take you less than 10 minutes.
- 3) The contents of this questionnaire will be kept strictly confidential.

Section A: Demographic Profile

In this section, we would like you to fill in some of your personal details. Please tick your answer and your answers will be kept strictly confidential.

QA 1: Gender: Male Female

QA 2: Age:

- 18 to 20 years old
- 21 to 30 years old
- 31 to 40 years old
- 41 to 50 years old
- Above 50 years old

QA 3: Race:

- Malay
- Chinese
- Indian
- Others (Please state): _____

QA 4: Have you taken any Airline in Malaysia (Air-Asia, Air- Asia X, Berjaya Air, Firefly, Malindo Air, Malaysia Airlines, MASwings) more than 1 time before?

- Yes
- No

QA 5: How many times have you taken Airline in Malaysia (Air-Asia, Air- Asia X, Berjaya Air, Firefly, Malindo Air, Malaysia Airlines, MASwings) within past 3 years (From 1-1-2012)?

- 0 – 1 time
- 2 – 4 times
- 5 – 7 times
- 8 – 10 times
- \geq 11 times

QA 6: How would you categorize yourself in terms of air travel?

- Business traveler
- Leisure/ personal traveler
- Student
- Others (Please state): _____

Section B: Dimension of Relationship Quality

This section is seeking your opinion regarding the importance of different dimension of Relationship Quality. Respondents are asked to indicate the extent to which they agreed or disagreed with each statement using 5 Likert scale [(1) = strongly disagree; (2) = disagree; (3) = neutral; (4) = agree and (5) = strongly agree] response framework. Please circle one number per line to indicate the extent to which you agree or disagree with the following statements.

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
B1						
Satisfaction (S)						
S1	The airline services always meet my expectations.	1	2	3	4	5
S2	I am delighted with the services provided by the airline.	1	2	3	4	5
S3	I am happy with the services provided by the airline.	1	2	3	4	5
S4	I am satisfied with the performance of services provided by the airline.	1	2	3	4	5
No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
B2						
Commitment (C)						
C1	I feel emotionally attached to the airline.	1	2	3	4	5
C2	I continue to deal with the airline because I genuinely enjoy my travel with them.	1	2	3	4	5
C3	I am very committed to my travel to this airline.	1	2	3	4	5
C4	It is important for me to maintain relationship with the airline.	1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
B3	Trust (T)					
T1	I am willing to rely on the airline services.	1	2	3	4	5
T2	I have confidence in the airline services.	1	2	3	4	5
T3	I consider the airline staffs are concern for my wellbeing.	1	2	3	4	5
T4	I consider the airline staffs are honest.	1	2	3	4	5
T5	I consider the airline staffs have high integrity.	1	2	3	4	5
No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
B4	Perceived Quality (PQ)					
PQ1	The airline provided services as promised.	1	2	3	4	5
PQ2	The airline staffs provide prompt service when I needed.	1	2	3	4	5
PQ3	Facilities in the airline are pleasant and appealing.	1	2	3	4	5
PQ4	The pilots and stewards are knowledgeable.	1	2	3	4	5
PQ5	The cabin crews are caring.	1	2	3	4	5

Section C: Customer Loyalty

This section is seeking your opinion regarding the impacts of customer loyalty with the dimension of relationship quality given. Respondents are asked to indicate the extent to which they agreed or disagreed with each statement using 5 Likert scale [(1) = strongly disagree; (2) = disagree; (3) = neutral; (4) = agree and (5) = strongly agree] response framework. Please circle one number per line to indicate the extent to which you agree or disagree with the following statements.

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
C1	Customer Loyalty (CL)					
CL1	I would recommend the airline to my friends.	1	2	3	4	5
CL2	I say positive things about the airline to other people.	1	2	3	4	5
CL3	I consider this airline the first choice for air transport.	1	2	3	4	5
CL4	I encourage my friends and relatives to fly with this airline company.	1	2	3	4	5
CL5	I consider myself to be loyal to this airline.	1	2	3	4	5
CL6	I will consider this airline for air transport in the next few years.	1	2	3	4	5
CL7	I would continue to seek transport services from the airline.	1	2	3	4	5
CL8	I refuse to change to another airline.	1	2	3	4	5

THANK YOU FOR TAKING THE TIME TO COMPLETE THIS SURVEY

