Test the intermediate variables in the relationship between satisfaction and loyalty -An Empirical Study of the Algerian Mobilis Telecom Entreprise-

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Summary: The current research aims to test the trust and commitment as intermediate variables in the relationship between customer satisfaction and loyalty in the Algerian Mobilis Telecom, therefore the empirical side goal for the research is to test these two factors depending on the structural equations and Bayesian analysis. The sample included 300 participants at Mobilis Telecom and the results of the study after the statistical treatment using AMOS program confirmed the significance of trust and commitment as intermediate variables.

Keywords: Satisfaction; Trust; Commitment; Loyalty.
Jel Classification Codes : M31 ; M39

I- Introduction :

Customer loyalty is the cornerstone of any organization's success. Customer retention is a very difficult issue because there are many changes in physiology, customer behaviour and loyalty. Loyalty is been used to refer to the preference of customers to request specific services only. The loyalty factor is primarily based on value creation for the customer by improving the quality of the product (commodity or service) as well as the quality of the relationship with its three most important components (satisfaction, trust and commitment). For this reason, the problematique of research was as follows: What is the effect of customer satisfaction on his loyalty with the existence of trust and commitment as intermediate variables in the Algerian Mobilis Telecom?

I.1. Objectives of the study:

The main objective of this study is to try to show the importance of the factor of trust and commitment as an intermediate variable in the relationship between satisfaction and loyalty.

I. 2. The importance of the study:

The current study draws on the importance of achieving customer satisfaction in achieving high levels of loyalty especially in the service business world due to its sensitivity. This requires that these institutions strengthen this aspect in addition to the fact that this study dealt with a set of variables that are the most important for the organizations in helping them to achieve long-term distinction in the form of trust and commitment.

II– Literature Review:

- Ellen Garbarino & Mark S. Johnson 1999, The Different Roles of Satisfaction, Trust, and Commitment in Customer Relationships, for the low relational customers (individual ticket buyers and occasional subscribers), overall satisfaction is the primary mediating construct

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between the component attitudes and future intentions. For the high relational customers (consistent subscribers), trust and commitment, rather than satisfaction, are the mediators between component attitudes and future intentions. (Ellen Garbarino, 1999)

- Fredy Valenzuela et al., 2006: Trust and commitment as mediating variables in the relationship between satisfaction and hotel guest loyalty, trust and commitment mediate the relationship between satisfaction and hotel guest loyalty. However, there is a strong guest's reliance on commitment when developing loyalty whereas at the same time there is a strong impact of satisfaction and trust on commitment. (Dimitriades, 2006)

- Zoe S. Dimitriades 2006; Customer satisfaction, loyalty and commitment in service organizations Some evidence from Greece, there is a conceptual overlap emerged between attitudinal loyalty and loyal behavioral actions such as word of mouth; whereas customer commitment is highly positively associated with loyalty (and satisfaction), Although significant differences were identified, both genders and service setting are not moderating the relationship between satisfaction and commitment and between commitment and loyalty in the sample studied. (Zoe S. Dimitriades, 2006)

- Sam Thomas 2013: Linking customer loyalty to customer satisfaction and store image: a structural model for retail stores, there is a positive impact of store image on customer loyalty through the mediating variable customer satisfaction. (Thomas, 2013)

- (Rahmat Madjid) 2013, Customer Trust as Relationship Mediation between customer satisfaction and loyalty at Bank Rakyat Indonesia (BRI) southeast Sulawesi, The objective of the study: There is a positive and significant impact of satisfaction on loyalty, Customer satisfaction positively affects his trust in the bank, Customer trust in the bank positively affects its loyalty, Customer satisfaction positively affects loyalty by having the trust as an intermediate variable. (Rahmat Madjid, 2013)

- Zulganef , Eveline Yeremia, and Taufik Rachim, 2015, The role of satisfaction in mediating trust, commitment and loyalty relationship : An internal approach to a University, the satisfaction is still a major consideration that cause loyalty, since there is a fully mediating role of satisfaction in trust and loyalty relationship. It means that trust should be elaborated into satisfaction firstly before turn into loyalty. It means that higher educational institutions in Bandung should developed employees' satisfaction to survive in the borderless economic competition (Zulganef, 5/6 November 2015)

- Souar Youcef, Cherifi Djelloul and Benhabib Abderrezak., (2015), The Impact of Customer Satisfaction for their Loyalty with the Existence of Trust and Commitment as Intermediate Variables: The Case Study of the Algerian Mobilis Telecom, there is a strong impact to the customer satisfaction on loyalty with the existence of trust and commitment intermediate variables. (Souar Youcef, 2015)

- Estelle van Tonder 2016 ,Trust And Commitment As Mediators Of The Relationship Between Quality Advice And Customer Loyalty, trust and commitment contribute to a 27% change in Relationship Between Quality Advice And Customer Loyalty, The findings of the study could also assist larger organisations focusing on consultative selling practices and help them create solid client relationships with the potential to deliver great profit.(Estelle van Tonder, 2016)

III. Conceptual Model:

- **Satisfaction**: Oliver (1996, P13) defines satisfaction as a judgment of sufficient level of satisfaction offered by a product or service during consumption (Emrak Cengiz, 2010)

- **Trust:** is defined as the level of reliability ensured by one party to another within a given exchange relationship (Nha Nguyen, 2013), Hosmer (1995) defines trust as reliance by one person, group, or firm upon a voluntarily accepted duty on the part of another person, group, or

firm to recognize and protect the rights and interests of all parties engaged in a cooperative endeavour or economic exchange. (Joana Paliszkiewicz, 19/21 June 2013)

- **Commitment**: in relationship marketing literature, commitment has widely been acknowledged to be an integral part of any long-term business relationship (cf. Anderson & Weitz 1992, Gundlach, Achrol & Mentzer 1995, Morgan & Hunt 1994). In most cases it is described as a kind of lasting intention to build and maintain a long-term relationship (e.g. Anderson & Weitz 1992, Dwyer, Schurr & Oh 1987, Moorman, Zaltman & Despandé 1992).Along with Gundlach, Achrol & Mentzer (1995), we believe commitment to entail three different dimensions: Affective commitment describes a positive attitude towards the future existence of the relationship. Instrumental commitment is shown whenever some form of investment (time, other resources) in the relationship is made. Finally, the temporal dimension of commitment indicates that the relationship exists over time (cf. also Garbarino & Johnson 1999). (Walter)

- **Loyalty**: is a psychological character formed by sustained satisfaction of the customer coupled with emotional attachment formed with the service provider that leads to a state of willingly and consistently being in the relationship with preference, patronage and premium. (Alok Kumar Rai)

- **The study model and its hypotheses** (See appendices, Figure (1))**:** Consistent with the problematique of the study concerning the impact of customer satisfaction on his loyalty with the existence of trust or commitment as intermediate variables, the following assumptions were formulated:
- H1: There is a significant effect of customer satisfaction on loyalty.
- H2: There is a significant effect of customer satisfaction on his loyalty with trust as an intermediate variable.
- H3: There is a significant effect of customer satisfaction on his loyalty with a commitment as an intermediate variable.

IV– Methods and Materials:

Sample of the study

A questionnaire study was conducted for customers of the Algerian Mobilis Telecom. The sample included 300 subscribers to the Algerian Mobilis Telecom distributed among some Subsidiary representing the western Algeria (Saida, Tlemcen and Oran)

Statistical Methods Used

is the light of the objectives of the study and its hypotheses and the nature of variables, and the methods of measurement, a set of statistical method have been used, based on the AMOS V23, and we used the structural equations and Bayesian analysis.

V- Results and discussion :

The result of simulation with AMOS software is shown in the Figure (2) (See appendices).

Model Quality Indicators

Absolute Fit Index (AFI): GFI = .952, .047 = RMSEA are significant indicators.

- Incremental Fit Index (IFI): AGFI = .926, RFI = .944
IFI = .9831, CFI = .982, NFI = .957, TLI = .977 are significant indicators.

- Parsimonious Fit Index: CMIN / DF = 1.655 which is significant.

Probability level = .001, which is greater than 0.05 and therefore the result of the study can be generalized to the total sample.

Standardized Direct Effects

From the table (1) (See appendices), It is clear that the direct impact of satisfaction on trust is 0.842 and trust on loyalty is 0.499, Also the direct effect of satisfaction on commitment is 0.892 and commitment on loyalty is 0.541 which are all significant while the direct effect of satisfaction on loyalty is -0.045 which is not significant and therefore, We reject the H1 hypothesis that there is a statistically significant effect of customer satisfaction on loyalty.

Standardized Indirect Effects

It is clear from the table (2) (See appendices) that the indirect effect of satisfaction on loyalty is 0.901 which is significant and greater than the direct effect which leads us to accept the hypothesis H2 that there is a statistically significant effect of customer satisfaction on loyalty in the presence of confidence factor as an intermediate variable, also accept the hypothesis H3 that There is a statistically significant effect of customer satisfaction on loyalty with a commitment factor as an intermediate variable.

Test of significant estimated parameters using Bayes analysis: Bayesian SEM

- **The effect of satisfaction on trust:** In Table (3) (See appendices) we note that the effect of satisfaction on trust is significant as it follows a normal distribution within the interval of confidence 0.57-1.10 as shown in the figure (3) (See appendices).
- The error of appreciation is a white noise, which confirms the significance of the relationship between satisfaction and trust as shown in the figure (4) (See appendices).

- **The effect of trust on loyalty:** In Table (3) we note that the effect of trust on loyalty is significant as it follows a normal distribution within the interval of confidence -0.39-1.94as shown in the figure (5) (See appendices).
- The error of appreciation is a white noise, which confirms the significance of the relationship between trust and loyalty as shown in the figure (6) (See appendices).

- **The effect of satisfaction on commitment:** In Table (3) we note that the effect of satisfaction on commitment is significant as it follows a normal distribution within the interval of confidence 0.73-1.32 as shown in the figure (7) (See appendices).
- The error of appreciation is a white noise, which confirms the significance of the relationship between commitment and satisfaction as shown in the figure (8) (See appendices).

- **The effect of commitment on loyalty:** In Table (3) we note that the effect of commitment on loyalty is significant as it follows a normal distribution within the interval of confidence 0.14-1.09 as shown in the figure (9) (See appendices).
- The error of appreciation is a white noise, which confirms the significance of the relationship between commitment and loyalty as shown in the figure (10) (See appendices).

- **The effect of satisfaction on loyalty:** In Table (3) we note that the effect of satisfaction on loyalty is significant as it follows a normal distribution within the interval of confidence -1.44-1.06 as shown in the figure (11) (See appendices).
- The error of appreciation is a white noise, which confirms the significance of the relationship between satisfaction and loyalty as shown in the figure (12) (See appendices).

VI- Conclusion:

From this study there are a set of results, which can be summarized as follows**:**

-There is no significant and direct effect of customer satisfaction on loyalty.

-There is a positive and significant effect of customer satisfaction on loyalty with existence of trust as an intermediate variable.

-There is a positive and significant effect of customer satisfaction on loyalty with existence of commitment as an intermediate variable.

-The results of the Bayes analysis proved the validity and consistency of the model of study and proved the validity of the intermediate variables (Trust، commitment) in the relationship between satisfaction and loyalty.

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VII- Further Research:

Future studies, in addition to the current study model, can study the moderating effects of gender, marital status, and individual income level in the relationship between customer satisfaction and loyalty with the existence of satisfaction and commitment as intermediate variables.

Appendices:

Table (1) **:** Standardized Direct Effects.

	Satisfaction	Commitment	Trust
Commitment	0.934		
Trust	0.857		
Loyalty	0.042	0.534	0.428

The source: presented by researchers using Amos outputs.

Table (2) : Standardized Indirect Effects

	Satisfaction	Commitment	Trust
Commitment			
Trust			
Loyalty	0.865		

The source: presented by researchers using Amos outputs.

Table (3) : . significance of estimated parameters

	Mean	S.D.	Skewness	Kurtosis	Min	Max
Satisfaction → Trust	0.82	0.06	0.13	0.04	0.57	1.10
Trust → Loyalty	0.60	0.2.	0.70	1.90	-0.39	1.94
Satisfaction → Commitment	0.98	0.06	0.14	0.08	0.73	1.32
Commitment → Loyalty	O.50	0.10	0.33	0.43	0.14	1.09
Satisfaction → Loyalty	-0.06	0.21	-0.37	0.86	-1.44	1.06

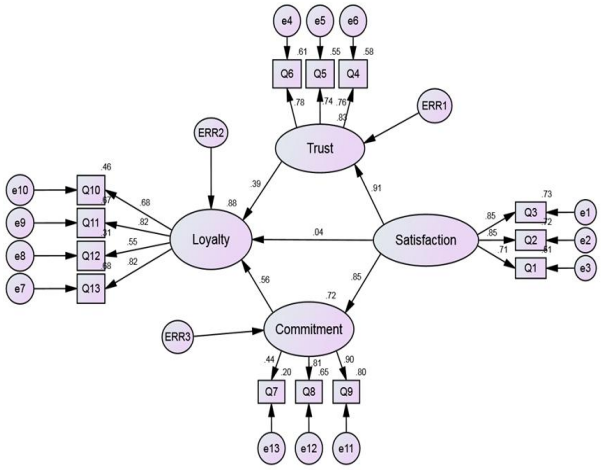
The source: AMOS output

Figure (1): Model of research



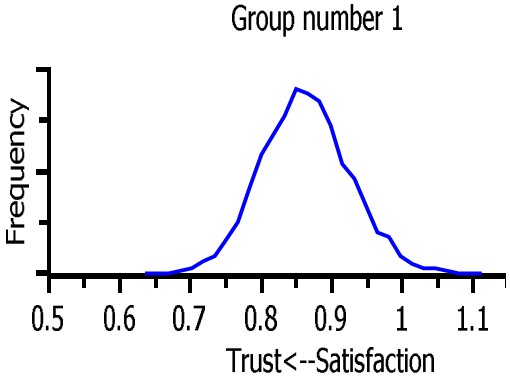
The source: prepared by the researchers based on previous studies

Figure (2): Model of the study and its output.



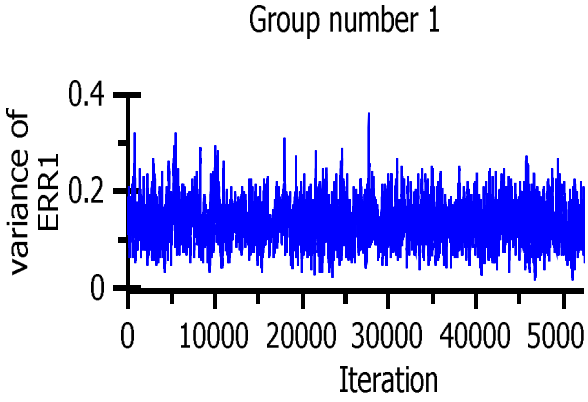
The source: presented by researchers using Amos outputs

Figure (3): Relationship between satisfaction and trust



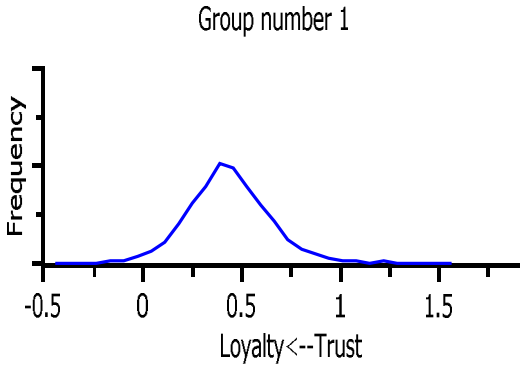
The source: Amos output

Figure (4): Error estimation between satisfaction and trust



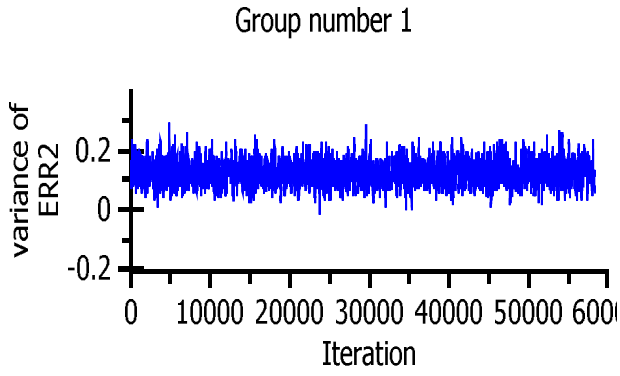
The source: Amos output

Figure (5): The relationship between trust and loyalty



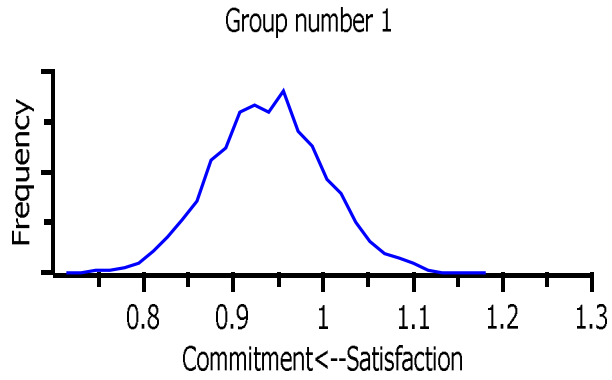
The source: Amos output

Figure (6): Error estimation between trust and loyalty



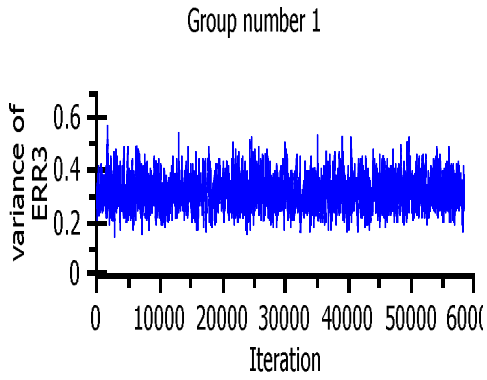
The source: Amos output

Figure (7): The relationship between satisfaction and commitment



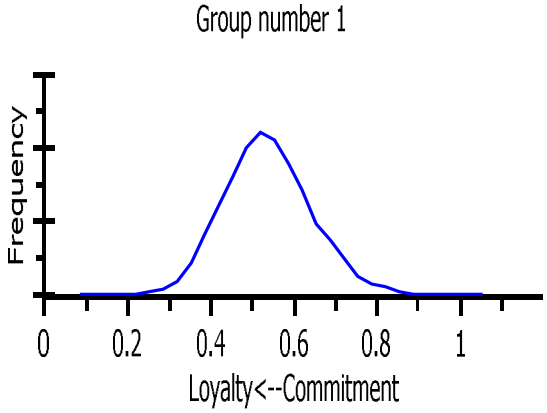
The source: Amos output

Figure (8): Error estimation between satisfaction and commitment



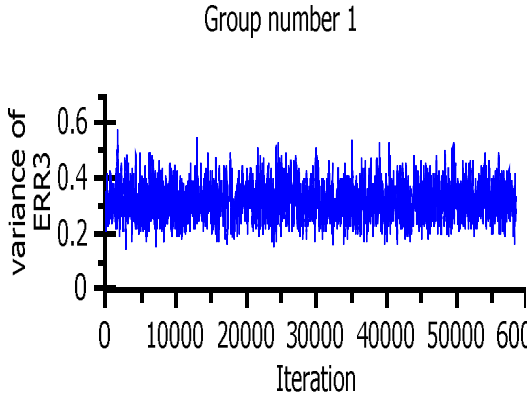
The source: Amos output

Figure (9): The relationship between commitment and loyalty



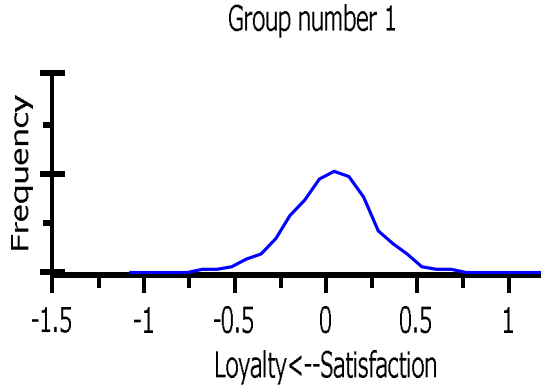
The source: Amos output

Figure (10): Error estimation between commitment and loyalty



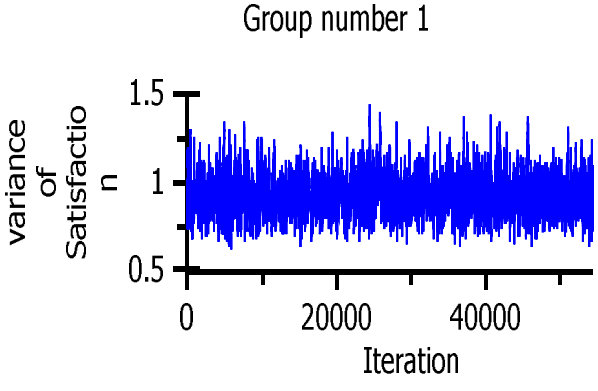
The source: Amos output

Figure (11): Relationship between satisfaction and loyalty



The source: Amos output

Figure (12): Error estimation between satisfaction and Loyalty



The source: Amos output

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