



## The determinant Factors of Customer Loyalty of SMEs Business in Malaysia with Moderating Effect of Customer Perceived Value

<sup>\*1</sup>Sulaiman Abdullahi Bambale, <sup>2</sup>Ng Mui Qing, <sup>3</sup>Kaltume Mohammed Kamsellem, <sup>4</sup>Saheed Ademola Lateef, <sup>5</sup>Amina Muhammad Liman

<sup>1&4</sup>Faculty of Business and Management Universiti Sultan Zainal Abidin (UniSZA) Malaysia

<sup>2</sup>Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia

<sup>3&5</sup>Faculty of Business & Entrepreneurship, Bayero University Kano Nigeria

\*Corresponding Author Email: [abdullahisulaiman607@gmail.com](mailto:abdullahisulaiman607@gmail.com)

Received: 11<sup>th</sup> December 2022

Accepted: 5<sup>th</sup> June 2023

Published: 30<sup>th</sup> June 2023

### ABSTRACT

The Malaysian business to customer electronic market has overly been growing and changing business patterns over several years, which this e-market activities has drawn several attentions. Thereby, the changes in the business pattern using electronics as a method for transactions and communication have been creating new platforms for competitive advantage. Therefore, this study examines the effect of e-service quality, service orientation and customer satisfaction on the customer loyalty of SMEs business in Malaysia with moderating effect of customer perceived value. The research was conducted by using primary data. Meanwhile, questionnaires were received from 164 small and medium-sized companies in Sungai Petani Malaysia. The results of this study revealed that all the direct hypothesis which are e-service quality, service orientation and customer satisfaction have positive significant on customer loyalty. This indicates that the predictive factor is the determinant for the customer loyalty of SMEs business in Malaysia. Additionally, customer perceived value only moderates the relationship between e-service quality and customer loyalty. This also indicated that customer with high perceived value have a stronger effect between e-service quality and customer loyalty. Thus, SMEs business should mostly focus on attracting consumers by the quality of their e-services and orientation at the pre-purchase stages, whereas, they should focus more on the customer satisfactions during the purchasing stage and finally, they should focus on perceived value of customers on the post-purchase period. Finally, to maintain the loyalty of customers through the improve e-service quality and service orientation, the management or owner of the SMEs business should pay attention directly related to process of services to the customers in the area of good networks and administrative services.

**Keywords:** e-service quality, service orientation, customer perceived value, Customer Satisfaction, Customer Loyalty, SMEs Companies Malaysia.

### 1. INTRODUCTION

SMEs have made important contributions to employment creation, social stability, and economic well-being in their respective countries. According to studies, SMEs have played a significant role in promoting economic growth, creating jobs, and fighting poverty (Tubigi & Alshawi, 2015; Cho & Korte, 2014). In Malaysia, SMEs also have played an important part in the country's economic development. According to the Malaysian Department of Statistics' Census of Establishments and Enterprises (Census) 2011, 97.3 percent of Malaysia's business establishments, or 645,136, were small and medium enterprises, with the largest proportion in the services industry, particularly retail, restaurant, and wholesale businesses. Small and medium companies (SMEs) are proven to have a considerable influence on the economies of many countries in today's fast-changing and increasingly competitive global market environment (Mafin i& Loury-Okoumba, 2018; Turyakira,

2018). SMEs contribute to economic growth, employment, and innovation in the economy.

Customer loyalty is referred as the final consequences of the overall and cumulative experience which customers have with a firm (Ngo & Nguyen, 2016; El-Adly, 2019). Customer satisfaction can lead to customer loyalty because people tend to be rational and risk-adverse so that they might have a tendency to reduce risk and stay with the service providers which they already had good experience with. Actually, customer satisfaction has been suggested to be an antecedent of loyalty in service context in previous studies (Annamdevula & Bellamkonda, 2016; Kiran & Diljit, 2017; Nyadzayo & Khajehzadeh, 2016; Leppäniemi, Karjaluo & Saarijärvi, 2017). Because of the increasing competition, in which more and more businesses are involved in meeting customers' requirements and desires, every company must prioritise customer satisfaction as a main goal. It is shown in the growing number of businesses that make customer

loyalty a priority in their mission statements, marketing, and public relations efforts (Leninkumar, 2017). According to Aburayya, Marzouqi, Alawadhi, Abdouli & Taryam, (2020), service orientation has a good relationship and a strong effect on customer loyalty, it indicates that if a mobile telephone provider provides service orientation on a regular basis, customer loyalty will improve. According to the study, customer loyalty is directly related to the quality of e-services (Jiang, Jun & Yang, 2016). Additionally, customer loyalty was reported to be influenced by the quality of e-services (Jiang et.al, 2016).

In view of the foregoing, this research will examine the influence of e-service quality, service orientation, customer satisfaction on customer loyalty in SMEs Business in Malaysia it will also explore customer perceived value, moderating effects on the relationship between the independent variables and customer loyalty. As a result, the paper is separated into six sections in order to achieve these objectives. After the introduction, there is a brief historical overview of e-service quality, service orientation, customer satisfaction, and customer perceived value toward customer loyalty, as well as background information on service quality and customer loyalty. The literature review, research hypothesis, and study scope are all covered in the third section. The study's supporting theory and theoretical framework were explained in the fourth section. The research technique was discussed in the fifth section, and the findings were discussed in the sixth segment, which was followed by a conclusion and recommendations.

## 2. LITERATURE REVIEW

### Customer Loyalty

Customer loyalty is a multifaceted phenomenon that involves a variety of factors. Long-term consumer preferences, attitudes, and behaviour toward one or more brands within a product category (Chen, Wan & Levy, 2017). One of the most important goals of a website is to improve customer loyalty and also the long-term value of their buying (Jahmani, Bourini & Jawabreh, 2020). The two components of loyalty that are now recognised are attitudinal and behavioural (Anderson and Srinivasan, 2003). A customer's attitude of loyalty to a service provider suggests a long-term and psychological commitment to the connection (Caruana, 2002). Behavioural loyalty is described as repeat patronage, which is defined as the percentage of purchases of a particular brand (Gajanova, Nadanyiova & Moravcikova, 2019). The conative or behavioural intention is more commonly used in research to gauge consumer loyalty than action loyalty since it is easier to see and quantify (Yang & Peterson, 2004).

Furthermore, some academics have indicated that improved websites might make consumer transactions more convenient and hence encourage customers to return or make a repeat purchase (Bhagat, Muralidharan, Lobzhanidze & Vishwanath, 2018, July). The most important factor in determining client loyalty is customer satisfaction (Jiang et.al, 2016). Customers' overall contentment in the online environment diminishes the perceived benefits of switching service providers, which leads to increased

repurchase intentions for online e-commerce services (Agag, 2019). E-service quality and customer happiness, service orientation, and customer loyalty will be examined in this study, with the mediating influence of consumer perceived value in mind.

### E-Service Quality

Quality of service is defined as an organization's ability to meet or exceed customer expectations while also meeting or exceeding their customers' perceptions of their service. As a result, the expectancy disconfirmation hypothesis, as documented by Qazi, Tamjidyamcholo, Raj, Hardaker & Standing, (2017) lies at the heart of how we see service excellence. It is through this comparison that customer satisfaction can be judged, and it is from this comparison that customer satisfaction can be measured. Although most goods and services are now sold over the Internet, because internet retailers have a separate and unique service delivery system, the standard service quality dimensions cannot be easily adapted.

In most cases, online clients demand the same degree of service quality as customers who purchase goods and services over the phone or in person (Bambale & Kamselen 2020). When it comes to internet shops, it's crucial to know what makes them successful. E-service quality is becoming increasingly important in determining the success or failure of online retail firms, according to most electronic commerce corporations (Demir, Maroof, Khan & Ali, 2020). Quality of e-services is described as the amount to which the website allows efficient and successful shopping (Ataburo, Muntaka & Quansah, 2017). Both pre-website and post-website components of service are included in this wide definition. Scales for measuring customer satisfaction with e-services have been created by a number of academics. According to Demir et al., (2020) some of the main factors influencing customer perception of e-service quality in online shopping are internet marketing (degree of user friendliness), reliability (reliability and safety), responsiveness (responsiveness and helpfulness), trust (trust mechanisms offered on the website), and customisation (Differentiating services to meet the requirements of distinct individuals).

### Service Orientation

The term "service orientation" refers to an organization's adoption of a fundamental policy platform, procedures, and regulations aimed at encouraging and rewarding service-oriented behavior can lead to and maintain high customer satisfaction (Leninkumar, 2017). As a strategic reaction to market information, service orientation may be viewed as a separate approach of executing the marketing idea, competing by means of great service to boost competitive advantage and customer value (Briggs, Deretti & Kato, 2020). Customer service and customer value appear to be directly linked to service orientation, which is why there is a growing interest in this topic (Arasli, Bahman Teimouri, Kiliç & Aghaei, 2017). It is said that service orientations in organisations lead to positive results such as profit, growth, customer happiness, staff satisfaction, and employee loyalty.

## Customer Satisfaction

Customer satisfaction is defined as a customer's reaction to and evaluation of the fulfilled state (Leninkumar, 2017). Also, customer satisfaction is referred to as meeting customer needs, and this is the key to client loyalty. Negative or good feelings regarding the total value of the services obtained from a provider are known as customer satisfaction (Kurdi, Alshurideh & Alnaser, 2020). According to Leninkumar, (2017) satisfaction is a person's emotional response to the perceived performance (or outcome) of a product in comparison to their expectations. Satisfaction in an online setting will now be examined. Electronic commerce customer satisfaction is defined by Anderson and Srinivasan 2003 as the satisfaction of customers with their previous purchases from a certain e-commerce business. Additionally, according to Schellong, Kraiczy, Malär & Hack, (2019), consumer happiness with a website may be divided into two categories: (1) content quality satisfaction, and (2) system performance satisfaction, both of which are related to the website's ability to convey information. As defined in the literature, customer satisfaction is defined as the overall good or negative impression a consumer has about their purchase experience from a certain online business.

## Customer Perceived Value

Kunkel, Doyle & Berlin, (2017) The customer's complete evaluation of an item's utility depending on customer's perception and what is supplied is defined as perceived value. Advertising, competitive strategy, customer satisfaction, and relationship management all depend on understanding and providing client value (Eggert, Ulaga, Frow & Payne, 2018). Not only the product itself gives value to the customer in online retailing environments, but also the website, the internet channel, and the procedures for browsing, ordering, and receiving items. As a result of the trade-off between relevant gains and sacrifices connected with the online buying process, perceived customer value is defined in this study as a consumer's opinion of net benefits acquired as a result of the objective evaluation based on human cognition. Despite the fact that perceived customer value has long been identified as a significant concept in marketing research for affecting desire, satisfaction, loyalty, and other important results, the majority of studies have focused on offline rather than online consumer behaviour (Kim & Thapa, 2018). The perceived excellence value, according to Kim & Thapa (2018), represents the product performance and overall customer appreciation of a service supplier that shows competence and regularly provides consistent service. As a result, service quality has become the factor to determine consumer values. Perceived service quality and customer orientation have a direct impact on value perceptions in the customer satisfaction index (CSI) paradigm.

## 3. THEORETICAL MODEL AND HYPOTHESES DEVELOPMENT

Several research papers investigate the relationship between e-service quality and customer loyalty, with customer satisfaction serving as a mediating effect, and a

numerous studies investigate the different impacts of service quality on customer loyalty and satisfaction from different perspectives. Furthermore, very few research, particularly in Sungai Patani Malaysia, have focused on the direct influence of customer loyalty from several dimensions. As a result, this study believes it is critical to illustrate the impact of service quality and service orientation on customer loyalty in Malaysia from many perspectives, as well as customer perceived value. Since other studies in traditional fields have likewise revealed the inconsistency between satisfaction and loyalty (Sheng & Liu, 2010; Xiucheng & Jiangang, 2006). As a result, the authors of this study suggest that more research is needed to better understand the impact of e-service quality and service orientation on customer loyalty across multiple dimensions, as well as the moderating effect of customer perceived value. In view of the foregoing research, this study developed the following theoretical model and hypotheses to investigate the impact of e-service quality and service orientation on customer perceived value and loyalty across many dimensions in Sungai Patani, Malaysia. In addition, the study included the moderating effect of consumer perceived value, as proposed by (Wang and Chang 2010). This model was developed using Sheng and Liu, (2010) and Xiucheng and Jiangang (2006). The model in figure 1 is formulated as follows in this study:

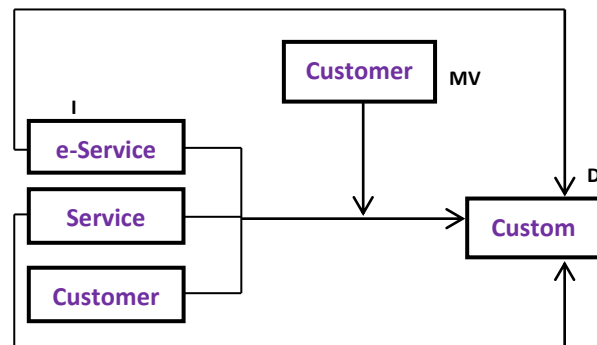


Figure 1: Theoretical Framework

## 4. RESEARCH MATERIALS AND METHODS

This study intends to examine the causal relationship between variables by determine the research hypotheses. This study explained respondent perception due to the connection with the human behaviour. Meanwhile, the target respondents consist of selected SMEs owners and managers domicile in Sungai Patani, Malaysia who experience the behaviour of customer towards e-service quality and the loyalty of customers. To measure all the variable's validated items were adapted from prior studies which all variables amounted to 32 items. Specifically, e-service quality was measured with eight (8) items adapted Parasuraman et al. (2005). Customer perceived value was assessed with 7 items adapted from Anderson and Srinivasan (2003) and Dodds et al. (1991); service orientations with 7 items (Solimun & Fernandes, 2017); customer satisfaction with 7 items (Chang & Wang, 2010; Oliver, 1980); customer loyalty with eight (8) items (Yang & Lester, 2004; Zeithaml et al., 1996). All item used five-point Likert scale ranging from strongly disagree (SD=1) to strongly agree (SA=7). Thus, 164 copies of questionnaires were retrieved from the



selected managers/owners of SMEs after testing for the validity and reliability of instruments through pilot study. Data collected were codified into the SPSS version 25 for further analysis on descriptive and inferential analysis. The descriptive analysis was used to examine the demographical profile of the respondents, average mean gaps and correlation analysis between the variables. While the inferential statistics was used to reach conclusions from the data collected via structural equation modeling (SEM). SEM is a multivariate statistical technique that allow the testing of a series of causal relationships between variables (Hair et al., 2018) to provide statistical efficiency that can be measured directly in the research process.

## 5. DATA ANALYSIS AND DISCUSSION OF FINDINGS

This study analyzed the relationship between e-service quality, service orientation and customer loyalty of the selected SMEs sectors in Sungai Patani Malaysia, with the moderating effect of customer perceived value. The study analyzed the data collected from the respondents, commenced from the codified of the data collected into statistical packages of social sciences (SPSS 25 version). Furthermore, the analysis used classified into descriptive statistics and inferential statistics. The descriptive statistics included the demographical information and normality test of the data collected (via SPSS). Whereas, the inferential statistics include the measurement model and structural model (via PLS-SEM) as explained in the sub-section below:

### Descriptive Statistics (Mean, Standard Deviation, and Normality Test)

This was used to establish the normality of the questionnaires, mean and standard deviation of the respondents, mean gaps e-service quality and customer loyalty, as well as the service orientation, customer perceived value and customer loyalty where mean and standard deviation regards as descriptive statistics for ratio and interval scale. According to Nik, Jantan and Taib (2010), the scores of 2.33 and below is low level response rate, 2.34 3.66 are moderate level and 3.67 and above are high level response rate. The result from the Table 1 below indicated the customer loyalty has highest average mean value with (M=4.06, SD= 1.025). Whereas, the e-service quality is regarded as lowest average mean value with (M=3.91, SD= .790) as shown in the Table 1 below:

Table 1: Descriptive Statistics and Normality Test (Mean, SD, Skewness & Kurtosis)

Constructs	N	Mean	SD	Skewness	Kurtosis
eService Quality (eSQ)	164	3.909	.790	-1.132	.486
Customer Satisfaction (CS)	164	3.973	.831	-1.451	1.294
Service Orientation (SO)	164	4.043	.824	-1.694	1.994
Customer Perceive Value-CPV	164	3.942	.936	-1.584	1.407
Customer Loyalty (CL)	164	4.063	1.025	-1.574	1.579

Based on the normality test, the basic tools for the statistical normality test are skewness and kurtosis, where the value for

both should be close to zero (0) to be considered as normally distributed. As suggested by Tabaniche and Fidel (2013; 2007), the rule of thumb for both skewness and kurtosis should be range within  $\pm 2.58$  for the large sample size, but Hair et al. (2014) indicate the value as  $\pm 1$ . The result from the Table 1 above revealed that the data is normally distributed because the result of skewness and kurtosis are within the range.

### Discriminant Validity

Discriminant validity is established when the value of the square root of AVE of each construct is higher than the construct's highest correlation with any other latent construct (Hair et al., 2014; Henseler et al., 2009). In this study, therefore, discriminant validity was assessed by using Heterotrait-monotrait (HTMT). The assessment of discriminant validity (Fornel-Larcker Criterion) was undertaken to ascertain the external consistency of the model. Summarily, the AVE of variables are: eService Quality = 0.764; customer satisfaction = 0.732; service orientation = 0.782; customer perceive value = 0.708; and customer loyalty = 0.734. Table 4.12 that follows displays the result of the discriminant validity.

Table 2: Discriminant Validity (Fornel-Larcker Criterion)

Constructs	eSQ	SC	SO	CPV	CL
eService Quality (eSQ)	.764				
Customer Satisfaction (CS)	.412	.732			
Service Orientation (SO)	.446	.321	.782		
Customer Perceive Value	.500	.600	.477	.708	
Customer Loyalty (CL)	.647	.537	.603	.719	.734

### Measurement model

The validity and reliability of the measurement model should be evaluated at an early stage to ensure that the predictions are tested. Reliability is defined as the internal conforming scaled by the coefficient of convergent validity, while validity is defined as the sum of discriminant validity and convergent validity (Hair et al., 2018). the aggregate reliability value of the latent variables should be greater than 0.70, which indicates that each notion has relevant good interior consistency (Hair et al., 2018). Additionally, the measurement index's factor loading must all be greater than the lowest critical value of 0.60. AVE, on the other hand, must be more than 0.5. This meant that the constructs had composite reliability that was relevant. According to Chin (1998), to establish discriminating validity, the square root for every AVE of the variables in the model should be bigger than the significant coefficient of this variable to explain if there is a significant difference among variables. As a result, the reliability and validity of variables studied can all be used to evaluate further hypotheses. Table 3 summaries the measuring model used in this study.

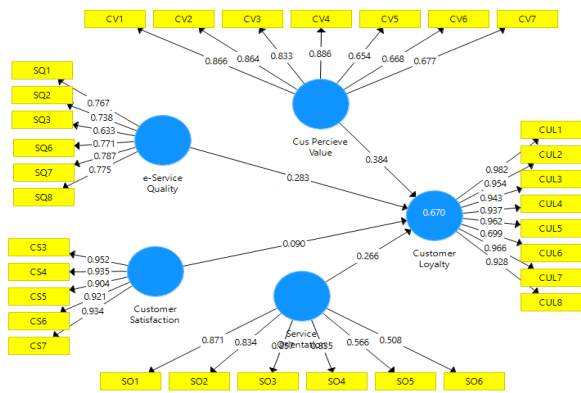


Figure 2: Measurement Model

Table 3: Summary of Measurement Model (Reliability and Convergence Validity)

Constructs	Items	Factor Loading	CR	AVE	R <sup>2</sup>
Customer Satisfaction (CS)	CS3	0.952	0.949	0.864	0.670
	CS4	0.935			
	CS5	0.904			
	CS6	0.921			
	CS7	0.934			
Customer Loyalty (CL)	CUL1	0.982	0.929	0.856	0.670
	CUL2	0.954			
	CUL3	0.943			
	CUL4	0.937			
	CUL5	0.962			
	CUL6	0.699			
	CUL7	0.966			
	CUL8	0.928			
Customer Perceived Value (CPV)	CV1	0.866	0.902	0.615	0.670
	CV2	0.864			
	CV3	0.833			
	CV4	0.886			
	CV5	0.654			
	CV6	0.668			
	CV7	0.677			
Service Orientation (SO)	SO1	0.871	0.887	0.577	0.670
	SO2	0.834			
	SO3	0.857			
	SO4	0.835			
	SO5	0.566			
	SO6	0.508			
eService Quality (eSQ)	SQ1	0.767	0.883	0.558	0.670
	SQ2	0.738			
	SQ3	0.633			
	SQ6	0.771			
	SQ7	0.787			
	SQ8	0.775			

### Discriminant Validity

Discriminant validity is established when the value of the square root of AVE of each construct is higher than the construct's highest correlation with any other latent construct (Hair et al., 2014; Henseler et al., 2009). In this study, therefore, discriminant validity was assessed by using Heterotrait-monotrait (HTMT). The assessment of discriminant validity (Fornel-Lacrker Criterion) was undertaken to ascertain the external consistency of the model. Summarily, the AVE of variables are: eService Quality = 0.764; customer satisfaction = 0.732; service orientation = 0.782; customer perceive value = 0.708; and customer loyalty = 0.734. Table 3 that follows displays the result of the discriminant validity.

Table 3: Discriminant Validity (Fornel-Larcker Criterion)

Constructs	eSQ	SC	SO	CPV	CL
eService Quality (eSQ)	.764				
Customer Satisfaction (CS)	.412	.732			
Service Orientation (SO)	.446	.321	.782		
Customer Perceive Value	.500	.600	.477	.708	
Customer Loyalty (CL)	.647	.537	.603	.719	.734

### Structural Model (Testing of Hypotheses)

The R<sup>2</sup> of customer loyalty is 0.670, according to this study's overall structural model and hypothesis testing. As a result, all of the constructs have been explained, and the model developed has a large amount of explanatory power. The significant hypothesis test of bootstrapping of 5000 with the standardized path coefficient, t-value, and hypothesis test was used to determine the path coefficient of the model structure. Figure 3 and Table 4 demonstrate the results of the study's structural model.

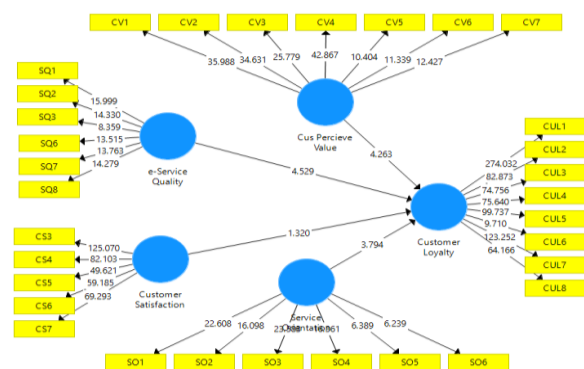


Figure 3: Structural Model (Bootstrapping @5000)

Table 4: The Result of the Structural Model

Hypotheses	Beta	se	T value	P Values	Lower 2.5%	Upper 97.5%
CPV -> Customer Loyalty	0.384	0.090	4.263	0.000	0.194	0.553
CS -> Customer Loyalty	0.090	0.068	1.320	0.188	-0.041	0.228
SO -> Customer Loyalty	0.266	0.070	3.794	0.000	0.122	0.407
e-SQ -> Customer Loyalty	0.283	0.063	4.529	0.000	0.165	0.411

**Note:** CPV – customer perceived value; CS – customer satisfaction; SO - service orientation; eSQ - eService quality.

The result from the Table 4 above indicates that three out of the four direct hypotheses were supported, whereas only one direct hypothesis which is the relationship between customer satisfaction and customer loyalty were not supported. Specifically, the e-service quality has significantly relationship with customer loyalty with (T= 4.53; p= .000). Hence, the hypothesis (H<sub>1</sub>) was supported. In addition, the relationship between the service orientation and customer loyalty is significant with (T= 3.80; p= .000). Hence, the hypothesis (H<sub>2</sub>) was supported. Likewise, there is significant relationship between customer perceived value and customer loyalty with (T= 4.26; p= .000). Hence, the hypothesis (H<sub>3</sub>) was supported. However, the customer satisfaction has insignificant relationship with customer loyalty with ((T= 1.32; p= .188). thus, hypothesis (H<sub>4</sub>) was not supported.

### Moderating Effect of Customer Perceived Value

The effect of customer perceived value on the relationship between eService quality, service orientation, and customer satisfaction on customer loyalty is investigated in this study. Using hierarchical linear regression analysis, the moderating effects of customer perceived value were investigated. Customer loyalty was treated as an endogenous variable in the regression analysis, while e-service quality, service orientation, and customer satisfaction were treated as external variables. As a result, the moderating influence of customer perceived value on the connection between external variables and customer loyalty is shown in Figure 4 and Table 5.

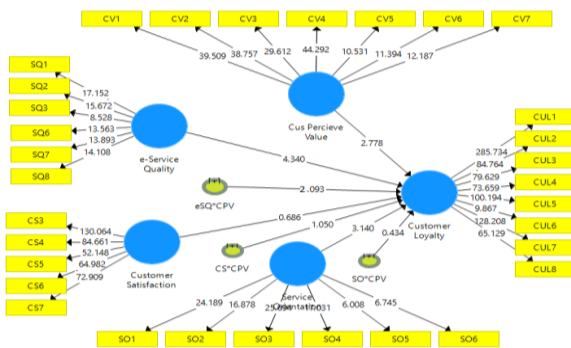


Figure 4 Moderating Effect of Customer Perceived Value (Bootstrapping @5000)

Table 5: The Result of the Moderating Effect

Hypotheses	Beta	se	T values	P Values
eSQ*CPV -> Customer Loyalty	0.109	0.052	2.093	0.026
CS*CPV -> Customer Loyalty	-0.070	0.067	1.050	0.294
SO*CPV -> Customer Loyalty	-0.028	0.064	0.434	0.665

**Note:** CPV – customer perceived value; CS – customer satisfaction; SO - service orientation; eSQ - eService quality.

The result from table 5 above indicate that the interaction of customer perceived value added into the regression as moderating variables, which makes independent variable increase to 69.6% of the variance in customer loyalty. The result of the moderating effect of customer perceived value shows a strong and significant relationship between e-service quality and customer loyalty with ( $\beta = .109$ ;  $t = 2.093$ ). This indicates that customer perceived value positively and significantly moderates the impact of e-service quality and customer loyalty. Hence, hypothesis H<sub>4</sub>. However, the hierarchical regression result of service orientation and customer satisfaction have insignificant relationship with ( $\beta = -.109$ ;  $t = -1.050$  &  $\beta = -.109$ ;  $t = .434$ ). This indicated that customer perceived value did not moderate the relationship between customer satisfaction, service orientation and customer loyalty. Hence, the hypotheses H<sub>5</sub> and H<sub>6</sub> did not significant. The overall implication indicates that customers who perceived high value has more loyalty compare to who perceived low value when they measure e-service quality.

## 6. DISCUSSION OF FINDINGS AND CONTRIBUTIONS

The goal of this study is to better understand customer loyalty, with a focus on the function of customer perceived value. As a result, two methodologies were used in this study to respond to the above-mentioned research goals. To begin, the study used self-regulating processes to investigate how three criteria (e-service quality, service orientation, and customer satisfaction) influence customer loyalty in Sungai Patani, Malaysia. Second, the study clarified the role of customer perceived value in moderating the relationship between external factors and customer loyalty. As a result, customer satisfaction was significantly and positively linked to all three direct hypotheses. Only the customer perceived value of the selected SMEs in Sungai Patani Malaysia moderated e-service quality toward customer loyalty. This suggests that the customer's perception of value is crucial in explaining customer loyalty. Also, by reducing the individual's need to seek other service providers, the client is more likely to convert to an online business.

As a result, the findings have theoretical and managerial implications. (Solimun & Fernandes 2018; Chang & Wang 2011). Customer loyalty was found to have a significant impact on selected SMEs in Sungai Patani, Malaysia, as measured by customer satisfaction. It means that when customers are satisfied with a product or service from the first time they use it, the overall indicators of e-service quality, service orientation, and customer satisfaction will have a significant impact on customer loyalty. Customer



perceived value moderates the relationship between e-service quality and customer perceived value, according to the findings. As a result, the findings are validated by previous research by Chang and Wang (2011), Solimun and Fernandes (2018), Ponte et al. (2019), Rita et al. (2019), and Caruana (2002), who found that customer perceived value moderates the relationship between e-service quality and customer loyalty. As a result, customer loyalty will be critical to short-term performance as well as long-term competitive advantage. It also has strategic profit for the firm and a number of other brands that cannot be separated from the strong bond among its customers.

Eventually, the discussion of the impact of e-service quality, service orientation, and customer satisfaction on customer loyalty drawn the outcome that e-service quality, service orientation, and customer satisfaction have a positive impact on customer loyalty, suggesting that H<sub>1</sub>, H<sub>2</sub>, and H<sub>3</sub> are acceptable. Furthermore, customer perceived value appears to be a moderating variable in the relationship between e-service quality and customer loyalty, implying that H<sub>4</sub> is acceptable. According to the study's findings, the e-service quality given by SMEs enterprises needs to be improved in order to increase customer loyalty, particularly among SMEs in Sugan Patani. Therefore, SMEs should concentrate their efforts on attracting more customers through the quality of their e-services and orientations during the pre-purchase stages, and customer satisfaction during the purchasing stage, and lastly on the perceived value of customers during the post-purchase time. Furthermore, in order to sustain customer loyalty through improved e-service quality and service orientation, SMEs' management or ownership should give particular attention to the specific directory-related procedure of providing superior customer service in the field of efficient networking and administrative services. Moreover, SMEs businesses make efforts to win the contest, particularly in the industry, by implementing an efficient customer perceived value and offering decency and satisfying services. However, more research will be conducted to conduct a deeper study of the theory utilized, allowing for more complicated measurement of the indicators. It will be useful to investigate how these variables impact customer loyalty in the SMEs context. Additionally, this is a cross-sectional survey rather than a longitudinal study, which means that customer intents and perceptions will change over time.

## 7. REFERENCES

Abror, A., Patrisia, D., Engriani, Y., Evanita, S., Yasri, Y., & Dastgir, S. (2019). Service quality, religiosity, customer satisfaction, customer engagement and Islamic bank's customer loyalty. *Journal of Islamic Marketing*.

Aburayya, A., Marzouqi, A., Alawadhi, D., Abdouli, F., & Taryam, M. (2020). An empirical investigation of the effect of employees' customer orientation on customer loyalty through the mediating role of customer satisfaction and service quality. *Management Science Letters*, 10(10), 2147-2158.

Al-Momani, A. M., Mahmoud, M. A., & Ahmad, M. S. (2018). Factors that influence the acceptance of Internet of things services by customers of telecommunication companies in Jordan. *Journal of Organizational and End User Computing (JOEUC)*, 30(4), 51-63.

Anderson, R.E. and Srinivasan, S.S. (2003), "E-satisfaction and e-loyalty: a contingency framework", *Psychology and Marketing*, Vol. 20 No. 2, pp. 123-38.

Annamdevula, S., & Bellamkonda, R. S. (2016). Effect of student perceived service quality on student satisfaction, loyalty and motivation in Indian universities. *Journal of Modelling in Management*.

Arasli, H., Bahman Teimouri, R., Kiliç, H., & Aghaei, I. (2017). Effects of service orientation on job embeddedness in hotel industry. *The Service Industries Journal*, 37(9-10), 607-627.

Agag, G. (2019). E-commerce ethics and its impact on buyer repurchase intentions and loyalty: An empirical study of small and medium Egyptian businesses. *Journal of Business Ethics*, 154(2), 389-410.

Ataburo, H., Muntaka, A. S., & Quansah, E. K. (2017). Linkages among e-service quality, satisfaction and usage of e-services within higher educational environments. *International Journal of Business and Social Research*, 7(3), 10-26.

Bambale, S. A., & Kamselen, K. M. (2020). Service Quality on Electric Train Services (ETS) in Kuala Lumpur Malaysia. *The Journal of Management Theory and Practice (JMTP)*, 1-6.

Bhat, S. A., Darzi, M. A., & Parrey, S. H. (2018). Antecedents of customer loyalty in banking sector: a mediational study. *Vikalpa*, 43(2), 92-105.

Bhagat, R., Muralidharan, S., Lobzhanidze, A., & Vishwanath, S. (2018, July). Buy it again: Modeling repeat purchase recommendations. In *Proceedings of the 24th ACM SIGKDD International Conference on Knowledge Discovery & Data Mining* (pp. 62-70).

Bitner, M. J. (1990). Evaluating Service Encounter: The Effect of Physical Surrounding and Employee Responses. *Journal of Marketing*, 54, pp. 69-82.

Brown, R. (1993). *Market Focus Achieving and Sustainability Marketing Effectiveness*, Butterworth Heinemann, Oxford.

Briggs, E., Deretti, S., & Kato, H. T. (2020). Linking organizational service orientation to retailer profitability: Insights from the service-profit chain. *Journal of Business Research*, 107, 271-278.

Caruana, A. (2002). "Service loyalty: the effects of service quality and the mediating role of customer satisfaction", *European Journal of Marketing*, Vol. 36 Nos 7/8, pp. 811-28.

Chang, H. H., & Wang, H. W. (2011). The moderating effect of customer perceived value on online shopping behaviour. *Online Information Review*.

Chang, H. H., & Wang, H. W. (2011). The moderating effect of customer perceived value on online shopping behaviour. *Online Information Review*.

Cho, T., & Korte, R. (2014). Managing knowledge performance: Testing the components of a knowledge management system on organizational performance. *Asia Pacific Education Review*, 1-15.

Chin, W.W. (1998a). Issues and opinion on structural equation modelling. *MIS Quarterly*, 22, 1, VII-XVI.

Chen, R. P., Wan, E. W., & Levy, E. (2017). The effect of social exclusion on consumer preference for anthropomorphized brands. *Journal of Consumer Psychology*, 27(1), 23-34.

Cronin, J. J., & Taylor, S. A. (1992). Measuring Service Quality: a re-examination and extension. *Journal of Marketing*, 56 (7), pp. 55-68.

Dias, J. S. D. C. (2017). How emotions are shaped within services organizations: empirical studies among Portuguese nurses and physicians.

Demir, A., Maroof, L., Khan, N. U. S., & Ali, B. J. (2020). The role of E-service quality in shaping online meeting platforms: a case study from higher education sector. *Journal of Applied Research in Higher Education*.

Dodds, W.B., Monroe, K.B. and Grewal, D. (1991), "Effects of price, brand and store information on buyers' product evaluations", *Journal of Marketing Research*, Vol. 28 No. 3, pp. 307-19.

Duff, A. (2009). Measuring Audit Quality in an Era of Change: An Empirical Investigation of UK Audit Market Stakeholders in 2002 and 2005. *Managerial Auditing Journal*. 24(5), 400- 422.

Eggert, A., Ulaga, W., Frow, P., & Payne, A. (2018). Conceptualizing and communicating value in business markets: From value in exchange to value in use. *Industrial Marketing Management*, 69, 80-90.

El-Adly, M. I. (2019). Modelling the relationship between hotel perceived value, customer satisfaction, and customer loyalty. *Journal of Retailing and Consumer Services*, 50, 322-332.

Fontaine R., Letaifa S. B. and Herda D. (2013). An Interview Study to Understand the Reasons Clients Change Audit Firms and the Client's Perceived Value of the Audit Service. *Current Issues in Auditing*. 7(1): A1-A14.

Gajanova, L., Nadanyiova, M., & Moravcikova, D. (2019). The use of demographic and psychographic segmentation to creating marketing strategy of brand loyalty. *Scientific annals of economics and business*, 66(1), 65-84.

Hair Jr, J. F., Hult, G. T. M., Proksch, D., Sarstedt, M., Pinkwart, A., & Ringle, C. M. (2018). Addressing endogeneity in international marketing

- applications of partial least squares structural equation modeling. *Journal of International Marketing*, 26(3), 1-21.
- Hanks, L., Line, N., & Kim, W. G. W. (2017). The impact of the social servicescape, density, and restaurant type on perceptions of interpersonal service quality. *International Journal of Hospitality Management*, 61, 35-44.
- Huotari, K., & Hamari, J. (2017). A definition for gamification: anchoring gamification in the service marketing literature. *Electronic Markets*, 27(1), 21-31.
- Jahmani, A., Bourini, I., & Jawabreh, O. A. (2020). The relationship between service quality, client satisfaction, perceived value and client loyalty: A case study of fly emirates. *Cuadernos de Turismo*, (45), 219-238.
- Jiang, L., Jun, M., & Yang, Z. (2016). Customer-perceived value and loyalty: how do key service quality dimensions matter in the context of B2C e-commerce? *Service Business*, 10(2), 301-317.
- Johnson, K. R., Park, S., & Bartlett, K. R. (2018). Perceptions of customer service orientation, training, and employee engagement in Jamaica's hospitality sector. *European Journal of Training and Development*.
- Kiran, K., & Diljit, S. (2017). Antecedents of customer loyalty: Does service quality suffice? *Malaysian Journal of Library & Information Science*, 16(2), 95-113.
- Kim, M., & Thapa, B. (2018). The influence of self-congruity, perceived value, and satisfaction on destination loyalty: a case study of the Korean DMZ. *Journal of Heritage Tourism*, 13(3), 224-236.
- Kumar, V., Rajan, B., Gupta, S., & Dalla Pozza, I. (2019). Customer engagement in service. *Journal of the Academy of Marketing Science*, 47(1), 138-160.
- Kurdi, B., Alshurideh, M., & Alnaser, A. (2020). The impact of employee satisfaction on customer satisfaction: Theoretical and empirical underpinning. *Management Science Letters*, 10(15), 3561-3570.
- Kunkel, T., Doyle, J. P., & Berlin, A. (2017). Consumers' perceived value of sport team games—A multidimensional approach. *Journal of Sport Management*, 31(1), 80-95.
- Lin J. S. and Wu C. Y. (2011). The Role of Expected Future Use in Relationship-Based Service Retention. *Managing Service Quality: An International Journal*, 21(5), 535-551.
- Leninkumar, V. (2017). The relationship between customer satisfaction and customer trust on customer loyalty. *International Journal of Academic Research in Business and Social Sciences*, 7(4), 450-465.
- Leppäniemi, M., Karjaluoto, H., & Saarijärvi, H. (2017). Customer perceived value, satisfaction, and loyalty: the role of willingness to share information. *The International Review of Retail, Distribution and Consumer Research*, 27(2), 164-188.
- Morgan, R., Ensor, T., & Waters, H. (2016). Performance of private sector health care: implications for universal health coverage. *The Lancet*, 388(10044), 606-612.
- Mafini, C., & Loury-Okoumba, W. V. (2018). Extending green supply chain management activities to manufacturing small and medium enterprises in a developing economy. *South African Journal of Economic and Management Sciences*, 21(1), 1-12.
- Morton A. and Scott D. (2007). The Association Between Perceived Audit Firm Service
- Nik Muhammad, N.M., Jantan, M., & Md Taib, F. (2010). Moderating effect of information processing capacity to investment decision making and environmental scanning. *Business Management Quarterly Review*, 1(1), 9-22.
- Ngo, V. M., & Nguyen, H. H. (2016). The relationship between service quality, customer satisfaction and customer loyalty: An investigation in Vietnamese retail banking sector. *Journal of Competitiveness*.
- Nyadzayo, M. W., & Khajehzadeh, S. (2016). The antecedents of customer loyalty: A moderated mediation model of customer relationship management quality and brand image. *Journal of Retailing and Consumer Services*, 30, 262-270.
- Oliver, R. L. (1980). A Cognitive Model of the Antecedents and Consequences of Satisfaction Decision. *Journal of Marketing Research*, XVII (11), pp. 460-469.
- Oliver, R.L. (1980). "A cognitive model of the antecedents and consequences of satisfaction decisions", *Journal of Marketing Research*, Vol. 17 No. 4, pp. 460-9.
- Pallant, J. (2011). *SPSS Survival Manual: A step – by step guide to data analysis using SPSS for Windows (version 15)*. Australia: Allan and Urwin.
- Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1985). A Conceptual Model of Service Quality and its Implication for Future Researcher. *Journal of Marketing*, 64 (4), pp. 41-50.
- Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1991). Refinement and Reassessment of the SERVQUAL Scale. *Journal of Retailing*, 67, pp. 420-450.
- Parasuraman, A., Zeithaml, V. and Malhotra, A. (2005). "E-S-QUAL a multiple-item scale for assessing electronic service quality", *Journal of Service Research*, Vol. 7 No. 3, pp. 213-33.
- Ponte, E. B., Carvajal-Trujillo, E., & Escobar-Rodríguez, T. (2015). Influence of trust and perceived value on the intention to purchase travel online: Integrating the effects of assurance on trust antecedents. *Tourism Management*, 47, 286-302.
- Powers, T. L., Sheng, S., & Li, J. J. (2016). Provider and relational determinants of customer solution performance. *Industrial Marketing Management*, 56, 14-23.
- Prentice, C., Han, X. Y., & Li, Y. Q. (2016). Customer empowerment to co-create service designs and delivery: Scale development and validation. *Services Marketing Quarterly*, 37(1), 36-51.
- Qazi, A., Tamjidyamcholo, A., Raj, R. G., Hardaker, G., & Standing, C. (2017). Assessing consumers' satisfaction and expectations through online opinions: Expectation and disconfirmation approach. *Computers in Human Behavior*, 75, 450-460.
- Quality and Behavioural Intentions. *The Journal of Contemporary Issues in Business and Government*. 13(2).17-30.
- Rita, P., Oliveira, T., & Farisa, A. (2019). The impact of e-service quality and customer satisfaction on customer behavior in online shopping. *Heliyon*, 5(10), e02690.
- Schellong, M., Kraiczky, N. D., Malär, L., & Hack, A. (2019). Family firm brands, perceptions of doing good, and consumer happiness. *Entrepreneurship Theory and Practice*, 43(5), 921-946.
- Sharp, G., Mattiske, J., & Vale, K. I. (2016). Motivations, expectations, and experiences of labiaplasty: a qualitative study. *Aesthetic surgery journal*, 36(8), 920-928.
- Sheng, T., & Liu, C. (2010). An empirical study on the effect of e-service quality on online customer satisfaction and loyalty. *Nankai business review international*.
- Slack, N. J., & Singh, G. (2020). The effect of service quality on customer satisfaction and loyalty and the mediating role of customer satisfaction. *The TQM Journal*.
- Solimun, S., & Fernandes, A. A. R. (2018). The mediation effect of customer satisfaction in the relationship between service quality, service orientation, and marketing mix strategy to customer loyalty. *Journal of Management Development*.
- Solimun, S., & Fernandes, A. A. R. (2018). The mediation effect of customer satisfaction in the relationship between service quality, service orientation and marketing mix strategy to customer loyalty. *Journal of Management Development*.
- Suyono E. (2012). Determinant Factors Affecting the Audit Quality: An Indonesian Perspective. *Global Review of Accounting and Finance* 3(2), 42-57.
- Turyakira, P. K. (2018). Ethical practices of small and medium-sized enterprises in developing countries: Literature analysis. *South African Journal of Economic and Management Sciences*. 21(1), 1-7.
- Tubigi, M., & Alshawi, S. (2015). The impact of knowledge management processes on organisational performance: The case of the airline industry. *Journal of Enterprise Information Management*, 28(2), 167-185.
- Vertakova, Y. V., Rudakova, O. V., Shadrina, V. V., Kobersy, I. S., & Belova, I. N. (2016). Strategy of disruptive innovation in emerging regional markets: Factors of success and failure. *International Journal of Economics and Financial Issues*, 6(8S).
- Xiucheng, F., & Jiangang, D. (2006). The effect of five-dimensional service quality on the degree of satisfaction to service and loyalty. *Management world*, (6), 12.
- Yang, B. and Lester, D. (2004), "Attitudes toward buying online", *Cyberpsychology and Behavior*, Vol. 7 No. 1, pp. 85-92.
- Zeithaml, V.A., Berry, L.L. and Parasuraman, A. (1996), "The behavioral consequences of service quality", *Journal of Marketing*, Vol. 60 No. 2, pp. 31-46.