

Customer Satisfaction & Loyalty and Organizational Complaint Handling: Economic Aspects of Business Operation of Airline Industry

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The undertaken study examines economic aspects of business operations of the airline industry vis-à-vis organizational complaint handling and customer loyalty. For this purpose, we used a structured questionnaire to collect sample data of 200 respondents from university students and households of Pakistan who are the customers of the airline industry. We employed five independent variables, namely, response time, complaint resolution perfection, executives' attitude, brand image and responsiveness to complaints. We used the descriptive analysis and SEM-based approaches; namely, confirmatory and exploratory factor analysis for estimation purposes. The findings of the undertaken study demonstrated that the resolution of complaints, timely response, and responsiveness to complaints had a significant and positive influence on satisfaction of customers and loyalty of clients using international airline services, and this leads to the economic prospects of business operation in the airline industry. However, customer relationship, executives' attitude and brand loyalty do not have significant influence on the customer satisfaction and customer loyalty. Thus, it is concluded that the immediate response to customer complaint handling enhances the customer satisfaction and customer loyalty that increases the economic aspects of business operation in the airline industry.

Keywords: *Organizational Complaints; Customer Loyalty; Resolution Perfection; Complaint Handling; Customer Satisfaction.*

Introduction

The airline industry has always been categorised as one of the major intangible services provider industries (Kloppenborg & Gourdin, 1992; Homburg & Furst, 2005). According to Heymann (2019), Lee (2017), and Clemes *et al.* (2000), this categorisation pertains to five distinguishing hallmarks of services. The economic aspects of the services sector not only provide new business opportunities but also face competitive threats from other services industries, and the airline industry particularly takes on several challenges from other services industries. Traditionally, the governments were involved in the regulation of the airline industry due to one of the major economic aspects across the globe (Augusto *et al.*, 2019; Etemad-Sajadi & Bohrer, 2019). However, since 1978, the US has passed the airline regulation act that transformed the global airline businesses into the competitive structure because the US deregulation has been part of greater global airline liberalization trend, specifically for the European Union, Latin America, and Asia (Metwally, 2013). After the deregulation, the airline industry was allowed to

make certain changes in price setting, the measures of insurance and safety; thus, this revolution brought positive changes in the economic aspects of the airline industry. The new airlines have stepped in and competition has increased, but at the same time, service quality and customer satisfaction became an integral part of the airline industry (Dudek *et al.*, 2019; Dennett *et al.*, 2000; Vilkaite-Vaitone & Papsiene, 2016). According to Karamata *et al.* (2017), Ostrowski *et al.* (1993), and Lee and Cunningham (1996), due to intense competition, airline companies started to offer different promotional campaigns such as frequent flyer programs and computerized reservation services in order to retain customers, long-term customer loyalty and economic growth.

Time became a focal and decisive factor enabling the transfer of people and goods from one place to another through the airlines locally and internationally for any country. Every year, significant economic growth has been observed in both passenger and freight services (Law, 2017). On the other hand, the airline industry is growing at a phenomenal rate, new airlines are stepping in, and old organizations increase their aircraft numbers, new airport

facilities have been expanding day by day. Thus, in this scenario, there is an intense competition in the airline industry in terms of the economic aspects of business operation and competitive growth (Clemes *et al.*, 2008; Etemad-Sajadi & Bohrer, 2019). Like in other service industries, the customer is a focal point; it is essential to make them satisfied and happy in order to retain customers for the repeat business (Alrawadieh *et al.*, 2019; Prentice *et al.*, 2017). Similarly, due to transnational trade and economic aspects, the freight business is also growing; thus, organizations are also prime customers for the airline industry and compel it to look for ways to keep them satisfied with competitive services. The customer satisfaction becomes more vital when the airline industry provides intangible services; the core business area of this industry belongs to the transportation of people and goods from one place to another (Chow & Tsui, 2017). The airline industry is unique in a way that it faces the competition within and outside the industry, and other than airline industry. Thus, the airline industry has more severe competition as compared to other service industries. Hence, this intense competition has increased the challenges to the airline industry (Augusto *et al.*, 2019; Dwikesumasari & Ervianty, 2017). The transportation of people and goods from one place to another is of vital importance; thus, the airline industry is categorized as more intangible service business (Law, 2017; Daetz *et al.*, 1995). According to Ostrowski *et al.* (1993), and Iriqat and Abu-Daqar (2017), the growth in services sectors opens new avenues of economic aspects and business opportunities, which also provides competitive threats to other services organizations, and this is true for the airline industry. Generally, in the airline industry, customers have a 'direct contact mode'; therefore, the customer relations in the airline industry have more significance as compared to any other service industry (Smirnov, 2019; Cambra-Fierro & Melero-Polo, 2017). Customer expectations have increased and they have become more demanding. This increases the importance of continuous assessment to define elements that satisfy customer needs and increase the future economic aspects. Handling customer complaints is one of the crucial elements to retain customers (Chen & Jai, 2019; Dwikesumasari & Ervianty, 2017; Iriqat & Abu-Daqar, 2017). A specific consideration is given to analyse customer complaints, due to the specific activities related to customer experiences during the traveling. Airline companies seek to resolve economic aspects of business problems that are encountered as a result of the world economic crisis causing the bankruptcy of small companies or due to accidents (Karamata *et al.*, 2017; Oyewole *et al.*, 2007). The results of the previous literature exhibited that organizations that experienced higher customer loyalty were more likely to respond positively to customer complaints (Law, 2017; Estelami, 2000; Fullerton, 2003). The majority of the researchers such as Prentice *et al.* (2017), Davidow (2003), Karande and Magnini (2010), Chan (2014), and So *et al.* (2014) pointed out interrelated connection among the complaints, response time, quality of response, customer loyalty, company image, and economic aspects. However, more questions still remain to be answered aiming to conjoin resolution perfection, complaint handling, customer satisfaction, customer loyalty and other factors that form a precondition of improving the performance, and economic growth of airline companies.

The significance of the airline industry has increased several times in the last few decades due to globalization that increases the opportunities of economic aspects of business operation, tourism, education, workforce migration, and immigration for skilled and non-skilled workers, freight and courier services. Time has become a focal and decisive factor; therefore, people and goods are transferred from one place to another place through the airlines locally and internationally to any country (Alrawadieh *et al.*, 2019; Chow & Tsui, 2017; Clemes *et al.*, 2008). Every year, a significant growth has been observed in both passengers and freight services. Moreover, due to significant economic aspects, the airline industry is growing at a phenomenal rate, new airlines are stepping in, and old organizations increase their aircraft numbers, new airport facilities have been expanding day by day (Augusto *et al.*, 2019). Thus, in this scenario, there is an intense competition within the airline industry (Cambra-Fierro & Melero-Polo, 2017). Therefore, there was an utmost need to address the factors that may increase the customer loyalty and economic aspects of the airline industry. According to Yao *et al.* (2019), Law (2017), Vilkaite-Vaitone and Papsiene (2017), Ostrowski *et al.* (1993), the positive image of the organization can be built through long-term services and affirmative handling of customer complaints.

The outcomes of the undertaken study are value addition and significant contribution to the existing literature regarding customer complaint handling determinants, customer satisfaction, and new economic aspects of business operation in the perspective of the airline industry. However, the novelty of the undertaken study lies in a thematic scope, which introduces a unique model that is based on five factors such as response time, complaint resolution, executive attitude, the brand image and the response to complaint handling. In this research, we used SEM-based modelling, for instance, confirmatory factor analysis and exploratory factor analysis. The model is unique in the sense that we incorporated new constructs and dimensions. We examined the validities and reliabilities of new constructs, which will be a valuable addition for the future studies.

The new millennium has brought a paradigm shift in consumer behaviour, and consumer expectations have been increasing, which poses serious challenges in the airline industry. Customers have numerous opportunities for brand switching; therefore, there is an utmost need for timely response to customer complaints in order to attain their loyalty. If customers are ignored and their problem is not addressed, they would not only be dejected but would also change the airline brand, which will cause a severe damage to the airline in terms of customer loyalty and economic aspects of business operation (Dudek *et al.*, 2019; Clemes *et al.*, 2008). Thus, it is high time to the airline industry to come up with concrete strategies to resolve customer complaints in order to retain customer satisfaction and loyalty. Hence, in this scenario, there is a strong need to study the factors of customer complaint handling and their impact on the customer satisfaction, loyalty, and future economic aspects of business operation of the airline industry.

The objective of the undertaken study is to examine the customer complaint handling and its impact on customer satisfaction, customer loyalty, and economic aspects in the airline industry. Another aim of this research is to investigate the determinants of customer satisfaction that

lead to customer loyalty in case of the airline industry. The outcomes of the undertaken study will provide an opportunity for other researchers to replicate these factors for other services sectors. Currently customer satisfaction is an essential element to gain customers' trust and loyalty that ensure customer retention and repeat purchase opportunities in an intensely competitive environment, which leads to the new economic aspects for the airline industry. Thus, the outcomes of this study also provide the guidelines to policymakers and senior managers of the airline industry to come up with novel strategies to attain customer satisfaction and loyalty, which will deliver augmented economic aspects of business opportunities for optimum profitability. The results of the study also offer the basis to the regulatory bodies to formulate and implement regulations that will be beneficial to both customers and the airline industry.

Previous Literature and Hypotheses Formulation

Customer Satisfaction

The most studied area in the field of marketing is the customer satisfaction due to its important and direct linkage with economic aspects of business operation, the companies' objectives and profitability; moreover, the customer satisfaction is the benchmark of quality standard and excellence for any organization (Karamata *et al.*, 2017; Oyewole *et al.*, 2007). According to Heymann (2019), Law (2017), and Fecikova (2004), the slogan "the customer is always right" is a true depiction of customers' importance and priority. Thus, companies always strive to retain existing customers through motivation and satisfaction, and those satisfied customers could bring new customers through positive word of mouth (Yao *et al.*, 2019; Wever, 2016). According to Iriqat and Abu-Daqar (2017) and Zeelenberg and Pieters (2004), in the airline industry, the customer satisfaction is important due to intense competition: the satisfied customer is a source of brand loyalty, while the dissatisfied customer, on the contrary, will not only switch to another brand but also be the source of negative word of mouth. Now, the digital media communication spreads sentiments of satisfied or dissatisfied customers rapidly, whether negative or positive; hence, the customer satisfaction brings new customers and increases profitability, whereas the dissatisfied customers destroy the image of the organization and affect the reputation, and economic aspects of business (Chen & Jai, 2019; Prentice *et al.*, 2017; Fornell *et al.*, 1996; Shin & Elliott, 2001).

Service Quality in the Airline Industry and Customer Satisfaction

According to Vilkaite-Vaitone and Papsiene (2016), Law (2017), satisfaction is an instant reaction of service consumption; however, the service quality is inferred as the holistic image of a company in the mind of customers with regard to the airline industry. The perceived value and expected service influence the service quality. According to Parasuraman *et al.* (1985), if customers received the expected quality of services, they would be satisfied, if they received more than they expected, they would be delighted and would perceive the service quality as excellent. Like in other service sectors, the significance of customer satisfaction is extracted

from the usually accepted philosophy that the satisfied customer is a source of successful future economic aspects and profitable business (Karamata *et al.*, 2017; Shin & Elliott, 2001). According to previous literature regarding customer satisfaction in the airline industry, such as Lee (2017), Cronin and Taylor (1992), and Fornell *et al.* (1996), repeat purchase intentions are strongly connected with the customer satisfaction. According to Moon *et al.* (2019), and Fornell (1992), the customer satisfaction also acts as an exit barrier and supports the organization to retain its existing customers in order to safeguard future economic aspects. The previous literature showed that the new customer capturing was more costly as compared to retaining existing customers in the airline industry (Alrawadieh *et al.*, 2019; Lee, 2017; Gummesson, 1994; Blodgett *et al.*, 1995).

The Response Time of Customer Handling and Customer Satisfaction

Timeliness is one of the recovery strategies that have an imperative function in fixing a problem of a failed service, especially in the airline industry (Law, 2017). Timeliness in correcting the problem is necessary for the successful service recovery (Lee, 2017; Wirtz & Mattila, 2004). Research has shown that customers can accept failures but will not forgive the organization when they cannot fix the problem within the stipulated time period (Mattila, 2006). According to Karamata *et al.* (2017), and Davidow (2003), speedy reply to the customer complaint cuts back the amount of negative word of mouth in perspective of the airline industry. Thus, service quality improvement depends on the ability of the airline to regularly meet passenger needs and desires and address their complaints promptly (Dudek *et al.*, 2019; Prentice *et al.*, 2017). By resolving customer complaints without a delay, the airline can benefit in order to achieve the competitive advantage, which enhances the service quality that would lead to the customer satisfaction and future economic aspects (Law, 2017). In return, the airline company gets several benefits from customers, such as: strong relationship with customers, repurchase activities, enhanced customer loyalty, advantage of positive word of mouth, good corporate image, and, ultimately, increased airline profitability, and future economic aspects of business operation (Lee, 2017; Wever, 2016; Park *et al.*, 2005, 2006). Consequently, the airlines must recognize the prominence of complaint handling and respond immediately, which is of strategic importance for customer satisfaction. Customer satisfaction through immediate handling of customer complaints, loyalty of customers will be enhanced, which will be fruitful to retain existing customers and attract potential customers through positive word of mouth (Yao *et al.*, 2019; Etemad-Sajadi & Bohrer, 2019; Oyewole *et al.*, 2007; Fornell, 1992). Numerous studies have demonstrated that the immediate response time to respond to customer complaints not only retains the existing customer but also brings a new customer (Dudek *et al.*, 2019; Prentice *et al.*, 2017; Blodgett *et al.*, 1995; Gummesson, 1994). Hence, based on the previous literature, we have formulated the following hypothesis:

H1: Response time of customer complaint handling has a significant and positive impact on customer satisfaction in the case of the airline industry.

Complaint Resolution Perfection and Customer Satisfaction

Resolution of customer complaints in an effective and perfect way should be considered as feedback and opportunity to retain customers in the case of the airline industry (Michel, 2001; Karamata *et al.*, 2017). The efficient management system of complaints handling is an imperative factor encouraging customers to register the complaint, and at the organization level, the speedy system to resolve complaints in a professional way provides primary satisfaction to customers (Law, 2017; Lee, 2017). Proper and professional handling of customer complaints can increase the customer retention and also bring new customers through positive word of mouth; similarly, the recovery efforts of the airline may enhance the customer loyalty and future economic aspects in terms of new business (Vilkaite-Vaitone & Papsiene, 2016; Smith *et al.*, 1999). According to Moon *et al.* (2019), Wever (2016), and Goodwin and Ross (1992), service recovery efforts enhance the customer satisfaction, but in contrast, the organization's insufficient response to complaint handling not only irritates the existing customers but also leads to customer switching to another airline due to negative word of mouth. Thus, the effect of the aforementioned antecedent such as complaint resolution perfection is a significant element for sustainability and satisfaction of customers and new economic prospects of business operation in the airline industry (Alrawadieh *et al.*, 2019; Cambra-Fierro & Melero-Polo, 2017; Law, 2017). Hence, we have formulated the following hypothesis on the basis of previous literature:

H2: The complaint resolution perfection of customer complaints handling has a significant and positive impact on customer satisfaction in the case of the airline industry.

Customer Relations & Executives' attitude and Customer Satisfaction

Companies' performance also depends on the attitude of senior management; executives' attitude not only determines the conduct of other employees but also has a significant impact on profitability and future economic aspects of business operation of the airline company (Law, 2017; Metwally, 2013). Thus, customer relations are indirectly influenced by the executives' attitude, which ultimately influences customer satisfaction (Augusto *et al.*, 2019; Prentice *et al.*, 2017; Fornell *et al.*, 1996). According to Metwally (2013), the commitment building starts from the top and then trickles down to the lower level of management. According to Metwally (2013), customer complaint handling and customer satisfaction can be achieved by making it part of their business and marketing plans. The executives should regularly review the reports on complaint handling and the recruitment of suitable human resources well versed in customer complaint handling (Blodgett *et al.*, 1995). According to Iriqat and Abu-Daqar (2017), and Zeelenberg and Pipers (2004), top management should implement the system of incentives to those employees who were exceptional in making an effective response to customer complaints. The management role is very crucial because written policies always come from the top; thus, the executives' role is paramount to implement and

review policies and provide an effective communication environment to resolve customer complaints. As a result, all these efforts establish good relationships with customers, enabling the organization to attain the customer satisfaction, which may lead to the customer loyalty and future economic aspects of business operation (Chen & Jai, 2019; Lee, 2017; Etemad-Sajadi & Bohrer, 2019). Hence, based on the previous literature, we have formulated the following hypothesis:

H3: Customer relations & executives' attitude have a significant and positive impact on the customer satisfaction in the case of the airline industry.

Brand Image and Customer Satisfaction

The airline company that has a positive brand image is likely to stay in the market, retain existing customers and attract new customers, and successfully compete with its competitors (Connor & Davidson, 1997). According to Iriqat and Abu-Daqar (2017), the corporate/brand image of the organization could be explained as: "the perceptions of an organization reflected in the associations held in consumers' memory, which distinguishes the organization from other competitors". Trust and reliability trigger the brand image and since there is intense competition in the airline industry, the brand image plays a significant role in attracting new customers for future economic aspect and attaining competitors' advantage amongst competitors (Dwikesumasari & Ervianty, 2017; Nguyen & LeBlance, 2001). Thus, the brand image of the airline company has a distinctive role in trust building amongst passengers, which propels the customer loyalty (Andreassen & Lindestad, 1998), repeat patronage, and customer retention (Lee, 2017; Nguyen & LeBlance, 2001). According to Chow and Tsui (2017), Wu (2011), and Johnson *et al.* (2001), numerous studies have specified that the brand image is one of the most important elements to gain the customer satisfaction leading to the customer loyalty and future economic aspects of business operation in the perspective of the airline industry (Dennett *et al.*, 2000). Thus, it is concluded from the previous literature pertaining to the airline industry that the brand image is one of significant elements, which influences the customer expectations, customer satisfaction, and customer loyalty (Servera-Frances & Piqueras-Tomas, 2019; Law, 2017; Cambra-Fierro & Melero-Polo, 2017). Hence, the following hypothesis is formulated on the basis of previous literature:

H4: the brand image of the organization has a significant and positive impact on customer satisfaction in the case of the airline industry.

Responsiveness to Complaints and Customer Satisfaction

According to Homburg and Furst (2005), the quality service, responsiveness to complaint handling, and the effective system of complaints resolution drive the customer satisfaction and loyalty in the airline industry. The similar conclusion has been attained in several other studies that responsiveness to complaint handling is a major factor for the customer satisfaction in case of the airline industry (Etemad-Sajadi & Bohrer, 2019; Lee, 2017). Numerous studies have demonstrated that responsiveness to complaints brought the

customer closer, satisfied the customer, and that the satisfied customer led to the increase of such economic aspects as business operations, sales, growth, and profits of the airline industry (Karamata *et al.*, 2017; Dwikesumasari & Ervianty, 2017; Dennett *et al.*, 2000). However, the higher level of service quality bring the customer loyalty and that service quality can be delivered through hospitality and responsiveness to customer complaint handling at the right time (Servera-Frances & Piqueras-Tomas, 2019; Lee, 2017; Metwally, 2013). As the study of the airline industry reveals, the response to the customer complaints is one of the major elements leading to the customer satisfaction and customer loyalty that can enhance the economic aspects of business operation in terms of profitability and competitive advantage of the organization (Gomez *et al.*, 2006; Chow & Tsui, 2017). Prentice *et al.* (2017) have carried out an important study in which they incorporated the response rate of customer complaints and concluded that, besides other factors, the responsiveness to complaints have significant positive influence on the customer satisfaction that leads to the customer loyalty (Moon *et al.*, 2019). Hence, we have formulated the following hypothesis on the basis of previous literature:

H5: Responsiveness to complaints has a significant and positive influence on the customer satisfaction in the case of the airline industry.

Customer Satisfaction and Customer Loyalty

Loyalty can be described as the vow and commitment of an individual to buy any particular service or product every time (Oliver, 1997; Lee, 2017). In general, consumers change their behaviour or change brands on the basis of different elements, but customers change their loyalty only on the basis of the brand specification; thus, loyalty can be considered as promotion regardless of relationship of marketing factors (Dudek *et al.*, 2019; Metwally, 2013). The most critical and important subject for the profit-based organization is the customer satisfaction that leads to the customer loyalty and future economic aspects of business operation (Zeithaml, 2000; Dennett *et al.*, 2000). According to Karamata *et al.* (2017), and Majumdar (2005), the customer retention and loyalty can only be possible if the customer is satisfied, and ultimately, the airline company would generate augmented profits and future economic prospects. Thus, based on previous studies, such as Chen and Jai (2019), Cronin and Taylor (1992), Dwikesumasari and Ervianty (2017), and Fornell (1992), it is concluded that retention and loyalty of existing customers are the key factor for the success of the airline industry. According to Blodgett *et al.* (1995), and Chow and Tsui (2017), the customer satisfaction and customer loyalty are interchangeable in high quality service organizations; moreover, the customer satisfaction leads to the customer loyalty through positive word of mouth in the airline industry. Hence, we have formulated the following hypothesis on the basis of previous literature:

H6: The customer satisfaction exerts a significant and positive impact on the customer loyalty in the case of the airline industry.

The Theoretical & Conceptual Model

We have used adapted and modified theoretical & conceptual research model as exhibited in Figure 1; however, most of the factors and items were taken from the previous literature (Metwally, 2013; Chan, 2014; So *et al.*, 2014).

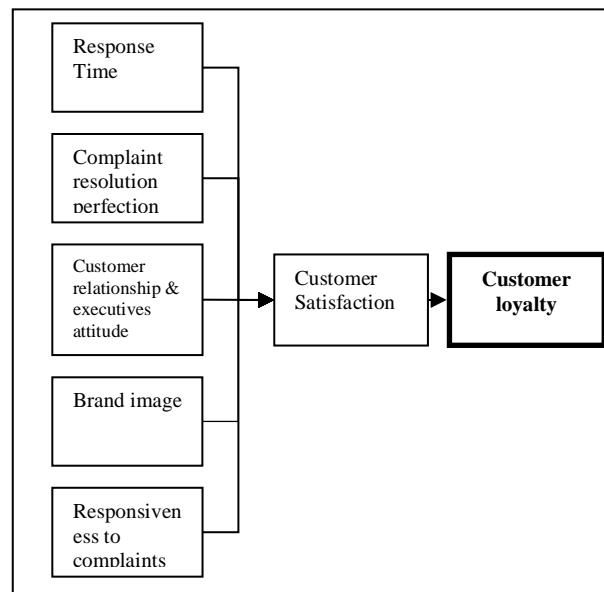


Figure 1. The Theoretical Framework of the Research Model

Material and Methods

The Sampling Strategy and Sample Size

We have taken the sample data from the target universities and general public respondents from households. The overall sampling frame is undefined; therefore, we used the non-probability sampling technique, such as the purposive sampling technique, which is the right choice to get the responses. The responses are gathered from the students of the universities and general public who have the experience of traveling by air; therefore, we used the purposive sampling technique. The sample size was 200; however, we have distributed 230 questionnaires to the target population. Thirty respondents did not respond and provided inadequate responses, thus, we have included 200 responses for the undertaken study.

The Instrument of Data Collection

We have used adapted and modified questionnaire from the previous literature (Metwally, 2013; Chan, 2014; So *et al.*, 2014). We have used four constructs for each independent variable such as response time, complaint resolution perfection, brand image, and responsiveness to complaints, except for customer relations and executives' attitude, in which we used three items. Moreover, we have used four items for each customer satisfaction and customer loyalty. We have used a structured questionnaire with five-point Likert scales as an instrument to gather the responses.

Statistical Tool & Respondents' Profile

We have employed exploratory factor analysis, descriptive analysis, and confirmatory factor analysis in order

to examine the sample data. As far as the demographic profile of the respondents is concerned, there were 102(51.0 %) males, and 98(49.0 %) females, in which 117(58.5 %) respondents were single, 77(38.5 %) were married, however, 6(3.0 %) respondents were divorced. In terms of age, we selected respondents from 18–60 years, and the respondents’ qualification ranged from the high school diploma to postgraduate degrees. As far as experience is concerned, the respondents have 5–20 years of experience, and, finally, their income bracket lies between 10 to 90 thousand Pakistan Rupee.

deviation lie between ± 1.5 , and values of kurtosis range between ± 3 ; hence, the normality of the collected data is evident (Ahmed *et al.*, 2019; Byrne, 2013).

Estimations and Results

Descriptive Analysis

The outcomes of Table 1 confirm the normality pattern of the data; for this purpose, we transformed data into z-scores and employed the descriptive analysis. The results demonstrated that values of skewness and standard

Reliabilities and AVE Analysis

The outcomes of Table 2 exhibit that measure of composite reliabilities and Cronbach's alpha are more than 0.80, which meets the minimum criterion of 0.60 (Ahmed *et al.*, 2019; Hair *et al.*, 2010). The values of all the factors loadings (FL) that have been extracted through the rotated component matrix (Principal component analysis) are more than 0.50, which also meets the criterion of discriminant validities. Moreover, the results of average variance extracted (AVE) are more than 0.50, which fulfils the criterion of convergent validities, which is a prerequisite for employing the exploratory and confirmatory factor analysis (Fornell & Larcker, 1981).

Table 1

Descriptive Analysis

Variables	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Response time	3.79	1.045	-.772	.172	.131	.342
Complaint resolution perfection	3.98	1.063	-.913	.172	.306	.342
Responsiveness to complaint	3.91	.944	-.896	.172	1.141	.342
Customer relations & executives attitude	3.95	1.071	-.930	.172	.380	.342
Customer satisfaction	3.94	1.037	-.906	.172	.450	.342
Brand image	3.41	1.117	-.415	.172	-.649	.342
Brand loyalty	3.78	1.013	-.776	.172	.444	.342

Source: Authors’ calculations

Table 2

Reliabilities and Average Variance Extracted

Variables	Constructs	FL	CA	CR	AVE
Customer satisfaction	CS1	.877	.867	.925	.756
	CS2	.903			
	CS3	.896			
	CS4	.798			
Response Time	RT1	.906	.821	.895	.685
	RT2	.901			
	RT3	.829			
	RT4	.649			
Complaint resolution perfection	CRP1	.812	.793	.873	.635
	CRP2	.905			
	CRP3	.775			
	CRP4	.679			
Responsiveness to complaint	RTC1	.790	.853	.914	.729
	RTC2	.844			
	RTC3	.901			
	RTC4	.877			
Customer relations & executives attitude	CREA1	.755	.800	.844	.645
	CREA2	.890			
	CREA3	.756			
Brand image	BI1	.912	.780	.868	.630
	BI2	.768			
	BI3	.899			
	BI4	.540			
Customer loyalty	CL1	.789	.861	.920	.743
	CL2	.867			
	CL3	.887			
	CL4	.901			

Note: CS: Customer satisfaction; RT: Response time; CRP: Complaint resolution perfection; RTC: Responsiveness to complaint; EA: Executives attitude; BI: Brand image; CL: Customer loyalty

Source: Authors’ calculations

Exploratory Factor Analysis – EFA

For reduction and fitness purposes, we employed exploratory factor analysis. We have taken 7 factors and 27 constructs; according to Ahmed *et al.* (2019), and Emory and Cooper (1991), EFA is a proficient method to examine and shrink the sample data into a reduced form. For the undertaken study, we have considered customer satisfaction (CS) as a dependent variable that subsequently propels customer loyalty (CL). Both CS and CL factors have four constructs. Moreover, we have taken five independent variables, such as response time (RM), complaint resolution perfection (CRP), responsiveness to complaint (RTC), and brand image (BI) with four constructs, except customer relations & executives attitude (CREA), which have three items in each variable to analyse the impact of predictors on the customer satisfaction, customer loyalty, and future economic aspects of business operation in the airline industry. The outcomes of rotated component matrix exhibit that factor loading of each pair of factor and variable is greater than 0.50. Thus, the results demonstrated that our taken factors and items were valid, and we could proceed with further analysis (Hair *et al.*, 2010; Kaiser, 1974).

Kaiser Meyer Olkin (KMO) & Bartlett's Techniques

For the adequacy and fitness of the sample data, we employed the KMO analysis and Bartlett's Sphericity test. The outcomes of Table 3 exhibit that the value of KMO is 0.831 that is fairly excellent (Kaiser, 1974). The Bartlett's

Sphericity Test shows significant and adequate correlation between items because the probability is less than 0.05.

Table 3
The KMO Analysis and Bartlett's Approach

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.831
Approx. Chi-Square	1470.290
Bartlett's Test of Sphericity Df	21
Sig.	.000

Source: Authors' calculations

Total Variance Explained

The outcomes of Table 4 exhibit that total variance explained that is the cumulative percentile variance (80.41 %) of seven factors, which is considered to be very good. Moreover, the Eigenvalue of each factor is greater than 1, which further substantiated the amount of variance amongst the potential factor. Thus, on the basis of cumulative variance and Eigenvalues, it is established that our sample data is reliable and we can proceed for further exploration.

Anti-Image Correlation Matrix

For the de-selection and validation of factors, we employed the anti-image correlation matrix (AICM) approach. On the diagonal of AICM the individual factors' measures of sampling adequacy (MSA) is greater than 0.50 as exhibited in Table 5; thus, all our taken factors are validated, and now, we can retain all the factors to conduct our research.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	15.070	51.964	51.964	15.070	51.964	51.964	14.888	51.339	51.339
2	1.797	6.196	58.160	1.797	6.196	58.160	1.589	5.480	56.819
3	1.434	4.947	63.107	1.434	4.947	63.107	1.364	4.702	61.521
4	1.224	4.221	67.328	1.224	4.221	67.328	1.343	4.632	66.153
5	1.119	3.859	71.187	1.119	3.859	71.187	1.316	4.538	70.691
6	1.089	3.584	74.771	1.089	3.584	74.771	1.183	4.080	74.771
7	1.025	3.299	80.411	1.025	3.299	80.411	1.040	3.858	80.411

Extraction Method: Principal Component Analysis.
Source: Authors' calculations

Table 4

Anti-Image Correlation Matrix

		CS	RT	CRP	RTC	EA	BI	CL
Anti-image Correlation	Customer satisfaction	.875^a	-.249	-.595	-.099	.032	.012	-.220
	Response time	-.249	.794^a	.397	-.405	-.480	-.422	.227
	Complaint resolution perfection	-.595	.397	.749^a	-.107	-.514	-.366	.399
	Responsiveness to complaint	-.099	-.405	-.107	.915^a	.095	-.230	-.197
	Customers' relations & executives attitude	.032	-.480	-.514	.095	.853^a	.074	-.215
	Brand image	.012	-.422	-.366	-.230	.074	.898^a	-.127
	Customer loyalty	-.220	.227	.399	-.197	-.215	-.127	.794^a

a. Measures of Sampling Adequacy (MSA)
Source: Authors' calculations

Table 5

Confirmatory Factor Analysis – CFA

The CFA analysis is the useful direct approach for the SEM-based model to check the measurement model and fitness of sample data in a hypothesized measurement model

(Ahmed *et al.*, 2019; Hair *et al.*, 2010). In our hypothesized measurement model, it is confirmed that the factors for customer satisfaction (CS) and customer loyalty are response time (RT), complaint resolution perfection (CRP), responsiveness to the complaint (RTC), executives' attitude

(EA), and brand image (BI). We have taken seven factors and 27 items with four items for each factor, except executive attitude (EA) that has three items, and fixed the data sample into observed and unobserved variables (Byrne, 2013). Since the factor loading of all the items ranges between 0.75-0.90, this confirms that the overall measurement model is acceptable; moreover, the factor loadings of all the variables are more than 0.50, which substantiates the convergent validities of all the construct of our hypothesized measurement mode. The results of Table 6 exhibit the fit indices of our measurement model, which shows that all the fit-indices follow the threshold values (IFI: 0.952, NFI: 0.912, CFI: 0.934, PNFI: 0.702, PCFI: 0.734, GFI: 0.928, and AGFI: 0.902).

Hypothesized Direct Relationship

For checking our hypothesized relationship, we employed standardized regression weights. The results of Table 7 demonstrated that our hypotheses H1, H2, H3, and H6 were substantiated because ($T > 2$) and corresponding probabilities ($p < 0.05$); however, H4 and H5 are not supported. Thus, it is concluded that response time, complaint resolution perfection, and responsiveness to the complaint have a significant and positive influence on the customer satisfaction that leads to the significant and positive influence on the customer loyalty. However, customer relations & executives' attitude and brand image do not exert a cogent impact on the customer satisfaction. Though, individual results exhibited that the customer satisfaction had the highest impact (0.780) on the customer loyalty. The response time has the influence of 0.439 on the customer satisfaction followed by complaint resolution perfection with the impact of 0.424 on the customer satisfaction.

Table 6

Model Fit Indices

Categories	Absolute				Relative			Parsimonious	
	χ^2	χ^2/df	GFI	AGFI	CFI	NFI	IFI	PNFI	PCFI
Fit Indices									
Criteria	Low	< 5.0	> 0.90	> 0.90	> 9.0	> 0.9	> 0.95	> 0.50	> 0.50
Values	102.30	3.00	0.928	0.902	0.934	0.912	0.952	0.702	0.734

Note. CFI: Comparative fit index; NFI: Normed fixed index; IFI: Incremental fixed index; PNFI: Parsimony adjusted normed fixed index; PCFI: Parsimonious adjusted fit index; GFI: Goodness of fit index; AGFI: Absolute goodness of fit index
 Source: Authors' calculations

Table 7

Hypothesized Direct Relationship

Hypothesis	Variables	Regression Paths	SRW*	SE	T	P	Decision
H1	Response time	RT → CS	.439	.065	6.682	.000	Supported
H2	Complaint resolution perfection	CRP → CS	.424	.060	6.951	.000	Supported
H3	Responsiveness to complaint	RTC → CS	.196	.066	3.287	.001	Supported
H4	Customer relations & executives attitude	CREA → CS	-.071	.067	-1.029	.305	Not Supported
H5	Brand image	BI → CS	.056	.029	1.796	.074	Not Supported
H6	Customer satisfaction	CS → CL	.780	.043	17.534	.000	Supported

*Standardized Regression Weight
 Source: Authors' calculations

Conclusions

The aim of this study was to investigate the antecedents of the customer satisfaction and customer loyalty, which triggers the economic aspects of business operation in the perspective of customer complaint handling for the airline industry. Based on the outcomes of the undertaken research, it is concluded that the response time, complaint resolution perfection, and responsiveness to the complaint have a positive and significant impact on the customer satisfaction and customer loyalty leading to the future economic aspects of business operation of the airline industry. This outcome is consistent with the previous literature pertaining to the effectiveness of response time to the customer complaint handling in the airline industry (Dudek *et al.*, 2019; Lee, 2017; Mattila, 2006; Davidow, 2003; Wever, 2016; Park *et al.*, 2005, 2006; Fornell, 1992; Blodgett *et al.*, 1995; Gummesson, 1994). Explaining and analysing customer complaint handling based on the holistic approach, timely

response and resolution of customer complaints can enhance the customer satisfaction, their loyalty, and future economic aspects of business operation in the airline industry. However, customer relations & executives' attitude and image brand do not influence the customer satisfaction and loyalty among customers. Such studies as Chen and Jai (2019), and Gustafsson *et al.* (2005) show that higher responsibility lies on top management. It is for them to manage and maintain the existing customer satisfaction level and build value to attract customers. According to Moon *et al.* (2019), and Homburg and Furst (2005), the customer satisfaction can only be attained through instant solutions of their complaints that also enhance the customer loyalty and future economic aspects of business operation in the airline industry. The outcomes of the research further demonstrated that the customer satisfaction led to the customer loyalty. These results are also in line with the previous literature demonstrating that a high level of the customer satisfaction brings the customer loyalty in the

airline industry (Alrawadieh *et al.*, 2019; Zeithaml, 2000; Majumdar, 2005; Cronin & Taylor, 1992; Gummesson, 1994; Fornell *et al.*, 1996; Anderson *et al.*, 1994). Complaints are not an essential factor for achieving the customer loyalty because complaints are just statements; though, addressing and resolving the customer complaints are paramount to attain the customer satisfaction, loyalty, and future economic aspects of business operation of the airline industry. Previous literature demonstrated that engaging customers and complaints should be taken as feedback to improve the organizational performance (Augusto *et al.*, 2019; Yao *et al.*, 2019). Moreover, the airline industry should solve customer complaints immediately and add augmented features in their services and products to gain long-term sustainability (Heymann,

2019). Thus, complaint handling could be considered as a marketing tool that can generate value addition to customers for long-term loyalty and future economic aspects of business operation in perspective of the airline industry.

Limitations of the study and directions for further research. The paper presents the study conducted in Pakistan, but the respondents involved in it have experience of traveling with various airlines, as all major airlines operating from Pakistan are such as “British Airways”, “China Air”, “The Emirates Airline”, “Qatar Airline”, etc. Thus, respondents have experience of traveling with all major airlines and using the services they provide. However, this study may reflect general airline services in handling passenger complaints. However, future research studies could also be conducted on more than one country or region.

Disclosure Statement

The authors have not reported any hindering conflict of interest.

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Appendix 1. Questionnaire

	Statement	Reference
CL1	I will prefer to use the services of this airline in the future	Customer loyalty adapted from Metwally (2013) & So <i>et al.</i> (2014)
CL2	Compared to my friends, I do not replace the airline with a new one	
CL3	Quality of service of the airline is the major binding force	
CL4	Overall services of the airline inspired me to be intact with the airline	
CS1	The value of money is equal to the services provided by the airline	Customer satisfaction modified from Chan (2014) & So <i>et al.</i> (2014)
CS2	I explore enjoyment and new dimensions of airline services	
CS3	The amount and quality of food is sufficient	
CS4	The overall services of the airline are beyond my imagination	
RT1	The response time of staff is swift to respond my complaints	Response Time adapted from Metwally (2013)
RT2	The response time of the airline is quicker than my expectations	
RT3	I do not have any problem while registering my complaints	
RT4	In general, the response time of the crew and ground staff is very quick	
CRP1	The airline is capable to resolve complaints in a refined manner	Customer Resolution Perfection modified from So <i>et al.</i> (2014) & Chan (2014)
CRP2	The ground staff is handling & resolving complaints in a perfect manner	
CRP3	The crew of the airline is highly skilled to respond to my complaints	
CRP4	In general, the airline is capable enough to resolve complaints in a professional and comprehensive way	
CREA1	I intend to rebuy and continue using current service due to relationship with staff	Customer relationship & Executives’ attitude adapted from Chan (2014)
CREA2	The attitude of executives strengthens the customer-airline relationship	
CREA3	The executives’ attitude enhances the overall quality of services due to timely response to complaints handling	
BI1	The image of the airline service is very similar to the kind of person I am	Brand Image modified from Metwally (2013) & So <i>et al.</i> (2014)
BI2	The image of a this airline is highly consistent with how I see myself	
BI3	I would recommend to the friends/family due to the best services	
BI4	The overall image of this airline exceeds my expectations	
RTC1	The response time to handle complaints is very speedy & rapid	Responsiveness to complaint adapted from Chan (2014) & Metwally (2013)
RTC2	I would appreciate the ground staff of the airline for responsiveness	
RTC3	I am happy to see the rapid efforts of crew to solve complaints	
RTC4	In general, the airline is very swift to respond to complaints	

Source: So *et al.* (2014), Chan (2014) & Metwally (2013)

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