ANALYSING THE IMPACT FACTORS OF CUSTOMER LOYALTY AMONG SMALL AND MEDIUM-SIZED HOTELS (SMSHS) IN DUBAI

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ABSTRACT

Purpose: This study aims to identify the most important characteristics that contribute to customer loyalty in the hotel sector, specifically in Dubai’s hotels.

Theoretical framework: Small and medium-sized hotels (SMSHS) were examined from the standpoint of their customers using customer loyalty as a performance metric. This research will shed additional light on how customer satisfaction and trust in SMSHS contribute to customer loyalty, particularly within Dubai’s hotel sector SMSHS.

Design/methodology/approach: A quantitative study involves the use of statistical analysis and numerical data to test hypotheses and draw conclusions about the relationships between variables based on a sample of 372 respondents from SMSHS in Dubai.

Findings: The findings showed a positive and significant relationship between customer trust, service quality, customer satisfaction and customer loyalty in the SMSHS in Dubai. Also, customer satisfaction mediates the relationship between customer trust and customer loyalty, and customer satisfaction mediates the relationship between customer trust and customer loyalty in the SMSHS in Dubai.

Research, Practical & Social implications: To boost client satisfaction, hotels should undertake a more detailed service assessment of online hotel performance and improve the hotel’s application system, which is prone to faults, by speeding up digital technology.

Originality/value: An original study on small and medium-sized hotels in Dubai would provide valuable insights into the unique challenges and opportunities faced by this segment of the hospitality industry in a highly competitive and dynamic market.

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ANALISANDO OS FATORES DE IMPACTO DA LEALDADE DO CLIENTE ENTRE OS PEQUENOS E MÉDIOS HOTÉIS (SMSHS) EM DUBAI

RESUMO

Objetivo: Este estudo tem como objetivo identificar as características mais importantes que contribuem para a fidelização do cliente no setor hoteleiro, especificamente nos hotéis de Dubai.

Referencial teórico: Pequenos e médios hotéis (SMSHS) foram examinados do ponto de vista de seus clientes usando a lealdade do cliente como uma métrica de desempenho. Esta pesquisa lançará luz adicional sobre como a satisfação e a confiança do cliente nos SMSHS contribuem para a fidelidade do cliente, particularmente nos SMSHS do setor hoteleiro de Dubai.

Desenho/metodologia/abordagem: Um estudo quantitativo envolve o uso de análise estatística e dados numéricos para testar hipóteses e tirar conclusões sobre as relações entre variáveis com base em uma amostra de 372 entrevistados de SMSHS em Dubai.

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**Resultados:** Os resultados mostraram uma relação positiva e significativa entre confiança do cliente, qualidade do serviço, satisfação do cliente e lealdade do cliente nos SMSHs em Dubai. Além disso, a satisfação do cliente medeia a relação entre a confiança do cliente e a lealdade do cliente, e a satisfação do cliente medeia a relação entre a confiança do cliente e a lealdade do cliente nas SMSHs em Dubai.

**Implicações de pesquisa, práticas e sociais:** Para aumentar a satisfação do cliente, os hotéis devem realizar uma avaliação de serviço mais detalhada do desempenho do hotel online e melhorar o sistema de aplicativos do hotel, que é propenso a falhas, acelerando a tecnologia digital.

**Originalidade/valor:** Um estudo original sobre hotéis de pequeno e médio porte em Dubai forneceria informações valiosas sobre os desafios e oportunidades únicos enfrentados por esse segmento da indústria hoteleira em um mercado altamente competitivo e dinâmico.

**Palavras-chave:** Confiança do Cliente, Qualidade do Serviço, Satisfação do Cliente, Lealdade do Cliente, Pequenos e Médios Hotéis.

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**ANALIZANDO OS FATORES DE IMPACTO DA LEALDADE DO CLIENTE ENTRE OS PEQUENOS E MÉDIOS HOTÉIS (SMSHs) EM DUBAI**

**RESUMEN**

**Propósito:** Este estudio tiene como objetivo identificar las características más importantes que contribuyen a la lealtad del cliente en el sector hotelero, específicamente en los hoteles de Dubai.

**Marco teórico:** Los hoteles pequeños y medianos (SMH) fueron examinados desde el punto de vista de sus clientes utilizando la lealtad del cliente como una métrica de desempeño. Esta investigación arrojará luz adicional sobre cómo la satisfacción del cliente y la confianza en los SMH contribuyen a la lealtad del cliente, particularmente dentro de los SMSH del sector hotelero de Dubái.

** Diseño/metodología/enfoque:** un estudio cuantitativo involucra el uso de análisis estadístico y datos numéricos para probar hipótesis y sacar conclusiones sobre las relaciones entre variables basadas en una muestra de 372 encuestados de SMSH en Dubai.

**Hallazgos:** Los hallazgos mostraron una relación positiva y significativa entre la confianza del cliente, la calidad del servicio, la satisfacción del cliente y la lealtad del cliente en los SMSH de Dubái. Además, la satisfacción del cliente medía la relación entre la confianza del cliente y la lealtad del cliente, y la satisfacción del cliente medía la relación entre la confianza del cliente y la lealtad del cliente en los SMSH en Dubái.

**Implicaciones de investigación, prácticas y sociales:** para aumentar la satisfacción del cliente, los hoteles deben realizar una evaluación más detallada del rendimiento del hotel en línea y mejorar el sistema de aplicaciones del hotel, que es propenso a fallas, acelerando la tecnología digital.

**Originalidad/valor:** un estudio original sobre hoteles pequeños y medianos en Dubái brindaría información valiosa sobre los desafíos y oportunidades únicos que enfrenta este segmento de la industria hoteleira en un mercado altamente competitivo y dinámico.

**Palabras clave:** Confianza del Cliente, Calidad del Servicio, Satisfacción del Cliente, Fidelización del Cliente, Pequeños y Medianos Hoteles.

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**INTRODUCTION**

Without any doubt, tourism is the primary driver of the hotel industry. Tourism is the main factor for the growth of the hospitality industry, and it is focused on the large number of visitors entering the targeted country where the industry is massively growing (Haeruddin et al., 2023). Despite the significance of those industries, the tourism and hospitality industry has been affected enormously by the coronavirus disease (COVID-19) in general and small and medium-sized hotels (SMSHs) in specific (Sutrisno et al., 2022; Haeruddin et al., 2023). And hence the pandemic appears, the of customers in the tourism and hospitality industry significantly decreased, which put SMSHs in huge struggles. The survival of hotels is essential...
in delivering superior quality in this new competitive environment (Kukanja et al., 2020; Alshammare, Halim, & Alsheikh, 2023). As a result, customer loyalty has become a critical business idea that has to be revisited, particularly in the hotel sector. Moreover, there are various hotel outcomes reports on consumer loyalty and standard of service (Rather & Camilleri, 2019; Ahrholdt et al., 2019; Alshammare et al., 2023), but most such reports are focused on a higher degree of business achievement, namely hotels with four and five-star lodging (Ahmad et al., 2019; Ahrholdt et al., 2019). Based on the results, it is obvious that research is needed regarding service quality and customer loyalty for hotels outside the upper range. According to Basari and Shamsudin (2020), the hotel industry in the United Arab Emirates (UAE) suffers from low customer loyalty, which is attributed to the lack of customer expectations, specifically in customer satisfaction and the service quality provided. The hotel industry in the UAE relies more on foreign customers. More of them visit the UAE for short periods but frequently. While local customers were reported to have lower customer loyalty (Ahrholdt et al., 2019; Alshammare et al., 2023). This issue has shifted customers' preferences to multinational hotels in the UAE. This shift has affected the sustainable growth of the industry. In addition, the decline of local hotels contributed to the economy.

As SMSHs are too complex and not uniform, generic research in consumer loyalty and quality of service is challenging to apply to other research. Consequently, this study has produced realistic advances in the hotel industry, particularly in developed countries such as the UAE, by investigating client expectations of the standard of service offered through the SMSHs lens (Basari & Shamsudin, 2020). On the other hand, maintaining customer satisfaction is no easy effort. It involves an extensive investigation to ascertain what customers desire. Additionally, it involves innovative thinking to uncover significant aspects of their lives that may delight them, as well as a long-term strategy for implementing new customer-satisfying techniques (Huang & Trusov, 2020). Satisfaction strongly correlates with consumer loyalty and other interpersonal interactions (Tech, 2020). Satisfaction is critical since it can influence whether an organisation succeeds or fails; hence, collecting customer feedback regularly, particularly on customer demands and useful sources of information regarding customer decision-making (Hussain, 2021). Thus, for organisations to remain successful in today's competitive business environment, they must place a high value on the quality of service they provide to their customers. Excellent service is a critical driver of customer happiness and the sustainability of an organisation's image (Hussain, 2021). Thus, a company's most valuable intangible asset in a highly competitive market is its corporate image and service quality. These
enable consumers to trust and comprehend the products and services the brand offers, lowering the customer's purchasing risk (Rather & Camilleri, 2019).

Additionally, it has been utilised as a strategic tool for service quality, enabling a business to differentiate itself from competitors in a competitive service industry. It is seen as a critical factor of service competitiveness (Ahrholdt et al., 2019). However, because the characteristics of service quality depend on consumer feedback, it is always tricky to measure it (Kim & Kim, 2017). Because of this, a company's response to the quality of its service must be evaluated to design an effective marketing strategy. In addition, customers' perceptions and expectations impact service quality (Gustafsson et al., 2021).

On the other hand, trust in establishing and preservation partnerships is seen as of considerable significance, but it is often acknowledged that it is challenging to handle (Upamannya, 2015). Despite the continuous establishment of trust in corporate ties with consumers, trust raising has been seen in every manner other than this (Gustafsson et al., 2021). Furthermore, the role of hotel quality in consumer loyalty was not clearly discussed in recent studies, and the intensity of the correlation between the quality of service and customer loyalty in this industry is being evaluated. In their research, Tabaku and Kushi (2019) emphasise repetitive buying habits on the value of the loyalty principle to consumers as it is a central indication of loyalty where the customer's happiness is closely related. Furthermore, there is an observational difference between the quality level of service and consumer satisfaction. Loyalty is also a significant element in service efficiency (Alshammare et al., 2023).

Furthermore, Maisya et al. (2019) claimed that the level of service is first and foremost acceptable for clients to see through immaterial considerations such as stability, efficiency and sympathy. Heads of hotel managers and owners need to recognise how customers use and want the property to establish distinctive qualities. The creation of hotel standards of services initiatives must be taken into account to boost tourism in the UAE, the intangible, intangible variables can predict customer loyalties in the hotel industry in Arab countries, but This is how the consumer assesses and assesses the service they focus on (Dash & Patra, 2014).

Many studies have analysed and discussed the relationship between consumer satisfaction and loyalty to consumers (Maisya et al., 2019). While there is a lack of studies examining the role of customer experience and quality in satisfying customers (Ahrholdt et al., 2019), as well as, a dearth of studies on the credibility of firms and consumers' trust in these service businesses (Rather & Camilleri, 2019; Gustafsson et al., 2021; Alshammare et al., 2023). The uniqueness of this research contributed to a strong link between the dimensions of
the standard of service, satisfaction and trust as the essential cornerstone of consumer loyalty. As a result, this study investigates the key factors influencing customer loyalty in the hospitality industry, specifically in the SMShs sector in the United Arab Emirates. Customer loyalty in the SMShs sector in the UAE is examined in this study, which contributes to the literature by providing insight into the relationships between service quality, customer trust, and customer satisfaction.

LITERATURE REVIEW

According to Oliver (1980), the expectancy-disconfirmation paradigm (EDP) is the most promising theoretical framework for gauging customer satisfaction based on the limitations of the previous early theories. According to the expectancy-disconfirmation paradigm, consumers buy goods and services based on their pre-purchase expectations about their expected performance. Therefore, the product can be judged based on the customer's expectations. The results of using a product or service are then compared to what was expected. If the conclusion is as expected, then confirmation has occurred. Confusion occurs when expectations and results do not line up. As a result of a positive or negative gap between expectations and perceptions, a consumer is either satisfied or unsatisfied. There is a positive correlation between expectations and performance, resulting in customer satisfaction when service performance exceeds the customer's initial expectations. On the other hand, customer satisfaction results from service performance consistent with expectations and perceptions. When service falls short of expectations, customers are likelier to say they are unhappy than when expectations are met.

Service Quality

Service quality is a term that refers to the quality of the service that a company provides (Ahmad et al., 2019). Offering high-quality services builds client loyalty and word-of-mouth advertising and increases productivity and profitability (Huang & Trusov, 2020).

Numerous studies have established a causal relationship between perceived quality and satisfaction (Assaker et al., 2020). In most previous studies, perceptions of service quality and value have been found to affect satisfaction, which consequently affects loyalty and post-behaviours (Assaker et al., 2020). Product standard implementation in today's competitive market environment is an essential survival technique (Ahmad et al., 2019). Rashid (2013)
suggested that a good quality service that satisfies consumer demands, Pisone of the most critical challenges in a dynamic environment for the hotel industry.

Furthermore, numerous researchers have examined the relationship between service quality and customer loyalty and empirically validated that service quality is critical for assessing customer satisfaction and loyalty by identifying discrepancies between customers' expectations and their perceptions of service delivery or performance (Wu et al., 2021). However, several more studies have shown that client satisfaction mediates between the standard of service and customer loyalty (Wu et al., 2021). In addition, the essence of the connexion between satisfaction and loyalty was explored. Kim and Kim (2012) observed in Pakistan's mobile market that perceived the standard of service influences consumer loyalty. Hussain (2021) observed that the perceived standard of service benefits the brand satisfaction of airline passengers in the USA. It is therefore proposed that:

\[ H1: \text{Service quality has a positive impact on customer satisfaction.} \]

\[ H2: \text{Service quality has a positive impact on customer loyalty.} \]

**Customer Trust**

Trust is described by Basari and Shamsudin (2020) as a company's belief that the other company would take actions that lead to positive outcomes and refrain from doing unpredictable behaviours that lead to negative consequences. Trust is built on the belief that the seller has the customer's best interests and objectives in mind and is motivated by creating positive customer outcomes.

Furthermore, trust was vital to effective partnership building for the business-to-business or business-to-consumer industry. The choice to buy from Huang and Trusov's (2020) customers plays a crucial role in triggering insecurity as a tendency by buyers to believe that a company is responsible. De Leaniz et al. (2016) also noticed that the hotel sector was very enticing to hackers and scammers owing to weak machine and network protection precautions hotel workers took. Most hotels create user privacy and protection policies to secure consumer records. Examples are how self-regulation procedures focused on government guidance and consumer legislation (Galbreath & Shum, 2012) were used.

Moreover, Ahmad et al. (2019), in an Observational sense, find that brand loyalty directly affects customer participation and implicitly influences price tolerance. Kandampully et al. (2015) observed that a 5% improvement in consumer satisfaction rates would raise profits in several industries from 25 to 95%. In this sense, confidence has an important role in creating
loyalty, which has helped cultivate a long-term relationship between a client and a hotel service provider (Gustafsson et al., 2021; Alshammare et al., 2023). In e-commerce, confidence is stressed rather than in other conventional environments, according to Rather and Camilleri (2019), as e-sellers suffer from 'unethical companies with high risks, and the customer also faces social instability in online purchases. Furthermore, higher e-confidence levels can improve website e-loyalty and will use more IT apps. It is therefore proposed that:

\[ H3: \text{Customer trust has a positive impact on customer satisfaction.} \]

\[ H4: \text{Customer trust has a positive impact on customer loyalty.} \]

Customer Satisfaction

Satisfaction is the case where the consumer is pleased or dissatisfied, where the client’s desire is contrasted with the performance of the product/service (Ahrholdt et al., 2019). Furthermore, in their study, Kim and Kim (2012) demonstrated that customer satisfaction significantly impacts customer loyalty. Initial analysis indicates the correlation between close ties to client loyalty has shown that service quality assessments and consumer participation have a considerable effect on brand loyalty in a study conducted by Wu et al. (2021). Research conducted by Basari and Shamsudin (2020) has shown that the relationship between religiousness and customer loyalty has significantly influenced customer loyalty, which shows that service quality, consumer morale, religious commitment and customer satisfaction. The next theory has been developed in order.

\[ H5: \text{Customer satisfaction has a positive impact on customer loyalty.} \]

Customer Loyalty

Kim and Kim (2012) defined customer loyalty as "the likelihood that customers will return to a hotel." A long-term consumer may have an emotional attachment to the business (Ahmad et al., 2019). "Customer loyalty" is a key component of long-term organisation success for businesses (Huang & Trusov, 2020).

Conceptual Framework

The conceptual framework shown in Figure 1 shows all the independent variables as well as the dependent variables. The framework explains clearly how the postulated hypotheses relate to each other and provides the key input of this research. Based on the discussion above, a research framework has been developed, as shown in Figure 1.
Balushi, A. A. M. A., Musa H. (2023) Analysing the Impact Factors of Customer Loyalty Among Small and Medium-Sized Hotels (Smshs) in Dubai

METHODOLOGY

Respondents of the present study are international visitors; a letter of approval was sent to the owners, general managers, and managers of 230 SMSHs, one to three-star hotels in Dubai. We selected a sample of 372 to participate in the study. A response rate is 66.67%, given a total sample of 384. This sample response met the minimum sample requirement at which generalisation may be achieved. A period of six (6) weeks was allocated to collect data. The results were downloaded from the online data collection platform and analysed with Analysis of Statistical Package for the Social Sciences (SPSS) V.25 and the variance-based structural equation modelling (SEM) using the partial least squares (PLS) path modelling method (Smart-PLS) V3.9. The collected data was originally entered into the online data collection platform based on the weights of the various responses.

RESULTS AND DISCUSSION

The result and discussion section of the quantitative study on small and medium-sized hotels in Dubai provided statistical analysis of the data collected, revealing significant findings on the factors affecting the customer loyalty of these hotels.

Demographic Analysis

The respondent profiles for those who participated in the study are shown in Table 1; 69.2% of the participants belong to the male gender category (n=265), while 30.8% belong to the female gender category (n=128). The result confirms that male respondents were the majority. The age levels of the participants were divided into four categories, where 5.1% of the participants ranging between 17-25 years old with n = 19, 17.3% of the participants ranging between 26-30 years old with n = 66, 31.6% of the participants ranging between 31-35 years
old with \( n = 121 \), and 45.9% of the participants ranging between 36-40 years old with \( n = 178 \). It is confirmed that most of the respondents are from the age of 31-40 years old. Most participants hold a bachelor's certificate 51.4% and \( n = 197 \), while the participants who hold master's certificates were 23.5% with \( n = 90 \), and for the PhD level, there were 25.1% with \( n = 97 \). It ensures that all the participants are educated. The participants' experience ranged between 1 to 9 years, and 9.4% of the participants had an experience from 1 to 3 years with \( n = 36 \), while there were 27.6% of the participants had an experience from 4 to 6 years with \( n = 105 \). Finally, 63.0% of the participants have an experience from 7 to 9 years, with \( n = 243 \). Most of the respondents had experienced between 7-9 years.

<table>
<thead>
<tr>
<th>Gender</th>
<th>n</th>
<th>%</th>
<th>Education Level</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>265</td>
<td>69.2%</td>
<td>Bachelor</td>
<td>197</td>
<td>51.4%</td>
</tr>
<tr>
<td>Female</td>
<td>128</td>
<td>30.8%</td>
<td>Master</td>
<td>90</td>
<td>23.5%</td>
</tr>
<tr>
<td></td>
<td>384</td>
<td></td>
<td>PhD</td>
<td>97</td>
<td>25.1%</td>
</tr>
</tbody>
</table>

Table 1. Profile of respondents (\( N = 384 \))

<table>
<thead>
<tr>
<th>Age</th>
<th>n</th>
<th>%</th>
<th>Experience</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>17-25 years</td>
<td>19</td>
<td>5.1%</td>
<td>1 to 3 years</td>
<td>36</td>
<td>9.4%</td>
</tr>
<tr>
<td>26-30 years</td>
<td>66</td>
<td>17.3%</td>
<td>4 to 6 years</td>
<td>105</td>
<td>27.6%</td>
</tr>
<tr>
<td>31-35 years</td>
<td>121</td>
<td>31.6%</td>
<td>7 to 9 years</td>
<td>243</td>
<td>63.0%</td>
</tr>
<tr>
<td>36-40 years</td>
<td>178</td>
<td>45.9%</td>
<td></td>
<td>384</td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS V.25 output prepared by the authors (2023)

Measurement Model Evaluation

Reliability is an estimation of the degree of accuracy of a variable between different measures of a variable. It reflects the degree to which a variable or set of variables is consistent with what it is supposed to calculate accurately. In this study, the correlation coefficient of Cronbach's alpha was used to estimate the internal consistency reliability: excellent (\( \alpha > 0.9 \)), Good (\( 0.7 < \alpha < 0.9 \)), acceptable (\( 0.6 < \alpha < 0.7 \)), poor (\( 0.5 < \alpha < 0.6 \)), and unacceptable (\( \alpha < 0.5 \)). Table 2 shows that all variables (customer trust, service quality, customer satisfaction, and customer loyalty) were above 0.7. Results mean that all the variables have good internal consistencies. The values of Cronbach alpha ranged between 0.726 and 0.856, while the composite reliability values ranged between 0.775 and 0.865.

Furthermore, convergent validity is a type of substructure validity. For the current research, the value used to test the convergent validity is the average variance extracted (AVE).
When the value of AVE is more significant than 0.5, the variable shows good construct validity. Table 2 shows that all the variables have an AVE ranging between 0.564 and 0.727.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Factor Loadings</th>
<th>Cronbach’s alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Trust</td>
<td>CT1</td>
<td>0.878</td>
<td>0.856</td>
<td>0.865</td>
<td>0.564</td>
</tr>
<tr>
<td></td>
<td>CT2</td>
<td>0.738</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CT3</td>
<td>0.759</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CT4</td>
<td>0.740</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CT5</td>
<td>0.747</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Quality</td>
<td>SQ1</td>
<td>0.969</td>
<td>0.816</td>
<td>0.882</td>
<td>0.65</td>
</tr>
<tr>
<td></td>
<td>SQ2</td>
<td>0.561</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SQ3</td>
<td>0.634</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SQ4</td>
<td>0.875</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SQ5</td>
<td>0.819</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>CS1</td>
<td>0.571</td>
<td>0.779</td>
<td>0.799</td>
<td>0.727</td>
</tr>
<tr>
<td></td>
<td>CS2</td>
<td>0.708</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS3</td>
<td>0.890</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS4</td>
<td>0.569</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS5</td>
<td>0.727</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>CL1</td>
<td>0.697</td>
<td>0.726</td>
<td>0.775</td>
<td>0.683</td>
</tr>
<tr>
<td></td>
<td>CL2</td>
<td>0.694</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CL3</td>
<td>0.574</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CL4</td>
<td>0.796</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CL5</td>
<td>0.874</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CR= Composite Reliability; AVE= Average Variance Extracted
Source: SmartPLS V.3.9 output prepared by the authors (2023)

Discriminant Validity

Discriminant validity ensures that non-overlapping elements in the research do not overlap. Discriminant validity (or divergent validity) examines whether constructs that should not be related are related (Awang, 2012). According to Table 3, the variables have shown perfect and positive correlation because all the variables obtained values of r = greater than 0.4. The values found for the variables (customer trust, service quality, customer satisfaction, and customer loyalty) were in the range of 0.820 and 0.890.

<table>
<thead>
<tr>
<th>Customer Trust</th>
<th>Service Quality</th>
<th>Customer Satisfaction</th>
<th>Customer Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.820</td>
<td>0.212</td>
<td>0.415</td>
<td>0.189</td>
</tr>
<tr>
<td>0.831</td>
<td>0.117</td>
<td>0.859</td>
<td>0.204</td>
</tr>
<tr>
<td>0.890</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SmartPLS V.3.9 output prepared by the authors (2023)
Finally, the measurement model of the study is presented in Figure 2 below. Based on the above discussion, it can be confirmed that the measurement is valid for further analysis, as suggested by Hair et al. (2019).

**Figure 2. Measurement model of the study**

![Measurement model of the study](image)

Source: SmartPLS V.3.9 output prepared by the authors (2023)

Note: Note: CT; customer trust, SQ; service quality, CS; customer satisfaction; and CL; customer loyalty

**Hypothesis Testing (Direct Effect)**

The direct effect test examines the relationships between the (independent and mediating) variables and the dependent variable. This section presents the result of hypotheses testing for direct effect. The results are presented in Table 4 and explained in the following conclusions.

![Hypothesis Testing](image)

<table>
<thead>
<tr>
<th>Paths</th>
<th>Beta</th>
<th>Standard Deviation</th>
<th>T Values</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT -&gt; CL</td>
<td>0.542</td>
<td>0.024</td>
<td>2.549</td>
<td>0.000</td>
</tr>
<tr>
<td>SQ -&gt; CL</td>
<td>0.122</td>
<td>0.013</td>
<td>3.366</td>
<td>0.006</td>
</tr>
<tr>
<td>CS -&gt; CL</td>
<td>0.301</td>
<td>0.068</td>
<td>9.683</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: SmartPLS V.3.9 output prepared by the authors (2023)

Note: CT; customer trust, SQ; service quality, CS; customer satisfaction; and CL; customer loyalty.

According to the results shown in Table 4 above, the following conclusions were drawn: First, there is a positive and significant relationship between customer trust and customer loyalty in Dubai's small and medium-sized hotels with beta = 0.542, t = 2.549, and p = 0.000.
Second, there is a positive relationship between service quality and customer loyalty in Dubai’s small and medium-sized hotels, with beta = 0.122, t = 3.366, and p = 0.006. And finally, there is a positive and significant between customer satisfaction and customer loyalty in the small and medium-sized hotels in Dubai with beta = 0.301, t = 9.683, and p = 0.000.

**Hypothesis Testing (Mediation Effect)**

The goal of a mediation study might be to uncover ways to modify the level of the dependent variable, understand the mechanism by which the independent variable impacts the dependent variable, or forecast the study’s outcome.

In this section, the results assess the mediating effect of customer satisfaction on the relationships between (customer trust and service quality) and customer loyalty. Table 5 shows the result of the moderating effects (Indirect effect). The following conclusions were drawn based on the results of the mediation effect test in Table 5. The PLS-SEM was also utilised to test the moderating effect, and the following conclusions were found:

Customer satisfaction mediates the relationship between customer trust and customer loyalty in the small and medium-sized hotels in Dubai with beta = 0.124, t = 3.503, and (lower level of 0.749 and upper level = of 1.355).

Customer satisfaction mediates the relationship between customer trust and customer loyalty in the small and medium-sized hotels in Dubai with beta = 0.305, t = 4.530, and (lower level of 0.027 and upper level = of 0.160).

<table>
<thead>
<tr>
<th>Path a</th>
<th>Path b</th>
<th>Indirect Effect</th>
<th>SE</th>
<th>t-value</th>
<th>95% LL</th>
<th>95% UL</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT-&gt;CS-&gt;CL</td>
<td>0.163</td>
<td>0.274</td>
<td>0.124</td>
<td>0.034</td>
<td>3.503</td>
<td>0.749</td>
<td>1.355</td>
</tr>
<tr>
<td>SQ-&gt;CS-&gt;CL</td>
<td>0.490</td>
<td>0.264</td>
<td>0.305</td>
<td>0.026</td>
<td>4.530</td>
<td>0.037</td>
<td>0.160</td>
</tr>
</tbody>
</table>

Source: SmartPLS V.3.9 output prepared by the authors (2023)

Note: CT; customer trust, SQ; service quality, CS; customer satisfaction; and CL; customer loyalty.

The findings of the current study align with the previous studies' results, where numerous studies have established a causal relationship between perceived quality and satisfaction (Assaker et al., 2020). In most previous studies, perceptions of service quality and value have been found to affect satisfaction, consequently affecting loyalty and post-behaviours (Assaker et al., 2020). Product standard implementation in today's competitive market
environment is an essential survival technique (Gustafsson et al., 2021; Alshammare et al., 2023). In nutshell, a good quality service that satisfies consumer demands is one of the most critical challenges in a dynamic environment for the hotel industry.

Some authors have preferred to research the direct association between service efficiency and literary customer satisfaction (Kant & Jaiswal, 2017). Kim and Knutson (2015) argued that each other is not substituted with pleasure and commitment. The client will remain faithful to each other without getting better happiness. Dash and Patra (2014) found very common motives for switching, and consumers are more inclined to move vendors when they are happy with factors other than price. The high level of service makes it possible for the business to hold clients and attract new customers. Earlier work showed that service efficiency has a significant effect on consumer satisfaction. The beneficial connexion between service quality and consumer satisfaction has also been developed (Rashid, 2013). Oni et al. (2016) also concluded that quality expectations are closely linked to consumer satisfaction and are often prepared to compensate for excellent quality.

Gustafsson et al. (2021) also noticed that the hotel sector was very enticing to hackers and scammers owing to weak machine and network protection precautions hotel workers took. U.S. payment card theft is more than 55% dependent on hospitality. Hotel owners have to safeguard their clients. To make IT risk control an essential, expected guest service (Rather & Camilleri, 2019) for hoteliers (De Leaniz et al., 2016). These risks lead to direct financial losses, consumer complaints and inaccurate statements, consumer failure and loss of trust, fines, termination, poor efficiency, and the loss of licenses, production, and reimbursement for background management expenses and protection accidents. These risks contribute to direct financial losses. They often gather individually identifying details about the customer while providing hotel facilities, and this obtained data is a significant consideration for hotel advertisement and promotion strategies. (Assaker et al., 2020; Alshammare et al., 2023). Most hotels create user privacy and protection policies to secure consumer records. Examples are how self-regulation procedures focused on government guidance and consumer legislation (Galbreath & Shum, 2012) were used.

This research has a contribution to hotel consumers that want to improve customer loyalty. First, hotels must continue improving their service quality to increase customer satisfaction, which leads to customer loyalty. Pleased, contented, and complacent are the three levels of consumer satisfaction. Second, given the strong correlation between customer trust and customer loyalty and satisfaction, hotels can improve customer trust to instil contentment
and loyalty in consumers' thoughts. Honesty, integrity, commitment, and principle are all indicators of customer trust. Third, the findings show that customer satisfaction impacts customer loyalty, implying that hotels can consistently sustain client happiness, which is necessary for forming customer loyalty, as shown by faithfulness, continuousness, solidarity, repetition, and redone.

CONCLUSION

Customer trust, service quality, and customer satisfaction have all been shown to increase customer loyalty and positively influence it. Hotels must be more innovative and focus on loyalty to compete against the high quality and good competitiveness of online retail services in Dubai SMSHs'. The current study has contributed to the expectancy-disconfirmation paradigm, where the determinants of customer satisfaction ignored the role of customer trust and service quality in gaining customer satisfaction. According to the expectancy-disconfirmation paradigm, consumers buy goods and services based on their pre-purchase expectations about their expected performance. The product can therefore be judged based on how high the customer's expectations are. The results of using a product or service are then compared to what was expected. If the conclusion is as expected, then confirmation has occurred. Confusion occurs when expectations and results do not line up. As a result of a positive or negative gap between expectations and perceptions, a consumer is either satisfied or unsatisfied. There is a positive correlation between expectations and performance, resulting in customer satisfaction when service performance exceeds the customer’s initial expectations. On the other hand, customer satisfaction results from service performance consistent with expectations and perceptions. When service falls short of expectations, customers are more likely to say they are unhappy than when expectations are met.

Although this study generated important results for the hotels, certain limitations should be noted and considered in future research. First, this study only looked at the assets of the SMSHs that were categorised as 3 stars hotels so that the next study will compare the variables in a broader scope, such as the largest or even luxury stars hotels in Dubai. Second, the variables employed solely address service quality, customer trust in connection to customer loyalty, and customer satisfaction as an additional component. The next researcher can then enhance the study by including additional factors such as brand image and corporate social responsibility. To boost client satisfaction, hotels should undertake a more detailed service assessment of online hotel performance and improve the hotel's application system, which is prone to faults,
by speeding up digital technology. Furthermore, to retain and develop consumer loyalty, hotels in Dubai could reward customers who are faithful to the frequency of their hotel visits.

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