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Antecedents and outcomes of relationship quality in casual dining restaurants

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Management

Purpose: The study examines the mediating effects of relationship quality (RQ) on the relationship between six antecedents and loyalty and the moderating effects of gender on these relationships.

Design/methodology: Data were collected from a convenience sample of 300 respondents as they exited well-known casual dining restaurants in Kuala Lumpur (KL), Malaysia.

Findings: With one exception (physical environment), food quality, customer orientation, communication, relationship benefits and price fairness were significant predictors of RQ. RQ partially mediates the relationships between its antecedents and loyalty. Multi-group analyses reveal significant differences between males and females on these relationships.

Research limitations/implications: At the theoretical level, the study contributes to the conceptualization of RQ in tourism and hospitality research. The sample is not representative of all casual dining restaurants in KL but findings have important implications for restaurant management in terms of relationship marketing, advertising strategies and customer loyalty development.

Originality: The study extends existing models of RQ in the hospitality and tourism literature by confirming that RQ is best modeled as a second-order construct consisting of three first-order dimensions: trust, satisfaction and commitment. The study also demonstrates that RQ mediates the relationship between the antecedents of RQ and loyalty. Finally, this research confirms the moderating effects of gender on the hypothesized relationships.

Keywords: relationship quality, loyalty, food quality, PLS-SEM, multi-group analysis

Paper type – Research paper

Introduction

Relationship marketing (RM) has received considerable attention for its ability to provide superior customer value through building relationships with customers (Grönroos, 1994). Service organizations practicing RM achieve greater financial performance, customer trust, commitment, satisfaction and, competitive advantage over time (Kim *et al.*, 2006; Sharma *et al.*, 1999). RM is multifaceted and has been studied through a variety of inter-related concepts (Wong and Sohal, 2002), including relationship quality, customer trust, and commitment (Athanasopoulou, 2009; Crosby *et al.*, 1990; Morgan and Hunt, 1994). One of the most studied aspects of RM is relationship quality (RQ). RQ is defined as the “degree of appropriateness of a relationship to fulfill customer needs” (Henning-Thurau and Klee, 1997, p.751) and reflected through a combination of trust, commitment and relationship satisfaction (Palmatier *et al.*, 2006). While RQ has been intensely studied in the context of marketing (Athanasopoulou, 2009; Holmund, 2001; Vieira *et al.*, 2008), comparatively, fewer applications to hospitality and tourism services exist (Athanasopoulou, 2009; Huyn, 2010; Jones *et al.*, 2007; King and Garey, 1997; Lo *et al.*, 2017; Meng and Elliott, 2008; Su *et al.*, 2016). For example, existing studies mainly focus on the hotel sector (Bowen and Shoemaker, 1998; Castellanos-Verdugo *et al.*, 2009; Jones *et al.*, 2007; Kim and Cha, 2002; King and Garey, 1997; Lo *et al.*, 2017; Su *et al.*, 2016), with an emerging research strand investigating RQ in the restaurant sector (e.g., Hyun, 2010; Jin *et al.*, 2013; Kim *et al.*, 2006; Meng and Elliott, 2008; Nikbin *et al.*, 2016), travel agencies (Huang *et al.*, 2009; Macintosh, 2007) and theme parks (Tsai, 2015).

Existing theorizations of RQ in hospitality and tourism (e.g., Barry and Doney, 2011; Castellanos-Verdugo *et al.*, 2009; Hyun, 2010; Jin *et al.*, 2013; Jones *et al.*, 2007; Kim and Cha, 2002; Kim *et al.*, 2006; Liang and Wang, 2006; Meng and Elliott, 2008; Nikbin *et al.*,

2016), with one exception (Lo *et al.*, 2017), are diverse and fail to integrate the well-accepted tri-component conceptualization (satisfaction, trust and commitment) of RQ from the marketing literature. Another significant lacuna is the lack of effort in evaluating the effects of consumer demographics (such as gender) on the relationships between RQ and its antecedents and/or outcomes. With the exception of Jin *et al.* (2013), current models (Hyun, 2010; Kim and Cha, 2002; Kim *et al.*, 2006; Lo *et al.*, 2017; Meng and Elliott, 2008) fail to recognize that gender differences impact perceptions of RQ and its relationship with loyalty (Athanasopoulou, 2009).

The main objective of this study is to model the antecedents and outcomes of RQ in casual dining restaurants of Kuala Lumpur, Malaysia by investigating the mediating effects of RQ and the moderating effects of gender on the proposed relationships (see Figure 1). The contributions of this study are three-fold. First, we extend existing models of RQ by modelling RQ as a second-order construct consisting of three first-order dimensions (trust, commitment and satisfaction), consistent with research in marketing (e.g. Athanasopoulou, 2009; Barry and Doney, 2011; Henning-Thurau *et al.*, 2001; Palmatier *et al.*, 2006). Modelling RQ as a second-order factor offers several advantages such as reducing the number of variables that need to be estimated without losing measurement accuracy (Koufteros *et al.*, 2009), and providing a more parsimonious and interpretable model compared to first-order factor models (Nunkoo *et al.*, 2017). The current study thus provides an improved measurement of RQ, building on Lo *et al.*'s (2017) work. Prior research (e.g., Kim and Cha, 2002; Kim *et al.*, 2006; Liang and Wang, 2006) often theorizes satisfaction, trust and commitment as outcomes rather than indicators of RQ. On the other hand, in studies (e.g. Castellanos-Verdugo *et al.*, 2009; Jin *et al.*, 2013) modeling satisfaction and trust as indicators of RQ, the variable commitment is omitted or satisfaction is excluded when trust and commitment are used as indicators (Nikbin *et al.*, 2016). Second, we propose that RQ

mediates the relationship between the antecedents of RQ and loyalty. Existing models in the hospitality literature, with the exception of Kim et al. (2006) and Lo *et al.* (2017), fail to consider the mediating effects of RQ. Finally, RQ research in hospitality and tourism (e.g. Castellanos-Verdugo *et al.*, 2009; Hyun, 2010; Kim and Cha, 2002; Lo *et al.*, 2017) do not examine how gender moderates the relationship between antecedents and outcomes of RQ and the effect of RQ on loyalty. Previous studies show that female customers generally have higher requirements in terms of food quality (Ma *et al.*, 2011). In addition, female customers tend to be more sensitive to relational aspects of the service encounter compared to males (Peter *et al.*, 1999). Accordingly, understanding the differences between male and female customers in relation to the strength of the factors that predict RQ is critical for building loyalty programmes and improving perceptions of the dining experience.

Research background and hypotheses development

The concept of RQ and its components

Extensive reviews (e.g., Athanasopoulou, 2009; Holmund, 2001; Palmatier *et al.*, 2006; Vieira *et al.*, 2008) suggest that no agreement exists on the definition or dimensions of RQ. RQ is distinct from other “quality” related concepts such as service quality, refers to an evaluation of interactions with the service provider over time and is implicitly dyadic (Holmund, 200; Vieira *et al.*, 2008). In an earlier theorization, Crosby *et al.* (1990) suggest that the construct consists of two dimensions: trust and satisfaction. Customer trust is defined as “a confident belief that the salesperson can be relied upon to behave in such a manner that the long-term interest of the customer will be served” (p.70). Satisfaction is as an emotional state that occurs in response to an evaluation of interaction experiences (Westbrook, 1981). One way to achieve strong and long relationships was through satisfied customers (Storbacka

et al., 1994) and trust (Morgan and Hunt, 1994). Over the years, two competing school of thoughts have emerged on the dimensionality of RQ. Followers of Crosby *et al.* (1990) tradition in tourism and hospitality research have successively operationalized RQ in terms of trust and satisfaction (see e.g., Castellanos-Verdugo *et al.*, 2009; Jin *et al.*, 2013; Kim and Cha, 2002; Macintosh, 2007).

In recent years, a tri-component structure of RQ has emerged in the marketing literature to include commitment (Athanasopoulou, 2009; Barry and Doney, 2011; Henning-Thurau *et al.*, 2001; Palmatier *et al.*, 2006; Storbacka *et al.*, 1994). Commitment refers to the “adaptation processes which are the result of the parties’ intentions to act and positive attitudes towards each other” (Storbacka *et al.*, 1994, p.27). It is an enduring desire to maintain a valued relationship with a service provider, implying a higher level of obligation to make a relationship mutually satisfying and beneficial (Morgan and Hunt, 1994). However, commitment remains a contentious component of RQ. Some studies model commitment as an antecedent (e.g. Wong and Sohal, 2002; Vieira *et al.*, 2008) while others (e.g. Bowen and Shoemaker, 1998; Kim *et al.*, 2006; Morgan and Hunt, 1994) see commitment as an outcome of trust, therefore as a component of RQ.

In this study, we adopt a tri-component structure of RQ as it offers the best assessment of relationship strength (Palmatier *et al.*, 2006). In hospitality exchanges, customers’ trust, commitment and satisfaction influence the type and intensity of the relationship with a service provider (Kim *et al.*, 2006; Lo *et al.*, 2017). The three components are higher-order constructs of RQ. Trustworthiness of service providers is fundamental to forming business relationships (Crosby *et al.*, 1990; Holmund, 2001; Morgan and Hunt, 1994; Vieira *et al.*, 2008) and for understanding the strength of marketing relationships (Lo *et al.*, 2017; Wong and Sohal, 2002). Trust is an important relational exchange construct given that relationships characterized by trust are highly valued and generate commitment (Wong and Sohal, 2002).

Commitment, thus, provides the motivation to maintain the relationship (Morgan and Hunt, 1994). Satisfaction on the other hand, is the assurance that the service provider will continue to meet or exceed customers' expectations based on past performance (Crosby et al., 1990; Vieira et al., 2008). Thus, this study conceptualizes RQ as a higher-order multi-dimensional construct consisting of three sub-factors: trust, commitment and satisfaction.

Antecedents of RQ

A degree of ambiguity surrounds the antecedents and outcomes of RQ (Vieira *et al.*, 2008). The same constructs are often used as predictors and outcomes (Palmatier *et al.*, 2006; Vieira *et al.*, 2008). Antecedents of RQ are highly speculative (Athanasopoulou, 2009), but mainly relate to: sellers' service domain expertise, relational selling behavior, mutual goals (Crosby *et al.*, 1990), relational value/benefits (Kim *et al.*, 2006; Lo *et al.*, 2017; Morgan and Hunt, 1994; Storbacka *et al.*, 1994), communication (Lo *et al.*, 2017; Meng and Elliott, 2008; Morgan and Hunt, 1994) and customer orientation (Bejou *et al.*, 1996; Lo *et al.*, 2017; Macintosh, 2007; Meng and Elliott, 2008). In hospitality and tourism, previous studies have modeled food quality, price fairness, and physical environment (Hyun, 2010; Kim *et al.*, 2006; Meng and Elliott, 2008; Nikbin *et al.*, 2016), service quality or service excellence and location (Hyun, 2010; Jin *et al.*, 2013), customer orientation (Lo *et al.*, 2017), communication and relationship benefits (Kim *et al.*, 2006; Meng and Elliott, 2008), mutual disclosure and service providers' performance (Castellanos-Verdugo *et al.*, 2009; Kim and Cha, 2002) as antecedents of RQ. This study identifies six key antecedents of RQ as presented in Figure 1.

[INSERT FIGURE 1 HERE]

Physical environment

Human behavior is strongly associated with the physical environment (Russel and Pratt, 1980). Also known as physical quality or tangible quality (Kincaid *et al.*, 2010), the physical environment relates to the appearance and condition of amenities (Parasuraman *et al.*, 1988), including aesthetics (Jin *et al.*, 2013). The physical environment comprises among others, building exteriors and parking area, dining area, décor and lighting, and cleanliness of the premises (Kim *et al.*, 2006). Consumers consciously or unconsciously appraise the physical surroundings prior to, during, and after a meal in a restaurant and this influences post consumption behaviors (Han and Ryu, 2009). Empirical support exists for the relationship between the physical environment and the first-order constructs of RQ (satisfaction, trust and commitment). For example, Booms and Bitner (1982) argued that the physical environment of the servicescape enhances customer satisfaction. In addition, Bitner (1992) posits that environmental cues (e.g., furniture, décor etc.) have an impact on customers' perceived trustworthiness of a provider. Previous studies have identified a positive relationship between physical environment and RQ (Hyun, 2010; Kim *et al.*, 2006; Meng and Elliott, 2008), irrespective of the type of restaurant (i.e. casual dining or luxury). Hence, we propose that:

H1: Physical environment has a positive effect on RQ.

Food quality

Food quality is an important but often overlooked aspect of the restaurant experience (Namkung and Jang, 2007; Prayag *et al.*, 2015; Ryu and Han, 2010). Food quality influences customer satisfaction (Han and Hyun, 2017; Namkung and Jang, 2007; Ryu and Han, 2010) and trust (Hyun, 2010). In the context of retailing, research show that perceived food quality is an important antecedent of consumer trust (Shih-Tse Wang and Tsai, 2014). The quality of food improves supplier and retailer trust (Pandey and Khare, 2017). In addition, product

quality has a positive impact on customer commitment (Cater and Cater, 2010). In hospitality, studies have established the positive effect of food quality on the second-order construct of RQ (Kim *et al.*, 2006; Meng and Elliott, 2008). Hence, we propose that:

H₂: Food quality has a positive effect on RQ.

Customer orientation

Customer orientation is the extent an organization and its employees focus their efforts on understanding and satisfying customers (Castellanos-Verdugo *et al.*, 2009). It is purported that customer orientation influences relationship strength through trust, satisfaction and commitment (Bove and Johnson, 2000). For example, a customer-oriented organization has a strong commitment to their customers (Lo *et al.*, 2017), measure satisfaction regularly and looks for ways to create value (Narver and Slater, 1990). As a result, these foster a number of positive marketing outcomes such as improved employee performance, customer satisfaction at both individual and firm level, and customer trust (Macintosh, 2007). In hospitality and tourism, customer orientation has been modeled as an antecedent of RQ. Customer oriented restaurants are able to provide service as promised, and staff excel at service interactions (Kim and Cha, 2002). Several studies have established the positive effect of customer orientation on RQ (Castellanos-Verdugo *et al.*, 2009; Kim and Cha, 2002; Kim *et al.*, 2006; Lo *et al.*, 2017; Meng and Elliott, 2008). Accordingly, we propose that:

H₃: Customer orientation has a positive effect on RQ.

Communication

Communication is the most basic activity during service encounter interactions (Williams and Spiro, 1985). Communication activities can help to reduce uncertainty and ambiguities in purchase situations (Lo *et al.*, 2017). Through effective communication, service organizations can build trust and aid relationship building (Meng and Elliott, 2008). It is therefore of no surprise that existing studies in marketing (Ndubisi *et al.*, 2011; Vieira *et al.*, 2008) and hospitality (e.g. Kim *et al.*, 2006; Lo *et al.*, 2017) confirm first-order relationships between communication and trust, customer satisfaction and commitment. In fact, communication is a dyadic antecedent of RQ, where the quality, amount and frequency of information shared between the customer and the service provider influences perceptions of RQ (Palmatier *et al.*, 2006). In restaurant settings, the quality of communication between staff and customers is a key determinant of RQ (Kim *et al.*, 2006; Lo *et al.*, 2017; Meng and Elliott, 2008). Hence, we propose that:

H4: Communication has a positive effect on RQ.

Relationship benefits

The most researched antecedent of RQ is relationship benefits (Palmatier *et al.*, 2006; Vieira *et al.*, 2008), which include aspects such as time savings, convenience, and improved decision making (Palmatier *et al.*, 2006). Customers are more likely to maintain a relationship with a service provider when expectations of receiving the promised benefits exist (Morgan and Hunt, 1994). Restaurants have channeled marketing resources into frequent diner programs to build relationships and encourage repeat business (Kim *et al.*, 2006). Such activities encourage customers' willingness to develop relational bonds (Palmatier *et al.*, 2006). Empirical work confirms that relationship specific investment leads to greater customer commitment (Anderson and Weitz, 1992), satisfaction (Kim *et al.*, 2006; Reynolds

and Beatty, 1999), and trust (Bowen and Shoemaker, 1998; Meng and Elliott, 2008). Previous studies also identify the positive influence of relationship benefits on RQ as a second-order construct (Kim *et al.*, 2006; Meng and Elliott, 2008). Accordingly, we propose that:

H₅: Relationship benefits have a positive effect on RQ.

Price fairness

Fairness is a multidimensional construct consisting of distributional, procedural and interactional fairness (Ruyter and Wetzels, 2000). Service fairness is understood in terms of price fairness (the price paid), procedural fairness (the time spent), outcome fairness (the favorability of the non-interactional form of service), and interactional fairness (the way customer was treated) (Namkung *et al.*, 2009). In this study, the focus is on price fairness, representing the amount of economic expense the consumer sacrifices to obtain the product or service (Namkung *et al.*, 2009). Based on equity theory, customers evaluate service outcomes better when an organization displays higher levels of perceived fairness (Carr, 2007). Several studies have established price fairness as an antecedent of RQ (e.g, Hyun, 2010; Kim *et al.*, 2006; Meng and Elliott, 2008; Nikbin *et al.*, 2016). Hence, we propose that:

H₆: Price fairness has a positive effect on RQ.

RQ and customer loyalty

Customer loyalty is “a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future” (Olivier, 1999, p.34) is central to RM (Henning-Thurau *et al.*, 2001). It is accepted that a satisfied and committed customer develops a strong relationship with the service provider leading to positive behavioral outcomes (Storbacka *et*

al., 1994). Prior studies (e.g. Henning-Thurau *et al.*, 2001) support a positive relationship between the three dimensions of RQ (satisfaction, trust, and commitment) and customer loyalty. In addition, Han and Ryu (2007) found that in upscale restaurants, improving customer satisfaction leads to behavioral loyalty through increased revisiting and recommendation intentions. Attitudinal loyalty focuses not only on transactional strategies involving rewards programs and gifts for repeat customers but also improves with greater customer commitment and trust (Jones *et al.*, 2007). Both marketing and hospitality literatures converge around customer retention or loyalty as the key outcome of RQ (Athanasopoulou, 2009; Hyun, 2010; Jin *et al.*, 2013; Kim *et al.*, 2006). As such, we propose that:

H₇: RQ is positively related to customer loyalty.

Mediating effects of RQ

Existing models of RQ (Castellanos-Verdugo *et al.*, 2009; Jin *et al.*, 2013; Kim and Cha, 2002; Kim *et al.*, 2006; Meng and Elliott, 2008) hypothesize direct effects of various antecedents such as food quality, customer orientation, physical environment, communication and price fairness on RQ. Prior studies also show the direct effects of, for example, food quality, physical environment, communication and relationship benefits on loyalty (Henning-Thurau *et al.*, 2002; Kincaid *et al.*, 2010). However, with the exception of Kim *et al.* (2006), none of these models evaluate the indirect effects of RQ on the relationship between the six antecedents and loyalty. Hence, we propose that:

H₈: RQ mediates the relationships between its antecedents and customer loyalty

Moderating Role of gender

Previous research examines gender-based similarities and differences in the dining experience (Jin *et al.*, 2013; Ma *et al.*, 2014) and the moderating role of gender on service evaluations (e.g. Sanchez-Franco *et al.*, 2009; Ma *et al.*, 2014). Selectivity theory has been used to explain gender based differences in restaurants evaluation concluding that female consumers differ in terms of their attitude formation process (Kwun, 2011). Female customers are generally more attentive to food quality compared to males (Ma *et al.*, 2011). Females are more sensitive to relational aspects (such as communication and customer orientation) of service delivery (Iacobucci and Ostrom, 1993; Peter *et al.*, 1999) and would therefore exhibit stronger RQ. Gender differences also exist on perceptions of service fairness with male customers rating fairness higher (Snipes *et al.*, 2006). In addition, females tend to assimilate available cues and engage in a more comprehensive analysis of information when interacting with the physical environment (Sanchez-Franco *et al.*, 2009). Also, Jin *et al.* (2013) found that the relationship between RQ and loyalty was stronger for females than males in restaurant settings. Hence, we propose that:

H₉: Gender moderates the relationship between RQ, its antecedents and customer loyalty

Methods

Study context – Malaysia and casual dining restaurants

Culture has an influence on RQ (Barry and Doney, 2011; Kim *et al.*, 2006) and collectivist cultures such as Malaysia put different emphasis on the antecedents and components of RQ. Yet, RQ remains to be tested in Asian countries, in particular, Malaysia (Ndubisi *et al.*, 2011). Eating out is an important facet of Malaysian culture and lifestyle (Nikbin *et al.*, 2016). According to a World Bank report, GDP per capita in Malaysia in 2016

amounted to US \$9,508. According to the Department of Statistics Malaysia (DOSM, 2017), the value of gross output generated by the food and beverage sector was RM 66.4 billion in 2015.

In addition, prior research investigates RQ in mainly chain (Hyun, 2010) and fine-dining/luxury restaurants (Kim *et al.*, 2006; Meng and Elliott, 2008; Nikbin *et al.*, 2016). Quality perceptions of foodservice in Malaysia (Bougoure and Neu, 2010; Kueh and Voon, 2007) have been studied before but not in the context of casual dining restaurants. Casual dining restaurants offer either full service or quick service (Ryu *et al.*, 2008), with moderately priced food and beverages in a comfortable atmosphere. In such restaurants, the importance of food quality, service, and physical environment differs from upscale or luxury restaurants (Kim *et al.*, 2006; Kincaid *et al.*, 2010; Ryu *et al.*, 2008) but still impacts customers' overall evaluations and future behavior (Prayag *et al.*, 2015).

Survey instrument

The constructs were measured using multi-item scales. Items for the six predictors of RQ were adapted from previous studies (Castellanos-Verdugo *et al.*, 2009; Hyun, 2010; Kim and Cha, 2002; Kim *et al.*, 2006; Meng and Elliott, 2008). "Physical Environment" and "Food Quality" were operationalized using four and three statements respectively. Five items captured "Customer Orientation" and four items measured "Communication". "Relationship Benefits" and "Price Fairness" were operationalized using five and four statements respectively. "Relationship Quality" was operationalized as a second-order reflective construct, consisting of three dimensions: Commitment, Trust and Satisfaction. MacKenzie *et al.* (2005, p.715) note that a higher order measurement "faithfully represents all of the conceptual distinctions that the researcher believes are important, and it provides the most powerful means of testing and evaluating the construct". Items for the trust scale were adapted

from prior studies (e.g. Jin, 2015; Jin *et al.*, 2013; Kim *et al.*, 2006; Meng and Elliott, 2008). Commitment was measured using two items (Kim *et al.* 2006) and satisfaction was captured using three statements (Kim *et al.*, 2006; Meng and Elliott, 2008). Customer loyalty was measured using four items adapted from Hyun (2010). Consistent with previous studies (Castellanos-Verdugo *et al.*, 2009), all statements were measured on a five-point scale where 1=strongly disagree and 5=strongly agree. Customer characteristics such as age, gender, education level, marital status, and average monthly income were also captured. The survey instrument was pre-tested on a sample of 30 diners that often patronize casual dining restaurants, resulting in minor modifications. The survey, on average, took 12 minutes to complete.

As the data was collected via self-reported questionnaires, the presence of Common Method Variance (CMV) was tested using Harman one factor test (Podsakoff *et al.*, 2003). The unrotated exploratory factor analysis (EFA) identifies ten factors with an Eigenvalue above 1, explaining 67.9% of the total variance with the first factor accounting for 29.02% of the total variance. The Kaiser-Meyer-Olkin (KMO) was 0.88 (> than 0.5) and Bartlett's Test of Sphericity was significant at .00 (below $p < 0.05$). Thus, preliminary analysis shows that CMV is not a pervasive issue in the data.

Sampling and data collection

In this study, casual dining restaurants are characterized as those wherein a person spends on average RM 30 to 40. Given the lack of a suitable sampling frame for identifying casual dining restaurants in KL, customers of six restaurants were targeted (T.G.I Fridays, Nando's, Sakae Sushi, Dragon-I, Chili's, and Bubba Gump) on a convenience basis. These brands represent some of the leading consumer foodservice chains in Malaysia (Euromonitor International, 2010) and are similar in terms of service styles and targeted customer groups.

To determine the sample size, we used the rule of thumb of 384 respondents from the targeted population with a 95% confidence level and 5% allowable error (Castellanos-Verdugo *et al.*, 2009). Trained research assistants approached 400 customers as they exited the 6 restaurants. Respondents were invited to participate in the study and if they agree, self-completed the questionnaire on site. Given that Malaysia has several official languages including Malay and English, to avoid issues of translation and insufficient understanding of the survey instrument, respondents were screened on the basis of their English proficiency. According to the English Proficiency Index (EPI), Malaysia is ranked 2nd in Asia and 13th out of 80 countries in terms of English proficiency (EFEPI, 2017). Khoo-Lattimore & Prayag (2016, p.2753) further note that “English is a second language in Malaysia and widely used in business communication and daily conversations.

A total of 300 valid cases were retained for subsequent analyses. The sample was almost equally split between females (51.7%) and males (48.3%). In terms of age groups, the sample consists of: 19-26 years old (37.7%), 27-34 years old (25.3%), 35-42 years old (21%), and 43-50 years old (10.7%). More than half (54%) of respondents had completed undergraduate degrees, 25.7% had post-graduate qualifications and 9.3% were educated upto high school. Approximately a quarter (25.3%) of respondents were married with children, 21% married without children, and 51.3% were single. In terms of average monthly income, 45% of the sample earned between RM 1001 to RM 3000, 24% earned between RM 3001 to RM 5000, and 13% earned more than RM 5000.

Data Analysis

Partial Least Square (PLS) path modelling (Lohmöller, 1989) was used to test the hypothesized model. PLS is suitable for predictive applications and theory building (Hair *et al.*, 2017). In PLS, structural models are estimated using an iterative procedure that

maximizes the strength of the relationship between independent and dependent variables. PLS path models are defined in terms of two sets of linear relations: inner and the outer models. The inner model specifies the relationship between unobserved or latent variables, similar to CBSEM (Covariance Based Structural Equation Modelling) structural models. The outer model (or measurement model in CBSEM) shows the relationship between a latent variable and observed or manifest variables (Lohmöller, 1989). PLS can be applied in reflective, formative and higher order modes (Becker *et al.*, 2012; Hair *et al.*, 2017). The structural model was estimated using SmartPLS3.23 with a bootstrap re-sampling procedure (5,000 sub-samples were randomly generated) (Hair *et al.*, 2017).

Results

Measurement model

Following Hair *et al.* (2017) recommended guidelines, reliability, convergent, and discriminant validity of the study's main constructs (see Tables 1 and 2) were first established before testing the structural model. From Table 1, composite reliability (CR) for all scales was above the recommended threshold of .70 (range from 0.79 to 0.91), indicating the measures are reliable (Fornell and Larcker, 1981).

[PLEASE INSERT TABLE 1 HERE]

The significance of factor loadings and average variance extracted (AVE) were used to assess convergent validity. From Table 1, factor loadings are greater than .60 and are significant ($p < 0.05$). Average variances extracted are above 0.50, establishing convergent validity (Fornell and Larcker, 1981). Discriminant validity was examined by comparing the

square root of AVE for individual constructs with correlations among the latent variables. For adequate discriminant validity, the diagonal elements in Table 2 should be greater than the off-diagonal elements (Fornell and Larcker, 1981). Comparing all correlation coefficients with square roots of AVEs in Table 2, the results suggest strong evidence of discriminant validity. Discriminant validity was further tested using the Heterotrait-monotrait (HTMT) ratio (Henseler *et al.*, 2015; Wells *et al.*, 2016). All HTMT ratios (ranging from 0.36 to 0.64) were lower than the 0.85 threshold, indicating good discriminant validity.

Three steps were followed to confirm RQ as a second-order construct. First, EFA indicated that all items loading were above the minimum recommended value of 0.5 for the underlying sub-scales (Hair *et al.*, 2005). Second, as shown in Table 1, composite reliability and AVE values were above the recommended threshold (Hair *et al.*, 2005). Finally, adopting the repeated indicators approach, a hierarchical component model was estimated using PLS (Becker *et al.*, 2012). Results show that the relationships between RQ and its sub-scales, trust (0.833; $t = 37.242$ commitment (0.781; $t = 18.713$) and satisfaction (0.872; $t = 61.432$) were significant. R^2 for each factor was larger than the recommended value of 0.5 (i.e. $R^2_{\text{trust}} = 0.691$; $R^2_{\text{satisfaction}} = 0.770$; and $R^2_{\text{commitment}} = 0.573$), indicating that RQ explain more than 50% of the variance in its sub-scales (Becker *et al.*, 2012). Thus, RQ is a second-order construct represented reflectively by trust, commitment and satisfaction.

[PLEASE INSERT TABLE 2 HERE]

Structural Model and hypothesis testing

The structural model (Figure 1) was evaluated using R^2 estimates, standardized path coefficients (β), and significance level (t -values). The R^2 values measure the structural model's predictive power, while path loadings (interpreted as standardized regression

coefficients) indicate the strength between independent and dependent variables. R^2 values exceed the recommended 0.10 threshold (Hair *et al.*, 2017). The model explains 60% of variance in RQ and 31% of variance in customer loyalty. The Standardized Root Mean Square (SRMR) value for the model (0.063) was acceptable. Next, effect sizes (f^2) for the significant direct paths were tested following Cohen's (1992) guidelines, with 0.02 denoting small effects, 0.15 for medium effects, and 0.35 for large effects (Table 3). Using a blindfolding procedure, Stone-Geisser's Q^2 values were employed to assess the predictive relevance of the model (Hair *et al.*, 2017). All Q^2 values were greater than zero ($Q^2_{RQ} = 0.193$; $Q^2_{Loyalty} = 0.282$), indicating acceptable fit and satisfactory predictive relevance.

[PLEASE INSERT TABLE 3 HERE]

Table 3 shows standardized path coefficients and t -values for the model. Contrary to our theoretical predictions, the path coefficient between physical environment and relationship quality ($\beta=0.052$; $p>0.05$) was not significant, thus rejecting H₁. H₂ proposes a positive relationship between food quality and relationship quality. The path coefficient ($\beta=0.132$) is significant ($p<0.01$), thus supporting H₂. Results also confirm the hypotheses (H₃, H₄, H₅, and H₆) linking customer orientation ($\beta=0.175$; $p<0.01$), communication ($\beta=0.165$; $p<0.01$), relationship benefits ($\beta=0.304$; $p<0.01$) and price fairness ($\beta=0.134$; $p<0.01$) to relationship quality. Finally, as hypothesized (H₇), the parameter estimate between relationship quality and customer loyalty is positive and significant ($\beta=0.493$; $p<0.01$). Correlation analysis (see Lee *et al.*, 2016) was used to further assess the relationship between the higher-order constructs of RQ and customer loyalty. Results indicate that each sub-dimension of RQ has varying positive relationship with customer loyalty. In particular, satisfaction had the largest influence on customer loyalty (bootstrapped correlation: 0.344;

confidence interval (CI): 0.301 – 0.421), followed by trust (bootstrapped correlation: 0.266; CI: 0.221 – 0.322) and commitment (bootstrapped correlation: 0.185; CI: 0.091 – 0.287).

Mediating effect (H₈) was established using 95% CI with a bootstrapping procedure (n=5000), in line with recommended guidelines (e.g. Williams and MacKinnon, 2008). The direct relationship between physical environment and the mediator (RQ) was not significant hence fail to meet the condition for mediating effects (Baron and Kenny, 1986). However, for the other variables, results show that food quality (indirect effect = 0.112, $t = 2.832$, CI = [0.081, 0.152]), customer orientation (indirect effect = 0.082, $t = 2.831$, CI = [0.062, 0.122]), communication (indirect effect = 0.081, $t = 2.587$, CI = [0.061, 0.107]), relationship benefits (indirect effect = 0.152, $t = 3.493$, CI = [0.112, 0.193]), and price fairness (indirect effect = 0.082, $t = 2.117$, CI = [0.053, 0.113]) indirectly influence loyalty through RQ. Results therefore indicate that RQ mediates the effect of these variables on loyalty.

Moderating role of gender: Multi-group analysis

Prior to running multi-group analysis (MGA) to compare the path coefficients between male and female customers, measurement invariance was assessed (Hair *et al.*, 2017; Henseler *et al.*, 2016; Rasoolimanesh *et al.*, 2017). Adopting Henseler *et al.*'s (2016) recommendations, a three-step Measurement Invariance of Composite Models (MICOM) procedure was followed and include i) configural invariance, ii) compositional invariance, and iii) scalar invariance (equality of composite means and variances). The analysis of differences in factor loadings between the 2 groups is non-significant (Welch-Statterthwaite and permutation tests $p\text{-value} > 0.05$), thus establishing configural invariance. To ensure full measurement invariance, Table 4 shows compositional and scalar invariance. Once measurement invariance was established, MGA was used to assess the role of gender on the hypothesized relationships. Two different procedures were followed to test the differences in the path

model for males and females, namely i) Henseler *et al.*'s (2009) bootstrap-based MGA; and ii) the permutation test (Rasoolimanesh *et al.*, 2017). Both approaches use *p*-value to test the differences between males and females. Table 5 shows significant differences between male and female respondents in relation to H₂, H₄, H₅ and H₇.

[PLEASE INSERT TABLE 4 HERE]

[PLEASE INSERT TABLE 5 HERE]

Discussions and Implications

The purpose of this study was to empirically test a model linking the antecedents and outcomes of RQ in casual dining restaurants of Malaysia. The study also investigates the mediating effects of RQ and the moderating effects of gender. The strong relationship between RQ and customer loyalty is consistent with previous studies in other contexts such as theme parks (Tsai, 2015), hotels (Castellanos-Verdugo *et al.*, 2009), and travel agencies (Macintosh, 2007). In comparison to other settings (e.g. hotels and travel agencies), the relationship between customer orientation and RQ is stronger in the context of casual dining restaurants. However, food quality, customer orientation and price fairness reveal relatively lower magnitude relationships with RQ when compared with luxury restaurants (e.g. Kim *et al.*, 2006, Meng and Elliott, 2008), when compared to casual dining restaurants in this study.

In addition, the role of physical environment as a predictor of RQ was not supported, contrary to our predictions but consistent with Kim *et al.*'s (2006) study. However, Meng and Elliott (2008) found a significant relationship between physical environment and RQ. The unique setting of Malaysia offers some plausible explanations. In general, food is inexpensive

in Malaysia (Zainal *et al.*, 2010) and street food is popular (Wong and Khoo-Lattimore, 2011). As a result, this might reduce the importance of physical environment in customers' dining experience. Moreover, the association between relationship benefits and RQ is stronger in this study when contrasted with findings in the context of luxury restaurants (e.g. Kim *et al.*, 2006; Meng and Elliott, 2008), indicating that customers attached more importance to value.

RQ mediates the influence of food quality, customer orientation, communication, relationship benefits, and price fairness on customer loyalty. The results extend current theorizations of RQ (e.g. Jin *et al.*, 2013; Kim and Cha, 2002; Lo *et al.*, 2017; Meng and Elliott, 2008). Findings support Kim *et al.* (2006) proposition that RQ is a significant mediating variable in RM models. The antecedents of RQ indirectly influence loyalty through consumers' satisfaction, trust and commitment providing support to studies in marketing (Bejou *et al.*, 1996; Morgan and Hunt, 1994) and hospitality (Hyun, 2010; Kim *et al.*, 2006; Lo *et al.*, 2017; Nikbin *et al.*, 2016).

Furthermore, the non-significant differences between males and females in terms of the effects of physical environment, customer orientation and price fairness on RQ suggest that these factors are of similar importance to both gender groups in the context of casual dining restaurants. This result contrasts Jin *et al.*'s (2013) study demonstrating that gender has an influence on physical environment for males. In addition, findings of MGA show significant differences in male and female customers in terms of the effects of food quality, communication, relationship benefits on RQ and the impact of RQ on customer loyalty. Findings extend Jin *et al.*'s (2013) study by showing that in full service restaurants male and female diners value factors other than escapism and service excellence. The higher

importance attached to food quality by female diners also confirm previous research (Ma *et al.*, 2011; Harrington *et al.*, 2011).

From a methodological perspective, the study supports the notion that RQ is a tri-component structure or higher-order construct (Athanasopoulou, 2009; Barry and Doney, 2011; Henning-Thurau *et al.*, 2001; Palmatier *et al.*, 2006). In other words, this research confirms RQ as a second-order construct represented reflectively by three components: satisfaction, commitment and trust. The current research builds on previous calls (e.g., Lo *et al.*, 2017) for further assessments of the dimensionality of RQ by employing a higher-order model. More specifically, to the best of our knowledge, this is the first study to use MICOM, Henseler *et al.*'s (2016) MGA and the permutation method to perform higher-order PLS-MGA in hospitality and tourism research. In addition, unlike previous studies (e.g., Lo *et al.*, 2017), findings show that each dimension of RQ has varying positive influence, establishing RQ as an important antecedent to the formation of customer loyalty (Athanasopoulou, 2009; Barry and Doney, 2011; Hyun, 2010; Kim *et al.*, 2006; Palmatier *et al.*, 2006).

Managerial implications

The findings offer several implications for restaurant management in terms of relationship marketing, advertising strategies and customer loyalty development. Results indicate there are differences (and similarities) between male and female diners. For example, customer orientation and price fairness is important for both male and female customers. However, male diners' value relationship benefits more while female diners' value food quality. On the basis of these findings, restaurant managers should aim to develop differential advertising strategies. For example, given that female diners are more sensitive to food quality attributes such as taste and appearance, casual dining restaurants can use female actors and

spokespersons in advertising to highlight the distinctiveness of the food provision. Specifically, advertising and promotion campaigns should use emotive language to emphasize food quality, appealing to the sensitivity of female diners for this attribute.

Furthermore, the differences identified in terms of gender suggest the need for restaurants to segment their markets. Developing and implementing tactics that incorporate targeted deals and discounts to each customer groups will increase a sense of preferential treatment. In turn, these activities strengthen the bond with the service provider and increase loyalty. Relationships with service providers are inherently social (Liang and Wang, 2006), but as findings of this study suggest, some customer groups prefer social benefits (such as personal recognition and friendship of staff) over more functional benefits in the form of discounts and special offers (Kim *et al.*, 2006). Recognizing such differences will improve segmentation, targeting and positioning strategies of casual dining restaurants in Kuala Lumpur. Findings are also relevant to restaurant managers in identifying service dimensions and experiences that need prioritization among different customer segments (Sharma *et al.*, 2012).

In addition, results show that customer orientation is an antecedent of RQ in casual dining restaurants. As such, this highlights the importance of service providers with front line staff empowered, motivated, and capable of being customer oriented (Macintosh, 2007). Other service organizations such as banks and travel agencies can be used as benchmarks for restaurants in this study to improve their communication and customer retention programs. Moreover, the gender based differences on several of the relationships identified in this study highlight the importance and role women play in the context of dining experiences. According to Margot Dorfman, founder and CEO of the U.S. Women's Chamber of Commerce, given women's role in the family unit, they tend to control purchasing decisions with respect to

healthy options for children. This has implications for many industries, but especially for dining and foodservice (Omazic, 2014).

Limitations and further research

Results of this study should be interpreted with caution due to several limitations. First, the choice of a convenience sampling method has an impact on the generalizability of the findings but nonetheless remain informative for restaurant managers of casual dining restaurants in KL. Second, statements used to measure commitment focuses on the affective component. Future studies should also include cognitive commitment (Jones *et al.*, 2007) when modeling RQ. Third, data were collected in KL and future studies should use a larger sample from other regions in Malaysia for comparisons and further validation, Fourth, future studies can include other antecedents such as perceived value, relationship bonds, and relationship investment (Barry and Doney, 2011) and outcomes such as relationship continuity, share of purchases (Castellanos-Verdugo *et al.*, 2009) and service providers' perspective (Kim and Cha, 2002) in the model. Fifth, the sample was restricted to respondents conversant with the English language, potentially introducing sampling bias given that diners fluent in other languages were not invited to participate in this research. Hence, the study incorporates views of the more educated diners in Kuala Lumpur. Finally, other moderating variables such as dining frequency, age, and income on RQ and its predictors and outcomes should be investigated for a more holistic understanding of RM in the restaurant industry.

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Table 1 Assessment of the Measurement Model

Items	Standardized Loadings	<i>t</i> -values***	CR	AVE
Physical Environment			0.871	0.631
The restaurant has visually attractive building exteriors and parking area.	0.862	20.50		
The restaurant has a visually attractive dining area that is comfortable and easy to move around within.	0.822	35.10		
The restaurant has appropriate music and illumination in keeping with its atmosphere.	0.743	17.20		
The restaurant has clean and elegant dining equipment.	0.731	17.37		
Food Quality			0.842	0.640
Quality of food and beverage is consistently high during each visit.	0.761	15.23		
The restaurant offers excellent taste of food.	0.861	37.41		
The restaurant offers excellent appearance of food.	0.763	31.67		
Customer Orientation			0.840	0.521
The dining staff is friendly.	0.622	11.00		
The dining staff is always willing to help you.	0.743	17.22		
The dining staff is knowledgeable.	0.681	22.70		
The dining staff is confident.	0.811	22.26		
The dining staff understands your specific needs.	0.712	12.45		
Communication			0.883	0.651
The restaurant offers consistent communication through restaurant newsletters online or direct mail.	0.833	32.47		
The staff provides information about new events or special promotion programs.	0.811	41.57		
The restaurant is active in providing mass media advertising and telemarketing service.	0.811	34.23		
I receive regularly scheduled personal letters online (e.g., birthday and anniversary cards) from the restaurant.	0.753	31.01		
Relationship Benefits			0.883	0.601
I get discounts or special deals that most customers don't get.	0.773	15.10		
I was treated as a special and valued customer.	0.793	34.02		
I regularly receive information about a new product, special occasions, and promotions.	0.813	50.23		
I am recognized by certain dining staff.	0.823	24.89		
I value the close, personal relationship I have with the dining staff.	0.693	12.22		
Price Fairness			0.913	0.730
The food prices at this restaurant are fair.	0.871	31.18		
The beverage prices at this restaurant are fair.	0.854	22.50		
The price charged by this restaurant is appropriate.	0.881	41.01		
The price charged by this restaurant is rational.	0.820	44.89		
Relationship Quality- <i>Second-order</i>				
<i>Trust</i>			0.707	0.571
The quality of service at this restaurant is consistently high.	0.857	33.90		
The service performances at this restaurant always meet my expectations.	0.883	29.67		

The ingredients and quality of food at this restaurant are reliable	0.672	8.65		
Commitment			0.893	0.800
My level of emotional attachment to this restaurant is high.	0.891	23.07		
My relationship with this restaurant has a great deal of personal meaning to me.	0.903	60.89		
Satisfaction			0.853	0.671
My level of satisfaction with the quality of service is high.	0.865	35.01		
My overall satisfaction with this restaurant is consistently high.	0.862	23.01		
My overall satisfaction with this restaurant is high compared with other restaurants	0.722	32.09		
Customer Loyalty			0.904	0.732
I have a strong intention to visit this restaurant again.	0.913	31.97		
I consider this restaurant as my first choice compared to other restaurants.	0.847	35.23		
I want to tell other people positive things about this restaurant.	0.842	75.01		
I want to recommend this restaurant to my friends and relative.	0.873	63.11		

Note: ***3.29 ($p < 0.001$); AVE=average variance extracted

Table 2 Correlation matrix.

	CO	CU	FQ	CL	PE	PF	RB	RQ	C	SA	TU
CO	0.720										
CU	0.463	0.801									
FQ	0.472	0.312	0.802								
CL	0.312	0.423	0.273	0.852							
PE	0.293	0.182	0.494	0.152	0.791						
PF	0.273	0.313	0.322	0.423	0.273	0.851					
RB	0.434	0.623	0.412	0.451	0.294	0.493	0.771				
RQ	0.504	0.536	0.464	0.493	0.321	0.444	0.622	n/a			
C	0.434	0.504	0.275	0.530	0.212	0.403	0.593	0.683	0.891		
SA	0.374	0.423	0.412	0.382	0.272	0.362	0.501	0.572	0.452	0.810	
TU	0.461	0.421	0.432	0.360	0.301	0.361	0.492	0.531	0.503	0.542	0.751

Note: CO= Customer Orientation; CU= Communication; FQ= Food Quality; CL= Customer Loyalty; PE= Physical Environment; PF= Price Fairness; RB= Relationship Benefits; RQ= Relationship Quality; C=commitment; SA=satisfaction; TU = trust. AVEs for RQ is absent as RQ was specified as a higher-order model, with AVEs only relevant to its dimensions.

Table 3 Results for the direct relationships

Hypotheses	Path coefficient	t-value	f^2	Supported?
H1 Physical Environment \rightarrow RQ	0.052	1.172 ^{n.s.}		No
H2 Food Quality \rightarrow RQ	0.132	4.056 ^{***}	0.07	Yes
H3 Customer Orientation \rightarrow RQ	0.175	3.116 ^{**}	0.02	Yes
H4 Communication \rightarrow RQ	0.165	2.595 ^{**}	0.04	Yes
H5 Relationship Benefits \rightarrow RQ	0.304	4.214 ^{***}	0.06	Yes
H6 Price Fairness \rightarrow RQ	0.134	2.824 ^{**}	0.16	Yes
H7 RQ \rightarrow Customer loyalty	0.493	10.213 ^{***}	0.46	Yes

Note: ***3.29 ($p < 0.001$); **2.58 ($p < 0.01$); *1.96 ($p < 0.05$); n.s. =not significant.

Table 4. Results of invariance testing.

Construct	c-Value (0=1)	95% CI	Permutation <i>p</i> -value	Compositional invariance?
CO	0.999	[0.989;1.000]	0.986	Yes
CU	0.975	[0.965;1.000]	0.695	Yes
FQ	0.999	[0.998;1.000]	0.554	Yes
CL	0.992	[0.990;1.000]	0.629	Yes
PE	0.999	[0.999;1.000]	0.107	Yes
PF	0.935	[0.927;1.000]	0.391	Yes
RB	0.998	[0.996;1.000]	0.890	Yes
RQ	0.997	[0.995;1.000]	0.390	Yes
C	0.999	[0.999;1.000]	0.346	Yes
SA	0.997	[0.989;1.000]	0.458	Yes
TU	0.998	[0.996;1.000]	0.115	Yes
Construct	Variance difference	95% CI	Permutation <i>p</i> -value	Equal variance?
CO	0.382	[-0.288,0.301]	0.109	Yes
CU	0.167	[-0.409, 0.399]	0.427	Yes
FQ	0.183	[-0.270, 0.273]	0.187	Yes
CL	0.053	[-0.207, 0.228]	0.624	Yes
PE	0.400	[-0.223, 0.221]	0.201	Yes
PF	0.349	[-0.235, 0.235]	0.303	Yes
RB	0.034	[-0.201, 0.204]	0.745	Yes
RQ	0.188	[-0.355, 0.368]	0.314	Yes
C	0.125	[-0.147, 0.158]	0.115	Yes
SA	0.074	[-0.153, 0.161]	0.346	Yes
TU	0.356	[-0.398, 0.398]	0.180	Yes
Construct	Mean difference	95% CI	Permutation <i>p</i> -value	Equal mean value?
CO	-0.212	[-0.122, 0.122]	0.176	Yes
CU	-0.195	[-0.134, 0.124]	0.278	Yes
FQ	-0.177	[-0.119, 0.124]	0.382	Yes
CL	-0.051	[-0.125, 0.121]	0.432	Yes
PE	-0.249	[-0.131, 0.123]	0.153	Yes
PF	-0.238	[-0.131, 0.120]	0.431	Yes
RB	-0.093	[-0.132, 0.119]	0.125	Yes
RQ	-0.201	[-0.128, 0.125]	0.117	Yes
C	-0.050	[-0.126, 0.117]	0.131	Yes
SA	-0.152	[-0.120, 0.131]	0.114	Yes
TU	-0.211	[-0.129, 0.117]	0.120	Yes

Note: CI = Confidence Interval. CO= Customer Orientation; CU= Communication; FQ= Food Quality; CL= Customer Loyalty; PE= Physical Environment; PF= Price Fairness; RB= Relationship Benefits; RQ= Relationship Quality; C=commitment; SA=satisfaction; TU = trust.

Table 5. MGA results

Relationships	Female	Male	β differences	Henseler's value test	MGA <i>p</i> -	Permutation <i>p</i> -value test	Result
H1 Physical Environment → RQ	0.161 ^{n.s.}	0.053 ^{n.s.}	0.108	0.218		0.276	No
H2 Food Quality → RQ	0.168 ^{**}	0.037 ^{n.s.}	0.131	0.001		0.000	Yes
H3 Customer Orientation → RQ	0.247 ^{***}	0.201 ^{**}	0.046	0.147		0.177	No
H4 Communication → RQ	0.123 ^{**}	0.287 ^{***}	0.164	0.002		0.001	Yes
H5 Relationship Benefits → RQ	0.289 ^{***}	0.380 ^{***}	0.091	0.000		0.002	Yes
H6 Price Fairness → RQ	0.132 ^{n.s.}	0.213 ^{**}	0.081	0.378		0.301	No
H7 RQ → Customer loyalty	0.456 ^{***}	0.624 ^{***}	0.168	0.003		0.022	Yes

Note: ****p*<0.001; ***p* < 0.01; **p* <0.05; n.s. =not significant.

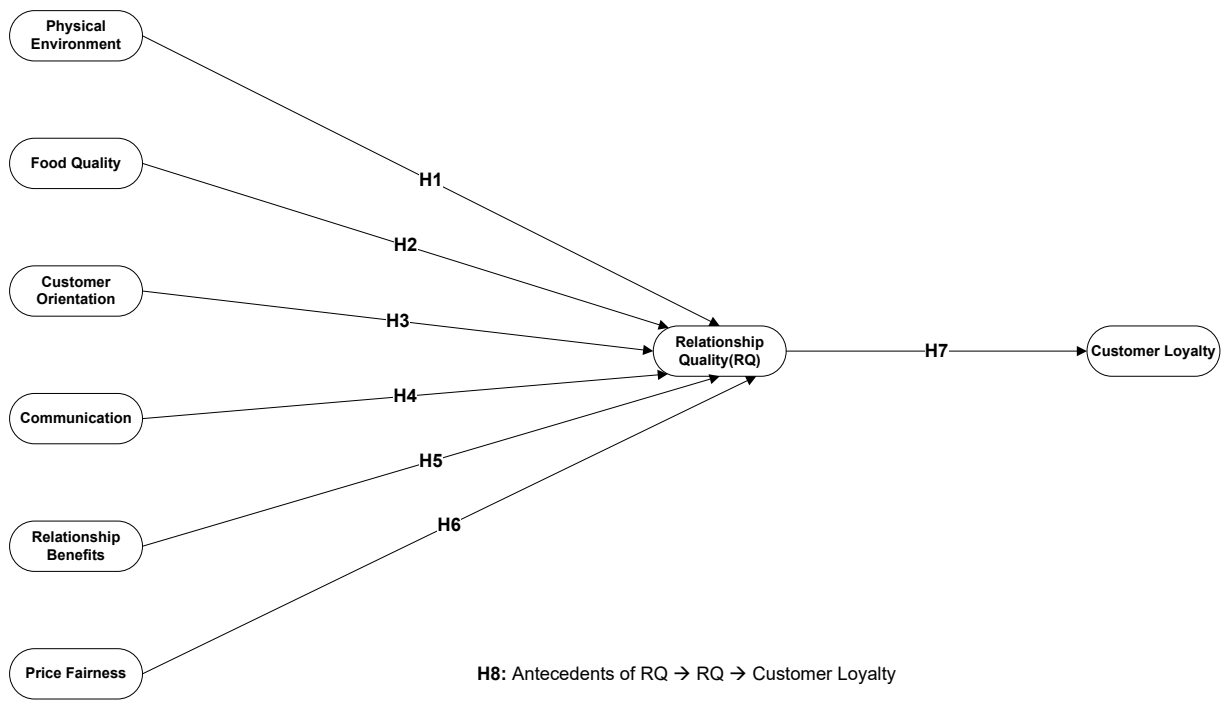


Figure 1. Conceptual model.