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Abstract:
Leather industry is one of the fastest growing indigenous industry in Nigeria. According to the statistics it is one of the globally competitive industries in Nigeria. The ultimate goal for companies is to build customer loyalty. With loyal customers, companies can reduce the operating cost and acquisition expenses. An improvement of 5 percent in customer retention leads to an increase of 25 percent to 75 percent in profit. It costs more than five times as much to obtain a new customer than to keep an existing one. The study review relevant literature on the variables to develop research structure and hypotheses which is supported by the underpinning theory. The survey questionnaire was used to collect data from 182 valid respondents from the customers in Kano state, Nigeria using random sampling method. SPSS version 18.0 and AMOS 16.0 were used to analyze descriptive statistics, reliability, validity, and SEM model. The research found that service quality significantly affects customer satisfaction, and customer satisfaction has strong impact on customer loyalty. Therefore, firms have to specifically focus on these factors in order to build a long-term and established profitable relationship with a customer and create loyalty as competitive advantages in the market.

Keywords: service quality, customer satisfaction, customer loyalty, SEM and Nigeria.

1. Introduction
In this period of increasing competition, researchers and practitioners alike have realized the importance of achieving high levels of customer satisfaction (Oliver, 1997). In order to drive high levels of customer satisfactions, there is need to focus on service quality. Food and Service sector has revolutionized greatly in 90s under the burden of current marketing environment. One of the biggest reasons of this development is competition, which is opposing geographical, industrial, and regulatory limitations, producing new outputs, utilities, market fair chances, and creating additional knowledge and systems-oriented business and management operations (Liao & Cheung, 2002). The industry provides numerous product and services to their clients. Prior studies have discussed the relationship of service quality with customer satisfaction (Zeithaml, Parasuraman & Malhotra, 2002; Yang & Fang, 2004).

Past researches focus on the association between (SERVQUAL) and customer satisfaction (Bitner, Booms & Tetreault, 1990; Parasuraman, Zeithaml & Berry, 1988). The component of
measurement of SERVQUAL is widely used and applicable to leather industry. It is widely accepted that service quality, customer satisfaction are the most important sources of gaining competitive advantage for manufacturing and service organizations (Zeithaml, Berry & Parasuraman, 1996; Bolton & Drew, 1991; Parasuraman et al., 1988, 1991). The ultimate goal for companies is to build customer loyalty (Eakuru & Mat, 2008; Oliver, 1997). Eakuru & Mat, (2008) indicated that customer loyalty is an important factor of growth. With loyal customers, companies can reduce the operating cost and acquisition expenses. Reichheld and Sasser (1990) indicated that an improvement of 5 percent in customer retention leads to an increase of 25 percent to 75 percent in profit. Wills (2009) reported that it costs more than five times to obtain a new customer than to keep an existing one. Moreover, with loyal customers companies can increase their revenue. The reasons are first, loyal customers are fewer prices sensitive. Second, loyal customers are willing to purchase frequently, try the firms’ other products or services, and spread more positive word-of-mouth and bring new customers to the firms (Reichheld & Sasser, 1990) Industries provide superior service quality that also has a more satisfied customer base (Gilbert & Veloutsou, 2006). Customer satisfaction is an important driver to customer loyalty and the success of businesses (Oliver, 1997). Studies have found positive evidence on the direct relationship between customer satisfaction and loyalty of repeat purchase, less price sensitive, cross-buying behaviour, and profit (Bloemer & Odekerken-Schroder, 2002; Ibrahim & Najjar, 2008; Oliver, 1997). However, several studies Dimitriades, 2006; Jones, 1996; Woodruff, 1997 have shown that satisfied customers do defect. For example, when customers say they are satisfied, they still purchase elsewhere (Jones, 1996). Marketing exists to deliver more value to satisfy customers as well as build a long-term and mutually profitability relationship with customer (Kotler, 2005). If a firm’s products or services do not meet the customers’ needs and wants, all the strategies are insufficient. Thus, the purpose of this study is to examine the influences of service quality and customer satisfaction on customer loyalty.

Nigeria is located in West Africa and has the largest population in Africa with an estimate of about 158.2 million (NPC, 2006). The country has one of the largest economies in sub-Saharan Africa but it is an economy that is heavily reliant on oil and gas exports, which makes it very unstable because growth is dependent on prevailing conditions in the global oil industry. The heavy dependency on the oil sector is reflected by the fact that the non-oil sector contributed only 6.5% of GDP in 2010 (Central Bank of Nigeria report, 2010). Hence, in order to improve the Nigerian economy as a whole, there is a clear need to boost the growth of the non-oil sector, one of which is the leather industry, which offers a huge potentiality for growth. For instance, export statistics show that it posted the strongest non-oil export in 2005 with exports in excess of $160 million (UNCTAD, 2009). However, the industry is struggling to maintain export competitiveness, which is evidenced by the fact that the leather industry accounted for 36.84% of non-oil export in 2004 but only 20.4% in 2005 (UNCTAD, 2009). Therefore, research to identify the constraints that are hindering the quality to be obtained export growth of this sector is becomes necessary in order to help the industry fulfil its potential growth levels.
2.0 Literature Review

2.1 Service quality

In recent years, Taylor and Baker (1994) pointed out that the changing of business paradigm has made the service quality as top priority. Customers’ evaluations of the service quality are critical to companies that aim to improve their marketing strategies (Jain & Gupta, 2004). Boshoff and Gray (2004) indicated that attention to service quality can make a company different from other companies and gain competitive advantages. According to Polyorat and Sophonsiri (2010), service quality is a significant factor that distinguishes a company from other competitors, and provides a high level of service quality which has become an important goal for the industry. Khan (2010) indicated that measurement of service quality enables organizations to realize their position in the markets and provides a strategic advantage to enhance its competitiveness. Parasaraman, Zeithaml, & Berry (1988) defined service quality as the difference between customers’ expectations of provided service performance and their evaluation of actual service. Dehghan (2006) regarded service quality as the objective comparison carried out by customers between service quality and actual service that they receive. Lovelock and Wirtz (2004) reported that service quality has various concepts and meanings according to customers difference, and way through which they realize service quality provided to them. In particular, consumers prefer service quality when the price and other cost elements are constant (Turban, 2002). One of the most popular models, SERVQUAL, used in service researches, was developed by Parasuraman, Zeithaml & Berry (1985, 1988). There are 10 dimensions of service quality originally, and later were reduced to five including reliability, tangibles, responsiveness, assurance and empathy.

2.2 Customer satisfaction

Satisfaction can be separated into two approaches either as a transaction-specific satisfaction (Olsen & Johnson, 2003) or as a cumulative satisfaction/post-consumption satisfaction (Oliver, 1997). After 1990s, many researchers view satisfaction as customers’ cumulative, after purchase, and overall judgment about purchasing behaviour (Johnson, Anderson, & Fornell, 1995; Engel & Blackwell, 1982; Hunt, 1977; Oliver, 1997; Tse & Wilton, 1988). According to Oliver (1997), satisfaction is defined from the mixture of both affection (emotion) and cognition approach as “the consumers’ fulfilment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment” (Oliver, 1997, p. 13). Previous studies suggest that service quality is an important indicator of customer satisfaction (Spreng & Machoy, 1996). Customer satisfaction is viewed as influencing repurchase intentions and behaviour, which, in turn, leads to an organization’s future revenue and profits. According to Zhang, Ye, Law and Li (2010), word-of-mouth has a great impact on the popularity of restaurants. However, Bowen and Shoemaker (2003) stated that satisfied customers may not return to the firm and spread positive word-of-mouth communications to others. One of the reasons is that the firm does not deliver what customers need or want (Roig, Garcia, Tena & Monzonis, 2006).

2.3 Customer loyalty

Customer loyalty can be classified as brand loyalty, service loyalty, and store loyalty (Dick & Basu, 1994). Customer loyalty is a strategy that creates mutual rewards to benefit firms and customers (Reichheld & Detrick, 2003). One benefit is that firms can increase the revenue. With loyal customers, companies can maximize their profit because loyal customers are willing to (1) purchase more frequently; (2) spend money on trying new products or services;
(3) recommend products and services to others; and (4) give companies sincere suggestions (Reichheld & Sasser, 1990). Reichheld and Teal (1996) further indicate that customer loyalty provides a foundation for a firm to examine their marketing strategy, relationship quality improvement activities, and value creation program. Thus, loyalty links the success and profitability of a firm (Eakuru & Mat, 2008).

Customer loyalty is commonly distinguished in three approaches including behavioural loyalty approach (Grahn, 1969); attitudinal loyalty approach (Bennett & Rundle-Thiele, 2002; Jacoby, 1971; Jacoby & Chestnut, 1978), and integration of attitudinal and behavioural loyalty approach (Dick & Basu, 1994; Jacoby, 1971; Jacoby & Chestnut, 1978; Oliver, 1997). The attitudinal loyalty helps to examine the factors of loyalty, to avoid switching behaviour (Oliver, 1997 & Paparoidamis, 2007), and to predict how long customers will remain loyal (Jacoby & Chestnut, 1978). Therefore, viewing loyalty as an attitude-behaviour relationship allows integrated investigation of antecedents and consequences of customer loyalty (Dick & Basu, 1994).

2.4 Underpinning Theory
In this study, customer loyalty was measured by their behavioural intention in terms of repurchase intention, word-of-mouth and first-in-mind. These measures were proven to be useful in previous research (Boonlertvanich, 2011; Hu, 2009; Oliver, 1980 & Taylor & Baker, 1994). Therefore, theory of planned behaviour would be use to support the research framework for understanding the customers loyalty. The theory of planned behaviour (TPB; Ajzen, 1985) postulates that intention could be the best determinant of an individual behaviour. Thus, individual who has a strong intention is likely to engage in the behaviour than the one with low intention. In this context, the theory of planned behaviour posits that the relationship between service quality and customer loyalty will be mediated by the customer satisfaction.

3. Methodology
This study employed quantitative method, and cross sectional study of the questionnaire survey approach in Kano metropolitan were selected as the targeted population of this study, in order to assess the relationships among service quality, and customer satisfaction on customer loyalty. The theoretical propositions informed the development of the following hypothesized model and research hypotheses.

Figure 1: Hypothesized Model

![Diagram of hypothesized model](image-url)
Research hypotheses:

H1: The service quality is in a direct path and a factor that significantly affects customer satisfaction.
H2: The customer satisfaction is indirect path and factor that significantly affects customer loyalty.
H3: The service quality is in a direct path and factor that significantly affects the customer loyalty.

3.1 Measurement/ Instrumentation

A four-part questionnaire for the study was developed by the researcher in order to measure the research variables. In the questionnaire, five of the items were designed to examine service quality according to the theory of Parasaraman, Zeithmal and Berry (1988) five of the items were designed to examine customer satisfaction according to the theory of Oliver in (1997) and five of the items were developed to test customer loyalty according to the theory of Reichheld and Sasser (1990). All variables are measured by means of a seven-point Likert scale, and ranged from strongly agree (7) to strongly disagree (1). Thus, to achieve a better optimal result in information processing and scale reliability, 7-point Likert scales is said to be efficient (Churchill & Peter 1984). These socio-demographic questions and the coding schemes used included: Gender: 1 = male; 2 = female. Age: 1 = under 25; 2 = 25–35; 3 = 36–45; and 4 = over 46. Education: 1 = high school diploma or equivalent; 2 = associate degree; 3 = bachelor degree; and 4 = graduate degree.

3.2 Sample and Data Collection

The population of the study consist of 600 customers of the leather industry in a specific market and have been acceptable population of the study in the absence of sample frame (Hu, 2009). Survey questionnaires were distributed to customers in a specific market area within Kano state metropolitan during the weekday and weekend. The respondents were selected on the basis of random sampling plan which was used to select participants’ (Hu, 2009; Guzman, Serna, Torres, & Ramirez, 2012) and in conjunction with sample selection formula, which stated as follows, (Yamane, 1967).

\[
n = \frac{N}{1 + N \cdot (e)^2}
\]

Where: \( n \) = Sample size; \( N \) = Population of the study; \( e \) = Level of precision. Therefore, a representing sample size two hundred and forty was chosen from a population of six hundred customers randomly selected, with precision level of ±5% and the level of confidence is 95%. Similarly, out of two hundred and forty copies of questionnaire distributed, a total of one hundred and ninety (190) copies of questionnaires were duly completed and returned, and can be used for analysis (Hair, Black, Babin & Anderson, 2010) representing 79.2% response rate. When customers agreed to participate, participants were given a survey questionnaire on a clip board, and retrieved the questionnaire after finished.
3.3 Methods of data analysis:

Hair et al. (2010) indicated that structural equation modeling (SEM) has become a popular multivariate approach because it provides a means of assessing theories that is conceptually appealing. AMOS software (version 16.0), which includes an SEM package with maximum likelihood estimation, was used to test both the measurement and the structural models that related to the research hypotheses listed. The present research also made use of a number of criteria to determine the inclusion of items and the goodness of fit of the model. Hair et al. (2010) suggested a six-stage procedure for employing SEM, which the research also followed here.

First, EFA was used to pre-test the questionnaire in order to reduce the items to a manageable and meaningful set of factors, and the reliability of the internal consistency was measured using Cronbach’s coefficient alpha. Results of the Kaiser–Meyer–Olkin (KMO) test and of Bartlett’s test were obtained before performing the factor analyses. The KMO test indicates whether a sufficient number of items had been predicted by each construct, and Bartlett’s test indicated whether the items were sufficiently highly correlated to provide a reasonable basis for factor analysis. Cronbach’s coefficient alpha was used to analyze the variables related to the scales of each item, according to the average correlation of each item with every other item. Leech, Barrett and Morgan (2005) recommended that KMO values should be greater than 0.7, and Bartlett’s test should be significant. A factor loading of 0.50 or above was considered to be of practical significance (Hair et al. 2010). The lower limit for Cronbach’s coefficient alpha values was 0.7 (Leech, Barrett & Morgan 2005).

The validity of the construct was measured using the convergent and discriminant validity. The convergent validity was used to determine whether scale items converged on a single construct during measurement (Steenkamp & Van Trijp 1991). This was determined from the evaluation of the factor loadings (which must be at least 0.5), composite reliability (at least 0.6) and average extracted variance (at least 0.5) in the study (Hair et al. 2010; Fornell & Larcker 1981). The discriminant validity is the extent to which a construct is truly distinct and unique, and this measure captures phenomena that other measures do not (Hair et al. 2010). Hair et al. (2010) indicated that the goodness-of-fit of the overall model is indicated by how well it reproduces the observed covariance matrix among the indicator items. It can be classified into the following four categories: Chi-square measures including chi-square, degree of freedom (df) and probability; Measures of absolute fit, including the goodness-of-fit index (GFI), root mean square error of approximation (RMSEA), root mean square residual (RMR), standardized root mean square residual (SRMR) and normed chi-square. Incremental fit measures including the normed fit index (NFI) and the comparative fit index (CFI); Parsimony fit measures including the adjusted goodness-of-fit index (AGFI) and the parsimony normed fit index (PNFI).

Chi-square ($\chi^2$) is a basic measurement of the differences between the observed and estimated covariance matrices (Hair et al. 2010). A smaller value of $\chi^2$ is more desirable in that it supports the proposed theoretical model, but values of $\chi^2$ also increase as the sample size increases. The p-value should be large and not statistically significant ($p > 0.05$) between the two matrices (Jöreskog & Sörbom 1992).

GFI was an early attempt to produce a fit statistic. The range of possible GFI values is between 0 and 1, and if the value is 0.90 or higher the fit is considered to be good (Hair et al. 2010); however, MacCallum and Hong (1997) suggested that the GFI value could decrease to
0.80 in usage. RMSEA tries to correct for both the sample size and complexity of the model by including each in its computation. Steiger (1990) suggested that RMSEA values below 0.10 indicate a good fit, but Hair et al. (2010) and Browne and Cudeck (1993) argued that the value of RMSEA should be 0.08 or less. Hair et al. (2010) indicated that RMR is problematic because it is related to the scale of the covariances. An alternative statistic is SRMR, which is useful for comparing the fit across models. Jöreskog and Sörbom (1992) indicated that an acceptable SRMR value would be 0.05 or less. The normed chi-square is given by \( \chi^2/df \), and its value should be 3 or less to indicate a better fit between the observed and modeled values (Hair et al. 2010). NFI is the ratio of the difference in the value of \( \chi^2 \) between the fitted and null models, divided by the value of \( \chi^2 \) for the null model (NFI = 1 is a perfect model; Hair et al. 2010). Bentler (1992) suggested that the value of NFI should be 0.90 or above. CFI is an improved version of NFI. It ranges between 0 and 1, with values above 0.90 being associated with a good fit (Hair et al. 2010; Gerbing & Anderson 1992).

AGFI takes into account different degrees of complexity in the model, and its value is usually lower than that of the GFI in complex models (Hair et al. 2010). MacCallum and Hong (1997) recommended that the value of AGFI should be 0.80 or higher to indicate a good fit. The PNFI adjusts the NFI by multiplying it by the parsimony ratio; high values represent a better fit (Hair et al. 2010). Wu (2009) indicated that the value of the PNFI should be 0.50 or above to indicate a good fit.

4. Results and discussion

There were 190 questionnaires returned, but 8 questionnaires were incomplete or invalid. All questionnaires were coded for statistical analysis using the SPSS 18.0. From the 182 respondents, in total, 62 (34.1%) respondents were male and 120 (65.9%) were female. 106 (58.2%) of the respondents were under 25 years old, 48 (26.4%) were between 26 and 35, 22 (12.1%) were between 36 and 45 and 6 (3.3%) were older than 46. In the study, 7 (3.8%) respondents had a high school diploma or equivalent, 78 (42.9%) held an associate degree, 93 (51.1%) held a bachelor’s degree and 4 (2.2%) had a graduate degree. The three dimensions and 15 items were evaluated by EFA.

For the first-time EFA, all items of the factor loadings less than .40 or greater than .95 were deleted. For the second-time EFA, the KMO value of the variables used in the study was .84, indicating that the data from the results were sufficiently robust to allow EFA. The values of Bartlett’s test were \( \chi^2 = 920.74, df = 55 \) and \( p = .000 \), which implies that all the items in this study were sufficient for research in social science and for factor analysis. The extraction and rotation sums of the squared loading of the total variance explained were 69.84%. Three items remained for each dimension which could therefore now be applied. The three dimensions of Cronbach’s coefficient alpha were between .81 and .87, which surpassed the criteria and indicated an internal reliability of the consistency of the instruments used in the present study that was appropriate for research in social science. As a result of EFA, 3 items were derived to identify the service quality and customer satisfaction, and 5 items were therefore derived to identify the customer loyalty.

In the study, all the values of skewness were between -.51 and 1.05, and the values of peakedness lay between -.004 and –1.27. The observed variables all had univariate normal
distributions. The value of Mardia statistic is for multinormality measurement, and it is constructed a test based on skewness and kurtosis. Bollen (1989) indicated that if the value of Mardia is smaller than \( p(p+2) \), \( p \) indicating the amount of observed variables, all dimensions are multinormality. The value of Mardia is 16.57, smaller than 11(11+2), indicating multivariate normality distribution. In the structural models, all the factor loading estimates were higher than .62, all the composite reliability (CR) values ranged from .82 to .87, and all the extracted average values of variance lay between .51 and .69. This evidence supports the convergent validity of the measurement model, as shown in Tables 1.

Table 1: Standardized factor loadings, composite reliability and average variance extracted values for the structural model

<table>
<thead>
<tr>
<th>Construct</th>
<th>Indicator</th>
<th>Standardized Factor Loading</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td>SQ1</td>
<td>.65</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SQ2</td>
<td>.84</td>
<td>.82</td>
<td>.61</td>
</tr>
<tr>
<td></td>
<td>SQ3</td>
<td>.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>CS1</td>
<td>.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS2</td>
<td>.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS3</td>
<td>.82</td>
<td>.87</td>
<td>.69</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>CL1</td>
<td>.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CL2</td>
<td>.72</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CL3</td>
<td>.62</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CL4</td>
<td>.76</td>
<td>.84</td>
<td>.51</td>
</tr>
<tr>
<td></td>
<td>CL5</td>
<td>.64</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A cross-validation strategy was used to assess the stability of the model. This involved the random splitting of all samples into a calibration sample and a validation sample. There are three ways to assess cross-validity, namely loose, moderate and tight replication strategies (MacCallum, et al., 1997). For the loose replication strategy, the value of assuming model unconstrained to be correct of \( \chi^2 \) was 8.81, and the \( p \)-value associated with this result was .36. For the moderate replication strategy, the value of assuming model measurement weights to be correct of \( \chi^2 \) was 1.18, and the \( p \)-value associated with this result was .76. For the tight replication strategy, the value of assuming model structural covariances to be correct of \( \chi^2 \) was 3.34, and the \( p \)-value associated with this result was .19. All the \( p \)-values showed no significant differences between the two split samples, which led to the measurement invariance. Bagozzi and Phillips (1982) stated that metrics support discriminant validity if the upper and lower limits of the computed confidence interval did not include the number 1.

However, a model was constructed for each of the 3 paired correlations of the latent variables. Then, the correlation was set between the two constructs to 1, and a 95 percent confidence interval was applied. As the results, all values of paired correlations of the latent variables were from .21 to .60, the number 1 is not included with the upper and lower limits of the confidence interval, which indicates discriminant validity among the theoretical constructs. The results of the SEM model shown in table 2 were obtained using AMOS 18.0, and the model fits are reported in Table 2. The overall model fit \( \chi^2 \) was 136.83 with 93 degrees of freedom. The \( p \)-value associated with this result was .002. The \( p \)-value was significant using a type I error rate of .05; thus, the \( \chi^2 \) goodness-of-fit statistic does not indicate that the observed covariance matrix matches the estimated covariance matrix within the sampling variance. According to previous research, a number of indices are available to evaluate model fits (Bentler, 1990, 1992; Fornell and Larcker, 1981; Jöreskog and Sörbom, 1992), but no
single index or standard is generally agreed; hence, multiple criteria should be used to evaluate the overall fit of the theoretical model (Hair et al., 2010; Bagozzi and Yi, 1988).

The value of RMSEA, an absolute fit index, was .05. This value is smaller than the guideline value of .08 for a model with 11 measured variables and a sample size of 182. Therefore, RMSEA supports the model fit. The value of GFI (.89) was slight lower than the guideline value .90. RMR had a value .03. SRMR (.06) was slightly higher than .05. The normed $\chi^2$ was 1.47. This measure is the chi-square value divided by the number of degrees of freedom. A number smaller than 3.0 is considered to be very good. Thus, the normed $\chi^2$ suggests an acceptable fit for the structural model. In the SEM model, the CFI had a value of .95, which exceeds the CFI guidelines for a model of this complexity and sample size. The other incremental fit indices (NFI = .87) was smaller than the suggested cut-off values of .90. The parsimony index of AGFI had a value of .84 and the PNFI was .73. Both indices were considered to represent a good model fit, given the acceptable critical value. The overall structural fit results of these analyses showed that the model provides a reasonable fit.

Table 2: Comparisons of goodness-of-fit indices of SEM models

<table>
<thead>
<tr>
<th>GOT Indices</th>
<th>Criterion Guidelines</th>
<th>SEM Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square ($\chi^2$)</td>
<td></td>
<td>136.83</td>
</tr>
<tr>
<td>Chi-square</td>
<td></td>
<td>.05</td>
</tr>
<tr>
<td>Degree of freedom</td>
<td></td>
<td>93</td>
</tr>
<tr>
<td>Probability</td>
<td>P &gt; .05 (Jöreskog &amp; Sörbom, 1992)</td>
<td>.002</td>
</tr>
<tr>
<td>Absolute fit measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GFI</td>
<td>&gt;.90 (Hair et al., 2010)</td>
<td>.89</td>
</tr>
<tr>
<td>RMSEA</td>
<td>&lt;.08 (Browne &amp; Cudeck, 1993)</td>
<td>.05</td>
</tr>
<tr>
<td>RMR</td>
<td>&lt;.05 (Wu, 2009)</td>
<td>.03</td>
</tr>
<tr>
<td>SRMR</td>
<td>&lt;.05 (Jöreskog &amp; Sörbom, 1992)</td>
<td>.06</td>
</tr>
<tr>
<td>Normed Chi-square</td>
<td>&lt; 3 (Hair et al., 2010)</td>
<td>1.47</td>
</tr>
<tr>
<td>Incremental fit measure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NFI</td>
<td>&gt;.90 (Bentler, 1992)</td>
<td>.87</td>
</tr>
<tr>
<td>CFI</td>
<td>&gt;.90 (Gerbing &amp; Anderson, 1992)</td>
<td>.95</td>
</tr>
<tr>
<td>Parsimony fit measurement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AGFI</td>
<td>&gt;.80 (MacCallum &amp; Hong, 1997)</td>
<td>.84</td>
</tr>
<tr>
<td>PNFI</td>
<td>&gt;.50 (Wu, 2009)</td>
<td>.73</td>
</tr>
</tbody>
</table>

For H1, The value of the standardized parameter estimates was .73. The standard error was .12, and the t-value was significant ($p = 6.28\ast\ast\ast$) Thus H1 is supported. For H2, The value of the standardized parameter estimates was .40. The standard error was .15, and the t-value was significant ($p = .208\ast$) hence, H2 is supported with positive indirect relation. For H3, The value of the standardized parameter estimates was .12. The standard error was .64, and the t-value was not significant ($p = .52$) Thus, H3 not Supported with weak direct relation.
Table 3: Standardized parameter estimates for the structural model

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Estimates</th>
<th>S. E.</th>
<th>t. value</th>
<th>P</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>.73</td>
<td>.12</td>
<td>6.28</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>.40</td>
<td>.15</td>
<td>2.08</td>
<td>**</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>.12</td>
<td>.15</td>
<td>.64</td>
<td>.52</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>

* p < .05.  ** p < .01.  *** p < .001.

Figure 2: SEM Model

5. Conclusion, Managerial Implications, Limitations and Suggestion for future Research

The finding of this study shows that the service quality significantly affects the customer satisfaction. The results supports H1, and the result is consistent with the findings of Cronin and Taylor (1992); Jun, Yang and Kim (2004); and Szymanski and Hise (2000). For hypothesis 2, the result reveals that the customer satisfaction is an indirect path and is a factor that significantly affects the customer loyalty. Therefore, this hypothesis is supported, and the result is consistent with the findings of Eakuru and Mat (2008). The result shows that the service quality is not a factor that significantly affects the customer loyalty. Therefore, this hypothesis 3 is not supported, and the result is consistent with the findings of Cronin and Taylor (1992) and Parasuraman, Berry & Zeithaml (1991).

Consequently, based on the research findings, service quality significantly affects customer satisfaction, and customer satisfaction has impact on customer loyalty for the sample. Therefore, firms have to specifically focus on these variables in order to build a long-term and mutually profitability relationship with a customer and create loyalty as competitive advantages in the market. From the Demographic respondents of this study, leather industry should also pay more attention to male, elder customers, and consumers who have graduate degrees for increasing market share. Similarly, the management may focus on the trainings for employee professional service skills to improve the service quality that would promote the customer loyalty. The study focuses on leather industry in Kano, and adopts a quantitative research method. Although the SEM provides a good fit to the hypothesized model, future research could use a different design, such as in-depth interviews to examine the causal relationships posited by the theories and should be conducted in different types of industry and other different regions worldwide. Since data was collected at one point in time and
therefore the direct effect of the independent variables on the dependent variables is difficult to conclude using cross sectional data. Therefore, Future studies should employ a longitudinal research design in order to overcome the limitations.

References
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