



## **“We Are Here to Stay Longer” A Relational Benefits Perspective in Ride-Hailing Services**

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### **ABSTRACT**

The purpose of this paper is to investigate the influence of relational benefits on customer satisfaction in the context of ride-hailing service. In addition, this study explores the mediating effects of customer satisfaction between relational benefits with customer commitment. Based on a theoretical framework between relational benefits, customer satisfaction and customer commitment, an empirical study using a valid sample of 259 ride-hailing drivers were tested. The conceptual model and proposed relationship were tested using structural equations modelling method. The findings disclose that confidence benefits, special treatment benefits and honor benefits were positively to influence customer satisfaction in ride-hailing service. Confidence benefits, however, did not show any significant effect on customer commitment in a ride hailing service. Notably, customer satisfaction plays a vital mediating role between confidence benefit, special treatment benefit and honor benefit with customer commitment. Findings highlighted the significance of designing a driver-partners program strategically, as they can effectively satisfy driver and foster longer-term commitment with ride-hailing service provider. Given the growing research avenue of relational benefits and customer satisfaction, the present study provides useful insight on the relationship between specific relational benefits and customer satisfaction and the subsequent effects on customer commitment in ride-hailing service industry.

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## INTRODUCTION

The substantial transformations occurred in ride-hailing, have eventually shifted the paradigm whilst impacting the industry globally. The car-sharing activity has transformed the inefficient taxi operators into more efficient via these platforms (Clewlow and Mishra, 2017; Grab, 2019b; Wu et al., 2020). Despite of the remarkable victory over the past decade year, the service industry has been in a battle with conventional regulatory requirement in many countries, including United Kingdom, USA, Australia, China, Philippines, and Malaysia. While conventional taxi services were subject to government regulations, ride-hailing services, which provide taxi-like services, are urged to comply with the same regulations (Amirnuddin et al., 2017; Izahar, 2018; Jais and Marzuki, 2020).

The regulation of ride-hailing service is essential to safeguard drivers' right, welfare and wellbeing, as what has been done by the conventional taxi driver (Abdul Rahman et al., 2022; Christie and Ward, 2019; Jais and Marzuki, 2020). However, the regulatory procedures in some countries, for instance in Malaysia have invited dissatisfaction among the ride-hailing drivers, leading them to cease driving with the service provider. Moreover, the cost and time frame of the regulatory procedures have signified a significant number of ride-hailing drivers to quit (Kanyakumari, 2019; Mahfuzah, 2019; Tong, 2020). Indeed, there was a decline in the number of ride-hailing drivers in "ready mode", resulting in increased ride fares during the initial phase of regulatory enforcement (Grab, 2019a). Efforts shown by service provider in offering "Pakej Pikul Bersama" to subsidize the regulatory expenses borne by the drivers during that period were deemed insufficient (Abdul Rahman et al., 2021, 2022). Hence, the challenging period has affected the service industry landscape and ultimately jeopardizing the driver-service provider rapport.

The importance of this study is based on relationship marketing and customer satisfaction as key elements for the success of ride-hailing providers in fostering a longer commitment with the same service provider. Drawing the rapid growing of this two-sided service industry over the decade, designing an effective relational benefit for customer had becoming essential to sustain relationship between customer and the service provider. Moreover, when a customer decides to stay in the commerce relationship, service provider will certainly be benefited from it. Whether the relationship is formed on a virtual or non-virtual platform, both are equally important to be cultivated (Colgate et al., 2005; Su et al., 2009).

As the online ride-hailing platform is operated in two-sided market, there are "double" concerns which need to be addressed by the platform provider (Jochen et al., 2019). Hence, balancing concerns for both types of their customer seems like walking on a tightrope due to unsimilar wants and needs (Lahey, 2019). Reflecting the studied context, the imbalance has been noticed in recent days due to service providers who are focusing too much in enticing the end-users, rather than maintaining their relationship between drivers (Mohsen, 2020).

### Customer-service Provider Relationship in Ride-hailing Service

Ride-hailing is one of the service types which is positioned under sharing economy umbrella (Cheng, 2016; Cheng et al., 2020). Belk (2007) defined sharing as "*the act and process of distributing what is ours to others for their use and/or the act and process of receiving or taking something from others for our use*". Important to note that there are two types of customers that need to be served by those ride-hailing service providers. First is, the passenger, who is the end-user and the secondly, the driver, who is also a user of the application and the physical service provider. This represents a distinct characteristic of the online car-sharing platform as a two-sided markets model of sharing economies (Sun et al., 2019). Reflecting the studied context, the following discussion will be focus on the commerce relationship between driver and ride-hailing service provider relationship.

## THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

### Relational Benefits, Customer Satisfaction and Customer Commitment

Relational benefits were identified as the action to endure a commercial relationship in the business-to-business setting (Morgan and Hunt, 1994). The additional benefits expected in the relation is beyond the core

business performance, in which will continue to build a strong commitment between them (Gwinner et al., 1998; Patterson and Smith, 2001b). It was Gwinner et al. (1998) who discovered a customer-based relational benefits, which founded to be very helpful in satisfying customer and persuading them at the same time to stay loyal with the same service provider.

The development of relational benefits research was well-emerged in the high contact services (Gremler and Gwinner, 2015; Su et al., 2009). The continuity can be observed throughout the extension of relational benefits research in the low contact services, where the sufficient studies have been done, for instance in the online banking services (Fatima et al., 2018; Molina et al., 2007; Yen and Gwinner, 2003) and online retailing services (Gil-Saura et al., 2020; Soni, 2019; Verma et al., 2016). In this respect, there may be residue from customers' past (or physical) relationship with the service provider (Colgate et al., 2005). One should expect a different result from customers who have only experienced the internet-based relationship, which is applicable in the sharing economy services. Hence, this study is called to counter towards the mentioned suggestion; to examine the types of relational benefits that may compatible for this emerging group of customers. Recent literature search demonstrated that relational benefits research in the sharing economy services have been limited, exception includes to the study by (Yang et al., 2017).

In the recent decades, a favorable link between customer satisfaction and customer loyalty has been observed to dominate the recent relational benefits research. Relational benefits were positioned as a solid antecedent to predict customer satisfaction and cultivating customer loyalty from the viewpoint of service provider. However, recent revision literatures have demonstrated that the studies related to the sharing economy and customer satisfaction are focusing more to the end-user perspective (Cheng et al., 2018; Jin and Chen, 2020; Möhlmann, 2015) while little is known about the factors that drive the other types of customer satisfaction in the same services (e.g., vehicles owner; homeowner).

Besides, Beatty and Kahle (1988) explained, loyalty due to attitudinal implications has no direct measure of the said behavior. Hence, one should expect a commitment from the functional relationship between ride-hailing drivers-service provider rapport continuance. Hence, the empirical approach through this study suggested that a sufficient benefit will be able to satisfy them, subsequently longer their commitment to stay the service provider.

### **Confidence Benefit**

Gwinner et al. (1998) defined confidence benefit as “feelings of reduced anxiety and obtained secure in the service provider”. There have been ample empirical evidence supporting that this construct is positively influencing the customer's satisfaction (Dimitriadis and Koritos, 2014; Fatima et al., 2018; Gwinner et al., 1998; Hong and Kim, 2020; Kinard and Capella, 2006; Lee et al., 2014). In fact, customers' confidence derived from the formed relationship between the customers and the service provider will lead to positive emotion. In addition, this positive emotion will lower the anxiety and risk which arise in the relationship with the service provider, thus resulting customers to feel satisfied (Berry, 1995).

This study postulates that the ride-hailing drivers who are participated in the services base on the customer-service provider relationship before the regulatory enforcement in October 2019, however they might be anxious about the service operation after the government's enforcement of the regulatory procedures.

In fact, the confidence towards service provider might be lowered when the drivers had to undergo the regulatory procedures to earn their e-PV (electronic-Public Vehicle Permits) without a proper guideline. Moreover, the drivers also had to bear the regulatory procedures cost by themselves to continue driving with the ride-hailing services since the service industry started to face pressure regulatory approach imposed for conventional taxi services from the authority (Amiruddin et al., 2017).

This unprecedented circumstance had invited the feelings of anxiety among the ride-hailing drivers because they will be burdened with additional cost (Kanyakumari, 2019). As a result, when there is a service provider introduced “Pakej Pikul Bersama” to subsidize the regulatory procedures cost for the new drivers. this study believes that higher levels of confidence in the interaction between drivers and service providers will result in lowering the drivers' anxiety concerning the service provider's ability to deliver the services. Even after the regulatory enforcement, the drivers' satisfaction shows an escalating level.

Therefore, we hypothesized:

In the ride-hailing services, (H1) *confidence benefit will positively influence customer satisfaction, and (H4) confidence benefit will positively influence customer commitment.*

### Special Treatment Benefit

Special treatment benefit is broadly described as benefits that frequent customers received in term of a better deals, faster services, and special price break (Gwinner et al., 1998; Morgan and Hunt, 1994). Previous studies demonstrated that special treatment benefit may increase customers' satisfaction (Fatima et al., 2018; Gwinner et al., 1998; Hong and Kim, 2020; Lee et al., 2014; Wei et al., 2015).

Additionally, service providers also provide special treatment benefits to increase customers' perceived switching cost (Hennig-Thurau et al., 2002). When a customer continuously enjoys these benefits, he/she tends to stick with the same service provider, and less interested to switch to other service provider (Chou and Chen, 2018; Molina et al., 2007). As a result, a customer may obtain optimum satisfaction when he/ she decides to stay in the relationship with a service provider (Zeithaml, 1981).

Theoretically, customers with high perceived special treatment benefits from a firm feel increased emotional and/ or cognitive switching barriers. Investing intangible resources such as time, effort and other resources may create psychological bond. Hence, a myriad of intangible reward will be created from the resources that have been invested over time, for instance, the mutual understanding, trust, satisfaction, and commitment between those parties involved in the exchange (relationship) (Gwinner et al., 1998; Patterson and Smith, 2001).

Reflecting the addressed issues in this study, insufficient benefits resulted lower drivers' satisfaction towards the service provider, hence, this study contends that providing structured and unstructured form of special treatment benefits to ride-hailing drivers may increase their satisfaction with the service provider.

Hence, we proposed the following hypothesis:

*(H2) In the ride-hailing services, special treatment benefit will positively influence customer satisfaction, (H5) Special treatment benefit will positively influence customer commitment.*

### Honor Benefit

Honor benefits refers to the joyful experience obtained from the online transaction (Su et al., 2009). There are several research on honor benefit that were paid attention by previous works, (See Luo et al., 2019 Kong et al., 2009). The honor experience in an online service setting is derived from two sources, which are (1) ownership feeling and (2) recognition of feeling delivered by the specific online service provider. This benefit is found to exist in an online service and has sufficient influence on customer satisfaction (Su et al., 2009).

In other sense, when a customer continually owns the honor of participatory and perceived specific recognition from the online service provider, he/she may feel attached and satisfied towards the service provider (Luo et al., 2019; Su et al., 2009). One concern to be addressed is, as an emerging electronic ride matching platform within this decade of years, ride-hailing drivers may perceive different experience in communicating with the service provider. In other words, the different experience is anticipated since the moment they receive and complete the ride because there is a virtual intermediary bridged of communication existed between them (Alemi et al., 2019).

In this respect, there is no residue from drivers' past relationship with any of ride-hailing service provider since the appearance of this service's own characteristic than the conventional taxi services (Anderson, 2014; Belk, 2007). One should expect a different result from customers who have only anticipated the internet-based relationship with their service provider (Colgate et al., 2005).

*(H3) In the ride-hailing services, honor benefit will positively influence driver satisfaction.*

### The Mediating Role of Customer Satisfaction

Customer satisfaction in this study will be described as a drivers' cumulative feelings (overall impression to the benefits analysis) from previous service experiences, as a good predictor of their behavioral intention (Fatima et al., 2018; Fornell, 1992; Johnson et al., 1995).

Although commitment-trust theory suggested that there is supposed to be a direct link between relational benefits with the relationship commitment (Morgan and Hunt, 1994), the role of satisfaction has appeared within the empirical model of social exchange theory (SET) (Jeong and Oh, 2017). This study

acknowledged the link of relational benefits and relationship commitment to underpin the core idea. However, the extant study proposes that satisfaction may contribute as a significant role between the theoretical links. One plausible reason for this suggestion, the trust-commitment theory has initially dominated the B2B relationship marketing research, while relatively most of the decisions are largely based on trust to reinforce the relationship commitment (Morgan and Hunt, 1994). Since the SET has proposed a reciprocal exchange which is crucial for the involved parties in the relationship (Blau, 1967; Homans, 1958), hence the traditional link between relational benefits and relationship commitment can be considered as they have overlooked the role of satisfaction (Jeong and Oh, 2017).

As much as trust can influence customers’ commitment to stay longer in the commerce relationship, satisfaction may also anticipate the byproduct of the relationship’s continuity (Frazier, 1983). One should be expecting a dissatisfied customer who rarely commits long to the same service provider (Hennig-Thurau et al., 2002; Jeong and Oh, 2017). Restated from the SET, customers will feel compelled to reciprocate if the perceived benefits can compensate any of their perceived cost. Therefore, after considering the tenet of traditional link between relational benefits and relationship commitment in commitment-trust theory and tenet of SET, this study suggests that there is a diminutive significance of customer satisfaction to be rolled as a mediator between relational benefits with customer commitment.

The above discussion gives rise to the following hypotheses:

*(H7a) Customer satisfaction mediates the relationship between confidence benefits and customer commitment.*

*(H7b) Customer satisfaction mediates the relationship between special treatment benefits and customer commitment.*

*(H7c) Customer satisfaction mediates the relationship between honors benefits and customer commitment.*

### CONCEPTUAL FRAMEWORK

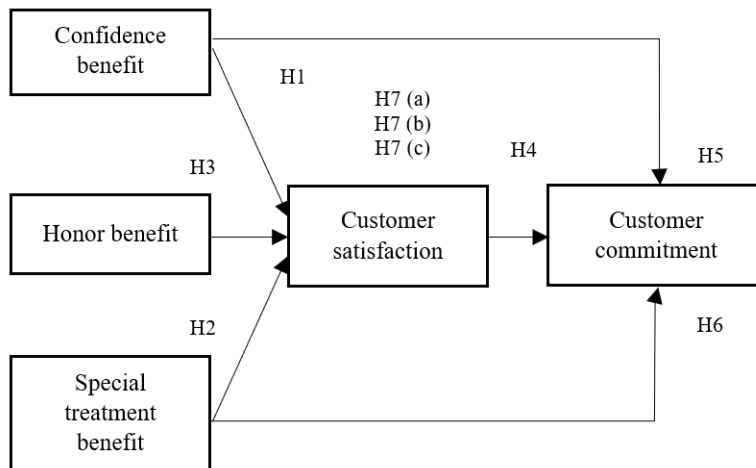


Figure 1 Conceptual framework

### RESEARCH DESIGN AND METHODOLOGY

#### Sample and Data Collection

This study focuses on ride-hailing service context due to the addressed research issues. The decision to focus on the on a single ride-hailing provider because of the service provider is the single ride-hailing service provider that shows their effort in anticipating with the changes by revising their driver-partner benefits program proactively. A purposive (judgement) sampling was employed to select individual respondent, entailing of ride-hailing drivers who are actively driving with the ride-hailing service provider in Malaysia.

(Azhar, 2019; Grab, 2020; The Star, 2020). This study employed the electronic questionnaire to obtain. In addition, this study was a cross-sectional study which utilized a survey method to collect the data. primary data from targeted respondents. In brief, a link was created and shared among the ride-hailing drivers' group accordingly.

Sample size has been proposed to this study is 300 samples. The sample size decision lies upon: (1) the numbers of questions in the *questionnaire* that *are considered* optimum to be answered by the ride-hailing drivers and (2) the procedures to be done to collect data. Note that the previous studies on relational benefits of the low context services denoted more than 300 responses due to reachable data collection method (e.g., Soni, 2019; Yen and Gwinner, 2003). Hence, a total of 303 of responses were received within the six weeks data collection period, and 259 responses (85.5%) were qualified to be used for the subsequent statistical data procedures.

Table 1 depicts the demographic profile for the sample. Obviously, male respondents dominated the gender figure as compared to female respondents, where 87.6% of the total respondents are male and 12.4% are female. Two age groups lead the age categories, where most of the respondents come from the age of 25 to 34 years old (35%) and 35 to 44 years old (32%). There are six categories for the respondents' education level. Majority of the respondents possessed Sijil Pelajaran Malaysia (41.7%), followed by bachelor's degree (29.0%) and Sijil Tinggi Pelajaran Malaysia or/and Diploma (26.3%). Other education levels include master's degree (1.5%), doctorate degree (0.8%) and Sijil Kemahiran Malaysia (0.8%). Findings also revealed that most of the respondents drive with the service provider is between 1 to 2 years (39.8%) and between 2 to 3 years (34.4%). Besides, the longest driving experience with the service provider is more than 4 years and the shortest driving experience is less than one year (14.3%).

Table 1 Respondent's Demographic Profile

Demographic	Categories	Respondents (n = 259)	
		Frequency	Percentage (%)
Gender	Male	227	87.6
	Female	32	12.4
Age	18 – 24 years old	15	5.8
	25 – 34 years old	91	35.1
	35 – 44 years old	83	32.0
	45 – 54 years old	50	19.3
	Above 54 years old	20	7.7
Education level	Sijil Pelajaran Malaysia (SPM)	108	41.7
	Sijil Tinggi Pelajaran Malaysia (STPM)/ Diploma	68	26.3
	Bachelor's degree	75	29.0
	Master's degree	4	1.5
	Doctoral's degree	2	0.8
	Others (Sijil Kemahiran Malaysia)	2	0.8
Driving Length with service provider	Less than one year	37	14.3
	1 – 2 years	103	39.8
	3 – 4 years	89	34.4
	More than 4 years	30	11.6

### Measurement and Instrument

All research constructs were measured with multiple-item scales adapted from the previous studies. The 7-point Likert scale was used as a measurement scale to examine how strong the subjects disagree or agree with the statements provided by the study. Therefore, the responses for all items in this study were subsequently pre-coded (Hair et al., 2021) as 1 to 7, with 1 indicating strongly "disagree" and 7 indicating "strongly agree".

The items used to measure confidence benefit, special treatment benefit and honor benefit, respectively, were adapted from Gwinner et al. (1998) , Kinard and Capella, (2006) and Su et al. (2009). Customer satisfaction was measured using items from Fornell (1992) and Johnson et al. (1995) meanwhile, customer commitment was measured using items adapted from Allen and Meyer (1990) and Bansal et al. (2004). There are three marketing experts reviewed the first draft of the questionnaire. Hence, some comments were received, and those inputs were used every item can precisely express the correct meaning.

## DATA ANALYSIS

PLS-SEM statistical approach was employed as a key technique to test the study model. Particularly, it was decided to use the PLS-SEM approach based on the following considerations: (1) PLS-SEM is recommended to examine the sample size in the range between 100 to 400 (Hair et al., 2017; Memon et al., 2020), given the proposed sample size of this study is between 200 to 300, hence, it is justifiable from the researchers’ view (2) one cannot guarantee the normality of data (Hair et al., 2017; Henseler et al., 2016) (3) it is better suited for prediction-oriented and incremental models, which is characterized by the conceptual model in the present study (Sarstedt et al., 2014), (4) proposed conceptual model is still infant in nature (Chin, 2010), whereby the construct of honor benefits is found to be very scarcely tested in the quantitative study. Hence, SmartPLS statistical software version 3.0 was utilized to test the measurement and structural model.

There are two main components of PLS-SEM analysis, known as the measurement model and structural model employed in this study. Measurement model, or also namely the Confirmatory Factor Analysis (CFA), is aimed at assessing the relationship between latent construct and the measured items. Meanwhile, structural model examines the relationship between the unobserved constructs among the exogenous and endogenous constructs (Ramayah et al., 2018). In addition, a hypothesis testing is conducted by using structural model.

### The Measurement Model

First, indicator with loadings were analyzed. Hair et al. (2017) recommended that the indicator’s loading should be at least 0.70 and above for the items to be retained for subsequent analysis. As a result, the loading values for all indicators exceeded the recommended value of 0.70, except for CB1, CB4, STB6, SATISFACTION2, and SATISFACTION3. The five items have the loadings value of 0.671, 0.629, 0.690, 0.604, and 0.680 respectively, thus they were excluded from the subsequent analysis. Hence, the remaining 26 items are fit for the subsequent analysis.

Second, Cronbach’s alpha ( $\alpha$ ), Composite Reliability (CR), and Average Variance Extracted (AVE) have been retrieved to test the internal consistency reliability and validity. The findings show that values of Cronbach’s alpha ( $\alpha$ ) and Composite Reliability (CR) for each construct met the minimum requirement for internal consistency reliability, which is above the minimum value of 0.70 (Hair et al., 2021). In addition, values for Average Variance Extracted for all constructs are above the threshold value of 0.50 (Hair et al., 2021; Ramayah et al., 2018). Given the achieved parameter, the measurement model’s convergent validity was established. A summary of the results of the measurement model assessment is presented in Table 2.

Table 2 Internal Reliability and Convergent Validity Assessment

Construct	Items	Loadings>0.70	AVE >0.50	CR>0.70	$\alpha$ >0.70
Confidence Benefit	CB2	0.882	0.705	0.935	0.916
	CB3	0.873			
	CB5	0.794			
	CB6	0.743			
	CB7	0.866			
	CB8	0.871			
Special Treatment Benefit	STB1	0.875	0.735	0.933	0.910
	STB2	0.823			
	STB3	0.848			
	STB4	0.875			
	STB5	0.865			
	HB1	0.840			
Honor Benefit	HB2	0.865			
	HB3	0.833			
	HB4	0.910			
	HB5	0.908			
	HB6	0.756			
	Customer Satisfaction	SATISFACTION1	0.931	0.861	0.961
SATISFACTION4		0.938			
SATISFACTION5		0.893			
SATISFACTION6		0.948			
Customer Commitment	COMMITMENT1	0.882	0.809	0.955	0.941
	COMMITMENT2	0.894			
	COMMITMENT3	0.894			
	COMMITMENT4	0.912			
	COMMITMENT5	0.917			

Next, the discriminant validity of the measurement model was examined. This study employed HTMT as a criterion proposed by (Henseler et al., 2015) to assess the discriminant validity. Consequently, findings indicated values are within the accepted threshold values, less or equal to 0.90 (Hair et al., 2017). Table 3 shows the assessment of discriminant validity for all the constructs in the present study.

Table 3 Assessment of Discriminant Validity

	1	2	3	4	5
Confidence Benefits					
Customer Commitment	0.795				
Honor Benefits	0.813	0.830			
Customer Satisfaction	0.894	0.830	0.89		
Special Treatment Benefits	0.896	0.828	0.841	0.80	

### The Structural Model

This study follows procedures by Hair et al. (2018) in assessing the structural model, by examining: (1) the structural model for collinearity issues ( $VIF < 5$ ), (2) the structural model path coefficients ( $p < 0.05$ ), (3) the level of  $R^2$  (the cut off levels are: 0.190 weak; 0.333 moderate; and 0.670 substantial), (4) the effect size ( $f^2$ ) and (5) the level of  $Q^2$  (cut-off point larger than zero) and effect size ( $q$ ). Equally important, this study also considered the suggestion by Hahn and Ang (2017) to apply the combination criteria of  $p$ -values, confidence intervals, and the effect size to confirm the significance of the hypothesis testing.

The collinearity symptoms were assessed by generating the variance inflation factor (VIF). A VIF value which exceeds 5 indicates a potential collinearity problem (Ramayah et al., 2018). The retrieved VIF values are all within the accepted threshold values ( $VIF < 5$ ). Thus, collinearity is not an issue in the present study.

The path coefficients ( $\beta$  values) of the relationships between the constructs were obtained. The significance of the path coefficient is assessed using the algorithm of bootstrapping in PLS, involving  $n=259$  and 5000 bootstrapped samples were generated. The  $t$  and  $p$  values are used to test whether the path coefficients  $\beta$  values are statistically significant at 5% error probability. The statistical significance level at 5% indicates that  $p$ -value has to be  $< 0.05$  to accept the hypothesis and  $t$  value  $> 1.65$ . There are six hypotheses tested to measure the direct path between the constructs involved, meanwhile the remaining three hypotheses were tested to examine the mediating effect (indirect path).

The findings revealed that, five hypotheses were supported with  $t$ -value  $\geq 1.65$ ,  $p < 0.05$ , while one hypothesis was rejected. First, the path between confidence benefit (H1), special treatment benefit (H2) and honor benefit (H3) have significant relationship with driver satisfaction. All the three paths showed significant relationship at one percent confidence level ( $p < 0.01$ ) with honor benefit showed the largest path coefficient ( $\beta=0.475$ ), followed by confidence benefit ( $\beta=0.222$ ) and special treatment benefit ( $\beta=0.222$ ). Next, the results signified that special treatment benefits (H5) and driver satisfaction (H6) have significant relationship with driver commitment. Both paths indicated significant relationships with coefficient at one percent confidence level, with driver satisfaction have large influence on driver commitment ( $\beta=0.421$ ) and special treatment benefit showed moderate effect on the driver commitment ( $\beta=0.292$ ).

On the other hand, the hypothesized relationship between confidence benefit and driver commitment (H4) resulted an insignificant relationship, since the path coefficient is relatively small and it is insufficient to produce an effect on the driver commitment ( $\beta=0.144$ ,  $p > 0.05$ ). Based on the mediation testing results, the bootstrapping analysis demonstrated all mediation test paths were significant. In detail, the mediation path of the honor benefits  $\rightarrow$  driver satisfaction  $\rightarrow$  driver commitment ( $\beta=0.200$ ), confidence benefits  $\rightarrow$  driver satisfaction  $\rightarrow$  driver commitment ( $\beta=0.109$ ), while the path of special treatment benefits  $\rightarrow$  driver satisfaction  $\rightarrow$  driver commitment ( $\beta=0.093$ ) is significant with the  $p$ -value  $< 0.00$ . Therefore, the findings confirmed that H7a, H7b and H7c were supported. Table 4 summarized the results of path analysis and hypotheses testing.



Table 4 Results of path analysis and hypothesis testing

Hypotheses	Std Beta	Std Error	t-values	p-values	5% (LLCI)	95% (ULCI)
H1 Confidence Benefit → Driver Satisfaction	0.259	0.066	3.956	0.000***	0.009	0.305
H2 Special Treatment Benefits → Driver Satisfaction	0.222	0.077	2.886	0.004**	0.125	0.385
H3 Honor Benefit → Driver Satisfaction	0.475	0.079	6.007	0.000***	0.250	0.592
H4 Confidence Benefit → Driver Commitment	0.144	0.083	1.724	0.085 <sup>ns</sup>	0.323	0.621
H5 Special Treatment Benefit → Driver Commitment	0.292	0.101	2.900	0.004**	0.101	0.480
H6 Driver Satisfaction → Driver Commitment	0.421	0.088	4.781	0.000***	0.069	0.373
H7a Confidence Benefit → Driver Satisfaction → Driver Commitment	0.109	0.036	3.034	0.003*	0.047	0.183
H7b Special Treatment Benefit → Driver Satisfaction → Driver Commitment	0.093	0.039	2.387	0.000***	0.027	0.174
H7c Honor Benefit → Driver Satisfaction → Driver Commitment	0.200	0.054	3.693	0.000***	0.111	0.311

Note: \*\*\*  $p \leq 0.001$ , \*\*  $p \leq 0.01$ , \*  $p \leq 0.05$ ,  $p \leq 0.05$ , <sup>ns</sup> (not significant).

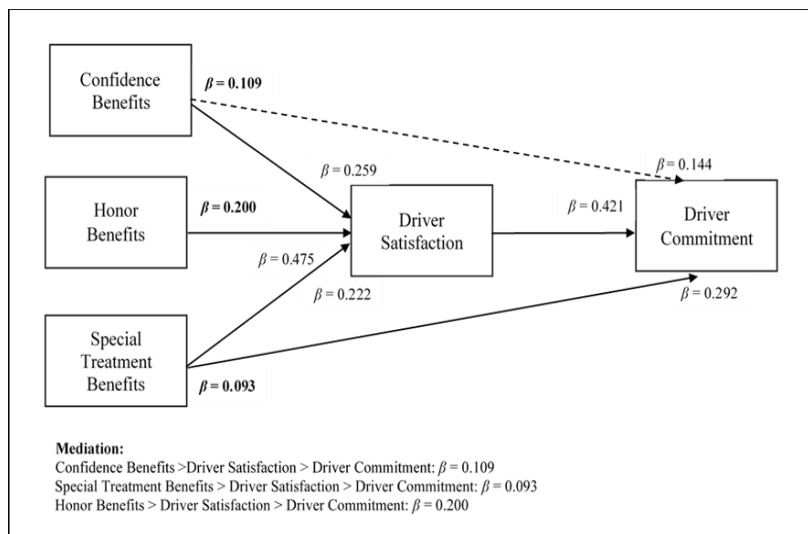


Figure 2 Results of the Hypotheses Testing (dotted line indicates the insignificant effects)

## DISCUSSION OF THE FINDINGS

### Confidence Benefits, Special Treatment Benefit, Honor Benefits and Customer Satisfaction

The present findings suggest that H1, H2 and H3 are supported. As such, the existence of confident benefit ( $\beta=0.259$ ,  $p<0.000$ ), special treatment benefit ( $\beta=0.222$ ,  $p<0.000$ ) and honor benefit ( $\beta=0.475$ ,  $p<0.000$ ) are acceptable as the determinant of driver satisfaction toward service provider. Thus, benefits entailing of Pakej Pikul Bersama, consisting of a subsidy of the RM120 for PSV license (for training and exam) and RM70 for the initial PUSPAKOM vehicle inspection, able to lessens their anxiety, increase their knowledge, and provides psychological comfort to them, thus, build their confidence towards the service provider. Consequently, the allocated confidence benefits make a positive contribution to increasing customer satisfaction towards the service provider (Dimitriadis, 2010; Hennig-Thurau et al., 2002; Kinard and Capella, 2006; Su et al., 2009).

There are two types of special treatment benefit provided by the service provider for their drivers. Structured benefits consist of the fuel bonus with Shell/ Petronas, tipping features and cancellation compensation fee, meanwhile, the unstructured special treatment benefits include driver-partner online help center and driver-partner one stop center. Based on the findings of this study, the provided special treatment benefits for ride-hailing drivers is proven to be one of the reasons why they are satisfied towards their service provider (Fatima et al., 2018; Gwinner et al., 1998; Wei et al., 2015).

The appearance of honor benefit in the ride-hailing services was perceived a successful attempt with aim to appreciate the “never meet” relationship between the service provider and driver-partners. The result of the current study conveys, the existence of the driver-partner t-shirt, dashboard light/ smart phone holder, side view mirror sticker, Covid-19 safety kit coped to create a feeling of recognition as a ride-hailing driver-partners, hence, satisfying themselves towards the service provider. In particular, the benefits are proven to

stimulate a positive emotional attachment between the online customers and service provider, although their interaction only bridged by a virtual medium (Luo et al., 2019; Su et al., 2009).

### **Confidence Benefits and Customer Commitment**

The present study postulated that the confidence benefit will positively affect customer commitment to stay longer with the service provider (H4). However, contrary to the prediction, H4 failed to receive support from the obtained statistical results, thus, the hypothesis was declined ( $\beta=0.144$ ,  $p>0.000$ ). The current finding conveyed that the appearance of confidence benefit, for instance, a subsidy of the RM120 for PSV license (for training and exam) and RM70 for the initial PUSPAKOM vehicle inspection, did not influence customer to commit longer with the service provider. The present result is similar to Hennig-Thurau et al. (2002), who also found an insignificant relationship between confidence benefit and commitment. Conversely, the result is inconsistent with the previous studies, for instance, Gwinner et al. (1998), Dagger et al. (2011), Yang et al. (2017), and Gil-Saura et al. (2020) where all the mentioned studies strongly concurred that the existence of confidence benefit did influence customer commitment to stay longer with the same service provider.

A plausible reason to be pondered on the insignificant result of confidence benefit's influence towards driver commitment, perhaps, reflected that the provided benefit of RM120 for a PSV license (training and exam) and RM70 for the initial PUSPAKOM vehicle inspection are considered insufficient to assist ride-hailing driver in undergoing the regulatory procedures. Meanwhile, as what been argued in the research issues, the regulatory cost to become a lawful e-hailing driver is approximately RM640 (Teoh, 2019). Hence, there is a visible different in term of cost needed to be spent (RM640 – RM190), which is RM450. The further cost of RM450 borne by the driver to legalize their status as a lawful ride-hailing driver. Knowing that there is only the single ride-hailing service provider that provided that kind of cash subsidy to assist their drivers, however, the provided subsidy seems unconvincing to develop driver's confidence to stay longer with them. Moreover, the insignificant relation may can be perceived rationally as there is a substantial drop of the driver's number during the early regulatory period due to the total cost spend to be a lawful e-hailing driver in Malaysia (Kanyakumari, 2019). The research issues, hence, validated by the insignificant result of the confidence benefit in influencing the driver's commitment within the study context.

### **Special Treatment Benefit and Customer Commitment**

The empirical results supported H5 ( $\beta=0.292$ ,  $p>0.000$ ), translating that the assumed hypothesis is accepted. the provided special treatment benefits entails of fuel bonus with Shell/ Petronas, tipping features, cancellation compensation, driver-partner online help center, and driver-partner one stop center are confirmed to reinforce driver-partners to commit longer with them. Likewise, the present finding is also verified by prior studies by Chou and Chen (2018) and Fatima and Mascio (2020). Besides, the relationship between special treatment benefit with customers or relationship commitment had invited various outcomes. Contrary to the current result, several preceding studies reported that this type of benefit produced weak influence on commitment, for instance Gwinner et al. (1998), Yang et al. (2017) and Soni (2019).

### **Customer Satisfaction and Customer Commitment**

As predicted, the hypothesis statement is supported ( $\beta=0.421$ ,  $p>0.000$ ), thus H6 is accepted. Based on the current findings, driver-partners obtained sufficient satisfaction from the provided service, and it is positively affecting the commitment of the drivers to stay with the service provider. Previous works such as Hong and Kim (2020), Wang et al. (2016) and Jeong and Oh (2017) are strongly suggest, a satisfied customer is willing to establish a longer commerce relationship with the same service provider.

### **The Mediating Effect of Customer Satisfaction**

Based on the statistical procedures, the results of the mediation test using bootstrapping method at 95% confidence interval show that customer satisfaction mediates the relationships between confidence benefits and customer commitment ( $\beta=0.109$ ,  $p<0.000$ ), special treatment benefits and driver commitment ( $\beta=0.093$ ,  $p<0.000$ ) and honor benefits and driver commitment ( $\beta=0.200$ ,  $p<0.000$ ) thus leading to the acceptance of H7a, H7b and H7c.

The insignificant relationship between confidence benefits and customer commitment indicates rare finding due to the direct influence of confident benefits as customer commitment has been highly recommended by most of the previous studies (Dagger et al., 2011; Gwinner et al., 1998; Yang et al., 2017). However, a subsequent test involving customer satisfaction as a mediator between confidence benefit and customer commitment showed the substantial influence of customer satisfaction as a mediator between confidence benefits and driver commitment. Hence, ride-hailing drivers may still choose to commit with the same service provider due to their satisfaction towards the respective service provider. In this case, H7a is confirmed.

Statistically, the strength of relationship between special treatment benefits on customer commitment is less relying much on the presence of customer satisfaction. Given the strong influence of special treatment benefit on customer commitment (29%), the ride-hailing drivers will continue to commit with the same service provider, whether they are satisfied or not with their service provider (9.3%). Interestingly, this study expected there is a diminutive significant influence of customer satisfaction as a mediator, however, the influence special treatment benefits have on customer commitment appears to occur largely via direct path compared to the indirect path. These results differ slightly from previous studies, whereby, they have proven that customer satisfaction can strengthen customer commitment via indirect route (Hennig-Thurau et al., 2002; Hong and Kim, 2020; Jeong and Oh, 2017).

The mediation assessment of H7c excluded the direct link between honor benefit and customer commitment because the direct path is not part of the mediated effect examination (Aguinis et al., 2017; Memon et al., 2018). Statistically, the mediation analysis does not require the association between *X* (honor benefits) and *Y* (customer commitment) (Hayes, 2009; MacKinnon, 2000; Memon et al., 2018; Zhao et al., 2010). Knowing that honor benefits received insufficient attention in the relational benefit studies Soni (2019), this study subsequently proposed that the honor benefit may contribute to lengthen the ride-hailing drivers' commitment via an indirect route, which is through driver satisfaction.

## IMPLICATIONS AND CONCLUDING REMARKS

### Theoretical Implications

This study has several theoretical contributions. The revised benefits are perceived as satisfied among the driver-partners, as well may lengthen their commitment with the same service provider. However, we agreed on the commitment among ride-hailing driver was highly driven by overall cost and benefits analysis, whereby the main objective of the driver is to minimize the cost spent and maximize income. The finding also suggests that relationship efforts can only be perceived after a continuous exchange between the online enterprise and customers (Gremler and Gwinner, 2000; Gutek et al., 1999; Su et al., 2009).

Special treatment benefit is found to be weak predictors of customer satisfaction in some of the previous studies (Gremler and Gwinner, 2015; Hennig-Thurau et al., 2002; Soni, 2019). Based on the current findings, this study confirmed that special treatment benefit is a significant predictor in determining customer satisfaction, particularly in the ride-hailing service.

One of the relational benefits, namely honor benefit was claimed to be the extension of special treatment benefit and was scarcely studied in quantitative research (Soni, 2019). Based on the statistical results obtained, this study strongly acknowledges that the honor benefit is developed independently and is not associated to the special treatment benefit. Note that the generalizability is a major criterion for evaluating the quality of a study in the quantitative-based research (Kerlinger and Lee, 2000; Mertler, 2016; Polit and Beck, 2010). Current findings acknowledged the anticipation of customer satisfaction as a significant mediator between confidence benefit and driver commitment, special treatment benefit and customer commitment, and honor benefit and customer commitment. A solid mediation impact is observed on the relationship between confidence benefits and customer commitment (10.9%), followed by the relationship of honor benefit and customer commitment (20%) and the relationship between special treatment benefit and customer commitment (9.3%).

### Managerial Implications

The empirical findings provide insight for the ride-hailing drivers' well-being in the sharing economy-services. Current finding may be used as a precedent case to map the drivers' planning for the sake of their well-being in this two-sided market, especially, in deciding their driving strategy and the tenure to maximize the advantages while minimizing cost. The present study delivers an overview to the ride-hailing service provider on how to strategize their driver-partners benefit program continuously. For instance, frequent revision on the driver-partners benefit program (or known as a supplementary service) (Dimitriadis and Koritos, 2014; The Star, 2020) is needed to keep surviving and offering the driver-partner benefits program that may become one of the special recipes in the two-sided service market (Rosenblat, 2020).

In Malaysia particularly, among the early initiatives portrayed by government include the establishment of retirement incentive or, known as *i-Saraan* (by SOCSO and EPF) and Global Online Workforce programs (GLOW) by Malaysia Digital Economy Corporation (MDEC), which had sparked the gig workers in the hope to keep working in the two-sided market (Dahlan, 2020). Recently, the government had channeled the Covid-19 aftermath assistant package to the gig workers through PENJANA (2020) and PERMAI (2021) as the initiative to ease their burden during movement control order. More initiative is expected to keep convincing the drivers in future.

### Concluding Remarks

The main objective of this research has shed some light on how the relational benefits may influence ride-hailing drivers' satisfaction and subsequently lengthen their commitment toward their ride-hailing provider. We suggest that the appearance of relational benefits in the robust service such as ride-hailing service, is perceived as obligatory as the core service. Realizing the limited role played by the service provider as they only own the electronic platform but not the drivers (Anderson, 2014; Belk, 2014), the findings also agreed that the service provider should offer benefits continuously to warrant the active participation of the ride-hailing drivers in this two-sided service market. Besides, with the existence of these benefits, issues of drivers' welfare and well-being in this two-sided service market seems to be manageable balanced and consistently.

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