THE ANTECEDENTS AND CONSEQUENCES OF SERVICE QUALITY IN THE HEALTH INSURANCE INDUSTRY IN SAUDI ARABIA

ALAWNI MOHAMMED SAAD

DOCTOR OF PHILOSOPHY
UNIVERSITI UTARA MALAYSIA
January 2015

THE ANTECEDENTS AND CONSEQUENCES OF SERVICE QUALITY IN THE HEALTH INSURANCE INDUSTRY IN SAUDI ARABIA

By

ALAWNI MOHAMMED SAAD

Thesis Submitted to
School of Business Management,
Universiti Utara Malaysia,
in Fulfillment of the Requirements for the Degree of Doctor of Philosophy

PERMISSION TO USE

In presenting this thesis in fulfilment of the requirements for a postgraduate degree from Universiti Utara Malaysia, I agree that the Universiti Library may make it freely available for inspection. I further agree that permission for the copying of this thesis in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor(s) or, in their absence, by the Dean of School of Business Management. It is understood that any copying or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Requests for permission to copy or to make other use of materials in this thesis, in whole or in part, should be addressed to:

Dean of School of Business Management
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman

ABSTRACT

The main purpose of this study was to investigate the antecedents and the consequences of service quality in the Saudi health insurance industry. Specifically, it aimed at investigating both the mediating effect of customer satisfaction on the relationship between perceived service quality and customer loyalty, and the moderating effect of corporate image on the relationship between service quality and customer satisfaction. The motivation for this study was driven by the inconsistent findings in the literature concerning the relationships between the antecedent and the consequences variables related to perceived service quality. Due to these inconsistencies, a new research stream emerged which suggests investigating the effect of possible mediating and moderating variables that may better explain such inconsistencies. Accordingly, this study has integrated different theories such as the expectancy-disconfirmation theory, service quality theory and social exchange theory to map and position the possible relationships between the variables in the conceptual framework. The study utilized a survey questionnaire which was randomly distributed to 800 customers of 3 major insurance companies in Saudi Arabia. Out of the 420 returned questionnaires, 400 were found to be complete were and used in the analysis. Correlation and hierarchical regression analysis were used to analyze the direct and indirect relationship between the related variables in the study. The results revealed that communication, information and communication technology (ICT), customer knowledge and prior experience were positive determinants of perceived service quality. Moreover importantly, the mediating effect of customer satisfaction on the relationships between perceived service quality and customer loyalty was confirmed by the findings. This study also found that there was a moderating effect of corporate image on the relationship between service quality and customer satisfaction. Finally, managerial, policy and theoretical implications as well as directions for future research were discussed.

Keywords: antecedent variables of service quality, corporate image, customers' satisfaction, customer loyalty, Saudi insurance industry

ABSTRAK

Matlamat utama kajian ini adalah untuk menyelidik anteseden dan konsekuen kualiti perkhidmatan dalam industri insurans kesihatan di Arab Saudi. Secara khususnya, kajian ini bertujuan untuk meneliti kesan perantara kepuasan pelanggan terhadap hubungan antara persepsi kualiti perkhidmatan dan kesetiaan pelanggan ; dan kesan perantara imej korporat dalam hubungan antara kualiti perkhidmatan dan kepuasan pelanggan. Kajian ini didorong oleh hasil penemuan yang tidak konsisten dalam literatur tentang hubungan antara anteseden dan pemboleh ubah konsekuen yang berkaitan dengan kualiti perkhidmataan yang dianggarkan. Berdasarkan ketidaktekalan tersebut, suatu aliran kajian baharu yang mencadangkan penelitian terhadap kesan ke atas perantara dan pemboleh ubah yang berkemungkinan boleh menjelaskan ketidaktekalan telah dibangunkan. Secara dasarnya, kajian ini mengintegrasikan teori-teori yang berbeza seperti teori jangkaan-ketidakpastian, teori kualiti perkhidmatan dan teori pertukaran sosial bagi membuat pemetaan dan meletakkan hubungan yang munasabah di antara pemboleh ubah-pemboleh ubah dalam rangka kerja konsep. Kajian ini menggunakan soal selidik yang diedarkan secara rawak kepada 800 orang pelanggan di tiga buah syarikat insurans terbesar di Arab Saudi. Daripada 420 soal selidik yang dikembalikan hanya 400 yang telah dilengkapkan dan boleh digunakan untuk dianalisis. Analisis korelasi dan regresi hirarki digunakan untuk melihat hubungan langsung dan tidak langsung di antara pemboleh ubah-pemboleh ubah dalam kajian. Keputusan menunjukkan bahawa komunikasi, teknologi maklumat dan komunikasi (ICT), pengetahuan dan pengalaman sedia ada pelanggan adalah penentu positif dalam persepsi kualiti perkhidmatan. Lebih penting lagi, kesan perantara kepuasan pelanggan terhadap hubungan antara persepsi kualiti perkhidmatan dan kesetiaan pelanggan telah disahkan melalui dapatan tersebut. Kajian ini juga mendapati bahawa wujud kesan perantara imej korporat terhadap hubungan antara kualiti perkhidmatan dan kepuasan pelanggan. Akhir sekali, implikasi, pengurusan, polisi dan teoritikal serta arah tuju bagi kajian pada masa hadapan turut dibincangkan.

Kata kunci: pemboleh ubah anteseden kualiti perkhidmatan, imej korporat, kepuasan pelanggan, kesetiaan pelanggan, industri insurans Arab Saudi

ACKNOWLEDGEMENT

In the name of ALLAH, the most gracious, the most merciful. Praise be to ALLAH, the creator and custodian of the universe. *Salawat and Salam* to our Prophet Muhammad, peace and blessings of ALLAH be upon him and to his family members, companions and followers.

First and foremost, I would like to express my heartfelt thanks and gratitude to Allah S.W.T for His blessing and allowing me to complete this research.

In completing this research, I would like to acknowledge the intellectual sharing of many great individuals.

My foremost gratitude goes to my supervisor, **Prof. Dr. Rushami Zien Yusoff** and Dr **Abdullah Al-Swidi,**for their professional guidance and devoting their expertise and precious times to guide me to reach this level. Thank you, for all that you did.

Additionally, I would like also to express my gratitude and thanks to all my friends and collegues for their constructive comments and invaluable suggestions. Moreover, a especial thank for Dr. Ebrahim Mohammed Al-Matari for his constructive comments and invaluable suggestions during my Ph.D journey. Moreover, I would like to thank my friend Hamad Hidan Alqahtany (Abo thamer).

Thanks also go to all the friends helped me in the data collection stage in almost all the cities. Some of them assisted me far beyond my expectations, thank you for your help and cooperation.

To my father, my mother, brothers, sisters, uncle (Nasser) and all my family members, thank you so much for your support and prayers.

Finally, I am fully grateful and indebted to my wife (Am Meshaal)andmy children (Meshaal, Saad, Walid, Faisal) for their encouragement, countless sacrifices and everlasting love.

TABLE OF CONTENTS

LIST OF TABLES

xviii

LIST OF FIGURES

LIST OF ABBREVIATIONS

AS	Assurance
C2C	Customer-To-Customer
CC	Communication
CCHI	Council of Cooperative Health Insurance
CI	Corporate Image
CK	Customer Knowledge
EM	Empathy
EWOM	Electronic Word-Of-Mouth
GCC	Gulf Cooperation Council
HDI	Human Development Index
ICT	Information and Communications Technologies
KMO	Kaiser-Meyer-Olkin
LY	Customer Loyalty
NCCI	the National Company for Cooperative Insurance
PE	Prior Experience
PSQ	Perceived Service Quality
RL	Reliability
ROE	The Return On Equity
RS	Responsivenes
SAMA	Saudi Arabian Monetary Agency
SERVQUAL	Service Quality

SIMR	The Saudi Insurance Market Report
SNIC	Saudi National Insurance Company
ST	Customer Satisfaction
TA	Tangible
TAM	Technology Acceptance Model
USA	United States of America
WTO	World Trade Organization

LIST OF APPENDICES

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The delivery of a suitable service quality has a key role in service industry particularly, insurance industry as service quality is significant to these firms' survival and profitability (Urban, 2009). Zeng *et al*. (2010) argued that service quality is a critical issue in securing customer satisfaction in most service industries. Owing to the heightened role of service organizations in the economy, and the significance of services in competitive environments, service organizations like the insurance companies should strategically manage service qualities and clearly comprehend service quality, customer expectations and basic quality specifications (Al-Rousan & Mohamed, 2010).

Service quality has developed to become a top instrumental co-efficient in the dynamic competitive market. Hence, in order to succeed and survive in this environment, any economic enterprise needs to deliver quality service (Sandhu & Bala, 2011). In a related study, Kara *et al*. (2005) stated that the delivery of quality service is important for any business in order to survive and succeed in today's business environment. This is because once services delivered to customers are of high quality, this would ensure that these customers are satisfied with the services, and in turn would lead to the paramount goal of the company - customers' loyalty (Tsoukatos, 2007).

The goal of service-oriented organizations is not only to recruit new customers but more importantly to satisfy current ones and ensure that they are loyal to the services provided by these organisations taking into account that contemporary knowledge has it that the costs of getting new customers are much larger than simply maintaining the current customers through securing customer loyalty (Sĭrgy & Samli, 1985; Terblanche & Boshoff, 2006). In this context, the ability to establish, develop and maintain service quality-satisfaction-loyalty link is critical in insurance industry.

During the past two decades, global insurance markets witnessed increasing development where total written real premiums for the countries showed an 82% increase from 1997 at US$1.6 trillion to 2004 at US$2.9 trillion. Specifically, emerging markets have experienced considerable real growth in the insurance sectors in comparison to their developed counterparts (52% versus 27% from 1997-2004). Apart from that, with the global economic evolution, any country intending to play a crucial role in world trade should eventually eradicate the protection and limitations in the insurance industry.

1.2 Research Problem

As far as insurance industry is concerned, customer service quality constitutes and integral part of the philosophy upon which the industry is grounded (Upadhyaya & Badlani, 2011). Consequently, it is highly important for insurance companies to determine the key success factors influencing the provision of service quality as this would have a great deal of impact on customer satisfaction and in turn, on creating loyal customers. This would help insurance companies survive in intense competition and

rapidly changing market. A number of success factors that have been hypothesized to influence the insurance industry's provision of service quality have emerged in literature.

First, the construct of communication was hypothesized to form a critical factor in influencing the quality of service delivery to customers (Saaty, 2011; Payne, 2006). In this context, Friedman and Kelman (2007) argued that communication between employees and customers is essential for service delivery, like service satisfaction as when customers questions of concern is addressed by the employees, this may minimize any uncertain feelings among customers. Despite the importance of communication, limited research seems to have investigated the construct as antecedent variables to service quality, particularly in insurance industry context (Duodu & Amankwah, 2011). In this context, Wei (2010) addressed the importance of communication in service delivery in the insurance industry but stated that the construct has not received considerable attention. The research further recommended that future researchers incorporate the construct of communication as antecedent variables to service quality in insurance industry. Thus, there seems to be a gap in the literature on examining the extent to which communication influences the provision of service quality and the nature of this impact on the insurance context.

Another factor that has been hypothesized to influence the provision of service quality in insurance industry is the construct of information and communications technologies (ICT). Upadhyaya and Badlani (2011) argued that with the developments in information technology many businesses encounter demanding and knowledgeable customers; customers who are exposed to a wide variety of technological tools. The importance of

ICT has been addressed by Al-Mudimigh (2009) who stated: "The use of technology will be a very strong factor for our future research. The customer will interact directly with the organization without any hesitation and the appointment system will be enhanced: the customer will make appointments online without going to the concerned organization". Despite the importance of the ICT factor, it has not been thoroughly investigated in literature (Rahim, 2010). Rahim (2010) further recommended using the construct of ICT as a factor in future studies. He stated that "New technologies and ICT must be incorporated as a factor to measure service quality in future researches". He went on to say that incorporating ICT in future work would provide a deeper understanding of the service quality- customer satisfaction – loyalty link.

An important factor that has been addressed to influence the insurance industry's service quality is customer knowledge (Sivesan, 2012). Having knowledge about how insurance companies operate and the regulations that govern their practices will help customers know their rights so that they won't feel angry in case a service does not meet their expectations. Once they have knowledge that this service is not offered to them based on the rules and regulations, feelings of dissatisfaction could be alleviated. Sivesan (2012) recommended that the construct of knowledge is included for future researchers who would attempt to conduct research studies on the relationship between service quality and customer satisfaction. In the context of the Saudi insurance, Saaty (2011) argued that one of the main problems Saudi insurance customers possess is the lack of knowledge about the rules, regulations and foundations of insurance and this lack of knowledge might even lead to verbal tensions between customers and service providers. He further elaborated that Saudis are still not completely aware of the insurance activities in their country just

as they are unaware of the various kinds of insurance policies. Another critical notion Saaty addressed is that large insurance users and even their non-user counterparts deem insurance to go against the teachings of Shariah although the industry's operations adhere to Shariah teachings. Thus, it is highly important to investigate this construct so that such claims are validated particularly because Saaty's (2011) did not examine the knowledge factor in his study's framework.

Another factor that is believed to influence insurance industry service quality is the customers' prior experience, which is also under the construct of customer knowledge (Bolton, Lemon & Bramlett, 2006). In the context of this research, the construct refers to the previous experience the customer has had with the insurance company and it was thought to be a very important factor keeping in mind that people in general, particularly Saudis, are highly influenced by the previous experience with the company, especially their first experience. Prior experience influences customers' knowledge positively as more prior experience customers have, the better knowledge they would develop about a particular service. However, this construct does not seem to have received the attention from the past researchers, particularly in insurance industry context. Thus, the current research attempts to fill in the gap of literature regarding prior experience and the way it influences the Saudi insurance industry's service quality.

In addition, despite the agreement among researchers on the link between service quality and customer satisfaction, which itself leads to customer loyalty (Rahim, Osman, & Ramayah, 2010; Wallace, Giese, & Johnson, 2004), inconclusive results still exists in the literature on the causal ordering of service quality and customer satisfaction as to which

one predicts customer loyalty (Bolton & Drew, 1991; Cronin & Taylor, 1992). Some researchers believe that customer satisfaction acts as a mediating variable that mediates the relationship between service quality and customer loyalty (Balaji, 2009; Bedi, 2010; Kassim & Abdullah, 2010; Kumar, Kee, & Charles, 2010; Lee & Hwan, 2005; Naeem & Saif, 2009; Yee, Yeung, & Cheng, 2010). Some other researchers, however, believe that service quality influences customer loyalty directly without the mediating influence of customer satisfaction (Taylor & Cronin, 1994). Thus, the non-conclusive results of these studies regarding the role of customer satisfaction in the relationship between service quality and customer loyalty needs further investigations across wide range of service industries. This study attempts to validate such claims by examining the mediating impact of customer satisfaction on the relationship between service quality and customer loyalty in the Saudi insurance industry.

In the literature on the service quality among insurance industry, a number of researchers attempted to investigate the service quality in terms of its consequences and antecedents, which is also the primary goal of the present research. However, limited research attempted to examine the impact of moderating factors on the relationship between the variables that make up the theoretical framework. In the current research, an attempt is made to examine the moderating impact of an influential variable, namely corporate image. The image of the company is regarded as an important tool to secure a good competitive advantage especially in highly competitive environment like Saudi Arabia. Saudis in particular go by brands and the image of the company in the market. This inclusion of the moderating variable of corporate image is meant to add theoretical

contribution to the existing work on the antecedents and consequences of the insurance industry's service quality.

In addition, the inclusion of the corporate image variable as a moderating/mediating factor was recommended by a number of researchers in literature (Akbar & Parvez, 2009; Jandaghi, Mehranjani, Seresht & Mokhles, 2011; Tarus & Rabach, 2012). In Tarus and Rabach's (2012) article about determinants of customer loyalty in Kenya, they posed the question of whether or not corporate image has a key moderating role. They attempted to find out whether the construct of corporate image moderated among service value, service quality, social pressure and customer loyalty.

Sama (2010) and Ansari (2011) noted that despite the rapid growth of the Saudi Arabian insurance industry in Saudi Arabia, particularly following the launching of reforms in 2004, and since privatisation and foreign investments were permitted in 2005, the insurance industry in Saudi Arabia is struggling to reach out to more voluntary customers taking into account that the high growth of the insurance industry is limited to specific businesses, i.e. motor insurance and health insurance – these two lines of businesses contribute over 70% of the GWP in 2009 according to the Saudi Insurance Market Report (2009). Hence, the present research tries to examine the level of service quality provided to Saudi customers as it is a significant variable that results in customer satisfaction which in turn leads to sustaining these customers and acquiring new ones.

The research considered that customer satisfaction is important to be addressed for the sake of promoting the take-up of insurance in Saudi Arabia. In order to understand the reasons why people are dis/satisfied with a product of a service, service quality has been

hypothesized by a number of researchers to provide such understanding. However, research on service quality are skewed towards perceived service quality conceptualization in which service assume what customers want and then direct their strategies based on these assumptions (Flint and Woodruff, 2001). In this context, Slywotzky (1996) argued that most researches focused on the value from the perspective of the organisations (organisations assume what is good/bad for customers and then direct their marketing strategies based on this assumption). Keeping in mind that the Saudi market has been transforming from a centrally-planned economy into a market-oriented one that is highly characterised by immense competition between organisations, sustaining a competitive advantage and securing a market share are paramount goals Saudi companies striving to achieve (Evans, 2005). Consequently, assuming what customers need and desire in such highly competitive environment might not provide accurate information about their real needs and desires. Thus, it would be beneficial to ask the customers themselves how they would want their services to be delivered rather than making assumptions (Woodall, 2003). This basic principle constitutes the ground of the present research in which the net service quality is suggested to be the difference between what the customers want (desired service quality) and what they actually get (perceived service quality).

More importantly, most of the research studies dedicated to service quality have been conducted in developed countries context mainly in Western countries or some developed countries in Asian such as Japan and Singapore while emerging countries were left with limited research (Yang & Jolly, 2009). Consequently, our understanding of how the construct operates and interplay depends largely on the theories and revelations of

Western scholars and research studies. While such theories might definitely be useful in the Saudi context, they might not provide a clear and deep understanding of how service quality is thoroughly understood in an emerging country like Saudi Arabia. This is because Saudi Arabia is different from its Western counterparts taking into account the cultural differences between nations and countries.

Saudi Arabia is even different from many neighboring countries in the Middle East region particularly in masculinity for example (Bendl *et al*., 2009). The concept of culture and cultural differences between nations is commonly employed in the fields of marketing, international management, HR development, organizational behavior for the measurement of effects that can distinguish between countries in light of ethnicity or occupation (Kuchinke, 1999). Culture comprises of successful attempt to thrive in the external environment and it reflects the shared survival strategy of the group (Triandis, 1995). Thus, the present research provides a cross-cultural understanding of how the service quality construct is associated to satisfaction of customers, and eventually, customer loyalty.

1.3 Research Questions

The primary goal of the present study is to look into the service quality of the insurance industry in Saudi Arabia in terms of its antecedents and outcomes. To achieve this goal, the study tries to determine the answers to the following questions;

1. To what extent does communication between service providers and customers relate to the service quality?

2. To what extent does ICT adopted by insurance service providers in Saudi Arabia relate to the service quality?

3. To what extent does knowledgeable relate to the service quality provided by the Saudi insurance companies?

4. To what extent does Saudi customers' prior experience relate to the service quality provided by the insurance companies?

5. To what extent does service quality relate to the customer's satisfaction by the Saudi insurance companies?

6. To what extent does customer satisfaction relate to customer loyalty in the Saudi insurance companies?

7. To what extent do service quality and customer satisfaction affect the customer loyalty in the Saudi insurance industry?

8. To what extent does customer satisfaction mediate the relationship between service quality and customer loyalty in the Saudi insurance industry?

9. To what extent does corporate image moderate the relationship between service quality and customer loyalty?

1.4 Research Objectives

The study attempts to achieve the following objectives:

1. To determine the relationship between communication and the service quality provided by the Saudi insurance companies.

2. To determine the relationship between ICT and the service qualityprovided by the Saudi insurance companies.

3. To determine the relationship between knowledge and the service quality provided by the Saudi insurance companies.

4. To determine the relationship between prior experience and service quality provided by the insurance companies.

5. To determine the relationship between service quality and customer's satisfaction provided by the Saudi insurance companies.

6. To determine the relationship between customer satisfaction and customer loyalty in the Saudi insurance companies?

7. To examine the extent to which service quality and customer satisfaction jointly affects the customer loyalty in the Saudi insurance industry.

8. To examine the extent to which customer satisfaction mediates the relationship between service quality and customer loyalty in the Saudi insurance industry.

9. To examine the extent to which corporate image moderates the service quality-customer loyalty relationship.

1.5 Significance of the Study

Thus, the primary goal of the present study is to investigate the service quality antecedents and outcome in the insurance industry of Saudi Arabia. By achieving this goal, the study is believed to attain both theoretical and practical significance. In other words, the study is expected to contribute to the whole body of research on the field of service quality in the insurance industry and the different factors associated with its provision. Simultaneously, the study is also expected to contribute to the Saudi insurance sector represented by the various Saudi insurance organisations operating in the Saudi

insurance sector as the study is expected to generate some recommendations that can be taken into consideration by these organizations, which would in turn contribute to a better service quality, and satisfied and loyal customers. This would then be reflected on the performance of these organizations which would finally contribute to a better and stronger Saudi Arabia. The following sections address the theoretical and practical significance of the present research.

1.5.1 Theoretical Significance

This study attempts to examine a well-established association between service quality, customer satisfaction and customer loyalty that has been investigated thoroughly in literature in different countries. However, the present research takes a step further by examining a number of antecedent and moderating factors which are recommended by a number of researchers to be influential in the way this link operates in different industries and environments. Specifically, the four antecedent variables of communication, ICT, customer's knowledge and customers' prior knowledge have been recommended to be used by future authors who dedicate their work to service quality in the insurance industry (Bolton, Lemon & Bramlett, 2006; Al-Mudimigh, 2009; Rahim 2010; Saaty, 2011; Duodu & Amankwah, 2011; Upadhyaya & Badlani, 2011; Sivesan, 2012). In addition, the study not only incorporates these antecedents in its theoretical framework but also takes another step further by examining the impact of corporate image as a moderating variable that is considered to impact service quality-customer satisfaction relationship (Tarus & Rabach, 2013). By incorporating all these variables into the well-established link among customer satisfaction, service quality and customer loyalty, the

present research gains its theoretical contribution. In other words, it is hoped that the framework designed for the current study would provide a better understanding and a clearer picture about the service quality in the insurance industry in terms of consequences and antecedents.

Apart from that, it has been mentioned earlier that most of the research studies concerning service quality, particularly those conducted on service quality in the insurance sector, have been conducted either on developed Western countries or some developed Asian countries such as Japan and Singapore while emerging countries were left with limited research (Yang & Jolly, 2009). This means that our understanding of how the construct operates and interplays depends largely on the theories and revelations of Western scholars and research studies. While such theories might definitely be useful in the Saudi context, they might not provide a clear and deep understanding of how service quality is thoroughly understood in an emerging country like Saudi Arabia. This is because Saudi Arabia is different from its Western counterparts taking into account the cultural differences between nations and countries. Saudi Arabia is even different from many neighboring countries in the Middle East region particularly in the element of masculinity (Bendle, 2007). Thus, by investigating service quality in light of its antecedents and consequences, in the context of Saudi Arabia, the present research gains another theoretical contribution as it provides a cross-cultural understanding of how the construct of service quality including its associated variables. The following section addresses the practical (managerial) significance of the study.

1.5.2 Practical (Managerial) Significance

It has been mentioned earlier that Saudi Arabia was not benefiting from the development and enhancements of the insurance systems worldwide despite the fact that countries around the world whether developed or developing were benefiting from the insurance system (Ansari, 2011). It was also elaborated that several specific variables such as economic, legal, political and social factors may impact the insurance demand level in an economy (Beck & Webb, 2003; Esho *et al*., 2004). This means that any attempt to reform and enhance the insurance sector and the services provided by the insurance companies in Saudi Arabia should stem from a change in the philosophy of policy makers and the way this philosophy finds its way to the minds of the Saudi people.

It should be taken into account that it was not until the recent times, that Saudi Arabia's insurance industry was highlighted to be unorganized, lacking of structure, not performing well and is overlooked (Ansari, 2011) until initial reforms were introduced in the year 2004. Since then, the insurance sector started to witness growth but even this growth did not take place because people were satisfied with the services provided by insurance companies nor was it because these services were perceived to be of high quality by the users but mainly attributed to the top business lines like motor insurance and health insurance for both expatriates and Saudis alike, constituting over 70% of the total insurance market (The Saudi Insurance Market Report, 2009). In other words, the growth and increase in the number of Saudi people signing up for insurance plans took place simply because Saudis do not have a choice. Thus, it is hoped that the present research would draw the attention of Saudi insurance managers and policy makers to the

importance of delivering quality services to the users as this would help the Saudi insurance companies survive and succeed in highly competitive market. This would in turn lead to recruiting more voluntary customers while at the same time ensure that existing customers are satisfied and in turn, loyal.

In the Middle East, the scenario in the health insurance industries in the past is such that customer loyalty was overlooked by managerial staff particularly in Saudi Arabia. However, currently, as government spending on development increases, it became significant to determine the determinants of service quality. This study revealed that service quality, corporate image and customer satisfaction significant affects customer loyalty via health insurance industry. Consequently, this will lead to a developed health insurance industry, which could bring about the development of the nation.

Also, practitioners in the field of service quality can use this study's findings when it comes to how to realize customer loyalty. If the study findings are put into practice, this may result in the current service quality of the health insurance industry. The present study findings may also highlight how training can be improved through the extension of customer loyalty in the health insurance industry environment.

1.6 Scope of the Study

The present study attempts to look into the service quality provided by the Saudi insurance industry in light of its antecedents and outcomes. Customers of Saudi insurance organisations constitute the sample of the study. Therefore, this study focuses on health insurance regarding and its role in realizing customer loyalty.

The root of the main deficiency in the Saudi insurance industry is probably lack of knowledge, which suggests the need for greater awareness of the acceptability of insurance and of its potential benefits to consumers. Health insurance in particular can be emphasised, as it is also popular in industrialised nations (Carrin, 2002). In addition, the weak insurance culture has also been attributed to the existence of weak financial institutions in low income countries (Morduch, 1994). This explanation is also plausible as it indicates an institutional weakness, whereas the earlier explanation indicates a more fundamental deficiency. Form the history population, insurance was also condemned and even banned in European countries until the nineteenth century on religious grounds (Diner & Wunberg, 2007, p. 47). This study is going to touch upon the various reasons that could provide an insight into the insurance industry in terms of healthcare.

1.7 Definitions of Key Terms

1.7.1 Service Quality

Zeithaml *et al.* (1993) defined the construct of service quality as the "consumers' assessment of the overall excellence or superiority of the service". This construct has also been viewed as the overall judgment or attitude of the consumer toward the level of excellence of the service rendered, which is normally evaluated by a comparison of the performance and expectation. In this study, the operational definition of service quality was adopted from the SERFPERV model by Cronin and Taylor (1992) where the evaluation of service quality is made only through the measurement of perceptions of the rendered services.

1.7.1.1 Communication

Communication refers to the ability to offer expedient, reliable and accurate information. In this regard, good company-created communication refers to communication that is helpful, positive, timely, useful, easy and pleasant, with little to no effort needed for the customer to understand the communication and determine its usefulness (Ball *et al.*, 2004). The operational definition of communication was adopted from Danaher and Rossiter (2011) where communication is measured through a number of communication attributes. These attributes include the following components, namely acceptable, annoying, appropriate, convenient, difficult to ignore, disruptive, easy to reject, enjoyable, entertaining, informative, objectionable, reliability of information, time-consuming, and trustworthy.

1.7.1.2 Information Communication Technology

Technology refers to a body of knowledge, tools, techniques, and innovations derived from science and practical experience that is used in the development, design, production, and application of products, processes, systems, and services (Pier, 1989). The operational definition of information communication and technology was adopted from Aponte (2012) which measure how the advancement of technologies and internet that took place recently influenced customers" perceptions about service quality.

1.7.1.3 Prior Experience

Edvardsson (2005), an experience refers to the service encounter or the service process that is stored in the customer's cognitive, emotional and behavioral responses and

remains with them for a long time. He added that such experiences will impact the quality perceptions of customers and that some major companies such as Ikea and Volvo design their service components to physical products emphasizing on the experienced-based quality, and as such physical products become the basis for the experiences.

It is therefore of dire importance to determine the role of the length of cooperation with one service provider in service quality formation and the influence on the intensity of consumption of other rival services. Other expectations include, the influence of customers' expectations aspects on the customer's service perceptions and hence, the overall service quality. In this regard, Edvardsson (2005), one of the quality gurus, remarked that customer experiences need to be stressed in scientific research or in the business realm, in order to discover the role of customer experiences in future services. The operational definition of prior experience in this study was adopted from Urban's (2010) where three dimensions were used in measuring prior experience, which include length of experience, frequency of experience with the current company and frequency of experience with other (previous) companies.

1.7.1.4 Costumer Knowledge

Steadfast (2013) argued that insurance is a confusing industry that is particularly difficult to understand for regular and common customers. So, the potential for clients who are not very familiar with the rules, regulations and policies of insurance to make mistakes is very likely to take pace. This is why insurance companies normally hire brokers who are called insurance brokers – their job is not only providing customers with the best insurance policies available, but among their responsibilities is taking the time to offer

their customers advice that will help them understand the insurance world better and not make any missteps along the way. The operational definition of customer knowledge in this study refers to the customers' level of knowledge about the rules, regulations and policies of the insurance companies.

1.7.2 Customer Satisfaction

Customer satisfaction definition basically followed the disconfirmation of the customer satisfaction dissatisfaction premise resulting from the difference between the expectations of the pre-purchase expectations and the post-purchase evaluation (Cadotte *et al*., 1987). A recent definition of customer satisfaction was given by Anton (1996) who defined the construct as a mind state within which the needs, wants, and expectations of the customer across the service life product have been satisfied or exceeded, which in turn, lead to repurchase and loyalty. The operational definition of customer satisfaction for this study is based on the overall perception of customer perceptions with regard to facilities, services and customer relations of the company.

1.7.3 Customer Loyalty

Reynolds *et al*. (1974) defined the construct of customer loyalty as the inclination of the person to keep on showing a similar attitude towards a situation that was experienced before. Customer loyalty was also defined by Oliver (1997) as the process of re-patronising a selected product/service in the future regardless of situational impact and marketing efforts that may potentially cause switching behavior. These two interrelated definitions will be adopted to form the theoretical and conceptual ground of the construct

of customer loyalty to the insurance company that will constitute the dependent variable in this study. The operational definition of customer loyalty in this study is based on the intention to repeat transactions and recommending the company to other customers.

1.7.4 Corporate Image

Corporate image refers to the overall expression perceived by the customers as a consequence of other aspects (ideas, notions, attitudes and experiences) with the organization transformed into adverse or positive perceptions that arise when the name of the organization is heard. Therefore, corporate image based on some studies (Leuthesser & Kohli, 1997; Van Riel and Balmer, 1997; Bravo *et al*., 2009), stems from communication process wherein the organizations develop and disseminate a distinct message constituting their goal, vision and mission, and image that reflect their significant values. This contention is aligned with the world wide vision proposed by Keller (1993) concerning the image of the brand. Hence, corporate image is brand image that refers to the organization as a whole as opposed to just being confined to its products/services. The operational definition used for corporate image was based on the image of the company related to five dimensions of image namely innovative and pioneering; open and responsiveness; persuasiveness; ethical; and confident.

1.8 Organisation of the Study

The present research is designed to include six main chapters, namely: introduction, review of literature, methodology, analysis, findings and discussion, and finally

conclusions and recommendation. The following section provides an overview about each chapter:

Chapter One (Introduction): The chapter introduces the main issue to be investigated in the study beginning with the background of the study. Statement of the problem is then presented in which relevant factors influencing the service quality provision in the insurance industry are addressed and the gaps in the literature are outlined. Significance of the study is then presented in two parts, namely theoretical significance and practical (managerial) significance followed by the study scope. Finally, the chapter concludes with some definitions of related terms including their operational definitions in the current research.

Chapter Two (Literature Review): The chapter presents the review of literature on the constructs and variables that are investigated in the study. The chapter is constructed on a way that would respond to the objectives of the research. The chapter provides a thorough discussion of the review of literature on the variables that are investigated in the research. The chapter begins with a general view of service quality and a specific view of the insurance industry's service quality. The chapter then introduces the antecedent variables that are expected to affect the service quality provision. Here, the relevant constructs' definitions, foundations and measurements are explained. The chapter then moves on to introduce the moderating influence of corporate image in which the variable's definitions, foundations, theoretical underpinnings and measurements are introduced. Some related research studies on each of these variables are presented in the chapter.

Chapter Three (Theoretical Background and Framework): The chapter presents the theoretical framework and hypothesis development in this study. The chapter begins with introducing the theoretical underpinnings of the study upon which the study is grounded are presented and discussed. The chapter proceeds with addressing the hypotheses designed for the relationships between the study's different variables. The chapter concludes with presenting the framework upon which the study is grounded.

Chapter Four (Research Methodology): The chapter presents the methodology that will be employed in the study. The chapter starts with the research design that is employed in the study. The chapter then discusses and the instrumentation and the measurements that are used to measure each of the variables of the study (independent, dependent and moderating). Measurements of these variables that are grounded on well-established work from the literature on the variables are then detailed. The chapter proceeds with an explanation of the population and sampling followed by the data collection procedures. The chapter concludes with a detailed explanation about the analysis techniques and some ethical considerations that will be followed before, during and after the process of conducting the current research.

Chapter Five (Data Analysis and Findings): The chapter exhibits the data analysis and findings of the present study. The chapter begins with a description about the response rate and the non-response bias, followed by the distribution of the respondents. The chapter then examines the goodness of measure by conducting validity and reliability tests using factor analysis and internal consistency using Cronbach's alpha values. Then, in order to test the hypotheses, pearson correlation analysis, multiple linear regression

analysis, mediation analysis and moderation analysis were used after the examination of all the regression assumption. The chapter concludes with a summary of the chapter.

Chapter Six (Conclusion, Discussion and Recommendations): The chapter presents the summary of the study findings. Moreover, the chapter explains the contributions of the study – both to literature and to practice. In section 6.5, the limitations of the study are discussed based on which section 6.6 provides suggestions for future research. Finally, the chapter concludes the study in the last section.

1.9 Chapter Summary

This chapter introduces the present study and accordingly, presents an overview about the research and the drives that led to conducting it. The primary goal of the study is to examine the service quality antecedents and outcomes in the context of the insurance industry in Saudi Arabia. The chapter began with the background of the study in which an overview of the insurance industry's service quality was presented. The chapter then presented a general overview about the insurance industry in Saudi Arabia. Statement of the problem was then discussed in details in which a number of theoretical and practical issues were elaborated and discussed in and the gaps in the literature were discussed and outlined. The chapter then provided the significance of the study divided into two parts, namely theoretical significance and practical (managerial) significance. The chapter concluded with some definitions of related terms including their operational definitions in the current study. The next chapter addresses the literature review concerning various variables and constructs of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the review of literature on the constructs and variables that are investigated in the study. It is important to keep in mind that the primary goal of the present study is to investigate the antecedents and consequences of service quality in the Saudi insurance industry. The chapter is constructed in a way that would achieve the objectives set out for this research. Specifically, the chapter begins with a general view about insurance industry's service quality is introduced followed by an overview about the industry in the context of Saudi Arabia and service quality with the focus of service quality in the insurance industry. The chapter then introduces the antecedent variables that are hypothesised to influence the provision of service quality. Here, the constructs' definitions, foundations and measurements are explained. The chapter then moves on to introduce the moderating influence of corporate image in which the variable's definitions, foundations, theoretical underpinnings and measurements are introduced. A section on the mediating variable of customer satisfaction and its relationship with service quality is then presented followed by another section on the dependent variable of customer loyalty. Some related research studies on each of these variables are presented in the chapter.

2.5 The Insurance Industry in Saudi Arabia

The Saudi insurance industry is relatively new compared to those even in other developing countries (Dar Mousa, 2012). Prior to 1970, the principle of insurance was largely rejected on religious grounds, and the few insurance activities were largely restricted to the oil industry. A major change occurred in 1983 with the development of the concept of cooperative insurance that made insurance more acceptable religiously. This led to the establishment of the National Company for Cooperative Insurance (NCCI) in 1986, and reforms in Saudi Arabia's insurance industry began in the year 2004 (Ansari, 2011b). Privatisation then led to an expansion of the industry and increased competition. Local as well as foreign investments were permitted in March 2005.

2.5.1 Introduction of Regulations

With the growth of the insurance industry, also arose the need for licensing and regulation. Greater government control over Saudi Arabia's insurance industry came about with insurance matters being governed by the Saudi Arabian Monetary Agency (SAMA). This helped to bring about greater stability in the market and to promote sustained growth. The following are significant developments and characteristics of the Saudi insurance market:

- Development of the concept of cooperative insurance in 1983 in line with Islamic principles.
- Compulsory insurance laws since 1988
- Privatisation and increasing competition since 2005

- New financially and technically able entrants over the past 7 years

- Regulation of the insurance market by SAMA, especially as introduced in 2008 (Marius, 2012).

The regulations, as introduced in 2008, resulted in "considerable administrative, economic, and operational hurdles to establishing new insurance companies in the Kingdom" (Marius, 2012). On the other hand, they have also eliminated anticompetitive behaviour, brought order to the market, and helped to improve consumer protection. These measures and requirements included the following:

- independent board members

- operation licenses

- public listings

- quarterly reporting

- regular product approvals

- staffing quotas

2.5.2 Impact of the Reforms

Ansari (2011) examined the impact of the reforms on the insurance industry of Saudi Arabia with respect to the growth of premiums, regulations and their standardisation, and new entrants and their participation. The findings were based on secondary data gathered from SAMA's annual reports between 2005 and 2009. The study also included a comparison of insurance industry performance in the pre- and post-reform periods.

Prior to the reforms, the Saudi insurance industry was "scattered, unstructured, uncontrolled, unguided and unmonitored" (Ansari, 2011: 31). It was not uncommon for insurers to refuse payment of claims, and also for insurance companies to become insolvent in the case of big claims. Standardisation of the regulations thus began with the Cooperative Insurance Companies Control Law, which was promulgated by Royal Decree No. M/32. Power was given to SAMA to regulate insurance activities in the Kingdom. This included establishing such arrangements that enabled insurance company licenses to be granted, and for the industry as a whole to be regulated and supervised. It is now a requisite for all companies licensed under the Cooperative Insurance Companies Control Law to provide SAMA, as part of the licensing process, with copies of their insurance policies, as well as rates and underwriting guides. SAMA in turn is empowered to make any inquiries and to discuss the submissions. It also receives applications from companies wishing to establish themselves to operate as insurance companies.

Specific regulatory responsibilities for health insurance were granted to the Council of Cooperative Health Insurance (CCHI), and regulations relating to health insurance were specified in the Cooperative Health Insurance Law, which was promulgated by Royal Decree No. M/10.

2.5.3 Code of Conduct in the Saudi Insurance Industry

In order to ensure transparency in the insurance industry, SAMA has devised a set of rules and guidelines for providers of insurance services to follow, as well as a code of conduct for the insurance market. The purpose of this code of conduct is to maintain high standards of service while dealing with customers and others, and for SAMA to ensure

integrity, honesty, transparency, fair dealing, and the fulfillment of their obligations. It also requires the companies to devise their own set of internal codes that align with the general code, and for them to maintain records to demonstrate this compliance. At the same time, the code attempts to prevent any unfair dealing or discrimination, and to ensure that insurance companies have adequate resources to conduct their business. In this regard, it is also an obligation for the providers to communicate with their customers, protect their personal data, and to divulge all the relevant information as accurately and clearly as possible and in a timely manner so that they in turn can make better informed decisions. In addition, the code provides guidelines relating to advertising and promotional activities to ensure the content is not misleading in any way.

2.5.4 Growth in the Industry

Since the aforementioned reforms were brought about beginning in 2004, the insurance industry in Saudi Arabia has been growing rapidly (Ansari, 2011). This has been reflected in an increase in premium rates, an increase in the number of indigenous companies that have entered the insurance market, and in the development of the kingdom's regulatory system to international standards. According to the Saudi Insurance Market Report (SAMA, 2009), the growth rate of the Saudi insurance industry in 2008 was 27%, while in the subsequent year this percentage was 33.8%. This growth as a whole has been above the world average (Andari, 2011: 34). The key driving sectors at the time were health and motor insurance. SAMA itself classifies insurance into three types, as follows:

- General insurance

- Health insurance

- Protection and savings insurance

As of July 2012, the latest publication of SAMA on the Saudi insurance industry pertains to the year 2010. In this year, the majority (53%) of the insurance market was represented by health insurance, which amounted to SR8.69 billion and was a 19.2% increase over the previous year. This was followed by 41% by general insurance, and 6% by protection and savings insurance. As of August 2012, SAMA has granted licenses to operate as insurance providers to 34 companies (Ansari, 2011: 33) and 104 others, which are listed in Appendix A. Many of the other providers did not even exist prior to the reforms. The equity of the insurance companies combined was SR 9.1 billion, and of these, the largest company in terms of equity was Tawuniya amounting to SR 1.75 billion (SAMA, 2010). In total, 34 insurance companies had equity of at least SR 500 million. And, the number of employees working in insurance companies in Saudi Arabia in 2010 were 7,081, of which half (50%) were Saudi nationals.

A report entitled 'Saudi Arabia Insurance Market to 2012' revealed that the fastest expanding insurance lines in the Saudi kingdom are Health Insurance, and protection and savings insurance, as well as energy and liability insurance followed by motor insurance (Saudi Gazette, 2010). The former accounts for around 44% of the overall market for insurance and is expected to grow considerably, due to two main reasons. One is the rise of private companies involved in the insurance sector and the second is the obligation upon private employees and foreign pilgrims to take out health insurance cover.

2.5.5 The Major Players in the Saudi Insurance Industry

A national insurance company was established in the Kingdom in 1974, named the Saudi National Insurance Company (SNIC) that was also later registered in the Kingdom of Bahrain in 1993 (SNIC, 2011). This company envisions itself as becoming one of the leading and reliable insurance providers in the Kingdom, and it has a stated mission to "Provide the widest range of insurance/assurance products through ... servicing standards and professional staff that are driven by customer satisfaction". It also strives to uphold four core values, namely success, nobility, integrity and confidence. SNIC claims to have sound international and reputable shareholders, a wide experience in risk management, skilled and experienced staff and management, first class re-insurance security, and a robust management information system in place. The current three biggest players in the market are (Bupa Arabia, Medgulf and Tawuniya). Another report gave the Kingdom's insurance business environment a rating of 53.2%, and examined the market outlook for the next few years (to 2015) for Saudi Arabia's insurance industry in depth (AM Mindpower Solutions, 2011).

Tawuniya is a strong and leading company in the Saudi insurance industry, which was established in 1986 (Tawuniya, 2012). Since then, Tawuniya has been instrumental in setting industry standards, introducing new insurance products to satisfy customers, especially retail customers, and thereby furthering the development of the Saudi insurance industry. For Saudi society in general, Tawuniya has helped to raise awareness of insurance through advertising and its public relations. The quality of its "high worth insurance services" are claimed to exceed those of international standards. To cope in the

highly competitive Saudi insurance market, Tawuniya is focused on delivering "improvements in customer service, fulfilling customer needs with new products, and improving the internal working environment". In order to achieve this goal, the company has undergone major restructuring and rebranding, and has changed dramatically in terms of its size and performance as a consequence.

2.5.6 Analytical Reports of Saudi Insurance Industry

The Saudi insurance industry has also been examined by Standard & Poor (S & P), which is one of the leading global industry information and rating agencies (Marius, 2012). It was noted that despite there being low interest rates and crowded market protection, Saudi insurers will be able to maintain profitability owing to the kingdom's pace of socio-economic development and the increasing demand for greater protection and savings plans. The size of Saudi's insurance industry already makes it the largest in the region of the GCC (Gulf Cooperation Council) and it is exhibiting considerable growth. The insurance business has been expanding due to increasing awareness and availability of insurance products and services, especially for health related insurance. The insurance industry as a whole is expected to play a significant role in the Kingdom's economy.

According to S & P, the aforementioned regulations introduced in 2008 have raised the barriers to entry and mitigated the competitive pressures that were being faced by the existing insurers operating in the kingdom. As a result, prospective customers are benefitting from lower prices although profitability of the companies has been affected too. However, S & P's assessment is that the insurers will continue to grow regardless of the competition. Their report also highlights that as the Kingdom's insurance industry is

relatively new, it remains to be tested under more difficult circumstances. Also, the Saudi insurance sector has yet to experience premium levels, as in more developed markets. In particular, the amount of capital is considered to be currently disproportionate together with an over-emphasis on the return on equity (ROE) by underwriting profits. The existing approach is described as conservative with little contribution to ensuring profitability in the industry. It is therefore suggested to make more profound investment strategies and to promote innovation to enable the industry to tap into a market that remains largely un-penetrated. The obligation to impose the zakat tax also needs to accommodate in a way so as to ensure profitability. Despite the aforementioned, S & P provides a generally positive picture of the Saudi insurance market.

2.6 Service Quality

Insurance companies face many problems as they function with increasingly competitive pressures, due to the liberalisation of the financial services sector, which had led companies to focus most of their primary strategies toward improving service quality in order to enhance customer satisfaction and loyalty (Siddiqui & Sharma, 2010). Siddiqui and Sharma (2010) stated that nowadays the consumer is demanding services with higher standards and also becoming more and more aware of higher expectations. They further added that it is difficult for service providers to manage their services effectively, because the advancement of technology, especially in information and ICT, enables the consumer to make accurate and quick comparisons on the Internet. They concluded that this in turn leads to the fact that customer expectations and perceptions are continually changing and evolving.

Furthermore, customer service is more pertinent in service business as compared to manufacturing companies, since service characteristics are often inseparable and intangible. Due to improved technologies, growing customer sophistication, and increased private player competition, recent years had witnessed greater thrust on achieving greater levels of efficient customer service. It can be observed that customers are becoming more and more advanced in their requirements and expectations, which in turn demands higher and higher standards of service (Verma, 2004). For the consumer, the term service can entail many meanings and go under different names, some of which include customer relationship, customer satisfaction, service delivery and customer delight. Because of this, there is increasing interest in improving service via customer service, which means that objectives of the business must be aligned closely with the customer service elements. Meanwhile, according to Payne (1995), initiatives related to quality improvement go hand in hand with customer service initiatives. Previous research had reported that the concepts of marketing, customer service, and quality have been integrated to form a new perspective on the old concept (Christopher & Ballantyne, 1991). Thus, marketers now are of the opinion that achieving quality has become a pivotal concern. Therefore, in order for service providers to attain better positions in the market place, a vital key is consistent superior service delivery (Brown & Swartz, 1989).

In the literature on service quality, many researchers are in agreement that service quality is very difficult to define, let alone measure since it is an abstract concept (Carman, 1990; Parasuraman *et al*., 1988; Parasuraman *et al*., 1991). In any particular service, customer perception on the service can be categorised into two dimensions - functional quality and technical quality - in service quality modeling (Gronroos, 1984). Meanwhile, a gap model

33

in service quality has been proposed, which operationalised the quality of service in terms of the distance between customer expectation and customer performance perception (Parasuraman *et al.*, 1985). Following this, a broad definition of service quality was presented by Zeithaml *et al.* (1993), which was the "consumers' assessment of the overall excellence or superiority of the service". This concept has also been viewed as the overall judgment or attitude of the consumer toward the level of excellence of the service rendered, which is measured by a comparison of the performance and expectation. According to different service applications, previous researchers had attempted to operationalise service quality from different viewpoints. Culiberg and Rojsek (2010) defined service quality as perceived quality, which means a customer's judgment of a particular service. Thus, service quality is agreed upon to be viewed and perceived in different fields and industries in which each industry needs to develop their own service quality model (Siddiqui & Sharma, 2010).

Parasuraman *et al.* (1985) proposed the gap model of service quality that operationalised service quality as the gap between expectation and performance perception of the customer. The following section addresses the various gaps that appeared in Parasuraman *et al.* (1985) model.

2.7 Service Quality Gap Model

Service sector managers are in constant pressure to display customer-centered services and delivery of performance improvement. Considering the constraints in terms of finance and resource under which such organizations must manage, it is important to identify any gaps in service quality from the point of view of the customers. This

34

information can help managers identify cost-effective approaches of minimizing the gaps in service quality and in organizing gaps in terms of priority.

Customer service in the perspective of marketing is different from managing the basic elements of marketing mix, which are product, price, promotions and place, in that in the former; customer service is generally provided by front-line workers. In other words, personnel policies have considerable marketing implications. Majority of retailers keep this in mind by considering employees as internal customers. On the basis of this premise, management has to market their policies of the company to their internal customers to motivate them to deliver effective customer service. These standard personnel policies are exemplified by the employee screening and selection, training, facilitating appropriate reporting approaches, systems of goals and rewards, internal communications and service culture development. The above standard personnel policies in terms of the desired customer service are reexamined by the Gap Analysis Model. In addition, the model established certain conditions when it comes to such policies that relate the customer expectations with perceived delivery of service. Added to this, the model also provides a checklist of where the chain is vulnerable for breakage, where employing such a checklist facilitates service quality audit.

The development of the Gap model of service quality is attributed to Parasuraman, Berry and Zeithaml (1985) and recent advances were reported by Zeithaml and Bitner (2003). It functions as an underpinning framework for service marketing for over twenty years. Generally speaking, customers expect service experiences and they gauge such service against the perceived service performance in their perception of service quality and hence

it is important that managers identify the expectations of customers for their service design. The model highlights four gaps leading to the final gap between perceived service and expectations of customers – these gaps are described below;

1. The first gap exists between customer expectations and the management perceptions. This gap exists due to management's failure to identify customer expectations accurately. This gap is referred to as the knowledge gap and it is the difference between the customers' actual expectations and the management's perceptions of them. For instance, hotel management should be privy to the expectations of guests when they stay in the hotel in terms of tangible (room, amenities, lobby features) and intangible (additional services, ease of check-in and check-out) amenities.

2. The second gap exists between management perceptions and service quality specifications. This is also referred to as the design gap and is measured by the extent to which the service design specifications meet the management's perception of customer expectations. The level of this gap is largely dependent on the belief of management that service quality is significant and it is possible. It also depends on the availability of resources for the service provision. For example, while management may understand that customer expects to be served within 20 minutes of ordering, resources in the form of number of staff may be lacking and hence the speed of service is compromised.

3. The third gap lies between the specifications of service quality and the service delivery. This gap exemplifies the extent of differences in service design and service delivery and is known as the performance gap. Such an extent is a

function of several variables entailed in the service provision. Because the individuals are the ones to perform the service, the quality may be affected by the individuals' level of skill, training obtained, level of role agreeability or conflict, and job fit. Several service providers such as waiters and front-desk staff are not inclined to deliver high service even with training. Moreover, this gap may also be affected by the extent of responsibility and the empowerment harbored by the employees.

4. The fourth gap exists between service delivery and the external communications and hence it is also referred to as the communication gap. Specifically, the gap is the difference between what is promised to customers (explicitly/implicitly) and what is actually delivered to them. Almost all hospitality firms make use of advertising, personal selling and sales promotion to market, sell and relay their products and services to customers. The target customers are lured by beautiful hotel rooms, swimming pools and luxurious lobbies in advertisements. The level of communication between the hospitality firm and the advertising agencies will impact the gap size. Over-exaggeration of marketing and promises are more often than not, the reason behind the communication gap, with each gap having a cumulative impact from the prior gaps.

5. The fifth gap lies between the expected service and the perceived service, and is the cumulative effect of the above preceding gaps. It reflects the difference between expectations and perceived service, and is also considered as the service performance gap.

The following Figure (Figure 2.1) shows the five gaps of service quality that have been identified by Parasuraman, Berry and Zeithaml (1985).
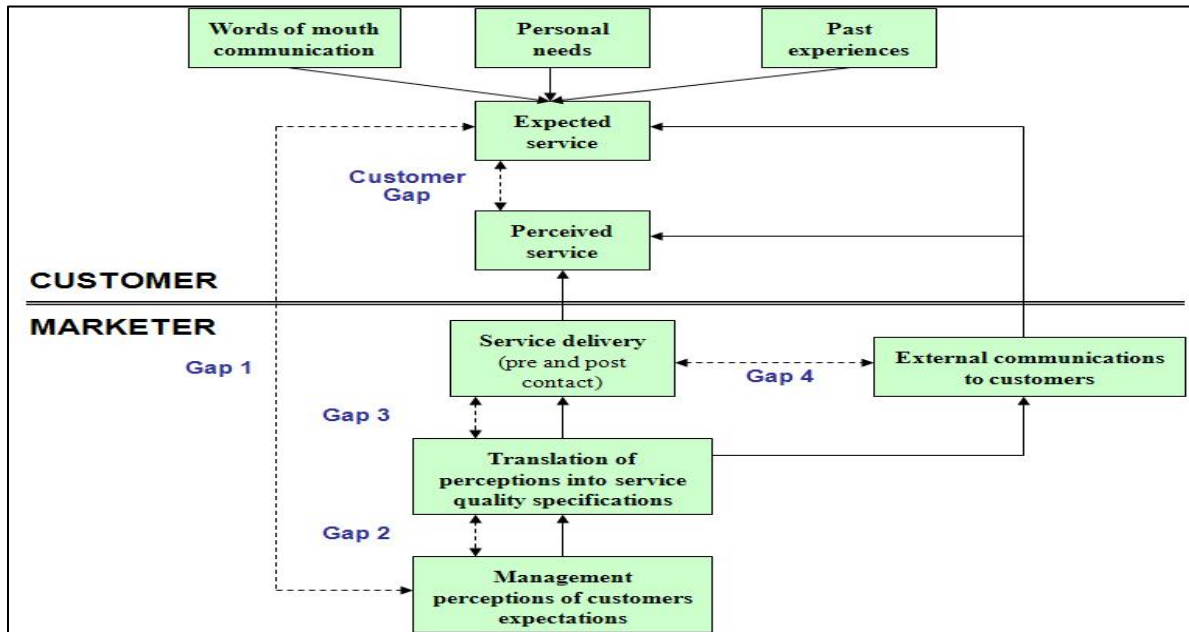
Figure 2.1
Gap Model of Parasuraman, Berry and Zeithaml (1985)

According to Zeithaml *et al*. (1993), service quality generally refers to the assessment of consumers of the complete service excellence and superiority. Moreover, it is deemed as the attitude or global judgment concerning the complete service excellence, with the measuring tools being the comparison between expectations and actual performance. In the present study, this definition is the underpinning measure of the service quality where an attempt to view customers' perceptions concerning services obtained from the service providers is made. In this regard, researchers have proposed means to operationalize service quality based on various perspectives for differing applications of service. Specifically, Culiberg and Rojsek (2010) referred to service quality as perceived quality

which refers to the judgment of customers regarding a specific provided service. Hence, researchers are of a consensus that service quality should be considered in different fields and industries and that each industry requires their own model of service quality (Siddiqui & Sharma, 2010). In the present study, because the target is the insurance firm sector, the next section provides cases of service quality in the context of the insurance industry.

2.8 Service Quality in the Insurance Industry

The insurance service is a product in the format of a written legal contract coupled with several related services. The services provided are in the form of activities (intangible/tangible) that one party provides the other, and such services do not lead to the ownership of anything. Insurance service is unique and stands out among other services owing to its complexity and future conditional services that entail considerable legal features (Khondar & Rahman, 1993). The insurance firms should identify approaches to make their service more tangible, to maximize the productivity of providers who are one with their products, to develop a standardized quality in the face of variability, and lastly, to enhance the demand situation and supply capacities when faced with service perishability. During and following the issuance of the insurance document, services such as informing, educating, motivating, persuading, advising among others, make the purchase of insurance unique from purchase of other products and services.

In the face of increasingly fierce market competition, insurance products are becoming more difficult to differentiate, thus leading to the trend of insurance companies having to shift their focus from being a product-focused company to become a customer-focused

company. Across the globe, insurance companies have started to focus their energies toward implementing strategies to improve service quality in order to increase customer loyalty through enhancing customer satisfaction. For maintaining future growth and sustainability, more and more insurance companies have developed a more customer-centric approach. This means that companies are becoming more aware that the existing customers, as well as the potentially new ones, can be influenced to try the services offered by the company through speedy, efficient, and prompt services.

Moreover, service marketers have come to realise that quality can be used as a weapon to manage competition, indicating that it is of utmost importance that service quality is achieved as a sure way of securing competitive advantage. Conversely, achieving poor service quality would place the company at a disadvantage. In cases where industrial players offer near identical services, such as the insurance industry, insurance firms need to be able to differentiate themselves through service quality and thus achieving greater success in the face of competing service companies. Therefore, by making the firm standout, the company is then able to garner a higher proportion of consumer choice, which could mean the difference between the company's success and failure in terms of financial standing.

Moreover, the insurance industry, especially in Saudi Arabia, needs to utilise strategic plans in order to provide attractive products and services, in order to meet customers' complex expectations (Siami & Gorji, 2011). In order to do this, the firm needs to match their current services with other services being offered in the global and local markets using the customers' point of view, where they can measure the customers' levels of

satisfaction and expectation. However, in order to know the perceptions of customers regarding the quality of services provided to them by different service companies, a number of measuring techniques (service quality dimensions) have emerged in previous studies that are related to the quality of service concept. The following section addresses the service quality dimensions that appeared in the original model of service quality designed by Parasuraman *et al*. (1985).

2.9 Dimensions of Service Quality

Parasuraman *et al*.'s (1985) model is the most commonly employed service quality model and it includes five main dimensions for service quality. These dimensions are assurance, empathy, reliability, responsiveness, and tangible. The following section discusses each of these dimensions in greater detail.

2.9.1 Tangibles

As far as the insurance industry is concerned, insurers seem to give too great importance to the tangibility aspects, commonly referred to as physical aspects, while pursuing their dealing activities. Supporting factors in terms of physical facilities are related to environment, capacities, and they also importantly include the ways and the friendliness of employee interaction with their customers (Raza, Siddiquei, Awan, & Bukhari, 2012). In terms of Parasuraman *et al*. (1988), an organisation's physical environments are part of tangibles dimension which might cover various kinds of facilities, equipment, and materials for communication. The physical amenities and staff appearance result in the largest incongruity between expectation and perception (Urban, 2010). It is unanimously

agreed that the physical environment must be supportive and convenient for the customers (Tuan & Mateo-Babiano, 2013) for them to have a favourable perception of service quality.

2.9.2 Reliability

Reliability in the insurance industry refers to the timeliness and precision of service employees' ways of handling customer issues and fulfilling their promises to the customers (He & Li, 2011). It can immensely affect the service quality perception of customers. Early research suggested reliability as one of the significant attributes on which customers form their expectations of service quality (Dabholkar 1996). Moreover, reliability as described by Parasuraman, Zeithaml, and Berry (1988) is a key driver for overall service quality which relates to an organisation's capability to execute the service as promised, in an accurate and dependable manner.

2.9.3 Responsiveness

In the service quality dimension, responsiveness points to the company's willingness to assist consumers. These consumers expect the company to provide them with service that is characteristically fast, of high quality, and good. This would lead to the customers feeling valued and appreciated when receiving the best quality during the rendering of service. Therefore, this is also a very important dimension to be considered for investigation in this study.

2.9.4 Assurance

The employees that work in the company form the assurance component that is part of the service quality dimension. These employees are viewed to be skilled workers that the consumer will trust and have confidence in during the rendering of service. Therefore, in occurrences when the consumer is far from comfortable when coming face to face with the employee, there is a greater probability that the consumer would cease dealing with the company and would take his or her money and patronage elsewhere. Thus, this component is also pertinent for investigation in this study.

2.9.5 Empathy

When the company or more to the point, the employees of the company spend the extra time and effort in making the consumer feel extra special and valued, this would have an effect on service quality. In terms of the dimension of service quality, this would refer to the way the firm deals gives individualised attention to their customers—the term for which is empathy. When the employees are able to empathise with the customers by giving good quality and individualised attention, there is a greater probability that the consumer would continue to deal with the company and keep his or her money and patronage with the company. Thus, this component is also of great importance for exploration in this study.

Many studies have employed the SERVQUAL/SERVPERF models and scales in various fields and industries. Accordingly, Parasuraman *et al*. (1991) stated that their 22-item SERVQUAL scales are basically a standard feature, which can be modified to fit the

factors of specific research requirements of an organization when required (p.31). Parasuraman *et al*. (1991) even modified their own scales by changing two items and reversing them with negative signs. As a result, scholars have extensively adapted and validated the retailing of specific service quality in different part of the globe (Finn & Kayande, 2004). In the present study, Parasuraman *et al.*'s (1991) 22-item measure is modified to fit the insurance market context in Saudi Arabia.

2.10 Antecedents of Service Quality in the Insurance Industry

Several researchers recommended that quality of service is influenced by a number of factors. Some of these factors are individual in nature such as the demographic characteristics of customers, which include their age, gender, economic level, educational level, and etc. A second set of factors, however, are related to the insurance companies such as communication, ICT, customer knowledge, and their prior experience with the insurance companies. The present study is concerned with the second set of factors, those that are related to the insurance companies. The following section addresses these factors.

2.10.1 Communication

Communication refers to the ability to offer expedient, reliable and accurate information. In this regard, good company-created communication refers to communication that is helpful, positive, timely, useful, easy and pleasant, with little to no effort needed for the customer to understand the communication and determine its usefulness (Ball *et al*., 2004). This may cover personalized letters, direct mail, web site interactions, other machine-mediated interactions, and email. Added to the above, it may also include face-

to-face interaction with the customers via the pre-selling, consumption and post consumption phases (Anderson & Narus, 1990; Ball *et al*., 2004). Communication was brought forward as an antecedent of trust as opposed to a direct antecedent of loyalty by Morgan and Hunt (1994). In the earlier phases, communication facilitates awareness, creates customer preference, lures potential buyers and motivates them to make their purchase decision (Ndubisi & Chan, 2005). In the later phases, communication entails keeping abreast of customers feedback, providing expedient and accurate information and updates concerning services and products, and to solve related problems.

Communication occurs when two parties are able to provide timely, trustworthy, and accurate information to each other. Good company-created communication has been defined as "helpful, positive, timely, useful, easy, and pleasant", with little effort required for the customer to understand the information contained within the communication and thus determine its value (Ball *et al*., 2004). Therefore, according to Anderson and Narus (1990), and Ball *et al*. (2004), a communiqué can be in many forms, some of which may include face-to-face encounters, letters via postal services or through the Internet (e-mail), website and other machine mediated interactions, and press conferences, between the two parties. In business, these two parties normally involve the firm and its consumers, in activities related to the pre-sales, consumption, and post-consumption stages.

Moreover, all relationship aspects are affected by communication, particularly trust, satisfaction and loyalty (Ball, Coehlo & Machas, 2004). This is why effective relationship marketing communication calls for the provision of accurate information,

service information, meeting promised offers, providing information in instances where there are issues of service delivery (Ndubisi & Chan, 2005). Communication may cover accurate and expedient information concerning the advantages that can be obtained from the program, promotion and regulations and satisfying expectations. In communication, technological progress has increasingly played a key role in the experience of the customer as it develops company-managed and customer-created efforts towards communication (Gupta, 2012). In this regard, dynamic communication media extended customer touch points, and the information expectations expediently and this directly affects the ability of the service industry to satisfy the expectations of customers (Parasuraman & Colby, 2001; Ray, Mohanna & Barney, 2005). Efforts expended by the company in terms of websites and social media, email campaigns and database-marketing have become a household name and are considered customer-centered communications, like online forums with service ratings and C2C (customer-to-customer) feedback.

Company-created communication includes program websites, direct mail, email, telephone, fax, texts, face-to-face, training, program guide (printed and online), and online chat. However, the customer-created communications explored in this study are centered around eWOM, specifically focusing on C2C knowledge exchange and reviews/opinions.

Conflict management is also a key communication aspect and is described as the ability to steer clear of potential conflicts, to resolve conflicts prior to their escalation and to determine solutions as problems occur (Dwyer, Schurr & Sejo, 1987). To this end, a significant relationship was found by Ndubiri and Chan (2005) between conflict

resolution and customer loyalty. In relation to this, good conflict management may support loyalty in terms of 'exit' and 'voice' (Rusbult, Martx & Agnew, 1988), largely depending on the level of previous satisfaction with the relationship, the level of customer investment, and the available alternatives. Ineffective resolution of complaints can be viewed as incompetency or opportunistic behavior and will negatively affect trust (Ganesan, 1994; Morgan & Hunt, 1994).Communication is also important in both of its aspects of personalization and customization, employed to obtain loyalty as demonstrated by Allen and Wilburn (2002), Lemon, Rust & Zeithmal (2001) and Parasuraman, Berry & Zeithmal (1991). Proper management of database along with effective technology (e.g. the internet) and several platforms, allows companies to personalize their communication although high-tech gadgets are involved.

Such platforms include everything from company-managed websites to the "Wild West" of social media sites that reinforce electronic word-of-mouth (eWOM). However, no matter the platform, customers now expect communication to be more easily accessible, more accurate, and more responsive than ever before. Thus, many companies are attempting to infiltrate customer-created communication by deploying official representatives as active members in these and other online communities – some even being welcomed with open arms.

The proliferating adoption of new e-media channels are pushing traditional communication media aside like television, mail, telemarketing and door to door sales calls. This is evidenced by the network TV in the U.S., where average ratings are taking a dip and television is undergoing a decreased share of advertising (La Monica, 2006).

Similarly, e-mail threatens postal mail and telemarketing is rivaled by marketing communication channel. In the context of the Western countries, fewer telephone marketing calls now exists as majority of U.S. households have preferred to list themselves in the 'do not call' register. Added to this, door-to-door selling has also become nearly obsolete although face-to-face selling is still an important business. Hence, the marketing communication channels are facing a state of flux.

Prior research has clearly evidenced that receivers have specific preferences when it comes to channels through which messages are received and when it comes to the ways of replying to messages (Westmyer *et al*., 1998; Flanigan & Metzger, 2001) – this also holds true for message senders (Rice *et al*., 1998). Therefore, if senders use their own preferences, they may select a medium that contradicts with the receivers' preferred methods. If the ultimate condition is message effectiveness, it is crucial to determine whether or not media divergence is less effective compared to theoretically suggested media matching practice.

In light of the above contention, questions such as "How do marketing managers choose from the many traditional and new channel options for marketing communications messages?", "Which ways of receiving these messages do customers prefer?" and more importantly, "Which channels or media is the most effective in eliciting a response?" arise. Ultimately, there are no accurate answers to the above questions that need resolution owing to the dynamic media channel realm, Specifically, the question of whether or not the scenario eventuate that e-mail will become the dominant market communication channel is worth exploring. It is therefore imperative to investigate

attitudes that communication receivers have and the range of current channels and to assess the relative effectiveness of both old and new channels.

Most of the previous views on the construct of communication and the way it influences service quality in the insurance industry were conducted on Western countries contexts while the impact of communication on service quality in developing and emerging countries witnessed limited examination. This study attempts to fill in the gap in the literature regarding this matter by examining how communication influences service quality in the insurance industry in an emerging country context, namely Saudi Arabia.

2.10.2 Information and Communications Technologies (ICT)

Technology refers to a body of knowledge, tools, techniques, and innovations derived from science and practical experience that is used in the development, design, production, and application of products, processes, systems, and services (Pier, 1989). The technological revolution started in the middle of the twentieth century with the introduction of computers in which data can be stored and revised. However, arguably the greatest technological event of the twentieth century was the discovery of the Internet (Ilie, 2008), since it made it easier for people to communicate from different parts of the world. As stated by Warrick and Stinson (2009), more than 1.2 billion people are Internet users, and the numbers continue to rise. An invention that took the use of the Internet to a critical edge was the introduction of smart phones where people are able to transfer data, check their emails, use social media, and communicate without the need to use a computer or a laptop. Organisations worldwide have been making use of emerging

technologies for the sake of enhancing their organisational performance and securing a competitive advantage in a highly competitive market.

In their nature, human beings are very adaptable and they tend to cope with the changes that take place in the world around them (Chuluunbaatar, 2011). People are always making decisions, and constantly altering them according to what is appropriate for the time and circumstance. Therefore, sustainable development of a society requires judgment about today and being prepared to modify constantly through time and space. During the past few decades, the technological advancements created demographic, economic, cultural, and social challenges that are a consequence of scientific innovations. Adoption is a slow and continuous process, yet it is adoption rather than innovation that ultimately determines the pace of economic growth and rate of change in productivity (Hall & Khan, 2003). Companies in general made use of these technological advancements including service-oriented companies by utilising them to facilitate their activities and enhance their performances (Chuluunbaatar, 2011).

In measuring the construct of ICT and how insurance companies utilise these new technologies to provide good services for customers, ideas from Davis's (1989) Technology Acceptance Model (TAM) are used as part of this study. An assumption in TAM is that both perceived ease of use (EOU) and perceived usefulness (U) components of a new technology would be foremost in affecting the attitude of the individual toward using that particular technology. Meanwhile, the behavioural intention to use a technology is hypothesised to be influenced by the attitude of the individual, which finally ends in the relation to the actual use. Perceived U is the belief that adoption of the

50

(ICT) technology would lead to workplace activity that is augmented (Davis, 1989). Meanwhile, the perception of EOU component refers to the (IS) system being effortless to use. Previous research efforts by Abdel-Waha (2008), Mathieson (1991), and Pavri (1998) discovered that TAM is capable of explaining a high degree of the variance for why users choose to use systems.

Other researchers also attempted to measure the construct of ICT in service-oriented businesses. Wanjau, Muiruri and Ayodo (2012) conducted a study that attempted to examine factors affecting provision of service quality in the public health sector in Kenya. The researchers used five-item measure on a 5-point Likert Scale ranging from "strongly disagree" to "strongly agree". However, Wanjau, Muiruri and Ayodo's (2012) study focused more on the use of technologies as a whole while it did not focus on using the new technologies such as internet, social media and new applications on smart phones which are becoming critical tools in today's world.

Aponte (2012) conducted a study that attempted to examine how the advancements of technologies and internet that took place recently influenced customers' perceptions about service quality. Aponte's (2012) study is critical for the purpose of the current study as it focused not only on technology but also on the use of ICT such as internet and its related usages in businesses and the way such businesses utilise these new technologies in a way that would serve customers' needs and expectations.

The customer will interact directly with the organization without any hesitation and the appointment system will be enhanced: the customer will make appointments online

without going to the concerned organization". Despite the importance of the ICT factor, it has not been thoroughly investigated in literature (Rahim, 2010).

Thus, it is the purpose of this study to examine the level of ICT adoption Saudi insurance companies utilise and how such adoption of new technologies relates to the customers' perceptions of service quality in the insurance industry. Investigating how ICT adoption influences service quality in the insurance industry in an emerging country is urgently needed keeping in mind that most of the previous views on the construct of ICT and the way it influences service quality in the insurance industry were conducted on Western countries contexts while the impact of ICT on service quality in developing and emerging countries witnessed limited examination. Thus, this study attempts to fill in the gap in the literature regarding this matter by examining how ICT influences service quality in the insurance industry in an emerging country context, namely Saudi Arabia.

2.10.3 Customer Knowledge

Steadfast (2013) argued that insurance is a confusing industry that is particularly difficult to understand for regular and common customers. So, the potential for clients who are not very familiar with the rules, regulations and policies of insurance to make mistakes is very likely to take pace. This is why insurance companies normally hire brokers who are called insurance brokers – their job is not only providing customers with the best insurance policies available, but among their responsibilities is taking the time to offer their customers advice that will help them understand the insurance world better and not make any missteps along the way.

Normally, insurance brokers have a vast knowledge of insurance rules, regulations and their policy wording and overall industry terminology. Thus, part of their job responsibilities is to transfer this type of knowledge and terminology that is related to insurance policies to their customers who have no idea whatsoever about the meanings and connotations of such terminology. For example, in the case of risk management, insurance companies should inform their clients whether through brokers or directly through different techniques of communication about the all the possible points of risk and the insurance policies that help account for such risks.

In addition, different insurance companies have different nature of policies and this variance between the rules, regulations and policies of the different insurance companies may add to the confusion this industry already have. This is why having knowledge about the different rules and policies of different insurance companies could help customers choose the best policies that suit their needs and wants (Steadfast, 2013).

Measurements for the construct of knowledge varied depending on the different objectives and perspectives of the various studies. For example, Rost (2008) measured the construct of knowledge through the past experiences of customer arguing that past experiences generate knowledge. However, Rost's (2008) measurement is based on the premise that knowledge is believed to be generated not only from past experience but from other sources such as reading and knowledge acquired by word of mouth from others who have tried the service.

Gittelson (1988) used a five-item scale to measure the construct of knowledge among customers of service-oriented businesses. This measure covers customers' own

perceptions of their own level of knowledge about the rules, regulations and policies of insurance companies and also their perceptions about the roles insurance companies should play in enhancing their customers' knowledge. Once they have knowledge that this service is not offered to them based on the rules and regulations, feelings of dissatisfaction could be alleviated. Sivesan (2012) recommended that the construct of knowledge is included for future researchers who would attempt to conduct research studies on the relationship between service quality and customer satisfaction.

Thus, it is the purpose of this study to examine the nature of knowledge Saudi customers possess about the rules, regulations and policies of the various companies that provide insurance services. In other words, do these companies inform their customers whether directly or through their insurance brokers about these regulations and policies and whether they take out the time and try to update foreign workers about their new policies and regulations. In addition, the study aims at finding out whether customers' knowledge about the rules, regulations and policies of insurance companies relate to their service quality perceptions. This is because most of the previous views on the construct of customers' knowledge and the way it influences service quality in the insurance industry were conducted on Western countries while the impact of customers' knowledge on service quality in developing and emerging countries witnessed limited examination. Thus, this study attempts to fill in the gap in the literature regarding this matter by examining how customers' knowledge influences service quality in the insurance industry Saudi Arabia, an emerging nation.

2.10.4 Prior Experience

As far as the insurance industry is concerned, customers' prior experience refers to the previous encounter customers have had with the insurance company (Urban, 2010). Customers' prior experience is believed to be a very influential factor in determining service quality in the service-oriented companies in general and in the insurance industry in particular keeping in mind that people are highly influenced by the previous experiences they normally have with the company, especially their first experience (Urban, 2010).

In relation to this, according to Edvardsson (2005), an experience refers to the service encounter or the service process that is stored in the customer's cognitive, emotional and behavioral responses and remains with them for a long time. He added that such experiences will impact the quality perceptions of customers and that some major companies such as Ikea and Volvo design their service components to physical products emphasizing on the experienced-based quality, and as such physical products become the basis for the experiences.

There is still a significant room to which the role of experience as service quality predictor can be examined because in this context, there is notable lack of studies (Urban, 2010). The experiences of customers' service consumption may eventually impact the future expectations of customers from rival providers. Based on Tam's (2005) longitudinal study, predictive expectations were greater after a positive experience and remained so after a negative experience. The duration of the constant service consumption is expected to influence the way customers perceived such a service, their

expectations of it, and the frequency of their consumption. According to prior studies, individuals as customers learn to keep track of novel perceived marketers' approaches in a gradual manner (Friestad & Wright, 1994) and hence it is expected that they will also remember and learn from their experienced service while they are being served.

It is therefore of dire importance to determine the role of the length of cooperation with one service provider in service quality formation and the influence on the intensity of consumption of other rival services. Other expectations include, the influence of customers' expectations aspects on the customer's service perceptions and hence, the overall service quality. In this regard, Edvardsson (2005), one of the quality gurus, remarked that customer experiences need to be stressed in scientific research or in the business realm, in order to discover the role of customer experiences in future services.

When measuring the construct of prior experience, a number of researchers used Parasuraman's (1988) five-dimension measure to assess customers' prior experience arguing that perceived service quality means judging a service based on prior experience or after having used the service (Markovic & Raspor, 2010). Other researchers used different measures to assess customers' prior experience such as Urban (2010) who conducted a study to examine whether the intensity of prior experiences by the customer with the same firm and other firms affect perceived service quality. In Urban's (2010) research, three dimensions were used: length of experience, frequency of experience with the company (current), and frequency of experience with other (previous) companies.

For the purpose of this study, most of the previous views on the construct of prior experience and the way it influences service quality in the insurance industry were

conducted on Western countries while the impact of prior experience on service quality in developing and emerging countries witnessed limited examination. Thus, this study attempts to fill in the gap in the literature regarding this matter by examining how the construct of customers' prior experience influences service quality in the insurance industry in an emerging country context, namely Saudi Arabia.

2.11 Consequences of Service Quality in the Insurance Industry

The previous section addressed the antecedents of service quality in the insurance industry, which included a number of antecedent variables that have been hypothesised to influence service quality. This study not only aims at examining the antecedents of service quality but also attempts to examine the consequences of service quality in the insurance industry. In the literature on service quality, two main consequences have emerged, namely customer satisfaction and customer loyalty. The link between service quality and customer satisfaction leading to customer loyalty has been addressed thoroughly in the literature gaining widespread support (Boje & Alwie, 2010; Duodu & Amankwah; 2011; Vazifehdust & Farokhian, 2013; Murugesan & P. Thirumoorthi; 2012). The following sections address the two variables of customer satisfaction and customer loyalty in the insurance industry.

2.11.1 Customer Satisfaction in the Insurance Industry

The term satisfaction is a significant one and as psychologists argued the achievement of satisfaction in terms of life, management, job and customer. Wan (2007) contended that

customers constantly demand satisfaction and studies in this context attempt to comprehend and expound on it.

In fact, satisfaction of customers has become a significant mechanism in maintaining competitiveness, businesses success and survival via the provision of excellent service quality. According to Parasuraman *et al*. (1987, p.32),"excellent service is a profit strategy because it results in more new customers, more business with existing customers, fewer lost customers, more insulation from price competition, and fewer mistakes requiring the re-performance of services". Similarly, according to Mentzer *et al*. (1995, p.45-46), "maximising customer satisfaction will maximise profitability and market share".

Two major streams of definition have been noted concerning customer satisfaction in literature - they are satisfaction as an outcome and as a process. The former stream is described by Churchill and Suprenant (1982) as the conclusive state that originates from the consumption experience. They added that customer satisfaction is "an outcome of purchase and use resulting from the buyer's comparison of the rewords and the costs of the purchase in relation to the anticipated consequences"(1982, p.493). Alternatively, in the latter stream of definitions, satisfaction was postulated to stress on processes including perceptions, evaluations and psychological that add to satisfaction (Tse & Wilton, 1988). To this end, satisfaction was defined byHung (1977) "an evaluation rendered that the experience was at least as good as it was supposed to be" (p.459).

Moderate satisfaction results whether or not the expectations of the customer (negative or positive) was satisfied. Negative satisfaction originates from the confirmation or

disconfirmation of the negative expectations whereas positive satisfaction originates from the confirmation of the positive expectations. In this regard, disconfirmation is related to the fulfillment of the felt expectations, and in case the performance of the product goes over the expectation, it is positive. On the other hand, in case the performance of the product is less than the expectation it is negative or zero in case performance is on the same level with expectations. When service exceeds expectations, customer satisfaction is achieved. In particular, individual's expectations are 1) confirmed when the product/service is just as expected, 2) negatively disconfirmed when a product/service is perceived below what is expected, and 3) positively disconfirmed when the product/service is better than expected. This premise is referred to as the confirmation/disconfirmation that results in a response known as satisfaction or dissatisfaction (Slatten, 2008).

In the words of Anderson and Fornell (1994, p. 245), "two quite different conceptualizations of the satisfaction construct can be distinguished: transaction specific and brand specific". Added to this, Oliver (1980) and Anderson and Fornell (1994) claimed that satisfaction is confined to a certain purchase occasion by the transaction-brand-specific aspect. Contrastingly, satisfaction encompasses the complete evaluation based on recurring experiences of buying and consumption of the product for a period of time in cumulative satisfaction. It can be considered as the function of the entire prior transaction-specific satisfaction (Anderson & Fornell, 1994; Aydin *et al*., 2005). Authors (Johnson *et al*., 2001; Aydin *et al*., 2005) contended that complete satisfaction is a more basic indicator of the prior, present and future performance of the firm because customers go through evaluations and decisions concerning repurchase according to the experiences

of both, rather than a certain transaction. As such, both price sensitivity and losses are minimized. The primary outcome is high level of customer loyalty. The following section addresses the construct of customer loyalty which constitutes the dependent variable in this study.

A number of measures emerged in the literature for measuring the construct of customer satisfaction. Some researchers used a single-item measure in which customers are asked to consider the overall service and judge on this overall service on a single-item measure ranging from 1 to 5. Other researchers used a multiple-item measure in which the construct of customer satisfaction is measured on a number of items. For example, Eroglu and Mantel (2000), defined and measured satisfaction based on "cumulative satisfaction" (meaning that satisfaction that accrues through a sequence of business deal or service transactions) as it is a fundamental indicator of the firms' previous, current and future performance (Rust & Oliver, 1994). Eroglu, Machleit, and Barr (2005) and Machleit, Eroglu, and Mantel (2000) used a four-item measure for customer satisfaction.

Similarly, Duodu and Amankwah (2011) conducted a study that attempted to examine the relationship between service quality and customer satisfaction in the Ghanaian insurance context. Duodu and Amankwah's (2011) used a four-item measure to examine the construct of customer satisfaction and this measure is adapted for the purpose of the present research keeping in mind that Ghana is an emerging country just like Saudi Arabia and thus the nature of the research is similar between Duodu and Amankwah's (2011) study and the current one.

The research considered that customer satisfaction is important to be addressed for the sake of promoting the take-up of insurance in Saudi Arabia. In order to understand the reasons why people are dis/satisfied with a product of a service, service quality has been hypothesized by a number of researchers to provide such understanding. However, research on service quality are skewed towards perceived service quality conceptualization in which service assume what customers want and then direct their strategies based on these assumptions (Flint and Woodruff, 2001). In this context, Slywotzky (1996) argued that most researches focused on the value from the perspective of the organisations (organisations assume what is good/bad for customers and then direct their marketing strategies based on this assumption). Keeping in mind that the Saudi market has been transforming from a centrally-planned economy into a market-oriented one that is highly characterised by immense competition between organisations, sustaining a competitive advantage and securing a market share are paramount goals Saudi companies striving to achieve (Evans, 2005). Consequently, assuming what customers need and desire in such highly competitive environment might not provide accurate information about their real needs and desires. Thus, it would be beneficial to ask the customers themselves how they would want their services to be delivered rather than making assumptions (Woodall, 2003). This basic principle constitutes the ground of the present research in which the net service quality is suggested to be the difference between what the customers want (desired service quality) and what they actually get (perceived service quality).

2.11.2 Customer Loyalty in the Insurance Industry

Oliver (1999) presented what is perhaps the most comprehensive description of customer loyalty: "a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour" (p.33). Other researchers described loyalty as a customer's repeat visitation or repeat purchase behavior while including the emotional commitment or expression of a favorable attitude toward the service provider (Day, 1969; Backman & Crompton, 1991; McAlexander, Kim, & Roberts, 2003).

A loyal customer base can reduce customer acquisition costs and increase revenue, ultimately resulting in greater profitability (Lam *et al*., 2004). A plethora of studies has shown that existing patrons tend to re-patronize the property more frequently, and their total amount spent per visit increases as the number of visits increases. Additionally, loyal customers bring in new customers through positive word-of-mouth and referrals, reducing the need for advertising (Haywood, 1988; Kandampully, 1998; Lee, Graefe, & Burns, 2008; McAlexander, Kim, & Roberts, 2003; Reichheld & Sasser, 1990; Rundle Thiele & Mackay, 2001). Petrick (2004) suggested that loyal customers are more than just an immediate economic source; they can also act as information channels that casually connect companies to potential customers such as their friends, relatives, and colleagues.

In another take on customer experience, Petrick (2004) stated that repeat customers are often channels that informally link friends, peers, relatives, colleagues, and others to a

property or destination. Hence, they are invaluable in their positive word-of-mouth provision and retaining them is cheaper than attracting new customers. This is especially crucial when the fact that attracting new customers require the company up to six times the amount of investment compared to retaining old loyal ones.

Many service-oriented companies pay a great deal of attention to customer loyalty believing in the great importance loyal customers contribute to their companies. Many of these companies even design loyalty programme as a tool to boost communication with their loyal customers (Berezan, 2012). Loyalty programs, also known as rewards programs or frequency programs, are popular marketing relationship strategies developed to increase customer loyalty. The literature emphasizes the difference between frequency and loyalty programs. The goal of frequency programs is to build repeat business, whereas the objective of loyalty programs is to build emotional brand attachment (Shoemaker & Lewis, 1999). It is this emotional bond-affective commitment that most impacts guest perception (Matilla, 2006).

Several studies have evidenced customer's psychological attachment to the service provider or the brand, and this constitutes another crucial customer loyalty aspect. According to researchers, loyalty comprise of customer's repeat purchase behavior coupled with positive attitude (Jacoby, 1971; Jacoby & Kyner, 1973; Jarvis & Wilcox, 1977). In other words, customer loyalty comprise both the dimensions of behavior (repeat purchase and repeat visits), and the dimensions of attitude (positive feeling or attitude towards the service provider) (Backman, 1988; Dick & Basu, 1994). The former dimension gauges loyalty as the static product of a dynamic process and considers actual

consumption, repeat purchase, duration, frequency, and proportion of market share while the latter dimension refers to loyalty as an affection towards the brand and it reflects trust, psychological attachment and emotional commitment (Baloglu, 2002; Bowen & Shoemaker, 2003; Mattila, 2006; Mechinda, Serirat & Guild, 2008; Petrick, 2004; Sui & Baloglu, 2003; and Tanford, Raab & Kim, 2011).

According to Law *et al*., (2004), customer satisfaction is often considered a core element of customer loyalty in relationship marketing. This type of marketing refers to a marketing notion focused towards the establishment, maintenance and enhancement of customer relations (Sheth & Parvatiyar, 1995) as opposed to what Guenzi and Pelloni (2004) described it as the identification and acquisition of new customers. Attraction of potential customer has to be deemed as the sole intermediate step that reinforces the relationship and transforms customers into loyal ones. From this viewpoint, Gremler and Brown (1999) and Guenzi and Pelloni (2004), stressed that the basic aim of the relationship marketing is to gain and foster loyalty of customers.

Prior literature focused on traditional marketing is confined to the attraction of novel customers as opposed to retaining the present ones, and selling as opposed to relationship development (Rust *et al*., 2005; Zeithaml *et al*., 1985). Currently, loyalty and retention of customers are considered to be the top goal for organizational success (Jones and Sasser, 1995). According to Deming (1986, p.23), "it is no longer sufficient to concentrate only on customer satisfaction; the next step is customer loyalty". Similarly, other authors (i.e. Hong & Goo, 2004) also stressed on the fact that satisfaction is required to develop loyalty although it is solely insufficient in achieving repurchases. Customer Value

measurement (CVM) and great customer value consider value as quality with a right price.

Thus, it can be seen from the sections above that the two constructs of customer satisfaction and customer loyalty are regarded as consequences for service quality in the insurance industry. The next section presents some studies that addressed the relationships between service quality, customer satisfaction and customer loyalty.

A number of measures emerged in the literature for measuring the construct of customer loyalty. Such measures used multiple items to measure the construct of customer loyalty. For example, Eggert and Ulaga (2002) defined customer loyalty as a deeply held commitment to continue patronage of a particular organisation continually in the future, thereby causing repeated purchase activities at this organisation, despite environmental impacts and marketing efforts done to influence customers to change their preferences to other competing organisations. This is aside from spreading positive testimonials, being less concerned over an increase in price, buying in greater units and variations, as well as neglecting or having no interest in competing firms' offers. Eggert and Ulaga (2002) used a five-item measure to examine the construct of customer loyalty.

Furthermore, researchers argued that it is a difficult endeavour when trying to get accurate measures of customer loyalty. This is because the customer loyalty dimension can be measured in various ways. Additionally, confusion exists when measuring the differences between customer satisfaction and customer loyalty (Jones & Sasser, 1995; and Banker *et al*., 2000). Some previous researchers used a loyalty scale for measuring the overall customer satisfaction (Banker *et al*., 2000). From the aspect of behaviour, the

consumers' repeated purchase intention has been used to measure customer loyalty. However, when loyalty is defined as an attitude in a research effort, it cannot be measured by repeated purchase intentions. This is because only the behavioural component of loyalty can be captured by the repeated purchase intentions, which then ventures into behavioural intention. Through a review in the literature related to the field of service management, it was observed that in majority of studies related to loyalty, as observed by Opoku *et al*. (2008), the term loyalty was mainly operationalised and defined from the behavioural point of view.

In this study and drawing from Yu *et al*. (2006), the components of recommending to others through positive word of mouth or customers' intentions to repeat transactions carry the measurement for customer loyalty in this study. Yu *et al*. (2006) used a five-item measure to examine the construct of customer loyalty.

2.12 The Relationship between Service Quality, Customer Satisfaction and Customer Loyalty

The service quality-customer satisfaction and intentions to purchase relationship has also been investigated by Cronin and Taylor (1992). They highlighted three postulations in their research;

1. Customer satisfaction is an antecedent of perceived service quality.

2. Customer satisfaction has a significant impact on purchase intentions.

3. Perceived service quality has a significant impact on purchase intentions.

From their study, they revealed that their first and second postulations significantly impacted both customer satisfaction and purchase intentions. As for the third postulation, they revealed no significant impact of service quality on purchase intention. They employed the SERVPREF model in their attempt to examine the stated postulations.

In a related study, the waiting time and service quality's impact on repurchase frequency and customer satisfaction was looked into by Law *et al*. (2004). Specifically, they looked into the customer satisfaction-service quality factors relationship in Finding and development (F&D) establishments. They showed that factors including waiting time, staff attitude, seat availability and quality of food significantly affected the return frequency of clients. They also showed these factors to impact the satisfaction of customers indicating that such factors help management in comprehending significant factors affecting satisfaction and loyalty of customers and process enhancement.

In another related study, a customer loyalty causal model was brought forward by Hong and Goo (2004) in the context of services firms through SERVQUAL. They contended that the five dimensions of quality along with SERVQUAL effectively measures service quality in these firms. For loyal customers, the transformation of service quality into customer satisfaction is required.

Similarly, the interpersonal relationship of employees and customers impact upon customer satisfaction and firm loyalty was also examined by Guezi and Pelloni (2004). They aimed to empirically test a model characterized as multi level and subject. Based on their results, loyalty development is impacted by customer-to-employee and customer-to-customer relationships.

In the context of GSM mobile telephony sector, Aydin *et al*. (2005) measured the impacts of customer satisfaction and trust upon the loyalty of customers and cost switching's effect (direct and indirect) on the loyalty of customers. They revealed that cost switching impacts loyalty in a direct manner, and it moderately impacts customer satisfaction and trust.

Trust has a key role in achieving customer loyalty even more than customer satisfaction as it contains belief in product and service. It also positively influences in present and future but trust is not considered as an element of customer satisfaction.

According to Pont and McQuilken (2005), customer satisfaction indicates customer loyalty and as such, they examined the customer satisfaction-loyalty intentions relationship in the context of the banking industry of Australia for two specific categories of customers namely university students and retirees. They revealed no significant difference in the satisfaction level of both categories, but differences were noted in terms of two out of five dimensions of behavioral intention – they are switch and loyalty. They found a significantly influence of satisfaction on three dimensions of behavioral intentions namely loyalty, pay and external response indicating that it is important for management to establish policies of service to secure customer satisfaction enhancement.

Moreover, in Yu *et al.*'s (2006) study, they examined the association of customer satisfaction, service quality and customer loyalty in the context of leisure industry as a reference for quality improvement. Based on their results, the partial demographic statistics variable significantly relates to customer loyalty, service quality and customer satisfaction and differences were revealed between importance and service quality

68

satisfaction. Also, satisfaction as well as overall customer satisfaction of leisure industry service quality significantly relates to customer loyalty. The authors made use of SERVPREF rather than SERVQUAL.

Furthermore, the audit service quality-client satisfaction-loyalty towards audit firms relationships. They made use of the SERVQUAL to gauge the public listed companies' perceptions and expectations of the audit firm's services. They distributed 500 questionnaires to the sample study and found that companies were satisfied with the tangible dimension but were not with the rest of the dimensions. The top expressed dissatisfaction was empathy. More importantly, customer satisfaction was revealed to mediate the reliability-customer loyalty association on a partial basis.

The service quality impact on both behavioral intention and customer satisfaction were also examined by Turk and Avcilar (2009). They revealed that customer satisfaction mediates perceived service dimensions of quality-customer loyalty relationship. They also revealed that the top crucial service quality dimension in order is assurance, reliability, responsiveness, empathy and finally tangibles. This indicates that management has to take the following employee factors into consideration; knowledge, courtesy, delivery service. Their results are consistent with the premise that quality of perceived service antecedes customer satisfaction in the prediction of behavioral intentions but it does not directly affect it.

On a final note, service quality, trust and customer satisfaction impacts on customer loyalty were studied by Akbar and Prevaez (2009). A positive relation was noted by them between the factors, with customer satisfaction mediating the perceived quality

dimensions-customer loyalty association. The used a model to test the customer

satisfaction's mediation of the perceived service quality dimensions-customer loyalty

relationship and the customer loyalty-trust relationship. They used another model to test

the relationships (direct and indirect) of customer satisfaction that act as mediators in the

perceived service quality dimensions-customer loyalty relationship. With the second

model, they also examined the trust-customer relationship direct association.

Hence, a path can be noted from the perceived service quality of customers to customer

satisfaction. Another path was noted from the latter to customer loyalty and they revealed

that the second model was better than the first one based on GFI, NFI, CFI and RMSEA.

The interaction between service quality and customer satisfaction reflects greater range in

the purchase intentions of customers in comparison to the direct effect of service quality.

This contention is consistent with that of Soderland (2006), Peyrot *et al*. (1993), Turk and

Avcilar (2009) and Akbar and Prevaez (2009).

2.13 Corporate Image and Insurance Industry

On the basis of several studies (Dowling, 1988; Fombrun, 1996; Kazoleas *et al*., 2001;

Hatch *et al*., 2003; Bravo *et al*., 2009), corporate image refers to the overall expression

perceived by the customers as a consequence of other aspects (ideas, notions, attitudes

and experiences) with the organization transformed into adverse or positive perceptions

that arise when the name of the organization is heard. Therefore, corporate image based

on some studies (Leuthesser & Kohli, 1997; Van Riel and Balmer, 1997; Bravo *et al*.,

2009), stems from communication process wherein the organizations develop and

disseminate a distinct message constituting their goal, vision and mission, and image that

reflect their significant values. This contention is aligned with the world wide vision proposed by Keller (1993) concerning the image of the brand. Hence, corporate image is brand image that refers to the organization as a whole as opposed to just being confined to its products/services.

From the intangible perspective, the corporate image is a hidden asset of the service provider where it refers to how the consumer perceived the business firm. This, according to Keller (1993), would then eventually influence the consumer to purchase the products or services from the provider. Moreover, according to Lehtinen and Lehtinen (1982), and Gro¨nroos (2001), through the creation of a positive company image, any organisation can gain favour from their customers from many aspects. As an example, corporate image of the service organisation is linked to the organisation's quality of the services, image of the firm, and overall service delivery (Nguyen & Leblanc, 1998; Nguyen & Leblanc, 2001).

Additionally, according to Cabral (2000), when a service provider attains a favourable corporate image, customers' expectation would be that the service quality will be better compared to other service providers in the same industry. Thus, Rahman (2012) concluded that company image not only ensures the desired service quality level, but also enables the service provider's to satisfy and retain their loyal customers. The review of past literature showed that two factors, namely internal controllable and external uncontrollable factors, can influence the organisation's corporate image. Examples of these factors include corporate identity and corporate personality, frontline employee behaviour, word-of-mouth, and brand image.

According to LeBlanc and Nguyen (1996), and Sirgy (1982), the first factor is corporate personality which points to the overall characteristics of the service organisation, such as size of the company, corporate culture, and type of service, all of which influence corporate image of the service organisation. Moreover, it was highlighted that only one experience dimension by the targeted customers cannot explain the reputation of a firm, but rather it consists of several sub-dimensions (Satır (2006). These sub-dimensions include repeat purchase, service quality, and trust. Thus, strong corporate image can be built if the corporate personality of the service organisation is accepted by the customers. Meanwhile, Worcester (1986) explained that corporate identity refers to the ideal self-image of a service organisation where customers perceive the service organisation in their mind.

Moreover, the development of corporate image also influences brand image, which is the perception of the consumers to any specific brand, combination of feelings, and their expressive attitude toward that brand. Thus according to Park *et al*. (1986) and Lewis (1988), an organisation is able to build a good and recognisable brand of the service firm by applying advertising, which ultimately enhances the corporate image and familiarity of the organisation. Moreover, LeBlanc and Nguyen (1996), and Dowling (1986) pointed out that the frontline employees' behaviour in front of the customers can assist in building the corporate image for the service organisation. Also, Zeithaml *et al*. (1985), Schiffman and Kanuk (1987), and Cornelissen (2000) revealed that word-of-mouth can play a significant role for the service organisation.

A number of researchers attempted to measure the construct of corporate image and their measurements varied depending on the nature of their researches and the objectives of their studies. For example, Bolog-Bayne (1996) used a 16-item measure in which corporate image was examined. However, this measure was not considered for the purpose of this study as Bolog-Bayne's (1996) measurement of corporate image included items that measure the culture of the organizations, which is not the purpose of this study.

In addition, Lee (2003) conducted a study that attempted to examine the impact of hotel image on the repeated intention of patronage. Lee (2003) used an eight-item measure to examine the hotel image. However, in this study the measure is not used as it describes the image of the hotel based on a single night experience while in this study, corporate image refers to the image of the insurance company in the market.

Many of the previous research efforts, including those by Sarstedt *et al*. (2012), Kim (2006), Gronroos (1988), Davies *et al*. (2004) and Minkiewicz *et al*. (2011) had considered corporate image as either a single dimension or multiple dimensions when it comes to the measurement of corporate image. The single dimension obviously consists of one dimension, whereas the multi-dimensional one consists of various dimensions like agreeableness, credibility, competence, financial performance, reputation, and social responsibility. In this study, a single dimension measure is adapted as it suits the objective of the study in which the dimension includes a five-item measure. The measure is adapted from Ishaq (2011) who conducted a study that attempted to examine the impact of corporate image, customer satisfaction and service quality on customer loyalty.

2.14 Summary of the Chapter

This chapter presented the review of literature on the constructs and variables that are investigated in the study. The chapter began with a general overview about service quality with the focus of service quality in the insurance industry. The chapter then introduced the antecedent variables that are hypothesised to influence the provision of service quality and the impact of these factors on service quality has been discussed. The chapter then moved on to introduce the moderating influence of corporate image in which the variable's definitions, foundations, theoretical underpinnings and measurements were introduced. A section on the mediating variable of customer satisfaction and its relationship with service quality was then presented followed by another section on the dependent variable of customer loyalty. The following chapter (Chapter 3) addresses the hypothesis development and theoretical framework upon which the study is grounded.

CHAPTER THREE

CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

3.1 Introduction

The chapter presents the theoretical framework and hypothesis development in this study. The chapter begins with introducing the theoretical underpinnings of the study in which the theory upon which the study is grounded is presented and discussed. The chapter proceeds with addressing the hypotheses designed for the relationships between the study's different variables. The chapter concludes with presenting the framework upon which the study is grounded.

3.2 Underpinning Theory

In this study, a number of links are proposed and then investigated, and these links are grounded on a number of theories in the literature. Several theories exist in the literature to explain these links. The following sections address these theories.

3.2.1 Theory on the Relationship between Service Quality, Customers Satisfaction and Customer Loyalty: Service Quality Theory

The first service quality model was first proposed in the mid-1980s where it is measured using the dimension of functional quality that is made up of the five components of assurance, empathy, reliability, responsiveness, and tangibility (Parasuraman *et al*., 1985; Parasuraman *et al*., 1988). The gaps of service quality within the service organizations are identified by this model, in accordance with the five gaps that may or may not occur starting from the service expectation to the actual final service delivery. The first gap is

when the customer expectation in relation to the rendered service is not fulfilled by the service organisation simply because the organisation is not aware of the expectations, while the second gap is when the service standard that the consumer expects is not recognised by the service organisation. Meanwhile, the third gap relates to the service specifications and service delivery, while the fourth gap is related to just the delivery of the service. Last but not least, the final gap is the expectation by the consumer in relation to the rendered service vis-à-vis the perceived service. In the latter part, there are three important attributes in a service quality (Haywood-Farmer, 1988), namely (1) professional judgment, (2) physical facilities and processes, and (3) people's behavior.

However, as an extension, a model for service quality, called the synthesised model of service quality was formulated by Brogowicz *et al*. (1990). According to this model, if the consumer is influenced by the word-of-mouth of other people, such as family, relatives, friends, and acquaintances, or influenced by activities in marketing like media communications or advertising, then the service quality gap would arise in the mind of the customers. Next, previous researchers created a different type of model for measuring service quality from the performance perspective only, called SERVPERF (Cronin & Taylor, 1992). Cronin and Taylor claimed that this new model is an improvement over SERVQUAL since it is more accurate. They also showed that SERVQUAL requires more items to measure service quality than SERVPERF.

Moreover, the question about appropriateness of the conventional disconfirmation model was raised by some research (Teas, 1993) which led to the proposal of normed quality model and evaluated performance. The argument was that the conceptual definition was

not very clear for the Parasuraman *et al*. (1988) SERVQUAL model, while the theoretical justification of expectation to measure service quality is not suitable. Because of this, other researchers found alternative ways, such as the Information Technology (IT) alignment model (Berkley & Gupta, 1994) for the service provider. This is where IT is used to provide the customers a service while at the same time making it easier to improve all five service quality factors. It was claimed that this alignment model was capable of meets the desired demand by the customers and thus ensures better service provided by the company. Meanwhile, more recently researchers have established four broad service quality dimensions (Ganguli & Roy, 2011) under the technology-based banking services. These dimensions include security and information quality, customer service, usage easiness and reliability, and technology convenience.

Meanwhile, another model was developed to explore the relationship between service quality and customer satisfaction, the perceived service quality and satisfaction model (Spreng & Mackoy, 1996). This model was modified from Oliver's (1993) service satisfaction model and model of service quality, for measuring customer satisfaction and service quality of the service provider through 10 important attributes of advising. Meanwhile, another group of researchers came up with the PCP attribute model (Philip & Hazlett, 1997), which contained three important attributes. These attributes are (1) the core attribute, (2) pivotal attributes, and (3) the peripheral attributes of the service environment. This model is appropriate for measuring in any field of service, as well as being able to identify any weak areas of service that can be improved upon by the service providers.

Thus in order to measure the quality of service in service organizations, a research movement started with the proposal of the technical and functional quality model (Gronroos, 1984). In this model, significant elements to justify service quality of a service organisation include three aspects, namely functional quality, technical quality, and company image. While functional quality refers to how the service organisation provides service to the customers, technical quality reflects what outcomes the customer receives from the service organisation. Meanwhile, the service providers can get favourable attitudes from customers through its company image. Ultimately, the total combination of all three attributes would help the service organisation to garner a positive attitude from customers.

The foundation of service quality theory lies in the product quality and customer satisfaction literature. Early conceptualizations (e.g., Gronroos, 1982, 1984; Parasuraman, Zeithaml, and Berry 1985) are based on the disconfirmation paradigm employed in the physical goods literature (e.g., Cardozo, 1965; Churchill and Surprenant 1982; Howard and Sheth 1969; Oliver 1977, 1980; Olshavsky and Miller 1972; Olson and Dover 1976). This suggests that quality results from a comparison of perceived with expected performance, as is reflected in Gronroos's (1982, 1984) seminal conceptualization of service quality that "puts the perceived service against the expected service" (Gronroos 1984, p. 37, emphasis in original).

3.2.2 Theory on the Relationship between Antecedent Factors and Service Quality: Expectancy-Disconfirmation Theory

To explain the relationship between service quality and customer satisfaction in the presence of other antecedent factors that influence service quality, a widely used model which is based on Oliver's (1980) work is called expectancy disconfirmation theory. Oliver (1980) suggests that customers purchase goods and services with pre-purchase "performance-specific expectations" based on their previous experience and used as reference points against which the product/service's performance, once purchased and used, is compared. When product/service performance matches expectations then confirmation takes place while disconfirmation occurs when a discrepancy exists between the actual performance and expectations.

Negative disconfirmation occurs when performance is less than expected while positive disconfirmation occurs when performance is better than expected. Confirmation and positive disconfirmation cause satisfaction while negative disconfirmation causes dissatisfaction. Satisfaction is thus viewed as a function of pre-purchase expectations and the resulting confirmation/disconfirmation. The theory is adopted to be the ground of this study as it explains the way satisfaction is constructed in the minds of insurance customers based on their expectations and evaluations regarding a number of categories such as their expectations regarding the tangibility of the services provides, the responsiveness of the employees working in insurance companies, etc. The satisfaction is also constructed through comparing their expectations against their perceptions regarding other categories that include the antecedent factors affecting service quality such as communication channels and technology use. However, the construction of satisfaction is

done based on customers' knowledge of the services provided and this knowledge can be personal like prior knowledge or gained from other channels such as friends or advertisements, etc. Thus, the two theories of service quality theory and expectancy disconfirmation theory are adopted to constitute the theoretical ground of this research as they explain the relationships between the study's variables.

3.2.3 Theory on the Relationship between Customers Satisfaction and Customer Loyalty: Social Exchange Theory

The customer satisfaction-customer loyalty relationship is generally explained by the social exchange theory. The social exchange theory is a theory of social psychology and sociology that sheds light on social change and stability as negotiation process between different parties. According to the theory, the entire human relationships are developed by the use of subjective cost-benefit analysis and it involves comparison among alternatives. The theory primarily explains customer loyalty (Wangenheim, 2003).

The fundamental premise underpinning the social exchange theory is that parties interact through relationships while expecting rewards (Blau, 1964). In other words, parties interact in beneficial relationships according to costs and benefits gauged against the expected advantages of alternatives. The relationship is maintained so long as expectations of costs and benefits go over a specific limit and such expectations are basically determined via prior experiences that stem from satisfying longer relationships (Thibaut & Kelley, 1959; Wangenheim, 2003).

The theory entails cost in terms of time, money and opportunities, benefits in terms of material or financial gains, social status and emotional comforts, outcome, level of

comparison, satisfaction, and dependence as its fundamental concepts. First, an exchange interaction leads to economic/social outcomes and such outcomes are compared to other choices to identify the relationship's dependence level. The outcome is considered to be positive when the advantage or the benefit is higher than the cost, and this maximizes the trust and commitment in the relationship's maintenance. After some time, positive outcomes generate norms of relational exchange that directs the interactions of the exchange partners (Befu, 1977; Lambe, Wittmann & Speckman, 2001; Thibault & Kelly, 1959).

Meanwhile, the individual's satisfaction with a relationship hinges on more than the result as everyone has their own distinct expectations from the relationship. For instance, it is possible that one party's satisfaction would be higher than the others although the outcome is the same owing to the lower level of expectation (Lawler & Thye, 1999). Moreover, satisfaction is not sufficient to identify the person's maintenance of the relationship or ending the relationship for another alternative. It is the alternative choices that conclude the relationship engagement. The more alternatives exist, the less dependent the individuals are in the relationship and both intrinsic and extrinsic factors affect the dependence level of individuals on their relationship and hence, enables them to look for other choices (Cook & Emerson, 1978).

In a related study, Thibault and Kelly (1959) provided a conceptualization of the way outcomes are determined through the comparison of the rewards of an exchange relationship to the choices. According to present and past experiences, the expected degree of the outcome is standardized and compared to the present relation. The general

average quality of outcomes in the alternative exchange relationship is displayed as the alternatives comparison levels. Such comparison levels are utilized to determine whether to maintain or end the relationship. Firms receiving outcomes that satisfy or go over expectations and those that equate or are superior to other alternative outcomes are likely to be maintained.

Trading of personal information in social exchange theory also takes place during marketing transactions for other resources (Brinberg & Wood, 1983). With regards to loyalty programs, customers taking part in the program are provided with an improved value proposition, and in return, firms receive customers' personal information. Despite the fact that some firms hesitate to share their personal information, customers are primarily inclined to offer personal information as they expect benefits in return (Milne & Gordon, 1993). When an agreement is reached in terms of joining a loyalty program, customers accept the firm's use of discretionary personal information. Firms provide advantages so that they can result to ongoing exchange relationships, and utilize the data to improve products/services. Customers maintain their participation in programs when they are convinced of the equitability of the relationship (Introna & Pouloudi, 1999).

The way antecedents contribute to relational exchanges and the consideration of outcomes are explained by the social exchange theory (Lambe *et al*., 2001). The exchange relationships outcomes are generally conceptualized according to heightened loyalty, perceived via repetitive purchasing behavior. Loyalty programs have two purposes – first, rewarding loyalty and second, keeping rivals out of the market. In certain circumstances, loyalty programs are also elements of a much general sophisticated

sales promotions. In relationships, value is perceived according to rewards accruing from the participation of relationships via tangible and intangible rewards like discounts and memberships in clubs.

Moreover, loyalty is developed by conducting a comparison of expectations over the perceptions of categories including satisfaction. But the development of loyalty is conducted on the basis of customer's satisfaction. Hence, the service quality theory and the expectancy disconfirmation theory are employed to underpin the theoretical basis of this study as they provide an insight into the relationship between the variables of the study. The development of the study hypotheses are discussed in the next section.

3.3 Hypotheses Development

There are a number of variables in this study including independent, dependent, mediating, and moderating variables. The four antecedent variables of communication, ICT, customer knowledge and customers' prior experience constitute the independent variables of the study. These four independent variables are hypothesised to influence service quality provided by the Saudi insurance companies. In addition, service quality constitutes both dependent and independent variable; it is dependent variable when examining the way it is influenced by the earlier four independent variables while it is regarded as an independent variable as it is hypothesised to influence customer satisfaction. Customer satisfaction, on the other hand, acts as an independent variable in its relationship with customer loyalty but as a mediating variable that mediates the relationship between service quality and customer loyalty. In addition, customer loyalty constitutes the dependent variable in the study. Finally, the construct of corporate image

constitutes the moderating variable that moderates the relationship between service quality and customer satisfaction. All these relationships are hypothesised based on arguments and related studies from the literature on these constructs. The following sections address the hypotheses development in the study in which the hypothesised links between the different variables are designed and discussed.

3.3.1 Antecedent Variables – Service Quality Links

It has been mentioned earlier that there are four antecedent variables in this study and these factors constitute the independent variables in the study. These antecedent variables include communication, ICT, customer knowledge and customers' prior experience. These four factors are hypothesised to influence service quality provided by the Saudi insurance companies.

As far as the first antecedent variable of communication is concerned and from the viewpoint of service delivery, communication is the most important aspect since communication between employees from different departments of the insurance company and customers would be paramount in the process of achieving service delivery satisfaction (Friedman and Kelman, 2007). This is because when employees working for the insurance company take more effort and spend more time to address the questions of concerned customers, it can lessen many uncertain feelings.

Meanwhile, communication is generally defined as the ability to provide expedient, dependable and accurate information (Berezan, 2012). Communication termed as good company-created communication is described as helpful, positive, timely, useful, easy

and pleasant with the customer exerting little effort to understand and use the communication (Ball *et al*., 2004). This may cover personalized letters, direct mail, website interactions, machine-mediated interactions, and e-mail. It also covers in-person interactive interaction between customers and company in the stages of pre-selling, consumption and after consumption (Ball *et al*., 2004). According to Morgan & Hunt (1994), communication antecedes trust as opposed to loyalty and this shows that communication is a significant determinant of service quality. Specifically, in the earlier phases, communication develops awareness and customer preference, lures potential buyers, and motivates them to make their purchase decision (Ndubisi & Chan, 2005) but in the later phases, communication entails keeping the customers informed daily, providing accurate and timely information and feedback on services or products, and resolving potential issues.

Moreover, a study by Pickton and Broderick (2001) supported that the service component of communication is valued highly, as was shown in the in depth interviews that they performed on patients; the conclusion being that communication influences satisfaction levels of the consumer in a significant way. In addition, Saaty (2011) addressed the importance of communication channels in ensuring a better service quality and in turn more customer satisfaction in the Saudi insurance context.

Therefore, a recommendation to include communication as one antecedent variable of service quality was given by Duodu and Amankwah (2011) in their work entitled, "An Analysis and Assessment of Customer Satisfaction with Service Quality in Insurance Industry in Ghana". Another recommendation to include communication as an antecedent

variable of service quality was given by Tsu-Wei (2010) in their study of "A Study of Relationship Marketing Types, Service Quality, and Relationship Quality on Customer Loyalty in the Life Insurance Industry".

Thus, following this line of argument, the first of the hypotheses was constructed as follows:

Hypothesis 1: *A positive relationship exists between communication and service quality in such a way that the more efficient communication insurance companies utilise, the better service quality customers perceive.*

For the second antecedent variable, ICT, Razali, Manaf, and Yassin (2010) studied Internet business strategies by property companies in Asia and emphasised the importance of the Internet and new technologies as marketing, information, and communication tools in organisations.

Moreover, the importance of ICT was addressed by Al-Mudimigh (2009) who stated that, "the use of technology will be a very strong factor for future research. The customer will interact directly with the organisation without any hesitation and the appointment system will be enhanced: the customer will make appointments online without going to the concerned organisation". Additionally, Rahim (2010) also recommended using the construct of ICT as a factor in future studies. Rahim (2010), "new technologies and ICT must be incorporated as a factor to measure service quality in future researches", and that incorporating new technology in future work would provide a deeper understanding of the service quality offered by different service-oriented firms.

Coviello (2008) conducted a study that attempted to examine the impact of ICT on the insurance industry. Coviello (2008) argued that the gradual introduction of Information and Communication Technologies has brought about significant changes in the insurance sector, changing the mode of operation and allowing a significant enrichment of the range of services to end users. The study concluded that adopting ICT is highly important for the relationship between insurance companies and their customers and more adoption of ICT results in better service quality encounter.

In the context of insurance companies, Fadun (2013) examined the impact of ICT (Information and Communication Technology) upon the profitability of insurance companies and identified the imperatives for ICT adoption in the hopes of promoting efficient and effective service delivery and of attaining profit maximization in Nigeria. The study employed a structured questionnaire and distributed it to 152 respondents in 18 insurance and the results showed a positive relationship between ICT adoption and Nigerian companies' profitability. This indicates that insurance companies ICT adoption can improve their efficiency, their quality of service delivery and their profitability. Hence, considering this line of argument, the researcher proposes the following second hypothesis.

Hypothesis 2: A positive relationship exists between ICT and service quality in such a way that the more ICT adoption and use insurance companies utilise, the better service quality customers perceive.

As for the third antecedent variable of customer knowledge, it was argued that having knowledge about regulations will help customers know their rights so that they would not

experience anger if they did not get a service, because they are informed that this service is not offered to them based on the rules and regulations. A previous study had revealed that the consumer's decision to buy is significantly and positively influenced by knowledge of the product (i.e. Lin & Chen, 2006).

Lin and Chen (2006) believed that insurance industry is different from many service-oriented industries as it involves many legal and official procedures that might not be known or even understood by customers. Thus, having knowledge about how insurance companies operate and the regulations that govern their practices could highly assist insurers and make them less worried about the regulations and procedures of the insurance policies. This means that it is the responsibility of the insurance companies to insure that their customers understand more about the rules and regulations of their insurance policies and this would influence customers' trust in these insurance companies and in turn have a positive influence of their service quality perceptions (Sivesan, 2012).

The idea that customers in the insurance industry are not aware of the complicated procedures and policies of the insurance companies is highly applicable in the Saudi insurance market. In this context Saaty (2011) stated that among the main issues Saudi insurance customers encounter is the lack of knowledge about the rules, regulations and foundations of insurance and this lack of knowledge might even lead to verbal tensions between customers and service providers. In addition, recommendation to include the construct of knowledge and how important this construct is for future research and also for service companies was given by Sivesan (2012) in the work entitled, "Service Quality

and Customer Satisfaction: A Case Study - Banking Sectors in Jaffna District, Sri Lanka". Thus based on this argument, the following hypothesis was generated.

Hypothesis 3: *A positive relationship exists between customer knowledge and service quality in which the more knowledge customers have about the rules and regulations of insurance in Saudi Arabia, the better service quality customers perceive.*

Finally, for the fourth antecedent variable of customers' prior experience and its relationship with service quality, this antecedent variable was added as it appeared in a number of research studies that attempted to measure the quality of service in the services sector. Within the context of this research setting, the construct refers to previous experience the customer has had with the insurance company. It was thought to be a very important factor keeping in mind that people in general, particularly Saudis, are highly influenced by the previous experience with the company, especially their first experience. Fazio and Zanna (1981) argued that a strong predictor of purchase behaviour is when consumers evaluate a product in accordance to their previous experience.

The role of experiences as a predictor of service quality has largely been untouched and researches dedicated to customers' experiences are scarce. The experiences of customers service consumption is expected to affect their future experience and their experience from rival service providers. Tam's (2005) longitudinal study showed expectations to be higher after a positive experience after which it remains stable even after a negative experience. In other words, the duration of constant consumption of a specific service may affect the customers' perception of such a service and their expectations from it as

well as their consumption frequency. Previous studies contended that individuals as customers learn to accept novel tactics of perceived marketers after a span of time (Friedstad & Wright, 1994) and hence, it is logical to expect that they remember and learn from their experience.

Meanwhile, Urban (2010) conducted a study that attempted to verify whether service quality is affected by the intensiveness of the consumers' prior experience with the same services provider in comparison with other services providers. This particular study setting was the auto-service sector, in which an empirical investigation was conducted. The findings of the research concluded that the whole aspect of service quality is not influenced by the consumer's experience, where this experience is prescribed by two aspects, namely by frequency of service used and lengths of relationships with a service provider. However, customers' longitudinal experience (e.g., perceptions concerning reliability and responsiveness, and expectations of service assurance) and the assurance quality gap do affect some aspects of service quality. Thus, in line with the above argument, the following hypothesis was formed.

Hypothesis 4: *A relationship exists between customers' prior experience with the insurance company and their perceptions about service quality.*

3.3.2 Service Quality - Customer Satisfaction Link

According to Oliver (1980), a rendered service can give rise to an emotional experience, and the extent of which is said to define satisfaction. A publication by Buchanan (1985) had stated that "the positive feelings of contentment results from the satisfaction of felt or

90

unfelt need of the individual". Meanwhile, Yi (1990) defined satisfaction as summary of evaluation that was formed based on direct consumption of the product or service. This summary comprises the difference that occurs between expectation prior to the service or product consumption, and the perceived real performance after service or product consumption.

Meanwhile, it was revealed by Lee *et al*. (2000) that some mixed results existed in the literature regarding the casual direction which links satisfaction and service quality. The question that arose was whether service quality leads to customer satisfaction or otherwise. This is because it was observed that some studies supported the perception sthat service quality is the result of satisfaction, yet more recent studies characterised satisfaction as having service quality as an antecedent (Yavas *et al*., 1997). It is universally accepted that customers can only appraise a service (be satisfied or otherwise) only after they experience it. Many of the previous authors who investigated the relationship between customer satisfaction and perceived service quality showed that customer satisfaction is determined by service quality (Anderson *et al*., 1994; Cronin & Taylor, 1992; Iacobucci *et al*., 1994; Rust & Zahorik, 1993: all cited in Cristobal *et al*., 2007; Arasli *et al*., 2005; Bloemer *et al*., 1998; Levesque & McDougall, 1996; Wang *et al*., 2003; Yavas *et al*., 1997).

Agbor's (2011) study focused on the service quality-customer satisfaction relationship in the three service-oriented sectors in light of the dimensions of service quality. Agbor's (2011) used convenience sampling technique to gather quantitative data from Umea University, ICA and Forex to gauge their levels of satisfaction and to examine service

quality, which was modified in the SERVQUAL model. The study revealed distinctive results for the service quality dimensions-service quality/customer satisfaction dimensions. With regards to ICA and Forex customers, a significant relationship was found between service quality and customer satisfaction but with Umea University, no such relationship was found. The group result also revealed that responsiveness, empathy and reliability significantly related to service quality, and that reliability and empathy were significantly related to customer satisfaction. On the basis of the above arguments, the researcher proposes the following hypothesis to be tested;

Hypothesis 5: A positive relationship exists between service quality and customer satisfaction in which the better service quality customers perceived, the higher will be their satisfaction.

3.3.3 Customer Satisfaction - Customer Loyalty Link

Researchers including Srinivasan, Anderson and Ponnavolu (2002), O'Brien and Jones (1995), Jones and Sasser (1995), Oliver (1999), Dick and Basu (1994), and Reichheld (1996) claimed that a vital component for sustaining the success of business has been identified to be customer loyalty, where customers do not mind being charged on a premium basis since they are loyal to specific products or brands. Moreover, other authors (e.g. Srinivasan, Anderson and Ponnavolu, 2002; and Zeithaml, Berry and Parasuraman, 1996) established that these customers are more hostile toward the marketing communications by competing firms and would engage in more positive word-of-mouth activities. These advantages enhance business operators to develop and launch customer loyalty as the ultimate goal in their firm marketing strategy.

As such, there had been various factors studied in determining customer retail loyalty. Among the most salient factors studied was customer satisfaction. The relationship between customer satisfaction and their loyalty were addressed and supported by many researchers in the field of marketing and management (Wong & Sohal, 2003; Lamb, Hair, & McDaniel, 2006).

The literature pertaining to service marketing contains many studies that draw the main attention towards the concept of customer satisfaction (e.g. Oliver 1981; Olshavsky & Miller 1972; Rust & Oliver, 1994) and usually recognizes a positive relationship between customer satisfaction and behavioral intentions," as well as to other "loyalty-related outcomes" in general (Bolton & Drew, 1994; Fornell, 1992; Harris & Goode, 2004). Many scholars have investigated the direct relationship between customer satisfaction and customer loyalty; many of the findings revealed a strong positive relationship between these two constructs (Anderson *et al*., 1994; Harris & Goode 2004; Rust *et al*., 1996; Taylor & Baker, 1994). Therefore, following this line of argument, the hypothesis was designed according to the following statement.

Hypothesis 6: *A positive relationship exists between customer satisfaction and customer loyalty in which higher levels of customer satisfaction lead to more customer loyalty.*

3.3.4 Customer Satisfaction – Mediating Link

A number of researchers seem to agree that service quality influences the level of customer satisfaction (Parasuraman *et al*., 1994; Rust *et al*., 1996) and this in turn

influences customer loyalty (Harris & Goode 2004). Some other researchers also reported a direct link between service quality and customer loyalty (Mohammad *et al*., 2013; Bei & Chiao, 2001). In addition, in the marketing field, a number of research studies attempted to examine the mediating effect of customer satisfaction on the relationship between service quality and customer loyalty. In this context, Lee (2013) conducted a study that attempted to examine the mediating impact of customer satisfaction on the relationship between perceived service quality and customer loyalty in the South Korean context. The findings of Lee (2013) study revealed that customer satisfaction mediated the relationship between service quality and customer loyalty. Furthermore, Mosahab *et al*. (2010) conducted a study that aimed at investigating the mediating impact of customer satisfaction on the relationship between service quality and customer loyalty and found that the construct of customer satisfaction does mediate the relationship between service quality and customer loyalty. Thus it is hypothesized based on the aforementioned studies that:

Hypothesis 7: *Customer satisfaction mediates the relationship between perceived service quality and customer loyalty.*

3.3.5 Moderating Influence of Corporate Image

It was claimed previously that the physical and behavioural attributes of the firm relate to the overall corporate image. These attributes include variety of products/services, business architecture, business name, and the quality impression that is communicated by each of the employees interacting with the company's customers (Nguyen & Leblanc, 2001). A previous study in product stretching revealed that the perceived product (and

service) quality sold by a company would certainly affect the perceptions of the company's reputation (Cabral, 2000). Moreover, previous investigation showed that a company's sales history and product brand is significantly depended upon by depicted consumer confidence and familiarity (Haque *et al*., 2006). Generally, Coltman *et al*. (2000) and Wen-Yeh *et al*. (2004) established that familiarity occurs when there exists satisfaction stemming from previous consumption of the product, strong company brand images, and a long sales history. Meanwhile, Donnavieve and Sivakumar (2002) mentioned that consumer purchasing intentions is directly influenced by confidence, which is also derived from consumers' attitudes.

Looking deeper into this concept, previous research revealed that two main components made up the concept of corporate image (Kandampully & Hu, 2007). One the one hand, the functional component of corporate image includes tangible characteristics, which can easily by evaluated and measured. On the other hand, the emotional characteristics comprise the mind-set the customer has toward the organization, which include beliefs, attitudes, and feelings. Basically the sum of these emotional components is the result of the accumulative experiences the consumer went through with the passage of time, while being in contact with the firm.

Therefore in the setting of this study, the image of the company can be regarded as an important tool to secure good competitive advantage, especially in highly competitive environment like Saudi Arabia. Saudis in particular go by brands and the image of the company in the market. This recommendation was given by Jandaghi, Mehranjani, Seresht, and Mokhles (2011) in their study entitled, "Studying the Effect of Brand

Loyalty on Customer Service in Kerman Asia Insurance Company". Another recommendation to include corporate image as a moderating variable that influences the relationship between service quality and customer satisfaction was given via the study by Akbar and Parvez (2009) in their study called "Impact of Service Quality, Trust, and Customer Satisfaction on Customers Loyalty". Thus following the line of argument above, the hypothesis was generated in the following way;

Hypothesis 8: *Corporate image moderates the relationship between service quality and customer satisfaction.*

3.4 Theoretical Framework of the Study

The study's framework includes independent, dependent, mediating, and moderating variables. The four antecedent variable of communication, ICT, customer knowledge and customers' prior experience constitute the independent variables of the study and these independent variables are hypothesised to influence service quality which constitutes the dependent variables and at the same time an independent variable for customer satisfaction. Customer satisfaction acts as an independent variable in its relationship with customer loyalty but as a mediating variable that mediates the relationship between service quality and customer loyalty. In addition, customer loyalty constitutes the dependent variable in the study. As for the construct of corporate image, this variable constitutes the moderating variable that moderates the relationship between service quality and customer satisfaction. These relationships between the variables are regarded as the gaps in this study and it should be kept in mind that these gaps are based on

recommendations given by a number of researchers in their research studies when addressing the sections on future research.

On the basis of these gaps, the following theoretical framework is proposed taking into account that this research framework has not been used in the literature on service quality in general and insurance service quality in particular. The following Figure (Figure 3.1) shows the framework upon which this study is grounded.
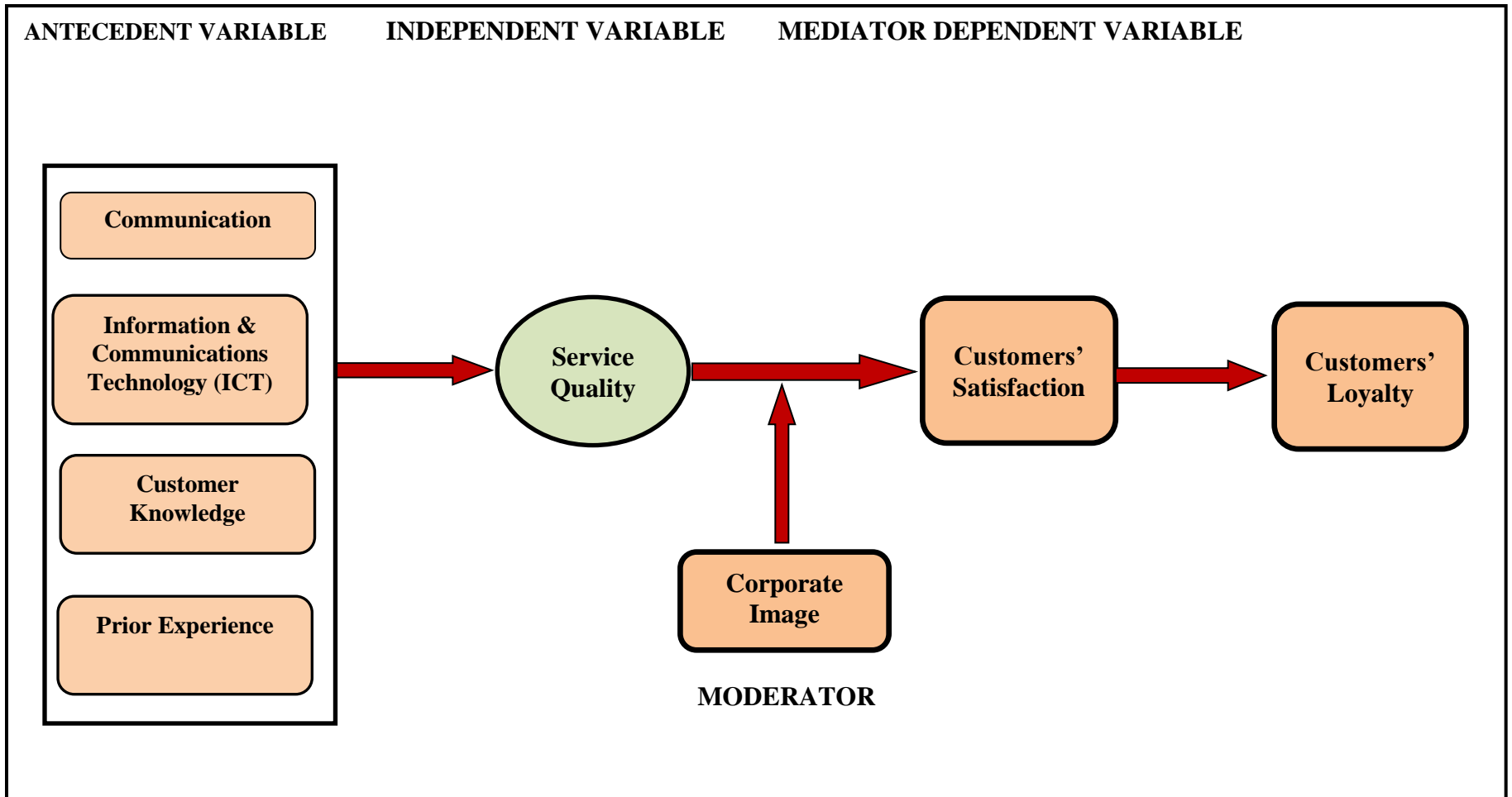
Figure 3.1
The Framework of the Study

3.5 Summary of the Chapter

The chapter represented the theoretical framework and hypothesis development in this study. The chapter began with introducing the theoretical underpinnings of the study in which the theories upon which the study is grounded are presented and discussed. The chapter proceeded with addressing the hypotheses designed for the relationships between the study's different variables. The chapter concluded with presenting the framework upon which the study is grounded. The following chapter (Chapter 4) addresses the methodology that is employed in this study.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

The current chapter addresses the methodology and the research design that is employed in achieving the objectives of the current research. It is noteworthy in this context that the primary goal of the current study is to explore the antecedents and consequences of service quality in the Saudi insurance sector. The present chapter is constructed in a way as to achieve the objectives set out in this research; the chapter starts with the research design that is employed in the study. The chapter then discusses the measurements and instrumentation that were used to measure the variables of the study. The chapter proceeds with an explanation of the population and sampling followed by the data collection procedures. The chapter concludes with a detailed explanation about the analysis techniques and some ethical considerations that are followed before, during, and after the process of conducting the current research.

4.2 Research Design

A research design establishes the route to answering the research questions. Therefore, the research design is the primary plan for the research, including all steps in the study that are accomplished by the researcher (Creswell, 1998). The most important step in any research project is the choice of a design appropriate for the research.

In this study, a quantitative correlational research design was employed through the use of a survey research protocol. This study attempts to explore the relationship between the antecedent variable of communication, ICT, customer knowledge, and prior experience from one side, and service quality from the other side. In addition, the study also attempts to examine the relationships between the well-established link of customer satisfaction, customer loyalty, and service quality in the Saudi insurance industry. Finally, the study attempts to examine the moderating effect of corporate image may or may not play in the relationship between service quality and customer satisfaction.

4.3 Population and Sampling Design

A sample refers to a group of items, objects or individuals that is obtained in order to measure a larger population in an attempt to enable the sample represent the overall characteristics of the larger population, and to ensure that the sample findings are generalizable (Bryman, 2008). In this research, the sample covers Saudi customers having insurance policies from the Saudi health insurance companies. In Saudi Arabia, there are 26 health insurance companies included in the list of the Tadawul Stock Exchange, with three major players dominating the industry namely Tawuniya, Medgulf and Bupa Arabia. These three constitute almost half of the total market share (49.91%), in light of GPW in the year 2011 (Capital Standards, 2013). The percentage distribution among the three is; Tawuniya health coverage constitutes 23.95% of health insurance customers, Medgulf health coverage constitutes 15.19%, and lastly Bupa Arabia health coverage constitutes 10.77%. The percentage covered by the three top players in Saudi health insurance industry is presented in Figure 4.1.
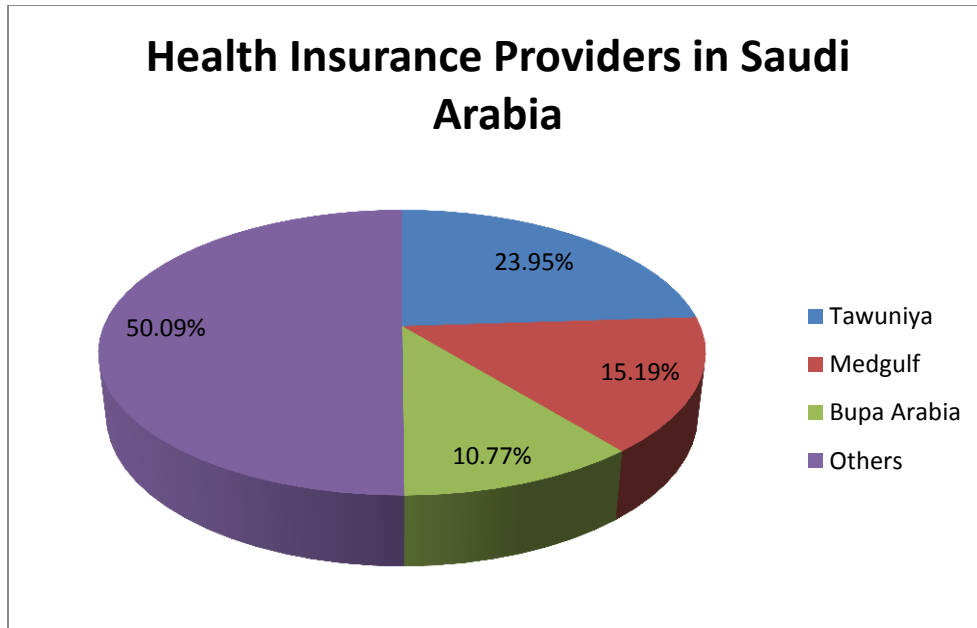
Figure 4.1
Health Insurance Providers in Saudi Arabia

With regards to the percentage of Saudi customers, nearly 2.3 million Saudi citizens are insured, among which almost half of that number are covered under the top three health insurance companies (SAMA, 2013). The present study is confined to the customers under these three health insurance providers, numbering around 1.150000 million Saudi customers. Owing to this significant number (exceeding 100,000 individuals), Sekaran's (2003) sampling design is adopted and a total of 384 respondents were chosen to represent the whole population. The researcher attempted to collect data from 400 health insurance customers under the three major health insurance companies in Saudi Arabia. In the field of service quality, studies also obtained data from 400 respondents from companies with considerably expanded customer base (Burns & Bush, 2003; Thuita & Muturi, 2014).

The four hundred respondents were selected from the Saudi health insurance companies on the basis of their percentage in the three major health insurance companies and to guarantee that the targeted number of 400 respondents is obtained, the questionnaire was distributed to 800 respondents. The reason behind choosing 800 respondents to distribute the questionnaire to is, prior research studies, which are similar to this study and were focused on service quality in Saudi Arabia, reported a 77% rate of response (Alharbi, 2012). Therefore, it comes to reason that if the 800 respondents produce 50% rate of response, then the original targeted sample of 400 (Sekaran, 2003) could be ensured.

Although there are categories of insurance companies in Saudi Arabia like motor insurance, life insurance, fire insurance, the present study's focus is only confined to the health insurance sector as the latest SAMA report on the country's insurance industry for the year 2010, showed that health insurance companies dominate the insurance industry with 53% out of the total companies in the form of SR8.69 billion business, showing a marked increase of 19.2% from the prior year.

As mentioned, the questionnaires were distributed among the three companies on the basis of their percentage of the total number of customers (1.150000) distributed among them. Specifically, from Tawuniya 192 respondents were selected constituting 30%, from Medgulf 120 respondents were selected constituting 22% and lastly from Bupa Arabia 88 respondents were selected. The distribution of the sample study with their percentages is listed in Table 4.1.

.

Table 4.1
Sample of the Study

Insurance Company	Percentage %	No. of Respondents
Tawuniya	48%	192 respondents
Medgulf	30%	120 respondents
Bupa Arabia	22%	88 respondents
Total	100%	**400 respondents**

All three companies have branches throughout the five major geographical Saudi region – the central region, the eastern region, the western region, the southern region and the northern region. For effective generalizability, the questionnaire was equally distributed in the main operations of the three companies in five regions.

4.4 Sampling Technique

In literature dedicated to research methodology, two major sampling techniques stand out namely probability sampling method and non-probability sampling method. In the former, the sample is used as representatives of the whole population and this method generally delivers the most accurate and valid findings as they portray the population characteristics effectively (Cohen, 2000). Nevertheless, in some cases it is impossible to include the entire individuals comprising the population and hence, the latter technique is recommended, particularly when the study population is too significantly large to be covered by the survey data collection method (Cohen, 2000).

In the present study, the stratified random sampling method is employed that entails the categorization of the population members into exclusive and collectively groups after which an independent simple random sampling is obtained from every group (Kadilar &

Cingi, 2005). This type of sampling technique is supported to generate accurate estimates in cases where the population under study is a heterogeneous one. It can allow the researcher to identify the required degrees of sampling accuracy for every group and generate efficiency in terms of administration (Kadilar & Cingi, 2005). Because this study's respondents comprise of Saudi health insured customers who are covered in three companies, stratified random sampling is appropriate for the study objectives.

4.4.1 Instrumentation and Data Collection Procedure

A research questionnaire refers to an instrument used by the researcher where the data collection process is where every individual has to respond to a set of questions that have been pre-developed (De Vaus, 2002). In the present study, the researcher utilized a survey research approach. As for the questionnaires distribution, many authors have established different methods in literature, with one of them being the self-administered questionnaire. In such an approach, the researcher or his delegate distributes the questionnaire to respondents and another being sending the questionnaires through post or mail (Simmons, 2003).

The researcher had to take permission from the Saudi Arabian Monetary Agency via the Saudi Cultural Annexed in Malaysia in the form of a letter. The grant letter was obtained from the Agency, who holds the responsibility of managing insurance companies in the Saudi insurance market. This facilitated the distribution of questionnaires and the use of rules established by the Saudi insurance companies. As mentioned, this study focused on three Saudi major companies that cover around 50% of the Saudi market, constituting 2.3 million health insurance clients. The companies are Tawuniya, Medgulf and Bupa

Arabia. The sample was taken from the insurance companies located in all Saudi regions. Specifically, 800 customers were randomly selected from the three major companies and questionnaires were distributed to clients in the North, South, East and West of the country. Four hundred and twenty questionnaires were returned. The final sample number was 384 constituting a response rate of 52.3%. The questionnaires were distributed through mail but mail distributed questionnaires were not distributed to. In order to rectify this issue, the researcher and his colleagues manually distributed the questionnaires to the headquarters of where the clients' worked and gave them a week to complete it after which the questionnaires were collected and sent to the researcher for sorting and incorporation into the SPSS program. The researcher assisted by his colleagues facilitated the completion of the required task of data collection from Saudi clients who are insured under the three major companies under focus.

4.5 Measurements of Variables

The study aims to investigate several variables examine the relationships between them. The primary focus of this investigation is to examine antecedents and consequences of service quality, framed against the insurance industry of Saudi Arabia. This examination is explored through the moderating influence of corporate image. There are four antecedent variables for service quality in the study and they include communication, ICT, customer knowledge, and customers' prior experience. In addition, there are two consequences for service quality and they include customer loyalty and customer satisfaction. The following section addresses the measurement methods of all these variables.

4.5.1 Measurement of Antecedent Variables

As mentioned earlier, four antecedent variables are hypothesised to influence the provision of service quality in the insurance context. These antecedent variables are communication, ICT, customer knowledge, and customers' prior experience.

4.5.1.1 Communication

In measuring communication, insurance customers were asked about their evaluation of the communication received from their insurance providers whether through their agents or directly through their insurance company. Respondents were also asked to evaluate communication with regard to a number of communication attributes. These attributes include the following components, namely acceptable, annoying, appropriate, convenient, difficult to ignore, disruptive, easy to reject, enjoyable, entertaining, informative, objectionable, reliability of information, time-consuming, and trustworthy. Thus, a 14-item measure was adapted from Danaher and Rossiter (2011) who conducted a study that attempted to compare marketing communication perceptions. The reason why this measure was adapted is because the nature and objectives of Danaher and Rossiter (2011) is similar to the nature and objectives of the current study in which customers' perceptions about the communication provided by the insurance companies were assessed. The following table (Table 4.2) shows the measurements for the construct of communication.

Table 4.2
Communication Measurement

No.	Item
CC1	I find it easy to reject communications received from insurance company.
CC2	In general, I find it enjoyable to find communications I receive from my insurance company.
CC3	I consider communications I receive from my insurance company trustworthy.
CC4	In general, I find communications I receive from my insurance company informative.
CC5	I consider communications I receive from my insurance company convenient.
CC6	I consider communications I receive from my insurance company acceptable.
CC7	I consider communications I receive from my insurance company entertaining.
CC8	I consider communications I receive from my insurance company reliable.
CC9	I consider communications I receive from my insurance company appropriate.
CC10	If I did not directly provide any personal details to my insurance company and they communicated with me, this is something objectionable for me.
CC11	I consider communications I receive from my insurance company annoying.
CC12	I consider communications I receive from my insurance company time-consuming.
CC13	I consider communications I receive from my insurance company as difficult to ignore.
CC14	I consider communications I receive from my insurance company disruptive.

4.5.1.2 Information and Communications Technologies (ICT)

In this study, a 6-item measure as adopted from Aponte (2012) who conducted a study that attempted to examine how the advancements of technologies and internet that took place recently influenced customers' perceptions about service quality. His attempt is aligned with the present study's attempts to examine customers' perceptions about ICT that took place due to the advancements in technology and internet. The following table (Table 4.3) presents the measurements for the construct of new technologies.

Table 4.3
ICT Measurement

No.	Item
NT1	Use of new forms of technology allows quality and performance to be monitored on a continuing basis across the insurance system.
NT2	Up-to-date appointment booking system is available my main insurance company.
NT3	All valuable electronic data are available in my main insurance company.
NT4	There is an appropriate system that ensures communications between the company's employees and customers.
NT5	The company uses the latest communication techniques with customers such as social network or Smartphone applications such as What's App and others.

4.5.1.3 Customer Knowledge

In this study, the construct of knowledge constitutes one of the independent variables. Five-item measure was used to measure this variable which refers to customers' level of knowledge about the rules, regulations and policies of the insurance companies in Saudi Arabia. The items to measure the construct of knowledge in this study were adapted from Ensign and Gittelson (1988). The reason why this particular measure was adapted is because it suits the objective of this study regarding the construct of knowledge; the measure assesses the respondents' perceptions towards the importance of their knowledge about rules and regulations of insurance policies and also about the responsibility of insurance providers to ensure that their customers are equipped with sufficient knowledge about these rules and regulations. This is what the study attempts to examine. The following table (Table 4.4) shows the measurements for the construct of knowledge in the context of the Saudi insurance industry.

Table 4.4
Customer Knowledge Measurement

No.	Item
CK1	Educating the public about insurance is important in ensuring effective services for customers are gained.
CK2	It is important for customers to know the rules and regulations of the insurance providers.
CK3	Insurance providers should have some type of insurance education for their customers.
CK4	The government should be involved in educating the public on the rules and regulations of insurance.
CK5	I am familiar with the types of insurance and the rules and regulations of my main insurance company.

4.5.1.4 Prior Experience

For measuring prior experience in this study, Urban's (2010) dimensions of customer prior experience shall be adopted. Urban (2010) conducted a study that attempted to establish whether the intensity of prior experiences by the customer with the same firm and other firms affect service quality. The title of Urban's (2010) study was "Customers' Experiences as a Factor Affecting Perceived Service Quality". Three dimensions were used in Urban's (2010) research, including length of experience, frequency of experience with the company (current), and frequency of experience with other (previous) companies. Urban's (2010) measurement of prior experience is suitable for this study as the measure assesses customers' perceptions about their previous experiences with their current insurance providers and also their previous insurance providers and this is what this study attempts to examine. The following table (Table 4.5) shows the measurements for the construct of prior experience.

Table 4.5
Prior Experience Measurement

No.	Item
PE1	I would describe my previous experience with my insurance company as good.
PE2	Throughout my dealings with my main insurance company in the past, I have always been satisfied.
PE3	I would describe my previous experience with my main insurance company as unpleasant.
PE4	I count on my past experience with the services provided to judge a company's performance.

4.5.2 Measurement of Level of Service Quality

Amongst the varied and most widely used measurement tools for gauging service quality, Parasuraman *et al*. (1988) and Boulding *et al*. (1993) presented SERVQUAL, and Cronin and Taylor (1992) created SERVPERF for use in the research arena. On the one hand, the SERVQUAL measurement scale is capable of measuring service quality by employing 22 items and a five-dimensional structure for exploring the data, while basing it on the difference between performance and expectation perception from the point of view of the customers. On the other hand, the SERVPERF scale utilises the same 22 items and five-dimensional structure of SERVQUAL, but service quality is operationalised only on the performance score. These five dimensions include the tangible, reliability, responsiveness, assurance, and empathy concepts.

However, there has been intense dispute as to whether service quality is better measured by SERVQUAL or SERVPERF. Similarly, both data collection instruments rely on the conceptual definition that service quality makes up for an attitude that is instilled toward the rendered service. In order to decide which would be more suitable for use in this research, previous research on the comparison of expectations with perceptions had revealed, as established by Carrillat *et al*. (2007), SERVQUAL directly measures

111

perceptions and expectations. Meanwhile in the SERVPERF model, the evaluation of service quality is only through the measurement of perceptions of the rendered service (Cronin & Taylor, 1992). There is also the assumption made by SERVPERF, which is that respondents tend to provide their ratings through automatically performing a comparison of performance expectations with performance perceptions. Thus, it would be unnecessary to measure the expectations directly.

Numerous authors, such as Babakus and Boller (1992), Brady *et al*. (2002), Brown *et al*. (1993), and Zhou (2004), all of which were cited in Carrillat *et al*. (2007) had supported the view that in measuring service quality, SERVPERF would be a better alternative. Thus, while considering all arguments for and against each method, the performance-only approach by Cronin and Taylor (1992), or better known as the SERVPERF instrument, shall be employed in this study, even though both the SERVPERF and SERVQUAL instruments were applied in previous studies framed in the banking sector. However and regardless of the dispute whether SERVQUAL or SERVPERF provides a better measure of service quality, both methods use the same set of dimensions, which are assurance, empathy, tangible, reliability, and responsiveness. In this study, SERVPERF model will be used as the primary measurement tool to gauge the service quality dimensions in the Saudi insurance industry. The following table (Table 4.6) represents the measurement for the construct of service quality in which the dimensions and measures are stated.

Table 4.6
Service Quality Measurement

No.	Dimension and Item
Reliability categories	
RL1	How timely is the delivery of insurance services by your insurance company?
RL2	How truthful (keeping to promises) is your insurance company to you?
RL3	How dependable and consistent is your insurance company in solving customers' complaints?
RL4	How able is your insurance company to perform services right the first time?
RL5	How able is your company to insist on error-free records?
Responsiveness categories	
RS1	How is your insurance company willing to help customers in emergency situations?
RS2	How able is your insurance company to give prompt customer services and attend to customers' needs/problems?
RS3	How are employees' willing to help customers in emergency situations?
RS4	How is the Employees' ability to communicate clearly with you?
Tangible categories	
TA1	Your insurance company's ability to give you access to information, product/service catalogues.
TA2	Provision of visually attractive, offices, equipment and materials.
TA3	Insurance company's ability to providing variety of entertainment facilities, etc.
TA4	Appearance and uniforms of employees
Assurance categories	
AS1	Customers feel safe in their dealings with the insurance company.
AS2	Sincerity and patience in resolving customers' complaints/problems
AS3	The behaviour of employees in instilling confidence in customers.
AS4	Employees' use of required skills and knowledge to answer customers' questions.
Empathy categories	
EM1	Your insurance company has operating hours convenient to all customers
EM2	Your insurance company has customer's best interest at hear.
EM3	Your insurance company gives individual customer attention by employees
EM4	Your insurance company makes efforts to understand specific customer needs.
EM5	Your insurance company apologizes for inconvenience caused to customers.

4.5.3 Measurement of Customer Satisfaction

From the literature, Yu *et al*., (2006) observed that there are two general methods for measuring customer satisfaction, which are (1) single item; (2) multiple items, or in other words, customer satisfaction is measured using a general scale that is summed up for the overall satisfaction score. This study employed a multiple-item measure that was adapted from Duodu and Amankwah (2011) who conducted a study entitled "An Analysis and Assessment of Customer Satisfaction with Service Quality in Insurance Industry in Ghana". Duodu and Amankwah's (2011) measurement of customer satisfaction is suitable for this study keeping in mind that Ghana is an emerging country just like Saudi Arabia and thus the nature of the research is similar between Duodu and Amankwah's (2011) study and the current one. The following table (Table 4.7) shows the measurement for the construct of customer satisfaction.

Table 4.7
Customer Satisfaction Measurement

No.	Item
ST1	Overall, I am satisfied with the facilities and services offered by my main insurance company.
ST2	Overall, I am pleased with my insurance company after each time I deal with them.
ST3	Overall, I am satisfied with my relationship with my main insurance company.
ST4	Giving all, I would say I am satisfied with my insurance company.

4.5.4 Measurement of Customer Loyalty

In this study, as supported from the findings of Yu *et al*. (2006), the components of to recommend to others through positive word of mouth or customers' intentions to repeat transactions carries the measurement for customer loyalty. Specifically, a five-item

measure was used in this study. The following table (Table 4.8) represents the

measurements for the construct of customer loyalty in the insurance industry.

Table 4.8
Customer Loyalty Measurement

No.	Item
LY1	I would recommend my main insurance company to others.
LY2	I have said nice things of my insurance company to others.
LY3	Despite the availability of many other insurance companies, I would continue with my current one.
LY4	I will continue dealing with my current insurance company although competing insurance companies try to lure customers in with various promotions.
LY5	I will continue with my current insurance company for the next few years.

4.5.5 Measurement of Corporate Image

After evaluating the available literature (Anderson and Robertson, 1995; Kamp and

MacInnis, 1995; Brown, 1995; Caruana and Chircop, 2000; Wallach *et al*., 2006; and

Sarstedt *et al*., 2012), in the present study, the measurement construct of corporate image

was adapted from Ishaq (2011).The measure is a five-item used in recent studies that

attempted to examine the impact of corporate image on customer loyalty in the insurance

industry, such as Ishaq (2011). The measurement used in his study is suitable for this

study as the study was conducted in Pakistan, an emerging country with an overwhelming

Muslim population, just like the case in Saudi Arabia. The following table (Table 4.9)

presents the measurements for the construct of corporate image.

Table 4.9
Corporate Image Measurement

No.	Item
CI1	My insurance company is innovative and pioneering.
CI2	My insurance company is open and responsive to consumers.
CI3	My insurance company is persuasive and shrewd.
CI4	My insurance company does business in an ethical way.
CI5	My insurance company is successful and self-confident.

4.6 Data Collection Procedures

Considering that the present study utilises a questionnaire as the research instrument, self-administration of the instrument was used in which the researcher together with four other enumerators organised this process. The researcher of the study briefed the enumerators about the nature and objectives of the research and guided them through the data collection process. The enumerators are also researchers who finished their PhD degrees in related marketing researches so it is believed that their participation in the data collection is productive.

In addition, as mentioned earlier that stratified random sampling technique was used as the sampling method for selecting the respondents. This means the researcher together with the help of enumerators intercept the available customers as respondents in the different insurance companies in the country. Respondents were asked if they were willing to take part in this research project by filling out a questionnaire about their perceptions of the services provided by their insurance companies. After filling out the questionnaires, they will be collected back immediately in an attempt to secure a better response rate.

4.7 Pilot Study

In order to establish the internal consistency of the instrument, a pilot study is conducted prior to conducting the real data collection. The pilot study is conducted not to get data per se, but to learn about the research process and to refine the instruments. That is to say, pilot study helps also to check whether the language and substance of questions and statements are appropriate appropriately understood by the potential respondents. It, therefore, informs the researcher about the research topic itself (Glense, 1999).

To conduct pilot study, a sample of 150 respondents is surveyed to ensure the validity and reliability of the items adopted and adapted (Hair, Black, Babin, Anderson, and Tatham, 2010). The respondents who participated in the pilot study were distributed among the different categories of insurance in Saudi Arabia. The researcher approached 150 individuals for the pilot study and distributed to customers of the insurance companies in Saudi Arabia. They were asked if they are willing to take part in the pilot study after explaining the nature and objectives of research to them. The respondents were assured that their personal data would not be revealed and their participation in the pilot testing would be used solely for academic purposes. Apart from that, during pilot testing, efforts were made to make sure that the pilot study is done under conditions similar to those existed during the real study.

4.7.1 Measuring of the Validity Analysis

It is notable that reliability is a criterion of good measurement although not a sufficient condition of goodness of measure (Churchill Jr, 1979; Sekaran, 2006). To this end, a

single measurement could determine high reliability although it is not a valid measurement as it does not measure the construct it is intended to measure. Hence, the validity is considered as the degree to which a measurement measures what it is intended to measure (Nunnally Jum & Bernstein Ira, 1978). Literature concerning research methods often deal with three types of validity namely content validity, criterion validity and construct validity (Kerlinger & Lee, 1986; Leary, 2004; Nunnally Jum & Bernstein Ira, 1978).

Content validity is the degree to which a measure seems to measure what it is supposed to measure. It is primarily an evaluation based on judgment and a construct is deemed to have content validity if it had measurement items covering the entire important aspects of the constructs being measured. Additionally, an extensive discussion with academicians and practitioners were undergone to develop questions for the present study and each survey question was reviewed, evaluated and critiqued by the sampled insurance customers. Following the procedures, the questionnaire items of the current study are generally considered to possess the desired content validity.

The construct validity was confirmed through factor analysis with varimax rotation. Through factor analysis, the items may be examined in light of their tapping into to the same construct. Hence, for the purpose of the pilot study, factor analysis was conducted for each construct separately.

Before conducting factor analysis, the Kaiser-Meyer-Olkin (KMO) was employed to measure the sampling adequacy to confirm the suitability of conducting factor analysis.Kaiser's(1970) classification as cited by Hair *et al.* (1998) who stated that a

KMO value of more than 0.50 is acceptable and judging from the KMO value listed in Table 4.10, they all range from 0.602 to 0.886 implying the appropriateness of factor analysis.

Moreover, the value of the factor loading of items on their factor was examined as listed in Table 4.10. In this examination the minimum benchmark of 0.60 was employed to the analysis (Hair *et al.*, 1998) implying that the items having factor loadings greater than or at 0.60 are considered critical to the construct represented. On the other hand, factor loadings that are low are considered less meaningful and hence, negligible in a statistical point of view. As evident from Table4.10, the factor loading values of items range from 0.646 to 0.911.

Table 4.10
Factor Analysis of The Constructs

Construct	Items	Factor Loading	Variance %	MO	EigenValue
Perceived Service Quality					
Reliability	RL1	0.844	66%	.842	3.295
	RL2	0.854			
	RL3	0.866			
	RL4	0.775			
	RL5	0.710			
Responsiveness	RS1	0.904	75%	0.800	2.988
	RS2	0.734			
	RS3	0.898			
	RS4	0.909			
Tangibles	TA1	0.857	69%	0.780	2.755
	TA2	0.887			
	TA3	0.771			
	TA4	0.799			

Table 4.10 (Continued)

Construct	Items	Factor Loading	Variance %	MO	EigenValue
Assurance	AS1	0.911	76%	0.812	3.029
	AS2	0.896			
	AS4	0.852			
	AS3	0.819			
Empathy	EM1	0.806	73%	0.845	3.65
	EM2	0.898			
	EM3	0.909			
	EM4	0.838			
	EM5	0.816			
Customer Satisfaction	ST1	0.911	79%	0.789	3.153
	ST2	0.87			
	ST3	0.857			
	ST4	0.912			
Customer Loyalty	LY1	0.873	76%	0.886	3.823
	LY2	0.904			
	LY3	0.896			
	LY4	0.789			
	LY5	0.905			
Corporate Image	CI1	0.860	76%	0.835	3.801
	CI2	0.811			
	CI3	0.816			
	CI4	0.910			
	CI5	0.954			
Communication*	CC2	0.783	66%	0.868	5.974
	CC4	0.826			
	CC5	0.827			
	CC6	0.811			
	CC7	0.852			
	CC8	0.847			
	CC9	0.894			
	CC10	0.716			
	CC13	0.763			
Prior Experience**	PE1	0.852	60%	0.602	1.807
	PE2	0.815			
	PE3	0.646			

Table 4.10 (Continued)

Construct	Items	Factor Loading	Variance %	MO	EigenValue
ICT***	ICT2	0.905	77%	0.780	3.092
	ICT3	0.868			
	ICT4	0.886			
	ICT5	0.857			
Customer Knowledge	CK1	0.849	68%	0.732	2.711
	CK2	0.839			
	CK3	0.826			
	CK4	0.778			

*:Items CC1,CC3,CC11, CC12 and CC14 were deleted

**:PE4 was deleted
***:ICT1 was deleted

4.7.2 Measuring of the Reliability Analysis

After the factor analysis was conducted and the poor performing items excluded, the next step is to examine the internal consistency of all the items measuring the same constructs.

The present study employed the Cronbach's alpha coefficient for the evaluation of the instrument's reliability. The Cronbach's alpha coefficient determines the percentage that the items in the measure are assessing the same construct in a systematic way. A high Cronbach's alpha implies that the items in the sample have equal shares in providing a description of a specific scale. There is no one answer but arbitrary rules regarding the acceptable level of reliability.

Nevertheless, Nunnally, Bernstein, and Berge (1967) propose the following minimum standards: Cronbach alpha of 0.7 for exploratory research, 0.8 for basic research and 0.9 for critical issue research and those having specific measurement scores. In the present

study, the reliability analysis was conducted in a separate manner for the items of every construct. If any item needs deletion to maximize the Cronbach's alpha, then the item-construct inter-correlation matrix is employed to determine the items with the least contribution and have them removed.

Table 4.11 lists the Cronbach's alpha coefficients for all the constructs in the present study and their scores indicated a good level of internal consistency; in other words strong reliability. Specifically, the alpha values of all constructs range from 0.667 to 0.936 concluding an acceptable level of internal consistency (Nunnally Jum & Bernstein Ira, 1978).

Table 4.11
Reliability Coefficients for Pilot Study

Construct	Number of Items	Initial Cronbach's Alpha	Items Deleted	Final Cronbach's Alpha
Perceived Service Quality				
Reliability	5	0.866	Nil	0.866
Resonsiveness	4	0.885	Nil	0.885
Tangibles	4	0.842	Nil	0.842
Assurance	4	0.892	Nil	0.892
Empathy	5	0.906	Nil	0.906
Corporate Image	5	0.920	Nil	0.920
Communication	9	0.936	Nil	0.936
Prior Experience	3	0.667	Nil	0.667
Information and Communication Technology	4	0.900	Nil	0.900
Customer Knowledge	4	0.840	Nil	0.840
Customer Satisfaction	4	0.908	Nil	0.908
Customer Loyalty	5	0.921	Nil	0.921

4.8 Data Analysis Techniques

The study employed a number of techniques for data analysis. Reliability and validity tests were conducted to minimize the measurement errors. Cronbach's alpha was calculated to estimate the internal consistency of items measuring a construct. A panel of experts ensured content validity. Factor analysis assisted in identifying construct validity and was useful in providing criterion validity.

Kaiser-Meyer-Olkin (KMO) and Bartlett's Test was conducted prior to conducting factor analysis in order to verify the factorability of the data. KMO measures sampling adequacy was used to estimate the amount of variance within the data that could be explained by the factors. Exploratory factor analysis using the principal component technique with varimax rotation was performed. The orthogonal varimax rotation was used for this study in order to maximize the separation of factors (Hair *et al*., 2010).

Correlation analysis was conducted for data analysis. Correlation analysis is a bivariate measure of the strength or degree of the linear relationship between two variables (Berry & Fledman, 1985). Pearson correlation was employed to find out the relationship between independent variables and dependent variables. Furthermore, multiple regression analysis was employed to analyze the predictive ability of the dimensions of the independent variables towards the dimensions of the dependent variable.

The mediating effect of customer satisfaction in the relationship between perceived service quality and customer loyalty was tested using the method suggested by Baron and Kenny (1986). Sobel test method was also employed to determine the effect of the

mediation and to either confirm or contrast the results obtained by Baron and Kenny (1986) method. SPSS 19 version was used as the basic software for analyzing the data.

In testing the moderating effect of corporate image on the relationship between Perceived Service Quality and customer satisfaction, the hierarchical regression method was utilized and the change in the exploratory power of the model was examined.

4.9 Summary of the Chapter

This chapter basically explained the research methodology and hypotheses. Initially, the chapter started by defining the adopted variables proposed in this study by operationalizing them. Subsequently, it expounded the sampling and the data collection procedures. Finally, the chapter discussed the data analysis techniques that were used to test the proposed hypotheses. In the next chapter, findings of the data analysis particularly on hypotheses testing are presented.

CHAPTER FIVE

DATA ANALYSIS AND FINDINGS

5.1 Introduction

This chapter exhibits the data analysis and findings of the present study. The chapter begins with a description about the response rate and the non-response bias. This is followed by the distribution of the respondents. The chapter then examines the goodness of measure by conducting validity and reliability tests using factor analysis and internal consistency using Cronbach's alpha values. Then, in order to test the hypotheses, pearson correlation analysis, multiple linear regression analysis, mediation analysis and moderation analysis were used after all the regression assumption had been examined. The chapter concludes with a summary of the chapter.

5.2 Response Rate

This study focuses on the customers of the health insurance in Saudi Arabia. As the insurance customers are in millions, the sample size required was determined using the tables proposed by well-known statisticians such as Krejcie and Morgan (1970), Cochran (1977), Mendenhall, Reinmuth and Beaver (1993), and Barlett, Kotrlik and Higgins (2001), and the 10 times the number of the questions in the questionnaire. Based on table of sample size developed by Krejcie and Morgan (1970), the sample size should be 346. But Bryman and Bell (2003) recommended a larger sample size than the required sample size in order to overcome the problem of sample attrition. Keeping in view their suggestion, 800 questionnaires were personally administered randomly through personal

contact with the customers of various health insurance outlets located in three cities namely, Riyadh, Jeddah and Dammam) of Saudi Arabia. These cities were selected as they represent more than 60% of population residing in Saudi Arabia.

Out of 800 questionnaires distributed, 420 were received. However, only 400 questionnaires were useable as 20 questionnaires were found incomplete. Hence, the survey yielded a response rate of 53%.

5.3 Non-Response Bias Assessment

Non-response bias refers to the differences of the responses between the early and late respondents due to diverse demographic factors such as gender, age, and educational level (Chang and Lee, 2007; Sax, Gilmartin, and Bryant, 2003). In this case, the late respondents were treated like the non-respondents (Armstrong & Overton, 1982). The non-response bias test was conducted to ensure the similarity on some of the main criteria among the participants and the total population. As proposed by Armstrong and Overton (1977), the data were separated into two periods of time; early response (returns received within one month after distribution), and late response (those returns received after one of distribution).

As indicated earlier, this study employed the survey questionnaire research design for which the questionnaire was the tool of data collection. The questionnaires were administered in all the locations. However, it was necessary to conduct the non-response bias since there were some respondents responded only after many reminders and repeated visits.

In order to assess the non-response bias, independent samples T-test was conducted to compare the responses of the early and late respondents regarding the variables of the study. Following the suggestions of Armstrong and Overton (1977) and Kannan *et al.*, (1999), if differences between late and early respondent were found to be significant, they may indicate the underlying differences between respondents and non-respondents.

The T-test was carried out between the 302 early respondents and the 98 late respondents. All the variables, namely, communication, corporate image, prior experience, ICT, customer knowledge, perceived service quality and its dimensions, customer satisfaction, and customer loyalty were taken into account. As suggested by Chang and Lee (2007) and Pallant (2007), an independent sample t-test was used to test whether non-response bias exists between the early and late response. Table 5.1 and Table 5.2 provide the results.

Table 5.1
Early and Late Responses Descriptive Statistics Test (n=400)

Construct	Responses	N	Mean	Std. Deviation	Std. Error Mean
Reliability	Early Responses	302	3.264	.859	.049
	Late Responses	98	3.520	.823	.083
Responsiveness	Early Responses	302	3.160	1.048	.060
	Late Responses	98	3.191	.874	.088
Tangible	Early Responses	302	3.084	.992	.057
	Late Responses	98	3.309	1.035	.105
Assurance	Early Responses	302	3.175	.869	.050
	Late Responses	98	3.278	.864	.087

Table 5.1(Continued)

Construct	Responses	N	Mean	Std. Deviation	Std. Error Mean
Empathy	Early Responses	302	3.154	1.068	.061
	Late Responses	98	3.296	1.011	.102
PSQ	Early Responses	302	3.167	.910	.052
	Late Responses	98	3.319	.865	.087
Customer Satisfaction	Early Responses	302	3.490	.927	.053
	Late Responses	98	3.569	.926	.093
Customer Loyalty	Early Responses	302	3.332	.956	.055
	Late Responses	98	3.669	.965	.098
Corporate Image	Early Responses	302	3.284	.976	.056
	Late Responses	98	3.420	.937	.095
Communication	Early Responses	302	3.330	.890	.051
	Late Responses	98	3.289	1.017	.103
Prior Experience	Early Responses	302	3.279	.827	.048
	Late Responses	98	3.391	.847	.086
ICT	Early Responses	302	3.561	.935	.054
	Late Responses	98	3.776	.921	.093
Customer Knowledge	Early Responses	302	4.247	.711	.041
	Late Responses	98	4.508	.546	.055

Table 5.1 shows small differences of the mean score between the two groups (early and late response) of each construct, which indicates that the two groups of respondents were almost similar on their perceptions over the undertaken constructs.

However, before concluding the equality of variances of the two groups, Levene's test of the equality of means was examined. The results in Table 5.2 showed that there were no

significant differences between late and early respondents across all the variables (except the responsiveness construct) and from this, it can be concluded that the equality of variances for the two groups was supported at the 0.001 level of significance.

Table 5.2
Independent Sample t-test Results for Non-Response Bias (n=400)

Construct	Levene's Test for Equality of Variances		T-test for Equality of Means		
	F Value	Significance	T-Value	DF	Significance
Reliability	.043	.835	-2.598	398	.010
Responsiveness	21.165	.000	-.269	398	.788
Tangible	.004	.948	-1.923	398	.055
Assurance	.072	.788	-1.025	398	.306
Empathy	.868	.352	-1.161	398	.246
PSQ	2.835	.093	-1.451	398	.147
Customer Satisfaction	.029	.864	-.732	398	.465
Customer Loyalty	.196	.658	-3.029	398	.003
Corporate Image	2.634	.105	-1.213	398	.226
Communication	5.462	.020	.381	398	.703
Prior Experience	.171	.680	-1.157	398	.248
ICT	1.557	.213	-1.978	398	.049
Customer Knowledge	4.861	.028	-3.326	398	.001

In Table 5.2, the results also showed that there were no significant mean differences between early and late response across all the variables at the 0.001 level of significance. Hence, it can be concluded that the samples obtained were able to represent the total population of the study (Armstrong & Overton, 1977).

5.4 Demographic Distribution of the Respondents

Demographic characteristics of the respondents are presented Table 5.3. The results show that the respondents were based on diversified characteristics in terms of gender, age,

marital status, education qualification, income and years of experience in dealing with

health insurance companies.

Table 5.3
Sampling Profile of the Respondents

Demographic Characteristic	Category	Frequency	Percent %	Cumulative Percent %
Gender	male	317	79.3	79.3
	female	83	20.8	100.0
	Total	400	100.0	
Age	18-21	36	9.0	9.0
	25-34	172	43.0	52.0
	35-44	121	30.3	82.3
	45-54	54	13.5	95.8
	55-65	17	4.3	100.0
	Total	400	100.0	
Marital Status	Married	292	73.0	73.0
	Not Married	108	27.0	100.0
	Total	400	100.0	
Education Qualification	Primary	7	1.8	1.8
	Secondary	139	34.8	36.5
	Certificate/ Diploma	102	25.5	62.0
	Degree (Bachelor)	83	20.8	82.8
	Masters	61	15.3	98.0
	PhD	8	2.0	100.0
	Total	400	100.0	
Income (Saudi Riyal)	Below 5000	83	20.8	20.8
	5001-10000	103	25.8	46.5
	10001-15000	114	28.5	75.0
	15001-20000	66	16.5	91.5
	Above 20000	23	5.8	97.3
	6.00	11	2.8	100.0
	Total	400	100.0	
Years (customer to the major/main insurance company)	Below 3 years	94	23.5	23.5
	3 –5 years	128	32.0	55.5
	5 - 8 years	91	22.8	78.3
	8 -12 years	67	16.8	95.0
	above 12 years	20	5.0	100.0
	Total	400	100.0	

In terms of gender, more than 80% of the respondents were males while only 20% were females. This is not surprising n the Arab culture, where the males constitute the majority of the workforce and the females have limited freedom to work in many public sectors. Moreover, males in the Saudi society used to handle all the issues related to insurance and many other things on behalf of their family dependents.

With regards to the age, the results also show that more than 50% of the surveyed individuals were less than 34 years of age. This reflects the entire image in the whole population since the health insurance was made compulsory by the government just recently.

The results pertaining to the marital status show that almost three quarters of the respondents were married. This result reflects the trend of the Saudi people to get married early since most of the individuals are sponsored, especially in terms of marriage, by their families.

In terms of the qualification, more than 80% of the respondents were having education levels less than master degree. This is the situation in Saudi Arabia since most of the university graduates choose to work immediately after graduations or even with lower qualifications. The future is expected to be different since currently, most of the people tend to pursue their higher qualification to have a better job of to have a better social status.

In terms of income level, more than 75% of the respondents had a monthly income within or below the range of SR5001-15000, representing the middle income class while more

than 20% had monthly income exceeding SR15001, which indicates that they represented

the upper income class.

5.5 Descriptive Analysis of the Variables

Descriptive statistics including minimum, maximum, mean, and standard deviation for all

the variables were calculated. As mentioned earlier, this study used Likert scaled with

five-point scale to measure all the variables of the study where '1' represents the

minimum value and '5' the maximum value. Table 5.4 shows the result.

Table 5.4
Mean and Standard Deviation of the Variables

Construct	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Reliability	1.40	4.60	3.327	0.856	-0.332	0.122	-0.933	0.243
Responsiveness	1.25	4.75	3.168	1.007	-0.102	0.122	-1.499	0.243
Tangible	1.25	4.75	3.139	1.006	-0.039	0.122	-1.432	0.243
Assurance	1.50	4.50	3.200	0.868	-0.077	0.122	-1.253	0.243
Empathy	1.00	4.80	3.189	1.054	-0.138	0.122	-1.362	0.243
PSQ	1.37	4.51	3.204	0.900	-0.120	0.122	-1.514	0.243
Customer Satisfaction	1.75	5.00	3.509	0.926	-0.204	0.122	-1.182	0.243
Customer Loyalty	1.40	4.60	3.415	0.968	-0.307	0.122	-1.241	0.243
Corporate Image	1.20	5.00	3.318	0.967	-0.304	0.122	-1.183	0.243
Communication	1.33	4.56	3.320	0.922	-0.356	0.122	-1.082	0.243
Prior Experience	1.33	5.00	3.307	0.832	0.062	0.122	-0.743	0.243
ICT	2.00	5.00	3.614	0.935	-0.402	0.122	-1.204	0.243
Customer Knowledge	2.00	5.00	4.311	0.683	-1.777	0.122	3.192	0.243

The former analysis displayed normality of data with output values between ±3 while the

kurtosis analysis also displayed normality with the output values ranging between ±10

(Kline, 1998). Based on these criteria suggested by many researchers, the skewness values are within the acceptable range suggested by Kline based on the above Table 5.4.

With reference to the results as depicted in Table 5.4 above, all the variables scored above the average with exceptional results from customer knowledge, which scored the highest at 4.311.

With reference to perceived service quality, a value of 3.204 indicates that the respondents perceived the service quality of health insurance companies as above average. For customer satisfaction and customer loyalty, mean values of 3.509 and 3.415 indicate that the respondents were relatively highly satisfied and loyal to their insurance providers.

5.6 Goodness of Measure

Before continuing with further analysis, it was essential to ensure the validity and reliability of the instruments. Factor analysis was conducted to measure the construct validity of the instrument. Basically, the purpose of factor analysis is to identify a smaller number of themes, dimensions, components or factors underlying a relatively large set of variables (Meyers, Gamst, & Guarino, 2006). As one item represents a part of a construct, a set or collection of items are required to comprehend the whole construct.

5.6.1 Reliability Analysis

The internal consistency was examined using the Cronbach's alpha results. Table 5.5 showed that the Cronbach's alpha values for all the constructs ranged from 0.649 to 0.934

indicating the internal consistency of items used to measure the respective construct. Thus, the instruments used for the data collection were valid and reliable to produce generalizable results with regards to the hypotheses of the study.

Table 5.5
Result of Reliability Analysis

Construct	Number of Items	Initial Cronbach's Alpha	Items Deleted	Final Cronbach's Alpha
Perceived Service Quality				
Reliability	5	0.869	Nil	0.869
Responsiveness	4	0.888	Nil	0.888
Tangibles	4	0.839	Nil	0.839
Assurance	4	0.882	Nil	0.882
Empathy	5	0.909	Nil	0.909
Corporate Image	5	0.922	Nil	0.922
Communication	9	0.934	Nil	0.934
Prior Experience	3	0.649	Nil	0.649
Information and Communication Technology	4	0.891	Nil	0.891
Customer Knowledge	4	0.843	Nil	0.843
Customer Satisfaction	4	0.902	Nil	0.902
Customer Loyalty	5	0.919	Nil	0.919

5.6.2 Construct Validity

Exploratory Factor Analysis (EFA) was conducted in this study. Factor analysis allows only the most relevant items to represent the construct, and such constructs demonstrate good construct validity. Tabachnick and Fidell (2001) recommended that the suitable sample size for performing factor analysis is 300. Thus, a sample size of 400 was sufficient enough to conduct the factor analysis. Factor analysis was conducted on antecedent variables namely, communication, ICT, customer knowledge and customers'

prior experience, perceived service quality, customer satisfaction, Corporate Image and customer loyalty.

5.6.2.1 Factor Analysis of Perceived Service Quality

Before conducting the factor analysis, the procedures checked the factorability of the data pertaining to perceived service quality. This should be done through the investigation of Kaiser-Meyer-Olkin (KMO) values and Bartlett's test. The result of factor analysis for items representing perceived service quality is presented in Table 5.6.The values of Kaiser-Meyer-Olkin (KMO) for all the dimensions ranged from 0.784 to 0.851 and the Bartlett's test showed a significant p value for the data for each dimension. In other words, these results indicate that the data regarding the PSQ can be factor-analyzed according the factorability indicators of all the dimensions of service quality. It is quite evident that factor loadings for all items representing perceived service quality construct were substantially high and exceeded the cut off value of 0.7, as suggested by Hair *et al*., (2010).

Table 5.6

Result of Factor Analysis for Perceived Service Quality

Construct	Items	Factor Loading	Variance %	KMO	EigenValue
Perceived Service Quality					
Reliability	RL1	0.842	66%	0.851	3.308
	RL2	0.863			
	RL3	0.850			
	RL4	0.776			
	RL5	0.727			
Responsiveness	RS1	0.906	75%	0.807	3.006
	RS2	0.747			
	RS3	0.892			
	RS4	0.912			
Tangibles	TA1	0.831	68%	0.784	2.723
	TA2	0.895			
	TA3	0.788			
	TA4	0.782			
Assurance	AS1	0.895	74%	0.808	2.965
	AS2	0.888			
	AS4	0.826			
	AS3	0.833			
Empathy	EM1	0.806	74%	0.849	3.679
	EM2	0.898			
	EM3	0.909			
	EM4	0.838			
	EM5	0.816			

5.6.2.2 Factor Analysis of Customer Satisfaction

The result of factor analysis for items measuring customer satisfaction is presented in Table 5.7. The value of 0.789 for Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy indicates good factorability of the construct. It is quite evident that factor loadings for all items representing Customer Satisfaction construct were fairly high and exceeded the cut-off value of 0.7. The values of factor loadings ranged from 0.865 to

0.894. In addition, the used items reflect 77% of the variance in the customer satisfaction construct.

Table 5.7
Result of Factor Analysis for Customer Satisfaction

Construct	Items	Factor Loading	Variance %	KMO	EigenValue
Customer Satisfaction	ST1	0.893	77%	0.789	3.099
	ST2	0.865			
	ST3	0.868			
	ST4	0.894			

5.6.2.3 Factor Analysis of Customer Loyalty

With regards to the customer loyalty, the results of factor analysis for the items representing the construct are illustrated in Table 5.8. The value of 0.887 for Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy indicates high factorability of the items. The results also show that all the factor loadings for all items representing Customer Loyalty construct were fairly high and exceeded the cut-off value of 0.7 ranging from 0.786 to 0.912. Additionally, the items reflect 76% of the variance in the customer loyalty construct.

Table 5.8
Result of Factor Analysis for Customer Loyalty

Construct	Items	Factor Loading	Variance %	KMO	EigenValue
Customer Loyalty	LY1	0.873	76%	0.887	3.803
	LY2	0.912			
	LY3	0.889			
	LY4	0.786			
	LY5	0.894			

137

5.6.2.4 Factor Analysis of Corporate Image

The result of factor analysis for items measuring corporate image showed a Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy value of 0.862 and a significant Bartlett's test indicating the factorability of the data as presented in Table 5.9. Moreover, all the factor loadings of the used items had fairly high values exceeding the cut-off value of 0.7 ranged from 0.826 to 0.940 and the items explain 76% of the variance in the corporate image construct.

Table 5.9

Result of Factor Analysis for Corporate Image

Construct	Items	Factor Loading	Variance %	KMO	EigenValue
Corporate Image	CI1	0.857	76%	0.862	3.820
	CI2	0.830			
	CI3	0.826			
	CI4	0.912			
	CI5	0.940			

5.6.2.5 Factor Analysis of Communication

The statistical result of factor analysis for items designed to measure the communication construct showed that these items are factor-analyzed since the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy indicates had the value of 0.880 and the Bartlett's test was significant. In addition to that, all the items were highly loaded on the communication construct with loading ranging from 0.697 to 0.877. The used items could explain 66% of the variance in the communication construct as depicted in Table 5.10.

Table 5.10
Result of Factor Analysis for Communication

Construct	Items	Factor Loading	Variance %	KMO	EigenValue
Communication	CC2	0.800	66%	0.880	5.916
	CC4	0.821			
	CC5	0.835			
	CC6	0.805			
	CC7	0.851			
	CC8	0.844			
	CC9	0.877			
	CC10	0.697			
	CC13	0.752			

5.6.2.6 Factor Analysis of Prior Experience

Result of factor analysis for items representing Prior Experience is presented in Table 5.11. The value of 0.6 for Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy indicates good factorability of the construct. It is quite evident that factor loadings for all items representing Prior Experience construct were fairly high and exceeded the cut-off value. The values of factor loadings ranged from 0.600 to 0.869. In addition, the variance explained by the factor was 59%.

Table 5.11
Result of Factor Analysis for Prior Experience

Construct	Items	Factor Loading	Variance %	KMO	EigenValue
Prior Experience	1	0.869	59%	0.600	1.776
	PE2	0.826			
	PE3	0.600			

5.6.2.7 Factor Analysis of Information and Communication Technology (ICT)

Table 5.12 illustrated the result of factor analysis for the set of items used to measure Information and Communication Technology (ICT). The value of Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy as 0.803 indicates good factorability of the items. The factor loading of all the items is indicating a good content validity. Specifically, all items representing Information and Communication Technology (ICT) construct were having high loadings ranging from 0.846 to 0.888 and exceeding the cut-off value of 0.7. This set of items, however, reflects 76% of the variance in the ICT construct.

Table 5.12
Result of Factor Analysis for Information and Communication Technology(ICT)

Construct	Items	Factor Loading	Variance %	KMO	EigenValue
ICT	ICT2	0.879	76%	0.803	3.024
	ICT3	0.865			
	ICT4	0.888			
	ICT5	0.846			

5.6.2.8 Factor Analysis of Customer Knowledge

Result of factor analysis for items representing Customer Knowledge is presented in Table 5.13. The value of 0.807for Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy indicates good factorability of the construct. It is quite evident that factor loadings for all items representing Customer Knowledge construct were fairly high and exceeded the cut-off value of 0.5. The values of factor loadings ranged from 0.814 to 0.843 and the items reflecting 68% of the variance in the customer knowledge construct.

Table 5.13

Result of Factor Analysis for Customer Knowledge

Construct	Items	Factor Loading	Variance %	KMO	EigenValue
Customer Knowledge	CK1	0.817	68%	0.807	2.727
	CK2	0.827			
	CK3	0.843			
	CK4	0.814			

5.7 Regression Analysis Assumptions

Before examining the hypothesized model, the regression assumptions are tested (Hair *et al*., 2010) as explained in the following sub-sections.

5.7.1 Normality Testing

The assumption of normality was investigated via the residuals normality probability plots. Normality was confirmed through the use of histogram and normal probability plot (P-P plots) of the regression standardized residual. Figures 4.1 and 4.2 show that the data distribution behavior did not significantly veer off from the normal curve and this indicates normal data distribution.
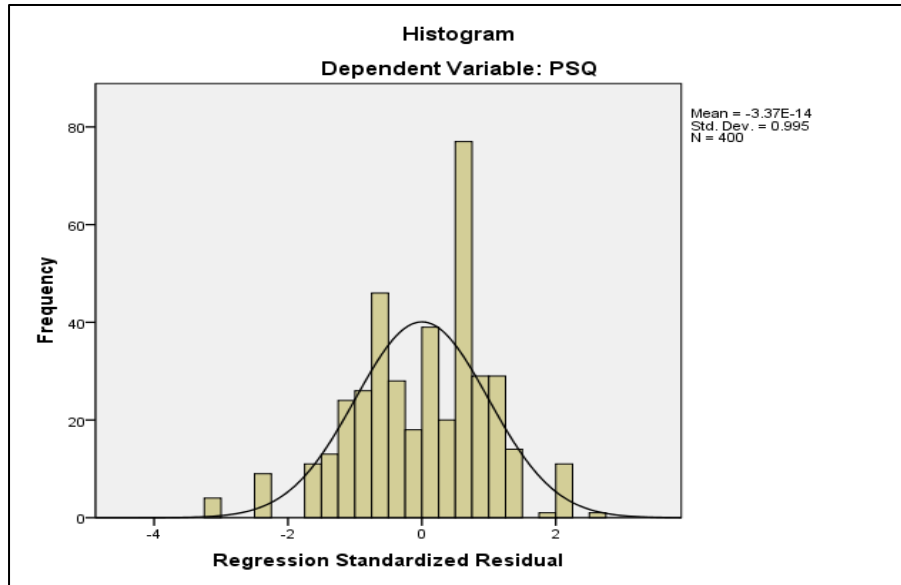
Figure 5.1
Histogram of the Regression Residuals
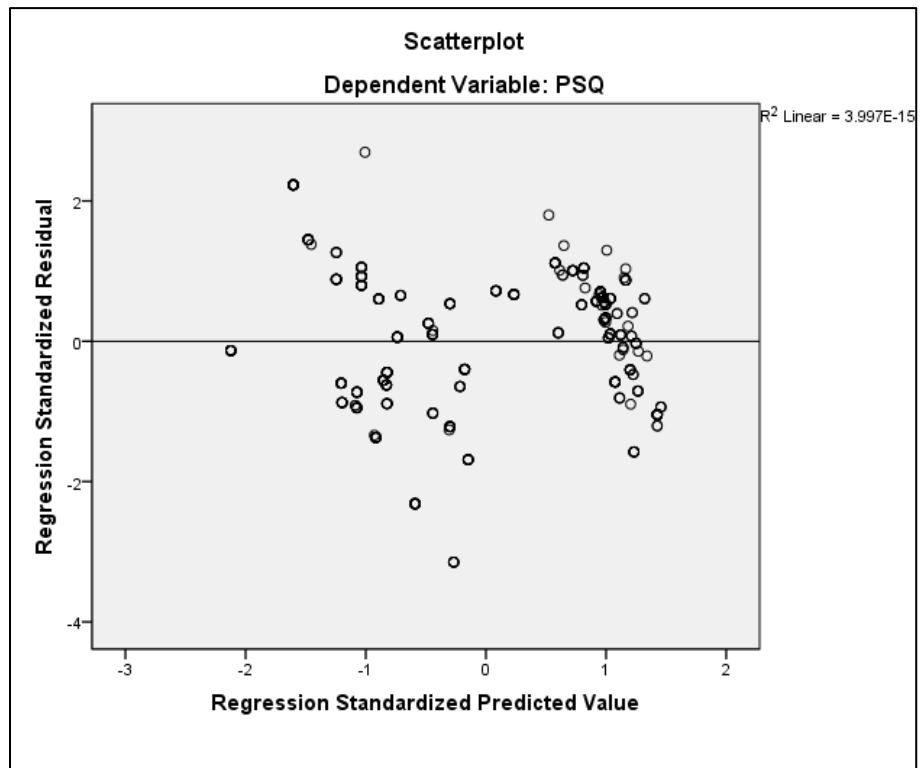
Figure 5.2
The Scatterplot of the Regression Residuals

As mentioned, normality was also confirmed through P-P plot and Q-Q plot, where the two plots revealed that the data lies on straight lines in both graphs, indicating normal distribution of data.
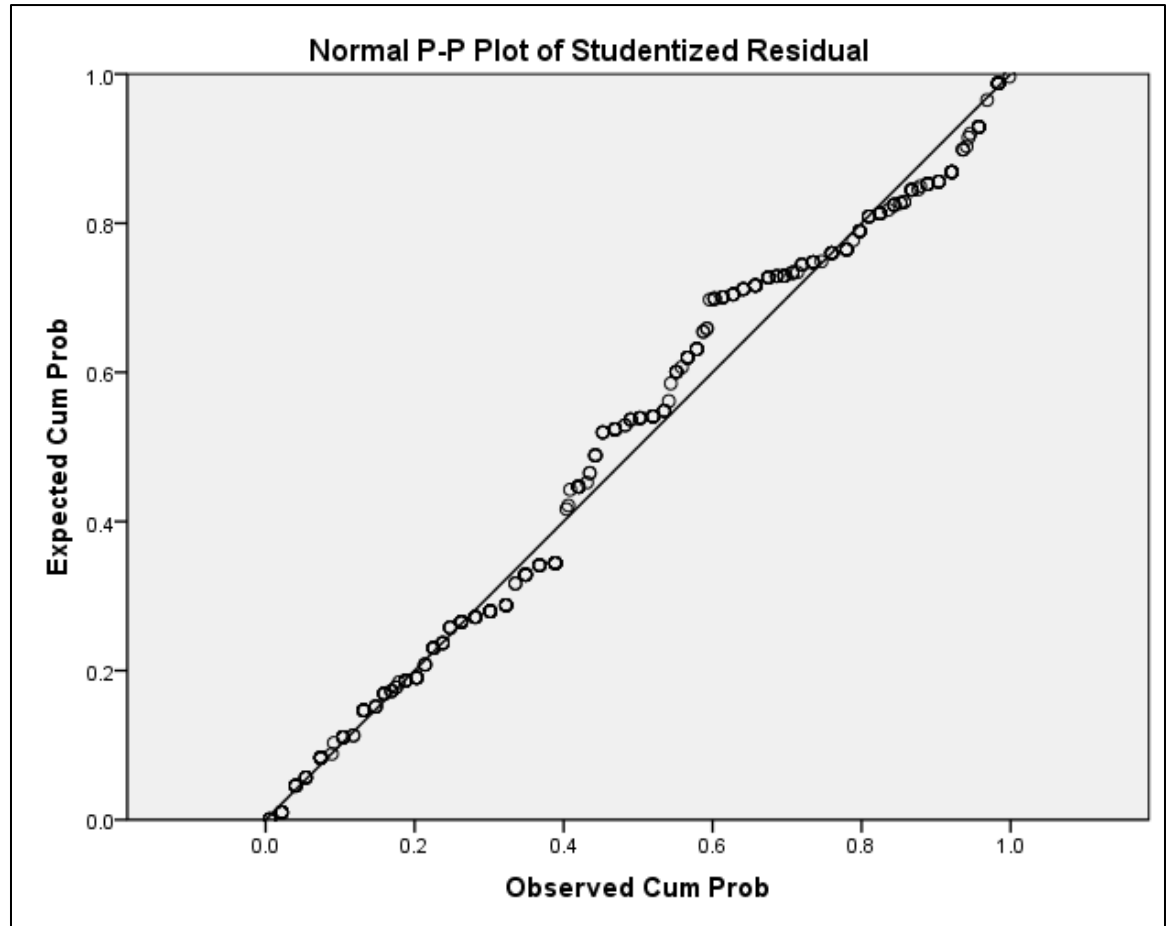
Figure 5.3
Testing Normality Using Normal Probability Plot
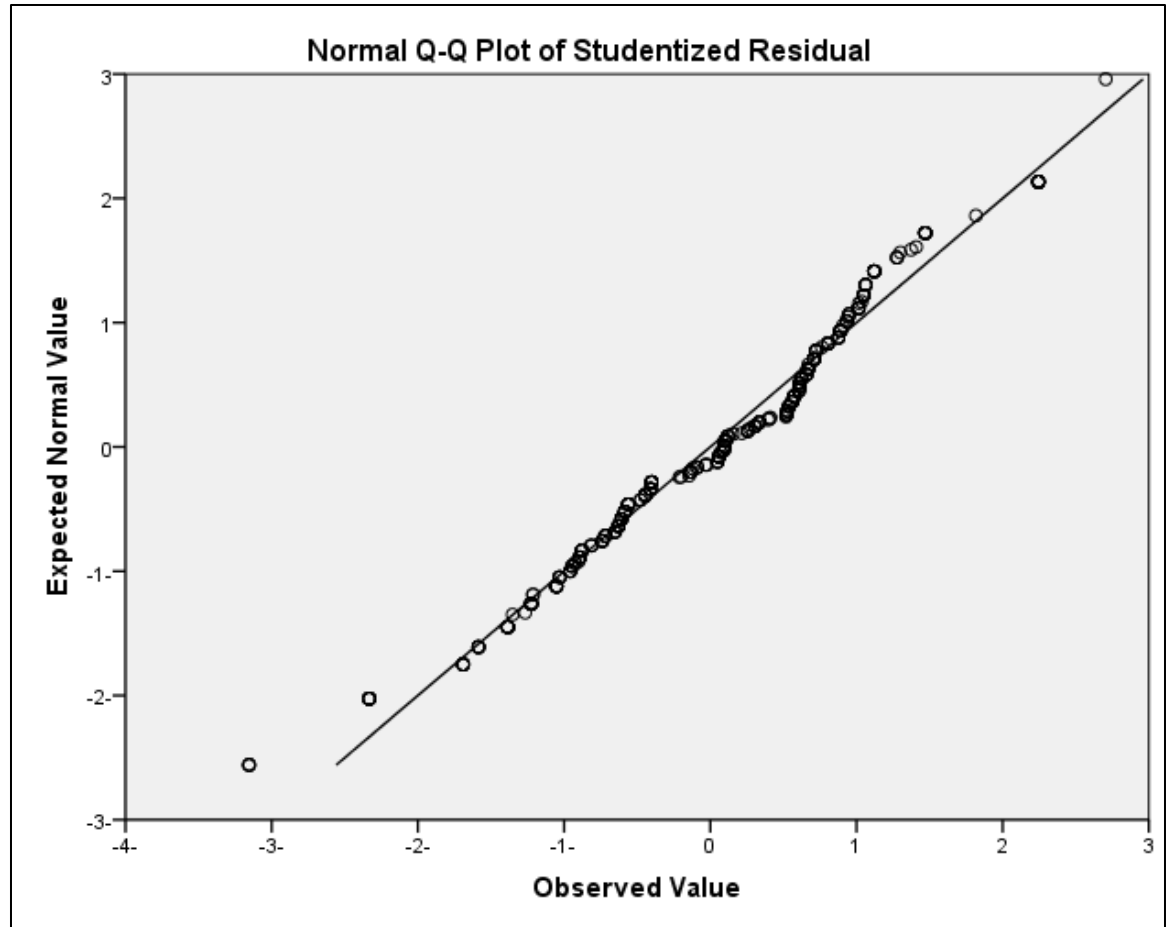
Figure 5.4
Testing Normality using Q-Q Plot

To further confirm, the normality of the data was examined by checking the skewness
and kurtosis indicators. However, these results showed that both skewness and kurtosis
fell in the range -1.0 and 1.0 indicating an approximate normality of the residuals as can
be seen in Table 5.14 (Hair *et al*., 2010).

Table 5.14
Testing Normality using Skewness and Kurtosis

Indicator	Statistic	Std. Error
Skewness	-0.317	0.122
Kurtosis	0.325	0.243

According to the above discussion, the normality of error terms was confirmed and following this confirmation, the following assumptions are examined; linearity, homoscedasticity, and independence of error terms.

5.7.2 Detection of Outliers

It is quite imperative to detect any influential outliers before moving further with analysis of data. Mahalanobis distance (d^2) was employed to detect the outliers. We employed the method proposed by Tabachnick and Fidell (2007) to detect the outliers and used the number of variables (i.e. 4) to represent the degree of freedom at $p < 0.001$.

Based on the analysis performed and the Mahalanobis distance measure, the Mahalanobis distances for all the observations were found to be between 0.318 and 14.045. All these values are lower than the Chi Square value with 4 degrees of freedom at the 0.001 level of significance, which is 18.467. This finding indicates that the data is free from the outliers that could affect the obtained results.

5.7.3 The Issue of Multicollinearity

Before moving forward with advanced multivariate analysis, it is pertinent to verify that multicollinearity does not exist. The absence of multicollinearity is one of the basic

assumptions to meet the requirements of conducting multiple regression analysis. Multicollinearity refers to existence of strong correlations among independent variables.

To examine the multicolinearity issue, the variance inflation factor (VIF) was calculated. VIF indicates the impact that other independent variables have on the standard error of regression coefficient. Multicollinearity problem is said to exist if VIF is over 10 (Hair *et al*., 2010). Based on the results in Table 5.15 all the VIF values are less than 10 or even 5 indicating the non-existence of the multicolinearity problem.

Table 5.15
Testing Normality using VIF

Variable	Collinearity Statistics	
	Tolerance	VIF
Communication	0.258	3.878
Prior Experience	0.259	3.866
ICT	0.371	2.698
Customer Knowledge	0.844	1.184

5.7.4 Testing the Linearity, Homoscedasticity and the Independence of Errors

The linearity, homoscedasticity and the independence of the error terms were examined in the present study through the residuals scatterplot as presented in Figure 4.2.

Figure 4.2 presents no clear relationship between the residual and the predicted value and thus, as recommended by Hair *et al*. (2010), because such clear relationship does not exist, then linearity, homoscedasticity and the independence of residuals are confirmed.

After all the regression assumptions were verified and met, this study conducted the regression analysis using SPSS 19.0 to examine the predictive power of the hypothesized

model. In other words, the main purpose of the multiple regression analysis was to determine the exploratory predictive power of each independent variable toward the dependent variable.

In this regard, Hair *et al*. (2010) emphasized that sample size directly affects the predictive power of multiple regression analysis. In order to get highly reliable and valid results, Hair *et al*. (2010) recommended at least 15-20 observations per independent variable. According to him, the coefficient of determination, R^2, signifies the measure of the goodness of the model by pointing to the variance of the dependent variable explained by the independent variables. As this study had a sample size in excess of 400, thus it was highly sufficient for performing multiple regression analysis. The following section presents the findings of the hypothesis testing.

5.8 Testing of Hypotheses

After the confirmation of validity and reliability of instruments, the research went on to test the hypotheses. In a bid to examine the hypotheses, H1 to H6, correlation analysis was employed, H7 was tested through multiple regression, H8 through mediation analysis, and finally H9 through hierarchical regression. Regression analysis demonstrates the effect of independent variables on the dependent variables. Mediation analysis verifies whether the customer satisfaction which was hypothesized as a mediating variable partially or fully mediates the relationship between the independent and dependent variable. The moderation effect of corporate image on the relationship between the perceived service quality and the customer satisfaction was also examined through the hierarchical regression analysis.

147

5.8.1 Pearson Correlation Analysis

Pallant (2011) stated that correlation analysis is useful in describing the strength and direction of the linear relationship between two variables. More specifically, the Pearson correlation analysis (continuous variables) was employed to assess and clarify the strengths of the relationship among the study variables. In determining the correlation strength, Hair *et al*. (2010) recommended that the correlation 0 shows no relationship, while the correlation ±1.0 shows perfect relationship. Cohen (1988), on the other hand, interpreted the correlation between 0 and 1.0 as follows; the correlation (r) between ±0.1 and ±0.29 shows small relationship, between ±0.30 and ±0.49 shows medium relationship and above ±0.50 shows strong relationship.

Table 5.16
Correlation Analysis Results

Constructs	1	2	3	4	5	6	7	8	9	10	11	12
(1) Reliability	1											
(2) Responsiveness	.836**	1										
(3) Tangible	.867**	.802**	1									
(4) Assurance	.865**	.837**	.819**	1								
(5) Empathy	.882**	.861**	.876**	.876**	1							
(6) Corporate Image	.878**	.845**	.784**	.906**	.872**	1						
(7) Communication	.846**	.853**	.832**	.860**	.856**	.911**	1					
(8) Prior Experience	.803**	.844**	.792**	.839**	.863**	.820**	.837**	1				
(9) ICT	.715**	.779**	.700**	.791**	.746**	.805**	.761**	.758**	1			
(10) Customer Knowledge	.336**	.322**	.261**	.367**	.281**	.352**	.369**	.379**	.275**	1		
(11) Customer Satisfaction	.851**	.834**	.724**	.758**	.833**	.823**	.822**	.752**	.687**	.268**	1	
(12) Customer Loyalty	.888**	.800**	.796**	.832**	.856**	.836**	.840**	.812**	.724**	.412**	.883**	1

**. Correlation is significant at the 0.01 level (2-ailed).

Based on above Table 5.16 the result of this study showed that all correlations are less than 0.90. This is consistent with the statement of Hair *et al*. (2010) that the correlation matrix should not exceed 0.90 to ensure that the multicolinearity issue is not present in this study.

In this study, the Pearson correlation tests were conducted on four variables (H1 to H4) namely communication, information and communications technology (ICT), customer knowledge and prior experience with perceived service quality. Moreover, this study also used Pearson correlation tests to test the relationship between perceived service quality and customers' satisfaction (H5) and to test the relationship between customers' satisfaction and customer's loyalty (H6).

5.8.1.1 The Relationship between Communication Perceived Service Quality

To test the hypothesis pertaining to the effect of communication on the perceived service quality, the correlation analysis was run to test the developed hypotheses H_1. This hypothesis is articulated in the following:

Hypothesis 1: A positive relationship exists between communication and service quality in which the more efficient communication insurance companies utilise, the better service quality customers perceive.

As shown in Table 5.17, the relationship between communication perceived service quality was found to be strong, positive and significant at the level of 0.01 (r=0.904**, p<0.01).

Table 5.17
Pearson Correlation Analysis Results of Communication

Variable	PSQ
Communication	0.904**

** Correlation is significant at the 0.01 level (2-tailed).

5.8.1.2 The Relationship between Information and Communications Technology (ICT) and Perceived Service Quality

To test the hypothesis pertaining to the effect of communication, ICT, customer knowledge and customer experience on the perceived service quality (H_2), the correlation analysis was run. This hypothesis is articulated in the following:

Hypothesis 2: *A positive relationship exists between ICT and service quality in which the more ICT adoption and use insurance companies utilise, the better service quality customers perceive.*

The Pearson correlation test was used to test the relationship between information and communications technology (ICT) and perceived service quality. The result illustrated that there is a strong positive association between information and communications technology (ICT) and perceived service quality at the level of 0.01 (r=.794**, p<0.01) as provided in Table 5.18.

Table 5.18
Pearson Correlation Analysis Results of ICT

Variable	PSQ
ICT	.794**

** Correlation is significant at the 0.01 level (2-tailed).

5.8.1.3 The Relationship between Customer Knowledge and Perceived Service Quality

To test the hypothesis pertaining to the effect of communication, ICT, customer knowledge and customer experience on the perceived service quality, correlation analysis was run to test the developed hypothesis (H_3). This hypothesis is articulated as follows:

Hypothesis 3: A positive relationship exists between customer knowledge and service quality in which the more knowledge customers have about the rules and regulations of insurance in Saudi Arabia, the better service quality customers perceive.

The Pearson correlation test was used to test the relationship between Customer Knowledge and Perceived Service Quality. The result illustrated a strong positive association between the two constructs at the significance level of 0.01 (r=.331**, p<0.01) as provided in Table 5.19.

Table 5.19
Pearson Correlation Analysis Results of Customer Knowledge

Variable	PSQ
Customer Knowledge	.331**

**. Correlation is significant at the 0.01 level (2-tailed).

5.8.1.4 The Relationship between Prior Experience and Perceived Service Quality

To test the hypothesis pertaining to the effect of communication, ICT, customer knowledge and customer experience on the perceived service quality, the correlation analysis was run to test the fourth hypothesis (H_4) articulated as follows;

Hypothesis 4: *A relationship exists between customers' prior experience with the insurance company and their perceptions about service quality.*

The Pearson correlation test was used to test the relationship between prior experience and perceived service quality. The result illustrated that there is a strong positive association between prior experience and perceived service quality at the level of 0.01 (r=0.883**p<0.01) as provided in Table 5.20.

Table 5.20
Pearson Correlation Analysis Results of Prior Experience

Variable	PSQ
Prior Experience	0.883**

**. Correlation is significant at the 0.01 level (2-tailed).

5.8.1.5 The Relationship between Perceived Service Quality and Customer Satisfaction

To test the hypothesis regarding the relationship between perceived service quality and customer loyalty the following hypothesis (H_5) was proposed:

Hypothesis 5: *A positive relationship exists between service quality and customer loyalty in which the better service quality customers perceived, the higher level of satisfaction they possess.*

The Pearson correlation test was used to test the relationship perceived service quality and customer satisfaction. The result illustrated that there is a strong positive association between the two at the level of 0.01 (r=.852**p<0.01) as provided in Table 5.21.

Table 5.21
Pearson Correlation Analysis Results of PSQ

Variable	Customer Satisfaction
PSQ	.852**

** Correlation is significant at the 0.01 level (2-tailed).

5.8.1.6 The Relationship between Customer Satisfaction and Customer Loyalty

To test the hypothesis pertaining to the relationship between perceived service quality and customer satisfaction the hypothesis below was proposed;

Hypothesis 6: *A positive relationship exists between Perceived Service Quality and Customer Satisfaction in which higher levels of Perceived Service Quality lead to more Customer Satisfaction.*

The Pearson correlation test was used to test the customer satisfaction and customer loyalty. The result illustrated that there is a strong positive association between customer satisfaction and customer loyalty at the level of 0.01 (r=0.883**p<0.01).

Table 5.22
Pearson Correlation Analysis Results of Customer Satisfaction

Variable	Customer Loyalty
Customer Satisfaction	.883**

**. Correlation is significant at the 0.01 level (2-tailed).

5.9 Multiple Regression Analysis of the Perceived Service Quality and Customer Satisfaction on Customer Loyalty

After examining the effect of perceived service quality on customer loyalty, multiple regression analysis was run to test H_7. The purpose was to measure the combined predictive power of perceived service quality and customer satisfaction in explaining customer loyalty in insurance companies in Saudi Arabia. In other words, the aim was to

observe to what extent customer loyalty is influenced by perceived service quality and customer satisfaction associated with the products and services provided by the customers of insurance companies.

This model examines the effect of customer satisfaction on customer loyalty as has been hypothesized in the following:

Hypothesis 7: A positive relationship exists between perceived service quality, customer satisfaction on customer loyalty in which higher levels of PSQ and customer satisfaction lead to more customer loyalty.

The regression results of the aforementioned model were presented in Table 5.23 where the results pertaining to the effect of perceived service quality and customer satisfaction on customer loyalty to the customers of insurance company were clearly reported. The coefficient of determination, R^2, of 85% indicates a high model fit in the light of suggestions proposed by Cohen (1988), as the value exceeded 0.84 indicating a substantially good model fit.

Further, the model was proven to be valid since the F value was significant at the 0.001 level of significance (F value=1090.174, $p<0.001$). Thus, overall the results indicate quite good predictive power of perceived service quality and customer satisfaction in explaining customer loyalty. It is demonstrated that perceived service quality and customer satisfaction significantly impact customer loyalty.

The results pertaining the effect of customer satisfaction on customer loyalty showed that it is significant at the 0.01 level of significance (β= 0.464, t value= 12.354, p<0.01). Therefore, on the basis of above mentioned results, hypothesis H_7 was supported.

Table 5.23
The Effect of Perceived Service Quality and Customer Satisfaction on Customer Loyalty

Variable	Standardized Coefficients Beta	T Value	P Value
Perceived Service Quality	0.491***	13.069	0.000
Customer Satisfaction	0.464***	12.354	0.000
R Square			0.846
Adjusted R Square			0.845
F Value			1090.174
F Value Sig			0.000

***:p<0.01;**:p<0.05;*:p<0.10

5.10 The Mediating Effect of Customer Satisfaction

In order to test H_8 that posited the mediating effect of customer satisfaction on the relationship between perceived service quality and customer loyalty, mediation analysis was conducted following the method suggested by Baron and Kenny (1986) and the Soble test.

In the Baron and Kenny (1986) methodology, the effect of the independent variables on the dependent variable must be significant. In addition, the effect of the independent variables on the mediator and the effect of the mediator on the dependent variable must

be significant. These conditions must be fulfilled before the mediation effect is concluded. To decide whether the mediation is full or partial, one should examine the effect of the independent variable on the dependent variable when the mediator is accounted for. If the effect of the independent variable on the dependent variable is still significant, the mediator is partial. However, if the effect significance has diminished, the mediator is said to be a full mediator.

Figure 5.5 depicts the significance of the relationship between the independent variable (perceived service quality) and the dependent variable (customer loyalty) without accounting for the effect of the mediator (customer satisfaction), that is the direct effect of PSQ on customer loyalty. This relationship is denoted as (c). The coefficient value of 0.887 shows a highly significant effect at the 0.01 level of significance as discussed earlier without taking mediation effect into consideration.
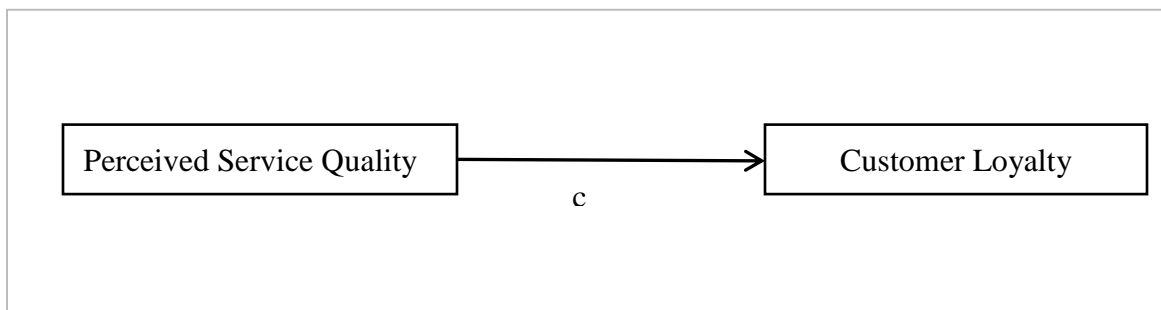

Figure 5.5
The Direct Relationship between Perceived Service Quality and Customer Loyalty

Hypothesis 8: Customer satisfaction mediates the relationship between perceived service quality and customer loyalty.

Table 5.24
The Inputs of the Mediation Analysis

Hypothesis	A	b	C	c'	a*b
	PSQ-->CS	CS-->CL	PSQ-->CL	PSQ-->CL	
PSQ ---->CS -----> CL	0.852***	0.464***	0.887***	0.491***	0.395***

***:p<0.01

After examining the direct effect of perceived service quality on customer loyalty, the next step is to examine the relationship between the perceived service quality and the customer satisfaction (a) and the relationship between the customer satisfaction and the customer loyalty (b). Based on the results reported in Table 5.24, a,b and c are found to be significant at the 0.01 level of significance and thus all the conditions set by Baron and Kenny (1986) for mediation testing are fulfilled.

Figure 5.6 illustrates the relationship between the independent variable (perceived service quality) and the dependent variable (customer loyalty) when accounting for the effect of the mediator (customer satisfaction). This relationship is denoted as (c') and its value of 0.491 is significant at the 0.01 level of significance.
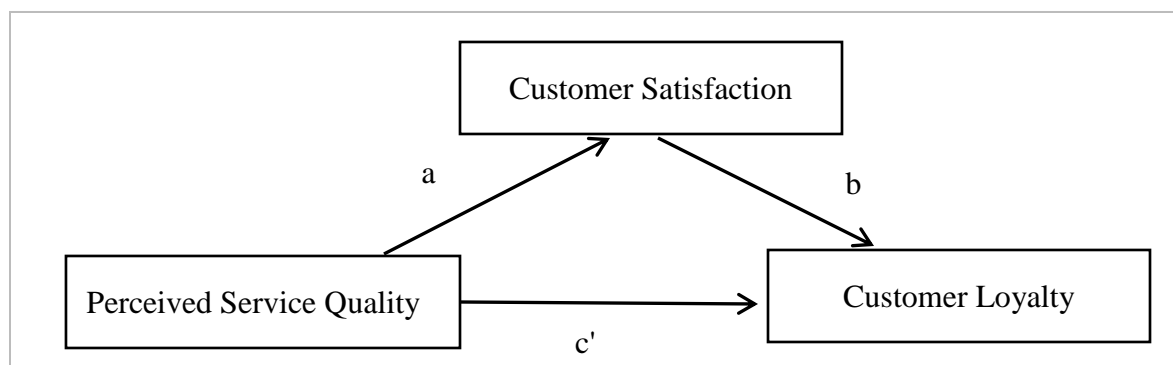

Figure 5.6
Mediating Effect of Customer Satisfaction on the Relationship between Perceived Service Quality and Customer Loyalty

It is however important to note that in order to determine whether the mediator variable partially mediates or fully mediates the relationship between independent and dependent variable, the value of (c') must be examined whether it is significant or not (Baron and Kenny, 1986). If the value is still significant, the mediation is partial. However, if the significance of (c') is diminished, the mediation is considered as full mediation. According to the significance of the value of (c'), the results in this study confirmed that the customer satisfaction is a partial mediator between the PSQ and the customer loyalty as detailed in Table 5.25.

However, to calculate the variance accounted for through the mediating variable, the following formula is used;

$$Variance\ Accounted\ For\ (VAF) = \frac{a * b}{a * b + c'}$$

$$Variance\ Accounted\ For = \frac{0.395}{0.395 + 0.491} = .443$$

It shows that 44% of the variance is transformed through the customer satisfaction while 56% is transformed directly.

In addition to Baron and Kenny (1986) method, Sobel test was also employed to verify the mediation effect. The next step is to examine the indirect path between the PSQ and customer loyalty a*b which was found to be significant at the 0.01 level of significance. This finding supports the mediating effect of customer satisfaction between the PSQ and customer loyalty. Thus H_8 was supported.

Table 5.25
Type of Mediating Effect of CS on the Relationship between PSQ and CL

| Hypothesis | C | c' | a*b | Baron & Kenney (1986) | Sobel test | |
				Decision	P Value	Decision
PSQ ---->CS -----> CL	0.887***	0.491***	0.395	Partial Mediation	0.000	Mediation

PSQ = Perceived Service Quality; CS = Customer Satisfaction; CL = Customer Loyalty***:p<0.01

5.11 The Moderating Influence of Corporate Image

The moderating variable is the variable that moderates the strength of causal effects from independent variable X, such as, perceived service quality to its dependent variable Y, such as customer satisfaction. Here, the corporate image is said to be a moderator variable on the relationship between PSQ and the customer satisfaction. As stated by Hair *et al*. (2010), the moderating variable can strengthen the relationship or change the form of the relationship from stronger to weaker or vice versa. The moderating effect was hypothesized as follows:

Hypothesis 9: *Corporate image moderates the relationship between perceived service quality and customer satisfaction.*

To examine the moderating effect of corporate image on the relationship between perceived service quality and customer satisfaction, the hierarchical regression modeling was employed. Specifically, three models were generated as showed in Table 5.26. The results showed that the three models were valid and have good fits with adjusted R^2 values of 73%, 74% and 75% respectively.

The results also show that corporate image has a negative moderating effect on the relationship between PSQ and customer satisfaction as reported in Table 5.26 and visualized in Figure 5.7. Thus hypothesis H9 is supported.

Table 5.26

The Moderation Effect of Corporate Image on the Relationship between PSQ and CS

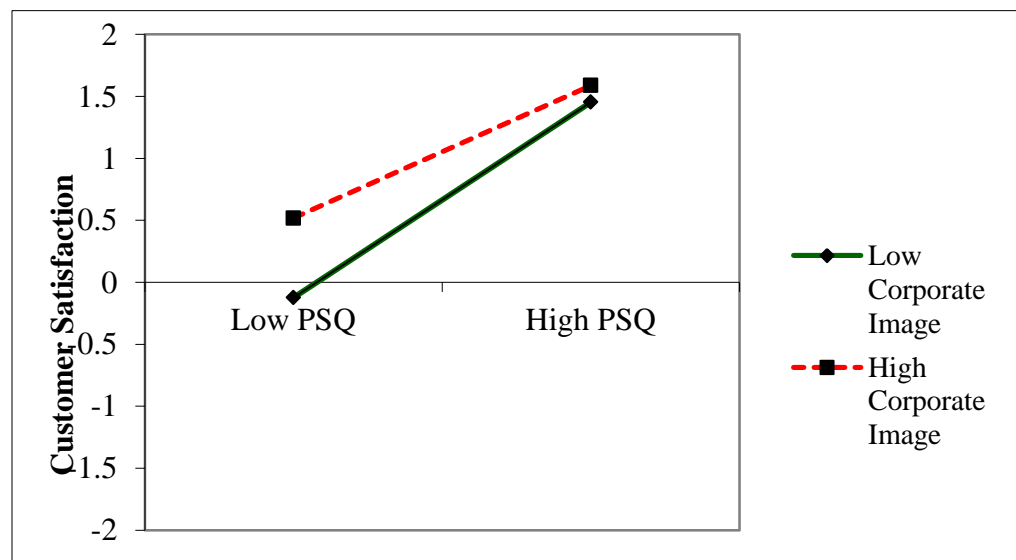| Variables	Model 1			Model 2			Model 3		
	Beta	T Value	p Value	Beta	T Value	p Value	Beta	T Value	p Value
PSQ	0.852***	32.434	0.000	0.597***	9.625	0.000	0.643***	10.316	0.000
Corporate Image				0.279***	4.502	0.000	0.203***	3.144	0.002
PSQ_CI							(-)0.101***	-3.680	0.000
R Square			0.726			0.739			0.747
Adjusted R Square			0.725			0.738			0.746
F Value			1052			562			391
F Value Sig			0.000			0.000			0.000

***:p<0.01;**:p<0.05;*:p<0.10

Figure 5.7

The Moderation Effect of Corporate Image on the Relationship between PSQ and CS

As illustrated in the graph in Figure 5.7, in both low and high corporate image situation the high perceived service quality leads to high customer satisfaction.

To conclude the findings of multiple regression analysis and mediation analysis, a summary of results is presented in Table 5.27 as follows.

Table 5.27
Summary of Hypotheses Testing Analysis

Hypothesis	Description	Decision
H_1	A positive relationship exists between communication and service quality in which the more efficient communication insurance companies utilize, the better service quality customers perceive.	Supported
H_2	A positive relationship exists between ICT and service quality in which the more ICT adoption and use insurance companies utilize, the better service quality customers perceive.	Supported
H_3	A positive relationship exists between customer knowledge and service quality in which the more knowledge customers have about the rules and regulations of insurance in Saudi Arabia, the better service quality customers perceive.	Supported
H_4	A relationship exists between customers' prior experience with the insurance company and their perceptions about service quality	Supported
H_5	A positive relationship exists between service quality and customer satisfaction in which the better service quality customers perceived, the higher level of satisfaction they possess.	Supported
H_6	A positive relationship exists between Perceived Service Quality and Customer Satisfaction in which higher levels of Perceived Service Quality lead to more Customer Satisfaction.	Supported
H_7	A positive relationship exists between perceived service quality, customer satisfaction on customer loyalty in which higher levels of PSQ and customer satisfaction lead to more customer loyalty.	Supported
H_8	Customer satisfaction mediates the relationship between perceived service quality and customer loyalty.	Partial Mediation
H_9	Corporate image moderates the relationship between service quality and customer satisfaction.	Supported

5.12 Summary of the Chapter

In this section, the findings of this study are presented. The chapter started with a discussion of validity and reliability of the instrument, factor analysis was conducted and the Cronbach's alpha values of latent variables were assessed.

Following factor analysis, hypotheses testing modeling was employed. Hypotheses were tested using multiple regression analysis to examine the predictive power of independent variables. In addition, mediation analysis was conducted following the recommendation of Baron and Kenny (1986) in order to determine the mediation effect. Moreover, Sobel test was also used to confirm the effect of mediation. The moderating effect was tested employing the hierarchical regression analysis and the conclusion was made based on the analytical and graphical representation of the results.

Overall, the findings revealed that all the hypothesized effects were supported. A discussion on the findings and the implications are discussed in detail in the next chapter.

CHAPTER SIX

CONCLUSION, DISCUSSION AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the summary of the study findings and explains the contributions of the study - contributions to the literature and practical contributions. In section 6.5, the limitations of the study are discussed based on which the section 6.6 provides suggestions for future research. Finally, the chapter concludes the study in the last section.

6.2 Summary of the Study

The primary goal of the present study is to examine the antecedents and outcomes of service quality in the context of Saudi Arabian insurance sector and through this achievement, attain theoretical as well as practical significance. The study attempts to contribute to literature dedicated to the service quality in the insurance industry, and the various factors related with providing such services. At the same time, the study is also an attempt to contribute to the insurance sector of Saudi Arabia as represented by the several insurance firms operating in the country through the recommendations synthesized from the results. These recommendations are expected to function as guidelines for insurance firms in order to contribute to the society and country at large.

Accordingly, the study investigates the relationship between service quality, customer satisfaction and customer loyalty that has been extensively investigated in literature in the context of various countries. This study contributes to literature by taking a step further

and focusing on the several antecedent and moderating factors highlighted by prior researches to impact various industries and environments.

In this background, service quality has four antecedent variables namely communication, ICT, customer's knowledge and customer's prior experience and these were suggested by prior authors (Bolton, Lemon and Bramlett, 2006; Al-Mudhimigh, 2009; Rahim, 2010; Saaty, 2011; Duodu and Amankwah, 2011; Uapdhyaya and Badlani, 2011; Sivesan, 2012) to be examined. The present study considers these antecedents in the study framework and examines the moderating effect of corporate image on the relationship between service quality and customer satisfaction (Tarus & Rabach, 2013). By incorporating all these variables into the well-established link among customer satisfaction, service quality and customer loyalty, the present research gains its theoretical contribution. In other words, it is hoped that the framework designed for the current study would provide a better understanding and a clearer picture about the service quality in the insurance industry in terms of consequences and antecedents.

Apart from that, it has been mentioned earlier that majority of studies dedicated to service quality, especially in the insurance industry concentrated on developed nations and some developing Asian nations like Japan and Singapore, while the rest of the emerging nations have so far been ignored (Yang & Jolly, 2009). This indicates that the understanding as to operation and interplay of constructs is largely dependent on Western proposed theories and revelations. Such theories may be applicable to the Saudi context but they may not provide a clear insight into the way service quality functions in a country like Saudi Arabia – one that has a different culture, particularly when it comes to

the aspect of masculinity (Bendle, 2007). Hence, the investigation of service quality in terms of its antecedents and outcomes, in this context provides ample theoretical contribution in the construct and its variables cross-cultural aspect.

Earlier, it was also mentioned that Saudi Arabia was not benefiting from the development and enhancements of the insurance systems worldwide despite the fact that countries around the world whether developed or developing were benefiting from the same (Ansari, 2011). It was also elaborated that several specific variables such as economic, legal, political and social factors may impact the insurance demand level in an economy (Beck & Webb, 2003; Esho *et al*., 2004). This means that any attempt to reform and enhance the insurance sector and the services provided by the insurance companies in Saudi Arabia should stem from a change in the philosophy of policy makers and the way this philosophy finds its way to the minds of the Saudi people.

It should be taken into account that it was not until initial reforms were introduced in the year 2004, that Saudi Arabia's insurance industry improved from its disorganized, lack of structure, and underperformance characteristics (Ansari, 2011). Since then, the insurance sector started to witness growth but even this growth did not take place because people were satisfied with the services provided by insurance companies nor was it because these services were perceived to be of high quality by the users but this growth is mainly attributed to the top business lines like motor insurance and health insurance for both expatriates and Saudis alike, constituting over 70% of the total insurance market (The Saudi Insurance Market Report, 2009). In other words, the growth and increase in the number of Saudi people signing up for insurance plans took place simply because Saudis

do not have a choice. Thus, it is hoped that the present research would draw the attention of Saudi insurance managers and policy makers to the importance of delivering quality services to the users as this would help the Saudi insurance companies survive and succeed in highly competitive market. This would in turn lead to recruiting more voluntary customers while at the same time ensure that existing customers are satisfied and loyal.

This study has many targets to achieve; first is to examine the relationship between antecedents of PSQ namely, communication, ICT, knowledgeable and prior experience and service quality. Second is to investigate the relationship between perceived service quality and customer loyalty. Third is to explore the association between perceived service quality and customer satisfaction and fourth, it is to examine the relationship between perceived service quality and customer satisfaction on customer loyalty. Fifth, to determine the mediating effect of customer satisfaction on the relationship between perceived service quality and customer loyalty and finally, to test the moderating influence of corporate image in the relationship between perceived service quality and customer satisfaction. This study is applied to Saudi companies in the insurance industry.

In sum, our research model illustrates that customer loyalty is interrelated with a complicated web of antecedent variables (communication, information & communications technology (ICT), customer knowledge, prior experience), customers' satisfaction and corporate image, with the aim to achieve the following objectives:

Based on above discussion, this study is attempted to achieve the following targets:

1- To examine the relationship between communication and service quality in insurance industry in Saudi Arabia.

2- To study the relationship between ICT and service quality in insurance industry in Saudi Arabia.

3- To examine the relationship between knowledgeable and service quality in insurance industry in Saudi Arabia.

4- To examine the relationship between prior experience and service quality in insurance industry in Saudi Arabia.

5- To investigate the relationship between perceived service quality and customer loyalty in insurance industry in Saudi Arabia.

6- To examine the association between perceived service quality and customer satisfaction in insurance industry in Saudi Arabia.

7- To examine the relationship between perceived service quality, customer satisfaction, and customer loyalty in insurance industry in Saudi Arabia.

8- To examine the mediating effect of customer satisfaction on the relationship between perceived service quality and customer loyalty in insurance industry in Saudi Arabia.

9- To explore the moderating influence of corporate image between perceived service quality and customer satisfaction in insurance industry in Saudi Arabia.

This study's research model and hypotheses are developed based on expectancy-disconfirmation theory, service quality theory and social exchange theory as these theories lay the groundwork for the relationships between the variables of the study.

Data collection was conducted with the help of self-administered questionnaires, comprising measurement items that were emailed to the respondents in the insurance sector of Saudi Arabia. This is consistent with Simmons' (2003) contention that questionnaires may be administered through post. The rate of response rate for the questionnaires was 80%. This study revealed that the effect of the antecedents of PSQ on perceived service quality has a significant and a positive relationship. In the same line, the perceived service quality has a positive and significant relationship with customer loyalty. Moreover, this study found that there is a positive and significant association between perceived service quality and customer satisfaction and that perceived service quality and customer satisfaction have a significant and positive relationship with customer loyalty. Furthermore, this study found that customer satisfaction partially mediates the relationship between perceived service quality and customer loyalty. Finally, the findings showed that corporate image has a negative moderating effect on the relationship between PSQ and customer satisfaction. Eventually, following data collection, data was analyzed through SPSS. The findings are discussed in the next sections.

6.3 Discussion

In this section, the findings of the study are discussed;

6.3.1 The Relationship between Communication and Perceived Service Quality

Based on previous studies and theories, the study hypothesised that there is a positive relationship between communication and service quality in insurance industry in Saudi Arabia. According to the statistical results, a positive and significant association exists between communication and service quality at the 0.01 level of significance ($\beta= 0.496$, t=14.435, p<0.01). This finding implies that the communication positively affects the perceived service quality. This shows that the higher level of communication with the customers, the higher their perception on the quality of service will be. This result indicates that H_1 is empirically supported.

The result regarding this relationship is similar to prior studies that found a positive significant relationship between communication and service quality. The likely description for the positive significant association between communication and service quality is reflected in good communication, where communication refers to the ability to furnish information characterized as timely, trustworthy and accurate. In this regard, good company-created communication refers to communication that is helpful, positive, timely, useful, easy and pleasant, with little effort expected from the customer in decoding such communication and determining its usefulness (Ball *et al*., 2004).

This relationship may also be attributed to the fact that communication antecedes trust instead of loyalty. In the initial phases, communication facilitates awareness, creates

customer preferences, solidifies beliefs of buyers, and motivates potential buyers to conduct purchase decisions (Ndubisi & Chan, 2005). In later phases, communication between the firm and its clients entail the provision of accurate and timely updates and information concerning the firm's products and services, maintaining the connection with customers to highlight any issue that crops up.

Further, the significance of personalization and customization of communication in developing loyalty has been demonstrated time and again by prior authors including Allen and Wilburn (2002), Lemon, Rust and Zeithml (2001), Parasuraman, Berry and Zeithmal (1991). Companies are enabled to communicate in a highly personal manner by effective database management, internet technology and several platforms. These platforms include company managed sites, social media sites and sites that support e-word of mouth. Regardless of the platform, customers expect communication to be conveniently accessible, authentic, and more pro-active. Hence, several companies are infiltrating customer-created communication through the deployment of official representatives as active members in online communities that are often warmly welcomed.

6.3.2 The Relationship between Information and Communications Technologies and Perceived Service Quality

In line with the hypothesis that was proposed in the study, there is a positive relationship between information and communication technologies and the perceived service quality in insurance industry in Saudi Arabia. Specifically, this study found a positive and significant effect of information and communications technologies on the perceived service quality at the 0.01 level of significance ($\beta= 0.146$, t=5.091, p<0.01) evidencing

that the information and communications technologies are utilized in the company, the quality of its service will be highly perceived by its customers. This finding supports H2 as hypothesized in the study.

One plausible explanation of the positive and significant relationship between information and communications technologies and service quality is that technology is described as a body of knowledge, tools, methods and innovations obtained from science and practice that is utilized to develop, design, produce and apply products, processes, systems as well as services (Pier, 1989). Therefore, utilizing the ICT is more likely to improve the performance of the company especially with matters related to the customers and consequently will heighten the perceived quality of the services offered.

In addition, the discovery of the Internet (Ilie, 2008) has made communication easier and convenient among people from every corner of the world. To this end, Warrick and Stinson (2009) contended that over 1.2 billion people around the world are internet users and the number is showing rapidly. On top of this is the launching of smart phones, which enabled people to transfer data, check emails, utilize social media and communicate without having to use computer. Organizations all over the world have been employing technologies in an attempt to improve their performance and position as a competitive entity in a dynamic market. Therefore, all the companies should keep the pace with the technologies introduced to keep their customers excited and have the ability to offer competitive products and services.

6.3.3 The Relationship between Customer Knowledge and Perceived Service Quality

This study proposed that there is a positive relationship between customer knowledge and perceived service quality. The statistical findings supported the hypothesis as there is a significant relationship between customer knowledge and perceived service quality at the 0.1 level of significance (β= -0.032, t=-1.687, p<0.1). This finding supported H3. Although the relationship was found to be negative indicating that the more knowledge the customers have on the products and service the lower will be their level of satisfaction and the quality of the services offered. The result of this study is similar to prior studies that found a significant relationship between customer knowledge and perceived service quality.

This may be explained in the view of Steadfast's (2013) contention that the significant relationship between customer knowledge and perceived service quality may be attributed to the fact that insurance sector is a confusing industry for customers. This means that potential clients who are in the dark with regards to the rules, regulations and policies of insurance would likely make mistakes. This is the reason behind the hiring of insurance companies of brokers who provide customers with optimum insurance policies and offer them advices as to better understand the insurance world. Essentially, the more knowledgeable we are about all the insurance services being offered by all the companies, the more discerning will be and subsequently the lower perception of the quality of the services we will have.

Another possible explanation may be due to the vast knowledge of insurance brokers of the insurance rules, regulations and policy wordings and the whole industry terminology

as part of their work is to transfer knowledge concerning insurance to their customers who are not aware of the meanings behind the terminologies. For instance, it is pertinent for insurance firms to inform their clients directly or indirectly of the communication methods and the possible risks associated with the policies.

On a final note, for every insurance company, there is a distinct nature of policies, and this difference characterizing insurance companies in terms of rules, regulations, and policies, may contribute to the confusion within the industry. This is the reason why knowing the various rules and policies of different insurance companies could assist customers in selecting the most suitable policies that can satisfy their requirements (Steadfast, 2013).

6.3.4 The Relationship between Prior Experience and Perceived Service Quality

Consistent with the hypothesis that proposed a positive relationship between prior experience and perceived service quality in insurance industry in Saudi Arabia, the study findings revealed a positive and significant relationship at the 0.01 level of significance (β= 0.369, t=10.761, p<0.01). This means that the more experienced the customers, the more likely they are going to appreciate the level of service quality. Thus, the result supports H_4 as hypothesized in the study.

This positive relationship between prior experience and service quality may be justified by the meaning of the customers' prior experience – it primarily refers to the previous encounter of the customer with an insurance company (Urban, 2010). It is also believed to be a significant factor in the determination of service quality in service firms, like the

insurance industry as individuals are largely influenced by their first experience or prior experience with any service provider (Urban, 2010).

In addition, the experience of the customer develops his/her cognitive, emotional and behavioural responses, which stays in his/her memory for a long time (Edvadsson, 2005). Edvardsson (2005) added that customer's experiences will significantly influence their perceptions of quality and that some top class firms like Ikea and Volvo design service components to physical products emphasizing on experience-based quality, where physical products are transformed into service experience platforms.

6.3.5 The Relationship between the Perceived Service Quality and Customer Loyalty

This study developed a hypothesis regarding the existence of a positive relationship between perceived service quality and customer loyalty as discussed in the methodology chapter. According to the results, this study confirms that there is a positive and significant effect of perceived service quality on customer loyalty at the 0.01 level of significance (β= 0.887, t=38.318, p<0.01). Therefore, the finding supported H5. These results imply that if the customers have a high perception about the quality of a specific service provided, they will be eventually loyal to that company in general.

Furthermore, majority of studies related to service quality have been carried out in the context of developed nations, primarily in the West and some in developed countries including Japan and Singapore – whereas other developing nations are lagging behind in research (Yang & Jolly, 2009). As a result, the understanding of the construct's operation and interplay is basically dependent on theories and postulations of Western researchers

174

and researches. Theories brought forward by them may be useful in the context of Saudi Arabia, but they may fail to provide a deep insight into service quality in the country owing to its distinct characteristics from the Western counterparts in terms of culture.

To this end, Slywotzky (1996) claimed that majority of studies concentrated on the value from the organizational perspective, where organizations assume what the customer wants and needs and direct their marketing strategies on this basis. Considering that the Saudi market has experienced ample transformation from a centrally-planned economy into a market-oriented one that is riddled with dynamic competition and where competitive edge and market share are the main objectives (Evans, 2005). In this type of environment, merely assuming customers needs and wants may not provide accurate insight into their actual needs. As such, it would be more logical to ask customers of their preferred service as opposed to just assuming it (Woodall, 2003). This primary principle forms the foundation of the present study where in the net service quality represents the difference between the desired service quality of the customer and their perceived service quality.

6.3.6 The Relationship between Perceived Service Quality and Customer Satisfaction

Based on the prior empirical studies and theories provided earlier, a positive association between perceived service quality and customer satisfaction was proposed. According to the generated results, the finding confirmed a positive and significant relationship between perceived service quality and customer satisfaction at the 0.01 level of significance ($\beta= 0.852$, $t=32.434$, $p<0.01$). Hence, H6 is supported.

The outcome of this study is similar to previous studies' that confirmed positive and significant relationship between perceived service quality and customer satisfaction.

The finding here is expected since the customers are expected to be more satisfied if they highly perceive the quality of the service they are offered. The quality of the services is deemed as a tool for competition management, indicating that it is of a significance importance for a company to achieving competitive advantage.

On the contrary, offering poor service quality could leave the company behind in the industry, particularly in insurance where identical services are offered. As such, insurance firms need to stand out from their competition through service quality and achieving success in the face of a dynamic market. The company can then obtain higher proportion of clients that could translate into their successful financial standing.

In addition to this, dynamic competition in the market makes it challenging for insurance products to be differentiated and this leads to insurance companies shifting their concentration from being a product-centred companies to a customer-centred ones. Throughout the world, insurance firms have begun to extend effort towards the implementation of strategies to enhance service quality in order to maximize customer loyalty via customer satisfaction. Insurance companies are increasingly developing such an approach to maintain future growth and sustainability. Companies are becoming increasingly aware of their customers and potential customers and are competing to provide expedient and efficient services.

6.3.7 The Relationship between Perceived Service Quality, Customer Satisfaction and Customer Loyalty

This study proposed a positive relationship between customer satisfaction and customer loyalty in which higher levels of customer satisfaction lead to more customer loyalty. In the same line, the result revealed significant effect of customer satisfaction, in the presence of perceived service quality, on customer loyalty at the 0.01 level of significance (β= 0.464, t value= 12.354, p<0.01). The results also show that the effect of perceived service quality, in the presence of customer satisfaction, is significant at the 0.01 level of significance (β= 0.491, t value= 13.069, p<0.01). The results showed that the model has a strong exploratory power when the two variables are taken together to explain the customer loyalty. Specifically, the two variables explained 85% of the variance in the customer loyalty as explained in the adjusted R square. Therefore, on the basis of above mentioned results, hypothesis H7 is supported.

In relation to this, satisfaction is a term that has been explored in light of life, management, job and customer by psychologists. For instance, according to Wan (2007), customers are always looking for satisfaction and because of this, researchers as well as psychologists have been constantly exploring the term.

Furthermore, customer satisfaction has become a mechanism to obtain and maintain the firm's competitiveness, success and survival via optimum quality of service. Excellent service refers to a profit strategy used to attract customers, boost business with existing customers and maintain them, and to steer clear of price competition and errors that require re-performance. Similarly, Mentzer *et al*. (1995) claimed that maximized

customer satisfaction usually results in maximized profitability and market share (p.45-46).

6.3.8 The Mediating Effect of Customer Satisfaction on the Relationship between Perceived Service Quality and Customer Loyalty

As shown in the hypothesis development section, hypothesis H_8 posits the mediating influence of customer satisfaction on the perceived service quality-customer loyalty relationship. To examine this, Baron and Kenny's (1986) mediation analysis along with Soble test were employed.

The relationship between perceived service quality and customer loyalty without the mediating effect is presented in Figure 5.5 and is represented by 'c'. According to the statistical results, the Beta coefficient value is 0.887 indicating highly significant effect at the 0.01 level of significance.

Owing to the significant role of customer satisfaction in facilitating and maintaining competitiveness, the success and survival of businesses can be realized through the provision of excellent service quality. To this end, Parasuraman *et al*. (1987, p. 32) described excellent service as a profit strategy as it leads to customer attraction, customer retention, insulation from price competition, and fewer errors requiring rectification of services. On a similar note, Mentzer *et al*. (1995, p.45-46) remarked that increasing customer satisfaction will lead to increased profitability as well as market share. Satisfaction is a significant term which is why psychologists have explored it in light of life, management, job and customer. Moreover, customers are in constant demand of

satisfaction and studies dedicated to the term have always attempted to explore and shed an insight into it.

The ground philosophy on which service-oriented firms, like insurance companies are based upon is the relationship among customer satisfaction, customer loyalty and service quality (Yang & Jolly, 2009; Malini, 2012; Rai & Medha, 2013). Such service-oriented firms main objective is to recruit new customers, to satisfy existing ones, and to guarantee the loyalty of their customers to the provided services as they are convinced of the fact that attraction of new customers costs greater than maintaining the existing ones (Sirgy & Samli, 1985; Terblanche & Boshoff, 2006). Several researchers however, are wary of the universality of the service quality-satisfaction-loyalty relationship and contended that other factors play a part in different environments and cultures (Cadogan McNaughton, 2002; Yang & Jolly, 2009). Accordingly, the present study attempts to investigate the effect of several antecedent and moderating factors that have been posited to impact the provision of service quality in the insurance industry.

6.3.9 The Moderating Influence of Corporate Image on the Relationship between Perceived Service Quality and Customer Satisfaction

In the methodology chapter the moderating effect of corporate image was developed and expected to exist on the relationship between the perceived-service quality and customer satisfaction in the context of Saudi insurance industry. Based on the results, a negative moderating effect was found and thus, the hypothesis is supported H9.

The negative moderating impact of corporate image on perceived service quality-customer satisfaction relationship may be attributed to the fact that corporate image is an

asset of the service provider referring to the way the business is perceived by the customers. According to Keller (1993), such a perception would consequently affect the consumers to buy the products/services. This is supported by Letinen and Lehtinen (1982) and Gronroos (2001) who claimed that a positive firm image can obtain customers' favor. For instance, corporate image is related to service quality, firm image and the overall delivery of service (Nguyen & Leblanc, 1998; Nguyen & Leblanc, 2001).

In addition, another justification for the negative moderating impact is that upon attaining favorable corporate image, customers expect the quality of service of a firm to be better in comparison to its rivals. Also, the image of the company guarantees the required level of service quality and enables the service provider to garner customers who are satisfied and loyal. A thorough review of literature highlighted two types of factors that can affect the corporate image of a firm – internal controllable factors and external uncontrollable factors. These include the identity and personality of the firm, behavior of front-line employees, word of mouth, and image of the firm brand.

On a final note, the corporate image development also has a hand in brand image, with the latter referring to the consumers' perception of a particular brand, and their feelings and attitude towards it. In other words, an organization is enabled to develop a brand that is well-known if they employ advertising that will in turn improve the firm's corporate image (Park *et al*., 1986; Lewis, 1988). As for the behavior of front-line employees, according to Leblanc and Nguyen (1996), they directly assist customers and therefore, indirectly help the development of the firm's corporate image. Several studies (e.g.

Zeithaml *et al*., 1985; Schiffman and Kanuk, 1987; and Comelissen, 2000) noted that word of mouth significantly influences the service firm.

6.4 Contributions of the Study

In general, , the primary goal of the present study is to look into the antecedents and outcomes of service quality in the Saudi insurance industry in order to gain theoretical and practical understanding and clear insights . It is expected that the study contributes to literature dedicated to the insurance industry's service quality along with the various factors linked with service provision. At the same time, it is hoped that the study findings will assist the Saudi insurance firms through the proposed recommendations in their provision of superior service in order to obtain loyal and satisfied customers. This would, in turn, be revealed through the insurance firm's performance, which could work towards the country's development as a whole. This study contributes to both theory and practice as elaborated in the following.

6.4.1 Theoretical Contributions

This study's primary objective is to provide a better understanding of the relationship between service quality, customer satisfaction and loyalty. This study provides additional contribution by studying several antecedents and moderating factors that have been suggested by the past literature. These factors (e.g. communication, ICT, customer's knowledge and customer's prior knowledge) are expected to impact the said relationships. More importantly, they have been brought up in literature for further examination in terms of insurance industry service quality (e.g Al-Mudimigh, 2009;

Bolton, Lemon, & Bramlett, 2006; Duodu and Amankwah, 2011; Rahim, 2010; Saaty, 2011; Sivesan, 2012; Upadhyaya and Badlani,). These antecedent variables are included in the study framework and moreover, the moderating impact of corporate image on the relationship between service quality and customer satisfaction is examined as recommended by Tarus and Rabch (2013). By incorporating all these variables into the well-established link among customer satisfaction, service quality and customer loyalty, this study gained its theoretical and practical value. In other words, it is believed that the framework designed for the current study would provide a better understanding and a clearer picture about the service quality in the insurance industry in terms of consequences and antecedents.

Apart from that, it has been mentioned earlier that studies of this caliber do exist but they are confined to developed countries and some developing ones like Japan and Singapore (Yang & Jolly,2009).This indicates that the explanation as to the operation and interplay between constructs are largely dependent on research studies and theories developed in the West. Such theories may help in studying the relationship in the context of Saudi Arabia but it may not provide a deep insight as Saudi culture is different from that of Western culture. Saudi Arabia even stands out among its neighbors in terms of cultural aspects like masculinity (Bendle, 2007). Hence, this study contributes to theory by tackling the cross-cultural understanding of the way service quality and associated variables interrelate. The next section is dedicated to the practical contributions.

6.4.2 Managerial Contributions

It was mentioned earlier that Saudi Arabia was not benefiting from the development and enhancements of the insurance systems worldwide despite the fact that countries around the world whether developed or developing were benefiting from the insurance system (Ansari, 2011). It was also elaborated that several specific variables such as economic, legal, political and social factors may impact the insurance demand level in an economy (Beck & Webb, 2003; Esho *et al*., 2004). This means that any attempt to reform and enhance the insurance sector and the services provided by the insurance companies in Saudi Arabia should stem from a change in the philosophy of policy makers and the way this philosophy finds its way to the minds of the Saudi people.

In the case of health insurance industries, customer loyalty has been overlooked by Middle Eastern managerial staff, particularly in Saudi Arabia. But currently, with the heightened interest on development, it became significant to determine the service quality determinants. This study's findings revealed that service, quality, corporate image and customer satisfaction all significantly affect customer loyalty in the health insurance industry.

Eventually this will lead to positive performance of the health insurance industry and the entire government and country's progress. Practitioners of service quality may also take some benefit from the findings of this study in terms of customer loyalty and the development of service quality. This study may help enhance training by extending customer loyalty to practice in actual work environment of the health insurance industry.

6.5 Limitations of the Study

It is now evident that this study examines the relationship understudy and its findings contribute to practice and literature. However, its limitations should be kept in mind. The first limitation is related to the study focus, which is limited to the health insurance industry and to the exclusion of other types of insurance and sectors. Despite the fact that health insurance constitutes a large proportion of Saudi public firms, the generalization of results to other public or private firms should be done with caution owing to technology advancement and varying levels of leadership support.

The second limitation concerns the cross-sectional design adopted to examine the relationship at one point in time. Psychological human aspects are continuously evolving; therefore, if the study employed longitudinal design, the findings may differ. Added to this is the fact that customer satisfaction and corporate mage are long-term strategies that examining them at one point in time will diminish their accuracy. Accordingly, longitudinal studies should be conducted to investigate the impact of service quality, customer satisfaction and corporate image, on customer loyalty.

Third, this study was conducted in the Saudi context and thus, future researchers should take into consider to examine the same variables in other countries or among the gulf cooperation council countries such as, Oman, Qatar, Bahrain, Kuwait to assist policy market in enhancing determinants of antecedent variables of service quality and to improve customer loyalty.

Fourth, this study examined corporate image as a moderator variable and in this regard, there are other important variables that may enhance customer loyalty like Islamic perspective and others. These variables could be the choice of future researchers to deeply investigate the factors influencing the level of customer's loyalty.

Finally, there are some limitations in previous studies that could be compared to the studies in the context of Saudi Arabia, and hence affecting results' comparability. This is one of the first few studies to investigate the relationship and hence, benchmarking of other studies findings and garnering a deeper understanding is almost impossible.

6.6 Suggestions for Future Research

This study opens the gateway of opportunities to be explored in future studies. First, the study data was collected via cross-sectional design at a single point in time. Owing to the complexity of the joint effect in the strategies like antecedent variables of service quality, customer satisfaction, corporate image and customer loyalty, a longitudinal research may help to better understand the investigated phenomenon. Such research design is more capable of developing variables over time in order to determine the relationship changes between variables.

Second, the discussed limitations confined the researcher in his observance of the dynamic nature of the relationships and effect between the variables and long-term strategies. An in-depth examination of the dynamic effects of antecedent variables of the service quality, customer satisfaction and the effect of corporate image on customer loyalty requires a case study approach as such an approach facilitate the examination f the

variables relationship and the results could clarify the relationships in a more extensive manner.

Third, the effect of customer satisfaction was examined via service quality factors and customer loyalty to determine the mediating effect of customer satisfaction. Future studies may explore the effect of antecedent variables of service upon corporate image in order to determine their importance as the basis of organizational change prior to implementing strategies.

Fourth, the present study concentrated on the Saudi market but future studies can take into account other GCC countries like Oman, Qatar, Bahrain, and Kuwait among others in order to assist in enhancing the antecedent variables of service quality and in turn, improve customer loyalty.

Fifth, corporate image moderating effect was examined in this study. However, there are some other important variables that could better explain the factors influencing the customer loyalty and these include Islamic perspectives and thus, future studies could investigate these variables to enhance the loyalty of customers.

Seventh, this study is confined to expectancy disconfirmation theory, service quality theory and social exchange theory and as such, future studies could take other theories into consideration to explain customer loyalty.

Finally, the R-square of loyalty was found to be 70% as reported in Chapter Five, indicating that the model's variables explains 70% of customer loyalty. According to this

finding, it can be concluded that some other variables may have the potentiality to maximize the customers' loyalty and future studies may include them.

6.7 Conclusion

In essence, the present study examined the relationship between antecedent variables of service quality namely, communication, information and communications technology, customer knowledge and prior experience, and customer loyalty among Saudi public health insurance firms. Specifically, the sample comprised health insurance firms numbering 3, which are Tawuniya, Medgulf and Bupa Arabia. These three firms have numerous branches located in the five major regions of Saudi Arabia, which comes to reason, that their customers are divided in the five regions. Questionnaire distribution was thus conducted among the respondents as self-administered.

The motivation behind this study as explained in Chapter One lies in the existing gap in literature and the lack of evidences concerning the relationship in the context of developing countries, like Saudi Arabia. Accordingly, the study provides an insight into the antecedent variables of service quality (communication, information and communications technology (ICT), customer knowledge and prior experience) and their impact on customer loyalty in Saudi Arabian health insurance industry.

The expectancy-disconfirmation theory, service quality theory and social exchange theory are suitable to be employed in this study as the study addresses major businesses in Saudi Arabia and it attempts to relate between the independent variables (communication, ICT, customer knowledge and prior experience) and service quality. In

addition to this, the study tested the moderating impact of corporate image on the relationship between service quality and customer satisfaction and the expectancy-disconfirmation theory, service quality theory and social exchange theory are among the theories that have been recommended to examine it.

Furthermore, customer loyalty is still one of the top issues that are linked to the country's development and thus its enhancement in terms of public administrations has been the focus of the management and decision makers alike in the context of a developing country. A thorough review of literature shows that the antecedent variables of service quality including communication, ICT, customer knowledge and prior experience are the most effective strategies that help firms in enhancing customer loyalty and realize competitive edge over rivals. These strategies have been acknowledged in literature in the Saudi context although practices of such caliber are still new in the country.

Some study findings supported the hypothesized relationships while others did not. Although these strategies are based on Western thought and theories, they can be invaluable to developing nations in their quest to examine customer loyalty in insurance sectors in general, and in health insurance sector in particular.

REFERENCES

Abdel-Wahab. (2008). Modeling Students' Intention to Adopt E-Learning: A case from Egypt. EJISDC (2008) 34, 1, 1-13.

Akbar M.M. & Parvez N. (2009).Impact of service quality, trust, and customer Satisfaction on customer loyalty.*ABAC Journal, 29*(1), 24-38.

Allen, D. R., Wilburn, M. (2002.Linking customer and employee satisfaction to the bottom line. Milwaukee, WI: American Society for Quality.

Al-Rousan, M. and B. Mohamed (2010). Customer loyalty and the impacts of service quality: The case of five star hotels in Jordan. *International Journal of Business and Economic Sciences, 2*(3), 202-208.

AM Mindpower Solutions.(2011). Saudi Arabia insurance market outlook to 2015.AM MindpowerSolutions.   Retrieved   August   2012   from http://www.marketresearch.com/AM-Mindpower-Solutions-v3771/Saudi-Arabia-Insurance-Outlook-6192265.

Anderson, E. and Robertson, T. S. (1995), Inducing multi-line salespeople to adopt house brands", Journal of Marketing, 59 (April), 16-31.

Anderson, J.C., & Narus, J.A. (1990).A model of distributor firm and manufacturer firm working   relationships.   *Journal   of   Marketing,   54*(1),   42-58. http://dx.doi.org/10.2307/1252172

Anderson, W., Fornell C., & Lehmannn D.(1994).Customer satisfaction, market share and profitability: Findings from Sweden. *Journal of Marketing, 58* July, 53-66

Ansari, Z. A. (2011). Analysis of the impact of reforms on insurance industry of Saudi Arabia.*Interdisciplinary Journal of Research in Business, 1*(8), 28-37.

Ansari, Z. A. (2011). Analysis of the impact of reforms on insurance industry of Saudi Arabia. *Interdisciplinary Journal of Research in Business,* 1(8): 28-37.

Ansari, Z. A. (2011b). Analyzing the factors affecting the demand for Insurance in Saudi Arabia. *Interdisciplinary Journal of Contemporary Research in Business,* 2(10), 45-67.

Arasli, H., Turan, K, S., & Mehtap, S. S. (2005). A comparison of service quality in the banking industry: Some evidence from Turkish – and Greek – speaking areas in Cyprus. *International Journal of Bank Marketing, 23*(7), 508-526

Armstrong, J. S., & Overton, T.A. (1982).Estimating non-response bias in mail surveys in marketing research: *Applications and problems. In Arun, K. J., Christian, P. and Ratchford, B.T. (Eds.), Marketing research applications and problems.* Chichester: John Wiley.

Armstrong, J., & Overton, T. S. (1977). Estimating Non-response Bias in Mail Surveys. *Journal of Marketing Research (JMR),* 14(3), 396-402.

Aydin, S., & Ozer, G. (2005).The analysis of antecedents of customer loyalty in the Turkish mobile telecommunication market. *European Journal of Marketing, 39*(7/8), 910-925.

Babakus, E. & Boller, G. W. (1992).An empirical assessment of the Seroquel scale. *Journal of Business Research, 24* (3), 254-268.

Backman, S. J. (1988). The utility of selected personal and marketing characteristics in explaining consumer loyalty to selected recreation services. Doctoral dissertation, Texas A&M University.

Backman, S. J., and J. L. Crompton 1991 The Usefulness of Selected Variables for Predicting Activity Loyalty. Leisure Sciences 13:205±220.

Ball, D., Coelho, P.S., & Machas, A. (2004). The role of communication and trust in explaining customer loyalty: an extension to the ECSI model. *European Journal of Marketing, 38*(9/10), 1272-1293. http://dx.doi.org/10.1108/03090560410548979.

Baloglu, S. (2002). Dimensions of customer loyalty: separating friends from well wishers. Cornell Hotel and Restaurant Administration Quarterly (February), 47-59.

Banker, R. D., Gordon P., and Dhinu S. (2000).An empirical investigation of an incentive plan that includes nonfinancial performance measures.*The Accounting Review 76* (1), 65-92.

Barlett, J. E., Kortlik, J.W., & Higgins, C.C. (2001). Organizational Research: Determining Appropriate Sample Size in Survey Research. *Information Technology, Learning, and Performance Journal,* 19(1), 43-50.

Barnes, J. (2010). Insurance and business in Muslim-majority countries. Swiss Re Centre for Global Dialogue. Retrieved July 2012 from http://cgd.swissre.com/library/Insurance_and_business_in_Muslim-ajority_countries.html.

Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual strategic and statistical considerations. *Journal of Personality and Social Psychology,* 51(6), 1173-1182.

Beck, T. & Webb, I. (2003). Economic, Demographic, and Institutional Determinants of Life Insurance Consumption across Countries, The World Bank Economic Review, 17(1), 51-88.

Beer, Michael. (2003). Why total quality management programs do not persist the role of management quality and implication for leading a TQM transformation. *Decision Science, 34*(4), 624-642.

Befu, H. (1977). Social Exchange. Annual Review of Anthropology, 6, 225–281.

Belk, R. W. (1975). Situational variables and consumer behavior. Journal of Consumer Research, 2(December), 157-164.

Bendle, M. F. (2007). Secret Saudi funding of radical Islamic groups in Australia. *National Observe*r, 72, 7-18.

Berkley, B. J., & Gupta, A. (1994).Improving service quality with information technology. *International Journal of Information Management, 14*, 109-21.

Blau, P. (1964). Exchange and power in social life. New York: Wiley.

Bloemer, J., De Ruyter, K. & Peeters, P. (1998).Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction. *International Journal of Bank Marketing, 16* (7), 276-286.

Bojei, J. and A. Alwie, (2010).The influence of relationship quality on loyalty in service sector. *International Journal of Economics and Management, 4*(1): 81-100.

Bolton, R.N., Lemon, K.N., & Bramlett, M.D. (2006).The effect of service experiences over time on a supplier's retention of business customers. *Management Science, 52*, 1811–1823.

Boulding, W., Kalra, A., Staelin,R., & Zeithaml, V.A. (1993).A dynamic process model of service quality: from expectations to behavioral intentions. *Journal of Marketing Research, 30*, 7-27.

Bowen, J. T. and Shoemaker, S. (2003). Loyalty A Strategic Commitment, Cornell Hotel and Restaurant Administration Quarterly, 44(5/6), 31-46.

Brady, M. K., Jr., Cronin, J., Jr., & Brand, R. R. (2002). Performance-only measurement of service quality: A replication and extension. *Journal of Business Research, 55*, 27-31.

Bravo, R., Montaner, T., & Pina, J.M., (2009). The role of bank image for customers versus.

Brinberg, D., & Wood, R. (1983). A resource exchange theory analysis of consumer behavior. Journal of Consumer Research, 10(3), 330-338.

Brogowicz, A.A., Delene, L.M., & Lyth, D.M. (1990). A synthesised service quality model with managerial implications", International Journal of Service Industry Management, 1(1), 27-44.

Brown, S. P. (1995). The moderating effects of in-supplier/out-supplier status an organizational buyer attitudes. JAMS, 23(3), 170-181.

Brown, S.W., Swartz, T.A. (1989). A Gap Analysis in Professional Service Quality. *Journal of Marketing, 53* (April), 92-98.

Brown, T.J., Churchill, G.A., & Peter, J.P. (1993).Improving the measurement of service quality. *Journal of Retailing, 69*(1) Spring, 127-39

Browne, M.J., Chung, J., & E.W. Frees (2000). International Property Liability Insurance Consumption. *The Journal of Risk and Insurance, 67* (1): 73-90.

Bryman, A. (2008). Social Research Methods.3rd edition. Oxford: Oxford University Press.

Bryman, A., & Bell, E. (2003).*Business Research Methods.* New York: Oxford University Perceivedss Inc.

Buchanan, T. (1985). Commitment and leisure behavior: A theoretical perspective. Leisure Science, 7, 401-420.

Cabral, L. (2000). Stretching firm and brand reputation. *The Rand Journal of Economics. Mount Morris, 31*(4), 658-674. http://dx.doi.org/10.2307/2696353

Cabral, L. (2000). Stretching firm and brand reputation. *The Rand Journal of Economics. Mount Morris, 31*(4), 658-674. http://dx.doi.org/10.2307/2696353

Cadogan, J.W., & McNaughton, R. (2002). The Service Quality Construct on A Global Stage. *Managing Service Quality, 12* (1), 10-18.

Cadotte. E. R..Woodruff, R. B., & Jenkins, R. L. (1987).Expectations and norms in models of consumer satisfaction. *Journal of Marketing Research. 24*, 305-314.

Cardozo RN (1965). An experimental study of customer effort, expectation, and satisfaction. *J. Market. Res, 2*, 244-249.

Carman, J.M., 1990. Consumer perceptions of service quality: an assessment of the SERVQUAL dimensions. *Journal of Retailing, 66* (Spring), 33-55.

Carrillat, F. A., Jaramillo, F., & Mulki, J. P. (2007). The validity of the Seroquel and SERVPERF scales. A meta-analytic view of 17 years of research across five continents. *International Journal of Service Industry Management, 18* (5), 472-490.

Carrin, G. (2002). Social health insurance in developing countries: A continuing challenge. *International Social Security Review, 55*(2).

Caruana, A., & Chircop, S., (2000). Measuring corporate reputation: A case example.Corporate Reputation Review, 3(1), 43-57.

Chang, S.C., & Lee, M.S. (2007).*A study on relationship among leadership, organizational culture, the operation of learning organization and employees job satisfaction*. The Learning Organization, 14(2), 155-185.

Chowdhury, T., Rahman, M., & RownakAfza, S. (2007).Perceptions of the customers towards insurance companies in Bangladesh - A study based on the survqual model," BRAC University Journal, IV(2), 55-66

Christopher & Ballantyne. (1991). The Essence of service marketing' in Payne, Adrian, (eds), Prentice, Hall International (UK) Ltd.

Churchill, G. A..Jr., & Surprenant, C. (1982).An investigation into the determinants of customer satisfaction. *Journal of Marketing Research*. 19, 491-504.

Cochran, W.G. (1977). *Sampling Techniques, Third Edition,* New York: John Wiley and Sons, Inc.

Cohen, M.A., Cull, C., Lee, H.L., & Willen, D. (2000).Saturn's supply-chain innovation: high value in after-sales service', Sloan Management Review, 41 (4), 93–101.

Coltman, T., Timothy, M.D. & Latukefu, A. (2000). E-business revolution or hype?. Australian graduate school of Management, Sydney, Working paper, 6,1-37.

Cook, K. S., & Emerson, R. M. (1978). Power, equity, and commitment in exchange networks. American Sociological Review, 43, 721-739, DOI: 10.2307/2094546.

Cornelissen, J. (2000). Corporate image: an audience centered model. Corporate Communications: *An International Journal, 5*(2), 119–125. http://dx.doi.org/10.1108/13563280010372540

Coviello, A. (2008). *The impact of ICT in the insurance industry: The role of Customer Relationship Management.* Retrieved from: http://www.cersi.it/itais2012/pdf/002.pdf

Creswell, J. W. (1998). Qualitative inquiry and research design: Choosing among five traditions. Thousand Oaks, CA: Sage.

Cristobal, E., Flavian, C., Guinaliu, M. (2007).Perceived E-service quality (PeSQ): measurement validation and effects on consumer satisfaction and web site loyalty. *Managing Service Quality, 17*(3), 317-340.

Cronin, J. J., & Taylor, S. A. (1992).Measuring service quality: A re-examination and extension. *Journal of Marketing, 56* (3)(July), 55-68.

Culiberg B, Rojsek I. (2010).Identifying service quality dimensions as antecedents to customer satisfaction in retail banking. *Economic and Business Review, 12*(3): 151–166.

Cummins, J.D. and Venard, B. (2008).Insurance market dynamics between global developments and local contingencies. *Risk Management and Insurance Review, 11*(2), pp. 295-326.

Dabholkar, P.A. (1996). Consumer evaluations of new technology-based self-service operations: an investigation of alternative models. *International Journal of Research in Marketing, 13*(1), 29-51.

Danaher, Peter J., & John R, R. (2011). Comparing Perceptions of Marketing Communication Channels. *European Journal of Marketing, 45*(1), 6–42.

Dar, M. (2012).Market analysis. Dar Mousa Insurance Advisory Services.http://www.darmousa.com/analysis.php.

Davies, D. (1989). Perceived usefulness, perceived ease of use and user acceptance of information technology. *MIS Quarterly, 13*(3), 319-340.

Davies, G., Chun, R., Vinhas, d. R., & Roper, S. (2004). A corporate character scale to assess employee and customer views of organization reputation. *Corporate Reputation Review, 7*(2) 125 – 146.

Day, G.S. (1969). A Two-Dimensional Concept of Brand Loyalty. *Journal of Advertising Research, 9*(3), 29-35.

De Vaus, D. (2002). Surveys in Social Research (5th ed.). London: Routledge. Ch. 9, 10.

Deming, W. E. (1986), Out of the crisis, Cambridge, Massachusetts: MIT Center for Advanced Engineering Study.

Dick, A. S., & Basu, K. (1994).Customer Loyalty Toward an Integrated Conceptual Framework. *Journal of the Academy of Afarketing Science,* 2(22), 99-113

Dick, A.S., & Basu, K., (1994), Customer Loyalty: towards an integrated conceptual framework. *Journal of the Academy of Marketing Science, 22*, 99-113.

Diner, D., & Wunberg, Go. (2007). Restitution and memory: Material restoration in Europe. Berghahn Books.

Diner, Dan & Wunberg, Gotthart. (2007). *Restitution and memory: Material Restoration in Europe.* Berghahn Books.

Donnavieve, N.S., & Sivakumar, K. (2002). Flow and internet shopping behavior: a conceptual model and research proposition. *Journal of business research,57*(10),199-208.

Dowling, G. (1988). Measuring corporate images: a review of alternative approaches. *Journal of Business Research, 17*, 27-34.

Dowling, G. R. (1986), Managing your Corporate Images. *Industrial Marketing Management, 15*, 109-115. http://dx.doi.org/10.1016/0019-8501(86)90051-9.

Duodu, F. K. & Amankwah, T. (2011).An analysis and assessment of customer satisfaction with service quality in insurance industry in Ghana, Lulea University of Technology.

Dwyer, F. R., Paul H. S., & Sejo Oh (1987).Developing the Buyer-Seller Relationships.*Journal of Marketing, 51* (April), 11-27.

Edvardsson, B. (2005). Service quality: Beyond cognitive assessment. *Managing Service Quality, 15* (2): 127–131.

Esho, N., Kirievsky, A., Ward, D., Zurbruegg, R. (2004), Law and the determinants of Property-Casualty insurance. *Journal of Risk and Insurance, 71*(2): 265-283.

Evans, J.R. (2005), Retailing Management, A Strategic Approach, USA, Prentice Hall.

Fadun, O. S. (2013). Information and Communication Technology (ICT) and Insurance Companies Profitability in Nigeria. *International Journal of Business and Management Invention* ISSN (Online): 2319 – 8028, ISSN (Print): 2319 – 801X.www.ijbmi.org Volume 2 Issue 1, PP.84-92.

Fazio, R. (1989). On the power and functionality of attitudes: the role of attitude accessibility. Attitude, structure and function. Hillside: Erlbaum.

Fazio, R. H., & Zanna, M. P. (1981).Direct Experience and Attitude-Behavior Consistency in Ad- vances in Experimental Social Psychology (6), L. Berkowitz (ed.), Academic Press, New York, 161-202.

Flint, D. J., & Woodruff, R. B. (2001). The initiators of changes in customers' desired value: results from a theory building study. *Industrial Marketing Management, 30*(4), 321–337

Fombrun, C. (1996), Reputation. Realizing Value from the Corporate Image, Harvard Business School Press, Boston, MA.

Friedman.,& Kelman. (2007). Effort as Investment: Analyzing the Response to Incentives. Working Paper, Harvard University.

Friestad, M., & Wright,P. (1994). The Persuasion Knowledge Model: How People Cope with Persuasion Attempts. *Journal of Consumer Research, 21* (1), 1–31.

Gale, B. T. (1994). Customer satisfaction − relative to competitors is where it's at. *Marketing and Research Today, 22*(1), 39-53.

Ganesan, S. (1994).Determinants of long-term orientation in buyer-seller relationships. *Journal of Marketing, 58*(2), 1-19. http://dx.doi.org/10.2307/1252265

Ganguli, S., & Roy, S.K. (2011).Generic technology-based service quality dimensions in banking. *International Journal of Bank Marketing, 29*(2), 168 - 189

Glesne, C. (1999). Becoming qualitative researchers: An introduction (2nd ed.). Don Mills, Ontario, Canada: Longman.

Gremler, D. D., & Brown, S.W. (1999).The loyalty ripple effect: appreciating the full value of customers. *International Journal of Service Industry Management, 10*(3), 271-291.

Gro¨nroos, C. (1984). A service quality model and its marketing implications. *European Journal of Marketing, 18*(4), 36-44.

Gro¨nroos, C. (2001). Service Management and Marketing: A Customer Relationship Management Approach, 2nd ed., Wiley, New York, NY

Grönroos, C. (1982). Strategic Management and Marketing in the Service Sector, Swedish School of Economics and Business Administration, Helsinki.

Grönroos, C. (1988). Service Quality: The Six Criteria of Good Perceived service Quality. Review of Business 9(Winter), 10-13.

Guenzi, P., & Pelloni, O. (2004).The impact of interpersonal relationships on customer satisfaction and loyalty to the service provider. *International Journal of service industry management, 15*(4), 365-384.

Gujarati, D., & Porter, D. (2009) Basic Econometrics, 5th edition, New York: McGraw Hill.

Hair, Jr., J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis (7th Ed.).* Uppersaddle River, New Jersey: Pearson Education International.

Hall, B., & Khan, B. (2003).Adoption of new technology.NBER Working Paper.Retrieved from http://papers. ssrn.com/sol3/papers.cfm?abstract_id=410656.

Haque. A. H., JavedS , Ali. K. & Mahmud, S, Al (2006).Investigating potentially affective factors of online sales: A study on Malaysian Business online. *International Journal information Systems and change Management,1*(4).

Hatch, M.J., Schultz, M., & Williamson, J. (2003).Bringing the corporation into corporate branding.*European Journal of Marketing, 37(7/8)*, 1041-64.

Haywood-Farmer, J. (1988). A conceptual model of service quality. *International Journal of Operations & Production Management, 8*(6), 19-29.

He, H., & Li, Y. (2011). CSR and service brand: The mediating effect of brand identification and moderating effect of service quality. *Journal of Business Ethics, 100*, 673-688. http://ir.lib.cyut.edu.tw:8080/bitstream/310901800/9751/1/A+Study+of+Relationship+Marketing+Types_101109TRIA%E4%BD%99%E7%A5%96%E6%85%B0.pdf

Hong, S. C., & Goo, Y. J. J. (2004).A causal model of customer loyalty in professional service firms: an empirical study", International Journal of Management, 21(4), 531-540.

Howard, J. & Sheth,J. (1969). The Theory of Buyer Behavior, New York: John Eiley & Sons.

http://www.sama.gov.sa/sites/samaen/Insurance/InssuranceLib/Sur_KSA_Market_Report _2009_vEnglish_vf.pdf.

Hully, S., Cummings.,Browner, W., Grady D., Hearst, N., & Newman, T.B. (2001). Designing clinical research. 2nd ed. Philadelphia: Lippincott, Willians, & Wilkins.

Hunt, H. K. (1977). Overview and future research directions. In H. K. Hunt (Ed.), Conceptualization and Measurement of Customer Satisfaction and Dissatisfaction. Cambridge, MA: Marketing Science Institute.

Iacobucci, D., Grayson, K.A., & Omstrom, A.L. (1994).The calculus of service quality and customer satisfaction: theoretical and empirical differentiation and integration in Swartz, T.A., Bowen, D.E. and Brown, S.W. (Eds), Advances in Services Marketing and Management, 3, JAI Press, Greenwich, CT, 1-68.

Introna, L., & Pouloudi, A. (1999). Privacy in the information age: Stakeholders, interests, and values. Journal of Business Ethics, 22(1), 27-38.

Ishaq, M.I. (2011). An empirical investigation on customer satisfaction and behavioral responses in Pakistani banking sector. Management & Marketing. Challenges for the Knowledge Society, 6(3), 457-470.

Ismail, S., Haron, H., Ibrahim, D., & Isa, S. M. (2006). Service quality, client satisfaction and loyalty towards audit firms, perceptions of Malaysian public listed companies. *Managerial Auditing Journal, 21*(7), 738-756.

Jacoby, J. (1971). A Model of Multi-Brand Loyalty, *Journal of Advertising Reseorcli*. (11)3, 25-31.

Jacoby, J., Kyner, D.B. (1973). Brand Loyalty vs. Repeat Purchasing Behavior. *Journal of Marketing Research, 1,* 1-9.

Jarvis, L.P., & Wilcox, J. B. (1976). Repeat purchasing behavior and attitudinal brand Loyalty: Additional Evidence, in Bernhardt, 1C.L..ed., Marketing 1776-1976 and Beyond, (American Marketing Association), 151-152.

Johnson, M. D. (2001). Customer satisfaction.In N. J. Smelser & P. B. Baltes (Eds.), International encyclopedia of the social and behavioral sciences, 3198–3202.

Jones, T. O., & Sasser, Jr. W. E. (1995).Why Satisfied Customers Defect", Harvard Business Review,73(6), 88-100.

Kamp, E., & Mac Innis, D. J., (1995). Characteristics of portrayed emotions in commercials: when does what is shown in ads affect viewers? *Journal of Advanced Retailing, 35*, 19-28

Kandampully J. (1998), Service quality to service loyalty: A relationship which goes beyond customer services. *Total Quality Management, 9*(6), 431-443.

Kandampully, J & Hu, H.H. (2007).Do hotelier need to manage image to retain loyal customer? *International Journal of Contemporary Hospitality Management, 19*(6), 435-443.

Kannan K, Grove RA, Senthilkumar K, Henny CJ, Giesy JP. (1999). Butyltin compounds in river otters (Lutra canadensis) from the northwestern United States. Arch Environ Contam Toxicol., 36(4), 462-8.

Kara, A., S. Lonial, M. Tarım., & S. Zaim (2005).A paradox of service quality in turkey the seemingly contradictory relative importance of tangible and intangible determinants of service quality. *European Business Review, 17*, 5-20.

Kazoleas, D., Kim, Y., Moffit, M. A. (2001). Institutional image: a case study. *Corporate Communications: An International Journal, 6*(4), 205-216.

Keller, K. L. (1993). Conceptualizing, measuring and managing customer-based brand equity. Journal of Marketing, 57, 1-22.

Kim, K. (2006). Managing corporate brand image through sports sponsorship: impacts of sponsorship on building consumer perceptions of corporate ability and social responsibility", doctoral thesis, University of Texas, Austin, TX.

Kotler.P. (2003).Management Marketing. New Jersey, United of America,415.

Krejcie, R. V., & Morgan, D. W. (1970). *Determining sample size for research activities. Educational and Psychological Measurement*, 30, 607-610.

Kuchinke, K. P. (1999). Leadership and culture: work-related values and leadership styles among one company's U.S. and German telecommunication employees. *Human Resource Development Quarterly 10*(2): 135–54.

Lackey, N. R, Wingate, A. L. (1998). The pilot study: one key to research success. In: Advanced design in nursing research, 2nd edn, (eds.) Brink PJ & Wood MJ. Thousand Oaks, Sage.

Lam, S. Y., Shankar, V., Erramilli, M. K., & Murthy, B. (2004). Customer value, satisfaction, loyalty, and switching costs: An illustration from a business-to-business service context. *Journal of the Academy of Marketing Science, 32*, 293–311.

Lambe, C. J., Wittman, C. M., & Speckman, R. E. (2001). Social exchange theory and research on business-to-business relational exchange. Journal of Business-to-Business Marketing, 8(3), 1-36.

Law, A. K.Y, Hui, Y. V., Zhao, X., (2004). Modeling repurchases frequency and customer satisfaction for fast food outlets. *International Journal of Quality And Reliability Management, 21(5)*, 545-563.

Lawler, E. J., & Thye, S. R. (1999). Bringing emotions into social exchange theory. Annual Review of Sociology, 25(1), 217-245.

LeBlanc, G. & Nguyen, N. (1996). Cues used by customers evaluating corporate image in service firms: An empirical study in financial institutions. *International Journal of Service Industry Management, 7(2)*, 44-56.

Lee, H., Lee, Y. & Yoo, D. (2000).The determinants of perceived service quality and its relationship with satisfaction, *Journal of Service Marketing, 14(3)*, 217-231.

Lee, J., Graefe, A. R., & Burns, R.C. (2004).Service quality, satisfaction and behavioral intention among forest visitors.*Journal of Travel and Tourism Marketing, 7*(1), 73-82.

Lehtinen, U., & Lehtinen, J. R. (1982). Service quality: a study of quality dimensions. Working Paper. Service Management Institute. Helsinki.

Leuthesser, L., & Kohli, C., (1997). Corporate identity the role of mission statements.*Business Horizons, 40*, 59-66.

Levesque, Terrence and Gordon H. G. McDougall (1996).Determinants of Customer Satisfaction in Retail Banking. *International Journal of Bank Marketing, 14*(7), 12-20.

Lewis, W. C. (1986). The Effect of Brand Advertising on Company image: Implications for Corporate Advertisers. *Journal of Advertising Research, 26*(6), 54-59.

Lin, L.Y., & Chen, C.S. (2006). The influence of the country-of-origin image, product knowledge and product involvement on consumer purchase decisions: An empirical study of insurance and catering services in Taiwan. *J. Consumer Market., 23,*248-265. DOI: 10.1108/07363760610681655.

Malini, D. H. (2012).A Study on Service Quality Measurement and Its Impact in Opting Insurance Companies*. International Journal of Social Science and Interdisciplinary Research, 1*(8).

Marczyk G.,DeMatteo, D.,& Festinger, D. (2005).Essentials of research design and methodology. John Wiley & Sons: Hoboken, New Jersey.

Marius. (2012). S&P report on Saudi insurance market. Retrieved July 2012 from: http://www.globalsurance.com/blog/sp-report-on-saudi-insurance-market-467820.html

Marković, S., & Raspor, R. K. (2010).Customer expectations measurement in the restaurant industry: application of DINESERV scale", Conference proceedings, Slovenia, vol.1, pp. 595-602.

Mathieson, K. (1991). Predicting user intentions: Comparing the technology acceptance model with the theory of planned behavior. *Information Systems Research, 2*(3), 173-191.

McAlexander, J. H., Kim, S. K., & Roberts, S. D. (2003). Loyalty: The influence of satisfaction and brand community integration. *Journal of Marketing Theory and Practice 11* (4), 1-11.

Mechinda, P., Serirat, S., & Guild, N. (2008). An examination of tourists' attitudinal and behavioral loyalty: comparison between domestic and international tourists. *Journal of Vacation Marketing, 15*(2), 129-148.

Mendenhall, W., Reinmuth, J. E., & Beaver, R. J. (1993). *Statistics for management and economics.* California: Duxbury Perceivedss.

Mentzer, J. T., Bienstock, C. C., & Kahn, K. B. (1995).Benchmarking Satisfaction.*Marketing Management, 4*(1), 40–6.

Milne, G. R., & Gordon, M. E. (1993). Direct mail privacy-efficiency trade-offs within an implied social contract framework. Journal of Public Policy Marketing, 12(2), 206-215.

Minkiewicz, J., Evans, J., Bridson, K., & Mavondo, F. (2011). Corporate image in the leisure services sector. *Journal of Services Marketing, 25*(3), 190-201.

Morduch, J. (1994). Poverty and Vulnerability, American Economic Review: Papers and Proceedings, 84(2), 221-225.

Morduch, J. (1994). Poverty and vulnerability. *The American Economic Review,* 84.

Morgan, R., & Hunt, S. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing, 58*(3), 20-38. http://dx.doi.org/10.2307/1252308

Ndubisi, N.O., & Chan, K.W. (2005).Factorial and discriminant analyses of the underpinnings of relationship marketing and customer satisfaction. *International Journal of Bank Marketing, 23*(3), 542-557. http://dx.doi.org/10.1108/02652320510629908.

Nguyen M. T. (2012).Effects of service quality and price fairness on student satisfaction. *International Journal of Business and Social Science, 3* (19), 132-150.

Nguyen N., Leblanc G. (2001). Corporate Image and Corporate Reputation in Customers'
Retention Decisions in Services. *Journal of Retailing and Consumer Services,8*(2),
27-36.

Nguyen, N., & LeBlanc, G., (1998). The mediating role of corporate image on customers'
retention decisions: an investigation in financial services. *International Journal of
Bank Marketing, 16*(2), 52-65.

O'Brien, L., & Jones, C. (1995).Do rewards really create loyalty? Harvard Business
Review,May-June,75-82.

Oliver, R. L (1980).A cognitive model of the antecedents and consequence of Customer
Satisfaction. *Journal of Marketing Research, 17*, 460- 469

Oliver, R. L. (1977). Effect of expectation and disconfirmation on post exposure product
evaluations: An alternative interpretation. *Journal of Applied Psychology, 62,* 480-
486.

Oliver, R. L. (1993). A conceptual model of service quality and service satisfaction:
compatible goals, different concepts. *Advances in Service Marketing and
Management, 2*, 65-85.

Oliver, R. L. (1997). Satisfaction: A behavior perspective on the consumer. New York
Irwin McGraw Hill.

Oliver, R. L. (1999). Whence customer loyalty? *Journal of Marketing, 63*,33-44.
http://dx.doi.org/10.2307/1252099.

Olshavsky, R. W. & Miller, J. A. (1972). Consumer expectations, product performance and perceived product quality. *Journal of Marketing Research, 9*, 19-21.

Olson, J. C. & Dover, P. (1976).Effects of expectations, product performance, and disconfirmation on belief elements of cognitive structures. In B. B. Anderson (Ed.), Advances in Consumer Research (4). Chicago: Association for Consumer Research.

Omar, N. A., Musa, R.,Nazri, M. A. (2007) Program perceived value and program satisfaction influences on store loyalty. In GadjahMada. *International Journal of Business 3*(9), 345–368.

Opoku, R. A., Yiadom, N.A., Chong, C.S., Abratt, R .(2008). The impact of internal marketing on the perception of se5rvice quality in retail banking: A Ghanaian case. Journal of financial Services Marketing, 13(4), 317-329.

Ostrowski, P. L., Terrence O., & Geoffrey, G. (1993).Service quality and customer loyalty in the commercial airline industry. *Journal of Travel Research, 32*, 16-24.

Pallant, J. (2007). *A Step-by-Step Guide to Data Analysis using SPSS Version 15*, 3rd ed., Open University Perceivedss, UK.

Pallant, J.F. (2011). SPSS survival manual: a step by step guide to data analysis using SPSS (4th ed.). Crows Nest, NSW: Allen & Unwin.

Parasuraman, A. 1987. Customer-oriented cooperate cultures are crucial to services marketing success. *Journal of Services Marketing, 1*, 39-46.

212

Parasuraman, A., & Colby, C. (2001).Techno-Ready Marketing: How and Why Your Customers Adopt Technology, The Free Press, New York, NY.

Parasuraman, A., Berry, L.L., Zeithaml, V.A. (1991). Refinement and reassessment of the SERVQUAL scale. *Journal of Retailing 67,* 420-450.

Parasuraman, A., Zeithaml, V.A., & Berry, L. (1988).SERVQUAL a multiple-item scale for measuring customer perceptions of service quality. Journal of Retailing, 64, 12-40.

Parasuraman, A., Zeithaml, V.A., Berry, L.L. (1985). A conceptual model of service quality and its implications for future research. Journal of Marketing, 49(3), 41-50.

Park, C. W., Jaworski, B. J., & MacInnis, D. J. (1986).Strategic Brand Concept-Image Management. *Journal of Marketing, 50*, 135-145. http://dx.doi.org/10.2307/1251291

Pavri, F. (1998).An empirical investigation of the factors contributing to micro-computer usage, University of Western Ontario.

Payne, A. (2006). Handbook of CRM: Achieving Excellence in Customer Management, Amsterdam: Butterworth.

Payne, R.A., 1995. Freedom and the Environment. *Journal of Democracy, 6(*3), 41-55.

Peyrot, M., Philip D. C., and Donald, S. (1993). Consumer satisfaction and perceived quality of outpatient health services. *Journal of Health Care Marketing, winter*, 24-33.

Philip, G., & Hazlett, S.A. (1997). The measurement of service quality: a new P-C-P attributes model", International Journal of Quality & Reliability Management, 14(3), 260-86.

Pickton, D., & Broderick, A. (2001).Integrated Marketing Communication.(1 sted). Barcelona: Financial Times / Prentice Hall.

Pont, M., & Mcquilken, L. (2005).An empirical investigation of customer satisfaction and loyalty across two divergent bank segments. *Journal of Financial Services Marketing, 9*(4), 344-359.

Rahim, M. (2010). The impact of service quality on customer loyalty: A study of banks in Penang, Malaysia. *International Journal of Marketing Studies, 2* (2), 57-66. Retrieved from http://www.ccsenet.org/journal/index.php/ijms/article/view/8110.

Rahman, M. S. (2012). Service quality, corporate image and customer's satisfaction towards customers perception: an exploratory study on telecom customers in Bangladesh. *Business Intelligence Journal, 5*(1).

Rai, A. K. and Medha, S. (2013). The antecedents of customer loyalty: An empirical investigation in life insurance context. *Journal of Competitiveness,5*(2), 139-163, ISSN 1804-171X (Print), ISSN 1804-1728 (On-line), DOI: 10.7441/joc.

Raj, S. P. (1985), Striking a balance between brand „popularity" and brand „loyalty. *Journal of Marketing, 49*, 53-59.

Ray, G., Muhanna, W.A., & Barney, J.B. (2005). Information technology and the accomplishment of the customer service process: A resource-based analysis. *MIS Quarterly, 29*(4), 625-652.

Raza, M.A., Siddiquei, A.N., Awan, H.M., & Bukhari, K. (2012).Relationship between Service Quality, Perceived Value, Satisfaction and Revisit Intention in Hotel Industry. *Interdisciplinary Journal of Contemporary Research in Business, 4* (8), 788-805.

Razali, M. N., Manaf, Z., & Yassin, A. M. (2010).Internet business strategies by property companies in Asia.*Property Management, 28*(4), 270-289.

Reichheld, F. & Teal, T. (1996).The loyalty effect: the hidden force behind growth, profits and lasting value. Cambridge MA: Havard Business School Press.

Reichheld, F.F., & Sasser, W.E. (1990.Zero defections: quality comes to services. Harvard Business Review, Sept.–Oct., p. 105-111.

Reynolds, F. D., Darden, W. R., & Martin, W. S.（1974-1975）. Developing an image of the store-loyal customer. *Journal of Retailing, 50*, 73-84.

Rossiter, J.R. (2011), Measurement for the Social Sciences: The C-OAR-SE Method and Why It Must Replace Psychometrics, Springer, New York, NY.

Rundle-Thiele, S., & Mackay, M. M. (2001).Assessing the performance of brand loyalty measures. *Journal of Services Marketing, 15*(6/7), 529-45.

Rusbult, C. E., Martz, J. M. & Agnew, C. R. (1998). The Investment Model Scale: Measuring commitment level, satisfaction level, quality of alternatives, and investment size. *Personal Relationships, 54*(4), 357-391.

Rust, R.T., & Zahorik, A.J. (1993).Customer satisfaction, customer retention and market share. *Journal of Retailing, 69*(2), 193-215

Rust, R.T., Zeithaml, V. A., & Lemon, K. N. (2000). Driving customer equity: How customer lifetime value is reshaping corporate strategy, New York, NY: The Free Press.

Saaty., & Zaid, A. (2011). Factors Critical in Marketing Strategies of Insurance Companies in Saudi Arabia. *International Journal of Marketing Studies, 3*(3), 104-121.

Sachdev, S. B., & Verma, H. V. (2004). Relative importance of service quality dimensions: Amultispectral study. *Journal of Services Research, 4*(1), 93-116.

SAMA. (2009). The Saudi Insurance Market Report. Saudi Arabian Monetary Agency. Retrieved July 2012 from:

SAMA. (2009). The Saudi Insurance Market Report. Saudi Arabian Monetary Agency. Retrieved July 2012 from: http://www.sama.gov.sa/sites/samaen/Insurance/InssuranceLib/Sur_KSA_Market_Report_2009_vEnglish_vf.p

SAMA. (2010). The Saudi Insurance Market Report. Saudi Arabian Monetary Agency. Retrieved July 2012 from: http://www.sama.gov.sa/sites/samaen/Insurance/InssuranceLib/SUR_InsuaMarketSurvey2010_En_2010.pdf.

SAMA. (2010). The Saudi Insurance Market Report. Saudi Arabian Monetary Agency. Retrieved July 2012 from: http://www.sama.gov.sa/sites/samaen/Insurance/InssuranceLib/SUR_InsuaMarketSurvey2010_En_2010.pdf.

Sandhu, H. S. & Bala, M. N. (2011). Customers' Perception towards Service Quality of Life Insurance Corporation of India: A Factor Analytic Approach. *International Journal of Business and Social Science, 2*(18), 219-231

Sarstedt, M., Wilczynski, P., & Melewar, T.C. (2012).Measuring reputation in global markets—A comparison of reputation measures' convergent and criterion validities.*Journal of World Business,*1-11.

Satır, C. (2006). The nature of corporate reputation and the measurement of reputation components an empirical study within a hospital. Corporate Communications: An International Journal, 11(1), 56-63. http://dx.doi.org/10.1108/13563280610643552.

Saudi, G.(2010). Saudi insurance industry one of the fastest growing worldwide. Retrieved July 2012 from: http://www.saudigazette.com.sa/index.cfm?method=home.regcon & contentID=2010020662503.

Sax, L. J., Gilmartin, S. K., & Bryant, A. N. (2003).*Assessing response rates and Schwartz, Howard; and Davis, Stanley, M. (1981).Matching corporate culture and business strategy,* Organizational Dynamics, 10(2), 30- 48.

Schiffman, L. G., & Kanuk, L. L. (1987). Consumer Behavior (3rd ed.). Englewood Cliffs, NJ: Prentice- Hall

Sekaran, U. (2003). Research Methods for Business A Skill Building Approach (4th end). New York: John Wiley, 292-297.

Sheth, J., & Parvatiyar, A. (1995).The evolution of relationship marketing", International business Review, 4(4), 397-418.

Shoemaker, S. and Lewis, R. (1999).Customer loyalty: The future of hospitality marketing.*Hospitality Management, 18*, 345–370.

Siami, S., Gorji, M., (2011). Assessment of effect of empowerment on employees performance: Case study Telecommunication Company). *Business and Management Review, 1*(8), 20-24.

Siddiqui, M. H., & Sharma, T. G. (2010).Analyzing customer satisfaction with service quality in life insurance service. *Journal for Targeting and Analysis for Marketing, 18*(3/4), 221-238.

Simmons, J. (2003). Balancing performance, accountability and equity in stakeholder relationships: towards more socially responsible HR practice. Corporate Social Responsibility and Environmental Management 10, 129-140.

Sirgy, M. J. (1982). Self-concept in consumer behavior: a critical review. *J Consum Res, 9*(3):287–300.

Sirgy, M. J., & Samli, A. C. A. (1985). Path Analytic Model of Store Loyalty Involving Self Concept, Store Image, Socioeconomic Status, and Geographic Loyalty. *The Journal of the Academy of Marketing Science*, 13, 265-291.

Sirgy, M. J., & Coskun, S. (1985). A path analytic model of store loyalty involving self-concept, store image, socioeconomic status, and geographic loyalty. *The Journal of the Academy of Marketing Science, 13* (Summer), 265-91.

Sivesan, S. (2012).Customer Relationship Marketing and Customer Satisfaction: A Study on Mobile Service Providing Companies in Sri Lanka. *Global J.OfMgt.And Business Research*, 1-8.

Slatten, T. (2008).Antecedents and effects of emotional satisfaction on employee-perceived service quality. Managing Service Quality, 18(4), 370-386.

Slywotzky, A. J. (1996). Value Migration: How to Think Several Moves Ahead of the Competition. Boston: Harvard Business School Press.

SNIC.(2012). Saudi National Insurance Company. Retrieved July 2012 from: http://www.snic.com.bh/media/document/CORPORATE%20PROFILE1.pdf.

Soderlund, M. (2006).Measuring customer loyalty with multi-item scales, a case for caution. *International Journal of Service Industry Management, 17*(1), 76-98.

Spreng, R.A., & Mackoy, R.D. (1996).An empirical examination of a model of perceived service quality and satisfaction. *Journal of Retailing, 72*(2), 201-14.

Srinivasan, S. S., Rolph E., Anderson., & Kishore, P. (2002). Customer Loyalty in e-Commerce: An Exploration of its Antecedents and Consequences. *Journal of Retailing, 78* (1), 41-50.

Sui, J., & Baloglu, S. (2003). The role of emotional commitment in relationship marketing: an empirical investigation of a loyalty model for casinos. *Journal of Hospitality & Tourism Research, 27*(4), 470-489.

Tabachnick, B. G., & Fidell, L.S. (2007).*Using multivariate statistics (5th Ed.).*Boston: Pearson Education Inc.

Tanford, S., Raab, C., & Kim, Y. (2011).The influence of reward program membership and commitment on hotel loyalty. *Journal of Hospitality & Tourism Research, 34*(4), 1-29.

Tarus, D. K., & Rabach, N. (2013). Determinants of customer loyalty in Kenya: does corporate image play a moderating role?. *The TQM Journal, 25*(5), 473-491.

Tawuniya.(2012).The company name. http://www.tawuniya.com.sa/.

Teas, K.R. (1993).Expectations, performance evaluation, and consumers' perceptions of quality. *Journal of Marketing, 57*, 18-34.

Terblanche, N. S., & Boshoff, C. (2006).A generic instrument to measure customer satisfaction with the controllable elements of the in-store shopping *experience. South African Journal of Business Management, 37*(3), 1-14.

Thibaut, J. W., & Kelley, H. H. (1959), The Social Psychology of Groups. New York: John Wiley & Sons, Inc.

Thibaut, J. W., & Kelley, H. H. (1959), The Social Psychology of Groups. New York: John Wiley & Sons, Inc.

Triandis, H. (1995). Individualism and Collectivism, Boulder, CO: Westview.

Tse, D. K..& Wilton. P. C. (1988). Models of consumer satisfaction formation: An extension. *Journal of hfarkering Research, 25*, 203-212.

TsoukatosE., & Rand K (2007). Cultural influences on service quality and customer satisfaction: evidence from Greek insurance. *Manag. Serv. Qual. 17*(4),467-485.

Tsu-Wei Y. (2010). A Study of Relationship Marketing Types, Service Quality, and Relationship Quality on Customer Loyalty in the Life Insurance Industry. Chaoyang University of Technology. Available at:

Tuan , V. A., & Mateo-Babiano, B. (2013). Motorcycle Taxi Service in Vietnam-it socioeconomic impacts and policy considerations.

Turk, Z., Avcilar, M.Y. (2009).The effects of perceived service quality of audit firms on satisfaction and behavioural intentions: A Research on the Istanbul stock exchange listed companies. *Research Journal of Business Management, 2*(1), 36-46.

Udry, C. (1994).Risk and Insurance in a Rural Credit Market: An Empirical Investigation in Northern Nigeria. *Review of Economic Studies, 61*, 495-526.

Upadhyaya, D., Badlani, M. (2011).Service quality perception and customer satisfaction in life insurance companies in India. International Conference on Technology and Business Management.

Urban, W. (2010).Service quality gaps and their role in service enterprises development. *Technological and Economic Development of Economy, 15*(3): 631-645.

Van, R, C. B. M., & Balmer, J.M. T. (1997).Corporate identity: the concept, its measurement and management. *European Journal of Marketing, 31*(5/6,), 340-55.

Wang, Y., Lo, H., & Hui, Y.V. (2003).The antecedents of service quality and product quality and their influences on bank reputation: Evidence from banking industry in China. *Managing Service Quality, 13*(1), 72-83.

Wangenheim, F. (2003). Situational characteristics as moderators of the satisfaction-loyalty link: An investigation in a business-to-business context. Journal of Consumer Satisfaction, is satisfaction and Complaining Behavior, 16, 145-156.

Ward, D. & Zurbruegg, R. (2002). Law, Politics and Life Insurance Consumption in Asia.*Geneva Papers on Risk and Insurance, 27*(3), 395-412.

Warrick, C.S., & Stinson, T.A. (2009).Increasing Online Purchasing: A Study of Web Assurance and Web Insurance. *Review of Business Information Systems, 13*(4), 51-58.

Wasaw, B. & Hill, R. D. (1986).*The insurance industry in economic development.* New York: New York University Press.

Wasaw, B., & Hill, R. D. (1986).The Insurance Industry in Economic Development. New York: New York University Press.

Wen-yeh, H., Holly, S. & Alan, J.D. (2004). Effect of brand name on consumers risk perceptions in online shopping. *Journal of consumer behavior,4*(1), 40-50.

Wong, A., & Sohal, A.S. (2006).Understanding the quality of relationships in consumer services: A study in a retail environment. *International Journal of Quality & Reliability Management, 23(*3), 244-264.

Woodall, T. (2003). Conceptualizing Value for the Customer; An Attribution, Structural and Dispositional Analysis. Academy of Marketing Science Review.

Worcester, R. M. (1986). Corporate Image Research. Consumer Research Handbook (3rd ed.). London: McGraw Hill.

Yang, K., & Jolly, L. D. (2009). The effects of consumer perceived value and subjective norm on mobile data service adoption between American and Korean consumers. *Journal of Retailing and Consumer services, 16*(6), 502-508. http://dx.doi.org/10.1016/j.jretconser.2009.08.005.

Yavas, U., Bilgin, Z. & Shemwell, D. J. (1997). Service quality in the banking sector in an emerging economy: a consumer survey. *International Journal of Bank Marketing, 15*(6), 217-223.

Yi, Y. (1990). A critical review of consumer satisfaction.In V. A. Zeithaml (Ed.), Review of marketing (pp. 68-123). Chicago: American Marketing Association.

Yu, C.H, Chang, H.C., and Huang, G.L. (2006).A study of service quality, customer satisfaction and loyalty in Taiwanese leisure industry.*Journal of American Academy of Business, Cambridge, 9*(1), 126-132.

Zeithaml V. A., Berry L. L., & Parasuraman A, (1993).The nature and determinants of customer expectations of service.*Journal of the academy of Marketing Service, 21*,1-12.

Zeithaml, V. A. (1981). How consumer evaluation processes differ between goods and services in marketing of services. J. H. Donnelly and W. R. George (ed.), Chicago, IL: American Marketing Association, 186-190.

Zeithaml, V. A., & Bitner, M. J, (2003), Service marketing: Integrating customer focus across the firm (3rd ed.). Boston, MA: McGraw-Hill/Irwin.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1988).Communication and control processes in the delivery of service quality. *Journal of Marketing, 52*(2), 35-48.

Zeithaml, V.A., Parasuraman, A., & Berry, L. L., (1985).Problems and strategies in services marketing.*Journal of Marketing, 49*, 33-46

Zelizer, V. R. (1979). Morals and Markets: The Development of Life Insurance in the United States, Columbia University Press, New York, NY.

Zeng, F., Z., Yang, Y. L., & K. Fam. (2010). Small business industrial buyers' price sensitivity: Do service quality dimensions matter in business markets? Industrial Marketing Management.doi:10.1016/ j.indmarman.08.008.