A Conceptual Framework on Customer Satisfaction: The Mediating Role of Corporate Image

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Abstract This research study is intended to deliver a swift review of what is previously known about customer satisfaction and enhanced understanding of the factors of customer relationship management (CRM) in relation to customer satisfaction. By examining the literature of prior studies, this article requires enhanced understanding of customer satisfaction in international airline industry of Pakistan. The study delivers a conceptual framework to broaden the customer satisfaction and the influence of CRM factors comprising service quality, social network interaction, and relationship through solving customer problems, physical environment and trust. The mediating role of corporate image will further strengthen the connection of CRM factors and customer satisfaction. The research findings supplement the present literature of CRM by enhancing the understanding of the dimensions of customer satisfaction. The proposed conceptual framework makes an essential input to the current literature on customer satisfaction by addressing its theoretical and practical implications.

Key Words: Customer Satisfaction, Customer Relationship Management, CRM Factors, Corporate Image, Expectancy Disconfirmation Theory (EDT)

Introduction

Numerous researchers and academicians all over the world have highlighted the importance of customers. The customers are motivated by higher level of satisfaction as they show a repetitive buying behavior and recommends same to others. Generally, customers adopt a loyal behavior to the firm if the firm has a solid repute among consumers. They feel a sense of satisfaction with the services delivered by the firm (Ali et al., 2012). Customers if feel satisfied, probably tell about their experiences to five or six people around them (Mohsan et al., 2011). Correspondingly, in the case if the customers are dissatisfied they possibly share their tragic experiences with a particular organization to another ten people around them.

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The aim of organization is to satisfy their customers although, they strive to do this competently and energetically as compared to their rival in a competing market in the best interest of the firm. The importance of customer satisfaction is recognizable as it has a prominent influence on customers repurchase intentions in the today’s dynamic corporate environment, however, the primary reason for customers to switch to other firms is their dissatisfaction.

Due to multifarious nature of people perceptions, the concept and implications of customer satisfaction in various industries have been somewhat indescribable (Amin & Nasharuddin, 2013). It is far more challenging for the business in the services industries, to achieve customer satisfaction. As there are a few services that are exceptionally multifarious in nature and they involve numerous stages of service experiences which effects on the overall customer satisfaction level (Han & Ryu, 2009).

There are numerous drivers that effect customer satisfaction either positively or negatively (Alireza, Ali, & Aram, 2011), the studies that yield positive or negative results on customer satisfaction that eventually results in company’s efficiency (Sun & Kim, 2013). Moreover, to a greater extent firms are capitalizing on sturdy CRM, in order to increase valued information about how to help the customers and retain them from defecting to the competitor brands (Ndubisi, 2004). Therefore, building customer relationship generates shared rewards which benefits both the customer and the firm. Through constructing a long-term rapport with customers for better planning of marketing strategy, a firm can also achieve quality sources of marketing intelligence (Ndubisi, 2007).

Furthermore, the CRM factors which are the drivers of customer satisfaction comprising of service quality (Fang et al., 2011; Liao, 2012), social network interaction (Hanna et al., 2011; Aral et al., 2013; Gu & Ye, 2014), relationship through solving customer problems (Mettwally, 2013; Dinnen & Hassanien, 2011; Azzam, 2014), physical environment, (Lee & Jeong, 2012; Ruiz, et al., 2012; Ali et al., 2013), trust (Zhu & Chen, 2012; Kutol & Juma, 2016) and corporate image (Suhartanto & Noor, 2012; Kuvykaite & Pilgrimiene, 2013).

Literature Review

Customer Satisfaction

The phenomenon of customer satisfaction is defined as a judgment based on a particular service come upon (Huang, 2008). Customer satisfaction is defined as the complete assessment about the service or a product by the time and as an outcome of purchase and usage experience of the customer (Srivastava, 2015). The user’s post-usage evaluation of a product or a service is essential to deliver estimated fulfilment and joy (Peyton et al., 2003; Khan & Khan, 2014). Customer
Customer satisfaction is associated with complete assessment of the product or service by the customer when he or she buys it (Choi & Kim, 2013).

Customer satisfaction is regarded as a belief of business that leads to the value creation for customers, forestalling and handling their expectations, indicating their capability and obligation to fulfill their needs (Dominici & Guzzo, 2010). According to customer’s perspective, the customer satisfaction can also be seen regarding their needs, desires and beliefs throughout the life cycle of product or service has been met or surpassed, delaying unwaveri

For any organization to accomplish its objectives, customer satisfaction is termed as its basis, or it can be said as the amount of customer satisfaction reveals the achievement level of objectives of organization (Odunlami & Matthew, 2015). The studies conducted on drivers of customer satisfaction are mostly associated with firm performance, the links satisfaction with its drivers (Peyton et al., 2003; Reichheld, 2006). Customer satisfaction is essential to drive profits, reduce price sensitivity and to retain customers (Duverger & Wang, 2017).

**Customer Relationship Management (CRM) Factors**

CRM factors have a progressive influence on customer satisfaction, which will be increased automatically if firm has a good strategy for CRM. Alternatively, customer dissatisfaction is caused in the absence of a good strategy for CRM. A comprehensive, consistent, and personalized information technologies have a positive effect on customer satisfaction, CRM can support to interconnect with customers by satisfying their expectations by using the medium of modern communication and the customer satisfaction will be enhanced as a result of fulfillment of the expectations of customers (Jeong & Lee, 2010).

**i. Service Quality**


In addition, researchers such as Jahanshani et al., (2011) and Ryu and Han (2010), found that service quality has a significant influence on the customer satisfaction. Whereas, other researchers empirically supported that service quality is a precursor of customer satisfaction (Ryu & Han, 2010). Natalisa & Subroto (2003) investigated that service quality has a positive influence on customer satisfaction. Hence, service quality either has a positive influence on customer
satisfaction or an antecedent of customer satisfaction (Kuo, Wu & Deng, 2009; Koivumäki, Ristola & Kesti, 2008; Yee, Yeung & Cheng, 2008).

ii. Physical Environment

Physical environment includes the substantial atmosphere which delivers service products (Nguyen & Leblanc, 2002). The study of Ruiz, Castro & Díaz (2012) have showed that physical environment is an essential element for the customer satisfaction that includes services that provided by service providers. The prior research proposes that there is an uninterrupted connection among physical environment and customer satisfaction (Chebat & Michon, 2003; Chang, 2000; Ryu & Han, 2010).

Similarly, the effects of electronic equipment, layout accessibility, seating comfort, aesthetics and cleanliness influence perceived quality of the physical environment. The outcomes exposed that the perception about physical environment have significant effect on customer satisfaction (Slatten Krogh & Connolley, 2011; Ryu, Lee & Kim, 2012). Furthermore, it has been found that perceived physical environment is an indicator of customer satisfaction (Chang, 2000). Therefore, signifying that customer satisfaction has a positive and direct association with features of positive behavior of customers (Ryu & Han, 2010).

Likewise, prior studies have supported the positive and significant influence of (Jang et al., 2011; Nam et al., 2011; Gagić et al., 2013; Ryu et al., 2012; Ruiz et al., 2012) physical environment on customer satisfaction. Haider et al., (2010) also found that physical environment is more likely to grow higher degree of customer satisfaction whereas, Ali et al., (2016) stated that there is no substantial connection with customer satisfaction.

iii. Relationship through Solving Customer Problems

The complaints by the customers include oral or electronic and all the written correspondences through which customers give their discontentment about some failure or deficiency in product or service (Tolba et al., 2015). Prior literature shows that the post-purchase customer satisfaction increases when customer believes that the company has put greater strength in order to resolve the issue when they receive complaints (Cambra-Fierro, Melero-Polo & Sese, 2016).

Metwally (2013) has found that there is an uninterrupted link among customer complaints handling and customer satisfaction. Furthermore, according to Jusuf (2015) there is a progressive association among compliant handling and customer satisfaction. Similarly, the study conducted by Azzam (2014) has found a significant impact of relationship through solving customer problems on customer satisfaction.
iv. Social Network Interaction

The social media use provides the companies a distinctive access to the important information that is directly associated to their customers that includes requirements, experiences and complaints (Trainor, 2012). The social network interaction operationalized in this study as a predictor of customer satisfaction as a part of selected factors of CRM, that includes socializing, interaction with customers and building relationships with them through the reviews of customers and customer opinions that are the most effective strategies of marketing (Chan & Guillet, 2011; Park et al., 2017).

The prior literature on social network interaction and customer satisfaction supports the relationship among social network interaction and customer satisfaction (Azzam, 2014; Long et al., 2013). A review of prior researches have shown evidence on social media use in business and the formation of interaction strategy of social media (Tuten, 2008; Romero, 2011).

v. Trust

Trust is the readiness of a party based on the expectation to be exposed to the activities of another party that the trustee will accomplish a specific action that is essential to the trustor, regardless of the capability to control or monitor other party (Zhu & Chen, 2012). Trust is known to be the essential factor that facilitates people in order to construct relationship in the uncertainty (Kutol & Juma, 2016). Similarly, it is vigorous factor for building strong relationships with customers and obtaining market share which must be accomplished earlier to customer satisfaction (Kutol & Juma, 2016).

Scholars have found that in the long-run, trust will affect satisfaction (Kim, Ferrin & Rao, 2009). The level of customer satisfaction will be improved over time when the sensation of faith in service provider is satisfied (Chiou & Droge, 2006). Prior literature reveals that interdependencies exist between satisfaction and trust (Kennedy et al., 2001; Thomas et al., 2002). Trust is established on past satisfaction experiences (Naskrent & Siebelt, 2011). Based on the relationship among satisfaction and trust, the customer trust has been viewed from a comprehensive view as the company’s overall impression. Thus, as the customer satisfaction with the firm increases, there would be an increase in the customer trust towards the company (Kim, Ferrin, & Rao, 2009; Platonova et al., 2008). The increase in customer satisfaction will assist in building the customer trust (Teimouri et al., 2012).

Moreover, several studies have concluded that trust has a positive and significant association with customer satisfaction (Khan & Rizwan, 2014; Wu 2013; Aldas-Manzano et al., 2011) whereas few researches have shown contradictory results that customer trust and satisfaction have no significant and
positive relationship (Haryono et al., 2015; Belás & Gabcova, 2016). Prior research studies have shown a bi-directional connection among customer satisfaction and trust (Chinomona & Sandada, 2013).

Conceptual Framework

Based on a thorough review of prior literature and prior research findings on customer satisfaction, a theoretical framework of the study has been developed in the figure given below (figure 1) comprising of five independent variables (service quality, trust, physical environment, relationship through solving customer problems and social network interaction), one mediating variable (corporate image) and one dependent variable (customer satisfaction).

This conceptual framework underpinned by the Expectancy Disconfirmation Theory (EDT), which is among the renowned theories in the field of marketing that has gained extensive recognition in research that seeks to describe and prophesy customer satisfaction and the repurchase intention of customers (Yen & Lu, 2008). The EDT was given by Oliver (1980) and postulated that the post-purchase satisfaction of customer is mutually determined by expectancy
disconfirmation and pre-purchase expectation. Rendering to the current theory, the customer satisfaction is determined by the inconsistency among cognitive standards i.e. expectation and desires and perceived performance (Liu & Khalifa, 2003).

The theory of disconfirmation acknowledged that customer satisfaction is principally illustrated by the gap that occurs among desires, expectations and perceived performance which is known to be a favorable method for explaining customer satisfaction. This theory proposes that level of satisfaction is influenced by the direction (positive or negative), intensity (or size) and the gap (disconfirmation) among perceived performance and expectations.

Based on the satisfaction experiences and the transaction driven nature of the customer satisfaction numerous researchers have claimed that corporate image is a function of the accumulative influence of customer (dis)satisfaction (Oliver & Linda, 1981; Bolton & Drew, 1991, Fornell, 1992) and the corporate image is an essential aspect to evaluate the customer satisfaction when services are hard to assess (Andreassen & Lindestad, 1998).

Corporate image is a tangible and a valuable entity that is very difficult to imitate which is responsible in obtaining sustainable and greater financial performance (Marteson, 2007). The corporate image is defined as the reaction of consumer to entire contribution that is a sum of ideas, beliefs, and impressions about the organization perceived by public (Weiwei, 2007).

Corporate image comprises of the inferences and the information about the firm as corporate citizen, an employer, employee, supplier, community and customer (Adeniji et al., 2014). More essentially, the corporate image is to confirm that a good will is generated by the firm. It is possible that an inaccurate or partial information can have an effect on the corporate image in a negative way (Ene & Ozkaya, 2014)

Several researchers have explored that the perception of corporate image influences customer satisfaction, as the corporate image shapes the expectations of customers prior to their visit and subsequently according to the definition customer satisfaction is dependent on the evaluation among the actual service and the customer’s expectations (Bigne´, Sa´nchez, & Sa´nchez, 2001; Zins, 2001).

Similarly, prior studies found the association among corporate image and customer satisfaction including the study of Abd-El-Salam & Shawky (2013) who investigated that corporate image had positive influence on customer satisfaction. Correspondingly, Cameran et al., (2008) have explored that corporate image has a solid influence on customer satisfaction. Likewise, Cameran et al., (2010) discovered that corporate image has significant influence customer satisfaction (Sallam, 2016). The outcomes of some researches have shown that corporate image is extremely correlated to customer satisfaction (Malik et al., 2012).

Moreover, in the study of Kuo and Tang (2013) corporate image is also supposed a mediator in the relationship among customer satisfaction and service
quality. To test the mediation effect, this study will follow the Baron and Kenny (1986) conception as they suggest that the independent variables (i.e. personnel behavior, service quality, physical environment, trust and relationship through solving customer problems and social network interaction) also need to have significant relationship with mediating variable (i.e. corporate image), and mediation variable also significant association with the dependent variable (i.e. Customer Satisfaction). Therefore, the study prepositions are that:

**Preposition One:** Corporate Image mediates the relationship between Personnel Behavior and Customer Satisfaction.

**Preposition Two:** Corporate Image mediates the relationship between Service Quality and Customer Satisfaction.

**Preposition Three:** Corporate Image mediates the relationship between Physical Environment and Customer Satisfaction.

**Preposition Four:** Corporate Image mediates the relationship between Social Network Interaction and Customer Satisfaction.

**Preposition Five:** Corporate Image mediates the relationship between Solving Customer Problems and Customer Satisfaction.

**Preposition Six:** Corporate Image mediates the relationship between Trust and Customer Satisfaction.

**Conclusion and Managerial Implication**

Prior literature illustrates that, there are numerous factors which can have either a positive or negative influence on customer satisfaction (Kandampully & Suhartanto, 2000; Alireza, Ali & Aram, 2011). Past researches has linked customer satisfaction with employee performance (Ambroz & Praprotnik, 2008), service quality (Hu, Kandampully, & Juwaheer, 2009), customer value (Hu et al., 2009; Alireza, Ali & Aram, 2011), innovativeness of service (Ambroz & Praprotnik, 2008), monetary price (Lai & Chen, 2011) and product reliability (Ganguli, 2008). Therefore, for the current study customer satisfaction is linked with physical environment, service quality, social network interaction, relationship through solving customer’s problems, and trust as a drivers of customer satisfaction. As companies are emphasizing on CRM as an instrument of managing relationship with customers, hence customer satisfaction is increased (Park & Kim, 2003; Khalifa & Liu, 2003; Ngai, 2005).

Moreover, previous studies explains that there are insufficient research that have been conducted on the concept of corporate image (Nguyen & Leblanc, 2002). Conversely, in the evaluation of service framework, the role of corporate Image is still confusing and has to be clarified (Giovanis et al., 2016). The prior studies has not noticeably recognized a clear relationship among satisfaction and corporate
image, there is no significant and direct influence of customer satisfaction on corporate image (Azoury et al., 2014). The role of corporate image as a mediator between CRM factors and customer satisfaction in this study will make an addition to the existing literature based on the EDT developed by Oliver (1980).

The study will go on to assist upcoming scholars and academicians as a contribution for conducting related studies in future and estimate to further their insight regarding the issue. Generally the findings and conclusion from this study may be used to by different carriers for decision making by addressing the root problems hindering customer satisfaction. Therefore, it is projected that study in hand will provide insight and understanding to the managers and practitioners on the CRM factors that might affect customer satisfaction level of customers.

**Recommendation of the Study**

Past researchers investigated a number of determinants that are associated with customer satisfaction for instance physical environment, service quality, social network interaction, relationship through solving customer’s problems, and trust to determine customer satisfaction. However, on a few studies put focus on other factors like customer value, innovativeness of service, monetary price and product reliability that are related to customer satisfaction which are suggested to investigate in future research studies. Moreover, future research should be done to investigate other additional CRM factors to determine customer satisfaction (e.g. customer database, employee behavior; customer commitment).
References


