The impact of corporate image and reputation on service quality, customer satisfaction and customer loyalty: testing the mediating role. 

Case analysis in an international service company

Eman Mohamed Abd-El-Salam, Ayman Yehia Shawky 
and Tawfik El-Nahas

Arab Academy for Science and Technology and Maritime Transport, College of Management and Technology, Alexandria, Egypt

Keywords
Corporate image, Service quality, Customer satisfaction, Customer loyalty, Egypt.

Abstract
The purpose of this paper is to explore the relationship among corporate image and reputation, service quality, customer satisfaction and customer loyalty through a case analysis on one of the biggest Egyptian company. A structured questionnaire was developed. The hypotheses were simultaneously tested on a sample of 650 customers out of 800 distributed, giving a response rate of 81.25 per cent. Several analytical techniques were used to assess the relationships among the variables under investigation such as Pearson correlation, chi-square, and multiple linear regressions. Hierarchical regression was used to assess the mediating role. The findings of this study have shown significant relationships among the variables under investigation.

It is imperative to explore how an international company can effectively and efficiently work in the Egyptian culture gaining their customers satisfaction and loyalty. The research was limited to one of the biggest international company that is working in Egypt. Also the use of cross-sectional design restricts inferences being drawn regarding casualty.

Despite the significant academic interest in service quality, customer satisfaction and customer loyalty, this study contributes in adding to the body of the Egyptian culture knowledge. Also, to the best of the authors’ knowledge there is no study published that explores the influence of corporate reputation and image and its relationship to how customers perceive the offered service, whether they are satisfied or not and most importantly whether they will retain dealing with the organization or not.

Introduction
In today’s severe competitive markets, differentiation between organizations in terms of price, product and/or service characteristics and the value of the delivery system is difficult. Thus, positioning your organization inside the customers’ black box, i.e., customers’ mind through communication channels such as advertising, promotion, postures, banner ads, publicity, public relations, personnel selling-----etc (Andreassen and Lanseng, 1997; Andreassen and Lindestad, 1998). Corporate reputation research is rooted in the earlier research on corporate image. Corporate image is closely related to brand equity (Caruana and Chircop, 2000). Cororate image are likely to play only a secondary role in customers’ choice decisions unless competing services are perceived as virtually identical on performance, price, and availability (Lovelocek, 1984; Andreassen and Lanseng, 1997; Andreassen and Lindestad, 1998). In general, corporate image and reputation is considered an asset which gives the organization a chance to differentiate itself aiming to maximize their market share, profits, attracting new customers, retaining existing ones, neutralizing the competitors’ actions and above all their success and survival in the market (Fombrun and Shanley, 1990; Bravo et al., 2009; Sarstedt et al., 2012).

To structure the customer-side of the customer relationship marketing management framework, the researcherss adopted the well-established paradigm of confirmation of expectations, used extensively in
the service quality literature (Parasuraman et al., 1993). Customers' willingness to maintain a relationship with a organization is contingent on their perception of the benefits of a high relationship quality, satisfaction with a relationship, and the benefits of a relationship that provide a continuous flow of value. Service quality is one of the most important and widely researched topics in services (Zeithaml, 2000). Services quality represents the majority of today's economy, not only in developed countries but also developing countries throughout the world. Service quality results from customers' comparisons of their expectations about a service encounter with their perceptions of the service encounter (Parasuraman et al., 1993). Providing service quality is simply no longer an option. Customers are more demanding and they are the judge of quality (Little and Little, 2009). This is reflected in the large number of empirical research studies that have investigated the impact of service quality on outcome variables including customer satisfaction and customer loyalty in the past few decades.

Corporate Image and Reputation

Corporate image and reputation is considered to be a critical factor in the overall evaluation of any organization (Bitner, 1990, 1991; Gronroos, 1984; Gummesson and Gronroos, 1998; Andreassen and Lanseng, 1997; Andreassen and Lindestad, 1998; Kandampully and Hu, 2007; Sarstedt et al., 2012) because of the strength that lies in the customers' perception and mind when hearing the name of the organization (Fombrun, 1996; Hatch et al., 2003; Nguyen, 2006; Bravo et al., 2009). Thus, continuous research on corporate image and reputation is a must for those organizations that want to successfully differentiate their positioning in the market.

Kandampully and Hu (2007) stated that corporate image consisted of two main components; the first is functional such as the tangible characteristics that can be measured and evaluated easily. The second is emotional such as feelings, attitudes and beliefs the one have towards the organization. These emotional components are consequences from accumulative experiences the customer have with the passage of time with the organization.

Although service quality as “perceived by customers” (Zeithaml et al., 1990:19), but the service provider is the one who create and deliver the service. Service providers are the organization’s ambassadors; because they hod the ultimate balance of quality in service in the customers’ mind (Surprenant and Solomon, 1987). In fact they act as a boundary-spanning that links commercial organizations from inside and outside by obtaining information and disseminating this information to all parties; this is also known as "Discretionary behaviour", or "Travelling the extra mile for the customer beyond the call of duty" (Chung and Schneider, 2002; Solent, 2006; Slatten, 2008). For example, Vodafone, which is an international communication company that operates in Egypt mission statement, is “the world is in between your hands” communicates a strong service “image” to both its internal as well as external customers simultaneously. To Vodafone both parties are essential not only to the organization’s success, but also to maintain an excellent superior service image in the market. Without developing corporate philosophy, culture and adequate, co-ordinate, effective and efficient management, building a superior excellence corporate image and reputation will not be an easy task to achieve.

Gronroos (1984, 1990) and Little and Little (2009) stated that customers evaluate service quality based on perceptions of two-dimensional service quality concept, a technical quality or outcome of the service act dimension, (what is delivered) or how well the service performs as expected and as promised or what the customer receives in the end or what is delivered (Opoku et al., 2008) and the functional quality, or process-related dimension (how it is delivered), i.e., their perception of the manner in which the service is delivered (Opoku et al., 2008). They believe that the "how" of service delivery is critical to perceptions of service quality. Grönroos (1984: 38) states that "this is another quality dimension, which is very much related to how the moments of truth of the buyer-seller interactions themselves are taken care of and how the service provider functions, therefore, it is called the functional quality of the process". Technical quality, also known as extrinsic quality which is defined as what the customer is actually receiving from the service, or the quality of the outcome or result of the service, is the "what" is delivered during the service delivery process. Functional quality is also known as intrinsic quality, perceptual
quality, and interactive quality; and describes the manner in which the service is delivered. Functional quality refers to employees' actions or the human interaction that takes place during the service encounter; it is the "how" a service is delivered or provided (Gronroos, 1984, 1990, 1992; Mels et al., 1997). Furthermore, when customers do not have the expertise, time, and/or desire to make an assessment of technical quality, they may rely primarily, and sometimes completely, on perceptions of functional quality to assess service quality (Opoku et al., 2008).

To sum up, when service quality levels are high, benefits are found to include low staff turnover, improvement in employee morale, cost savings and increased market share and profitability (Opoku et al., 2008).

Several definitions are found in the literature; Aaker and Keller (1990) defined corporate reputation as a perception of quality associated with corporate name. Furthermore, Keller (1993) defined corporate image as perceptions of an organization reflected in the associations held in consumers' memory. Nguyen and LeBlanc (1998) defined corporate image as a subjective knowledge, or attitude such as ideology, corporate name, reputation and delivery system quality level. All of these characteristics contribute to build the corporate image.

Corporate image is defined as the “overall impression” left in the customers’ mind as a result of accumulative feelings, ideas, attitudes and experiences with the organization, stored in memory, transformed into a positive/negative meaning, retrieved to reconstruct image and recalled when the name of the organization is heard or brought to ones’ mind (Dowling, 1988; Fombrun, 1996; Kazoleas et al., 2001; Hatch et al., 2003; Bravo et al., 2009). Thus, corporate image is a result of communication process in which the organizations create and spread a specific message that constitutes their strategic intent; mission, vision, goals and identity that reflects their core values that they cherish (Leuthesser and Kohli, 1997; Van Riel and Balmer, 1997; Bravo et al., 2009). This is consistent with Keller’s (1993) worldwide vision of brand image. Thus, corporate image could be considered as a type of brand image in which the brand name refers to the organization as a whole rather than to its sole products/services. Thus, we hypothesize that:

H1: There is a positive relationship between corporate image and reputation and the overall service quality offered by the organization.

H2: There is a positive relationship between corporate image and reputation and customer satisfaction.

H3: There is a positive relationship between corporate image and reputation and customer loyalty.

Service Quality
In an increasingly competitive environment service quality as an essential strategy for success and survival has attracted increasing interest in over the past 20 years (Ismail et al., 2006). Organizations are
striving to gain a strategic competitive advantage by delivering service with "quality" and "satisfaction". Several researchers have agreed that if companies do not recognise and respond immediately to customer's needs efficiently and effectively, the result may be decreasing profits, increasing levels of stress and customer dissatisfaction. Therefore, companies must constantly ask themselves: what do customers want from us, and how can we improve current customer perception (Hong and Goo, 2004; Law et al., 2004)? Consequently, there is a huge body of marketing literature that is concerned with service quality, customer satisfaction, and customer loyalty as three distinctive elements that service organizations should strive for (Hong and Goo, 2004; Law et al., 2004; Ismail et al., 2006).

Huff et al. (1994: 3) stated that, "Despite its current popularity, there is little agreement on what quality is and how to achieve it". Organizations never admit that they do not provide quality to their customers, despite the fact that service quality acts as the source of a powerful competitive advantage weapon in the marketplace. It is the customer's definition that really matters (Zeithaml et al., 1988 a, b); therefore, conformance to company specifications is not quality, rather, quality is conformance to customer specifications (Gronroos, 1993), and "the quality of a service, as perceived by the customer, is a result of a comparison between the expectations of the customer and his real-life experiences" (Gronroos, 1993: 20). The same approach is used by Zeithaml et al. (1990: 19) stated that "service quality, as perceived by customers, can be defined as the extent of discrepancy between customers' expectations or desires and their perceptions".

**Customer Satisfaction**

The word "satisfaction" is significant by itself; as psychologists debate our overall "life" satisfaction so management seeks to provide job satisfaction and consumer satisfaction. Consumers demand satisfaction. Consumer behaviour researchers seek to understand and explain consumer satisfaction (Wan, 2007).

Customer satisfaction has emerged as one of the most powerful tools for sustaining a competitive advantage for business success and survival nowadays, through excellence service quality. Parasuraman et al. (1987: 32) stated that "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". Mentzer et al., (1995: 45-46) stated that "maximising customer satisfaction will maximise profitability and market share".

Customer satisfaction has been defined in two ways: either as an outcome or as a process. The outcome definitions characterise satisfaction as the end-state resulting from the consumption experience (Churchill and Surprenant, 1982). Churchill and Surprenant (1982: 493) defined customer satisfaction as "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". On the other hand, satisfaction can be considered as a process, emphasising the perceptual, evaluative and psychological processes that contribute to satisfaction (Tse and Wilton, 1988). Hunt (1977: 459) defined customer satisfaction as "an evaluation rendered that the experience was at least as good as it was supposed to be". In Tse and Wilton's (1983) definition, three antecedents of satisfaction can be identified:-

1. Customer expectations, or expected performance,
2. Actual performance or perceived performance,
3. The discrepancy or confirmation/disconfirmation is the gap between the expected performance and perceived performance.

Whether a customer's positive expectations about a product or service are met, or whether a customer's negative expectations about a product or service are not met; in both cases, the result is moderate satisfaction. The former is derived from positive confirmation, and the latter is resulted from negative confirmation, or disconfirmation. The term disconfirmation in this context relates to the fulfilment of expectations, and may be positive (where product performance exceeds expectations), negative (where product performance falls below expectations) or zero (where performance equals expectations). If those
expectations are exceeded, it brings high satisfaction to the customer. More specifically, an individual's expectations are (1) confirmed when a product and/or service performs as expected, (2) negatively disconfirmed when a product and/or service performs more poorly than expected, and (3) positively disconfirmed when the product performs better than expected. This paradigm, known as the confirmation/disconfirmation, leads to an emotional reaction called satisfaction/dissatisfaction (Slatten, 2008).

The debate about the conceptual measurement of service quality and customer satisfaction

Confusion over use of the terms 'customer satisfaction' and "service quality" interchangeably has increased considerably in the marketing literature. Customer satisfaction is derived from the Latin satis (enough) and Facere (to do or make). These terms illustrate that satisfaction implies some kind of fulfilment (Rust and Zahorik, 1993). Bolton and Drew (1991a, b) define overall satisfaction as a function of satisfaction with multiple experiences with the organization; i.e., customer satisfaction is specific to an individual service encounter, while service quality is an overall attitude towards a service firm; service quality is a global judgement (Law et al., 2004; Bolton and Drew, 1991a).

Moreover, there seems to be a disagreement as to whether these two constructs belong at the transaction-specific or the global end of the continuum, if one end of the continuum represents satisfaction with a specific transaction (also labelled as encounter satisfaction) (Bitner and Hubbert, 1994), and the other end represents global attitude. There is little agreement regarding which construct (service quality or customer satisfaction) belongs at which end of this range. Here there are also at least two schools of thought. The first school of thought is that "quality leads to satisfaction" (Parasuraman et al., 1985, 1988, 1994a: 123; Cronin and Taylor, 1992; Fornell, 1992; Anderson et al., 1994; Dabholkar et al., 2000; Hong and Go, 2004), whereas the second group is convinced that "satisfaction with (specific transaction) leads to overall quality perceptions" (Bitner 1990; Bolton and Drew 1991a). Bolton and Drew (1991a) equate service quality with an attitude, and suggest that satisfaction is an antecedent of service quality. Expectations and perceptions play an important role in both schools of thought. In both research streams it is suggested that consumers arrive at a judgement of the perceived quality of a product or service by combining prior expectations about the product or service with perceptions of product or service usage. It is also suggested that consumers use multiple classes of expectations (Tse and Wilton, 1988; Zeithaml et al., 1990). Furthermore, Customer satisfaction is an affective state, and service quality is a cognitive state. Therefore, because the fact that cognition precedes emotion in the causal chain of psychological processes rests on a solid theoretical ground (Oliver 1997); service quality was considered as an antecedent of customer satisfaction. Thus, we concur with the view that service quality leads to customer satisfaction. As a general rule, the customer satisfaction literature represents expectations as predictions of future events, operationalised as "will" expectations (Prakash, 1984; Swan and Trawick, 1980), while the service quality literature uses normative expectations of future events, operationalised as either "should", "desired", or "ideal" expectations (Parasuraman et al., 1988; Boulding et al., 1993). Furthermore, Dabholkar et al. (2000) conceptualised a comprehensive framework for service quality by investigating critical conceptual and measurement issues through a longitudinal study. This study reports that factors relevant to service quality are better conceived as its antecedents rather than its components and that customer satisfaction strongly mediates the effects of service quality on behavioural intentions; also, the study reports that perceptions and measured disconfirmation have several advantages over computed disconfirmation (i.e. difference scores), and that a cross-sectional measurement design for service quality is preferred to a longitudinal design (Dabholkar et al., 2000). Oliver (1980) presented the "disconfirmation of expectations" paradigm: this paradigm suggests that the higher the expectation in relation to actual performance, the greater the degree of disconfirmation and the lower the satisfaction (Bearden and Teel, 1983; Swan and Trawick, 1980; LaTour and Peat, 1978-1979; Tse and Wilton, 1988; Churchill, 1979; Woodruff et al., 1983).

Despite some argument as to whether these two terms describe the same concept or whether they are distinct in nature, most agree that they are nonetheless highly inter-correlated (Bitner and Hubbert, 1994; Parasuraman et al., 1994a, b). Additionally, some authors have been using service quality as a
surrogate of customer satisfaction (Schneider et al., 1998). Satisfaction is generally viewed as a broader concept while service quality assessment focuses specifically on dimensions of services. To sum up, service quality and customer satisfaction are separate (i.e., unique) constructs that share a close relationship (Brown and Swartz, 1989; Parasuraman et al., 1994 a; Taylor and Baker, 1994: 164-166)

Different conceptualization of customer satisfaction
Anderson and Fornell (1994: 245) stated that "two quite different conceptualizations of the satisfaction construct can be distinguished: transaction specific and brand specific". Transaction-brand-specific limits satisfaction to a specific purchase occasion (Oliver, 1980; Anderson and Fornell, 1994); however, in cumulative-satisfaction, customer satisfaction refers to an overall evaluation based on many purchase and consumption experiences with a product and/or service over time. It can be viewed as a function of all previous transaction-specific satisfactions (Anderson and Fornell, 1994; Aydin et al., 2005). Overall satisfaction is a more fundamental indicator of the firm’s past, current, and future performance-this is because customers make repurchase evaluations and decisions based on their purchase and consumption experience to date, not just on a particular transaction (Johnson et al., 2001; Aydin et al., 2005). This reduces price sensitivity and customer losses from fluctuations in service quality in the short term. The main result is high customer loyalty.

Customer Loyalty
In the context of relationship marketing, customer satisfaction is often viewed as a central determinant of customer loyalty (Law et al., 2004), while relationship marketing is defined as a marketing philosophy aimed at establishing, attracting, maintaining and enhancing customer relationships (Sheth and Parvatiyar, 1995), rather than identifying and acquiring new customers (Guenzi and Pelloni, 2004). The attraction of new customers should be viewed only as an intermediate step, as strengthening the relationship and transforming them into loyal customers is the main goal. From this perspective, the fundamental goal of the relationship marketing approach is gaining and fostering customer loyalty (Gremler and Brown, 1999; Guenzi and Pelloni, 2004). In the past, traditional marketing focused on attracting new customers rather than retaining existing ones, and selling rather than building relationships (Zeithaml et al., 1985; Rust et al., 2000). Nowadays, customer loyalty and retention is the most vital goal for service organizations success (Jones and Sasser, 1995). Deming (1986: 23) stated that “it is no longer sufficient to concentrate only on customer satisfaction; the next step is customer loyalty”. Furthermore, Hong and Goo (2004) stated that satisfaction is a necessary prerequisite for loyalty but is not sufficient on its own to automatically lead to repeat purchases, while Gale (1994) stated that customer value measurement (CVM) providing superior customer value---and value is simply quality as defined by the customer and offered at the right price.

Service loyalty is indicated by repeat purchases or repurchases intentions (Cronion and Taylor, 1992; Heskett et al., 1994; Rust et al., 1995), favourable word-of-mouth, and recommendations (Oliver and Swan, 1989; Parasuraman et al., 1988, 1991 a, b; Boulding et al., 1993; Rust et al., 1995; Zeithaml et al., 1996).

The relationship between Service Quality, Customer Satisfaction and Customer Loyalty
Cronin and Taylor (1992) examined the relationship between service quality, customer satisfaction, and purchase intentions. They established three propositions for their study that stated:
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.

The results of their study found that propositions one and two have a significant effect on customer satisfaction and purchase intentions, respectively. However, in regard to proposition three, they found that service quality does not have a significant impact on purchase intentions. It is important to note that Cronin and Taylor used their SERVPREF model to test the above propositions and not SERVQUAL. Law et al. (2004) examined the impact of waiting time and service quality on customer satisfaction and repurchase frequency. In their study, they examined the relationship between customer satisfaction;
repurchase frequency, waiting time and other service quality factors in fast food outlets. The results indicate that waiting time and other quality factors such as staff attitude environment, seat availability and food quality significantly influence the customers' return frequency. Results also show that waiting time, staff attitude, food quality and food variety all significantly affect customer satisfaction. These help managers to understand the critical factors that influence customer loyalty and satisfaction and help them make improvements accordingly.

Hong and Goo (2004) examined a proposed causal model of customer loyalty in professional service firms and found that the SERVQUAL instrument with the five quality dimension provides good measurement of service quality for professional accounting business. To create behaviourally loyal customers, movement along service quality to customer satisfaction to customer loyalty is necessary.

Guenzi and Pelloni (2004) explored the impact of interpersonal relationships (both with a firm's employees and customers) on customer satisfaction and loyalty toward the firm. This paper empirically tests an original multi-level and multi-subject model. The findings show that customer-to-employee and customer-to-customer relationships contribute differently to the development of customer loyalty.

Aydin et al. (2005) conducted a study in the GSM mobile telephony sector to measure the effects of customer satisfaction and trust on customer loyalty and the direct and indirect effect of switching cost on customer loyalty and found that the switching cost factor directly affects loyalty, and has a moderator effect on customer satisfaction and trust. Therefore, it plays a crucial role in winning customer loyalty. Furthermore, trust has more importance than customer satisfaction in engendering loyalty, since trust contains belief in the product and service, which provides positive outcomes not only in the present but also in the future; however customer satisfaction does not contain this dimension.

Pont and McQuilken (2005) stated that customer satisfaction is an important indicator for customer loyalty and accordingly they investigated the relationship between customer satisfaction and customer loyalty intentions within the Australian banking industry for two distinct customer segments, retirees and university students. Results indicate no significant difference in the satisfaction levels of either group; however, there were differences with respect to two of the five behavioural intentions dimensions (loyalty, switch, pay, internal response and external response), loyalty and switch. Satisfaction was found to have a significant impact on three of the five behavioural intentions dimensions, loyalty, pay, and external response, suggesting that management should initiate service policies aimed at securing improvements in customer satisfaction.

Yu et al. (2006) explored the relationship among service quality, customer satisfaction and customer loyalty of the leisure industry to provide operators with a reference as to how to improve their quality. According to their results, the partial demographic statistics variable has a significant relationship with service quality, customer satisfaction and customer loyalty of the leisure industry while significant differences show between importance and satisfaction of service quality of the leisure industry. In addition, both satisfaction of leisure industry service quality and overall customer satisfaction have significant relationship with customer loyalty (Yu et al. used SERVPREF instead of SERVQUAL).

Ismail et al. (2006) examined the relationship between audit service quality, client satisfaction, and loyalty to the audit firms. The SERVQUAL model was used to measure the perceptions and expectations of public listed companies on the services received from audit firms. Questionnaires were sent to 500 public listed companies. They found that companies were satisfied with the tangible dimension but were dissatisfied with the other four dimensions. The most the most commonly expressed dissatisfaction was empathy. Customer satisfaction was found to partially mediate the relationship of reliability and customer loyalty.

Turk and Avcilcar (2009) investigated the effects of service quality of audit firms on customer satisfaction and behavioural intentions. They found that customer satisfaction mediates perceived service quality of public listed companies on the services received from audit firms.
quality dimensions and customer loyalty. They also found that assurance is the most important dimensions dimension of the service quality of audit firms followed by reliability, responsiveness, empathy, and lastly tangibles. Thus managers in this case should focus on employees' knowledge, courtesy, ability to deliver the promised service dependably and accurately and their ability to help customers and provide service willingly in order to improve the service quality. Their results confirm the path that stated that perceived service quality is the antecedent of customer satisfaction in predicting behavioural intentions; however, it does not have a direct effect on behaviour intentions.

Akbar and Prevaez (2009) investigated the effects of service quality, trust, and customer satisfaction on customer loyalty. They found a significant positive relationship between them. Their findings also supported the path arguments that customer satisfaction mediates perceived service quality dimensions and customer loyalty. They used two models; the first model investigated the relationship of customer satisfaction that mediates perceived service quality dimensions and customer loyalty, and furthermore, they examined the relationship between trust and customer loyalty. Thus, a path from customers' perceived service quality to customer satisfaction and then customer satisfaction and trust to customer loyalty. The second model examined both the direct and indirect relationship of customer satisfaction that mediates perceived service quality dimensions and customer loyalty, besides investigating the direct correlation between trust and customer loyalty. Thus, a path from customers' perceived service quality to customer satisfaction and customer loyalty, and then customer satisfaction and trust to customer loyalty. They found that the second model is better than the first one as the results of goodness-of-fit index (GFI), normal-fit-index (NFI), comparative-fit-index (CFI), and root mean square error of approximation (RMSEA) are better. The interaction between service quality and customer satisfaction will explain more of the variance in customers' stated purchase intentions than the direct influences of either service quality or satisfaction alone (Peyrot et al., 1993; Soderlund, 2006; Turk and Avcilar, 2009; Akbar and Prevaez, 2009).

Thus we hypothesise the following:

H4: There is a positive relationship between overall service quality offered by the organization and customer satisfaction.

H5: There is a positive relationship between overall service quality offered by the organization and customer loyalty.

H6: There is a positive relationship between customer satisfaction and customer loyalty.

H7: Customer satisfaction mediates the relationship between overall service quality and customer loyalty.

Research questions and model of the study
1. Is there a significant relationship between corporate image and reputation and overall service quality offered by the organization?
2. Is there a significant relationship between corporate image and reputation and customer satisfaction?
3. Is there a significant relationship between corporate image and reputation and customer loyalty?
4. Is there a significant relationship between overall service quality offered by the organization and customer satisfaction?
5. Is there a significant relationship between customer satisfaction and customer loyalty?
6. Does customer satisfaction mediate the relationship between overall service quality and customer loyalty?
Research Methodology
Sample and data collection
Survey data was collected from the customers of an international service company. As a matter of fact, 800 questionnaires were distributed randomly among the entire customers. Where, 650 questionnaires were returned and were useful for our analyses (no missing values), resulting in an 81.25 per cent response rate. 74.2 per cent of the sample was male and 25.8 per cent of the sample was female. By the way, the age of the customers ranged from 20 years to 50 years or above. 51.2 per cent of the sample ranged from 20 years to less than 30 years, 23.5 per cent of the sample ranged from 30 years to less than 40 years, 13.7 per cent of the sample ranged from 40 years to less than 50 years, and 11.5 per cent of the sample ranged from 50 and above. In addition, the time dealing with the company ranged from 1 year to less than three years 27.7 percent, followed by three years to less than five years 29.1 per cent, followed by seven years and above 20.6 per cent, followed by five years less than seven years 14 per cent and finally 8.6 per cent of the customers dealing with the company for less than 1 year. It is worth to mention that 63.5 per cent of the sample holds a bachelor degree, 11.8 percent holds a master degree, 4.9 per cent holds a PhD degree, and the rest holds diplomas. Finally, their monthly salary was above 3000 Egyptian pound.

Measures
A questionnaire survey was used to obtain measures of corporate image and reputation, service quality, customer satisfaction and customer loyalty. All of the scales were translated from English into Arabic using the double translation method. A pilot study based on 100 returned questionnaires showed that respondents were clear about the content of the questions and instructions. Thus no change was necessary for the questionnaire to be used in the main study. The reliability and validity for Egyptian use were established using the sample from the pilot study as well as the final one.

Instrumentation
The survey instrument used in this study comprised four established scales. Measuring service quality has received a lot of attention in service quality research. Research has shown SERVQUAL to be an effective and stable tool for measuring service quality across industries despite its critics (Parasuraman et al., 1985, 1988, 1991, 1993; Hong and Goo, 2004; Law et al., 2004; Trivellas and Dargenidou, 2009). The most important topics of debate include: the applicability of the “perceptions minus expectations” model to measure quality (Cronin and Taylor, 1992; Teas, 1983; Trivellas and Dargenidou, 2009). When assessing customer satisfaction, there are generally two methods: (1) single item; (2) multiple items: i.e., measuring customer satisfaction with general scale and summing up for the overall satisfaction (Yu et al., 2006). In this study customer satisfaction measurement is adapted from Dube’ and Morgan (1996) and Winsted (1997). Accurate measures of customer loyalty are difficult since it can be measured in many ways. Confusion exists over the differences between measuring customer loyalty and customer satisfaction (Jones and Sasser, 1995; Banker et al., 2000). Bankeret al., (2000) used a loyalty measure for overall customer satisfaction. As with behaviour, customer loyalty has been measured as the customers' repeat purchase intention; however, loyalty as an attitude cannot be measured with repurchase intention.
because it can capture a behavioural component of loyalty and taps into a behavioural intention. In the service management literature, the majority of loyalty studies were mainly defined and operationalised according to the behavioural view (Opoku et al., 2008). In this study, customer loyalty measurement is mainly carried out by customers’ intentions to repeat transactions, or to recommend to others through positive word of mouth (WOM) (Yu et al., 2006). In this study customer loyalty measurement is adapted from Anderson and Robertson (1995), Putrevu and Lord (1994) and Zeithaml, Berry, and Parasuraman (1996). Regarding the measurement of corporate image and reputation, various researchers consider corporate image and reputation as a single dimension, while others consider it as a multi-dimensional construct consists of different dimensions such as competence, agreeableness, social responsibility, reputation and credibility, financial performance (Gronroos, 1988; Davies et al., 2004; Kim, 2006; Minkiewicz et al., 2011; Sarstedt et al., 2012). In this study, corporate image and reputation measurement is mainly carried out as a single construct adapted from Anderson and Robertson (1995), Brown (1995), Kamp and Maclnns (1995), Caruana and Chircop (2000), Wallach et al. (2006), Sarstedt et al. (2012). All of the rating is accomplished on a five-point scale ranging from strongly disagree (1) to strongly agree (5).

Analysis and Results

The researchers used the statistical package for social sciences (SPSS). The first statistical analysis to be performed was coefficient Cronbach's alpha to measure the internal reliability analyses to examine various scales. Reliabilities of these scales were as follows,

- Overall service quality is 0.953, corporate image and reputation is 0.801, customer satisfaction is 0.781 and customer loyalty is 0.768. On the other side, discriminate validity was measured by using Chi-square test. Based on the results of the chi-square analysis, the researchers found that all of the variables were valid.

Correlation analysis

<table>
<thead>
<tr>
<th></th>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Corporate image and reputation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Overall service quality</td>
<td>0.210**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Customer satisfaction</td>
<td>0.774**</td>
<td>0.200**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Customer loyalty</td>
<td>0.175**</td>
<td>0.209**</td>
<td>0.159**</td>
<td>1</td>
</tr>
</tbody>
</table>

Table (1) correlation coefficient between corporate image and reputation, overall service quality, customer satisfaction and customer loyalty.

Source: the researcher, based on data analysis

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

*. Correlation is significant at the 0.05 level (2-tailed).

Evidence in table (1) showed that there was a significant positive relationship between corporate image and reputation and overall service quality ($r=0.210$, $P<0.1$) and between corporate image and reputation and customer satisfaction ($r=0.774$, $P<0.1$), and between corporate image and reputation and customer loyalty ($r=0.175$, $P<0.1$). This implies that there is a very strong correlation between the organization image and reputation and the value offered to the customers when they buy from it such as a high or even an excellent service with a reasonable price are said to influence their value judgements and consequently their satisfaction and loyalty towards the organization. Thus $H_1$, $H_2$ and $H_3$ were supported.

Evidence in table (1) showed that there was a significant positive relationship between overall service quality and customer satisfaction ($r=0.200$, $P<0.1$) and between overall service quality and customer loyalty ($r=0.209$, $P<0.1$), and between customer satisfaction and customer loyalty ($r=0.159$, $P<0.1$). This implies that there is a very strong positive correlation between service quality, customer satisfaction and customer loyalty, in other words, the higher the service quality offered and perceived by
the customers, the more satisfied they will be and consequently they will remain to deal with the organization and may even attract new customers to join them. Thus H4, H5 and H6 were supported.

### Regression analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Beta</th>
<th>T</th>
<th>Sig of T</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>4.205</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall service quality</td>
<td>0.169</td>
<td>0.200</td>
<td>5.204</td>
<td>0.000</td>
<td>Significant influence.</td>
</tr>
<tr>
<td>Multiple R</td>
<td>0.200</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>0.040</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.039</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significance of F</td>
<td>0.000 (very significant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table (2) regression analysis between overall service quality and customer satisfaction**

Source: the researcher, based on data analysis

As shown from table (2) that the multiple regression model equation is expressed as:

\[ Y = 4.205 + 0.169 \text{ Overall service quality}. \]

Evidence from table (2) showed that the adjusted \( R^2 \) of 0.039 indicates that 3.9 per cent of variance in the customer satisfaction can be explained by overall service quality. This is a statistically significant contribution, as indicated by the significant F change value for this line (0.000). The ANOVA table of indicates that the model as a whole is significant \( F (1, 648) = 27.083, P < 0.0005 \). Thus, overall service quality contributed significantly to customer satisfaction.

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Beta</th>
<th>T</th>
<th>Sig of T</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>3.145</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.0168</td>
<td>0.159</td>
<td>4.105</td>
<td>0.000</td>
<td>Significant influence.</td>
</tr>
<tr>
<td>Multiple R</td>
<td>0.159</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>0.025</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.024</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significance of F</td>
<td>0.000 (very significant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table (3) regression analysis between customer satisfaction and customer loyalty**

Source: the researcher, based on data analysis

As shown from table (3) that the multiple regression model equation is expressed as:

\[ Y = 3.145 + 0.168 \text{ customer satisfaction}. \]

Evidence from table (3) showed that the adjusted \( R^2 \) of 0.024 indicates that 2.4 per cent of variance in the customer loyalty can be explained by customer satisfaction. This is a statistically significant contribution, as indicated by the significant F change value for this line (0.000). The ANOVA table of indicates that the model as a whole is significant \( F (1, 648) = 16.853, P < 0.0005 \). Thus, customer satisfaction contributed significantly to customer loyalty.

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Beta</th>
<th>T</th>
<th>Sig of T</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-1.266</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>corporate image and reputation</td>
<td>0.205</td>
<td>0.210</td>
<td>5.465</td>
<td>0.000</td>
<td>Significant influence.</td>
</tr>
<tr>
<td>Multiple R</td>
<td>0.210</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>0.044</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.043</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significance of F</td>
<td>0.000 (very significant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table (4) regression analysis between corporate image and reputation and overall service quality**

Source: the researcher, based on data analysis
As shown from table (4) that the multiple regression model equation is expressed as:

\[ Y = -1.266 + 0.205 \text{ corporate image and reputation} \]

Evidence from table (4) showed that the adjusted \( R^2 \) of 0.043 indicates that 4.3 per cent of variance in the overall service quality can be explained by corporate image and reputation. This is a statistically significant contribution, as indicated by the significant F change value for this line (0.000). The ANOVA table of indicates that the model as a whole is significant \( \{ F (1, 648) = 29.869), P < 0.0005 \} \). Thus, corporate image and reputation contributed significantly to overall service quality.

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Beta</th>
<th>T</th>
<th>Sig of T</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.558</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>corporate image and reputation</td>
<td>0.638</td>
<td>0.774</td>
<td>31.153</td>
<td>0.000</td>
<td>Significant influence.</td>
</tr>
</tbody>
</table>

Table (5) regression analysis between corporate image and reputation and customer satisfaction

Source: the researcher, based on data analysis

As shown from table (5) that the multiple regression model equation is expressed as:

\[ Y = 1.558 + 0.638 \text{ corporate image and reputation} \]

Evidence from table (5) showed that the adjusted \( R^2 \) of 0.599 indicates that 59.9 per cent of variance in the customer satisfaction can be explained by corporate image and reputation. This is a statistically significant contribution, as indicated by the significant F change value for this line (0.000). The ANOVA table of indicates that the model as a whole is significant \( \{ F (1, 648) = 970.506), P < 0.0005 \} \). Thus, corporate image and reputation contributed significantly to customer satisfaction.

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Beta</th>
<th>T</th>
<th>Sig of T</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>3.224</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>corporate image and reputation</td>
<td>0.152</td>
<td>0.175</td>
<td>4.529</td>
<td>0.000</td>
<td>Significant influence.</td>
</tr>
</tbody>
</table>

Table (6) regression analysis between corporate image and reputation and customer loyalty

Source: the researcher, based on data analysis

As shown from table (6) that the multiple regression model equation is expressed as:

\[ Y = 3.224 + 0.152 \text{ corporate image and reputation} \]

Evidence from table (6) showed that the adjusted \( R^2 \) of 0.029 indicates that 2.9 per cent of variance in the customer loyalty can be explained by corporate image and reputation. This is a statistically significant contribution, as indicated by the significant F change value for this line (0.000). The ANOVA table of indicates that the model as a whole is significant \( \{ F (1, 648) = 20.515), P < 0.0005 \} \). Thus, corporate image and reputation contributed significantly to customer loyalty.
As shown from table (7) that the multiple regression model equation is expressed as:
\[ Y = 0.060 + 0.050 \text{overall service quality} + 0.919 \text{customer satisfaction} + 0.051 \text{customer loyalty}. \]

Evidence from table (7) showed that the adjusted \( R^2 \) of 0.603 indicates that 60.3 per cent of variance in the corporate image and reputation as a dependent variable can be explained by customer satisfaction and overall service quality offered by the organization and perceived positive by the customer. This is a statistically significant contribution, as indicated by the significant F change value for this line (0.000). The ANOVA table of indicates that the model as a whole is significant \( F (3, 646) = 329.280 \), \( P < 0.0005 \). Thus, customer satisfaction and overall service quality respectively contributed significantly to the corporate image and reputation.

**Hierarchical Regression analysis between overall service quality, customer satisfaction and customer loyalty**

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Beta</th>
<th>T</th>
<th>Sig of T</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.060</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Overall service quality</td>
<td>0.050</td>
<td>0.049</td>
<td>1.904</td>
<td>0.057</td>
<td>Significant influence.</td>
</tr>
<tr>
<td>2 Customer satisfaction</td>
<td>0.919</td>
<td>0.758</td>
<td>29.773</td>
<td>0.000</td>
<td>Significant influence.</td>
</tr>
<tr>
<td>3 Customer loyalty</td>
<td>0.051</td>
<td>0.044</td>
<td>1.739</td>
<td>0.082</td>
<td>Insignificant influence.</td>
</tr>
</tbody>
</table>

Table (7): Regression analysis between corporate image and reputation and overall service quality, customer satisfaction and customer loyalty

Source: the researcher, based on data analysis

Evidence in tables (8) showed that the \( R^2 \) change is 0.033, which means that overall service quality dimensions explain an additional 3.3 per cent of the variance in customer loyalty, even when the effects of customer satisfaction are statistically controlled for. This is a statistically significant contribution, as indicated by the significant F change value for this line (0.000). The ANOVA table indicates that the model as a whole (which includes both blocks of variables) is significant \( F (6, 647) = 19.962 \), \( P < 0.0005 \). Only two variables that make a statistically significant contribution; these are overall service quality (beta = 0.185, after rounding, T = 4.745) and the second is customer satisfaction (beta = 0.122, after rounding, T = 3.138). This beta value represents the unique contribution, when the overlapping effects of all other variables if exists are statistically removed. Thus, H7 was supported.

**Discussion and Conclusion**

The main aim of the research is to fill the preceding gap in the literature by introducing the first empirical investigation of the impact of corporate image and reputation on service quality, customer satisfaction and customer loyalty. Using Pearson correlation and multiple linear regressions provide unique insight results as illustrated into number of areas that will be illustrated. The unique quality of this study lies in providing evidence to make helpful recommendations for future practices.
First, consistent with researchers’ expectation, it was found that there is a positive relationship between corporate image and reputation and overall service quality, customer satisfaction and customer loyalty as indicated in both correlation and linear regression tests. Gummesson (1993:229) stated that customer-perceived quality is a function of “quality in fact and quality in perception” which customers develop their knowledge systems and interpret their conception of the organization. Therefore, corporate image and reputation is really considered to be an issue of attitudes, feelings, beliefs toward the organization and it may play a critical role in selecting of one corporate brand over another.

Second, in order to overcome the confusion over the relationship between corporate image and reputation and its relationship with overall service quality, customer satisfaction and customer loyalty whether as an antecedent or as a consequences. The researchers conduct both analysis as showed in tables (4, 5, 6, and 7). The researchers deduced that whether corporate image and reputation was treated as an antecedent or as a consequence, in both cases, these four constructs share a close relationship with each other. Our results are consistent with various researchers (Zins, 2001; Palacio et al., 2002; Alves and Raposo, 2010). As Zins (2001:276) stated “positive experience over time [following several good experiences] will ultimately lead to positive image and preference”.

Third, a great deal of discussion has taken place within the service marketing literature regarding the appropriate causal relationship between service quality, customer satisfaction, and customer loyalty. This research found that the service quality perceived by customers had a direct significant effect on customer satisfaction with the organization, customer satisfaction with the service provider and overall customer satisfaction in both public and private commercial organizations. This finding is consistent with previous studies by Zeithaml and Bitner (1996), Lam and Woo (1997) and Hong and Goo (2004). Consistent with researchers’ expectation, it was found that there is a positive relationship between service quality, customer satisfaction and customer loyalty. These results imply that high service quality will lead to higher satisfaction, and this in turn will produce greater willingness to recommend the organization.

Fourth, the interaction between the customer and the service provider, which has been described by Lovelock (2000) as “the moment of truth”, has a great effect on how customers evaluate the service quality offered. This encounter is critical in attaining a reputation for excellent service quality and keeping customers satisfied and even more loyal. Customer loyalty is the rationale for customer relationship marketing; this consistent with previous studies (Arasli et al., 2005; Ismail et al., 2006; Akbar and Preavez, 2009; and Turk and Avcilar, 2009). Thus, the researchers can deduce that customer relationship marketing may exist within the setting of this research.

Fifth, the researchers were motivated to investigate the effect of service quality on customer loyalty. The results of the analysis revealed some interesting insights; As Turk and Avcilar (2009) and Akbar and Parvez (2009) stated the interaction between service quality and customer satisfaction will explain more of the variance in customers’ loyalty than the direct influence of either service quality or satisfaction alone. Along these lines Woodside et al. (1989) examined the relationship between service quality perceptions, customer satisfaction judgements, and behavioural intentions in the marketing literature (hospitals) and found that customer satisfaction is an intervening variable that mediates the relationship between service quality judgements and purchase intentions. For instance, when customers praise the organization, express preference for the organization over others, increase the volume of their transactions, or agree to pay a price premium, by this way, they are indicating behaviourally that they are bonding with the organization, and they are satisfied as well (Zeithaml et al., 1996). Furthermore, Taylor and Baker (1994) examined four industries: communication, travel, recreation, and health services industry, and they found that for all except the health service industry, perceived service quality affected customer satisfaction judgements. Moreover, Peyrot et al. (1993) examined factors related to customer satisfaction and willingness to recommend the provider among 1,366 patients and found that patient satisfaction and willingness to recommend were positively related and that satisfaction mediated the
effect of other factors on willingness to recommend. That is; quality of service will lead to higher satisfaction, and in turn, satisfaction will produce greater willingness to recommend the provider. The conclusion is that organizations tend to gain an outstanding knowledge and accurate understanding of customers' expectations and needs. Therefore, whatever the organizations offered customers was accepted with real gratitude. If customer expectations and the organization service delivery were matched, this would lead to an even closer relationship between them.

Interestingly, most Egyptian organizations' customers often stayed with the same organization that they had been doing business with for many years, rarely defecting to competitors, even when competing organizations offered similar services. This may be due to the nature of the Egyptian culture and society, which is classified as "collectivist" rather than "individualist", where loyalty overrides most other social rules and regulations.

Research limitations and direction for future research

The current study offers insights into the unique contribution and interesting relationships between the constructs under investigation and provides a clear understanding of the importance and critical role of corporate image and reputation on service quality, customer satisfaction and customer loyalty. Nevertheless, the findings must be tempered by several limitations: first, although the use of quantitative methods alone relying on cross-sectional data as the only source of information in establishing and making causal statements about the hypothesized relationships between variables is considered valuable, it is however a weak method when attempting to identify the reasons for those relationships. Therefore, using quantitative research along with qualitative research such as focus group sessions, structured interviews, and other supplemental sources of data in the future will provide richer data and greatly support the research design and the findings to account for more rigorous tests of causality. The longitudinal studies might offset the disadvantages of cross-sectional research. Third, this study was conducted in Egypt, and therefore, as often shown in this kind of research, there may be a number of possible problems related to cross-national or cultural research. Even though much care was taken in the translation of scale items, it cannot be completely guaranteed that there is exact linguistic equivalence between the original scales and translated ones. Also, there exists some possibility of response biases occurring, such as acquiescence, social desirability, and leniency or passion effect. Egyptian people are more likely to have collectivistic cultural values than individuals from the west, which may produce some systematic biases in response to measures. However, despite possible problems, the researchers cannot find any reason to believe that the theoretical relationships assessed in the Egyptian sample here would be dissimilar to findings on these issues in other countries. Fourth, there may be concerns about the generalisability of these findings. It might be beneficial to obtain data from other types of companies in the same industry or even different industries to examine whether this model can be generalized. Overall, this research's measurement results were acceptable in terms of reliability and validity, but there is certainly a need for additional work to perfect measures. Future research can be conducted to overcome these limitations.

References


Communications, Vol. 6 No. 4, pp. 205-16.


Minkiewicz, J.; Evans, J.; Bridson, K.; Mavondo, F.,(2011), “Corporate image in the leisure


