DOCTORAL SCHOOL OF ECONOMICS
FIELD MARKETING

DOCTORAL THESIS-ABSTRACT
THE ANALYSIS OF CUSTOMER LOYALTY
TOWARDS THE FINANCIAL-ACCOUNTING
SERVICE PROVIDERS

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INTRODUCTION

In the economy of the new millennium we notice an intensification of the rhythm in which the economic processes and exchange relationships between providers and clients take place.

The necessity of optimizing the relationships between the company and the marketing environment led to the appearance and development of some specific concepts and instruments whose content expresses the evolution itself of the relational marketing concept. Thus, a new complex form of the connections between the market actors that Kotler names *network economy* appears. In this new context, an emphasis of the modelling processes is imposed, based on some typological structures of the exchange relationships between the business partners. The strategic planning develops long-term approaches in the market mechanisms and represents an instrument that allows the company to "better navigate in a continuously changing market environment" (Pop, 2008).

The present research belongs to the relational marketing field and will analyse its main component, the customer loyalty. The papers proposes to analyse the process of buolding the customer

loyalty from the perspective of financial-accounting services, by emphasizing the particularities specific to this field. Analysing the customer's attachment process to the accounting company will be based on an approach from the perspective of describing the influence of relational factors.

The paper is approached from the marketing perspective and aims at emphasizing the main theoretical aspects that refer to the evolution of relational marketing and loyalty concepts. In this context, the description of the tested and developed methods represents an essential aspect for explaining the process of gaining the customer's loyalty in the *business to business* services field

THE RESEARCH PURPOSE AND OBJECTIVES

The research problem: A challenge for the researchers is identifying the manner in which the factors that determine the results of the relational marketing activities can be controlled by the management in order to develop and keep long-term profitable relationships with the business partners.

The purpose of the doctoral research is building and testing a model of customer loyalty from the companies of the financial-accounting services field.

This is analytically developed by the *research objectives* that establish the following aspects in concrete terms :

1.   Identifying the factors that influence the customer loyalty from the financial-accounting services field;

2.   Developing an adequate instrument for measuring the loyalty of customers from the financial-accounting services companies of Romania;

3.   Developing a model of loyalty regarding the customers of financial-accounting services companies of Romania.

The fundamental study hypothesis refers to the existence of a connection between the quality of the relationship and loyalty, in the case of financial-accounting services. Starting from this fundamental hypothesis, a series of general hypotheses have been outlined:

☐   H1 Hypothesis :*The Quality of Services* is a multi-dimensional construct;

☐   H2*Hypothesis* :*The Quality of Services* positively influences *Loyalty*;

☐   H3 *Hypothesis*: *Commitment* positively influences *Loyalty*;

☐   H4 *Hypothesis*: *Trust* positively influences *Loyalty;*

☐   H5 *Hypothesis*:*The Costs of changing the provider*positively influence *Loyalty;*

☐　　　　H6 *Hypothesis*: *Trust*mediates the relationship between the *Quality of Services and Loyalty;*

☐　　　　H7 *Hypothesis*:*Commitment* mediates the relationship between the *Quality of Services and Loyalty;*

☐　　　　H8 *Hypothesis*:*The quality of services* mediates the relationship between *Satisfaction and Loyalty;*

☐　　　　H9 *Hypothesis*:*The Costs of changing the Provider* mediate the relationship between *Relationship Duration and Loyalty.*

THE RESEARCH METHODOLOGY

In this thesis, the research was carried out in two stages: **the qualitative research and the quantitative research.**

In the **qualitative research stage,** I achieved the documentary study regarding the current stage of knowledge in the field of relational marketing and its central objective: building customer loyalty. A synthesis of the loyalty models developed in the speciality literature represent an essential aspect of the loyalty concept analysis, through the relational factors that influence it. A special importance was given to the loyalty model tested in the field of services and in the *business to business* sector, since the financial-accounting services, through the specificity of their activity are included in this category. After the analysis of models presented in the specialty literature, we emphasized the factors that influence

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loyalty and the causality relationships that are established between them and loyalty. The finality of this demarche consists in stating the research hypotheses and proposing the loyalty model that will be tested in the case of financial-accounting services.

In order to define the items from the scales for the technical quality, which are financial-accounting services characteristics, I have used the comprehensive interview method with experts in the field.

In the **quantitative research** stage, I have validated the research instrument, implicitly the measuring instruments of the latent variables included in the research design and I have tested the proposed research mode. The method used is the inquiry and the research instrument is the questionnaire. The studies that have as purpose identifying the determinants and their influence on loyalty use the inquiry as research method.

THE PAPER DEMARCHE

In the *first chapter* of the paper I emphasize the particularities of the financial accounting services. The classification of financial-accounting services into the appropriate service typology (tertiary sector) represents an important aspect in defining them. This demarche is important for emphasizing a theoretical approach from the perspective of service marketing.

Thus, an approach from the perspective relational marketing seems a necessity in the context in which the external marketing activities are established by the professional organizations.

The second chapter of the paper is a synthesized presentation of the relational marketing concept. Among the theoretical approaches presented in the specialty literature, in this paper, the behavioural approach will be adopted. The enumeration of the definitions given to the relational marketing has the role of seizing its new dimensions and present its evolution in time.

The third chapter analyses the central objective of relational marketing, building customer loyalty. A synthesis of the models developed in the academic research literature emphasizes the main relational factors, and their influence on loyalty. This analysis has the role of emphasizing the main variables, such as the relationships between them and loyalty that are at the basis of the research model proposed.

The description of the relational factors presented in the specialty literature from the perspective of the relationships tested in different fields of activity contributes to outlining the theoretical framework, based on which the research hypotheses of the present paper are stated.

Chapter four describes the stages gone through for the development of the research instrument, that will be used for testing the loyalty proposed model. The description of the practical means of testing the validity and trust of the instrument represent an important aspect in the context of pre-testing the appropriateness

degree of the model proposed with the help of the analysis of the *Structural Equations Modeling* (SEM). Thus, building the loyalty measuring scales, testing the content validity for each item that composes a scale, testing the construct validity for each determinant of *Loyalty* represents important stages of the pilot study that are described in this research stage.

     Chapter five details the process of development of the research model for measuring the loyalty of the financial-accounting services companies' customers. The presentation of the research methodology specific to the analysis of the *Structural Equations Modeling* (SEM) together with the argumentation of this quantitative approach represents the first part of this chapter.

     The second part of this chapter comprises the analysis of data and the research results through the analysis of measuring models and the structural model of *Loyalty*. Testing the measuring models for each loyalty construct supposes checking their unidimensionality, validity and trust.

     By means of the structural model analysis, with the help of the confirmatory factorial analysis (CFA), the research hypotheses are tested and in the end the research results are presented.
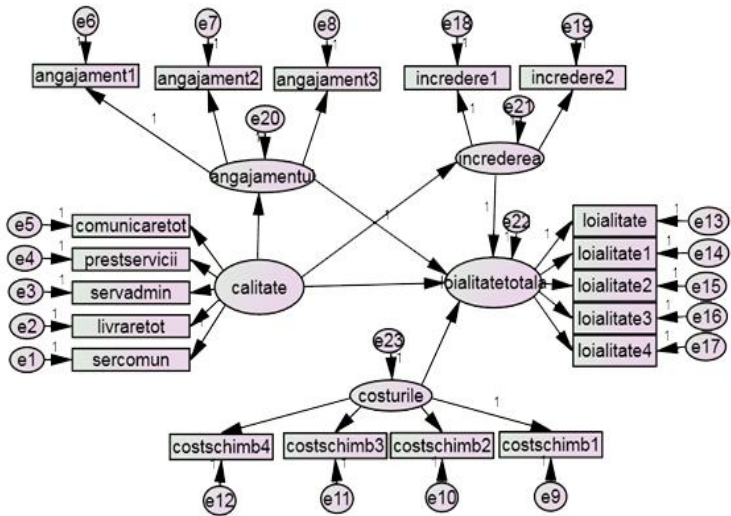
CONCLUSIONS

The result of the research hypotheses' testing

From the analysis of the research hypotheses testing' results we notice the fact that H1 hypothesis is confirmed, which means that the factors that compose the Service *Quality* construct are well represented and they measure the same thing.

H2Hypothesis, which tests the positive relationship between the quality of services and loyalty is confirmed, for the case of financial-accounting services. This shows the fact that the accounting services cannot be objectively appreciated by the customer from the point of view of quality. Their perception

regarding the quality of services supplied does not contribute to building their loyalty towards the company.

The explanation of the loyal behaviour of the accounting companies' customers is provided through the analysis of the influence between the other relational and loyalty factors: trust, commitment and the costs of changing the provider (H3, H4, H5). The results show the fact that the trust and commitment manifested by the customers towards an accounting company influence the loyalty to a greater extent that their perception on the costs of changing the provider.

For explaining the relationship between the Quality of Services and Loyalty,I have achieved the analysis of the mediation relationships of the Trust and Commitment constructs. Thus, the quality of financial-accounting services influences the customers' loyal behaviour provided that the accounting providers are trusted and a certain level of commitment was assumed (H6, H7).

The customers' satisfaction is a variable that influences Loyalty only to the extent that we analyse the effect of the accounting services quality, therefore in the case that the services provided are perceived by the customers as being quality services (H8).

The relationship between the *Relationship Duration and Loyalty* can be explained, in the case of financial-accounting services, through the analysis of the mediating effect of the *Costs of changing the Provider* variable. Thus, the duration of the

relationship influences the *Costs of changing the Provider* and this Reconstruct influences in its turn *Loyalty* (H9).

The analysis of the indirect effect of this variable on loyalty can be achieved to the extent that it influences the customers' perception of the costs of changing the financial-accounting services provider.

Theoretical contributions

The identification of the marketing activities that can be implemented by the accounting companies supposes the analysis of the requirements imposed by the professional organizations as well. In this context, the analysis of financial-accounting services from the perspective of the relational marketing appears as a natural necessity provided that the external marketing activities are clearly delimited by C.E.C.C.A.R. (Body of Expert and Licensed Accountants of Romania) functioning norms.

Through the analysis of the relational marketing conceptual framework , three types of approaches of this concept have been presented, existing in the specialty literature: the behavioural perspective, the network theory perspective, and the managerial perspective. In this thesis, the concept analysis was achieved from the behavioural perspective.

Another element presented from the theoretical perspective is the analysis of building the customer loyalty as central objective of the relational marketing activities.

The analysis of the research literature shows that *Loyalty* has been studied more in the context of consumer goods. The researchers' conclusions have emphasized the fact that loyalty development and its possible application in the *business to business* sector has not yet been explored completely(Rauyruen & Miller, 2006). The presentation of the types of approaches present in the specialty literature contributes to completing the loyalty concept. In this thesis, the customer's attachment process was described from the attitude and behavioural perspective.

A synthesis of the models developed in the academic research literature emphasizes the main relational factors and their influence on loyalty. A special importance is given to the two directions of concern for the present thesis, that comprise the characteristics of the financial-accounting services: the market of services and the *business to business* field. This analysis has the role of emphasizing the main variables, and the relationships between them and loyalty that are at the basis of the research model proposed.

The definition of each relational factor and the presentation of the relationships between them and loyalty, which were tested for different fields of activity represents the theoretical framework that allowed stating the research hypotheses.

The theoretical aspects enumerated below are comprised in the first three chapter of the paper.

Methodological contributions

The contributions of this paper, analysed from the methodological point of view aim at developing an appropriate research instrument for measuring loyalty and building and developing the model of loyalty of the accounting services companies' customers.

The methodology of building the research instrument, of building the loyalty measuring scales and testing the model proposed require carrying out some specific processes of checking their validity and trust and implies using the analysis of *Structural Equations Modeling (SEM).* This methodology is frequently used in the specialty literature that studies loyalty. In the researches carried out in our country, these analysis methods are less approached. Moreover, a testing of a loyalty model was not achieved until now in the specialty literature for the case of the financial-accounting services.

Due to these aspects, the emphasis of the methodological steps followed in this paper represents an important contribution of this research.

From the analysis of the models that measure loyalty and the influence of the relational factors on it, I have emphasized the most frequently used variables by the researchers. The research model proposed is adapted after the model Quality of Services – Quality of the Relationship (Caceres & Paparoidamis, 2005) and it contains the most frequently used variables for the analysis of loyalty in the

business to business field: *The Quality of Services, Trust and Commitment*. I have also added a frequently used variable on the market of financial services: *The Costs of Changing the Provider*, in order to complete the model that comprises the financial-accounting services.

For measuring the loyalty and its determinants, I used scales from the specialty literature. For measuring the technical quality (the "Service supply" variable) I built a scale with the help of accounting experts, who adapted and completed a scale used on the market of financial services.

The scale selected for measuring loyalty was tested and filtered through four tests: the experts' opinions, Q-sorting, the analysis of the internal consistency (through Cronbach Alpha coefficient) and the confirmatory factorial analysis.

Testing the content and construct validity achieved with the help of Lawshe's method (the content validity proportion), respectively through Q-sorting method have emphasized a series of items with problems of correct classification. Because of the fact that, after the internal consistency analysis, the scales obtained a very good Cronbach-Alpha coefficient, I took the decision that these items should not be eliminated. The confirmatory factorial analysis, achieved with the help of AMOS program, tests the adequacy degree of the scales used for measuring the model of loyalty of the accounting services companies' customers.

For the part of research model development, I followed the steps recommended in the specialty literature, in the case of using the *Structural Equations Modeling analysis* (SEM).

The synthesis of the necessary elements for applying this method and the stages that must be followed represent an important contribution of this paper.

For carrying out the SEM itself, I used the soft developed by Arbucle (2005), named AMOS (*Analysis of Moment Structures*), variant 18. Thus, I analysed from the statistical point of view the relationships between the items of each factor and those between the independent variables (*Quality of services, Costs of Changing the Provider, Trust and Commitment*) and the dependent variable (*Loyalty*). Then, the model is presented under the form of a causal diagram, which emphasizes the connections between the variables, that were previously proposed, based on the theoretical model built after consulting the specialty literature. In this thesis, the structural equations modeling was carried out with the help of the confirmatory factorial analysis.

SEM analysis consists in checking the measuring models by testing the unidimensionality, trust and validity of the measuring models and of the structural model. The results are formed of information about the model's appropriateness and about the parameters' estimation. For testing the research hypotheses, we check the intensity of connections between the relational factors and we study the mediation relationships between the variables of the proposed model. Thus, we can achieve, with a greater precision and

objectiveness, a hierarchy of factors, according to the importance they have in building the loyalty of customers of the accounting services companies.

Managerial implications

The *Loyalty* model proposed in this paper can be adapted in every field, for testing the influence that the relational factors have in forming the customers' loyal behaviour. In the researches carried out until now regarding loyalty, the case of financial-accounting services was not analysed from the perspective of the influence of the relational factors on loyalty.

The study can represent a help for the managers of the accounting companies to acquire a better understanding of the importance of factors contributing to establishing loyalty. In addition, in establishing the marketing strategy used for promoting an accounting company, it is useful to know the factors that have the greatest impact on the customer loyalty. The results obtained show that the customers' perception on the quality of the services provided by the accounting companies is not a factor that contributes to establishing loyalty. Trust and commitment and the presence of changing costs of the provider represent factors contributing to establishing the loyal behaviour.

The scale for measuring loyalty can be integrated in the researches carried out by the service companies, in order to collect data about the loyalty level that the customers have. In this way, the information collected can help developing loyalty- gaining strategies.

Research limitations

The results of this research cannot be generalized for other categories of services or in the case of other counties. The population investigated in this paper is made up of customers of the accounting companies from Iaşi county.

For developing the model of Loyalty of the financial-accounting services customers, I did not take into account all the relational factors that influence loyalty, which were identified in the specialty literature. This aspect represents a natural limitation of the present paper, that can be justified through the type of methodology used. Using the method of the *Structural Equations Modeling analysis* (SEM) imposes using a limited number of variables.

Another element that can contribute to altering the research results is represented by the use of measuring scales for each relational factor that were adapted according to those used in the specialty literature in the case of other services. For a subsequent research, we recommend a supplementary investigation of the used scales.

Future research directions

In this paper I initiated the first step of an ampler research process that will be developed in the future.

Testing the loyalty model on a sample formed of representatives of several categories of professional services represents a future research direction that may allow the extrapolation of the research results for other professional categories as well (architecture, insurance, legal or medical services etc.) The methodological stages proposed can be considered as landmark for carrying out the research for other analysed populations as well.

The proposed research model can be improved by including other factors that influence loyalty as well, such as the relational benefits.

Checking the model on groups of customers, according to the loyalty level manifested by them could represent the subject of a future research. The data obtained can be analysed with the help of the "Cluster" method or of the differential analysis, in order to check the results on different segments of customers that are differentiated according to the following variables: the relationship duration, the turnover, the price paid for the accounting service or the satisfaction level.