

## Examining The Concept of Respect in Service Marketing

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**Abstract**— Recent growth of the service sector and increase competition have forced managers to look for new and cost effective ways to differentiate their services from competitors. Firms are recognizing the value of establishing close relationships with their customers as means of retaining them. One of the ways in trying to establish close relationship with customers, is by respecting them. The purpose of this paper is to examine the concept of respect and how it affects customer loyalty. The study draws from existing literature and empirical study of customers of banks and dental clinics in Kuala Lumpur, Malaysia. The research hypotheses connecting the three dimensions of respect and customer loyalty were tested using Pearson Correlation and Multiple Regression Analysis. The research also tested the moderation effect of different types of service businesses on respect and customer loyalty. The results provide some support for most of the hypothesized relationships.

**Keywords**- interpersonal relationships, respect, loyalty, service

### I. INTRODUCTION

Today's rapidly changing environmental demands service companies to seek for more creative and flexible means to deal with competition. Managers are looking for new ways to differentiate their services from those of competitors. Besides looking for new ways, they are also looking for cost effective customer retention strategies. These include delivering the best quality of service and having long-term relationship. Previous research suggests as customer relationship with the company lengthens, companies can increase profit by almost 100 per cent by retaining just five per cent of their customers [22]. The question of how customers are treated plays an important role in building quality relationship and loyalty. One of the ways is to have good interpersonal relationships with the customers.

Good interpersonal relationship is considered as one of a key element of any service offering ([7], [2]) and has a positive impact on customer-to-firm relationships. This paper is based the finding that closeness of interpersonal friendship is a potential antecedent of customer loyalty towards the firm [5]. However, a big question mark remains – what is actually the right dimension to describe interpersonal relationship? In this paper, we are suggesting that 'respecting customers' as one of the dimensions in building good interpersonal relationship with customers.

As "understanding how and why a sense of loyalty develops in customers remains one of the crucial management issues" [20], the general goal of this article is to explore the role of 'respect' in gaining and developing customer loyalty to the company. In doing so, the paper will identify the dimensions of respect and their importance in affecting customer loyalty. In addition, it will also estimate the moderation effect of different types of service on respect and customer loyalty.

### II. THEORETICAL BACKGROUND AND HYPOTHESES

The term 'respect' is not uncommon to most of us. In fact, the word is used very extensively in our everyday lives and each time when the word 'respect' is mentioned, the term is used colloquially, as if everyone understands. However, in actual academic world, the term 'respect' is very complex. Even though the term *respect* is widely used in the society, its dimensions and consequences are unclear.

In marketing, the "*feeling of respect*" is strongly believed to be an important determinant of successful marketing relationship (refer [3], [4], [6]). However, the concept is poorly defined ([8], [6]). The concept of respect seems to be virtually ignored in the marketing literature (eg.[23]). Not only the concept is being ignored, it is also being poorly defined in the marketing circle [6]. Most of marketing literature discusses 'respect' as overall reciprocal relationship and personal liking between customer and service provider. The relationship is known with various names; for instance friendship relationship [21], interpersonal obligation [25] and social bonding [14]. Most of researches do not discuss the concept of respect per se, but rather an overall of mixed dimensions. For instance as interpersonal trust, degree of familiarity, self-disclosure and rapport have been acknowledged as proxies in building friendship relationships with customers ([5], [21]).

For the purpose of this paper, the care respect concept [9] is thought to be the best basis in conceptualizing respecting customers due to its unique blend of morality, compassion, responsiveness and caring for other individual. The whole idea of care respect is what is known as "meeting the others morally" [16]. Reference [9] proposes a concept with three dimensions; namely attention and valuing of the particularity, understanding, and, responsibility. He also believes the combination of the three dimensions will produce a kind of respect that, individuals owe to all people and not just the loved ones. Most importantly, it is also applicable in the context of service provider – customer interactions.

As mentioned earlier, care respect's dimension of can be divided into three which include: 1) attention and valuing, 2) understanding and 3) responsibility [9]. The first dimension of care respect requires attending to a particularity in the mode of appreciating and cherishing each person as an unrepeatable individual. It involves an acceptance of the differences of others that goes beyond toleration. Attention here also carries the need to be sympathetic, concern to be involved in engagement with participation of the other. All in all, this dimension urges the need to value differences in others rather than viewing differences as a barrier to be overcome.

The second dimension, understanding is about trying to understand a person in his own terms. Understanding is not simply a precondition to care respect but also trying to understand a person own consciousness, his activities and purposes [9]. According to this view, one should avoid making assumptions because that will diminish the other's effort being put into understanding other involved party. At the same time it demands great efforts which are curbed by our limited abilities to understand others [9].

Last but not least is responsibility. Care respect here highlights our individual responsibility as care respecer in a community. Among others, this dimension involves caring for people in the sense of helping them to pursue to their end, acting to promote their goods and assisting them to satisfy their needs and wants [9]. Combining all elements, we believe that based on the social exchange theory, the concept of respect will result in a favourable outcome for the service provider in the form of customer loyalty.

In the stream of literature, the customer loyalty construct has been conceptualized and measured in very different ways. Most authors treat loyalty as a construct consisting of both behavioural dimension (repeat purchase or consumption) (e.g. [1]) and intentional dimension (to recommend and have the intention to repurchase) (eg.[24]). On the other hand, there are authors who define loyalty as multidimensional construct in nature [18]. Loyalty is also being described as a situation when repeat purchase behaviour is accompanied by a psychological bond [13]. One thing for sure, customer loyalty has been regarded as the outcome for good business relationship (eg. [12]). This paper argues that 'respecting' will increase loyalty among customers however the level of their loyalty differs, depending on type of the type of service being offered.

From there, the following hypotheses were developed.

*H1: There is a significant positive relationship between attention and customer loyalty.*

*H2: There is a significant positive relationship between responsibility and customer loyalty.*

*H3: There is a significant positive relationship between understanding and customer loyalty.*

*H4: Different type of services significantly moderates the effect of respect on customer loyalty*

### III. METHODOLOGY

#### A. Sample and Data Collection

Data was collected via structured questionnaire for over a two weeks period. Respondents were customers of various commercial banks and dental clinics in Kuala Lumpur, Malaysia. The respondents were chosen using a systematic random sampling technique. The customers have previously encountered service offered by those businesses and have developed relationships with the service providers. The questionnaire items for respect were adapted from the concept paper by [9] and a qualitative research by [8] whereas the items for customer loyalty were adapted from refe [15]. All measures used in this study were estimated on a seven point Likert scales ranging from 1 (strongly disagree) to 7 (strongly agree).

#### B. Validation and Analysis

Factor and reliability analysis were conducted to ensure the validity of the measures. In factor analysis, the construct validity of each category is evaluated using Principal Component Factor Analysis [11]. Varimax rotation method was performed to identify the underlying dimensions of the data. Reliability analysis was used to assess the degree of consistency between multiple measurements of the variables. The hypotheses were then tested using Pearson Correlation and Multiple Regression model. Lastly, data were tested for moderation effect using new developed Modprobe (Sobel scripts) technique together with SPSS (refer [19])

### IV. RESULTS

All in all, 1200 survey forms were handed out and 610 (50.8 per cent) were returned. However, 63 were void because of incomplete data, resulting in 547 (45.6 per cent) usable responses. The participants in this study were predominantly females (56.3 per cent), majority (45.2%) of the respondents were aged between 18 - 28 years old, Malay (29.5 per cent) and possessed a bachelor degree (22.7 per cent) and working in the private sector (20.3 per cent). Most of the respondents were middle income earners with their monthly were salary below RM4000 (25 per cent).

#### A. Factor and Reliability Analysis

Table 1 below shows the results of the factor analyses of the key dimensions items and loadings. The results are based on parsimonious sets of variables guided by conceptual and practical considerations (ie. the acceptance of factor loadings of 0.50 and above – this level is considered practically significant) [11].

TABLE I. RESULTS FOR FACTOR ANALYSIS

	Factor and Loadings
F1	<b>Attention and Valuing to the particularity</b> The service provider sees customers as they really are (0.657) The service provider values customers (0.694) The service treat customers well regardless of their background (0.716) The service provider makes an effort to identify customers by

	Factor and Loadings
	name (0.644) The service provider shows warm regards to customers. (0.716) The service provider is committed to attending to the individual needs of customers (0.747)
F2	<b>Understanding</b> The service provider finds ways to understand customers' different terms. (0.736) The service provider does not make any assumptions towards the customers. (0.667) The service provider is sympathetic to the customers. (0.691) The service provider understands my needs (0.735)
F3	<b>Responsibility</b> The service provider responds to me as part of his / her responsibilities (0.742) The service provider regards customers as important. (0.748) The service provider wants to hear my comment and opinion. (0.710) The service provider is happy to have me as customer (0.733) I just trust the service provider. (0.680)
F4	<b>Customer Loyalty</b> I consider this bank / clinic as my first choice among other banks / clinics in the area (0.655) The bank / clinic is the first that comes to my mind when I am in need of service.(0.660)

The internal consistency of the instrument was tested via reliability analysis. Cronbach's alpha's reliability estimates for the construct dimension are as follows: Attention & Valuing of the Particularity (0.76), Understanding (0.89), Responsibility (0.93) and customer loyalty (0.81) suggesting a higher degree of reliability. The results very much exceed 0.60 lower limit of acceptability [11].

### B. Correlations Among Variables

The Pearson Correlation was used in testing for association. The results of Pearson correlation somehow support for the notion of significant positive correlation between customer loyalty and the three dimensions of respect; namely attention and valuing to the particularity, understanding and responsibility.

TABLE II. SUMMARY OF REGRESSION ANALYSIS

	(Att)	(Und)	(Res)	(Loy)
Attention & Valuing to the Particularity (Attn)	1.00			
Understanding (Und)	0.740**	1.00		
Responsibility (Res)	0.723**	0.718**	1.00	
Customer Loyalty ( Loy.)	0.453**	0.461**	0.522**	1.00

Note: \*\* Correlation is significant at the 0.01 level (2-level)

There is a positive relationship between loyalty and attention & valuing to the particularity ( $r=0.453$ ,  $p<0.01$ ), understanding ( $r=0.461$ ,  $p<0.01$ ) and responsibility ( $r=0.522$ ,  $p<0.01$ ) at 0.01 significant level. Overall, the Pearson Correlation analysis proved that the three dimensions of respect have significant correlation with

loyalty. Of all dimensions, responsibility towards customers seems to have the highest correlation coefficient with  $r=0.522$ .

TABLE III. SUMMARY OF REGRESSION ANALYSIS

Dimensions				Collinearity Statistics	
	T	$\beta$	Sig.	Tolerance	VIF
Attention & Valuing to the particularity	1.666	0.98	0.096	0.377	2.652
Understanding	4.438	0.13	0.024	0.382	2.619
Responsibility	6.274	0.36	0.000	0.403	2.479
$R^2 = 0.2974$					

Further investigation using multiple regression analysis (as shown in Table II) was conducted. The results showed that respect (with three dimensions namely attention and valuing to the particularity, understanding and responsibility) contribute significantly ( $F=74.515$ ;  $p=0.000$ ) and explain about 30 percent of the variations in customer loyalty. Therefore, those dimensions predict a significant change in customer loyalty. Further analyzing of the dimensions revealed that there is a significant relationship between responsibility and customer loyalty ( $t=6.67$ ;  $p=0.000$ ) and understanding and customer loyalty ( $t=1.666$ ;  $p=0.024$ ) at five percent significance level. There is no significant relationship between attention and valuing to the particularity and loyalty ( $p=0.096$ ).

### C. Moderation Effect of Service

The data have also been tested for moderation effect of types of services on customer loyalty. The results reveal that different types of service offered significantly moderates the relationship between respect and customer loyalty. Surprisingly, the result also indicates that the effect is significantly higher for banks ( $t=11.238$ ;  $p=0.000$ ) as compared to dental clinics ( $t=9.271$ ;  $p=0.000$ ).

## V. CONCLUSION

From the results, it is clear that most of the dimensions of respect except attention and valuing of the particularity significantly affect loyalty. In other words, respect is a key antecedent to customer loyalty. Therefore, it does matter in the relationship between customers and service provider to show respect to customers.

The most influential dimension of respect is responsibility. Service providers need to not only recognize but also to be responsive to the customers [10]. Understanding is another important driver of respect in building up loyalty among customers. Evidence from two service sectors (banking and clinics) in the Metropolitan City of Kuala Lumpur, Malaysia supports the notion of respect as a robust driver of customer loyalty. This result indicates that irrespective of the nature of the service, respect is an important factor shaping customer loyalty.

The results from regression analysis gives  $R^2 = 0.297$ . From the social science perspectives  $R^2$  of = 0.297 is not too low. The concept of respect, in sum, helps in understanding and building loyalty among customers. It is therefore important for service firms and their employees to show understanding, be responsible and to some degree pay attention and value to the particularity, all important aspects of respect that customers look for in their interaction with service providers.

The results after the moderation effect are even more interesting. The relationship between respect and customer loyalty is significantly moderated by the type of service offered. However, to our surprise, the impact of respect on customer loyalty is greater for services provided by commercial banks as compared to dental clinics. Perhaps, there are other factors influencing the decision such as membership commitment (banks) or even consumers' psychological barriers developed against dentists.

This study itself opens avenues for further research to be conducted. This study has developed an initial model which needs further rigorous testing and refinement. Most importantly, since the study was conducted only in commercial banks and dental clinics in Kuala Lumpur perhaps, future studies should consider other types of services and other cultures. These efforts will result in more generalizability of service sector. It should also be projected to the entire country to reflect a bigger picture of customer perception on respect and loyalty.

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