ABSTRACT

The importance of consumer identification in research into corporate branding and corporate identity has been highlighted, particularly in the last decade. The issue of consumer identification with a corporate brand is particularly critical in service industries where a good relationship with consumers is crucial and the unique characteristics of services can mean that consumer identification makes an essential contribution to successful brands. However, little research on the service-related antecedents and consequences of consumer identification has been carried out. In fact, because of the inherent features of service brands, different marketing approaches and strategies, compared with manufactured product brands, are required and need to be implemented to achieve success in terms of enhancing consumer identification. Given both the lack of research on consumer identification and demand for different and innovative marketing strategies in the service context, the main purpose of the current study is to identify and test the key service-related determinants (preferential treatment, customer orientation, social relationship and social recognition) and the outcomes of consumer identification (positive word-of-mouth and consumer participation) based on social identity approach and identification theory. Indeed, this study attempts to test several moderator variables (identity salience, brand trust and brand knowledge) and the mediation effect of consumer identification.

To achieve the purposes of this study, a quantitative survey was chosen and several analytical techniques were used ranging from simple descriptive analysis, t-test, ANOVA test and correlation analysis to the more complex techniques of confirmatory factor analysis and regression analysis. A total of 390 usable responses were obtained from consumers who are over 20 years old, and who engage with one of three types of financial services; banks, insurance companies and securities investment companies in South Korea.

The research resulted in several significant findings. Among the four variables proposed as the determinants of consumer identification, the positive impacts of social recognition, preferential treatment and social relationship on consumer identification with a corporate brand is supported, but the impact of customer orientation on consumer identification is not
supported. In terms of its consequences, the effect of consumer identification on both positive word-of-mouth and consumer participation are supported. With regard to its mediation effect, the effects of the three antecedent variables (social recognition, preferential treatment, and social relationship) on the two consequence variables (positive word-of-mouth and consumer participation) are significantly mediated by consumer identification. Between the two proposed moderation variables (identity salience and brand trust) on the relationships between consumer identification and its determinants are not supported. Among the three moderation variables (identity salience, brand trust and brand knowledge) on the relationships between consumer identification and its consequences (positive word-of-mouth and consumer participation), consumer knowledge has a significant moderating effect only on the relationship between consumer identification and consumer participation, but other moderation effects on these relationships are not supported.

The major contribution of this research is in establishing the critical role of the unique features affecting consumer identification in the financial services industry from the service-centred perspective. Its significant outcomes support the role of consumers as co-developers or partners of the services. Furthermore, the results of the study offer valuable directions for enhancing Korean consumers’ identification that can be used by managers in financial services markets to reinforce the relationship with consumers. This study is the first step in developing a research model of consumer identification in the service industry and future research should build on the proposed model and subject it to further examination.
# LIST OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>i</td>
</tr>
<tr>
<td>LIST OF CONTENTS</td>
<td>iii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>ix</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xiii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>xiv</td>
</tr>
<tr>
<td>CHAPTER ONE INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background of the Research</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Objectives of the Research</td>
<td>8</td>
</tr>
<tr>
<td>1.3 The Structure of the Thesis</td>
<td>9</td>
</tr>
<tr>
<td>CHAPTER TWO AN OVERVIEW OF THE FINANCIAL INDUSTRY IN KOREA</td>
<td>13</td>
</tr>
<tr>
<td>2.1 Introduction</td>
<td>13</td>
</tr>
<tr>
<td>2.2 Importance of Corporate Brands in the Financial services Context</td>
<td>13</td>
</tr>
<tr>
<td>2.3 Importance of Relationship with Consumers in Financial services</td>
<td>15</td>
</tr>
<tr>
<td>2.4 Importance of Employees in Financial services Firms as Corporate Brands</td>
<td>17</td>
</tr>
<tr>
<td>2.5 Growth of Financial Industry in Korea</td>
<td>19</td>
</tr>
<tr>
<td>2.5.1 Korean Banking Industry</td>
<td>22</td>
</tr>
<tr>
<td>2.5.2 Korean Insurance Industry</td>
<td>26</td>
</tr>
<tr>
<td>2.5.3 Korean Securities Industry</td>
<td>32</td>
</tr>
<tr>
<td>2.6 Summary</td>
<td>34</td>
</tr>
<tr>
<td>CHAPTER THREE SOCIAL IDENTITY APPROACH AND CONSUMER IDENTIFICATION</td>
<td>35</td>
</tr>
<tr>
<td>3.1 Introduction</td>
<td>35</td>
</tr>
<tr>
<td>3.2 Social Identity Approach</td>
<td>36</td>
</tr>
<tr>
<td>3.2.1 Social Identity and Self-Concept</td>
<td>37</td>
</tr>
<tr>
<td>3.2.2 Social Categorization</td>
<td>38</td>
</tr>
<tr>
<td>3.2.3 Social Comparison</td>
<td>41</td>
</tr>
<tr>
<td>3.2.4 Social Identification</td>
<td>43</td>
</tr>
</tbody>
</table>
3.2.5. Implication for Social, Organizational or Consumer Identification .................. 45
3.3 Organizational Identity and Identification .......................................................... 46
  3.3.1 Organizational Identity .................................................................................. 46
  3.3.2 Organizational Identification ....................................................................... 48
  3.3.2.1 Two Different Viewpoints in Conceptualizing Organizational Identification... 49
  3.3.2.2. Clarification of the Concept of Organizational or Consumer Identification.... 53
3.4. Corporate Identity and Consumer Identification ............................................... 59
  3.4.1. Corporate Identity ...................................................................................... 59
  3.4.2. Consumer Identification ............................................................................ 63
3.5 Summary ............................................................................................................ 68

CHAPTER FOUR PRIOR EMPIRICAL RESEARCH INTO ORGANIZATIONAL
AND CONSUMER IDENTIFICATION ............................................................... 70
4.1 Introduction ....................................................................................................... 70
4.2 Research into the Determinants of Identification .............................................. 71
  4.2.1 Consumers’ Need for Self-Consistency ....................................................... 73
  4.2.2 Consumers’ Need for Self-Distinctiveness .................................................. 76
  4.2.3 Consumers’ Need for Self-Enhancement ..................................................... 76
  4.2.4. Consumers’ Need for Relationships with Others..................................... 80
4.3 An Overview of the Antecedents of Consumer Identification in the Proposed Research
Model ...................................................................................................................... 85
  4.3.1 Social Recognition ...................................................................................... 86
  4.3.2 Preferential Treatment ............................................................................... 87
  4.3.3 Customer Orientation ................................................................................ 89
  4.3.4 Social Relationship .................................................................................... 91
4.4 Research into the Outcomes of Consumer Identification .................................. 92
4.5 An Overview of the Consequences of Consumer Identification in the Proposed
Research Model ...................................................................................................... 95
  4.5.1 Positive Word-of-Mouth ........................................................................... 96
  4.5.2 Consumer Participation ............................................................................. 97
4.6 Research into Moderator Variables in Identification Studies ............................ 98
4.7 An Overview of the Moderators in the Proposed Model .................................. 100
  4.7.1 Identity Salience ....................................................................................... 101
4.7.2 Brand Trust .................................................................................................................. 102
4.7.3 Brand Knowledge ........................................................................................................ 103
4.8 Measurement of Consumer Identification ....................................................................... 104
4.8.1 Organizational Identification Questionnaire (OIQ) .................................................. 105
4.8.2 The Scale Developed by Mael and Ashforth (1992) ............................................... 106
4.8.3 The Scale Developed by Bergami and Bagozzi (2000) .......................................... 107
4.9 Summary ............................................................................................................................ 109

CHAPTER FIVE THE RESEARCH MODEL .................................................................... 111
5.1 Introduction ....................................................................................................................... 111
5.2 Research Model ............................................................................................................... 111
5.3 Research Hypotheses ....................................................................................................... 122
5.3.1 Need for Self-Enhancement-Related Variables ........................................................... 122
5.3.1.1 The Effect of Social Recognition on Consumer Identification with a Corporate
                                      Brand............................................................................................................................ 122
5.3.1.2 The Effect of Preferential Treatment on Consumer Identification .................... 124
5.3.1.3 The Effect of Customer Orientation on Consumer Identification with a
                                      Corporate Brand........................................................................................................... 126
5.3.2 Need for Relationship-Related Factor ......................................................................... 127
5.3.2.1 The Effect of Social Relationship on Consumer Identification ....................... 127
5.3.3 The Effects of Consumer Identification on Positive WOM and Consumer
                                      Participation ................................................................................................................. 129
5.3.4 Moderation Effect of Identity Salience ..................................................................... 129
5.3.5 Moderation Effect of Brand Trust ........................................................................... 131
5.3.6 Moderation Effect of Brand Knowledge .............................................................. 133
5.4 Summary ............................................................................................................................ 134

CHAPTER SIX METHODOLOGY .............................................................................. 136
6.1 Introduction ....................................................................................................................... 136
6.2 Philosophical paradigms ............................................................................................... 136
6.3 Sampling Design ............................................................................................................ 142
6.3.1 Sampling Method ....................................................................................................... 144
6.3.2 Setting ............................................................................................................................ 146
6.3.3 Sample Size ................................................................................................................148
6.4 Data Collection Method ..............................................................................................149
6.5 Questionnaire Design .................................................................................................152
  6.5.1 Operationalization of Measures .................................................................................152
  6.5.2 Questionnaire Layout .............................................................................................159
6.6 Data Analysis Methods ...............................................................................................160
  6.6.1 Profiles of the Respondents and Descriptive Analysis ............................................161
  6.6.2 Reliability Assessment .............................................................................................161
  6.6.3 Validity Assessment..................................................................................................163
    6.6.3.1 Confirmatory Factor Analysis ............................................................................165
  6.6.4 T-test and ANOVA Test ..........................................................................................168
  6.6.5 Correlation Analysis ..............................................................................................168
  6.6.6 Multiple Regression Analysis .................................................................................169
6.7 Pilot Study ....................................................................................................................173
  6.7.1 Pre-Pilot Test .............................................................................................................174
  6.7.2 Objectives of the Pilot Study ....................................................................................174
  6.7.3 Data Collection for the Pilot Study ............................................................................175
  6.7.4 Result of Pilot Study ................................................................................................176
6.8 Summary ....................................................................................................................178

CHAPTER SEVEN  FINDINGS OF THE RESEARCH ......................................................180
  7.1 Introduction ................................................................................................................180
  7.2 Profiles of the Respondents .......................................................................................180
  7.3 Descriptive Analysis ..................................................................................................187
    7.3.1 Four Predictor Variables of Consumer Identification ............................................187
    7.3.2 Consumer Identification, Positive WOM and Consumer Participation ..................188
  7.4 Assessment of Validity and Reliability .......................................................................189
  7.5 T-test and ANOVA test ..............................................................................................194
    7.5.1 Differences among Consumer Types ......................................................................194
    7.5.2 Differences between Gender Groups ....................................................................196
    7.5.3 Differences among Age Groups ............................................................................197
  7.6 Correlation Analysis ...................................................................................................199
  7.7 Research Hypotheses and Model Testing .................................................................200
CHAPTER EIGHT DISCUSSION AND CONCLUSION .............................................. 225
8.1 Introduction ........................................................................................................... 225
8.2 Review of the Purpose and Findings of the Research .......................................... 225
8.4 Discussion of the Research Findings ..................................................................... 229
8.3.1 Antecedents of Consumer Identification ............................................................ 230
  8.3.1.1 Social Recognition ....................................................................................... 231
  8.3.1.2 Preferential Treatment .................................................................................. 232
  8.3.1.3 Social Relationship ...................................................................................... 233
  8.3.1.4 Customer Orientation .................................................................................. 234
8.3.2 Consequences of Consumer Identification ......................................................... 236
  8.3.2.1 Positive Word-of-mouth .............................................................................. 237
  8.3.2.2 Consumer Participation ................................................................................ 237
8.3.3 Mediating Role of Consumer Identification ....................................................... 238
8.3.4 Moderating Role of Brand Knowledge ............................................................... 241
8.3.6 Proposed Consumer Identification Model ......................................................... 242
8.4 Contributions of the Study ..................................................................................... 244
  8.4.1 Theoretical Contributions ................................................................................. 244
  8.4.2 Practical and Managerial Implications .............................................................. 247
8.5. Limitations and Future Research .......................................................................... 250
REFERENCES ............................................................................................................. 254
APPENDICES ............................................................................................................... 303
  APENDIX 1 Pilot Test Questionnaire ................................................................. 303
  APENDIX 2 Main Survey Questionnaire ........................................................... 309
  APENDIX 3 REGRESSION DIAGNOSIS .......................................................... 313
3.1 Regression Diagnosis for Main Model ................................................................. 313
3.2 Multicollinearity Diagnosis for Interaction Terms in Moderation Models ........... 324
LIST OF TABLES

Table 2.1 Gross Domestic Product by Financial Intermediation (Nominal) .................. 19
Table 2.2 Service Industry Activities Index by Type ..................................................... 20
Table 2.3 Comparison between Total Assets of Big Three Sectors and GDP ................ 20
Table 2.4 Total Assets of Three Big Sectors in Korea .................................................... 21
Table 2.5 Total Assets and Number of Branches of Banks in Korea ............................ 23
Table 2.6 Amounts of Total Assets and Branch Numbers of the Nationwide Banks .... 24
Table 2.7 Number of Employees in Commercial Banks ............................................. 26
Table 2.8 World Insurance Market (Total Premium Volumes) in 2009 ......................... 26
Table 2.9 Insurance Premium Written ......................................................................... 27
Table 2.10 Top Five Life Insurers in Korea ................................................................. 29
Table 2.11 Top five Non-life Insurers in Korea ............................................................ 30
Table 2.12 Employees and Sales Force in Insurance Companies ................................. 31
Table 2.13 Total Stocks by Value at Current Prices ..................................................... 32
Table 2.14 Total Value of Stock Trading ...................................................................... 33
Table 2.15 General Statistics of Securities Company .................................................. 33
Table 3.1 Summary of the Main Conceptualizations of Organizational Identification ..... 51
Table 3.2 Summary of the Differences between Corporate and Organizational Identity ... 61
Table 3.3 Summary of the Main Conceptualizations of Consumer Identification ......... 64
Table 4.1 Summary of Antecedents and Consequences of Organizational Identification (OI) in Key Empirical Organizational Studies ...................................................... 74
Table 4.2 Summary of Antecedents and Consequences of Consumer Identification (CI) in Key Empirical Marketing Studies ................................................................. 83
Table 4.3 Overview of Key Empirical Studies regarding Consumer Identification ........ 94
Table 4.4 Scales for Organizational Identification Used ............................................. 108
Table 5.1 Summary of Key Empirical Studies Investigating the Relationships among the Focal Variables in the Research Model .......................................................... 115
Table 6.1 Contrasting Standpoints of Positivism and Interpretivism .............................. 137
Table 6.2 Strengths and Weaknesses of Quantitative Research ................................... 139
Table 6.3 Strengths and Weaknesses of Qualitative Research ..................................... 139
Table 6.4 Probability and Non-Probability Sampling Methods ................................... 144
Table 7.17 Summary of Regression Analysis: the Second Moderating Model of Brand Trust
........................................................................................................................................... 214
Table 7.18 Summary of Regression Analysis: the Third to the Fifth Moderating Model of the Three Variables ........................................................................................................................................... 218
Table 7.19 Summary of Regression Analysis: the Sixth to the Eighth Moderating Model of the Three Variables ........................................................................................................................................... 222
Table 7.20 Summary of the Hypotheses Testing Results of the Research ........................................... 223
Table 9.1.1. Collinearity Statistics (D.V.: Customer Identification) ...................................................... 313
Table 9.1.2. Residual Statistics for Outlier Test (D.V.: Customer Identification) ................................. 313
Table 9.1.3. Residual Statistics for Outlier Test (D.V.: Word-of-Mouth) .............................................. 320
Table 9.1.5. Residual Statistics for Outlier Test (D.V.: Customer Participation) ................................. 322
Table 9.2.1. Collinearity Statistics (Identity Salience, D.V.: Consumer Identification) ......................... 324
Table 9.2.2. Collinearity Statistics (Brand Trust, D.V.: Consumer Identification) ......................... 324
Table 9.2.3. Collinearity Statistics (Identity Salience, D.V.: Word-of-Mouth) ......................................... 325
Table 9.2.4. Collinearity Statistics (Brand Trust, D.V.: Word-of-Mouth) .............................................. 325
Table 9.2.5. Collinearity Statistics (Brand Knowledge, D.V.: Word-of-Mouth) ....................................... 325
Table 9.2.6. Collinearity Statistics (Identity Salience, D.V.: Consumer Participation) ............................... 325
Table 9.2.7. Collinearity Statistics (Brand Trust, D.V.: Consumer Participation) .................................... 326
Table 9.2.8. Collinearity Statistics (Brand Knowledge, D.V.: Consumer Participation) ......................... 326
LIST OF FIGURES

Figure 1.1. Structure of the Research ................................................................. 10
Figure 2.1 Total Assets of Three Types of Korean Banks .............................................. 23
Figure 2.2 Market Shares of the Life Insurance Industry ............................................... 28
Figure 2.3 Market Shares of the Non-Life Insurance Industry ......................................... 30
Figure 4.1. Classification of the Determinants of Identification by Needs ...................... 72
Figure 5.1 the Research Model Proposed .................................................................. 113
Figure 6.1 Sampling Process .................................................................................. 143
Figure 6.2 Data Analysis Procedure ......................................................................... 160
Figure 7.1 Customer Types of Respondents (n=390) .................................................. 181
Figure 7.2 Gender Distribution of the Respondents (n=390) ......................................... 182
Figure 7.3 Age Group Distribution of the Respondents (n=390) .................................... 182
Figure 7.4 Highest Education Level of the Respondents (n=390) ............................... 183
Figure 7.5 Current Employment Status of the Respondents (n=390) .......................... 184
Figure 7.6 Distribution of Monthly Household Income of Respondents (n=390) .......... 185
Figure 7.7 Number of Financial services Companies Used (n=390) .......................... 186
Figure 7.8 Length of the Business with the Firm (n=390) ............................................ 186
Figure 7.9 First Moderating Model of Identity Salience .............................................. 209
Figure 7.10 Second Moderating Model of Brand Trust .............................................. 213
Figure 7.11 Third Moderating Model of Identity Salience ............................................ 215
Figure 7.12 Fourth Moderating Model of Brand Trust .............................................. 216
Figure 7.13 Fifth Moderating Model of Brand Trust .................................................. 217
Figure 7.14 Sixth Moderating Model of Identity Salience ............................................ 219
Figure 7.15 Seventh Moderating Model of Brand Trust ............................................ 220
Figure 7.16 Eighth Moderating Model of Brand Knowledge .................................... 221
Figure 8.1 Summary of the Research Model ................................................................ 228
Figure 8.2 Consumer Identification Model ................................................................. 243
Figure 9.1.1. Normal Probability Plot (D.V.:Customer Identification) ......................... 314
Figure 9.1.2. Residual Scatterplot (D.V.: Customer Identification) ............................... 315
Figure 9.1.3. Partial Regression Plot for Linearity (Customer Orientation) .................... 316
Figure 9.1.4. Partial Regression Plot for Linearity (Social Relationship) ....................... 317
Figure 9.1.5. Partial Regression Plot for Linearity (Preferential Treatment)......................... 318
Figure 9.1.6. Partial Regression Plot for Linearity (Social Recognition)...............................319
Figure 9.1.7. Normal Probability Plot (D.V.: Word-of-Mouth)..............................................320
Figure 9.1.8. Residual Scatterplot (D.V.: Word-of-Mouth)....................................................321
Figure 9.1.9. Normal Probability Plot (D.V.: Customer Participation)...................................322
Figure 9.1.10. Residual Scatterplot (D.V.: Customer Participation)..................................... 323
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Research

Consumer identification has its theoretical basis rooted in social identity theory (SIT) (Abrams 1992; Turner, 1999) and organizational identification research (Ashforth and Mael, 1989; Mael and Ashforth 1992). Corporate brands have recently received both practitioner and academic attention in the context of identity and identification from a number of authors and researchers (Alwi and Silva, 2007; Balmer and Gray, 2003; Chun and Davies, 2006; Davies et al., 2004; Silva and Alwi, 2006). Various studies of corporate branding emphasize the benefits of using corporate brands, for example, well-established corporate brands could contribute to brand differentiation (Gylling and Lindberg-Repo, 2006; Hulberg, 2006) through a variety of corporate associations such as identity (Gylling and Lindberg-Repo, 2006). Corporate brands have their own unique characteristics which distinguish a specific brand from its competitors and these distinct features define corporate brand identity (Abratt, 1989; Gray and Balmer, 1998).

The concept of identity has been defined and developed through different theoretical perspectives being incorporated into and interpreted with social, organizational or corporate entities (Albert et al., 2000; Gioia et al., 2002; Cornelissen et al., 2007). Individuals' social identities are shaped via incorporating the positive identity of the various entities to which they psychologically belong, into their self-concept. These entities can be social groups, working organizations and purchasing brands, and the individuals can be group members,
employees and consumers respectively (Ashforth and Mael, 1989; Hogg and Abrams, 2001; Bhattacharya and Sen, 2003). According to a given circumstance, these are defined in each discipline as members’ social identification in the social psychology field, employees’ organizational identification in the field of organizational behaviour studies, and consumer identification with a brand in the marketing area (He and Balmer, 2007; Cornelissen et al., 2007; Simões et al., 2005).

In social psychology, the social identity approach provides basic theoretical insights into the concept of consumer identification and understanding of the reasons that motivate consumers towards collective behaviours for a group, including favouritism toward group cooperation, and pro-social behaviours arising from the psychological processes of social categorization (Hogg and Abrams, 1988; Oakes and Brown, 1986; Tajfel, 1978, 1982; Tajfel et al., 1971; Tajfel and Turner, 2004; Turner, 1982, 1999; Turner et al., 1987; van Dick et al., 2005). The relationship between self-concept and the identity of social groups has been explicably addressed in social identity theory. The basic assumption of SIT is that individuals have the need to establish and maintain their positive self-concept and this can be accomplished through their positive social identities (Turner, 1981, 1982; Turner et al., 1987). However, the predominant focus of SIT is on social identity and intergroup behaviour rather than the concept of social identification (e.g., Abrams and Hogg, 1988; Haslam et al., 2003; Hogg and Abrams, 2001; Lievens et al., 2007; Tajfel 1978, 1982; Tajfel et al., 1971; Tajfel and Turner, 2004; Turner, 1975, 1981, 1982, 1999; Turner and Brown, 1978).

The concept of identification is much more developed and is further clarified by organizational researchers (Ashforth and Mael, 1989; Mael and Ashforth, 1992) based on SIT. Furthermore, its determinants and effects on the members’ behaviour become one of the critical issues in an organizational context in terms of motivating employees to enhance beneficial behaviour for the firm (Mael and Ashforth, 1992; O’Reilly and Chatman, 1986; Tyler and Blader, 2000). A series of research into organizational identification in terms of conceptualizing identification and its determinants and consequences contributes to establishing the concept of consumer identification and encourages further research regarding its antecedent and consequent variables in the marketing field (Bhattacharya and Sen, 2003).
Based on the previous research, marketing researchers have applied the concept of organizational identification to consumer identification, because consumers' perception of the corporate brand identity contributes to their self-concept. Since the topic of consumer identification has emerged in marketing research, its target has diversified ranging from non-profit organizations and firms to brand. In particular, this concept has received much academic attention from corporate brand researchers speculating on corporate identity in terms of the relationship between corporate brand and consumers (e.g. Balmer and Greyser, 2006). This is because corporate brand identity affects the relationship between the customer and the brand (Gylling and Lindberg-Repo, 2006) such as consumer identification. Corporate brand researchers are devoted to the issue of corporate brand identity in terms of its effects on multiple stakeholders (e.g. consumers or employees) as well as creating and maintaining consumers' self-concepts. If consumers perceive a corporate brand as being consistent with their self-concept or being helpful to their positive self-concept, they respond more positively to the company brand (Harris and Chernatony, 2001). Consumers have the need to establish and maintain their positive self-concept and this can be accomplished by their positive brand identities so that they attempt to engage in beneficial behaviour towards the brand. Thus, corporate brand identity is critical in terms of generating favouritism of the organization's stakeholders, including customers, towards the company (Gylling and Lindberg-Repo, 2006). In this manner, consumer identification could be a critical indicator for measuring the effect of corporate brand identity on consumer behaviour (van Riel and Balmer, 1997). Therefore, in order to identify and test its antecedents and outcomes, examination of consumer behaviour is necessary (He and Balmer, 2007).

However, the focus of corporate brand research is not on the effect of corporate identity on individual consumers, but on overall performance of a company so that the locus of analysis is at a corporate level rather than an individual consumer level (He and Balmer, 2007; Schultz et al., 2002). In other words, individual consumer behaviour in relation to corporate identity is overlooked by the researchers. Consequently, little empirical research regarding consumer identification has been carried out despite its importance in terms of understanding consumer behaviour.

From the integrated research perspective, there are also arguments supporting the importance of research into consumer identification in corporate branding. As stated earlier, this concept
has been developed from the concept of ‘social identification with a social group’ and its theoretical basis has been adapted and elaborated by organizational behaviour researchers (He and Balmer, 2007). The theoretical connections among social, organizational and consumer identification studies lead to some consensus regarding the fact that integrated studies among these relevant fields are necessary for further enlightenment in the area of research. Interestingly, several corporate branding researchers (Cornelissen et al., 2007; He and Balmer 2007; Simoes et al., 2005) emphasize the importance of the integrated nature of research into consumer identification among these three fields to achieve mutual recognition and insights about corporate brands. Consequently, the topic of consumer identification has received growing consideration from corporate branding researchers (He and Balmer, 2007; Kuenzel and Halliday, 2008). In the light of this academic research on corporate brands and identification, the present study focuses on the concept of ‘consumer identification with a corporate brand’ in the service setting. This is an emerging and developing field where empirical research knowledge is much needed. It is timely, therefore, to conceptualise consumer identification in the context of corporate brand identity and to seek to identify the determinants and consequences of consumer identification with corporate brands.

This academic issue is specifically highlighted in service industries where the role of the brand is critical in the context of the intangible, inseparable, and heterogeneous characteristics of service brands (De Chernatony et al., 2001; O’Loughlin and Szmigin, 2006; Solomon et al., 1985). Indeed, reinforcement of the relationship between a brand and consumers, including consumer identification with a brand, is essential for service brands’ success due to the features of service brands (Fullerton, 2005; Hatch and Schultz, 1997). This argument is also supported by Vargo and Lusch (2004) who claim that there is a shift in focus to a new marketing paradigm, whereby a service-centred perspective is paramount and is characterised by interactivity and connectivity, and ongoing relationships with customers. Consumer identification is likely to contribute to making the brand stand out in the minds of customers (Bhattacharya et al., 1995). In this respect, its consequences and benefits have been examined including loyalty to the brand and the company (Lichtenstein et al., 2004); positive word-of-mouth (WOM) behaviour (Brown et al., 2005); resilience to negative information regarding the company (Einwiller et al., 2006); and sponsorship-linked purchase intention (Cornwell and Coote, 2005). This impact is of very considerable concern for all brands and particularly for services.
Furthermore, the unique features of service, specifically the role of employees and other customers in service encounters, are likely to provide challenges for this study with regard to the antecedents of consumer identification with a corporate brand. Many researchers highlight the critical role of employees in service brand delivery (de Chernatony and Cottam, 2008; Harris and de Chernatony, 2001; Eisingerich and Bell, 2007; Hardaker and Fill, 2005; McDonald et al., 2001; Papasolomou and Vrontis, 2006; Riley and Chernatony, 2000; Tansuhaj et al., 1988) as well as in the context of corporate brands (Balmer, 1995, 2001; Balmer and Gray, 2003; Hatch and Schultz 2001, 2003; Harris and de Chernatony, 2001). Employees’ attitudes and behaviours reflect the firm’s value proposition (Vargo and Lusch, 2004) so that customers perceive the brand based on services provided primarily by the employees. Indeed, the image of brand users (other customers) is likely to influence the image or identity of the brand (Gronhaug and Trapp, 1989; Wong, 1997) and other customers seem to be considered as a reference group contributing to the consumers’ self-concept (Escalas and Bettman, 2005; Greenwald and Brecker, 1985; Sheth and Parvatiyar, 1995). In line with the role of consumer as co-producer underlined in a service-centred paradigm, identifying and testing its additional consequences are necessary. In other words, empirical research needs to address how potential antecedents derived from the service features affect consumer identification with a corporate brand and what its consequences for service brands are.

In fact, because of the inherent features of service brands, different marketing approaches and strategies in comparison with manufactured product brands need to be established and implemented for brand success via strengthening consumer identification. However, previous research has not been concerned about the unique features of service. Even very little empirical research into its antecedents and consequences has been examined in the service context particularly using a quantitative approach. This study is thus expected to provide suitable and appropriate marketing strategies for the managers of service brands in order to enhance consumer identification. Based on both the academic concerns and practical advantages, this study concentrates on its antecedents and consequences derived from the distinctive features of service from the service-centred perspective.

Few empirical studies have investigated the antecedents and consequences of consumer identification with a corporate brand (see Balmer and Liao, 2007; Kuenzel and Haliday, 2008; Homburg et al., 2009; Marin et al., 2009). However, there are also limitations in the
studies. Balmer and Liao's (2007) work reveals that brand reputation, prestige, brand community, corporate identity and differentiation are connected to a student's identification with the university using a qualitative method. However, it does not focus on the service variables, and as well as this, the context of the research is a university which is not the common service context. Kuenzel and Haliday (2008), however, did not deal with service brands but product brands (car brands). Homburg et al. (2009) concentrate on a comparison between the two service-profit chain (SPC) paths, satisfaction-based SPC paths in which the role of satisfaction with a firm's financial performance is stressed, and social identity-based paths in which the role of consumer identification with a firm's financial performance is emphasized rather than the predictors or outcomes of consumer identification. The academic concerns in Marin et al. (2009) are the impact of corporate social responsibility associations (CSR) on consumer identification and the role of identity salience in the effects of CSR on consumer behaviour. As such, the prior research has not focused on the service-centred perspective. Despite the contribution of these existing studies to the understanding of consumer identification with a corporate brand, there are still more studies regarding this issue which are necessary, particularly in service settings, because the previous studies have not considered the features of service brands.

To address this gap in understanding the predictor and outcome variables of consumer identification in service settings, the research model encompasses the antecedents and consequences of consumer identification as well as several selected moderator variables of those relationships in the context of financial services industry. The author of this study chose the financial services sector as the research context because financial services industry is one of the primary corporate brands (McDonald et al., 2001; Davlin, 2003) and has the distinguishable features of services including the critical role of employees or other customers using the company (e.g., Harris and de Chernatony, 2001; McDonald et al., 2001). In addition, the author has also worked in the financial services industry and is therefore familiar with the context. In order to test the effect of employees and other consumers on consumer identification, regular contact with a service brand through employees is required. Therefore, financial services are selected because interactions between consumers and employees are necessary in the delivery of the services, and consumers visit the financial services company on a regular basis.
On the basis of the literature, this research specifically focuses on "social recognition", "customer orientation" of employees, "social relationship" between customers and employees, and "preferential treatment" as the determinants of consumer identification with a corporate brand. These proposed antecedent variables reflect the unique characteristics of service brands and are suggested on the theoretical basis of SIT and organizational identification theory, yet those variables have not been empirically investigated.

The present study also suggests the consequences of consumer identification with a corporate brand. In prior studies, loyalty (Homburg et al., 2009; Marin et al., 2009) and willingness to pay (Homburg et al., 2009) have been investigated in service settings. However, in terms of the customers' role as operant resources (co-producers) rather than operand resources (targets) in the service-centred view (Vargo and Lusch, 2004), more empirical studies with regard to its consequences are needed (Homburg et al., 2009). This study then focuses on proactive consumer responses as its consequences, specifically, "consumer participation" and "positive word-of-mouth". The link between consumer identification and consumer participation is suggested in the literature but has not yet been empirically tested.

Furthermore, this study suggests the critical mediating roles for consumer identification and three moderating variables: identity salience, brand trust and brand knowledge in those relationships among the variables in the research model. It also proposes that the impacts of its four antecedent variables on both WOM and consumer participation are mediated by consumer identification.

This research is important for several reasons. First, it addresses a crucial topic in corporate brand marketing. Consumer identification with a corporate brand influences consumer attitude and behaviour toward the corporate brand (Brown et al., 2005; Cornwell and Coote, 2005; Einwiller et al., 2006; Lichtenstein et al., 2004). The relationship between consumers and a brand is one of core business processes for enterprises (Srivastava et al., 1999) and essential from a service-centred perspective (Vargo and Lusch, 2004). In the growing concern about the relationship between corporate brand identity and identification, the availability and importance of consumer identification is emphasized (Ahearne et al., 2005; Bhattacharya et al., 1995; Bhattacharya and Sen, 2003; Kuenzel and Haliday, 2008).

Second, this current study contributes conceptually to presenting and critically analysing literature investigating the antecedents and consequences of consumer identification through developing and testing a research model and several moderating variables of those
relationships within the model. This study includes four other key determinants (social recognition, customer orientation, preferential treatment and social relationship), two consequences (consumer participation and WOM) and three moderating variables (identity salience, brand trust and brand knowledge) suggested in the literature from the service-centred perspective. This study also identifies and tests the critical mediating roles for consumer identification.

Finally, the present study contributes towards developing a methodological approach for corporate brand research. It is important to note that the previous studies in the corporate brand field depend heavily on qualitative approaches (Cornelissen et al., 2007). A quantitative approach is needed to support and confirm the qualitative findings. Quantitative methods applied to corporate brands might counteract the weakness of existing qualitative methods.

1.2 Objectives of the Research

The aim of this study is to test the chosen antecedents and consequences of consumer identification with a corporate brand in the financial services industry: specifically, to measure and test the effect of several selected variables as moderators in terms of the relationships between consumer identification and both its antecedents and consequences. Based on the previously outlined general background information, the objectives of the research are as follows:

Research objective 1: To identify and test the effect of employee-related variables (preferential treatment, customer orientation and social relationship) on consumer identification with a corporate brand.

Research objective 2: To identify and test the effect of other consumers (social recognition) on consumer identification with a corporate brand.

Research objective 3: To test the effects of consumer identification with a corporate brand on positive word-of-mouth and consumer participation.
Research objective 4: To test the mediating effects of consumer identification with a corporate brand on the relationship between four variables (preferential treatment, social relationship, customer orientation of the service employees, social recognition) and positive word-of-mouth, between those variables and consumer participation.

Research objective 5: To investigate whether or not two variables (identity salience and brand trust) moderate the relationship between consumer identification with a corporate brand and its four antecedents. Indeed, to investigate whether or not three variables (identity salience, brand trust and brand knowledge) moderate the relationship between consumer identification with a corporate brand and its two consequences (positive word-of-mouth and participation).

1.3 The Structure of the Thesis

The thesis consists of seven chapters and appendices. Figure 1.1 illustrates the structure of the current study.
Figure 1.1. Structure of the Research

CHAPTER 1
INTRODUCTION

CHAPTER 2
LITERATURE REVIEW I:
An Overview of the Financial services Industry in Korea

CHAPTER 3
LITERATURE REVIEW II:
Social Identity Approach and the Concept of Consumer Identification

CHAPTER 4
LITERATURE REVIEW III:
Prior Empirical Research into Organizational and Consumer Identification

CHAPTER 5
THE RESEARCH MODEL: Research Hypotheses

CHAPTER 6
RESEARCH METHODOLOGY

CHAPTER 7
FINDINGS OF THE RESEARCH

CHAPTER 8
DISCUSSION AND CONCLUSIONS
Chapter 2 briefly reviews literature on the distinctive features of service and financial industries in Korea. The chapter begins by introducing the importance of financial services as a kind of corporate brand. In the following section, the unique characteristics of the financial services industry are highlighted, specifically in terms of the significance of employees and their relationships with customers. Furthermore, background information regarding the bank, insurance and securities investment market in Korea is also presented.

Chapter 3 focuses on the conceptualization of consumer identification. The concept of identification is studied in three research fields so that research into the concept of identification in these three fields is reviewed: social identity approach dealing with social identity and social identification, organizational identity and organizational identification, corporate identity and consumer identification. In addition, the chapter is devoted to related conceptual issues including the dimensionality of consumer identification, and its related concepts: commitment, loyalty, internalization and compliance.

Chapter 4 is divided into six sections. The first reviews empirical studies regarding the determinants of organizational and consumer identification. According to the prior studies, the determinants are classified into consumers' four basic needs. The second section is devoted to an overview of the selected concepts as antecedents of consumer identification in the proposed model. The third briefly outlines prior empirical research into the outcomes of consumer identification. Based on the review, the fourth section deals with an overview of the chosen concepts as consequences of consumer identification in the proposed research model. The fifth section focuses on a review of the research into moderating variables in the proposed model. In the last section, the issue of measurement of consumer identification is discussed.

Chapter 5 presents the research model and hypotheses. The chapter begins with a proposed research model. Then, previous empirical studies which support the research model are presented. The final part of this chapter addresses the research hypotheses based on the research model.
Chapter 6 addresses the methodology for the study, involving research philosophy, sampling design, a questionnaire design and data analysis methods. The chapter describes the pre-test which indicates the process for generating the final questionnaire.

Chapter 7 presents the findings of the study obtained from the empirical research. The first part of the chapter profiles respondents' demographic characteristics, followed by descriptive analyses of the scales used for the constructs in the study. The third part deals with reliability and validity assessments. Lastly, the research hypotheses are tested.

Finally, Chapter 8 discusses the research results and their theoretical contributions and practical implications. The chapter identifies limitations of the study and makes several suggestions for further studies in this area.
CHAPTER TWO

AN OVERVIEW OF THE FINANCIAL INDUSTRY IN KOREA

2.1. Introduction

The objective of this chapter is to provide an overview of the financial services industry in Korea. The first part of this chapter addresses the importance of corporate brands in the financial services sector. In the next section, the importance of relationships with consumers and the critical role of employees are discussed based on the characteristics of financial services in contrast to businesses concerned with the sale of manufactured goods. Finally, this chapter provides an overview of the Korean financial services and more specifically focuses on banking, insurance and securities.

2.2 Importance of Corporate Brands in the Financial services Context

Service brand is mentioned as one of the typical corporate brands (Roper and Davies, 2007, p.76) and financial services companies predominantly use corporate brands (McDonald et al., 2001; Davlin, 2003). The phenomenon of the diffusion of corporate brands can be partially explained by growth in service sectors where monolithic corporate branding is used (Balmer, 1995; McDonald et al., 2001). Many financial
services firms using corporate brands provide the practical evidence for the importance of
corporate brands in the financial services area (Devlin, 2003).
Financial services are characterized as highly intangible, heterogeneous (O'Loughlin
and Szmigin, 2006) and indistinguishable (Boyd et al., 1994). Due to the inherent nature
of service attributes and further such financial services characteristics, it is difficult for a
company to be differentiated from its competitors (Balmer, 1995; Berry et al., 1988;
Boyd et al., 1994; de Chernatony and Riley, 1999; de Chernatony and Segal-Horn, 2003;
McDonald et al., 2001). In the financial industry, a strong corporate brand may be an
essential part of competitive advantage as one of the discriminating variables (Balmer
and Gray, 2003; McDonald et al., 2001). Based on the literature, corporate brands offer
competitive advantages in the financial industry as follows.
Firstly, specifically associated with financial services, consumers use the corporate brand
as a cue to draw an inference about the evaluation of the service. It is very difficult to
make a priori judgement of financial companies based on financial services which are
highly intangible and complex in nature (Eisingerich and Bell, 2006) even after purchase.
Consumers may have insufficient professional knowledge regarding the details of
specific financial investment products to enable them to choose a firm among alternatives
(Bell and Eisingerich, 2007; Crosby et al., 1990). As a result, instead of basing their
decisions on the essential cues, such as knowledge of financial products, they are
concerned more about peripheral cues such as strong corporate identity, as a critical
instrument for their assessment (e.g. Boyd et al., 1994). Thus, consumers tend to choose a
well-known financial services brand rather than evaluate individual service offerings
(Boyd et al., 1994). Accordingly, corporate brands are useful because they tend to prompt
consumers to perceive the brand favourably (Bitner et al., 1994; Riley and Chernatony,
2000).
Secondly, well-established corporate brands especially might create and nurture
intangible added values which are crucial signals for customers. These added value
variables are connected to consumers’ identity and are more sustainable than physical
characteristics which are easily imitated by other companies (de Chernatony et al., 2000;
Hall, 1992). The linkage between consumer identity and a firm’s values is likely to
reflect the potential for increasing consumer identification with a firm and its further
importance in positive brand choice. A company’s identity can be used in establishing a
consumer’s self-concept when the identity is perceived to enhance the self-concept of the
consumer. Thus, strong corporate brands can take advantage by creating and offering their customers added value.

Thirdly, from the managerial point of view, guidance in the enhancement of the unique identity of a corporate brand can be motivating for employees who have a stake in keeping the service standards high in service encounters and in ensuring the consistency in the provision of services. Corporate brands can encourage employees to adhere to service standards in an environment where service firms have difficulty in controlling service levels (Solomon et al., 1985).

Lastly, using and enhancing corporate brands is also contributing towards globalization, for instance, HSBC and Citibank. It also leads to consistency in consumer perceptions and consequently a company’s financial status (e.g., Aaker, 1996; Balmer, 1995; de Chernatony, 1999; Harris and de Chernatony, 2001; Hatch and Schultz, 2001). Corporate brands, therefore, may be valuable assets for financial services firms. Therefore, financial services firms as one of corporate brands were chosen as the context of this study.

2.3 Importance of Relationship with Consumers in Financial services

The services firm can be viewed as an entity with which a person might create and manage a relationship just as they do with acquaintances, friends and partners (Johnson and Selnes, 2004). It is a critical issue for the success of financial services firms to establish and manage meaningful on-going relationships with customers. It may also be consistent with the perspective of corporate-level marketing which focuses on the relationships with stakeholder groups, including customers (Balmer and Greyser, 2006). Both the organization and its stakeholders can take mutual benefit from the relationships. Although developing closer relationships with clients is specifically stressed in personal services firms (Johnson and Selnes, 2004), the relationships with customers are underdeveloped as compared to product brands (Fournier, 1998).

Eisingerich and Bell (2007) discussed the conditions where relationship selling is crucial. The nature of financial services corresponds to these conditions as follows. The first condition occurs when the service is complex, customized and delivered over a
continuous stream of transactions. Customers interact with the financial services on a regular basis and they have a high involvement in the services, due to the importance of the financial aspect of their life. Customers have a need for a relatively close relationship with the firm (Alexander and Colgate, 2000) and it is often argued that financial services fall into a category of ‘membership relationship’ (Lovelock, 1983). Services firms may develop formal and sustainable relationships with their customers and their members take precedence over temporary consumers (Lovelock, 1983). High-income customers even tend to prefer personal relationships with one or more key managers within their financial companies. This is because the extant personal relationships provide all the benefits they need and because there is a relatively high switching cost if they go elsewhere (O’Loughlin and Szmigin, 2006). Accordingly, clients are able to benefit from many tangible and psychological advantages (e.g. Gwinner et al., 1998). Thus, the financial services industry often requires significant start-up costs on the part of both the client and the service firm (Eisingerich and Bell, 2007). This motivates both clients and financial services firms to develop and maintain the relationships.

The second condition is associated with asymmetry in professional knowledge between the financial firms and individual buyers. Generally, customers have relatively insufficient professional knowledge about the service (Crosby et al., 1990), particularly about specific financial products (e.g., Darby and Karni, 1973; Devlin, 1998).

The last condition met by financial services and where relationship selling is crucial, is uncertainty with regard to consequences (Eisingerich and Bell, 2007). The complexity of financial services offerings (Devlin, 1998), including the extension of coverage of financial products from local to global products, makes the evaluation of a firm more complex, difficult and uncertain. Indeed, this uncertainty is intensified by the indefinite time horizon of financial services delivery and potential for high variability in performance in the relational context (Parasuraman et al., 1985). The financial services industry is thus characterised by its complexity (Eisingerich and Bell, 2006; McDonald et al., 2001). Consequently, the importance of a relationship with customers in the financial services sector (Hefferman et al., 2008) supports the need for further research into the antecedents and consequences of consumer identification with a corporate brand in the financial services context.
2.4 Importance of Employees in Financial services Firms as Corporate Brands

The significance of employees in the relationships with customers is presented in terms of both the nature of services and corporate branding. Firstly, the critical role of employees in financial services firm stems from the service features, including invisibility, inconsistency and complexity (Eisingerich and Bell, 2006; O’Loughlin and Szmigin, 2006). Due to the invisible feature of a service, service firms need to manage and train their employees to adapt and develop positive attitudes, behaviour and services which are perceived by customers as central tangible cues. In the eyes of customers, “employees are regarded as part of services offered by a company” (Eisingerich and Bell, 2007, p.294) so that customers assess the service firm based on the employees’ attitude and behaviours toward customers (e.g., Papasolomou and Vrontis, 2006).

In relation to the nature of inconsistency in services provided by employees, Chernatony and Segal-Horn (2003) point out that successful service delivery can be accomplished through communicating consistent messages about the brand at every interface that employees interact with customers. To deliver consistent services to customers and to motivate employees about the concerns of their consumers, companies should be more concerned about and depend heavily on employees’ interactions with consumers (Tansuhaj et al., 1988). Because employees are the first contact point between a customer and a company, these interactions, and ‘moments of truth’, need to be provided at a consistently high quality (Hardaker and Fill, 2005).

In addition, the importance of interactions in financial services is due to the services’ nature of high complexity. De Chernatony and Cottam (2008) illustrate financial services as “at the heart of a financial services brand is the service provided by employees at every contact point”(p.13). Consequently, a firm’s service delivery is undertaken by employees of the company, thus the consumers’ evaluation of the firm’s services depends on the assessment of the contact employees’ attitude and behaviours towards customers such as customer orientation and treatments or services offered by employees.
Secondly, the importance of employees is emphasized in the corporate branding literature as well (Balmer, 1995, 2001; Balmer and Gray, 2003; Hatch and Schultz 2001, 2003; Harris and de Chernatony, 2001). The role of employees in corporate brands is primarily considered in terms of exhibiting the identity of the corporate brand. Corporate brands are more focused on the interfaces caused by interactions between their customers and employees, while individual brands depend largely upon external marketing such as advertising and packaging (Mcdonald et al., 2001). Employees are able to express or break the identity of the corporate brand through their interactions with customers. Customers' experience of the brand is affected by employees' negative attitudes toward customers (Roper and Davies, 2007). Since all stakeholder-facing employees represent the brand, their behaviour is regarded as a crucial cue for the corporate brand identity (Hardaker and Fill, 2005). At a company level, employees provide a critical link between the firm and its customers, especially in personal service settings. Consumers create their perception of company images based on their interpersonal interaction with employees (e.g., Burmann and Zeplin, 2005). Therefore, employees' interactions with consumers are vital for creating and differentiating their corporate brand in the financial services context (McDonald et al., 2001; Melewar and Karaosmanoglu, 2006; Papasolomou and Vrontis, 2006).

As such, the employees' contribution to establishing strong corporate brands is not limited to a single aspect such as creating the brand image, but is related to all other aspects resulting in their success (de Chernatony and Segal-Horn, 2003). In terms of corporate brand, employees are viewed as instrumental in the building of long-term relationships between the firm and the customer (Parasuraman et al., 1985). Successful service brands result from carefully established and developed relationships between consumers and their contact employees (de Chernatony and Dall'Olmo Riley, 1999). Therefore, the involvement and commitment of employees in corporate service brands is critical (Hardaker and Fill, 2005) and is an essential source of distinctiveness and potential advantage (de Chernatony and Segal-Horn, 2003).

Based on the literature, given the environment in which the services' characteristics are different from manufactured product brands, different marketing strategies may be required and implemented in the financial services sector, such as the role of employees in terms of enhancing consumer identification. Therefore, this study attempts to address
the issues about what employee-related variables affect consumer identification in the financial services industry.

2.5 Growth of Financial Industry in Korea

The important role of the financial services industry in economic growth was noted in Arestis et al. (2001), who found that the financial industry and market development accounted for subsequent economic growth in a country. Table 2.1 shows the growth rate of GDP and the contribution by the financial intermediation sector.

Table 2.1 Gross Domestic Product by Financial Intermediation (Nominal)

<table>
<thead>
<tr>
<th>year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>% change 2005-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP of Korea (% change over the prior year)</td>
<td>865,240,9 (4.6%)</td>
<td>908,743.8 (5.0%)</td>
<td>975,013.0 (7.3%)</td>
<td>1,026,451.8 (5.3%)</td>
<td>1,063,059.1 (3.6%)</td>
<td>22.9%</td>
</tr>
<tr>
<td>GDP by the financial intermediation sector (% change over the prior year)</td>
<td>53,394.8 (7.1%)</td>
<td>55,234.7 (3.4%)</td>
<td>61,114.0 (10.6%)</td>
<td>65,132.2 (6.6%)</td>
<td>66,283.3 (1.8%)</td>
<td>24.1%</td>
</tr>
</tbody>
</table>

Note: (1) average KRW/Dollar exchange rate was 1276.40 in 2009
(2) GDP is based on market price
Source: [Gross Domestic Product], The Bank of Korea (2010)

As Table 2.1 shows, the amount of GDP by financial intermediation grew for the five year period. This sector's GDP growth outpaced that of GDP except in 2006 and 2009, over these five years. Because of the world financial crisis which began in 2008 and its effect on financial services which continued in 2009, the contribution of this business sector in GDP decreased by 1.8% in comparison with the growth rate of GDP, 3.6% in 2009. However, the amount of GDP by the sector grew to KRW 66,283.3 billion in 2009 from 53,394.8 billion in 2005. The growth rate of the financial intermediation sector is recorded as 24.1% for the five year period, while GDP's growth rate was 22.9% during the same period. Thus, it shows that the proportion of financial intermediation is tending to increase in Korea's GDP growth.

In addition, the important role of the financial services industry is shown in the service industry activities index (see Table 2.2). The finance & insurance services exhibited a
solid growth over the last few years. The activity indexes of finance & insurance services increased 51.0% in 2009 compared to the index in 2005. From 2005, which is the fixed base year, the index of the finance and insurance service was the second largest in the service industry as well as showing a gradual growth trend until 2009. Indeed, these indexes are also greater than the average of the service industry activity indexes (29.6%).

Table 2.2 Service Industry Activities Index by Type

<table>
<thead>
<tr>
<th>Service Type</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All groups</strong></td>
<td>100.0</td>
<td>106.8</td>
<td>116.0</td>
<td>125.1</td>
<td>129.6</td>
</tr>
<tr>
<td>Sewerage, waste management, materials recovery and remediation activities</td>
<td>100.0</td>
<td>107.0</td>
<td>113.9</td>
<td>121.9</td>
<td>117.3</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>100.0</td>
<td>104.0</td>
<td>110.5</td>
<td>118.6</td>
<td>120.9</td>
</tr>
<tr>
<td>Transportation</td>
<td>100.0</td>
<td>105.2</td>
<td>115.8</td>
<td>130.6</td>
<td>120.9</td>
</tr>
<tr>
<td>Accommodation and food service activities</td>
<td>100.0</td>
<td>104.8</td>
<td>109.0</td>
<td>115.0</td>
<td>117.6</td>
</tr>
<tr>
<td>Information and communications</td>
<td>100.0</td>
<td>105.4</td>
<td>111.1</td>
<td>115.7</td>
<td>117.5</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
<td>100.0</td>
<td>109.5</td>
<td>128.3</td>
<td>139.8</td>
<td>151.0</td>
</tr>
<tr>
<td>Real estate activities and renting and leasing</td>
<td>100.0</td>
<td>110.8</td>
<td>117.1</td>
<td>121.9</td>
<td>132.5</td>
</tr>
<tr>
<td>Professional, scientific and technical activities</td>
<td>100.0</td>
<td>109.6</td>
<td>119.2</td>
<td>133.1</td>
<td>138.1</td>
</tr>
<tr>
<td>Business facilities management and business support services</td>
<td>100.0</td>
<td>108.1</td>
<td>120.4</td>
<td>129.2</td>
<td>126.3</td>
</tr>
<tr>
<td>Education</td>
<td>100.0</td>
<td>106.5</td>
<td>113.8</td>
<td>122.1</td>
<td>128.9</td>
</tr>
<tr>
<td>Human health and social work activities</td>
<td>100.0</td>
<td>112.6</td>
<td>127.2</td>
<td>142.7</td>
<td>162.0</td>
</tr>
<tr>
<td>Arts, sports and recreation related services</td>
<td>100.0</td>
<td>101.5</td>
<td>109.7</td>
<td>114.7</td>
<td>116.1</td>
</tr>
<tr>
<td>Membership organizations, repair and other personal services</td>
<td>100.0</td>
<td>106.1</td>
<td>108.7</td>
<td>113.3</td>
<td>114.0</td>
</tr>
</tbody>
</table>

Note: The fixed base year of the figures is 2005
Source: [Service Industry Activities Index], The Bank of Korea (2010)

In Korea, the major financial services are banking, insurance and securities, which enable customers to make contact with employees in terms of the amount of the asset (Financial Supervisory Service, 2009). Thus, the present study focuses on those three services. In Table 2.3, the amounts of total assets of these sectors are compared with GDP.

Table 2.3 Comparison between Total Assets of Big Three Sectors and GDP

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Nominal GDP</strong></td>
<td>865,240.9</td>
<td>908,743.8</td>
<td>975,013.0</td>
<td>1,026,451.8</td>
<td>1,063,059.1</td>
<td>22.9%</td>
</tr>
<tr>
<td><strong>Total Asset of Big Three Sectors</strong></td>
<td>1,216,696.6</td>
<td>1,393,524.1</td>
<td>1,584,486.4</td>
<td>1,838,806.6</td>
<td>1,858,041.9</td>
<td>52.7%</td>
</tr>
<tr>
<td><strong>Total Asset/GDP (%)</strong></td>
<td>141%</td>
<td>153%</td>
<td>163%</td>
<td>179%</td>
<td>175%</td>
<td></td>
</tr>
</tbody>
</table>

Source: [Gross Domestic Product], The Bank of Korea (2010)
[Monthly Finance Statistics Bulletin], Financial Supervisory Service (2010), November
[Bank Statistics], Financial Supervisory Service (2010)
As table 2.3 shows, these three sectors experienced massive growth in their assets between 2005 and 2009. In 2009, the total amounts of assets in the three sectors reached KRW 1,858,041.9 billion, a 52.7% increase from 2005. The scale of total assets of the three sectors was 141% of Korea's GDP in 2005, and its ratio showed a gradual increase to 175% in 2009. This fact indicates the importance of the three sectors in the growth of the Korean economy as noted by Demetriades and Hussein (1996) who demonstrated the leading position of the finance sector in the process of economic development.

Table 2.4 Total Assets of Three Big Sectors in Korea

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>859,852.0</td>
<td>979,092.9</td>
<td>1,046,342.0</td>
<td>1,241,611.6</td>
<td>1,249,654.6</td>
<td>45.3%</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>283,784.8</td>
<td>321,579.6</td>
<td>361,167.4</td>
<td>391,935.1</td>
<td>444,431.2</td>
<td>56.6%</td>
</tr>
<tr>
<td>Securities companies</td>
<td>73,059.8</td>
<td>92,851.6</td>
<td>126,903.7</td>
<td>140,656.7</td>
<td>163,956.1</td>
<td>124.4%</td>
</tr>
<tr>
<td>Total Asset</td>
<td>1,216,696.6</td>
<td>1,393,524.1</td>
<td>1,534,413.4</td>
<td>1,774,203.4</td>
<td>1,858,041.9</td>
<td>52.7%</td>
</tr>
</tbody>
</table>

Note: (1) Domestic commercial and local banks were included
(2) The figures represent the end of the year
Source: [Bank Statistics], Financial Supervisory Service (2010)
[Monthly Finance Statistics Bulletin], Financial Supervisory Service (2010), November

Table 2.4 indicates the amount of the total assets of the three sectors in Korea. The proportion of each sector includes both business from the commercial sector (business companies) and private individuals. In this respect, because the proportion of the amount of assets was used to determine the quotas for types of financial services, the limitation of using this figure is acknowledged by the author.

Comparing the three sectors, the banking industry holds the leading position in the financial services industry. This is supported by Arestis et al. (2001) who emphasize the importance of the banking industry in economic growth in a country. In 2008, banking assets accounted for the largest proportion, 71.0%, of the total assets of three sectors. The second largest type of financial services was the insurance industry, accounting for 21.3%, and the smallest was the securities industry (7.6%). However, the proportion of banking assets slightly decreased to 67.3%, while the proportion of insurance and securities industry rose to 23.9% and 8.8% respectively in 2009.
The banking industry increased its assets by 45.3% from KRW 859,852.0 billion in 2005 to 1,249,654.6 in 2009. The assets of insurers continued to grow year by year for the five years. Thus, in 2009, total assets of insurance companies amounted to KRW 444,431.2 billion, reflecting a 56.6% increase from 2005. During the same period, the total assets of securities companies grew significantly compared to other financial institutions. The assets of securities reached KRW 163,956.1 billion, which is more than twice those in 2005. This rapid growth in securities companies seems to be due to the stock market boom ([Korean Economic and Financial Review], Korea Institute of Finance, 2008, January, p.35). Despite the substantial growth, the absolute scale of both insurance and securities companies remains small in comparison with bank assets. Therefore, all three sectors showed a gradual growth trend for the period.

Comparing financial services in Korea with those in UK, Korean consumers are characterised by doing business with multiple providers at the same time rather than one specific services company; having face-to-face contacts with financial advisors for financial investment; and restricting the use of on-line services to simple services such as money transfers. Specifically, providing private financial services (special services) to selected customers such as wealthy people is well-established and frequently implemented compared with UK. Thus, consumers have relatively strong social relationships with their financial advisors. The following section illustrates details of the three sectors, Korean banking, insurance and securities industry.

2.5.1 Korean Banking Industry

The Korean banking industry consists of two types of banks: commercial banks and specialized banks. Commercial banks, which are regulated by the Banking Act, include nationwide banks and local banks in terms of the territory of the area covering, while specialized banks have been established in response to special industrial needs (Handbook, Financial Supervisory Service, 2010). As the result of promoting mergers and shutting down unworkable banks, 18 banks are currently operating in Korea. They include seven nationwide banks, six local banks and five specialized banks, including the Korea Development Bank and Export-Import Bank of Korea (Annual Report, Financial Supervisory Service, 2010).
As shown in Figure 2.1, comparing the amount of assets by bank type, nationwide banks are in a dominant position with KRW 1,136,254.9 billion, followed by specialized banks with KRW 550,225.4, and the smallest is local banks with KRW 13,399.7. Therefore, nationwide banks hold 63% of total assets of the Korean banking industry, followed by specialised (31%) and local banks (6%). The amounts of the three types of banking in assets showed an increasing trend except in 2009. Table 2.5 shows the amounts of total assets and the number of branches of the banks by type.

Table 2.5 Total Assets and Number of Branches of Banks in Korea

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nationwide</td>
<td>785,081.3</td>
<td>(6.7%)</td>
<td>891,588.1</td>
<td>(13.6%)</td>
<td>995,700.8</td>
<td>(11.7%)</td>
</tr>
<tr>
<td>(% change year-to-year)</td>
<td>74,770.7</td>
<td>(11.5%)</td>
<td>87,504.8</td>
<td>(17.0%)</td>
<td>100,714.6</td>
<td>(15.1%)</td>
</tr>
<tr>
<td>Local</td>
<td>74,770.7</td>
<td>(11.5%)</td>
<td>87,504.8</td>
<td>(17.0%)</td>
<td>100,714.6</td>
<td>(15.1%)</td>
</tr>
<tr>
<td>(% change year-to-year)</td>
<td>372,218.3</td>
<td>(10.0%)</td>
<td>415,073.2</td>
<td>(11.5%)</td>
<td>471,398.4</td>
<td>(13.6%)</td>
</tr>
<tr>
<td>Specialized</td>
<td>372,218.3</td>
<td>(10.0%)</td>
<td>415,073.2</td>
<td>(11.5%)</td>
<td>471,398.4</td>
<td>(13.6%)</td>
</tr>
<tr>
<td>(% change year-to-year)</td>
<td>1,232,070.3</td>
<td>(7.9%)</td>
<td>1,394,166.1</td>
<td>(13.2%)</td>
<td>1,567,813.7</td>
<td>(12.5%)</td>
</tr>
<tr>
<td>Total</td>
<td>1,232,070.3</td>
<td>(7.9%)</td>
<td>1,394,166.1</td>
<td>(13.2%)</td>
<td>1,567,813.7</td>
<td>(12.5%)</td>
</tr>
<tr>
<td>(% change year-to-year)</td>
<td>1,394,166.1</td>
<td>(13.2%)</td>
<td>1,567,813.7</td>
<td>(12.5%)</td>
<td>1,871,151.6</td>
<td>(19.3%)</td>
</tr>
<tr>
<td><strong>Number of branches</strong></td>
<td>4,322</td>
<td>(1.7%)</td>
<td>4,540</td>
<td>(5.0%)</td>
<td>4,635</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>Nationwide</td>
<td>4,322</td>
<td>(1.7%)</td>
<td>4,540</td>
<td>(5.0%)</td>
<td>4,635</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>(% change year-to-year)</td>
<td>740</td>
<td>(1.9%)</td>
<td>782</td>
<td>(5.7%)</td>
<td>819</td>
<td>(4.7%)</td>
</tr>
<tr>
<td>Local</td>
<td>740</td>
<td>(1.9%)</td>
<td>782</td>
<td>(5.7%)</td>
<td>819</td>
<td>(4.7%)</td>
</tr>
</tbody>
</table>
The amount of assets of Korean banks rose continuously to KRW 1,799,879.9 billion, growing 46.1% between 2005 and 2009. The average size of those assets increased during the period due to the structural shift corresponding to the intensified competition in the banking sector (Lee, 2009). It indicates that the size of Korean banks increased. From 2005, the number of branches of banks across Korea showed a steady increase and thus it rose by 11.8% to 7,355 in 2009. In terms of the number of branches, which is comparable to the composition of total assets of the bank type, nationwide banks were dominant, holding 4,619 (62.8% of total number of branches) followed by specialized banks with 1,877 branches, the smallest type being local banks with 859 branches in 2009.

Domestic banks are divided into foreign owned banks and Korean banks. In particular, there are two international commercial banks, Citibank and Standard Chartered First Bank. Following the financial crisis in 1997, Korean banks merged in response to intensified competition, and two international banks entered into the Korean bank industry by mergers. As a result, Citibank of the U.S. entered the financial market in 2004 and Standard Chartered Bank of the U.K. entered in 2005 (Lee, 2009). In addition, the major stakeholder of the Korean exchange Bank is Lone Star of the U.S. Consequently, there are three foreign owned banks in Korea. Including foreign branches which have entered into Korea, the total foreign bank’s market share of the Korean banking sector was 292,643.5 billion (16.3%) in 2009 ([Bank Statistics], Financial Supervisory Service, 2010). Table 2.6 shows the number of nationwide bank branches operating in Korea and the amounts of total assets by those banks.

| Source: [Bank Statistics], Financial Supervisory Service (2010) |

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Table 2.6 Amounts of Total Assets and Branch Numbers of the Nationwide Banks

<table>
<thead>
<tr>
<th>Bank (%) of total asset and branch number</th>
<th>Total assets (%)</th>
<th>Number of branches (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kookmin (%)</td>
<td>2,695,557 (23.72%)</td>
<td>1,191 (25.78%)</td>
</tr>
<tr>
<td>Woori (%)</td>
<td>2,390,151 (21.00%)</td>
<td>889 (19.18%)</td>
</tr>
</tbody>
</table>
As Table 2.6 shows, Korea’s biggest bank is Kookmin bank, which was the first merged bank in Korea with a total of 1,191 branches. Its total assets are more than KRW 2,695 trillion. This merger has encouraged other banks to merge or acquire other banks (Lee, 2009). The second and third biggest banks are the Woori bank and Shinhan bank, holding more than KRW 2,330 trillion. The biggest three banks hold over 60% of total assets of the banking industry and of the total number of branches in Korea. Including the fourth biggest, Hana bank, the amounts of assets and the branch number account for 78.6% and 79.0% respectively. Foreign-owned banks encompassing SC First, Korea Exchange and Citibank account for around 12% in terms of total assets and branch numbers of commercial banks.

In particular, big banks have changed to financial holding companies mainly through acquisitions of securities companies and/or insurance companies. The financial holding companies have used the unified brand names belonging to financial services companies. For example, the Shinhan holding company includes Shinhan and Jesu Bank, the Shinhan securities company, and the Shinhan life insurance company, etc. Seven financial holding companies operated in 2009 (Handbook, Financial Supervisory Service, 2010) including KB, Shinhan, Woori and Hana financial holding company based on their banks, although Kookmin bank and Hana bank are respectively a subsidiary company of KB and Hana holding companies (Lee, 2009).

Moreover, the establishment of the Standard Chartered financial holding company was permitted by the Korea Financial services commission in 2009 as the first foreign financial holding company, holding the Standard Chartered first bank and the Standard Chartered securities company (Standard Chartered First Bank, 2009). Therefore, five out of seven commercial banks belong to financial holding companies, with the exception of Citibank and Korea Exchange bank. Financial holding companies were established as a response to the integration of financial services laws by enacting the Capital Markets Act.
Consolidation Act in 2009 (KIF Finance Report, 2010). At the same time, this shift from a single financial company to a financial holding company is likely to be a brand strategy to strengthen the loyalty of their customers by providing them with total financial services.

Table 2.7 shows the number of employees in commercial banks. As shown in Table 2.7, the total number of employees in commercial banks has steadily increased up to 2008 in Korea. However, in 2009, the number of employees in the commercial banking sector decreased to 137,049 in total and recorded a 2.0% decline over the year. By type of bank, the number of employees in commercial banks showed a slightly higher rate of increase compared to that of the specialized bank.

Table 2.8 World Insurance Market (Total Premium Volumes) in 2009

<table>
<thead>
<tr>
<th>Category</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>% change 2005-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>124,755</td>
<td>130,755</td>
<td>135,383</td>
<td>139,842</td>
<td>137,049</td>
<td>(-2.0%)</td>
</tr>
<tr>
<td>Specialized Bank</td>
<td>30,080</td>
<td>31,417</td>
<td>31,382</td>
<td>33,207</td>
<td>32,739</td>
<td>(-1.4%)</td>
</tr>
<tr>
<td>(% change year-to-year)</td>
<td>(4.4%)</td>
<td>(-0.1%)</td>
<td>(5.8%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Bank</td>
<td>94,675</td>
<td>99,573</td>
<td>104,001</td>
<td>106,633</td>
<td>104,310</td>
<td>(10.2%)</td>
</tr>
<tr>
<td>(% change year-to-year)</td>
<td>(5.2%)</td>
<td>(4.4%)</td>
<td>(2.5%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Note:</strong> end of the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **Source:** [Bank Statistics], Financial Supervisory Service (2010)

2.5.2 Korean Insurance Industry

In comparison with other countries, Korea is one of the largest regions in the world in terms of the insurance premium volume, indicating the size of the insurance market. Table 2.8 shows the total premium volumes by country.
As indicated in Table 2.8, Korea has the tenth largest insurance market in the world in terms of total premium volumes. Korea’s total insurance premium in the fiscal year of 2009 recorded $91,963 million and its share in the world market was 2.2%. In detail, US $57,436 (62.5%) of the total volume was created from life insurance and the rest, US $34,527 (37.5%) was from non-life insurance. The figure from life insurance recorded US $57,436 million which is the eighth largest volume, while that from non-life insurance was US $34,527 million which is ranked at the twelfth largest market in the world. The USA retained its leading position with a total premium of $1,139,746 million, followed by Japan with $505,956 million, the UK with $309,241 million, and France with $283,070 million.

The insurance market in Korea has shown a rapid growth over several years. Table 2.8 presents the steady growth trend between 2005 and 2009.

### Table 2.9 Insurance Premium Written

<table>
<thead>
<tr>
<th>Year</th>
<th>Life (KRW Billion)</th>
<th>% change year-to-year</th>
<th>Non-life (KRW Billion)</th>
<th>% change year-to-year</th>
<th>Total (KRW Billion)</th>
<th>% change year-to-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>61,472 (8.1)</td>
<td></td>
<td>25,724 (15.0)</td>
<td></td>
<td>87,196 (13.3)</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>66,455 (13.0)</td>
<td>75,096 (13.0)</td>
<td>29,586 (14.9)</td>
<td>33,982 (14.9)</td>
<td>109,078 (13.6)</td>
<td>111,056 (13.6)</td>
</tr>
<tr>
<td>2007</td>
<td>73,561 (-2.0)</td>
<td>37,495 (10.3)</td>
<td>109,078 (13.6)</td>
<td>111,056 (13.6)</td>
<td>120,789 (13.8)</td>
<td>120,789 (13.8)</td>
</tr>
<tr>
<td>2008</td>
<td>76,957 (4.6)</td>
<td>43,832 (16.9)</td>
<td>111,056 (13.6)</td>
<td>120,789 (13.8)</td>
<td>120,789 (13.8)</td>
<td>120,789 (13.8)</td>
</tr>
<tr>
<td>2009</td>
<td>25.2</td>
<td>70.4</td>
<td>38.5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: (1) Figures in brackets indicate year-to-year growth rates.
(2) The end of the year
As shown in table 2.9, since the year 2005, the steady growth of ‘premium written’ in the life insurance sector has continued, reaching KRW 76,957 billion in 2009 from 61,472 billion in 2005, although the figure declined by 2.0% in 2008. The growth rate was 25.2% over the five year period. During the same period, the growth rate of the non-life sector has been 70.4%, recorded higher than that of the life sector. Thus, the total of ‘premium written’ has increased by 38.5% over the five years. However, in 2008, the global financial crisis and unfavourable economic environment induced a reduction in the writing of new insurance contracts (Korean Economic and Financial Review, Korea institute of Finance, 2009, April, p37). Nevertheless, the amount of ‘premiums written’ for non-life insurance continued to grow by 16.9%, and that of life-insurance returned to an increase by 4.6% in 2009.

Korean insurers are classified into two groups, domestic insurers and foreign insurers, and domestic insurers in turn are divided into two groups, a large size group and a small & medium size group according to the size. Figure 2.2 represents the market share by the classified types in Korea.

Figure 2.2 Market Shares of the Life Insurance Industry

![Figure 2.2 Market Shares of the Life Insurance Industry](image)

Note: (1) end-December, 2008
(2) These are the latest figures available as at November 2010
Source: Finance Report, Korea Institute of Finance (2010), p.82

As shown in Figure 2.2, the big three life insurers have had a combined 54.9% share of the life market, but their market share tends to be continuously decreasing (Finance Report, Korea Institute of Finance, 2010). While the market share of foreign life insurers
also fell due to consumers’ concerns over its financial soundness (Finance Report, Korea Institute of Finance, 2010), the market share of small & medium size life insurers increased to 23.5% in 2008.

The insurance industry is dominated by a small number of Korean players. Table 2.10 presents the big five life insurers in Korea inspected by the Korea Supervisory Service in 2008.

Table 2.10 Top Five Life Insurers in Korea

<table>
<thead>
<tr>
<th>Name</th>
<th>Total assets (Unit: KRW billion)</th>
<th>Premium income (Unit: KRW billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Life</td>
<td>1,192,339</td>
<td>19,828</td>
</tr>
<tr>
<td>Korea Life</td>
<td>519,840</td>
<td>10,536</td>
</tr>
<tr>
<td>Kyobo Life</td>
<td>485,532</td>
<td>9,888</td>
</tr>
<tr>
<td>ING Life</td>
<td>145,917</td>
<td>4,640</td>
</tr>
<tr>
<td>Mirae</td>
<td>91,972</td>
<td>3,481</td>
</tr>
</tbody>
</table>

Note: (1) end of 2008
(2) These are the latest figures available as at November 2010

As shown in Table 2.10, Samsung Life insurer is the largest company in Korea in terms of total assets and premium income. The Korean life insurance market is heavily dominated by Samsung which holds KRW 1,192,339 billion assets, more than the assets of the next three insurers. The second largest is Korea Life insurer with KRW 519,840 billion followed by Kyobo with KRW 485,532 billion and ING with KRW 145,917 billion. The rankings of premium income are the same as those of total assets. Samsung Life is the largest income, KRW 208,635 billion, Korea Life is KRW 112,422 billion, Kyobo is KRW 104,780 billion and ING is KRW 45,864 billion. As a branch of foreign insurer, ING Life Korea was ranked fourth in terms of the total assets and premium income.

Similar to the classification of Life insurers, the Non-Life insurance industry is divided into domestic and foreign insurers, and domestic could be classified by its size, namely two groups, a large size group and a small & medium size group. Figure 2.3 shows the market shares of Non-Life insurers by the classification in 2008.
As presented in Figure 2.3, the non-life insurance market is highly concentrated on a small number of big insurers. The top five non-life insurers had a combined share of more than 75% at the end of 2008. Small & medium sized non-life insurers and foreign non-life insurers held 21.1% and 2.8% of the market respectively.

Similar to the life insurance sector, the non-life insurance industry is dominated by a small number of local players. Table 2.11 illustrates the top five non-life insurers in Korea.

Table 2.11 Top five Non-life Insurers in Korea

<table>
<thead>
<tr>
<th>Name</th>
<th>Total assets</th>
<th>Premium income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Fire</td>
<td>224,359</td>
<td>9,975</td>
</tr>
<tr>
<td>Hyundai Marine</td>
<td>91,913</td>
<td>5,584</td>
</tr>
<tr>
<td>Dongbu Fire</td>
<td>67,584</td>
<td>5,124</td>
</tr>
<tr>
<td>LIG non-life</td>
<td>58,793</td>
<td>4,755</td>
</tr>
<tr>
<td>Marits Fire</td>
<td>49,307</td>
<td>2,928</td>
</tr>
</tbody>
</table>

Note: (1) end of 2008
(2) These are the latest figures available as at November 2010
As shown in Table 2.11, the leading company is Samsung fire insurer, holding KRW 224,359 billion in total assets, more than twice those of the next largest company, Hyundai Marine insurer. The second largest company is Hyundai with KRW 91,913 billion, followed by Dongbu with KRW 67,584 billion, LIG with KRW 58,793 billion and Marits with KRW 49,307 billion. In terms of premium income, Samsung recorded 9,975 billion. In addition, Hyundai Marine achieved KRW 5,584 billion and Dongbu fire achieved KRW 5,124 billion. The fourth and fifth largest are LIG recording KRW 4,755 billion and Marits fire with KRW 2928 billion.

The number of employees and size of the sales force in the insurance industry is much greater than those of the banking industry. There are a number of employees and solicitors with a licence. Solicitors are required to pass a license test administered by the Korea Life Insurance Association (KLIA), then complete a training course, and finally be registered as a solicitor by the KLIA so that they are entitled to sell insurance products (History of Life Insurance Association, Korea Life Insurance Association, 2009). Those who have worked in the insurance business for more than one year are eligible to be registered as a solicitor (History of Life Insurance Association, Korea Life Insurance Association, 2009). Table 2.12 shows the number of employees, solicitors, companies, and branch offices from March 2004 to March 2008.

Table 2.12 Employees and Sales Force in Insurance Companies

<table>
<thead>
<tr>
<th>End of</th>
<th>Number of companies</th>
<th>Number of branch offices</th>
<th>Number of agencies</th>
<th>Number of directors and employees</th>
<th>Number of solicitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2004</td>
<td>49</td>
<td>7,360</td>
<td>55,490</td>
<td>47,394</td>
<td>202,446</td>
</tr>
<tr>
<td>March 2005</td>
<td>50</td>
<td>7,134</td>
<td>52,624</td>
<td>47,463</td>
<td>198,479</td>
</tr>
<tr>
<td>March 2006</td>
<td>51</td>
<td>6,996</td>
<td>55,967</td>
<td>51,875</td>
<td>195,818</td>
</tr>
<tr>
<td>March 2007</td>
<td>51</td>
<td>7,022</td>
<td>54,035</td>
<td>52,664</td>
<td>205,177</td>
</tr>
<tr>
<td>March 2008</td>
<td>51</td>
<td>7,203</td>
<td>53,435</td>
<td>55,038</td>
<td>215,736</td>
</tr>
<tr>
<td>March 2009</td>
<td>52</td>
<td>7,256</td>
<td>59,121</td>
<td>56,580</td>
<td>323,233</td>
</tr>
</tbody>
</table>

Note: (1) numbers of agents: agents registered with FSS
(2) numbers of solicitors: solicitors registered with Korea Life/Non-life insurance association
Source: [Monthly Finance Statistics Bulletin], Financial Supervisory Service (2010, November)
As indicated in Table 2.12, the total number of Korea’s insurance companies was 52 in the fiscal year 2009. The figure consists of 22 life insurance companies and 30 non-life insurance companies (Handbook, Financial Supervisory Service, 2010). As of the end of March 2009, total insurers operated 7,256 branch offices and the number of agencies numbered 59,121. As of the end of March, 2009, 323,233 solicitors were registered in total and 56,580 employees worked for the insurance business industry.

2.5.3 Korean Securities Industry

Korea’s securities markets have played a significant role in providing capital for the modernization of the Korean economy (Securities Market in Korea, Korean Securities Dealers Association, 2009). There have been notable strides in the securities market system and its infrastructure including the establishment of Korea Securities Dealers Association Automated Quotation (KOSDAQ). Moreover, in 1992 the capital market was liberalized to facilitate the entry of foreigners and to open the barriers to free competition (Securities Market in Korea, Korean Securities Dealers Association, 2009). According to Kang (2009), the proportion of total stocks’ value held by foreign investors increased from 14.6% in 1997 to 42.0% in 2004, however, since 2005, the proportion of the value decreased steadily, therefore, it remained at 32.4% in 2007.

The value of total stocks reflects the development of capital markets and the securities industry. According to The Bank of Korea (2010), the value of total stocks has increased year on year over the last five years. Table 2.13 shows the total listed stocks by value at current prices from 2005 to 2009.

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>% change 2005-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current price</td>
<td>655,074</td>
<td>704,587</td>
<td>951,900</td>
<td>576,887</td>
<td>887,935</td>
<td>35.5%</td>
</tr>
<tr>
<td>% change year-to-year</td>
<td>58.8%</td>
<td>7.6%</td>
<td>35.1%</td>
<td>-39.4%</td>
<td>53.9%</td>
<td></td>
</tr>
</tbody>
</table>

Note: end of the year
Source: [Total Market Capitalization], The Bank of Korea (2010)
Table 2.13 indicates the estimated value of total listed stocks had a worth of KRW 951,900 billion in 2007, an increase of 35.1%, but the figure in 2008 significantly decreased by 39.4% to KRW 576,887 billion. However, due to a recovery in 2009, the total estimated value of listed stocks shows an upward trend except for 2008 when there was a downward trend in the stock market affected by the global financial crisis and recession (Annual Report, Financial Supervisory Service, 2009, p.17). Nevertheless, 35.5% of growth was achieved during the period. This growth in value at current prices indicates the importance of the stock market (Kang, 2009).

In addition, the total value of stock trading indicates the size of capital market. Table 2.14 shows the total value of stock trading between 2005 and 2009.

### Table 2.14 Total Value of Stock Trading

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total value of trading</td>
<td>786,257.9</td>
<td>848,489.6</td>
<td>1,362,738.6</td>
<td>1,287,031.7</td>
<td>1,466,274.8</td>
<td>86.5%</td>
</tr>
<tr>
<td>% change year-to-year</td>
<td>-</td>
<td>(7.9%)</td>
<td>(60.6%)</td>
<td>(-5.6%)</td>
<td>(13.9%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: [Trading value – Total], The Bank of Korea (2010)

As shown in Table 2.14, total value of stock trading increased from KRW 786,257.9 billion in 2005 to KRW 1,362,738.6 billion in 2007. Although this growth trend changed to a decrease so that it fell to 1,287,031.7 in 2008, the figure then showed a 13.9% growth and reached KRW 1,466,274.8 in 2009.

Securities companies in Korea are still small in size and this investment market is underdeveloped in comparison with the banking and insurance. Table 2.15 shows the general statistics of securities companies.

### Table 2.15 General Statistics of Securities Company

<table>
<thead>
<tr>
<th></th>
<th>Number of companies</th>
<th>Number of branches</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2005</td>
<td>57</td>
<td>1,578</td>
<td>30,167</td>
</tr>
<tr>
<td>March 2006</td>
<td>54</td>
<td>1,584</td>
<td>32,000</td>
</tr>
<tr>
<td>March 2007</td>
<td>54</td>
<td>1,629</td>
<td>37,147</td>
</tr>
<tr>
<td>March 2008</td>
<td>54</td>
<td>1,842</td>
<td>40,237</td>
</tr>
<tr>
<td>March 2009</td>
<td>60</td>
<td>1,940</td>
<td>40,153</td>
</tr>
</tbody>
</table>
Chapter 2. An Overview of the Financial Industry In Korea

As shown in Table 2.15, the total number of securities had decreased to 54 in 2008 from 57 in 2005 caused by a fall in the number of domestic companies (Finance Statistics Bulletin, Financial Supervisory Service (2009, April, p.109), but the figure returned to an increase to 60 in 2009. The number of branches has continuously shown an upward trend since 2005. Securities companies had 1,940 branches in total and the number of their employees working for securities companies was 40,153 as of the end of 2009.

2.6 Summary

This chapter began with the importance of corporate brands in the financial services context followed by discussion of the unique characteristics of the financial services industry. As features of financial services industry, the importance of relationship with consumers and the significant role of employees in terms of service delivery and establishing and exhibiting corporate identity are emphasized. More specifically, the services provided by employees, their behaviour or attitude toward customers, and their relationship with customers are highlighted. Based on the prior research, because of the characteristics of financial services brands, different marketing approaches and strategies, in comparison with manufactured product brands, are required and need to be implemented to achieve success in terms of reinforcing consumer identification. Then, this chapter presents an overview of the financial services industry in Korea. Furthermore, this chapter explains that the Korean bank, insurance and securities industries have been expanding. Since the financial services industry is regarded as a core constituent for the success of the Korean economy, banking, insurance and securities investment businesses also play significant roles in the growth of the overall financial services industry. Especially, increased competition and an integrated trend in Korea financial services sectors have led to many firms focusing on corporate brands to seek competitive advantage.

Among the three financial services, the banking industry has an outstanding position with the largest proportions, 71.0% and 67.3% of the total assets of three sectors in 2008 and 2009 respectively. The Korean insurance sector also has been ranked the tenth largest insurance market in the world in terms of total premium volumes and has shown a rapid
growth rate (38.5%) in ‘premium written’ from 2005 to 2009. The total asset of the insurance industry has accounted for respectively 21.3% and 23.9% of the total assets of three sectors in 2008 and 2009. In relation to securities investment market, its proportion of the total assets of three sectors has been 7.6% in 2008 and 8.8% in 2009. ‘Total value of stock trading’ has reached 1,466,274.8 billion KRW and has shown 86.5% growth in the period from 2005 to 2009.
CHAPTER THREE

SOCIAL IDENTITY APPROACH AND CONSUMER IDENTIFICATION

3.1. Introduction

The focus of this study is on the concept of consumer identification and its theoretical basis rooted in social identity theory and organizational identification research. This chapter takes an overview of the social identity approach and the literature on organizational and consumer identification. Both concepts of identity and identification originated from social identity theory (SIT) in social psychology and were applied to organizational research, and then to marketing studies. Therefore, to understand the concept of consumer identification, social identity theory and organizational identification research need to be reviewed in depth.

The social identity approach has been established with several important concepts and theories including 'social categorization', 'social comparison' relevant to self-esteem and in-group favouritism.

In terms of the main topics, there is a difference between the two fields of social psychology and organizational behaviour. While social identity theory has been devoted specifically to research into social identity per se rather than the concept of social identification, organizational researchers have concentrated on organizational identification as a crucial research issue (He and Balmer, 2007).
Chapter 3. Social Identity Approach & Consumer Identification

This chapter focuses on conceptual issues relevant to consumer identification; i) social identity and social identification based on social identity approach, ii) organizational identity and organizational identification, and iii) corporate identity and consumer identification.

3.2 Social Identity Approach

The social identity approach is based on the original social identity theory (SIT) explored by Turner (1982) and integrated with intergroup behaviour in terms of self-esteem, and is then elaborated by self-categorization theory (Hogg and Abrams, 1988; Hogg and Terry, 2000). Since the concept of social identity has been introduced as part of self-concept by Tajfel and his colleagues in the 1970s, this concept and its theories are accepted and speculated upon as critical issues for research (e.g. Amiot et al., 2007; Alexander, 2004; Haslam, 2004; Tajfel and Turner, 2004; Van Dick et al., 2005).

The social identity approach is fundamental to the theoretical base for the concept of identification and understanding why group members are motivated to engage in collective group behaviour (e.g. favouritism toward the company, cooperation, pro-social behaviours) stemming from the psychological processes of categorization. This approach accounts for how an individual is placed and motivated to behave in certain ways in society through the process of social categorization.

In this section, the core contents and the important concepts formed from the social identity approach are discussed. Firstly, the concept of social identity is examined as an aspect of self-concept in relation to one's position as a member of a social group in society. Secondly, social categorization theory describes i) the social categorization process and the accentuation effects, ii) the importance of category salience, iii) self depersonalization which affects the members' attitudes and behaviour. Thirdly, social comparison, which is associated with self-esteem, provides the theoretical backgrounds that form individuals' basic motivation for categorizing themselves and others into groups or organizations. Thus, in relation to social comparison, the need for self-esteem and 'in-group favouritism' are discussed. Fourthly, the concept of social identification is discussed. Lastly, some implications for consumer identification are presented.
3.2.1 Social Identity and Self-Concept

“Social identity theory provides some insights into individuals’ views about their self-concepts shaped by the memberships of certain social groups or categories” (Tajfel, 1978, p.63). The concept of social identity is understood as part of an individual’s self-concept which is derived from the perception of membership of social groups along with the value and emotional significance attached to the membership (Tajfel, 1978; Turner, 1999). It indicates that social identity is primarily a perceptual or cognitive concept based on the perception of his/her belongingness to particular social groups (Turner, 1982). The social cognitive processes involve categorizing themselves by group memberships and defining their self-concept in terms of the characteristics of the social groups (categories).

According to the social identity theory, an individual’s self-concept is shaped by a personal identity and a number of social identities (Hogg and Abrams, 1988). Social identity is part of a person’s sense of ‘who I am’ related to group membership, and is distinguished from personal identity which is fundamentally attributable to unique individual attributes (Alexander, 2004; Turner et al., 1987). Social behaviour is, in general, determined on a bipolar continuum, with individual characteristics and interpersonal relationships at the personal identity extreme, including personality and physical traits, and social categorical characteristics and respective memberships at the social identity extreme such as race, sex and so on (Tajfel, 1978). Afterward, the ‘bipolar continuum’, which is a basis of self-concept, is replaced by “different levels of inclusiveness of self-categorization” (Turner, 1999, p.11). Namely, Individuals identify with social groups to varying degrees (Mael and Ashforth, 1992).

“Under a condition where personal identifications are salient, individuals recognize the attributes differentiating themselves from others, whilst under a condition where social identifications are salient, they recognize the attributes differentiating their social category from others” (Abrams, 1992, p.59). In other words, whether the characteristics of a social group or category are emphasized or not depends on the salience of social identification.

In the social identity approach, its focus is on social identity which is more important than personal identity in shaping self-concept. “A comprehensive social identity of a person is shaped by specific social identifications” (Brown and Turner, 1981, p.38). It is argued that different self-concepts, which regulate social behaviour in an adaptive manner, are activated or become salient depending on different circumstances. Social identity and identification are obtained as the result of social categorization and social comparison processes. Thus, the next
two sections are devoted to a review of both social categorization and social comparison respectively.

3.2.2 Social Categorization

Social identity theory is linked with social categorization which is understood as a cognitive method to classify people (Tajfel and Turner, 2004). Hogg and Abrams (2001) describe social categorization as one of the underlying socio-cognitive processes in order to account for social identity phenomena. It is based on the differences between social and personal identity (Turner, 1999). Following the social categorization theory, individuals tend to classify themselves and others into various groups in terms of multiple criteria such as gender, job and ethnicity. Individuals simplify the process of forming these impressions and making judgements of others by categorization. This is because these processes provide a systematic way to define themselves and others and to assign themselves a position in the social environment or society.

In terms of the characteristics of a category, one category is contrasted with other categories, for example, female only exist as a category in relation to male. Social identity influences the members’ perception and behaviour by social categorization in terms of reinterpretation of the category’s attributes and engagement in certain social actions. However, its influence on the members obtains meaning only in relation to, or in comparisons with, other groups (Tajfel, 1978). A social category, thus, assumes comparison with other categories in nature. Following van Dick (2001), individuals can categorise people and compare themselves with others at different levels as unique individuals (personal level), as group members discriminated from members of other groups (group level), or even as a human being compared to other species (superordinate level).

Social categorization processes depend on similarities and differences. Individuals are likely to categorize themselves and others into the same or different categories based on whether they are similar to or different from themselves. After categorizing individuals, they perceive a certain person, who is in the same category, more favourably due to the contrast effect. Categorization generates accentuation of perceived differences between categories and similarities within the categories in question (Abrams and Hogg, 1990; Doise and Sinclair, 1973; Stets and Burke, 2000; Tajfel, 1982; Turner, 1981). As a consequence, individuals are categorized based on similarities and differences, and then these similarities within the group
and differences between the individuals’ group and other comparable groups are strengthened in the categorization processes. These processes evolve towards highlighting the similarities and differences. “The accentuation effect occurs as a result of categorization based on the similarities and differences, and categorization per se, in turn, engenders intergroup discrimination through its impact on self-perception” (Turner, 1981, p.82). Through the accentuating of the intergroup differences, the category or group becomes more salient and meaningful for its members, because the differences contribute to their distinctive social identity (Turner et al., 1987). It means that the similarities and differences are important for generating identification.

This social categorization theory, which regards the similarities and differences as the criteria for social categorization, offers noticeable insights about further research into the determinants of identification. As mentioned earlier, the determinants of organizational identification are of main academic concerns to organizational researchers. They have focused and dealt with the similarities and differences as the critical derivers of organizational identification in organizational behaviour studies. As a result, the various aspects of both similarities between an individual and the group or category and differences between individual’s group and other groups, are investigated as the determinants of organizational identification. Indeed, based on the notion that inter-group differences are highlighted in the competitive context, the inter-group competitiveness was investigated and revealed as a predictor of identification (e.g., Mael and Ashforth, 1992).

In society, individuals belong to not just one category but also many kinds of categories or groups so that the process of accentuation of the perceived similarities and differences does not always occur. To engender the effect, it is necessary that the category is salient. Turner (1982) claims that self-concept is a multifaceted system, thus, different facets of self-concept are activated depending on the given circumstance. This means that an individual’s perception of subjects including him or herself is affected by different social categories in different contexts. Hogg and Abrams (1988, p.20) note that “the accentuation effect is more manifested when the category is important, salient, of immediate relevance of personal value, to the individual.” Activating certain aspects of a person’s identities depends on the group salience. It indicates the extent to which the category has prior meaning and significance for the individual’s self-definition (Van Dick et al., 2005) and emotional or value significance of the categorization (Turner et al., 1987). Accordingly, category salience leads individuals to
perceive themselves as more relevant to the category (Van Dick, 2005) and consequently, it may increase the degree of group identification.

When the social identity of an individual is established on the basis of group membership, the person attempts to make their thoughts and behaviour appropriate and desirable to the typical and common features of their own group. Social categorization thus helps individuals reduce their uncertainty about how they should behave in a particular social context. Doise and Sinclair (1973) argued that the exaggeration of intergroup differences and intra-group similarities results in evaluative and behavioural differentiations. This means that categorization affects individuals' attitudes and behaviour. These impacts of categorization are derived from depersonalization which follows after the social categorization process. Depersonalization refers to the state that the common features of the group or category become more important for its members than personal characteristics (Turner, 1987). A shift of the emphasis points in the perception of themselves occurs from unique and individual differences to common social category memberships (Turner, 1999). The redefinition of self is generated from personal identity (perceiving themselves as I or me) to social identity (as we or us). Consequently, individuals are no longer represented as unique persons, but as embodiments of the relevant prototype - a process of depersonalization (Hogg and Terry, 2001). Turner (1987, p.49) describes self depersonalization as referring to “the process of ‘self-stereotyping’ whereby people come to perceive themselves more as the interchangeable exemplars of a social category than as unique personalities defined by their individual differences from others”. According to Hogg and Terry (2001), self-categorization allows individuals to be assimilated to the in-group prototype which leads to depersonalization of self-concept.

The process from unique objects to depersonalized members induces the members’ behaviour which is expected from in-group prototype. Individuals feel pressure to perceive and behave in line with their social identity as members of the social group through depersonalization (Lee, 2007). A category membership is manifested in individuals’ minds as their social identity, which emphasizes the characteristics as a member of the group and provides some norms such as how one should think, feel and behave as a group member. In other words, an individual’s attitudes and behaviour are regulated by his or her social identity. Depersonalization is thus very meaningful for the category or group because the members are willing to hold supportive attitudes towards the group and behave in a favourable manner.
The impact of depersonalization on members’ attitudes and behavior encourages organizational researchers to investigate the beneficial outcomes of identification. A stream of academic work has examined the positive impact of organizational identification on employees’ behavior from the organizational behavior perspective. A large amount of research into the outcomes of identification revealed that “an individual’s behavior is motivated by the extent to which he or she identifies with groups” (Tyler, 2001 p.156). The beneficial consequences of consumer identification are also supported by much empirical evidence.

3.2.3 Social Comparison

As stated earlier, social categorization fundamentally involves a comparative feature. Individuals tend to evaluate people depending on the common characteristics or general opinions of the categories to which they belong rather than personal characteristics. If someone is categorized into a group holding a positive image, they may obtain a positive assessment. This implies that categorization processes entail inter-group comparisons because assessment of a group to which an individual belongs is a critical source of assessment of the person.

Social comparison theory interprets social categorization in terms of individuals’ basic motivation of self-esteem, which provides the theoretical reason why individuals are motivated to belong to a more favorable group. Individuals want to be assessed positively by others in order to enhance their self-esteem. Individuals’ need for positive self-esteem is achieved by a favorable assessment of that category to which they belong (Turner, 1982), because individual’s self-esteem is partly based on social identity derived from group membership (van Dick, 2001). Individuals thus try to improve and maintain their social identity by belongingness to or membership of groups which have a good image (Turner, 1981; Turner, 1987). This is because favorable self-concept is obtained by social intergroup comparisons of those dimensions which reflect positive aspects of one’s own group (Alexander, 2004; Hogg and Abrams, 1988; Turner, 1987). Thus, “a positive effect of group membership is the function of and varied with the available social comparisons”(Turner, 1987, p.52).

Category evaluation is the outcome of intergroup comparisons so that an individual’s need for positive self-esteem motivates him or her to engage in favorable comparisons which lead to
positive distinction at both the individual and group level. In other words, it allows him or her to be distinct from others on valued group characteristics and one’s group to be differentiated from other groups. When individuals identify with a group, they expect to be assessed themselves as different from and as better than others and consequently to achieve their positive self-concept (Ashforth and Mael, 1989). This means that a certain social group or company which has positive images, is likely to be chosen and used in order to build members’ positive self-concept and enhance their self-esteem by social categorization. Thus, social groups or categories can influence individuals’ self-concepts through collective or group identity induced by social comparisons (Blanton and Stapel, 2008). Accordingly, this theory implies that social groups need to maintain and manage their positive valued characteristics in order to generate social identification of their members (Turner, 1975).

Social comparison theory provides theoretical fundamentals for exploring the determinants of identification. According to the theory, individuals want to belong to a more favourable organization than other alternative organizations for the sake of their self-esteem. From this point of view, organizational scholars devote their academic efforts to investigating the antecedents of organizational identification in terms of enhancement of self-esteem. Especially, in relation to self-esteem, the distinctiveness of their own group over other groups is emphasized to generate a sense of members’ identification (e.g., Kelly, 1990). Therefore, the variables which made one group superior to other comparable groups, are likely to be connected with increases in identification.

Social comparison with other groups results in in-group favouritism, whereas social categorization leads to depersonalization. In-group favouritism refers to “a tendency to favour in-group over out-group members in terms of perceptual, attitudinal or behavioural dimensions and includes partisan intergroup attitudes, sociometric preferences for the in-group, discriminatory intergroup behaviour and more favourable evaluations of the products and performances of the in-group than those of the out-groups” (Turner, 1981, p.66). In addition, in-group superiority is more important than devaluation of out-groups, because the goal of differentiation is to obtain positive self-concept (Turner, 1975).

In-group favouritism occurs when the group is important to members’ self-concept (Haslam, 2004) as they identify with the group. In-group favouritism could be engendered even in the circumstance where in-group is inferior compared with out-groups. If the in-group scores a low mark in the evaluation on the basis of given criteria, “they attempt to seek and choose
other favourable characteristics for in-group” (Hogg and Ablams, 1988, p.23) in order to obtain positive in-group distinctiveness. Elsbach and Kramer (1996) show the evidence that positive perception of their own group in the ranking does not depend on the given data from researchers, but on the dimensions by which their group is assessed favourably. This finding is consistent with Ashforth and Mael(1989) who argue that an individual tends to obtain a positive self-concept even when their group is disadvantaged. These favourable group identities are obtained in the social comparison process and thus an individual achieves a positive self-concept.

In relation to in-group favouritism, several researchers found that a person who belongs to a group evaluates the group favourably in comparison with out-group in terms of attitudes and evaluations (Turner, 1975; Oakes and Turner, 1980; Oaker and Brown, 1986). In-group bias of the members becomes greater when they strongly agree with the categorization, in other words, identification is high (Sidanius et al., 1994). It is clear that in-group bias is affected by identification with a group (Turner, 1979). Karasawa (1995), for instance, reveals that identification directly affects an evaluation of the organization. Therefore, this stream of research consistently indicates that social identification with the group affects in-group favouritism (Tajfel and Turner, 1979 cited in Haslam, 2004).

3.2.4 Social Identification

Social identity approach provides the basic features of social identification. First, social identification is a component of self-concept and the cognitive processes of categorizing people. Turner (1982, pp.17-18) defines social identification as “the process of locating oneself or another person within a system of social categorizations or any social categorization used by a person to define him or herself and others.” It emphasizes the role of social identification as part of self-concept based on group membership (van Dick et al., 2005). Thus, an individual’s social identity is shaped by the sum of the ways of social identification used for his or her self-definition (Turner, 1982).

Second, social identification seems to be psychological in nature. Hogg and Abrams (1988) argue that social identification is not only allocating people into social groups according to the perceptions of attributes of the groups, but also leads to positive psychological outcomes such as positive self-evaluation. Social identification is primarily a psychological state, which is contrasted to personal identity indicating a unique individual, and entails psychological
outcomes such as conforming group norms and collective or cooperative behaviours (Hogg and Abrams, 1988).

Moreover, social identity theory provides a theoretical basis for understanding how social identification is generated, as follows: i) individuals attempt to establish and maintain positive social identity to achieve positive self-esteem (Oakes and Turner, 1980; Turner, 1981, 1982; van Dick, 2001; van Dick et al., 2005), ii) positive social identity is obtained by favourable comparisons with comparable out-groups. Individuals conceive their own group as holding superiority over other groups (Haslam, 2004; Hogg and Abrams, 1988; Turner, 1982), iii) individuals who are dissatisfied with their group, attempt to seek other ways either to leave their current group and then join one of various other distinct groups, or to seek other aspects on which their group can be evaluated more positively (Ashforth and Mael, 1989; Elsbach and Kramer, 1996).

Although social identity approach contributes to significant theoretical development for social identity, its impact on the development of the concept of identification is limited. The concept of social identity is very clear and well established as a result of academic attention from researchers, while the concept of social identification has not received such academic attention by researchers in the social psychology field. Their focus is on social identity and intergroup relations rather than social identification (e.g., Abrams and Hogg, 1988; Haslam et al., 2003; Hogg and Abrams, 2001; Lievens et al., 2007; Tajfel 1978, 1982; Tajfel et al., 1971; Tajfel and Turner, 2004; Turner, 1975, 1981, 1982, 1999; Turner and Brown, 1978) and thus relatively little research has dealt with the concept of social identification compared with social identity. Social identification is treated as one of social identity-related concepts in the social psychology field.

There are also methodological limitations in social identity studies. Tajfel and his colleagues devised the ‘minimal group paradigm’ which is a method which could be employed in experiments to provide artificial conditions for investigating one of the main issues, intergroup relations (Hogg and Abrams, 1988). This method is central in the social identity approach and has been used in a large number of experiments (Hogg and Abrams, 1988; Tajfel, 1982). In other words, the context of social identity research is not based on natural or real groups but on artificial groups. The difference between real and artificial groups is pointed out by van Dick (2001) who proposed that individuals may feel more a sense of belongingness to natural groups compared with artificial groups.
Despite the limitations, social identity theory is so valuable that it applies to the fields of marketing and organizational behaviour and encourages many researchers to engage in studying this topic. As such, social identity theory provides the theoretical basis for the relationship between self-concept and social identity or social groups, and the effect of social identity on individuals’ attitudes and behaviour through social identification. The concepts of social identity and social identification are fundamental for establishing and developing the concept of ‘organizational identification’ which significantly influences ‘consumer identification’. There is only a shift in the target of identification from social groups to organizations. A number of academic issues of organizational identification are examined based on the social identity approach.

3.2.5. Implication for Social, Organizational or Consumer Identification

The social identity approach accounts for how social groups influence individuals’ behaviour by shaping their social identity. This approach further provides significant insights concerning research into the determinants and consequences of organizational and consumer identification. Firstly, the cognitive process of categorization depends on similarities and differences between an individual and the social group and further produces an accentuating effect which highlights the similarities within a category and differences from other categories. It means that both the similarities and differences are important to engender identification.

Secondly, the fundamental role of self-esteem in the social identity approach encourages scholars to research into the determinants of identification in organizational behaviour and marketing. This view is likely to be useful for managers of the brand or company to manage the members’ identification through the way they enhance their self-esteem. It provides the theoretical explanations for how individuals choose a certain brand or company among other competitors. Many following studies in organizational behaviour and marketing have been carried out based on this theory. This individual need for self-esteem may provide a challenge for this study as well as further studies.

The third point is the concept of category salience. Since individuals are involved not only in one social category or group but also in various groups, the concept ‘category salience’ is critical to generate identification. When individuals perceive that the category is important, salient and relevant to members, they might identify with the category. Therefore, the importance of category or group may be connected with identification.
Fourthly, the beneficial outcomes of identification stem from depersonalization and in-group favouritism. Social categorization facilitates depersonalization of members' self-concept. By depersonalization, the common or prototypic features which the categorised group expects of the members, become more crucial for them than personal characteristics. Identification prompts the members to perceive and behave in line with the group-based self-concept. Individuals are willing to follow the norms and hold supportive attitudes towards the group, thus, they act on behalf of the group. In-group favouritism occurs by positive distinction, the result of intergroup comparison. The positive distinction contributes to favourable self-evaluation depending on the importance of that group in terms of individuals' self-definition. In-group favouritism over other groups is thus shown as the outcome of the basic need for positive self-concept. Therefore, social identity affects an individual's perception, evaluation, and behaviour, and individuals who belong to a group are willing to behave in a way that is beneficial for that group (Tajfel et al., 1971).

### 3.3 Organizational Identity and Identification

In contrast to social identity approach, the focus of organizational research is not only the concept of identity but also the concept of organizational identification. Thus, the concept of organizational identification has been examined as a critical issue in the organizational studies based on SIT. This is a noticeable shift in research topics and much closer to the emergence of the concept of consumer identification. This section begins with a review of the nature of organizational identity, then the conceptual issues regarding organizational identification are discussed, including its constituents and clarification of the concept.

#### 3.3.1 Organizational Identity

Organizational identity is seen as a special form of an individual’s social identity within an organizational context (Ashforth and Mael, 1992). Hence, both SIT and social categorization theory provide an important theoretical basis for organizational identity (Hatch and Schultz, 1997; He and Balmer, 2007; Simões et al., 2005). As a result, organizational identity is almost identical to social identity in terms of its nature and meaning. In line with social identity, organizational identity indicates the perceived organization’s characteristics, which are similar with members but different from other organizations. Organizational identity is related
to stereotypes which indicate the shared common characteristics of the organization in terms of its internal perspective (Turner, 1999). In terms of its external perspective, employees perceived their working organization to be differentiated from competitors in the same manner as social groups do. Accordingly, organizational identity seems to be interpreted as the way in which the members are a constituent of organizational entity in their minds, and further they are described as ‘an interchangeable exampler’ of the entity (Turner, 1987). Organizational identity influences the degree to which a member of the organization identifies with the organization (Dutton et al., 1994). When employees perceive the organizational identity as distinct or similar in a favourable way, their attachment to the organization or organizational identification is engendered and reinforced.

Another issue about the nature of organizational identity is whether it is a stable or unstable state. Many researchers dealt with the issue of the malleable nature of organizational identity (Albert et al., 2000; Dutton et al., 1994; Gioia et al., 2000; Rink and Ellemers, 2007). Gioia et al. (2000) argue that an organization has multiple identities in different contexts with various audiences including customers, employees and competitors, and there are some common identities across different identities. In other words, the common identities are flexible as long as they adopt the different demands of multiple audiences and possible contexts (Gioia et al., 2000). The fluid characteristic of organizational identity is not only due to altered beliefs and values, but also to the shift in interpretation of the core identity (Gioia et al., 2000). Even though an organization has a common identity, stable identity cannot endure in a strict sense when considering both the arguments that organizational identity is created by interaction with outsiders (Gioia, 1998), and its interpretation can vary depending on the audience (Gioia et al., 2000). The view supporting the idea that organizational identity is changeable is consistent with the view of corporate identity, which is established and modified or altered over time in order to achieve the goal of the organization.

The focus of organizational studies is on organizational identification as the result of the identity’s impacts on the members of an organization, as contrasted with psychological studies which concentrate on social identity itself (He and Balmer, 2007). In the next section, the literature on definition of organizational identification is reviewed and the issue of its conceptualization is discussed.
3.3.2 Organizational Identification

Research on identification has been examined in the organizational context, as a concept of organizational identification, that is employees' identification with their organization (e.g. Dutton et al., 1994) or members' identification with their organization in non-profit organizations including museums and universities (e.g. Bhattacharya 1995; Mael and Ashforth, 1992; He and Balmer, 2007). Ashforth and Mael (1989) point out the significance of organizational identification which is a special form of social identification, and suggest its academic topics in the organizational context. Since the concept was reintroduced by Ashforth and Mael (1989), the definition of organizational identification has been developed and elaborated by many scholars in the field of organizational behaviour (e.g. Ashforth and Mael, 1989; Dutton et al., 1994; Ellemers et al., 1999, 2004; Harquail, 1998; Mael and Ashforth, 1992; Pratt, 2000; Rousseau, 1998).

Identification has been viewed as an individual's perception in which the organization is regarded as part of self (Kagan, 1958). Identification induces the members of the organization to be motivated to accept the influence of the organization on their perceptions, attitudes and behaviour (Kelman, 1958). This is because the organization contributes to shaping and maintaining employees' or members' desirable self-concepts. It means that organizational identification is rooted in the members' perception of organizational identity. Therefore, organizational scholars basically accept the cognitive aspect of organizational identification which stems from social identity theory. Ashforth and Mael (1989) stress the cognitive nature of organizational identification as social identification. In the same manner, Dutton et al. (1994, p.239) define identification as 'a cognitive link between the definitions of the organization and the self'. Moreover, perceived intra-organization similarity and inter-organization difference are conceived as the basis for organizational identification (Dutton et al., 1994; Jehn et al., 1999; Rink and Ellemers, 2007).

In addition to the cognitive feature, Hall et al. (1970) argue that organizational identification is seen as processes by which an individual's goals are integrated with the organizational goals, as Foote (1951) suggested. Congruence between an organization and its members in their goals or values results in accepting the shared goals and supporting the organization. It means that organizational identification may be affected by employees' socialization (Ashforth and Mael, 1989). Employees are educated by managers regarding the organization (e.g., mission, objectives, or values) in socializing processes. When the members become
knowledgeable and internalize the objectives or values of the organization, their identification with the organization is reinforced (O'Reilly and Chatman, 1986). Accordingly, members feel oneness with or belongingness to the organization, which shapes part of their self-concept, such as who I am (Ashforth and Mael, 1989; Shamir and Kark, 2004).

Based on prior research, organizational identification is likely to be a primarily cognitive concept. There are many studies supporting the cognitive aspect of organizational identification (e.g., Ashforth and Mael, 1989, 1992; Dutton et al., 1994; Ellemers et al., 1999, 2004; Herrbach 2006; Pratt, 1998; Rink and Ellemers, 2007; Rousseau, 1998). In addition, the affective aspect of organizational identification is discussed and examined by both organizational behaviour and marketing scholars. An interesting point is whether organizational identification has an affective facet. Therefore, the next section is devoted to a brief overview of the different viewpoints of organizational or consumer identification.

3.3.2.1 Two Different Viewpoints in Conceptualizing Organizational Identification

There are two standpoints, i) the view of a cognitive concept, and ii) the view of a cognitive and affective concept in conceptualizing identification. Although researchers have reached a consensus on the cognitive nature of identification in both organizational and marketing fields, there are some inconsistencies in arguments about the affective or emotional element of identification. In this section, the two different views are discussed in detail.

The View of a Cognitive Concept

Social identity theory is grounded on cognitive processes of social categorization used to define oneself and others in social psychology. There is much evidence that social identity is primarily a cognitive concept. Individuals categorize self and others (Turner et al., 1994) into groups to which they belong based on the knowledge of the groups (Tajfel, 1978). As a result, their self-concept is established partly on the basis of one’s social identities. Social identification is a “key conceptual connection between the individual and the society by self-defining” (Deaux et al., 1998, p.91). These studies in social psychology consistently indicate that identification is a cognitive concept related to self-definition or self-concept.

The cognitive aspect of identification is adopted by organizational researchers (e.g. Ashforth and Mael, 1989; Dutton et al., 1994; Rousseau, 1998; van Knippenberg and Schie, 2000;
Wan-Huggins et al., 1998), although some of them simultaneously argue that identification has an affective aspect (e.g., Ellemers et al., 1999, 2004; Harquail, 1998).

As well as organizational scholars, several marketing researchers adopt identification as a cognitive concept. For example, Brown et al. (2005) agree with the view that identification is a cognitive concept. Therefore, the cognitive aspect of identification is generally accepted by all scholars in social psychology, organizational and marketing research regardless of whether they adopt a cognitive view or a cognitive and affective view (e.g., Abrams et al. 1998; Algesheimer et al., 2005; Ashforth and Mael, 1989; Dutton et al., 1994; Ellemers et al., 1999; Ellemers et al., 2004; Rousseau, 1998; van Knippenberg and Schie 2000; Wan-Huggins et al., 1998).

The View of a Cognitive and Affective Concept

This perspective explicitly agrees with the cognitive aspect of identification, but it also recognises its affective aspect. It is based on the early research on social identity theory such as Tajfel (1978, 1982). According to Tajfel (1978), social identification may entail emotions (such as love or hatred, like or dislike) towards the group to which an individual belongs and its associations. Harquail (1998) views organizational identification as more than the cognitive process of categorization, and its affective aspect is theoretically separated from the cognitive facet of identification. There is some evidence supporting the emotional aspects of identification indirectly or implicitly. Pratt (2000) suggests that identifications are infused with emotions. As one type of identification, dis-identification, for example, was associated with a negative emotional evaluation, and ambivalent identification with both positive and negative evaluations. Herrbach (2006) showed the affective feature of identification through the linkage between identification and positive or negative activation.

Moreover, Ellemers et al. (1999, p.372) argue that social identification refers to “a feeling of affective commitment to the group (the emotional component)”. Indeed, Ellemers et al. (2004) even claim three aspects of identification based on Tajfel (1978)'s three intra-psychological processes, i.e. social categorization, social comparison and social identification, namely, social categorization is cognitive, social comparison relates to an evaluative aspect, and social identification indicates an emotional aspect. In other words, Ellemers et al. (2004) viewed the emotional nature as the main aspect of identification. Thus, social identification is viewed as an emotional aspect in psychological processes.
Ellemers et al. (1999) demonstrate the conceptual distinction among the three aspects by proposing the different antecedents of each aspect. For example, group status may affect the affective and evaluative but not the cognitive component, while group size is likely to affect the cognitive component. The effect of self-selection is found only on the affective component. Abrams et al. (1998) seem to view that the concept of identification has both cognitive and emotional aspects which can be observed indirectly through their scales for identification. They employed the scales for identification, including a sense of belongingness such as “I feel a strong sense of belonging to this company” and affective attachment such as “I feel strong ties with this company”. It indicates that they hold the view that it includes both cognitive and affective aspects.

In the marketing field, Algesheimer et al. (2005) and Hombrug et al. (2009) hold the view that the concept of identification involves both cognitive and affective components. According to Algesheimer et al. (2005), its cognitive aspect is involved in categorization processes, which result in individuals’ perception of him or herself as part of the entity. The affective aspect of identification is described as the feeling of emotional involvement with the group or affective commitment to the group. More recently, Balmer et al. (2010) have supported the view that consumer identification has both a cognitive and affective component with their empirical evidence.

| Table 3.1 Summary of the Main Conceptualizations of Organizational Identification |
|-------------------------------|---------------------------------|------------------|
| Author | Definition | Key Features |
| Brown (1969) | • Organizational identification includes the notion of membership which reflects the position of the individual.  
 • Four components are suggested: attraction to the organization, consistency of organizational and individual goals, loyalty toward the organization and reference of self to organizational membership. | • It accepts a broad conceptualization.  
 • It includes other concepts such as attraction, loyalty. |
| Lee (1969,1971) | • It is assumed to be the degree of the individual’s broad personal identification with the organization. | • It is closely connected with shared characteristics (similarities) and loyalty.  
 • The definition as a degree of belongingness, loyalty or shared characteristics was criticised. |
| Patchen (1970) | • It is grouped with a feeling of solidarity (belongingness), support of the organization and perception of shared characteristics with other members | • It is a broad and loose concept  
 • There are logical and causal priorities among these components. |

51
### Table 3.1: Identification Concepts and Their Theories

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Definition</th>
<th>Measure Used by Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hall et al. (1970) and Schneider et al. (1971)</td>
<td>It is defined as the processes by which the organization’s goals and those of the individual become increasingly integrated or congruent.</td>
<td>The measure used by the authors involved a feeling of belongingness, pride and collective self-esteem</td>
</tr>
<tr>
<td>Ashforth and Mael (1989)</td>
<td>It is a specific form of social identification and ‘the perception of oneness with or belongingness to the organization’</td>
<td>It is the result of self-categorization Members psychologically perceive their organization as themselves. Incorporating the organization’s values into self-concept.</td>
</tr>
<tr>
<td>Dutton et al. (1994)</td>
<td>It is defined as the degree to which a member defines him or herself by the same attributes that he or she believes define the organization</td>
<td>His or her identity as an organization’s member is more salient than alternative identities Overlap between the prototypical organization’s characteristics and members’ own in their self-concept.</td>
</tr>
<tr>
<td>Pratt (1998)</td>
<td>Organizational identification occurs when an individual’s beliefs about his or her organization become self-referential or self-defining</td>
<td>Integrating beliefs about the organization into the member’s identity</td>
</tr>
<tr>
<td>Rousseau (1998)</td>
<td>It is a psychological state and the individual’s perception regards themselves as being part of an organization</td>
<td>A cognitive concept Situated identification (situational) and deep structure identification (enduring) were suggested.</td>
</tr>
<tr>
<td>Ellemers et al. (1999)</td>
<td>Social identification is primarily an emotional concept</td>
<td>It is also suggested as a cognitive concept simultaneously.</td>
</tr>
<tr>
<td>Herrbach (2006)</td>
<td>It involves positive affective characteristics</td>
<td>Affective identification may be broader than the concept of affective commitment</td>
</tr>
<tr>
<td>Rink and Ellemers (2007)</td>
<td>The cognitive and perceptual awareness that the self constitutes part of the organization along with the emotional significance of this identity</td>
<td>It agrees with the both cognitive and affective features</td>
</tr>
</tbody>
</table>

Source: Adapted from Edwards (2005, p.214-215)

As shown in Table 3.1, early studies regarding identification including those by Brown (1969), Patchen (1970) and Schneider et al. (1971) viewed that identification is a broader and more comprehensive concept, however, a series of following studies including Ashforth and Mael (1989) emphasize its nature as a cognitive concept. Although this cognitive perspective on identification contributes to the understanding of identification, it is criticised by recent work (e.g., Ellemers et al., 1999; Herrbach 2006; Rink and Ellemers 2007) which argues its emotional aspects. In line with this recent work, this study will follow the definition of identification as a construct containing cognitive and emotional aspects.
In addition, the definition of identification which involves other concepts such as loyalty, internalization and similarities in early studies is likely to cause the issue of clarification. The concept of identification thus needs to be clarified theoretically and empirically. In the next section, this clarification issue is addressed and the differences between the concept of identification and other confused concepts are discussed.

3.3.2.2. Clarification of the Concept of Organizational or Consumer Identification

It is a crucial issue of whether organizational or consumer identification is separated from behaviour. It raises serious issues about the clarification of the concept of organizational or consumer identification and the validity of the concept with other confused concepts such as loyalty.

A broad definition of organizational identification, which involves behaviour, appeared in the early stage of the study about organizational identification. As argued by Bartels (2006), the early researchers of organizational identification adopted a much broader conceptualization of identification than those defined by social psychology researchers. Patchen (1970, pp.155-157) reviewed the literature on the various conceptualizations of organizational identification in terms of three viewpoints: (i) “a feeling of solidarity with the organization as a viewpoint of self-defining, (ii) a support of the organization as a viewpoint of loyalty, and (iii) perceived shared characteristics with organizations as a viewpoint of similarity”. The perspective of a feeling of solidarity presents a sense of belongingness to or oneness with the organization. It is likely to be the same with the conceptualization of social identification which stresses the perception of the organization as part of self-concept. This viewpoint is thus the core of the conceptualization of identification in social identity theory as many researchers mentioned and defined it in relation to self-concept (e.g. Ashforth and Mael, 1989; Dutton et al., 1994; Pratt, 1998; Rousseau, 1998). Both Pratt (1998) and Rousseau (1998), for example, also stress the role of an organization in defining members’ self-concept. Organizational members establish their part of self-concept through incorporating the attractive identities of the organization about which they feel a sense of belongingness into their self-concept.

In the second viewpoint, a support of the organization means members will display attitudes of support and loyalty towards the organization. In the last viewpoint, organizational identification is viewed as a process which depends on the perception of similarities between the group and its member. Other researchers such as Brown (1969) and Lee (1971) are likely
to adopt all three viewpoints stated by Patchen (1970) in organization research as the components of organizational identification (see Brown, 1969, p.349; Lee, 1971, p.215; Patchen, 1970, pp.155-157). Brown (1969) suggests that organizational identification consists of four basic components including “loyalty, attraction to the organization, consistency of organizational and individual goals, and reference of self to organizational membership” (p.349). In a similar vein, Lee (1971) sees the concept of identification as “a) a sense of belongingness caused by common goals with others in the organization, b) a loyalty in terms of attitudes and behaviours on behalf of the organization and c) shared characteristics identifying the similarities between the individual and others in the organization” (p.215).

However, Patchen (1970) simultaneously emphasizes the relationships among the three phenomena rather than accepting one viewpoint as his own. “When a person perceives that one’s characteristics are similar to those of other members within the organization, the person feels the sense of belongingness, which, in turn, is likely to motivate him or her to behave for the organization in a positive manner” (Patchen, 1970, p.158). This indicates that perceived similarity fosters a sense of belongingness (organizational identification) which in turn reinforces loyal behaviour. Therefore, it is necessary to state that three components are interdependent on each other, despite the multi-faceted definitions of identification argued by Brown (1969) and Lee (1971). Members’ behaviour is regarded as the potential consequences of organizational identification rather than being a component (Foote, 1951). This argument is supported by Rotondi (1975) who explicitly distinguishes the concept of identification from loyalty. The early definitions stated by those researchers (Brown, 1969; Lee, 1971; Patchen, 1970) may provide insight that organizational identification is closely related to similarity and loyalty behaviour. Interestingly, Ashforth and Mael (1989) argued that organizational identification is distinguished from its consequences, such as behaviour, thereby separating from the definition in early research (e.g., Brown, 1969; Lee, 1971; Patchen, 1970) based on social identity theory.

More recently, organization and marketing studies have yielded some evidence that the concept of identification is separated from other related concepts and its behavioural consequences such as internalization, organizational commitment and loyalty, regardless of whether it is social, organizational or to do with consumer identification. Thus, the following sections will be devoted to clarifying the concept of identification based on the theoretical and empirical evidence.
Identification and Loyalty

In contrast to the early studies, which argue that loyalty is included in the concept of identification in the organizational context (e.g. Brown, 1969; Lee, 1971), there is evidence that identification is a distinguishable concept from loyalty in both the organizational and the marketing field.

Firstly, in the organizational context, the core of the difference between the two concepts is based on the difference between cognitive states vs. behaviour. In other words, behaviour is not included in identification. Rotondi (1975) argues that the concept of identification needs to be regarded as being different from loyalty. Ashforth and Mael (1989, p.21) describe this as: “Identification is viewed as a perceptual cognitive construct that is not necessarily associated with any specific behaviour or affective states,” and “this conceptualization distinguishes identification from related concepts such as effort on behalf of the group and loyalty”. This is the same position as that of Edwards (2005) who suggests that identification does not include behaviour. A marketing scholar, Raj (1985), supports the view that loyalty is conceived of as actual behaviours.

In the marketing context, Bhattacharya et al. (1995) claim that brand loyalty is a result of functional utility gained from the usage of the products or services offered by a company, while identification might be inevitably related to the organization’s goals. In line with this logic, they also insist that identification could affect the loyalty of the consumers who belong to the organization, but not all the loyal consumers of the organization are identified with it. More recently, Algesheimer et al. (2005) also establish their research model on the assumption that identification is separated from the intention of loyalty. Leenheer et al. (2007) also consider loyalty as an outcome of identification.

In research on customer loyalty, Oliver (1999) viewed the social connections (e.g. consumer identification with a company or social network such as brand communities), which is helpful for the consumer to enhance one’s self image, as an important force of loyalty. Schouten et al. (2007) argue that consumer loyalty caused by social links with companies is much stronger and resilient than loyalty derived from satisfying customers with qualities of a company’s offerings (products and services). It is consistent with and supported by McAlexander et al. (2003) who argue that loyalty is affected by identification. Consequently, the concept of identification is completely different from loyalty derived from satisfaction with the offerings.
by a company and makes an even stronger contribution to financial performance of the company than satisfaction, as evidenced by Homburg et al. (2009).

Identification and Organizational Commitment

There are several overlapping conceptualizations between identification and commitment. Some researchers have a perspective that commitment includes identification as a component of commitment (e.g., O'Reilly III and Chatman 1986; Podsakoff et al., 1986; Harris et al., 1993; Hunt and Morgan 1994). These arguments stem from "past conceptualizations of organizational commitment" (Cole and Bruch, 2006, p.588). Meyer and Allen (1991, p.67), for example, suggested a tree-component framework for commitment which encompasses affective, continuance and normative commitment, and described affective commitment as "the employee's emotional attachment to, identification with, and involvement in the organization." Namely, members' identification is seen as affective commitment, which is an aspect of commitment. This view is consistent with Poter et al. (1974) and Cook and Wall (1980). However, Hunt and Morgan (1994) treat the concept of identification as a basis of organizational commitment along with compliance and internalization. In other words, affective commitment is developed and affected by identification (Meyer and Herscovitch, 2001). Even Herrbach (2006, p.639) argues the broader conceptualisation of identification as the notion that "Identification could be broader than affective commitment, which is associated with only positive activation as evidenced by the positive relationship between identification and negative activation." This perspective is linked with the view of Pratt (1998) who notes that the different kinds of identification, which involves negative emotion, such as ambivanelent identification and dis-identification. Based on the previous empirical studies, Riketta (2005) found that identification correlates with other constructs differently from affective commitment. Namely, identification shows the different pattern of correlations from affective commitment by meta-analysis. In summary, several researchers claim that identification is included in organizational commitment, while others argue that identification is a broader concept than commitment. Accordingly, identification is related with commitment. Nevertheless, it is noticeably clear that identification has many different aspects from commitment.
More specifically, the theoretical perspective that the concept of identification is separated from commitment is argued and supported by a number of researchers (e.g., Abrams and Moura, 2001; Ashforth and Mael, 1989; Ashforth and Saks, 1996; Bhattacharya et al., 1995; Cole and Bruch, 2006; Edwards, 2005; Mael and Ashforth, 1995; van Kinippenberg and Sleebos, 2006). In particular, the distinctions between the two concepts are commonly pointed out in the following points. Firstly, because identification comprises part of individuals' self-concept, identification leads to a shared common destiny with their organization (Ashforth and Mael, 1989; van Dick, 2004). If individuals identified with the organization, they expect to feel a sense of spiritual loss when they leave the organization (Ashforth and Mael, 1989). Identification thus involves psychological attachment to the organization (Abrams and Moura, 2001; Mael and Ashforth, 1995). In contrast, commitment is derived from exchange-based variables which are the material relationships between individuals and the organization (van Dick, 2004) so that their organizational commitment could be high even when they do not feel that they share a destiny with the organization (Ashforth and Mael, 1989). From the perspective of commitment, individuals view an organization as a tool for reaching their individual goals, and thus they can move to other organizations without sacrificing their goals, when they expect that other organizations are more suitable to achieve the goals.

Secondly, as mentioned earlier, identification does not contain any intention to behave or actual behaviours, whereas commitment entails behavioural intentions in its conceptualization (Edwards, 2005). In organizational and marketing research, behavioural intentions are generally viewed as the consequences of identification rather than its components (e.g. Ahearne et al., 2005; Algesheimer et al., 2005; Bhattacharya et al., 1995; Homberg et al., 2009; Mael and Ashforth, 1992; O'Reilly and Chatman, 1986; Van Dick et al., 2006).

The last point which makes a clear distinction between two constructs is stability and durability. Identification is contingent on the situation, while commitment is relatively enduring. Identification is generated under a certain situation such as where individuals perceive the organization as salient. In other words, identification is engendered with a specific organization which holds attractive identities (Mael and Ashforth, 1995). In contrast, commitment is seen as relatively stable and enduring (Gautam et al., 2004) and as a general orientation (Mael and Ashforth, 1995).

Based on the theoretical differences, a variety of empirical studies dealing with the issue of independence of identification from organizational commitment are examined and provide much empirical evidence to support the conceptual difference (e.g., Ashforth and Saks, 1996;
Cole and Bruch, 2006; Gautam et al., 2004; Herrbach, 2006; Mael and Ashforth, 1992; Mael and Tetrick, 1992; van Kinippenberg and Sleebos, 2006). For example, Ashforth and Saks (1996) distinguished identification from commitment, and Mael and Tetrick (1992) found the statistical independence of the two concepts. Gautam et al. (2004) also provide the empirical evidence that identification is related to, but is distinct from commitment. It is consistent with the findings by both Cole and Bruch (2006) and van Kinippenberg and Sleebos (2006) who used confirmatory factor analysis to demonstrate that identification and commitment were empirically different concepts. Furthermore, on the basis of the findings of meta-analysis, Riketta (2005) verified the argument that identification is distinguished from commitment, although there is a large shared variance between two concepts.

**Identification and Internalization**

The early conceptualizations of identification raise some confusion with internalization. For example, 'the integration process of individual and organizational goals' in Hall et al. (1970), 'goal consistency' in Brown (1969) and 'shared characteristics' in Lee (1971) are described as one of the components of identification. Thus, several scholars have explored the distinguishable points between the two concepts to address uncertainty in these conceptualizations.

The difference between identification and internalization can be found by a set of organizational researchers (e.g. Ashforth and Mael, 1989; Becker, 1992; Becker et al., 1996; Harris et al., 1993; O'Reilly III and Chatman, 1986; Romer, 1979). In terms of conceptualization, internalization emerges only when the values or arguments of the organization coincide with or are adequate to members' own value, whilst identification is presented as a self-expression of an individual in terms of the social category of which one is a member, (Ashforth and Mael, 1989). Because identification with an organization becomes part of self-concept, individuals who identify with the organization respect the organization's values as a member or part of the organization without internalization, which is accepting its values as their own (O'Reilly III and Chatman, 1986; Romer, 1979). Indeed, Ashforth and Mael (1989) proposed that internalization may be affected by identification.

As empirical evidence of the independence of identification from internalization, O'Reilly III and Chatman (1986) found that the impacts of identification on organizational behaviours
differ from those of internalization. For example, identification affects ‘participation in the organization’ but not ‘contribution to fund raising,’ while internalization affects ‘contribution to fund raising’ but not ‘participation in the organization’. In a similar way, it was found that both identification and internalization have a different effect on satisfaction and pro-social behaviours (Becker, 1992) and on attitudes (Romer, 1979). The view that these two concepts are different from each other was consistently supported by Becker et al. (1996) and Harris et al. (1993) who provided empirical evidence that identification is distinguishable from internalization by confirmatory factor analysis.

In summary, the conceptualization of identification by early researchers appeared to encompass its determinants and outcomes and thus needs some further clarification as shown in cases of loyalty, commitment and internalization. Organizational and marketing researchers were devoted to addressing the issues associated with other constructs and consequently made a contribution to the clarification of identification through their theoretical and empirical studies. On the basis of prior research, marketing researchers have adopted and reinterpreted the concept of identity and identification from the marketing perspective.

3.4. Corporate Identity and Consumer Identification

Just as organizational identity has been discussed in organizational behaviour, corporate identity has been receiving academic attention in marketing. Although these two concepts have different academic backgrounds and emphasize different aspects, both concepts are devoted to a basic issue, i.e. what the organization is, and thus share common features. Recently corporate brand scholars have adopted the research on organizational identification and suggested that research into consumer identification with a corporate brand is undertaken (He and Balmer, 2007; van Riel and Balmer, 1997; Balmer and Liao, 2007). Therefore, this section devoted to comparison between corporate identity and organizational identity, and then the literature on the concept of consumer identification is reviewed in detail.

3.4.1. Corporate Identity

In marketing fields, the concept of corporate identity has been developed and studied as a discernable theme from organizational identity. Like the role of organizational identity from
the organizational perspective, corporate identity is the core of the corporate brand concept from the corporate brand perspective (Gylling and Lindberg-Repo, 2006). Both the concepts of organizational and corporate identity have the same theoretical basis, namely, the basic characteristics of identity which exhibit their distinctiveness. Therefore, it is necessary to integrate various insights into organizational and corporate identity across organizational behaviour and marketing area to obtain a better understanding of corporate identity (Balmer, 2001; He and Balmer, 2007; Hatch and Schultz, 1997, 2002; Van Riel and Balmer, 1997). In other words, academic work regarding organizational identity can affect and facilitate the research into corporate identity and vice versa.

Accordingly, the relationship between corporate identity and organizational identity has been explored in relation to social identity theory, organizational identity and identification, and corporate identity and identification (e.g. He and Balmer, 2007; Cornelissen et al., 2007; Simões et al., 2005). The differences and similarities between the two concepts are described in order to clarify the concept of consumer identification. The definition of corporate identity addressing the question of ‘what the organization is’ is largely adopted in academic circles (Balmer, 1995; Hatch and Schultz, 1997). Each organization has its own essential characteristics or attributes to be differentiated from others (Simões et al., 2005). These unique or distinct attributes of an organization refer to corporate identity, as the result, the audience can recognize that the firm distinguishes itself from others (Abratt, 1989; Gray and Balmer, 1998). Similarly, organizational identity is seen as members’ collective understanding of features which distinguish the organization from others (Albert and Whetten, 1985).

Based on the literature, the basic common feature of both corporate identity and organizational identity is that both concepts are built on an idea of what the organization is (Hatch and Schultz, 1997). Recently, Cornelissen et al. (2007) suggested some common insights across social, organizational and corporate literature. Following Cornelissen et al. (2007, p.8), “collective identities, whether these are social, organizational, or corporate, include common attributes as follows: these identities i) contribute to their viability by the positivity and distinctiveness, ii) are flexible, iii) are a basis for shared perceptions and behaviour, iv) are strategically created and managed, v) are related to behaviour and vi) are a basis for achievement of higher-order material outcomes and products”. “Considering that the subjects of social identity are members of an organizational group, social identity can be an organizational identity, and organizational identity can be a corporate identity through
affecting the perceptions of its stakeholders” (Cornelissen et al., 2007, p.8). Kapferer (2002) emphasizes the role of organizational identity in the definition of corporate identity, for instance, brand identity can be transferred to the organization identity.

In contrast to these common attributes, two studies, He and Balmer (2007) and Schultz et al. (2002) addressed the differences between corporate identity and organizational identity. Corporate identity is outwardly orientated, namely, it is projected to stakeholders and presents how the organization would like to be perceived (Markwick and Fill, 1997; Kapferer, 2002) to achieve the corporate entity’s strategic goals established by top managers and their advisers, whereas the organizational identity perspective is concerned with the insiders (employees) of the organization and is rooted in organizational members’ perceptions and understandings (Schultz et al., 2002). Therefore, corporate identity is the substantive component of a company from the managerial perspective, which focuses on the overall performance of an organization, while organizational identity is mainly treated as a cognitive concept from the organizational perspective which focuses on personal behaviour in an organization (He and Balmer, 2007).

More specifically, the differences between corporate identity and organizational identity are summarized in Table 3.2. As shown in Table 3.2, the target of corporate identity is external stakeholders so is it outward-orientated; that of organizational identity, in contrast, is organizational members so is it inward-orientated. The communication channels for identity to target audiences are different: corporate identity is delivered using integrated marketing communication (TV, magazine, newspapers, internet), organizational identity, on the other hand, is shaped based on direct interactions (Schultz et al., 2002). In terms of analysis level, corporate identity is emphasised at corporate level, whereas organizational identity is at individual level. However, corporate brand still concerns the perceptions and reactions of stakeholders and it can be seen through an emphasis on the communication of corporate identity to the groups, whether the group is internal (employees) or external (customers).

| Table 3.2 Summary of the Differences between Corporate and Organizational Identity |
|-----------------|------------------|------------------|
| Perspective     | Corporate identity | Organizational identity |
| Managerial      | • Managerial: It is shaped by top managers and their advisers in order to achieve strategic goals<br>• A substantive concept | • Organizational: It is perceived by organizational members<br>• A cognitive concept |
| Recipients      | • Audiences or external stakeholders | • Organizational members or internal stakeholders |

61
Communication approach

- Mediated by mass media (TV, magazine, newspapers, internet)
- Direct experience

The locus of analysis

- Corporate level
- Individual level

Research focus

- Overall performance of an organization
- Personal behaviour within an organization

Source: Adapted from He and Balmer (2007) and Schultz et al. (2002)

However, these different features are actually diminished. The managerial perspective of corporate identity seems to be related to the shared meaning of values and beliefs among members, thus corporate identity is connected with organizational identity (Cornelissen et al., 2007). Because of the overlap between internal and external groups, for instance, customers perceive themselves as members of an organization, or employees undertake multi positions such as investors, customers and/or employees, the difference in recipients is weakened (Schultz et al., 2002). In terms of communication channels, interactions between customers and employees may lead to direct contact with organizational identity which is conveyed from employees (Schultz et al., 2002).

From the brief review of both corporate and organizational identities, the concept of consumer identification is viewed as a form of organizational identification from the perspective of organizational identity based on several basic points: i) the theoretical underpinning of consumer identification is organizational identification, ii) it is a primarily cognitive concept rather than a substantive component of a company, iii) the analysis level is at individual customer level.

Although there are differences between the two identity concepts, organizational identity and identification are important concepts for corporate identity and corporate level marketing at several points. Firstly, the identity of an organization is believed to create a basis for member identification with the organization. An important role of brand identity is to build and maintain the subsequent relationships between a brand and its consumers, and the relationships reflect the stakeholders’ self-image (Harris and Chernatony, 2001). If consumers perceive a brand as being consistent with their self-concept, they might respond positively to the company brand (Harris and Chernatony, 2001).

Secondly, from the strategic viewpoint of an organization, the importance of consistency among multiple stakeholder groups has been highlighted (e.g., Balmer and Greyser, 2002; Simões et al., 2005). In other words, corporate identity should reflect the expectations and beliefs of the stakeholders about identity which they hold internally. Specifically, Cornelissen
et al. (2007) stress the importance of consonance between organizational identity held by employees and corporate identity interpreted by multi-stakeholders' groups. Lastly, in corporate level marketing, He and Balmer (2007) suggest that organizational identity and identification have great potential for further research regarding the effect of corporate identity on consumer buying behaviour. The effect of corporate identity on consumers might be measured with and evaluated by consumer identification with the corporate brand (van Riel and Balmer, 1997) because consumer identification is a meaningful indicator for the strength of the relationship between the company and its consumers (Hatch and Schultz, 1997, 2002). Bhattacharya and Sen (2003), for example, suggest the concept of customer-company identification based on organizational identification.

In order to understand the relationships between organizational identity and corporate identity, the next section defines consumer identification based on previous studies in both social psychology and organizational studies.

3.4.2. Consumer Identification

The theoretical principles of social identity theory are applicable to consumers in the marketing context. The potential for consumer identification is supported by several researchers (e.g., Cardador and Pratt, 2006; Dutton et al., 1994; Golden-Biddle and Rao, 1997; Elsbach, 1998; Scott and Lane, 2000). As members of a social group, customers also form deep cognitive attachments to a brand or organization (Scott and Lane, 2000). Consumers are able to see themselves as being inextricably bonded with the organization and they feel a sense of success when their organization succeeds and a sense of failure when their organization fails (Bhattacharya et al., 1995). Whether a researcher refers to consumers as outsiders (Golden-Biddle and Rao, 1997), non-members (Elsbach, 1998), or stakeholders (Dutton et al., 1994), consumers can nevertheless identify with the organizations in order to satisfy their need for self-defining (Dutton et al., 1994; Elsbach, 1998; Golden-Biddle and Rao, 1997). Consumer identification is established in just the same way as organizational identification (e.g., Bhattacharya et al., 1995; Brown et al., 2005; Cornwell and Coote, 2005; Donavan et al., 2006).

The concept of consumer identification is thus formed depending heavily on organizational identification studies. Bhattacharya and Sen (2003, p.77), for example, "drew on prior research in both social identity and organizational identification theory to conceptualize
consumer-company identification as an active, selective and volitional act motivated by satisfying of one or more self-defining needs”. This conceptualization is the same as the social identity approach in which people attempt to identify with an object (in the case of a group) to enhance their self-concept. As such, researchers attempt to extend the research territory of identification from employees to customers who are either the outsiders or stakeholders. It means that social or organizational identification can be directly applied to consumer identification and can provide a theoretical basis for consumer behaviour. As shown in Table 3.3, the concept of consumer identification originates and is adopted from organizational identification.

### Table 3.3 Summary of the Main Conceptualizations of Consumer Identification

<table>
<thead>
<tr>
<th>Type</th>
<th>Authors</th>
<th>Definition</th>
<th>Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lichtenstein et al. (2004)</td>
<td>Refers to the degree of overlap in consumer’s self concept and his or her perception of a company defined by Dutton et al. (1994).</td>
<td>Adopts the definition of Dutton et al. (1994).</td>
</tr>
<tr>
<td></td>
<td>Brown et al. (2005)</td>
<td>Defined as the degree of overlap of self-schema and organization schema</td>
<td>Follows the definition of Bergami and Bagozzi (2000)</td>
</tr>
<tr>
<td></td>
<td>Homburg et al. (2009)</td>
<td>A cognitive and an emotional component.</td>
<td>Involves both cognitive and affective components</td>
</tr>
<tr>
<td></td>
<td>Donavan et al. (2006)</td>
<td>Brand identification is characterized by a strong emotional attachment with the brand and a sense of belongingness to the brand.</td>
<td>Based on social identity theory and organizational identification studies.</td>
</tr>
</tbody>
</table>
Balmer and Liao (2007) | The degree to which an individual’s or group’s affinity with an organization mirrors the distinctive characteristics of an organization | Follows the definition of Dutton et al. (1994) which focuses on a cognitive aspect.

Kuenzel and Halliday (2008) | A psychological perception on the part of an individual to consider him/herself as being intertwined with a particular group | A psychological and perceptual concept

**Consumer-brand community identification**

Algesheimer et al. (2005) | The consumer agrees with the community’s norm, traditions, rituals and objectives (Bhattacharya et al., 1995) and promotes its well-being (Wiswede, 1998) | Involves both cognitive and affective components

Bagozzi and Dholakia (2006) | The extend to which the consumer sees his or her own self-image as overlapping with the brand’s image | Focused on a cognitive concept

**Consumer-non-profit organization identification**

Bhattacharya et al. (1995) | Adopted the definition of Mael and Ashforth (1992) and Dutton et al. (1994): the perception of oneness with or belongingness to an organization | Adopts the definition of organizational identification

Cornwell and Coote (2005) | Cognitive identification refers to the degree of overlap between an individual’s self-schema and the schema s/he holds for another target object | Follows the definition of Ashforth and Mael (1989)

Source: organized by author

Moreover, the psychological characteristic of identification provides a critical basis for the potential of the multi-types of consumer identification. The phenomenon of identification is viewed as a psychological state (Rousseau, 1998) rather than merely the outcome of cognitive processes depending on the knowledge of the essential identities or attributes of a category (Hogg and Abrams, 1988). Marketing researchers also support that consumer identification is the psychological link between a target entity (e.g. a brand) and its consumers (e.g. Brown et al., 2005; Kim et al., 2001). This means that a sense of belongingness is likely to be generated depending not on substantive or physical belongingness such as employees belonging to their working organization, but on a psychological connection with or belongingness to the various entities. Identification can occur even in the absence of formal membership (Pratt, 1998; Scott and Lane, 2000) or lack of regular contacts with the target entity as compared with employees (Bhattacharya and Sen, 2003). Consumers are able to feel a sense of belongingness, even though they are not the members or insiders of the brand or organization in reality.
Based on the literature, the research issue of consumer identification has been examined by a range of marketing researchers in different marketing settings (see Table 3.3). These settings include food store chain card holders (Lichtenstein et al., 2004), customers of automobile dealerships (Brown et al., 2005), sports team fans (Donovan et al., 2006), non-profit organization’s members as consumers (Cornwell and Coote, 2005) and physicians (Ahearn et al., 2005). The targets of consumer identification become diverse from companies to brands or brand communities. For example, “even though customers are objectively non-members of the Body Shop, they can socially identify with the organization (brand) because they define both themselves and the Body Shop as animal rights supporters” (Scott and Lane, 2000, p.49).

By identifying with Body Shop, consumers obtain part of their self-concept which is based on the specific identity of the brand and maintain this self-concept through purchasing its products. It assumes that each brand has its own identities which affect its consumers’ self-concept.

From the consumer perspective, why a consumer would purchase a certain brand among competitors and further identify with the brand is likely to be understood by the need for self-esteem, self-consistency (similarities) and self-distinctiveness (differences) grounded in identification and social identity theory. Consumers are likely to categorise and evaluate existing brands depending on their similarities with consumers and the distinctiveness from other brands. Consumers might improve or exhibit their self-concept through a sense of belongingness to the brand which has distinctive images. Accordingly, consumers think of themselves as part of the particular brand so they become members through their identification (Golden-Biddle and Rao, 1997).

The concept of consumer identification is likely to be attractive particularly in the brand-consumer relationship (Aaker, 1996; Fournier 1998). Apart from identification research, in the field of consumer behaviour, the connection between self-concept and brands is of considerable concern to academics (e.g., Escalas and Bettman, 2005; Swaminathan et al., 2007). Consumers purchase a specific brand to express their individual self-concept (Belk 1988; Escalas and Bettman, 2003; Richins 1994a, b). Despite their contribution to the understanding of consumer behaviour, these studies have limitations in terms of the academic issues. According to Swaminathan et al. (2007), the existing studies regarding self-concept are divided into two categories. One stream of research has focused on the self-concept connection based on consumers’ personal identity rather than social identity (e.g. Escalas and Bettman, 2005; Kleine et al., 1995). Another stream of research has concentrated on the role
of some specific social identity in consumer behaviour such as national identity (e.g., Gurhan-Canli and Maheswaran, 2000), ethnicity (e.g. Deshpande et al., 1986; Forehand and Deshpande, 2001) and gender (Hupfer and Detlor, 2007; Lee, 2007) rather than brand identity. Hogg and Terry (2000) further claim that organizational identity is more valuable than other social categories which are given rather than being chosen such as gender, ethnicity. This means that almost no personal efforts or intention are needed to identify with social categories, while consumers can select a brand which has the most attractive identities for their intention from among many alternatives (van Dick, 2001). In other words, although self-concept is of the researchers’ academic concern in the field of consumer behaviour, their interest has been limited to personal identity and some specific social identities such as ethnicity or nationality. To address this gap and extend brand identity in consumer behaviour, the issue of consumer identification with a brand was examined. Kim et al. (2001), for instance, investigated the effect of brand personality on consumer responses via consumer identification with a brand. Aaker (1996) suggests that customers can be cognitively attached to a corporate brand. In a similar vein, consumers also have a need for self-definition and their positive self-concept through a sense of belongingness to the corporate brand which they chose, particularly in the case where the corporate identity is attractive to consumers. In line with this idea, corporate brand researchers pay considerable attention to the concept of consumer identification in terms of the importance of corporate identity to the stakeholders (Harris and Chernatony, 2001; He and Balmer, 2007). Interestingly, He and Balmer (2007) emphasize that research into the antecedents of a customer’s identification is necessary in the context of corporate brands as a further research direction. Balmer and Liao (2007) examined students’ corporate brand identification and found that many facets of corporate brands, such as brand reputation and prestige, brand community, corporate identity and ethos, member associations and physical evidence and differentiation are connected to the strength of student identification by a qualitative approach.

Consumer identification is a critical concept to explain consumer behaviour more clearly but it occurs only under certain circumstances. Ahearn et al. (2005) state that consumer identification may not always be generated, rather, it may be contingent on certain conditions in terms of the importance of the products or services, the distinctiveness of the target object’s identities (corporate identity), and the customers’ embedded relationships with the object (corporate brand). The suggested conditions have some implications: i) the product or service category needs to be sufficiently meaningful to generate consumer identification, and ii) the
The concept of consumer identification and its conceptual frameworks has been established throughout the prior research in related fields, including social identity theory and organizational identification studies. In other words, consumers identify with a company when they perceive that the company satisfies their needs for positive self-concept, because consumers use the company as an element in shaping individual customers' social identity (Bhatacharya and Sen, 2003). Concerning the theoretical underpinning from prior literature, several researchers have suggested a multidisciplinary approach in which research into corporate identity and further consumer identification with a corporate brand can be integrated and affected by research into organizational identity and organizational identification, because corporate identity is inevitably connected with organizational identity (e.g., Balmer, 2001; He and Balmer, 2007; Hatch and Schultz, 1997, 2002; van Riel and
Based on the literature, this study thus focuses on consumer identification with a corporate brand.

There are some conceptual issues about the clarification of the concept of identification. For example, the early approaches to organizational identification are likely to adopt a much broader conceptualization of identification than simply the concept of identification. They include the outcomes of identification, such as loyalty, as well as its antecedents, including similarity. Thus, some clarification issues were discussed.

In addition, there are inconsistent views about its conceptualization and thus further studies are still needed for this issue, although it is not the focus of the present study. Specifically, two different views of identification are presented. The cognitive standpoint of identification adopts the narrow (cognitive identification) definition, while the alternative view contains not only a cognitive element but also an emotional element. Between two different viewpoints for the definition, the present study will follow the view of researchers who argue that identification has both cognitive and affective aspects based on the previous studies. Mael and Ashforth's (1992) definition and measurement are widely accepted by other organizational researchers (Riketta, 2005), although there is undoubted conflict between their definition and the scale (Bartels, 2006; van Dick, 2001). Their definition is based on a cognitive concept, but their measurement instrument encompasses both cognitive and emotional elements such as feeling of embarrassment. Thus, identification seems to contain some affective aspects as well.

The next chapter examines the prior empirical studies about organizational identification and consumer identification, and the issue of measurement instrument for identification will be discussed in detail.
CHAPTER FOUR

PRIOR EMPIRICAL RESEARCH INTO ORGANIZATIONAL AND CONSUMER IDENTIFICATION

4.1 Introduction

There is an underlying difference between organizational identification research and social identity research in terms of its academic concerns. Organizational behaviour researchers are concerned with managing employees and motivating them to engage in behaviour that is beneficial to the organization. Similar to concentrating on motivating employees to engage in positive behaviour towards their company, the focus of marketing is on motivating customers to engage in more pro-social behaviours by reinforcing the relationships with customers. The phenomenon of organizational or consumer identification affects members’ or consumers’ behaviour such as cooperative behaviour (Bhattacarya and Sen, 2003). Therefore, both organizational and marketing researchers have focused on what variables reinforce individuals’ identification and what effects it has, and thus they have examined the issue of the antecedents and outcomes of identification. In other words, their academic focus is on understanding identification in terms of an important determinant of individual behaviour (e.g., Haslam et al., 2003). These academic issues are different from those of social identity approach, which focus on intergroup behaviours or intergroup relations (Haslam et al., 2003; Lievens et al., 2007).
This chapter examines the existing empirical studies with regard to the determinants, which are classified into four needs of the individual, and outcomes of identification. Based on previous research, the proposed antecedents and outcomes are discussed. In addition, research regarding some moderators in relationships among the chosen variables in the model is reviewed and discussed based on the literature. Lastly, the issue of the measurement of consumer identification is discussed.

4.2 Research into the Determinants of Identification

The social identity approach provides some fundamental bases regarding what variables affect identification such as similarities, differences and self-esteem. In a similar vein, Dutton et al. (1994) categorise the determinants of organizational identification into three basic needs for self-concept: the need for self-consistency, self-distinctiveness and self-enhancement. The three needs may respectively correspond to similarity, difference and self-esteem related variables which were suggested in the social identity approach. In other words, when the corporate brands' features fulfil the consumers' needs, consumers perceive the corporate brand more attractive and distinct from other brands, and consequently they identify with the brand. Similar to Dutton et al.'s (1994) conceptual model, Bhattacharya and Sen (2003) developed a conceptual framework for consumer-company identification. This research framework proposes the determinant variables of consumer identification including similarity, distinctiveness, and prestige of the company on the basis of organizational identification theory, although this framework has not yet been empirically tested. Thus, Dutton et al. (1994) and Bhattacharya and Sen (2003) contribute to understanding of what variables affect identification in terms of the individual needs.

In addition to the three types of needs, the need for relationship has received new academic attention as a motive for enhancing identification from several researchers (e.g., Pratt, 2000; George and Chattopadhyay, 2005). The approach to the relationship need focuses on the interpersonal relationships with others in an organization as a determinant of organizational identification (e.g., Pratt, 2000). Since Pratt's (2000) qualitative study argued the importance of the relationship need as a base of identification, George and Chattopadhyay (2005) concentrated on the personal relationship-related variables as the antecedents of organizational identification as opposed to organization-related variables.
(e.g. prestige) in many previous studies. According to George and Chattopadhyay (2005), these relationship-related variables involve forming and maintaining social relationships among their supervisors and colleagues in an organization based on prior work by identity researchers (Bartel and Dutton, 2001; Brewer and Gardner, 1996). In contrast to the image-related determinants suggested by organizational researchers (e.g. prestige), the determinant variables regarding the relationship need have not been investigated by marketing scholars. Thus, Pratt (2000) and George and Chattopadhyay (2005) provide new important insights regarding the antecedents of consumer identification and make a contribution to understanding identification separating from the three needs.

Therefore, this present study discusses the antecedents which are classified into four individual needs including a need for relationship within an organization. Individuals are motivated i) to maintain and exhibit a consistent self-concept (self-consistency), ii) to differentiate themselves from others (self-distinctiveness), iii) to enhance their self-esteem (self-enhancement), and to form relationships based on the organization to which they belong.

**Figure 4.1. Classification of the Determinants of Identification by Needs**

As shown in Figure 4.1, of the four individual needs, consumers’ needs for self-enhancement and relationship are of particular concern for this study in the financial services context where the role of employees and other customers, and the relationships between employees and customers are emphasized. In the following sections, previous
research into the antecedents of identification is discussed according to the respective needs.

4.2.1 Consumers' Need for Self-Consistency

The need for self-consistency is associated with similarity. When individuals have a sense of congruity between a company and themselves, they are likely to understand and accept the values and activities of their company more easily, and thus they perceive that company might be more attractive. Several researchers (Gecas, 1982; Shamir, 1991; Sheth and Parvatiyar, 1995) have identified the importance of consistency in information processing procedures, perception and behaviour in terms of expression of self-concept. In this manner, Shamir (1991) found that similarities between an individual and the organization in characteristics or values provide a person with a valuable means of self-expression to others by the belongingness to the organization. As such, consumers perceive the company which has similar characteristics with their own as more attractive than other companies, and consequently this may lead to fostering their identification with the corporate brand.

The relationship between similarity and identification was proposed by Ashforth and Mael (1989) and was empirically examined by Dutton et al. (1994) and Lau (1989) in organizational contexts. Diverse aspects of similarity have been investigated: similarity in demographics with other members within the organization (Lau, 1989); values (Ashforth and Mael, 1989; O'Reilly and Chatman, 1986; Dutton et al., 1994); and cultural backgrounds (Ethier and Deaux, 1994). Therefore, similarities between the organization and its individual members positively impact the strength of identification. Ahearne et al. (2005) also revealed the consistent results that similarity in characteristics between customers and the company affects consumer identification. Therefore, the antecedents which are associated with the self-consistency need of identification have been fully investigated.
**Table 4.1 Summary of Antecedents and Consequences of Organizational Identification (OI) in Key Empirical Organizational Studies**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Antecedents related to self-consistency</th>
<th>Antecedents related to self-distinctiveness</th>
<th>Antecedents related to self-enhancement</th>
<th>Antecedents related to relationships</th>
<th>Other antecedents</th>
<th>Moderator suggested but not be tested</th>
<th>Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td>O'Reilly and Chatman (1986)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Extra role behaviour, Intra role behaviour, Intention to leave the organization, Turnover</td>
</tr>
<tr>
<td>Lau (1989)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mael and Ashforth (1992)</td>
<td>-</td>
<td>Distinctiveness, Inter-organizational competition, Intra-organizational competition</td>
<td>Prestige</td>
<td>-</td>
<td>Satisfaction</td>
<td>-</td>
<td>Support for the organization</td>
</tr>
<tr>
<td>Harris et al. (1993)</td>
<td>-</td>
<td>-</td>
<td>Position within the organization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ethier and Deaux (1994)</td>
<td>Similarity in cultural backgrounds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bhattacharya et al. (1995)</td>
<td>-</td>
<td>-</td>
<td>Organizational prestige</td>
<td>-</td>
<td>Satisfaction, Length of membership, Membership visibility**, Participation in a similar organization, Frequency of contact a similar organization, Donation**</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Pratt (2000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Interpersonal relations</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Smidts et al. (2001)</td>
<td>-</td>
<td>Communication climate Prestige</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Brand visibility (antecedents &amp; OI)</td>
<td>-</td>
</tr>
<tr>
<td>Authors</td>
<td>Antecedents related to self-consistency</td>
<td>Antecedents related to self-distinctiveness</td>
<td>Antecedents related to self-enhancement</td>
<td>Antecedents related to relationships</td>
<td>Other antecedents</td>
<td>Moderator suggested but not be tested</td>
<td>Consequences</td>
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<tr>
<td>Tyler and Blader (2002)</td>
<td>-</td>
<td>-</td>
<td>Employee’s status within the group</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tyler and Blader (2003)*</td>
<td>-</td>
<td>-</td>
<td>Perceived justice</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Cornwell and Coote (2005)</td>
<td>-</td>
<td>-</td>
<td>Organizational prestige</td>
<td>-</td>
<td>Tenure of participation Frequency of contact</td>
<td>Positive evaluation of service (oil&amp;outcomes)</td>
<td>-</td>
</tr>
<tr>
<td>George and Chattopadhyay (2005)</td>
<td>Congruence in valued attributes</td>
<td>Distinctiveness</td>
<td>Prestige</td>
<td>Relations with colleagues Trust in management</td>
<td>Tenure of workers</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Fuller et al. (2006)</td>
<td>-</td>
<td>-</td>
<td>Employee’s status within the group</td>
<td>Prestige</td>
<td>-</td>
<td>-</td>
<td>Voice behaviour</td>
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<tr>
<td>Olkkonen and Lipponen (2006)</td>
<td>-</td>
<td>-</td>
<td>Perceived justice</td>
<td>-</td>
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<td>Van Dick et al. (2006)</td>
<td>-</td>
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<td>-</td>
<td>Citizenship behaviour</td>
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<tr>
<td>Cole and Bruch (2006)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Turnover intention</td>
</tr>
</tbody>
</table>

*) not empirically tested  
**) not significant  
Source: organized by author
4.2.2 Consumers' Need for Self-Distinctiveness

The distinctive attributes of a company are beneficial for consumers in terms of forming, enhancing and manifesting their self-concept (Shamir, 1991), because the attributes make the person unique from others through identification with the company, thus fulfilling the need for self-distinctiveness. The features which distinguish an organization from its competitors in terms of its values, culture, strategy, identity and practice, contribute to self-distinctiveness and consequently strengthen the organizational identification of the members (Ashforth and Mael, 1989; Mael and Ashforth, 1992). In marketing research, one of the significant distinctive values, identities or practices is corporate social responsibility (CSR) which is received increasing attention by marketing researchers. Lichtenstein et al. (2004) and Sen et al. (2006) found a positive relationship between CSR and consumer identification. Indeed, Marin et al. (2009) revealed that CSR associations directly affect consumer identification. The need for distinctiveness seems to be closely connected with self-esteem. In fact, distinctiveness is interpreted as a positive aspect rather than a negative one, and thus the differentiated identities, values and practices of an organization are also devoted to the enhancement of individuals' self-esteem. The positive images stemming from CSR contribute to not only making a company distinct for its customers but also reinforcing their self-esteem. Dutton and Dukerich (1991) describe such a case in which individuals perceive their organization distinctive in terms of noticeable social reputation by using words like ‘a first-class, high-quality institution’. Consequently, this case indicates that the distinctiveness need closely linked to and reinterpreted as the self-enhancement need.

4.2.3 Consumers' Need for Self-Enhancement

The need for self-esteem is one of critical motivation to engender consumer identification. As suggested by social identity approach, members' self-esteem is basically reinforced by organizations' image-related characteristics (e.g., images, identities, prestige) and special or warm treatment offered by an organization. Thus, previous research into the need for self-enhancement has been carried out in terms of two aspects; an organization's images and the treatment provided by an organization. Firstly, in relation to the image of an organization, individuals who perceive themselves as members of the organization, use positive organizational images, identities and prestige
to enhance their self-esteem. The images of the organization to which an individual belongs are important criteria for the assessment of oneself in social identity approach. An organization which is favourably perceived by people is likely to lead to its members' favourable evaluation regarding the organization, and thus generating member's identification.

Numerous pieces of research into an organization's image-related variables as determinants of identification have been examined. The variables which have been investigated, are a company's prestige, images, or reputation (Ahearne et al., 2005; Ashforth and Mael, 1992; Balmer and Liao, 2007; Bhattacharya 1995; Cornwell and Coote, 2005; Dutton et al., 1994; Kuenzel and Halliday, 2008), and corporate ethos and identity (Balmer and Liao, 2007). Although many studies have investigated a company's image-related variables, very little research has been carried out specifically in service sectors, for example, prestige or identity of university (Ashforth and Mael, 1992; Balmer and Liao, 2007). The prior studies have not considered the features of services such as intangible, indistinguishable (O'Loughlin and Szmigin, 2006; Boyd et al., 1994) and further financial services such as complex and insufficient consumer knowledge about the financial products (e.g., Eisingerich and Bell, 2007; Crosby et al., 1990) in relation to the need for self-esteem. However, the unique nature of service could be a challenge when studying determinants and consequences of consumer identification in service industries.

From the service perspective, an invisible characteristic of services leads to the critical role of other customer of a brand in terms of inferring the image of the brand. In particular, the social image of other customers of a brand exhibits the brand image from the customer point of view (Gronhaung and Trapp, 1989; Wong, 1997). Moreover, it is also associated with reference groups that contribute to individuals' self-concept (Escalas and Bettman, 2005; Sheth and Parvatiyar, 1995). Namely, the impact of the image of other customers of a brand on consumers' brand choice has been investigated in terms of the influence of a reference group on consumer behaviours. Other customers holding positive social image of a brand could be a reference group for an individual consumer so that he or she is willing to not only buy but also attach with the brand. Accordingly, the person is likely to identify with the brand.

Secondly, in addition to the images of an organization, the members' perception of being treated as a valued or respected person by the company leads to the enhancement of their
self-esteem. In this respect, several studies in an organizational research field have investigated the predictors of identification. For example, the perception of being respected is affected by the communication climate (Smidts et al., 2001), perceived justice (Tyler and Blader, 2003; Olkkonen and Lipponen, 2006), position within the organization (Harris et al., 1993) and internal respect (Fuller et al., 2006; Hall et al., 1970; Tyler and Blader, 2002). All these variables have been investigated in terms of the extent to which members are treated as being valued or respected by the company (Smidts et al., 2001; Tyler and Blader, 2003) and their significant effects on identification were supported by the previous studies. When members are served and treated as being respected and valued by their company, they identify more with the company.

Although these variables have been explored from the employees' view rather than that of the consumers, the prior studies provide important insights for future research into the determinants of consumer identification specifically in service industries. Making customers feel a sense of being valued or respected is likely to be instrumental in service sectors where companies attempt to offer their customers distinguishable and better services than their competitors. Accordingly, consumer identification is likely to be affected by how well a company treats its customers. In fact, services are conveyed and completed by employees (e.g., de Chernatony and Cottam, 2008; Eisingerich and Bell, 2007; Hardaker and Fill, 2005; Papasolomou and Vrontis, 2006). It means that employees' services and treatment towards their customers are important for engendering consumer identification. Therefore, employees' attitude or behaviour is likely to affect consumer identification through generating a sense of being respected or valued on the basis of the evidence in prior research.

Consequently, consumers are likely to feel self-esteem as a result of the attitudes or behaviour of the employees towards themselves and their perception of the social image of the other customers of the brand. However, as shown in Table 4.1(see pp.75-76) and 4.2 (see pp.82-83), much empirical work has not focused on the variables derived from image of other customers of a brand and employees' behaviour as determinants of consumer identification, but concentrated on the effect of prestige or company image on identification. Moreover, employees' attitudes and behaviour towards customers and other customers' image of a brand are connected to and reflect the features of services as mentioned earlier. In particular, service-related variables including employees and other customer-related variables appear to be seen as important and influential for customers.
Paul et al. (2009) emphasize the substantial role of service-related variables compared to company characteristics. Specifically in marketing, although some empirical research has investigated the antecedents of consumer identification, very little empirical research has investigated the employee or other customer-related variables that are likely to meet consumers’ need for self-enhancement; salesperson characteristics (Ahearne et al., 2005), members’ quality (Balmer and Liao, 2007), customer orientation (Homburg et al., 2009), and employee service performance (Wu et al., 2008). Although these studies are a first step toward the research into employees’ behaviour or other customers-related variables influencing consumer identification, there are several limitations in the studies. Firstly, Ahearne et al. (2005) investigated the salesperson characteristics in terms of personality as a determinant of consumer identification, but it is only one among a company’s other image-related antecedents of consumer identification. In addition, this research was carried out in a single industry, pharmaceutical industry, and physicians, who are difficult to see as common consumers, are selected as buyers of drugs. Thus, the focus of study needs to be expanded to other employee-related variables. Indeed, in order to generalize its effect on consumer identification, it needs to be examined in different services across different countries. Secondly, although the study by Balmer and Liao (2007) was a breakthrough in dealing with consumer identification with a corporate brand, they also did not focus on the employees or other customer-related variables. The chosen context of the study was a university which is different from common business contexts. Specifically, Balmer and Liao (2007) found that the quality of other members was a predictor of a student’s identification. Although this shows a potential influence of other consumers on identification, it is not clear what kind of members’ quality affects consumer identification so that this finding needs to be elaborated and developed for further study. Moreover, a qualitative approach was used so that their findings need to be supported by quantitative methods. Thirdly, Homburg et al. (2009) only examined customer orientation of employees as a predictor of consumer identification in the context of travel agencies, but their main concern was not employees’ behaviour. Instead, they intended to compare the impact of a social identity-based path (identification) with the impact of a satisfaction-based path of the service-profit chain (satisfaction) on improvement in financial performance of the
company. Their main finding is that the role of identification is greater than the role of satisfaction in terms of improving financial performance in the company.

Lastly, in the case of Wu et al. (2008), they applied identification theory partially to their study, but they did not develop and test any relationship between consumer identification and other variables, whether they are the predictors or outcomes of identification. In fact, their model did not involve the concept of identification, but they proposed and investigated the direct effect of employees' performance on loyalty, recommendation and customer acquisition. Thus, their study is hard to see as research into identification.

As such, scholars rarely consider consumers' perception regarding both employees' behaviour and the image of other customer of a brand as the antecedents of consumer identification in service contexts. Based on the limitations of previous studies, the present study focuses on service-related variables that meet the need for self-enhancement, namely employees and other customer-related determinants of consumer identification based on the literature. In the financial services which is difficult to evaluate or judge (Eisingerich and Bell, 2006), customers' perception of a brand's image or identity seems to be affected by positive employee behaviour towards the customers and the image of other customers of the brand.

Based on the literature, in terms of employees' role, two variables are proposed as the antecedents of consumer identification in this study, customer orientation and preferential treatment. Customer orientation is likely to result in a feeling of being respected by customers. Preferential treatment served by a service provider seems to be an instrument or way that enables customers to feel a sense of self-worth, which in turn, contributes to self-enhancement. In relation to other customer-related variables, social recognition is proposed and investigated as one of the determinants of consumer identification. All the proposed variables have arisen from the unique features of financial services, including intangibility and complexity that lead to the importance of employees' and other customers' roles.

4.2.4. Consumers' Need for Relationships with Others

The importance of interpersonal relationships for the enhancement of identification has been explored on the basis of the need for relationships. Prior studies have consistently claimed that organizational identification could be generated by the relationships among
members. Pratt (2000, p.484) notes that “Forming identification with an organization is about more than creating a link with an abstract organization: it is also about making a sense of self through one’s relationship with members, non-members, or both”. Similarly, Schlenker (1986) emphasized the role of others in shaping and preserving an individual’s identity which needs to be supported by others regarding who he or she is. The relationships with colleagues are especially critical when the members are unsure of their organizational memberships (Bartel and Dutton, 2001). The relationships or interactions with members or supervisors in an organization provide some evidence for its members who have an ambiguous social identity derived from the organization. From this viewpoint, fellow members or supervisors are important people for employees to reinforce a sense of belongingness or organizational identification. Thus, Mael and Ashforth (1992) and Pratt (2000) stress the crucial role of supervisors as mentors for increasing the employee’s organizational identification. George and Chattopadhyay (2005) found that members’ organizational identification was affected by relationships with colleagues in the organization.

In fact, consumers have relatively weak ties to a corporate brand compared to employees so that they are likely to have ambiguous self-concept derived from the brand and further weak identification with the brand. In this circumstance, employees play a key role in communicating their firms’ values and identities to their customers (Harris and Chematary, 2001; Melewar and Kataosmaniglu, 2006) similar to the role of mentors or supervisors in an organization in terms of ensuring consumers’ identity and enhancing identification. When considering such vital roles of employees, the relationships with employees can reinforce a sense of customers’ belongingness to the brand by providing some evidence for the perception of the company as part of consumers’ self-concept. It is consistent with Paul et al. (2009) who argue that relationship characteristics are associated with social benefits including consumers’ attachment to the service provider. However, almost no empirical research has focused on the need for relationship in marketing, as opposed to the three other needs (self-consistency, self-distinctiveness and self-enhancement). As demonstrated in table 4.1, little research even about this issue has been carried out in organizational research. Thus, further study specifically associated with the need for relationship is likely to be much needed in marketing research.
Based on the prior studies, consumers' relationship with employees is likely to affect consumer identification. In service contexts, a large amount of research emphasizes the importance of contact employees as mediators who act as a link between the consumers and the firm (Gremler and Gwinner, 2000; Martin-Consuegra et al., 2006). In addition, employees satisfy the consumers' need for social relationships as the friends of consumers (Gremler and Gwinner, 2000; Gwinner et al., 1998; Rosenbaum, 2006). The service delivery processes inextricably encompass customers' interactions with employees who represent their company in the eyes of consumers. Interpersonal relationships with employees are, thus, important for customers to recognize and reinforce their attachment or belongingness to the service company. Employees interacting with customers could be the persons who most influence consumer self-identity in service companies.
**Table 4.2 Summary of Antecedents and Consequences of Consumer Identification (CI) in Key Empirical Marketing Studies**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Antecedents related to self-consistency need</th>
<th>Antecedents related to self-distinctiveness need</th>
<th>Antecedents related to self-enhancement need</th>
<th>Other antecedents</th>
<th>Moderators suggested</th>
<th>Consequences</th>
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</thead>
<tbody>
<tr>
<td>Kim et al. (2001)</td>
<td>-</td>
<td>-</td>
<td>Attractiveness of brand personality</td>
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<td>WOM reports (recommend, talking about experiences)</td>
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<td></td>
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<td></td>
<td></td>
<td>Brand loyalty (continue to use, additional buying, preference)</td>
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<tr>
<td>Bhattacharya and Sen (2003)*</td>
<td>Identity similarity</td>
<td>Identity distinctiveness</td>
<td>Identity prestige</td>
<td>-</td>
<td>Company salience *</td>
<td>Company promotion (WOM)</td>
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<td></td>
<td>Identity trustworthiness* (antecedents and CI)</td>
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<td></td>
<td></td>
<td>Loyalty (intention to use existing &amp; new product)</td>
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<td>Strong claim on the company</td>
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<td></td>
<td>Resilience to negative information</td>
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<tr>
<td>Lichtenstein et al. (2004)</td>
<td>-</td>
<td>Perception of corporate social responsibility</td>
<td>-</td>
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<td>Donations to related organization</td>
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<td>Store loyalty</td>
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<td>Emotional attachment</td>
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<td>Store interest</td>
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<tr>
<td>Ahearne et al. (2005)</td>
<td>Company characteristics</td>
<td>-</td>
<td>Salesperson characteristics**</td>
<td>-</td>
<td>-</td>
<td>Product utilization (repurchase)</td>
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<td></td>
<td></td>
<td></td>
<td>Company image**</td>
<td></td>
<td></td>
<td>Extra-role behaviour (recommend, participation, information provision)</td>
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<tr>
<td>Brown et al. (2005)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>WOM Intentions</td>
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<td></td>
<td>Commitment</td>
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<tr>
<td>Donovan et al. (2006)</td>
<td>Proximity (geographical location)</td>
<td>-</td>
<td>Significant others in the team</td>
<td>-</td>
<td>-</td>
<td>Affective commitment</td>
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</tbody>
</table>

83
### Prior Empirical Research into Organizational & Consumer Identification

<table>
<thead>
<tr>
<th>Authors</th>
<th>Antecedents related to self-consistency need</th>
<th>Antecedents related to self-distinctiveness need</th>
<th>Antecedents related to self-enhancement need</th>
<th>Other antecedents</th>
<th>Moderators suggested</th>
<th>Consequences</th>
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<tr>
<td>Einwiller et al. (2006)</td>
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<td>-</td>
<td>Resilience to negative information</td>
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<tr>
<td>Balmer and Liao (2007)****</td>
<td>-</td>
<td>Brand differentiation</td>
<td>Corporate ethos and identity traits</td>
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<td>Carson et al. (2008)</td>
<td>-</td>
<td>-</td>
<td>Members' quality</td>
<td>-</td>
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<td>Psychological sense of brand community</td>
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<td>Kuenzel and Halliday (2008)</td>
<td>-</td>
<td>Prestige</td>
<td>Communication satisfaction</td>
<td>-</td>
<td>-</td>
<td>WOM Repurchase</td>
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<tr>
<td>Homburg et al. (2009)****</td>
<td>-</td>
<td>Customer orientation</td>
<td>Employees' identification</td>
<td>-</td>
<td>-</td>
<td>Loyalty (intention to use, repurchase, recommend) Willingness to pay (maximum price)</td>
</tr>
<tr>
<td>Marin et al. (2009)****</td>
<td>-</td>
<td>Corporate social</td>
<td>Identity attractiveness</td>
<td>-</td>
<td>-</td>
<td>Loyalty (intention to repurchase)</td>
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<tr>
<td>Algesheimer et al. (2005)***</td>
<td>-</td>
<td>-</td>
<td>Brand relationship</td>
<td>Knowledge</td>
<td>-</td>
<td>Community engagement Normative community pressure</td>
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<td>Engagement)</td>
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*) not empirically tested
***) not significant
****) research into consumer identification with brand community
***** ) conducted in the service setting
Source: organized by author

84
4.3 An Overview of the Antecedents of Consumer Identification in the Proposed Research Model

Among the four consumers' needs (self-consistency, distinctiveness, enhancement and relationship), this study focuses on the determinants of consumer identification associated with the needs for self-enhancement and relationship in the financial services context. This is because little or no research in marketing has empirically investigated these variables, as mentioned earlier. Furthermore, the employee or other customer-related variables reflect the features of services (e.g., de Chernatony and Cottam, 2008; Eisingerich and Bell, 2007; Harris and de Chernatony, 2001; Gronhaug and Trapp, 1989; Vargo and Lusch, 2004; Wong, 1997). Based on the previous research, the present study suggests several antecedents of consumer identification.

Firstly, in terms of the need for self-enhancement, the current study proposes three determinant variables based on the literature. Previous research provides evidence that consumer identification is strengthened when consumers perceive a corporate brand as good or prestigious. The image of a brand is inferred by consumers from their perception of what kinds of customers use the brand, especially in terms of social status. The social recognition of the brand's consumers might be regarded by consumers as what it is exhibiting the brand image. Thus, social recognition is likely to affect consumer identification.

In addition, a consumer's sense of being respected or valued by others seems to be generated by employees' attitudes and behaviour towards the consumer in service contexts. Consumers may feel a sense of being respected or valued when they receive customer oriented services or preferential treatment by the employees in service encounters. Both employees' customer orientation and preferential treatment are, thus, likely to contribute to the self-esteem of their consumers in the service setting. However, as opposed to a number of prior studies regarding company image (e.g., corporate social responsibility and prestige), the effects of the variables including social recognition, customer orientation and preferential treatment on consumer identification are not explored, proposed and tested by marketing scholars. Based on the literature, these three variables ('social recognition', 'preferential treatment', and 'customer orientation') which are associated with the consumers' need for self-esteem, are suggested as the predictors of consumer identification in the research model.
Secondly, 'social relationship' is also suggested as a determinant of consumer identification based on satisfying the need for relationship with others. This factor is regarded as one of the critical features of services (e.g., Alexander and Colgate, 2000; Johnson and Selnes, 2004; Lovelock, 1983). Therefore, the four variables proposed are discussed in depth in the next section.

4.3.1 Social Recognition

Social recognition refers to a consumer’s personal trait representing the desire to be well respected by others and indicates the perceived evaluation of oneself by others in society (Odeskerken-Schroder et al., 2003). However, this study is interested in the degree of construed social recognition of a company’s customers from the observers’ viewpoint rather than a perceived person’s social recognition of oneself. In other words, it is the individuals’ perception of whether fellow customers of the company are respected by others in the society. The impact of fellow consumers on consumption behaviour has been dealt with in studies into material possessions (e.g., Mittal, 2006; Richins, 1994a, b; Wong, 1997) and reference group (e.g., Bearden and Etzel, 1982; Escalas and Betman, 2005; Childers and Rao, 1992). The approach to materialism points out the importance of the value and the meaning of one’s possessions in terms of the evaluation of individuals’ status by others in the society. Consumers consider the communicative aspects of their possessions to others when they make decisions about what brand they purchase because they are concerned about how they are viewed to and judged by others (Wong, 1997). This means that consumers can be affiliated with a brand or company which the customer believes to be prestigious or aspires to belong to through purchase of specific brands that signal their social status. This idea is supported by Gronhaug and Trapp (1989) who found that service brands are associated with a certain social class. These several pieces of work show that consumers are motivated to acquire their positive social image and to exhibit their belongingness to desirable reference groups in the society. This motive could be satisfied by selecting service companies which possess more positive images or identities because the identities contribute to consumers’ positive self-image. In terms of determining which companies possess the desirable characteristics, consumers can use social recognition of the company’s consumers as the criterion for making the decision in service contexts.
When an individual perceives other customers of the firm to be attractive and respected by people, the customers of the firm can be used as a reference group and the person may identify more with the company. Choosing a company among competitors is related to how attractive the fellow customers of the company are as a reference group. The concept of ‘reference others’, who have a strong impact on self-definition processes, is suggested by Greenwald and Breckler (1985) and supported by Scott and Lane (2000). Reference others can be a group with which an individual identifies. Sheth and Parvatiyar (1995) suggested that consumers tend to establish and sustain buyer-seller relationships to meet their needs to get closer to a reference group.

When a brand is used for building and communicating self-concept to others, the linkage between the self and the brand could be created and strengthened, when the reference group uses the brand (Escalas and Bettman, 2005). Thus, reference group membership is closely associated with brand usage (Bearden and Etzel, 1982; Childers and Rao, 1992). In this regard, consumers establish associations between a reference group and the brand which has valuable meaning in their current self-concept or possible self, and incorporate the meanings of the brand into their self-concept by selecting the brand (Escalas and Bettman, 2005). Consistent with social identity theory, Escalas and Bettman (2005) argue that the exhibition of an individual self-concept depends on his or her social self. Consumers express their social connection with a group by purchasing the brands associated with the group. Accordingly, the attractiveness of a company is likely to be judged based on the social recognition or status of its other consumers.

4.3.2 Preferential Treatment

In a highly competitive business environment, banks are encouraged to offer their important clients preferential services. Distinctive services are developed for and applied to the selected clients to maintain the clients and to attract more new customers. In service sectors, the phenomenon of differentiation appears not only in financial services industries (e.g., banks) but also in a retail industry (e.g., department stores). For example, preferential treatment includes invitations to special events, advanced sales notices, and access to dedicated customer service personnel (Lacey et al., 2007).

Czepiel (1990, p.13) viewed a relationship between a service provider and its client as “the mutual recognition of special status between exchange partners”. Special status means all
customers are not the same in terms of their contribution to the service firm’s success, and the firms should correspond to the customers’ status with proper treatment. In fact, preferential treatment for selective customers is a common trend in marketplaces, although the criteria for defining the profitable clients, who are the subjects of preferential treatment, are different from company to company.

The basic idea of relationship marketing is serving important customers who contribute to the company’s long-term profits better than other customers. It is essential to select a particular customer group among customers depending on their contribution to the firm (Sheth and Parvatiyar, 1995). Loyalty programs, which are initiated and implemented by companies, are likely to be regarded as a typical preferential treatment (Lacey et al., 2007). Firms have limited resources so they might invest more in and concentrate their resources on valued customers rather than all existing customers.

Preferential treatment can be viewed as “expressions of tangible appreciation” (Goodwin and Gremler, 1996, p.277) that involves not only discounts, saving money, gifts (Peterson, 1995) and better customized service benefits (Gronroos and Ojasalo, 2004) but also affective benefits including caring and the feeling of being welcome or respected (Barnes, 1997). It is supported by Gwinner et al. (1998) who argue two aspects of preferential treatment: an economic aspect and customization aspect. The economic aspect reflects monetary values (e.g., discount or special deals, service upgrades) and time saving values (e.g., priority appointment, faster service). The latter component, customization, includes personal recognition, extra attention and specific services not normally provided to other customers (Gwinner et al., 1998). In this manner, special treatment is associated with higher grades of treatment towards the customers as a privileged member (Leenheer et al., 2007). Firms provide their selected customers with a sense of being a special or privileged person, which in turn contributes to the customers’ perceptions of high self-esteem. Therefore, preferential treatment is likely to fulfil the customers’ need for self enhancement.

Although preferential treatment is common in service firms, its effect on customer response seems to be limited. The limited effect of preferential treatment on customer behaviour can be explained by two different reasons. The first reason arises from the economic aspect of preferential treatment. Economic benefits may increase immediate customer satisfaction but they are insufficient to engender true loyalty (Rosenbaum et al., 2005). Financial incentives do not automatically ensure loyal behaviour by existing customers. Only when the benefit is
related to and supported by emotional connection with the company does it lead to real customer loyalty (Rowley, 2007). True loyalty is thus likely to be generated and maintained through a sense of identification.

Another point is due to consumer entitlement which is the customer's tendency to expect special treatment and automatic compliance with his or her expectations by the firm (Boyd and Helms, 2005). If the customers have accumulated experience regarding a company and recognise their high value to the company, they may be entitled to privileges (e.g., Hennig-Thurau et al., 2002). In other words, the customers regard preferential treatment as a natural outcome of the relationship.

4.3.3 Customer Orientation

Customer orientation, which is regarded as part of corporate climate or culture (e.g., Deshpande et al., 1993; Evans et al., 2007; McDonald et al., 2001), is important to firms' success. Furthermore, customer orientation can be viewed as an element of both corporate identity and corporate marketing based on the literature which indicates that corporate culture is included in both corporate identity (Balmer and Wilson, 1998; Melewar et al., 2005, 2006) and corporate marketing (Balmer and Greyser, 2006).

Employees' perceptions of the priorities of their organization or what is valued by the organization motivate the employees to follow the priorities and values of the company. The culture and values of the company indicate the directions on which the employees should concentrate their energies and competences. The directions, in turn, become major variables in creating a climate (Clark, 1997; Dimitriades, 2007) so that corporate culture extends to corporate values, principles, guidelines, etc (e.g., Balmer and Wilson, 1998; Melewar et al., 2005, 2006). A company can create a customer-focused service culture, and the culture prevails among its employees as a prerequisite for consistent high-quality services delivery (McDonald et al., 2001). For customers, the consistent services offered by the company can generate positive perceptions of the company. In this respect, customer orientation can be viewed as part of the important culture or climate which affects employees' behaviour through providing some guidance for their behaviour. In other words, customer orientation as one of the organizational characteristics provides its service employees with what aspects they should stress and how they behave, thus, it entails norms, beliefs, and values of the firm.
In particular, Despande et al. (1993, p.27) conceptualised customer orientation as “the set of beliefs that puts the customer’s interest first” From this definition, it is recognised that the customer’s interest should be the priority in determining employees’ behaviour. In a similar vein, Saxe and Weitz (1982) emphasize that the main role of employees is helping customer purchase decisions that satisfy customer needs. These studies show that customers feel they are respected by the employees of the firm and thus, customer orientation is likely to meet the customers’ need for self-esteem.

Saxe and Weitz (1982) state that customer orientation is important when: i) salesperson can offer a wide range of alternatives and has the expertise to assist the customer; ii) consumers’ buying task is complex; iii) a cooperative relationship exists between salesperson and customer; and iv) WOM and repeat purchases are important for business. These conditions meet and reflect the characteristics of the current financial services industry (Eisingerich and Bell, 2007): the concept of customer orientation is thus critical in the financial services.

With regard to the approach to customer orientation, prior research has been classified into two different approaches associated with two different levels of analysis (Stock and Hoyer, 2005), namely, the individual level (e.g., Brady and Cronin Jr, 2001; Michaels and Day, 1985) and the organizational level (e.g., Kennedy et al., 2003; Kohli and Jaworski, 1990). The research at individual level concentrates on individual employees’ customer orientation on the basis of Saxe and Weitz (1982). It emphasizes the individual employees’ customer orientation. In contrast, another approach at organizational level focuses on a broader construct, marketing orientation rather than customer orientation. Customer orientation is just one component of market orientation (Kohli et al., 1993; Narver and Slater, 1990) which also includes competitor orientation and interdepartmental orientation (Jones et al., 2003). This broader approach is thus usually adopted when making comparison of market orientation among companies at a company level. Of the two different approaches, this study adopts the narrow approach whose concern is at an individual employee level, because the focus of the present study is on the impact of employees on consumer identification.

In summary, the concept of customer orientation is crucial specifically in the financial services industry in nature and emphasizes customers’ interest as a priority in employees’ behaviour as part of a firm’s culture or identity. Thus, it contributes to fulfilling customers’ need for self enhancement. In addition, this study adopts the individual approach to this concept in order to test the impact of customer orientation of employees on consumer identification at an individual employee level.
4.3.4 Social Relationship

The interactions with employees are beneficial for customers in terms of establishing and maintaining social relationship. Although the contact with an employee is essentially made as an economic exchange, it may appear to be one of the social activities that fulfil the customer’s need for social relationships. The importance of social relationship has been suggested by Czepiel (1990), Czepiel et al. (1985), and Jackson (1993). They continuously argue that the relationship with a service provider makes its customers feel important. Consumers’ relationship with a service company inevitably involves both aspects of personal bonds and professional bonds (Czepiel, 1990). Clients primarily seek functional benefits from the relationship, but also seek social friendships specifically in contractual relationships (e.g., bank, insurance). McCallum and Harrison (1985) thus viewed social relationship as ‘an unsought bonus beyond the core service’.

From a consumer perspective, several researchers have also explored the significant and deep relationships of customers with employees, such as social relationships between consumers and service providers (Price et al., 1995; Gremler and Gwinner, 2000; Gwinner et al., 1998; Price and Arnould, 1999). Some consumers conceive of the service providers as friends (Price and Arnould, 1999) and the commercial premises as a place of home rather than a place for consumption, because they regard employees as friends or relatives (Rosenbaum, 2006). Such commercial friendships can occur even when the opportunities for sociability are restricted such as contacts by telephone call (Price and Arnould, 1999), so that friendship is an aspect of commercial exchanges in service contexts.

In terms of the nature of social relationship in the commercial context, it is likely to be characterised by i) association with a feeling of personal friendship, ii) prolonged relationship and iii) the importance of this concept in the service context. Firstly, social relationship is similar to general friendships as illustrated by feelings of intimacy with the service provider, caring about each other and sharing their feelings (Price and Arnould, 1999). Especially, service providers need to build the social relationship with customers and provide their customers with emotional benefits in extended and affective services (Price et al., 1995). Customers may have a feeling of being understood themselves or of a connection being made to their personal life and experience, and thus they engage in self-revelations rather than simply using the services (Price et al., 1995). Secondly, Price and Arnould, (1999) revealed
that prolonged and frequent interactions affect social relationship, although the social relationships can appear at different levels of personal interaction in service encounters (Goodwin and Gremler, 1996). Thirdly, the importance of social relationship for both customers and companies is highlighted in service settings (Gremler and Gwinner, 2000), and further in financial services where interactions with employees are emphasized (de Chematony and Cottam, 2008; File and Prince, 1994). Personal relationships with key employees provide tangible and psychological benefits for clients (Gwinner et al., 1998; O’Loughlin and Szmigin, 2006) and developing consumer-employee relationships promises the companies successful service brands (de Chematony and Riley, 1999).

Based on the literature, employees are not only service providers but also social friends who influence consumers’ attitude and behaviour. Accordingly, social relationship is a variable related to employees. Specifically, in the case of financial services institutions which are a kind of personal service, the financial advisers become more important in contacts with customers compared to any other services.

4.4 Research into the Outcomes of Consumer Identification

The positive outcomes of identification are based on depersonalization and in-group favouritism of the social identity approach. Through depersonalization, consumers are motivated to follow the norms of the company such as how consumer should behave as a member, and to hold supportive attitudes towards the company so that they act on behalf of the company. To achieve and sustain positive self-concept, in-group favouritism over other groups occurs in terms of evaluation of the group associations such as its products (Turner, 1981).

In organizational contexts, previous studies implied that identification influences members’ favourable evaluation of and attitudes towards their organization (e.g., Ashforth and Mael, 1989; Karasawa, 1995; Oakes and Turner, 1980; Oaker and Brown, 1986; Sidanis, Pratto and Mitchell, 1994; Turner, 1975; Terry and Hog, 1996). Individuals are also willing to engage in a number of beneficial kinds of behaviour for the organization. In particular, there is much empirical evidence that identification is linked to citizenship behaviour, extra-role behaviour or active loyal behaviour; financial contribution (Mael and Ashforth, 1992; O’Reilly and Chatman, 1986); intention to recommend, intention to participate in company activities (Mael and Ashforth, 1992); citizenship behaviour (Dutton et al., 1994; van Dick,
2006); cooperation, intention to contact with the group (Dutton et al., 1994); cooperative behaviour (Tyler and Blader, 2000); and extra-role behaviour (O'Reilly and Chatman, 1986). The previous empirical studies reveal that employee identification positively affects employee behaviour. In a similar way, it could be applied to the positive effect of consumer identification on consumers’ responses such as citizenship behaviour. In other words, companies are able to motivate customers to engage in proactive or citizenship behaviour by the enhancement of consumer identification.

Similar to employees’ behaviour which is divided into in-role and extra-role, customers’ behaviour could be classified into passive behaviour such as re-patronage intention and active or citizenship behaviour including recommend (e.g., Ganesh et al., 2000). Among these two different types of behaviour, this study focuses on active or extra-role (citizenship) behaviour rather than passive, because customers’ citizenship behaviour is emphasized as a potential source of competitive advantage (Paine and Organ, 2000). Consumers’ proactive behaviour is considerable and critical particularly for services brands. For example, positive WOM and consumer participation in the process from choice of a service brand to the service delivery are emphasized from the service-centred perspective, which highlights the role of consumers as a co-producer or partner rather than just customers (Vargo and Lusch, 2004).

In marketing literature, several researchers have identified the consequences of consumer identification as shown in Table 4.3. These include donation to the corporate-supported non-profit organization (Lichtenstein et al., 2004), positive WOM behaviour (Brown et al., 2005), the resilience effect on negative information regarding the company (Einwiller et al., 2006), and sponsorship-linked purchase intention (Cornwell and Coote, 2005). However, marketing researchers did not focus on proactive or citizenship behaviour as the consequences of consumer identification, although previous literature suggests its beneficial outcomes as mentioned above. Bhattacharya and Sen (2003) propose positive WOM and voice as the outcomes of consumer identification, but it has not been empirically tested. Ahearne et al. (2005) involve the relationship between consumer identification and extra-role behaviour as another outcome, but this was carried out in the context of physician rather than common consumers. Although several researchers have investigated the relationship between consumer identification and WOM, these studies were carried out in the particular context of product brands or online brand communities (e.g., Brown et al., 2005; Carson et al., 2008; Kim et al., 2001; Kuenzel and Halliday, 2008). Even the relationship between consumer identification and consumer participation has not been tested. Based on the literature, the present study
concentrates on consumers’ proactive behaviour as the consequences of consumer identification.

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<th>Table 4.3 Overview of Key Empirical Studies regarding Consumer Identification</th>
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94
Balmer and Liao (2007) | Students of university | Case study | Brand differentiation, distinct brand community, corporate ethos, identity, reputation, prestige and members’ quality
---|---|---|---
Kuenzel and Halliday (2008) | Car owners (have bought their car from new within last three years) | Mael and Ashforth (1992) A 6-item measure | Prestige, satisfaction, corporate communication, word-of-mouth and repurchase
Carson et al. (2008) | Customers of a service brand (a well-known, U.S-based theme park) | Bergami and Bagozzi (2000) A 2-item measure | Identification with brand community, psychological sense of brand community, brand commitment, brand preference, will attend brand events, WOM and celebrate brand history

Source: organized by author

In this study, positive word-of-mouth and consumer participation will be examined as the outcomes of consumer identification for several reasons. Firstly, WOM and consumer participation are commonly suggested as citizenship behaviour (Bailey et al., 2001; Bettencourt, 1997; Groth, 2005; Gruen, 1995; Keh and Teo, 2001; Rosenbaum and Massiah, 2007). Secondly, WOM is essential for a successful corporate brand as a superior predictor of the company’s performance over its other predictors (Reichheld, 2003; Söderlund, 2006; Jones and Taylor, 2007). Thirdly, consumer participation is recently received much academic attention in terms of the importance of consumers as the value co-creators (Dong et al., 2008; Xie et al., 2008; Vargo and Lusch, 2004), co-producers (Bendapudi and Leone, 2003) or even as partners for product innovativeness (Fang, 2008). The academic work highlights the critical role of consumer participation in terms of the consumers’ role as providers of important information. Despite the importance of these outcomes, the effect of consumer identification on both positive WOM and consumer participation has not been investigated in the context of financial services. Accordingly, these two consumer intentions, positive WOM and consumer participation, are involved in the proposed research model. In the next section, the two chosen concepts, ‘positive WOM’, and ‘consumer participation’ are discussed.

**4.5 An Overview of the Consequences of Consumer Identification in the Proposed Research Model**

This study suggests two consequences of consumer identification, positive WOM and consumer participation as proactive behaviour intentions. The following two sections are devoted to discuss the two constructs in detail.
4.5.1 Positive Word-of-Mouth

WOM refers to informal, interpersonal and non-commercial communications (Harrison-Walker, 2001) about the ownership, usage, or characteristics of particular products and services and/or their sellers (Westbrook, 1987). From the fellow consumers' view, WOM is likely to be viewed as consumers' proactive behaviour, because WOM is basically a voluntary behaviour motivated more by 'their desire to help a friend by giving referrals than any type of reward' (Gremler and Brown, 1999) as a citizenship behaviour in nature. Thus, customers are willing to help others and feel pleasure when they share information with others (Walsh et al., 2004) rather than just remaining as customers of the company. From the company's view, customers who recommend the firm to others are described as 'true customers', 'apostles' and 'advocates' (Gremler and Brown, 1999) which indicates the active role of customers for the company. Thus, customers are not just buyers but also can be regarded as partners of the company (Bettencourt, 1997).

Although there is consensus in the characteristics of WOM among researchers as stated above, the conceptualization of WOM differs slightly from researcher to researcher in terms of the direction of communications. Some researchers include both positive and negative communications in the definition of WOM (e.g., Maxham and Netemeyer, 2002), while others define WOM as recommendation which means positive communications (e.g., Brown, 2005; Gremler and Brown, 1999). Nevertheless, the conceptualisation of WOM as recommending a brand to others rather than both sides is widely adopted and received attention by researchers (e.g., Bansal and Voyer, 2000; Bettencourt, 1997; Keaveney, 1995; Parasuraman et al., 1985; Wangenheim and Bayon, 2007; Zeithaml et al., 1993). Moreover, the focus of the study is on positive outcomes of consumer identification as part of consumers' proactive behaviour on behalf of the company based on SIT and organizational identification research. Accordingly, this study adopts the definition of WOM as positive communications.

WOM is very influential to consumers' buying behaviour because consumers believe that personal sources (WOM) are unbiased and trustworthy compared to the source provided by companies (Bansal and Voyer, 2000; Murray, 1991). For this reason, information provided by companies (e.g., an advertising campaign) becomes effective in combination with WOM by its synergetic effect (Bristor, 1990). Consequently, positive WOM often results in valued
outcomes for the company: consumer patronage (Zeithaml, et al., 1993), new customer acquisition (Keaveney, 1995; Wengenheim and Bayon, 2007), and reinforcement of the positive image or evaluations of a firm (Parasuraman et al., 1985).

In particular, the importance of positive WOM is highlighted for service brands, because of its unique characteristics: high perceived risk, difficulty in service brand evaluation due to their experiential feature; and complex and divergent features (File et al., 1992; Murray, 1991). WOM is thus viewed even as "a dominant force in the marketplace for services" (Mangold et al., 1999, p.73). Furthermore, financial services companies depend heavily on WOM recommendation for obtaining new customers (Gremler and Brown, 1999) in circumstances where customers have insufficient knowledge regarding the financial services or products (Boyd et al., 2004; Crosby et al., 1990; Darby and Karni, 1973) which makes the consumers more dependent on WOM. As the result, the impact of WOM on consumers’ buying behaviour is greater in the financial services industry than other industries (Bansal and Voyer, 2000). Based on the literature, positive WOM is an attractive variable in the financial services industry.

### 4.5.2 Consumer Participation

Consumer participation is defined as a customer behaviour indicating active involvement in the management and development of the company's product and services (van Dyne et al., 1994). The concept of consumer participation has received academic attention specifically from services researchers who focus on the customers’ role as 'partial employees' who help the firm improve its service (e.g., Bettencourt et al., 2002; Hsieh et al., 2004; Mills and Morris, 1986). Consumers not just consume the services but they can also commit to the service process (Miles et al., 1983; Mills and Morris, 1986). Customers are likely to be able to participate in the various aspects of business such as making suggestions and informing experienced problems in service processes (Rosenbaum and Massiah, 2007), in service recovery (Dong et al., 2008) or even more actively in production processes or new product development (Fang, 2008; Fang et al., 2008). As such, the concept of consumer participation underlines consumers’ active involvement in service processes as partners rather than just as consumers of the company.

With regard to the kind of consumer participation, Fang (2008) suggests two substantial types of consumer participation, co-developers and information providers. Customers can take part
in development tasks as co-developers and engage in information sharing activities with the company as information providers.

As information providers, consumers may actively contribute to improvement in the firm's products and services by discussing and sharing their opinions or ideas with its employees. Several marketing researchers have recognised the value of suggestions by customers (Bettencourt et al., 2002; Juttner and Wehrh, 1994). Customers' feedback or suggestions lead to successful problem management, which in turn reinforces customer loyalty (Fornell and Wernerfelt, 1987) and further expansion or development of the firm's new services (Plymire, 1991). Therefore, customer participation as an information provider provides a 'fruitful avenue' for the service firm (Eisingerich and Bell, 2006).

In contrast to information providers, customer participation as co-developers needs to be deliberated by companies because it may lead to some risk. Companies can persuade customers to perform the role of co-developer, even though they are unwilling to engage in participation due to their lack of time, knowledge or skills to perform the role (Bendapudi and Leone, 2003; Flieb and Kleinaltenkamp, 2004). Thus, service firms should carefully consider the customers' intention and ability to perform the role (Bendapudi and Leone, 2003). In this manner, consumer participation as co-developer is likely to be constrained to specific consumers who have sufficient knowledge and time to take part in the role. The financial services industry is characterised by asymmetry in knowledge (e.g., employees have superior knowledge over customers) as mentioned earlier, and thus it leads to limitation in consumer participation as a service product developer. Based on the literature, the present study focuses on the customer's role as an information provider.

4.6 Research into Moderator Variables in Identification Studies

In previous identification research, relatively few studies have suggested moderating variables of identification - its antecedents relationships or identification - its consequences relationships. The variables suggested as a moderator are divided into two groups, depending on which relationships are moderated by the variables.

As the moderators in the relationships between identification and its determinants, two variables are suggested in previous consumer identification literature: identity salience (Bhattacharya and Sen, 2003; Marin et al., 2009) and identity trustworthiness (Bhattacharya and Sen, 2003). Based on these studies, 1) when identity salience is high, and 2) when brand
identity trust is high, the relationship between identification and its determinants is likely to be stronger than when the moderator variables are low. This study thus investigates the two variables, identity salience and brand trust, as moderators influencing the relationships between the proposed determinants and consumer identification.

In addition, three variables are suggested as moderators in the relationships between identification and its outcomes in consumer identification literature: company identity salience (Marin et al., 2009), brand knowledge (Algesheimer et al., 2005) and length of relationship (Hombrug et al., 2009). On the basis of the literature, 1) when the company is salient, 2) for knowledgeable consumers, 3) when consumers have a long-term relationship with the company, the impact of identification on its outcomes may be stronger compared to the opposite cases. Of these variables, identity salience and brand knowledge are involved in the proposed model. Consequently, three variables, identity salience, brand trust and brand knowledge are chosen as the moderators for this study. The reasons for choosing these three variables are respectively as follows.

Firstly, identity salience is selected on the basis of the differences between consumers and employees in terms of the identity salience of the company. Generally, the majority of employees belong to a single company rather than multiple companies so that they simply identify with their firm, although their strength of identification differs. In fact, working organizations are constantly salient for employees so that identity salience is not likely to be meaningful in the context of organization (Scott and Lane, 2000). As a result, identity salience is not an academic issue in organizational research, and thus almost no published research concentrates on the concept. By contrast, “consumers often develop a network of service providers rather than a single dominant relationship so that importance of the network nodes (service providers) can vary with the consumer’s needs” (Goodwin and Gremler, 1996, p.252). Indeed, they can select several companies with which they are interested in affiliation, and they identify with the companies (Peterson, 1995). The concept of identity salience is thus important for consumer identification as opposed to employee’s organizational identification. Identity salience needs to be investigated as a moderator in the relationship between consumer identification and its antecedents suggested.

Bhattacharya and Sen (2003) claimed that the link between consumer identification and its antecedents is moderated by identity salience that increases the effect of the proposed variables on consumer identification, but this has not been tested. Only Marin et al. (2003)
empirically found the significant moderating effect of identity salience in the two links between attractiveness and consumer identification, and between consumer identification and loyalty, but not in the link between corporate social responsibility (CSR) associations and identification. Therefore, the moderation role of identity salience needs to be investigated in the relationship between consumer identification and its antecedents proposed (social recognition, customer orientation, preferential treatment and social relationship) as well as between consumer identification and its consequences (positive WOM and consumer participation).

The second proposed moderating variable is brand trust. The relationships between consumer identification and its determinants are also likely to be moderated by brand trust. Bhattacharya and Sen (2003) argue that brand identity trustworthiness influences the relationship between attractiveness and identification. For consumers whose trust in the corporate brand is high, the impact of attractive attributes of the corporate brand on consumer identification is likely to be strengthened compared with consumers whose trust is low. In particular, trust is also associated with perceived risk that is one of the significant features of financial services when consumers choose a financial company (Chaudhuri and Holbrook, 2001; Doney and Cannon, 1997; Sichtmann, 2007). Therefore, trust in a corporate brand may be regarded as a moderator that increases the effect of the attractive attributes of the brand on consumer identification. However, this moderating role of brand trust has not been empirically tested. Therefore, brand trust is involved as a moderator variable in the proposed model.

Thirdly, brand knowledge is chosen as a moderator which increases the impact of consumer identification on positive WOM and consumer participation. Although Algesheimer et al. (2005) tested brand knowledge as a moderator in the relationship between identification and engagement in the community, this was in the context of online brand community. This impact is likely to be applicable to consumer identification with a corporate brand. Moreover, its moderating role may not be limited to the relationship between consumer identification and consumer participation, but to the relationship between consumer identification and positive WOM. However, it has not been explored and tested in consumer identification with corporate brand research in the financial services industry.

4.7 An Overview of the Moderators in the Proposed Model
Based on the prior research, the present study involves three important moderators, identity salience, brand trust and brand knowledge in the proposed model. This section is devoted to an overview of the chosen concepts.

**4.7.1 Identity Salience**

The concept of identity salience has been developed and investigated by social identity scholars (e.g., Turner, 1982; Turner et al., 1987; Turner, 1999; van Dick et al., 2005), although it was dealt with as the concept of category salience rather than identity salience, because a person can belong to a number of categories (e.g., gender, job, ethnicity, etc) in society. From the social identity approach, category salience is a crucial factor in terms of engendering social identification. In particular, social categorization theory addresses the question of why this factor is important. The concept of category salience has been explored (e.g., Oakes, 1987; van Dick et al., 2005) on the basis of the assumption that “the content of self-perception depends on the salient level of abstraction” (Oakes, 1987, p.117). In other words, social identity theory assumes that people have several identities derived from several categories to which they belong rather than a single one. For example, a female consumer may see herself as a mother, a member of a nongovernment organization and a customer of organic food brands. Although the self-concept consists of many identities, each identity’s salience or contribution to their self-perception is different from one occasion to another. All the identities are not always evoked to affect her purchase behaviour. To activate a certain social identity in an individual’s self-concept, specific identity information must be dominant in his or her social self-concept (Marin et al., 2009). The activated identities refer to salient identities which are more likely to influence the person’s behaviour than other identities do (Burke, 1980; Hogg et al., 1995). Consequently, when individuals perceive that the affiliated company is psychologically significant, the importance of their identification with the company increases in their self-concept (Turner et al., 1987), and they regard themselves as more relevant to the category (e.g. company) (Van Dick, 2005). In this view, individuals as consumers are more similar as members of social groups than as employees of an organization in terms of a sense of belongingness to multi-brands rather than to a specific corporate brand. Therefore, the moderation role of identity salience is likely to be applicable to consumer in marketing settings.
4.7.2 Brand Trust

In terms of the relational aspect of consumer-brand relationship, brand trust is regarded as a critical concept for consumers (Elliott and Yannopoulou, 2007). From the consumer viewpoint, brands could be relational partners of consumers similarly to the exchange partner for one partner in buyer-seller relationship (Delgado-Ballester et al., 2003) so that consumers may develop trust in a brand.

Various conceptualizations of trust including overall and multidimensional trust, have been discussed as follows. Some researchers do focus on overall trust rather than on the specific dimensions of trust (e.g., Moorman et al., 1992; 1993). Chaudhuri and Holbrook (2001), for example, defined brand trust as the willingness of the consumer to rely on the brand in line with Moorman et al. (1992) who emphasize the reliability of the exchange partner. This definition viewed trust as 'a belief' about an exchange partner's trustworthiness based on the partner's reliability (Anderson and Narus, 1990). In particular, Sichtmann (2007) investigated consumers' trust in corporate brand as overall trust in terms of its defining and measuring. The conceptualization focusing on overall trust is followed by researchers including consumer trust in the financial services context (Eisingerich and Bell, 2007; Evans et al., 2008) and brand trust (Sichtmann, 2007; Wu et al., 2008) as well as buyer trust (Kingshott and Pecotich, 2007).

In contrast, several researchers (e.g., McAllister, 1995; Genasan, 1994; Doney and Cannon, 1997) argued two elements of the concept of trust, namely benevolence, which is one party being concerned with the other party's interest, and credibility, which is a belief about reliability or trustworthiness. Mayer et al. (1995) and Sirdeshmukh et al. (2002) further suggested three components, credibility, benevolence and integrity which is reliance on adhering to promises. However, the multidimensional approach is criticized by other scholars. Notably, it is very difficult to separate the dimensions of trust (Lee, 2004). Moreover, credibility and confidence are not the components of trust and these concepts are different from the concept of trust (Elliot and Yannopoulou, 2007; Sichtmann, 2007). In addition, the benevolence element clearly overlaps the concept of customer orientation in terms of concerning consumer's interest (see, Despande et al., 1993). Elliot and Yannopoulou (2007) even viewed brand trust as a process being developed rather than a fixed concept consisting of multi components. Consequently, there is no consensus in the literature in terms of
conceptualizing the dimensions of trust (Delgado-Ballester et al., 2005; Heffernan et al., 2008) due to the differences in the specific academic objectives (Li et al., 2008).

Among the various approaches to the concept of trust, the present study follows the concept of trust as overall trust rather than a concept which involves various aspects, for several reasons. Firstly, there is no consensus in the literature defining the dimensions of brand trust as stated above. Secondly, the aspect of benevolence in two or three dimensional views of trust raises a clarification issue such as separating from the concept of customer orientation in this study. Thirdly, the focus of study is not on discussion of the different aspects of trust, but on the moderating role of brand trust. To avoid overlapping in the definitions of customer orientation and brand trust and to consider the objective of the present study, the concept of corporate brand trust is defined for the present study as the consumers' belief that corporate brand is reliable, dependable and trustworthy in terms of conceptualizing as overall trust.

In nature, trust is critical particularly in the context where it inevitably associated with uncertainty and vulnerability or risk (Elliot and Yannopoulou, 2007; Moorman et al., 1993). Trust indicates a belief that the partner (e.g., brand) does not behave in an opportunistic manner and deliver its promises, so that trust is important in cases of uncertainty, which indicates the inability to control the exchange partner’s actions such as opportunistic behaviour (Sichtmann, 2007). It is similarly expected in the risky circumstance where the partner can cause some damage to the trustor (the other party) by the betrayal of the trustor’s trust (Evans et al., 2008). In the context of financial services, it is difficult for customers to evaluate the services provided by the firm (Eisingerich and Bell, 2007) so they rely on advisors or employees of the financial firm. Indeed, financial services are characterised by high levels of uncertainty (Eisingerich and Bell, 2007). In such situation of uncertainty and risk, trust reduces the levels of uncertainty and risk (Chaudhuri and Holbrook 2001; Doney and Cannon, 1997; Sichtmann, 2007).

4.7.3 Brand Knowledge

The concept of brand knowledge is based on the research into consumer knowledge. In this section, the concept of knowledge is discussed and followed by a measurement-related issue. The issue of consumer knowledge has been investigated in terms of two aspects, familiarity (Alba and Hutchinson, 1987; Heilman et al., 2000; Sharma and Patterson, 2000; Phillippe and Ngobo, 1999) and knowledge (Alba and Hutchinson, 1987; Füller et al., 2008). Brand

103
familiarity is defined as accumulated experiences regarding a specific brand (e.g., HSBC) and is separated from product familiarity which indicates experiences with regard to a product class (e.g., banks). The other aspect is brand knowledge, which is knowledge focused on a brand (Füller et al., 2008). Based on the literature, brand knowledge is defined as consumers’ knowledge about and experience of a certain brand in the study.

With regard to the effect of consumer knowledge, little is known about its impact (particularly the effect of brand knowledge) on consumer responses. Nevertheless, consumers’ knowledge regarding a particular brand is likely to lead to a positive evaluation of the brand (Zajonc and Markus, 1982), while product knowledge may result in a decrease in brand loyalty, because knowledgeable or more experienced consumers have a larger set of considerations and perceive lower switching costs than others (Wirtz and Mattila, 2003).

In terms of measuring consumer knowledge, this is measured and analyzed by both subjective and objective assessment. While objective knowledge indicates the actual level of knowledge, subjective knowledge refers to one’s perception of his or her knowledge level (Park et al., 1994). Between two different methods, previous research suggests that subjective knowledge is better for understanding and predicting consumers’ behaviour, strategies and heuristics than objective knowledge (Brucks, 1985; Park and Lessing, 1981). As subjective knowledge is based on what a consumer perceives that he or she knows, it is closely associated with self-confidence and depends more on product-related experience (Park et al., 1994). Particularly for service brands, subjective evaluation of intangible attributes or services is essential for building brand knowledge about a specific brand (Füller et al., 2008). Financial services are characterized by high intangibility and complexity so that whether a consumer perceives him or herself as a knowledgeable consumer is critical for consumer responses. Thus, brand knowledge will be measured based on the consumer’s level of self-assessed knowledge about the corporate brand.

4.8 Measurement of Consumer Identification

Although organizational and marketing researchers have recognised the theoretical importance of the concept of identification and have devoted a number of studies to the concept, there are still considerable differences in its conceptualization and measurement among researchers (Edwards, 2005). Consequently, there are several measures for
organizational and consumer identification based on different conceptualizations. The issue of measurement for identification has been firstly discussed in organizational behaviour research, then adapted by marketing researchers. Edwards (2005) and Riketta (2005) attempted to address this issue by comparison between and assessment of two measurement scales in particular, which are widely used for organizational identification, Mael and Ashforth’s (1992) and the organizational identification questionnaire (OIQ) developed by Cheney (1982 cited in Cheney, 1983).

As the scale for consumer identification, the scale of Bergami and Bagozzi (2000) and the measurement developed by Mael and Ashforth (1992) are widely accepted and used for empirical studies. In this section, therefore, the respective conceptualization and operational definition of the three scales are discussed in detail.

4.8.1 Organizational Identification Questionnaire (OIQ)

OIQ is originally composed of 25 items that are developed on the basis of the three phenomena stated by Patchen (1970) (Miller et al., 2000; Riketta, 2005), namely, feelings of solidarity (membership), support of the organization (loyalty), and perceptions of shared characteristics (similarity). According to Edwards (2005), this instrument includes a range of different aspects, value congruence, pride in the organization, perceived homogeneity of organizational member value, self-description as a member, citizenship behaviour, loyalty, sharing in the successes and failures of the organization, a perception that the organization cares about the member, a tendency to talk about the organization to others, a feeling that the organization is a family, concern for the fate of the organization, having warm feelings about the organization and a recognition of the organization’s success. However, Miller et al. (2000) used only 12 of these items as a result of factor analysis.

Due to the much broader conceptualizing of identification, the OIQ may raise clarification issues, namely, the OIQ includes its antecedents and outcomes of identification (Edwards, 2005). Of the OIQ, ‘citizenship behaviour’, ‘loyalty’, and ‘a tendency to talk about the organization to others’ were proved as outcomes of identification in organizational research (e.g., Mael and Ashforth, 1992; O’Reilly and Chatman; 1986; van Dick et al., 2006) as well as in marketing (e.g., Ahearne et al., 2005; Homburg et al., 2009; Lichtenstein et al., 2004). Furthermore, ‘value congruence’ and ‘caring about members’ were empirically tested and
revealed as the determinants of identification (e.g., Bhattacharya and Sen, 2003; George and Chattopadhyay, 2005; Fuller et al., 2006; Tyler and Blader, 2002). As mentioned in the section on different views of organizational identification, identification is a distinguishable construct from other related constructs including commitment. Nevertheless, the OIQ contains organizational commitment items (Miller et al., 2000). For example, one of the OIQ items, ‘a sense of pride as a member of the organization’ is included in the scales for organizational commitment developed by Mowday et al. (1979). In particular, the OIQ conceptually overlaps with the concept of affective commitment. This instrument has a strong correlation with attitudinal organizational commitment (r=.90) so that it is more similar to commitment than the scale of Mael and Ashforth (1992) (Riketta, 2005). Even Miller et al. (2000) state that the constrictive version of the OIQ composed of 12 items of membership, loyalty and similarity is the instrument for commitment rather than for identification. Therefore, the OIQ is hardly separable from the construct of organizational commitment (Edwards, 2005; Miller et al., 2000; Riketta, 2005; Sass and Canary, 1991).

4.8.2 The Scale Developed by Mael and Ashforth (1992)

The conceptualization of organizational identification as a cognitive concept in Mael and Ashforth (1992) seems to be much narrower than the OIQ and the commitment measurement scales (Edwards, 2005; Riketta, 2005). However, this cognitive definition of organizational identification is criticized by researchers who point out its affective aspect, which is even suggested as an important part of organizational identification (e.g., Abrams et al., 1998; Ellemer et al., 2004; Riketta, 2005) as well as consumer identification (e.g., Homburg et al., 2009). The affective or emotional aspect of identification is also supported by social identity researcher, Tajfel (1978) who argues that social identification entails emotions towards the group and its associations.

Moreover, even though Mael and Ashforth (1992) emphasize the cognitive nature of the concept, their scale which was developed for identification is not completely fitted to their cognitive conceptualization of identification (Bartels, 2006; van Dick, 2001). The measurement by Mael and Ashforth (1992) involves several items which indicate emotional or affective aspects (Bergami and Bagozzi, 2000; Edwards, 2005; van Dick, 2001; van Knippenberg and van Schie, 2000; Riketta, 2005). According to Bergami and Bagozzi (2000), three items in the scale correspond to emotional elements: ‘when someone criticises the
organization, it feels like a personal insult'; 'when someone praises the organization, it feels like a personal compliment'; and 'If a story in the media criticised the organization, I would feel embarrassed.' Therefore, this scale is likely to be appropriate to the conceptualization of identification composed of both cognitive and affective elements as stated by Homburg et al. (2009).

In terms of reliability, it is reliable with an average Chronbach's alpha of .85 across six studies (Mael and Ashforth, 1992) and satisfies uni-dimensionality (Bergami and Bagozzi, 2000). Riketta (2005) argues that the measurement tools do not overlap with the concept of organizational commitment and affective commitment scales as opposed to the OIQ. In addition, the measurement by Mael and Ashforth (1992) provides relatively homogenous results, while the OIQ produces heterogeneous findings compared with those of studies using the other instruments (Riketta, 2005).

Based on the results of a meta-analysis, Riketta (2005) concludes that the scale of Mael and Ashforth (1992) seems to be useful and the best measure for identification. Thus, Riketta (2005) recommends using this measurement for identification. As such, this instrument is the most representative measure of organizational identification (Edwards, 2005; van Knippenberg and Van Schie, 2000; van Knippenberg et al., 2002). Therefore, it is widely used by organizational researchers as well as by marketing researchers (Kreiner and Ashforth, 2004; Bhattacharya et al., 1995; Cornwell and Coote, 2005; Homburg et al., 2009; Kim et al., 2001; Kuenzel and Halliday, 2008).

### 4.8.3 The Scale Developed by Bergami and Bagozzi (2000)

Bergami and Bagozzi (2000) suggest the concept of cognitive organizational identification rather than the whole concept of organizational identification. They accept the definition of identification by Dutton et al. (1994) who view the concept as the cognitive connection between defining a member oneself and defining the organization. In other words, Bergami and Bagozzi (2000) acknowledge the narrow conceptualization of identification, and thus, the definition is restricted to reflecting only its cognitive aspect as proposed as the term 'cognitive organizational identification'. The scale of Bergami and Bagozzi (2000) consists of two items, a graphical item which measures a graphical representation of the level of overlap between the individual’s own and the organization’s identities, and a verbal item which asks the same as the graphic item. However, Shamir and Kark (2004) used only the graphical item rather
than the two items without explanation about dropping the verbal item. Dukerich et al. (2002) used the graphical item but together with the instrument of Mael and Ashforth (1992). Edwards (2005, p.223) argues that “it will require an assumption that the individual respondent has the same idea of what it means to identify with their organization as the researcher does, thus, the question risks some misinterpretation”. Shamir and Kark (2004) argued that this scale is not superior to verbal scales of identification. In Table 4.4, an overview of the three measurement scales for identification used in previous empirical studies is summarized.

### Table 4.4 Scales for Organizational Identification Used

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<tr>
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<tbody>
<tr>
<td><strong>Conceptualization</strong></td>
<td>• It is a broader construct than organizational identification (Ashforth and Mael, 1989; Edwards, 2005; Pratt, 1998; van Dick et al., 2004)</td>
<td>• It is defined as the concept as the perception of oneness with an organization (a cognitive concept)</td>
<td>• It refers to cognitive organizational identification</td>
</tr>
<tr>
<td><strong>Items</strong></td>
<td>• Originally 25 items</td>
<td>• 6 items (cognitive and affective aspects are included)</td>
<td>• 2 items (one graphical and one is verbal scale)</td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td>• It is reported alpha of .95 but the large number of items should be considered (Edwards, 2005)</td>
<td>• Average alpha of .85 across six studies (Edwards, 2005)</td>
<td>• Alpha of .71 (Bergami and Bagozzi, 2000)</td>
</tr>
<tr>
<td><strong>Validity</strong></td>
<td>• Less discriminant validity about attitudinal organizational commitment (AOC) than Mael and Ashforth’s (1992): high correlation with affective organizational commitment (.90) (Edwards, 2005)</td>
<td>• The highest mean correlation was the one with AOC (r=.78) but the shared variance was only 62% so that it is distinct from related concepts including AOC (Riketta, 2005)</td>
<td>• No evidence compared to other scales because a single item has been used in organizational study</td>
</tr>
<tr>
<td><strong>Research using the scale in organization studies</strong></td>
<td>• It is the second most used measure.</td>
<td>• It seems to be the most used organizational identification measure (Edwards, 2005; Riketta, 2005)</td>
<td>• Shamir and Kark (2004) and Dukerich et al. (2002) but both study partially used a graphical item rather than the two items.</td>
</tr>
<tr>
<td><strong>Research using the scale in marketing</strong></td>
<td>• Never used</td>
<td>• Bhattacharya et al. (1995)</td>
<td>• Ahearn et al. (2005)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cornwell and Coote (2005)</td>
<td>• Brown et al. (2005)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Homburg et al. (2009)</td>
<td>• Donavan et al. (2006)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Kim et al. (2001)</td>
<td>• Carson et al. (2008)</td>
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</tbody>
</table>
Mael and Ashforth’s (1992) is the most widely accepted by organizational researchers of these three measurement scales (Riketta, 2005), although the scale does not completely correspond to their own definition (Bartels, 2006; van Dick, 2001) as stated earlier. Marketing researchers adopted either the measure developed by Mael and Ashforth (1992) for organizational identification or Bergami and Bagozzi (2000) for cognitive organizational identification. However, the measurements of Bergami and Bagozzi (2000) have limitations for reflecting the whole concept of consumer identification as they point out that their focus is on measuring a cognitive aspect of identification rather than the whole concept. The conceptualization of identification still remains in the process of development (Edwards, 2005) so that the measurements are different depending on the perspectives. Nevertheless, from the perspective of conceptualizing identification as a cognitive and emotional concept, the instrument by Mael and Ashforth (1992) seems to be the most suitable of these scales. Recently, Homburg et al. (2009) adopted the scale of Mael and Ashforth (1992) to measure consumer identification which contains cognitive and affective aspects. As stated earlier in the previous chapter, the present study follows the definition of consumer identification as a construct encompassing cognitive and emotional aspects. Therefore, the scale developed by Mael and Ashforth (1992) will be used for this study.

4.9 Summary

The concept of consumer identification depends heavily on organizational identification, and its theoretical utility is suggested by marketing researchers. Although the recent research has been conducted in different settings, only little research has explored and investigated corporate brand identification such as Kuenzel and Halliday (2008) and Balmer and Liao (2007). Consumer identification with a corporate brand is considered as a competitive advantage because it is grounded on a strong relationship between a corporate brand and consumers.

Previous literature about determinants of identification clearly indicates that identification is derived from the needs for similarities, distinctiveness and self-esteem and relationships established in the organization. Focusing on the self-esteem and relationship needs which are
closely linked to service features, four antecedents of consumer identification are suggested. Firstly, in terms of satisfying the self-esteem need, 'social recognition' which reflects the impact of other customers of a brand on the image of corporate brands, and both 'preferential treatment' and 'customer orientation', which are related to the influence of employee, are considered as the predictors of consumer identification. In addition, 'social relationship' is proposed as an antecedent of consumer identification in relation to fulfilment of the need for relationship.

With regard to the consequences of consumer identification, a number of behavioural intentions have been examined. The previous literature reveals that the impact of consumer identification is specifically noticeable on proactive behavioural intentions such as positive word-of-mouth and consumer participation. The consumers’ proactive behaviour is also particularly critical in service sectors which emphasize the consumers’ role as partners of the service company. Therefore, 'positive WOM' and ‘consumer participation’ are involved in the proposed research model as its consequences. This study concentrates on the effects of other customers and employees on consumer identification as well as the effect of consumer identification on proactive consumer behaviours from the service-centred perspective.

In addition, ‘identity salience’ and ‘brand trust’ are likely to moderate the relationships between consumer identification and its antecedents, and the relationships between consumer identification and its outcomes in this study. ‘Brand knowledge’ may moderate consumer identification - its outcomes relationships as well.

Based on the literature review, this study is devoted to testing the proposed research model composed of several selected antecedents (three employee-related variables and one other customer-related variable), outcomes of consumer identification (positive WOM and consumer participation), and three moderating variables (identity salience, brand trust and brand knowledge) in the financial services context.

In terms of the measurement issue of identification, the present study will adopt the instrument of Mael and Ashforth (1992) which is the most widely used scale. It seems to be also appropriate for the definition of identification, which includes cognitive and affective aspects. Furthermore, it has been proved as a reliable and valid measurement scale. In the next chapter, the research model will be proposed on the basis of the selected variables in detail.
CHAPTER FIVE

THE RESEARCH MODEL

5.1 Introduction

The previous chapters provide a broad theoretical overview of constructs in the research model. The previous empirical studies, which show the theoretical basis and the need for a study of the relationships among social recognition, preferential treatment, customer orientation, social relationship, consumer identification, positive word-of-mouth and consumer participation, provide support for the research model. Based on the literature, the development of the research model and hypotheses is examined to achieve the objectives of the research.

5.2 Research Model

The main objective of this research is to investigate the antecedents and consequences of ‘consumer identification with a corporate brand (CICB)’ in the financial services industry. In addition, the mediation effect of ‘consumer identification with a corporate brand’ between its determinants and outcomes, and several moderation effects on the relationships among those variables in the proposed model are tested. The proposed research model is based on SIT and organizational identification studies which support the associative links between all the constructs involved in the model.
Following on from the review of theoretical backgrounds in both the organizational and marketing research, several determinants of 'consumer identification with a corporate brand' are considered in this research model. In relation to a need for self-enhancement, three variables, namely 'social recognition', 'preferential treatment' and 'customer orientation', and 'social relationship' as a relationship need-related variable are suggested as the determinants. The research model also includes 'positive word-of-mouth' and 'consumer participation' as the consequences of CICB.

In addition, three moderator variables are involved as above in the model. The research model proposes that two variables, 'identity salience' and 'brand trust', moderate the effect of the four antecedent variables on CICB. The model also proposes that three variables, 'identity salience', 'brand trust', and 'brand knowledge' moderate the effect of CICB on the two selected outcomes.

Consequently, eleven hypotheses focusing on the interrelationships among social recognition, preferential treatment, customer orientation, social relationship, consumer identification, positive word-of-mouth and consumer participation are formulated based on the theory and existing literature. Figure 5.1 describes the proposed research model involving the antecedents and consequences of consumer identification with a corporate brand as well as the mediating and moderating effects.
Figure 5.1 the Research Model Proposed

- Social recognition
- Preferential treatment
- Customer orientation
- Social relationship
- Identity salience
- Brand trust
- Brand knowledge
- Consumer identification with the corporate brand
- Positive word-of-mouth
- Consumer participation

Direct effects ➔ Indirect effects
As Figure 5.1 illustrates, the focused variables of the research model include ‘social recognition’, ‘preferential treatment’, ‘customer orientation’ and ‘social relationship’ as independent variables, ‘consumer identification with a corporate brand’ as a mediating variable, and ‘positive word-of-mouth’ and ‘consumer participation’ as dependent variables. In addition, ‘identity salience’, ‘brand trust’ and ‘brand knowledge’ as moderation variables are involved in the model.

This research model addresses the relationships among all these variables. Four variables, ‘social recognition’, ‘preferential treatment’, ‘customer orientation’ and ‘social relationship’ are expected to have positive impacts on CICB, which in turn positively influences ‘positive word-of-mouth’ and ‘consumer participation’. Thus, the research model proposes that CICB mediates the effects of the four independents variables on ‘positive WOM’ and ‘consumer participation’. In addition, ‘identity salience’ and ‘brand trust’ are expected to increases the effect of the four independent variables on CICB, and ‘identity salience’, ‘brand trust’, and ‘brand knowledge’ are also proposed to boost the effects of CICB on the chosen consequence variables. SIT and many previous empirical studies provided support for the research model. Table 5.1 summarizes the previous empirical studies investigating the relationships among the focal variables in the research model.
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Study context</th>
<th>Scale used</th>
<th>Key Variables Examined</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Henning-Thurau et al. (2002)</td>
<td>Bowen (1990)'s three service categories</td>
<td>Gwinner et al. (1998)</td>
<td>Special treatment, satisfaction, commitment, customer loyalty, and word-of-mouth</td>
<td>Special treatment benefits are significantly related to commitment but no direct effect exists between special treatment and customer loyalty, and between special treatment and word-of-mouth.</td>
</tr>
<tr>
<td>De Wulf and Odekerken-Schroder (2003)</td>
<td>Shopping malls</td>
<td>Similar to Gwinner et al. (1998)</td>
<td>Preferential treatment, trust, relational commitment and behavioural loyalty</td>
<td>Preferential treatment influences trust in only one country. Preferential treatment has only an indirect effect on relationship commitment via trust.</td>
</tr>
<tr>
<td>Odekerken-Schroder et al. (2003)</td>
<td>Beauty shops, cosmetic departments of department stores</td>
<td>Gwinner et al. (1998)</td>
<td>Preferential treatment and customer retention orientation of the retailer</td>
<td>Preferential treatment has a negative effect on customer retention orientation of the retailer</td>
</tr>
<tr>
<td>Kinard and Capella (2006)</td>
<td>Hairdresser and fast-food restaurant</td>
<td>Gwinner et al. (1998)</td>
<td>Social benefits, loyalty, word-of-mouth and satisfaction</td>
<td>Special treatment is significant for predicting loyalty only in the services of hairdresser, but not in fast-food restaurants</td>
</tr>
<tr>
<td>Lacey et al. (2007)</td>
<td>Department store chain</td>
<td>Three customer segments received preferential treatment by loyalty program</td>
<td>Preferential treatment, increased purchases, share of customer, relationship commitment, word-of-mouth, and customer feedback</td>
<td>Preferential treatment has a direct and an indirect effect (via relationship commitment) on increased purchases and share of customer, but no direct effect on positive word-of-mouth and customer feedback. Relationship commitment plays a partial mediating role between preferential treatment and the remaining four relational outcomes.</td>
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</table>

**Social Relationship and Consumer Responses**

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Study context</th>
<th>Scale used</th>
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<th>Key Findings</th>
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</thead>
<tbody>
<tr>
<td>Henning-Thurau et al. (2002)</td>
<td>Bowen (1990)'s three service categories</td>
<td>Gwinner et al. (1998)</td>
<td>Social relationship benefit, special treatment, satisfaction, commitment, customer loyalty and word-of-mouth</td>
<td>Strong relationships are found between social relationship and commitment. Social relationship has a direct effect on customer loyalty but has no direct effect on word-of-mouth.</td>
</tr>
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Source: organised by author

115
<table>
<thead>
<tr>
<th>Author(s)</th>
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<th>Scale used</th>
<th>Key Variables Examined</th>
<th>Key Findings</th>
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<tr>
<td>et al. (2004)</td>
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<tr>
<td>Kinard and Capella</td>
<td>Hairdresser and fast-food restaurant</td>
<td>Gwinner et al. (1998)</td>
<td>Social relationship, loyalty, word-of-mouth and satisfaction</td>
<td>Social relationship does not have a significant effect on three response behaviours.</td>
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<td>(2006)</td>
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<tr>
<td></td>
<td>hospitals, bank, beauty salons</td>
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<td>commitment, loyalty</td>
<td>commitment, cognitive loyalty and calculative commitment</td>
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<tr>
<td><strong>Customer Orientation and Consumer Responses</strong></td>
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<tr>
<td>Goff et al. (1997)</td>
<td>automobile</td>
<td>Based on Saxe and Weitz (1982)</td>
<td>Customer orientation, satisfaction with the dealer, satisfaction with the product and satisfaction with the salesperson</td>
<td>Customer orientation has a positive effect on both satisfaction with salesperson and satisfaction with dealer.</td>
<td></td>
</tr>
<tr>
<td>Schwepker (2003)</td>
<td>Not empirically tested</td>
<td>-</td>
<td>Customer-oriented selling and trust</td>
<td>Proposes a positive relationship between customer orientation and customer trust, but does not empirically investigate the relationship.</td>
<td></td>
</tr>
<tr>
<td>Henning-Thurau</td>
<td>Travel agencies and retailer of</td>
<td>Henning-Thurau (2004)</td>
<td>Customer orientation, commitment, satisfaction, and retention</td>
<td>Customer orientation has a positive effect on commitment and satisfaction.</td>
<td></td>
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<tr>
<td>(2004)</td>
<td>media products</td>
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<td>Customer orientation affects retention only in media retailers sample</td>
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<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock and Hoyer</td>
<td>Industrial goods sector and services sectors(banking and insurance services)</td>
<td>6 items from Saxe and Weitz (1982)</td>
<td>Customer orientation and customer satisfaction</td>
<td>Customer orientation has an impact on customer satisfaction</td>
</tr>
<tr>
<td>(2005)</td>
<td></td>
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<td></td>
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<tr>
<td>Macintosh (2007)</td>
<td>Travel agencies</td>
<td>7 items from Saxe and Weitz (1982)</td>
<td>Customer orientation, relationship quality, loyalty of the firm, satisfaction, and word-of-mouth</td>
<td>Customer orientation has a positive effect on relationship quality. The effects of customer orientation on other three outcomes are not proposed.</td>
</tr>
<tr>
<td>Wu et al. (2008)</td>
<td>Financial companies</td>
<td>Narver and Slater (1990)</td>
<td>Customer orientation as one component among internal environment characteristics and service orientation</td>
<td>Internal environment characteristics influence service orientation</td>
</tr>
<tr>
<td>Homburg et al.</td>
<td>Travel agencies</td>
<td>5 items from Saxe and Weitz (1982) proposed by Thomas et al. (2001)</td>
<td>Customer orientation, satisfaction, customer identification, loyalty, willingness to pay, and firm’s financial performance</td>
<td>Customer orientation has an indirect effect on loyalty and willingness to pay</td>
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<tr>
<td>(2009)</td>
<td></td>
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<tr>
<td><strong>Social Recognition and Consumer Responses</strong></td>
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<tr>
<th>Author(s)</th>
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<th>Scale used</th>
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<th>Key Findings</th>
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</thead>
<tbody>
<tr>
<td>Park et al. (2006)</td>
<td>Luxury brands</td>
<td>Park et al. (2006)</td>
<td>Social recognition toward the brand (brand awareness) and purchasing intentions</td>
<td>Social recognition towards the brand influences purchasing intentions.</td>
</tr>
</tbody>
</table>

**Identity Salience and Consumer Responses**

| Callero (1985) | Donor identity of people | Callero (1985) | Identity salience and frequency of donation | The salience of donor identity is significantly related to the frequency of blood donations |
| Nuttbrock and Freudiger (1991) | Mother identity of people | Nuttbrock and Freudiger (1991) | Identity salience, acceptance of the burdens of motherhood, and readiness to make sacrifices for their child | Identity salience is positively related to the acceptance of burden of motherhood and readiness to make sacrifices for their child |
| Arnett et al. (2003) | Alumni of universities | Callero (1985) | Relationship inducing variables (participation, reciprocity, prestige and satisfaction) as influencers of identity salience and donating, promoting | Identity salience is a predictor of donating and promoting. Participation, prestige and satisfaction affect strengthening identity salience except reciprocity. |
| Reed (2004) | Consumer | Experimental design | Identity salience and consumer’s judgement | Identity salience influences favourable judgement by consumers |
| Van Dick et al. (2005) | Teacher identity | Experimental design | Category salience, organizational identification and extra-role behaviour | Category salience has an effect on both organizational identification and extra-role behaviour |

**Brand Trust and Consumer Responses**


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<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Study context</th>
<th>Scale used</th>
<th>Key Variables Examined</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chaudhuri and Holbrook (2001)</td>
<td>30 actual users of each of the 146 brands</td>
<td>Chaudhuri and Holbrook (2001)</td>
<td>Brand trust, purchase loyalty and attitudinal loyalty</td>
<td>Brand trust positively related to purchase loyalty and attitudinal loyalty</td>
</tr>
<tr>
<td>Sirdeshmukh et al. (2002)</td>
<td>Consumers of clothing and airline travel services</td>
<td>Sirdeshmukh et al. (2002)</td>
<td>Trust in policies &amp; practices and loyalty</td>
<td>Trust in practices &amp; policies affects loyalty</td>
</tr>
<tr>
<td>Delgado-Ballester and Munuera-Aleman (2005)</td>
<td>Consumers of two product categories shampoo and beer</td>
<td>Delgado-Ballester and Munuera-Aleman (2005)</td>
<td>Overall satisfaction, brand trust and brand loyalty</td>
<td>Overall satisfaction affects brand trust which, in turn, affects brand loyalty The dimensions (reliability, intentions) of brand trust do not have different results in terms of relationships with loyalty and satisfaction</td>
</tr>
<tr>
<td>Eisingerich and Bell (2007)</td>
<td>Clients of a global financial services firm</td>
<td>Morgan and Hunt (1994) and Sirdeshmukh et al. (2002)</td>
<td>Consumer trust in the service provider, loyalty and repurchase intentions</td>
<td>Consumer trust affects loyalty and repurchase intentions</td>
</tr>
<tr>
<td>Evans et al. (2008)</td>
<td>Married customers of life insurance products</td>
<td>Evans et al. (2008)</td>
<td>Socialization of customers, trust in the service provider, satisfaction, and anticipation of future interaction</td>
<td>Socializing of customers increases the effect of service quality on trust in the service provider Socialization of customers decreases their trust, satisfaction and anticipation of future interaction</td>
</tr>
</tbody>
</table>

Source: organised by author
### Chapter 5. The Research Model

<table>
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<th>Author(s)</th>
<th>Study context</th>
<th>Scale used</th>
<th>Key Variables Examined</th>
<th>Key Findings</th>
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#### Brand or Product Knowledge and Consumer Responses

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Study context</th>
<th>Scale used</th>
<th>Key Variables Examined</th>
<th>Key Findings</th>
</tr>
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<tbody>
<tr>
<td>Ha and Perks (2005)</td>
<td>Users of several websites (Abata malls, bookstores, CDs, travel agencies)</td>
<td>Experience by Ha (2004) / familiarity by Baker et al. (1986) and Hirschman (1986)</td>
<td>Brand experience, brand familiarity, satisfaction, and brand trust</td>
<td>Brand experience has a positive impact on both satisfaction and brand familiarity. Brand familiarity positively affects both satisfaction and brand trust.</td>
</tr>
<tr>
<td>Algesheimer et al. (2005)</td>
<td>Members of brand community</td>
<td>Algesheimer et al. (2005)</td>
<td>Brand knowledge, community identification, and engagement</td>
<td>The relationship between community identification and engagement is moderated by brand knowledge.</td>
</tr>
<tr>
<td>Füller et al. (2008)</td>
<td>Participants in an event of a car brand community</td>
<td>Algesheimer et al. (2005)</td>
<td>Brand knowledge, participation, brand trust, and community identification</td>
<td>Brand knowledge has no direct effect on participation.</td>
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Source: organised by author
### Chapter 5. The Research Model

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<th>Study context</th>
<th>Scale used</th>
<th>Key Variables Examined</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dawar and Lei (2009)</td>
<td>-</td>
<td>Experimental Design</td>
<td>Brand familiarity, brand crisis, crisis seriousness, and brand evaluation</td>
<td>Brand familiarity moderates the impacts of brand crisis on brand evaluation</td>
</tr>
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Source: organised by author
5.3 Research Hypotheses

In terms of the determinants of consumer identification, the previous studies consistently suggest that consumer identification is derived from the four needs of consumers. Of those needs, as mentioned earlier in the previous chapter, this study focuses on the self-enhancement and relationship needs which are closely related to the feature of services. As the consequences of consumer identification, two proactive behaviours, positive WOM and consumer participation, are selected from the service-centred perspective. The last part of the hypotheses deals with the moderation roles of the chosen variables.

5.3.1 Need for Self-Enhancement-Related Variables

As stated in previous chapter, consumers have a need to obtain positive self-concept, namely, the self-enhancement need, and consumers' self-esteem is reinforced by incorporating the positive images or identities of a company into their self-concept in their identification. As such, the positive images or identities are an important factor for generating identification. In this manner, 'social recognition', which indicates the social approval or perception of fellow customers of a brand, seems to be a critical cue for inferring a brand's positive image or identity as a variable based on the social images of other customers of a brand.

In addition, consumers are likely to feel self-esteem as the result of the attitudes or behaviours of employees towards the consumers such as 'preferential treatment' and 'customer orientation'. The customers' sense of being respected or valued, which is derived from employees' attitudes and behaviour, contributes to the consumers' self-enhancement need. On the basis of previous literature, this study proposes the effect of 'social recognition', 'preferential treatment', and 'customer orientation' on 'consumer identification with a corporate brand'.

5.3.1.1 The Effect of Social Recognition on Consumer Identification with a Corporate Brand

Prestigious identity or image of a corporate brand enables its customers to enhance their self-concept by identifying themselves with the corporate brand. Corporate identity is perceived or judged by several company-related sources, such as its brand users
specifically in the services brands. According to SIT, members of a certain group can be perceived as interchangeable representatives of the group, as Turner et al. (1987) argued in the process of depersonalization. In organizational contexts, prior academic work indicates that the members’ images are associated with the image of the organization. Individuals who possess qualified characteristics in a company “provide confirmation to the world of the value and worth of a firm” (Pfeffer and Salancik, 2003, p.145). George and Chattopadhyay (2005) revealed that when individuals perceive that their peers are respected by others in the society, they identify more with the organization, because it contributes to their self-esteem. These prior studies suggest that a company’s image and its members’ image are interdependent and interchangeable with each other.

Based on the literature, customer image of a corporate brand in an individual’s perception might be regarded as the brand image. An individual customer might interpret the images of the customers as a sign of identity of the firm. The customers’ image reflects the firm’s image, which in turn, provides ‘the frame of reference for self-evaluation’ (Brewer and Gardner, 1996). Therefore, consumers are likely to be willing to identify more with the brand whose customers have well-established social recognition, because consumers’ personal need for self-enhancement is satisfied with the image of the brand.

Hypothesis 1: Higher levels of social recognition lead to a higher degree of consumer identification with the corporate brand.

In terms of the relationships between social recognition and other variables, there is little published work addressing the impact of social recognition on consumer behaviour. Social identity and organizational identification theory indicate that consumer identification is affected by the positive image of other members regarded as part of the company’s image (Brewer and Gardner, 1996). This is because social recognition of other customers contributes to an individual customer’s self-enhancement need that strengthens consumer identification (Turner et al., 1987). These previous studies thus suggest that the impact of social recognition on consumer behaviour is mediated by consumer identification. In addition, there is no clear evidence for a direct effect of social recognition on both positive WOM and consumer participation (see Table5.1). Based on this theory, this study suggests that the positive effect of social recognition on both
positive WOM and consumer participation is mediated by consumer identification rather than its direct effect on these variables.

5.3.1.2 The Effect of Preferential Treatment on Consumer Identification

According to Odekerken-Schröder et al. (2003, p.180), preferential treatment is defined as “a consumer’s perception of the extent to which a retailer (firm) treats and serves its regular customers better than its non-regular customers.” The effect of preferential treatment on consumer identification is explainable based on the motivation for self-enhancement in the social identity approach, which indicates that individuals intend to enhance their self-esteem through becoming a member of a social group in order to satisfy this need. In other words, the reason why individuals affiliate and identify with a specific group is that they will be assessed and approved positively by others. If the employees of the firm treat and serve the customers well and thus the customers feel that they are valuable persons, the customers are willing to identify with the firm because this feeling fulfils their needs for self-enhancement.

Several researchers have proposed an individual’s status within a company as a determinant of identification (e.g., Fuller et al., 2006; Seta and Seta, 1996; Tyler and Blader, 2002; Tyler and Blader, 2003; Tyler et al., 1996). The status of an individual within a firm can be seen as an indicator of one’s self evaluation, and thus provides motivational foundations (Tyler and Blader 2003). High status in an organization seems to contribute to forming and enhancing personal self-esteem (Tyler and Blader, 2002).

All the findings in organizational studies consistently emphasize the critical role of the need for self-enhancement in terms of identifying with a company.

It is not difficult to see how this theory is applicable to consumers. Special treatment provided by a firm can influence consumers’ self-esteem by generating the sense of being respected or being valued. A customer considers preferential treatment as an indicator of how he or she is judged. Customers may regard and interpret such preferential treatment as special recognition in marketing relationships and as the extent to which they are treated as valued consumers (Barnes, 1997; Gronroos and Ojasalo, 2004). Thus, it may make them feel special, important and appreciated. As a result, the consumer’s identification with the company is reinforced.

With regard to the importance of treatment offered by a company, Seta and Seta (1996)
found that even though individuals belong to a firm with a good image, they might feel low self-esteem, if they perceive their status within the firm as inferior. This means that the matter of how a company treats and admires its member is more important for members' self-esteem than the company's positive images. In other words, consumer interactions with employees play a key role in terms of generating a sense of self-esteem, even in a situation in which consumers belong to a prestigious brand. Consumers' perception of being treated well by employees is likely to be an important factor as much as the positive identities or images of the company. Hence, the higher the perceived preferential treatment offered by the firm, the higher will be the level of their identification with the brand.

Hypothesis 2: Higher levels of preferential treatment lead to a higher degree of consumer identification with the corporate brand.

In terms of the outcomes of preferential treatment, there are inconsistent results. Preferential treatment has a direct effect on commitment (Henning-Thurau, 2002), satisfaction (Yen and Gwinner, 2003), purchase intention (Lacey et al., 2007; Yen and Gwinner, 2003), and loyalty only in the hairdresser service (Kinard and Capella, 2006). However, preferential treatment does not directly affect loyalty (Henning-Thurau, 2002; Kinard and Capella, 2006), WOM (Henning-Thurau, 2002), and relationship commitment (De Wulf and Odekerken-Schroeder, 2003). Odekerken-Schroder et al. (2003) even found that preferential treatment had an unexpected negative effect on retention. As mentioned regarding the limited outcomes of preferential treatment in the previous chapter, the direct impact of preferential treatment on customer responses is likely to be restricted to customers' immediate responses such as purchase intention (e.g., Lacey et al., 2007; Yen and Gwinner, 2003). Thus, it may not directly affect proactive behaviour including WOM and consumer participation. Accordingly, its direct effect on such proactive behaviour is likely to be mediated by other variables such as commitment (Henning-Thurau et al., 2002; Lacey et al., 2007). Therefore, the present work established the research model with no direct effect of preferential treatment on positive WOM and consumer participation. Its effects on the customer behaviours are suggested only via customer identification with a corporate brand.
5.3.1.3 The Effect of Customer Orientation on Consumer Identification with a Corporate Brand

Scott et al. (1998, p.306) suggest that “interaction with others is an important element in both the development of identification and its social expression”. In fact, corporate brands in a service industry are more highly affected by the employees’ behaviour and contacts with customers (Davis, 2000). Employees also transfer the corporate values to their customers (Yaniv and Farkas, 2005), so that the employees’ influence is not constrained to their internalization of the value, but is extended to consumers’ perception of the brand (Davis, 2000). The important role of employees is thus emphasized in terms of forming a customer’s perception of the corporate brand.

Customer orientation facilitates the idea of putting the customer’s interest first (Narver and Slater, 1990), and avoids actions which sacrifice customer interest (Saxe and Weitz, 1982). Customer-oriented employees’ behaviour, thus, makes the values offered by the company more worthy and creates positive images of the company. The employees’ behaviour provides their customers with emotional support such as a feeling of being respected and thus meets the need for self-enhancement. As a result, group members (e.g. customers) respected by the group (e.g., company) are likely to incorporate their group membership into their self-concept (Rhoades and Eisenberger, 2002; Sedikides and Brewer, 2001). Interestingly, Ahearne et al. (2005) found that when consumers perceive that the salespersons treat them in a favourable and respectful manner, their identification with the company is strengthened. This study is noticeable in terms of investigating the effect of employees’ attitudes or behaviour on consumer identification. Particularly in services brands, the services are delivered by contact employees so that employees’ behaviour is likely to be interpreted and regarded as that of the corporate brand by customers. Recently, Homburg et al. (2009) reveal that employees’ customer orientation affects consumers’ identification with the firm. Hence, the higher the customers perceive customer orientation of the company employees to be, the higher is the level of consumer identification.

Hypothesis 3: Higher levels of perceived customer orientation lead to a higher degree of consumer identification with the corporate brand.
With regard to the relationship between customer orientation and consumer behaviour, several studies support the direct effect of customer orientation on performance, servicescape quality (Brady and Cronin, 2001), satisfaction (Goff et al., 1997; Henning-Thurau, 2004; Stock and Hoyer, 2005), and commitment (Henning-Thurau, 2004). However, customer orientation has only an indirect impact on consumer responses: overall service quality, satisfaction (Brady and Cronin, 2001); retention (Huang, 2008); WOM and loyalty (Macintosh, 2007) via other mediation variables such as trust, commitment, satisfaction (Huang, 2008), relationship quality (Macintosh, 2007), employee service performance and quality (Brady and Cronin, 2001) rather than a direct effect. As such, there is no evidence that customer orientation directly affects positive WOM and consumer participation. Therefore, this study proposes that the effect of customer orientation on positive WOM and consumer participation is mediated by consumer identification with a corporate brand.

5.3.2 Need for Relationship-Related Factor

As noted in the previous chapter, the need for relationship is newly added to the three needs which are suggested by Dutton et al. (1994) based on identity research (e.g., Brewer and Gardner, 1996). As a result, the focus of the determinants of identification is expanded to relationships in an organization, such as interrelationships between members, by several researchers (e.g., Pratt, 2000; George and Chattopadhyay, 2005). In particular, this study concentrates on the relationship between a customer and employees on the basis of its importance in services brands (McDonald et al., 2001) as suggested in chapter 2. Employees contribute to creating additional customer bonds to the firm (Macintosh, 2007; Macintosh and Lockshin, 1997).

5.3.2.1 The Effect of Social Relationship on Consumer Identification

Customer-employee relationships induce customers' attachment to the firm especially in service settings (Beatty et al., 1996; Hansen et al., 2002). The benefits of social relationships may be more generated in service industries including banks, in which interpersonal contact between customers and employees is important (Martin-Consuegra et al., 2006). Customers feel strong personal attachments to their contact employees as an
alternative to social contacts (Forman and Sriram, 1991). It shows that the role of employees is highlighted more as social friends than as commercial sellers.

As noted by Bartel and Dutton (2001), shaping and maintaining relationships with others is a fundamental human motivation. Thus, the consumer-employee relationship can be a form of social relationship to meet the relationship need so that it is likely to motivate consumers to identify with the firm. Brewer and Gardner (1996) describe how relational self-concept is derived from interpersonal relationships and interdependence with specific others within a group. Good relationships with other members support the individual’s positive social identity which defines them in terms of membership of the organization (George and Chattopadhyay, 2005).

In marketing, McAlexander et al. (2002) found that the effect of consumers’ personal interactions with the employees in a brand was crucial to generate and strengthen a sense of identification. Moreover, Han et al. (2008) reveal that customers who have a friendship with service employees, can feel a strong tie with the service firm. All the prior work implies that social relationship between employees and consumers may affect consumers’ self-concept and thus consumer identification with the brand.

Hypothesis 4: Stronger social relationship leads to a higher degree of consumer identification with the corporate brand.

With regard to the consequences of social relationship in consumer behaviour, there are mixed results. Marso-Navarro et al. (2004) and Han et al. (2008) found that social relationship influenced overall satisfaction and loyalty, but this was not found by Kinard and Capella (2006). Particularly in relation to WOM, Henning-Thurau (2002) found a strong positive relationship between social relationship and commitment, but no direct relationship between social relationship and positive WOM. Thus, the direct effect of social relationship on positive WOM and customer participation are not included in the model. The present model proposes that the effect of social relationship on positive WOM and consumer participation is mediated by consumer identification with a corporate brand.
5.3.3 The Effects of Consumer Identification on Positive WOM and Consumer Participation

Social identity approach consistently indicates that the members of a group are motivated to behave in favour of the group with which they identify as a result of depersonalization and in-group favouritism (Tajfal et al., 1971). Individuals who identify with a company, get to know how they should feel, think and behave in the company by the processes of identification. Identification thus leads to favourable evaluation and attitudes towards the company in comparison with other companies and results in a range of beneficial behaviour for the company. Oakes and Turner (1980) revealed that individuals who categorized themselves with a group, assessed their group more favourably than other groups, and this favouritism appeared in the distribution of monetary rewards as well. In this manner, Reade (2001) viewed identification as an ingredient of organizational success as similarly to other organizational researchers (e.g., Ashforth and Mael, 1989; Dutton et al., 1994). These findings are not only applicable to employees but also to consumers of a corporate brand. Corporate brands could be successful through enhancing the strength of consumer identification with the corporate brands.

Moreover, there is much evidence that identification affects specifically proactive behaviour for the brand or company; citizenship behaviour (Donavan et al., 2006; Dukerich and Harquail 1994; Einwiller et al., 2006); positive word-of-mouth behaviour (Bhattacharya and Sen, 2003; Brown et al, 2005); and customer extra-role behaviour (Ahearne et al., 2005). Based on the literature, consumer identification with a corporate brand has a positive effect on positive WOM and consumer participation.

Hypothesis 5: Higher levels of consumer identification with the corporate brand lead to a higher level of positive word-of-mouth

Hypothesis 6: Higher levels of consumer identification with the corporate brand lead to a higher level of consumer participation

5.3.4 Moderation Effect of Identity Salience

The proposed relationships in the present research model are likely to be strengthened when some conditions are satisfied. The relationship between identification with a brand and its determinants is likely to depend upon the salience of the brand. A brand is more
likely to be salient when consumers perceive that it is self-relevant, important, or it matches their expectations (Van Dick et al., 2005) and when the differences between in-group (the selected brand) and out-group (its competitors) are heightened (Pratt, 1998) such as group (brand) competitions. In a similar way, a sense of identification with a certain corporate brand is likely to occur when the relationships with that corporate brand are important, sustained and meaningful enough for the consumers (Adhearme et al., 2005; Bhattacharya and Sen, 2003). Even though the brand is perceived to be attractive in terms of some aspects, if consumers perceive that the aspects are neither related to nor meaningful to them, they are not willing to identify with the brand (Bhattacharya and Sen, 2003; Marin et al., 2009). Thus, the impact of the proposed predictors of identification on identification is likely to be boosted when brand identity is salient. This supports the moderating effect of identity salience in the relationship between the proposed antecedents of identification and consumer identification. Therefore, the impacts of all the antecedent variables on consumer identification are moderated by identity salience.

Hypothesis 7: The relationship between consumer identification with a corporate brand and its antecedents will be moderated by identity salience, with the effect being stronger for consumers perceiving identity salience is high than for those perceiving identity salience is low.

Hypothesis 7(a): The relationship between social recognition and consumer identification with a corporate brand will be moderated by identity salience, with the effect being stronger for consumers perceiving identity salience is high than for those perceiving identity salience is low.

Hypothesis 7(b): The relationship between preferential treatment and consumer identification with a corporate brand will be moderated by identity salience, with the effect being stronger for consumers perceiving identity salience is high than for those perceiving identity salience is low.

Hypothesis 7(c): The relationship between customer orientation of the employees and consumer identification with a corporate brand will be moderated by identity salience, with the effect being stronger for consumers perceiving identity salience is high than for those perceiving identity salience is low.

Hypothesis 7(d): The relationship between social relationship and consumer identification with a corporate brand will be moderated by identity salience, with the
effect being stronger for consumers perceiving identity salience is high than for those perceiving identity salience is low.

Moreover, the positive outcomes of identification with a category depend largely upon the category salience (Van Dick et al., 2005). Consumers may tend to more actively participate in proactive behaviour towards the brand when the brand identity is salient to them, because their behaviour is consistent with and fosters the identity of the brand with which they identify based on social identity approach. Marin et al. (2009) reveal that the impact of consumer identification on loyalty is stronger for the company whose identity is more salient than for the company whose identity is less salient. Based on the research, this study proposes that the effects of consumer identification on both positive WOM and consumer participation are stronger for the company whose identity is more salient than for the company whose identity is less salient.

Hypothesis 8: The relationship between consumer identification with a corporate brand and its proposed outcomes will be moderated by identity salience, with the effect being stronger when the brand identity is more salient than when it is less salient.

Hypothesis 8(a): The relationship between consumer identification with a corporate brand and positive WOM will be moderated by identity salience, with the effect being stronger when the brand identity is more salient than when it is less salient.

Hypothesis 8(b): The relationship between consumer identification with a corporate brand and consumer participation will be moderated by identity salience, with the effect being stronger when the brand identity is more salient than when it is less salient.

5.3.5 Moderation Effect of Brand Trust

Consumers’ brand trust is the belief in confidence that the corporate brand may act on behalf of them (Dawar and Pillutla, 2000). When consumers trust in a brand, they can perceive the brand more attractive, and thus identify more with the brand. Bhattacharya and Sen (2003) suggested that the determinants of identification such as company distinctiveness, prestige and similarity are perceived as more attractive by consumers whose company identity trustworthiness is high than by those whose company identity trustworthiness is low. This is because consumers are likely to perceive lower risk when
consumers trust the company (Grewal et al., 1994). Even though a company has attractive attributes which meet the need for self-enhancement or relationship, if consumers are unable to trust the company, they are not likely to identify with it. Therefore, the effects of proposed variables (social recognition, preferential treatment, customer orientation and social relationships) on consumer identification may be increase when corporate brand trust is high. If consumers’ perception of the service brand’s attributes which contributes to their positive self-concept and meets the relationship need is linked to the condition of high brand trust, consumers may feel more a sense of belongingness to the corporate brand.

Hypothesis 9: The relationship between consumer identification with a corporate brand and its proposed antecedents will be moderated by brand trust, with the effect being stronger when the level of consumers’ brand trust is high than when it is low.

Hypothesis 9(a): The relationship between social recognition and consumer identification with a corporate brand will be moderated by brand trust, with the effect being stronger when the level of consumers’ brand trust is high than it is low.

Hypothesis 9(b): The relationship between preferential treatment and consumer identification with a corporate brand will be moderated by brand trust, with the effect being stronger when the level of consumers’ brand trust is high than when it is low.

Hypothesis 9(c): The relationship between customer orientation and consumer identification with a corporate brand will be moderated by brand trust, with the effect being stronger when the level of consumers’ brand trust is high than when it is low.

Hypothesis 9(d): The relationship between social relationship and consumer identification with a corporate brand will be moderated by brand trust, with the effect being stronger when the level of consumers’ brand trust is high than when it is low.

Moreover, trust in a group is likely to lead to members’ spontaneous, cooperative and extra-role behaviour (Kramer, 1999). Kramer (1993) notes that trust, which is linked with group identification, may affect individuals’ behaviour such as cooperation. Thus, brand trust appears to increase the effect of consumer identification on positive WOM and consumer participation. In supporting the moderator role of brand trust, Lee (2004) reveals that the interaction term between trust in an organization and organizational identification significantly affects a beneficial outcome, continuous improvement of the organization, while trust does not directly affect continuous improvement of the
organization. This means that brand trust may moderate both the consumer identification-participation relationship and the consumer identification-WOM relationship. Based on the previous work, this study proposes that the impact of consumer identification with a corporate brand on consumer participation and positive WOM will be moderated by brand trust.

Hypothesis 10: The relationship between consumer identification with a corporate brand and its outcomes will be moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low.

Hypothesis 10(a): The relationship between consumer identification with a corporate brand and positive WOM will be moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low.

Hypothesis 10(b): The relationship between consumer identification with a corporate brand and consumer participation will be moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low.

5.3.6 Moderation Effect of Brand Knowledge

Brand knowledge is likely to increase customer engagement in voluntary behaviour such as consumer participation and positive WOM regarding the corporate brand. Moorthy et al. (1997) note that knowledgeable customers based on their high experience level, are better evaluators with regard to the attributes of service offerings than those who have not such experience. Thus, the customer who is regarded and perceived as an expert by other customers, could make a valuable contribution to improvement of the services and positive WOM, and they are more likely to do so in this manner (Auh et al., 2007). In supporting the moderating effect of knowledge in the relationships between consumer identification and positive WOM, and between consumer identification and consumer participation, Park et al. (1994) reveal that the level of self-assessed knowledge is positively associated with self-confidence. Consumers who have high self-confidence about their knowledge may participate more in suggesting activities and exhibit their opinions to others, compared to consumers who have low self-confidence. Auh et al. (2007) found that the positive impact of customer's expertise on co-production. When consumers have low knowledge about the brand, even though they identify highly with
the brand, they might be unable to participate or engage in suggestions or positive WOM. In this view, Tam (2008) reveals that brand familiarity, which is part of brand knowledge, moderates the satisfaction-behavioural intentions relationship. Moreover, Algesheimer et al. (2005) argue that knowledgeable customers are more likely to participate in activities for brand improvement than novice consumers, because brand knowledge reflects customers' interest in the brand and enriched experience with the brand. Therefore, brand knowledge may moderate the consumer identification-consumer participation relationship and the consumer identification-positive WOM relationship. Based on the previous work, this study proposes that the impact of consumer identification with a corporate brand on both consumer participation and positive WOM will be moderated by brand knowledge.

Hypothesis 11: The relationship between consumer identification with a corporate brand and its consequences will be moderated by brand knowledge, with the effect being stronger for consumers having high knowledge about the corporate brand than for those having low knowledge.

Hypothesis 11(a): The relationship between consumer identification with a corporate brand and positive WOM will be moderated by brand knowledge, with the effect being stronger for consumers having high knowledge about the corporate brand than for those having low knowledge.

Hypothesis 11(b): The relationship between consumer identification with a corporate brand and consumer participation will be moderated by brand knowledge, with the effect being stronger for consumers having high knowledge about the corporate brand than for those having low knowledge.

5.4 Summary

The main objective of this research is to investigate the antecedents and consequences of consumer identification as well as several moderator variables in the financial services industry. To achieve this objective, this chapter develops a research model based on previous studies. The important variables of the research model include: social recognition, preferential treatment, customer orientation and social relationship as the independent variables, consumer identification as the mediating variable, identity
salience, brand trust, and brand knowledge as the moderating variables, and positive WOM and consumer participation as the dependent variables. In addition, previous empirical studies which support the relationships among the focal variables in the research model are presented. Finally, based on the research model, the research hypotheses are developed. The next chapter discusses the methodological issues related to the present research.
6.1 Introduction

This chapter presents the methodology of this study and describes the identification and operationalization of the research problems. The first section explains the philosophy behind this research, and the second part describes the sampling design, followed by the data collection method and the questionnaire design involving the selection of measures for the constructs. The next section discusses the chosen analysis methods: Cronbach’s alpha and Confirmatory Factor Analysis (CFA) for reliability and validity assessments, correlation and multiple regression analysis for research model and hypothesis test as well as t-test and ANOVA test. The final section presents the analysis of the results of the pilot study, which contribute to determining the final format and content of the research instrument.

6.2 Philosophical paradigms

A paradigm is defined as “a way of examining social phenomena from which particular understandings of these phenomena can be gained and explanations attempted” (Saunders et al., 2007, p.112). In this respect, a paradigm is the nature of research that researchers
hold based on their general orientation about the world (Creswell, 2009). Paradigm means the perception of ontology which is ‘reality’ and epistemology which is ‘the relationship between the reality and a researcher’. Methodology is the means for researchers to discover that reality (Perry et al., 1999 cited in Carson et al., 2001). In other words, the paradigm to which that researchers belong, influences questions such as what to research, how to research, how to interpret the results and why research is conducted (Bryman, 1988) so that philosophy of the research provides important guidance to carry out research in terms of choices and decisions relevant to staking a research position (Carson et al., 2001). Therefore, paradigms help the researcher clarify and choose their appropriate research design and approach for the research questions (Blumberg et al., 2008). The present research also holds one of philosophical paradigms and is carried out following a specific research paradigm and its research approach. In the following section, two contrasted philosophical positions in the social research field are discussed.

There are two different philosophical perspectives, interpretivism and positivism. Positivism assumes that reality is external and objective so that it is measured by objective methods, while interpretivism reflects the idea that reality does not exist objectively and externally but is constructed and given meaning by people (Easterby-Smith et al., 2008; Saunders et al., 2007). The two perspectives have different basic principles and assumptions so that these views lead to different research approaches respectively. Table 6.1 explains the opposing standpoints of positivism and interpretivism.

**Table 6.1 Contrasting Standpoints of Positivism and Interpretivism**

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<thead>
<tr>
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<th>Positivism</th>
<th>Interpretivism</th>
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<tr>
<td><strong>Ontology</strong></td>
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<tr>
<td>View of the world</td>
<td>The world is objective</td>
<td>The world is socially constructed and subjective</td>
</tr>
<tr>
<td>(Saunders et al., 2007)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nature of the world</td>
<td>Direct access to real world</td>
<td>No direct access to real world</td>
</tr>
<tr>
<td>(Carson et al., 2001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reality</td>
<td>Single external reality</td>
<td>Multiple external realities</td>
</tr>
<tr>
<td>(Carson et al., 2001; Sale et al., 2002)</td>
<td></td>
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<tr>
<td><strong>Epistemology</strong></td>
<td></td>
<td></td>
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<tr>
<td>Involvement of</td>
<td>Researchers are independent</td>
<td>Researchers are part of what is observed and sometimes even actively collaborate</td>
</tr>
<tr>
<td>researchers</td>
<td>(Saunders et al., 2007)</td>
<td></td>
</tr>
<tr>
<td>Researchers’ influence</td>
<td>Research is value-free</td>
<td>Research is driven by human interests</td>
</tr>
<tr>
<td>(Saunders et al., 2007; Teddlie and Tashakkori, 2008)</td>
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</tbody>
</table>
As seen in Table 6.1, the two different philosophical paradigms result in different research approaches for examining interesting phenomena. In particular, the positivist view is synonymous with the quantitative or deductive approach, while the position of interpretivist is associated with the qualitative or inductive approach (Crotty, 1998; Easterby-Smith et al., 2008; Saunders et al., 2007). These two different research approaches have relative strengths and weaknesses in nature. In a quantitative approach, researchers examine research problems by testing the theory with produced hypotheses (Saunders et al., 2007). When the objective facts support the hypotheses, the general laws are applicable and their validity is reinforced (Blumberg et al., 2008), therefore, it is possible to obtain relatively precise and credible results. This approach is conducted through the sequential stages: i) identifying causal relationships among variables (formulating hypotheses), ii) testing the hypotheses with the operationalised concepts in a quantitatively measurable form, and iii) generalisation of the findings with the process of selecting samples of sufficient size (Saunders et al., 2007). Table 6.2 summarises the strengths and weaknesses of the quantitative approach.
<table>
<thead>
<tr>
<th>Strength</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Testing and validating constructed theories</td>
<td>The researcher's categories used may not reflect local constituencies' understandings</td>
</tr>
<tr>
<td>Testing constructed hypotheses</td>
<td>Theories used may not reflect local constituencies' understandings</td>
</tr>
<tr>
<td>Generalizing research findings with the data based on random samples of sufficient size</td>
<td>Researcher may miss out on phenomena occurring because of the focus on theory or hypotheses testing</td>
</tr>
<tr>
<td>Generalization of research findings by replicating on many different populations and subpopulations</td>
<td>Knowledge produced may be too abstract and general for direct application to specific local situations, contexts and individuals</td>
</tr>
<tr>
<td>Allowing quantitative predictions to be made by obtaining data</td>
<td></td>
</tr>
<tr>
<td>Eliminating confounding influences of many variables so that construct a situation which allows the researcher to more credibly assess cause-effect relationships</td>
<td></td>
</tr>
<tr>
<td>Relatively quick data collection</td>
<td></td>
</tr>
<tr>
<td>Provides precise, quantitative and numerical data</td>
<td></td>
</tr>
<tr>
<td>Data analysis is relatively less time consuming</td>
<td></td>
</tr>
<tr>
<td>The findings are relatively independent of the researchers</td>
<td></td>
</tr>
<tr>
<td>Higher credibility for to studying large numbers of people</td>
<td></td>
</tr>
</tbody>
</table>

**Table 6.2 Strengths and Weaknesses of Quantitative Research**

**Table 6.3 Strengths and Weaknesses of Qualitative Research**

Strength

The data are based on the participants' own categories of meaning

In contrast, the qualitative approach concentrates on better understanding of the nature of the research problems (Saunders et al., 2007). This approach, thus, seeks depth and rich meaning of the phenomena per se in a contextual setting (Easterby-Smith et al., 2008). It does not emphasize causal relationships among variables and simple fundamental laws as much as quantitative research does, in order to avoid insufficient understanding of the complex phenomena (Blumberg et al., 2008). As shown in Table 6.3, most of the weaknesses of qualitative research are likely to be strengths of quantitative research.
Useful for studying a limited number of cases in depth
Useful for describing complex phenomena
Providing individual case information
Can conduct cross-case comparisons and analysis
Providing understanding and description of people’s personal experiences of phenomena
Can describe, in rich detail, phenomena as they are situated and embedded in local contexts
The researcher identifies contextual and setting variables as they relate to the phenomenon of interest
The researcher can study dynamic processes
To generate inductively a tentative but explanatory theory about a phenomenon, the researcher can use the primarily quantitative method of grounded theory
Can determine how participants interpret constructs
Data are usually collected in naturalistic settings in qualitative search
It is representative to local situations, conditions and stakeholders’ needs
Researchers are responsive to changes that occur during the conduct of a study and may shift the focus of their studies as a result
Qualitative data in words and categories of participants lend themselves to exploring how and why phenomena occur
One can use an important case to demonstrate vividly a phenomenon to the readers of a report
Determine idiographic causation

Weakness
Knowledge produced may not generalize to other people or other settings
Difficulty in making quantitative predictions
More difficulty in testing hypotheses and theories
Lower credibility with some administrators and commissioners of programs
Takes more time to collect the data compared to quantitative research
Data analysis is often time consuming
The results are more easily influenced by the researcher’s personal biases and idiosyncrasies

Source: adapted from Johnson and Onwuegbuzie (2004)

As such, there are distinctions between qualitative and quantitative research in terms of the objectives of research and the context of research design. Depending on the research objectives, appropriate research approach may differ and sometimes, researchers cannot use a particular research approach in a certain research context (Malhotra and Birks, 2003). Based on those strengths and weaknesses, the basic rationale, which states that both quantitative and qualitative approaches are necessary to understand phenomena
completely, is discussed and suggested by researchers as follows (e.g., Johnson and Onwuegbuzie, 2004; Malhotra and Birks, 2003; Newman & Benz, 1998; Onwuegbuzie and Leech, 2005; Saunders et al., 2007).

Geene et al. (1989) suggest that one approach can help the alternative approach sequentially and extend the scope of a study through different approaches. Considering the characteristics of the two research approaches, qualitative or inductive approach is appropriate to building theory, whereas quantitative or deductive approach is suitable for testing theory (Onwuegbuzie and Leech, 2005; Newman & Benz, 1998). The qualitative approach is used to set ideas or theory and its findings are used to form hypotheses based on researchers’ inference regarding the phenomena (Bullock et al, 1992; Malhotra and Birks, 2003; Saunders et al., 2007), but researchers are unable to predict the phenomena and to generalize those findings. The findings from a qualitative approach could be extended and tested by a quantitative approach sequentially. As a consequence, researchers could hold greater confidence for the conclusion, when the findings of a qualitative approach are supported by those of quantitative one (Johnson et al., 2007).

Qualitative research is beneficial for understanding the nature and meaning of the phenomena in a specific context (Easterby-Smith et al., 2008). In corporate brand research, the archival and qualitative approach has been adopted for research with regard to the historical roots of corporate identity (He and Balmer, 2007). Corporate brand researchers thus employed the qualitative approach in order to explore the content of identities and shifts in the artefacts and other material manifestations of corporate identity rather than using a quantitative approach (Cornelissen et al., 2007). This is because corporate identity is changed in response to historical and other fluctuations in the market environment at a corporate level rather than an individual level (e.g., Grant, 1999). In acknowledgement of the nature of such research issues, a qualitative approach has been required for previous studies. As a result, research into corporate brands depends much more heavily on a qualitative approach.

In situations where there is well established theory then a quantitative research approach is appropriate, but in cases where there is no existing theory and exploratory research is required, then a qualitative approach is favoured but the results cannot be generalised to the population. The literature searching demonstrates that there is a well-established body of knowledge from three disciplines. Thus, Cornelissen et al. (2007) points out the
necessity of quantitative approach for identification research. Moreover, the objective of the present study is to test the proposed research model at an individual consumer level. Therefore, this study adopts a quantitative approach based on the necessity of quantitative methods and the objective of the study.

As noted earlier, quantitative methods are characterised as appropriate for "formulating and testing the hypotheses and research model" including relationships among variables (Chen and Hirschheim, 2004, p. 201). This study conducts the reliability and validity test of the concepts included in the research model to make it rigorous as scientific research. One of the main objectives is to develop and test the research framework to understand the antecedents and consequences of consumer identification with a corporate brand. The focus of the study is on testing the antecedents and consequences of consumer identification as well as the mediating effects of consumer identification and the moderating effects of the several chosen variables. In addition, all the constructs involved in the research model are with regard to consumers' perception, attitudes and intentions. The survey method conceived was appropriate and useful for gathering specifically such psychological data from consumers (Malhotra and Birks, 2003).

6.3 Sampling Design

According to Churchill and Brown (2004), the sampling processes are divided into six steps. The first stage is to define the population of the study; the second is to identify the sampling frame; the third is to select a sampling procedure (e.g. probability or non-probability). The fourth is to determine sample size and the fifth is to choose the elements to be involved in the study. Lastly, the appropriate data are accumulated from designated respondents. Figure 6.2 illustrates the six-step process.
However, the suggested procedure is not easy to follow, and there is a risk of things going wrong with these steps (Churchill and Iacobucci, 2004). Critical variables in selecting an appropriate sampling design are research objectives, degree of accuracy, availability of resources, time frame, advance knowledge of the target population, scope of the research, and perceived statistical analysis needs (Hair et al., 2006b). First, research objectives provide guidelines for appropriate sampling design. Second, the required accuracy level varies depending on the research topics, and is closely associated with the available resources, time and costs. Third, availability of resources is a significant factor for choosing a proper sampling design. When financial and human resources are insufficient, a less time-consuming method is required. Fourth, the time frame affects selecting a sampling method. Fifth, the availability of the sampling frame and knowledge of the target population is necessary especially for probability sampling. Sixth, the scope of the research also influences selecting the method. Finally, the needs for accurate statistical projections are considered when selecting sampling design (Hair et al., 2006b). An overview of the sampling method and data collection method adopted for
6.3.1 Sampling Method

Sampling methods are categorized into two types, probability and non-probability sampling designs. The main feature of probability sampling is that the probability of being selected as sample subjects is known, whereas in non-probability sampling, the probability of selecting each element in the population is not known (Churchill, 1996). Due to the difference, probability sampling methods can calculate the likelihood for selecting any given population element so that the degree of sampling error is estimated. However, non-probability sampling methods are unable to assess the amount of sampling error, because they are not a mechanical and objective process but depend on personal judgement (Churchill and Brown, 2004). Probability sampling includes simple random sampling, systematic sampling, stratified sampling, cluster sampling and multi-stage sampling, while the methods for non-probability sampling are convenience sampling, judgement sampling, quota sampling and snowball sampling. Table 6.4 shows probability and non-probability sampling methods.

<table>
<thead>
<tr>
<th>Sampling Methods</th>
<th>Descriptions</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probability sampling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simple Random Sampling</td>
<td>All elements in the population are considered and each element has an equal chance of being chosen</td>
<td>High generalization of findings, easily understood, results projectable</td>
<td>Expensive, lower precision, no assurance of representativeness, not as efficient as stratified sampling.</td>
</tr>
<tr>
<td>Systematic Sampling</td>
<td>Every nth element in the population is chosen starting from a random point in the population frame</td>
<td>Easy to use if population frame is available</td>
<td>Possibility in systematic biases</td>
</tr>
<tr>
<td>Stratified Sampling</td>
<td>Population is first divided into meaningful segments: respondents are drawn in proportion to their original numbers in the population.</td>
<td>Most efficient of all probability designs, precision</td>
<td>Difficulty in making meaningful segments, not feasible to stratify on many variables, more time-consuming than simple random or systematic sampling.</td>
</tr>
<tr>
<td>Cluster Sampling</td>
<td>Groups having heterogeneous members are</td>
<td>In geographic clusters, low costs for data</td>
<td>The least reliable and efficient among all</td>
</tr>
</tbody>
</table>
First identified and then some are chosen at random, all the members in each of the randomly chosen groups are studied.

| Probability sampling designs, difficult to compute and interpret results |
| --- | --- | --- |
| collection, easy to implement, cost-effective |

Non-probability sampling

<table>
<thead>
<tr>
<th>Convenience Sampling</th>
<th>The most easily accessible members are chosen.</th>
<th>Quick, convenient, least expensive and least time consuming</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subjects are conveniently chosen from targeted groups according to some predetermined quota.</td>
<td>Useful where minority participation in a study is critical Sample can be controlled for certain characteristics</td>
<td>Selection bias, non-representative sample, generalization problem</td>
</tr>
<tr>
<td>Judgement Sampling</td>
<td>Subjects are selected on the basis of their expertise in the subject being investigated.</td>
<td>Low cost, not time consuming, ideal for exploratory research designs</td>
</tr>
<tr>
<td>Snowball Sampling</td>
<td>Subjects are invited by recommendation by previous respondents It is mainly used in qualitative research</td>
<td>Can estimate rare characteristics</td>
</tr>
</tbody>
</table>

Time consuming

Selection bias, non-representativeness

Source: Adapted from Chisnall (2005), Malhotra and Birks (2003, p.374), Sekaran (2003, p.280)

Despite the advantages of probability sampling methods such as measuring sampling error that may occur, this is not to say that probability sampling will always assure more representative or more accuracy in results than non-probability sampling does. In case of some research problems, sampling errors, which are larger when using probability sampling, may be important (Malhotra and Birks, 2003). Non-probability sampling methods also have advantages of lower costs and being less time-consuming (Hair et al., 2006b). Indeed, researchers need to consider the feasibility of probability sampling methods, especially whether the useful sampling frame exists. Rosenthal and Rosnow (1991) argue that most behavioural scientists are not concerned with a probability sampling plan when selecting research respondents, because it is frequently impossible to make use of a probability sampling plan. Even when it might be feasible, many researchers think that it should make no difference whether the research participants consist of a random sample or the population as a whole. Indeed, if a researcher is concerned with studying causal effects in the relationships between variables rather than population descriptions, random or representative samples are not major problems, although it needs to be clearly noted (e.g., Odekerken-Schrönder et al., 2003) and it may
frequently be not feasible to use survey sampling procedures (Rosenthal and Rosnow, 1991).

Based on the above considerations, the present study adopts one of the non-probability sampling techniques, quota sampling for three reasons. The first reason is associated with the problem of obtaining an available sampling frame and the lack of specific population information due to consumers’ need for privacy. In particular, in this research, the selected respondents, who have a relatively long-term relationship with the service brand, are difficult to find and to contact. Indeed, information about the number and characteristics of their customers might be an important asset for the company’s business and thus kept secret from other companies. Both companies and customers are really concerned with the need for privacy, because it is associated with the information on customers’ financial state. Accordingly, these variables make it difficult for a researcher to access the customers and the information about them. As a result, it is hard to define the population of the study and identify the appropriate sampling frame.

Second, limited time and resources are available. Despite the disadvantages of convenience sampling, marketing researchers often use this sampling method because it requires lower demand on resources (McDaniel and Gates, 2008). This research is characterised as short-term in nature. It is conducted by an individual researcher and its purpose is to test causal relationships hypothesised in the model. Moreover, non-probability sampling is reasonably representative, if data is collected carefully (Churchill and Brown, 2004).

Third, as Burns and Bush (2006) point out, quota sampling may decrease the problem of non-representativeness inherent in convenience sampling by controlling certain characteristics of the population at relatively low cost. As Sekaran (2003) mentioned, quota sampling is a combined form of balanced stratified sampling, in which a predetermined percentage of respondents are sampled from different groups, such as gender or age groups in order to supplement the disadvantages of convenience sampling. Consequently, quota sampling is likely to be comparable to conventional probability sampling, considering certain conditions (Malhotra, 2007).

6.3.2 Setting

The focus of this study is on consumer identification with a financial corporate brand. To
carry out an empirical test of the research model, financial services companies were selected including insurance companies, banks and securities investment companies, because the financial services industry is one of the primary corporate brands (McDonald et al., 2001; Davlin, 2003) and has the distinguishable features of services (Boyd et al., 1994; Eisingerich and Bell, 2006; O'Loughlin and Szmigin, 2006). As mentioned in the previous chapter, the research model and hypotheses were developed on the basis of the unique features of services. The research model includes the critical role of employees and other customers, and relationships between employees and consumers in terms of generating consumer identification with a corporate brand.

More specifically, the financial services sector is an appropriate context for testing the research model at the following points based on prior research. Firstly, membership is not a necessary condition for generating a sense of identification (Bhattacharya and Sen, 2003), and thus identification also occurs in the absence of formal membership (Scott and Lane, 2000). An important consideration for choice of the research context is that customers who realize that they psychologically belong to a certain firm, can be the respondents for this study. In general, the features of financial services firms are as follows: i) clients of a firm interact with the financial services firm regularly, ii) they are relatively highly involved in this service due to the importance of financial status, iii) customers have a need for a close relationship with the firm (Alexander and Colgate, 2000). These characteristics of financial services firms provide the bases or conditions for generating a sense of psychological belongingness as seen in Marin et al. (2009) who chose the financial services (bank) for their identification research. In addition, the importance of consumer identification contributing to the relationship between a financial services firm and its consumers is emphasized.

The second important aspect of the financial services industry is associated with the crucial role of employees and of the relationships between consumers and employees. As mentioned in chapter 4, the present research model includes employee-related variables (customer orientation, preferential treatment and social relationship) as the antecedents of consumer identification. Accordingly, a research context needs to be found in which employees are important contacts for service delivery and employee-customer relationships are formed. In the financial services context, personal contact persons (e.g., financial advisers) are the primary contact point for the customers and the financial services are delivered by employees. Indeed, the frequent and regular interactions with
employees in the financial services industry contribute to building and maintaining the relationships between consumers and employees.

Lastly, with regard to the other customer-related variable (social recognition) in the research model proposed, the importance of other customers of a financial services firm is supported and highlighted by the characteristic of consumers' insufficient professional knowledge regarding the details of the financial services or products (Bell and Eisingerich, 2007; Crosby et al., 1990) in the financial services. This feature makes it difficult for consumers to make a priori judgement of financial companies because of the highly intangible and complex context of financial services as detailed in chapter 2. Consumers thus depend heavily on the tangible attributes of the services such as employees' attitude or behaviour and the images of other customers.

6.3.3 Sample Size

Researchers must consider the precision of the estimates, time and money availability to determine the appropriate sample size (Hair et al., 2006b). A number of rules have been suggested for determining the sample size required to produce a stable solution when performing regression and confirmatory factor analysis. According to Tabachnick and Fidell (2007), a simple rule of thumb for regression analysis is $N \geq 104 + \text{number of the predictor(s)}$ for testing individual predictors, for example, this study contains a maximum of nine predictors including moderated terms in a regression equation, so the required sample size is 113 cases for this study. Similarly, a sample size of 100 is suggested for most research situations in which regression analysis is used (Hair et al., 2006a).

Confirmatory factor analysis was also chosen to test the validity and reliability of the scales used. The method requires an even larger sample size than multiple regression analysis. Hoetler (1983) recommended a minimum sample size of 200 for confirmatory factor analysis, while Tabachnick and Fidell (2007) suggest at least 300 cases for factor analysis as a general rule of thumb. Although necessary sample size is affected by various conditions (model complexity, missing data, average error variance of indicators, multivariate distribution and estimation technique), a sample size in the range of 150 to 400 is suggested by Hair et al. (2006a) as a general guideline for a structural equation model. Furthermore, this study only conducts confirmatory factor analysis which is relatively less complex than the theoretical model test and each construct is estimated by
at least three items in the research model. Based on the above considerations, a sample size of 400 was deemed adequate for this study in terms of practical issues such as limited time and resources as well as the statistical issue of producing statistically valid results.

6.4 Data Collection Method

This study was carried out by an online survey using an online panel of a company, and a quota sampling method was adopted for sampling. A number of studies have employed online surveys which are administered by e-mail or via the web (Saunders et al., 2007) especially using online panels (Neslin et al., 2009). Indeed, similar quota sampling in the financial services has been conducted by several researchers (e.g. Lympouropoulos and Chaniotakis, 2008; Moutinho and Smith, 2000; Soureli et al., 2008): the selected sample elements are age, gender and the type of financial services. The quotas of population variables in this study were based on the 2005 Population Census in South Korea. The profiles of the Census of South Korea in terms of demographics (gender and age group) are described in Table 6.5.

<table>
<thead>
<tr>
<th>Table 6.5 Population Census in Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Age Group*</td>
</tr>
<tr>
<td>20-39</td>
</tr>
<tr>
<td>40-59</td>
</tr>
<tr>
<td>Over 60</td>
</tr>
</tbody>
</table>

Source: [Population and Housing], Korea National Statistical Office (2009)

*) population in this study was set as over 20 years old in terms of age group.

The age group under 20 years old was excluded because an adult is defined as someone over 20 years old under Korean law. In other words, people in Korea legally reach adulthood at 20 years old, so that people under 20 years old are unable to exercise the rights of an adult, such as the right of ownership and marriage without agreement of their parents (Civil Code Article 4, 2009). The exertion of property rights is essential for using financial services from the legal perspective. In addition, according to the Korea
National Statistical Office (2009), the 15-19 age group consists of only 0.8% of the total economically active population as well as of the total employed persons who undertook paid work for over one hour per week in 2009 ([Economically Active Population Survey], Korea National Statistical Office, 2009).

In relation to the type of financial services, in fact, a customer may have a number of accounts in different banks, or even in the same banks or over various types of financial servicess companies at the same time, and consequently it is difficult to estimate or calculate the accurate numbers of total customers by the types of financial servicess. Therefore, in terms of the quotas of the type of financial servicess, this study uses the proportion of total assets instead of the proportion of customer population. Depending on the quotas of total assets among the three types of financial servicess, bank customers were about 70%, insurance services’ customers were about 20%, and securities companies’ customers were about 10% ([Monthly Finance Statistics Bulletin], Financial Supervisory Service, 2009). Therefore, the population in this study consists of Korean customers who are over 20 years old, of three types of financial servicess: banks, insurance companies and securities investment companies in South Korea. Table 6.6 indicates the distribution of sample size by the assignment of the quota.

Table 6.6 Distribution of Sample Size

<table>
<thead>
<tr>
<th>Age group</th>
<th>Bank 280 (70%)</th>
<th>Insurance 80 (20%)</th>
<th>Securities 40 (10%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male (49%)</td>
<td>Female (51%)</td>
<td>Male (49%)</td>
<td>Female (51%)</td>
</tr>
<tr>
<td>20-39 (44.5%)</td>
<td>63 (51%)</td>
<td>61 (49%)</td>
<td>18 (46%)</td>
<td>18 (54%)</td>
</tr>
<tr>
<td>40-59 (37.8%)</td>
<td>53 (51%)</td>
<td>53 (49%)</td>
<td>15 (63%)</td>
<td>15 (37%)</td>
</tr>
<tr>
<td>60 and over (17.8%)</td>
<td>21 (44%)</td>
<td>29 (56%)</td>
<td>6 (44%)</td>
<td>8 (56%)</td>
</tr>
<tr>
<td>Total</td>
<td>137 (51%)</td>
<td>143 (49%)</td>
<td>39 (51%)</td>
<td>41 (49%)</td>
</tr>
<tr>
<td></td>
<td>20 (40%)</td>
<td>20 (60%)</td>
<td>20 (40%)</td>
<td>20 (60%)</td>
</tr>
</tbody>
</table>

The online survey will be adopted to gather data for the main survey, because the researcher failed to get permission to collect data from financial services firms as well as shopping malls in Korea. Although the researcher contacted financial firms many times to get permission to collect data from their customers, eventually they did not allow data to be gathered from their clients for confidentiality reasons, as well as potential inconvenience of and complaints by their customers. As an alternative, the method of ‘shopping mall intercept’, in which data is collected at all the entrances of one or several
malls at different times of the day over a longer time such as a month or several weeks, was attempted, because it is closer to systematic sampling (see, Sudman, 1980). However, this method was also unable to obtain permission from the malls. Even though data collection on the high street was considered over several main crowded places suitable for gathering data, the season was winter in which it is too cold at minus 10 degrees to collect data outside on the street. Therefore, an online survey using an online panel of an online survey company was selected. This survey company manages about 200,000 panellists distributed over Korea, according to the data provided by the company. Furthermore, according to the Korea National Statistical Office (2009), households with access to the internet ranked top among OECD countries with 81.2% via any device such as desktop computer, portable computer, TV, mobile phone etc, and the number of computers in use had reached 81.4% ([Households with Access to the Internet and to a Home Computer]). In addition, 77.6% (36,740,000) of the Korean population aged 6 and over had used the internet at least once over a one month period in 2009 ([Survey on the Internet Usage], Korea Communications Commission and Korea Internet & Security Agency, 2009). These figures indicate that the proportion of household accessible to the internet reaches over 80% and 77.6% of the Korean population aged over 5 have experienced using the internet at least once in a month. According to the statistics, Korea seems to be one of the countries suitable for implementing online survey. There are also some advantages of using an online survey including greater speed of inviting potential respondents to participate in the survey, receiving their responses or feedback, and cost-saving (Aaker et al., 2004). Therefore, an online survey approach is appropriate for this study.

In terms of online survey techniques, this study uses an online panel of an online research company in Korea as the potential respondents for the main survey. The processes of collecting data are as follows: First, the company sends an email to their panellists who have done significant financial business with a financial services firm, inviting them to participate in this survey. Second, the panellists are selected by the quota which this study set up, using screening questions about gender, age group, and the type of financial services firm. Third, the qualified respondents are finally asked to answer the questionnaire.
6.5 Questionnaire Design

The processes of questionnaire design for the present study are derived from the guidelines of Aaker et al. (2004). The processes involve planning what to measure, formatting the questionnaire, wording, sequencing and layout, pre-test, and correcting problems. It is a primary consideration to confirm constructs included in the proposed research model and its appropriated measurement scales. The next step is to choose a response type of each question: open-ended, multiple choice, or scale representation. Researchers must determine the format on the basis of consideration of the knowledge, ability and willingness of a respondent to answer the question. After evaluating the wording of the question specifically using the back to back translation procedure to facilitate the precise understanding of the question, researchers check the sequence of the questions. Pre-testing the questionnaire is conducted among respondents who are similar to those who will be used as actual research subjects for the main study. Through the pre-test process, researchers obtain significant feedback about all aspects of consideration for valid data collection. Finally, some wordings in the questionnaire are transformed based on the comments from respondents.

The questionnaire was translated from English into Korean. To ensure the same meaning of the question, the back to back translation procedures were employed as follows on the basis of Malhotra and Birks (2003): i) the questionnaire was translated into Korean by researcher, ii) This Korean version was reviewed by an Korean, iii) After reviewing, the Korean version of questionnaire was back translated into English by an external expert who is fluent in both languages, iv) the back translated questionnaire was compared to the original version and the differences between the two versions were identified and discussed until reaching a consensus.

6.5.1 Operationalization of Measures

Operationalizing the constructs encompasses selecting the measurement scale items and the scale type. For confirmatory factor analysis, an interval scale is commonly used. All the measurement scales used for this study come from and are proved by prior research. The items associated with all variables are included in Table 6.5. The established measures were used with minor modifications to suit the context of this study. The
concept of ‘preferential treatment’ was measured with the scale developed by Odekerken-Schröder et al. (2003), and ‘social relationship’ was measured using the original instruments from Han et al. (2008). For measures of ‘customer orientation’, five presented items, which were derived from Thomas et al. (2001), were employed. For ‘customer identification’, a six-item instrument was used from Mael and Ashforth (1992). ‘Positive word-of-mouth’ was measured using scales from Fullerton (2003). ‘Consumer participation’ was measured by employing a five-item scale adopted from Rosenbaum and Massiah (2007). For ‘identity salience’, a four-item instrument was used using scales from Arnett et al. (2003). To measure the concept of ‘brand trust’, a three-item instrument developed by Dawar and Pillutla (2000) was used and ‘brand knowledge’ was measured by employing a three-item scale by Algesheimer et al. (2005).
### Table 6.7 Measurement of Variables

<table>
<thead>
<tr>
<th>Construct</th>
<th>Measures</th>
<th>Scale</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer identification (6)</td>
<td>This company’s successes are my successes.</td>
<td>Interval</td>
<td>Mael &amp; Ashforth (1992)</td>
</tr>
<tr>
<td></td>
<td>I am interested in what others think about this company.</td>
<td>(7-point Likert scale)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>When someone praises this company, it feels like a personal compliment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When I talk about this company, I usually say “we” rather than they”.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If a story in the media criticized this company, I would feel embarrassed.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When someone criticizes this company, it feels like a personal insult.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer orientation (5)</td>
<td>He/She tries to figure out what a customer’s needs are</td>
<td>Interval</td>
<td>Thomas et al. (2001)</td>
</tr>
<tr>
<td></td>
<td>He/She has the customer’s best interests in mind</td>
<td>(7-point Likert scale)</td>
<td>based on the scale from Saxe and Weitz (1982)</td>
</tr>
<tr>
<td></td>
<td>He/She takes a problem solving approach in selling products or services to customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>He/She recommends products or services that are best suited to solving problems</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>He/She tries to find out which kinds of products or services would be most helpful to customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferential treatment (5)</td>
<td>I get more special treatment *</td>
<td>Interval</td>
<td>Gwinner et al. (1998) and items(*) are from Martin-</td>
</tr>
<tr>
<td></td>
<td>I get better interest rates *</td>
<td>(7-point Likert scale)</td>
<td>Consuegra et al. (2006)</td>
</tr>
<tr>
<td></td>
<td>They do services for me that they don’t do for most customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I get priority treatment when there is a queue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I get faster service than most customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social relationship (5)</td>
<td>I feel a sense of familiarity with him/her</td>
<td>Interval</td>
<td>Han et al. (2008) based on scale from Price and</td>
</tr>
<tr>
<td></td>
<td>I enjoy my contact</td>
<td>(7-point Likert scale)</td>
<td>Arnould (1999)</td>
</tr>
<tr>
<td></td>
<td>I trust him/her</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I feel like I know him/her</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I regard the person who served me as a friend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social recognition (3)</td>
<td>Generally, customers of this firm are people who like to be appreciated by acquaintances.</td>
<td>Interval</td>
<td>Odökerken-Schröder et al. (2003)</td>
</tr>
<tr>
<td></td>
<td>Generally, customers of this firm are people who like to be respected by others.</td>
<td>(7-point Likert scale)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Generally, customers of this firm are people who like to be appreciated by others.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive word-of-mouth (3)</td>
<td>I say positive things about the firm to other people</td>
<td>Interval</td>
<td>Fullerton (2003) based on the scale from Zeithaml et al. (1996)</td>
</tr>
<tr>
<td></td>
<td>I recommend this firm to people who seek my advice</td>
<td>(7-point Likert scale)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I encourage friends and relatives to do business with this firm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construct</td>
<td>Measures</td>
<td>Scale</td>
<td>Source</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Consumer participation (5)      | If I notice a problem at this firm, I inform an employee even if it doesn’t affect me  
I make constructive suggestions to the firm’s employees on how to improve its service  
I let the firm’s employees know of ways that they can better serve customer’s needs  
I have shared a useful idea on how to improve their services with its employees  
When I experience a problem at this firm, I let an employee know | Interval (7-point Likert scale) | Rosenbaum and Massiah (2007) based on the scale from Bettencourt (1997) |
| Identity salience (4)           | This company is an important part of who I am  
The company is something about which I feel is important  
Being a customer of this company means more to me than just being a customer of a financial firm  
I usually think about this company (e.g., product, news, etc.) | Interval (7-point Likert scale) | Arnett et al. (2003) based on the scale from Callero (1985)            |
| Brand trust(3)                  | This company is trustworthy  
This company is dependable  
This company is reliable | Interval (7-point Likert scale) | Dawar and Pillutla (2000)                                             |
| Brand Knowledge(3)              | When compared to other people, I know a lot about this company  
My friends consider me an expert regarding this firm  
I consider myself very experienced with this company | Interval (7-point Likert scale) | Algesheimer et al. (2005)                                             |

* adapted from Martin-Consuegra et al. (2006)
(1) Consumer identification
By using an operational definition, it was shown that individuals defined themselves as a member of a particular firm. Identification was measured using a six-item scale from Mael and Ashforth (1992). It consisted of i) the extent to which they regard the firm’s success as their own success, ii) the extent to which outside people have interests in the company, iii) the extent to which they regard praise of the firm as praise of individuals, iv) the extent to which they refer to the company as ‘we’ rather than ‘they’, v) the extent to which they consider criticism of the firm as a personal insult, and vi) the extent to which they regard media criticism of the company as their personal embarrassment. Respondents were asked to indicate the degree of identification they felt toward the firm. The six indicators used a seven-point scale anchored by “strongly disagree” and “strongly agree”.

(2) Preferential treatment
This study defines preferential treatment as a consumers’ perception of the extent to which a financial services company treats and serves me better than its general customers based on Gwinner et al. (1998). This scale was adapted from Gwinner et al. (1998) and Martin-Consuegra et al. (2006) and widely used in other studies (e.g., Henning-Thurau et al., 2002; Kinard and Capella, 2006; Odeskerkern-Schröder et al., 2003; Yen and Gwinner, 2003). It was measured with 5 items: i) the degree to which I get more special treatment, ii) the degree to which I get better interest rates, iii) the degree to which the company provides services to me that they don’t do for most customers, iv) the degree to which I get priority treatment when there is a queue, and v) the degree to which I get faster service than others. All the indicators used a seven-point scale anchored by “strongly disagree” and “strongly agree”.

(3) Social relationship
Social relationship was measured using a five-item scale from Han et al. (2008). The five items consisted of i) customer familiarity with employees, ii) enjoying my contact, iii) trust in the employees, iv) a feeling of knowing the employees, and v) friendship with employees. All five items used a seven-point scale anchored by “strongly disagree” and “strongly agree”. Although, as a similar construct of social relationship, social benefit is suggested and developed by Gwinner et al. (1998), this construct is not only focusing on the relationship between customers and employees but also includes social recognition towards the customer by employees as stated by Gwinner et al. (1998). Measuring the construct concentrated on the
relationship rather than containing another element, social recognition, and to consider the context of financial services, this study employed the scale used by Han et al. (2008). Han et al. (2008) adapted the original scale of Price and Arnould (1999) and examined the scale across many types of services including the banking service. The instrument of Han et al. (2008) involved similar items to those of Gwinner et al. (1998) such as familiarity with employees, developing a friendship, enjoying the social aspect of the relationship except the items relevant to social recognition towards the customers by employees.

(4) Customer orientation
Customer orientation was identified as the degree to which employees “practise the modern marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs” (Macintosh, 2007; Saxe and Weitz, 1982). Customer orientation was measured using the 5 positively worded items from the Sales Orientation/Customer Orientation (SOCO) scale of Saxe and Weitz (1982) following Thomas et al. (2001) and Homburg et al. (2009). Thomas et al. (2001) reduced the number of items from 12 for customer orientation to 5 with little information loss. In addition, this scale was originally developed to measure customer orientation of sales personnel from the viewpoint of salespeople, the scale items were adapted to conform to the financial services situation and to reflect the customers’ point of view about SOCO (Michaels and Day, 1985). The scale of Thomas et al. (2001) included i) figuring out customer needs, ii) considering customer interests, iii) taking a problem solving approach, iv) recommending suitable service to customer needs, and v) providing helpful services to customers. Likert-type scales were used to measure all five indicators, yielding scores ranging from 1 (strongly disagree) to 7 (strongly agree).

(5) Social recognition
Measures of social recognition were adapted from Odekerken-Schrönder et al. (2003). The scales originally reflect the evaluation on individual self assessed by others. In this study, they were adapted for evaluation on other customers of the company. These variables measure i) the degree of appreciation of other customers of the company assessed by acquaintances, ii) the degree of respect towards other customers of the financial entity assessed by others, and iii) the degree of appreciation of other customers of the financial company assessed by others. The three indicators used a seven-point scale anchored by “strongly disagree” and “strongly
agree”

(6) Positive word-of-Mouth
This study focuses on the recommendation or advocacy intention of WOM. The construct of Positive WOM was measured with a scale adopted from Fullerton (2003) who adapted the scale originally from Zeithaml et al. (1996). This measurement includes i) mentioning the positive aspect of the firm, ii) recommending the firm to people, and iii) encouraging friends and relatives to transact with the firm. These items are commonly used and validated in other studies (e.g., Bove et al., 2009; Brown et al., 2005; Jones and Reynolds, 2006; Jones and Talor, 2007; Lam et al., 2004; MaxhamIII, 2001, 2002; Sichtmann, 2007; Söderlund, 2006). The three indicators used a seven-point Likert scale that was anchored by “strongly disagree” and “strongly agree”.

(7) Consumer participation
Consumer participation was measured with a scale developed by Rosenbaum and Massiah (2007) who adapted the items from Bettencourt (1997). For consumer participation, five items were used: i) informing of any problems, ii) making suggestions, iii) informing of better ways of serving, iv) sharing ideas for service improvement, and v) informing of recognized problems. These items have been also used in other empirical studies including Eisingerich and Bell (2006) and Hsieh et al. (2004). The measurement of consumer participation used a seven-point Likert scale that ranged from “strongly disagree” to “strongly agree”.

(8) Identity salience
Identity salience was measured using a four-item scale from Arnett et al. (2003) who adapted the original scale of Callero (1985). Respondents were asked to rate i) the importance of the company to their self concept, ii) a degree of feeling of importance about the company, iii) to what extent being a customer of the company is more than being a customer of the firm, and iv) whether they usually thinking about the company. As with other instruments, Likert-type scales were used, with a seven-point scale yielding scores ranging from 1(strongly disagree) to 7(strongly agree).

(9) Brand Trust
The concept of brand trust is defined as the consumers’ belief that corporate brand is i)
reliable, ii) dependable and iii) trustworthy in terms of overall trust based on prior studies 
(e.g., Chaudhuri and Holbrook, 2001; Dawar and Lei, 2009; Evans et al., 2008; Sharma and 
Patterson, 2000; Sichtmann, 2007; Sirdeshmukh et al., 2002; Wu, Chan and Lau, 2008). 
Brand trust was measured using a three-item scale from Dawar and Pillutla (2000). It 
encompasses a degree of reliability, dependability and trustworthiness of the corporate brand. 
These three items are common items of other instruments for overall trust, for example, the 
items are involved in Chaudhuri and Holbrook (2001), Dawar and Lei (2009), Evans et al. 
(2008), Sharma and Patterson (2000), Sichtmann (2007), Sirdeshmukh et al. (2002), and Wu, 
Chan and Lau (2008). The three indicators used a seven-point scale anchored by “strongly 
disagree” and “strongly agree”

Brand knowledge

Brand knowledge was measured with a scale developed by Algesheimer et al. (2005). This 
scale contains i) knowing a lot about the company, ii) being considered as an expert about the 
company, iii) enriched experience with the company. This scale is similar to the scale of 
Sharma and Patterson (2000) and Söderlund (2002) in terms of encompassing good 
knowledge, being experienced, and good understanding. For these three indicators, Likert-
type scales were used, with a seven-point scale yielding scores ranging from 1 (strongly 
disagree) to 7 (strongly agree).

6.5.2 Questionnaire Layout

Firstly, to ensure that study participants had prior experience with the financial services 
company being evaluated, they were asked to write down the name of the specific financial 
services provider with which they had done a significant part of his/her financial business 
with and to respond to the remaining questions focusing on that particular provider and its 
employees and customers.

After being asked about the specific financial services provider, respondents were asked to the 
extent to which they agreed with the statements regarding its employees by the researcher, 
followed by providing statements about the services offered by the financial services brand, 
its other customers, identity salience, brand trust and consumer’s brand knowledge. Finally, 
demographic information was obtained from the respondents.

The first section of the questionnaire involves questions measuring customer orientation, and
social relationship with the employees. The second section deals with respondents’ evaluations of perceived preferential treatment. The third section of the questionnaire measures social recognition. The fourth section contains the questions measuring consumer-company identification, followed by the questions measuring the outcome variables of consumer identification, positive WOM, and consumer participation. The fifth section of the questionnaire deals with questions measuring identity salience and brand trust, followed by the questions about respondents’ knowledge about the brand. The design of the last section of the questionnaire elicits respondents’ demographic characteristics, such as the length of time they have been doing business with the firm, gender, age, and educational background.

6.6 Data Analysis Methods

Data analysis followed a five-phase process as illustrated in Figure 6.2, and each phase is discussed in the following sections.

**Figure 6.2 Data Analysis Procedure**

| Phase 1: Profiles of the Respondents and Descriptive Analysis |
| Understanding of the characteristics of the sample |
| Checking minimum, maximum, mean and std. deviation of the research variables |

| Phase 2: Validity and Reliability Assessment |
| Examining the validity and reliability of the scales |

| Phase 3: T-Test and ANOVA Test |
| Comparing the mean scores of groups |

| Phase 4: Correlation Analysis |
| Checking the nature of relationships among research variables |

| Phase 5: Regression Analysis: Hypotheses test |
| Testing the hypotheses and the model |
6.6.1 Profiles of the Respondents and Descriptive Analysis

The first phase of the analysis summarises the demographic characteristics of the survey respondents such as gender, age, highest education level and previous relationship aspects, such as the length of relationship and the number of financial firms used by the respondents. The purpose of this data analysis is to understand the characteristics of the sample. The results revealed by descriptive analysis become the foundation for subsequent examination (Sekaran, 2003). In this study, frequencies were used to understand the characteristics of the respondents, and measures of central tendency (mean, minimum and maximum) and variability (standard deviation) were calculated to describe the research variables. The second phase of the analysis is a reliability and validity assessment of the scales.

6.6.2 Reliability Assessment

Reliability is defined as “the degree to which measures are free from error and yield consistent results” (Peter, 1979, p.6). Thus, reliability is statistically computed by “the proportion of true variance relative to total variance which is composed of true and error variance” (Tabachnick and Fidell, 2007, p.728). In particular, confirmatory factor analysis (CFA) calculates the amount of error variance which exists in the respective construct measures so that reliability of the constructs, such as composite reliability and AVE, can be calculated. In addition, high reliability of a measure results in high inter-correlations between indicators. Inter-correlations between indicators are high when the indicators are strongly related to the latent construct and are also internally consistent. Using the reliable scales is a starting point for improving the quality of marketing research. There are several types of reliability for assessing the scale reliability as shown in Table 6.7.

<table>
<thead>
<tr>
<th>Types of reliability</th>
<th>Descriptions</th>
</tr>
</thead>
</table>
| Internal consistency reliability | -Consistency of respondent’s answers to all the different items in a measure  
|                       | -Cronbach’s alpha |
| Composite reliability | -Reliability for the composite of measures of a latent variable  
|                       | -Confirmatory factor analysis |
| Average variance extracted(AVE) | -The average variance extracted from a set of measures of a latent variable  
|                       | -Confirmatory factor analysis |
Internal consistency refers to the consistency among the variables in a summed scale. It indicates the homogeneity of the items in the instruments for the construct. If the items measure the same construct they are highly correlative with one another. To assess internal consistency, Cronbach alpha is used. As with Cronbach’s alpha, confirmatory factor analysis (CFA) is also recommended and commonly used to assess reliability and validity of the measurement scales in marketing (Jacoby, 1978; Fornell and Lacker, 1981). As a result of confirmatory factor analysis, composite reliability and average variance extracted (AVE) are obtained for the reliability assessment of the constructs. Composite reliability refers to the extent to which the scale items indicate their corresponding latent construct (Bagozzi and Yi, 1988). AVE describes the overall amount of variance in the indicators explained by the construct (Bagozzi and Yi, 1988). AVE values are also used as an indicator of convergent validity (Hair et al., 2006a) and thus they are also described in the section on validity issues.

Criteria for Reliability Test

In the present study, confirmatory factor analysis and Cronbach’s alpha were adopted to assess reliability of the scales in this study. Specifically, Confirmatory Factor Analysis is used to assess the reliability for unobserved variables (Fornell and Larcker, 1981). Thus, reliability of the scales for the present study was assessed based on the Cronbach’s alpha coefficient, composite reliability, and average variance extracted (AVE).

Firstly, ‘Coefficient alpha’ is the most widely accepted formula for evaluating the reliability of a measurement scale with multi-point items in marketing research (Peter, 1979). It is robust and not affected by research design characteristics (Peterson, 1994), despite some criticism of the use of coefficient alpha as a measure of reliability (Boyle, 1991). Although there is no consensus standard regarding an acceptance level, which ranges from .50 to .95 as shown in Table 6.8, it is common for researchers to adopt .70 as the minimum level of reliability acceptance. Coefficient alpha over .70 is suggested as reliable (Hair et al., 2006a). Cronbach’s alpha coefficients were calculated with SPSS program.
Table 6.8 Acceptable Level of Cronbach's Alpha

<table>
<thead>
<tr>
<th>Authors</th>
<th>Situation</th>
<th>Recommended Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaplan and Saccuzo (1982, p.106)</td>
<td>Basic research</td>
<td>0.70-0.80</td>
</tr>
<tr>
<td></td>
<td>Applied research</td>
<td>0.95</td>
</tr>
<tr>
<td>Murphy and Davidshofer (1988, p.89)</td>
<td>Unacceptable level</td>
<td>Below 0.60</td>
</tr>
<tr>
<td></td>
<td>Low level</td>
<td>0.70</td>
</tr>
<tr>
<td></td>
<td>Moderate to high level</td>
<td>0.80-0.90</td>
</tr>
<tr>
<td></td>
<td>High level</td>
<td>Above 0.90</td>
</tr>
<tr>
<td>Nunnally (1967, p.226)</td>
<td>Preliminary research</td>
<td>0.50-0.60</td>
</tr>
<tr>
<td></td>
<td>Basic research</td>
<td>0.80</td>
</tr>
<tr>
<td></td>
<td>Applied research</td>
<td>0.90-0.95</td>
</tr>
<tr>
<td>Nunnally (1978, p.245-246)</td>
<td>Preliminary research</td>
<td>0.70</td>
</tr>
<tr>
<td></td>
<td>Basic research</td>
<td>0.80</td>
</tr>
<tr>
<td></td>
<td>Applied research</td>
<td>0.90-0.95</td>
</tr>
<tr>
<td>Hair et al. (1988, p.612)</td>
<td>Exploratory research</td>
<td>0.60</td>
</tr>
<tr>
<td></td>
<td>Common acceptable level</td>
<td>0.70</td>
</tr>
</tbody>
</table>

Source: Adapted from Peterson (1994, p.382)

Secondly, both composite reliability and average variance extracted (AVE) are derived from confirmatory factor analysis to evaluate the reliability. The commonly used cut-off value of composite reliability is .60, and AVE exceeding .50 is usually considered to support the reliable measures of the constructs (Bagozzi and Yi, 1988). Therefore, commonly accepted cut-off values for testing reliability are summarized in Table 6.9.

Table 6.9 Cut-off Values for Reliability Test

<table>
<thead>
<tr>
<th>Reliability type</th>
<th>Analysis method</th>
<th>Cut-off values of estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal consistency</td>
<td>Coefficient Alpha</td>
<td>- Cronbach's alpha is equal to or greater than .70</td>
</tr>
<tr>
<td>Composite reliability</td>
<td>CFA</td>
<td>- Composite reliability is equal to or greater than .60</td>
</tr>
<tr>
<td>Average variance extracted</td>
<td>CFA</td>
<td>- AVE should be .50 or greater</td>
</tr>
</tbody>
</table>

Source: Adopted and restructured from Bagozzi and Yi (1988) and Hair et al. (2006a)

6.6.3 Validity Assessment

Reliability is necessary but is not a sufficient condition for a good measurement (Webber, 1999). As noted by Burns and Bush (2006), there is a possibility that reliable measurements
are invalid at the same time. Validity indicates the extent to which a scale or set of measures accurately represents the concept of interest (Hair et al., 2006b). The types of validity are shown in Table 6.10.

Table 6.10 Types of Validity

<table>
<thead>
<tr>
<th>Types of validity</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content</td>
<td>Face Validity</td>
</tr>
</tbody>
</table>
| Construct | Convergent | - It assesses the degree to which two measures of the same concept are correlated. High correlations indicate that the scale is measuring its intended concept.  
- AVE (average variance extracted) among a set of construct items is the summary indicator of convergence. |
| | Discriminant | - It is the degree to which two conceptually similar concepts are distinct.  
The correlation should be low, demonstrating that the summated scale is sufficiently different from other similar concepts. |
| | Nomological | - It refers to the degree to which the summated scale makes accurate predictions of other concepts in a theoretically based model. |

Source: Adopted from Hair et al. (2006b)

Firstly, content validity is the assessment of the correspondence of the variables to be included in a summated scale and its conceptual definition. This form of validity is known as face validity, which is a subjective evaluation by the researcher (Malhotra and Birks, 2003). Its goal is to ensure the appropriate selection of scale indicators based on empirical, theoretical and practical considerations (Churchill, 1979). However, because of its subjective nature, other types of validity need to be assessed such as construct validity (Malhotra and Birks, 2003).

Secondly, “Construct validity is the extent to which a set of measured indicators actually reflects the theoretical latent construct those indicators are designed to measure” (Hair et al., 2006b, p.776). This is the most necessary type of validity (Jacoby, 1978, p.92; Peter, 1981) but it is the most difficult type to be established (Churchill and Brown, 2004). Of the three types of construct validity, convergent and discriminant validity are clearly important for establishing construct validity (Hair et al., 2006b). Convergent validity is supported when other instruments which are used to measure the same construct are highly correlated, while
discriminant validity is established when the correlation of other instruments measuring different concepts is low (McDaniel and Gates, 2008). Nomological validity determines whether the scale demonstrates the relationships suggested on the basis of theory so that it can be achieved by assessment of the research model (Hair et al., 2006b). Thus, construct validity is based on a theory relevant to the construct being measured and how it is associated with other constructs (Malhotra and Birks, 2003).

In the present study, confirmatory factor analysis was adopted to assess construct validity of the scales in the research model. Confirmatory factor analysis involving the testing of a measurement model is used to assess the validity as well as the reliability for unobserved variable (Fornell and Larcker, 1981). This is because the measurement model is established based on the theory associated with the constructs in the research model (Hair et al., 2006a). Thus, the following section discusses confirmatory factor analysis in detail.

6.6.3.1 Confirmatory Factor Analysis

To examine confirmatory factor analysis (CFA), measurement model needs to be specified on a theory. The measurement model specifies a set of relationships that indicate how the indicators measured represent their corresponding latent construct (Hair et al., 2006a) based on prior knowledge of the latent variable structure. This indicates that testing the measurement model fundamentally entails evaluating construct validity. As noted by Hulland et al. (1996), this confirmatory approach allows researchers to specify latent (unobserved) variables and its indicators (observed variables) and to provide a formal framework for testing the structure of the measures. Thus, CFA based on a measurement model provides researchers with a confirmatory assessment of the construct validity (Anderson and Gerbing, 1988). Through assessing measurement model validity, CFA provides the evidence for this measurement theory by comparing the measurement model against reality demonstrated by the sample data (Hair et al., 2006a). Consequently, construct validity is tested with both the overall fit indexes of the measurement model as well as the estimates for construct validity assessment. In the next sections, overall fit assessment of the measurement model and the estimates for construct validity assessment are discussed.
In order to assess the overall model fit of the measurement model, multiple fit indexes are recommended including chi-square statistics, the absolute and incremental fit measures. Multiple indexes need to be used to assess a research model's goodness-of-fit rather than any specific index. This is because the alternative fit indexes are required to avoid the problems of sample size and distributional misspecification associated with the overall fit test (chi-square statistic) in the assessment of a model (Hu and Bentler, 1999).

One of the representative indexes of goodness-of-fit is Chi-Square. This indicates the extent to which the differences between the observed and estimated covariance matrices are quantified. To access the acceptable fit of a model, non-significant level, $p > .10$ for chi-square is used (Fornell, 1983). Although chi-square value is one of the basics, there are significant limitations, as this statistic is sensitive to sample size and non multivariate normal distribution (Fornell, 1983; Hoyle, 1995). Since this statistic tends to indicate a greater significance when the sample size is over 200 (Hair et al., 2006a), an increase in sample sizes leads to increase in the value of chi-square. Thus, interpretation of chi-square needs to be made with caution in most applications (Hoyle, 1995). In other words, even though the estimated model driven from the data is fit to the proposed model, the Chi-Square index indicates poor fit (significant differences between the two models) in cases of large sample size. Therefore, it is more appropriate to use alternative criteria of the overall model fit (Bollen, 1989; Fornell, 1983; Hu and Bentler, 1999; Hulland et al., 1996).

The other fit indexes for the overall model fit are classified into absolute and incremental fit indexes (Hu and Bentler, 1999; Marsh et al., 1988). An absolute fit index is based on the result of a target model and assesses how well the model which is suggested by a researcher fits the sample data (Marsh et al., 1988). Absolute fit indexes are goodness-of-fit index (GFI), adjusted-goodness-of-fit index (AGFI), root-mean-squared-residual (RMSR), and root mean square error of approximation (RMSEA). GFI values of greater than 0.90 were typically deemed to be acceptable fit (Bentler and Bonett, 1980). Unlike other fit indexes, high values of RMSR and RMSEA indicate poor fit. When RMSEA values are below 0.10, these are deemed to be acceptable models (Hair et al., 2006a).

In contrast, incremental indexes are based on the difference between the target model and an alternative model which is more restricted, such as the null model (Hu and Bentler, 1999; Marsh et al., 1988). High values of incremental indexes indicate the extent to which a
specified model is superior relative to some alternative models. Incremental fit indexes include the comparative fit index (CFI), normed fit (NFI), non-normed fit (NNFI), and Turker and Luise Index (TLI). Specifically, AGFI, NNFI, CFI are adjusted for the degrees of freedom used so that the measures are comparable across models (Hulland et al., 1996). A recommended cut-off value for AGFI, TLI, CFI, and NFI is .90 (Hair et al., 2006a).

When the initially specified model fails to provide an acceptable fit, re-specification and re-estimation of the model are required using the same data on the basis of theory with reference to modification indexes (Byrne, 2001; Hair et al., 2006a). Modification indexes are examined in order to identify possible areas of misfit in the measurement model. If the modification index is substantially larger than those remaining, the associated items represent mis-specified error covariances (Byrne, 2001). If detecting large values for modification indexes which are caused by cross loadings, researchers can delete the items because it is clear that these items are problematic, such as impeding discriminant validity (Byrne, 2001). Although the modification index can be conceptualized as a $\chi^2$ statistic in which a cut-off value of 3.84 as a minimum can be used (Hair et al., 2006a), researchers need to make sure that the revisions are theory-based and larger value should be used as a rule of thumb for more conservative results (Bollen, 1989; Byrne, 2001; Hair et al., 2006a).

**The Estimates for Construct Validity Assessment**

If the fit indexes of the measurement model appear acceptable, the estimates for construct validity are assessed. Confirmatory factor analysis provides the estimates for testing both convergent and discriminant validity. Convergent validity is supported when the parameter estimates using t-values are significant and the coefficient of each indicator on its proposed underlying factor (factor loading) is significant (Gerbing and Anderson, 1988; Bagozzi and Yi, 1988; Lacey et al., 2007). The average variance extracted (AVE) values are also the indicators for convergent validity (Ping, 2004). The convergent validity of the scales is established when all the estimates for AVE are equal to or greater than .50 (Bagozzi and Yi, 1988).

In terms of assessing discriminant validity, the study follows the procedure suggested by Fornell and Larcker (1981). When the squared interconstruct correlations between two other different constructs are less than the AVE of each construct, discriminant validity is supported (Fornell and Larcker, 1981). The cut-off values for testing construct validity are summarized in Table 6.11.
### Table 6.11 Cut-off Values of Estimates for Construct Validity Test

<table>
<thead>
<tr>
<th>Validity type</th>
<th>Analysis method</th>
<th>Cut-off values of estimates</th>
</tr>
</thead>
</table>
| Convergent validity | CFA | - All factor loadings are statistically significant  
| | | - AVE is equal to or greater than .50 |
| Discriminant validity | CFA | - AVE estimates of each construct are greater than the square of the correlations between two other variables |

Source: Adapted and restructured from Gerbing and Anderson (1988), Bagozzi and Yi (1988), and Fornell and Lacker (1981)

#### 6.6.4 T-test and ANOVA Test

The objective of the T-test and ANOVA test is to compare the mean scores of two or more groups for the variable of interest respectively. T-test examines whether the numerical difference in the mean is significantly different from zero as postulated in the null hypothesis of the study (Sekaran, 2003). To interpret the results of the T-test and ANOVA, the meanings of the p-value in the T-test and the F-value in ANOVA need to be defined. The p-value needs to be less than .05 in order for difference to be considered as significant (Brace et al., 2006). An estimated F-value presents the variance between the groups, divided by the variance with the groups, and thus a large F-value indicates more variability between groups than within each group (Pallant, 2007). A large F-value leads to the rejection of null hypotheses which indicate no difference in the means across groups (Brace et al., 2006).

ANOVA can be used to test the difference among more than two conditions for a variable of interest (Pallant, 2007). After a significant main effect for the dependent variable is revealed, Post Hoc tests can be used in order to find where the difference between subgroups exists. Among many appropriate types of Post Hoc tests such as Scheffe’s, Duncan Multiple Range, S-N-K (Student-Newman-Keul), Turkey and Dunnett’s T3 test (Sekaran, 2003), Turkey and Dunnett’s T3 test were used in this study. Turkey was used when assuming equal variance, whereas Dunnett’s T3 test was used when not assuming equal variance (Pallant, 2007).

In the present study, the T-test identifies differences between two gender groups and the ANOVA test identifies differences among three groups in terms of customer type and age.

#### 6.6.5 Correlation Analysis

Correlation analysis is used to measure the strength or closeness of the relationship between...
two variables (Fleming and Nellis, 1991). The correlation coefficient varies between -1.00 and 1.00, with zero representing absolutely no association between two variables. A higher correlation coefficient indicates a stronger level of association between two variables. The correlation coefficient can be either positive or negative, relying on the direction of the relationship between two variables (Hair et al., 2006b).

A correlation matrix provides an overview of direction, strength and significance levels of the relationships among all research variables so that it shows the inter-correlations among all variables (Hair et al., 2006a). Because regression analysis is based on the correlations among variables (Pallant, 2007), correlation analysis is critical and necessary to develop an initial sense of the type of correlations among variables prior to subsequent analyses.

6.6.6 Multiple Regression Analysis

The final step of analysis is to test the research hypotheses and the model. In order to test the hypotheses, a series of regression analyses was performed. Regression analysis is used to analyze the relationships between a dependent variable and one or more independent variables. Multiple regression analysis is a proper technique to be used when examining the influence of several independent variables on a dependent variable. The relative contribution of independent variables on the dependent variable can be identified through comparing the size of Beta coefficients in multiple regression analysis. Furthermore, the mediation and moderation effects are tested using regression analysis according to the procedure suggested by Baron and Kenny (1986). This procedure is generally guided (e.g., Hair et al., 2006a; Tabachnick and Fidell, 2007), as many researchers have employed this procedure in recent literature (e.g., Bowling, 2010; Chen and Huang, 2010; Eberhardt et al., 1995; Goode et al., 2010; Li et al., 2010; Metz, 2009). In addition, according to the result of a review of 98 independent studies which test mediation or moderation impacts, the procedure of Baron and Kenny (1986) has been commonly cited and adopted by many researchers in psychology (Fairchild and McQuillin, 2010). Even in identification studies, several researchers adopted this procedure using regression analysis to test mediation and moderation effects (Brown et al., 2005; Cornwell and Coote, 2005; Thakor and Joshi, 2005).
Comparison with SEM as an alternative of regression analysis

An alternative method of testing hypotheses including the mediating and moderating effects is structural equation modelling (SEM) (Baron and Kenny, 1986; Holmbeck, 1997). The advantages of SEM over multiple regression analysis are controlling measurement error which can detect the underestimating the effect size of interaction term (Baron and Kenny, 1986), and it is more flexible than regression analysis in terms of a research model; for example, it includes multiple outcomes or multiple mediators (Frazier et al., 2004). However, SEM needs to rigorously satisfy the assumptions of multivariate analysis, especially multivariate normality and a larger sample size.

Firstly, SEM essentially requires multivariate normal distribution in order to produce precise or trustworthy results, but it is difficult to satisfy and diagnose the assumption of multivariate normality (Bollen, 1989; Hair et al., 2006a; West et al., 1995). Unlike multiple regression analysis, univariate normality tests are insufficient, and thus multivariate normality is specifically important for SEM (Hair et al., 2006a). Deviations from normal distribution may lead to inaccurate SEM results being produced because the results are seriously affected by nonnormality. For example, researchers may obtain inaccurate results such as inflated chisquare values (Bollen, 1989; Byrne, 2001; Hair et al., 2006a), underestimated TLI and comparative indexes (Bollen, 1989; Byrne, 2001) and spurious significant results although they may not be significant in the population (Byrne, 2001). Consequently, wrong inference about the model based on inaccurate results might be obtained due to violation of the multivariate normality.

Secondly, very large sample sizes are necessary in order to produce stable results in SEM. Because the analysis of covariance structures, which is the basis of SEM, is grounded in large sample theory, large sample sizes are crucial for obtaining accurate estimates in SEM (Byrne, 2001; Hair et al., 2006a; Tabachnick and Fidell, 2007). In detail, the appropriate sample size depends on model complexity, missing data, error variance of indicators, multivariate distribution, and estimation technique. In particular, testing a complex model requires a much larger sample size, because more complex models with a number of parameters increase the likelihood of improper solutions and non-convergence (Bagozzi and Yi, 1989). Model complexity relies on the number of variables and the number of measured items per factor (Hair et al., 2006a). When the number of variables is larger than six, some of which use fewer than three indicators per construct and have multiple low communalities, a sample size of
over 500 is required (Hair et al., 2006a). The sample size even needs to be increased in the following situations: i) where non-normal distribution is detected, ii) where more than 10 percent missing data is expected, and iii) where multigroup SEM model is conducted to test moderating effects (Hair et al., 2006a).

In this study, the model, which involves seven variables and three moderator variables, is complex. Indeed, to test the moderation effects, the sample needs to be divided into at least two groups because the test entails group comparison in running SEM (Byrne, 2001). Even to categorise the moderator variables, some fraction (e.g., 1/3) of the observations around the median value could be deleted (Hair et al., 2006a). The current study thus needs a sample size of at least 1000 to 1500 given the conditions. Therefore, if a sufficiently large sample size is not feasible, multiple regression analysis is appropriate (Holmbeck, 1997).

In addition, multiple regression analysis is a common method to test the relationships between two constructs as well as both mediating and moderating effects, although SEM is recommended (Frazier et al., 2004). Consequently, considering the purpose of the present research, the rigorous requirement of satisfying the assumptions for multivariate analysis (multivariate normality, absence of multicollinearity, and independence of error terms) and the demand for a large sample size, multiple regression analysis was used to test the research hypotheses. In the next section, the issue of regression diagnosis is discussed.

Regression diagnosis

Multiple regression analysis assumes the statistical conditions including absence of outliers, normality, linearity, homoscedasticity, independence of the error terms and no multicollinearity problems (Hair et al., 2006a; Tabachnick and Fidell, 2007). Among diagnosis methods, graphical analysis by specific patterns of the residuals in the residual scatterplot or normal probability plot is a basic method in order to identify violations of the assumptions (Tabachnick and Fidell, 2007). In the following section, the assumptions are discussed in detail.

Firstly, outliers can be defined as cases which have standard residual values above 3.3 or below -3.3 in the the residual scatterplot (Tabachnick and Fidell, 2007). The presence of outliers is detected from the residual scatterplot by inspecting the values. In fact, with large samples, it is common to find a number of outliers, and thus if there are only a few outliers, this is reasonable (Pallant, 2007). The main problem of outliers is due to the marked effects
on any empirical analysis (Hair et al., 2006a). Thus this study also checked the influence of outliers on the results of the regression model with the value for Cook’s Distance (Pallant, 2007). Cases with the values for the Cook’s Distance larger than the cutoff value of 1 indicate potential problems (Pallant, 2007).

Secondly the most basic assumption is multivariate normality as with other multivariate analyses. Yet it is common for researchers to assess the univariate normality of all the variables for regression analysis except cases in which this assumption is specifically important, such as SEM, even though univariate normality does not ensure multivariate normality (Hair et al., 2006a). Normality is assessed by inspecting the normal probability plot which compares the distribution of actual data values with a normal distribution in a cumulative sense (Tabachnick and Fidell, 2007). If normal distribution is achieved, the line presenting the actual data distribution closes to the diagonal. An alternative method of assessing normality is using the value of skewness and kurtosis. However, when the sample size is large, checking the shape of the distribution is recommended instead of using the significance test of skewness and kurtosis, because the significance test is so sensitive that it tends not to be supported with large samples even when there are only minor deviations from normality (Tabachnick and Fidell, 2007). Thus, the assumption of normality was assessed with the pattern of normal probability plot.

Thirdly, multiple regression analysis assumes linearity of any bivariate relationships. This linearity can be identified by the specific patterns of residuals in both the scatterplot and partial regression plots which display the relationship of a single independent variable to the dependent variable. If the assumption is violated, the overall shapes of the residual scatterplot and partial regression plots are curbed (Hair et al., 2006a; Tabachnick and Fidell, 2007).

Fourthly, homoscedasticity refers to the assumption that a dependent variable exhibits an equal level of variance across the range of predictor variables. The unequal level of variance is also detected by inspecting the shape of the residual scatterplot. If heteroscedasticity is present, systematic patterns are detected such as triangle-shaped (Hair et al., 2006a).

Fifthly, the independence of error terms assumes that the predicted value is not related to any other prediction. It is identified by the pattern of the residual scatterplot. If the overall shape appears random and there is no consistent pattern in the residuals, this assumption is satisfied.

Lastly, multicollinearity is a problem with a correlation matrix that occurs when variables are too highly correlated. A simple approach is to check whether there is a bivariate correlation above .90 (Hair et al., 2006a). Multicollinearity is also detected by tolerance and the variance
inflation variables (VIF). The value of tolerance is less than .20 indicating the possibility of multicollinearity (Pallant, 2007). The value of VIF, which is the inverse of the tolerance value exceeding 10, indicates multicollinearity (Hair et al., 2006a). In the present study, the values for Tolerance and VIF as well as bivariate correlations were inspected in order to assess multicollinearity. Consequently, to check the normality, the normal probability plot and residual scatterplot were inspected. For assessment of multicollinearity, Tolerance, VIF, and bivariate correlations were checked. The residual scatterplot was inspected in order to identify the violations of the assumptions related to outliers, linearity, homoscedasticity and independence of error terms.

Statistics for multiple regression analysis

There are several key estimates to understand and evaluate the multiple regression models. Firstly, F statistic is used to assess the statistical significance of the overall regression model. When p-values for F-ratio are less than .05, the model is deemed as significant. Secondly, R² ranging from 0 to 1.0 indicates the proportion of the variance in the dependent variable as explained by the set of independent variables (Tull and Hawkins, 1993). The larger R², the more the dependent variable is associated with the set of independent variables being included for its prediction (Hair et al, 2006a), although it does not provide the significance level. The beta (β) coefficient is a measure of how strongly each independent variable has an effect on the dependent variable using t statistics. The size of the impacts of independent variables on the dependent variable can be compared by the beta coefficients. Beta coefficients are significant when the p-value is less than .05 (Pallant, 2007).

6.7 Pilot Study

After constructing a questionnaire, each question and the questionnaire as a whole need to be rigorously assessed to identify and eliminate possible problems through a pilot test before the main survey is administered. This involves identifying and correcting any potential problems, inadequacies and ambiguities in the questionnaire in the eyes of the respondents as well as checking reliability (Bailey, 1994; Sarantakos, 1997) so that researchers can improve all aspects of the questionnaire and obtain the reliable measures of the constructs for the main
survey (Neuman, 1999). Therefore, the main purpose of the pilot study was to identify any problems in the questionnaire and whether it is reliable, before conducting a main survey. To identify any problems in the questionnaire, an open-ended question was included at the end of each section in the questionnaire. To test the reliability of the constructs, Cronbach's Alpha was employed. Cronbach's Alpha provides the degree of inter-item consistency reliability (Malhotra and Birks, 2003).

6.7.1 Pre-Pilot Test

Prior to the pilot study, a pre-pilot test was carried out in order to identify order problems, missing, misunderstood, ambiguous and redundant questions, and to check the translation from English to Korean. Respondents were asked to describe any problems at the end of each page throughout the questionnaire when they filled it out. The pre-pilot test was conducted from 3rd to 10th November, 2009. Five Korean postgraduate students, two full-time workers and one part-time worker living in either Guildford or London were chosen for the pre-pilot test by face-to-face interview. Following the pre-pilot test, some questions were corrected and added. Firstly, a question regarding the financial company's name was replaced with a question about the type of financial company in order to protect participants' privacy. Secondly, a question about age was transformed from open-ended to a multiple choice of three age groups, because it is an easier way to check the quota as well as keep respondents' privacy. Thirdly, a category of 'others (please specify)' was added to the categories for the question related to the highest education level because the age group between 20 and 24 could be undergraduate students, who are distinct from high school graduates.

6.7.2 Objectives of the Pilot Study

As mentioned earlier, the purpose of the pilot study is to modify any problems with the questionnaire and improve the reliability of latent constructs included in the research model by implementing the pilot study in the same way as the main survey (Neuman, 1999; Sarantakos, 1998). Therefore, the objectives of the pilot study were i) to determine problems with the questionnaire and modify the questionnaire, and ii) to demonstrate the construct reliability.
6.7.3 Data Collection for the Pilot Study

Although the main data collection method was an online panel survey, both online surveys using email and web and offline surveys were employed for gathering the data for the pilot study.

The online questionnaire was constructed on a website before conducting the pilot test. As the potential participants for the pilot survey, the members of two online communities at Natecyworld.com (a recent merger between nate.com (the third highest reach rate and unique visitors) and cyworld.net (the fourth highest reach rate and unique visitors among portal sites in South Korea) (Nielsen KoreanClick, 2009) were selected to access the sample. Thus, these online communities belong to one of the large portal websites, Natecyworld in South Korea (Nielsen KoreanClick, 2009). For the members of the two online communities, a web-link to where the questionnaire was posted was used, and the web address was also emailed to the members by the manager of the communities. The members were to complete the questionnaire on the Website where the questionnaire could be found.

However, the number of participants who completed the survey from the online communities chosen was very small (18 respondents) even though two reminder emails were sent to the members. Indeed, as a result of a review of the responses, there was found to be lack of respondents over 40 years old (no respondent). The active members of the online communities tend to be the younger generation such as undergraduate students even though the total members are relatively evenly distributed over a range of ages. It is consistent with the argument by Duffy et al. (2005) who note that online users tend to be younger and mainly male. Therefore, the members of offline communities (alumni of a university or a community within a company) were also added in order to complete the pilot study and reflect the opinions of other age groups. The researcher sent the email which included both the web address and the questionnaire to three acquaintances in order to encourage the members of the communities to participate in the pilot survey. Of the members of offline communities, 22 responses were collected by the web-link survey, and 13 participants over 40 years old living in South Korea answered the questionnaire by offline self-reports.

This pilot test was accomplished with an online survey using web-link as well as an offline survey from 8th December, 2009 to 15th January, 2010. A total of 53 participants completed the questionnaire. All the responses were used for the analysis.
6.7.4 Result of Pilot Study

The target population was set as Korean customers who are over 20 years old and use three types of financial services firms including banks, insurance companies, and securities investment companies in Korea. This is the same as the main survey. The characteristics of the respondents are described by the demographics in Table 6.12.

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Categories</th>
<th>Frequency(N)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of financial services firm</td>
<td>Bank</td>
<td>49</td>
<td>92.5</td>
</tr>
<tr>
<td></td>
<td>Insurance company</td>
<td>2</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td>Securities investment company</td>
<td>2</td>
<td>3.8</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>35</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>18</td>
<td>44</td>
</tr>
<tr>
<td>Age</td>
<td>20-39</td>
<td>40</td>
<td>75.5</td>
</tr>
<tr>
<td></td>
<td>40-59</td>
<td>10</td>
<td>18.9</td>
</tr>
<tr>
<td></td>
<td>Over 60</td>
<td>3</td>
<td>5.7</td>
</tr>
<tr>
<td>Highest Education Level</td>
<td>High school graduate and below</td>
<td>3</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td>Undergraduate Degree</td>
<td>35</td>
<td>66.1</td>
</tr>
<tr>
<td></td>
<td>Postgraduate Degree</td>
<td>15</td>
<td>28.3</td>
</tr>
<tr>
<td>Current Employment Status</td>
<td>Full-time</td>
<td>35</td>
<td>66.0</td>
</tr>
<tr>
<td></td>
<td>Part-time</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td></td>
<td>Self-employee</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td></td>
<td>Unemployed</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td></td>
<td>At Home</td>
<td>7</td>
<td>13.2</td>
</tr>
<tr>
<td></td>
<td>Retired</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td></td>
<td>Student</td>
<td>6</td>
<td>11.3</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td>Income</td>
<td>Less than 2,000,000 won</td>
<td>5</td>
<td>9.4</td>
</tr>
<tr>
<td></td>
<td>2,000,000 to 3,999,999 won</td>
<td>16</td>
<td>30.2</td>
</tr>
<tr>
<td></td>
<td>4,000,000 to 5,999,999 won</td>
<td>20</td>
<td>37.7</td>
</tr>
<tr>
<td></td>
<td>Over 6,000,000 won</td>
<td>12</td>
<td>22.6</td>
</tr>
</tbody>
</table>

Source: Field work

The scales used in the current study were adopted from previous studies in which the measurement scales were proved to be reliable and valid by the authors. To assess reliability
of the scales, Cronbach's alpha was used. As shown in Table 6.13, all the constructs included in the research model display good reliability with Cronbach's alpha values (> .88), all of which exceed the minimum criteria for establishing scale reliability (> .70). Therefore, these constructs are deemed reliable (Churchill and Iacobucci, 2004).

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Item to total correlation</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer</td>
<td>He/She tries to figure out what a customer's needs are</td>
<td>.664</td>
<td>.880</td>
</tr>
<tr>
<td>Orientation</td>
<td>He/She has the customer's best interests in mind</td>
<td>.775</td>
<td></td>
</tr>
<tr>
<td></td>
<td>He/She takes a problem solving approach in selling products or services to customers</td>
<td>.738</td>
<td></td>
</tr>
<tr>
<td></td>
<td>He/She recommends products or services that are best suited to solving problems</td>
<td>.735</td>
<td></td>
</tr>
<tr>
<td></td>
<td>He/She tries to find out which kinds of products or services would be most helpful to customers</td>
<td>.658</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>I feel a sense of familiarity with him/her</td>
<td>.812</td>
<td>.943</td>
</tr>
<tr>
<td>Relationship</td>
<td>I enjoy my contact</td>
<td>.851</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I trust him/her</td>
<td>.860</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I feel like I know him/her</td>
<td>.903</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I regard the person who served me as a friend</td>
<td>.815</td>
<td></td>
</tr>
<tr>
<td>Preferential</td>
<td>I get more special treatment</td>
<td>.806</td>
<td>.946</td>
</tr>
<tr>
<td>Treatment</td>
<td>I get better interest rates</td>
<td>.865</td>
<td></td>
</tr>
<tr>
<td></td>
<td>They do services for me that they don't for most customers</td>
<td>.861</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I get priority treatment when there is a queue</td>
<td>.872</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I get faster service than most customers</td>
<td>.878</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>Generally, members of this firm are someone who likes to be appreciated by acquaintances</td>
<td>.725</td>
<td>.915</td>
</tr>
<tr>
<td>Recognition</td>
<td>Generally, members of this firm are someone who likes to be respected by others</td>
<td>.877</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Generally, members of this firm are someone who likes to be appreciated by others</td>
<td>.894</td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td>This company's successes are my successes</td>
<td>.839</td>
<td>.922</td>
</tr>
<tr>
<td>Identification</td>
<td>I am interested in what others think about this company</td>
<td>.816</td>
<td></td>
</tr>
<tr>
<td></td>
<td>When someone praises this company, it feels like a personal compliment</td>
<td>.719</td>
<td></td>
</tr>
<tr>
<td></td>
<td>When I talk about this company, I usually say we&quot; rather than &quot;they&quot;</td>
<td>.857</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If a story in the media criticized this company, I would feel embarrassed</td>
<td>.910</td>
<td></td>
</tr>
<tr>
<td></td>
<td>When someone criticizes this company, it feels like a personal insult</td>
<td>.552</td>
<td></td>
</tr>
<tr>
<td>Positive Word-of-Mouth</td>
<td>I say positive things about the firm to other people</td>
<td>.838</td>
<td>.935</td>
</tr>
<tr>
<td></td>
<td>I recommend the firm to people who seek my advice</td>
<td>.914</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I encourage friends and relatives to do business with this firm</td>
<td>.864</td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td>If I notice a problem at this firm, I inform an employee even if it doesn't</td>
<td>.766</td>
<td>.935</td>
</tr>
<tr>
<td>Participation</td>
<td>Identity</td>
<td>Salience</td>
<td>Brand trust</td>
</tr>
<tr>
<td>---------------</td>
<td>----------</td>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td>I make constructive suggestions to the firm's employees on how to improve its service</td>
<td>This company is an important part of who I am</td>
<td>This company is something about which I feel is important</td>
<td>This company is trustworthy</td>
</tr>
<tr>
<td>I let the firm's employees know of ways that they can better serve my needs</td>
<td>Being a customer of this company means more to me than just being a customer of a financial company</td>
<td>I usually think positively about this company (e.g., product, news, etc.)</td>
<td>This company is dependable</td>
</tr>
<tr>
<td>I have shared a useful idea on how to improve their services with its employees</td>
<td></td>
<td></td>
<td>This company is reliable</td>
</tr>
<tr>
<td>When I experience a problem at this firm, I let an employee know</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source; Field work

Most of the respondents found no comprehension problem in the questionnaire. However, some part of the questionnaire was revised in order to examine quota sampling. To check the quota specified by the researcher before participants answered the questionnaire, the filter questions, which were used for quota, about gender, age and type of financial firm needed to be placed at the beginning of the questionnaire. Those questions about gender and age thus moved to the beginning of the questionnaire from the section on demographic questions on the last page. Therefore, after introducing the research on the first page, the second page consisted of the three questions used for quota sampling, regarding the type of financial services firm, gender, and age. Indeed, the wording of the questionnaire was slightly modified based on respondents' feedback. The final form of the questionnaire is presented in Appendix 2.

6.8 Summary

This chapter discussed the methodology of the present study. It started with a discussion of the rationale of the research philosophy. In order to achieve the research
objectives, this study adopted a quantitative approach. Thus, sampling design, data collection method and questionnaire design were discussed. On the basis of the discussion, this study used the quota sampling method through an online survey using a consumer panel of a survey company. The questionnaire used in the main survey was also developed and reviewed. Finally, methodological approaches adopted in this study were explained and then the pilot study was followed. In the next chapter, the results of the main survey are presented.
CHAPTER SEVEN

FINDINGS OF THE RESEARCH

7.1 Introduction

This chapter presents the findings of the research. Analysis of the data used AMOS for confirmatory factor analysis to test the validity and reliability of the research variables and SPSS which allowed reliability analysis, descriptive analysis, T-test, ANOVA, correlation analysis and regression analysis. This research focused on financial companies, because a large number of customers use the services with frequent transactions, and tested the effects of several service-related variables such as employee-customer relationship, preferential treatment, customer orientation and other customers' social recognition on consumer identification as well as the impact of consumer identification on positive word-of-mouth and consumer participation. For the purposes of data analysis, data was collected from the customers of banks, insurance companies and securities investment companies which are key components of the financial services industry. This chapter consists of five sections. The first section profiles the respondents in terms of socio-demographics and transact behaviour. The second section presents the validity and reliability of the scales involved in the model. In the third section, T-test and ANOVA test are conducted. The fourth section presents the results of correlation analysis among the constructs. Finally, to test the research model and hypotheses, the fifth section deals with regression analysis.

7.2 Profiles of the Respondents
The field survey was conducted using online panel of an online survey company in South Korea in January 2010. As mentioned earlier, the demographic characteristics used as quota of this online panel are similar to the national statistics of Korea. The questionnaire was constructed on the online survey company’s website before being distributed to participants. The online survey panel was asked to participate in this survey by email. From these participants, respondents were carefully selected using three screening questions which reflected the quota specified by the researcher. The quota was allocated according to the proportion of total asset amounts of the three types of companies and the Population Census in South Korea. Therefore, the responses were collected from different gender, three age groups and three customer types; banks, insurance companies and securities investment companies. This survey produced responses from 400 individual customers of financial services companies, of which 390 were used for the data analysis after 10 incomplete cases were omitted. The socio-demographic profiles of the respondents are described below.

**Customer type:** Figure 7.1 shows the customer type the respondents represent.

![Figure 7.1 Customer Types of Respondents (n=390)](image)

Source: field study

From the 390 respondents, 273 were bank customers, 70% of the total, and 79 were insurance company customers who constituted 20.3%. The remaining 38 (9.7%) were customers of securities investment companies. The proportion of each customer type is similar to the percentage of total assets of three financial services sectors, which consists of 70% for banks, 20% for insurance companies, and 10% for securities companies ([Monthly Finance Statistics Bulletin], Financial Supervisory Service, 2009).
**Gender:** Gender of the respondents is shown in Figure 7.2

*Figure 7.2 Gender Distribution of the Respondents (n=390)*

Source: field study

The number of females (51%) was slightly higher than that of males (49%) in the sample. These figures are the same as population census in Korea ([Population and Housing Census], Korea National Statistical Office, 2009).

**Age Group:** The age group of the sample was divided into three categories. Figure 7.3 represents the distribution according to these age groups.

*Figure 7.3 Age Group Distribution of the Respondents (n=390)*

Source: field study
With regard to age, 43.6% of the subjects were between 20 and 39 years of age; 38.5% were between 40 and 59; and 17.9% were 60 and older. Respondents in the 20-39 age group were a greater proportion than other groups. Each group’s percentage was compared with the national statistics of Korea, which indicate that the 20-39 age group is 44.5%, the 40-59 age group is 37.8%, and the 60 and over age group is 17.8% ([Population and Housing Census], Korea National Statistical Office, 2009). The profile of the respondents in terms of age group is similar to the population census of Korea.

**Highest Education Level:** The education level was categorized into three groups. Figure 7.4 depicts the highest education level of the respondents.

![Figure 7.4 Highest Education Level of the Respondents (n=390)](image)

Source: field study

The result reveals that the majority of the respondents had relatively high educational backgrounds, as 78.5% of the sample held undergraduate or postgraduate degrees. 21.5% of the subjects identified ‘high school graduate or below’ as their highest educational level attained. Table 7.1 presents the average years of educational participation by age group in South Korea. According to the Korea National Statistical Office (2009), the average length of educational participation of South Korean was 11.2 years in 2005 ([Population and Housing Census]). This indicates that, on average, Koreans leave high school mid-way through their course. In detail, the average length of educational participation for the 20-29 age group was 13.8 years, for the 30-39 age group was 13.6 years, which indicates having a college degree, for the 40-49 age group was 12.3 years, indicating having more than a high school degree, and for the over 50 years old group was 8.2, indicating leave high school mid-way through
the course. Comparing the profile of the respondents to the census, although Koreans have relatively high educational backgrounds, the data from this study seems to be upwardly biased due to using an online survey as well as excluding the under 20 years old group.

| Table 7.1 Average Years of Educational Participation in South Korea (2005) |
|--------------------------|------------------|-----------------|-----------------|----------------|------------------|------------------|
| Age group | Average of total | 6-19 | 20-29 | 30-39 | 40-49 | Over 50 years old |
| years | 11.2 | 4.2 | 13.8 | 13.6 | 12.3 | 8.2 |

Source: [Population and Housing Census], Korea National Statistical Office (2009)

Current Employment Status: Figure 7.5 presents the current employment status of the respondents.

**Figure 7.5 Current Employment Status of the Respondents (n=390)**

Source: field study

In terms of employment status of the respondents, as shown in Figure 7.5, most of the respondents belong to the full-time employee category (50%), followed by at home (20.8%), self-employed (16.4%), student (4.4%), part-time (4.1%), unemployed (1.5%), retired (1.5%) and others (1.3%).

184
Monthly Household Income: Monthly family income was classified into five groups. The distribution of average annual family income of the respondents appears in Figure 7.6.

Source: field study

In terms of the monthly household income, the W2 million to less than W4 million group accounted for 42.6% of the sample, followed by the W4 million to less than W6 million group (35.9%) and over W6 million group (13.8%). The smallest group is the less than W2 million group (7.7%) (£ 1 = W1,760 based on January, 2010). Comparing this with the statistics for Korea, in 2009, the average monthly wage in Korea was around 3.4 million won (£ 1 = W1,993) ([Household Income and Expenditure Survey], Korea National Statistical Office, 2009). This supported the result of the study, because the largest group (W2 million – less than W4 million) includes the average salary.

Number of Financial services Company Used: Figure 7.7 shows the number of financial services company used.
As shown in Figure 7.7, only 8.5% of respondents use just one company. The remaining 91.5% have business with multiple firms ranging from 2 to 3 firms (63.6%), 4-5 firms (21.3%) and 6 or more firms (6.8%).

**Length of business with the firm:** Figure 7.8 shows respondents’ length of business with the firm.

Source: field study
The average length of business with the firm of the respondents was 8 years and 4.76 months. 11% of the respondents use the firm for 3 years or less, 22.6% for 3-6 years, 11.5% for over 6-9 years, 35.9% for over 9-12 years and the remaining 19% use the firm for more than 12 years. The S.D is 8.4 months. This result supports Lovelock (1983)'s view that financial services belong to the category of 'membership relationship' which emphasized the relatively prolonged relationships with consumers.

7.3 Descriptive Analysis

Descriptive analyses of all variables were performed. These analyses included minimum, maximum, mean and standard deviation.

7.3.1 Four Predictor Variables of Consumer Identification

To obtain the respondents' perception of the four predictor variables, social recognition, preferential treatment, customer orientation and social relationship in the research, descriptive analyses were conducted. Table 7.2 describes the results of the descriptive analyses.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>S. D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social recognition</td>
<td>1.00</td>
<td>7.00</td>
<td>3.93</td>
<td>0.999</td>
</tr>
<tr>
<td>Preferential treatment</td>
<td>1.00</td>
<td>7.00</td>
<td>3.31</td>
<td>1.316</td>
</tr>
<tr>
<td>Customer orientation</td>
<td>1.00</td>
<td>7.00</td>
<td>4.43</td>
<td>1.112</td>
</tr>
<tr>
<td>Social relationship</td>
<td>1.00</td>
<td>7.00</td>
<td>4.02</td>
<td>1.184</td>
</tr>
</tbody>
</table>

Source: field study

All variables were measured with a 7-point Likert scale. The range between minimum and maximum is 1.00 to 7.00 for all variables. The mean scores for customer orientation (mean=4.43) and social relationship (mean=4.02) are generally higher than social recognition (mean=3.93) and preferential treatment (mean=3.31). This implies that the customer orientation of employees in financial services is assessed relatively highly by the respondents, and the participants perceive that social relationships with employees are established. Standard deviation for social recognition (0.999) shows relatively little variance.
while that for preferential treatment (1.316) shows relatively significant variance compared to customer orientation and social relationship.

### 7.3.2 Consumer Identification, Positive WOM and Consumer Participation

The descriptive outputs of consumer identification and its dependent variables, positive word-of-mouth and consumer participation in the research are presented in Table 7.3.

**Table 7.3 Descriptive Analysis: Consumer Identification, Positive WOM and Consumer Participation**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>S. D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer identification</td>
<td>1.00</td>
<td>7.00</td>
<td>3.24</td>
<td>1.302</td>
</tr>
<tr>
<td>Positive word-of-mouth</td>
<td>1.00</td>
<td>7.00</td>
<td>3.54</td>
<td>1.270</td>
</tr>
<tr>
<td>Consumer participation</td>
<td>1.00</td>
<td>7.00</td>
<td>3.77</td>
<td>1.259</td>
</tr>
</tbody>
</table>

Source: field study

As presented in Table 7.3, the range between minimum and maximum is 1.00 to 7.00 for consumer identification, positive word-of-mouth, and consumer participation. Although the mean value of consumer identification (3.24) indicates the slightly negative perception of consumer identification, this value falls within the range reported in previous studies: Calson et al. (2008) reported means of 2.24 on 7-point scale for a sample of members of online brand discussion groups; Bhattacharya et al. (1995) found the mean level of identification was 3.10 on a 5-point scale for a sample of members of museum; Kim et al. (2001) reported means of 3.20 on a 7-point scale for a sample of consumers of cellular phone companies; Ahearne et al. (2005) noted the mean level of 3.88 on an 8-point scale for a sample of high prescribing physicians. This result suggests the possibility of the feeling of being insiders or members of the brand rather than outsiders. The mean values of positive word-of-mouth (3.54) and consumer participation (3.77) also indicate the respondents' slightly negative perception of these at the absolute level. The standard deviations for consumer identification (1.302) show slightly larger variance compared to positive word-of-mouth (1.270) and consumer participation (1.259) from the data.

Table 7.4 shows the descriptive results of other variables such as identity salience, brand trust, brand knowledge, number of companies used, and the length of business with the firm.
Chapter 7. Findings of the Research

Table 7.4 Descriptive Analysis: other variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>S. D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identity salience</td>
<td>1.00</td>
<td>7.00</td>
<td>3.70</td>
<td>1.126</td>
</tr>
<tr>
<td>Brand trust</td>
<td>1.00</td>
<td>7.00</td>
<td>4.46</td>
<td>1.097</td>
</tr>
<tr>
<td>Brand knowledge</td>
<td>1.00</td>
<td>7.00</td>
<td>3.71</td>
<td>1.142</td>
</tr>
<tr>
<td>Number of companies used</td>
<td>1.00</td>
<td>10.00</td>
<td>3.18</td>
<td>1.614</td>
</tr>
<tr>
<td>Length of business with the firm (months)</td>
<td>3</td>
<td>225</td>
<td>100.76</td>
<td>43.46</td>
</tr>
</tbody>
</table>

Source: field study

With regard to the mean score, the score for brand trust (4.46) is the highest, and the mean scores for identity salience (3.70) and brand knowledge (3.71) are at a similar level. The highest level of brand trust (4.46) seems to reflect the positive perception of brand trust, whereas the mean score of identity salience (3.70) indicates that the brand identity is slightly less salient at the absolute level. The mean value of brand knowledge (3.71) shows consumers perceive they have insufficient knowledge about the brand. The standard deviations for three variables, identity salience, brand trust, and brand knowledge indicate similar variance, around 1.10. Respondents use 3.18 financial companies on average and they keep contact with the company for eight years and 4.76 months on average. These findings indicate that consumers keep a prolonged relationship with the certain companies, although they do business with several companies rather than just one.

7.4 Assessment of Validity and Reliability

A confirmatory factor analysis was conducted to assess the validity and reliability of consumer identification, consumer orientation, preferential treatment, social relationship, social recognition, positive word-of-mouth, and participation scales. The measurement model was estimated and assessed with several fit indexes as the result of confirmatory factor analysis. The overall fit of the measurement model was evaluated initially by examining the $\chi^2$ statistics. In this study, considering the limitation of $\chi^2$ statistics, which are sensitive to sample size and model complexity as mentioned earlier, other recommended fit indexes are assessed as well (Bollen, 1989; Fornell 1983; Hu and Bentler, 1999; Hulland et al., 1996). The recommended thresholds of other statistics including GFI, NFI, TLI, and CFI
are .90 and the cut-off value of RMSEA is below .10. Although the $\chi^2$ value was significant ($p=.000$) which indicates inadequate fit, other fit indexes showed that the model is fit to the data with .900 values of GFI, .954 value of NFI, .976 value of TLI, .979 value of CFI, and .045 value of RMSEA (see Table 7.4). These indexes exceed their cutoff values with values of NFI, CFI, TLI >.95 indicating superior fit and with a value of .90 for GFI indicating acceptable fit (Bentler and Bonett, 1980; Byrne, 2001; Hair et al., 2006a). In terms of RMSEA, a value less than .05 indicates good fit (Byrne, 2001; Hair et al., 2006a).

The validity of the scale was evaluated with the values of the factor loadings, AVE values, and comparing the AVE values with the square of the correlation between two variables for this study. In terms of the reliability of the scales for the present study, internal consistency of the measurement scales was assessed based on composite reliability and average variance extracted (AVE). Furthermore, ten separate Cronbach’s alpha assessment were performed to determine the reliability of consumer identification, consumer orientation, preferential treatment, social relationship, social recognition, positive word-of-mouth and participation, identity salience, brand trust, and brand knowledge scales. Of these items, three were deleted as the result of CFA. One item of consumer identification, “When someone criticizes this company, it feels like a personal insult”, and two items of social relationship, “I enjoy my contact” and “I regard the person who served me as a friend” were excluded from further analyses because of the presence of factor cross-loadings (e.g., a loading on more than one factor) and error covariances based on the high modification indexes indicating clear evidence of misfit in the model (Byrne, 2001). If it is clear that these items are problematic, such as impeding discriminant validity, the items can be deleted (Byrne, 2001). Based on the literature, these three items were deleted from the measurement model because they impede discriminant validity such as cross loadings to the other variables as well as high values of over 50.00 of the modification index for the items. Table 7.5 shows the details of the properties of the measurements after 3 items were deleted.

Firstly, with regard to convergent validity, the factor loadings of the scales exceeded .777 and all remaining measures were significant at the alpha level of 0.01 (Bagozzi and Yi, 1988; Gerbing and Anderson, 1988; Lacey et al., 2007). Average variance extracted (AVE) of all constructs ranged from 0.741 to 0.833, exceeding the recommended 0.5 threshold (Bagozzi and Yi, 1988; Hair et al., 2006b).
## Table 7.5 Results of Confirmatory Factor Analysis

<table>
<thead>
<tr>
<th>Construct</th>
<th>Measures</th>
<th>Factor loading</th>
<th>C.R.</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer identification</strong></td>
<td><strong>This company’s successes are my successes</strong></td>
<td>885</td>
<td>26.776***</td>
<td>.950</td>
<td>.792</td>
</tr>
<tr>
<td>with a corporate brand</td>
<td>I am interested in what others think about this company</td>
<td>903</td>
<td>26.661***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When someone praises this company, it feels like a personal</td>
<td>901</td>
<td>23.453***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>compliment</td>
<td>851</td>
<td>27.063***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When someone criticizes this company, it feels like a personal</td>
<td>908</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>insult</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer orientation</strong></td>
<td>He/She tries to figure out what a customer’s needs are</td>
<td>777</td>
<td>22.308***</td>
<td>.934</td>
<td>.741</td>
</tr>
<tr>
<td></td>
<td>He/She has the customer’s best interests in mind</td>
<td>812</td>
<td>19.593***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>He/She takes a problem solving approach in selling products</td>
<td>883</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>or services to customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>He/She recommends products or services that are best suited</td>
<td>907</td>
<td>20.281***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>to solving problems</td>
<td>915</td>
<td>20.511***</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Preferential treatment</strong></td>
<td>I get more special treatment</td>
<td>.943</td>
<td></td>
<td>.950</td>
<td>.792</td>
</tr>
<tr>
<td></td>
<td>I get better interest rates</td>
<td>.880</td>
<td>28.859***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>They do services for me that they don’t for most customers</td>
<td>.832</td>
<td>24.996***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I get priority treatment when there is a queue</td>
<td>.894</td>
<td>30.291***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I get faster service than most customers</td>
<td>.897</td>
<td>34.850***</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social relationship</strong></td>
<td>I feel a sense of familiarity with him/her</td>
<td>.907</td>
<td></td>
<td>.918</td>
<td>.788</td>
</tr>
<tr>
<td></td>
<td>I enjoy my contact</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I trust him/her</td>
<td>.868</td>
<td>19.766***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I feel like I know him/her</td>
<td>.888</td>
<td>24.557***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I regard the person who served me as a friend</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social recognition towards</strong></td>
<td>Generally, members of this firm are someone who likes to be</td>
<td>.867</td>
<td></td>
<td>.930</td>
<td>.816</td>
</tr>
<tr>
<td>other customers</td>
<td>be appreciated by acquaintances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Generally, members of this firm are someone who likes to be</td>
<td>.929</td>
<td>26.342***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>be respected by others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Generally, members of this firm are someone who likes to be</td>
<td>.913</td>
<td>25.534***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>be appreciated by others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Positive</strong></td>
<td>I say positive things about the firm to other people</td>
<td>.880</td>
<td></td>
<td>.933</td>
<td>.823</td>
</tr>
<tr>
<td><strong>Word-of-Mouth</strong></td>
<td>I recommend the firm to someone who seeks my advice</td>
<td>.950</td>
<td>29.087***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I encourage friends and relatives to do business with this</td>
<td>.891</td>
<td>25.499***</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consumer participation</strong></td>
<td>If I notice a problem at this firm, I inform an employee</td>
<td>.878</td>
<td></td>
<td>.961</td>
<td>.833</td>
</tr>
<tr>
<td></td>
<td>even if it doesn’t affect me</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I make constructive suggestions to the firm’s employees on</td>
<td>.922</td>
<td>27.331***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>how to improve its service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I let the firm’s employees know of ways that they can better</td>
<td>.911</td>
<td>26.580***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>serve my needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I have shared a useful idea on how to improve their services</td>
<td>.958</td>
<td>25.684***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>with its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When I experience a problem at this firm, I let an employee</td>
<td>.893</td>
<td>25.550***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>know</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CFA model fit: $\chi^2=622$, $df=349$, $p=.000$, GFI=.900, NFI=.954, TLI=.976, CFI=.979, RMSEA=.045

* these items were excluded from further analyses based on its cross-loading and high modification index

*** $p<.01$

Secondly, discriminant validity was assessed by comparing the AVE with the squared correlations between two other variables as suggested by Fornell and Larcker (1981). All AVE values and squared correlations between two variables are presented in Table 7.6, in which all AVE values are on the diagonal and the rest are squared correlations between two other constructs.

<table>
<thead>
<tr>
<th>Table 7.6 AVE Values and Squared Correlations between Two Other Constructs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. consumer identification</td>
</tr>
<tr>
<td>2. customer orientation</td>
</tr>
<tr>
<td>3. preferential treatment</td>
</tr>
<tr>
<td>4. social relationship</td>
</tr>
<tr>
<td>5. social recognition</td>
</tr>
<tr>
<td>6. positive word-of-mouth</td>
</tr>
<tr>
<td>7. consumer participation</td>
</tr>
</tbody>
</table>

Note: AVE values are on the diagonal and the remained values are squared correlations between other constructs.

As the result of comparison between AVE and the squared correlations, all AVE values were larger than the squared correlations between two other variables. The minimum value of AVEs (0.741) is larger than the maximum value of the squared correlations between two other variables (0.666). This ensures the discriminant validity of the constructs.

In terms of reliability test, the values of composite reliability of all the constructs greater than .60 and the values of AVE greater than .50 are considered to support internal consistency (Bagozzi and Yi, 1988). As table 7.5 shows, all values are significantly greater than these criteria so that these indicate the reliable constructs. Furthermore, Cronbach’s alpha values of all variables are reported in Table 7.7.
### Chapter 7. Findings of the Research

#### Table 7.7 Reliability of the Scales

<table>
<thead>
<tr>
<th>Construct</th>
<th>Measures</th>
<th>Cronbach's alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
</table>
| Consumer identification with a corporate brand | This company’s successes are my successes  
I am interested in what others think about this company  
When someone praises this company, it feels like a personal compliment  
When I talk about this company, I usually say we” rather than “they”  
If a story in the media criticized this company, I would feel embarrassed  
When someone criticizes this company, it feels like a personal insult | .952 | .950 | .792 |
| Customer orientation          | He/She tries to figure out what a customer’s needs are  
He/She has the customer’s best interests in mind  
He/She takes a problem solving approach in selling products or services to customers  
He/She recommends products or services that are best suited to solving problems  
He/She tries to find out which kinds of products or services would be most helpful to customers | .937 | .934 | .741 |
| Preferential treatment        | I get more special treatment  
I get better interest rates  
They do services for me that they don’t for most customers  
I get priority treatment when there is a queue  
I get faster service than most customers | .953 | .950 | .792 |
| Social Relationship           | I feel a sense of familiarity with him/her  
I enjoy my contact *  
I trust him/her  
I feel like I know him/her  
I regard the person who served me as a friend * | .897 | .918 | .788 |
| Social recognition towards other customers | Generally, members of this firm are someone who likes to be appreciated by acquaintances  
Generally, members of this firm are someone who likes to be respected by others  
Generally, members of this firm are someone who likes to be appreciated by others | .930 | .930 | .816 |
| Positive Word-of-Mouth        | I say positive things about the firm to other people  
I recommend the firm to someone who seeks my advice  
I encourage friends and relatives to do business with this firm | .931 | .933 | .823 |
| Consumer participation        | If I notice a problem at this firm, I inform an employee even if it doesn’t affect me  
I make constructive suggestions to the firm’s employees on how to improve its service  
I let the firm’s employees know of ways that they can better serve my needs  
I have shared a useful idea on how to improve their services with its employees  
When I experience a problem at this firm, I let an employee know | .961 | .961 | .833 |

* These items were deleted based on its cross-loading on the other construct as the results of CFA.
As shown in 7.7, the Cronbach's alpha coefficients of the "consumer identification," "customer orientation," "preferential treatment," "social relationship," social recognition," "positive word-of-mouth" and "consumer participation" constructs display good consistency, with alpha values of 0.952, 0.937, 0.953, 0.897, 0.930, 0.931, and 0.961 respectively, all of which exceed the minimum criteria for scale reliability (0.70). The scales of the remaining variables, identity salience (α=0.889), brand trust (0.911) and brand knowledge (0.895) indicate that the variables are reliable constructs as well. The item-to-total correlation coefficients for the scale also appear sufficient and range from 0.843 to 0.893 for the "consumer identification", 0.787 to 0.864 for "customer orientation", 0.799 to 0.916 for "preferential treatment", 0.749 to 0.864 for "social relationship", 0.830 to 0.871 for "social recognition", 0.834 to 0.902 for "word-of-mouth", 0.829 to 0.916 for "participation", 0.571 to 0.850 for "identity salience", 0.774 to 0.855 for "brand trust" and 0.783 to 0.813 for "brand knowledge". Therefore, the reliability and validity of the constructs were supported.

### 7.5 T-test and ANOVA test

To compare differences among variables by socio-demographics, an independent T-test and ANOVA were adopted. In this study, a T-test was used to test for significant differences between gender groups and a set of ANOVA test was used to test for differences among three consumer types and three age groups.

#### 7.5.1 Differences among Consumer Types

An ANOVA test with a significant level of 95% was examined to investigate whether or not there are significant differences among bank consumers, insurance company consumers, and securities investment company consumers. Table 7.8 presents the result of the ANOVA test. To identify where the mean differences exist, post hoc tests were performed using Tukey (assuming equal variance) or Dunnett's T3 (not assuming equal variance) tests (Pallant, 2007).

**Table 7.8 Results of ANOVA test: Differences among Variables by Consumer Types**
As shown in Table 7.8, significant differences appear among the three financial services categories which the respondents have chosen to base their answers on for this survey. These differences are not necessarily different consumer types as such, but are a snapshot of in some cases, the same customer, based on the type of financial services they used for answering this survey. Thus, this indicates that there are some differences among three different financial services types with regard to the corresponding variables. In particular, insurance companies are evaluated more favourably by consumers compared to banks in terms of all variables. For example, the mean score for social relationship in insurance

<table>
<thead>
<tr>
<th>Variable</th>
<th>Consumer Type</th>
<th>N</th>
<th>Compared Group</th>
<th>Post Hoc Group</th>
<th>Mean</th>
<th>Std. D</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social recognition</td>
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<td>273</td>
<td>Insurance</td>
<td>.002</td>
<td>3.82</td>
<td>0.966</td>
<td>5.798</td>
<td>.003</td>
</tr>
<tr>
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<td>Insurance</td>
<td>79</td>
<td>Securities</td>
<td>.002</td>
<td>4.25</td>
<td>1.096</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Securities</td>
<td>38</td>
<td>Bank</td>
<td>.002</td>
<td>3.99</td>
<td>0.895</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferential Treatment</td>
<td>Bank</td>
<td>273</td>
<td>Insurance</td>
<td>.000</td>
<td>3.13</td>
<td>1.230</td>
<td>9.579</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
<td>79</td>
<td>Securities</td>
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<td>3.85</td>
<td>1.467</td>
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<tr>
<td></td>
<td>Securities</td>
<td>38</td>
<td>Bank</td>
<td>.000</td>
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<td></td>
</tr>
<tr>
<td>Customer Orientation</td>
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<td>Insurance</td>
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<td>1.111</td>
<td>9.322</td>
<td>.000</td>
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<td>Securities</td>
<td>.000</td>
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<td>0.990</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Securities</td>
<td>38</td>
<td>Bank</td>
<td>.000</td>
<td>4.37</td>
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</tr>
<tr>
<td>Social Relationship</td>
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<td>3.86</td>
<td>1.137</td>
<td>10.921</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
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<td>Securities</td>
<td>.000</td>
<td>4.55</td>
<td>1.177</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Securities</td>
<td>38</td>
<td>Bank</td>
<td>.000</td>
<td>3.99</td>
<td>1.239</td>
<td></td>
<td></td>
</tr>
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<td>Insurance</td>
<td>.000</td>
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<td>1.246</td>
<td>11.916</td>
<td>.000</td>
</tr>
<tr>
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<td>Securities</td>
<td>.000</td>
<td>3.82</td>
<td>1.406</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Securities</td>
<td>38</td>
<td>Bank</td>
<td>.000</td>
<td>3.43</td>
<td>1.099</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive word-of-mouth</td>
<td>Bank</td>
<td>273</td>
<td>Insurance</td>
<td>.000</td>
<td>3.57</td>
<td>1.281</td>
<td>13.339</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
<td>79</td>
<td>Securities</td>
<td>.000</td>
<td>4.32</td>
<td>1.109</td>
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<td></td>
</tr>
<tr>
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<td>Securities</td>
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<td>Bank</td>
<td>.000</td>
<td>4.12</td>
<td>0.960</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Participation</td>
<td>Bank</td>
<td>273</td>
<td>Insurance</td>
<td>.000</td>
<td>3.37</td>
<td>1.226</td>
<td>9.279</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
<td>79</td>
<td>Securities</td>
<td>.000</td>
<td>4.01</td>
<td>1.315</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Securities</td>
<td>38</td>
<td>Bank</td>
<td>.000</td>
<td>3.82</td>
<td>1.219</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
companies is 4.55 which is significantly higher than 3.86 for banks (F=10.921, p<.000). Based on the data, respondents perceive that the insurance companies provide superior preferential treatment (means=3.85), more customer-oriented service (means=4.90) and better social relationship with employees (means=4.55), and they believe that its customers have better social recognition (means=4.25) compared to banks at the significance level of .05 (see table 7.8). Thus, the mean level of consumer identification for insurance firms was 3.82, which was significantly greater than those for banks (mean =3.05, F=11.916, p<.000). Furthermore, consumers have a higher willingness to engage in positive word-of-mouth towards the insurance companies (F=13.339, p<.000) and participation for the insurance companies compared to banks (F=9.279, p<.000. The variable, positive word-of-mouth shows the highest F-value (13.339), the second highest (11.916) being consumer identification, and the third highest (10.921) social relationship. The results of Post Hoc test confirmed the differences among the consumer types.

7.5.2 Differences between Gender Groups

An independent sample T-test with a confidence level of 95% was executed to find whether or not variables of the research significantly differ between males and females. Table 7.9 shows the result of T-test according to gender.
Table 7.9 Results of T-test: Differences among Variables by A Gender Group

<table>
<thead>
<tr>
<th>Variable</th>
<th>Gender</th>
<th>N</th>
<th>Mean</th>
<th>S. D.</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Recognition</td>
<td>Male</td>
<td>191</td>
<td>3.88</td>
<td>1.018</td>
<td>-0.790</td>
<td>0.430</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>199</td>
<td>3.96</td>
<td>0.982</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferential Treatment</td>
<td>Male</td>
<td>191</td>
<td>3.28</td>
<td>1.341</td>
<td>-0.359</td>
<td>0.720</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>199</td>
<td>3.33</td>
<td>1.294</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Orientation</td>
<td>Male</td>
<td>191</td>
<td>4.31</td>
<td>1.114</td>
<td>-2.074</td>
<td>0.039</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>199</td>
<td>4.54</td>
<td>1.101</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Relationship</td>
<td>Male</td>
<td>191</td>
<td>3.99</td>
<td>1.177</td>
<td>-0.479</td>
<td>0.632</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>199</td>
<td>4.04</td>
<td>1.194</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Identification</td>
<td>Male</td>
<td>191</td>
<td>3.12</td>
<td>1.356</td>
<td>-1.853</td>
<td>0.065</td>
</tr>
<tr>
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<td>Female</td>
<td>199</td>
<td>3.36</td>
<td>1.239</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>Male</td>
<td>191</td>
<td>3.67</td>
<td>1.271</td>
<td>-1.618</td>
<td>0.106</td>
</tr>
<tr>
<td>Word-of-Mouth</td>
<td>Female</td>
<td>199</td>
<td>3.87</td>
<td>1.242</td>
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</tr>
<tr>
<td>Consumer Participation</td>
<td>Male</td>
<td>191</td>
<td>3.47</td>
<td>1.292</td>
<td>-1.096</td>
<td>0.274</td>
</tr>
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<td>199</td>
<td>3.61</td>
<td>1.248</td>
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</tr>
</tbody>
</table>

In terms of gender difference, female respondents show more favourable evaluation of customer orientation than male with a t value of -2.074. Other variables are not statistically different between male and female group.

7.5.3 Differences among Age Groups

An ANOVA test with a significant level of 95% was examined to test whether or not there are significant differences among age groups. The result of an ANOVA test was reported in Table 7.10.
Table 7.10 Results of ANOVA Test: Differences among Variables by Age Groups

<table>
<thead>
<tr>
<th>Variable</th>
<th>Age</th>
<th>N</th>
<th>Compared Group</th>
<th>Post Hoc Group</th>
<th>Mean</th>
<th>S.D.</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Recognition</td>
<td>20-39</td>
<td>170</td>
<td>40-59</td>
<td>.544</td>
<td>3.85</td>
<td>0.935</td>
<td>1.524</td>
<td>0.219</td>
</tr>
<tr>
<td></td>
<td>40-59</td>
<td>150</td>
<td>60 and over</td>
<td>.643</td>
<td>3.94</td>
<td>1.058</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>60 and over</td>
<td>70</td>
<td>20-39</td>
<td>.345</td>
<td>4.09</td>
<td>1.012</td>
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</tr>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferential Treatment</td>
<td>20-39</td>
<td>170</td>
<td>40-59</td>
<td>.118</td>
<td>3.10</td>
<td>1.281</td>
<td>5.008</td>
<td>0.007</td>
</tr>
<tr>
<td></td>
<td>40-59</td>
<td>150</td>
<td>60 and over</td>
<td>.324</td>
<td>3.39</td>
<td>1.327</td>
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</tr>
<tr>
<td></td>
<td>60 and over</td>
<td>70</td>
<td>20-39</td>
<td>.324</td>
<td>3.66</td>
<td>1.300</td>
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<tr>
<td>Customer Orientation</td>
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<td>170</td>
<td>40-59</td>
<td>1.000</td>
<td>4.41</td>
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<td>60 and over</td>
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<td>.345</td>
<td>4.27</td>
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<td>Consumer Identification</td>
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<td>40-59</td>
<td>.653</td>
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<td>1.260</td>
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<td>20-39</td>
<td>.185</td>
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<td>170</td>
<td>40-59</td>
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<td>60 and over</td>
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<td>150</td>
<td>60 and over</td>
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<td>3.56</td>
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<tr>
<td></td>
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<td>70</td>
<td>20-39</td>
<td>.216</td>
<td>3.87</td>
<td>1.265</td>
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</table>

As Table 7.10 shows, significant differences appear among different age groups with regard to consumer identification, consumer participation (p<0.05) and preferential treatment (p<0.01). Preferential treatment shows the highest F-ratio, 5.008, which indicates the widest gap among different age groups. Among the three age groups, the 60 and over age group has a relatively higher perception of preferential treatment with a mean score of 3.66 than the 20-39 age group with a mean score of 3.10. The consumer participation score shows the second highest F-ratio (3.544). The 60 and over age group (mean=3.87) shows higher consumer
participation than the 20-39 age group (mean=3.39). Similarly to consumer participation, the 60 and over age group (mean=3.37) has a stronger identification with the company compared to the 20-39 age group (mean=3.11).

7.6 Correlation Analysis

The previous analyses confirm that the constructs which are involved in the research model are reliable and valid. Before proceeding to further analyses, a correlation analysis of the research variables is important for obtaining an initial sense of the type of correlations among the research variables. Therefore, a set of correlation analysis was performed. Social recognition, preferential treatment, customer orientation, social relationship, consumer identification, word-of-mouth and consumer participation were subjects of the analysis. Table 7.11 shows the correlation matrix of the relationships among the variables.

<table>
<thead>
<tr>
<th></th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. consumer identification</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. social recognition</td>
<td>.569**</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. preferential treatment</td>
<td>.659**</td>
<td>.624**</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. customer orientation</td>
<td>.477**</td>
<td>.625**</td>
<td>.516**</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. social relationship</td>
<td>.608**</td>
<td>.616**</td>
<td>.665**</td>
<td>.739**</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. positive WOM</td>
<td>.776**</td>
<td>.605**</td>
<td>.569**</td>
<td>.517**</td>
<td>.586**</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. consumer participation</td>
<td>.753**</td>
<td>.588**</td>
<td>.642**</td>
<td>.480**</td>
<td>.576**</td>
<td>.748**</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. identity salience</td>
<td>.779**</td>
<td>.664**</td>
<td>.691**</td>
<td>.597**</td>
<td>.693**</td>
<td>.796**</td>
<td>.745**</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. brand trust</td>
<td>.468**</td>
<td>.540**</td>
<td>.422**</td>
<td>.574**</td>
<td>.476**</td>
<td>.603**</td>
<td>.475**</td>
<td>.659**</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>10. brand knowledge</td>
<td>.673**</td>
<td>.569**</td>
<td>.682**</td>
<td>.446**</td>
<td>.659**</td>
<td>.639**</td>
<td>.632**</td>
<td>.725**</td>
<td>.457**</td>
<td>1.000</td>
</tr>
</tbody>
</table>

** p<.01

Firstly, assessment of collinearity (multicollinearity) can be tested with the correlation matrix. Pallant (2007) notes that if an independent variable is related to one or more of the other independent variables in the model at the .800 and above value of $\gamma$, a multicollinearity problem is suspected. However, as shown in Table 7.11, the correlation matrix shows all the correlations between the predictor variables (social recognition, preferential treatment, customer orientation, and social relationship) are less than .800. This indicates there is no evidence of multicollinearity.
Secondly, the “consumer identification” variable shows a strong correlation with “positive word-of-mouth” (.776) and “consumer participation” (.753). These correlations are higher than those correlations of the other four predictor variables, social recognition, preferential treatment, customer orientation and social relationship with “positive word-of-mouth” ranging from .517 to .605 and “consumer participation” from .480 to .642.

Thirdly, correlations between “consumer identification” and its predictor variables are also high ranging from .477 to .608. However, customer orientation” is the lowest correlation with “consumer identification” (.477) and seems only moderately related to “consumer identification”.

Lastly, all the correlations between the predictor variables (social recognition, preferential treatment, customer orientation and social relationship) and the moderating variables (identity salience, brand trust and brand knowledge) are less than .800 indicating the absence of serious multicollinearity problems (Hair et al., 2006a). Other indicators of multicollinearity of interaction terms in testing the moderating effects will be reported later.

7.7 Research Hypotheses and Model Testing

In the final stage of analysis for this study, regression analysis was adopted to test the research hypotheses and research model. The research model consisted of four independent variables including social recognition, preferential treatment, customer orientation and social relationship, consumer identification with the corporate brand as a mediator variable and two dependent variables (positive word-of-mouth and consumer participation). Furthermore, identity salience, brand trust and brand knowledge were encompassed as moderator variables. Therefore, firstly, the influences of four independent variables on consumer identification were tested. Secondly, the influence of consumer identification on two dependent variables, positive word-of-mouth and consumer participation, were respectively examined. Thirdly, the mediation effect of consumer identification was tested. Lastly, the moderation effects of identity salience, brand trust and brand knowledge were tested.

7.7.1 Effects of Four Independent Variables on Consumer Identification

Based on the results of the previous study, the validity and reliability of consumer identification, positive word-of-mouth, customer participation and independent variables
(social recognition, preferential treatment, customer orientation and social relationship) were verified.

Before testing the hypotheses, the assumptions of absence of outliers, normality, linearity, homoscedasticity of residuals, independence of error terms and absence of multicollinearity were checked by the plots and some statistical tests; Cook’s Distance and the values of residuals in scatterplot for diagnostic of outliers; normal probability plot for normality test; scatterplot of the standardized residuals for homoscedasticity, linearity and independence of error terms; and VIF and tolerance for multicollinearity test (Hair et al., 2006a; Pallant, 2007; Tabachnick and Fidell, 2006).

According to Tabachnick and Fidell (2006), outliers are defined as cases which have a standard residual value displayed in the scatterplot of more than 3.3 or less than -3.3. The results showed that all the values were not over |±3.3| for the residuals using an spss option that presents the cases having standardised residual values above 3.3 or below -3.3. In addition, in terms of Cook’s Distance for inspecting outliers, the maximum value is .046 which is less than the cut-off value of 1, indicating no major influence of outliers on the results of the regression (Pallant, 2007). In the normal probability plot, the points lie in a diagonal line, which indicates the normality of the data. In the Scatterplots that are used for the diagnostic of homoscedasticity, linearity and independence of error terms, the residuals are randomly distributed as a roughly rectangular form, indicating no major problem of heteroscedasticity, nonlinearity and dependence of error terms. In addition, the partial regression plots did not show curvilinear patterns, indicating a nonlinear relationship between the independent variable and the dependent variable. To test multicollinearity, this study inspected the variance inflation variables (VIF) and Tolerance of the variables in addition to the correlation analysis. The VIF of antecedents yielded values between 2.079 and 2.931 indicating the absence of serious multicollinearity problems comparing to the commonly used cut-off value above 10 (Pallant, 2007). This is also supported by the Tolerance values ranged from .341 to .481. Those values are not smaller than .20, indicating no violation of the multicollinearity assumption (Pallant, 2007). Thus, there are no serious violations of the assumptions.

One of aims of this study is to examine the effects of these four variables on consumer identification. To achieve this goal, the following hypotheses are generated:
H1: Higher levels of perceived social recognition lead to a higher degree of consumer identification with the corporate brand.

H2: Higher levels of perceived preferential treatment lead to a higher degree of consumer identification with the corporate brand.

H3: Higher levels of perceived customer orientation lead to a higher degree of consumer identification with the corporate brand.

H4: Stronger social relationship leads to a higher degree of consumer identification with the corporate brand.

Test of the hypotheses depends on a multiple regression analysis. Four variables, social recognition, preferential treatment, customer orientation and social relationship are the independent variables, and consumer identification with the corporate brand is a dependent variable. Table 7.12 summarises the results of the multiple regression analysis between the predictors and the dependent variable.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Consumer identification with a corporate brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B</td>
</tr>
<tr>
<td>Social Recognition</td>
<td>.407</td>
</tr>
<tr>
<td>Preferential Treatment</td>
<td>.382</td>
</tr>
<tr>
<td>Customer Orientation</td>
<td>-.036</td>
</tr>
<tr>
<td>Social Relationship</td>
<td>.474</td>
</tr>
<tr>
<td>R²</td>
<td>.518</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>.513</td>
</tr>
<tr>
<td>F</td>
<td>103.253</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

As reported in Table 7.12, the regression model is statistically significant (F=103.253, p=.000) in estimating consumer identification. R² value of 0.518 indicates that the four independent variables explain 51.8% of the variance in consumer identification. In terms of Betas of the independent variables, social recognition (β=.175), preferential treatment (β=.324) and social relationship (β=.323) make significantly unique contribution to the explanation of consumer identification (p<.05). However, one independent variable, customer orientation has no significant effect on consumer identification. Thus, H1, H2 and H4 are supported but H3 was
not. Based on the results, the three variables, social recognition, preferential treatment and social relationship have positive and significant impacts on consumer identification, but customer orientation does not.

### 7.7.2 Influence of Consumer Identification on Positive WOM and Consumer Participation

One of the aims of this study is to examine the effect of consumer identification on positive word-of-mouth and consumer participation. The following hypotheses are generated to achieve the goal:

Hypothesis 5: Higher levels of consumer identification with the corporate brand lead to a higher level of positive word-of-mouth

Hypothesis 6: Higher levels of consumer identification with the corporate brand lead to a higher level of consumer participation

Two different regression models are used to test these hypotheses. The first model tests the positive influence of consumer identification on positive word-of-mouth so that positive word-of-mouth was entered as a dependent variable and consumer identification as an independent variable into the first model. Table 7.13 summarizes the regression analysis between consumer identification and positive word-of-mouth.

<table>
<thead>
<tr>
<th>Table 7.13 Summary of Regression Analysis: Effect of Consumer Identification on Positive WOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variables</td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Consumer identification with corporate brand</td>
</tr>
<tr>
<td><strong>R^2</strong></td>
</tr>
<tr>
<td>Adjusted R^2</td>
</tr>
<tr>
<td><strong>F</strong></td>
</tr>
<tr>
<td><strong>Sig.</strong></td>
</tr>
</tbody>
</table>

Table 7.13 shows that the regression model is significant (F=585.793, p=.000) in estimating positive word-of-mouth. The R^2 value of .602 indicates that 60.2% of variance in positive
word-of-mouth is explained by consumer identification. Consumer identification has a positive and significant effect on positive word-of-mouth, which supports H5.

In the second model, consumer participation is a dependent variable, and consumer identification an independent variable for testing H6. The results are reported in Table 7.14.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Consumer participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.163 (.114)</td>
</tr>
<tr>
<td>Consumer identification with corporate brand</td>
<td>.734 (.033)</td>
</tr>
<tr>
<td>R²</td>
<td>.567</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>.566</td>
</tr>
<tr>
<td>F</td>
<td>507.596</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

As predicted in H6, the effect of consumer identification on consumer participation is positive and significant (F=507.596, p=.000). The R² value of .567 indicates that 56.7% of variance in consumer participation is explained by consumer identification. Based on this analysis, it appears that consumer identification is an important predictor of consumer participation. Thus, this empirical research confirms H6.

### 7.7.3 Mediating Effect of Consumer Identification

To examine the premise that consumer identification mediates the effect of (i) customer orientation, (ii) social relationship, (iii) preferential treatment and (iv) social recognition on positive word-of-mouth and consumer participation is one of the aims of this research. To test the hypotheses for the mediating effect of consumer identification, this study adopted the process and criteria provided from Baron and Kenny (1986) that is commonly suggested (see Hair et al., 2006a; Tabachnick and Fidell, 2007) and cited by many researchers testing a mediating or moderating effect to prove whether or not conditions for mediation exist (e.g. Bowling, 2010; Chen and Huang, 2010; Eberhardt et al., 1995; Goode et al., 2010; Li et al., 2010; Mets, 2009) and also used in identification research (Brown et al., 2005; Cornwell and Coote, 2005; Thakor and Joshi, 2005). In addition, Fairchild and McQuillin (2010) reviewed...
98 independent studies testing mediation and moderation in psychology literature and concluded that the Baron and Kenny (1986) procedure was commonly adopted by researchers based on the review of the studies.

As suggested by Baron and Kenny (1986), in order to establish mediation, three regression equations need to be estimated: significant relationships must hold (1) between the independent variables (consumer orientation, social relationship, preferential treatment and social recognition) and the mediator (consumer identification), when regressing the mediator on the independent variables (the first equation), (2) between the independent variables and the dependent variables (positive word-of-mouth and consumer participation), when regressing the dependent variables on the independent variables respectively (the second equation), and (3) between the mediator (consumer identification) and the dependent variables (positive word-of-mouth and consumer participation), when regressing the dependent variable on both independent variables and mediator (the third equation). Then, the effect of the independent variables on the dependent variables must be less in the third equation than in the second.

The previous analyses reveal that three independent variables (social relationship, preferential treatment and social recognition) significantly affect the mediator (consumer identification) (See Table 7.12). As shown in Table 7.15, there are significant relationships between the three independent variables and the dependent variables (positive word-of-mouth and consumer participation) in Model 1 and Model 3.

Model 2 tests the effects of the four independent variables and a mediator variable (consumer identification) on positive word-of-mouth. Thus, it is necessary to compare Model 1 and Model 2 to test the mediation effect of consumer identification. Model 2 reports the strongly positive and significant effect of consumer identification on positive word-of-mouth given that other predictor variables of consumer identification are included. Specifically, the effects of preferential treatment (from $\beta=.202$ to $\beta=-.037$) and social relationship (from $\beta=.218$ to $\beta=.058$) on positive word-of-mouth in Model 2 become non-significant compared to Model 1, in which these variables have significant effects on positive WOM. These results support the full mediating role of consumer identification. In contrast, the effect of social recognition on positive word-of-mouth in Model 1 remains significant ($\beta=.307$), although the value of its Beta is decreased ($\beta=.191$) in Model 2. This can be explained by the fact that the effect of social recognition on positive word-of-mouth is partially mediated by consumer identification.
Model 4 tests the effects of the four independent variables and the mediator variable (consumer identification) on consumer participation. In the same way as for Model 1 and Model 2, the comparison between Model 3 and Model 4 was examined. In Model 4, the effect of social relationship on consumer participation becomes non-significant (from $\beta=.170$ to $\beta=.035$). Indeed, both the effects of preferential treatment (from $\beta=.370$ to $\beta=.168$) and social recognition (from $\beta=.246$ to $\beta=.148$) on consumer participation in Model 4 are less than in Model 3. In other words, the effect of social relationship on consumer participation is fully mediated by consumer identification, while the effect of preferential treatment and social recognition on consumer participation is partially mediated by consumer identification. Consequently, the findings support the mediating role of consumer identification proposed in the research model of Figure 6.1.
### Table 7.15 Summary of Regression Analysis: The Mediating Effect of Consumer Identification

<table>
<thead>
<tr>
<th>Model1</th>
<th>D.V.: Positive word-of-mouth</th>
<th>B</th>
<th>SE</th>
<th>Beta</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer orientation</td>
<td>0.041</td>
<td>0.040</td>
<td>0.060</td>
<td>1.015</td>
<td>0.311</td>
<td></td>
</tr>
<tr>
<td>Preferential treatment</td>
<td>0.116</td>
<td>0.031</td>
<td>0.202</td>
<td>3.734</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Social recognition</td>
<td>0.387</td>
<td>0.068</td>
<td>0.307</td>
<td>5.681</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Social relationship</td>
<td>0.232</td>
<td>0.068</td>
<td>0.218</td>
<td>3.397</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.459</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>81.730</td>
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<td></td>
<td></td>
<td>0.000</td>
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</table>

<table>
<thead>
<tr>
<th>Model2</th>
<th>D.V.: Positive word-of-mouth</th>
<th>B</th>
<th>SE</th>
<th>Beta</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer orientation</td>
<td>0.053</td>
<td>0.032</td>
<td>0.079</td>
<td>1.653</td>
<td>0.099</td>
<td></td>
</tr>
<tr>
<td>Preferential treatment</td>
<td>-0.021</td>
<td>0.027</td>
<td>-0.037</td>
<td>-0.738</td>
<td>0.434</td>
<td></td>
</tr>
<tr>
<td>Social recognition</td>
<td>0.241</td>
<td>0.056</td>
<td>0.191</td>
<td>4.313</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Social relationship</td>
<td>0.062</td>
<td>0.056</td>
<td>0.058</td>
<td>1.098</td>
<td>0.273</td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>0.359</td>
<td>0.025</td>
<td>0.618</td>
<td>14.406</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.649</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>F</td>
<td>141.962</td>
<td></td>
<td></td>
<td></td>
<td>0.000</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model3</th>
<th>D.V.: Consumer participation</th>
<th>B</th>
<th>SE</th>
<th>Beta</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer orientation</td>
<td>0.011</td>
<td>0.066</td>
<td>0.010</td>
<td>0.167</td>
<td>0.867</td>
<td></td>
</tr>
<tr>
<td>Preferential treatment</td>
<td>0.358</td>
<td>0.051</td>
<td>0.370</td>
<td>7.024</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Social recognition</td>
<td>0.521</td>
<td>0.112</td>
<td>0.246</td>
<td>4.668</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Social relationship</td>
<td>0.305</td>
<td>0.112</td>
<td>0.170</td>
<td>2.723</td>
<td>0.007</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.485</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>90.821</td>
<td></td>
<td></td>
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<td>0.000</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Model 4</th>
<th>D.V.: Consumer participation</th>
<th>B</th>
<th>SE</th>
<th>Beta</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer orientation</td>
<td>0.029</td>
<td>0.056</td>
<td>0.026</td>
<td>0.518</td>
<td>0.605</td>
<td></td>
</tr>
<tr>
<td>Preferential treatment</td>
<td>0.162</td>
<td>0.047</td>
<td>0.168</td>
<td>3.471</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td>Social recognition</td>
<td>0.313</td>
<td>0.097</td>
<td>0.148</td>
<td>3.213</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td>Social relationship</td>
<td>0.062</td>
<td>0.098</td>
<td>0.035</td>
<td>0.633</td>
<td>0.527</td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>0.512</td>
<td>0.043</td>
<td>0.525</td>
<td>11.790</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.622</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>126.502</td>
<td></td>
<td></td>
<td></td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

### 7.7.4 Moderating Effect of Identity Salience, Brand Trust, and Brand Knowledge

One of the aims of this study is to examine the moderating effects of three variables, identity salience, brand trust and brand knowledge. These moderating effects are tested by eight different moderator models depending on which relationship these variables moderate. The first moderator model was designated to test whether or not identity salience moderates the relationships between four predictor variables and consumer identification. The second was established to test whether or not brand trust moderates the relationships between four predictor variables and consumer identification.
From the third to the fifth models, these were formed to test whether or not three variables (identity salience, brand trust, and brand knowledge) moderate the relationship between consumer identification and positive word-of-mouth, with the effect being stronger for consumers perceiving each moderating variable to be high than for consumers perceiving each moderating variable to be low respectively.

The remaining three models, the sixth to the eighth, were designated to test whether or not three variables (brand identity salience, brand trust and brand knowledge) respectively moderate the relationship between consumer identification and consumer participation, with the effect being stronger when each moderating variable is high than when each moderating variable is low respectively. Thus, this study examines the eight moderator models one by one. To test the first moderator model, the following hypotheses are established:

Hypothesis 7: The relationship between consumer identification and its antecedents will be moderated by identity salience, with the effect being stronger for consumers perceiving identity salience is high than for those perceiving identity salience is low.

Hypothesis 7(a): The relationship between preferential treatment and consumer identification will be moderated by identity salience, with the effect being stronger for consumers perceiving identity salience is high than for those perceiving identity salience is low.

Hypothesis 7(b): The relationship between social relationship and consumer identification will be moderated by identity salience, with the effect being stronger for consumers perceiving identity salience is high than for those perceiving identity salience is low.

Hypothesis 7(c): The relationship between customer orientation and consumer identification will be moderated by identity salience, with the effect being stronger for consumers perceiving identity salience is high than for consumers perceiving identity salience is low.

Hypothesis 7(d): The relationship between social recognition and consumer identification will be moderated by identity salience, with the effect being stronger for consumers perceiving identity salience is high than for those perceiving identity salience is low.

The research hypotheses propose that two variables, identity salience and brand trust, moderate the impacts of four independent variables (social recognition, preferential treatment, customer orientation and social relationship) on a dependent variable (consumer identification). Moderator variables (identity salience and brand trust) specify under what conditions independent variables influence a dependent variable (consumer identification)
Moderator variables (identity salience and brand trust) may enhance or reduce the direction of the relationship between independent variables (social recognition, preferential treatment, customer orientation and social relationship) and a dependent variable (consumer identification), or it may even change the direction of the relationship between the variables from positive to negative or vice versa (Kim et al., 2001). In this study, strong identity salience and strong brand trust leverage the effects of four independent variables (social recognition, preferential treatment, customer orientation and social relationship) on consumer identification. Figure 7.9 shows the moderating model of identity salience.

**Figure 7.9 First Moderating Model of Identity Salience**

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**Step 1: Including the linear effects of independent variables**
- Independent variables (X)
  - Social recognition ($X_1$)
  - Preferential treatment ($X_2$)
  - Customer orientation ($X_3$)
  - Social relationship ($X_4$)

**Step 2: Adding moderating variable to Step I**
- Moderating variables (Z)
  - Identity salience

**Step 3: Adding interaction terms to Step II**
- Interaction term variables (X x Z)
  - Social recognition x Identity salience ($X_1Z$)
  - Preferential treatment x Identity salience ($X_2Z$)
  - Customer orientation x Identity salience ($X_3Z$)
  - Social relationship x Identity salience ($X_4Z$)

As shown in Figure 7.9, a moderating term is designated as an independent variable to test the moderating effect. The moderating term is a compound variable calculated by multiplying an independent variable by the moderator variable. In this model, where identity salience (Z) moderates the relationship between independent variables ($X_1$ to $X_4$) and a dependent variable (Y), the interaction terms might be expressed as ($X_1Z$ to $X_4Z$). In the regression equation, the
moderated relationship of $Z$ is expressed as:

$$Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 Z + b_6 X_1 Z + b_7 X_2 Z + b_8 X_3 Z + b_9 X_4 Z,$$

where

- $Y$ = consumer identification;
- $X_1$ = social recognition;
- $X_2$ = preferential treatment;
- $X_3$ = customer orientation;
- $X_4$ = social relationship;
- $Z$ = identity salience;
- $X_1 Z$ = social recognition x identity salience;
- $X_2 Z$ = preferential treatment x identity salience;
- $X_3 Z$ = customer orientation x identity salience;
- $X_4 Z$ = social relationship x identity salience;

- $b_0$ = constant value (intercept);
- $b_1$ = linear effect of $X_1$;
- $b_2$ = linear effect of $X_2$;
- $b_3$ = linear effect of $X_3$;
- $b_4$ = linear effect of $X_4$;
- $b_5$ = linear effect of $Z$;
- $b_6$ = moderator effect of $Z$ on $X_1$;
- $b_7$ = moderator effect of $Z$ on $X_2$;
- $b_8$ = moderator effect of $Z$ on $X_3$;
- $b_9$ = moderator effect of $Z$ on $X_4$.

Three regression equations must be estimated to determine whether the moderator effects are significant. First, the original equation which includes the linear effects of four variables ($X_1$ to $X_4$) is estimated (Step 1: $Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4$). Second, the moderator variable ($Z$) is added to the original equation as an independent variable so that formed the second equation (Step 2: $Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 Z$). Lastly, the moderated relationship is added to the second equation and is estimated (Step 3: $Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 Z + b_6 X_1 Z + b_7 X_2 Z + b_8 X_3 Z + b_9 X_4 Z$).

A significant moderating effect is supported when the interaction effect is significant (Baron and Kenny, 1986) so that the change in $R^2$ ($\Delta R^2$) between Step 2 and Step 3 is statistically
This research assesses the moderating effect using hierarchical moderator regression analysis as suggested by Cohen and Cohen (1983). Before the analysis, as suggested by Cronbach (1987), the continuous predictor variables were mean centred by subtracting the corresponding mean from each value in order to reduce multicollinearity (Taylor and Baker, 1994). As a result, no interaction term had a variance of inflation factor (VIF) exceeding the recommended maximum of 10 and no interaction terms had a Tolerance less than .20 (Hair et al., 2006a). The results indicate no evidence of multicollinearity problems.

<table>
<thead>
<tr>
<th>Table 7.16 Summary of Regression Analysis: the First Moderating Model of Identity Salience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predictor variable</td>
</tr>
<tr>
<td>Social recognition</td>
</tr>
<tr>
<td>Preferential treatment</td>
</tr>
<tr>
<td>Customer orientation</td>
</tr>
<tr>
<td>Social relationship</td>
</tr>
<tr>
<td>Identity salience</td>
</tr>
<tr>
<td>Social recognition x Identity salience</td>
</tr>
<tr>
<td>Preferential treatment x Identity salience</td>
</tr>
<tr>
<td>Customer orientation x Identity salience</td>
</tr>
<tr>
<td>Social relationship x Identity salience</td>
</tr>
<tr>
<td>F</td>
</tr>
<tr>
<td>R²</td>
</tr>
<tr>
<td>ΔR²</td>
</tr>
</tbody>
</table>

As mentioned earlier, the moderating hypothesis is supported when the interaction term is significant (Baron and Kenny, 1986) so that the change in R² is significant when comparing R² values of Step 2 and Step 3 (Hair et al., 2006a). The interaction terms in Table 7.16 are not significant and the difference in R² between Step 2 and Step 3 is not significant. Thus, H7(a), H7(b), H7(c), and H7(d) are not supported. Identity salience does not moderate the
relationships between four predictor variables (social recognition, preferential treatment, customer orientation and social relationship) and consumer identification.

The second model is to examine whether or not the relationships between four predictor variables and consumer identification are moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low. The following hypotheses are established to achieve the goal for examining the moderating role of brand trust.

Hypothesis 9: The relationship between consumer identification and its proposed antecedents will be moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low.

Hypothesis 9(a): The relationship between preferential treatment and consumer identification will be moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low.

Hypothesis 9(b): The relationship between social relationship and consumer identification will be moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low.

Hypothesis 9(c): The relationship between customer orientation and consumer identification will be moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low.

Hypothesis 9(d): The relationship between social recognition and consumer identification will be moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low.
As shown in Figure 7.10, brand trust is a moderating variable in the second model. The test processes of the moderating effect of brand trust are the same as those of the first model.
Table 7.17 Summary of Regression Analysis: the Second Moderating Model of Brand Trust

<table>
<thead>
<tr>
<th>Predictor variable</th>
<th>Step I</th>
<th>Step II</th>
<th>Step III</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>t-value</td>
<td>Beta</td>
</tr>
<tr>
<td>Social recognition</td>
<td>.187***</td>
<td>3.617</td>
<td>.153*</td>
</tr>
<tr>
<td>Preferential treatment</td>
<td>.386***</td>
<td>7.446</td>
<td>.386***</td>
</tr>
<tr>
<td>Customer orientation</td>
<td>-.030</td>
<td>-0.539</td>
<td>-.069</td>
</tr>
<tr>
<td>Social relationship</td>
<td>.259***</td>
<td>4.205</td>
<td>.235***</td>
</tr>
<tr>
<td>Identity salience</td>
<td>.136***</td>
<td>2.963</td>
<td>.142**</td>
</tr>
<tr>
<td>Social recognition x brand trust</td>
<td></td>
<td></td>
<td>.009</td>
</tr>
<tr>
<td>Preferential treatment x brand trust</td>
<td></td>
<td></td>
<td>-.011</td>
</tr>
<tr>
<td>Customer orientation x brand trust</td>
<td></td>
<td></td>
<td>.059</td>
</tr>
<tr>
<td>Social relationship x brand trust</td>
<td></td>
<td></td>
<td>-.007</td>
</tr>
<tr>
<td>F</td>
<td>97.604***</td>
<td>81.417***</td>
<td>45.256***</td>
</tr>
<tr>
<td>R²</td>
<td>.503</td>
<td>.515</td>
<td>.517</td>
</tr>
<tr>
<td>ΔR²</td>
<td>.012</td>
<td>.002</td>
<td></td>
</tr>
</tbody>
</table>

*significant at the p<.05, ** significant at the p<.01, *** significant at the p<.001

As reported in Table 7.17, H9(a), H9(b), H9(c), and H9(d) are not supported, because non-significant interaction effects as well as a non-significant change in R² (ΔR²) between Step 2 and Step 3 are found.

The third model is to examine whether or not the relationship between consumer identification and positive WOM is moderated by identity salience, with the effect being stronger when the brand identity is more salient than when it is less salient. The following hypothesis is established to achieve the goal of examining the moderating impact of brand identity salience in the third model:

Hypothesis 8(a): The relationship between consumer identification and positive WOM will be moderated by identity salience, with the effect being stronger when the brand identity is more salient than when it is less salient.
As shown in Figure 7.11, identity salience is a moderating variable in the third model. The test processes of the moderating effect of identity salience are the same as those of the first model.

The fourth model is to examine whether or not the relationship between consumer identification and positive WOM is moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low. The following hypothesis is established to achieve the goal of examining the moderating impact:

Hypothesis 10(a): The relationship between consumer identification and positive WOM will be moderated by brand trust, with the effect being stronger when the level of consumers' brand trust is high than when it is low.
As shown in Figure 7.12, brand trust is a moderating variable in the fourth model. The test processes of the moderating effect of identity salience are the same as those of the first model.

The fifth model is to examine whether or not the relationship between consumer identification and positive WOM is moderated by brand knowledge, with the effect being stronger for consumers having high knowledge about the corporate brand than for consumers having low knowledge. The following hypothesis is established to achieve the goal of examining the moderating impact:

Hypothesis 11(a): The relationship between consumer identification and positive WOM will be moderated by brand knowledge, with the effect being stronger for consumers having high knowledge about the corporate brand than for those having low knowledge.
As shown in Figure 7.13, brand knowledge is a moderating variable in the fifth model. The test processes of the moderating effect of brand knowledge are the same as those of the first model.
### Table 7.18 Summary of Regression Analysis: the Third to the Fifth Moderating Model of the Three Variables

<table>
<thead>
<tr>
<th>Predictor variable</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>t-value</td>
<td>Beta</td>
</tr>
<tr>
<td>Third Model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>.776***</td>
<td>24.203</td>
<td>.395***</td>
</tr>
<tr>
<td>Identity salience</td>
<td>.489***</td>
<td>10.932</td>
<td>.482***</td>
</tr>
<tr>
<td>Consumer identification x identity salience</td>
<td>-.047</td>
<td>-1.666</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>585.793**</td>
<td>442.125***</td>
<td>297.029***</td>
</tr>
<tr>
<td>R²</td>
<td>.602</td>
<td>.696</td>
<td>.698</td>
</tr>
<tr>
<td>Δ R²</td>
<td>.094</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>Fourth Model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand trust</td>
<td>.307***</td>
<td>9.350</td>
<td>.298***</td>
</tr>
<tr>
<td>Consumer identification x brand trust</td>
<td>-.036</td>
<td>-1.193</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>585.793**</td>
<td>401.857***</td>
<td>268.673***</td>
</tr>
<tr>
<td>R²</td>
<td>.602</td>
<td>.675</td>
<td>.676</td>
</tr>
<tr>
<td>Δ R²</td>
<td>.073</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td>Fifth Model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>.776***</td>
<td>24.203</td>
<td>.632***</td>
</tr>
<tr>
<td>Brand knowledge</td>
<td>.213***</td>
<td>5.063</td>
<td>.207***</td>
</tr>
<tr>
<td>Consumer identification x brand knowledge</td>
<td>-.041</td>
<td>-1.307</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>585.793**</td>
<td>324.313***</td>
<td>217.174***</td>
</tr>
<tr>
<td>R²</td>
<td>.602</td>
<td>.626</td>
<td>.628</td>
</tr>
<tr>
<td>Δ R²</td>
<td>.024</td>
<td>.002</td>
<td></td>
</tr>
</tbody>
</table>

*significant at the p<.05, ** significant at the p<.01, *** significant at the p<.001

As shown in Table 7.18, there are no significant interaction terms as well as no significant difference in R² (ΔR²) between Step2 and Step3. Therefore, H8(a), H10(a), H11(a) are not supported so that there are no moderating effects of the three variables (identity salience, brand trust and brand knowledge) on the relationship between consumer identification and positive word-of-mouth.

The sixth model is to examine whether or not the relationship between consumer identification and consumer participation is moderated by identity salience, with the effect being stronger when the brand identity is more salient than when it is less salient. The
following hypothesis is established to achieve the goal of examining the moderating impact of brand trust in the sixth model:
Hypothesis 8(b): The relationship between consumer identification and consumer participation will be moderated by identity salience, with the effect being stronger when the brand identity is more salient than when it is less salient.

**Figure 7.14 Sixth Moderating Model of Identity Salience**

<table>
<thead>
<tr>
<th>Step 1: Including the linear effect of independent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent variables (X)</td>
</tr>
<tr>
<td>Consumer identification</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 2: Adding the moderating variable to Step I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderating variables (Z)</td>
</tr>
<tr>
<td>Identity salience</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 3: Adding the interaction term to Step II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interaction term variables (X x Z)</td>
</tr>
<tr>
<td>Consumer identification x Identity salience</td>
</tr>
</tbody>
</table>

As shown in Figure 7.14, identity salience is a moderating variable in the sixth model. The test processes of the moderating effect of identity salience are the same as those of the first model.

The seventh model is to examine whether or not the relationship between consumer identification and consumer participation is moderated by brand trust, with the effect being stronger when the level of consumers’ brand trust is high than when the level of consumers’ brand trust is low. The following hypothesis is established to achieve the goal of examining the moderating impact of brand trust in the seventh model:
Hypothesis 10(b): The relationship between consumer identification and consumer participation will be moderated by brand trust, with the effect being stronger when the level of consumers’ brand trust is high than when it is low.
As shown in Figure 7.15, brand trust is a moderating variable in the seventh model. The test processes of the moderating effect of identity salience are the same as those of the first model.

The eighth model is to examine whether or not the relationship between consumer identification and consumer participation is moderated by brand knowledge, with the effect being stronger for consumers having high knowledge about the corporate brand than for consumers having low knowledge. The following hypothesis is established to achieve the goal of examining the moderating impact:

Hypothesis 11(b): The relationship between consumer identification and consumer participation will be moderated by brand knowledge, with the effect being stronger for consumers having high knowledge about the corporate brand than for those having low knowledge.
Figure 7.16 Eighth Moderating Model of Brand Knowledge

Step 1: Including the linear effect of independent variable

Independent variables (X)
Consumer identification

Step 2: Adding the moderating variable to Step I

Moderating variables (Z)
Brand knowledge

Step 3: Adding the interaction term to Step II

Interaction term variables (X x Z)
Consumer identification x Brand knowledge

As shown in Figure 7.16, brand knowledge is a moderating variable in the eighth model. The test processes of the moderating effect of brand knowledge are the same as those of the first model.
As shown in Table 7.19, the interaction term multiplying consumer identification by brand knowledge is significant, and the difference in R² between Step 2 and Step 3 is found in the eighth model. This supports the moderating impact of brand knowledge on the relationship between consumer identification and consumer participation. However, the remaining interactions are not significant and there is no significant difference in R² between Step 2 and Step 3. Therefore, the results only support H11(b), while H8(b) and H10(b) are not supported in this research.

The results of the hypotheses of the moderating effects confirm H11(b) that brand knowledge moderates the effect of consumer identification on consumer participation in the eighth model.

<table>
<thead>
<tr>
<th>Predictor variable</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>t-value</td>
<td>Beta</td>
</tr>
<tr>
<td>Sixth Model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>.753***</td>
<td>22.530</td>
<td>.439***</td>
</tr>
<tr>
<td>Identity salience</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification x identity salience</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>507.596***</td>
<td>330.657***</td>
<td>222.546***</td>
</tr>
<tr>
<td>R²</td>
<td>.567</td>
<td>.631</td>
<td>.634</td>
</tr>
<tr>
<td>Δ R²</td>
<td>.064</td>
<td>.003</td>
<td></td>
</tr>
<tr>
<td>Seventh Model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>.753***</td>
<td>22.530</td>
<td>.680***</td>
</tr>
<tr>
<td>Brand trust</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification x brand trust</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>507.596***</td>
<td>273.679***</td>
<td>183.584***</td>
</tr>
<tr>
<td>R²</td>
<td>.567</td>
<td>.586</td>
<td>.588</td>
</tr>
<tr>
<td>Δ R²</td>
<td>.019</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>Eighth Model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>.753***</td>
<td>22.530</td>
<td>.599***</td>
</tr>
<tr>
<td>Brand knowledge</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification x brand knowledge</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>507.596***</td>
<td>284.639***</td>
<td>193.116***</td>
</tr>
<tr>
<td>R²</td>
<td>.567</td>
<td>.595</td>
<td>.600</td>
</tr>
<tr>
<td>Δ R²</td>
<td>.028</td>
<td>.005*</td>
<td></td>
</tr>
</tbody>
</table>

*significant at the p<.05, ** significant at the p<.01, *** significant at the p<.001
Thus, a high level of brand knowledge leverages the effect of consumer identification on consumer participation. Table 7.20 summarizes the hypotheses testing results of the research.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Beta</th>
<th>Hypothesis supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Social recognition (\rightarrow) consumer identification</td>
<td>.175*</td>
<td>Yes</td>
</tr>
<tr>
<td>H2: Preferential treatment (\rightarrow) consumer identification</td>
<td>.324**</td>
<td>Yes</td>
</tr>
<tr>
<td>H3: customer orientation (\rightarrow) consumer identification</td>
<td>-.015</td>
<td>No</td>
</tr>
<tr>
<td>H4: Social relationship (\rightarrow) consumer identification</td>
<td>.323**</td>
<td>Yes</td>
</tr>
<tr>
<td>H5: Consumer identification (\rightarrow) positive word-of-mouth</td>
<td>.776**</td>
<td>Yes</td>
</tr>
<tr>
<td>H6: Consumer identification (\rightarrow) consumer participation</td>
<td>.753**</td>
<td>Yes</td>
</tr>
<tr>
<td>H7a: Identity salience x social recognition (\rightarrow) consumer identification (moderating effect)</td>
<td>.070</td>
<td>No</td>
</tr>
<tr>
<td>H7b: Identity salience x preferential treatment (\rightarrow) consumer identification (moderating effect)</td>
<td>.035</td>
<td>No</td>
</tr>
<tr>
<td>H7c: Identity salience x customer orientation (\rightarrow) consumer identification (moderating effect)</td>
<td>-.032</td>
<td>No</td>
</tr>
<tr>
<td>H7d: Identity salience x social relationship (\rightarrow) consumer identification (moderating effect)</td>
<td>-.021</td>
<td>No</td>
</tr>
<tr>
<td>H8a: Identity salience x consumer identification (\rightarrow) positive word-of-mouth (moderating effect)</td>
<td>-.047</td>
<td>No</td>
</tr>
<tr>
<td>H8b: Identity salience x consumer identification (\rightarrow) consumer participation (moderating effect)</td>
<td>.054</td>
<td>No</td>
</tr>
<tr>
<td>H9a: brand trust x social recognition (\rightarrow) consumer identification (moderating effect)</td>
<td>.009</td>
<td>No</td>
</tr>
<tr>
<td>H9b: brand trust x preferential treatment (\rightarrow) consumer identification (moderating effect)</td>
<td>-.011</td>
<td>No</td>
</tr>
<tr>
<td>H9c: brand trust x customer orientation (\rightarrow) consumer identification (moderating effect)</td>
<td>.059</td>
<td>No</td>
</tr>
<tr>
<td>H9d: brand trust x social relationship (\rightarrow) consumer identification (moderating effect)</td>
<td>-.007</td>
<td>No</td>
</tr>
<tr>
<td>H10a: brand trust x consumer identification (\rightarrow) positive word-of-mouth (moderating effect)</td>
<td>-.036</td>
<td>No</td>
</tr>
<tr>
<td>H10b: brand trust x consumer identification (\rightarrow) consumer participation (moderating effect)</td>
<td>.048</td>
<td>No</td>
</tr>
<tr>
<td>H11a: brand knowledge x consumer identification (\rightarrow) positive word-of-mouth (moderating effect)</td>
<td>-.041</td>
<td>No</td>
</tr>
<tr>
<td>H11b: brand knowledge x consumer identification (\rightarrow) consumer participation (moderating effect)</td>
<td>.071*</td>
<td>Yes</td>
</tr>
</tbody>
</table>

* p<.05  **p<.001

7.8 Summary

This chapter presented the findings of research. First, the profiles of respondents were described. Secondly, the validity and reliability of the research variables were assessed. Findings of CFA and Cronbach’s alpha supported the notion that all the scales are valid and reliable after three items (one item from consumer identification and two items from social relationship) were deleted. Third, descriptive analyses, performed on all variables in this study, illustrated minimum, maximum, mean and standard deviation. Fourth, the T-test identified differences between the two gender groups, and the ANOVA test identified...
differences among three groups in terms of customer types and age groups. Fifth, a correlation analysis provided an initial nature of the type of correlations among the research variables. Finally, regression analysis tested the research hypotheses and the research model. The results showed that three variables, social recognition, preferential treatment and social relationship had a positively significant influence on consumer identification. Preferential treatment was the strongest predictor, and social recognition the weakest predictor of consumer identification. In addition, consumer identification had a positively significant effect on both positive word-of-mouth and consumer participation. The mediating effect of consumer identification was also supported. In terms of moderating effects, the moderating effect of “brand knowledge” on the relationship between consumer identification and consumer participation was the only one supported.
CHAPTER EIGHT

DISCUSSION AND CONCLUSION

8.1 Introduction

This chapter presents the overall discussion and conclusion of the current study. It consists of four sections. The first section reviews the research findings based on the research purposes as stated in Chapter 1. The second discusses the findings and draws conclusion. The third section identifies the contributions of the research including theoretical contributions, and practical and managerial implications. In the last section, several limitations of the research and suggestions for future research are discussed.

8.2 Review of the Purpose and Findings of the Research

The issue of consumer identification has emerged as one of the most important aspects of corporate branding (Balmer and Greyser, 2006; Cornelissen et al., 2007; He and Balmer, 2007; Simoes et al., 2005) specifically in service industries characterized by intangibility, inseparability and heterogeneity (De Chernatony et al., 2001; O'Loughlin and Szimigin, 2006). Due to the service features, the role of the brand and its relationship with consumers, such as consumer identification, are highlighted (Fullerton, 2005; Hatch and Schultz, 1997). Based on the social identity approach and identification theory, the concept of consumer identification is of considerable concern for service brands in terms of generating favourable behaviour toward the brands.
Furthermore, the important role of employees and other customers of a service brand provides some new insights about the additional determinants of consumer identification. Therefore, empirical research needs to identify and address how potential determinants derived from service features affect consumer identification and what the critical consequences of consumer identification are in service settings. However, prior research has not been concerned with the unique characteristics of service brands. Only limited empirical research has been carried out in the context of service brands (Ahearne et al., 2005). This lack of literature arises from the fact that most researchers have concentrated on product brands rather than service brands.

Based on the review of prior research, further research about the determinants of consumer identification in relation to the need for both self-enhancement and relationship with others in service brands is much needed, because some of the critical characteristics of services are closely connected to these needs. Therefore, this study focused on employee-related variables including customer orientation, preferential treatment and social relationship, and another customer-related factor, social recognition, as the determinants of consumer identification. All the proposed employees and other customer-related variables reflect the substantial characteristics of services (Booms and Bitner, 1981; De Chernatony and Cottam, 2008; Eisingerich and Bell, 2007) and are believed to affect consumer identification based on the social identity approach and identification theory, yet these variables have not so far been empirically investigated in the financial services setting.

In addition, from the service-centred view which is characterized by connectivity and the importance of consumer role as the proactive supporters of the brand, two consequences of consumer identification, positive WOM and consumer participation were tested. Some post-hoc analyses were further examined including the mediation effect of consumer identification as well as several moderation effects among those variables in the model. Accordingly, the main objective of this study was to investigate the determinants and consequences of consumer identification in the financial services industry.

Based on the above general background, the specific objectives of the research were: i) to identify and test the effect of critical employee-related variables (preferential treatment, customer orientation and social relationship) on consumer identification with a corporate brand, ii) to identify and test the effect of other customers (social recognition) on
consumer identification with a corporate brand, iii) to test the effect of consumer identification with a corporate brand on positive WOM and consumer participation, iv) to test the mediating effect of consumer identification with a corporate brand on the relationship between four variables (preferential treatment, social relationship, customer orientation of the service employees, social recognition) and positive word-of-mouth, and between the variables and consumer participation, and v) to investigate whether or not two variables (identity salience and brand trust) moderate the relationship between consumer identification with a corporate brand and its four antecedents. Indeed, to investigate whether or not any of three variables (identity salience, brand trust and brand knowledge) moderates the relationship between consumer identification with a corporate brand and its two consequences (positive word-of-mouth and consumer participation). To achieve the objectives, this study used a quantitative approach, specifically a series of regression analyses. For testing the mediation and moderation effects, Baron and Kenny's (1986) procedure was used. Figure 8.1 illustrates the summary of the final research model.
Figure 8.1 Summary of the Research Model

- Social recognition
  - H1 (β=.175)
- Preferential treatment
  - H2 (β=.324)
- Customer orientation
- Social relationship
  - H4 (β=.323)
- Identity salience

- Brand trust
- Brand knowledge
  - H11b (β=.071)
  - H5 (β=.776)
  - H6 (β=.753)

- Consumer identification with the corporate brand
- Positive word-of-mouth
- Consumer participation

Significant: ➔
Not significant: ➔
From the research, several significant findings have emerged, primarily:

(1) As shown in Figure 8.1, 'social recognition ($\beta = .175$), 'preferential treatment' ($\beta = .324$) and 'social relationship' ($\beta = .323$) have significant impacts on 'consumer identification. Hence, H1, H2 and H4 were supported. Of these, 'preferential treatment' ($\beta = .324$) made the strongest contribution and 'social recognition' ($\beta = .175$) the weakest for predicting consumer identification. However, customer orientation (H3) was not found to have a positive effect on consumer identification with a corporate brand.

(2) Consumer identification with a corporate brand has a significant influence on positive word-of-mouth ($\beta = .776$) and consumer participation ($\beta = .753$). Thus, this study supported H5 and H6.

(3) In testing the mediating effect of consumer identification on the relationship between four antecedents and positive word-of-mouth, the effects of social recognition, preferential treatment and social relationship on positive word-of-mouth are mediated by consumer identification with a corporate brand($\beta = .618$). This significant mediating effect of consumer identification was also confirmed in the relationship between four antecedents and consumer participation. The impacts of social recognition, preferential treatment and social relationship on consumer participation are mediated by consumer identification with a corporate brand ($\beta = .525$).

(4) In the examination of the moderating effect of identity salience and brand trust on the relationship between consumer identification and its four antecedents, and the moderating effect of identity salience, brand trust and brand knowledge on the relationship between consumer identification and its consequences, only consumer participation ($\beta = .071$) is significantly affected by the moderating effect of brand knowledge. Hence, H11(b) was supported.

8.4 Discussion of the Research Findings

Several significant findings were achieved by the results of the research carried out. Some of the results are in accordance with previous research and some are new insights.
8.3.1 Antecedents of Consumer Identification

The previous studies regarding the antecedents of identification are based on the variables which satisfy consumers' needs such as similarity, distinctiveness, self-enhancement and relationship (Bhattacharya and Sen, 2003; Dutton et al., 1994; George and Cattopadhyay, 2005). Of these four consumers' needs, this study focused on both self-enhancement and relationship needs which are closely related to the unique feature of services.

Firstly, in terms of consumers' self-enhancement need, a company's image variables (e.g. images, prestige) are fully discussed and investigated as the determinants of consumer identification in many previous studies (see Ahearn et al., 2005; Balmer and Liao, 2007; Bhattacharya et al., 1995; Bhattacharya and Sen, 2003; Kuenzel and Haliday, 2008; Lichtenstein et al., 2004; Martin et al., 2009) in line with organizational researchers (Dutton et al., 1994; Mael and Ashforth, 1992; Smidts, 2001). In contrast, the variables which are related to the company's treatment or services provided by employees and social image of other customers of a brand have received little academic attention by marketing researchers (Fuller et al., 2006; Hall et al., 1970; Tyler and Blader, 2002, 2003). This means that further research with regard to these variables is needed as the additional determinants of consumer identification. In particular, these employee- and other customer-related variables are highlighted as the important features of service brands: the role of employees in service delivery and corporate brands (Balmer, 2001; Balmer and Gray, 2003; de Chernatony and Cottam, 2008; Eisingerich and Bell, 2007; Hatch and Schultz, 2003) and the image of other customers of a brand as the cue for inferring brand identities (Escalas and Bettman, 2005; Gronhaug and Trapp, 1989; Wong, 1997). Thus, this study concentrated on the employee- and other customer-related variables with which previous identification studies have not been concerned. For example, social recognition of the other customers of the brand, perceived preferential treatment by the employees of the firm and customer orientation of the employees might be connected to self-esteem based on the literature review. However, only a few researchers have focused on the determinants reflecting service features of consumer identification such as a salesperson’s personal characteristics (Ahearn et al., 2005) and customer orientation (Homburg et al., 2009). Even though customer orientation as a determinant of consumer identification was examined by Homburg et al.(2009), their context was not financial services but travel agencies in a particular country.

Secondly, with regard to the need for relationship with others, although this consumers' need also provides a challenge for further study regarding the antecedents of identification (e.g., Bartel and Dutton, 2001; Brewer and Gardner, 1996), little is known about the variables focused on the need in consumer identification research. Even organizational
identification researchers have not been concerned about the variables in the line with employees' relationship need (Pratt, 2000; George and Cattopadhyay, 2005). As a breakthrough, George and Cattopadhyay (2005) examined the relationships between peers, and between subordinates and their superiors in a company as the determinants of organizational identification. In service industries, interpersonal contact between customers and employees is important as much as the interpersonal contact is considered as part of the expanded marketing mix in the service firms (Booms and Bitner, 1981). Furthermore, social relationships between customers and employees have been widely suggested as a substantial factor in the service context (see, Palmatier et al, 2006, 2007b), and are likely to satisfy the relationship need of customers (Gremler and Gwinner, 2000; Price et al., 1995; Price and Arnould, 1999). Therefore, social relationship is one of the critical features of the services and is associated with the customers' need for relationship.

Accordingly, this study suggested and tested the employee- and other customer-related variables that are of particular relevance in service contexts. Based on a review of the literature, this study identified and tested relatively important variables such as ‘social recognition’, ‘customer orientation’, ‘preferential treatment’ in relation to a need for self-enhancement and ‘social relationship’ that reflects the relationship need, as the determinants of consumer identification with a corporate brand in the context of financial services. These determinant variables are newly tested except for one, customer orientation, which was explored but in the context of travel agencies. Therefore, all the proposed antecedent variables are newly tested in the financial services setting. In the following sections, the findings of each antecedent variable on consumer identification are discussed.

8.3.1.1 Social Recognition

Social recognition was investigated as a role of other customers of the brand in terms of satisfying customers’ need for self-enhancement based on social identity approach and identification theory. The concept of social recognition has been closely associated with the influence of an attractive reference group on consumer behaviours. Similarly to identification research, the linkage between self and a brand was examined (e.g., Greenwald and Breekler; 1985; Scott and Lane, 2000; Sheth and Parvatiyar, 1995; Escalas and Bettman, 2005). However, this approach was not concerned with consumer identification.
In organizational identification research, prior academic studies indicated that members’
good social image or qualified characteristics contributed to the worth or prestige of the
firm (Fuller et al., 2006; George and Chattopadhyay, 2005; Pfeffer and Salancik, 2003).
Similarly, the image of a firm could be inferred from the positive social recognition of other
customers of the firm from the customer perspective. However, in consumer identification
research, no researchers have investigated the relationship between social recognition and
consumer identification. Therefore, this study suggested that social recognition is likely to
affect consumer identification based on the previous research.

The results of this study demonstrated that social recognition had a positive impact on
consumer identification, but was identified as the weakest predictor ($\beta = .175$) of it in this
study. A possible explanation of this is that the impact of social recognition is based on
indirect experiences interpreted via or inferences from the projective image of other
customers, rather than on the direct experiences of the individual consumers compared to
other proposed determinants such as preferential treatment and social relationship. In other
words, preferential treatment and social relationship are immediately concerned with the
customers’ self concept, while social recognition is not.
This evidence confirms the prediction of social identity approach and organizational
identification theory. In accordance with the theories, individuals have a self-enhancement
need, and this need is satisfied by identification with a firm whose consumers are regarded
highly by others in society, because the positive perception of other customers of the brand
enhances individuals’ self-esteem. The finding showed the importance of the image of other
customers of a brand in terms of reinforcing consumer identification.

8.3.1.2 Preferential Treatment

Preferential treatment was chosen as a determinant of consumer identification in relation to
the need for self-enhancement. In reality, preferential treatment is based on the
distinctiveness in services provided by the company depending on the firm’s evaluation of
the value of the customer (Goodwin and Gremler, 1996). In this sense, preferential
treatment can enhance self-esteem which in turn fosters consumer identification.
Organizational identification research also provides empirical evidence that being better or
superiorly treated as a valued person compared to other members fulfils the need for self-
enhancement, which results in identifying more with the company (e.g., Fuller et al., 2006;
Seta and Seta, 1996; Tyler and Blader, 2002, 2003; Tyler et al., 1996). Although preferential treatment has been discussed theoretically and practically for retaining valued customers, this concept has received very little academic attention in literature (Lacey et al., 2007). To address this issue, this study empirically tested the relationship between preferential treatment and consumer identification based on the literature.

In the investigation of the impact of preferential treatment on consumer identification, this study showed that preferential treatment is statistically significant in estimating consumer identification \( \beta = .324 \) and was even identified as the strongest predictor of consumer identification. Preferential treatment is closely linked to ‘giving a customer’s elevated social status recognition’ so that it could fulfil the need for self-enhancement (Lacey et al., 2007, p.242). Since preferential treatment entails economic cost (Peterson, 1995), the companies tend to be concerned primarily with its direct effect on repurchase or increase in sales performance. However, the impact of preferential treatment on the firm is likely to extend beyond a direct increase in the firm’s performance. It also contributes to the psychological benefits for the company such as consumer identification which indicates significant psychological attachment and results in the consumers’ proactive behaviour. Thus, this research confirms the social identity approach and organizational identification theory that preferential treatment makes consumers feel ‘elevated perceived social status recognition’ by the firm, and thus the feeling of self-esteem affects consumer identification.

### 8.3.1.3 Social Relationship

The social relationship between customers and employees has been widely identified as an important predictor of customer-firm relationships specifically in the service context where interpersonal contact between customers and employees is crucial, such as banks (Beatty et al., 1996; Hansen et al., 2002; Martin-Consuegra et al., 2006). However, little academic work dealt with the issue of the need for relationship in identification research (George and Chattopadhyay, 2005). Even though consumer-employee relationship has been discussed and examined in terms of relationship marketing, the linkage between social relationship and consumer identification has not been empirically investigated.

In the examination of the link between social relationship and consumer identification with a corporate brand, the finding reveals that social relationship makes a statistically
significant contribution for predicting consumer identification with a corporate brand ($\beta = .323$). This finding supports the theory that individuals identify with a corporate brand in order to fulfil their need to establish and maintain relationships (Bartel and Dutton, 2001; George and Chattopadhyay, 2005). Thus, having a social relationship with employees develops a sense of consumers' belongingness to the firm. This finding is consistent with Gremler and Gwinner (2000) who revealed that the positive relationship between a firm and its consumers was affected by the personal relationship between employees and their consumers. This is also supported by Han et al. (2008) who revealed that customers who have a good friendship with service employees, can feel strong tie with the service firm.

8.3.1.4 Customer Orientation

A consumer's sense of being respected by others seems to be generated by employees' attitudes and behaviour towards the consumer in the financial services context. Consumers feel this sense when they receive customer-oriented services by the employees in service encounters. This is because customer-oriented employees make customer interest a priory (Narver and Slater, 1990; Saxe and Weitz, 1982). The prior research suggested that when members are respected by the firm, they identify more with the firm (Rhoades and Eisenberger, 2002; Sedikides and Brewer, 2001). However, the link between employees' customer orientation and consumer identification has not been much explored and tested in the financial services setting.

This data indicates that customer orientation did not affect consumer identification with a corporate brand. This is contradict to the findings of Homburg et al. (2009) who revealed that employees’ customer orientation affects consumers’ identification with the firm. Although the finding failed to support the relationship between the two variables, the correlation value between the variables is significant and is the same as the value in Homburg et al. (2009) at .48. It is also clear that this value of the correlation (.48) is smaller than that between consumer identification and social recognition (.57), between consumer identification and preferential treatment (.66) and between consumer identification and social relationship (.61). Indeed, Homburg et al. (2009) includes solely customer orientation as an antecedent to consumer identification, thus it implies that if the present study tests a simple regression on the impact of customer orientation on consumer identification, this relationship could be supported.
One explanation for the result is that customer orientation is likely to be insufficient to
generate self-esteem. Customers have some level of expectation for customer-oriented
services to financial services firms in which customer relationship is emphasized (see
Lovelock, 1983) and customer services are one of the main concerns. Customers can thus
regard the level of services provided by the employees as normal or what they are entitled
to receive or enjoy. In other words, in the nature of financial services, customer orientation
of employees can be regarded as general or common services across financial companies.
The other explanation is based on Social Identity Theory (SIT) indicating that individuals
seek distinctive services which could enhance their self-esteem rather than equivalent
services to other customers of the firm. Namely, individuals feel more a sense of self­
estee in the circumstance where they receive special services from the organization than
when they receive the same services as others. In the social categorization theory,
individuals attempt to not only make comparison among the companies at organizational
level but also among customers in the firm in terms of the services provided at individual
level. For instance, according to van Dick (2001), individuals can categorise and compare
themselves and others at different levels as unique individuals (personal level), or as group
members discriminated from members of other groups (group level). In this respect,
customer orientation of employees is not quite attractive to the individual customer because
it assumes and implies that the same level of customer-oriented services is for all other
customers rather than for only the selected customer. In this vein, further research into this
issue is clearly needed.

Consequently, in the model for the antecedents of consumer identification, the results
demonstrated that three variables, namely social recognition, preferential treatment and
social relationship, are statistically significant in terms of predicting consumer
identification (R^2=.518; F=103.253, p=.000) but one variable, customer orientation
appeared to have no significant effect on consumer identification. Among the significant
determinants, preferential treatment was the most important having the strongest impact on
consumer identification. Social recognition was the weakest variable affecting consumer
identification.

Furthermore, this model including four antecedents of consumer identification has
explanatory power of 51.8% for estimating consumer identification, and the value of
explanatory power can be compared with the models in prior studies. In the previous
studies providing the R^2 value of the models, the models showed respectively less than 40%
explanatory power in estimating consumer identification (e.g., Bhattacharya et al., 1995;
Cornwell and Coote, 2005; Lichtenstein et al., 2004; Mael and Ashforth 1992; Marin et al., 2009). For example, 38.2% of the variance in consumer identification explained by Bhattachaiya et al. (1995), 38% did by Marin et al. (2009), 35% did by Mael and Ashforth (1992), 23% did by Cornwell and Coote (2005) and Lichtenstein et al. (2004) accounted for 2% of its variance. On the basis of comparing the exploratory power between prior studies and the current study, this study showed considerable explanatory power in predicting consumer identification of financial services consumers. Therefore, this current research supports the crucial role of employees and other customers of the brand for reinforcing consumer identification with the corporate brand in the services context where a number of customers' interface points are entailed. The findings may indicate that consumer identification with a corporate brand is enhanced when consumers perceive that employees provide preferential treatment and have good social relationships with the consumers. Moreover, consumers identify more with the corporate brand when they perceive the other customers of the brand have good social recognition.

8.3.2 Consequences of Consumer Identification

Based on a review of literature (Ashforth and Mael, 1989; Karasawa, 1995; Oakes and Turner, 1980; Oaker and Brown, 1986; Sidanius et al., 1994; Turner, 1975; Terry and Hog, 1996), the present study identified two consequences of consumer identification with a corporate brand, positive word-of-mouth and consumer participation in the financial services industry for the following reasons. This study focused on the active behavioural intentions or extra-role behaviours compared with passive behavioural intentions based on prior research, which commonly suggested the active behaviours as the critical outcomes of consumer identification (Bhattacharya and Sen, 2003; Dutton et al., 1994; Harris et al., 1993; O’Reilly and Chatman, 1986). Furthermore, from the service-centred view (Vergo and Lusch, 2004), the proactive roles of consumers (e.g., participation, word-of-mouth) are highlighted as important assistants or co-operators of service brands. Indeed, marketing researchers consider this extra-role behaviour of consumers as a source of competitive advantage (Paine and Organ, 2000). The importance of consumers’ proactive behaviour leads to more empirical studies regarding the consequences of consumer identification with a corporate brand. Therefore, this study includes positive word-of-mouth and consumer participation as the consequences of consumer identification. These outcome variables are suggested but have not yet been empirically tested in the financial services industry.
8.3.2.1 Positive Word-of-mouth

Several consequence variables are driven from consumer identification, but a prominent one is positive word-of-mouth (Brown et al., 2005). Identifying consumers with a strong corporate brand is widely recognized as a tool for generating positive behavioural intentions to the brand on the basis of the social identity approach and identification theory (Ahearne et al., 2005; Brown et al., 2005; Homburg et al., 2009; Mael and Ashforth, 1992; Marin et al., 2009; O'Reilly and Chatman, 1986; Turner, 1985). Although there are several studies examining WOM as an outcome of consumer identification (Ahearne et al., 2005; Brown et al., 2005; Kim et al., 2001; Kuenzel and Halliday, 2008), the objects of consumer identification were products or car dealerships so that the contexts of the studies were not financial services. In service settings, loyalty (Homburg et al., 2009; Marin et al., 2009) and willingness to pay (Homburg et al., 2009) were found to be affected by consumer identification. Therefore, no empirical study to date has investigated the relationship between consumer identification and positive word-of-mouth in the financial services industry.

The result of the research revealed that consumer identification with a corporate brand has a statistically significant effect on positive word-of-mouth ($\beta=.776$, $p<.001$) in the financial services setting. This research confirms the argument of Bhattacharya and Sen (2003) who proposed this relationship as well as the findings of both Brown et al. (2005) in the car dealerships context and Kuenzel and Halliday (2008) in the automobile industry.

8.3.2.2 Consumer Participation

A recent set of academic work underlines consumer participation as active involvement in service producing and delivering (see Dong et al., 2008; Etgar 2008; Fang, 2008; Fang et al., 2008; Xie et al., 2008). To develop and provide the proper or suitable services for individual clients, consumer participation such as making suggestions and comments by consumers is necessary (Bettencourt et al., 2002; Eisingerich and Bell, 2007; Fornell and Wernerfelt, 1987; Hsieh et al., 2004; Mills and Morris, 1986). The concept of consumer participation becomes a critical factor in service production and delivery. However, this
linkage between consumer identification and consumer participation has not yet been empirically examined.

This study found that there was a significant effect of consumer identification on consumer participation ($\beta=.753$, $p<.001$) for explaining consumer participation in the financial services context. The finding is consistent with O'Reilly and Chatman (1986) who revealed that organizational identification significantly affected employees' participation in the organization.

In summary of the consequences of consumer identification, consumer identification had a strong significant effect on both positive word-of-mouth and consumer participation, which were newly added variables in this research. In terms of explaining variance, consumer identification accounted for 60.1% of variance in estimating positive word-of-mouth and 56.6% of variance in predicting consumer participation. The results showed similar explained variance for estimating the outcome variables, but the results of the prior studies encompassed other predictor variables rather than including only consumer identification in the models. For instance, Marin et al. (2009) accounted for 52% of variance in loyalty along with company evaluation, Ahearne et al. (2005) accounted for 51% of variance in extra-role behaviours in conjunction with the other three variables (company image, salesperson characteristics and company characteristics) and 29% of variance in WOM behaviours was explained by commitment and dealer satisfaction in Brown et al. (2005). In addition, when compared to the findings of O'Reilly and Chatman (1986) in which organizational identification accounted for 6% of variance in predicting extra-role behaviours and 13% in estimating participation in organization, this study showed that consumer identification is a good predictor of both positive WOM and consumer participation.

8.3.3 Mediating Role of Consumer Identification

This study suggested that the effects of four predictor variables on positive WOM and consumer participation are mediated by consumer identification based on prior research. The importance of testing the mediation effect of consumer identification is as follows. Firstly, almost no empirical work with regard to the relationship between social recognition and consumer behaviour has been examined. Accordingly, on the theoretical basis of the social identity approach (SIA), the current study formulated the hypothesis that the effect of
social recognition on consumer behaviour was mediated by consumer identification. This may be the first step in investigating its influence on consumer behaviour.

Secondly, there are some inconsistent results in terms of the relationship between preferential treatment and consumer behaviour (see Kinard and Capella, 2006; Odekerken-Schroder et al., 2003). However, the impact on consumer responses seems to be limited to prompt responses such as purchase intention (e.g., Lacey et al., 2007; Yen and Gwinner, 2003) and satisfaction (e.g., Yen and Gwinner, 2003). This is consistent with Rosenbaum et al. (2005) who argued that preferential treatment is insufficient to generate true loyalty as well as WOM. In other words, preferential treatment indirectly affects consumers' proactive behaviour via mediator variables such as commitment (e.g., Henning-Thurau et al., 2002; Lacey et al., 2007). Thus, this study suggested a new mediator, consumer identification, to bridge the gap between preferential treatment and proactive behaviour.

Thirdly, the linkage between social relationship and consumer behaviour is also ambiguous. For example, several researchers found that social relationship affects loyalty (e.g., Han et al., 2008; Marzo-Navarro et al., 2004), but other researchers did not reveal its significant effect on loyalty (Kinard and Capella, 2006) and positive WOM (e.g., Henning-Thurau et al., 2002). However, it is important to note that loyalty to employees needs to be separated from loyalty to a firm (Palmatier et al., 2007a). In other words, social relationship is originally based on the relationship with employees rather than with the firm, so that the positive effect of social relationship on proactive behaviour toward the firm could disappear if the employees leave the firm. From this perspective, the impact of social relationship on consumer behaviour toward the firm might be limited as mediated by consumer identification, which indicates a psychological connection with a firm. Indeed, the relationship between social relationship and consumer participation has not yet been explored and tested.

Lastly, in terms of the relationship between customer orientation and consumer responses, the prior studies did not find any direct connection between customer orientation and behavioural outcomes such as retention (Huang, 2008), loyalty (Brady and Cronin, 2001) and WOM (Macintosh, 2007) in the financial industry. Although Macintosh (2007) found a positive impact of customer orientation on WOM, it was not examined in the context of financial services but of travel agencies. Furthermore, to date, no researchers have investigated the effect of customer orientation on consumer participation.

In consequence, empirical research into the impact of social recognition on consumer behaviours is necessary for full understanding of the concept of social recognition, which has been rarely examined. In terms of the relationship between customer orientation and
consumer responses, no research has been carried out in the financial services context. The effects of the remaining variables, preferential treatment and social relationship, on consumer behaviours may be limited in nature. In addition, the relationships between the antecedent variables and consumer participation have not yet been empirically tested. Therefore, further study regarding what variable mediates the connection between the four determinants and consumer behaviour is much needed, although a few studies attempted to bridge the gap with different mediating variables (e.g., Henning-Thurau et al., 2002; Lacey et al., 2007). This research made an effort to bridge the gap between these four antecedent variables and positive WOM, and between these four antecedent variables and consumer participation, by investigating the mediating effects of consumer identification on the relationships based on the SIA and identification theory.

The results revealed that the six relationships were mediated by consumer identification including i) between social recognition and positive WOM, ii) between social recognition and consumer participation, iii) between preferential treatment and positive WOM, iv) between preferential treatment and consumer participation, v) between social relationship and positive WOM, and lastly vi) between social relationship and consumer participation. Overall, the results indicate the importance of consumer identification which mediates the effect of three variables (social recognition, preferential treatment and social relationship) on both positive word-of-mouth and consumer participation. Further details of the findings of the mediation effect of consumer identification are as follows.

Firstly, the relationship between social recognition and both positive WOM and consumer participation was partially mediated by consumer identification. Namely, social recognition had a direct impact on positive WOM and consumer participation as well as an indirect effect via consumer identification. It implies that social recognition is critical for predicting consumer behaviour not only on consumer identification but also on positive WOM and consumer participation.

Secondly, the link between preferential treatment and positive WOM was fully mediated by consumer identification, but the link between preferential treatment and consumer participation was only partially mediated by this. Thus, preferential treatment had only an indirect effect on positive WOM via consumer identification, but it had both a direct and indirect effect on consumer participation. A direct effect of preferential treatment on consumer participation implies that the limited effect of preferential treatment in its nature of economic benefits on consumer behaviour could be broadened and deepened to social and emotional benefits, by reinforcing consumer identification with a corporate brand. This
is partially consistent with the arguments by Rosenbaum et al. (2005) who noted that true loyalty is generated by a sense of community, such as identification, and not by preferential treatment. The findings also support Rowley (2007) who emphasized the development of emotional attachment to the company due to the restricted nature of preferential treatment. In this vein, consumer identification is a critical mediator in predicting the impact of preferential treatment on consumer behaviour.

Thirdly, the relationship between social relationship and both positive WOM and consumer participation was fully mediated by consumer identification. It indicates that social relationship had only an indirect effect on both positive WOM and consumer participation via consumer identification. Thus, consumers' social relationship with employees leads to positive consumer behaviour towards the company only by consumer identification with a corporate brand. A good relationship between employees and customers does not promise and ensure that the customers will engage in proactive behaviour for the corporate brand. If this is not underpinned by consumer identification, social relationship might draw such active consumer behaviour only for the employees (e.g., loyalty to the employees) but not for the firm (e.g., loyalty to the corporate brand) as argued by Palmatier et al. (2007a). In the service context where loyal behaviour towards employees is explicitly separated from loyal behaviour towards the firm, implicit in the finding is that consumer identification is even more critical to generate positive consumer behaviour toward the firm, even though a social relationship between consumer and employee has been cultivated.

8.3.4 Moderating Role of Brand Knowledge

This study proposed three moderating variables in the research model. Although prior research argued and investigated the effect of some (identity salience) of the chosen moderator variables (identity salience, brand trust and brand knowledge) on consumer behaviour (e.g., Bhattacarya and Sen, 2003; Marin et al., 2008), no empirical study to date has examined the interrelationships among those selected variables including consumer identification, its four antecedents (social recognition, preferential treatment, social relationship and customer orientation) and its two consequences (positive WOM and consumer participation). This research investigated whether identity salience and brand trust moderate the relationships between consumer identification and its proposed determinants, and whether identity salience, brand trust and brand knowledge moderate the relationships between consumer identification and its outcome variables.
The results revealed that the effect of consumer identification on consumer participation is not just direct but is also moderated by consumer brand knowledge which had a significant moderating effect on the link between consumer identification and consumer participation ($\beta=.071$, $\Delta R^2=.05$, $p<.05$). Thus, the finding is consistent with the result of Algesheimer et al. (2005). However, other moderation impacts were not supported and thus this implies that the moderation effects of identity salience and brand trust do not exist. Although the interaction effect of identity salience with consumer identification on its proposed consequences was found in Marin et al. (2009), this effect is likely to be restricted by the contextual stimulus. For example, Forehand et al. (2002) found only partial support for the interaction effect of identity salience with identification on consumer responses and thus its effect on responses is ‘much less automatic’. Identity salience may not always affect consumer identification. In other words, there is no or much less interaction effect under the condition of constant identity salience. Identity salience is the momentary activation of membership by any stimulus so that it is not activated if there is no stimulus to activate the particular identity (Forehand et al., 2002). Another possible explanation is that loyalty is different from proactive behavioural intentions such as WOM and consumer participation as mentioned earlier. Indeed, this study was conducted in one country within eastern culture which usually emphasizes the collective rather than individual identity. Accordingly, any cultural effect is not considered in the present study. Therefore, further research on the moderating effect of identity salience is needed. Consequently, the findings partially confirmed the original hypotheses and implied that brand knowledge boosts the influence of consumer identification on consumer participation.

### 8.3.6 Proposed Consumer Identification Model

The findings of the study have been used to develop a new model of consumer identification with a corporate brand in the financial services industry. On the basis of the results of the research carried out, the model is suggested in Figure 8.2.
The proposed consumer identification model explains the determinants of consumer identification and presents the outcomes of consumer identification as well as the moderation effect of brand knowledge.

The determinants of consumer identification had positive impacts on consumer identification. The model presents the findings that positive social recognition of other customers of a brand, well-developed social relationships with the employees of a brand and a high level of perceived preferential treatment provided by employees facilitated consumers’ identification with the corporate brand. Indeed, social recognition had a direct effect on positive WOM and consumer participation as well as an indirect effect via consumer identification. Preferential treatment also had a direct effect on consumer participation along with its indirect effect via consumer identification.

In the model, consumer identification with the corporate brand had a positive effect on both positive WOM and consumer participation respectively. Consumers who identified more with the brand, intended to participate more in behaviour such as positive word-of-mouth and suggestions for the corporate brand.
In addition, brand knowledge had an interaction effect with consumer identification on consumer participation. Knowledgeable consumers who strongly identified with the brand, revealed a stronger relationship between consumer identification and consumer participation in the model than novices.

8.4 Contributions of the Study

This study examined the antecedents and consequences of consumer identification with a corporate brand in the financial services industry. The results of the analyses in this research provide several theoretical contributions, as well as practical implications for marketing managers in the financial services industry.

8.4.1 Theoretical Contributions

The current study has important theoretical contributions to consumer identification research as well as corporate brand research in several ways.

Firstly, this study broadens the scope of the findings of previous research on corporate branding by the empirical establishment of consumer identification with a corporate brand. From the corporate brand perspective, the concept of consumer identification is of crucial concern for predicting consumers’ behavioural intentions and reinforcing the relationship with consumers (e.g., He and Balmer, 2007). This is because consumer identification is deeply connected to corporate brand identity which is one of the critical topics in corporate brand research (Balmer and Greyser, 2006). Consumer identification is the critical concept in terms of measuring the effect of corporate brand identity on consumer behaviour (van Riel and Balmer, 1997). Furthermore, the current study addressed a critical emerging topic in corporate brand marketing, the determinants and consequences of consumer identification with a corporate brand. Therefore, the present research expands the scope of corporate brand research by incorporating the concept of consumer identification into the corporate brand research based on social identity approach and organizational identification research. Furthermore, this study was grounded on the integrated nature of research into identification among three relevant fields, social identity approach in psychology, organizational identification in organizational study, and consumer identification in marketing, for mutual recognition and insights about corporate brands.
Secondly, this study contributes to facilitating the alternative methodology and different locus of analysis in corporate branding research. The current study adopted a quantitative approach to identify and test the effect of consumer identification with a corporate brand on two kinds of proactive behaviour and its predictors in the corporate brand research field. As noted in chapter 1, the qualitative approach is dominant in corporate brand research and thus a quantitative approach is necessary to support and test the theory. By using the quantitative method, this research was able to make up for the weakness of the qualitative method. More specifically, Balmer and Liao (2007) found that other members' quality affects student identification using a qualitative approach, but their findings need to be supported and tested by quantitative methods. Indeed, the issue of what kind of members' quality enhances student identification was addressed by the impact of social recognition on consumer identification in this study. In terms of locus of analysis, the focus of corporate brand research was not on individual consumers but on overall performance of the corporate brand, so that the locus of analysis was dominantly at a corporate level. However, for better understanding of consumer behaviour, corporate brand research also needs to be examined at an individual consumer level.

Thirdly, the present study addressed recent calls for further research with regard to the additional determinants of consumer identification in the context of service brands, as suggested in Ahearne et al. (2005). This is because services brands have become a dominant research area in marketing (Vargo and Lusch, 2004) and empirical studies on determinants reflecting service features have been rarely examined. Compared with company image variables (e.g., company's prestige, social responsibilities) which have been well understood, the service-relevant variables included in this study such as employees-related variables (social relationship, preferential treatment, customer orientation) and an other customer-related factor (social recognition) have not been tested in financial services settings. Based on the literature, this research attempted to identify and test these employee- and other customer-related variables that are of particular relevance in service contexts as the additional antecedents of consumer identification. Thus, a key theoretical contribution of the present study is in establishing the critical role of the unique service-relevant variables affecting consumer identification. In particular, in terms of consumers' self-enhancement need, this study found considerable support that preferential treatment or services provided by employees and the social image of other customers affect consumer identification by the significant impacts of preferential treatment and social
recognition on consumer identification. Furthermore, with regard to the need for relationship with others, the results contribute to new insights about the relationship need in terms of suggesting a new antecedent of consumer identification, by demonstrating the effect of social relationship on consumer identification. Previous research has not focused on this need for relationship in terms of the determinants of consumer identification. Fulfilling the relationship need is critical for fostering a sense of identification. Therefore, the findings showed that the selected service features are important for estimating consumer identification.

Fourthly, this study is in line with the previous research (Ahearne et al., 2005; Bhattacharya et al., 1995; Bhattacharya and Sen, 2003; Kuenzel and Haliday, 2008) that emphasizes the benefit of consumer identification. However, this study focused much more on consumers’ proactive behaviour rather than passive behaviour towards the corporate brand from the service-centred perspective which highlights the active role of consumers as supporters or co-developers for the corporate brand. The results showed that consumer identification with a corporate brand is crucial for customers to engage in proactive behaviours for the corporate brand in the financial services industry. The finding implies that consumers who perceive the company as part of themselves, actively commit themselves to recommending the firm to others, provide more constructive suggestions, and point out the company’s problems in order to improve the services. These are significant outcomes for the company in terms of the role of consumers as supporters or co-producers of the service brands. The importance of consumer identification is also supported by Homburg et al. (2009) who revealed that consumer identification, which is a different aspect of the firm-consumer relationship from consumer satisfaction, has more explanatory power for consumer behaviour than satisfaction.

Fifthly, this research is the first effort to examine the mediation effect of consumer identification on the links proposed. This makes an important contribution in understanding the interrelationships among seven constructs including their antecedent variables and consequences in the financial services industry. The lack of empirical research regarding the relationship between the chosen antecedent variables and proactive behaviour led to more research into mediator variables. This study then identified and tested consumer identification as a new mediator on those relationships. Interestingly, social recognition has a direct effect on positive WOM and consumer participation, along with its indirect effect mediated by consumer identification. The findings indicate the importance of social
recognition in terms of predicting consumer behaviour so that this study can be a first step for investigating the link between social recognition and consumer behaviour. Thus, future study might consider social recognition as a determinant of other consumer behaviours for better understanding of this construct specifically in service settings, where little research has been conducted. In relation to social relationship, this has no direct effect on WOM and consumer participation to support the importance of the mediation effect of consumer identification with a corporate brand. As discussed earlier, the findings explicitly suggest that consumers' loyal behaviour towards employees needs to be separated from loyal behaviour towards a firm in service settings. Furthermore, it is important to note that the positive effect of social relationship on both positive WOM and consumer participation must be underpinned by consumer identification. Based on the results, the present study suggested and tested a new mediator, consumer identification, and thus bridged the gaps between the chosen antecedents and proactive behaviours (positive WOM and consumer participation).

Lastly, this study offers an improved understanding of the role of brand knowledge in the financial services industry. This finding may suggest that consumer identification with a corporate brand has a synergistic interaction effect with brand knowledge on consumer participation. If this finding is confirmed by further research, the validation shows an important addition in understanding the interrelationships among consumer identification, consumer participation and brand knowledge in the financial services industry. Consequently, several managerial implications appeared from the results.

8.4.2 Practical and Managerial Implications

The findings of this study provide several practical and managerial implications for marketing managers. Firstly, the importance of corporate brands is much emphasized in the financial services industry which has become increasingly competitive in Korea, since the emergence of financial holding companies. The latter are established on the basis of integration of a number of different financial services into a single corporate brand. For example, the Shinhan holding company includes the Shinhan and Jesu Bank, the Shinhan securities company, and the Shinhan life insurance company, etc. Amid intense competition, focussing on a single financial firm is no longer an efficient and effective way of marketing. Consequently, there is a shift in focus from a single company brand to an overall corporate brand as a financial holding company brand (e.g., Shinhan, Woori, KB and Hana). If
managers take into account the importance of consumer identification, the financial holding companies may enjoy the benefit of consumer identification with the corporate brand across their different types of financial services firms. Given the proactive outcomes (positive WOM and consumer participation) of consumer identification in the financial services industry, financial firms need to strategically manage and strengthen consumer identification with their corporate brand. Financial services marketers could use the findings of this research in order for their customers to identify more with their corporate brand. As a result, several service-relevant variables (social recognition, preferential treatment and social relationship) are available to enhance consumer identification. Managers should constantly monitor the variables affecting consumer identification. Knowledge based on the assessment of those variables would enable them to better meet customers' needs for self enhancement and relationship as well as the needs for distinctiveness and similarity.

Secondly, the role of social recognition in terms of reinforcing consumer identification is supported by its significant relationship with consumer identification. The results indicate that the social reputation of other customers is an important cue for consumers who are seeking the brand that fulfils their need for self-enhancement. Thus, marketing managers can design public relation and advertising campaigns more effectively by considering the social recognition of other customers of the firm. In addition, given the positive influence of social recognition on consumer identification, managers of corporate brands can develop their corporate strategy for targeting that concentrates on the socially recognized consumer groups in society. Focussing on the reputation and image of other customers as an aspired reference group may enhance consumer identification. By such efforts, consumers could feel a sense of belongingness to the corporate brand.

Thirdly, preferential treatment had the strongest positive effect on consumer identification. Marketing managers should strive to stimulate consumer identification by development of the different levels of preferential treatment depending on the importance of an individual consumer. Managers can motivate even those consumers who are not entitled to preferential treatment, to commit themselves more to and to do business more with the financial company in order to receive preferential treatment. This is because the perception of preferential treatment provided by the firm stimulates the feeling of high self-esteem. Financial firms could arrange special events involving financial issues such as reducing inheritance tax, investing in real estate and introducing emerging markets for financial
investment to the selected customers. In addition, managers could adopt good examples from other industries, including department stores that keep customers provided with various special offers and events to enable them to feel self-esteem. However, marketing managers should remember the nature of preferential treatment as financial incentives, as this does not automatically ensure positive WOM of existing customers. Consumers can engage in positive WOM only by connecting with consumer identification with the corporate brand.

Fourthly, social relationship showed a significant effect on consumer identification. This result indicates the substantial role of financial advisors in fostering consumer identification by social relationship with consumers. Service personnel can easily ensure that their customers define themselves as part of the company by social relationship with themselves. Thus, financial advisors or contact personnel should focus on improvement of the relationship with their consumers. In particular, financial advisors should ensure that they keep personal details of their clients’ financial status and information on financial investment or financial problems as strictly confidential. This is because these are the critical issues for maintaining and reinforcing the social relationship between an employee and its consumer. It would be worth focussing on frequent personal contacts with consumers by their advisors not only as a financial advisor but also as a friend. As noted by Price and Arnould, (1999), prolonged and frequent interactions influence the formation of friendship. In addition, financial services managers can attempt to strengthen the social relationship by organizing events that enhance a feeling of familiarity with their clients as in the cases in McAlexander et al. (2002). However, managers have to be concerned with fostering consumer identification at the same time. If managers overlook the importance of consumer identification, social relationship contributes only to positive behavioural intention towards the financial advisors, without entailing any positive WOM and participation for the financial company.

Finally, the important role of brand knowledge needs to be recognised. The results showed the significant interaction effect of consumer identification and brand knowledge on consumer participation. Financial services managers may improve the positive impact of consumer identification on consumer participation by enhancing the brand knowledge of their consumers. In this respect, regular corporate communication strategies such as newsletters and pamphlets could be influential not only for introducing its new financial services but also for broadening consumers’ understanding of the brand.
In the following section, the methodological limitations of the study acknowledged by the researcher will be discussed. Despite its limitations, this study makes important theoretical contributions to literature as well as practical contributions to marketing managers by proposing a model for consumer identification with a corporate brand in the financial services industry based on empirical evidence derived from the present research.

8.5. Limitations and Future Research

The current study makes important contributions to the understanding of consumer identification with a corporate brand and its determinants and outcomes. However, several limitations, which may need consideration, remain when interpreting the findings. Overcoming these limitations can provide directions for future research.

The first limitation is associated with the use of quota sampling which is one of the non-probability sampling methods because the researcher was unable to use probability sampling methods. The researcher tried to obtain permission to collect data from financial services firms and to use the method of ‘shopping mall intercept’ (see, Sudman, 1980) for using a systematic sampling method, but permission was not granted. Consideration was also given to collecting data on high street over several suitable locations; however, the season was winter, when it is too cold at minus 10 degrees to collect data outside on the street. For these reasons, non-probability sampling was used. The population in the current study was chosen by quota predetermined by the researcher using screening questions in advance of being given the questionnaire. As a result, the population was similar to the Korean population in terms of age, sex and the types of financial services firm used. However, the quality of the data used in this study may be vulnerable despite using quota sampling. Accordingly, future works should be concerned with using a more comprehensive sampling design which would be more systematic. Probability sampling would give a higher reliability and validity to the data and findings of future studies.

Second, this study adopted an online survey method, specifically using online panellists of an online survey company so that the respondents consisted of an online panel who might be internet users and the panellists of an online research company in Korea. According to the second data, Korea has a good infra-structure for using online surveys, and Koreans have experience with internet use. For example, 81.2% households can access the internet.
via various devises and the number of households with computers in use has reached 81.4% ([Households with Access to the Internet and to a Home Computer], Korea National Statistical Office, 2009). In fact, 77.6% of the Korean population aged 6 and over had experience with using the internet at least once in a one month period in 2009 ([Survey on the Internet Usage], Korea Communications Commission and Korea Internet & Security Agency, 2009). Despite this wide access to the internet and experience using the internet, samples were limited to consumers who use financial services companies and have access to a computer as the panellists of the online survey. As Duffy et al (2005) noted, online panels tend to be made up of the younger age group, so using an online sample can produce bias. Indeed, the sample of respondents in this study was biased towards more highly educated consumers compared to the Population Census in Korea. As a result, the sample are likely to be more financial sophisticated. However, perhaps the bias may not extend as far as simple convenience sampling, and the respondents of the study may at least partly represent the populations of consumers in South Korea through using quota sampling. Considering the limitation of the sampling method used in this study, the results of the current research may be limited in interpretation and generalization.

Third, the present study provides new insights into the antecedents and consequences of consumer identification with a corporate brand in the service context. Despite the evidence of previous research, the research into service-related variables as its additional determinants and consequences was needed for understanding consumer identification. This research is only the first step in developing a research model of consumer identification in the financial services context. Thus, further research is needed in different service industries across different nations with representative samples, in order to generalize the findings.

Fourth, this study tested only consumers’ behavioural intention rather than actual behaviour. Although previous research provided support for a relationship between intention and behaviour, there is a gap between intention and actual behaviour (see Brown et al., 2005). Therefore, further study is necessary to use the actual behaviour of consumers rather than measuring behavioural intention, in order to estimate accurate behaviour of consumers.

Fifth, as discussed earlier, the interaction effect of identity salience with consumer identification on its proposed consequences is not clear and needs to be addressed. Although the moderation effect of identity salience was found in Marin et al. (2009), this
Sixth, the results of this study provide empirical evidence of the effect of social recognition on positive WOM and consumer identification. This research is the first step in providing the effect of social recognition on consumer behavioural intention. Hence, future studies should be based on the results of the present study and attempt to offer further insights into the relationships between social recognition and consumer behavioural intention as well as actual behaviour under different conditions.

Seventh, the new economy characterised by global networks of alliances (Leitch and Richardson, 2003) implies several points for future research. There is diversity of brand types such as subsidiary brands, co-branded or close allied brands (e.g. Coca-Cola with McDonald’s) and brands owned by more than one organization (e.g. Hilton), etc. In addition, according to the brand web suggested by Leitch and Richardson (2003), corporate brands are not included in only one organization, but exist in the form of networks and alliances, and the relationships amongst brands are mapped out both within and between organizations. Considering the various and complex brand strategies, an interesting research issue would be the extent of the effect of consumer-company identification is. In other words, whether this affects only the target company with which consumers identify or whether it exerts an influence on subsidiary brands or closely allied brands, or even less interacted brands.

Finally, this study did not take into account the negative aspect of consumer identification with a corporate brand. Some pioneer work has examined the concept of ‘consumer disidentification’ (e.g., Bhattacharya and Elsbach, 2002; Elsbach and Bhattacharya 2001; Elsbach 1999; Foster and Hyatt, 2007; Kreiner and Ashforth, 2004). Generally most of the previous studies regarding consumer identification focused on its positive aspect derived from the consumers’ perception as being members of the company (Elsbach, 1999). In contrast, the concept of disidentification denotes “a clear break between a person’s and organization’s identity, active separation and negative relational categorization” (Elsbach, 1999, p.179), it occurs when “clear disconnection from simple stereotypically negative organizational identities is enhancing to a person’s social identity” (Elsbach, 1999, p.180). Consumers could disidentify with some brands such as tobacco brands, or even with big brands such as Starbucks, which they regard as devastating their local economy and small
businesses (Thompson and Arsel, 2004). This issue could be explored in connection with
brand rejection (Gromie and Ewing, 2009) or anti-brand (Kucuk, 2008).
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APPENDICES

APENDIX 1 Pilot Test Questionnaire

#Page 1

Financial Service Company Survey

Dear Sir/Madam

Thank you for agreeing to take part in this survey.

The purpose of this survey is to investigate consumers’ opinion about financial service firms and their employees. The research forms part of a doctoral study being conducted at the University of Surrey, UK.

The responses obtained from this survey will be only used for academic purposes and remain strictly confidential.

Please complete the questionnaire provided if you use financial services firms (e.g. banks, insurance companies, securities investment companies). The questionnaire takes approximately 10 to 15 minutes to complete.

If you need further details or you wish to make any further comments regarding the study, please do not hesitate to contact me by email or telephone given below.

Thank you for devoting your time and co-operation.

Yours sincerely

Hee Seung Sung
1. Please tick Which type of financial services firm have you done significant financial business with: a bank, an insurance company or a securities investment company?

- bank
- insurance company
- securities company

2. Now please complete this questionnaire on the basis of one single financial firm you have done significant business with.
Please tick your agreement or disagreement with each of the following statements based on the person who acts as your point of direct personal contact within the financial firm you just selected. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

- He/She tries to figure out what a customer's needs are
- He/She has the customer's best interests in mind
- He/She takes a problem solving approach in selling products or services to customers
- He/She recommends products or services that are best suited to solving problems.
- He/She tries to find out which kinds of products or services would be most helpful to customers.
- I feel a sense of familiarity with him/her
- I enjoy my contact
- I trust him/her
- I feel like I know him/her.
- I regard the person who served me as a friend.

3. If there is anything you did not understand or any unclear question above, please comment on the issue briefly.
4. Please tick your agreement or disagreement with each of the following statements based on the services provided by the financial service brand you selected. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I get more special treatment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I get better interest rates.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>They do services for me that they don’t do for most customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I get priority treatment when there is a queue.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I get faster service than most customers.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. If there is anything you did not understand or any unclear question above, please comment on the issue briefly.

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#Page 3

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**Financial Service Company Survey**

6. Please consider the kind of a customer who typically uses this financial service brand. Please tick your agreement or disagreement with each of the following statements regarding the typical customers of the financial firm. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generally, customers of this firm are people who like to be appreciated by acquaintances.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generally, customers of this firm are people who like to be respected by others.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generally, customers of this firm are people who like to be appreciated by others.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. If there is anything you did not understand or any unclear question above, please comment on the issue briefly.
8. Please tick your agreement or disagreement with each of the following statements based on the financial service brand you selected. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

<table>
<thead>
<tr>
<th>strongly disagree</th>
<th>strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>This company’s successes are my successes</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>I am interested in what others think about this company</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>When someone praises this company, it feels like a personal compliment</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>When I talk about this company, I usually say “we” rather than “they”</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>If a story in the media criticized this company, I would feel embarrassed</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>When someone criticizes this company, it feels like a personal insult</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>I say positive things about this company to other people</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>I recommend this firm to people who seek my advice</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>I encourage friends and relatives to do business with this firm</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>If I notice a problem at this firm, I inform an employee even if it doesn’t affect me</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>I make constructive suggestions to the firm’s employees on how to improve its service</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>I let the firm’s employees know of ways that they can better serve customers’ needs</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>I have shared a useful idea on how to improve their services with the employees</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
<tr>
<td>When I experience a problem at this firm, I let an employee know</td>
<td><img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /> <img src="tick.png" alt="Strongly Agree" /></td>
</tr>
</tbody>
</table>

9. If there is anything you did not understand or any unclear question above, please comment on the issue briefly.

This is a comment on the issue.
10. Directions: Please tick your agreement or disagreement with each of the following statements regarding overall image of the financial service brand. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>This company is an important part of who I am.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company is something about which I feel is important.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being a customer of this company means more to me than just being a customer of a financial firm.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I usually think positively about this company (e.g., product, name, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This company is trustworthy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This company is dependable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This company is reliable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. If there is anything you did not understand or any unclear question above, please comment on the issue briefly.

12. Directions: Please tick your agreement or disagreement with each of the following statements regarding your knowledge about the firm. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>When compared to other people, I know a lot about this company.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My friends consider me an expert regarding this firm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I consider myself very experienced with this company</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

13. If there is anything you did not understand or any unclear question above, please comment on the issue briefly.
14. How long have you done business with this financial company?  
(example: you have done business with this financial company for 18 months, in which case you enter '1' for the box for years and '6' for the box for months)  
years: ____________________________  
and months: ________________________  

15. Are there other financial service companies you use? How many financial service companies do you use including the company you selected and evaluated?  

16. Gender  
   Male  Female  

17. Age group  
   20-39  40-59  60 and over  

18. The highest level of education you attained  
   High school graduate and below  Undergraduate Degree  Postgraduate Degree  Other (please specify)  
   Other (please specify)  

19. Current Employ Status  
   Full-time employee  Part-time employee  Self-employed  Unemployed  Housework  Student  Retired  Other (please specify)  
   Other (please specify)  

20. Average monthly pre-tax family income  
   Less than 2,000,000 won  2,000,000 to 3,999,999 won  4,000,000 to 5,999,999 won  over 6,000,000 won  

21. If there is anything you did not understand or any unclear question above, please comment on the issue briefly.  

[Comment]
APENDIX 2 Main Survey Questionnaire

#Page 1

Dear Sir/Madam

Thank you for agreeing to take part in this survey.

The purpose of this survey is to investigate consumers' opinion about financial service firms and their employees. The research forms part of a doctoral study being conducted at the University of Surrey, UK.

The responses obtained from this survey will be only used for academic purposes and remain strictly confidential.

Please complete the questionnaire provided if you use financial services firms (e.g. banks, insurance companies, securities investment companies). The questionnaire takes approximately 10 to 15 minutes to complete.

If you need further details or you wish to make any further comments regarding the study, please do not hesitate to contact me by email or telephone given below.

Thank you for devoting your time and co-operation.

Yours sincerely

Hee Seung Sung
Ph D Student in Marketing Management
University of Surrey
Guildford, Surrey, GU2 7XU UK
Tel: Email:

#Page 2

1. Please tick Which type of financial services firm have you done significant financial business with: a bank, an insurance company or a securities investment company?

   - bank
   - insurance company
   - securities company

2. Gender
   - Male
   - Female

3. Age group
   - 20-39
   - 40-59
   - 60 and over
Now please complete this questionnaire on the basis of one single financial firm you have done significant business with.

4. Please tick your agreement or disagreement with each of the following statements based on the person who acts as your point of direct personal contact within the financial firm you just selected. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

   He/She tries to figure out what a customer's needs are
   He/She has the customer's best interests in mind
   He/She takes a problem solving approach in selling products or services to customers
   He/She recommends products or services that are best suited to solving problems
   He/She tries to find out which kinds of products or services would be most helpful to customers.
   I enjoy my contact
   I trust him/her
   I feel like I know him/her.
   I regard the person who served me as a friend.

5. Please tick your agreement or disagreement with each of the following statements based on the services provided by the financial service firm you selected. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

   I get more special treatment.
   I get better interest rates.
   They do services for me that they don't do for most customers
   I get priority treatment when there is a queue.
   I get faster service than most customers.
6. Please consider the kind of a customer who typically uses this financial service firm. Once you have done this, please tick your agreement or disagreement with each of the following statements regarding the typical customers of this financial firm. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>strongly disagree</th>
<th>strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generally, customers of this firm are people who like to be appreciated by acquaintances.</td>
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<td></td>
</tr>
<tr>
<td>Generally, customers of this firm are people who like to be respected by others.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generally, customers of this firm are people who like to be appreciated by others.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. Please tick your agreement or disagreement with each of the following statements based on the financial service company you selected. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>strongly disagree</th>
<th>strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>This company's successes are my successes</td>
<td></td>
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</tr>
<tr>
<td>I am interested in what others think about this company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When someone praises this company, it feels like a personal compliment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When I talk about this company, I usually say &quot;we&quot; rather than &quot;they&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If a story in the media criticized this company, I would feel embarrassed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When someone criticizes this company, it feels like a personal insult</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I say positive things about this company to other people</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I recommend this firm to people who seek my advice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I encourage friends and relatives to do business with this firm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If I notice a problem at this firm, I inform an employee even if it doesn't affect me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I make constructive suggestions to the firm's employees on how to improve its service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I let the firm's employees know of ways that they can better serve customer's needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have shared a useful idea on how to improve their services with its employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When I experience a problem at this firm, I let an employee know</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. Directions: Please tick your agreement or disagreement with each of the following statements regarding overall image of the financial service firm. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>strongly disagree</th>
<th>strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>This company is important part of who I am</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company is something about which I feel is important</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being a customer of this company means more to me than just being</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a customer of a financial firm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I usually think positively about this company (e.g., product, news, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This company is trustworthy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This company is dependable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This company is reliable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. Directions: Please tick your agreement or disagreement with each of the following statements regarding your knowledge about the firm. Use the scale of 1 (strongly disagree) to 7 (strongly agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>strongly disagree</th>
<th>strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>When compared to other people, I know a lot about this company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My friends consider me an expert regarding this firm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I consider myself very experienced with this company</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. How long have you done business with this financial company?
    (example: you have done business with this financial company for 18 months, in which case you enter '1' for the box for years and '6' for the box for months)

    years: __________
    and months: __________

11. Are there other financial service companies you use? How many financial service companies do you use including the company you selected and evaluated?

12. The highest level of education you attained

    - High school graduate and below
    - Undergraduate Degree
    - Postgraduate Degree
    - Other (please specify)

13. Current Employment Status

    - Full-time employee
    - Part-time employee
    - Self-employed
    - Unemployed
    - Housework
    - Student
    - Retired
    - Other (please specify)

14. Average monthly pre-tax family income

    - less than 2,000,000 won
    - 2,000,000 to 3,999,999 won
    - 4,000,000 to 5,999,999 won
    - over 6,000,000 won

[Prev] [Next]
APENDIX 3 REGRESSION DIAGNOSIS

3.1 Regression Diagnosis for Main Model

Table 9.1.1. Collinearity Statistics (D.V.: Customer Identification)

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>S. E</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation</td>
<td>-.036</td>
<td>.066</td>
<td>-.030</td>
<td>-5.39</td>
<td>.590</td>
<td>.405</td>
<td>2.468</td>
</tr>
<tr>
<td>Social Relationship</td>
<td>.284</td>
<td>.068</td>
<td>.259</td>
<td>4.205</td>
<td>.000</td>
<td>.341</td>
<td>2.931</td>
</tr>
<tr>
<td>Preferential Treatment</td>
<td>.382</td>
<td>.051</td>
<td>.386</td>
<td>7.446</td>
<td>.000</td>
<td>.480</td>
<td>2.081</td>
</tr>
<tr>
<td>Social Recognition</td>
<td>.244</td>
<td>.067</td>
<td>.187</td>
<td>3.617</td>
<td>.000</td>
<td>.481</td>
<td>2.079</td>
</tr>
</tbody>
</table>

Table 9.1.2. Residual Statistics for Outlier Test (D.V.: Customer Identification)

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Std. Residual</td>
<td>-2.890</td>
<td>2.623</td>
<td>.000</td>
<td>.917</td>
<td>390</td>
</tr>
<tr>
<td>Cook's Distance</td>
<td>.000</td>
<td>.041</td>
<td>.003</td>
<td>.005</td>
<td>390</td>
</tr>
</tbody>
</table>
Figure 9.1.1. Normal Probability Plot (D.V.: Customer Identification)
Figure 9.1.2. Residual Scatterplot (D.V.: Customer Identification)

Scatterplot

Dependent Variable: consumer identification

Regression Standardized Predicted Value

Regression Standardized Residual
Figure 9.1.3. Partial Regression Plot for Linearity (Customer Orientation)
Figure 9.1.4. Partial Regression Plot for Linearity (Social Relationship)

Partial Regression Plot

Dependent Variable: consumer identification
Figure 9.1.5. Partial Regression Plot for Linearity (Preferential Treatment)
Figure 9.1.6. Partial Regression Plot for Linearity (Social Recognition)
Table 9.1.3. Residual Statistics for Outlier Test (D.V.: Word-of-Mouth)

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Std. Residual</td>
<td>-2.315</td>
<td>3.089</td>
<td>.000</td>
<td>.999</td>
<td>390</td>
</tr>
<tr>
<td>Cook's Distance</td>
<td>.000</td>
<td>.032</td>
<td>.003</td>
<td>.005</td>
<td>390</td>
</tr>
</tbody>
</table>

Note: The dependent variable is positive WOM and independent variable is consumer identification

Figure 9.1.7. Normal Probability Plot (D.V.: Word-of-Mouth)
Figure 9.1.8. Residual Scatterplot (D.V.: Word-of-Mouth)

Scatterplot

Dependent Variable: word-of-mouth

Regression Standardized Residual

Regression Standardized Predicted Value
Table 9.1.5. Residual Statistics for Outlier Test (D.V.: Customer Participation)

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Std. Residual</td>
<td>-2.475</td>
<td>3.118</td>
<td>.000</td>
<td>.999</td>
<td>390</td>
</tr>
<tr>
<td>Cook's Distance</td>
<td>.000</td>
<td>.046</td>
<td>.003</td>
<td>.005</td>
<td>390</td>
</tr>
</tbody>
</table>

Note: The dependent variable is consumer participation and the independent variable is consumer identification.

Figure 9.1.9. Normal Probability Plot (D.V.: Customer Participation)

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: consumer participation
Figure 9.1.10. Residual Scatterplot (D.V.: Customer Participation)

Scatterplot

Dependent Variable: consumer participation

Regression Standardized Predicted Value vs. Regression Standardized Residual
3.2 Multicollinearity Diagnosis for Interaction Terms in Moderation Models

### Table 9.2.1. Collinearity Statistics (Identity Salience, D.V.: Consumer Identification)

<table>
<thead>
<tr>
<th>Model 1</th>
<th>D.V.: Consumer Identification</th>
<th>B</th>
<th>S. E</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation</td>
<td>-.105</td>
<td>.059</td>
<td>-.090</td>
<td>-1.802</td>
<td>.072</td>
<td>.402</td>
<td>2.491</td>
<td></td>
</tr>
<tr>
<td>Social Relationship</td>
<td>.124</td>
<td>.060</td>
<td>.112</td>
<td>2.070</td>
<td>.039</td>
<td>.325</td>
<td>3.076</td>
<td></td>
</tr>
<tr>
<td>Preferential Treatment</td>
<td>.177</td>
<td>.047</td>
<td>.179</td>
<td>3.734</td>
<td>.000</td>
<td>.425</td>
<td>2.355</td>
<td></td>
</tr>
<tr>
<td>Social Recognition</td>
<td>.053</td>
<td>.065</td>
<td>.041</td>
<td>.825</td>
<td>.410</td>
<td>.445</td>
<td>2.247</td>
<td></td>
</tr>
<tr>
<td>Identity Salience</td>
<td>.694</td>
<td>.059</td>
<td>.601</td>
<td>11.815</td>
<td>.000</td>
<td>.388</td>
<td>2.579</td>
<td></td>
</tr>
<tr>
<td>Customer orientation* identity salience</td>
<td>-.029</td>
<td>.050</td>
<td>-.032</td>
<td>-5.86</td>
<td>.558</td>
<td>.306</td>
<td>3.267</td>
<td></td>
</tr>
<tr>
<td>Social relationship* identity salience</td>
<td>-.017</td>
<td>.050</td>
<td>-.021</td>
<td>-3.338</td>
<td>.736</td>
<td>.242</td>
<td>4.135</td>
<td></td>
</tr>
<tr>
<td>Preferential treatment* identity salience</td>
<td>.026</td>
<td>.042</td>
<td>.035</td>
<td>6.111</td>
<td>.542</td>
<td>.292</td>
<td>3.425</td>
<td></td>
</tr>
<tr>
<td>Social recognition* identity salience</td>
<td>.062</td>
<td>.050</td>
<td>.070</td>
<td>1.252</td>
<td>.212</td>
<td>.296</td>
<td>3.379</td>
<td></td>
</tr>
</tbody>
</table>

### Table 9.2.2. Collinearity Statistics (Brand Trust, D.V.: Consumer Identification)

<table>
<thead>
<tr>
<th>Model 1</th>
<th>D.V.: Consumer Identification</th>
<th>B</th>
<th>S. E</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation</td>
<td>-.105</td>
<td>.059</td>
<td>-.090</td>
<td>-1.802</td>
<td>.072</td>
<td>.402</td>
<td>2.491</td>
<td></td>
</tr>
<tr>
<td>Social Relationship</td>
<td>.124</td>
<td>.060</td>
<td>.112</td>
<td>2.070</td>
<td>.039</td>
<td>.325</td>
<td>3.076</td>
<td></td>
</tr>
<tr>
<td>Preferential Treatment</td>
<td>.177</td>
<td>.047</td>
<td>.179</td>
<td>3.734</td>
<td>.000</td>
<td>.425</td>
<td>2.355</td>
<td></td>
</tr>
<tr>
<td>Social Recognition</td>
<td>.053</td>
<td>.065</td>
<td>.041</td>
<td>.825</td>
<td>.410</td>
<td>.445</td>
<td>2.247</td>
<td></td>
</tr>
<tr>
<td>Brand Trust</td>
<td>.168</td>
<td>.057</td>
<td>.142</td>
<td>2.955</td>
<td>.003</td>
<td>.554</td>
<td>1.807</td>
<td></td>
</tr>
<tr>
<td>Customer orientation* Brand Trust</td>
<td>.055</td>
<td>.065</td>
<td>.059</td>
<td>.847</td>
<td>.397</td>
<td>.265</td>
<td>3.772</td>
<td></td>
</tr>
<tr>
<td>Social relationship* Brand Trust</td>
<td>-.005</td>
<td>.059</td>
<td>-.007</td>
<td>-.927</td>
<td>.245</td>
<td>.408</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferential treatment* Brand Trust</td>
<td>-.009</td>
<td>.052</td>
<td>-.011</td>
<td>-1.68</td>
<td>.866</td>
<td>.289</td>
<td>3.460</td>
<td></td>
</tr>
<tr>
<td>Social recognition* Brand Trust</td>
<td>.008</td>
<td>.063</td>
<td>.009</td>
<td>.132</td>
<td>.895</td>
<td>.275</td>
<td>3.631</td>
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</tr>
</tbody>
</table>
### Table 9.2.3. Collinearity Statistics (Identity Salience, D.V.: Word-of-Mouth,)

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>S. E</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.V.: Word-of-mouth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>.391</td>
<td>.044</td>
<td>.405</td>
<td>8.993</td>
<td>.000</td>
<td>.387</td>
<td>2.586</td>
</tr>
<tr>
<td>Identity salience</td>
<td>.538</td>
<td>.050</td>
<td>.482</td>
<td>10.742</td>
<td>.000</td>
<td>.390</td>
<td>2.566</td>
</tr>
<tr>
<td>Consumer identification*Identity salience</td>
<td>-.034</td>
<td>.021</td>
<td>-.047</td>
<td>-1.666</td>
<td>.096</td>
<td>.983</td>
<td>1.017</td>
</tr>
</tbody>
</table>

### Table 9.2.4. Collinearity Statistics (Brand Trust, D.V.: Word-of-Mouth,)

<table>
<thead>
<tr>
<th>Model</th>
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<th>S. E</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.V.: Word-of-mouth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>.620</td>
<td>.033</td>
<td>.642</td>
<td>18.998</td>
<td>.000</td>
<td>.735</td>
<td>1.360</td>
</tr>
<tr>
<td>Brand trust</td>
<td>.342</td>
<td>.039</td>
<td>.298</td>
<td>8.861</td>
<td>.000</td>
<td>.743</td>
<td>1.347</td>
</tr>
<tr>
<td>Consumer identification*Brand trust</td>
<td>-.027</td>
<td>.023</td>
<td>-.036</td>
<td>-1.193</td>
<td>.233</td>
<td>.928</td>
<td>1.077</td>
</tr>
</tbody>
</table>

### Table 9.2.5. Collinearity Statistics (Brand Knowledge, D.V.: Word-of-Mouth,)

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
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<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.V.: Word-of-mouth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>.621</td>
<td>.041</td>
<td>.643</td>
<td>15.043</td>
<td>.000</td>
<td>.528</td>
<td>1.893</td>
</tr>
<tr>
<td>Brand knowledge</td>
<td>.228</td>
<td>.047</td>
<td>.207</td>
<td>4.899</td>
<td>.000</td>
<td>.540</td>
<td>1.851</td>
</tr>
<tr>
<td>Consumer identification*Brand knowledge</td>
<td>-.030</td>
<td>.023</td>
<td>-.041</td>
<td>-1.307</td>
<td>.192</td>
<td>.966</td>
<td>1.036</td>
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</table>

### Table 9.2.6. Collinearity Statistics (Identity Salience, D.V.: Consumer Participation)

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>S. E</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.V.: Consumer participation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer identification</td>
<td>.417</td>
<td>.048</td>
<td>.427</td>
<td>8.627</td>
<td>.000</td>
<td>.387</td>
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</tr>
<tr>
<td>Identity salience</td>
<td>.464</td>
<td>.056</td>
<td>.412</td>
<td>8.345</td>
<td>.000</td>
<td>.390</td>
<td>2.566</td>
</tr>
<tr>
<td>Consumer identification*Identity salience</td>
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<td>.023</td>
<td>.054</td>
<td>1.722</td>
<td>.086</td>
<td>.983</td>
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325
Table 9.2.7. Collinearity Statistics (Brand Trust, D.V.: Consumer Participation)

<table>
<thead>
<tr>
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<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
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</thead>
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<tr>
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<td>.667</td>
<td>17.500</td>
<td>.000</td>
<td>.735</td>
<td>1.360</td>
</tr>
<tr>
<td>Brand trust</td>
<td>.194</td>
<td>.044</td>
<td>.168</td>
<td>4.431</td>
<td>.000</td>
<td>.743</td>
<td>1.347</td>
</tr>
<tr>
<td>Consumer identification* Brand trust</td>
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<td>.026</td>
<td>.048</td>
<td>1.411</td>
<td>.159</td>
<td>.928</td>
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Table 9.2.8. Collinearity Statistics (Brand Knowledge, D.V.: Consumer Participation)

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>S. E</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer identification</td>
<td>.567</td>
<td>.043</td>
<td>.581</td>
<td>13.128</td>
<td>.000</td>
<td>.528</td>
<td>1.893</td>
</tr>
<tr>
<td>Brand knowledge</td>
<td>.265</td>
<td>.049</td>
<td>.239</td>
<td>5.450</td>
<td>.000</td>
<td>.540</td>
<td>1.851</td>
</tr>
<tr>
<td>Consumer identification* Brand knowledge</td>
<td>.051</td>
<td>.024</td>
<td>.071</td>
<td>2.161</td>
<td>.031</td>
<td>.966</td>
<td>1.036</td>
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