Arab Journal of Administrative Sciences

2020, Vol. 27, No. 2, 333- 366
Doi: 10.34120/0430-027-002-004

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Employees' Service Responsiveness and Customer Trust as Determinants of Relational Switching Costs for Retail Bank Customers in Kuwait

Abstract

Purpose: A research framework for the effect of employees' service responsiveness on relational switching costs for retail bank customers in Kuwait is developed and investigated considering different moderating variables (cherry-picking, customer lifetime, and household income) and customer trust as a mediator.

Study design/methodology/approach: Data from a self-administered online survey were collected to conduct the research analyses. The proposed research model was validated via two-stage structural equation modeling in AMOS statistical software. Path analysis was performed to test the mediating effect of customer trust, and invariance tests were used to compare the proposed paths across different levels of moderating variables.

Sample and data: Using a snowball sampling procedure, a convenience sample of 986 retail bank customers in Kuwait was used to test the research hypotheses.

Results: Path analysis confirmed a non-significant direct effect of employees' service responsiveness on relational switching costs but a significant indirect effect through customer trust as a mediator. Most interestingly, the direct effect was significant only for customers who were cherry-pickers and had long customer lifetimes. Furthermore, the indirect effect was statistically significant across levels of customer lifetime only, suggesting a moderated mediation relationship.

Originality/value: Research exploring the effect of employees' service responsiveness on relational factors such as trust and switching costs in retail banking is scarce, especially in collectivist cultures like that of Kuwait. The results confirm that employees' service responsiveness is a critical aspect of the Kuwaiti bank experience because of its relational influence on the customer-bank relationship.

Research limitations/implications: In addition to the importance of the service experience for Kuwaiti banks' survival and success, employees' service responsiveness emerges as an intriguing factor influencing relational switching costs for retail bank customers based on their cherry-picking and customer lifetime levels. To retain customers, bank strategists should pursue strategies that create relational burdens for different customer segments according to their expectations.

Keywords: Responsiveness, service quality, trust, relational switching cost, and retail banking.

JEL classification: M310

Submitted: 25/08/2020, revised: 7/11/2020, accepted: 15/11/2020.

Introduction

A major challenge for banks is understanding and managing service quality to promote customer retention and build lasting customer relationships. The availability of alternative service providers makes retaining current customers and preventing customer switching crucial tasks for service firms (Bahadur *et al.*, 2018; Quoquab *et al.*, 2014; Tuu and Olsen, 2013; Habib *et al.*, 2011). Customers who switch from an existing service provider, especially a bank, abandon many existing relationships and, more importantly, may generate negative word of mouth that harms a bank's reputation in the market (Lopez *et al.*, 2006). Because of these relational issues, marketing research is increasingly focusing on the nature of customer-firm relationships and shifting from a transactional to relational approach (Bahadur, 2020; Sultan, 2019, 2018; Umasuthan *et al.*, 2017). Relational factors that influence the establishment, development, and maintenance of successful relationships with customers are also of interest (Bahadur, 2020; Fellesson and Salomonson, 2016; Stock, 2016; Morgan and Hunt, 1994).

The present study focuses on Kuwaiti retail banking to extend relationship marketing literature and sheds light on intriguing factors that influence relational switching costs. The findings indicate that improving employees' service responsiveness strengthens the customer-bank relationship and, in turn, relational switching costs. The literature has shown that employees' empathy and interactions with customers contribute to the relationship bond (Arguello *et al.*, 2020; Bahadur, 2020; Kumar *et al.*, 1995). Additionally, communication openness, and meaningful and timely information reinforce social bonds (Mohr and Spekman, 1994), suggesting that investing in employees' service responsiveness will promote lasting relationships between customers and the bank. Once a bank cements its relationship with a customer, it is difficult for the customer to exit the relationship (Sultan, 2019; Turnbull and Wilson, 1989) because the established relationship becomes too valuable for bank customers to lose. According to recent work, the consistency of service interactions provided by a company significantly impacts trust (Bahadur, 2020; Lien *et al.*, 2014; Chang *et al.*, 2013). Therefore, the present research argues that customer trust mediates the relationship between employees' service responsiveness and relational switching costs for retail bank customers; see Figure 1 for the research framework.

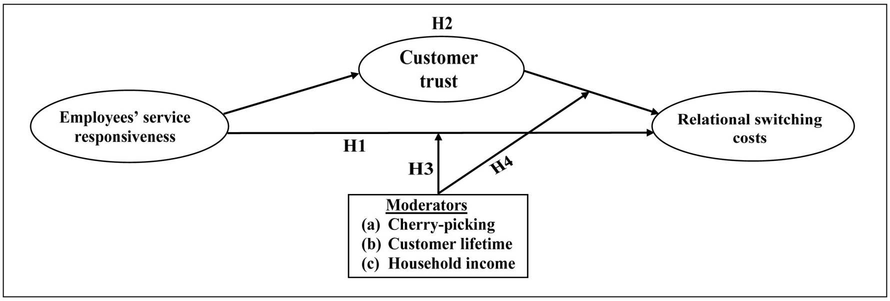

Figure 1: Research Framework

This study makes important theoretical and practical contributions. From a theoretical standpoint, research exploring the effect of employees' service responsiveness on relational factors such as customer trust and relational switching costs in retail banking is scarce, especially in collectivist cultures like that of Kuwait. In contrast to individualistic cultures, collectivist cultures value close relationships and interdependence (Triandis, 1995; Hofstede, 1984) and affect-based trust (Chen *et al.*, 1998). In collectivist cultures, customers value the relational aspects of customer-bank relationships (Al-Wugayan, 2019; Sultan, 2019, 2018; Al-Jazzazi and Sultan, 2014), and retaining personal contact with others during a service encounter is important (Dabholkar, 1992). In addition, the present research scrutinizes different moderating behavioral and demographic variables such as cherry-picking, customer lifetime, and household income. Past research has not evaluated the role of these variables in customer-bank relationships, and thus the present study contributes to marketing relationship literature by investigating the boundaries of the effects of employees' service responsiveness on relational switching costs with these variables as potential moderators.

From a practical perspective, understanding the factors that promote lasting relationships with customers remains a critical challenge for banks (Arguello *et al.*, 2020; Bahadur, 2020; Sultan, 2019; Moliner *et al.*, 2018), particularly given the heightened competition and homogenization of bank products and services in recent years (Giovanis and Athanasopoulou, 2018; Liu *et al.*, 2017; Aksoy, 2013). It has been suggested that "customers appreciate banks not for great products and services, which are taken for granted nowadays, but for exceptional experiences" (Sultan, 2019, p. 719). Moreover, designing service experiences according to relational goals has become essential since the 2008 global financial crisis, which sharply reduced customers' trust in the financial system (Arguello *et al.*, 2020; Ramanathan *et al.*, 2018). The 2008 financial crisis provoked "an emotional environment that has conditioned more than ever the relationship of the clients with their banks, increasing the indices of mistrust and the number of disloyalties" (Arguello *et al*., 2020, p. 175). In the Kuwaiti banking sector, Gulf Bank, once a leader, experienced deterioration of its brand relationship and lost many customers due to exposure to international derivatives (Alfadly, 2010; Etheridge, 2008). Following this unstable period, many local banks have felt the need to offer service experiences with relational benefits to enhance customer-bank relationships (Sultan, 2019). Al-Jazzazi and Sultan (2014, p. 693) stated that "customer loyalty is not derived from customer satisfaction, but is instead based on factors such as customer relations". In addition, recent research has argued that "deeper forms of cordiality may be more indicative of customer-employee familiarity, bonding, and respect" in Kuwaiti retail banking (Al-Wugayan, 2019, p. 1247). Therefore, the present research advocates a greater understanding of relationship quality and proposes that employees' service responsiveness and customer trust be important determinants of relationship quality that reduce disloyalty and increase relational switching costs for Kuwaiti bank customers. The theoretical contributions and the practical implications of the present work will be discussed further at the end of this study.

Literature Overview and Hypotheses Development

Employees' Service Responsiveness as a Determinant of Service Quality

The concept of service quality has been studied extensively in the last three decades. Early researchers claimed that service quality involves the way in which the service is delivered (Sasser *et al*., 1978). Grönroos (1982) argued that service quality includes technical quality, which describes what the customer receives from the service, and functional quality, which relates to service delivery. Moreover, Lehtinen and Lehtinen (1982) proposed the concept of interactive quality, which refers to service quality related to the interactions between customers and service employees. Interactive quality has generally been operationalized as perceived quality, which is the customer's judgement about an entity's overall excellence or superiority (Zeithaml, 1987). In sum, delivering quality service implies consistently meeting customers' expectations (Lewis and Booms, 1983).

The SERVQUAL model developed by Parasuraman *et al*. (1988, 1994) identified five dimensions underlying satisfaction in service delivery: tangibles, reliability, responsiveness, assurance, and empathy. As formally defined by Parasuraman *et al*. (1988, p. 15), service quality is "a form of attitude, related but not equivalent to satisfaction, and results from a comparison of expectations with perceptions of performance". The present study focuses on the third dimension of the SERVQUAL model, namely employees' service responsiveness, for three theoretical reasons. First, this research adopts relational switching costs, which will be defined below, as the output measure, and chooses the responsiveness dimension as limiting the scope of the broad SERVQUAL construct to its relational aspect. Second, the responsiveness dimension is relevant to the interpersonal communication skills of employees and an important factor for enhancing the customer-bank relationship. Third, employees' responsiveness is an underexamined construct in marketing with a potentially large relational impact on retail bank customers, especially in the collectivist culture of Kuwait (Al-Wugayan, 2019; Sultan, 2019; Al-Jazzazi and Sultan, 2014).

Employees' service responsiveness refers to the ''willingness or readiness of employees to provide service'' (Parasuraman *et al.*, 1985, p. 47) and is defined by employees' attentiveness and promptness in fulfilling customers' requests, inquiries, problems, and complaints. Bridging the service-responsiveness gap with customers requires that employees improve their communications and interactions with customers and show positive emotions. Customers perceive positive emotions of employees as an extra-role behavior (Hochschild, 2012), leading to higher levels of service performance (Grandey *et al.*, 2005; Grandey, 2003) and customer satisfaction (Hülsheger and Schewe, 2011). Thus, the interpersonal skills of employees are a key aspect of overall service quality perceptions (Arndt *et al.*, 2006). Frontline employees ''are the face of the first and often the only interaction'' between customers and a service firm (Kumar *et al.*, 2014, p. 369). This interaction creates an overall impression of what is to come in the service experience (Payne and Webber, 2006). Customers value the interpersonal quality displayed by service employees, which may lead to building trust and thus long-term relationships with the firm. Service employees can also be a complementary source of social support to customers (Rosenbaum *et al.*, 2007), and customers with high levels of interaction comfort are more likely to revisit and promote a business (Paswan and Ganesh, 2005). Undoubtedly, positive customer-employee interactions have positive effects on customers (Feng *et al.*, 2019; Bahadur *et al.*, 2018; Srivastava *et al.*, 2008; Stock, 2016). Therefore, when bank employees show high service responsiveness by responding promptly to customers' service requests with a fast service experience and information, customers typically have more confidence and trust in the bank, which will increase their relational switching costs.

Relational Switching Costs

Switching costs are the total costs that a customer must incur to change from one brand to a rival (Porter, 2008; Aydin *et al.*, 2005) and may include procedural, financial, and relational costs (Burnham *et al.*, 2003). Aydin *et al.* (2005) described switching costs as the penalty that consumers pay to change service providers. This penalty significantly influences a customer's decision to continue or stop patronizing a brand. Burnham *et al.* (2003) argued that service firms should manage switching costs and utilize marketing activities to benefit from this switching penalty. The present research refers to Burnham's *et al.* (2003) typology and focuses on relational switching costs, which comprise personal relationship loss costs and brand relationship loss costs. This type of switching cost is important in customer-bank relationships because it involves psychological and emotional discomfort due to the breaking of bonds (Burnham *et al.*, 2003). According to Grönroos (2004), the customer-brand relationship can be improved by providing high-quality service. Therefore, offering distinctive services to bank customers that create relational bonds is one way to increase relational switching costs.

Employees' service responsiveness is a powerful element of the customer relationship, as employees' communication skills create an overall impression of what is to come in the service experience (Payne and Webber, 2006). The willingness or readiness of bank employees to provide unique and quick services, such as discussing loans or offering information, creates an interactive experience and strengthen rapports with customers (Sultan, 2019). Acts of this kind that strengthen customer relationships make it difficult for bank customers to switch to rivals. Consequently, the present research argues that when bank employees improve their service responsiveness by increasing their ability to assist with and provide fast and accurate services with clear information, bank customers will value the relationship, and their relational switching costs will increase accordingly, leading to the following hypothesis:

Hypothesis 1: Employees' service responsiveness has a positive effect on bank customers' relational switching costs.

The Mediating Role of Customer Trust

Trust is essential in building lasting relationships (Ribbink *et al.*, 2004) and thus plays a central role in relationship marketing (Bahadur, 2020; Morgan and Hunt, 1994). The literature defines trust as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (Mayer *et al.*, 1995, p. 712). The quality of service provided by a company has a significant effect on trust (Lien *et al.*, 2014; Chang *et al.*, 2013).

The concept of customer trust encompasses not only trust in the service provider but also trust in the service employee (Bahadur, 2020; Panda, 2013), and both are essential for building relationships with customers (Reichheld and Schefter, 2000).

Employees' service responsiveness can help banks build trusting relationships by conveying employees' genuine interest in customers' welfare and improving customer satisfaction (Misbach and Hadiwidjojo, 2013). The quality and responsiveness of the interaction between employees and customers contributes to social bonds within the relationship (Kumar *et al.*, 2018; Kumar *et al.*, 1995), particularly open communication and providing meaningful and timely information (Mohr and Spekman, 1994). Once social bonds have been created within customer-bank relationships, it is difficult for customers to exit the relationship (Turnbull and Wilson, 1989) because the established relationship becomes too valuable for bank customers to lose. According to relationship marketing literature, trust materializes when one party has confidence in a partner's reliability and integrity (Morgan and Hunt, 1994). Trust has considerable importance in building and maintaining long-term relationships and requires careful management (Bejou *et al.*, 1998). When forming long-term relationships with service firms such as banks, customers rate trust highly as a confidence benefit (Gwinner *et al.*, 1998). Since employees' service responsiveness enforces honesty and consistency in banking service delivery, it can increase customer trust in the bank relationship. Kassim and Abdulla (2006) found trust to be a significant driver of customer relationship commitment in the banking sector of Qatar, an exemplar collectivist culture (cf., Hofstede, 1984). In Kuwait, another collectivist culture in the Middle East, individuals value close relationships that are based on trust (Chen *et al.*, 1998) and interdependence (Triandis, 1995), particularly in the context of banking (Al-Wugayan, 2019; Sultan, 2019; Al-Jazzazi and Sultan, 2014). Therefore, the present research proposes that customer trust mediate the relationship between employees' service responsiveness and relational switching costs for Kuwaiti bank customers, leading to the following hypothesis:

Hypothesis 2: The relationship between employees' service responsiveness and relational switching costs is mediated by customer trust.

The Potential Roles of Behavioral and Demographic Variables in Relational Switching Costs

Cherry-picking. Customers who are selective about the products and services are said to engage in "cherry-picking" (Fox and Hock, 2005). The *Cambridge International Dictionary of Idioms* defines cherry-picking as choosing ''only the best people or things in a way that is not fair'' (1998, p. 65). In retail banking, customers may carefully review different bank offerings and pick only the offering that maximizes their value. Cherry-pickers resourcefully ''take the best and leave the rest'' (Fox and Hock, 2005, p. 61) and therefore are more willing to search for information and visit multiple stores (Lal and Rao, 1997). For the present research, a bank customer who deals with multiple banks is classified as a cherry-picker.

To maximize potential value, bank customers use a cost-benefit framework to make tradeoffs between the opportunity cost of time and the expected benefit of engaging in cherry-picking. The economic benefits of searching are positively related to search time (Putrevu and Ratchford, 1997). Customers who deal with multiple banks are more likely to receive and accept information about cherry-picking opportunities than customers who deal with a single bank. Thus, to maximize cherry-pickers' value, banks must provide services with important benefits that exceed the opportunity cost of alternative options. Burnham *et al.* (2003) demonstrated that of the three types of switching costs (i.e., procedural, financial, and relational), relational switching costs had the highest positive effect on intention to stay. Consistent with this finding, the present research argues that, for cherry-pickers, the opportunity costs of switching to another bank with cherry-picking opportunities are much lower than the relational switching costs of leaving the existing bank when the service responsiveness of the employees of the existing bank is high. Therefore, it is reasonable to assume that cherry-pickers (compared to non-cherry-pickers) are more likely to value the service responsiveness of employees of the existing bank, which in turn will increase their trust in the bank relationship and their relational switching costs.

Customer lifetime. Other than loan contracts, retail banks usually do not have long-term contractual agreements that lock in their customers and build lasting relationships. Consequently, customer retention is a challenging task. The present research advocates that investing in employees' service responsiveness will increase relational switching costs, particularly for customers with long customer lifetimes. These customers perceive employees' service responsiveness as a type of interactional fairness offered by the bank. We rely on Colquitt's (2001) concept of interactional fairness and examines two of its components: interpersonal and informational. Interpersonal fairness is associated with perceptions of respect in interactions, whereas informational fairness is related to the timeliness, specificity, and truthfulness of provided explanations. Perceiving interactional fairness will have a differential effect on the relationships of long-term customers because these customers value long-term relationships; hence, their relational switching costs will increase accordingly. By contrast, relatively newer customers have not developed the same level of relationships with the bank staff and as a result will be less likely to perceive employees' service responsiveness as interactional fairness. Therefore, customers with long (compared to short) customer lifetimes will have higher trust in the bank relationship and incur higher relational switching costs because of the interactional fairness benefits gained from employees' service responsiveness.

Income. The extent of searching for cherry-picking opportunities is negatively related to the opportunity cost of time, which is operationalized as household income (Fox and Hoch, 2005; Putrevu and Ratchford, 1997; Ratchford and Srinivasan, 1993). As shown by Fox and Hoch (2005), high-income households have higher opportunity costs and lower price sensitivity than low-income households. To attract high-income customers, banks need to offer more valuable services to exceed the opportunity costs offered by other rival banks. Consistent with the strong positive effect of relational switching costs on intention to stay (Burnham *et al*., 2003), the relational switching costs imposed by employees' service responsiveness has a greater effect on customers than other opportunity costs. Therefore, customers with high (compared to low) household income are more likely to value employees' service responsiveness and build trusting relationships. Taken together, the effect of employees' service responsiveness on bank customers' relational switching costs is predicted to be moderated by cherry-picking (cherry-picking versus non-cherry-picking), customer lifetime (short versus long), and household income (high versus low). Furthermore, the indirect effect of employees' service responsiveness on relational switching costs through customer trust is also expected to be moderated by these variables. As such, the following direct and indirect effects of employees' service responsiveness on relational switching costs are proposed:

Hypothesis 3: The direct effect of employees' service responsiveness on relational switching costs will be more pronounced for those bank customers who (a) are cherry-pickers, (b) have long customer lifetimes, and (c) have high incomes.

Hypothesis 4: The indirect effect of employees' service responsiveness (through customer trust) on relational switching costs will be more pronounced for those bank customers who (a) are cherry-pickers, (b) have long customer lifetimes, and (c) have high incomes.

Methods

Data Collection and Sample

A convenience sample was collected using a snowball sampling procedure. Undergraduate students from a large public university in Kuwait were asked to send a self-administered online survey to their friends and family in exchange for extra class credit. The sample consisted of retail bank customers as well as students who owned bank accounts in Kuwait. Kuwaiti college students receive a monthly stipend (KD 200, equivalent to US$650) from the state if they are unemployed. In addition, some college students receive extra income from their families. Therefore, it is acceptable to study college students' banking behaviors since they are one of the main customer segments targeted by local banks.

At the beginning of the survey, participants were asked if they had an individual bank account with a local bank. If they answered affirmatively, they were directed to continue with the survey questionnaire. Otherwise, they exited the survey. This sampling procedure resulted in a total of 986 retail bank customers after 11 cases with missing data were eliminated. The sample consisted of 634 (64.3%) women and 352 (35.7%) men. The age distribution was as follows: < 18 (0.5%), 18-25 (61.8%), 26-35 (21.2%), 36-45 (7.2%), 46-55 (7.5%), and > 55 years (1.8%). Most survey participants were local citizens (94.2%), and the rest were non-citizens who spoke the local language. The social status of participants was classified as follows: married (30%), single (65.3%), and divorced/widowed (4.7%). The education distribution was as follows: high school graduate/equivalent (27.4%), diploma/ technical/vocational training (12.3%), bachelor's degree (56.9%), and master's/ doctorate degree (3.4%). Income level was distributed as follows: KD 200 or less (34.4%), 201-700 (19%), 701-1,500 (29.4%), 1,501-2,000 (9.2%), 2,001-2,500 (3.4%), and more than 2,501 (4.6%). The demographic characteristics of the sample are reported in Table 1.

Variable Measures

The survey questionnaire consisted of three main research constructs: employees' service responsiveness, customer trust, and relational switching costs. Employees' service responsiveness was extracted from the SERVQUAL dimensions (Parasuraman *et al*., 1988) and consisted of four items. Each service responsiveness item consisted of two parts, expectation and performance. Thus, the service-responsiveness gap between customers' expectations for a service offering and customers' perceptions of the service performance was calculated simply by subtracting expectations from perceived performance for each service responsiveness item. Gap analysis is a widely accepted tool for measuring service quality in the banking industry (Ramanathan *et al*., 2018). Customer trust was operationalized using Verhoef *et al*.'s (2002) scale, which measures trust in the company using four items. The relational switching costs construct was measured using Meuter *et al*.'s (2005) switching costs scale, which consists of three items measuring switching costs associated with personal relationships with the brand and employees. In addition to the main research constructs, the survey questionnaire included behavioral variables. Participants were asked to indicate if they had dealt with multiple local banks (cherry-picking: Yes/No). Then, they were asked to choose their main bank from a list of local banks and indicate the number of years that they had been customers of this main bank (customer lifetime period: less than 1 year, 1-3 years, 3-5 years, more than 5 years). Refer to Table 1 for a detailed description of the participants' characteristics.

Table 1
Description of Participants Characteristics

Variable name	Group	Number	%
Gender	Male	Female	352
	634	35.7	64.3
Age	< 18	5	0.5
	18-25	609	61.8
	26-35	36-45	46-55
	> 55	209	71
	74	18	21.2
	7.2	7.5	1.8
Nationality	Locals	929	94.2
	Non-locals	57	5.8
Household income	< 200	339	34.4
	201-700	187	19.0
	701-1,500	290	29.4
	1,501-2,000	91	9.2
	2,001-2,500	34	3.4
	> 2,501	45	4.6

Cont/ Table 1
Description of Participants Characteristics

Variable name	Group	Number	%
Customer lifetime period	< 1 year	72	7.3
	1-3	242	24.5
	3-5	205	20.8
	> 5	467	47.4
Cherry-picking	Cherry-picker	484	49.1
	Non-cherry-picker	502	50.9
Education	High school/equivalent	270	27.4
	Diploma/technical/vocational training	121	12.3
	Bachelor's degree	561	56.9
	Master's/doctorate degrees	34	3.4
Social status	Married	296	30.0
	Single	644	65.3
	Separated/divorced	46	4.7
Total		**986**	**100**

Two graduate students translated the questionnaire from English to Arabic using the back-translation method. The survey was made available in both languages to the participants because of the bilingual capabilities of the population. All Likert-type items on the survey required a response on a 5-point scale. Table 2 summarizes the scale items used in the research constructs, and Appendix details the survey questionnaire. The scores of employees' service responsiveness, along with the items of customer trust and relational switching costs were standardized before running the analyses.

Table 2
Research Construct Items

Construct item
Employees' service responsiveness
SR1 Employees of the Bank tell you exactly when services will be performed.
SR2 Employees of the Bank give you promt service.
SR3 Employees of the Bank are always willing to help you.
SR4 Employees of the Bank are never too busy to respond to your requests.

Cont/ Table 2
Research Construct Items

Customer item
Customer trust
Trust1 The Bank can be relied on to keep its promises.
Trust2 The Bank puts the customer's interest first.
Trust3 The Bank usually keeps the promises that it makes to me.
Trust4 I can count on the Bank to provide a good service
Relational switching costs
Switch1 Changing from the Bank would be a bother
Switch2 For me, the cost in time, effort, and grief to switch from the Bank is high.
Switch3 It's just not worth the hassle for me to switch from the Bank.

Results

A two-stage structural equation modeling (SEM) procedure (Anderson and Gerbing, 1988) in AMOS was used to test the proposed hypotheses with measurement and structural models.

Measurement model. The fit of the measurement model was very good (Chi-square = 227.55, df = 41, $p < 0.001$, CFI = .96, GFI = .96, AGFI = 0.94, RMR = 0.06, RMSEA = .07). Next, the convergent and discriminant validities of the measurement model were tested. The indicators of each measurement model and their corresponding standardized regression loadings (λ) were significant, with values ranging from 0.60 to 0.84; see Table 3. In addition, the composite reliability values were greater than 0.70, supporting the convergent validity of the measurement model. Discriminant validity was achieved, as the square root of AVE of each construct was greater than the correlations between the respective constructs (Fornell and Larcker, 1981; Table 4). The correlations between all latent variables were far below 0.80, indicating absence of multicollinearity.

Table 3
Standardized Loadings of Construct Items

Construct item	Loading (λ)
Employees' service responsiveness:	
SR1 Employees of the Bank tell you exactly when services will be performed.	0.72
SR2 Employees of the Bank give you promt service.	0.77
SR3 Employees of the Bank are always willing to help you.	0.77
SR4 Employees of the Bank are never too busy to respond to your requests.	0.60

Cont/ Table 3
Standardized Loadings of Construct Items

Construct item	Loading (λ)
<u>**Customer trust:**</u>	
Trust1 The Bank can be relied on to keep its promises.	0.83
Trust2 The Bank puts the customer's interest first.	0.84
Trust3 The Bank usually keeps the promises that it makes to me.	0.79
Trust4 I can count on the Bank to provide a good service.	0.74
<u>**Relational switching costs:**</u>	
Switch1 Changing from the Bank would be a bother.	0.61
Switch2 For me, the cost in time, effort, and grief to switch from the Bank is high.	0.64
Switch3 It's just not worth the hassle for me to switch from the Bank.	0.78

N = 986; Chi-square = 227.55, df = 41, p < 0.001, CFI = .96, GFI = .96, AGFI = 0.94, RMR = 0.06, RMSEA = .07; All reported loadings are standardized and significant (p < 0.001).

Table 4
Validity Measures and Factor Correlation Matrix

	CR	AVE	Customers' switching costs	Customer trust	Employees' service responsiveness
Relational switching costs	0.72	0.47	0.68		
Customer trust	0.88	0.64	0.32	0.80	
Employees' service responsiveness	0.81	0.52	0.14	0.35	0.72

N = 986; CR = Composite reliability, AVE = Average variance extracted; Values in bolds are square roots of AVE.

Structural model. The structural model was verified based on the results of instrument validation using AMOS 26. The data were used with standardized values to test the research hypotheses using maximum likelihood estimation. The overall model fit was satisfactory (Chi-square = 227.55, df = 41, p < 0.001, CFI = 0.95, GFI = 0.96, AGFI = 0.94, RMR = 0.06, RMSEA = .07); see Figure 2 for the tested path results.

In the test of hypothesis 1, the direct path between employees' service responsiveness and relational switching costs was found to be non-significant ($\beta = 0.03$, $p > 0.05$, 95% CI [-0.06, 0.12]; not supporting hypothesis 1).

The mediation of the relationship between employees' service responsiveness and relational switching costs by customer trust was examined by testing the significance of indirect effects. According to Preacher and Hayes (2004), full mediation requires a significant indirect effect and non-significant direct effect, while partial mediation requires that both the indirect and direct effects be significant. First, the direct effect of employees' service responsiveness on relational switching costs was found to be non-significant (hypothesis 1). Second, the indirect effect of employees' service responsiveness (through customer trust) on relational switching costs was significant (β = 0.11, $p < 0.001$, 95% CI [0.07, 0.16]; supporting hypothesis 2). Therefore, the findings support a full mediation by customer trust of the relationship between employees' service responsiveness and relational switching costs; see Figure 2 for the causal paths.

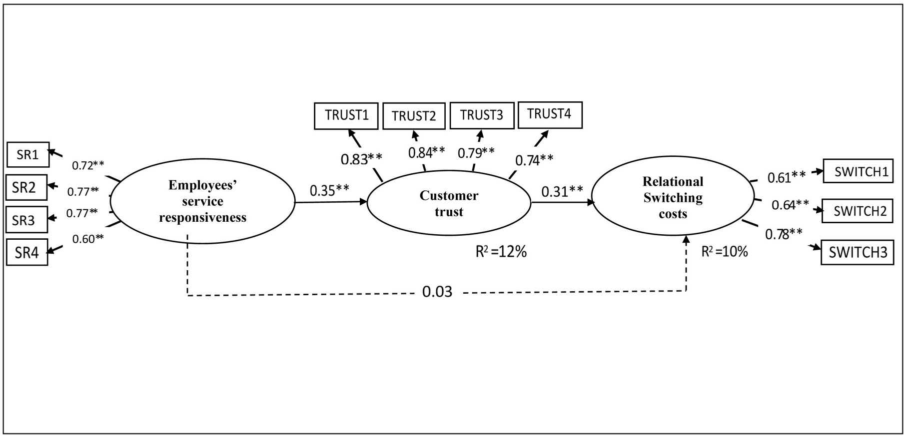

Figure 2: Standardized Coefficients of Full Mediation Model

N = 986; Chi-square = 227.55, df = 41, $p < 0.001$, CFI = 0.96, GFI = 0.96, AGFI = 0.94, RMR = 0.06, RMSEA = .07; All data are imputed and standardized; All reported coefficients are standardized.
**p < 0.001

Structural invariance analysis was conducted to test for differences in the path models depending on the levels of the moderating variables. Bank customers were grouped based on the following variables: cherry-picking, customer lifetime, and household income. These variables were dichotomized as cherry-picking (cherry-picker vs. non-cherry-picker), customer lifetime period (five years or less vs. more than five years), and household income (KD 700 or less vs. more than KD 700). For the customer lifetime and household income variables, median splits were used.

The invariance test on the full model was statistically significant for cherry-picking (CMIN = 18.47, df = 9, $p < 0.01$) and customer lifetime (CMIN = 37.15, df = 9, $p > 0.05$). To further assess the significant moderating effects of cherry-picking and customer lifetime on the specific relationship between employees' service responsiveness and relational switching costs, an invariance analysis was performed by constraining the examined path, and the chi-square difference between the constrained and unconstrained models was evaluated. For cherry-picking, the chi-square test was significant (CMIN = 5.36, df = 1, $p < 0.05$), supporting hypothesis 3a. As hypothesized, the direct effect of employees' service responsiveness on relational switching costs was stronger and significant for cherry-pickers ($\beta = 0.13$, $p < 0.001$, 95% CI [0.09, 0.26]) compared to non-cherry-pickers ($\beta = -0.06$, $p > 0.05$, 95% CI [-0.20, 0.07]), for whom this effect was non-significant. Similarly, for customer lifetime, the chi-square test was significant (CMIN = 3.97, df = 1, $p < 0.05$), supporting hypothesis 3b. As hypothesized, the direct effect of employees' service responsiveness on relational switching costs was stronger and significant for customers with long customer lifetimes ($\beta = 0.13$, $p < 0.05$, 95% CI [0.00, 0.26]) compared to customers with short customer lifetimes ($\beta = -0.05$, $p > 0.05$, 95% CI [-0.17, 0.07]), for whom this effect was non-significant. For household income, the chi-square test was non-significant (CMIN = 0.15, df = 1, $p > 0.05$), and thus hypothesis 3b was not supported. The moderating effects are illustrated in Figure 3a, 3b, and 3c.

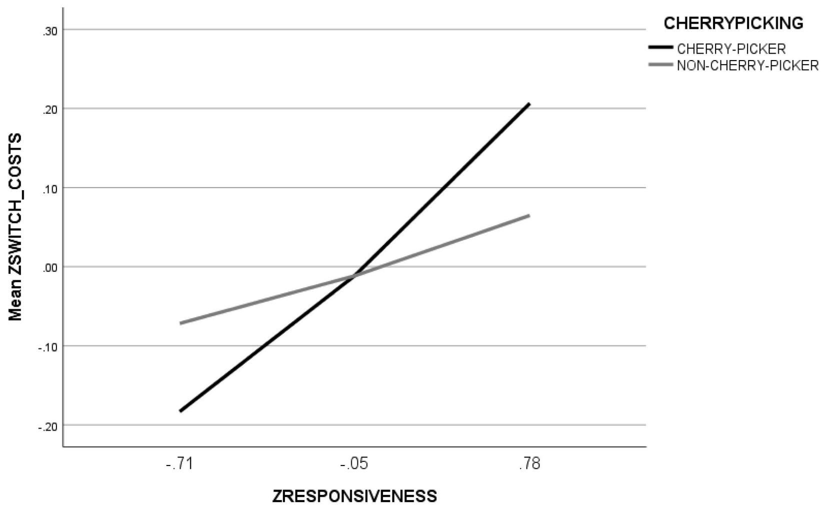

Figure 3a: Moderating Effect of Cherry-Picking on the Relationship Between Employees' Service Responsiveness and Customers' Switching Costs.

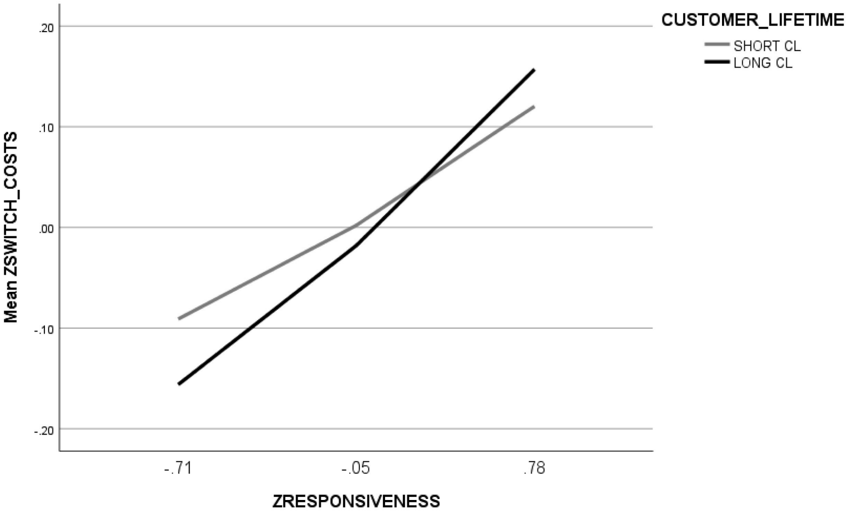

Figure 3b: Moderating Effect of Customer Lifetime on the Relationship Between Employees' Service Responsiveness and Customers' Switching Costs.

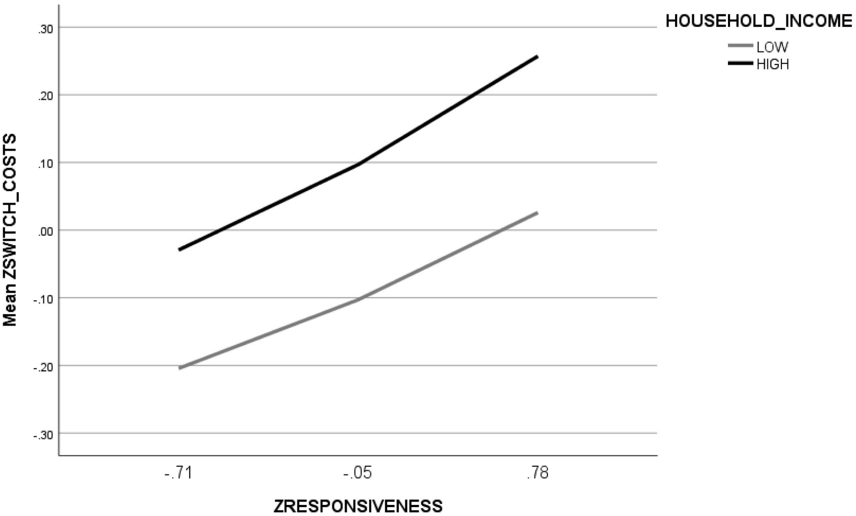

Figure 3c: Moderating Effect of Household Income on the Relationship Between Employees' Service Responsiveness and Customers' Switching Costs.

In addition, invariance tests were performed to assess the indirect effect of employees' service responsiveness (through customer trust) on relational switching costs with cherry-picking, customer lifetime, and household income as moderators. First, the path between customer trust and relational switching costs was constrained across levels of cherry-picking. The chi-square test was statistically non-significant (CMIN = 0.31, df = 1, $p > 0.05$, not supporting hypothesis 4a), indicating that the examined path was not different across levels of cherry-picking. By contrast, when constraining the same path across levels of customer lifetime, the chi-square test was significant (CMIN = 4.38, df = 1, $p < 0.05$, supporting hypothesis 4b), indicating that the examined path was different across levels of customer lifetime. Last, the chi-square test was non-significant when constraining the examined path across household income levels ($p > 0.05$, not supporting hypothesis 4c). These findings show that the indirect effect of employees' service responsiveness (through customer trust) on relational switching costs is moderated by customer lifetime only. Refer to Figure 4a, 4b, and 4c for the moderated mediation illustrations.

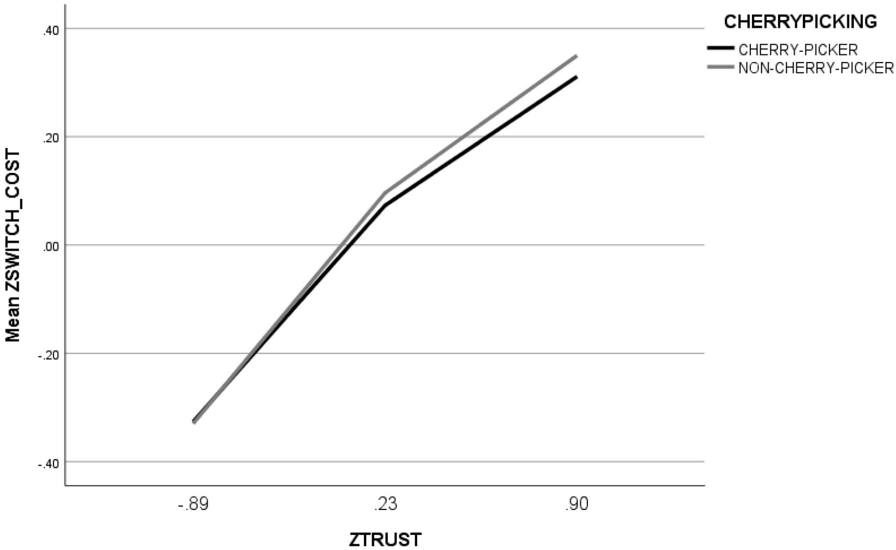

Figure 4a: Indirect Effect of Employees' Service Responsiveness (through customer trust) on Relational Switching Costs Across Levels of Cherry-Picking.

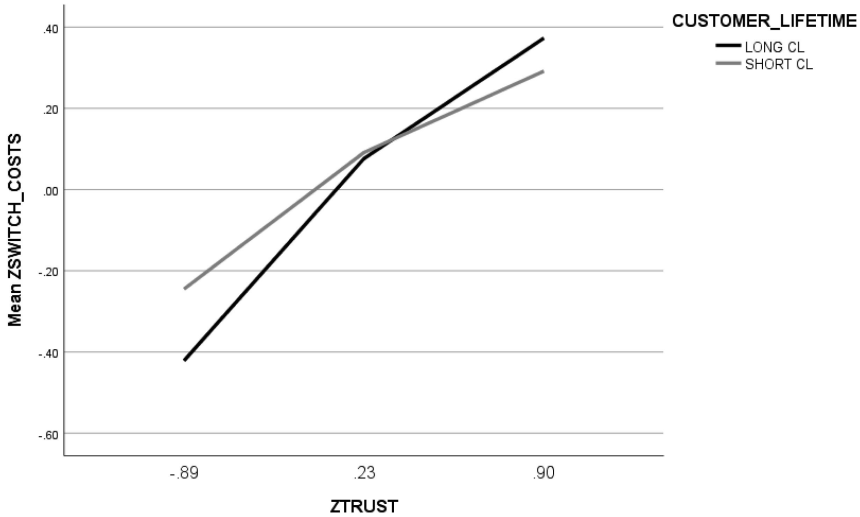

Figure 4b: Indirect Effect of Employees' Service Responsiveness (through customer trust) on Relational Switching Costs Across Levels of Customer Lifetime.

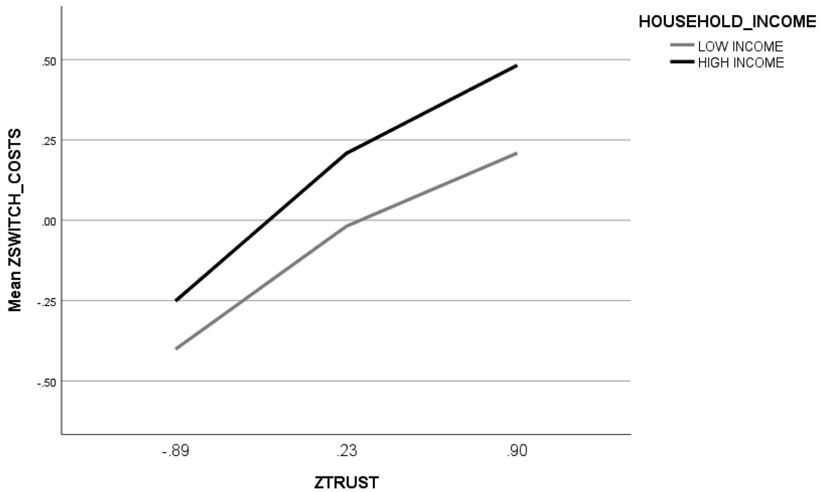

Figure 4c: Indirect Effect of Employees' Service Responsiveness (through customer trust) on Relational Switching Costs Across Levels of Household Income.

A series of post-hoc analyses using invariance tests for gender and median splits of age (25 years or less vs. more than 25 years) and education (bachelor's degree or lower vs. higher than bachelor's degree) were conducted by comparing the constrained and unconstrained models of moderated mediation. The chi-square difference tests for the model comparisons indicated that the path coefficients were not statistically significant across age, gender, and education levels; hence these variables do not moderate the examined relationships.

General Discussion

Due to the homogeneity of the service industry, many service brands have begun focusing on emotional benefits to promote successful brand-building behaviors (Liu *et al*., 2017) and develop relationships between employees and customers (Garas *et al*., 2018; Gazzoli *et al*., 2013). Employees' interactions with customers are a source of competitive advantage via strengthened brand relationships (Hoppe, 2018; Punjaisri and Wilson, 2017; Abimbola *et al*., 2010; Kimpakorn and Tocquer, 2010). In high-contact services, such as banking, it is even more important to manage customer-employee relationships to positively influence customer perceptions (Bailey *et al*., 2016; Du Preez and Bendixen, 2015; Narteh, 2012).

Past research has broadly examined the effect of service quality dimensions on consumer responses (e.g., Arguello *et al*., 2020; Fauzi and Suryani, 2019). By contrast, the present study focuses on employees' service responsiveness as an understudied dimension of service quality in marketing and highlights its potential benefits for retail banks in Kuwait. This dimension is examined apart from other service quality dimensions because of its high valuation by customers and its importance as a pillar of customer relationships (Bahadur, 2020; Fellesson and Salomonson, 2016; Stock, 2016; Morgan and Hunt, 1994), especially for bank customers in the collectivist culture of Kuwait (Al-Wugayan, 2019; Sultan, 2019; Al-Jazzazi and Sultan, 2014). Open communication, and meaningful and timely information reinforce social bonds (Mohr and Spekman, 1994), suggesting that investing in employees' service responsiveness will promote lasting relationships between customers and the bank. By providing empirical support for the proposed relationship between employees' service responsiveness and relational switching costs for retail bank customers in Kuwait, the present research extends the relationship marketing literature.

According to the findings, the relationship between employees' service responsiveness and relational switching costs was found to be fully mediated by customer trust. Practices like offering prompt services and information to customers help elevate customer trust and keep customers from switching to rivals. However, mixed results were obtained when this relationship was assessed across different moderating variables. The direct effect of employees' service responsiveness on relational switching costs was moderated by cherry-picking and customer lifetime variables. That is, compared to other customers, customers who are cherry-pickers and have long customer lifetimes are more likely to be influenced by the direct effect of employees' service responsiveness on relational switching costs. On the contrary, the direct effect of employees' service responsiveness on relational switching costs was non-significant when household income was introduced as the moderator. Figure 3c demonstrates that, in general, customers with high (compared to low) household income have higher relational switching costs regardless of employees' service responsiveness levels. This suggests that, in general, another variable increases the relational switching costs of customers with high household income. The majority of these customers (62.6%) had a longer customer lifetime (> 5 years), unlike low-income customers (34%), which might explain the overall drop in their relational switching costs of the latter and hence non-significant moderation by household income.

Most interestingly, when assessing the indirect effect of employees' service responsiveness (through customer trust) on relational switching costs across levels of moderating variables (i.e., cherry-picking, customer lifetime, and household income), significant moderation was observed for customer lifetime only. One explanation for these mixed findings is the nature of the influence of customer trust on the relationship between employees' service responsiveness and relational switching costs. Customer trust obviously requires a long-term relationship to materialize, as supported by the research data for customers with long customer lifetimes. For these customers, the effect of employees' service responsiveness on relational switching costs is most likely due to customer trust. However, the effects of cherry-picking and household income take different routes.

As discussed earlier, cherry-pickers perceive employees' service responsiveness as an additional benefit that maximizes their cost-benefit framework and increases relational switching costs. The sustained relationship due to relational switching costs allows cherry-pickers to develop mutual trust with the bank. Unlike cherry-pickers, non-cherry-pickers deal with a single bank, which suggests that they have existing trust with the bank that causes them to retain the bank relationship. In addition, the majority of cherry-pickers (44.2%) and non-cherry-pickers (50.4%) had long customer lifetimes (> 5 years). Consequently, both groups behave similarly in terms of their relational switching under different customer trust levels as demonstrated in Figure 4a, resulting in non-significant moderation by cherry-picking. By contrast, Figure 4c indicates that, under high customer trust, customers with high household income have higher relational switching costs than those with low household income, whereas under low customer trust, the effect of household income is in the opposite direction. This finding suggests that when high income customers develop high customer trust, these customers (compared to low income) are more likely to value this relationship and hence their switching costs are more pronounced, while under low levels of trust they are less likely to patronize the bank compared to low-income customers.

Establishing a trusting relationship with bank customers requires more than a single transaction or offering the same treatment to every customer segment. To encourage customers to patronize a bank and avoid switching behaviors, banks must design innovative strategies that create a relational burden for each type of customer segment based on priorities. More importantly, customers must perceive the value that is created in the relationship to increase their relational switching costs. As argued by Grönroos (2004, p. 108), "in a close relationship the customer probably shifts the focus from evaluating separate offerings to evaluating the relationship as a whole". Emotional bonding in close relationships may even outweigh attributional aspects of the relationships; that is, even if the offering in terms of goods and services is not superior, the relationship itself is valuable enough (Grönroos, 2004). This suggests that customers are willing to patronize a bank that is responsive and cares about building a trusting relationship. However, the present study also reveals that this relational benefit is not universal: customers react differently to banks' efforts based on their expectations. Once a bank establishes trust with its customers, the employees' service responsiveness adds relational burdens that prevent customers from switching to rival banks.

Practical Implications

The banking sector is one of the most institutionalized in the world due to its important economic role. Consequently, banks are highly regulated by governments regardless of where they operate. In this environment, offering regulated, homogeneous services does not provide a competitive advantage, and customers expect banks to deliver unique service quality to preserve the relationship. Banking is also a high-contact service sector, which increases the importance of managing customer-employee relationships to positively influence customer expectations (Bailey *et al.*, 2016; Du Preez and Bendixen, 2015; Narteh, 2012). The findings of the present study further emphasize that bank managers must encourage employees to improve responsiveness in order to increase customers' relational switching costs. It is essential for employees to show compassion by making sure customers understand the types of services they are receiving and the time required to complete the service. Detailed explanations are also important to reduce uncertainties and gain customer trust. These interpersonal skills must be prioritized as training objectives for frontline employees to improve their service responsiveness. Moreover, managers must redesign work procedures to improve employees' interactions with customers. Resources should be reallocated toward a relationship marketing approach that is attentive to customers' needs in order to earn customers' trust and thereby increase their switching costs. Furthermore, managers should develop targeted strategies for different customer segments on a priority basis to create exchange value for customers and banks. Different customer segments will react differently to employees' service responsiveness based on their expected value.

Although service quality is unquestionably important for banks' survival and success, the level of employees' service responsiveness will vary depending on the level of interaction between a specific customer segment and the bank. To understand the effect of employees' service responsiveness on relational switching costs, the proposed research model was evaluated across different moderating variables. The results indicate that the customer segments most influenced by the direct effect of employees' service responsiveness on relational switching costs are cherry-pickers and long-term customers. Pursuing the former segment can be risky because these customers are always looking for cherry-picking opportunities. Therefore, banks should invest in a long-term strategy to gain these customers' trust and in turn increase their relational switching costs.

Research Limitations and Future Directions

The current study has some limitations to be addressed in future research. One limitation is the reliance on a snowball sampling procedure with a convenience sample. This approach facilitates data collection but prevents generalization of the findings beyond the population of the investigated target group. In addition, although every student in Kuwait owns a bank account because of the monthly stipend received from the state, there is still the possibility that the students' responses were influenced by artifacts or demand characteristics, in which participants alter their behaviors and, in turn, the results. The student populations were in close contact with one another, which could increase the chances of spreading information about the study. Another limitation is the possibility of random responses or satisficing. Self-administered online studies are susceptible to random responses (Chandler and Paolacci, 2017; Clifford and Jerit, 2014), and the possibility of satisficing increases when extra class credit is offered to students. Future researchers should utilize a sample from the general population and a guided survey (branch intercepts) at bank locations to reduce these potential issues that may affect the research findings. Most importantly, the research findings suggested some overlapping effects of the moderating variables, as most cherry-pickers and high-income customer had long customer lifetimes. This issue warrants future scrutiny of the three-way interaction of cherry-picking, customer lifetime, and household income on the examined relationships, which requires a special research design.

Future research should also explore other factors to further understand the process of relational switching costs in other collectivist cultures. For example, some bank customers may appreciate relationship-building factors such as employees' service responsiveness to maintain a feeling of trust and security, while others may value utilitarian factors such as branch locations, ATM services, financial benefits, low-interest-rate loans and integrated services to save time, cost, and effort. Cross-cultural studies might be important to understand the differences in value-creating factors and their effects on switching costs.

Additionally, it would be theoretically and practically important to examine the present research framework in different service sectors to examine the robustness of the research findings. Employees' service responsiveness may be a relatively high priority in the banking sector because of the need for security and trust. Other sectors are also characterized by the maintenance of customer relationships to reduce doubts and ensure confidence in decision making. For example, the healthcare sector requires a great deal of trust between customers and caregivers. Customers need to feel secure when treated by physicians or medical staff to build a lasting relationship and patronize the hospital or clinic. The present findings may suggest that the service responsiveness of caregivers can exert direct and indirect effects on relational outputs through trust and emotional fulfillment. One may predict that customer segments in the healthcare sector would react to service responsiveness in the same manner as in retail banking, which awaits further research.

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Appendix - Survey Questionnaire

Banking account owner: Do you have a banking account in one of the local banks? Yes, No

Cherry-picking: Do you use multiple banks? Yes, No

Main bank: From the following banks list, which one of these banks you consider as your main bank? (NBK, ABK, CBK, Gulf, Burgan, Alahli United, KFH, KIB, Boubyan, Warba, Other)

Customer lifetime period: How long have you been with your main bank? (Less than a year, 1-3, 3-5, more than 5 years)

Expectation of service responsive:

The next section deals with your opinions of banking services. Please show the extent to which you think firms offering banking services should possess the features described by each statement. Do this by picking one of the five numbers next to each statement (1 = strongly disagree, 2 = disagree, 3 = neither disagree nor agree, 4 = agree, 5 = strongly agree).

Expectation1: They should not be expected to tell customers exactly when services will be performed.

Expectation2: It is not realistic for customers to expect prompt service from employees of these firms.

Expectation3: Their employees do not always have to be willing to help customers.

Expectation4: It is okay if they are too busy to respond to customer requests promptly.

Performance of service responsive:

The following set of statements relate to your feelings about the bank that you have selected to be your main bank. For each statement, please show the extent to which you believe your main bank has the feature described by the statement. Do this by picking one of the five numbers next to each statement (1 = strongly disagree, 2 = disagree, 3 = neither disagree nor agree, 4 = agree, 5 = strongly agree).

Performance1: My main bank does not tell customers exactly when services will be performed.

Performance2: I do not receive prompt service from employees of my main bank.

Performance3: Employees of my main bank are not always willing to help customers.

Performance4: Employees of my main bank are too busy to respond to customer requests promptly.

Customer trust:

Please show the extent to which you believe your main bank has the feature described by the statement. Do this by picking one of the five numbers next to each statement (1 = strongly disagree, 2 = disagree, 3 = neither disagree nor agree, 4 = agree, 5 = strongly agree).

Trust1: My main bank can be relied on to keep its promises.

Trust2: My main bank puts the customer's interest first.

Trust3: My main bank usually keeps the promises that it makes to me.

Trust4: I can count on the my main bank to provide a good service.

Customers' switching costs:

The following set of statements relates to your feelings about your main bank. Please show the extent to which you feel each statement describes your feeling. Do this by picking one of the five numbers next to each statement (1 = strongly disagree, 2 = disagree, 3 = neither disagree nor agree, 4 = agree, 5 = strongly agree).

Switch1: Changing from my main bank would be a bother

Switch2: For me, the cost in time, effort, and grief to switch from my main bank is high.

Switch3: It's just not worth the hassle for me to switch from my main bank.

Gender: Male, Female

Age: Less than 18, 18-25, 26-35, 36-45, 46-45, 46-55, more than 55 years

Nationality: Local citizen, Non-citizen

Social status: Married, Single, divorced/widowed

Education: High school graduate/the equivalent, diploma/vocational training, bachelor's degree, master's/doctorate degrees

Household Income range: K.D. 200 or less, 201-700, 701-1,500, 1,501-2,000, 2,001-2,500, more than K.D. 2,501

الملخص

استجابة الموظفين للخدمة المقدمة وثقة العملاء بوصفهما محددين مؤثرين على تكلفة تحويل العلاقة لعملاء البنوك في الكويت

عبدالله جواد سلطان
جامعة الكويت

هدف الدراسة: تهدف الدراسة إلى تطوير نموذج بحثي لمدى تأثير استجابة الموظفين للخدمة المقدمة على تكلفة تحويل العلاقة لعملاء البنوك الكويتية والتحقق من بعض المتغيرات المعدلة (انتقائية العميل، وفترة حياة العميل، ودخل الأسرة) والوسيطة (ثقة العملاء).

تصميم/منهجية/طريقة الدراسة: جمعت بيانات الدراسة عن طريق استبانة ذاتية عبر الإنترنت واستخدامها في تحليل البيانات، ثم تم التحقق من صحة نموذج البحث المقترح باستخدام نمذجة معادلة هيكلية ثنائية المراحل (SEM) في برنامج AMOS الإحصائي. تم الاستعانة أيضاً بتحليل المسار (Path Analysis) لاختبار مدى تأثير المتغير الوسيط على العلاقة المقترحة في الدراسة ومقارنتها عبر مستويات مختلفة للمتغيرات المعدلة (انتقائية العميل، وفترة حياة العميل، ودخل الأسرة).

عينة الدراسة و بياناتها: تكونت الدراسة من عينة ملائمة قوامها 986 فرداً من العملاء الأفراد في البنوك الكويتية.

نتائج الدراسة: أكد تحليل المسار للعينة أن التأثير المباشر لاستجابة الموظفين للخدمة على تكلفة تحويل العلاقة للعملاء ليس له دلالة إحصائية، بينما وجد تأثير غير مباشر لثقة العملاء بوصفهم وسطاء. الأمر الأكثر إثارة للاهتمام هو أن العملاء الانتقائيين ذوي فترة حياة عميل طويلة لهم تأثير مباشر ذو دلالة إحصائية. من ناحية ثانية، وجد الباحث أن العلاقة غير المباشرة بين استجابة الموظفين وتكلفة تحويل العلاقة للعملاء تتأثر باختلاف فترة حياة العميل بوصفها متغيراً معدلاً، بينما هي لا تتأثر بالمتغيرات المعدلة الأخرى (انتقائية العميل، ودخل الأسرة).

أصالة الدراسة: على حد علم الباحث، تناولت قليل من الأبحاث تأثير استجابة خدمة الموظفين على العوامل الارتباطية مثل الثقة وتكلفة تحويل عملاء البنوك، وخاصة في مجتمع جماعي؛ مثل الكويت، وجد الباحث أن استجابة الموظفين للخدمة المقدمة لها تأثير مهم على تجربة العملاء في الكويت بسبب أهمية الرابط الاجتماعي في تكوين العلاقة بين العملاء والبنوك.

حدود الدراسة و تطبيقاتها: على الرغم من أهمية جودة الخدمة في بقاء البنوك ونجاحها فقد يختلف مستوى التفاعل بين العملاء والبنوك بحسب مستوى استجابة الموظفين للخدمات المقدمة التي لها أثر على تكلفة تحويل العلاقة للعملاء، بحسب مستوى انتقائية العميل وفترة حياته. علاوة على ذلك، يدعو الباحث إلى أهمية بناء علاقة مع العملاء؛ بحيث تكون مبنية على ثقة العميل من خلال الاستثمار في استجابة الموظفين للخدمات المقدمة للحفاظ على العملاء لفترة طويلة.

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