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**CORPORATE IMAGE ON PURCHASE INTENTION,
MEDIATED BY TRUST AND COMMITMENT ON THE LOSS
INSURANCE INDUSTRY IN INDONESIA**

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Abstract:

Focusing on the customer's attitude towards the products/ services provided by the business is under significant research in today's world. However, the focus on the service industry like insurance is increasing with the passage of time. The objective of the present study is to examine the mediating role of trust and commitment towards the purchase intention of insurance industry consumers while considering the corporate image as a major explanatory variable. For this purpose, data is collected from the 313 respondents, linked to the insurance industry in the region of Indonesia. A structural model is developed, indicating the association between the corporate image, trust, commitment and purchase intention. The findings of the study through direct and indirect association in AMOS-21 explains that there exists a significant and positive association between the corporate image to purchase intention through mediating effect of trust and commitment in the insurance industry of Indonesia. To generalize the findings of the study, the developed model can be empirically studied in various other industries in the same region. Future studies can test the interaction effect while taking the loyalty as an additional factor. Meanwhile, the proposed model can be examined through cross-sectional analysis as well. For the practical implication, business firms should take both the attitude and loyalty to create the more trust and purchase intention in the mindset of the consumers. The originality of the study can be viewed from the mediating effect of trust and commitment for the corporate image and purchase intention in Indonesian insurance industry.

Key Words: corporate image, trust, perceived commitment, purchase intention, Indonesia.

Introduction and Background

In the region of Indonesia, the insurance industry has been flourished over the years however, the need for the creation of awareness regarding the purchase of insurance policy is under consideration. People are not very much willing to get the insurance like the trends in the other countries. As per the findings of world insurance outlook, it is found that Indonesia has the 37th rank out of 44 for the life insurance and for the general insurance it is taking the position of 44th out of 88 in the insurance industry. In addition, this industry in Indonesia has taken the ranks of 74th in the life and 78th in the general as well. The level of average growth of insurance industry over the last five years is assumed to be 21.4 % and this growth rate is contributed from the good contribution of increasing life insurance which is followed by the contribution from the national social security insurance for the workforce which covers almost 12.4 %. The third-ranking in the overall insurance industry belongs to the government official and related army and policemen covering 10.6% of the overall industry. However, in the recent year 2017, the market segmentation for the insurance industry in Indonesia belongs to the highest share held by the property with 27.8 % and by the motor vehicles covering 27.8%. the share of health insurance has covered only 8.1% in the overall industry at the time. Figure 1 explains the overview of the market segmentation of the insurance industry in 2017.

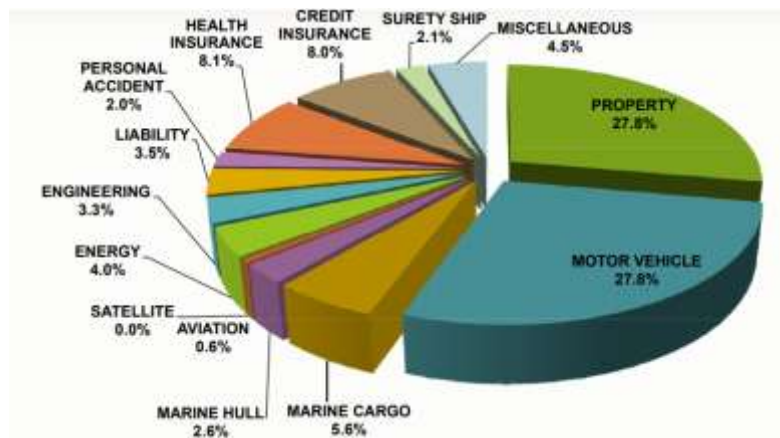
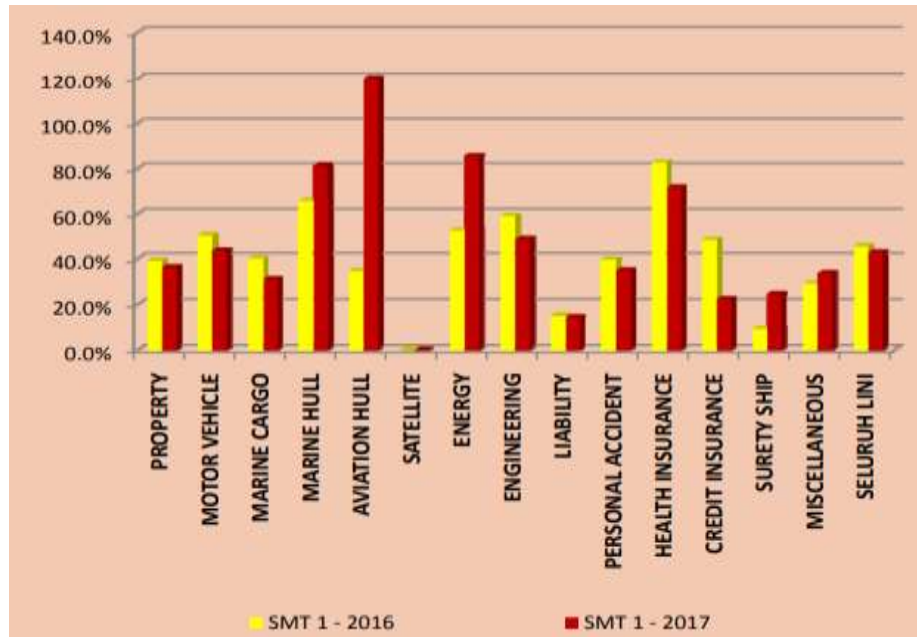


Figure 1: Market Segmentation of Insurance Industry
Source: Indonesia General Insurance Market Update, (2017)

While regarding the loss ratio over past two years, the value of loss increased from 34.6% to 120.1% for the aviation hull which is followed by the energy with the ratio of 52.3% and 85.6 over 2016 to 2017 respectively. In addition, the loss ratio for the marine hull ranges from 65.6 % to 81.3 % over 2016-17. Meanwhile, the value of loss insurance for the health insurance was 82.5 % in 2016 which was 71.5% in 2017, showing a decline of 11% approximately. Figure 2 explains the overall trend of loss ratios in various industries of insurance from 2016 to 2017.



Loss Ratios of Insurance Industries 2016-2017

Source: Indonesia General Insurance Market Update, (2017)

Literature Review

In case of the service sector like insurance, the factor of the corporate image plays a significant role which can affect the purchase intention, evaluation of the satisfaction of the customers and perception about the quality as well. In the earlier time, various authors like (Nguyen & Leblanc, 2001; Wallin Andreassen & Lindestad, 1998). Keller (1993), express the idea of corporate image as the perception of the company which is being held in the mindset of the consumer over the time. As per the findings of (Wallin Andreassen & Lindestad, 1998), it is expressed that corporate image is linked with the name of the business, products/service variety offered by the business, traditions and norms held by the business, impression about the quality of the products/services and finally the interaction of company with its customers. A well-organized corporate image can develop a good image in the mindset of the customers with the increasing probability for the choice of brand by the customers, more loyalty of the customers with the decline in the vulnerability in the competitive marketplace over time. Various studies have examined the association between the corporate image, customer loyalty towards the products and services and finally the purchase intention (Pomeroy & Johnson, 2009; Wallin Andreassen & Lindestad, 1998). In addition, the factor of the corporate image helps the customers of the business to get better and significant understanding regarding the products and services which are linked to specific business groups. This factor leads to the mitigation of uncertainty while going for any type of purchasing decision as well (Robertson & Gatignon, 1986). As an end result, developing sustainable corporate image can lead to the greater consumer trust in the business and purchase intention as well (Lee, Ariff, Shoki, Zakuan, & Sulaiman, 2016; Sirgy, 2015), it is found that the factor of corporate image covers four features which are under the title of screening, subjectivity, elaboration and finally the changeability. Huang, Yen, Liu, and Huang (2014) have suggested the fact that factors like subjective attitude, feelings and impression on the

business firm or its activities relate to the consumers. He also explains that corporate image has the factors like the institutional image, functional image and finally the commodity image. The factor of institutional image covers the concept of the general attitude of consumers towards the company while dealing with the commodities and services. While the idea of a functional image refers to the attitude formed which is linked to the functional activities performed by those business firms who are dealing with the profit generation activities. However, the title of commodity image covers the attitude towards the commodities offered by the business in a specific time. Various studies like the one of Lin and has Lin and Tseng (2008) examined the influence of brand strategy and corporate image on the purchase intention with the adoption of questionnaire-based technique. Seven-point Likert scale has been adopted and it found that the factors like corporate image and strategy are playing their role in explaining the purchase intention of the customers.

The idea of purchase intention of the customers has been explored in various studies. For instance, (Chang & Wildt, 1994) has explained the point that purchase intention is referred to the certain exchange of behaviour after the evaluation of the product/service by the customer. It is also known as the perceptual outcome which is examined after the evaluation of the products/services while considering various external factors which can affect the customer decisions. In the study of (Dodds, Monroe, & Grewal, 1991), it is expressed that purchase intention reflects the concept of the intention being involved which is linked to the subjectivity of the behaviour and it is related to what a customer is going to buy in coming future. Researchers like Engel et al. (2001) explains that purchase intention is among the significant factors. as per the findings of Shao et al. (2004, purchase intention covers the attempt to buy a specific product or to visit a retail store for buying a product as well. Based on the existing literature, the idea of purchase intention covers the following points:

- It is referred to the possibility of the customer to be willing to purchase something in coming time
- It explains that a specific person wants to buy something in the future
- It reveals the key process of the decision involves buying a product of a company by a customer as well.

Authors like (Dodds et al., 1991) explained that purchase intention is the possibility linked to the customer regarding the purchase of a product/service. The key factors involved the purchase decision covers the consideration to buy something, the recommendation to some friend, and finally, the key chance to buy something in coming time. In another study of (Grazioli & Jarvenpaa, 2000), it is suggested that trust factors can have its direct or indirect link to purchase intention of the customer under the situation of e-commerce in the world economy. (Koufaris & Hampton-Sosa, 2004) studied the empirical outcome between the customer trust with the purchase intention through a webpage interface. However, the key findings predict that customer trust can also manipulate the purchase intention in the related industries.

The idea of consumer trust is under consideration in the field of marketing and management from the last couple of decades. Explains the concept of trust as the level of integrity, competence and the fairness between two parties over a specific time. While the concept of integrity refers to the fulfilling of what is being promised earlier and fairness covers the delivery of something in an objective way. Finally, the idea of competence is the ability of the company

or the business firm to give what is best and meeting the consumer demand and needs in the marketplace. To develop a trust for the business firm is the key to success which can create long-term association with the customers and ultimately provide significant benefits as well. Magrath and McCormick (2013) state that trust factor is the confidence being developed among the business parties and the customers when the parties show their competency with the integrity of the relationship. In the research works presented by earlier authors, it is found that trust will come when the beliefs towards the competence and integrity shown a good association. Research work in the last decade (Helmi, 2014) narrates that trust will grow between the parties because of the lowering the uncertain situation between the parties over time.

The idea of commitment has been under observation in the present literature. The study suggests two concepts for the commitment. The first one is under the title of effective while the second is calculative (Gustafsson, Johnson, & Roos, 2005; Pritchard, Havitz, & Howard, 1999). The idea of affective commitment is the extent to which the customer of a specific company is willing and likely to keep the relationship with the business based on the provision of services. While the concept of calculative commitment is linked to the extent to which an association is kept by the customer due to switching cost. The idea of calculative commitment creates a constraint-based force which can bind the consumer to the specific business or service provider (Evanschitzky, Iyer, Plassmann, Niessing, & Meffert, 2006).

Some earlier studied have studied the association between the commitment and future purchase decision by the customers. For instance, the study of (Evanschitzky & Wunderlich, 2006) shows that there is a strong significant association between the effective level of commitment and purchase intention over time.

Research method and sample of the study

To examine the impact of trust and commitment as key mediators, between the corporate image and purchase intentions in the loss insurance industry of Indonesia, this study has a targeted population of all the individuals linked with the insurance industry. The sampling unit of the study is selected while contacting the various insurance companies and from their customers. Overall sample of 313 respondents has been finalized for the study with which questionnaire is distributed and finally collected from the selected respondents. For the analysis of the model, SPSS_AMOS 21 version is applied based on the various tools and techniques. Details of the findings are presented in the next section.

Results and discussions

Table 1 explains the demographic outcomes for the key respondents, which indicates that out of 313, 199 are the male while 114 are the females, covering 63.6 and 36.3 % of the overall respondents in the study. The age ranges of the respondents are from 18-25 having 49 individuals, 26.35 having 163 respondents an, 36-50 are 77 respondents and finally above 50, only 24 respondents are covered in the study. In terms of education, respondents are in the range of intermediate, graduation, masters and finally some other degrees. For the master levels, 232 respondents have been recorded with the valid % of 74.1. While for the intermediate only 4 and for the graduation level 51 respondents have been under consideration. While for the other degrees only 26 respondents have been targeted.

Table 1: Demographic Details

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	199	63.6	63.6	63.6
	Female	114	36.4	36.4	100.0
	Total	313	100.0	100.0	
Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	49	15.7	15.7	15.7
	26-35	163	52.1	52.1	67.7
	36-50	77	24.6	24.6	92.3
	Above 50	24	7.7	7.7	100.0
	Total	313	100.0	100.0	
Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Intermediate	4	1.3	1.3	1.3
	Graduation	51	16.3	16.3	17.6
	Masters	232	74.1	74.1	91.7
	Other level (Diplomas)	26	8.3	8.3	100.0
	Total	313	100.0	100.0	

Table 2 explains the overall trend for the descriptive outcomes of the study. overall 313 respondents have been selected, which are linked with the loss insurance industry in the region of Indonesia. For the corporate image (CM), five items have been selected from the existing literature ranging from CM1 to CM5. The mean value for all these CM items is above 3 indicating that all the respondents have their above neutral opinion regarding the corporate image in their mind. For the trust, the first mediator of the study, the items like TR1 to TR5 have been added to the questionnaire. The maximum mean value for the stated item is 4.25 which belongs to TR2. To measure the perceived commitment for the customer as a 2nd mediator, have 4 items ranging from PC1 to PC4 with the maximum mean value of 4.21, belongs to PC3. For the purchase intentions PI, factors from PI1-PI5 have been added for the descriptive analysis of the study. The mean outcome for the PI4 is recorded 4.13, which seems to be a good indication from the key respondents in the loss insurance industry of Indonesian region.

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CM1	313	1	5	3.84	.875
CM2	313	1	5	4.07	.958
CM3	313	1	5	4.06	.900
CM4	313	1	5	3.76	.989
CM5	313	2	5	4.11	.838
TR1	313	2	5	4.04	.759
TR2	313	2	5	4.25	.791
TR3	313	1	5	4.23	.776
TR4	313	1	5	3.98	.954
TR5	313	1	5	4.00	.805
PC1	313	1	5	4.06	.836
PC2	313	1	5	4.06	.802
PC3	313	2	5	4.21	.806
PC4	313	1	5	4.03	.845
PI1	313	1	5	3.97	.845
PI2	313	1	5	4.12	.885
PI3	313	1	5	4.03	.818
PI4	313	1	5	4.13	.814
PI5	313	1	5	4.03	.816
Valid N (listwise)	313				

After the descriptive outcomes, table 3 explains the outcome for the reliability of the key items included in the questionnaire to get the valid responses from the respondents. For corporate image five items have been selected as described in the descriptive outcomes, have the CB alpha value of .819 indicates that all the items for the corporate image are good for the further consideration of structural analysis of the study. For the main dependent variable of the study; the purchase intention of the consumer, the value of CB for the 5 items stated in descriptive statistics is .700 which is acceptable. The value of CB for the consumer trust which is known as the first mediator in the model has five items and have the value of CB alpha of .820. The 2nd mediator in the model is perceived trust, having the stated items with the CB value of .823. It indicates that all the variables of the model have the reliable score for the further development of a structural model of the analysis.

Table 3: Reliability Statistics

Cronbach's Alpha	N of Items
.819	5
Cronbach's Alpha	N of Items
.700	5
Cronbach's Alpha	N of Items
.820	5
Cronbach's Alpha	N of Items
.823	5

After the descriptive outcomes and demographic analysis, the next step is to develop the structural model based on the mediation effect of customer trust and commitment for the relationship between corporate image and purchase intention. All the stated variables have been measured through a questionnaire with various items identified from the existing literature. Figure 3 explains the structural relationship between the stated variables of the study. Direct association between the corporate image is depicted through direct arrow between the both, while the indirect association is measured through the path between the MeanCIMG to MeanTRASTM1 and to MEANCOMITM2 to MEANPINT. Due to endogenous in nature, the error term is added on the trust, commitment and purchase intention in the model.

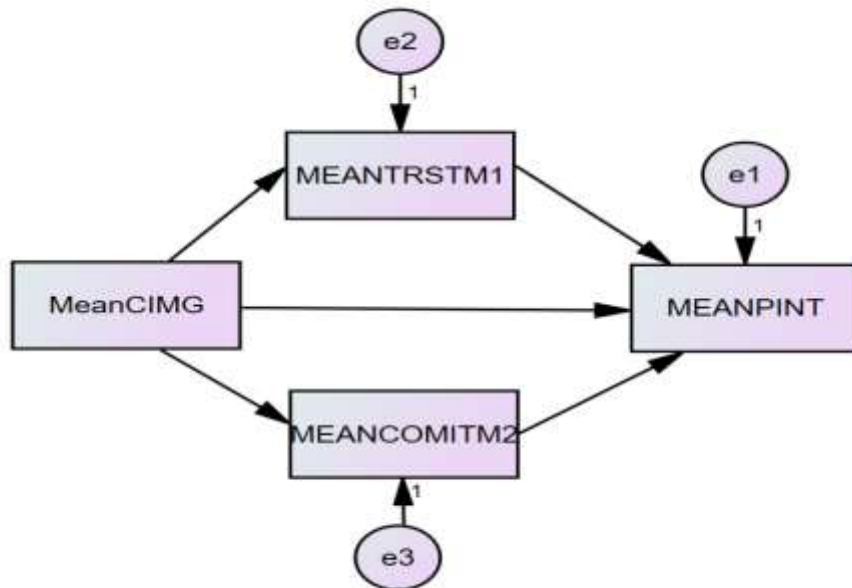


Table 4 explains the values of standardized regression estimates based on the model developed earlier. The mean impact of CIMG on MEANPINT indicates the direct impact or direct association between the both. It is found that the standard value of estimate is .183, which indicates a positive direct impact on purchase intention of the consumers. This impact is found to be significant with the critical ratio of 6.13, indicating the standard error of regression estimate above zero. The indirect impact is measured in two ways. The first one is measured through the direction of MeanCIMG to MEANTRSTM1 with the regression estimate of .245 which is significant and positive. The critical ratio for the said coefficient is 10.414 which explains the error above zero in the estimate. After the indirect path between the corporate image and perceived trust, the next step is to examine the path for the association between the MEANTRSTM1 to MEANPINT. This indirect path is seeming to be positive and significant p-value, indicating significant evidence to accept that the indirect path for the sated indicator is positive and significant for the acceptance of the alternative hypothesis. The indirect path between the MeanCIMG to MEANCOMITM2 is significant with the regression estimate of .285. It indicates that the partial mediation between the corporate image to perceived commitment is significant and positive. The path from MEANCOMITM2 to MEANPINT indicates a positive and significant association between the both. The value of coefficient explains a positive impact of commitment to purchase intention of the customers in the loss insurance industry of Indonesia. As per the findings of Barren and kaney to get the idea of complete mediation, the path between the explanatory variable to mediator and mediator to dependent variable should be significant. As per the above stated the path from corporate image to trust and from the trust to purchase intention of insurance customer is positive and significant, based on the findings in table 2. The same findings are found for the 2nd mediator which is a commitment of the customers. The path through the corporate image to perceived commitment and from a perceived commitment to purchase intention is also significant and positive. The above table findings are explaining the idea that there exists a complete medication between the corporate image and purchase intention through customer trust and perceived commitment of the customers.

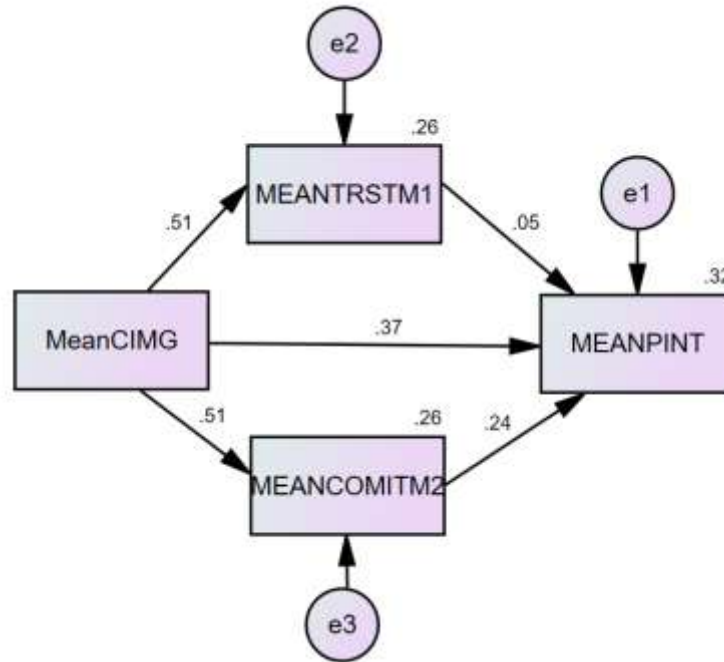


Table 4: Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
MEANTRSTM1	<---	MeanCIMG	.245	.024	10.414	***	
MEANCOMITM2	<---	MeanCIMG	.284	.027	10.534	***	
MEANPINT	<---	MeanCIMG	.183	.030	6.138	***	
MEANPINT	<---	MEANTRSTM1	.048	.055	.880	.037**	
MEANPINT	<---	MEANCOMITM2	.215	.048	4.480	***	

Conclusion and Recommendations:

In the present business environment, the focus of the business firm is to enhance the performance through various tools and applied techniques while competing with their competitor's in the marketplace. Customers are very much conscious towards the purchase of a specific product/services linked to a business either working in the local or international market. To increase the purchase intention of the customer's companies are coming with latest methods regarding the hunting of their key consumers. For this purpose, the role of the corporate image cannot be ignored as it is a key to success for almost all types of business organizations in the global economy. In addition, the factors like customer's trust and perceived commitment towards the products are also playing their significant role to increase the purchase intention. The focus of point in the present study is to consider the role of the corporate image through mediating effect of trust and commitment on the purchase intention of customers of loss insurance industry in the region of Indonesia. For this purpose, various respondents have been targeted which are linked to the insurance industry and are their regular customers. To conduct the analysis, the first step is to focus on the demographic details of the respondents which are indicate that majority of

the respondents are very well educated and have completed their master's degree. To analyze the impact of two mediators on the relationship between corporate image and purchase intention, both direct and indirect effects have been examined through AMOS-21. It is found that the mediator role of both the trust and perceived commitment towards the consumer purchase intention is positive and significant through the corporate image. Such empirical outcomes are very much significant for both the industry analysts and researchers in their upcoming studies. The idea of the corporate image is found to be very much significant regarding the loyalty of the consumers, but the addition role of trust and commitment as key mediators are opening another discussion in the present literature. Since, the business-like loss insurance is under significant competition and all those companies who are providing the similar services are competitors to each other. So, under this situation is very much harder for the customer to detect which services are better over the long run. In this regard, the role of corporate image, trust and commitment are making the decision-making process easier for them to choose the best company of their own choice based on these factors are their direct and indirect effect.

In addition, this study has opened the ways towards the potential of including the behavioural outcomes towards the customer's purchase intention in the insurance business. Those who are providing insurance services can study these behavioural factors to measure and defined the segmented outcomes for the better business in coming future. However, the present study has some of the key limitations which can be under consideration in the coming future. At first, this study does not focus on those factors which are influencing the factors of loyalty of the customers like the quality of the services, length of the association between the company and the customers, and other indicators. At second, this study has targeted a limited number of audiences in the insurance industry while ignoring the cross-sectional analysis which can provide better and significant outcomes for the further generalization of the results. There, in the coming future, the same study can be incorporated while focusing the presented limitations and defined factors which have their valid contribution towards the customer's loyalty.

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