

“The impact of locus-of-control and emotional intelligence on policyholder’s loyalty following service failures”

AUTHORS	Mohammad-Saleh Torkestani Hamed Dehqanan Elham Jamshidi Borujerdi
ARTICLE INFO	Mohammad-Saleh Torkestani, Hamed Dehqanan and Elham Jamshidi Borujerdi (2015). The impact of locus-of-control and emotional intelligence on policyholder’s loyalty following service failures. <i>Insurance Markets and Companies</i> , 6(1), 22-29
RELEASED ON	Thursday, 30 July 2015
JOURNAL	"Insurance Markets and Companies"
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”



NUMBER OF REFERENCES

0



NUMBER OF FIGURES

0



NUMBER OF TABLES

0

© The author(s) 2021. This publication is an open access article.

Mohammad-Saleh Torkestani (Iran), Hamed Dehqanan (Iran), Elham Jamshidi Borujerdi (Iran)

The impact of locus-of-control and emotional intelligence on policyholder's loyalty following service failures

Abstract

The basis of the present study is the fact that a group of customers has potential intention to switch their consumption pattern and the attempt at keeping them involved non-refundable expenses for companies, especially in cases such as car insurances in insurance companies in which loss rates are high and service failures are to be expected. The model examined in this study measures the impact of locus-of-control orientation and emotional intelligence, on the customer's intention to loyalty after experiencing service failure. This study has been done in Iran and the statistical population of this study consists in the customers of car insurances of one of Tehran's insurance companies that had claimed for losses on their insurances. The researchers went to those centers of the company that were in charge of paying insurance, distributed some questionnaires, and finally collected 196 of the questionnaires. The results obtained from the statistical data analysis demonstrated those customers with external locus-of-control orientation and high emotional intelligence are more willing to be loyal to the insurance company, in comparison with those customers who have internal locus-of-control orientation. Furthermore, service failures can influence the relation between the psychological traits and the customers' intention to loyalty. This article has been extracted from a thesis which has been done with supports of Insurance Research center in Iran.

Keywords: insurance, locus-of-control orientation, emotional intelligence, loyalty.

Introduction

Nowadays insurance industry is considered as one of the most important industries in any economic system and also as a suitable institution for investment which can play a major role in the process of economic growth, as insurance industry reduces uncertainty, gives rise to job security, ensures continuity of future income, enhances the level of people's welfare, preserves national wealth, expands investments, and brings about reliability (Amirkhani & Motaqi-Sabet, 1389, solar calendar).

Car insurances are of great importance to insurance companies and increase the liquidity of these companies and therefore, insurance companies must necessarily seek to keep the customers of these insurance policies. However, since car insurances have peculiar features (being numerous, being expensive, the obligation of third party insurance, the high loss rates, etc.), inevitably situations may arise in which, customers feel unsatisfied with the services provided. Such service failures may cause customers to tend to switch to another insurance company and give rise to negative oral propagation against the company and also the company's losing its status among competing companies.

As loyalty and lack of loyalty are among behavioral characteristics and human behavior has its roots in

psychological and situational factors, marketers and sellers should develop a greater awareness of their customers' personality so as to use the most efficient techniques for selling goods and services to them. By developing an awareness of some of the psychological traits of their customers, marketers and sellers can find out whether expending money to keep a certain customer is a worth investment or not. In this way, no expense will be spared and the company will achieve a higher status among competing companies.

The primary purpose of the present study is to evaluate the impact of the policyholder's psychological traits on their loyalty. The secondary purposes of this study include examining the impact of the customers' internal and external locus-of-control orientation and emotional intelligence on their willingness loyalty, and also examining the effect of service failures in this regard as the moderator variable.

1. The theoretical foundations of the study

1.1. Customer's intention to loyalty. Dick and Basu (1994) developed a model for loyalty in which, both of the behavioral and attitudinal approaches take nearly the same line. Based on their matrix, four situations can be defined in relation to loyalty:

1. "Loyalty": Loyalty is a situation in which, a consumer relies heavily on a supplier, and the purchase rate is high.
2. "Latent loyalty": Latent loyalty is a situation in which, a consumer may rely heavily on a brand, but this reliance may not be accompanied by a high purchase rate, or even there may not be any purchase at all.

© Mohammad-Saleh Torkestani, Hamed Dehqanan, Elham Jamshidi Borujerdi, 2015.

Mohammad Saleh Torkestani, Ph.D., Assistant Professor of Business Management, Faculty of Management and Accounting, Allameh Tabataba'i University, Iran.

Hamed Dehqanan, Ph.D., Assistant Professor of Business Management, Faculty of Management and Accounting, Allameh Tabataba'i University, Iran.

Elham Jamshidi Borujerdi, Master of Business Management Student, Faculty of Management and Accounting, Allameh Tabataba'i University, Iran.

3. “Non-loyalty”: Non-loyalty is a situation in which, a consumer does not have a positive attitude towards a supplier, and the purchase rate is low.
4. “Spurious loyalty”: Spurious loyalty is a situation in which a consumer does not have a positive attitude towards a supplier, but he/she has to purchase the product for various reasons.

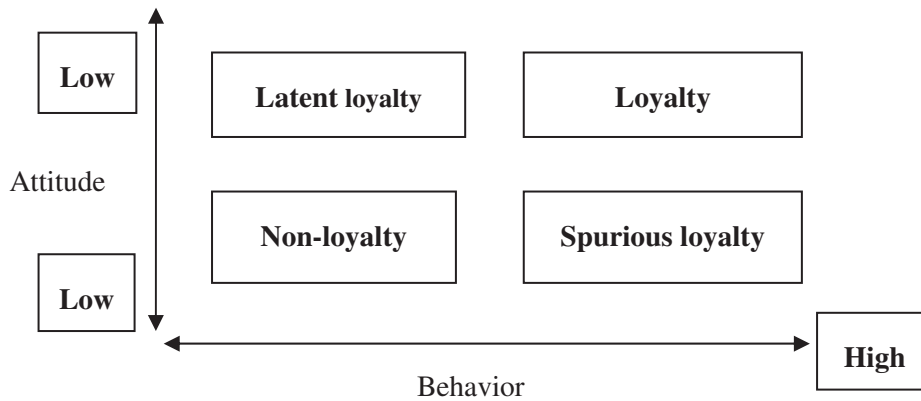


Fig. 1. The four situations of loyalty

In the present study, the customers’ willingness to loyalty is situated along the attitudinal dimension.

1.2. Locus-of-control orientation. According to Rotter (1966), people have either internal or external locus-of-control orientation; that is, people conceive their lives as being in or out of their control. Those who are external locus-of-control oriented conceive their lives as being out of their control and believe that whatever happens to them is the result of external factors such as luck, fate, other people, and the like. In other words, they have no active role in their own lives and believe that they’re totally powerless against external factors. But those with internal locus-of-control orientation conceive their lives as being in their control and accept responsibility for their failures. In other words, the self-concept of those with internal locus-of-control orientation is such that they attribute any good or bad incidence to themselves. Gomes (1998) believes that those who are internal locus-of-control oriented examine their own actions, qualities and characteristics in order to explain their achievements. They almost always attribute the consequence of each incidence to their own action or inaction.

1.3. Emotional intelligence. According to Goleman (1998, cited in Kierstead, 1999), “emotional intelligence refers to one’s ability to understand one’s own and others’ emotions in order to stimulate oneself and manage one’s emotions and one’s relations with others.”

Goleman (ibid) analyzes emotional intelligence in two areas:

1. “Personal competence”: How to manage ourselves.
2. “Social competence”: How to manage our relations with others.

Each of these two extensive areas consists of a number of components which can be seen in Table 1.

Table 1. Components of emotional intelligence from Goleman’s perspective (ibid)

Personal competence	Social competence
Self-consciousness	Sympathy
Self-organization (self-control)	Social skill
Stimulation (self-stimulation)	

“Self-consciousness” refers to introspection, concentrating on personal experience, or mindfulness.

“Self-organization” or “self-control” refers to the ability to resist emotional storms that fate causes, instead of being passion’s slave. Self-control has been known as a proper quality since the time of Socrates.

In regard to “stimulation” it should be pointed out that this quality is the one which all influential leaders possess. They are apt to achieve successes beyond (their own or others’) expectations. Here the key phrase is ‘to achieve successes’. One of the characteristics of the leaders with a high level of stimulation is their affection for automatic working.

“Sympathy” which is founded on self-consciousness refers to the ability to understand others’ emotions and plays a major role on various occasions in life, including selling, managing, falling in love, showing parental love, taking pity, and engaging in political activities.

“Social skill” refers mainly to goal-oriented friendly relations; that is, motivating others to act in a certain way, whether it entails agreeing on a new marketing strategy or producing a new product. Those who possess social skill usually have a large circle of friends and are talented in regard to finding commonalities, coming to terms, and creating close relations with others.

1.4. Service failures. Service failures are the mistakes made during the process of providing services causing customer dissatisfaction (Samadi et al., 1387, solar calendar). Service failures occur when a certain provider of services fails to provide services conforming to the customers' expectations. This means that in many cases, although the customers experience service failures, they are all in all satisfied with the services because the provider of services succeeds in meeting the customers' expectations.

Many studies have been conducted on the subject of service failures. Some of these studies show that the customers' cooperation in providing services affects the way they attribute responsibility for service failures to a certain side. For instance, Hastorf et al. (1970) assert that people are apt to change their understanding of the causes of issues in order to enhance their self-confidence and thus, if they experience a failure in the services in providing of which they cooperated, they are apt to attribute the failure to the provider.

By comparison with the above perspective, the primary hypothesis of some studies has been as follows: Those customers with a high level of cooperation in providing the services attribute failures to themselves rather than the provider of services (Silpakit & Fisk, 1985). Apparently the logic to this claim is based on the idea that if the customers ac-

tively cooperate in providing the services, they should accept at least part of the responsibility and admit that the service failures may probably be the result of their incapacity to efficaciously play their roles in providing the services (Zeithaml, 1981).

Some other studies have investigated the relationship between the customers' expectations and their attributing service failures. For instance, Yen et al. (2004) hypothesized and showed that in comparison with those customers who have fewer expectations in regard to the performance of providers of services, the customers with more expectations are less likely to attribute service failures to the company and its personnel. Selective perception is a mechanism using which, people interpret new information in such a way as to preserve their previous attitudes.

2. Research model and hypotheses

In order to choose an appropriate research model, the researchers first examined the previous studies conducted on the subject of the customers' loyalty in the insurance industry. Finally, because the researchers intention to investigate the impact of psychological traits on the customers' intention to loyalty and help in determining those customers who are essentially loyal and keeping them is more worth spending the company's resources, the following research model was chosen:

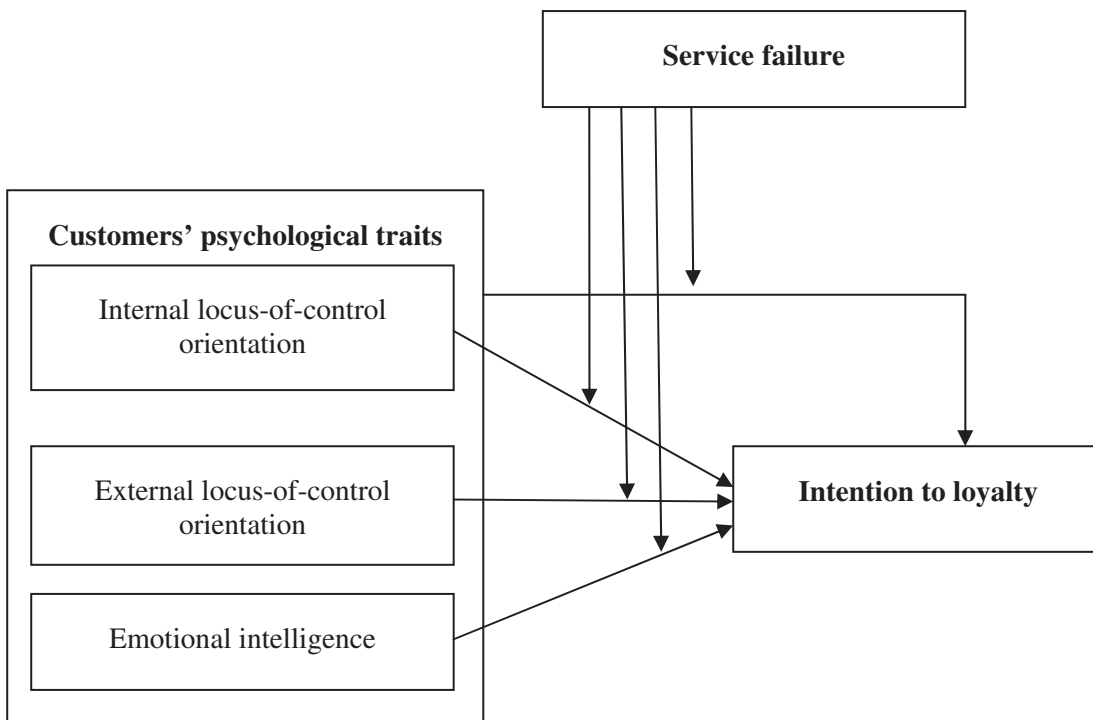


Fig. 2. The theoretical model, taken from Lin, 2010.

Here, service failure is the moderator variable; internal locus-of-control orientation, external locus-of-control orientation, and emotional intelligence are the independent variables; intention to loyalty is the dependent variable. Therefore, the research hypotheses were as follows:

The primary hypothesis:

1. There is a correlation between the policyholder's psychological traits and his/her intention to loyalty.

The secondary hypotheses:

1. There is a negative correlation between the policyholder's 'internal locus-of-control orientation' and his/her intention to loyalty.
2. There is a positive correlation between the policyholder's 'external locus-of-control orientation' and his/her intention to loyalty.
3. There is a positive correlation between the policyholder's 'emotional intelligence' and his/her intention to loyalty.
4. Service failures moderate the correlation between the insured's psychological traits and his/her intention to loyalty.

3. Research methodology and statistical population

The present study can be considered an applied study in regard to its purpose, and a descriptive correlational study in regard to its data collection procedures. Questionnaires were used to collect the primary data. In order to be assured of the validity of the questionnaire, the researchers first used standard questioner and then gave it to a number of university

professors and experts, and finally revised it after receiving their feedback. The reliability of the questionnaire was approved using Cronbach's alpha (Cronbach, 1951), the results of which can be seen in the next section.

The statistical population of this study was the customers of car insurances (third party and automobile body insurance) of one of Tehran's insurance companies that had gone to one of the five branches of the company responsible for paying losses. The samples were selected by judgment in each of these branches. 240 questionnaires were equally distributed among these branches (except one of the branches which refused to cooperate in this study). Finally, 196 completed questionnaires were returned and were statistically analyzed. The data collected of "intention to loyalty" and "internal locus of control" indicators using Likert scale were counterentered in the software, because the first indicators in the questionnaire examined intention to disloyalty and the second indicators had inverse correlation with intention to loyalty.

4. Data analysis

In order to obtain generalizable results from a sample, the researcher should make sure that the sample is selected randomly. The following table shows the results of randomness test for the questionnaire's data in relation to the data mean obtained using the SPSS software. According to this table, the level of significance for all dimensions is above 0.05 and thus, with 95% certainty the data can be claimed to be random.

Table 2. Randomness test for the data

	Service failures	Emotional intelligence	Internal locus-of-control orientation	External locus-of-control orientation	intention to loyalty
Z	-1.208	0.552	0.697	-0.024	0.138
Level of significance	0.226	0.601	0.486	0.981	0.890

The Structural Equation Modeling (SEM) and to be more specific, the Partial Least Squares (PLS) method, and the Smart PLS software were used for the purpose of analyzing the data. The two-phase process, proposed by Hanafizadeh and Zare'-Ravasan (1391, solar calendar), was also used during data analysis. In the first phase, the measurement model for the relations between the variables and the indices was identified using the PLS method. In the second phase, the structural model of the relations among the dimensions of the model was examined using the PLS method.

In order to evaluate the measurement model, the following indices were taken into account:

1. All the values for factor loading must be significant and above 0.6 (Hinkin, 1995).
2. All the values for reliability, including composite reliability and Cronbach's alpha must be above 0.7 (Nunnally, 1978; Bagozzi & Yi, 1998).
3. Convergence validity: The values for the 2nd root of Average Variance Explained (AVE) for each construct must be above the values for the correlation of that construct with other constructs (Chin, 1998; Gefen & Straub, 2005).

Table 3. Factor loading, Cronbach’s alpha, composite reliability, and AVE

Factors and variables	Factor loading	Cronbach’s alpha	Composite reliability	AVE
	> 0.6	> 0.7	>0.7	>0.7
Internal locus-of-control orientation		0.9591	0.9670	0.8301
Success is a result of hard work. It has little to do with luck.	0.892			
When I make plans, I am almost certain that I can make them successful.	0.912			
What I do decides who I am.	0.929			
I believe that instead of letting things be, one should take action.	0.912			
Whether a person is able to do things well depends on the abilities. It has little to do with luck.	0.922			
Luck and opportunities do not matter much in my life.	0.900			
External locus-of-control orientation		0.8315	0.8480	0.7850
Without appropriate luck, a person cannot become an effective leader.	0.860			
No matter how hard I try, some people simply do not like me.	0.888			
I often find that things happen if they are meant to happen, no matter how hard I try to avoid them.	0.889			
I feel that I am often powerless in what happens to me.	0.903			
I sometimes feel that I cannot completely control my direction in life.	0.890			
Emotional intelligence		0.9775	0.9804	0.8473
I can sense the changes of my own emotions.	0.917			
I can understand my own emotions.	0.929			
I can understand how I feel about things.	0.939			
I am able to observe and understand others’ emotions.	0.936			
I am able to observe and understand the reasons of others’ emotional responses.	0.936			
I am able to perceive the changes of others’ emotions.	0.917			
I am able to appropriately control my own emotions.	0.901			
I adjust my own emotions in order to face difficulties.	0.899			
I try my best to face others with positive emotions.	0.910			
Intention to loyalty		0.8465	0.8614	0.8616
The speed of the claims is too slow. Therefore, I intend to switch to another insurance company.	0.923			
The service staff has poor attitudes and is indifferent. Therefore, I intend to switch to another insurance company.	0.936			
The service procedures of the company are overly complicated and tedious. Therefore, I intend to switch to another insurance company.	0.927			
The service staff is slack in their services to customers. Therefore, I intend to switch to another insurance company.	0.926			

Table 4. Convergence validity: the values for the 2nd root of AVE and correlation

	Intention to loyalty	Emotional intelligence	External locus-of-control orientation	Internal locus-of-control orientation
Intention to loyalty	0.9280			
Emotional intelligence	0.5071	0.92048		
External locus-of-control orientation	0.4973	0.5995	0.8860	
Internal locus-of-control orientation	0.5124	0.6277	0.8659	0.9110

Another factor which is important for evaluating the structural model is R² determination coefficient which measures the relation between AVE of a latent variable and the variable’s total variance. The value for this coefficient is between 0 and 1; values above 0.67 are desirable and values above 0.33 are acceptable. Furthermore, a significant path coefficient

above 0.1 is indicative of the effect of the independent variable on the dependent variable (Hanafizadeh & Zare’-Ravasan, 1391, solar calendar). The results of the evaluation of the study’s structural model can be seen in Fig. 3 and Table 4. All the mentioned correlations were significant and the research hypotheses were supported.

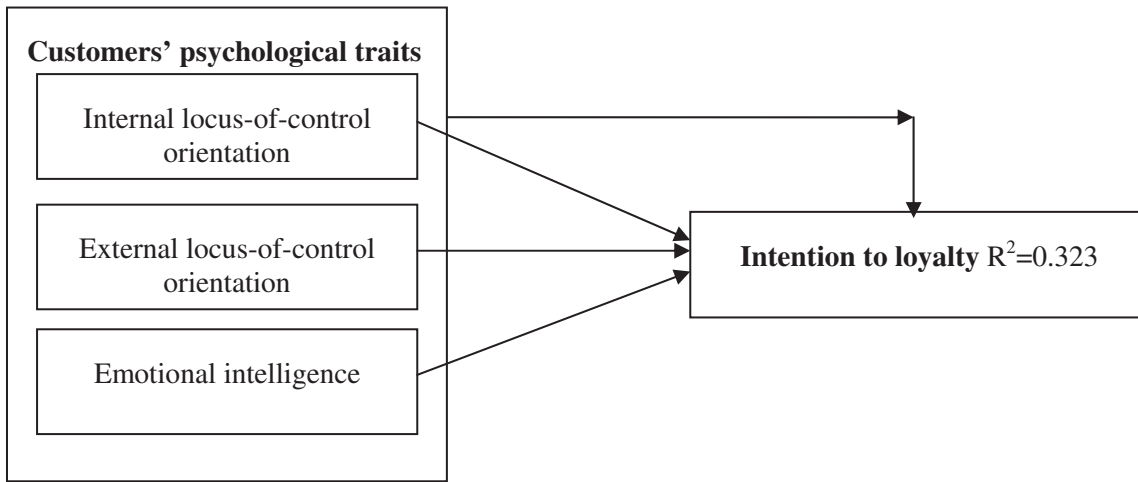


Fig. 3. The results of path analysis

Table 5. The results of statistical hypothesis testing

Path		Path coefficient	t-statistic	Result
From	To			
Internal locus-of-control	Intention to loyalty	0.202	1.985	supported
External locus-of-control	Intention to loyalty	0.136	1.972	supported
Emotional intelligence	Intention to loyalty	0.298	2.673	supported
Psychological traits	Intention to loyalty	0.568	9.423	supported

If t is above 1.96, its level of significance is 0.05; if t is above 2.567, its level of significance is 0.01; if t is above 3.29, its level of significance is 0.001.

First, the moderating effect of service failures on the customer's intention to loyalty must be measured. After collecting the questionnaires, it was found out that from among 196 completed questionnaires, the mean score of the factor 'service failure' (which was measured using 6 questions in the questionnaire) was greater than 3 in 86 cases, and was less than or

equal to 3 in 110 cases. This meant that 44% of the sample believed that had experienced service failures (sample-1) and 56% of the sample believed that they had not experienced service failures (sample-2). In order to examine the role of the moderator variable 'service failure', the data related to sample-1 and sample-2 were given separately to the software, the path coefficients and standard deviations were measured for sample-1 and sample-2 and were put in the following formula:

$$t = \frac{path_{sample-1} - path_{sample-2}}{\left(\sqrt{\frac{(m-1)^2}{(m+n-2)^2} SE_{sample-1}^2 + \frac{(n-1)^2}{(m+n-2)^2} SE_{sample-2}^2} \right) \sqrt{\frac{1}{m} + \frac{1}{n}}}$$

In this formula, m represents the number of individuals in sample-1, n represents the number of individuals in sample-2, $path$ represents path coefficient, and SE^2 separately represents the variance of each sample.

The degree of freedom of t equals $m+n-2$. Furthermore, in case the standard deviations of the two samples are not equal, the following formula can be used (Hanafizadeh & Zare'-Ravasan, 1391, solar calendar):

$$t = \frac{path_{sample-1} - path_{sample-2}}{\left(\sqrt{SE_{sample-1}^2 + SE_{sample-2}^2} \right)} \quad df = \frac{(SE_{sample-1}^2 + SE_{sample-2}^2)}{\left(\frac{SE_{sample-1}^2}{m+1} + \frac{SE_{sample-2}^2}{m+1} \right)}$$

After performing the above calculations for the two groups of data, the t -statistic for the path from emotional intelligence to intention loyalty, with a degree of freedom equal to 194, approximately equaled 20.116 and thus, the moderating effect of the variable 'service failure' was supported at a level of significance equal to 0.001.

The t -statistic for the path from external locus-of-control orientation to willingness intention to loyalty, with a degree of freedom equal to 60, approximately equaled 2.476 and thus, the moderating effect of the variable 'service failure' was supported at a level of significance equal to 0.05. The t -statistic for the path from internal locus-of-

control orientation to intention loyalty, with a degree of freedom equal to 103, approximately equaled 3.260 and thus, the moderating effect of the variable 'service failure' was supported at a level of significance equal to 0.01. Therefore, the hypothesis of the moderating effect of 'service failure' was supported for all the 3 paths.

The *t*-statistic for the path from psychological traits to intention to loyalty, with a degree of freedom equal to 107, approximately equaled 6.509 and thus, the moderating effect of the variable 'service failure' was supported at a level of significance equal to 0.001.

5. Results and findings

Even though the studies conducted on the subject of the customers' loyalty have considerably increased recently, there are few studies on the subject of the effect of the customers' psychological traits on their loyalty. The present study was conducted to fill this gap. This study demonstrated that the moderator variable 'service failure' affects the relationship between each of the mentioned psychological traits of the customers and their intention to loyalty. 'Internal locus-of-control orientation', 'external locus-of-control orientation' and 'emotional intelligence' are the independent variables, each of which predicts the dependent variable 'intention to loyalty'.

According to the results obtained using the SEM method and the Smart PLS software, the customers' 'internal locus-of-control orientation', with a path coefficient equal to 0.202, at a level of significance equal to 0.05, predicts negatively their 'intention to loyalty'; the variable 'service failure' moderates this relation.

The customers' 'external locus-of-control orientation', with a path coefficient equal to 0.136, at a level of significance equal to 0.05, predicts the irpositive 'intention to loyalty'; the variable 'service failure' moderates this relation.

The customer's 'emotional intelligence', with a path coefficient equal to 0.298, at a level of significance equal to 0.01, predicts their positive 'intention to loyalty'; the variable 'service failure' moderates this relation.

The findings of this study confirm the findings of Gountas and Gountas (2007), concentrating on the effect of the customers' psychological traits on forming the consumption behavior, and also the findings of Lin (2010), concentrating on the effect of emotional intelligence, locus-of-control orientation, and relationship involvement on the customers' switching behaviors. The findings of this study also

confirm the findings of Engelberg and Sjoberg (2004), indicating that emotional intelligence is necessary for socialization.

6. Conclusions and suggestions

This study showed that 'internal locus-of-control orientation' is one of the psychological traits which affects the customer's intention to loyalty and has a negative relationship to it. Therefore, the researchers suggest that insurance companies refrain from trying to renew the insurance policies of those customers with internal locus-of-control orientation, especially those experiencing high loss rates. The reason is that the companies cannot hope to keep such customers for a long period of time, especially after their experiencing service failures. However, the companies should always try to improve the services, the service procedures and the conditions as much as possible in order to enhance the probability of keeping their customers.

'External locus-of-control orientation' was another psychological trait examined in this study. The results obtained from analyzing the data demonstrated that this psychological trait increases the customer's intention to loyalty. Therefore, the researchers suggest that insurance companies try to renew the insurance policies of the customers with external locus-of-control orientation, provided they do not have high loss rates.

'Emotional intelligence' was also one of the psychological traits examined in this study. The results obtained from analyzing the data showed that the customers with higher emotional intelligence have also more intention to loyalty and the companies can hope to keep such customers for a long period of time. Therefore, the researchers suggest that insurance companies try to renew the insurance policies of the customers with high emotional intelligence, provided they do not have high loss rates.

And finally, the following are the researchers' suggestions for future studies:

1. Examining other psychological traits and their effects on the customer's intention to loyalty.
2. Conducting this study on other statistical populations, nations, and Eastern and Western cultures, comparing the results, and taking the cultural and national factors into account in order to develop a more reliable model for the customers' intention to switch.
3. Conducting the study over various periods of time in order to take temporal factors into account.

References

1. Amirkhani, A.H. & Motaqi-Sabet, M. (1389, solar calendar). An investigation into the hindrances to developing electronic insurance policies in Asia joint-stock insurance company, *Quarterly Journal of Insurance Industry*, 25 (1), pp. 157-177.
2. Bagozzi, R.P. & Yi, Y. (1998). On the evaluation of structural equation models, *Journal of the Academy of Marketing Science*, 16, pp. 74-94.
3. Chin, W.W. (1998). The partial least squares approach for structural equation modeling. In G. A. Marcoulides (Ed.), *Modern methods for business research*. London: Lawrence Erlbaum Associates.
4. Cronbach, L.J. (1951). Coefficient alpha and the internal structure of tests, *Psychometrika*, 16 (3), pp. 297-334.
5. Dick, A.S. & Basu, K. (1994). Customer loyalty: toward an integrated conceptual framework, *Journal of the Academy of Marketing Science*, 22 (2), pp. 99-113.
6. Engelberg, E. & Sjoberg, L. (2004). Emotional intelligence, after intensity and social adjustment, *Personality and Individual Differences*, 37, pp. 533-542.
7. Gefen, D.D. & Straub, A. (2005). Practical guide to factorial validity using PLS-Graph: Tutorial and annotated example, *Communications of the AIS*, 16, pp. 91-109.
8. Gomes, R. (1998). Locus of control and avoidant coping: Direct, interactional and meditational effects on maladjustment in adolescents, *Personality and Individual Differences*, 24 (3), pp. 325-334.
9. Gountas, J. & Gountas, S. (2007). Personality orientations, emotional states, customer satisfaction and intention to repurchase, *Journal of Business Research*, 60, pp. 72-75.
10. Hanafizadeh, P. & Zare'-Ravasan, A. (1391, solar calendar). *The method of analyzing multi-level structures with SmartPLS software*. Tehran: Termeh Publications.
11. Hastorf, A.H., Schneider, D.J. & Polefka, J. (1970). *Person Perception*. Addison-Wesley, Reading, MA.
12. Hinkin, T.R. (1995). A review of scale development practices in the study of organizations. *Journal of Management*, 21 (5), pp. 967-988.
13. Kierstead, J. (1999). Human resource management trends and issues: Emotional intelligence (EI) in the workplace. *Research directorate: Policy, research*.
14. Lin, W.-B. (2010). Service failure and consumer switching behaviors: Evidence from the insurance industry, *Expert Systems with Applications*, 37, pp. 3209-3218.
15. Nunnally, J.C. (1978). *Psychometric theory* (2nd ed.). New York: McGraw-Hill.
16. Rotter, J.B. (1966). Generalized expectancies for internal versus external control of reinforcement, *Psychological monographs: General and applied*, 80 (1), pp. 1-28.
17. Samadi, M., Hajipur, B. & Hajizadeh, H. (1387, solar calendar). Service failures, strategies for improving services, and their effects on the consumers' behavior, *Journal of Business Management*, 1 (1), pp. 71-86.
18. Silpakit, P. & Fisk, R.P. (1985). Participating the service encounter: A theoretical framework. In T.M. Block, G.D. Upah & V.A. Zeithaml (Eds.), *Service marketing in a changing environment*. Chicago: American Marketing Association.
19. Yen, H.R., Gwinner, K.P. & Su, W. (2004). The impact of customer participation and service expectation on Locus attributions following service failure, *International Journal of Service Industry Management*, 15 (1), pp. 7-26.
20. Zeithaml, V.A. (1981). How consumer evaluation processes differ between goods and services. In J.H. Donnelly & W.R. George (Eds.), *Marketing of services*. Chicago: American Marketing Association.