

Effect of Customer Relationship Management on Customer Behaviors with the Mediating Role of Customer Value Creation in the Insurance Industry (Case Study: Karafarin Insurance)

Abstract

The service industry is highly competitive. In order to provide value-added services, many companies rely on customers as powerful tools for solidifying company performance through discourse, participation, and social presence. In this Research, the main purpose was to study the effect of Customer Relationship Management on customer behaviors with the mediating role of customer value creation in the insurance industry (Case Study: Karafarin Insurance). The research method employed in this study was a descriptive-survey, and the statistical population consisted of 800 employees from branches of Karafarin Insurance. A sample of 260 individuals was selected as the statistical sample using the simple random sampling method, with appropriate allocation determined by referring to the Morgan Table. For data collection, the Customer Relationship Management questionnaire by Sin et al. (2005), the Customer Value Creation questionnaire by Kalra & Kalra (2010), and the Consumer Behavior questionnaire by Lerman (2006) were employed. Data was analyzed using descriptive and inferential statistics, and utilizing the SPSS and PLS softwares. The analysis showed that Customer Relationship Management and its components (focusing on key customers, organizational Customer Relationship Management, knowledge management, technology-based Customer Relationship Management) have an effect on customer behaviors and customer value creation. The Findings demonstrate that customer value creation have effect on customer behaviors. The Sobel test results also indicate that customer value creation plays a mediating role between Customer Relationship Management and customer behaviors.

Keywords: Customer Relationship Management, Customer Value Creation, Customer Behaviors, Karafarin Insurance

Introduction

Insurance companies are considered dynamic and important institutions in many countries around the world. These companies are highly important due to the characteristics and advantages they bring to society. Insurance companies bring peace and well-being to the society by transferring risk from community onto themselves. On the other hand, insurance companies contribute to the economic growth of their countries by collecting insurance premiums from individuals and investing them in investment companies or stock exchanges. For provide suitable services to policyholders, insurance companies need to establish strong connections with insurance buyers, especially those purchasing non-compulsory insurance, to understand their needs and offer appropriate insurance policies to satisfy them. In today's business world, where competition is not only intense among companies within the same industry but also across

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Applies to all highlighted in **Yellow**

different industries, understanding customers and being aware of their purchasing behaviors create a competitive advantage for companies. Companies are trying to change their attitude towards profitability and introduce new organizational frameworks for their businesses. They want to transform their institutional organization from a product-based structure to a customer-based structure. It means that the goal of these companies is customer-centricity. The driving force behind these changes is the emergence of Customer Relationship Management, which moves towards satisfying customer needs through cohesive and integrated information systems and supporting software (Ghorbani & Hajibabaei, 2021). Customer Relationship Management as a process consists of monitoring customers (such as collecting relevant data), managing and evaluating data, and ultimately extracting real advantage from the information gathered in their interactions (Chang & Yung, 2009). In competitive markets, attracting customer attention needs to be repeated more frequently. All companies and organizations are attempting to attract customer satisfaction by considering innovative marketing strategies. It is important to note that today, customer-centricity and achieving customer satisfaction are key components of any organization. Because companies that operate with this mindset pave the path for progress, and this concept is known as customer-centricity. Role theory is one of the theories used to examine customer behavior. Role theory defines patterns of social exchanges, such as interactions between customers and the responsibilities that employees of organizations have towards customers (Mahmoudi & Habibi, 2020).

Today, with organizations shifting their focus from product-centric to customer-centric approaches, customers are considered as assets of the organization, and the emphasis is on attracting and retaining customers. Therefore, organizations are eager to implement various loyalty programs to enhance customer retention. On the other hand, not all customers have the same level of profitability for the organization. As a result, optimal allocation of resources and efforts to increase retention of profitable customers, as well as determining how to allocate retention costs for success, should be considered. Assessing the value of customers for an organization is key to this customer-centric approach, and customer lifetime value is among the known criteria in marketing used to identify profitable customers. Customer satisfaction plays an important role in services. Customer satisfaction is the emotional response from the customer, resulting from interactions with a provider or the consumption of a product (Esmaeili, 2020). If customers do not receive the value they expect from the company, they feel that the services they receive are unfair. This can lead to non-repeated purchases and a failure to create a positive mindset customers, which can influence an individual's behavioral loyalty towards the company in the future. The key to success in any profession is attracting the attention and trust of customers. This means that until you succeed in attracting customers, you cannot succeed in your profession, no matter how much capital you invest and expect significant profits. This rule holds true in the insurance sector as well. Considering the large number of insurance companies and agencies in the country nowadays, winning customer's approval will serve as a competitive advantage for all of them. To this end, insurance experts must receive training on how to interact with customers, as the most important profession in insurance is providing valuable and relevant information to ensure successful sales. Therefore, the main question of the research is whether Customer Relationship Management affects customer behaviors with the mediating role of customer value creation in the insurance industry (Karafarin Insurance) or not?

Comment [U2]: It would be desirable to give examples from an insurance setting touching on the important variables that create customer value as well as customer behaviour that results from the value creation.

Comment [U3]: There should be a basis to this research question- that is- What is the research problem? Why is it necessary to determine the said relationships?

Theoretical Foundations and Literature Review

Behavioral Segmentation of Customers

The customer is the most valuable asset of any organization, and retaining customers is considered the most important policy of every institution and company (Rousta et al,2009).Consequently, organizations must be aware of their customers' psychological traits, behaviors, habits, and customs in order to create opportunities by offering timely and appropriate responses to their customers' actions. The customer is the most valuable asset of any organization, and retaining customers is considered the most important policy of every institution and company. Consequently, organizations must be aware of their customers' psychological traits, behaviors, habits, and customs in order to create opportunities by offering timely and appropriate responses to their customers' actions (Rezaeinejad,2004).

Creating Shared Value with the Customer

Creating shared value with the customer has been defined in various ways, such as:1- Process, 2- Strategy, 3- Philosophy, 4- Capability, 5- Technology, 6- Establishing connections with each valuable customer through effective utilization of customer-related information (Kotler,2003).Creating customer value is more important than sales and marketing efforts.Because a company must be able to adapt its product offerings or service delivery based on the individual needs of its customers.Smart companies have always encouraged active customer participation in the development of products, services, and solutions.However, for most companies, customer-centricity traditionally refers to focusing on the general needs of customers.In order to build long lasting one-to-one relationships in a customer relationship management project, the company must consistently engage with its customers on an individual basis.One of the reasons many firms have started focusing on creating customer value is that such services can lead to high customer loyalty.Furthermore, it elevates the profitability of the firm.The presence of almost all other departments, especially engineering (design), accounting, and operations, is vital in creating customer value.For more information, observe the principles of modern customer value creation (Tourban et al, 2017).

Customer Relationship Management

Various definitions of CRM have been presented by academic scholars and businesses. Some consider CRM as a strategy, some as technology, others as a process, and yet another group regards it as an information system. Here are several definitions of CRM:

Customer Relationship Management is a business strategy for attracting and retaining relationships with the most valuable customers.CRM requires a customer-centric philosophy and organizational culture to effectively reinforce marketing, sales, and service delivery processes.If an organization has appropriate leadership, strategy, and organizational culture, CRM programs can enable effective management of customer relationships.Customer Relationship Management is a term referring to a set of methodologies, processes, software, and systems that help companies in managing their relationships with customers (Edalatian et al, 2018).Customer Relationship Management as a process consists of monitoring the customer (such as collecting

Comment [U4]: This is a repetition of the preceding sentence (but attributable to different authors) and both these authors are not in the reference pages.

This repeated sentence should be deleted and the paragraph enhanced by expounding on how organizations can get to understand their customers so as to segment them appropriately for whatever intended purpose.

Comment [U5]: The write-up should bring out this information rather than referring readers to an author (this author is not even included in the reference pages).

Also concept based (insurance) literature should be brought out in this paragraph for a better understanding of what constitutes active customer participation, and general needs of customers

relevant data), managing and evaluating data, and ultimately extracting real advantages from the information gathered in their interactions (Chung & Young, 2009). CRM is a type of organizational strategy in order to create and maintain long-term and profitable relationships with customers. Successful CRM programs start with an organizational philosophy that aligns activities around the needs of customers (Bolton, 2004). Based on the mentioned definitions, Customer Relationship Management is broadly the process of designing an organization around its customers. At the operational level, CRM examines the creation and development of practical sales and marketing software and their integration. At another level, it considers how to establish and maintain long-term connections, as well as the development of strategies and policies to achieve this goal. With CRM, it is possible to identify customer needs even before they are expressed. By leveraging this advantage, organizations can increase both customer loyalty and revenue, and reduce service and operational costs (Dehghani et al, 2019). Khaaleghi (2022) conducted a study examining the increase in customer satisfaction using customer relationship management solutions. This study demonstrates that customer relationship management has a significant effect on customer satisfaction, and both variables are positively correlated. Khorazian & Fazlabadi (2022) conducted a study investigating the effect of customer relationship management in the banking industry to identify competitive advantages in the 21st century, focusing on the customers of Bank Melli. The findings of the study showed that there is a significant relationship between customer relationship management technology and responsiveness to customers, confirming the main hypothesis. Additionally, there is a relationship between the levels of analytical, operational, and interactive customer relationship management technologies with responsiveness to customers. Sharifi et al (2022) conducted a study to investigate the effect of customer knowledge management on organizational value creation in B2C e-commerce. In the quantitative phase of the research, the effect of customer knowledge management dimensions on organizational value creation was confirmed. Kamel Hosseini & Ali (2022) investigated the effect of customer participation on value creation in the Iranian banking industry based on perceived value in their study. The findings of the study showed that perceived functional and perceived social value of the customer affect all three dimensions of customer participation value (lifetime value, influence value, and customer knowledge value) directly. However, the impact of perceived emotional value on none of the dimensions of customer participation value was confirmed. The findings of this study confirm the susceptibility of customer participation value to perceived value (functional and social value). Fakhri & Hosseinpour (2021) investigated the effect of servant leadership and social responsibility on the customer-oriented behavior of employees, focusing on Mellat Bank branches in Kermanshah. The findings of this study demonstrate that servant leadership and social responsibility have an effect on customer-oriented behavior. Mahmoudi and Habibi (2020) investigated the influence of customer behavior on commitment and satisfaction in their study. According to the findings, customer attention, customer participation, and development of social relationships, as variables, have a significant impact on customer satisfaction and behavior. Furthermore, customer satisfaction has a significant effect on customer behavior. Ebrahimpour Azbari et al (2020) investigated the effect of creating shared value behavior with brand preference on the intention of repurchase. For data analysis, structural equation modeling was employed. The research findings demonstrate a significant and positive effect of creating shared value with customers on

Comment [U6]: Giving contextual examples (from insurance) would help understand what these processes involve at each stage.

Comment [U7]: From here up to the end of the subsection, it appears like the researcher is reviewing related studies in CRM. While this is okay, the studies are too many and make the subsection rather long. A few relevant studies covering concepts, context and methodology would be sufficient to bring out the gaps that this study endeavours to fill.

brand preference, and brand preference on the intention for repurchase. Additionally, brand preference plays a mediating role between creating shared value with customers and the intention for repurchase. Mousavi and Amiri (2020) investigated consumer behavior in order to create expected customer value through big data analysis. The findings indicate that utilizing big data analysis allows for a clearer understanding of anticipated customer values with reduced resource wastage and increased speed, enabling the provision of products customized to consumer needs and preferences. Shaabani et al (2019) investigated the effect of banks' social responsibility toward the attitudes and behaviors of customers in their research. The findings of this study confirm the positive effect of banks' social responsibility toward the attitudes and behaviors of customers. The results of hypothesis testing indicate that, customer-oriented, humanitarian, and environmental preservation, respectively, initiatives have the strongest effect toward customer attitudes and behaviors. Khorshidi and Safarzadeh (2019) conducted a study on analyzing the impact of customer knowledge management on customer citizenship behavior. The investigations indicate that customer knowledge management has an impact on customer citizenship behavior. Talari and Dehghani (2019) conducted a study to investigate the impact of experiential values on customer co-creation attitudes and behaviors in the tourism industry, focusing on tourists in Isfahan city. The findings demonstrate that hedonic, social, and ethical values have a significant and positive effect on customer co-creation attitudes; however, cognitive value does not have a significant effect on co-creation attitudes. Customer co-creation attitudes have a significant and positive effect on both customer citizenship behavior and participatory behavior. Khademi and Farazandeh (2019) conducted a study to investigate the factors influencing customer relationship quality in brand value creation and online purchasing intention among customers of online stores in Tehran city. Based on findings, consumer characteristics, company attributes, and social company infrastructures do not have a significant impact on customer relationship quality (trust, commitment, satisfaction), but interactions do have a significant effect on customer relationship quality (trust, commitment, satisfaction). Jalali and Taheri (2018) conducted a study to identify the relationship between company image, customer value, customer loyalty, and trust in the employees of Asia Insurance branches in Gilan Province. The findings indicate that company image has a significant and positive impact on three variables: customer value, customer loyalty, and trust in employees. Furthermore, there is a significant relationship between customer value and customer loyalty. Adelzadeh (2016) conducted a study to analyze the relationships between customer value and customer relationship management. The statistical population includes all customers of the company. The research results indicate that the variable "perceived losses" does not have a direct positive or negative (inverse) relationship with each of the CRM performance variables based on customer behavior, customer satisfaction, and customer loyalty. In other words, an increase in perceived tangible and intangible losses from purchasing the product under study in this research (Samsung monitor) does not lead to a decrease in loyalty or dissatisfaction. This may be due to the product quality and the perceived quality of the services provided by the mentioned company. It is likely that the significant market role of this product in the Iranian market, estimated approximately 80%, and the leadership status of Maadiran Company have been effective in this evaluation by customers. Turkmeni and Parsafar (2016) investigated the role of knowledge management in directing customer behavior in their research. According to the analysis of interviews and

questionnaires in the study, multiple patterns related to the definition and role of knowledge management and customer relationship management exist in this context. Furthermore, there is a significant relationship between knowledge management and customer relationship management. If a company has a strong customer relationship management, knowledge management serves as a foundation for it, leading to sustainable operations, standardized and coordinated processes, improved business performance, a more stable organization, and enhanced competitiveness in the market. Ardikhani (2013) investigated the impact of customer relationship management on industrial consumer purchasing behavior (a case study of the pharmaceutical industry in the country). There are few conducted studies in the field of industry and industrial consumer behavior, as it is believed that this type of marketing, due to its industrial and mechanized nature, lacks creativity. Organizations that are more active in providing value to their customers are likely to have higher levels of customer satisfaction, and there is a greater chance that this will become a competitive advantage for them. The research findings demonstrate that based on the effectiveness of variables on each other, "knowledge management" is the variable with the most significant impact on customer relationship. Nezami (2012) investigated the impact of customer relationship management on consumer behavior in their Master's thesis, focusing on the case study of Kaleh Company. Research has shown that the implementation of CRM by organizations helps them transform satisfied customers into loyal customers by increasing customer satisfaction. This not only reduces the organization's service costs but also significantly decreases the risk of customer churn, thereby enhancing their profitability for the organization. Afagh and Gaour (2023) conducted a study on customer relationship management: linking customer service touchpoints and customer loyalty in the hotel industry. The findings demonstrate that customer behavior has a significant effect on the improvement of customer services. Customer relationship management is a powerful tool for winning customer trust and fostering customer loyalty. Wang et al. (2022) examined the impact of member leadership on employee learning, with customer relationship serving as a mediating factor in their study. Their findings demonstrate that member leadership influenced employee learning, with customer relationship mediating between the two. Gutierrez et al. (2022) investigated the impact of creating customer value on competitiveness through communicative capabilities and marketing innovation. The findings indicate that managerial capabilities toward customer relations and the conversion of customer needs into specific market choices have a positive impact on creating customer value, as well as on financial performance, cost optimization, and technology utilization, which can be used as an indicator of competitiveness. Kamali et al. (2022) conducted a study to examine the impact of value co-creation on customer loyalty, behavioral intention, and satisfaction in emerging markets. The results indicate that user participation in value co-creation significantly influences their satisfaction, loyalty, and behavioral intentions. Kim et al. (2020) investigated the types of customer value predicting consumer behavior in Dutch grocery retailers. In general, the findings vary between non-monetary and soft discounts compared to hard discounts. Unlike previous studies, soft discount points are the most significant aspect that consumers consider important for this retail format. It appears that consumers expect the best of both worlds in soft discounts: low prices, attractive deals, easy access, as well as appealing store design and excellent services. Rajan (2020) discusses in an article titled "Customer Relationship Management,

Marketing Strategy, and Business Performance" that analytical capabilities encompass a complex set of skills and knowledge used in organizational processes to generate customer insights from customer information assets. Hilton et al demonstrated in their theory in 2020 that effective customer relationship management leads to success in business. Customer relationship management is associated with a concept known as customer success management. These two concepts encompass similar approaches. Customer management can enhance levels of customer satisfaction. This management is usually accompanied by stakeholder management and learning management. Holmlund et al (2020) demonstrated in their theory that customer relationship management is associated with customer experience. In this context, customer experience (CX) is considered as a sustainable source of competitive differentiation for the organization. Customer experience management offers the opportunity to gain customer insights. This concept is in line with customer relationship management and serves to reinforce it. Wafiz and Hogue (2020) demonstrated in their theory that customer relationship management is associated with the type of services offered. Customer relationship management is commonly linked to the type of resources employed in an organization. Hung et al. (2020) conducted research to identify the factors influencing customer value acceptance in hospitals in Taiwan. Their findings revealed that factors such as hospital size, personnel information system capabilities, senior management creativity, knowledge management capabilities, and relative advantage significantly influence customer value acceptance. Esteven et al. (2020) argued in their study titled "The Importance of Creating Shared Customer Value on Customer Loyalty" that creating shared customer value is consistently the most important behavioral and attitudinal form of loyalty toward a brand. Xiong et al (2020) revealed in their study titled "Corporate Social Responsibility and Customer Behaviors" that corporate social responsibility influences customer behavior. The core objective of this study is to investigate how customer relationship management affects consumer purchasing behavior. The researcher employed structured survey data as the primary data source, distributed among bank customers in Palestine. The secondary data source consisted of interviews conducted with senior managers of selected banks in Palestine who are actively engaged in CRM practices. The findings of this study revealed that there is a strong and positive relationship between CRM and consumer purchasing behavior. Comment

Comment [U8]: It is noted that almost all cited authors are not included in the reference pages. This should be done.

Research Hypotheses

General Hypothesis

Customer relationship management has an impact on customer behaviors in the insurance industry, and customer value creation has a mediating role in this relationship.

Specific Hypothesis

1- Customer relationship management can affect customer behaviors in the insurance industry.

- 1-1. Focusing on key customers has an impact on customer behaviors in the insurance industry.
- 1-2. Customer relationship management organization affects customer behaviors in the insurance industry.

1-3. Customer relationship management organization affects customer behaviors in the insurance industry.

1-4. Customer relationship management based on technology influences customer behaviors in the insurance industry.

2- Customer relationship management affects customer value creation in the insurance industry.

2-1. Focusing on key customers influences customer value creation in the insurance industry.

2-2. Customer relationship management organization affects customer value creation in the insurance industry.

2-3. Knowledge management affects customer value creation in the insurance industry.

2-4. Technology-based customer relationship management affects customer value creation in the insurance industry.

3- Customer value creation affects customer behaviors in the insurance industry.

Research Variables

Conceptual Definitions of the Variables

1- Customer Relationship Management

Customer Relationship Management (CRM) refers to all the processes, technologies, and human resources involved in attracting, developing, and retaining customers. Customer Relationship Management broadly refers to the process of designing an organization around its customers. At the operational level, CRM involves analyzing the creation and development of practical software for sales, marketing, and their integration. At another level, it considers how to establish and maintain long-term relationships, as well as the development of strategies and policies to achieve this. CRM allows for the identification of customer needs and desires, even before they are expressed. By employing this advantage, organizations can enhance customer loyalty, generate increased revenue, and reduce service and operational costs (Dehghani et al., 2019).

❖ Key Customer Focus

Encompassing a broad focus on the major customer and continuous delivery of added value and superior service to selected key customers through personalized and customized offerings. This aspect includes: 1. Major customer marketing; 2. Understanding the lifetime value of key customers; 3. Customization (personalization); 4. Interactive marketing for re-creation (sin et al, 2005).

❖ Organizational Customer Relationship Management

It means fundamental changes in the organization's structure and business processes. Companies need to pay more attention to the primary challenges of the organization regarding the initiation and implementation of CRM. This aspect includes: 1. Organizational structure; 2. Allocating organizational-level resources; and 3. Human resource management (Sin et al., 2005).

❖ Knowledge Management

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Comment [U10]: All the variables discussed here should be operationalized, clearly described/labelled so that it is clear wherever/whenever they are used in subsequent equations.

According to the knowledge-based view of the firm, the primary logic for the existence of a company is to create, transfer, and implement knowledge. From the perspective of customer relationship management, knowledge can be applied to what has been learned from customer experience or practical study. This aspect includes: 1. Learning and knowledge creation; 2. Dissemination and sharing of knowledge; 3. Responsiveness to knowledge. (Sin et al., 2005).

❖ Technology- Based Customer Relationship Management

Precision customer data is vital for the successful performance of CRM. Therefore, technology plays a key role in both CRM and in enhancing company intelligence. The Pareto principle suggests that 80% of a company's revenue and profits are derived from 20% of its customers. Therefore, these customers are particularly significant for the company. To serve these customers, the organization must be structured in a way that allows it to mobilize all its resources in order to win their satisfaction. On the other hand, this requires managing customer information and understanding their preferences (knowledge management), and all of these processes will not be practical without the presence of technology.

Comment [U11]: Operationalization?

2- Customer Behaviors

The majority believe that consumer behavior refers to how individuals purchase goods and services, but indeed, consumer behavior encompasses more than just the buying of goods and services by individuals. Consumer behavior is generally defined as follows:

The consumer's final decision is based on acquiring, consuming, and disposing of goods, services, time, and opinions from various decision-making stages in a period of time. Consumer behavior encompasses goods, services, activities, and beliefs. Consumer behavior not only includes the way goods are purchased but also encompasses the utilization of services, activities, and beliefs. Activities such as traveling, visiting the dentist, enrolling in classes, and so on are all examples of consumer behaviors. Therefore, consumer behavior includes goods, services, activities, and beliefs, and marketing efforts to meet individuals' needs are referred to as "offers" (Lerman, 2006).

3- Customer Value Creation

There is a close relationship between the concept of customer value creation and customer satisfaction. If a company exceeds customer expectations in terms of product quality, service quality, and pricing, then it will achieve an increase in customer satisfaction. In contrast, if customer expectations are not met, it will result in their dissatisfaction. Therefore, it's clear that the lower the level of satisfaction, the less likely customers are to make re-purchases from the company. Creating shared value with customers is a strategy used to gain more insight into customers' needs and behaviors in order to establish stronger relationships with them (Mohammadi, 2011).

Comment [U12]: Operationalization?

Research Method

The research method employed in this study is descriptive-survey. The statistical population consists of 800 employees of Karafarin Insurance branches. Using simple random sampling method with appropriate allocation based on Morgan's table, a sample of 260 individuals was selected. The data collection tools consisted of the Customer Relationship Management questionnaire by [Sin et al \(2005\)](#), the Customer Value Creation questionnaire by [Kalro and Kalro \(2010\)](#), and the Consumer Behavior questionnaire by [Lerman \(2006\)](#). The data analysis method involved descriptive and inferential statistics, utilizing SPSS and PLS software.

Table 1: Reliability of Questionnaires

Sub Scale	Cronbach's alpha coefficient
Key Customer Focus	0/779
Organizational Customer Relationship Management	0/860
Knowledge Management	0/853
Technology- Based Customer Relationship Management	0/788
Customer Relationship Management (independent variable)	0/864
Customer Behavior (dependent variable)	0/765
Customer Value Creation (mediating variable)	0/729

Since the coefficients obtained are greater than 0.70, the reliability of the questionnaires is confirmed

Findings

Descriptive Findings Related to Demographic Data

Table 2: Descriptive Findings

		Frequency	Percentage
Gender	Male	140	53.8
	Female	120	46.2
Education	Bachelor's degree	146	56.2
	Master's degree	105	40.4
	PhD	9	3.5
Work Experience	Less than 5 years	53	20.4
	5 to 10 years	125	48.1
	10 to 15 years	59	22.7
	More than 16 years	23	8.8
Total		260	100

In the present study, among the 260 respondents, the highest percentage of frequency in terms of gender was attributed to males, with more than 53%. In terms of education level, the highest

frequency, exceeding 56%, was attributed to individuals holding a bachelor's degree. Moreover, in terms of work experience, the highest percentage, exceeding 48%, belonged to individuals with 5 to 10 years of work experience. **Comment**

Comment [U13]: The implication of these findings should be brought out in the analysis.

Outer Model

Before testing hypotheses, it is essential to evaluate both the inner and outer validity of the model. For evaluating the outer model of hypotheses, two criteria are commonly utilized: Dillon-Goldstein's ρ (composite reliability) and the average variance extracted (AVE). These, along with factor loading, are summarized in Table 4-7.

Table 3: Evaluation of the Outer Model

Average Variance Extracted (AVE)	Composite Reliability	
0.602	0.858	Focus
0.581	0.822	Customer Value Creation
0.694	0.901	Knowledge
0.549	0.829	Customer Behavior
0.642	0.899	Organization
0.552	0.858	Technology
0.734	0.855	Customer Relationship Management

According to the table above, the composite reliability values for the measurement models are higher than 0.70, suggesting that the models demonstrate desirable composite reliability. Furthermore, considering the average variance extracted values which are higher than 0.40, it can be stated that the items adequately explain the variance of the research model variables. Therefore, the outer model of the research is desirable.

Inner Model

After testing the outer model, it is necessary to provide the inner model, which indicates the relationship between the underlying variables of the research. The quality of the inner model refers to whether the independent variables have the ability to predict the dependent variables or not. In this case, the criterion of Construct Cross Validated Redundancy is used, also known as the Q^2 coefficient. If the Q^2 coefficient is positive, it can be inferred that the structural model exhibits desirable quality.

Table 4: Evaluation of the Inner or Structural Model Quality

SSO	SSE	$Q^2 = 1 - SSE/SSO$	
1,040.000	685.200	0.341	Focus
1,300.000	988.518	0.240	Customer Value Creation

1,040.000	555.601	0.466	Knowledge
1,560.000	1,189.935	0.237	Customer Behavior
1,300.000	716.470	0.449	Organization
1,300.000	861.941	0.337	Technology
260.000	260.000	1.000	Customer Relationship Management

Based on the above table, since the Q^2 coefficient is positive, it can be concluded that the structural model exhibits desirable quality. And it indicates a strong predictive power of the model regarding the endogenous (dependent) constructs, confirming the good model fit of the research.

Comment

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Testing Hypotheses Derived from the Structural Model

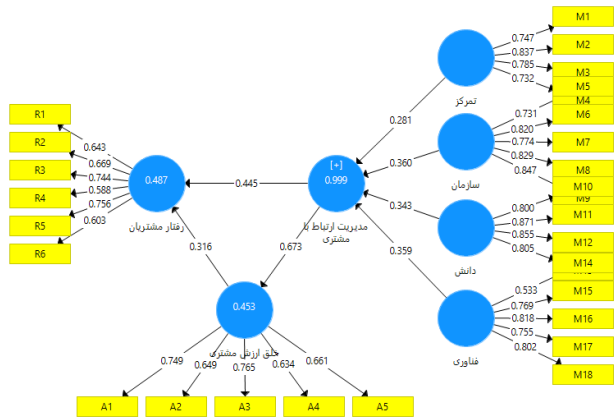


Figure 1: Tested Model of Research Variables (Path Coefficients)

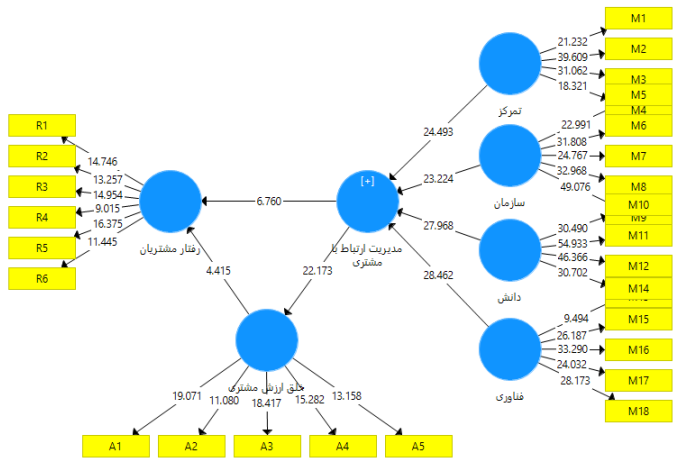


Figure 2: Tested Model of Research Variables (Path - t values)

Table 5: Path Coefficients and Hypothesis Testing Statistics

	Path	Path Coefficient	T-statistic	P-Value	Result
Direct Effects	Management of customer relations -> Customer behavior	0.445	6.760	0.000	Confirmed
	Management of customer relations -> Creation of customer value	0.673	22.173	0.000	Confirmed
	Creation of customer value -> Customer behavior	0.316	4.415	0.000	Confirmed
Indirect Effects	Knowledge -> Creation of customer value	0.231	19.474	0.000	Confirmed
	Knowledge -> Customer behavior	0.226	18.646	0.000	Confirmed
	Organization -> Creation of customer value	0.242	18.018	0.000	Confirmed
	Organization -> Customer behavior	0.237	17.356	0.000	Confirmed
	Technology -> Creation of customer value	0.241	19.567	0.000	Confirmed
	Technology -> Customer behavior	0.236	17.759	0.000	Confirmed
	Focus -> Creation of customer value	0.189	16.863	0.000	Confirmed
	Focus -> Customer behavior	0.185	17.063	0.000	Confirmed

Based on the table, the results of hypothesis testing indicate that all research hypotheses are confirmed.

General Hypothesis: Customer relationship management has an effect on customer behaviors with the mediating role of customer value creation in the insurance industry.

Table 6: Summary of Hypothesis t-test Analysis

	Path Coefficient	Standard Deviation	T-statistic	P-values
Management of customer relations -> Customer behavior	0.445	0.066	6.760	0.000
Management of customer relations -> Creation of customer value	0.673	0.030	22.173	0.000
Creation of customer value -> Customer behavior	0.316	0.072	4.415	0.000

Given that the T-tests confirm the paths between customer relationship management and customer value creation, as well as between customer value creation and customer behaviors, it is possible to investigate the effect of customer value creation as a mediator variable. The Sobel test is employed to estimate the effect of the mediator variable.

List 1 : Sobel Test

Hypothesis Results	Sobel Test Result (Z-value)	The standard error associated with the path between the mediator and dependent variables (Sb)*	The standard error associated with the path between the independent and mediator variables (Sa)*	The value of the path coefficient between the mediator and the dependent variable (b)*	The value of the path coefficient between the independent variable and the mediator (a)*
The Mediating Variable Has a Significant Effect	4.30311	0.072	0.030	0.316	0.673

Given the obtained test statistic value (4.30311), which is higher than 1.96, it reveals that the null hypothesis (stating that the mediator variable has no role in the relationship between the

independent and dependent variables) is rejected at the 0.05 level of significance. Therefore, the effect of the mediator variable, customer value creation, in this relationship is significant.

Summary, Conclusion, Proposals

Following the completion of each research activity, the researcher should present the results of hypothesis testing and indicate whether the hypotheses are rejected or accepted. Considering that the outcomes of hypotheses serve as the foundation for crafting suggestions for future research, it is important to note that one of the critical aspects of a study, which essentially acts as a bridge for translating theories into actionable steps for future success, is the presentation of accurate conclusions and relevant recommendations. Results derived from accurate and proper analyses can help identify and overcome obstacles and challenges faced by public organizations or social institutions, thereby facilitating the practical implementation of research findings.

The primary objective of any research is to obtain findings that can be utilized to provide scientific and practical solutions, and to make use of these solutions. Furthermore, leveraging these findings can serve as a guide and a roadmap for other researchers in conducting similar studies. The present study investigates the effect of customer relationship management on customer behaviors with the mediating role of customer value creation in the insurance industry (Case study: Karafarin Insurance).

Main Hypothesis 1

The main hypothesis of the current study was that customer relationship management affects customer behaviors in the insurance industry. This hypothesis was tested, and the findings revealed that customer relationship management has a significant and positive effect on customer behaviors in the insurance industry. The results of the present study are in line with the findings of Nezami research (2012), Ardikhani (2013), Turkmani and Parsafar (2016), Khorshidi and Safarzadeh (2019), Khaki (2022), Afagh and Ghaiavour (2023), Al-Surayhi et al. (2023), and Abodaghar&Esmoody (2019). Therefore, in explaining the above hypothesis, it can be said that customer relationship management is a business strategy for attracting and retaining the most valuable customers. Customer relationship management requires a customer-centric philosophy and work culture to effectively enhance marketing, sales, and service delivery processes. Customer relationship management programs can enable effective customer relationship management, provided that the organization has appropriate leadership, strategy, and organizational culture. Customer relationship management is a term referring to a set of methodologies, processes, software, and systems that assist companies in managing their relationships with customers.

Main Hypothesis 2

The second main hypothesis of the present study was that customer relationship management affects customer value creation in the insurance industry. This hypothesis was tested, and the findings demonstrated that customer relationship management has a significant and positive effect on customer value creation in the insurance industry. The findings of this study align with those of previous research conducted by Adelzadeh (2016), Khademi & Farazandeh (2021),

Comment [U15]: This statement is a finding which should then be supported: i.e.

An explicit explanation of this mediating role should be given i.e. how exactly does it impact the relationship between CRM and customer behaviour?. Does customer value creation also affect customer behaviour (do these two have a relationship?) If so, what is the nature of this relationship?

Comment [U16]: These are statements that are contained in the sections on literature review- The specifics according to the current study have not been expounded on. It is desirable to bring them out.

Comment [U17]: It is not clear which variables enable this relationship hence explicit labelling of the relevant variables that were tested (as alluded to above) is necessary.

Ebrahimipour&Azbari et al. (2020), Sharifi et al. (2022), Hulmolund et al. (2020), Hong et al. (2020), and Goyterz et al. (2022).Therefore, in explaining this hypothesis, it can be said that there are two complementary approaches in the assessment and evaluation of value.The first approach in seeking perceived value is through the customers of the organization's products and services.When the value provided by the organization surpasses that offered by its competitors, it creates opportunities for the organization to succeed and maintain its competitive position in the market.The second approach focuses on assessing the value that a customer or a group of customers brings to the organization.In this context, the organization consistently and earnestly focuses on upgrading and retaining its valuable customers to boost their motivation for re-purchases and loyalty.Furthermore, the company endeavors to elevate the value of lower-value customers, namely those who provide limited benefits for the organization - or, in other words, customers for whom the expenses incurred outweigh the benefits derived from their transactions - to higher levels of value.Customers in whom the organization has trust in their value should be supported through competitive elements such as pricing strategies, performance enhancement, and product development.Without such support, customers may gradually drift away.

Main Hypothesis 3

The third main hypothesis in the current study was that customer value creation affects customer behaviors in the insurance industry.This hypothesis was tested, and the findings demonstrated that customer value creation has a positive and significant effect on customer behaviors in the insurance industry.The Findings of the current study are aligned with the findings of Talari & Dehghani (2019), Mosavi& Amiri (2019), Kamel Hoseini& Aali (2022), Stone et al. (2020), Mendi & Jeon (2020), Kamali et al. (2022), and Kim et al. (2020).Therefore, in explaining the hypothesis, it can be said that customer behavior encompasses the knowledge and emotions individuals experience, as well as the actions they take during the consumption process.Additionally, it includes elements of the environment that influence this knowledge, emotions, and behavior.Customer behavior is dynamic because the knowledge, thoughts, emotions, and behavior of individual consumers, target consumer groups, and society as a whole are constantly changing.Customer behavior comprises the complexity of interactions between human thoughts, feelings, activities, and the environment. With this scenario, marketers have to understand which specific products and brand names are important to the customers, how they make purchasing decisions, and what factors influence their buying and consumption behaviors. Additionally, customer behavior includes exchanges between individuals.It means that individuals give something of value to others and receive something in return.Understanding customer behavior is a prerequisite for influencing or encouraging customer behavior.Wishes and desires, social norms, and structural frameworks influence the creation and reconstruction of individual identity in the way people consume.**Comment**

Comment [U18]: How does customer value creation affect customer behaviour? This should be explained.

What is contained herein is the meaning of customer behaviour.

General Hypotheses

The general hypothesis of this research was that Customer Relationship Management has an effect on customer behaviors with the mediating role of customer value creation in the insurance industry. This hypothesis was tested, and the findings, along with the results of the Sobel test, demonstrated that Customer Relationship Management has a significant and positive effect on customer behaviors, with the mediating role of customer value creation in the insurance industry. The findings of the present study are aligned with the results of the research conducted by Sharifi et al. (2022), Mahmoudi & Habibi (2021), Afagh & Ghaur (2023), Gutierrez et al. (2022), Kamali et al. (2022), Rajan (2020), and Hilton et al. (2020). Therefore, in explicating the hypothesis, it can be said that in customer strategy, value holds strategic importance for every organization. The word "value" carries a positive connotation. Friends and spouses expect value from each other, and from those who understand their problems and always participate in solving them, the expectation of value exists. In most cases, value is attributed to people, companies, and products. Value is essentially reciprocal and based on cooperation. However, when it comes to value for the customer, the traditional definition is not considered valid. The theory of customer value is relatively new in the international management literature. If an organization continues to satisfy customer needs and delivers its services in ways that are always in demand, it creates mutual value. And the ultimate goal, which is customer dependency or strategic customer relationship management, is achievable.

Comment [U19]: How is this achieved- this still flows from the discussion above and as pointed out it is not clearly coming out.

Research Proposals

The main Hypothesis 1: Customer Relationship Management has an effect on customer behaviors in the insurance industry.

Based on the research findings and the positive effect of Customer Relationship Management on customer behaviors, it is recommended:

- 1- Considering that customer focus serves as a guide for improving service delivery and reducing service costs, it is therefore recommended that insurance branches consistently engage with their customers to gather their feedback and prioritize their opinions in service delivery.
- 2- To enhance customer engagement among employees, it is recommended that managers devise measures to continuously develop the skills and capabilities of employees. One of these methods could include decision-making processes with employee participation and their presence in joint meetings with managers and deputies.

Comment [U20]: Although too general, this perhaps answers the above observation but should be related to the context of the study- i.e. an insurance setting

Comment [U21]: All the recommendations should be context based. What is contained herein is rather general.

The main Hypothesis 2: Customer Relationship Management has an effect on customer value creation in the insurance industry.

Based on the research findings and the positive effect of Customer Relationship Management on customer value creation, it is recommended to the authorities:

- 1- Managers can increase employees' ability to locate information by providing the necessary computer hardware and software equipment and training them on how to use these tools.

Comment [U22]: it will be very valuable to be more specific on the components of service delivery involved.

- 2- Given the available resources within the organization, conditions can be established for employees to properly recognize formal and informal information sources and easily distinguish between them. This will facilitate the necessary conditions and requirements for enhancing employees' understanding of customer behavior.

The main hypothesis 3: Customer value creation has an effect on customer behaviors in the insurance industry.

Based on the research findings and the positive effect of customer value creation on customer behaviors, it is recommended:

- 1- The company can fully present its product features to customers through Information Technology (Internet), establish communication with customers, and allow customers to purchase their desired products as well as express their opinions and complaints through the same channel. The company can also enhance its production systems and overall organizational productivity by employing customer-centric strategies, storing the information gathered from customers, and conducting advanced analysis to produce products that align with customer needs and expectations.
- 2- It is recommended that the seller provide necessary information about the product to the buyer. Therefore, they can make an informed decision about their purchase. For sellers in order to provide better guidance, they should be knowledgeable about the products themselves and be aware of many of their characteristics, including their usage and other factors, to effectively assist buyers.

The General Hypothesis: Customer Relationship Management has an effect on customer behaviors, with customer value creation mediating this effect in the insurance industry.

Based on the research findings and the positive effect of the mediating role of customer value creation between Customer Relationship Management and customer behaviors, it is recommended:

- 1- In general, service institutions such as insurance companies should emphasize functional and social value in developing their marketing strategies, considering the perceived value role of customers. And in order to gain a competitive advantage in the market, they should offer higher perceived value compared to their competitors. Values that may be embedded in even simple services and are entirely perceptible to customers, such as aspects related to service charge.
- 2- Given that customers can contribute to a company's profitability through various means beyond the value of their purchases, such as influence value and customer knowledge value, it is recommended that each of these factors be closely monitored over time. By developing specific strategies, conditions for advancement in each of these areas can be facilitated. For instance, to increase influence value, incentive programs can be implemented for initial purchases and even for additional purchases by customers. To increase customer lifetime value, companies should create satisfaction and loyalty among

customers so that they feel delighted after receiving the service, motivating them for future purchases.

- 3- To enhance knowledge sharing among customers, it is recommended to conduct surveys among customers to gather their ideas and suggestions for the development and improvement of services based on the shortcomings they have raised about the services.
- 4- The use of market segmentation provides institutions like insurance companies with the ability to offer value-added services based on the specific expectations of their customers, as these expectations may vary among customers.

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Comment [U23]: The researcher could differentiate one reference from another by spacing appropriately.

Also most of the citations in the body of the document are not included in the reference pages (see all the highlighted in yellow). This should be done;

and all those included in references but not in the document body should be removed from the reference pages.

Comment [U24]: Is it 41-51?

Comment [U25]: This is repeated. It is the same reference as the preceding one

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Comment [U26]: This referencing style is inconsistency with the rest e.g. the use of uppercase in the whole entry.

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