

RELATIONSHIP MARKETING DIMENSIONS WITH SPECIAL REFERENCES TO COMMERCIAL BANKS IN TAMILNADU

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I. INTRODUCTION

Relationship Marketing Dimensions

Gummeson (1993) says the term as a strategy in which the management of interactions, relationships and networks is a fundamental issue. The aim of relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involve dare met. The marketing literature has the orized key virtues that under pin relationship marketing, such as trust(Morgan and Hunt, 1994; Veloutsouet al., 2002),commitment (Grossman, 1998;Chan and Ndubisi, 2004), conflicthandling (Dwyeretal., 1987; Ndubisiand Chan, 2005), and communication or sharing of secrets (Ndubisiand Chan, 2005; Morganand Hunt, 1994; Crosby etal.,1990). These have been linked in this study to customer Satisfaction.

Trust

The term trust as the belief that a partner's word or promise is reliable and a party will fulfill his/her obligations in the relationship Schurr and Ozanne (1985) and the measured scale was adopted from Churchill and Surprenant (1982) containing six items.

Commitment

The commitment is an enduring desire to maintain a valued relationship" (Moormanetal., 1992) and measure dusing the scale adopted from Morgan and Hunt (1994) containing four items.

Communication

Communication is as providing customers with a dequate in formation as well as listening to them when they need to communicate and measure dusing the scale adopted from Morgan and Hunt (1994) containing four items.

Methodology

Research methods refer to the methods the researchers use in performing research operations. It includes those methods which are concerned with the collection of data, which are used for establishing a relationship between the variables and those methods which are used to evaluate the accuracy of the results obtained (Kothari, 2004).This section outlines the research hypotheses, and it gives an account of the methodology adopted, study are a chosen for the study, sample size, research design, and measures of the research instrument. Finally, the statistical

tools which are used to analysis the data are discussed.

II. RESEARCH OBJECTIVES

The following objectives were identified based on the evaluation of the relevant literature:

1. To examine the effect of relationship marketing dimensions such as Trust, Commitment, Communication and Conflict Handling on customer satisfaction in retail bank.
2. To study the comprehensive model effect portraying the relationship among variables.

Research Hypotheses

From the discussion of the proposed the oretical framework, three hypotheses were formulated to test the relationship between the independent, mediator and dependent variables.

Relationship quality dimensions namely Trust, Commitment, Communication and Conflict Handling will have a positive significant effect on Customer Satisfaction.

H2.1: Trust will have a significant positive effect on Customer Satisfaction.

H2.2: Commitment will have a significant positive effect on Customer Satisfaction.

H2.3: Communication will have a significant positive effect on Customer Satisfaction.

H2.4: Conflict Handling will have a significant positive effect on Customer Satisfaction.

Pilot Study

A pilot study was conducted to validate the questionnaire and to confirm the feasibility of the study. The structured questionnaire was distributed to the customers of retails banking Chennai during the banking hours. The filled-in questionnaires were collected from 60 respondents.

The data collected through the pilot study was statistically analyzed, and the Cronbach's Alpha Criterion was applied to test the reliability. The value determined was 0.966 providing the reliability of the instrument. The study was conducted in two stages format, with a preliminary pilot study followed by the main study analysis.

Statistical tools used

The data was collected and have been quantitatively analyzed with the application of appropriate statistical tool which is Statistical Package Social Science 21.0(SPSS) and Analysis of Moment Structure (AMOS,Version20). Using these tools the study analyzed and measured the data for descriptive analysis, reliability analysis, regression analysis and factor analysis, mediation analysis, and structural equation modeling. The results will be presented in the form of frequency, percentage and bar charts. Besides that, the relationships among the independent, mediating and dependent variables we retested. The results would be discussed and reported in detail under findings and analysis.

Review of literature

Smith Ramachandran (2008) in this paper entitled as, "Customer Management in Retail Banking: An overview" studies the concept of retail banking and it is becoming customer-driven. The study focused in the growth and future of Retail Banking. The issues and operational challenges like customer satisfaction and retention, customer acquisition, competitive pressure to deliver the new product & services rapidly to market are highlighted. The study is discussed the importance of and the growing need for Customer Retention Management.

V.V.Gopal (2008) in his article entitled as, "Banking on CRM-An Approach to Implementing CRM in Banking" provides insight into customer relationship management and its relevance and

significance in banks. It expresses the prerequisites for successful CRM in banks and suggests having a thorough understanding of the organizational structure and environment. It further suggests that frontline executives in banks should possess adequate knowledge about the banks as well as the competitor's products and the competitive environment.

ZillurRahman (2008) in his article entitled as, "Service Quality- Gaps in the Indian Banking Industry" conducted a study for measurement of service quality of banks in India. It examines and evaluates factors like- competitive service quality assessments cores, expectation, perception and gaps among users of bank services. The purpose of the study is to diagnose service shortfalls in the banking system accurately by assessing and comparing customer perceptions. It investigates the discrepancy between customer's expectations and perceptions towards quality of service provided by banks.

H.E mari & S. Iranzadeh (2010) in the study entitled as, "Determining the Dimension of Service Quality in Banking Industry: Examining the Gronroos's Model in Iran", was to determine the dimensions of service quality in the banking industry of Iran. The study empirically examines the European perspective (i.e. Gronroos's model) suggesting that service quality consists of three dimensions, technical, functional and image. This research is an applied research and the results of the study showed that in case of a banking service the overall service quality is influenced more by a consumer's perception of technical quality than functional quality.

Muhammad Asif Khan (2010) in the article entitled as, "An Empirical Study of Automated Teller Machine Service Quality and Customer Satisfaction in Pakistan I Banks" investigate significant dimension of ATM

(automated teller machine) service quality and its effect on customer satisfaction. Questionnaire was used to collect the data from a convenient sample of 500 customers of multinational and national banks. The results indicate that convenience, efficient operation, security and privacy, reliability and responsiveness are significant dimensions of ATM service quality and that ATM service quality positively and significantly contributes towards customer satisfaction.

Sandip Ghosh &Kailash B.L.Srivastava(2010),in their study "Impact of Service Quality on Customer Satisfaction, Loyalty, and Commitment in the Indian Banking Sector", examined the strength of association among the independent variable, namely service quality perception and dependent.

Results and Discussions

Variables		Frequency	%
Gender	Male	286	49.9
	Female	287	50.1
	Total	573	100.0
Age	21 -30	205	35.8
	31 -40	171	29.8
	41 -50	112	19.5
	Above51	85	14.8
	Total	573	100.0
Occupation	Salaried	315	55.0
	Businessman	37	6.5
	Student	179	31.2
	Others	42	7.3
	Total	573	100.0
Educational Qualification	Schooling	13	2.3
	Graduate / Diploma	117	20.4
	Professional Qualification	137	23.9
	PG and above	306	53.4
	Total	573	100.0
Marital Status	Married	298	52.0
	Single	275	48.0
	Total	573	100.0
Monthly Income	Less thanRs.10,000	260	45.4
	Rs.10,000 to Rs. 20,000	197	34.4

Variables		Frequency	%
Monthly Income	Rs.20,000 to Rs. 30,000	83	14.5
	More than 30,000	33	5.8
	Total	573	100.0
Duration of Account Holding	Less than 1 year	11	1.9
	1-2 years	108	18.8
	2-3 years	124	21.6
	3-4 years	285	49.7
	More than 4 years	45	7.9
	Total	573	100.0
Frequency of Visiting bank	Daily	22	3.8
	Weekly	171	29.8
	Monthly	307	53.6
	Others	73	12.7

The respondents of this study comprised of 287 males (49.9%) and 286 females (50.1%). 205 respondents (35.8%) were between the age group of 21 to 30 years, 171 respondents (29.8%) were between the age group of 31 to 40 years, 112 respondents (19.5%) were between the age group of 41 to 50 years and 85 respondents (14.8%) were above the age of 51 years. The total of 573 samples, 315 respondents (55%) were salaried, 37 respondents (6.5%) were businessmen, 179

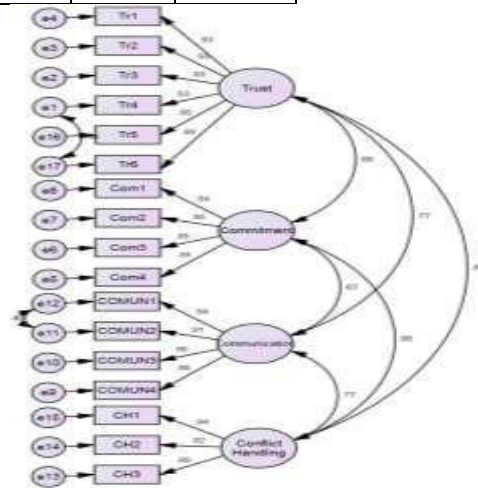
respondents (31.2%) were students. 13 respondents (2.3%) were below graduation, 117 respondents (20.7%) had a graduate degree, 137 respondents (23.9%) had completed their post degree like CA, CS and PGDM, 306 respondents (53.4%) had completed their post-graduation degree. 298 respondents (52%) were married and 275 respondents (48%) are unmarried. Majority of the respondents 260 (45.4%) are earning less than Rs.10,000, 197 respondents (34.4%) are earning between Rs10,000 to Rs20,000, and 33 respondents (5.8%) are earning more than Rs30,000. Majority of the respondents 285 (49.7%) are holding their account between 3 to 4 years, 124 respondents (21.6%) are holding their account between 2-3 years, 108 respondents (18.8%) are holding their account between 1-2 years, 45 respondents (7.9%) are holding their account more than 4 years.

Majority of the respondents 307 (53.6%) are visiting their bank monthly; while 171 respondents (29.8%) were visiting weekly, while 22 respondents (3.8%) were visiting their bank daily.

Model fit for relationship marketing dimensions

Model Indices	χ^2	df	χ^2/df	GFI	CFI	SRMR	RMSEA
	369.36	111	3.32	.930	.980	0.02	0.06

The results of its indices are given in table 2. The χ^2 value for the model is 369.36 with a DF of 111. The relative chi-square value is 3.32. In this study GFI=.93, CFI=.980, SRMR=.02, RMSEA=.06, representing a good fit. The goodness of fit measures shows reliable model fit. Thus, there is no modification made according to the commendation of the model modification index.



Relationship marketing dimensions

Relationship quality dimensions namely Trust, Commitment, Communication and Conflict Handling will have a positive significant effect on Customer Satisfaction.

Multiple regression analysis was used to assess the influence of relational quality

Model summary of Multiple regression analysis

Model	R ²	Adjusted R ²	Change in R ²	F	Sig. of F	F Change Watson	Durbin
1	.738	.736	.738	400.01	.000	400.01	1.668

The above Table presents the hierarchical regression results of relational quality dimensions such as Trust, Commitment, Conflict handling and Communication on Customer Satisfaction. The results revealed that the total variance explained by the Model1 was 73.8% $F(4,568) = 400.01, p < .001$. The results indicate that 73.8% of customer satisfaction can be explained by four predictor variables. The residual are not correlated in this

study since the Durbin-Watson was 1.881 which falls between the acceptance range. The results showed that four predictor variables are found positively and significantly associated with Customer satisfaction, namely, Trust ($\beta = .157, p < .001$), Commitment ($\beta = .090, p < .01$), Conflict handling ($\beta = .226, p < .001$) and Communication ($\beta = .479, p < .001$).

Multiple Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.492	.302		1.630	.104
Trust	.107	.026	.157	4.065	.000***
Commitment	.103	.034	.090	3.050	.002**
Conflict Handling	.308	.051	.226	6.024	.000***
Communication	.463	.035	.479	13.166	.000***

a. Dependent Variable: Customer Satisfaction

*Note. * $p < .05$; ** $p < .01$; *** $p < .001$.*

Hypothesis 2.1 posits that Trust has positive and significant relationship with customer satisfaction in banks. This study has proven that the relationship was positively and significantly associated with customer satisfaction. This result ($\beta = .157, p < .001$) is consistent with the previous research by Gaurav and Khan (2013). When a customer trusts a service provider, he or she will expect to increase satisfaction and loyalty towards the vendor (Kassim & Abdullah, 2008). In general,

if a consumer does not trust the provider based on past experience, he or she will probably be dissatisfied with that provider. Researchers found that trust will affect satisfaction in the long term (Kim, Ferrin, & Rao, 2009). When a customer's feeling of faith in the provider is satisfied, his satisfaction will be hanced overtime (Chiou & Droge, 2006). There is also support for this finding from the literature Nelson Oly Ndubisi, Naresh K. Malhotra & Chan Kok Wah (2008) all

these authors concludes that trust is important in maintaining customer satisfaction. This result lends support for the hypothesis H2.1.

Hypothesis 2.2 posits that Commitment has a positive and significant relationship with Customer satisfaction. The result ($\beta = .090$, $p < .01$) showed that the relationship was positively and significantly associated with customer satisfaction. It is conclusive that showing commitment by bank employees to its customers lead to satisfied customers in retail banks. This result is consistent with previous research by Gund lachetal.,1995; Morganand Hunt, 1994. This result lends support for the hypothesisH2.2.

Hypothesis 2.3 posits that communication has positive and significant relationship with customer satisfaction in banks. This study has proven that the relationship was positively and significantly associated with customer satisfaction. This result ($\beta=.479$, $p<.001$) is consistent with the previous research by Anderson and Narus,1990. The study result suggests that the effective communication has greater influence on customer satisfaction. Effective communication makes the customer satisfied with a provider of banking services. Customer satisfaction can be nurtured by providing timely and reliable information. This result lends support for the hypothesis H2.3

Hypothesis 2.4 posits that conflict handling has positive and significant relationship with customer satisfaction in banks. This study has proven that the relationship was positively and significantly associated with customer satisfaction. This result ($\beta=.226$, $p<.001$)is consistent with the previous research by Ndubisi, N.O. (2012) heargued that ability of the banker in managing conflicts and avoiding potential conflicts will direct to customer satisfaction in retail banks. This result lends support for the hypothesis H2.4.

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