



## RELATIONSHIP BETWEEN THE BONDING, TRUST, CUSTOMER SATISFACTION, COMMUNICATION AND LOYALTY AND CUSTOMER COMMITMENT IN BANKING SERVICES

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### Abstract

The purpose of this paper is to analyze the influence of bonding, trust, customer satisfaction, communication and loyalty on commitment in public banking sector. The sample 415 is considered this research. Descriptive statistics is used to describe the sample, to show the numbers and percentage of the items falling in categories and Correlation analysis is to measure the degree of relationship between to variables. It is found the customer satisfaction, commitment and trust value are influenced on customer commitment towards the bank. But bonding is negatively influenced on customer commitment towards bank.

### Introduction

Customer value has become an important concept for re-focusing business activities on customer needs and perceptions. Woodruff (1997) defines customer value on a product level as a customer's perceived preference for and evaluation of those product attributes, attribute performances and consequences arising from use that facilitate to achieving customer's goals and purposes in use situations. In marketing practice and theory, it is observed that a shift from transaction-oriented to relationship-oriented marketing research (Sheth& Sharma 1997). Several authors have started to theorize about value in business relationships. (Wilson 1995, Ravald and Gronroos 1996, Gronroos 1997, Walter, Ritter and Gemuenden, 1999) Wilson (1995) stated that value creation is the process by which the competitive abilities of the hybrid and the partners are enhanced by being in the relationship. Hence, customer relationship value defined as the trade-off between the multiple benefits and sacrifices perceived by a customer, regarding all aspects of the business relationship with a supplier.

### Statement of the problem

A number of studies have discussed the close relations between commitment and trust (Morgan and Hunt, 1994; Liang and Wang, 2006; N'Goala, 2007). Trust and commitment are critical to enhance relationship quality, which is the main influence factor on customers repurchasing behaviour, which is referred to here as behavioural loyalty (Liang and Wang, 2006). It has further been demonstrated by relationship marketing literature that both trust and commitment positively influence customers intentions to maintain their business relationships with repurchases and their intentions to recommend their service provider's products and services (N'Goala, 2007). Customers who are committed to a relationship might have a greater tendency to behave a certain way because of their need to remain consistent with their commitment, that is, customers tend to avoid cognitive dissonance (Liang and Wang, 2006).

### Research methodology

The main objective of this study is to identify the most important determinants of relationship marketing on commitment in public banking sector Systematic random sampling technique is adopted for this study. Samples of 468 customers are approached for this study then sample respondents are selected based on the purposive sampling techniques. Among the 468 responses, the elimination cases with missing data resulted in 415 completed schedules. All are fit for the further analysis. Hence the sample 415 is considered this research based on the review of literature, the researcher developed the research schedule for collecting the primary data. Commitment is treated as dependent variable. bonding, trust, customer satisfaction, communication and loyalty are considered as the independent variables. The respondents are asked to rate their opinion in the seven point Likert scale, where 7 stands for strongly agree and 1 stands for strongly disagree. Descriptive statistics is used to describe the sample, to show the numbers and percentage of the items falling in categories and regression analysis is applied to measure the degree of relationship between to variables.

### Analysis and discussion

Commitment is as an enduring desire to maintain a valued relationship. (Moorman, et. al., 1992). It is emphasized the belief that commitment exists only when the relationship is considered important.

**Table - 1 Opinion towards Commitment**

Statements	Mean	S.D	C.V
Long-term goals in this relationship	5.06	1.46	0.28
Willing to in rest time and other resources into the relationship	5.02	1.35	0.26
Long-term cooperation with this bank before my short-term profit	5.02	1.32	0.26
Expand our business in the future	4.87	1.55	0.31
Defend this bank when outsider criticize	4.44	1.71	0.38

Source: Primary data computed



Table 1 indicates the respondent's opinion towards their commitment with the banks. Commitment has been measured with the five statements. The respondents are asked to rate their opinion for each statements. The mean and standard deviation values are calculated for each statement. The calculated mean values are lies between 4.44 to 5.06.

It is noted that the respondents are highly rated that they are having good relationship with the bank to achieve long term goals. Though, customers are willing to have the relationship with other banks, they do not change the relationship with this bank. Customers are put long term cooperation with this bank. They are also wanted to expand their business in the future. But customers are keeping quit when outsiders criticized this bank.

This implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial (Gundlach, et al., 1995; Morgan and Hunt, 1994). Given the higher level of commitment among individuals who believe that they receive more value from a relationship, highly committed customers should be willing to reciprocate effort on behalf of a firm due to past benefits received (Mowday et al., 1982). There is existence of implicit or explicit pledge of relational continuity between exchange partners in a buyer-seller relationship. Dwyer, et al., (1987.) Commitment implies a willingness to make short-term sacrifices to realise longer-term benefits.

**Table 2 Effect of of bonding, trust, customer satisfaction, communication and loyalty on commitment**

R-Value	R-Square Value	Adjusted R-Square Value	F-Value	P-Value
0.749	0.560	0.551	57.365	0.001

Service Quality	B	Std. Error	Beta	t-value	P-Value
Constant	1.452	1.345		1.080	0.281
Bonding	-0.054	0.054	-0.037	-0.991	0.322(NS)
Trust	0.124	0.045	0.116	2.772	0.006**
Customer satisfaction	0.129	0.056	0.119	2.308	0.021**
communication	0.125	0.055	0.097	2.288	0.023**
loyalty	-0.154	0.050	-0.166	-3.057	0.002**

Source : Primary data computed, \*significant at one percent level

Table 2 indicated the impact of relationship marketing dimensions on customer commitment towards the bank.  
Ho: Relationship marketing dimensions do not have impact on customer commitment with the bank.

In order examine the above stated hypothesis multiple linear regression has been applied. Here, relationship marketing dimensions are considered as a independent variables and customer commitment towards the bank is treated as a dependent variables. From the model summary, it is observed that P-Value is found to be (0.001) significant at one percent level. Hence, it is inferred that the stated hypothesis is rejected. So, relationship marketing dimensions are significantly influenced the customer commitment towards the bank. Further r-square value is found to be 0.560. It is indicates that the independent variable are influenced at 56 percent levels on the dependent variable. Further, the standardized co-efficient beta value indicated the relative importance of independent variables on the dependent variable. Here, it is expressed by the following equation.

$$\text{Commitment} = 1.452 + 0.129 (\text{customer satisfaction}) + 0.125 (\text{communication}) + 0.124 (\text{trust}) - 0.154 (\text{loyalty}).$$

The equation is explained that the customer satisfaction, communication and trust are having positive impact on customer commitment towards the bank. However, loyalty is found to be negative effect on customer commitment with the bank. Here, to have one unit increased in customer commitment with the bank; the customer satisfaction has to be increased by 0.129 levels while other factors remain constant. And like, when communication is increased by 0.125 levels; customer commitment is also increased at one unit. Similarly when trust is increased by 0.124; one unit of customer commitment is also increases while other factors remain constant. However, when loyalty is decreased by 0.154 level customer commitment also decrease at one unit as independent. From these observation it is found the customer satisfaction, commitment and trust value are influenced on customer commitment towards the bank. But loyalty is negatively influenced on customer commitment towards bank.



Many studies indicate that better service quality had a positive impact of commitment. In a study conducted on private banks, a positive association was found between service quality and commitment (Yavas et al.,2004). In another study (Yavas et al.,1997) service quality was linked to commitment. Recent researches also offer evidence that service quality has an impact on customer trust and commitment (Coulter and Coulter, 2002, Eisingerich and Bell, 2008).

### **Conclusion**

Customers are like to have long term cooperation with this bank. They are also wanted to expand their business in the future. But customers are keeping quit when outsiders criticized this bank. From these observation it is found the customer satisfaction, commitment and trust value are influenced on customer commitment towards the bank. But bonding is negatively influenced on customer commitment towards bank.

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