



Influence of customer relationship value on commitment in public sector banks

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Abstract

The purpose of this paper is to analyze the influence of relationship value determinants on commitment in the public sector banking services. A systematic random sampling technique is adopted for this study. 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 two variables. It is found the customer satisfaction; commitment and trust value are influenced by customer commitment towards the bank. But bonding is negatively influenced by customer commitment towards the bank.

Keywords: agricultural, relationship value, commitment, bank

Introduction

Business environment today is a complex, multifaceted, cutting-edge industry, an essential contributor to world high standard of living, playing a vital role in strengthening our economy and whether you are producing food, fibers, fuels or raw materials for any of a hundred other purposes, there is one need that is constant throughout, the need for financial supports. Agricultural business is all about the production and marketing of agricultural commodities through farming items related to livestock and crops.

Customer value has become an important concept for re-focusing business activities on customer needs and perceptions. Woodruff (1997) [12] 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) [7]. Several authors have started to theorize about value in business relationships. (Wilson 1995, Ravald and Gronroos 1996, Gronroos 1997, Walter, Ritter and Gemuenden, 1999) [11, 6, 3] Wilson (1995) [11] 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.

Research Methodology

The main objective of this study is to investigate the most influenced determinants of relationship value on commitment in the public sector banking. A systematic random sampling technique is adopted for this study. The samples of 415 customers are considered for this research. A descriptive statistic 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 the variables.

Table 1: Respondents 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 shows that 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) [5]. 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 relationship value 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 dimensions on customer commitment towards the bank.

Ho: relationship dimensions do not have impact on customer commitment with the bank.

In order to examine the above stated hypothesis multiple linear regression has been applied. Here, relationship dimensions are considered as independent variables and customer commitment towards the bank is treated as a dependent variable. 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 dimensions are significantly influenced the customer commitment towards the bank. Further r-square value is found to be 0.560. It indicates that the independent variables are influenced at 56 percent levels on the dependent variable. Further, the standardized coefficient 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 increase in customer commitment with the bank; the customer satisfaction has to be increased by 0.129 levels while other factors remain constant. And like, communication is increased by 0.125 levels; customer commitment is also increased at one unit. Similarly trust is increased by 0.124; one unit of customer commitment is also increased while other factors remain constant. However, loyalty is decreased by 0.154 level customer commitment also decrease at one unit as independent. From these observations 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.

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) [14] 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) [1, 2].

Conclusion

Customers are like long term cooperation with the bank for their financial needs. They are also wanted to expand their business in the future. But customers are keeping quiet when outsiders criticized this bank. From these observations it is found the customer satisfaction, commitment and trust value are influenced by customer commitment towards the public sector banks. But bonding is negatively influenced by customer commitment towards the bank. Finance in agriculture is as important as the development of technologies. Technical inputs can be purchased and used by farmers only if sufficient money (funds) is available with farmers. Most of the times farmers are suffering from the problem of inadequate financial state. This situation leads to borrowing from an easy and comfortable source. So the public sector banks concentrate on providing sustainable financial assistance for growing business.

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