The Relationship between Relationship Marketing and Customer Satisfaction in Saman Private Bank

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Abstract

By understanding the importance of customer satisfaction, organizations are gradually distancing themselves from traditional marketing and are moving towards relationship marketing. Given the importance of this approach for organizations today, this article has investigated the relationship between relationship marketing variables such as trust, commitment, communication, conflict management and competence with customers' satisfaction from banking services. The present article is a descriptive study which has been carried out as multivariable regression correlation. The research population includes 140 customers of Saman bank in Hamadan. Data collection tool is a questionnaire and the data are analyzed through regression model. The results of the research are presented in the end.

Keywords: relationship marketing, trust, commitment, conflict management, communication

1. Introduction

Customer satisfaction is the major factor in the success of many organizations, andin several studies the relationship between customer satisfaction and word of mouth communication, loyalty, repeated purchase, and the increase of organizations profitability have been mentioned (Fernandez- Gonzalez and Prado, 2007). In service industries where service offering requires communication and interaction with customers, overall customer satisfaction depends on how they face the organization and also their experience there. Therefore, it's no wonder that companies devote considerable resources to the measurement and management of customer satisfaction. In order to improve customer satisfaction and loyalty, economic enterprises must investigate factors affecting customer satisfaction and their re-visit and gain their loyalty via providing their satisfaction (Law et al., 2004).Full awareness about the customer and their needs and demands require establishing close relationships with them. Relationship marketing is a new approach in banking industry that mainly aims to establish close and long-term relations in order to fully understand and know the customer and to provide their satisfaction (Ndubisi and Wah, 2005).With regard to the increased competition among banks in the world, relationship marketing is considered as a very good approach to create and maintain long term relationship with the customers because services in commercial banks are relatively uniform and for most banks it is difficult to make their services distinct from their competitors'. Therefore, a large number of banks in the world have tended towards the use of relationship marketing approach and the implementation of its foundations (So and Speece, 2000).
Now that with the emergence of private banks beside state banks we witness the increasing competition in banking industry of Iran, it is important to move towards maintaining the customer and making long term relationship with them because unfriendly relations with customers will result in the loss of position and removal from the competition scene. Given the role of relationship marketing in this regard, the present paper has investigated the relationship between relationship marketing and customer satisfaction in Saman Bank branches in Hamadan.

2. Research Background

The concept of relationship marketing was first introduced by Berry in 1983 for service organizations and was defined as the strategy to attract, retain, and promote relationships with customers (Berry, 1983). Customer satisfaction is his evaluation after buying a product which has been obtained through the consumption experience (Sharma and Patterson, 2000). Customer satisfaction can be considered as the ultimate foundation in modern marketing, so that the enterprise success depends on better identification and satisfaction of customer needs and demands than the competitors. Customer satisfaction can lead to behaviors such as loyalty and positive word of mouth advertising (Abdul-Mauhmin, 2000).
Several studies have investigated the relationship between relationship marketing approach and customer satisfaction. Barnes and Hewlettin their studies on financial services have come to the conclusion that emotional engagement is critical in the relationships between firms and customers. Such relationships have been less imitated by competitors; therefore, it is very important to create such a sense of relationships among customers (Barnes and Hewlett, 1998). Terawatanavong et al. (2007) examined the effect of relationship marketing foundations, dependence, trust, commitment, corporation norms and conflict management on customer satisfaction throughout the life cycle. The results of the research showed that trust and

dependence are associated withsatisfaction from the relationship during the construction and maturity, while commitment is associated with satisfaction from the relationship during the maturity. Moreover, conflict management has no effect on satisfaction from the relationship during the decline stage (Terawatanavong et al., 2007). Molina et al. (2007) examined the effect of long term relationships between customers and bank on their satisfaction. The results of their research showed that customer trust ina bank had a significant effect on customer satisfaction from the bank (Molina et al., 2007).

In the present article, with respect to Ndubisi and Wah model (2005), trust, commitment, communication, conflict management, and competencewere examined as the main and fundamental variables of relationship management. Each one of the variables is described briefly in the following.

The first variable of relationship marketing is trust. According to Morgan and Hunt (1994) success in relationship marketing requires trust and commitment in the relationship. They believe that the formation of trust in the relationship includes a level of trust in the honesty and integrity of the other party promises by each of the parties (Morgan and Hunt, 1994). Sin et al. (2000) define trust as one party's belief in the reliability of the other party's statements and obligations. They also believe that higher levels of trust between buyers and sellers will increase the likelihood of relationship continuation (Sin et al., 2000).

The second variable that is taken into account for the relationship marketing is commitment. When trade parties are committed to each, other, they are more willing to cooperate, meet the needs of the other party, share information, and solve problems collaboratively (Vasudevan et al., 2006).

The third variable of relationship marketing is communication which is defined as the exchange and sharing of reliable and timely information formally or informally between two parties of a relationship. The basic concepts of this definition mainly emphasize on the exchange of accurate, relevant, and proper information then the volume and frequency of information (Anderson and Narus, 1990). Sin et al. (2002) believe that communication, particularly timely communication, will promote confidence between two parties of the relationship through helping to resolve disputes and aligning the perceptions and expectations.

The fourth foundation considered for relationship marketing is the conflict management. Conflict management refers to the ability to minimize negative and obvious consequences of potential conflict, before it leads to a problem, of course (Anderson and Narus, 1990). Anderson and Whets believe that conflict in relationship indicates the lack of commitment to the relationship by the members; moreover, the increase of conflict in a relationship leads to the decrease of parties' trust in each other and desire to establish and retain long term relationships (Anderson and Whets, 1989).

Finally, bank competence or expertise in providing customer service is considered as the fifth foundation of relationship marketing. Hunt et al. have introduced enterprise competence as one of the factors affecting the success of relationship marketing strategy. They have considered some competences for the firms such as market-related competence, relationship management competence, and coalition competence. They also believe that wherever all the possible relationships between firms and customers are not profitable, the firms should be able to manage their relationships with their customers quite well (Hunt et al., 2006).

3. Research Method

The present article is a descriptive study that has been carried out as multivariable regression correlation. With respect to the goals that have already been explained in the introduction, the research hypotheses are as the following:

Hypotheses:

1. There is a relationship between building trust by Saman Bank and customer satisfaction in Hamadan.

2. There is a relationship between Saman Bank commitment to offer services and customer satisfaction in Hamadan.

3. There is a relationship between Saman Bank communication quality and customer satisfaction in Hamadan.

4. There is a relationship between conflict management by Saman Bank managers and customer satisfaction in Hamadan.

5. There is a relationship between Saman Bank competence and expertise and customer satisfaction in Hamadan.

The research population includes Saman Bank customers in Hamadan. The bank has one branch in Hamadan. In order to determine the sample size, a preliminary study was conducted and 30 questionnaires were distributed. With regard to the variance of the preliminary sample at confidence level of 95% and 5% error, the sample of 140 subjects was required.

Sampling was done randomly within each branch. In order to collect the required data in this study, the questionnaire that was modeled from Ndubisi and Wah's questionnaire (2005), which is a standard questionnaire and has been used in several studies, was used.However, since some of the items did not comply with the conditions of Iranian banks some changes were applied and some questions were also added to complete the questionnaire so that it would properly represent the situation of banks in Iran. A five-point Likert scale was used to measure the options. Cronbach's alpha coefficient was used to measure the questionnaire validity partly and wholly the results of which are displayed in Table (1).

Table (1): The number of questions in each section of the questionnaire and Cronbach's alpha coefficient for each section

Total questionnaire	Satisfaction	competence	Conflict management	ǀcommunication	commitment	trust	Variable
31	4	5	5	5	6	5	Number of questions
%94	%88	%83	%81	%79	%80	%72	Cronbach's alpha coefficient

(Source: research results)

4. Results and Discussion

According to the results of the research that can be observed inTable (2), 76% of the sample subjects were male and 24% were female which indicates that the number of men who visit the bank is remarkably more than the number of women. This could be imagined to be due to cultural issues and the greater proportion of men than women who are employed in Iran.

Moreover, the flow of money is more in the hands of men and they try to use banks in order to facilitate their business activities. Another reason could result from the kind of men's and women's cooperation with the bank. Most men's cooperation with the bans is as current account unlike women whose cooperation is as savings account, and current accounts require more workflow than the savings accounts.

Table (2): Demographic distribution of the sample

percentage	Frequency		
%60	94	Male	Gender
%40	63	Female	
%10	16	20 t0 30 years	Respondents age
%72	113	30 to 40 years	
%12	20	40 to 50 years	
%5	8	Older than 50 years	
%6	9	Associate degree	Education
%68	107	Bachelor degree	
%18	28	Master degree	
%8	13	Doctorate and more	

In order to examine the relationship between independent variables of trust, commitment, communication, conflict management, and competence and the dependent variable of customer satisfaction in Saman Bank, regression analysis was used the results of which are observed in Table (3).

Table (3): the analysis of the relationship between relationship marketing foundations and customer satisfaction

Competence	Conflict management	Communication	Commitment	Trust	variable
0/242	0/094	0/210	0/062	0/257	Beta
4/875	1/892	3/552	1/101	2/083	t
0/000	0/147	0/000	0/256	0/000	sig

As observed in Table (3), with regard to the significance degree of variables it can be said that there was a significant relationship between competence, communication, trust and the dependent variable of customer satisfaction at confidence level of 95%l. However, since the significance degree of commitment and conflict management is more than 0.05, it should be said that there was no significant relationship between commitment, conflict management and customer satisfaction in Saman Bank at confidence level of 95%. Moreover, the independent

variables of competence, communication, and trust have not been able to explain 52% of changes of dependent variable, customer satisfaction. Consequently, hypotheses 1, 3, and 5 are confirmed at confidence level of 95%, but hypotheses 2 and 4 are rejected.

Considering Beta coefficient, it can be said that trust variable had the greatest role in customer satisfaction of the bank, and then the variables such as competence, communication, and conflict management were effective. Therefore, in order to create more satisfaction among the customers, Saman Bank must put more emphasis on trust, communication, competence, and conflict management, respectively.

To be aware of the importance of effective factors from the customers' points of view, Friedman's test has been used. As can be seen in Table 4, trust variable includes five indices. Trustworthy behavior of bank staff had the highest effect on customers to trust the bank. Moreover, lack of errors in doing the customers tasks affected their trust in the bank. However, the rate of bank staff knowledge and transfer of the bank funds had the least effect on trust in the bank.

Table (4): The importance order of trust indices from the bank customers' points of view

Mean	index	Rating
4/4	Trustworthy behavior of the bank staff	1
3/87	Polite behavior of the bank staff	2
3/62	Lack of error in doing tasks	3
2/90	Staff knowledge in doing their tasks	4
2/71	Transferring bank funds	5

The most important factor affecting the bank effective communication with customers is the staff accountability to the customers' questions because the customer expects the employee to have a preference for his affairs and problems at any working position. The second factor in the formation of effective communication is the staff full awareness of all banking operations. However, the other three indices had less impact than the two mentioned ones on creating effective communication.

Table (5): The importance order of communication indices from the bank customers' points of view

Mean	Index	Rating
3/6	Staff accountability	1
3/21	Stagg accurate information about banking operations	2
2/80	Bills' being flawless	3
2/62	Notification of new banking services	4
2/3	Valuable and timely data of bank	5

Bank preparation to prevent conflict has the greatest effect on conflict management by the bank. Observing the order of priority and addressing the customer complaints are the next important

indices in conflict management by Saman Bank. Commitment fulfillment and sample survey had less impact than other indices on the conflict management.

Table (6): The importance order of conflict management indices from the bank customers' points of view

Mean	Index	Rating
4/4	Preventing conflict	1
3/87	Observing the order of preference	2
3/62	Addressing complaints	3
2/90	Fulfilling commitments to prevent conflict	4
2/71	Customers survey	5

Competence variable contains five indices among which, market for customers and employees information about customer conditions are the most important factors. Moreover, staff knowledge of banking affairs and providing recommendations on investment are considered as the next important indices of bank competence and expertise. However, the other two variables, advertisements and making changes to meet customer's demands had less effect on this variable.

Table (7): The importance order of competence indices from the bank customers' points of view

Mean	Index	Rating
4/4	Staff knowledge of all banking affairs	1
3/87	Staff information of market and customer conditions	2
3/62	Recommendation on investment	3
2/90	Effective and efficient advertisement	4
2/71	Changes to meet customers' demands	5

5. Conclusion

By understanding the importance of meeting customers' demands and needs, modern organizations are gradually moving towards establishing and retaining long term relationships with customers. Unlike traditional approach, relationship marketing approach is seeking to create such long term supportive relationships. In this paper, by reviewing previous studies on relationship marketing, five variables including commitment, trust, communication, conflict management, and competence were considered as the variables of relationship marketing and the relationship between them and customer satisfaction of Saman Bank in Hamadan was studied. The results of the research indicate that, in order of preference, there was a significant relationship between competence, communication, trust and customer satisfaction of Saman Bank services, but unexpectedly, there was no significant relationship between commitment, conflict management, and customer satisfaction of banking services. Perhaps one explanation for

these findings is the standard services offered by the banks that provide no commitment for the customers to retain their relationship with the bank.

According to the results of the research trust had the highest relationship with customer satisfaction. It can be said that in order to maximize customer satisfaction, the studied bank management should put its greatest emphasis and investment on trust variable. Moreover, according to Friedman's test, the trustworthy behavior of bank staff had the highest effect on building confidence in bank among the customers. Lack of error in fulfilling the tasks also affected customers' trust in the bank. However, the staff information and transfer of bank funds had the least effect on trust in the bank. Therefore, in order to improve communication and to enhance customer satisfaction, Saman Bank should pay special attention to these indices.

In general, it could be said that non-governmental nature of Saman Bank has increased the customers' expectations of the bank officials such as offering desired services in the shortest period of time and properly. Any neglect, although very trivial, discourages the customers of private banks and they might come to the conclusion that private bank is nothing except the change of ownership from government to private sector. In this regard, Molina et al. examined the effect of relational benefits such as trust, particular and social behavior on customer satisfaction of the banks in Spain. The results of their findings indicate that among all factors, only the benefits of trust affected customer satisfaction (Molina et al., 2007).

Unlike the present research, it seems like that a set of limited factors had affected customer satisfaction of banks in the research conducted by Molina et al. moreover, all the relational benefits can be categorized if four factors affecting customer satisfaction like trust, communication, conflict management, and competence. Consequently, it can be said that many efforts done by Iranian banks for their own customers are very usual and common for the European customers and have not had much effect on their satisfaction. Moreover, Ndubisi investigated the relationship between the five factors and customer relationship in Malaysian banks. The results of his research show that these five factors have a great effect on the formation of customer satisfaction (Ndubisi, 2011).

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