

Relationship Banking: An Empirical Assessment of Private and Public Sector Banks

Mushtaq Ahmad Bhat and Aaijaz Ahmad Bhat*

Abstract: *The changing customer needs, increased competition and a service oriented economy are compelling marketers to rethink their marketing strategy. Marketers are now increasingly adopting relationship marketing as a strategy to acquire and retain customers. Building strong customer relationships offers a significant competitive advantage due to the difficulty of direct imitation by competitors. In view of growing importance of relationship marketing, an attempt has been made in the present paper to study the customer relationships between private and public sector banks with a view to offer suggestions, on the basis of the study results, to make overall bank customer relationships more effective and efficient. The study is based on a sample of one thousand two hundred (1200) customers of four major banks operating in northern India. The responses have been integrated into important factors by applying Exploratory Factor Analysis (EFA) to validate specific measure of relationship banking. The paired sample t-test was performed to study the variation in relationship marketing between private and public sector banks. The empirical findings reveal significant variation ($p < 0.05$) in bank customer relationship between private and public sector banks.*

Keywords: Relationship Marketing, Dimensions of Relationship Marketing, Customer Retention, Banks.

Introduction

Interest in the economics of long-lasting customer relationship has been growing since the last few decades. The drive for investment in building relationship with customers include, access to privileged information on customers' needs and wants (Ndubisi, 2004), mutual rewards (Rapp and Collins, 1990), cost reduction and increase in profitability (Ndubisi, 2004). Reichheld (1993) reported that a 5 percent increase in customer retention grew the company's profit by 60 percent by the fifth year. It has been argued that long-term relationships where both parties over time learn how best to interact with each other lead to decreasing relationship costs for the customer as well as for the supplier or service provider. Further, Naumann (1995) found that retaining an existing customer costs about five times less in money, time and corporate resources compared with attracting a new customer while Newman, et. al., (1998) indicated that an increase in only five per cent in customer loyalty would grow in profitability about 25–85 per cent. Further, long term customers consume less time and are less sensitive to price changes (Reichheld and Kenny, 1990; Healy, 1999). The philosophy of relationship marketing relays on gaining competitive advantage for the company due to retention of customers for a longer time, among the group of permanent clients of the organisation by keeping and growing their satisfaction level towards the realised gains.

* Associate Professor and PhD Scholar, respectively, Department of Business & Financial Studies, University of Kashmir, Srinagar, India.

Corresponding Author: Mushtaq Ahmad Bhat can be contacted at: mb@kashmiruniversity.ac.in
Any remaining errors or omissions rest solely with the author(s) of this paper.

Relationship Banking: An Empirical Assessment Of Private And Public Sector Banks

Relationship marketing literature evolved in the 1980s from the transactional marketing of the 1960's and 1970's and also migrated from organizational behavior and industrial marketing where interdependence between firms was the foundation of successful business operations. Recent research has highlighted the importance of developing relationships for effective marketing with customers (Morgan and Hunt 1994). According to Berry (1995), relationship marketing is about transforming indifferent customers into loyal ones. The new focus has been driven by competitive pressures within the business environment. It is today recognized as a concept which basically emphasizes on customer needs and wants. Thus, the real focus of organizations is to create and sustain mutually beneficial relationships especially with carefully selected customers.

Relationship marketing has been defined as a strategy to attract, maintain and enhance customer relationships (Berry, 1983). The goals of relationship marketing are to create and maintain lasting relationships between the firm and its customers that are rewarding for both sides (Rapp and Collins, 1990). Gronroos (1994) reasoned that relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual symbiosis and fulfillment of promises (Ndubisi, 2004). Gummesson (1993) concluded that relationship marketing is a strategy where the management of interactions, relationships and networks are fundamental issues. The interaction and network approach of industrial marketing and modern service marketing approaches, clearly views marketing as an interactive process in a social context where relationship building and management are a vital underpinning (Bagozzi, 1975; Webster, 1992). In an analysis of the current developments in business and in marketing, Webster (1992) reported that "there has been a shift from a transaction to a relationship focus."

Researchers generally agree that this new paradigm emphasizes a shift in marketing from short-term transactions (also called traditional marketing) to long-term relations (Dwyer et al., 1987; Kotler, 1992; Morgan and Hunt, 1994; Palmer, 1994; Lin et al, 2003). To understand this paradigm, Morgan and Hunt (1994) have called for a clear distinction between a discrete transaction (a distinct beginning, a short duration, and a sharp ending by performance) and a relational exchange (tracing back to previous agreements, lasting longer, and reflecting on ongoing processes). The bulk of literature distinguishes between these two types to deliver a better understanding of relationship marketing. Gummesson (1994) points out that, "the marketing mix would always be needed, but that it had become peripheral in comparison to relationships". Indeed, relationship marketing aims to retain profitable customers by building and maintaining strong relationships, whereas traditional marketing aims to acquire new customers. Furthermore, Bennett and Durkin (2002) argued that relationship marketing aims to establish long-term, committed, trusting and co-operative relationships, which are characterized by openness, genuine customer suggestions, fair dealing, and a willingness to sacrifice short-term advantage for long-term advantage. In other words, relationship marketing is oriented towards long-term on-going relationships (Kim and Jeong 2004).

The existing literature on relationship marketing reveals that there is no consensus regarding the identification of dimensions which influences longevity of firm-customer relationship. The variables which have been identified in relationship marketing literature are as dependence, trust, opportunism, internal marketing, satisfaction, communication, relationship commitment, conflict handling, shared value, support and cooperation. Chattananon and Trimetsoontorn (2009) in their study on relationship marketing used four dimensions as: bonding, empathy, reciprocity and trust. However, Ndubisi (2007) employed trust, commitment,

communication and conflict handling as key dimensions of relationship marketing. Among all the dimensions, the researchers of relationship marketing recognize trust as an important dimension. This is why, Lingreen (2001) included trust in his comprehensive model of relationship marketing, together with commitment, cooperation, communication, shared values, conflict, power, and non-opportunistic behaviour. In fact trust is a single most powerful relationship-based marketing tool (Berry, 1995). Other than trust, Alrubaiee and Al-Nazer (2010) theorized two more factors: commitment (Anderson and Weitz 1992; Moorman et al., 1993; Day, 1995), and communication (Mohr and Spekman, 1994; Mohr and Nevin, 1996). In fact, literature found that these three dimensions are consistently used in the most cases of customer relationship study. For example, Ndubisi and Chan (2005), Ndubisi (2007), Kamaruzaman et al. (2009) and Ndubisi et al. (2009) consistently included trust, commitment and communication as the underpinnings of relationship marketing, in which all the studies examined the relationship marketing from customer point of view. In addition to the three factors, this study intends to take into account conflict handling and competence as the underlying dimension of relationship marketing. These dimensions regularly appeared in business based studies (Anderson and Weitz, 1989; Callaghan et al., 1995; Sin et al., 2002; 2005; Chattanon and Trimetsoontorn, 2009).

Research objective

In light of the growing importance of relationship marketing, an attempt has been made, in the present study, to measure the bank customer relationships between private and public sector banks in India. Such an investigation will provide banks a quantitative approximation of their relationships being perceived by their customers' with complex details and to suggest, on the basis of study results, ways and means for improving relationship marketing in banks with a view to make overall bank customer relationships more effective and efficient.

Research hypotheses

The above cited research studies gives rise to the following testable hypotheses:

The main hypothesis:

H₀: Bank customer relationship does not vary significantly between private and public sector banks;

The sub-hypotheses

H₀₁: Bank customer relationship does not vary significantly on trust dimension between the private and public sector banks;

H₀₂: Bank customer relationship does not vary significantly on competence dimension between private and public sector banks;

H₀₃: Bank customer relationship does not vary significantly on commitment dimension between across private and public sector banks;

H₀₄: Bank customer relationship does not vary significantly on communication dimension between private and public sector banks; and

H₀₅: Bank customer relationship does not vary significantly on conflict handling dimension between private and public sector banks.

Sample design and description

Keeping in view the paucity of time and financial resources, the present study is limited to northern India only. The study is further narrowed to four banks namely: Jammu and Kashmir Bank (JKB), Punjab National Bank (PNB), Housing and Development Financial Corporation

Relationship Banking: An Empirical Assessment Of Private And Public Sector Banks

Bank (HDFC Bank) and State Bank of India (SBI). The decision regarding sample organisation has been made in view of the fact that among the best private sector banks, HDFC Bank and JKB though ranked 1st and 9th respectively by BSE and Bloomberg (2011) have maximum business operations and branch network in northern India than any other private sector banks. In the same way, among public sector banks, SBI and PNB ranked 1st and 13th respectively by the same agencies have been selected keeping in view that SBI is one of the largest public sector banks in the world and the largest public sector bank in India in terms of business turnover, branch network and employment. Punjab National Bank is one of the largest public sector banks in India with maximum operations in northern India and has originated in northern India. The sample size for the present study is limited to twelve hundred (1200) respondents which represents 300 (three hundred) /25% bank customers from each bank. While choosing a bank customer, the method of convenience sampling method was used. All important demographic characteristics like age, sex, level of income, level of education and profession were taken into consideration while seeking the response from the customers. All these demographic characteristics have an important bearing on the bank-customer relationships. The effort was made to give a balanced representation to above demographic characteristics to make the sample representative.

A sizeable number of respondents belonged to the age group of 31-40 years (37.41%) followed by the age group of 20-30 years (34.75%) where as the age group of above 51 years were the least (6.67%) followed by the age group of 41-50 years (21.17%). Male respondents were highest in number (69%). A significant number of respondents were graduates (48.08%) followed by post graduates (39.84%) and the remaining had their secondary level education (12.08%). Heavy participants (39.92%) belonged to the income group of 21,000-40,000 per month followed by the income group of 41,000-60,000 (27.17%) where as the least participants (10.33%) belonged to the income group of above 61,000 followed by the income group of up to 20,000 (22.58%). Service class respondents were highest in number (60%) followed by business (28.42%) whereas professionals were the least (11.58%). Saving account holders were large in number (74.50%) followed by current account holders (22.42%).

Research Gadget

The study is based on the primary data collected from the bank customers through a questionnaire designed and developed after consultations and discussions on the aforesaid research problem with the panel of customers, bank officials and academicians as well as after reviewing the relevant literature. A ten-point Likert scale, ranging from strongly disagrees which scored 1 to strongly agree which scored 10, was used for this study and all questions were phrased positively. The questionnaire was piloted on forty bank customers of four commercial banks in Srinagar. After the elimination, addition and rephrasing of several questions, the final questionnaire was prepared consisting of twenty-three items.

The study was conducted in the Northern India in States of Jammu and Kashmir, Punjab and union territory of Delhi during the months of October, 2012 to March, 2013. The target population comprised retail bank customers of the said banks. A multi-stage convenience sampling approach was employed, in which 1200 (twelve hundred) respondents participated in the survey.

The data collected from bank customers was analysed and purified through factor analysis with the help of 19.0 version of Statistical Package for Social Sciences (SPSS) software to identify the factors that explain the pattern of correlation within a set of observed variables and to simplify and reduce the data to identify a smaller number of factors that explained most of the

variances observed in the much larger number of manifested variables (Foster and Thomas, 2001).

Table 1: Summary of Results From Scale Purification: Dimensions, Factor Loadings, communalities, Eigen value, Cronbach’s Alpha and Variance Explained

Items	Factors					Communalities
	F1	F2	F3	F4	F5	
V1	.802					.651
V16	.649					.513
V17	.616					.725
V18	.618					.637
V19	.720					.706
V21	.665					.730
V4		.754				.757
V7		.703				.747
V8		.794				.684
V14		.590				.743
V3			.708			.590
V9			.606			.520
V10			.846			.755
V11			.805			.677
V2				.796		.741
V5				.793		.688
V6				.561		.722
V20				.534		.583
V12					.780	.667
V13					.759	.761
V15					.593	.731
Eigen Value	3.368	3.236	2.990	2.550	2.187	14.331
% of Variance	16.038	15.409	14.237	12.141	10.413	68.239
Cronbach’s Alpha Score	.825	.768	.793	.784	.644	.825
Number of Items	6	4	4	4	3	21

Table 2: KMO and Bartlett’s Test

KMO and Bartlett’s Test	
Kaiser-Meyer-Olkin measure of sampling adequacy	.904
Bartlett’s Test of Sphericity (Approx. Chi- Square)	8244.578*

*Significant at 1% level.

The study used R-mode Principal Component Analysis with a Varimax Rotation and Eigen value equal to or more than 1 (Kinnear and Taylor, 1987). Five (5) factors were extracted with loadings equal to or above 0.50, thereby deleting 2 items within 06 iterations with 68.239% variance explained. The communalities of a twenty-one (21) items ranged from 0.513 to 0.761 indicating that a large amount of variance has been extracted by the Factor Solution. In addition, two items (V12 and V22) namely, your bank is flexible in serving your needs and your bank provides customized services to customers respectively were below the suggested value of 0.50 (Haier and Anderson, 2006) and were not considered for further analysis.

The factors finally selected have been named indicating various variables/statements grouped under the given set. Thus out of 23 statements, 21 got grouped under five factors, viz., Trust (16.03% VE (Variance Explained), Competence (15.40% VE), Commitment (14.23% VE), Communication (12.14% VE), and Conflict Handling (10.41% VE) (Table 3). The first factor Trust followed by Competence explains most of the variance (16.03%, and 15.40% respectively) and contains most of the elements (6 and 4 respectively). Thus, Trust and Competence are important determinants of perceived relationship marketing dimensions in banks.

The Reliability of the scale was tested by using Cronbach’s Alpha (α). The present generated scale achieved the scores of 0.825 (Table-1) which is highly acceptable reliability coefficient (Nunnaly, 1978). The Cronbach’s Alpha was also applied to each factor/dimension which revealed an Alpha (α) score of 0.825 for **Trust (F1)**; 0.768 for **Competence (F2)**; 0.793 for **Commitment (F3)**; 0.784 for **Communication (F4)** and 0.644 for **Conflict Handling (F5)**. All the five factors/dimension scored more than 0.644, revealing an acceptable level of reliability.

The adequacy of the sample size was confirmed using both the Kaiser-Meyer Olkin (KMO) Sampling Adequacy Test and Bartlett’s Test of Sphericity (BTS). In fact, KMO for relationship scores (0.904) exceeded satisfactory value and revealed a Chi-Square at 8244.578, ($P \leq 0.000$) which verified that correlation matrix was not an identity matrix, thus validating the suitability of factor analysis. The KMO measure of sample adequacy was performed which showed KMO=0.904 is higher than the suggested value of 0.6 (Tabachnik and Fidell, 2011).

Results of the study

In line with the objective of the study, mean scores on relationship banking were calculated and averaged separately for public and private sector banks, under reference, followed by independent t-test to determine the degree of significant difference and are shown in Tables (3-8).

Overall Bank Customer Relationship in Private and Public Sector Banks

Data on Table 3 shows bank customer relationship in private and public sector banks across all dimensions. The data reveals that there is significant difference ($p < 0.01$) between private and

public sector banks on overall bank customer relationships meaning thereby that the quality of relationship banking is broadly different between the two banking sectors. Public sector bank's relationship score is relatively low on trust (5.98) followed by competence (6.67) and conflict handling (6.22) against private sector banks (6.95, 7.29 and 7.62 respectively). The reason for low score in case public sector banks may be attributed to the lack of personalised attention to the customers and customer's perception that public sector bank employees don't show towards them. The mean difference on commitment (1.41) and communication (0.39), though significant ($p < 0.01$), is relatively low.

Main research hypothesis, therefore, is rejected as the study results revealed significant differences ($p < 0.01$) in bank customer relationships between private and public sector banks.

Table 3: Over-all Bank Customer Relationships' Scores in Private and Public Sector Banks

Dimensions	Group	Mean Score	Std. Deviation	Mean Difference	t-value	p-value
Trust	Private Banks	6.95	0.57	0.96	17.15*	0.000*
	Public Banks	5.98	0.79			
Competence	Private Banks	7.29	0.58	0.62	11.71*	0.000*
	Public Banks	6.67	0.73			
Commitment	Private Banks	5.48	0.91	1.41	17.08*	0.000*
	Public Banks	4.06	1.11			
Communication	Private Banks	7.62	0.61	0.39	7.14*	0.000*
	Public Banks	7.22	0.75			
Conflict Handling	Private Banks	7.62	0.75	0.43	6.22*	0.000*
	Public Banks	6.22	0.94			
Overall	Private Banks	6.99	0.420	0.76	19.76*	0.000*
	Public Banks	6.22	0.526			

*significant at 1%

Dimension wise analysis trust

The analysis of the data on Table 4 shows significant difference ($p < 0.01$) in bank customer relationships' on trust dimension between private and public sector banks. Element-wise analysis brings to fore that public sector banks' mean scores are relatively low on customers having confidence on bank services (5.22) followed by banks' words and promises are reliable (6.46) and employees show respect towards their customers (5.94). The two sectors, however, are relatively close to each other in providing consistent service quality and safe business transactions as is reflected by relatively low mean difference (0.12 and 0.34 respectively) on said elements of trust.

Since the bank customer relationship between the private and public sector banks differs significantly ($p < 0.01$) on trust dimension (Table-4), the 1st sub-null hypothesis is rejected.

Table 4: Bank Customer Relationship Scores in Private and Public Sector Banks on Trust

Elements	Group	Mean Score	Standard Deviation	Mean Difference	t-value	p-value
Customers have confidence in bank services.	Private Banks	7.00	0.97	1.77	20.92*	0.000*
	Public Banks	5.22	1.11			
Bank fulfils obligation towards customers.	Private Banks	6.52	1.20	1.12	10.08*	0.000*
	Public Banks	5.39	1.52			
Bank provides consistent service quality.	Private Banks	6.72	1.06	0.12	1.36	0.173
	Public Banks	6.60	1.21			
Bank is concerned with security of transactions.	Private Banks	6.64	1.08	0.34	3.67*	0.000*
	Public Banks	6.30	1.19			
Employees show respect towards customer.	Private Banks	7.11	1.07	1.17	10.90*	0.000*
	Public Banks	5.94	1.52			
Banks words and promises are reliable.	Private Banks	7.73	1.15	1.26	12.84*	0.000*
	Public Banks	6.46	1.26			
Trust	Private Public	6.95 5.98	0.57 0.79	0.96	17.15*	0.000*

*significant at 1%.

Competence

The data on Table 5 shows significant difference ($p < 0.01$) in bank customer relationship on competence dimension of relationship banking. Element wise analysis of the said dimension reveals relatively low mean score of public sector banks on readiness of counsellor to help customers (5.01) followed by knowledge about market trend (6.85) as opposed to private sector banks (6.06 and 7.70 respectively). However, relatively low mean difference on bank makes adjustment to suit financial needs of the customer (0.15) followed by advice to customers about investment (0.46) shows relatively less variation on said elements between two sectors. On the basis of the results (Table-5), the 2nd sub-null hypothesis is rejected.

Table 5: Bank Customer Relationship Scores in Private and Public Sector Banks on Competence

Elements	Group	Mean Score	Standard Deviation	Mean Difference	t-value	p-value
Advice to customers about investment.	Private Banks	7.27	0.89	0.46	5.90*	0.000*
	Public Banks	6.80	1.05			
Knowledge about market trend.	Private Banks	7.70	0.88	0.84	9.54*	0.000*
	Public Banks	6.85	1.25			
Bank makes adjustment to suit financial needs of customers.	Private Banks	8.14	0.93	0.15	1.88	0.060
	Public Banks	7.99	1.10			
Counsellor is always ready to help customers.	Private Banks	6.06	1.36	1.04	8.17*	0.000*
	Public Banks	5.01	1.75			
Competence	Private Public	7.29 6.67	0.58 0.73	0.62	11.71*	0.000*

*significant at 1%

Commitment

The bank customer relationship between the private and public sector banks differs significantly ($p < 0.01$) on Commitment dimension (Table 6), the 3rd null hypothesis drawn is, thus, rejected. The high mean difference (1.41) on commitment shows that public sector banks are lagging behind on said dimension. Its element-wise analysis reveals that private sector banks are relatively high on employees' role in building customer relationships (5.61) and efforts to find customer needs (5.49) as against public sector banks. Private sector banks are also relatively high on using multiple channels to increase customers' convenience and personalised services to customers ($p < 0.01$).

Table 6: Bank Customer Relationship Scores in Private and Public Sector Banks on Commitment

Elements	Group	Mean Score	Standard Deviation	Mean Difference	t-value	p-value
Employees play a role in building customer relationship.	Private Banks	5.61	1.40	1.52	13.50*	0.000*
	Public Banks	4.09	1.36			
Increased customer convenience using multiple delivery channels.	Private Banks	5.35	1.31	1.32	11.49*	0.000*
	Public Banks	4.02	1.52			
Efforts are made to find needs of customers.	Private Banks	5.49	1.19	1.45	13.44*	0.000*
	Public Banks	4.04	1.44			
Personalised services to customers.	Private Banks	5.44	1.32	1.36	11.55*	0.000*
	Public Banks	4.07	1.57			
Commitment	Private	5.48	0.91	1.41	17.08*	0.000*
	Public	4.06	1.11			

*significant at 1%

Communication

The analysis of the data on Table 7 brings to light significant difference ($p < 0.01$) in bank customer relationships on communication dimension. Based on these results, the 4th sub-null hypothesis is rejected (bank customer relationship does not vary significantly on communication dimension between the private and public sector banks).

Public sector banks are significantly lagging behind on all elements of communication against private sector banks. High mean difference on customers are provided information about new products (0.54) followed by bank provides timely information (0.52) and accurate information is provided to customers (0.34) shows relatively low bank customer relationship on said elements of communication between public and private sector banks.

Table 7: Bank Customer Relationship Scores in Private and Public Sector Banks on Communication

Elements	Group	Mean Score	Standard Deviation	Mean Difference	t-value	p-value
Accurate information is provided to customers.	Private Banks	8.21	0.81	0.34	4.69*	0.000*
	Public Banks	7.87	0.96			
Customers are provided information about new products.	Private Banks	7.72	1.08	0.54	5.98*	0.000*
	Public Banks	7.18	1.14			
Bank provides timely information.	Private Banks	6.97	1.00	0.52	4.65*	0.000*
	Public Banks	6.45	1.31			
Bank wishes customers on important occasions.	Private Banks	7.57	1.03	0.19	2.34**	0.019**
	Public Banks	7.37	1.01			
Communication	Private	7.62	0.61	0.39	7.14*	0.000*
	Public	7.22	0.75			

*significant at 1%; **significant at 5%

Conflict Handling

The data on Table 8 shows that relationship scores of private sector banks are again relatively high (7.62) as against public sector banks (6.22) on conflict handling with significant difference ($p < 0.01$). Relatively high mean score on bank tries to avoid potential conflicts (7.98) followed by bank discusses solutions about customers problems (7.85) and bank solves conflicts before they create problems (7.02) shows that private sector banks have a better conflict handling mechanism in place as against public sector banks. Since the bank customer relationship between the private and public sector banks differs significantly ($p < 0.01$) on conflict handling dimension, the last- 5th sub-null hypothesis is rejected (bank customer relationship does not vary significantly on conflict handling dimension between the private and public sector banks).

Table 8: Bank Customer Relationship Scores in Private and Public Sector Banks on Conflict Handling

Elements	Group	Mean Score	Standard Deviation	Mean Difference	t-value	p-value
Bank discusses solutions about problems of customers.	Private Banks	7.85	1.12	0.35	4.02*	0.000*
	Public Banks	7.50	1.02			
Bank tries to avoid potential conflicts.	Private Banks	7.98	0.94	0.65	6.97*	0.000*
	Public Banks	7.32	1.33			
Solve conflicts before they create problems.	Private Banks	7.02	1.10	0.29	2.88**	0.004**
	Public Banks	6.73	1.37			
Conflict Handling	Private	7.62	0.75	0.43	6.22*	0.000*
	Public	6.22	0.94			

*significant at 1%; **significant at 5%

Finale

Based on the data provided by respondents and its subsequent analysis, the study reveals significant variation ($p < 0.01$) in the perceived bank customer relationship between private and public sector banks. The over-all analysis (Table-3) shows a significant difference in bank customer relationships on all dimensions of relationship marketing between the two banking sectors. However, insignificant difference ($p > 0.01$) has been observed on banks making adjustment to suit financial needs of customers. In addition, there is relatively high and significant mean difference (1.41) on commitment dimension whereas relatively low and significant mean difference (0.39) has been observed on communication dimension of relationship marketing.

The public sector banks need to improve their relationship marketing strategies. The findings clearly show that the relationship marketing approach is not effectively implemented in public sector banks as is reflected in the relatively low mean scores on Commitment, Conflict-handling, and Trust dimensions. The public sector banks must work hard to improve their performance on said dimensions in order to improve their overall relationship marketing strategies.

The private sector banks must also work to improve their relationship marketing strategies particularly Trust and Commitment dimensions where they are relatively low in order to improve their over-all quality of relationship banking.

Relationship Marketing requires a drastic change in organizations. Firms may have to move from processing customers in groups to serving individual needs. To do so, the organization must be redesigned and decentralized, giving line managers the chance to respond to customer issues. Other changes in policies and procedures to improve the way in which customer needs are addressed may also be needed. Human resource policies should focus on encouraging employees to build relationships. Employees should be encouraged to consider the long-term effects of how they treat customers, rather than viewing the customers as onetime buyers. Contact personnel, in particular, accordingly need to be trained as they play a key role in developing customer service that leads to customer loyalty.

References

- Alrubaiee, L. and Al-Nazeer, N. (2010), "Investigate the Impact of Relationship Marketing Orientation on Customer Loyalty: The Customer's Perspective", *International Journal of Marketing Studies*, 2(1), 155-174.
- Anderson, E., and Weitz, B. (1989), "Determinants of Continuity in Conventional Industrial Channels Dyads", *Marketing Science*, 8(4), 310-23.
- Anderson, E., and Weitz, B. (1992), "The Use of Pledges to Build and Sustain Commitment in Distribution Channels", *Journal of Marketing Research*, 29(1), 18-34.
- Bagozzi, R. (1975), "Marketing as Exchange", *Journal of Marketing*, 39(10), 32-9.
- Bejou, D., Wray, B. and Ingram, T.N. (1996), "Determinants of Relationship Quality: An Artificial Neural Network Analysis", *Journal of Business Research*, 36(2), 137-43.
- Bennett, H. and Durkin, M. G. (2002), "Developing Relationship-Led Cultures – A Case in Retail Banking", *The International Journal of Bank Marketing*, 20(5), 200-211.
- Berry, L. L. (1983), "Relationship Marketing, in Berry, L.L., Shostack, G.L. and Upah, G.D. (Eds), *Emerging Perspectives of Services Marketing*", American Marketing Association, Chicago, IL, 25-8.

Relationship Banking: An Empirical Assessment Of Private And Public Sector Banks

- Berry, L. L. (1995), "Relationship Marketing of Services-Growing Interest, Emerging Perspectives, *Journal of the Academy of Marketing Science*, 23(4), 236-45.
- Bloomberg (2011), "Report on Trend and Progress of Banking in India for the year ended June 30, 2011 submitted to the Central Government in terms of Section 36(2) of the Banking Regulation Act", 1949.
- Callaghan, M., Mcphail, J., and Yau, O. H. M. (1995), "Dimensions of a Relationship Marketing Orientation: An Empirical Exposition, *Proceedings of the 7th Bi-annual World Marketing Congress, VII-II, Melbourne, Australia, July, 10-65*.
- Chattananon, A., and Trimetsoontorn, J. (2009), "Relationship Marketing: A Thai Case", *International Journal of Emerging Markets*, 4(3), 252-274.
- Day, G. S. (1995), "Advantageous Alliances", *Journal of the Academy of Marketing Science*, 23(4), 297-300.
- Dwyer, F. R., Schurr, P. H., and Oh, S. (1987), "Developing Buyer-Seller Relationships", *Journal of Marketing*, 51(2), 11-27.
- Gronroos, C. (1994), "From Marketing Mix to Relationship Marketing: Towards A Paradigm Shift in Marketing", *Management Decision*, 32(2), 4-20.
- Gronroos, C. (1996), "Relationship Marketing: Strategic and Tactical Implications", *Management Decision*, 32(2), 4-20
- Gummesson, E. (1993), *Relationsmarknadsforing, Fran 4Ps till 30Rs (Relationship Marketing: From 4Ps to 30Rs)*, Stockholm University, Sweden, in Celine, (2011), "Examining the Inter-relationships among the Dimensions of Relationship Marketing", *Asian Journal of Business Research*, 1(1), 26-44.
- Gummesson, E. (1994), "Making Relationship Marketing Operational", *International Journal of Service Industry Management*, 5(5), 5-20.
- Healy, T. J. (1999), "Why You Should Retain Your Customers", *America's Community Banker*, 8(9), 22-26.
- Kamaruzaman, J., Kamsol, M. K., Anuar, B., Norizah, K., and Nik Ramli, N. A. R. (2009), "Retaining Customers through Relationship Marketing in an Islamic Financial Institution in Malaysia", *International Journal of Marketing Studies*, 1(1), 66-71.
- Kim, M. K., and Jeong, D. H. (2004), "The Effects of Customer Satisfaction and Switching Barriers on Customer Loyalty in Korean Mobile Telecommunication Services", *Telecommunications Policy*, 28(2), 145-159.
- Kinnear, Thomas C. and James R. Taylor (1987), "Marketing Research: An Applied Approach", Third Edition, McGraw Hill.
- Kotler, P. (1992), "It's Time for Total Marketing", *Business Week*, Vol. 2, September.
- Lin, N. P., Weng, J. C. M., and Hsieh, Y. (2003), "Relational Bonds and Customer's Trust and Commitment-A Study on the Moderating Effects of Web Site Usage", *The Services Industries Journal*, 23(3), 109-127.
- Lingreen, A. (2001), "A Framework for Studying Relationship Marketing Dyads", *Qualitative Market Research: An International Journal*, 4(2), 75-87.
- Mohr, J., and Nevin, J. R. (1996), "Communication Strategies in Marketing Channels: A Theoretical Perspective", *Journal of Marketing*, 54(4), 36-52.
- Mohr, J., and Spekman, R. (1994), "Characteristics of Partnership Success: Partnership Attributes, Communication Behaviour and Conflict Resolution Techniques", *Strategic Management Journal*, 15, 135-52.

- Moorman, C., Deshpande, R., and Zaltman, G. (1993), "Factors Affecting Trust in Market Research Relationships", *Journal of Marketing*, 57(1), 81-01.
- Morgan, R. M., and Hunt, S. D. (1994), "The Commitment-Trust Theory of Relationship Marketing", *Journal of Marketing*, 58, 1-38.
- Naumann, E. (1995), "Customer Satisfaction Measurement and Management: Using the Voice of the Customer", Thomson Executive Press, and Cincinnati, OH.
- Ndubisi, N. O, Malhotra, N. K., & Wah, C. K (2009), "Relationship Marketing, Customer Satisfaction and Loyalty: A Theoretical and Empirical Analysis from an Asian Perspective", *Journal of International Consumer Marketing*, 21, 15-16
- Ndubisi, N. O. (2004), "Understanding the Saliency of Cultural Dimensions on Relationship Marketing, its Underpinnings and Aftermaths", *Cross Cultural Management*, 11(3), 70-89.
- Ndubisi, N. O. (2007), "Relationship Marketing and Customer Loyalty", *Journal of Marketing Intelligence & Planning*, 25(1), 98-106.
- Newman, K., Cowling, A. and Leigh, S. (1998), "Case Study: Service Quality, Business Process Reengineering and Human Resources: A Case in Point?", *International Journal of Bank Marketing*, 16(6), 225-242.
- Palmer, A. (1994), "Relationship Marketing: Back To Basics?", *Journal of Marketing Management*, 10, 571-9.
- Rapp, S. and Collins, T. (1990), "The Great Marketing Turnaround", Prentice-Hall, Englewood Cliffs, NJ.
- Reichheld, F. F. (1993), "Loyalty Based Management", *Harvard Business Review*, 71 (4), 64-73.
- Reichheld, F., and Kenny, D. (1990), "The Hidden Advantages of Customer Retention", *Journal of Retail Banking*, XII(4), 19-23.
- Sin, L. Y. M., Tse, A. C. A., Yau, O. H. M., Lee, J. Y. S., Chow, R., and Lau, L. B. Y. (2005), "Relationship Marketing Orientation: Scale Development and Cross-Cultural Validation", *Journal of Business Research*, 58, 185-194.
- Sin, L. Y. M., Tse, A. C., Yau O., H., Lee, J. S. and Chow, R. (2002), "The Effect of Relationship Marketing Orientation on Business Performance in a Service-Oriented Economy", *Journal of Service Marketing*, 16(7), 656-676.
- Webster, F. E. J. (1992), "The Changing Role of Marketing in the Corporations", *Journal of Marketing*, 56(10), 1-17.