The Effect of Marketing Activities on the Quality of Relationship in Banking Industry (Case Study: Mellat Bank)

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Abstract

The aim of the present study is to explore the effect of marketing activities on quality of relationship in banking industry of Mellat Bank branches in Khuzestan Province and for this purpose, 272 employees of Mellat Bank branches in Khuzestan Province were selected by using simple random sampling method and responded to research questionnaire. Finally, data collected from research questionnaires were analyzed by using structural equation modeling test in LISREL 8.7 software. Research results indicated that the model used in this study has a desirable goodness of fit and that the included factors (customer focus, relationship orientation, mutual disclosure and employees' characteristics) have significant effect (p<0.05) on quality of relationship in Mellat Bank. Also, it was indicated that quality of relationship has a significant effect on outcomes (continuous communication and verbal marketing) in Mellat Bank.

Keywords: Marketing activities, quality of communication, Mellat Bank branches, Khuzestan province

Introduction

Today, in global economy it is customers who determine the survival of an organization and hence, organizations no more can remain indifferent to their customers and they should direct and focus all their activities and capabilities on satisfaction of their customers, because the only source of capital return are customers (Petrovic - Lazarevic, 2007). Organizations should develop their activities by keeping the receivers of their services satisfied, so that they can maintain some advantages in competitive environments for them (Serkan & Gokhan, 2005).

With the banking industry becoming competitive and lack of products' differentiation, quality of service is known as a competitive advantage and hence, has a direct effect on customers' satisfaction. Awareness of the mental image customers have from an organization and the relations governing them, in addition to revealing the strengths and weaknesses of an organization, provides the necessary context for adopting appropriate strategies and enhancing performance level (Ghafari et al., 2012). It should be mentioned that the main factor in companies' success and competitive advantage creation is to increase perceived value, perceived quality and customer satisfaction (Kuo et al., 2009). One of the useful and appropriate strategy for organizations is customer orientation. In fact, this fact can be expressed more strongly that the foundation and basis of an organization is its customers (Williams & Naumann, 2011). A customer is equal to the minimum asset for an origination and today organizations are obliged to see themselves in the mirror of customer existence and try to understand and perceived customers' desires and needs in today's fully competitive environment and to try to satisfy costumers fully (Luk et al., 2013).

On the other hand, today, banks as one of the most important and critical community service systems, are governed by competitive and amazing transformations. In such as condition, managers should focus on the culture of customer orientation, in order to achieve organizational goals (Tseng et al., 2010). The quality of relationship between customers and bank can be affected by several
factors that some of these factor can be internal while some others can be external. Marketing activities are among internal factors that all organizations and companies for improving their work processes are trying to use them. Studies have revealed that the reason of failure of some companies is rooted in their inability to use marketing techniques. These companies were disregarding market changes and changes in Customer consumption patterns and instead of resorting to advanced marketing techniques were placing priority on higher level of sales and obtaining higher profit rather than customer satisfaction. However, Remarkable success of some companies such as MMM and MacDonald in the beginning of 1980s, resulting from their careful attention to customers' needs, market and employees motivations in line with increasing the quality of their services, causes them to place priority on establishing efficient marketing strategies. Marketing is related to everyday life of humans. We are facing with so many needs in our daily life and these needs make us to endeavor and struggle and marketing tries to meet these needs with the minimum level of Endeavor (Khorshidi and Moghadami, 2003) and this is dependent on accurate and up to date marketing capabilities that can have useful outcomes. Marketing capabilities with importing the quality of communication try to create product/services recognition (Alizadeh, 2006), which can be effective on improving the quality of relationship as well.

Considering the above argument and the fact that researcher is employed in Mellat Bank, the present study seeks to answer this question that whether marketing activities have a significant effect on the quality of relationship with customers in Mellat Bank or not? To this end, research method, findings and conclusion are presented in the following sections.

**Research method**

In the present study, we seek to explore the effect of marketing activities on quality of relationship with customers in Mellat Bank branches in Khuzestan province. Hence, it can be claimed that the present study in terms of goal is an analytical - correlation and cross-sectional study. Also, it is a descriptive study in terms of data collection and method of analysis and in terms of method of conduct it is a survey study.

**Data collection instruments**

Data collection methods in this study in general are divided into two groups:

A) Bibliographical method: in this study, for collecting the necessary data, bibliographical methods were used and books, academic theses, research articles, journals and internet sites were used.

B) Field methods: in this study, for quantitative analysis of information and also for gaining awareness regarding the attitudes of employees of Mellat Bank branches in Khuzestan province regarding the subject of this study, information was collected by using questionnaire. This questionnaire includes items related to the research variables (marketing activities, quality of relationship, trust and satisfaction).

This questionnaires has been designed as a closed-item questionnaire and included 35 items in 5-point's Likert's scale (completely disagree to completely agree) and has been development based on Basheer (2013). Content validity of this questionnaire was confirmed by experts in this field and its reliability was also confirmed by using Cronbach's alpha test.

**Research population and sample**

Research population of the present study includes all employees working in Mellat Bank branches in Khuzestan province that a total number of 930 employees. For determining the minimum necessary sample volume, Cochran's formula was used and the minimum sample volume is equal to 272 employees, who have responded to research questionnaire.
Findings of the study

Descriptive results of this study indicated that 85.3% of participants are male and the other 14.7% are female that among them, 11 percent are below 25 years old, 20.2% are between 26-30 years old, 30.9% are between 31 to 35 years old, 6.2% are between 36 to 40 years old and 31.6% are above 40 years old. In terms of the level of education, results indicated that 40.4% of participants have associate degree and lower, 51.1% have bachelor degree and 8.5% have master degree. Also, among the participants, 71.7% of them are in governmental employment and 28.3% are in contract-based employment and among them, 11% have a service tenure less than 5 years, 22.4% have a service tenure between 6 to 10 years, 28.7% a service tenure between 11 to 15 years, 10.3% a service tenure between 16 to 20 years and 27.6% a service tenure more than 20 years.

Descriptive statistics of research variables are presented in table 1.

Table 1: General statistics of research variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Total score</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Variance</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer focus</td>
<td></td>
<td>3.9926</td>
<td>0.4197</td>
<td>0.176</td>
<td>3</td>
<td>4.75</td>
</tr>
<tr>
<td>Relationship orientation</td>
<td></td>
<td>3.9603</td>
<td>0.4672</td>
<td>0.218</td>
<td>3</td>
<td>4.80</td>
</tr>
<tr>
<td>Mutual disclosure</td>
<td></td>
<td>3.9375</td>
<td>0.3622</td>
<td>0.131</td>
<td>3</td>
<td>4.50</td>
</tr>
<tr>
<td>Employees' characteristics</td>
<td></td>
<td>4.1230</td>
<td>0.2643</td>
<td>0.070</td>
<td>3.44</td>
<td>4.89</td>
</tr>
<tr>
<td>Quality of relationship</td>
<td></td>
<td>4.1260</td>
<td>0.2771</td>
<td>0.077</td>
<td>3.12</td>
<td>4.88</td>
</tr>
<tr>
<td>Continuous relationship</td>
<td></td>
<td>4.2687</td>
<td>0.4336</td>
<td>0.188</td>
<td>2.67</td>
<td>5.00</td>
</tr>
<tr>
<td>Oral marketing</td>
<td></td>
<td>4.3364</td>
<td>0.5793</td>
<td>0.336</td>
<td>2.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td>4.2206</td>
<td>0.3638</td>
<td>0.132</td>
<td>3.33</td>
<td>5.00</td>
</tr>
<tr>
<td>Trust</td>
<td></td>
<td>4.2132</td>
<td>0.3333</td>
<td>0.111</td>
<td>3.00</td>
<td>5.00</td>
</tr>
</tbody>
</table>

As it was seen in table 1, customer focus has a mean and standard deviation of 3.9926 and 0.4197, respectively. The relationship orientation has an average and standard deviation of 3.9603 and 0.4672, respectively. For mutual disclosure these values are equal to 3.9375 and 0.3622; 4.1230 and 0.2643 for employees' characteristics; 4.1260 and 0.2771 for quality of relationship; 4.2684 and 0.4336 for constant relationship; 4.3364 and 0.5793 for oral marketing; 4.2206 and 0.3638 for satisfaction and 4.2132 and 0.3333 for trust, respectively.

In the following for studying the relationships between research variables, structural equation modeling test was used, in which first research variables' English equivalents are presented and next, conceptual model of research is presents and after that, results of structural equation modeling test are discussed.

Table 2: Research variables' English equivalents in LISREL

<table>
<thead>
<tr>
<th>Variable</th>
<th>English equivalent of the variable</th>
<th>Abbreviation</th>
<th>Variable</th>
<th>English equivalent of the variable</th>
<th>Abbreviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer focus</td>
<td>Customer focus</td>
<td>C.F</td>
<td>Constant contact</td>
<td>Constant contact</td>
<td>C.C</td>
</tr>
<tr>
<td>Relationship orientation</td>
<td>Orientation relationship</td>
<td>O.R</td>
<td>Oral marketing</td>
<td>Oral Marketing</td>
<td>O.M</td>
</tr>
<tr>
<td>Mutual disclosure</td>
<td>Mutual disclosure</td>
<td>M.D</td>
<td>Satisfaction</td>
<td>Satisfaction</td>
<td>SA</td>
</tr>
<tr>
<td>Staff features</td>
<td>Features Staff</td>
<td>F.S</td>
<td>Trust</td>
<td>Trust</td>
<td>TR</td>
</tr>
<tr>
<td>Relationship quality</td>
<td>Quality relationship</td>
<td>Q.R</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 1: Research conceptual model

Figure 2: Research model in standard mode
Model goodness of fit analysis

For showing the level of compatibility between the developed model based on theoretical framework and research empirical background with collected data in this study, goodness of fit indicators were used in a way that higher compatibility of these indicators indicate to stronger support of data from theoretical model.

Table 3: Statistics related to model's goodness of fit

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Symbol</th>
<th>Benchmark</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square value</td>
<td>Chi-Square</td>
<td>-</td>
<td>25.50</td>
</tr>
<tr>
<td>Freedom degree</td>
<td>Df</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>Significance level</td>
<td>P-Value</td>
<td>0.05</td>
<td>.0000</td>
</tr>
<tr>
<td>Goodness of fit</td>
<td>GFI</td>
<td>0.90</td>
<td>0.94</td>
</tr>
<tr>
<td>Adjusted goodness of fit</td>
<td>AGFI</td>
<td>0.90</td>
<td>0.93</td>
</tr>
<tr>
<td>Root Mean Square Error</td>
<td>RMSEA</td>
<td>0.08</td>
<td>0.069</td>
</tr>
</tbody>
</table>

Goodness of fit indicators including GFI, AGFI and RMSEA indicated that model's results are reliable. Indicators of GFI and AGFI, respectively, are estimated to be equal to 0.94 and 0.93, which are larger that the assumed value of 0.90. Also, standard error of RMSEA also is equal to 0.069 which is smaller than the acceptable range of 0.08. On the basis of the presented estimations, it can be concluded that the tested model in the indented population has a desirable and acceptable goodness of fit.

Results of research structural model indicate that the model used in this study has a desirable goodness of fit and that it is good enough for testing the research hypotheses. In the following section, results of hypothesis test are presented.

Factors of customer focus, relationship orientation, mutual disclosure, staff features have a significant effect (p<0.05) on quality of relationship in branches of Mellat Bank in Khuzestan Province.
• Factor of customer focus has a significant effect (P<0.05) on quality of relationship in Mellat Bank.
• Factor of relationship orientation has a significant effect (p<0.05) on quality of relationship in Mellat Bank.
• Factor of mutual disclosure has a significant effect (p<0.05) on quality of relationship in Mellat Bank.
• Factor of staff features has a significant effect (p<0.05) on quality of relationship in Mellat Bank.

Quality of relationship has a significant effect (p<0.05) on outcomes (constant contact, oral marketing).
• Quality of relationship has a significant effect (p<0.05) on constant contact in Mellat Bank.
• Quality of relationship has a significant effect (p<0.05) on oral marketing in Mellat Bank.
• Constant contact has a significant effect (p<0.05) on oral marketing in Mellat Bank.

Quality of relationship with customer has a significant effect (p<0.05) on employees' satisfaction in Mellat Bank.
Quality of relationship with customer has a significant effect (p<0.05) on employees' trust of Mellat Bank.

In this section, the direct and indirect effects and total effect between research variables are studied. Findings of this section based on research model results are presented in figure 2 and 3. Table 4 shows the extent of these effects.

Table 4: Analysis of effects between research variables

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>Direct effect</th>
<th>Indirect effect</th>
<th>Total effect</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer focus</td>
<td>Quality of relationship</td>
<td>0.32</td>
<td>.00</td>
<td>0.32</td>
<td>Significant</td>
</tr>
<tr>
<td>Relationship orientation</td>
<td>Quality of relationship</td>
<td>0.13</td>
<td>.00</td>
<td>0.13</td>
<td>Significant</td>
</tr>
<tr>
<td>Mutual disclosure</td>
<td>Quality of relationship</td>
<td>0.17</td>
<td>.00</td>
<td>0.17</td>
<td>Significant</td>
</tr>
<tr>
<td>Staff features</td>
<td>Quality of relationship</td>
<td>0.15</td>
<td>.00</td>
<td>0.15</td>
<td>Significant</td>
</tr>
<tr>
<td>Quality of relationship</td>
<td>Constant contact</td>
<td>0.17</td>
<td>.00</td>
<td>0.17</td>
<td>Significant</td>
</tr>
<tr>
<td></td>
<td>Oral marketing</td>
<td>0.22</td>
<td>.10</td>
<td>0.32</td>
<td>Significant</td>
</tr>
<tr>
<td></td>
<td>Employees satisfaction</td>
<td>0.69</td>
<td>.00</td>
<td>0.69</td>
<td>Significant</td>
</tr>
<tr>
<td></td>
<td>Employees' trust</td>
<td>0.88</td>
<td>.00</td>
<td>0.88</td>
<td>Significant</td>
</tr>
<tr>
<td>Constant contact</td>
<td>Oral marketing</td>
<td>0.10</td>
<td>.00</td>
<td>0.10</td>
<td>Non-significant</td>
</tr>
</tbody>
</table>

As results of table 4 indicates, customer focus, relationship orientation, mutual disclosure and staff features have a significant effect (p<0.05) on quality of relationship in Mellat Bank. Quality of relationship also has a significant effect (p<0.05) on constant contact, oral marketing, employees' satisfaction and employees' trust in Mellat Bank. It was also indicated that constant contact doesn't have a significant effect (p<0.05) on oral marketing in Mellat Bank.

Conclusion

Competition among institutions and agencies for obtaining more share from market and effort of customers for reaching higher satisfaction have caused both agencies to seek to obtain a superior position in the market and customers to seek to find hints for finding the best suppliers (Ueno, 2010). Achieving these goals is closely related to studying the two concepts of quality of products and customer satisfaction (Fecikova, 2007). Studying these two concepts in service markets is more sensitive and important due to special characteristics of services and also, it has a
significant importance for organizations providing services (Bahathly, 2010). One of the agencies and organizations which is active in the field of service provision and its role and importance in economy and development of the country is not hidden on anyone is bank. Hence, it appears that discovering the relationship between these two concepts can be effective in enhancement and improvement of the level of provided services by banks on one hand and achieving higher level of satisfaction in customers on the other hand and how this can be achieves is one of the most prominent issues in service organizations, especially banks (Zins, 2001).

Also, the importance of the perceived value has received so much of attention in numerous studies during recent years. Provision of the best possible value to customers without any doubt is a very important matter for existing service agencies in current competitive markets. Companies who have the ability to provide valuable services from the perspective of customers, will achieve a very important competitive advantage (Adevadas & Hans, 2012). Therefore, both managers and scholars should place importance on the way customers evaluate and emphasize a provided services. In fact, perceived value should be placed at the center of the marketers' effort in understanding the consumer's behavior. On this basis, conducted empirical studies indicate that the concept of perceived value can be useful in clarifying the behavioral decisions of consumers, because this concept is a part of the consumer's behavior (Alegre & Chiva, 2008).

On the other hand, without any doubt, today attracting customers' satisfaction and loyalty has a critical and importance place in companies' goals and Senior Managers are well aware of the fact that their position in achieving organizational goals is dependent on gaining customers' satisfaction and trust. One the other hand, it cannot be said that all customers has an equal share in a company's success. Therefore, loyalty of key customers has a higher sensitivity for a company (Mishkin, 2001).

The aim of the present study was to explore the effect of marketing activities on quality of relationship in the banking industry of the branches of Mellat Bank in Khuzestan province and results indicated that causing factors (customer focus, relationship orientation, mutual disclosure, staff features) has a significant effect ($p<0.05$) on quality of relationship in Mellat Bank. It was also indicated that quality of relationship has a significant effect ($p<0.05$) on outcomes (constant contact, oral marketing) in Mellat Bank. On the basis, the following practical recommendations can be presented:

- Bank employees should try to study and solve customers' complaints.
- Bank employees should help customers in the decision making process.
- Bank employees should try to understand the changes in customers' needs.
- Bank employees should review customers' demands and complaints.
- Bank employees should treat customers justly.
- Bank employees should be constantly in contact with customers through email, fax, letter and other means.
- Bank employees should try to respond to customers' questions accurately.
- Bank employees should correct and explain customers' mistakes to them in a good way.
- Bank employees should have sufficient knowledge and skill in performing their duties.
- Bank employees should try to provide the best possible services.
- Bank employees should try to provide desirable and good services.
- Banks should appreciate accurate and good customers.
- Bank employees should try to be honest and trustworthy.
- Bank employees should try to give importance to customers.
- Bank employees should treat customers appropriately and with respect.
- Employees and managers should try to act on their promises and be committed to their promises.
- The focus of service provision in the bank should be in line with improving customers' satisfaction from bank's services in general.
- Bank employees should try to be Truthful in providing the information asked by customers and to provide the necessary information to them.

References

Openly accessible at http://www.european-science.com