THE IMPACT OF RELATIONSHIP MARKETING ORIENTATION AND MARKET ORIENTATION ON CUSTOMER LOYALTY IN THE SRI LANKAN BANKING SECTOR: A DYADIC EXPLORARTION

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Abstract

Highlighting customer loyalty as a competitive asset to business organizations, this paper investigates the significance of customer loyalty in relationship marketing and market orientations. Drawing insights from the marketing discipline this study was conducted to identify the behaviour of customer loyalty in the light of commitment with the objective of investigating the impact of relationship marketing and market orientations on customer loyalty. A dyadic approach was adopted focusing on bank marketing managers and their customers in Sri Lanka. The findings suggest that commitment acts as a strong determinant of loyalty. However, the findings negate the notion that relationship marketing and market orientations have an impact on customer commitment. These findings highlight Sri Lankan banks employ more rational approach to meet customer expectations by combining relationship marketing and marketing strategies ensuring customer loyalty. Implications are drawn from these findings and directions for future research are discussed.

Key words – Relationship marketing orientation, Market orientation, Customer loyalty, Customer commitment, Banking sector

1. INTRODUCTION

In the business literature the word “loyalty” has been started to appear in an increasing frequency and it has become a highly desirable marketing goal (Mele, 2001). Loyal customers are always more profitable than acquiring new customers, because marketing efforts directed towards a new customer will be much more than towards an existing customer leading to a higher cost, lowering the profits from a new sale. Hence loyal customers are a competitive asset to any business organisation (Too, Souchon, Thirkell, 2001; Rowley, 2005). Even though maintaining a stable customer base is a pre-requisite of a highly competitive business environment, it has been a real challenge to many business organisations because of the switching nature of customers. They may switch for different reasons such as dissatisfaction, searching for better alternatives, or personal issues. Reichheld (1996) emphasized building a highly loyal customer base cannot be done as add-on, yet it must be integrated to the company’s basic business strategy (Gronroos, 1994). This is mainly because loyalty cannot be developed by one day, but through several interactions. The customer will be loyal only if they have a dedication to do so. In other words they should dedicate themselves to buy from a particular organisation without shifting to many.

This dedication can be identified as a commitment which eventually generates loyalty. In marketing practices it is evident that mutual commitment among partners in business relationships brings significant benefits to organisations (Wetzels, Ruyter, & Birgelen, 1998). Ndubisi (2007) highlighted in the banking sector to retain and develop loyal customers, a bank should be able to provide trustworthy and committed services; communicate timely and accurately; resolve conflicts in an effective manner to eliminate unnecessary losses and inconvenience to customers. Therefore when banks are committed to service, customers will be more loyal to the bank. Commitment is based on exchange relationship theory which holds when the employee perceives the organisation has commitment to him/her then employee has subsequent commitment to the organisation (Shore, Tetrick, Lynch & Barksdale, 2006). That is, if organisation provides a higher salary, career development opportunities, job security, etc then the employees will be loyal and work hard for better output. Similarly organisations can build customer commitment by being committed to their needs and concerns (Dwyer, Schurr, & Oh, 1987; Hunt, Arnett, & Madhavaram, 2006). Once the customer identifies the genuine commitment towards them in turn they are willing to pay more or stay with that organisation. Many studies have highlighted customer commitment enhances customer retention (Bansal, Irving, & Taylor, 2004; Fullerton, 2003; Gruen, Summers, & Acito, 2000; Wetzels et al., 1998). Therefore organizational commitment is conveyed through the orientation (strategies) adopted towards the customers. A company can implement marketing concept, which is known as Market Orientation (MO) by placing "customer" as the hub of business operations while showing their commitment through meeting customer needs at a profit (Kotler, 2009, p.6). Companies use marketing mix to create customer value and it describes how transactions are created (Hultman & Shaw, 2003), that is, the business organisations have to create, price, distribute and promote a product to satisfy customer needs which leads to an exchange process between two parties (Zineldin & Philipson, 2007). This is more transactional in nature which has a "distinct beginning, short duration and sharp ending by performance" (Dwyer et al., 1987, p.13). On the other hand by placing "relationships" as the hub of business operations a company can implement relationship marketing concept, which is known as Relationship Marketing Orientation (RMO) where it can convey the commitment by adopting various marketing activities directed towards establishing, developing and maintaining successful relational exchanges (Morgan & Hunt, 1994). These relational exchanges "traces to previous agreements; exchange is longer in duration, reflecting an ongoing process" (Dwyer et al., 1987, p.13).

Literature is insufficient to clearly differentiate the conceptual distinction between commitment and loyalty where the process of developing customer loyalty is unclear (Too et al., 2001). Hence commitment has concpetualised in this paper as means of developing customer loyalty. Also most evidence has captured customer loyalty either as behavioural or attitudinal, but not as both together (Too et al., 2001). Owing to above this study investigates the link between RMO, MO, commitment and loyalty.

The study provides a step towards addressing these gaps. The main objectives of the study are a) to determine the impact of RMO on affective commitment, b) to determine the impact of affective commitment on attitudinal and behavioural loyalty, c) to determine the impact of

MO on continuance commitment, and d) to determine the impact of continuance commitment on attitudinal and behavioural loyalty. To achieve these objectives a conceptual model was developed and tested in Sri Lankan banking sector.

This paper begins by conceptualising relationship marketing, marketing, loyalty, and commitment concepts and then followed by the development of hypotheses based on existing literature. A conceptual framework illustrating how RMO and MO lead to commitment and how commitment leads to loyalty is then proposed. The methodology adopted to test the model is next described. Subsequently findings, implications and directions for future research are proposed.

2. CONCEPTUAL BACKGROUND AND FRAMEWORK

2.1. CONCEPTUALISING RELATIONSHIP MARKETING ORIENTATION

The implementation of relationship marketing concept referred to as Relationship Marketing Orientation (RMO). Too et al. (2001, p.291) emphasized RMO as "implementing relationship marketing principles, with the objective in the mind to develop and maintain marketing relationships with customers, in the spirit of being market oriented". They recognized several dimensions of RMO such as on-going relationships, long term perspective, involvement of staff, delivery of product/service quality, collaboration, information gathering, and keeping promises. Sin et al. (2005) highlighted RMO as a uni-dimensional construct comprising of six components namely trust, bonding, communication, shared value, empathy and reciprocity. These six components precisely capture the RMO construct and have been empirically validated so that those can be used to measure RMO with greater reliability. Thereby in order to be a relationship marketing oriented organisation top management should use these six components in marketing strategy formulation (Sin et al., 2005). Hence, these six components are adopted in this study to measure RMO.

2.2. CONCEPTUALISING MARKET ORIENTATION

Market orientation is the implementation of marketing concept where, Kohil and Jaworski (1990, p.6) defines MO as "… the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it". They recognized MO as a uni-dimensional construct comprising three components namely market intelligence generation, market intelligence dissemination and responsiveness. Deng and Dart (1994) emphasized MO as a multi-dimensional construct with four dimensions. Those are customer orientation, competitor orientation, inter-functional coordination and profit orientation. Identifying profit orientation as a dimension of MO has been criticized by several scholars highlighting profitability as a consequence or objective of MO (Dawes, 2000; Kohil & Jaworski, 1990; Naver & Slater, 1990). Therefore customer orientation, competitor orientation and inter-functional coordination can be identified as dimensions of MO construct. Hence, those three dimensions are used in this study.

2.3. CONCEPTUALISING CUSTOMER LOYALTY

Customer loyalty is "the strength of relationship between an individual's relative attitude and repeat patronage" (Dick & Basu, 1994, p.99). Indeed, loyal customers are less price sensitive, less expensive than acquiring new customers and therefore more profitable (Rowley, 2005). They demonstrate their loyalty in different ways. They may purchase frequently or large amounts (Fullerton, 2005), stick to one organisation (Rowley, 2005), spread positive word of mouth (Dick & Basu, 1994; Ndubisi, 2007) or even act as advocates (Fullerton, 2005). So customer loyalty is different folds. It can be an attitude, behaviour or both. Attitudinal loyalty is a feeling of an individual which creates the overall attachment to a product, service or an organisation, whereas behavioural loyalty captures certain behaviours such as repeat purchases (Hallowell, 1996). Customer loyalty will not develop in an overnight. It is a time intensive process. Loyal customers have some sort of a pledge or a dedication towards the organisation. This dedication is identified as the commitment and it is the process of developing customer loyalty.

2.4. CONCEPTUALISING CUSTOMER COMMITMENT

Drawing insights from Organisational Behaviour literature, commitment is defined as "psychological state that reflects employees' relationship to the organization" (Allen & Meyer, 1990, p.2) stressing commitment as an attitude rather a behaviour (Allen & Meyer, 1990; Bansal et al., 2004). In marketing literature Dwyer et al. (1987, p.19) defines commitment as "an implicit or explicit pledge of relational continuity between exchange partners". These definitions highlight commitment as a more psychological phenomenon. Allen and Meyer (1990) recognize commitment as a multi-dimensional construct comprising three components namely affective commitment, continuance commitment and normative commitment. Customers with strong affective commitment are emotionally attached to the organization whereas customers with strong continuance commitment focus on financial and tangible aspects of the relationship by evaluating costs and benefits involved in it. Normative commitment associates with obligations where, customer believes staying with an organisation as a responsibility or as a right thing to do. Summing up, affectively committed customers remain with an organization because they *want* to; continuously committed customers remain because they *need* to; and normatively committed customers remain because they feel *ought* to do so (Allen & Meyer, 1990). Studies have recognized normative commitment correlates with affective commitment (Bansal et al., 2004) and its effects are weaker than the effects of affective commitment (Gruen et al., 2000). Even though normative commitment is captured by affective commitment, continuance commitment is a totally distinct component where affective commitment and continuance commitment are not mutually exclusive conditions (Allen & Meyer, 1990). Several studies in marketing literature have adopted this framework in investigating customer commitment (Gruen et al., 2000; Fullerton, 2003; Wetzels et al., 1998) though early marketing critics considered commitment as a uni-dimensional construct (Morgan & Hunt, 1994). This study captures affective and continuance components in measuring customer commitment.

2.5. HYPOTHESES DEVELOPMENT

The foundation of relationship marketing is engaging in ongoing loyal relationship with the organisation (Sanzo, Santos, Vazques, & Alvares, 2003; Sheth & Parvatiyar, 1995). So customers choose to stay with one organisation rather shifting from one to another (Sheth & Parvatiyar, 1995). This will reduce the perceived risk and search cost enabling customers to consume quality products/services with greater satisfaction (Hunt et al., 2006). Hence quality of interactions (relationship) become more important and dominating (Gronroos, 1994). Developing such relationship requires trust between parties, bonding and communication. Exchange partners should also share common goals and values while having empathy towards each other. Reciprocity is the other essential component in developing relationships (Sin et al., 2005). Once these elements are captured in the business philosophy of a relationship marketing oriented organisation it demonstrates the commitment towards its customers. Organisational Behaviour studies have identified perceived organisational support as an antecedent of affective commitment (Shore et al., 2006). Similarly in Marketing Literature Morgan and Hunt (1994) highlighted trust, satisfaction (relationship benefits) and shared values determine the development of affective commitment in B2B setting. Bansal et al. (2004) supported this view emphasizing trust and satisfaction as antecedents of affective commitment in B2C setting. In professional associations, recognition, dissemination of knowledge and core service performance act as antecedents of affective commitment (Gruen et al., 2000). These antecedent factors are mostly captured by RMO and many studies have highlighted relationship marketing strategies have positive impact on customers' affective commitment (Bansal et al., 2004; Gruen et al., 2000; Wetzels et al., 1998). These strategies talk to the hearts of customers making them more emotionally attached, so the relationship develops between parties become stronger. In view of above, we propose

H1 – RMO is positively related to affective commitment.

Marketing concept is built on marketing mix theory and it basically focuses on the exchange between the buyer and seller as an isolated transaction (Hultman & Shaw, 2003). This short term focus induces customers to respond to various marketing manipulations at the expense of developing long term ongoing relationship. The customers are continuously looking for better seller because they consider mainly the quality of output and the price (Gronroos, 1994). Hence customer orientation enables an organisation to understand the needs of buyers so that they can create a superior value for them. Meanwhile competitor orientation supports to understand the strengths, weaknesses, capabilities and strategies of competitors which are essential to respond quickly in order to retain customers. Inter-functional coordination generates organisational wide support in creating superior value to customers (Dawes, 2000; Narver & Slater, 1990). A market oriented organisation focuses on all these three pillars emphasizing their commitment towards customers. In Organisational Behaviour setting magnitude and/or number of investments and lack of employment alternatives made employees more continuously committed towards the employer (Allen & Meyer, 1990), but in the absence of these factors employees do not have any commitment hence they can leave the employer at any time. Organisations with market orientation disseminate precise information giving the opportunity for customers to evaluate the seller in terms of benefits and costs (dependency or termination cost). The awareness of such costs can erode the emotional attachment making them more continuously committed (Sanzo et al., 2003). Similarly Bansal et al. (2004) emphasized low alternative attractiveness and high switching cost act as antecedents of customer's continuance commitment to the service provider. Fullerton (2003) highlighted when companies take specific actions such as pledges, investments, side bets, contracts and agreements customer face high switching cost and dependence with lack of choices leading to continuance commitment. Objective of making more and more volumes of sales induce marketers to grab the customers' attention by introducing various marketing tactics such as price reductions, discounts, coupons, product bundling and aggressive promotions making customers more economically attached to the organisation. Hence customers will always look for the benefits and costs of engaging with the organisation. Therefore we propose

H2 – MO is positively related to continuance commitment.

Affective commitment – feeling of attachment and identification – (Fullerton, 2003) has more positive influences on customer retention (Bansal et al., 2004; Gruen et al., 2000; Morgan & Hunt, 1994; Wetzels et al., 1998), because customers acquire an emotional attachment towards the seller increasing their intensions to continue a relationship. Allen and Meyer (1990) highlighted when affective commitment is present not only employee turnover declines but also their job performance, promotebility and innovativeness increases. Past studies have recognized affective commitment has high impact on softer aspects of loyalty such as advocacy (Fullerton, 2003; 2005), willingness to pay more (Fullerton, 2003), willingness to invest in a relationship (Wetzels et al., 1998), co-production (Gruen et al., 2000) and cooperation (Morgan & Hunt, 1994). Meanwhile affective commitment also has high impact on repurchases (Fullerton, 2005). When customers have such emotional attachment, they identify the organisation as a close partner who always looks for their betterment. So in the absence of intentions to leave their valued partner they become loyal to that partner. Customers will continue to engage with the same organisation while positively talking about the organisation to the outside people. So we propose

H3 – Affective commitment is positively associated with attitudinal loyalty.

H4 – Affective commitment is positively associated with behavioural loyalty.

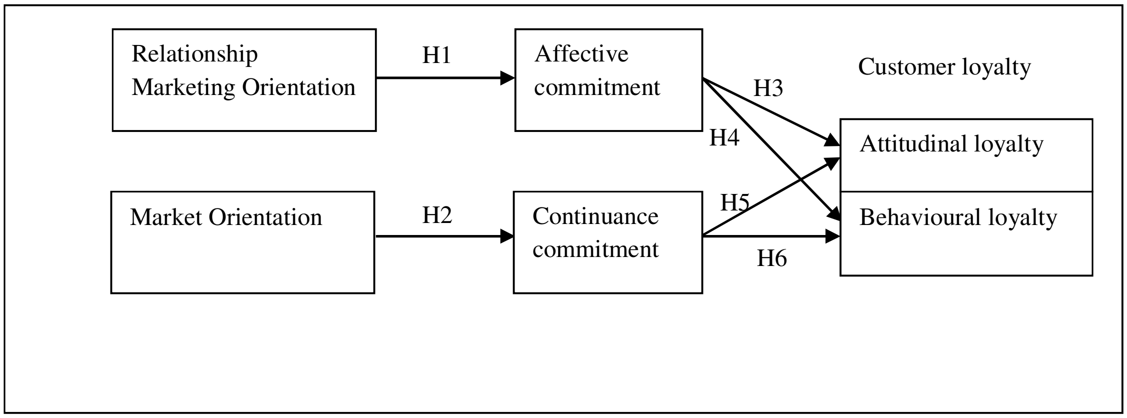
Continuance commitment – feeling of dependence and entrapment – (Fullerton, 2003) also has positive influence on customer retention but not as powerful as affective commitment (Fullerton, 2003; Bansal et al., 2004; Gruen et al., 2000; Wetzels et al., 1998), because customers find themselves as trapped in a relationship due to high switching cost or lack of choices thereby developing alternative for a relationship and demonstrate an opportunistic behaviour (Wetzels et al., 1998). Hence, loyalty based on continuance commitment is a forced loyalty (Sanzo et al., 2003). Allen and Meyer (1990) highlighted continuance commitment has a positive influence only on employee turnover. Similarly in buyer – seller interactions continuance commitment has positive impact on repurchase intentions but negative impact on advocacy intentions (Fullerton, 2005) and willingness to pay more (Fullerton, 2003). Customers stay with the organisation because they do not have a better alternative, but if they find such they will definitely shift. So customers continue to transact with the same organisation but they do not have any positive feeling towards the organisation since they perceive it has trapped them. With this background this study propose,

H5 – Continuance commitment is negatively associated with attitudinal loyalty

H6 – Continuance commitment is positively associated with behavioural loyalty

The conceptual framework developed to illustrate the relationships among variables while highlighting the hypotheses is displayed in figure 01.

Figure 01: Conceptual Framework



Source: Researchers' original construction

3. RESEARCH METHODS

"Classic dyad" – the relationship between the supplier and the customer – was identified as the foundation of business, since the final exchange of value take place among these two parties (Gemmesson, 1994). Insights gained from both parties can convey a better picture of relationships and minimize misleading discrepancies (Too et al., 2001). Therefore the study has utilized a dyadic exploration method where data is collected from both bank Managers (Marketing Managers) and customers.

Sri Lankan banking sector faced many challenges during past years, especially with the economic down turns and yet it was able to maintain the performance up to a satisfactory level (CBSL, 2009, p.163). Researchers identify customer loyalty as the crucial aspect in banking sector; hence Licensed Commercial Banks (LCBs) and Licensed Specialized Banks (LSBs) were selected as the population of the study. At the time of the study there were twenty two LCBs and nine LSBs, all together thirty one banks. All these banks have gained Central Bank authorization to obtain deposits from public (Central Bank of Sri Lanka, 2010). Sample frame was derived from the banks who gave their consent to co-operate the study.

Initially 31 banks were contacted and sent questionnaires with RMO and MO items. Finally the researcher was able to collect data from twenty banks (fourteen LCBs and six LSBs). The customer sample was selected only from those twenty banks. Non-probability sampling method was adopted where convenience sample of 190 customers were contacted. That is from each bank ten customers were given the questionnaire with commitment and loyalty items, but the researcher was unable to find any customer from one particular bank, hence, sample size was restricted to 190. The reason for choosing non-probability sampling method was cost and time constraints.

The study implemented dyadic survey method, hence two questionnaires were drafted; one for bank managers and the other for bank customers. Items for these questionnaires were adopted from validated questionnaires of previous studies. Items to measure customer loyalty were adopted from Too et al. (2001), where loyalty was measured in a retail setting. They have developed 10 items and 3 items to measure attitudinal loyalty and behavioural loyalty respectively. All those 13 items were used in this study to measure attitudinal and behavioural loyalty. Allen and Meyer (1990) measured employee commitment in Organisational Behaviour literature and 16 items have been adopted from their study in measuring affective commitment and continuance commitment. Sin et al. (2005) highlighted RMO as a uni-dimensional construct comprising of six components namely trust, bonding, communication, shared values, empathy and reciprocity. They have developed items for each component and validated cross culturally using two companies in China and Hong Kong. Thereby to measure RMO those 22 items have been utilized in this study. Deng and Dart (1994) recognized MO as a multi dimensional construct having four dimensions such as customer orientation, competitor orientation, inter-functional orientation and profit emphasis. But Dawes (2000), and Kohil and Jaworski (1990) argued profit emphasis is not a dimension of MO, but a consequence of MO. Hence this study has adopted the 20 items developed by Deng and Dart (1994) only for customer orientation, competitor orientation and inter-functional orientation.

Questionnaire for banks comprised of RMO items and MO items. Five points Likert – typed scale was used to rank each item ranging from "Strongly Disagree" to "Strongly Agree". It also includes type, age, ownership and number of employees working in the institution. Questionnaire for customers was used to measure their levels of commitment and loyalty to the bank. Twenty eight items were presented using five points Likert – typed scale ranging from "Strongly Disagree" to "Strongly Agree". Questionnaire also includes some demographic variables such as gender, age, occupation, income and education.

Once the data is collected from the samples, SPSS – statistical software for social science – was used to analyse data. For the analysis purpose data were aggregated to one data set, although data is obtained from two samples (banks and customers). All the missing data were replaced through data imputation which was the process of replacing missing data based on valid values of the variables (Hair, Black, Babin, Anderson & Tatham, 2006, p.63). This ensures a common behaviour in variables and brings accuracy in further analysis. Reliability test was conducted to measure the reliability of the data obtained where Cronbach's alpha value was computed. In order to identify the correlations among the variables, a correlational analysis was performed. These findings were helpful in identifying the relationship among variables. Finally to test the hypotheses multiple regression analysis was employed and six regressions was carried out to measure the six hypotheses. Depending on the significance of each regression analysis, hypotheses were accepted or rejected.

4. DATA ANALYSIS, FINDINGS, AND DISCUSSION

Prior to in depth analysis general attributes of the samples were analyzed. The first sample comprising responses from bank managers revealed about the orientation towards customers.

These data revealed the contribution from Licensed Commercial Banks (LCBs) and Licensed

Specialized Banks (LSBs) which was 13 (68.4%) and 6 (31.6%) respectively. Ten banks have the experience in the industry for more than 50 years (52.6%) compared to the two banks which were new to the industry having less than ten years of experience (10.5%). Most of the banks were public quoted (42.6%) whereas 6 banks had the government ownership (31.6%). With the island wide branch network banks have, their employment generation was also considerable. This was indicated by 12 banks having more than 1000 employees (63.3%). These characteristics indicated the sound establishment of banking system in Sri Lanka.

In the analysis of the customer sample, 53.7% respondents were male (102) and 46.3% were female (88). Most of the respondents were within the age group of 21 – 30 (45.3%), and both 31 – 40 and above 51 age categories grasp a share of 21.1% of the total. Close to 88% of the sample was engaged in an occupation (government, private, self or other employment) and most of them (56.3%) represented the income category of Rs. 10,000 – 50,000. Higher diploma holders, post graduates and graduates stand for a 61% of the sample as 22.6%, 32.6% and 5.8% respectively, indicating reasonably a good education level among the respondents.

Table 01: Summary of the statistics

Variable	Cronbach's Alpha	Mean	Standard Division	Variance
Relationship Marketing Orientation (RMO)	0.852	3.931	0.308	0.095
Market Orientation (MO)	0.809	4.142	0.310	0.096
Affective Commitment (AC)	0.715	3.223	0.628	0.395
Continuance Commitment (CC)	0.710	2.982	0.651	0.424
Attitudinal Loyalty (AL)	0.785	3.190	0.636	0.404
Behavioural Loyalty (BL)	0.732	3.661	0.794	0.631

Reliability of the variables assessed the consistency of entire scale which was vital in drawing conclusions. Table 01 highlights the summary statistics of each variable. All the variables have the Cronbach's alpha value above 0.7, which was the generally agreed upon lower limit (Hair et al., 2006, p.161), hence reliability is guaranteed. This ensues individual items have been measured the same construct generating the internal consistency.

In the attempt of identifying possible correlations among the variables, a correlational analysis was conducted. Summarized results were presented in table 02. At the 99% confidence interval, four important correlations were identified. AC has an average positive correlation (0.645) with AL and a weak positive correlation (0.405) with BL. Similarly CC has a weak positive correlation with both AL (0.468) and BL (0.215). Surprisingly RMO with AC and MO with CC indicated a negative correlation which was not significant at all. These findings brought serious concerns to the researcher and further analysis was required.

Table 02: Findings of correlation analysis

	AC	CC	AL	BL	RMO	MO
AC	-					
CC	0.400**	-				
AL	0.645**	0.468**				
BL	0.405**	0.215**	0.580**	-		
RMO	-0.026	0.240**	0.144*	0.107	-	
MO	0.059	-0.063	0.033	-0.027	0.409**	-

**. Correlation is significant at the 0.01 level (2-tailed)

*. Correlation is significant at the 0.05 level (2-tailed)

After identifying the correlations among the variables a multiple regression analysis was conducted to test the hypothesis. Six regression analyses were carried out using Enter method and results are presented in table 03.

Both H1 and H2 were rejected indicating no relationship between orientation towards the customer and commitment. It indicated relationship marketing orientation has no impact on affective commitment and market orientation has no impact on continuance commitment. These findings were conflicting with the findings of previous studies. Sin et al. (2005) highlighted RMO and MO are two different constructs under discriminant validity. In their study RMO and MO were loaded as two factors, but the factor analysis in the present study was not successful since several factors were generated through the analysis. This was also evident with the mean values of RMO and MO which were 3.931 and 4.142 respectively, indicating banks have given the same weight to both concepts. Hultman and Shaw (2003) emphasized small firms in service sector in Scotland and Sweden adopt both transactional and relational orientations depending on the nature of customers. If customers are key clients they adopted a relational approach and for on the spot customers they adopted a transactional approach. These findings provide valuable insights to the present study emphasizing banks also can adopt the same strategy depending on the client base. Sanzo et al. (2003) recognized an interface between relationship marketing orientation and marketing orientation. They argued since both these concepts are with thin the marketing discipline an integrated approach can be adopted. These evidences justify the rejection of hypotheses, yet future research should be conducted on this discussion.

Table 03: Findings of regression analysis

Hypothesis	Dependent variable	Independent variable	R^2	Standardized coefficient Beta (r)	T
H1	AC	RMO	0.001	-0.026	-0.353
H2	CC	MO	0.004	-0.063	-0.867
H3	AL	AC	0.416	0.645**	11.562
H4	BL	AC	0.164	0.405**	6.081
H5	AL	CC	0.219	0.468**	7.255
H6	BL	CC	0.046	0.215**	3.025

**. Correlation is significant at the 0.01 level (2-tailed)

Another possible reason for the rejection of H1 and H2 can be perception differences. Too et al. (2001) emphasized relationship marketing implementation and customer perception on relationship marketing efforts have different impact on customer loyalty. In their dyadic exploration they identified even though managers think that they have successfully implemented relationship marketing strategies, customers may not perceive the same. Thereby customer perception on relationship marketing poles apart from actual relationship marketing implementation. This gave important contribution to the present study. That was from the managers point of view, they may consider they have successfully implemented the relationship marketing concept or marketing concept, but if customers do not perceive it, then such implementation will not generate any positive outcome. In such scenario understanding what customers expect from bank is crucial. Proper knowledge on customer expectations can bridge the perception gap. Edirisinghe (2008) emphasized depositors and customers as one of the main stakeholder groups expect excellent service, time lines and higher interest benefits from banks. These factors act as the main decision variables in choosing a bank and retaining with a bank. Hence, relationship marketing or marketing efforts may not be the primary interest of the customers. Further, Edirisinghe (2008) argued top management in Sri Lankan banking sector always tries to meet the stakeholder expectations. These findings highlight the importance of exploring management perceptions on relationship marketing and marketing concepts and customer perception or expectations.

H3 and H4 are supported with the findings of regression analysis ($p < 0.000$), so that affective commitment leads to both attitudinal and behavioural loyalty. These findings prove when customers are emotionally attached to a bank they are loyal in terms of both psychologically (attitude) and behaviorally ensuring retention with the same bank.

H5 and H6 are supported at 99% confidence interval, but both beta values are positive indicating a positive relationship among variables. Therefore H6 is failed to reject as positive relationship was hypothesized between continuance commitment and behavioural loyalty. However H5 is rejected since a negative relationship was hypothesized. The controversial findings of the present study do not support the negative relationship between continuance commitment and attitudinal loyalty, but with the argument of banks adopting a combined strategic approach this relationship can have some sort of validity. Nevertheless, further research is needed on this regard.

5. IMPLICATIONS, LIMITATIONS, DIRECTION FOR FUTURE RESEARCH, AND CONCLUSION

As theoretical implications the study measured loyalty in terms of both attitude and behaviour giving more explanation to the construct which was very scarce in previous studies (Too et al., 2001). Commitment was identified as the process of developing loyalty and with the findings it was apparent that loyalty generated through either affective or continuance commitment. Hence, the study provided valuable contribution towards commitment and loyalty literature by empirically identifying the positive relationship between those two. It ensures commitment act as the means of developing customer loyalty.

The study provides valuable inputs to the practicing managers. The first implication is in the financial sector to gain loyalty from customers banks should convey the commitment they have towards customers. So they can gain customer commitment in return ensuring loyalty. The second implication is exploring customer perceptions or expectations. Customers may mainly looked for excellent service, interest rates, security, stability of the bank, etc where other marketing efforts many not be significant for them. Understanding customer expectations or perceptions and catering to those will ensure customer loyalty. The Third implication is banks have the opportunity of using both marketing and relationship marketing concepts simultaneously. In taking the decisions managers must consider the needs and characteristics of the customers they serve (Hultman & Shaw, 2003). Effective blend of strategies will secure a stable customer base.

The study emphasized on important findings with some limitations. First, the study did not measure the mediating effects of commitment, instead measured it via a linear relationship model. If that mediating effects were taken into consideration then probably the analysis also could have generated more positive outcomes. The second limitation was the study did not measure the effects of control variables such as type, age, ownership and size of the banks which are decisive factors in choosing a bank in Sri Lanka. Control variables in the customer sample were also not considered such as gender, age, occupation, monthly income and education loosing the opportunity to arrive on more realistic conclusions. The third limitation was study did not capture the managerial perception on relationship marketing and marketing orientations. Especially how these concepts are defined and implemented in Sri Lankan context. The researcher adapted the definitions and items of relationship marketing orientation and market orientation developed by foreign authors. Hence, those definitions may not adequately represent the application of relationship marketing and marketing concepts in Sri Lanka. The fourth limitation was the study did not capture customer perception adequately. The focus was on Sri Lankan banking sector where factors such as service levels, interest rates, stability of the bank, security of deposits, etc act as main determinants of choosing a bank. Customer expectations on those may be differ from actual relationship marketing or marketing strategies. Their commitment and loyalty depend on what they expect from a bank. Hence, customer perceptions play a fundamental role.

At the end of the study researcher has identified several developmental points for future studies. First, it is more meaningful to analyse the managerial perceptions on relationship marketing and marketing orientations with the implementation of those concepts in Sri Lankan context. Therefore, a study should be conducted with the objective of investigating management perceptions rather measuring orientations. The second challenge for a future researcher is evaluating customer perceptions on service levels and strategies of banks. Such information will facilitate to generate comprehensive information to explore the dyadic relationship. Third, a sector comparison can be conducted on how relationship marketing and marketing strategies are implemented in various sectors such as retailing, clothing, manufacturing, etc… The differences in implementing strategies and reasons for such can be elaborated in the study.

Customer loyalty is a decisive factor in Sri Lankan banking sector where commitment acts as a strong determinant of loyalty. Even though the marketing approaches banks adopt were not clear with the study, researcher failed to argue their strategies are ineffective owing to the loyalty customers have towards the banks. It is possible to conclude banks use relationship marketing and marketing concepts as complementary strategies rather competing strategies where marketing mix is used to create transactions and those transactions are utilized as opportunities to create long term relationships with customers (Hultman & Shaw, 2003). The study concluded with discovering Sri Lankan banks adopt a combined strategy towards customers which guarantee customer loyalty, however, incongruity exist in managerial and customer perceptions on marketing strategies.

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