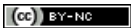


“Commitment: a ‘contagious’ feeling between employees and customers in banking sector”

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COMMITMENT: A 'CONTAGIOUS' FEELING BETWEEN EMPLOYEES AND CUSTOMERS IN BANKING SECTOR

Abstract

This present paper tries to investigate relationship between dimensions of organizational commitment (OC) and brand commitment (BC) based on Allen and Meyer (1990) theory: affective, continuous and normative commitment. Population (443 people) of the present study included employees and customers from the same bank. Data collecting tool was two questionnaires, which were distributed among employees and customers. Data was analyzed with SEM to show the existing correlations. Results showed there is a moderated (0,424) relationship between OC and BC. Results confirm interpersonal exchange is a key concept in relationship management, in particular in services industry.

Keywords

brand commitment, organizational commitment, service quality, social exchange

JEL Classification G21, M50

INTRODUCTION

According to Zeithaml et al. (1990), knowledge about customer expectations is the key in developing quality services. Too often, there is a wide gap between customers' real expectations and management perception of their expectations. Usually people from the management are not in direct contact with customers whereas frontline employees are. Thus, it makes more sense to focus on frontline employees' perception and expectations. As Vineet Nayar (2010) showed in his book "Employee First, Customer Second", we should focus on employees before focusing on customers.

Many factors have relationship with OC (customer orientation, exchange between employees-customers, extra-role behavior, empowerment) and with BC (customer satisfaction, brand loyalty, service quality (though the frontline employees), employees' influence on customers' perception).

First of all the aim of this research is to confirm the influence of employees' commitment on customers' commitment.

The hypotheses proposed should provide a better understanding of the relationship between all the components of commitment. In the present research, Allen & Meyer theory of OC and Bansal et al. (2004) thesis on the three dimensional theory of BC were used to investigate the relationship between OC and BC in an international foreign bank in France.

1. LITERATURE REVIEW

Research literature is reviewed in three sections: Market Orientation (MO), OC and BC.

Parasuraman et al. (1995) showed customers' perception of service quality is related to employee's performance. Sasser and Arbeit (1976), Berry and Parasuraman (1991) suggested companies will have a competitive edge if managers make sure they satisfy employees' needs and requests in order to offer a high service quality to customers.

1.1. Market Orientation

MO is an important concept that was deeply developed in the literature. Kohli and Jaworski (1990) and Narver and Slater (1990) are the major reference we used for MO. This concept is uphill the customer-company relationship which is the core of this study. OM was defined as a concept that can improve the company's performance (Jaworsky & Kohli, 1993; Chang and Chen, 1998). This concept determines the strategy towards employees and customers though Internal Marketing Orientation (IMO) which is the application of marketing tools towards the employees (Sasser & Arbeit, 1976; Grönroos, 1985; Gummesson, 1987). Nevertheless, there is still confusion in the literature concerning the real nature of IMO (Varey, 1995; Lings, 2004). IMO can either be part of a process or of human resources. In the literature, employees can be considered as 'internal customers' (Gummesson, 1987; Bowen & Schneider, 1988; Lukas & Maignan, 1996). Grönroos (1981) considers 'internal customer' concept implies that every single employee is both a provider and a customer for the other employee within the organization. Internal customer orientation (which differs from IMO) should be part of the corporate culture so as all the new employees will get assimilate the organization attitudes and behaviors (Lukas & Maignan, 1996). This understanding of the relationship with customers though employees is a good way to improve easily the relationship. A successful service company has to sell their job to employee before selling services to customers (Sasser, 1976).

1.2. Organizational commitment

OC is an important organizational and occupational concept that have been discussed and developed by many researchers. We consider OM is closely related to trust concept based on Trust and Commitment Theory developed by Morgan & Hunt (1994).

Morgan & Hunt (1994): "We define relationship commitment as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely". Reliability and integrity are part of exchange with the partner. Trust is also part of the Three Dimension Model developed by Allen & Meyer (1990) as it can correspond to the normative component. Whatever the situation is, trust is the "cement" of the relationship in order to consider a long-term relationship (Hrebiniak, 1974) as opposed to a punctual relationship. There are many articles focalizing on the identification of trust origin within the organization (Creed & Miles, 1996; Lewicki & Bunker, 1995; Sheppard & Tuckinsky, 1996; Mayer et al., 1995; Zucker, 1986).

Moreover, trust can also be linked to social exchange. Kramer (1999) emphasized the connection between trust and spontaneous sociability so as to demonstrate the importance of social interactions in trust. When this is trust this encourages the employees to share the information with the organization members. The information sharing is also part of the OM though the '*intelligence dissemination*' developed by Kohli and Jaworski (1990). It can strengthen the employee commitment toward both the organization and the colleagues. The sharing of useful information by the employees with the organization member is part of the OC (Bonacich and Schneider, 1992). Trust appears to be facilitated by interpersonal exchanges. The social exchange theory indicates reciprocity is the key for a sustainable exchange (Gouldner, 1960). Within the organization the social exchange theory can be considered as a tool to increase the feeling of commitment to the organization.

There are many perception of the commitment in the literature nevertheless the Three Component Model (TMC) developed by Allen & Meyer (1990) is the most appropriate in relationship marketing and for service industry.

This model takes into consideration three components of commitment that are:

- Affective: *Want to*.
- Continuance: *Need to*.
- Normative: *Ought to*

Literatmentioned there has a positive influence on long-term commitment for the employee who identifies himself to the organization by giving a positive image of the organization (Lichtenstein, Netemeyer, Maxham, 2010). Their work is based on the research of Elbasch (1998). OC can be considered as a process that begins with the supervisors to influence the employees before influencing the customers and their relationship with the company.

1.3. Brand commitment

BC is an important concept as the exchange between customer and the brand is expanding and becoming more complex. This commitment focalizing in customers' perception is linked to the OC.

Morgan & Hunt (1994) suggest that trust is a precursor of relational commitment and that communication is a major precursor of trust. Trust is symbolized by the human part of the company, which are the frontline employees. The frontline employees represent the "corporate identity" and they have a high responsibility since customer can associate the image of the employees with the image of the brand. Indeed employees have to share the organization values as frontline employees can represent the image of the "prototypical employee" (Liao and Chuang, 2004).

The TCM for organizational commitment have been adapted to the customers for their relationship of commitment toward the brand.

This study of BC takes into consideration all the aspects related the relationship with the brand. Researches on customer satisfaction, brand attachment and service quality were used to complete the customer questionnaire. Researchers in marketing mainly developed the affective commitment (AC) (Fullerton, 2003). Even Morgan and Hunt (1994) who have realized fundamental research emphasized the importance of AC in BC. Fullerton (2005) suggested taking into consideration service quality and commitment constructs to get a better understanding of customer-brand relationship in a service industry.

Mutual benefits and cooperation are also part of the BC (Anderson and Narus, 1990; Ganesan et Hess, 1997) and more precisely related to the continuance commitment (CC).

The normative component of the BC was basically developed by Bansal (2004) and Al-abdi (2010) in their research on the TMC of customer commitment.

2. RESEARCH METHODOLOGY

The present study is a survey and applied study. Population of the research included all the employees of a bank of 4 units in France and customers from the same units (total n=443). As this study took place in France we had to make sure the measurement scales were adapted to the local specificities. To proceed, after taking all the literature reference a qualitative analysis was made to confirm the theory findings.

This was done after verifying the validity and reliability of the measurement scale. There is one questionnaire dedicated to employees and another one dedicated to customers.

Descriptive statistics was used for analysis, classification of data and inference statistics (including Principal Component Analysis; Pearson correlation test; regression) were used to test the hypotheses with SPSS software. Data were also analyzed with SEM in SmartPLS software to show the existing correlations.

2.1. Research hypotheses

- H1: There is a significant relationship between OC and BC in banking.*
- H2: There is a relationship between affective employee commitment and affective customer commitment.*
- H3: There is a relationship between continuance employee commitment and continuance customer commitment.*
- H4: There is a relationship between normative employee commitment and normative customer commitment.*
- H6a: There is a relationship between affective employee commitment and continuance customer commitment.*
- H6b: There is a relationship between affective employee commitment and normative customer commitment.*
- H7a: There is a relationship between continuance employee commitment and affective customer commitment.*
- H7b: There is a relationship between continuance employee commitment and normative customer commitment.*
- H8a: There is a relationship between normative employee commitment and affective customer commitment.*
- H8b: There is a relationship between normative employee commitment and continuance customer commitment.*

H7b: There is a relationship between continuance employee commitment and normative customer commitment.

H8a: There is a relationship between normative employee commitment and affective customer commitment.

H8b: There is a relationship between normative employee commitment and continuance customer commitment.

The study uses a structural equation model (SEM) to test the conceptual model. SmartPLS software has been selected for this study.

2.2. Detailed research model

Figure 1 reveals the detailed research model.

3. FINDINGS

A positive and moderated relationship between “Organizational Commitment” and “Brand Commitment” has been proven on 4 units (Table 1).

All the values for the loadings are good (>0.70 for Cronbach alpha and >0.80 for Joreskog rho)

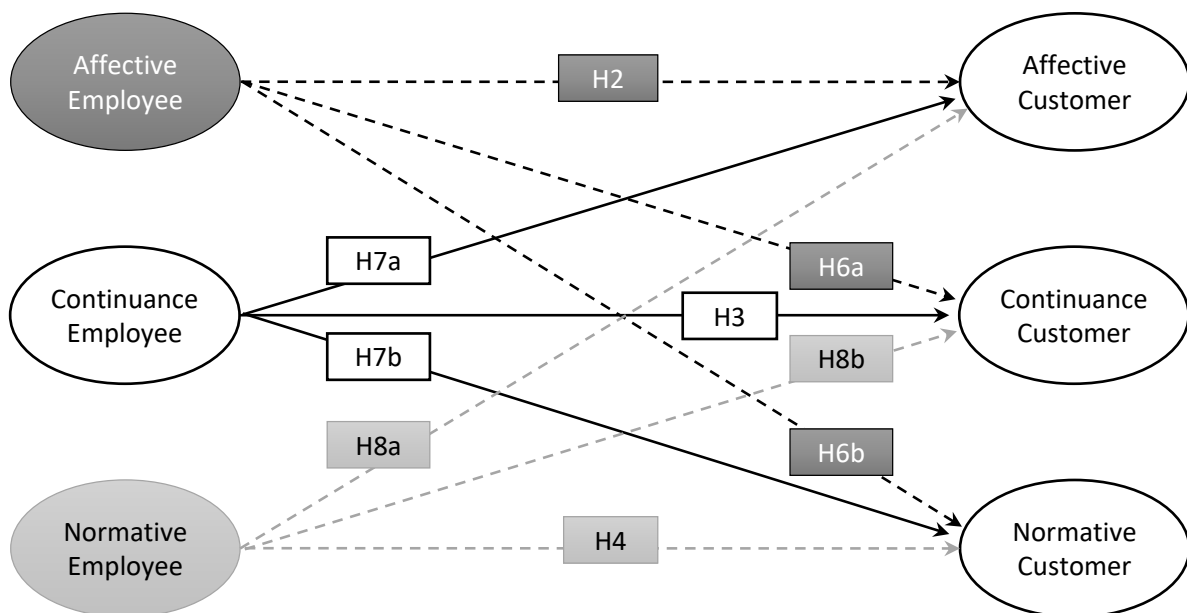


Figure. 1. Detailed research model

The validity was also tested thanks to the AVE test (Average Variance Extracted) where all variables got results superior to 0.50.

Another test was made to assure the liability of the model in the 4 units presented in Smart PLS through the Bootstrapping function. This function gives results based on *t* test of Student. All the values are superior to 1.64 so the conceptual model is valid and provides a level of liability of 95%.

All the hypotheses have proven in this study at least in one unit. We choose to present the results of the units with the best figures. However the 3 other units present a good liability level and good results close to the one in Table 2.

The main relationship presenting the influence of OC on BC have been positively validated with an average score of 0.424 for the 4 units, which means a reasonable link.

H2: The relationship between affective OC and affective BC is validated. However this relation is negative and weak as it inferior to 0.30.

H3: The relationship between continuance OC and continuance BC is validated with a positive and moderate link, with an average score of 0.359.

H4: The relationship between normative OC and normative BC is validated negatively and positively but weak values inferior to 0.30.

H6a: The relationship between affective OC and continuance BC presents negative and weak values inferior to 0,30.

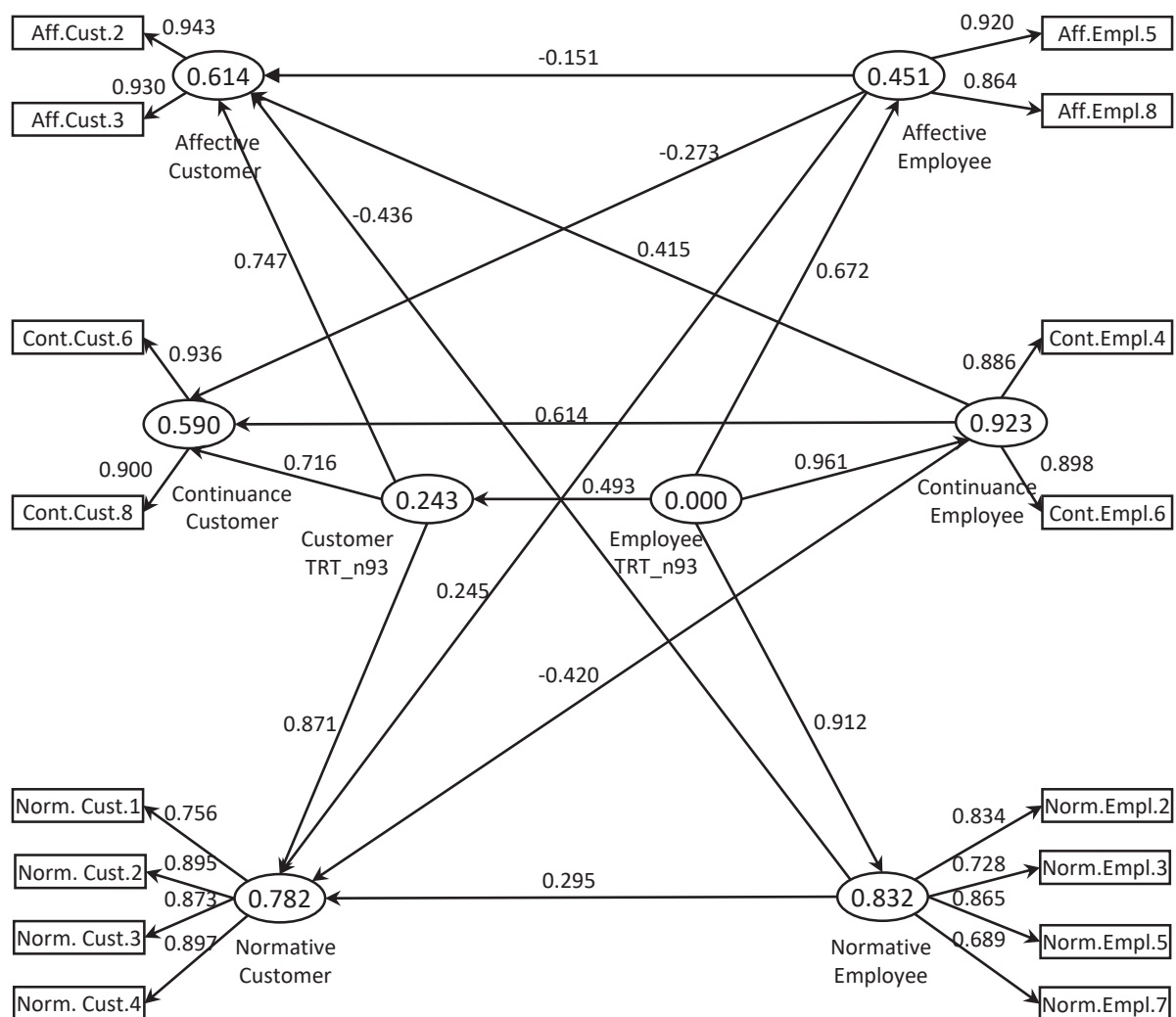
H6b: The relationship between affective OC and normative BC presents positive and weak values inferior to 0.30.

Table 1: Convergent validity (consistency) for the 4 units

Unit	Variable	Alpha de Cronbach (>0.70)	Rho de Joreskog (>0.80)
2	Affective Customer	0.78 (3 items)	0.87
	Affective Employee	0.97 (2 items)	0.98
	Continuance Customer	0.82 (3 items)	0.89
	Continuance Employee	0.73 (3 items)	0.84
	Normative Customer	0.95 (4 items)	0.97
	Normative Employee	0.90 (5 items)	0.92
5	Affective Customer	0.83 (2 items)	0.92
	Affective Employee	0.75 (2 items)	0.89
	Continuance Customer	0.82 (2 items)	0.91
	Continuance Employee	0.71 (2 items)	0.87
	Normative Customer	0.87 (4 items)	0.91
	Normative Employee	0.80 (5 items)	0.86
9	Affective Customer	0.86 (2 items)	0.93
	Affective Employee	0.75 (2 items)	0.89
	Continuance Customer	0.81 (2 items)	0.91
	Continuance Employee	0.74 (2 items)	0.88
	Normative Customer	0.88 (4 items)	0.92
	Normative Employee	0.79 (4 items)	0.86
28	Affective Customer	0.80 (3 items)	0.88
	Affective Employee	0.97 (2 items)	0.98
	Continuance Customer	0.81 (3 items)	0.89
	Continuance Employee	0.71 (3 items)	0.84
	Normative Customer	0.95 (4 items)	0.96
	Normative Employee	0.89 (5 items)	0.92

Table 2: Hypotheses validation for unit 5

Unit		Validation – Hypothesis	Validation	Value
	H1	significant relationship between OC and BC in banking	yes	0.493
	H2	relationship between affective employee commitment and affective customer commitment	yes	-0.151
	H3	relationship between continuance employee commitment and continuance customer commitment	yes	0.262
	H4	relationship between normative employee commitment and normative customer commitment	yes	0.295
9	H6a	relationship between affective employee commitment and continuance customer commitment	yes	-0.273
	H6b	relationship between affective employee commitment and normative customer commitment	yes	0.245
	H7a	relationship between continuance employee commitment and affective customer commitment	yes	0.415
	H7b	relationship between continuance employee commitment and normative customer commitment	yes	-0.420
	H8a	relationship between normative employee commitment and affective customer commitment	yes	-0.436
	H8b	relationship between normative employee commitment and continuance customer commitment		

**Figure 2.** Conceptual model on SmartPLS (unit 9)

H7a: The relationship between continuance OC and affective BC presents positive and reasonable values superior to 0,30 (0.309 and 0.415).

H7b: The relationship between continuance OC and normative BC presents negative and reasonable values superior to -0.30 (-0.362 and -0.420).

H8a: The relationship between normative OC and affective BC presents negative and reasonable average values of 0.341.

H8b: The relationship between normative OC and continuance BC presents positively with a reasonable average value of 0,364.

The conceptual model on SmartPLS (unit 9) is shown on fig. 3.

DISCUSSION

The interpersonal exchange in banking is a fundamental factor to improve the relationship and customer commitment. Because of the fact the study took place in units of the same bank, we were able to compare the results from a unit to another. Actually, the results on these 4 units are quite satisfying.

We have noticed though to the hypothesis H7a that continuance OC has a positive impact on affective BC. So this means this bank found a win-win strategy to combine continuance employees' commitment with affective customer's commitment. Customers perceive the bank employee in "affective" way if he tries to find the best product or service to satisfy the customer needs and expectations.

CONCLUSION AND REMARKS

This study has been made with of sample of 443 people in 4 units so the sample size is small. We were not able to get all the personal data on the customer and employee in order to make some precise segmentation or link for instance between the age, the gender, the revenue and the relationship with the bank. We don't have the same number of respond. The units are not situated in the same country. This bank is a foreign international bank in France, which is not a representative sample of the country.

This study can be exported to other banks or other companies in order to evaluate the intensity of the relationship between employees' commitment and customers' commitment. It would be interesting for managers to make this study with professional customer and compare the results with regular customers. It would be great if we manage to get the response from customers and compare it only with the employee who takes in charge the following up and relationship with the customer. Then it will be good to compare the results with the other employees in the same unit.

Companies can use this type of study to improve their understanding of the situation their customers have with the bank. A detailed analysis would be a good way to get a precise analysis of the situation to offer a personal treatment for each customer thanks to all the data collected. This would have an impact on human resources and on management. The bank is conscious frontline employees have a real influence on the customer commitment. As some authors suggested in the literature, the IMO and the internal marketing should be reviewed to optimize the relationship with customers. Moreover, companies will be able to have new tools to drive the relationship with the customer though the frontline employees who should get more responsibility.

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