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THE RELATIONSHIP BETWEEN CORPORATE CLIENTS' SATISFACTION IN CORPORATE BANKING SERVICES AND THEIR LOYALTY TO THE BANK: A STUDY OF COMMERCIAL BANKS IN MOMBASA CITY

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Corporate banking is traditionally considered a complex function since it involves relationships between corporate firms and financial institutions. Despite the growing interest and importance of corporate banking, an apparent gap exists on the determinants of corporate customers' loyalty to the corporate banking services provided by their financial institutions. Thus, this study analyzes the determinants of corporate customers' loyalty to corporate banking services in commercial banks. Utilizing a sample size of 120 corporate customers from 9 commercial banks in Mombasa-Kenya, the study establishes that perceived service value, relationship banking and corporate image correlate positively with corporate customers repurchase intensions, satisfaction with the corporate banking services and word of mouth reference of other customers to the bank, leading to positive correlations with overall customer loyalty to the corporate banking services. Customer loyalty can, therefore, be generated through improving customer satisfaction and offering high product/service value.

Keywords: Corporate banking services, Corporate image, Customer, Perceived service value, Relationship banking

INTRODUCTION

The goal of every financial institution is to meet the needs and the requirements of its clients/ customers. Meeting the needs and the requirements of the customers will not only ensure the survival of the institution but also allow it to flourish. Customers are presumed to be one of the most important stakeholders in any institution because without them, the institutions are not likely to succeed. Knowledge of customer behaviour will go a long way in ensuring effective marketing policies towards the interest of customers which will eventually facilitate positive customer attitude towards the institutions. Forgia and Revetria (2008) state that nowadays there are common drivers of profitability like customer

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satisfaction. Satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations (Zeithaml and Bitner, 2003). Happy and satisfied customers behave in a positive manner. They will buy a lot from you and will give you a large share of their business. Customer satisfaction is derived largely from the quality and reliability of your products and services (Curry and Curry, 2000).

Corporate banking is traditionally considered a complex function since it involves relationships between corporate firms and financial institutions (Athanassopoulos and Labroukos, 1999). Some studies have reported differences between the nature of the relationship between a bank and its business customers depending on the size of the companies (Butler and Durkin, 1998). These days, services of banks are not limited to the banking and financing only; instead they mean a lot more, particularly for the corporate sector. Besides, being a banker and financer to the corporate entity, the bank can function as a consultant, providing useful tips on the prevailing economic indicators, as an insurance agent for the goods and services, as a valuable partner in a new business venture and as an underwriter for equity of debt considerations. Some of the key services being provided by the bank include; collection services for insurance companies or mutual funds, clearing bank for commodity market businesses, disbursement services for insurance mutual fund companies, custodial services, tax collection services, corresponding banking for financial institutions, trade finance services, corporate salary accounts, overdrafts, short-term loans, asset management, underwriting, guarantees, brokerage services etc. The level of satisfaction depends upon a range of factors in these services.

Corporate banking is termed as business to business relationship. Hawke and Heffernan (2006) contend that some of the benefits of relationship development and maintenance aspects of corporate banking include increased profit through reduced risk, improved communication links, referrals and better customer satisfaction leading to more loyal customers. Turnbull and Gibbs (2007) also state that the corporate bank marketing arena is indeed very much competitive and dynamic, which calls for the banks to upgrade the quality of their services and be in a position to meet the demands of sophisticated customers by way of specialization and innovation. Even small banks are supposed to invest in the long-term relationship marketing infrastructure for supporting customer oriented approach (Adamson *et al.,* 2003). Therefore, for banks, the medium/large corporate market segment offers the possibility of high, volume-rated margins, thus it is important to win lead bank status, as this ensures the largest slice of the corporate banking business. As a result of the continuing movement towards deregulation and the associated increase in competition, establishing a long-term institutional relationship with corporate clients becomes of great importance to the banks in order to gain a moderate or greater share of the financial market and of a corporation's business.

Despite the growing interest and importance of corporate banking, no significant studies have been carried out on corporate customers and more so, their satisfaction and loyalty to the corporate banking services provided by their financial institutions. Previous researchers have analyzed the drivers of bank loyalty but loyalty by corporate customers has been relatively neglected in investigations. In addition, most of the studies analyze individual bank customers. It is not clear to the players in the banking industry how corporate customers perceive the value of services they are offered, their perceptions of relationship banking and the corporate image of their financial institutions and the extent to which these perceptions influence their loyalty to the various corporate banking services. This study identifies and analyzes the determinants of corporate customers' loyalty to corporate banking services offered by commercial banks in Mombasa, Kenya. Specifically, the study analyzes the relationships between perceived service value, relationship banking and corporate image and corporate customers' loyalty to corporate banking services in Mombasa – Kenya.

LITERATURE REVIEW

The Concept of Customer Loyalty

Customer loyalty is a concept that has been discussed in a great number of articles. Not that many discuss loyalty within service sectors, maybe because of the lack of standardized products and the difficulty to measure the service concept (Lewis and Soureli, 2006). Beerli *et al.* (2004) state that today most banks offer the same type of products and the core product is not the attribute that makes the customer loyal. Beerli *et al.* (2004) state that there is another dimension of loyalty, which is called inertia. Inertia means that the loyalty is created through habits and that it is easier to stay with the brand chosen since it would take more energy to change. By the beginning of year 2000, conceptualisation of customer loyalty evolved to embrace *affective, conative* and the *cognitive* dimensions of loyalty. The scope of these dimensions was expressed succinctly by Gremler and Brown (1996) as the degree to which a customer exhibits repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition toward the provider , and considers using only this provider when a need for this service arises. Conative loyalty means that the customer intends to use their bank also in the future, whereas affective loyalty describes how much the customer likes her/his bank and her/his attitude towards the bank (Methlie and Nysveen, 1999). The cognitive component includes attributes such as preference to a service organisation and belief that the organisation proffers the best offer and also attends to customer needs (Harris and Goodes, 2004). Bloemer, Ruyter and Peeters (1998) add another aspect to the concept of loyalty. The authors distinguish between product loyalty and service loyalty and state that results from research on product loyalty cannot be applied fully on service loyalty, since the latter is a subject of a relationship between customer and employee.

Customer loyalty is now accepted as indispensable in strategic decision making because it costs more to attract new customers than to retain old ones. Loyalty conceptualisation has two dimensions- attitudinal and behavioural. Attitudinal loyalty reflects a situation whereby different feelings create an individual's overall attachment to a product, service or organisation (Fornier, 1994). These feelings define the individual's cognitive degree of loyalty (Hallowell, 1996). Behavioural loyalty reflects the degree to which attitudinal feelings are translated into loyalty behaviour. In other words, it reflects intentions being translated into actions. Sustained loyalty is attainable when customers exhibit both positive attitude toward the object, and repeat patronage behaviour. The behavioural intention of being loyal is influenced by whether the customer is satisfied or dissatisfied with the service provided. The attitudinal aspect of customer loyalty encompasses long-term emotional commitment and trust to the organisation, its services, products and prices. Attitudinal loyalty denotes the customers' probability of future commitment to the bank and the propensity to recommend the bank to friends or colleagues (Reichheld, 2003). "Attitudinal" here refers to "the psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour" (Eagly and Chaiken, 1993). The attitudinal components of customer loyalty are identified as price sensitivity, brand allegiance, and the frequency of purchasing a particular brand (Rundle-Thiele and Mackay, 2001).

Perceived Service Value and Customer Loyalty

Customer perceived-value is defined as the perception about quality, social psychology, benefit and money (Bishop, 1984; Velimiroviæ *et al.,* 2011). Due to its neglectedness in previous studies, several researchers have examined the influence of value on customers' purchase intentions (Lin, Sher, & Shih, 2005; Eggert and Ulaga, 2002; Petrick, 2002). Today, customers are more value oriented in their consumption of services because they have alternative choices (Slater, 1997; Woodruff, 1997). For example, Gale and Wood (1994) explained how customers make purchase decisions between competing providers. The author argued that customers buy on value; they do not simply buy products. Interestingly, it was observed that customers learn to think objectively about value in the form of preferred attributes, attribute performance, and consequences from using a product in a use situation (Woodruff, 1997). Thus, banks must be able to provide "up-close" personal service for customers who come with high expectations. For customers who value convenience most, banks must offer the latest product such as electronic banking, touch-tone phone account access and internet banking. Clearly, customer value can be a strong driver of customer retention.

Prior studies support the general notion that perceived value contributes to customer commitment (Bauer *et al*., 2006; Luarn and Lin, 2003; Dodds *et al*., 1991). For example, Luarn and Lin (2003) have found a significant relationship between perceived value and loyalty as well as perceived value and commitment. In telecommunication sector, Turel and Serenko (2006) and Wang *et al*. (2004) studied mobile services in Canada and China respectively and found positive relationship between them. Similarly, researches proved the positive relationship in most cases between these two variables (Hsu, 2006; Eggert and Ulaga, 2002). In telecommunication sector, Lin and Wang (2006) and Tung (2004) found positive relationship among perceived value and customer satisfaction. Many scholars also found direct relationship of perceived value with word-of-mouth communication and repurchase intentions (Lin *et al*., 2005, Cronin *et al.* 2000). Wang *et al*. (2004) and Lin and Wang (2006) also supported this result. This study, therefore, evaluated the relationship between corporate customers' perceived service value and their loyalty to corporate services in commercial banks in Mombasa.

Relationship Banking and Customer Loyalty

Abratt and Russel (1999), state that keeping clients by developing relationships with them is crucial to establishing and maintaining a competitive advantage in the market. They continue in their article with describing several reasons why a relationship with a customer is so important. They stress the fact that if a bank has a relationship with a customer it can, much easier, see the needs of the customer and live up to his/her expectancies. They also state that relationships are important when a customer chooses a bank. Howcroft, Hewer and Durkin (2003) find, in their research on the impact of new technologies, that the customer usage of banking channels outside the physical bank is increasing and this makes the relationship even more important than it was before. Howcroft *et al.* (2003) emphasize the value a bank gets from building relationships with their customers. The value is very high, since it can increase the profitability, through making more business with already existing customers, and through getting to know the customer better and be able to cut interference with the customer.

Durkin and Howcroft (2003) are quite unique in their research about the impact of technology and Internet on relationship marketing, since not much research has been made on this concept; it has only slightly been researched as part of other research. They say that the Internet is the perfect instrument to use to get effective relationship marketing. The relationship marketing can, through the Internet, become a real one-to-one marketing. The Internet makes it possible for mass marketing to be personalized. Methlie and Nysveen (1999) think in the same directions when stressing the fact that the electronic market makes it possible for a lot of new kinds of relationships to be created. They say that electronic market makes it possible for the bank to have much more personalized products and for the customer to impact their banking situation and products. Leverin and Liljander (2006) suggest that the new technologies shall be used when building relationship and they shall be seen as "relationship facilitators". Ndubisi (2007) states that communication in relationship marketing means that the employees stays in contact with their customers and offers them important information, service and are proactive when new services are developed that can be interesting for the customer. This can be made in an easier way through the Internet.

Corporate Image and Customer Loyalty

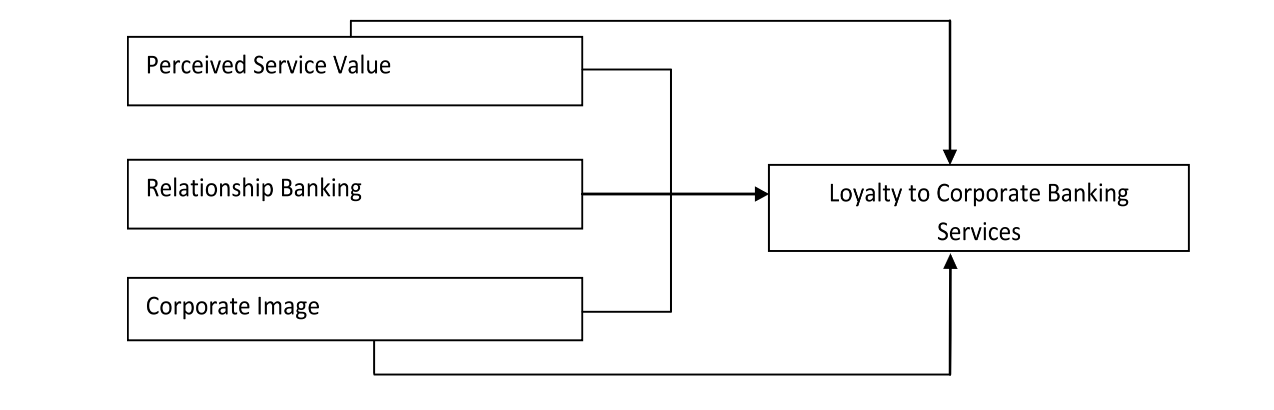
Today's consumers have more choices for their financial needs than ever before. Technology, globalization, increased competition and increased consumer mobility have dramatically changed the way people bank (Harwood, 2002). Many financial institutions are looking at branding techniques to differentiate themselves. Harwood (2002) argued that branding, as a tool to build image, is critical in the banking industry where all firms offer about the same kinds of products. Hence, it is critical that banks have a comprehensive knowledge of customers' values, attitudes, needs and perceptions of various services the bank offers and the image which customers have of the bank itself (Kaynak, 1986a, 1986b). Accordingly, bankers must be able to build and manage their bank's image in order to clearly define the differences between their bank and its competitors. Bharadwaj *et al*. (1993) argue that services are highly intangible and are, therefore, high in experience and credence qualities. As a consequence, brand reputation is important as a potential competitive advantage. Alvarez (2001) proposed that logic is no longer enough to sell the benefits of an intangible product or service, especially with commodity products and skeptical consumers. This situation calls for emotion or image to change the perception of the audience in any real or profound way (Alvarez, 2001). Furthermore, both Marthur (1988) and Gronroos (1984) proposed image as an alternative to product differentiation.

Researchers have identified corporate brand image and reputation as another driver of customer loyalty and ultimately, profitability. This is because brand image has important influence on service quality product and service positioning, marketing, and profitability in the service industry (Best, 2009). According to Best (2009), a strong brand enhances positive evaluation of a product's quality, maintains a high level of product awareness and provides a consistent image or brand personality. Again, these benefits extend to flanker brands though to a limit (Sheinin and Schmitt, 1994). However the extent of the influence of brand image on customer satisfaction and loyalty is far from established in the extant literature (Brodie *et al.,* 2009). Whilst the Pan-European Satisfaction Index (EPSI) rates brand image as an important driver of "perceived value, customer satisfaction and customer loyalty" (Eskilden *et al.,* 2004; in Faullant *et al.,* 2008), there are divergent views to this in the literature. In his study of the banking industry, Bloemer *et al.,* (1998) found an indirect relationship where brand image is mediated by service quality. Customers use brand information to assess value (Grewal *et al.,* 2004), and influence customer evaluations (Rao and Monroe, 1999). This involves a cost benefit analysis to determine perceived value. The cost side of the equation according to this view includes time and price spent on a service. The flip side of the equation includes service quality.

Conceptual Framework of the Study

The model provided in Figure 1 shows the interrelationships of the constructs considered in this study. The hypothesized relationships illustrated in the model show that customer loyalty is the dependent variable while perceived service value, relationship banking and corporate are the independent variables. The framework demonstrates that customer loyalty is directly influenced by perceived service value, relationship banking and corporate image.

Figure 1: Conceptual Framework of the Study (Researcher's Own Conceptualization)



Loyalty, which was the dependent variable, was hypothesized as leading to customer behaviors such as referral/advocacy/word of mouth (WOM), repeated utilization of the service/ repurchase and satisfaction with the services. Perceived service value was hypothesized in terms of benefits versus costs consideration; efficient service provision; convenient branch locations of the bank; flexible banking policies; fair method of setting fees and interests and extended banking hours. Perceived service value may strengthen relationship banking and lead to good image of the bank which in turn results in customer loyalty to the bank.

Relationship banking was operationalized in terms customers' perceptions of their expectations of relationship banking are fulfilled with respect to keeping promises; availability; unbiased advice; access to information; accessible relationship manager and recognition by the relationship manager. Customers with positive perceptions of relationship banking are likely to remain affectively loyal to the corporate banking services.

Corporate Image was conceptualized to constitute corporate customers' perceptions of the bank's stability; reliability; trustworthiness; distinctiveness/uniqueness to stand out from others and involvement in community work. Positive image may enhance loyalty.

METHODOLOGY

Research Design

The study adopted the descriptive survey research design. Descriptive research is undertaken with the aim of describing characteristics of variables in a situation. It describes "what is" and is concerned with conditions or relationships that exist, opinions that are held, processes that are going on, effects that are evident or trends that are developing (Best and Khan, 1993). A survey is an attempt to collect data from members of a population in order to determine the current status of that population (Mugenda and Mugenda, 2003). Best and Kahn, (1993) postulate that descriptive survey is the most appropriate design in behavioural science as it seeks to find out factors associated with certain occurrences, outcomes and conditions of behaviour.

Study Population and Sampling

The study population constituted all the customers' from the 43 commercial banks providing financial services in Mombasa City, Kenya. However, the target population for the study constituted all the corporate banking customers from all the commercial banks and utilizing corporate banking services in Mombasa City only. This was used as the sampling frame from which a representative sample was selected and used for the study. A representative sample of nine (9) commercial banks was purposively selected for study. Kathuri & Pals (1993) recommend that for descriptive studies, a sample size of 100 subjects is acceptable provided that none of the sub-samples would be less than 20. Therefore, the study utilized a sample size of 120 corporate customers drawn from the 9 commercial banks. The rationale for a sample size of 120 corporate customers was to ensure that possible non-response is catered for to maintain the sample size as originally designed as recommended by Kathuri and Pals, (1993).

Stratified sampling was used to obtain a representative sample of 9 commercial banks from all the 43 commercial banks in Mombasa

City. Stratified sampling ensured that all the corporate customers form all the 49 commercial banks had an equal chance of being included in the sample. According to Borg and Gall (1989), Mugenda and Mugenda (2003), stratified sampling ensures the inclusion into the sample, sub-groups which otherwise would be omitted entirely by other sampling methods because of their small number in the population. In this study, the strata were based on the ownership of the banks: public/state owned banks, private domestic banks and multinational banks. Corporate customers were purposively selected to participate in the study. Proportionate allocation of the sample size based on the number of corporate customers in each of the nine banks (3 public, 3 private and 3 multinational) with simple random sampling done in selecting the respondents to participate in the study.

Instrumentation

A research questionnaire (Corporate Customers' Questionnaire) was designed to elicit responses on the main constructs that the study sought to investigate and used to gather primary data. The first section of the questionnaire bore questions/ items that extracted information related to the demographic profiles of the respondents. The second section extracted information on the perceptions of corporate customers of service value, relationship banking and corporate image and reputation, as well as their loyalty to their banks. Customer perceptions of these three independent variables were evaluated on a 7 point Likert scale (Likert, 1932). This ranged from 1= strongly disagree, 2 = somewhat disagree, 3 = slightly disagree, 4 = neutral, 5 = slightly agree, 6 = somewhat agree to 7 = strongly agree. On the other hand, the degree of customer loyalty to corporate banking services were assessed in terms their word of mouth recommendation to others, re-usage and general satisfaction with the corporate banking services. Questions on the likelihood of word of mouth referrals and re-usage of corporate banking services were rated on a 7-point scale ranging from 1= "Very Unlikely" to 7 = "Very Likely", while customer's satisfaction levels were also rated on a 7-point scale but ranged from 1= "Very Unsatisfied" to 7 = "Very Satisfied".

To ensure validity of the questionnaire, effort was made to ensure that the items were clear and precise without any ambiguity, ensuring that the items addressed the only the objectives of the study, adequately. The questionnaire was pilot-tested on a sample of 10 corporate service respondents from 2 commercial banks that were not part of the actual study sample. The subjects in the pilot study were encouraged to make comments and suggestions concerning the instructions, clarity of questions asked and their relevance and the results from the piloting as well as the pilot respondents' comments used in validation of the instrument by revising the items appropriately. The reliability of the questionnaire items was determined using the Cronbach alpha coefficient, using data from pilot testing. The 12 items constituting and index for service value yielded an inter-item reliability of Cronbach á =0.929. On the other hand, the 7-item index of relationship management produced the highest reliability coefficient of á =0.945 while the 10 items in measuring corporate image had inter-item internal reliability coefficient of á =0.943. The 7 items in each of the three dimensions of customer loyalty to the corporate banking services had coefficients of internal consistencies of word of mouth = 0.911, re-usage/repurchase intentions

= 0.958 and satisfaction with corporate services = 0.983. Overall, the 50 items of the corporate customers' questionnaire had a Cronbach alpha coefficient of internal consistency of 0.989.

Data Analysis Techniques

Both quantitative and qualitative data analysis methods were adopted, since the data collected based on the questionnaire items generated both quantitative and qualitative information. The collected data was first coded after validation and editing, then entered into the computer. Data analysis was done with the aid of the Statistical Package for Social Scientists (SPSS). Initial analysis done aimed at determining the corporate customers' perceptions of service value, relationship banking and corporate image and the findings on customer perceptions presented the descriptive tools of means and standard deviations. Subsequent analyses of the data aimed at answering the research objectives and involved the use of the Pearson's Product Moment Correlation Coefficient (PPMC) to determine the relationships between the independent and dependent variables of the study. The findings were presented in tables and the results interpreted and discussed under each objective area.

RESULTS

Response Rate

One hundred and two (102) corporate customers' questionnaires out of the 120 that had been administered were retuned. This represented a response rate of 85%. Dillman (2000); Rea & Parker (1992) suggest response rate of 50% as the minimal level acceptable, while Fowler (1984) suggests 60% and De Vaus (1986) argues for 80%. Therefore, the 85% response rate was considered credible enough to allow analysis of the data collected thus generalization of the findings to the target population.

Demographic Characteristics of the Respondents

The demographic characteristics of the corporate customers investigated by this study were mainly sex and age of the respondents. Sixty five percent (65%) of the corporate customers were male while 35% were female. Half of the respondents were aged 46-55years, 35% were 36-45 years old while 15% were aged between 26 and 35 years.

Perceived Service Value and Corporate Customers' Loyalty to Corporate Banking Services

Perceived Service Value

The respondents' rankings for the 12 statements related to service value were analyzed descriptively to determine the means and standard deviations for each of the service value indicators. The means ranged from 4.91(highest) to 3.24 (lowest). The highest mean score related to "The services my bank offers me are very beneficial to my business" while the lowest mean of 3.24 related to "Interest rates on short, medium and long term loans are reasonable compared to other banks". The general trend depicted by the means as shown in Table 1 implies that corporate banking customers mainly enjoy branded customer services that competitively place their preferred banks above other financial institutions. However, the customers do not seem to consider the services associated with the costs of banking to be significantly different from those of other banks as portrayed by lower means related to such service, which appear to a large extent appear on the lower end in the Table 1.

Table 1: Perceived Service Value

Perceived Service Value	Min	Max	Mean	SD
i. The services my bank offers me are very beneficial to my business	3	7	4.91	1.568
ii. I enjoy extended banking hours that my bank offers	3	7	4.74	1.877
iii. My bank uses state of the art technology and equipments in their service delivery	4	7	4.68	1.136
iv. Costs of maintaining account with the bank is low compared to other banks	3	6	4.53	.982
v. My bank has its branches located in convenient locations	1	7	4.29	2.104
vi. My bank has flexible banking hours	2	7	4.18	1.766
vii. Bank charges on domestic banking are low compared to others	2	5	3.88	1.027
viii. My bank provider has operating hours and location convenient to all its customers	1	7	3.71	1.881
ix. My bank charges fair interest rates on loans	1	6	3.71	1.571
x. Interest earned on fixed term deposits are high compared to other banks	2	6	3.56	1.506
xi. Foreign currency pricing and trading by my bank is reasonable compared to other banks	3	5	3.50	.741
xii. Interest rates on short, medium and long term loans are reasonable compared to other banks	1	6	3.24	1.464

Correlation between Perceived Service Value and Corporate Customers' Loyalty to Corporate Banking Services

To analyze the relationship between perceived service value and corporate customers' loyalty to corporate banking services, the respondents' scores for perceived service value in the 12 statements related to service value were cumulated to obtain an index for service value. On the other hand, loyalty to the corporate banking services was measured in terms of the likelihood of the corporate customer to recommend to others to patronise the services of a customer's primary bank (Word of Mouth), repeat purchase of the corporate banking products from the bank (repurchase) and the level of customer contentment with the products and services of their banks (Satisfaction). The respondents' scores in the 7 corporate banking services were cumulated to get indices for the three dimensions of customer loyalty. Further accumulation of the three dimensions of customer loyalty was done to get an overall index for customer loyalty to the corporate banking services. Using the scores for perceived service value and loyalty to the corporate banking services, a Pearson's Product Moment Correlation was conducted to determine the nature of the relationships between the variables.

The PPMC analysis indicated that there were significant positive relationships between perceived service value and corporate customers repurchase intensions ($r=0.962$, $p<0.01$), satisfaction with the corporate banking services ($r=0.954$, $p<0.01$) and word of mouth ($r=0.972$, $p<0.01$). Overall, there was a significant positive relationship between service value and corporate customers loyalty to the corporate banking services ($r=0.998$, $p<0.01$). The correlations were very strong and almost perfect, indicating that corporate customers' loyalty to corporate banking services was highly associated with perceived service value. Table 2 shows the findings of the correlation analysis.

Table 2: Correlation Between Perceived Service Value and Corporate Customers' Loyalty to Corporate Banking Services

		Service Value	Repurchase	Satisfaction	WOM
Service Value	Pearson Correlation	1			
	Sig. (2-tailed)				
Repurchase	Pearson Correlation	.962**	1		
	Sig. (2-tailed)	.000			
Satisfaction	Pearson Correlation	.954**	.845**	1	
	Sig. (2-tailed)	.000	.000		
Word of Mouth	Pearson Correlation	.972**	.988**	.864**	1
	Sig. (2-tailed)	.000	.000	.000	
Loyalty	Pearson Correlation	.998**	.975**	.941**	.981**
	Sig. (2-tailed)	.000	.000	.000	.000

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

Relationship Banking and Corporate Customers' Loyalty to Corporate Banking Services

Relationship Banking

Table 3 shows the means and standard deviations of the respondents' ratings of relationship banking services.

The findings indicated that the mean scores ranged from 5.32 (highest) to 4.06 (lowest). The highest score was related to "The bank employees are always willing to help me" while the lowest score was related to "When the bank promises a certain service by a certain time, it does so". The minimum score for the relationship banking service with the highest mean was 4 compared to a minimum score of 1 for the service with the lowest mean. The standard deviations indicate that there were wide variations in the

Table 3: Relationship Banking

Relationship Banking	Min	Max	Mean	SD
i. The bank's employees are always willing to help me	4	7	5.32	1.109
ii. When customers have a problem, my bank shows sincere interest in solving it	3	7	5.21	1.189
iii. My bank values me and recognizes my being their customer	3	7	4.79	1.374
iv. My bank's relationship manager is accessible and always ready to provide the required assistance	1	7	4.76	1.825
v. My bank's employees are never too busy to respond to my requests	3	7	4.65	1.398
vi. My bank provides me with all the relevant information regarding all the services that am entitled to	3	7	4.38	1.379
vii. When my bank promises a certain service by a certain time, it does so	1	7	4.06	1.807

corporate customers' ratings of the relationship banking services which reflect wide variations in their perceptions of the services. It was further noted that relative to the maximum ranking of 7, corporate customers evaluation of the services reflect just basic satisfaction levels with the relationship banking services.

Correlation between Relationship Banking and Corporate Customers' Loyalty to Corporate Banking Services

The respondents' scores for the seven relationship banking services were added together to obtain a composite score representing, an index for relationship banking. The total scores were then used to conduct the Pearson's Product Moment Correlation analysis to determine whether there was a relationship between banking and corporate customers' loyalty to corporate banking services. The findings of the correlation analysis were as shown in Table 4.

The study established that there were significant positive correlations between relationship banking and corporate customers repurchase intensions ($r=0.889$, $p<0.01$), satisfaction with the corporate banking services ($r=959$, $p<0.01$) and word of mouth ($r=0.929$, $p<0.01$). Overall, there was a significant positive relationship between relationship banking and corporate customers loyalty to the corporate banking services ($r=0.961$, $p<0.01$). The correlations were very strong, indicating that corporate customers' loyalty to corporate banking services was to a large extent associated with satisfactory relationship banking services.

Customer relationship management helps the bank to obtain enough information about the existing customers, use this information for incentive of the sales to be repeated, and enable a relationship that will be continuous. It is a business strategy that creates in the banking institution the information technologies which will help the management system listen to the customers, be customer-based and offer the customers perfect products and service and

Table 4: Correlation between Relationship Banking and Corporate Customers' Loyalty to Corporate Banking Services

		Relationship Banking	Services Repurchase	Satisfaction	Word of Mouth
Relationship Banking	Pearson Correlation	1			
	Sig. (2-tailed)				
Repurchase	Pearson Correlation	.889**	1		
	Sig. (2-tailed)	.000			
Satisfaction	Pearson Correlation	.959**	.845**	1	
	Sig. (2-tailed)	.000	.000		
Word of Mouth	Pearson Correlation	.929**	.988**	.864**	1
	Sig. (2-tailed)	.000	.000	.000	
Loyalty	Pearson Correlation	.961**	.975**	.941**	.981**
	Sig. (2-tailed)	.000	.000	.000	.000

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

makes the whole staff in the institution able to conduct customer-based team work. Customer relationship management creates customer loyalty by making the customer relationships profitable; forming and preserving long-term and profitable relationships with customers; increasing the productivity of the institution to meet customer expectations and demands and creating differentiation that gives the institution a competitive advantage.

Corporate Image and Corporate Customers' Loyalty to Corporate Banking Services

Corporate Image

The study established that the means ranged from 5.41 (highest) to 3.50 (lowest). The highest mean related to "The employees are well dressed and neat in appearance" while the lowest related to "The bank I patronize reflect a lot about who I am". As was seen in the other factors in the preceding sections, the means were foundationally basic, reflecting only average levels of corporate customers' ratings of corporate image of the bank. The means and standard deviations of the respondents' feelings and rating of corporate image were as shown in Table 5.

Correlation between Corporate Image and Corporate Customers' Loyalty to Corporate Banking Services

The respondents' ratings of the statements related to corporate image were cumulated to obtain a composite score for corporate image. The total scores were then used to conduct a Pearson's Product Moment Correlation to establish the direction and strength of the relationship between corporate image and corporate customers' loyalty to corporate banking services. The correlations were as shown in Table 6.

The findings indicate that there were very strong and significant positive correlations between corporate image and repurchase intentions ($r=0.831$, $p<0.01$), word of mouth ($r=0.851$, $p<0.01$) and the overall loyalty to corporate banking services ($r=0.932$, $p<0.01$). The correlation between corporate image and

Table 5: Corporate Image

Corporate Image	Min	Max	Mean	SD
i. The employees are well dressed and neat in appearance	4	7	5.41	1.292
ii. My bank is more distinctive/unique and stands out from other banks	4	7	5.12	1.111
iii. My bank is very stable compared to other banks	3	7	5.00	1.290
iv. To me, this bank would rank first among other banks	4	6	4.97	.826
v. My bank is more trusted by customers compared to other banks	1	6	4.74	1.622
vi. My bank always performs the service right the first time	2	7	4.74	1.567
vii. My bank provides more reliable services compared to other banks	2	7	4.53	1.584
viii. Repeatedly, the performance of this bank is superior to that of competitors	1	6	4.15	1.726
ix. My bank is involved in community development than other banks	1	5	3.91	1.429
x. The bank I patronize reflect a lot about who I am	1	6	3.50	1.954

primary motivation for customer patronage. Thus, customer value regulates behavioral intentions

Table 6: Correlation between Corporate Image and Corporate Customers' Loyalty to Corporate Banking Services

		Corporate Image	Repurchase	Satisfaction	Word of Mouth
Repurchase	Pearson Correlation	.831**	1		
	Sig. (2-tailed)	.000			
Satisfaction	Pearson Correlation	1.000**	.845**	1	
	Sig. (2-tailed)	.000	.000		
Word of Mouth	Pearson Correlation	.851**	.988**	.864**	1
	Sig. (2-tailed)	.000	.000	.000	
Loyalty	Pearson Correlation	.932**	.975**	.941**	.981**
	Sig. (2-tailed)	.000	.000	.000	.000

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

satisfaction with corporate banking services was perfect and positive, indicating that satisfaction with corporate banking services was directly proportional to corporate image.

DISCUSSION

First, the study established that there were significant positive relationships between perceived service value and corporate customers repurchase intensions, satisfaction with the corporate banking services and word of mouth reference of other customers to the bank. The overall outcome was a positive correlation between service value and corporate customers' loyalty to the corporate banking services. Customers define value of a product/service by making an analysis of the performance of the product/service relative to its cost. Product/service quality as an antecedent to its perceived value, and is always in the hands of the organization. It depends upon the ability of an organization to provide a product/service that gives a performance that customer is seeking, which creates positive customer perceptions of the product/service value. If banking institutions pay attention to the complex equation of performance vs. cost, they would find that they are able to create value for the product/service. Commercial banks need to ensure that customer value is their primary objective and in this endeavor, honest feedbacks from the ultimate product/service consumers play a great role in enabling the banks know what customers really want. If a banking institution is unaware of what constitutes as value to customers, it will unnecessarily engage in exercises that may have nothing to do with customer satisfaction which is affects customer loyalty.

In addition, customer-perceived value results from an evaluation of the relative rewards and sacrifices associated with their transactions with the banking partner. Customers are inclined to feel equitably treated if they perceive that the ratio of their outcome to inputs is comparable to the ratio of outcome to inputs experienced by the bank. And customers often measure a bank's ratio of outcome to inputs by making comparisons with its competitors' offerings, and high value is one of loyalty toward the bank as long as such relational exchanges provide superior value. This explains the positive correlations between perceived value and corporate customers' loyalty towards corporate banking services. These findings were supported by prior studies that report positive correlations between perceived value and customer loyalty. For instance, Luarn and Lin (2003) found a significant relationship between perceived value and loyalty as well as perceived value and commitment. Turel and Serenko (2006) and Wang *et al.* (2004) also reported positive relationship between mobile service and customer loyalty. Lin and Wang (2006) and Tung (2004) also reported positive relationship among perceived value and customer satisfaction, while Lin *et al*. (2005); Cronin *et al.* (2000) established a direct relationship between perceived value and word-of-mouth communication as well as repurchase intentions.

Second, the study established that significant and strong positive correlations existed between relationship banking and corporate customers repurchase intensions, satisfaction with the corporate banking services and word of mouth reference, with a corresponding strong positive relationship between relationship banking and corporate customer loyalty to the corporate banking services. A customer relationship management approach that pays attention to recognizing the customers, distinguishing the customers, listening to the customers, making all sorts of contacts with the customers, the bank identifying itself with the customer and adapting to the customers (Holloway, 2002) creates maximum benefit from customer relationship management such as increase in the cross-sales, reduction in customer disagreements, high level of customer satisfaction and loyalty and the ability to form close contacts and relationships with the customers in terms of technologic, informatics and social terms (Odabaºi, 2000). Therefore, customer relationship management significantly assists the bank in developing collaborative, cooperative and profitable long-term relationships with clients. As a result of the learning relationship with each customer, the bank may learn the expectations and needs of its customers more easily and meet these expectations just in time, also acquiring an advantage of competition. In a learning relationship, the customer tells the relationship banker his/her needs and expectations, and the bank may be able to meet these needs and expectations through its products and services. Since the bank will have better information about its customers through the learning relationship it has developed, it will differentiate the enterprise from its rivals and thus maintain the customer. This explains the positive correlations between relationship management and the various dimensions of customer loyalty to the corporate banking services among the commercial banks in Mombasa City. Improving customer relations enhance corporate image and promote customer loyalty (Newman, 2001; Szymigin & Carrigan, 2001; Caruana, 2002; Ehigie, 2006). Customer relationship management which is a function performed by majorly the relationship managers makes it necessary to form long-term relationships with customers. Holloway (2002) advises that the bank should pay attention to recognizing the customers, distinguishing the customers, listening to the customers, making all sorts of contacts with the customers, the bank identifying itself with the customer and adapting to the customers so as to improve their relationships with customers.

Finally, there were strong positive correlations between corporate image and repurchase intentions, word of mouth and the overall loyalty to corporate banking services. Satisfaction with corporate banking services was directly proportional to corporate image. Corporate image works as a filter through which a company's whole operation is perceived and reflects a company's overall reputation and prestige. Corporate image emerges from a customer's net consumption experiences; hence, perceptions of service quality affect corporate image (Aydin and Ozer, 2005). Customers' perceptions of corporate image are derived from the institution's capability and social responsibility. Corporate capability relates to an institution's expertise in delivering a product and service offerings, such as effective innovation and high service quality, while corporate social responsibility relates to the institution's management of social issues. An institution's communications, developed to build its reputation for social responsibility and capability, create a repository of credible information signals which customers use to ascertain the quality and value of the intangible services the firm provides. Reputation plays an important role for customers when determining the product/service quality, hence customers who develop a positive mental schema of a brand will tend towards higher satisfaction and loyalty. Corporate image thus impacts a customer's evaluation of service quality, satisfaction and loyalty as shown in this study. The positive correlation of brand image with customer satisfaction is consistent with Pan-European Satisfaction Index rates brand image as an important driver of "perceived value, customer satisfaction and customer loyalty" (Faullant *et al*., 2008). Recent research by Brodie and Cretu (2007) found that company reputation has influence on perceptions of customer value and customer loyalty. Brodie *et al.* (2009) found company image had significant relationship with customer loyalty. Customers use brand information to assess value (Grewal *et al.,* 2004).

CONCLUSION

The results evoked by this survey indicate that loyalty to corporate banking services is contingent upon perceived service value. There are positive correlations between perceived value and corporate customers repurchase intensions, satisfaction with the corporate banking services and word of mouth referrals.

The study also concludes that building long-lasting relationships through the mediating effects of relationship banking is an important determinant of customer loyalty. This is confirmed by the strong correlations between relationship banking and corporate customers' loyalty as seen by repurchase intensions, satisfaction with the corporate banking services and word of mouth referrals.

Customer satisfaction and corporate image are direct determinants of customer loyalty. In fact, corporate image has a greater total effect on service loyalty than does any other construct. Commercial banks striving for customer loyalty should, therefore, focus primarily on building corporate image, which primarily determines corporate customers' loyalty to corporate banking services.

RECOMMENDATIONS

1. There is the need for bank managers to direct effort at customer relation management. Developing an organisational culture centred

on customer relationship management that takes into consideration the total customer experience is an imperative of customer loyalty. This is in view of the findings of this study, supported by the fact that similar studies have shown that what influences customers' evaluation of their service experience, satisfaction, value and loyalty especially in the service industry are mostly relationship issues.

2. The findings suggest strongly that customer loyalty can be generated through improving customer satisfaction and offering high product/service value. Thus, to satisfy corporate customers, a bank should focus on the provision of quality customer services. Service quality is a key building block to improving value, satisfaction and image, which determine service loyalty. Bank employees should have knowledge of customer needs and strive to tailor their services/products towards meeting those needs, which will make them stand out from the competitors and thus cultivate customer loyalty.

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