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THE EFFECT OF RELATIONSHIP QUALITY ON CUSTOMER LOYALTY: EVIDENCE FROM SELECTED BANKS IN KENYA

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ABSTRACT: *One of the key marketing strategies implored by Banks is to create emotional connectivity with its customers and ultimately build a strong base of loyal clients. Loyalty will enable the banks to woo new customers through referrals whilst retaining existing ones and thus maintain a huge customer base. The banking industry in Kenya has undergone a revolution such that most bank customers are multi banked and therefore, majority of them may not have allegiance to specific banks. Available literature indicates that relationship quality has a direct effect on customer loyalty. In light of this fact, this paper examines the effect of relationship quality on customer loyalty based on a study of selected banks in Kenya. The main objective of the research was to develop and test a model that examines effect of relationship quality on customer loyalty. The study adapted a positivist approach because of the use of quantitative data. The study further utilized explanatory research design. A questionnaire was used to collect data from a sample of 309 bank customers in Nairobi, Mombasa, Nakuru, Kisumu and Eldoret who maintained bank accounts in the Kenya Commercial Bank, Cooperative Bank, NIC Bank, Diamond Trust Bank, African Banking Corporation and K-Rep (renamed Sidian) Bank. Correlation analysis was used to establish the relationship among the variables. Multiple and moderated regression analysis was used to test the hypotheses at α=.05 level of significance. Model effect size was measured using R-square. The results indicated that relationship quality and the dimensions in the study that is, commitment, communication and conflict handling, were significant in affecting customer loyalty, this is consistent with previous studies. Based on the findings it is imperative for the Banking industry to offer more personalised service, be more innovative, enhance the aspect of CRM (Customer Relationship Management) and embrace technology more at all service points as a tool to understand their customer's holistically and provide timely information on the touch of a button. The study contributes to knowledge and theory through additional research in the field of relationship quality and customer loyalty.*

KEYWORDS: relationship quality, customer loyalty, banks, Kenya

INTRODUCTION

Marketing scholars have opined that firms should leverage firm customer relationships to gain privileged information about customers' needs and thereby serve them better than competitors (Ndubisi, 2006). This has culminated in the advent and popularity of the concept of relationship quality over the past few decades. Besides its ability to help understand customers, relationship quality also helps to increase market share and profitability, and to ultimately reduce costs. Research has shown that the cost of serving one loyal customer is five to six times less than the cost of attracting and serving one new customer.

Concept of Customer Loyalty

Loyalty is an ancient word that refers to the sense of deep commitment to one's country, clan and even a friend or a course. The term penetrated and became prevalent in marketing science literature through the concept of "brand loyalty". However, in marketing literature, customer loyalty has been defined as a customer's deep commitment to purchase or to patronize a product or a service frequently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1999).

Customer loyalty in marketing literature has been used variedly to mean repeated purchase, preference, commitment, retention and allegiance. It is the quality of being loyal and refers to a customer's allegiance or adherence towards an object. Loyalty in business relationships includes the component of an attitude of devoted attachment (Thiele, 2005). There are two schools of thought when it comes to defining and operationalizing of brand loyalty, namely behavioural loyalty and attitudinal loyalty. Customer loyalty has been perceived as a behavioural concept entailing repeat buying of products or services measured as the series or share of purchases, referrals and magnitude of behaviour (Homburg & Giering, 2001). On the other hand, attitudinal loyalty is the consumer's predisposition towards a brand as a function of psychological processes that include attitudinal preference and commitment towards the brand and may be a personality trait or brand specific (Bennett & Rundle-Thiele, 2005). According to Bandyopadhyay and Martell (2007), situational factors like resistance to change and socio-cultural factors like social bonding are the basis to differentiate behavioural loyalty from attitudinal loyalty. The focus of this study was on behavioural loyalty.

In a study titled *The Impact of Relationship Quality on Customer Loyalty* which focused on finding out the effect of relationship quality on customer loyalty via a mediating effect of customer satisfaction, Ching-Hsu (2012) concludes that there is a significant and positive effect of relationship quality and customer loyalty; therefore implying that a high level of relationship quality leads to a higher level of loyalty.

Moreover, Ching-Fu and Odonchimeg (2011) in a study titled *Brand Equity, Relationship Quality, Relationship Value and Customer Loyalty; Evidence from the Telecommunications Services,* conclude that brand and company images significantly influence relationship quality which has a significant influence on relationship value. Further, Ching-Fu and Odonchimeg (2011) state that customer loyalty is not affected by either dimensions of company image and relationship quality directly; rather company image and relationship quality affects customer loyalty mediated by relationship value.

Concept of Relationship Quality

Relationship quality, as defined by Hennig-Thurau and Klee (1997), is the degree of appropriateness of a relationship to fulfil the needs of the customers. The concept of relationship quality has clearly emerged from the theory and studies of relationship marketing in which the focus is to strengthen strong relationship and convert indifferent customers into loyal ones (Berry

& Parasuraman, 1991). It has been established that more and more firms are capitalizing on having strong firm-customer and firm-supplier relationships so that they can gain more valuable information that will make them loyal and not move to the competitors (Ndubisi, 2004).

The concept of relationship quality is derived from relationship marketing theory and is explained by the customer's perception that their needs and wants are to be fulfilled by a service provider through a satisfying interchange between a seller and a buyer (Levitt, 1980). According to Lemon *et al.* (2002), building relationships has become an important aspect of a marketer's job and that focus is more on building customer retention. Relationship quality ensures that through proper management of the customer's relationship, his/her propensity to leave a relationship is reduced (Ulaga & Eggert, 2006). Zeithaml *et al.* (1996) posit that longevity of a customer's relationships results in more profits for a firm. This is supported by Richard and Perrien (1999) who stated that long term customers will always buy additional services and the firm will have the capability of charging higher prices than its competitors when all things are held constant. The effect of the word of mouth will also be felt and thus relationship quality has a positive impact on the perceived quality of service. There is the tendency of relationship quality inducing beneficiaries to recommend service/products to others and engage in positive word of mouth (Bennett & Barkensjo, 2005).

Relation permanency is impressed and measured by relationship quality between a seller and a buyer. High relationship quality means that the customer is able to rely on the salesperson's integrity and has confidence in the salesperson's future performance. Gummesson (1994) states that relationship quality between the organization and customer can be interpreted as added value. Smith (1998) believes that relationship quality is demonstrated by a general assessment from dependency efforts and communication and the mixture of both with an understanding from necessaries and preferences on the basis of meetings or events. However, different dimensions and aspects are necessary to assess relationship quality. Naude and Buttle (2000) present a viewpoint from primary structures for relationship quality in their literature. They examine numerous factors and, ultimately, conclude that trust, relational satisfaction and relational commitment are essential factors. They explicitly demonstrate that the factors of trust, relationship satisfaction and relationship commitment could form three vertexes on a relationship quality triangle. Moreover, marketing science literature agrees more or less on these three dimensions (Naude & Buttle, 2000). Thus relationship quality has influence on the quality recognized by the client, whereas service quality and client satisfaction have a positive impact on relationship quality. According to Crosby *et al.* (1990) relationship quality is influenced by trust and satisfaction with the seller. On the other hand, Naudé and Buttle (2000) argue that trust, demand, integration and profit have impact on B2B (business-to-business) relationship quality.

Existing literature on relationship quality suggests that the quality of relationship between the parties involved is an important determinant of loyalty (Leverin & Liljander, 2006) whereas there is no consensus regarding the relationship quality dimensions, and little empirical evidence regarding the nature and extent of the overall impact of relationship quality on service quality (Woo & Ennew, 2004).

Customer Loyalty and Relationship Quality

The banking industry landscape has changed and the customers are now more demanding and multi-banked. The situation has become more complicated with the use of technology where negative or positive opinions are expressed as many as the number of followers on social media someone has. Owing to this it is clear that customer loyalty is an important aspect to a bank and the effect of it will definitely lead to more revenue to the bank, or less earnings if the effect is negative. According to Oliver (1999), customer loyalty is a deeply held commitment to re-buy or re-patronize a product or service despite a compelling influence and marketing efforts towards switching to something else.

Loyalty comes in the form of both an attitudinal and behavioural dimension; attitudinal loyalty is reviewing the concept of good and favourable attitude towards a service provider like trust or emotional attachment whereas behavioural loyalty emphasizes on the customer behaviour like repeat purchase and word of mouth (Taleghani *et al*., 2011). The two key advantages of customer loyalty is that once customers become loyal to the company, repeat sales and referrals will increase, which will lead to growth in revenue and market share. Existing customers, who are willing to give enthusiastic references and word of mouth referrals, create free advertising. Customers become advocates.

The second one is that loyalty provides the time to respond to competitive moves – it gives breathing room to the organization. The banks are competing to gain a great slice of the market share with a globalization effect. Therefore, banks use the relationship quality concept as a strategy to build loyalty with each customer, which leads to improved financial and market performance, and an increased competitive edge (Ravesteyn, 2005). According to Ndubisi (2006), if the bank is trustworthy, committed to service, reliable, efficient in communicating to customers and able to handle conflicts well then bank customers tend to be loyal. Ndubisi (2004) argues that a business organization should maintain good relationships with customers to get the loyalists.

Loyal customers are the greatest asset to the organization because they can communicate through positive word of mouth about the organization or products to which they feel loyal and also refer new customers to the organization which will lead to increased sales, revenue and profit. Useful sources of new product ideas can be also drawn from loyalists. In addition, Afsar et al. (2010) concludes that when a customer is committed to a bank, his/her trust goes up which automatically leads to the loyalty of the customer.

Commitment and Customer Loyalty

Commitment has been defined by Peppers and Rogers (2004) as the belief that the importance of a relationship is so significant that it is worth maintaining it at all costs. Commitment can either be affective or continuance commitment. Customers who are affectively committed tend to buy more services from their suppliers (Marshall, 2010). Brand commitment has been identified as one of the factors that are more strongly predictive of customer loyalty, indicating therefore that customer loyalty is a consequence of customer commitment (Ibrahim & Najjar, 2008). According to Ulaga and Eggert (2006), commitment is based on the belief that a relationship is worth the effort of maintaining it. Commitment is one of the important determinants of the strength of a marketing relationship and a useful construct for measuring customer loyalty and likelihood of future purchase frequency (Morgan & Hunt, 1994; Dwyer *et al*., 1987). In general, commitment refers to an orientation that specific intentions and behaviours are characterized with the purpose of realizing value for both parties over the long term (Vesel & Zabkar, 2010).

Customer commitment is being committed to an organization's brands, image and reputation; it also refers to the fact that customers can express their feelings about a brand and their desire to remain loyal to a brand whilst engaging in repeat purchases (Ogba & Tan, 2009). According to Du Plessis (2010), highly committed customers tend to have a positive impression of the relationship and usually express strong intentions to stay in the relationship. Morgan and Hunt (1994) assert that commitment is an enduring process to maintain a valued relationship. They further state that a committed partner wants the relationship to endure indefinitely and is willing to work on maintaining it. Barry and Terry (2008) note that buyers base their commitment on calculations of switching risks as well as sentiments of allegiance.

A high level of commitment is needed to establish strong relationships, although Ndubisi (2007) states that trust contributes more significantly in an exchange relationship than commitment. According to Ndubisi (2007), when building relationships the appropriate starting point must be trust, then conflict resolution, commitment and communication in that order. Commitment among exchange partners is the key to achieving valuable outcomes.

Further, Morgan *et al*. (2000) consider commitment as one of the two most important factors other than trust in determining a relationship lasting and approach. It is the synonym for customer loyalty. According to Garbarino and Johnson (1999), commitment based on emotions has a positive impact on customer intentions and on positive verbal communication (White & Schneider, 2000; Hennig-Thurau *et al*., 2002). Furthermore, commitment encourages and fosters customer collaboration (Morgan & Hunt, 1994) and loyalty (Hennig-Thurau *et al*., 2002). Therefore, in addition to trust, commitment is one of the most significant variables that help to evaluate relationship strength level; it is also a useful element of presumable client loyalty measuring. Hence, commitment towards relationship positively relates to client loyalty. Commitment is another important determinant of the strength of a marketing relationship, and a useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency.

In a review of studies on calculative and affective commitment, it is apparent that buyers base their commitment on calculations of switching risks as well as on sentiments of allegiance (Barry & Terry, 2008). Where there is a high level of commitment a platform is created where the customer and business are able to achieve individual and joint goals without the fear of opportunistic behaviour since more committed partners are willing to exert effort in addition to balancing short-term problems with long-term achievements. Ultimately, relationship success requires higher levels of commitment (Cai & Wheale, 2004). Commitment has been perceived as an important result of excellent relational interactions and is affected by the customer's perception of the effort made by the seller. The benefits accrued by each partner in a relationship cements commitment as when the customer is more committed to act so as to maintain the relationship. Subsequently, as the proportion of commitment becomes more marked then it can be assumed that both parties have a stable relationship. Therefore, commitment is a critical variable in the measurement of customer loyalty; as the relationship evolves so does the level of commitment. Commitment can be expressed through behavioural, attitudinal, affective and calculative components (Du Plessis, 2010; Liang & Wong, 2004).

Communication and Customer Loyalty

Communication in the context of business is defined as the consumer's perception of the extent to which a retailer interacts with its regular customers in a warm and personal way. Such an interaction is reflected in the feelings of familiarity and friendship, personal knowledge, and the use of the client's family name and/or first name on the sales spot (Naoui & Zaiem, 2010). Communication is also defined as the formal as well as informal exchange and sharing of meaningful and timely information between buyers and sellers (Sin *et al*., 2002). Communication refers to the ability to provide timely and trustworthy information. It can be termed as the basic component of business relationship and development. The clients should feel that the company appreciates their demands and requirements whilst introducing products and services in a persuasive way. They also would like to see that the company appreciates feedback and makes adequate decisions (Grönroos, 2004).

Communication is the basic component of business relationship initiation and development. In the context of relationship marketing, communication implies maintaining a relationship with valuable clients, supplying timely and reliable information on services provided or planned changes and alterations of services as well as proactive collaboration when problems occur. The goal of communication is the formation of mutual understanding in early phases of relationships, development of client loyalty and encouragement of desired client decisions (Ndubisi & Chan, 2005). Clients should feel that the company demonstrates genuine interest in the clients themselves as well as in their demands, requirements, value systems and in persuasive way introduce products, services or any other elements of general offer. Furthermore, they should apparently see that company appreciates feedback and makes adequate decisions (Grönroos, 2004).

According to Newman *et al.* (2005), communication efficiency increases commitment to a relationship. This is justified by Morgan and Hunt's (1994) proposition that ensuring easy communication flow is an important feature of strong relationship. Therefore, efficient communication between institution's and clients determine better relationship and client loyalty (Ndubisi 2007). Today, communication is viewed as an interactive dialogue between the company and its customers. This takes place during the pre-selling, selling, consuming and post consuming stages. Communication means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs. It is the communicator's task in the early stages to build awareness, develop the consumer's preference (by promoting value, performance and other features), convince interested buyers, and encourage them to make the purchase decision.

Through communication dissatisfied customers are told what the organization is doing to rectify the causes of their dissatisfaction. When there is effective communication between an organization and its customers, a better relationship will result and customers will be more loyal (Ndubisi, 2007). Bidirectional communication leads to a strong relationship satisfying both parties, which in turn leads to increased loyalty. Communication should be proactive rather than just reactive

(Boedeker, 1997), and it has three sub constructs, namely the frequency, relevance and timeliness of communication from the organization to the customer (MacMillan *et al*., 2005).

The communicator has the responsibility in the early stages of the relationship to build awareness, be able to develop consumer preference, convince interested buyers and encourage them to make the purchase decision (Ndubisi & Chan, 2005). Usually where there is effective communication between an organization and its customers the result will be a better relationship that ultimately results in customer loyalty. Communication is the customer's perception in relation to the extent to which a retailer interacts with its regular customers in a warm and personal way. This sort of interaction is present if there is a coexistence of friendship between the two parties and frequent use of the client's family or first name during interaction (Naoui & Zaiem, 2010).

Conflict Handling and Customer Loyalty

Conflict has been defined as tension and frustration between two or more social entities that arise from the incompatibility of actual and desired responses that outlay the opportunity for the company to show its engagement towards its client through its efforts to resolve the conflict and its willingness to openly discuss reasons and possible satisfactory solutions (Naoui & Zaiem, 2010). Dwyer *et al*. (1987) define conflict handling as a supplier's ability to avoid potential conflicts, solve manifest conflicts before they create problems, and discuss solutions openly when problems do arise. How well this is done will determine whether the outcome is loyalty, exit or voice. Frequency and bidirectionality communications has the strongest effects on interpersonal conflict and that communication should be meaningful, supportive and appropriate to be more effective (Meunier-FitzHugh & Piercy, 2010).

The manner in which a conflict is handled by the service provider will either lead to constructive or destructive outcomes. Conflict handling refers to the supplier's ability to minimize the negative consequences of manifest and potential conflicts (Dwyer *et al*., 1987). According to Rusbult *et al.* (1988), the likelihood that an individual will demonstrate loyalty, exit or voice satisfaction depends on the degree of prior satisfaction with the relationship, the magnitude of the person's investment in the relationship, and an evaluation of the alternatives one has. The ability of the bank to handle conflict well will determine customer loyalty.

Statement of the Problem

Banking is a fast-evolving industry. In the last few years, the growth in this sector has been spurred by rapid advances in technology, changes in customer tastes and preferences, more dynamic segmentation of products and services, competition from not only from traditional banks but also mobile companies and micro finance institutions. Consumers of banking services have also become more informed and, subsequently, demanding; meaning banks have to diversify their strategies to increase loyal customers. According to Reinartz and Kumar (2002), majority of long-term customers exhibit high profitability compared to short-term customers. Anderson and Mittal (2000) also note that retention of high net-worthy customers reduces a firm's maintenance cost and, therefore, leads to high profitability.

Most contemporary banks are focused more on driving new products to existing customers in order to earn more from while reducing the cost of recruiting new ones. This can only be achieved

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through the only medium of differentiation which lies with the person offering the service. The banks are striving to create emotional connectivity with its customers. This emotional connectivity can only be achieved through embracing the underpinnings of relationship quality and the customer perceiving that he is getting value in his relationship with his banker. A lot of studies have been done on the direct effect of relationship quality on customer loyalty. Examples include studies done by Auruskeviciene *et al*. (2010) and Ndubisi (2006). The present study sought to build on these studies by examining the effect of relationship quality on customer loyalty with respect to select Kenyan banks. In the study, the underpinnings of relationship quality examined included commitment, communication and conflict handling. The nature of relationship quality in various contexts remains a vital issue for future marketing studies.

MATERIALS AND METHODS

The study adopted a positivist approach since the focus was on use of quantitative data, hypothesis testing and cross sectional survey. The positivist paradigm posits that the social world exists externally and that its properties should be measured through objective methods. The explanatory research design was purposely proposed for the study because of the fact that the instruments that were used were adopted from previous studies and further the research problem was quantitatively oriented. The choice of quantitative design was supported by the fact that quantitative research design requires testing objective theories by examining the relationship between variables and the variables being measured on instruments such as questionnaires.

The study was conducted in Nairobi, Mombasa, Nakuru, Kisumu and Eldoret. The choice of these towns was informed by the fact that these are the main towns in Kenya with many commercial activities and, being cosmopolitan, the towns also have a high concentration of banks. The choice of banks was because they display adoption of most of the variables of relationship quality. The total number of banks in Kenya was 43 at the time of the study. The banks were further classified as Tier 1, Tier 2 and Tier 3. This classification is based on asset book, customer base. According to the banks' published financial statements as at 31st December 2012, there are 43 banks in Kenya and the total number of deposit customers in Kenya stood at 15,861,000. This was the target group of the study.

The study adopted the multi-stage sampling method. In the first stage the towns where the research was carried out, namely, Nairobi, Mombasa, Nakuru, Kisumu and Eldoret, were picked. The second stage was to choose the banks whose customers would be the focus of the study. The commercial banks in Kenya are classified into three categories based on the net assets, deposits, capital, number of loan accounts and number of deposit accounts. Two Banks in each category were picked randomly. The banks in each category were picked as Follows: Tier 1 Banks (KCB and Cooperative Bank); Tier 2 Banks (NIC Bank Ltd and Diamond Trust Ltd), and Tier 3 Banks (African Banking Corporation and K-Rep Bank Ltd). The third stage was to select the branches that the study focused on to obtain information from the customers who visited the bank on the research day. The table below shows the selected bank branches in various towns.

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Table 1: Bank Branches

Name of Bank	Branches
KCB Ltd	Moi Avenue, Treasury Square, Kisumu main, Nakuru main, Eldoret main
Cooperative Bank Ltd	Aga Khan Walk, Nkrumah Road Mombasa, Kisumu, Nakuru and Eldoret
NIC Bank Ltd	Village Market, Moi avenue Mombasa, Kisumu, Nakuru and Eldoret
Diamond Trust Bank Ltd	Nation Centre, Moi Avenue Mombasa, Kisumu, Nakuru and Eldoret
ABC Ltd	Koinange Street Branch, Mombasa Branch, Kisumu Branch, Nakuru and Eldoret
K- Rep Ltd	Kenyatta Avenue Nairobi, Moi Avenue Mombasa, Nakuru, Kisumu and Eldoret

Source: Author

The fourth and final stage was to identify the respondents to whom the questionnaire was administered; systematic sampling technique was used where, after a random start, every 3rd customer leaving the bank after a service was selected as the respondent and hence was requested to fill the questionnaire. In total, this study adopted a sample size of 384.

Structured questionnaires were administered to the respondents who in this case were the bank customers. All the items were measured by responses on a seven-point Likert scale of agreement with statements, ranging from 1 strongly disagree to 7 strongly agree. The data that was collected in the research was taken through a process of inspecting, cleaning, transforming and modelling with the objective of highlighting useful information, suggesting conclusions and ultimately decision-making. Factor analysis method for variable reduction technique and multiple regression and moderated regression were employed for hypotheses testing. The study used multiple regression and moderated regression for statistical analyses and hypothesis testing. Further assumptions underlying the multivariate analyses were conducted using Cronbach's coefficient alpha. Multiple regression analysis and moderated regression analysis were performed to predict the moderating effect of perceived customer value on the three underpinnings of relationship quality and customer loyalty. The multiple regression model was used to explain the relationship between variables and was used to test the following null hypotheses:

$H_0$1: There is no significant relationship between relationship quality and customer loyalty.
$H_0$1a: There is no significant relationship between commitment and customer loyalty.
$H_0$1b: There is no significant relationship between communication and customer loyalty.
$H_0$1c: There is no significant relationship between conflict handling and customer loyalty.

The data collected from the study were adopted and coded for completeness and accuracy of information at the end of every field data collection day. The data from the completed questionnaires were captured, re-coded and entered in to the computer using the statistical package for social science (SPSS) for data analysis and interpretation.

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RESULTS

The study sought to determine the relationship between commitment and customer loyalty. The hypothesis test results shown in Table 2 indicate that the beta coefficient for commitment was 0.335, t = 5.685 $p < 0.001$. Due to the low p-value associated with t-ratio, the null hypothesis was rejected. Therefore, the study established that there is a statistically significant relationship between commitment and customer loyalty. The study further sought to determine the relationship between communication and customer loyalty. The results of the hypothesis test showed a beta coefficient of 0.235 and t= 3.680, and p<.001. Subsequently, the null hypothesis was rejected and it was, therefore, concluded that there is a statistically significant relationship between communication and customer loyalty.

The research also sought to establish the relationship between conflict handling and customer loyalty. The hypothesis test results showed a beta coefficient of 0.206, t = 3.374 and $p < 0.001$. Therefore, due to the low p-value associated with the t-value the null hypothesis was rejected and it was concluded that there is a statistically significant relationship between conflict handling and customer loyalty. In Model IV which culminates the testing of the hypotheses, the F statistics produced F = 40.557 thus confirming the fitness of the model. The coefficient of determination R^2 was 52%; therefore, relationship quality can significantly account for 52% of customer loyalty among bank customers in Kenya.

Table 2: Multiple Regression Analysis

	Predictor variable	**Model I**	**Model II**	**Model III**	**Model IV**
Control Variables	Gender	-0.030	-0.007	-0.035	-0.037
	Age	0.106	0.028	-0.011	-0.009
	Level of education	0.076	0.046	0.044	0.037
	Type of customer	0.114*	0.063	0.079	0.098*
	Duration	0.102	0.112*	0.094*	0.081*
Independent Variables	Commitment		0.627***	0.402***	**0.335*****
	Communication			0.335***	**0.235*****
	Conflict handling				**0.206*****
	R^2	0.063	0.445	0.501	0.520
	Adj. R^2	0.047	0.434	0.490	0.507
	F	4.063	40.367	43.233	40.557

Note: *p<**0**.05
** P<0.01
*** p<0.001

Source: Research data (2015)

As a result of the significant levels for commitment ($p<0.001$), communication ($p<0.001$) and conflict handling ($p<0.001$), it was concluded that all these independent variables have a direct effect on customer loyalty among bank customers. It was also deduced from the results that commitment and communication affect customer loyalty the most, followed by conflict handling. Overall, since all the predictor variables were significant the null hypotheses H_01a, H_01b and H_01c were rejected. It was, therefore, established that there is a significant relationship between relationship quality and customer loyalty.

DISCUSSION

The first objective of the study was to establish the effect of relationship quality on customer loyalty. Relationship quality is a higher order construct and in the study the variables represented were commitment, communication and conflict handling. The study first examined the direct effects of relationship quality and customer loyalty. Relationship quality is the appropriateness of a relationship to fulfil the needs of the customer (Hennig-Thurau & Klee, 1997). The research results were consistent with past studies done by Ndubisi (2004), Ndubisi (2006) and Wong and Sohal (2002). Interestingly, this implies that if a bank wishes to have loyal customers or increase the level of loyalty then it has to put in place and proactively adopt effective relationship quality strategies.

The second objective of the study was to determine the relationship between commitment and customer loyalty. Commitment is the belief that the importance of a relationship is so significant that it must be maintained at all cost (Peppers & Rogers, 2004). The results of the study were consistent with the studies of Kaur and Soch (2013) who indicate that commitment is an important factor in the establishment of customer loyalty and also Eakuru and Mat (2008) who posit that commitment has the strongest impact on the ability to predict customer loyalty. Hence, since commitment as a variable was found to affect customer loyalty, it is clear that the level of commitment to the relationship by the bank and the customers will determine whether the customers will be loyal or not.

The third objective of the study was to establish the relationship between communication and customer loyalty. Communication is the consumer's perception of the extent to which a retailer interacts with its regular customers in a warm and personal way. Such an interaction is reflected in the feelings of familiarity and friendship, personal knowledge, and the use of the client's family name and/or first name on the sales spot (Naoui & Zaiem, 2010). The study results were consistent with studies by Ndubisi (2006) and Morgan and Hunt (1994) affirming that communication significantly affects customer loyalty. Therefore, it is critical to note that how a bank handles communication with its customers will determine the level of loyalty of its customers.

The fourth objective of the study sought to establish the relationship between conflict handing and customer loyalty. Conflict handling is a supplier's ability to avoid potential conflicts, solve manifesting conflicts before they escalate and discuss solutions openly when problems do arise. How well this is done will determine whether the outcome is loyalty, exit or dissenting voices (Dwyer *et al.*, 1987). The results of the study were consistent with studies done on this issue by Naoui and Zaiem (2010) and Meunier-FitzHugh and Piercy (2010) who affirm that conflict handling has a direct effect on customer loyalty. The underlying conclusion is that how a bank handles conflicts with its customers will determine the level of loyalty the customers have with the bank.

CONCLUSION AND RECOMMENDATIONS

From the results of the study presented and discussed in this paper, it is clear that that relationship quality significantly affects customer loyalty among bank customers in Kenya. Furthermore, each of the relationship quality variables in the study, namely commitment, communication and conflict handling, significantly affects customer loyalty. Most customers value the aspect of being able to be served privately and by a specific person. This can be achieved through offering personalized service and also attractive product/services. This makes the customer feel valued. Indeed, some banks have been able to undertake this through segmentation of service and the customers. Provision of internet service and meeting rooms, though in few bank outlets in Kenya, is currently picking up and indeed may influence acquisition of high net worth customers who feel they need such services from their banks and this may also lead to customer loyalty. Another closely related aspect is the mobile banking and internet banking platform that has made banking more convenient in Kenya.

Additionally, the aspect of customer relationship management (CRM) should be strengthened to create the platform for the bankers to understand their customers holistically. This will help create confidence and the sense of belonging by the customers. Having a CRM in place does not only allow the bank to be visible and its products and services to be known, it also enhances customer loyalty. The banking industry is highly competitive hence having loyal customers is a tough accomplishment. CRM can also aid in getting feedback from the customers; such feedback is crucial in reviewing of its technical competence, marketing or selling techniques. It enables banks to gain customer trust, understand them and the products they enjoy and sets the platform for a better and more targeted communication.

All Kenyan banks also need to focus on meeting the customers' rational needs such as providing consistent information at all touch points and providing multiple channels for banking. This may include mobile banking, internet banking and agency banking. Moreover, to increase customer advocacy banks need to invest in solutions such as more robust text and speech analytics to understand how customers are communicating and not just what they are saying. Technologies that gauge customers' advocacy at the point of interaction with a simple question should also provide greater insights into how a bank is doing with individual customers in winning their loyalty.

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