

Marketing Culture, Psychology Wellness, Ethical Climate, Service Performance and Loyalty

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Keywords

Marketing culture, ethical climate, performance, loyalty and psychological wellness.

Abstract

This study examines the concept of culture with a view of establishing the relationship between marketing culture and customer loyalty. The main objectives were to examine the structure of the actual marketing culture in the banking industry, analyse employee perception of marketing culture; the relationship between marketing culture & Customer loyalty and analyze the prediction potential of marketing culture to customer loyalty. This study undertook a cross sectional survey that involved qualitative and quantitative approaches. The methodological design of the study was co relational in nature. Using a questionnaire of previous studies developed item scales data was collected from a sample of 250 bank customers, and 150 Bank employees in Uganda. The findings provides empirical evidence for less prediction of customer loyalty by marketing culture, psychological wellness & ethical climate especially as respondents indicated poor performance.

Introduction and Background

Marketing culture is a multidimensional construct composed of selling task, service quality, interpersonal relationships, organization, internal communications and innovativeness (Webster, 1990). These components are important in promoting a firm's competitive advantage and enable firms to create and maintain customer relations, as (Schneider, 1980 as quoted by Sherrif, 1997) asserts that strong cultural values are important for guiding employee RM which is necessary for the achievement of customer satisfaction and retention (Day, 2000). Extant literature on selling has highlighted the strategic nature of selling since every firm survives by selling something (Crosby et al, 1990;) and such a process must be well organized both internally and externally in order for firms to adapt and respond in the best possible way to satisfy customer needs (Bove & Johnson, 2000). Today commercial banks are trying to increase their clientele by using accounts relationship managers (ARMS) to mobilize customers. The banking environment in Uganda has increasingly seen a movement of customers between banks in search of better services. The absence of a strong customer loyalty base has increased competition and changed the competitive landscape which requires Banking Institutions to create constant interactions with customers in order to provide opportunity to take on new challenges quickly, enabling these individuals to be part of the bank's entrepreneurial spirit and helping to create lasting

success. Banks to innovatively think of ways that would increase their interaction with customers and service quality as a function of employee-customer contact is an area of greater concern. Service quality seen as the ability of the organization to meet customer needs (Parasuraman, Berry and Zeithaml, 1988) and conformance to buyer requirements (Ericksson, Majkgard and Sharman, 1999) expresses further the uniqueness of the concept of marketing culture. It's this level of uniqueness that Banking Institutions must comprehend to if they are to build a loyal customer base. Service quality components that are a crucial take to Banks are reliability, responsiveness, assurance and tangibility (Pizman and Ellis, 1999, Ghobadian, 1994).

Problem Statement and Justification

Marketing culture as a collective programming within organizations to organize customer related issues (Hofstede 1980), internal firm organization and innovation (Webster 1990) plays a significant role in shaping the environment which bridges the gap between itself and the customer through the product and service offered. Despite the above importance many organizations do not conceptualize and integrate marketing culture in their approaches to attracting and retaining customers as a basis of creating a base of customer loyalty.

Since most of the existing literature on culture has tended to largely depend on the works of Hofstede (1980), and is more inclined to marketing orientation (Naver and Slater, 1990; Holden, 2004; Mavondo and Farrell, 2003 and Osland and Bird, 2000). This study explored the concept of culture further with a view of establishing the relationship between marketing culture and customer loyalty. The objectives were to; examine the factor structure of the actual marketing culture in the banking industry, analyze employee perceptions of marketing culture in the banking industry, examine the relationship between marketing culture constructs and customer loyalty, and analyze the prediction potential of marketing culture to customer loyalty. The conceptual scope covered marketing culture (Webster 1990), psychological wellness (Antonvsky, 1987), ethical climate (Key 1999), performance (Triplett 1990, as quoted by Oster and Antioch, 1995), and loyalty. Significantly the study outcomes contribute to existing knowledge, and would support banking sector policy development.

Literature Review

Marketing Culture: The Marketing Culture concept is a multidimensional construct composed of selling task, service quality, interpersonal relationships, organization, internal communications and innovativeness (Webster, 1990). These components are important in promoting a firm's competitive advantage and enable firms to create and maintain customer relations, as (Schneider, 1980 as quoted by Sherrif, 1997) asserts that strong cultural values are important for guiding employee RM which is necessary the achievement of customer satisfaction and retention (Day, 2000). Also due to the external and internal changes in the Banking sector, there have been numerous efforts by different economies in general and Banks in particular to improve the sector (Howcroft, 1998) especially on the emphasis of interpersonal relationships.

Ethical Climate: An organizational ethical climate is the "collection of shared perceptions on what ethical behaviour is and how ethical issues should be handled" and the behavior of individuals produces an organisation's ethical climates (Erakovich et al., 2002). Organisational Culture plays a critical role in the development of multiple organizational ethical climates (Trevino, 1986; Ferrell et al., 1989, as quoted by Erakovich et al., 2002). The organizational culture, characterized by shared assumptions, beliefs and values helps to shape and guide this behaviour (Schein, 1985; Ott, 1989, 1998, Victor and Cullen, 1987). Ethical climate dimensions include individual interest climate, Organisational interest climate, principled interest climate, principled organisational climate and principled cosmopolitan climate, according to the work by Key (1999), Wimbush, Shepard and Markam (1997).

Psychological Wellness: Current research about wellness is fragmented and is generally focused on relational issues and studies of correlations between various constructs of Wellbeing. However this study reflects on correlations between psychological wellbeing, ethical climate performance, and loyalty in relation to marketing culture. Though wellness models are established in the field of clinical psychology, they have not been integrated into individual wellness in working environments especially in the business/firm situation. The Wheel of Wellness (Sweeney & Witmer, 1991; Witmer & Sweeney, 1992), Perceived Wellness Model (Adams, Benzer and Steinhardt, 2001) and the Indivisible Self: An Evidence-Based Model of Wellness (Myers & Sweeney, 2005) are some of the wellness models commonly referred to, and they do shape individual behaviour. The individual’s participation in this process is influenced by the position he/she occupies on the illness-wellness continuum that has the negative side (illness) and the positive side (wellness). Despite the negative focus on the illness side (Keyes & Haidt, 2003; Strumpet, 2002; Schaufeli and Bakker 2004; Viviers 1998), there is an emerging trend in Businesses and other institutions to take advantage of the positive side of the continuum-Salutogenic that relates to the physical, emotional and behavioural side (Saleebey, 1997, Antonovsky 1987; Wissing, 2000; Snyder & Lopez, 2002; Seligman, 1998).

Performance: There is no clear consensus on an appropriate definition of output (Triplett 1990, as quoted by Oster and Antioch, 1995). Triplett goes on to ask whether banks’ deposits should be measured as an output. According to Oster and Antioch (1995), the concept of productivity refers to the performance of the banking sector as a whole and effectively combines changes in efficiency and technological advances in an average measure. There is input efficiency and output efficiency, with input efficiency focusing on the degree of efficiency with which banks combine their inputs to produce a given level of output at minimum, and output efficiency focusing on efficiency in pricing and achieving levels of output.

Loyalty: Oliver (1999, pp.34, as quoted by Chumpitaz and Paparoidamis, 2007) defined loyalty as: "... a deeply held commitment to rebuy or repatronise a preferred product/service consistently 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." Brand loyalty consists of behavioural aspects and attitudinal aspects (Aaker, 1991; Assael, 1998; Day, 1969; Jacoby and Chestnut, 1978; Jacoby and Kyner, 1973; Oliver, 1999; Turker, 1964 as quoted by Chumpitaz and Paparoidamis, 2007). Behavioural loyalty refers to repeated purchases of a brand, whereas attitudinal loyalty refers to a degree of dispositional commitment (in terms of some distinctive value associated with the brand). Whereas behavioural loyalty is partly determined by situational factors (such as availability of a brand), attitudinal loyalty is more enduring (Chumpitaz and Paparoidamis, 2007).

The Conceptual Model

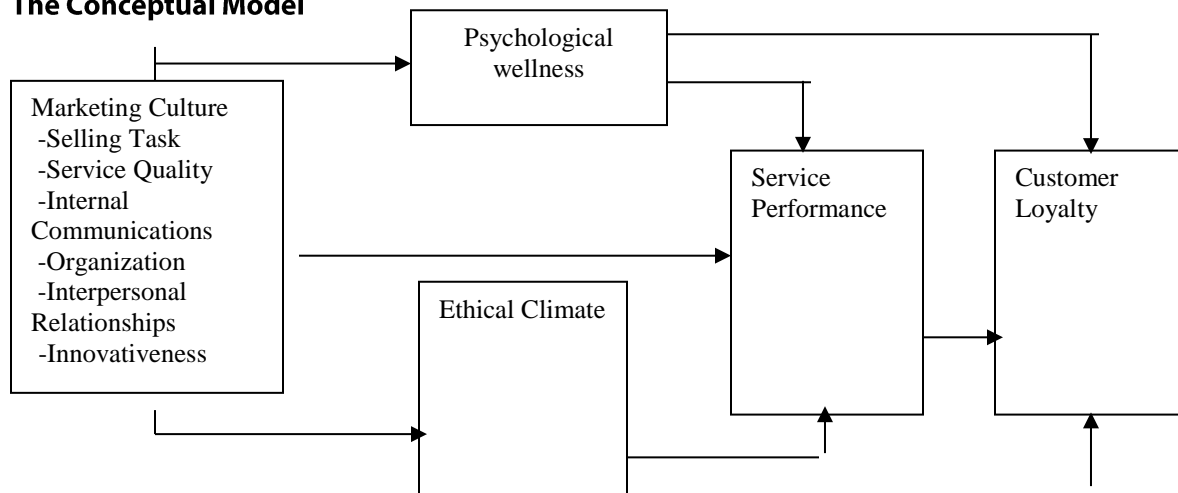


Table 1: Conceptual model relating predictors of customer loyalty (developed for this study)

Methodology

This study undertook a cross sectional survey that involved qualitative and quantitative approaches. The methodological design of the study was co relational in nature. Using a questionnaire of previous studies developed item scales data was collected from a sample of 250 bank customers, and 150 Bank employees in Uganda as per Morgan and Krejcie (1970). The response rate was 70% for both bank customers and bank employees. Using a five point Likert scale respondents were asked key issues about marketing culture and r ensure validity of the research instrument, the instrument was reviewed by a panel of experts to ensure that questions are consistent and not vague and will be pre-tested, and questionnaires were tested using the Cronbanch’s alpha (a) coefficients.

Analysis, Interpretation and presentation of Findings

Table1; Descriptive Statistics

	Mean	Std. Deviation	N
Marketing Culture	2.0286	.83732	105
Psychological wellness	2.2476	.79398	105
Ethical Climate	2.2000	.73902	105
Performance	2.0189	.73005	106
Loyalty	1.9528	.93993	106

The results in the table1 above indicated that there are very low levels of Marketing Culture (Mean = 2.0286), extremely low levels of Psychological wellness (Mean = 2.2476), an unfavourable ethical climate (Mean = 2.2000) and poor performance (Mean = 2.0189). In addition, the loyalty was also observed to be very poor among the sample respondents (Mean = 1.9528)

Table 2: Relationships among the study variables

The Zero order correlations in the table below were generated using the Pearson (r) correlation coefficient to examine the relationships among the study variables.

Table 2; Correlations

	Marketing Culture	Psychological wellness	Ethical Climate	Performance	Loyalty
Marketing Culture	1.000	.337**	.397**	.425**	.476**
Psychological wellness	.337**	1.000	.308**	.339**	.374**
Ethical Climate	.397**	.308**	1.000	.605**	.443**
Performance	.425**	.339**	.605**	1.000	.570**
Loyalty	.476**	.374**	.443**	.570**	1.000

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

The results revealed that Marketing Culture is positively related to all the variables in the study i.e. with Psychological wellness (r = .337**, p<.01), Ethical Climate (r = .397**, p<.01), Performance (r = .425**, p<.01), and Loyalty (r = .476**, p<.01). The results show that Psychological wellness and the Marketing culture of an institution, go hand in hand, the more one is promoted, the greater the levels of the other. The same applies for the ethical climate and the Marketing culture. The findings that marketing culture, composed of selling task, service quality, interpersonal relationships, organization, internal communications and innovativeness (Weber, 1990), is positively related to customer loyalty is in agreement with existing literature. Every firm survives by selling something (Crosby et al, 1990).

Internal communication leads to better quality of service offer by employees as a team (Fletcher, 1999) and most businesses agree that customer service quality ... affect global business performance (Hung et al., 2003 as quoted by Chen et al., 2007), which in turn makes customers to become loyal.

The results also revealed that the Ethical climate within an organization will lead to an improved Psychological wellness of an individual ($r = .308^{**}$, $p < .01$), since these two variables were positively related. Psychological wellness was further observed to be a precursor for improved performance ($r = .339^{**}$, $p < .01$), and increased customer loyalty ($r = .374^{**}$, $p < .01$). Furthermore, Ethical climate was also positively related to Performance ($r = .605^{**}$, $p < .01$) and Customer loyalty ($r = .443^{**}$, $p < .01$), indicating that the ethical climate isn essential for the improvement of these two constructs or variables. The better the ethical climate, the more the performance and customer loyalty levels that will be realized. Finally the performance of the individuals which also translates into the performance of the institutions, was also observed to be positively related to the customer loyalty ($r = .570^{**}$, $p < .01$). Extant literature (Fry, 1995; Schaufeli & Bakker, 2001; Sieberhagen & Rothmann, 2004; and Coetzer, 2004) indicates that positive outcomes can be predicted by optimism, which includes coping with major life stresses, adjusting to major life transitions, and buffering responses to more minor stresses.

Table 3: Regression model summary: Dependent variable – Customer loyalty

	Unstandardised Coefficients		Standardised Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-143	.276		-.516	.607		
Marketing Culture	.270	.098	.244	2.751	.007	.755	1.324
Psychological Wellness	.180	.099	.155	1.822	.072	.825	1.213
Ethical Climate	.093	.126	.074	.734	.465	.583	1.716
Performance	.459	.133	.360	3.447	.001	.546	1.832
R= .645(a)	R Square= .416		Adjusted R Square= .392		Std. Error of the Estimate= .44		

The results in the prediction model were generated to explore the extent to which the predictors i.e. Marketing Culture, psychological wellness, Ethical climate and Performance can explain the dependant variable i.e. Customer loyalty. The results indicated that the predictors together have the potential of explaining up to 39.2% of the observed changes in the customer loyalty of an institution (Adjusted R Square = .392). Among these predictors, performance ($t=3.447$) and marketing culture ($t = 2.751$) were observed to be the best at predicting Customer loyalty. These results imply that for instance if an institution attains an increment of 1000 loyal customers, 392 of these customers will be loyal as a result of the efforts the institution channels towards the aforementioned predictors.

Conclusion and Implications

Theoretically, the outcome of this research provides empirical evidence for less predication of customer loyalty by marketing culture, psychological wellness and ethical climate especially as respondents indicated poor performance (table 1), hence it is important for firms to pay considerable attention to these descriptor variables. This study adds value to the literature and area of customer loyalty by empirically establishing a more comprehensive relationship between the dependent variable and variables like psychological wellness-indeed with a correlation of $r=.337^{**}$, this affirms the position in the literature (Sweeney & Witmer, 1991; Witmer & Sweeney, 1992), and therefore service firms especially in the banking sector must focus on individual wellness in working environments especially in the business/firm situation if they are to shape individual behaviour. There is a link as literature indicated between psychological wellness and ethical climate, this is further indicated by the scores of $r=.397^{**}$ and by implication as literature indicates (Schneider, 2000, as quoted by Schulte, 2006) the

description of the work environment and, more specifically, employees' perceptions of the formal and informal policies, practices and procedures in their organization are to be crucial in shaping performance with consequently leads to customer loyalty as indicated in the predication at $t=3.447$, therefore this is a key area that needs managerial action for improvement in the banking sector if consistent levels of customer loyalty are to be attained and maintained. On the other hand Marketing culture seems to have an above average level ($t=2.751$), and whereas literature indicates it as a multidimensional construct (Webster, 1990), and that its components are important in promoting a firm's competitive advantage (Schneider, 1980 as quoted by Sherrif, 1997), banks should concern themselves with implementing and nurturing into their systems all the marketing culture components as these will lead to customer satisfaction and retention a situation that (Day, 2000) indicates that it would lead to customer loyalty. Practically also banks wishing to retain and develop loyal customers should be trustworthy and committed to establishing an ethical climate because this study has demonstrated that measurement of the "underpinnings" ethical climate can predict customer loyalty, at least in the Ugandan banking sector. Therefore, researchers, planners and corporate strategists aiming to nurture loyal customers should pay close attention to issues of marketing culture, psychological wellness and ethical climate.

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