

## Customer Loyalty towards Public Sector Banks

Manish and Shilpa Sharma

Manager, Union Bank of India, G T Road Panipat, Haryana, India  
MBA, M.A in Journalism (Gold Medalist), M.A in Environment Education, PGD in Human Rights. Jind, Haryana, India

Received 15 May 2020, Accepted 02 July 2020, Available online 03 July 2020, Vol.8 (July/Aug 2020 issue)

### Abstract

*This research was conducted to explore the loyalty of customer towards public sector banks. Population specified for this research was the customers of various public sector banks in Haryana. For the purpose of sample 282 customers were selected randomly on availability basis. Subjects chosen for study are customers of various public sector banks situated in Haryana. Data was collected by using questionnaire method for testing customer loyalty towards the public sector banks. Finding reveals that the loyalty of disloyal customer of Public sector banks was negative and trivial, whereas the loyalty of loyal customer of Public sector banks was positive and significant*

**Keywords:** Loyalty, Loyalty Components, Public Sector Banks

### Introduction

Customer loyalty is customer's ability to stay true to the organization for their satisfaction or in other words customer loyalty is how well customers are showing faithfulness for the organization and are satisfied with the products and services. Customer loyalty determines whether customer can be loyal to the organization for the long term to meet the desired level of satisfaction effectively and efficiently, if they can, their satisfaction is poised to help the organization gain a competitive edge against competing organizations heading into the future.

### Loyalty

Loyalty is the sincerity, devotion, relatedness and faithfulness towards a belief, place, person or organization. Customer loyalty is the faithfulness, devotion and relatedness to the organization such as customer being true to the organization, its product, services and stay loyal towards it. Different customers of organization have different type of loyalty. Loyalty signifies a person's devotion or sentiment of attachment to a particular object and customer loyalty can be defined as customers' commitment to the success of the organization and believing that working for this organization is their best option (Iqbal, Tufail, & Lodhi, 2015).

The customer loyalty is the nature by virtue of which customers who are loyal has faith and devotion towards organization and this loyalty is shown by the customer by contributing maximum of their time, honest feedback, usage of organization's product and services. Loyal customers can be incredible assets to a growing company. Furthermore, there is a direct relationship between customer loyalty and a company's growth and profitability as suggested by many researchers. Customer loyalty is evident to the customers and it's nearly impossible to generate loyal customers without strong internal customer loyalty.

With no loyalty of all the significant groups of organization, its continuation and accomplishment of goals is not promising. Organizations need loyal customers in order to boost revenue and attract new clients/customers by using positive word of mouth. Customers who are loyal and enthusiastic will continue their relationship and attract new customers. So there may exist a relationship between the effectiveness of managers and their loyalty towards organization. Most prominently a loyal customer will stand with the organization, whatever the circumstances may be, in comparison to a disloyal customer. Present study has established the relationship between customer loyalty and its effectiveness.

### Objectives

1. To find out the number of loyal customers in public sector banks.

\*Corresponding author's ORCID ID: 0000-0002-9611-1084  
DOI: <https://doi.org/10.14741/ijmcr/v.8.4.2>

- To find out the number of disloyal customers in public sector banks.
- To compare the loyal versus disloyal of public sector banks.

**Hypothesis**

- There will be significant amount of loyal customers in public sector banks.
- There will be trivial amount of disloyal customers in public sector banks.
- There will be significant difference between loyal and disloyal of public sector banks.

**Method**

Research was conducted by including customers of various public sector banks. A sample of total 282 such customers was taken for the study. These subjects were chosen at random on availability basis and tested for their organizational trustworthiness. Data collected by using questionnaire method was statistically analyzed by descriptive statistics methods, Pearson's correlation and multivariable.

**Tests**

Customer Loyalty Test developed by researchers used as measuring instrument for testing the loyalty. Customer Loyalty Test was an instrument consists of 36 questions which measured loyalty on five points Likert scale. The psychometric features of the Customer Loyalty Test have been examined and acknowledged through different research on different type of samples. The reliability of the index was found to be  $\alpha=0.71$  when tested on different type of samples.

**Results and Discussion**

Present research is about customer loyalty in public sector banks and importance of loyal customers in public sector banks. After scoring for loyalty test, subjects were divided as loyal and disloyal. For categorization, subjects who scored 30 to 90 were grouped as disloyal and 91 to 150 as loyal. From the total sample of 282, 102 were found to be loyal and 93 disloyal. Two separate groups of loyal and disloyal, each having 85 subjects were formed by selecting the subjects randomly. Now these two groups were tested for their loyalty.

**Table 1:** Descriptive statistics showing loyalty

N	Min. score	Max. score	Range	Mean	Standard Deviation
282	36	180	144	140	10.75

The table (1) shows the minimum and maximum score of the sample. Higher the score, higher the loyalty and vice-

versa. Range of scores was 144 which shows that the scatter of scores was very wide. The mean scores of loyalty of sample was 140 which shows a higher tendency of loyalty towards organization. Standard deviation of the sample was 10.75 which again shows the wider disbursement of scores among sample which was leading towards inconsistency of loyalty tendency among subject of samples. This shows that the loyalty among the public sector banks is significant.

**Table 2:** Showing criteria for classification of subjects as loyal and disloyal

Loyals	Disloyals
subjects who scored 140 to 180 were grouped as loyals	subjects who scored 36 to 76 were grouped as disloyal

The table (2) shows the criteria for classification of subjects as loyal and disloyal. Subject who scored between 140 to 180 were grouped as loyals whereas subject who scored between 36 to 76 were categorized as disloyal.

**Table 3:** Descriptive statistical values of loyals of public sector banks

N	Min. score	Max. score	Range	Mean	Standard Deviation
80	143	180	37	40	2.43

The table (3) shows the minimum and maximum score of the sample for descriptive statistical values of loyals of public sector banks. Higher the score, higher the loyalty and lower the score, lower the loyalty. Range of scores was 37 which shows that the scatter of scores was extensive. The mean scores of loyalty of sample was 40 which shows a elevated tendency of loyalty towards organization. Standard deviation of the sample was 2.43 which again shows the wider disbursement of scores among sample which was leading towards inconsistency of loyalty tendency among subject of samples.

**Table 4:** Descriptive statistical values of Disloyal of public sector banks

N	Min. score	Max. score	Range	Mean	Standard Deviation
80	39	76	37	56	6.81

The table (4) shows the minimum and maximum score of the sample for descriptive statistical values of disloyals of public sector banks. Lower the score, Higher the disloyalty and vice-versa. Range of scores was 37 which shows that the scatter of scores was very slender. The mean scores of loyalties of sample was 56 which shows a less tendency of disloyalty towards organization. Standard deviation of the sample was 6.81 which again shows the wider disbursement of scores among sample which was leading

towards inconsistency of disloyalty tendency among subject of samples.

A comparison of Table (3) and Table (4) revealed the following facts. The mean score for loyal and disloyal groups were (40) and (56) respectively. These results show that there was significant difference between the mean score values of loyal and disloyal customers.

### Implication

The study raises a number of opportunities for scholars and researchers in the theory development of customer loyalty as well as in concept validation. The finding will not only help public sector banks but also other institutions as well. The above study will also help the public sector banks in retaining their customers by focusing on loyalty for their banks by elimination of majority the factors that are not responsible for loyalty.

### References

- [1]. Dr. Rishipal and Manish (2013). *Performance Management and Employee Loyalty*, Global Journal of Management and Business Research, Volume XIII Issue III Version.
- [2]. Dr. Rishipal and Manish (2015). *Managerial Loyalty and its effectiveness towards organization*, International Journal of Application or Innovation in Engineering & Management (IJAIEM), Volume 4, Issue 2, February 2015 , pp. 001-005 , ISSN 2319 - 4847.
- [3]. C. Fred Alford (2002). *Implications of Whistleblower Ethics for Ethical Theory*. Whistleblowers: broken lives and organizational power. Cornell University Press.
- [4]. Dr. Rishipal and Manish (2013). *Performance Management and Customer Loyalty*, Global Journal of Management and Business Research, Volume XIII Issue III Version I pp. 23.
- [5]. Dr. Rishipal (2012). *Managerial Effectiveness and Defense Mechanism Styles: a comparison of Different Level of Managers*, IOSR Journal of Business and Management, Volume V Issue II pp. 47-54.
- [6]. Howard B. White (1956). *Royce's Philosophy of Loyalty*. The Journal of Philosophy 53 (3): 99–103.
- [7]. James Connor (2007). *The Sociology of Loyalty* (1st ed.). Springer.
- [8]. Kim Dae Jung (1999). *Loyalty, Filial Piety in Changing Times*.
- [9]. Philip P. Wiener (1973). *Encyclopedia of the History of Ideas*. New York: Scribner's. pp. 108.
- [10]. Richard P. Mullin (2007). *Josiah Royce's Philosophy of Loyalty as the Basis for Ethics*. Suny Press.
- [11]. R. E. Ewin (1992). *Loyalty and Virtues*. The Philosophical Quarterly, Blackwell Publishing: 403–419