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## **An Empirical Research on Conceptualisation of Relational Value**

<sup>1</sup>Nasreen Khan, <sup>2</sup>Sharifah Latifah Syed Abdul Kadir and <sup>1</sup>Muhammad Sabbir Rahman

<sup>1</sup>Faculty of Management, Graduate School of Management, Multimedia University, 63100 Cyberjaya, Selangor, Malaysia

<sup>2</sup>Faculty of Business and Accountancy, University Malaya, 50603 Kuala Lumpur, Malaysia

*Corresponding Author: Nasreen Khan, Faculty of Management, Multimedia University, 63100 Cyberjaya, Selangor, Malaysia Tel: 6012-2159371*

### **ABSTRACT**

Marketing is regarded as a continuum of exchanges between actors that value must be added in both transaction and relationship aspects. Among the growing studies on customer value creation, relational value is neglected. This study is the first to introduce the conceptualisation of relational value and provide new ideas concerning the dimensions of relational value from the customer perspective. This study also contributes to knowledge on the modelling of multi-dimension cause-effect structure of perceived relational value indirectly related to behavioral intention. Data obtained from 429 survey questionnaires were analyzed using structural equation modelling. The results suggest that confidence and communication are dimensions of relational value. Additionally, this study theorises that relational value impacts on relationship commitment and leads to behavioural intention. Strategic guidelines are provided to managers in designing relational value to stimulate the customer behaviour intention.

**Key words:** Customer value, relational value, relationship commitment, behavioural intention, service industry, business to customer context

### **INTRODUCTION**

Measuring the value of relationships has been highlighted as one of the top priorities by the Marketing Science Institute since 1996. In a very competitive environment where sources are both product-based and process based, competitive advantages are quickly imitated by competitors (Jacobson, 1992). Therefore, a commitment to customer-value innovation is essential in sustaining a competitive advantage (Graf and Maas, 2008). One way to innovate in relation to customer value is to look at the value of the relationship (Komulainen *et al.*, 2004). In the service industry, interactions between two parties are required in order to set the value of services (Kandampully and Duddy, 1999). Therefore, it is necessary to understand the dynamic nature of value creation in the relationship (Eggert *et al.*, 2006). Although, most studies on relationship marketing emphasise customer relationship, the importance of relational value that enhances customer relationships has been neglected (Lindgreen and Wynstra, 2005). In addition, measuring the value of relationships is still in its infancy (Ravald and Gronroos, 1996; Lindgreen and Wynstra, 2005) and no one has yet distinguished the relevant dimensions of relational value (Batt and Purchase, 2004; Ulaga and Eggert, 2006). Hence, there is great necessity for researchers to consider in-depth how to conceptualise the value of a relationship (Baxter, 2009).

While perceived value has gained attention as a stable construct to predict behavioural intention in the past few years (Hansen *et al.*, 2008), several researchers have confirmed that relationship commitment has a significant role in explaining behavioural intention (Hennig-Thurau *et al.*, 2002; Evanschitzky *et al.*, 2006). While there is need for research on the conceptualisation of relational value, less attention has been given to the role of relational value, which explains relationship commitment and behavioural intention. Therefore, the objectives of this research are, first, to contribute to value creation theory by developing a concept of relational value and its dimensions in the business of customer context and second, to examine the linear relationship between relational value, relationship commitment and behavioural intention.

## **THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT**

According to Roig *et al.* (2006), value is an essential element of relationship marketing activities and generating higher value for the customer is the source of competitive advantage in the twenty-first century (Woodruff, 1997; Graf and Maas, 2008). Parallel with the increased research focus on the value of product/service offerings, several researchers have recently attempted to investigate the concept of relational value in the business-to-business context. The reason for the increased interest is that firms have realized that customers make transactions with firms not only because of the value perceived from the goods or service being offered but there may be other factors that make an offer more attractive than others. Many studies have emphasised that the relationship between buyer and supplier is essential when it comes to understanding the concept of value perception. According to relationship theories, the customer creates value together with the producer. The understanding of how a relationship creates value is therefore gaining importance. This is why firms examine all the interactions that create value in any given customer relationship (Gronroos, 1990).

**Value in relationship:** Relational value is defined as an outcome that results from a collaborative relationship that enhances the competitive abilities of partners (Lapierre, 2000). The primary argument underlying the interest in the concept of relationship is that customers look for the value not only in terms of product/service but also from the relationship that they develop with the seller (Lindgreen and Wynstra, 2005). Based on an extensive review of relationship literature, customer perceived relational value is said to comprise firm's reputation, conflict handling, communication, interdependence, trust and solidarity.

**Reputation:** This is defined as the collective assessment of a company's ability to provide value outcomes to a representative group of stakeholders (Fombrun *et al.*, 2000). Reputation shows how honest the company is and how much they care for their customers (Doney and Cannon, 1997) and, as a result, the customer would trust the company (Kirmani and Rao, 2000). In addition, reputation works as a substantial element of value (Hansen *et al.*, 2008) because it helps to create value (Zabala *et al.*, 2005), sustains the relationship between sellers and buyers (Lopez and Poole, 1998) and also improves loyalty (Roberts and Dowling, 2002).

**Conflict handling:** Conflict is a blocking behaviour in a working relationship that discourages the parties involved from gaining resources (Anderson and Narus, 1990). Conflict is unavoidable in relational exchanges, particularly in the case of buyer-seller relationships (Skarmeas, 2006). Marketing studies have theorised conflict handling as one of the key underpinnings of relationship

marketing (Ndubisi, 2004). It has been proven that conflicts help in earning customer trust and building quality relationships (Ndubisi and Wah, 2005).

**Communication:** This is defined as an exchange of information between the supplier and the customer to achieve a shared understanding (Duncan and Moriarty, 1998). The marketing literature emphasises the importance of communication through information exchange in both traditional and relational selling (Dwyer *et al.*, 1987). Highly interactive firms spend managerial and financial resources to maintain and develop communication because it is the key to strong relationships and to firm's performance (Calantone and Schatzel, 2000). Researchers, such as Allen and Wilburn (2002) have provided empirical evidence concerning the important role of communication in supporting customer relationships to obtain customer loyalty.

**Interdependence:** When both partners, to some degree, depend on one another and the overall amount of resources exchanged, total interdependence exists in a dyad (Kim and Hsieh, 2003). Total interdependence provides important implications for relational exchange (Gundlach and Cadotte, 1994) and, therefore, becomes a critical factor in determining the relationship (Zineldin, 1995). Dash *et al.* (2006) suggested that perceived interdependence plays an important role in relationship quality.

**Trust:** This is a fundamental aspect of the relationship climate and it is also one of the factors that differentiate relationships from transactions (Sirdeshmukh *et al.*, 2002). Trust plays a key role in the process of building and maintaining relationships (Morgan and Hunt, 1994). As such, trust has been presented as a central attribute in relationship initiation, formation and maintenance in a variety of exchange contexts (Verhoef *et al.*, 2002). The marketing literature suggests that trust is logically a critical variable in long-term orientation (Ganesan, 1994).

**Solidarity:** This is the extent to which unity or fellowship arises from common responsibilities and dominates an exchange relationship (Gundlach *et al.*, 1995). It can also be expressed through behaviour, which contributes directly to relationship maintenance and, therefore, represents an asset of tremendous value (Heide and John, 1992). It is reported that when exchange partners express solidarity in a relationship, it improves the long-term orientation (Ivens and Blois, 2004). Consequently, the authors propose the following hypothesis.

**H1: customer's perception of reputation, conflict handling, communication, interdependence, trust and solidarity are positively related to the customer perceived relational value**

**Consequences of relational value:** Relationship commitment: This can be described as a partner's desire to develop a stable relationship and willingness to make short-term sacrifices to maintain it (Jap and Ganesan, 2000). It is also identified as one of the key characteristics of successful relationships (Morgan and Hunt, 1994).

**Behavioural intention:** Customer loyalty includes both behavioural and attitudinal aspects (Oliver, 1999). The actions of customers, such as word-of-mouth or degree of repeat purchase of a product/service, are said to reflect behavioural loyalty (Chaudhuri and Holbrook, 2001). The attitudinal aspect sees a loyal consumer as someone who has a positive attitude and high degree

of commitment (Chaudhuri and Holbrook, 2001). In the absence of measures of actual behaviour, Zeithaml *et al.* (1996) viewed behavioural intention as an indicator that signals whether customers will remain with or defect from the company. As a result, a number of studies have used behavioural intention to measure customer loyalty (Chaudhuri and Holbrook, 2001). According to Oliver (1999), behavioural intention is defined as an affirmed likelihood to engage in certain behaviour. Behavioural intention can be grouped into two categories (Smith *et al.*, 1999); economic behaviour intentions, such as repeat purchase behaviour (Anderson and Mittal, 2000), willingness to pay more and switching behaviour (Zeithaml *et al.*, 1996) and social behaviour intentions, such as complaint behaviour (Nyer, 1999) and word of mouth communication (Szymanski and Henard, 2001).

The value of the relationship is particularly noteworthy in the service sector because customer perceptions of the relationship value lead customers to commit to the service provider (Claycomb and Martin, 2001). Previous researchers suggested that relational behaviour may even influence relationship quality (Kaufmann, 1987). Therefore, perceived relational value is expected to have a direct effect on relationship commitment.

**H2: customer perceived relational value directly influences relationship commitment:**

Earlier research supports the importance of commitment in relationship marketing (Roos *et al.*, 2006) and, as such, researchers have examined the influence of relationship commitment on various types of customer responses e.g., purchase intentions (Garbarino and Johnson, 1999), service recovery expectations, (Kelly and Davis, 1994) and resistance to change to another provider (Pritchard *et al.*, 1999). The empirical findings from (Morgan and Hunt, 1994) support the view of the relationship between customer commitment and acquiescence, propensity to leave and cooperation. Recent research also proved that commitment is at the core of all strong relationships and that it has a considerable effect on loyalty (Evanschitzky *et al.*, 2006). Therefore, it is expected that relationship commitment influences behavioural intention.

**H3: Relationship commitment directly influences behavioural intention**

**Conceptual framework:** Nowadays in a hypercompetitive environment, product and service attributes are easily imitated by competitors. The only way to survive is to be committed to the customer value. Especially in the service industry, it is difficult to define the value and identify what is of most value to the customers. The first model that introduces the concept of value is the means-end chain model (Gutman, 1982). The model provides an understanding of how consumers perceive the self-relevant outcomes of product use and consumption (Gundlach *et al.*, 1995). Some economists argue that organizations in a competitive environment create value by providing products that are more desired by consumers than those of their competitors (Brynjolfsson and Hitt, 1998). Described value as to fulfil customer needs and it is also an underlying motive for consumer behaviour. Whereas, Gronroos (1996) suggested that value may be relationship related. Indeed, much of the literature also proved that a relationship between the buyer and supplier is essential when it comes to understanding the concept of value perception. In fact, Kandampully and Duddy (1999) stated that the customer is the one who creates the value together with the producer and it is the relationship that sets the value of the service. Hence, the relationship itself might have a major effect on the total value perceived.

Attitude is derived from an individual's response to a stimulus and is also useful in the prediction of subsequent behaviour (Fiske and Taylor, 1991). Ajzen (2001) pointed out the

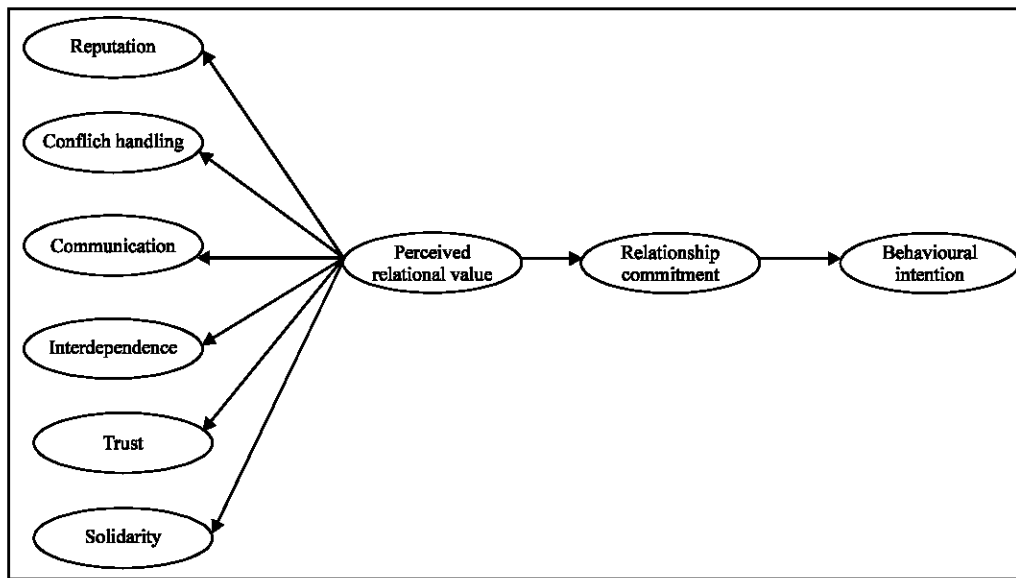


Fig. 1: A conceptual framework

importance of attitude in explaining individual evaluation to form behavioural intention. Particularly, Palmatier *et al.* (2007) focused on relationship commitment as the attitude component that plays a role between evaluative variables and behaviour outcomes. Indeed, Pura (2005) empirically tested and confirmed that relationship commitment plays an important role as an attitude between value and behavioural intention. Figure 1 shows a hypothesised model of a set of constructs and explains the relationship among them. The six constructs on the left of the model are the proposed dimensions of relational value.

Based on Ajzen (2001) theory of reason and action, the model is conceptualised as the individual's affective evaluation of perceived relational value that impact on attitude, i.e., relationship commitment, which then leads to behavioural intention. The model illustrated in Fig. 1 provides a conceptual framework for the research.

## METHODS

Based on extensive literature reviews, the constructs in the hypothesised model are developed. Interviews with three managers, three academic experts and ten customers were conducted in order to check the validity of the constructs. During the pre-testing stage, there were a few pre-judgments about which indicators should be included in order to capture the dimensions of perceived relational value. Later, pilot testing was conducted on 50 random customers by asking them to complete a draft questionnaire in order to detect any problems in the questions. Their comments on the content and structure of the questionnaire were considered before the questionnaire was finalized. The data from the pilot study was analysed to test for reliability and the results show a high Cronbach's alpha score, above 0.90, for all the constructs.

**Measurement instrument development:** The literature review provided basic research support to develop the conceptual framework and major research constructs. All the scales used were adapted from previous studies and consist of reflective measures (Diamantopoulos and Winklhofer, 2001). Statements were adapted to suit the nature of the study. Since sources of measurement

scales related to relationship commitment (Fullerton, 2005; Hennig-Thurau *et al.*, 2002) and behavioural intention (Zeithaml *et al.*, 1996) are widely available; a set of existing measures was modified and adopted.

Regarding the measurement scales of the perceived relational value dimensions, the indicators of constructs were adapted from an extensive review of the relationship literature. For the first dimension of perceived relational value, i.e., conflict handling, it was measured with three items that were adapted from Dwyer *et al.* (1987) and Ndubisi and Wah (2005). The second dimension of trust with four items was adapted from Moorman *et al.* (1993). The third dimension of solidarity with four items was adapted from Lapierre (2000) and the fourth dimension of reputation with three items was adapted from Flavian *et al.* (2004). The fifth dimension of communication with four items was adapted from Morgan and Hunt (1994) and Ball *et al.* (2004) and the last dimension of interdependence with four items was adapted from Jap and Ganesan (2000). All the measurement items are coded (Appendix 1).

**Sample and data collection:** The targeted population of this study is individuals who are the bank customers in Malaysia. The reason for selecting bank customers as the sample of study is that Malaysia's financial system is a key contributor to the economic growth (Bank Negara Malaysia, 2008) and evidence suggests that the financial services sector has not created as much value as it should have. In addition, there is an urgent need for banks to pay closer attention to building profitable, long-term customer relationships (Omarini, 2011). Based on the previous researchers' recommendations, this research decided to target a total of 600 respondents from the banking industry. Four hundred and seventy two (472) responses were received achieving a response rate of 78%; 429 questionnaires were completely filled out and useable for analysis while 43 questionnaires were returned incomplete. According to the previous studies (for instance: Matzler *et al.*, 2006; Molina *et al.*, 2007; Roig *et al.*, 2009), the convenience sampling method is widely used in banking research. In this type of sampling method, subjects are taken wherever and whenever they are handy (De Veaux *et al.*, 2004). Given the exploratory nature of this study, convenience sampling is suitable for this research (Zikmund, 2003).

Based on the suggestions of previous researchers (Al-Hawari and Tony, 2006; Molina *et al.*, 2007), the best sources of information about individual behaviour are individual revelations about themselves. In addition, this approach focuses on the people being studied and provides a better explanation from the individuals (Veal, 2005). Hence, this research used self-administered questionnaire to collect the data.

**Sampling adequacy:** In order to determine and examine sampling adequacy, this study utilized three approaches, the empirical evidence drawn from the previous research, the guidelines of research methods and the statistical findings. This study used two measures of statistical techniques provided by factor analysis: Kaiser-Meyer-Olkin (KMO) as well as Bartlett's test of sphericity to test the sampling adequacy. According to Sheridan and Lyndall (2003) and Hair *et al.* (2006), the KMO must be above 0.5. This study meets the requirement of the KMO designated levels for values of sampling adequacy. According to George and Mallery (2003), Bartlett's test measures the multivariate normality of the data set distribution and suggests that if there are correlations in the data set, it is appropriate for factor analysis. This study met the criteria and, therefore, it was concluded that the data are appropriate for the analysis.

## **RESULTS**

Exploratory Factor Analysis (EFA) is used as a first step to identify and validate the factor groupings reflecting the underlying theoretical constructs. To aid interpretation, Varimax rotation was applied to simplify the interpretation of factors (Tabachnick and Fidell, 2001) and confirmatory analysis was used for the development and evaluation of scales. Confirmatory factor analysis techniques assist in the confirmation and validation of the uni-dimensionality of constructs. Subsequently, a measurement model comprising all the constructs and their indicators is specified in the Amos structural equation modelling and then re-specified to obtain a good fit by removing the indicators.

**Descriptive analysis:** This section provides a descriptive analysis and discusses the respondent's profiles based on the demographic characteristics. There were two main reasons for analyzing the demographic characteristics of the respondents of the research. First, a clear profile of the characteristics of the respondents had to be established and second, the representativeness of the samples of the population being studied had to be assessed. SPSS 16.0 was used for descriptive analysis of the demographic characteristics of the 429 respondents. Frequency tests were performed to determine demographic characteristics of the sample. Among the analysed samples (N = 429), 55% of the respondents were female, 52% were married, 48% had at bachelor degree and 47% fell in the age group between 18 to 34 years. In terms of income group, 51% of the respondents fell in the group RM 3000 and above.

**Exploratory factor analysis:** The proposed relational value construct consists of six dimensions (conflict handling, trust, solidarity, reputation, communication, interdependence) which are measured by 22 items, as shown in Appendix. Since, the concept of perceived relational value is a totally new research area, there are no established scales developed to measure them. As such, prior to performing the Principal of Component Analysis (PCA), the suitability of data for factor analysis was assessed. An inspection of the correlation matrix of relational value which consists of six dimensions, indicates that (a) a number of correlations exceed 0.30, (b) the Bartlett's test of sphericity ( $\chi^2 = 5456.081$ ,  $p < 0.000$ ) is significant and (c) the KMO = 0.949, which is adequate and, therefore, factor analysis is appropriate. Later, six dimensions were factorised and the solution was rotated using the orthogonal method with the Varimax rotational approach, as suggested by Hair *et al.* (2006).

The results from exploratory factor analysis only indicate two strong factors (Table 1). The first factor extracted, measured by six items, reflects the extent to which customers have confidence in the way the firm is solving the problems or carrying out the transactions and, thus, it is termed as Relational confidence (RCOF). The second factor, measured by four items, focuses on the extent to which the firm is able to communicate through personal service or constantly informs and, thus, it is termed as Relational communication (RCOM).

**Confirmatory factor analysis (CFA):** Following Gerbing and Anderson (1988), the measurement model (relationships between observed items and latent constructs) was analyzed before the structural model (relationships between latent constructs). Using the CFA allows a more rigorous interpretation of uni-dimensionality as well as the acceptability of the scale in terms of composite reliability and convergent validity.



The fit of the CFA model is assessed based on a number of fit indices, including chi-square, relative chi-square, goodness-of-fit (GFI), Root Mean Square Error of Approximation (RMSEA), Normed Fit Index (NFI), Comparative Fit Index (CFI), Relative Fit Index (RFI), adjusted goodness of fit index (AGFI) and Parsimony Normed Fit Index (PNFI). The results from the measurement model met the criteria set by Hair *et al.* (2006) and, therefore, indicate a good-fit model. The goodness-of-fit statistics for the measurement model is shown in Table 2.

In order to establish construct validity, researchers need to examine the correlations with other measures so that convergent validity can be achieved (Churchill, 1979). Fornell and Larcker (1981) suggested that convergent validity is achieved if its composite reliability is larger than 0.50. In addition, convergent validity is also examined using Average Variance Extracted (AVE). According to Fornell and Larcker (1981), average variance extracted (AVE) must exceed the recommended level of 0.50 for all constructs. As shown in Table 3, all the constructs in this study meet the criteria and, therefore, it can be concluded that, the relational value comprises confidence and

Table 1: Perceived Relational value (RV) Two-factor Varimax Rotated Results

Items	Relational confidence (RCOF)	Relational communication (RCOM)	Cronbach's alpha	Average variance extracted
COF1	0.651			
COF3	0.718			
TR1	0.788			
TR2	0.786			
TR3	0.803			
TR4	0.736		0.880	62.77
COM1		0.764		
COM2		0.787		
COM3		0.835		
COM4		0.657	0.810	65.05

COF: Conflict, TR: Trust, COM: Communication RCOF: Relational Confidence, RCOM: Relational communication

Table 2: Goodness-of-fit statistics

	CMIN/df	GFI	RMSEA	NFI	CFI	RFI	AGFI	PNFI
Measurement model	2.85	0.94	0.062	0.94	0.96	0.92	0.91	0.81
Original Structural model	2.99	0.86	0.076	0.89	0.92	0.87	0.82	0.79
Modified structural model I	2.79	0.88	0.069	0.90	0.93	0.89	0.85	0.80
Modified structural model II	2.77	0.90	0.060	0.92	0.95	0.91	0.87	0.82

Table 3: Reliability and validity

Factor	Factor	Std. loading	t-value	Square multiple correlation	Alpha	Composite reliability	Average variance (AVE)
Relational confidence	COF1	0.70		0.490	0.88	0.86	0.55
	COF3	0.75	14.340	0.562			
	TR1	0.68	13.143	0.462			
	TR2	0.79	15.143	0.624			
	TR3	0.77	14.72	0.592			
	TR4	0.74	14.15	0.547			
Relational communication	COM1	0.74		0.547	0.80	0.80	0.53
	COM2	0.77	14.85	0.592			
	COM3	0.68	13.15	0.462			
	COM4	0.73	14.19	0.532			

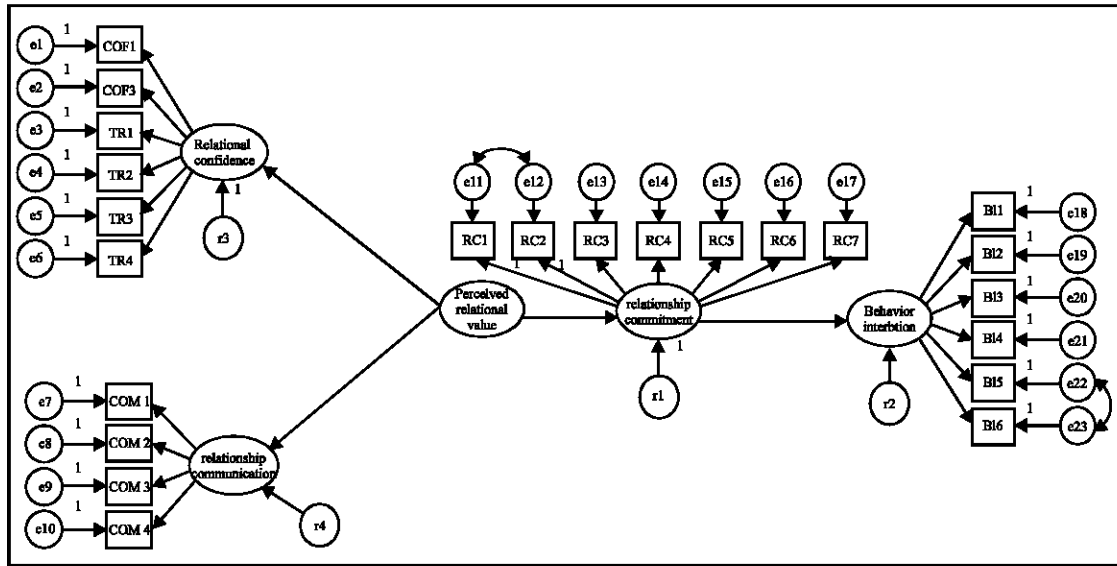


Fig. 2: Structural model of perceived relational value to behavioural intention

communication which are the dimensions of perceived relational value. The results of the study suggest that bank customers perceive the multidimensional nature of relational value and they assess the relational value in terms of confidence and communication.

**Structural model:** Formulating the structural model is derived from the review of extensive literature and well established theories. Figure 2 displays a total of 23 indicators that measure the original structural model.

There are 5 variables in the model: relational confidence (RCOF) and Relationship communication (RCOM), Perceived Relational Value (PRV), Relationship Commitment (RC) and Behavioural Intention (BI). The model portrays that independent factors are hypothesised as exerting an influence on the dependent factors. To test the relationships between all the constructs and measures, the structural equation modelling technique with maximum likelihood estimation in AMOS 16.0 was used.

The results displayed in Table 2 suggest an acceptable average fit of the original structural model with the  $\chi^2 = 785.94$ ,  $\chi^2/df = 2.99$ , RMSEA = 0.076, CFI = 0.92 and GFI = 0.86. Although, the model is marginally satisfactory, as suggested by Hair *et al.* (2006), a review of the Modification Indices (MI) reveals some evidence of misfit in the model. It is noted that the maximum MI value is associated with the regression path flowing from BI5-BI6. Both items measure the behavioural intention (BI). The value of 69.25 indicates that if these parameters were to be freely estimated in a subsequent model, the overall  $\chi^2$  value would drop by at least this amount. Item BI5 is “encourage friends and relatives to use this bank” and BI6 is “recommend about this bank to close friends/relatives” Clearly, these two items seem to be stating the same idea although the wording has been slightly modified. With a Modification Index (MI) of 69.25, it is clear that the error covariance between items BI5 and BI6 represents a minor model misspecification.

The original structural model is re-specified by linking the two items of BI5 and BI6, as suggested by Byrne (2001). After the model was re-specified, the overall model fit improved with  $\chi^2 = 677.80$  and the GFI increased slightly to 0.88, CFI to 0.93 and RMSEA to 0.069. This model

is subsequently labelled as the modified structural model I. Comparing with the original structural model, the modified structural model I appears to be better on the basis of the GFI, CFI and RMSEA values and the model difference is statistically significant ( $\Delta\chi^2 = 108.14$ ).

In reviewing the misspecification statistics, the largest MI value of 40.15 is still associated with a path flowing from (RC1\_RC2). Thus, it is evident that the modified structural model I could be further improved. It is found that there is a large error covariance between two items, i.e., RC1 and RC2 both of which measure relationship commitment (RC). RC1 measures “feel emotionally attached to the bank” and RC2 measures “a great deal of personal meaning”. Obviously, these two items appear to be stating the same idea. Thus, the modified structural model I is re-specified by linking between two items, which is RC1 to RC2, as suggested by Bryne (2001). After the model was re-specified, the overall model fit improved with  $\chi^2 = 621.79$  with GFI = 0.90, CFI = 0.95 and RMSEA = 0.060. The model is labelled as modified structural model II.

The  $\chi^2$  difference between the modified structural model I and modified structural model II is statistically significant ( $\Delta\chi^2 = 56.01$ ). There are only slight changes in the GFI (0.90), CFI (0.95) with a slight improvement in RMSEA (0.060), thereby indicating that the modified structural model II represents the best fit to the data. As expected, there are no outstanding values that suggest model misfit. Taking each of these factors into account, no further changes were needed to the model. The modified structural model II is named as the structural model of perceived relational value to behavioural intention.

**Path analysis:** Table 4 shows the model paths are significant at  $p < 0.001$ . A squared multiple correlation of 0.65 for relationship commitment and 0.60 for behavioural intention indicate that 65% of the variance of relationship commitment is explained by perceived relational value and 60% of variance of behavioural intention is explained by relationship commitment and perceived relational value. As indicated by the significance level, there is positive influence of perceived relational value to relational confidence ( $\beta = 0.811$ ) and relational communication ( $\beta = 0.946$ ). In the same way, there is a positive path loading from perceived relational value to relationship commitment ( $\beta = 0.803$ ) and relational commitment to behavioural intention ( $\beta = 0.776$ ).

The results of this study indicate that the relational value of confidence and communication influence the relationship commitment. This finding reflects past findings, which state that customers who perceived the relationship benefit commit to the organization (Kaufmann, 1987). Hence, the findings of this study draw attention to the role of relational value in explaining customer relationship commitment. Finally, this study also confirmed that relationship commitment directly influences behavioural intention. Therefore, this study aligns with previous findings which state that commitment is at the core of all strong relationships and that it has a considerable effect on loyalty (Evanschitzky *et al.*, 2006).

Table 4: Path coefficient for structural model

Structural relationship	p-value	Standard regression coefficient
Perceived relational value to Relational confidence	***	0.811
Relational communication	***	0.946
Perceived relational value to relationship commitment	***	0.803
Relationship commitment to behavioural intention	***	0.776

Significant level, \* $p < 0.05$ , \*\* $p < 0.01$  and \*\*\*  $p < 0.001$

## **THEORETICAL AND MANAGERIAL IMPLICATIONS**

The present study contributes to the literature in several ways. This study is the first to introduce the concept of relational value in business to the consumer service context because the concept is still in the exploratory stage even in the business-to-business context (Baxter, 2009). Based on the author's knowledge, there is no empirical study that provides evidence for the perceived relational value in customer relationship marketing research. The exploratory and confirmatory analysis indicates that the 10-item scale and its two dimensions have stable psychometric properties. The scale describes that consumers evaluate the relational value in terms of confidence and communication. Thus, this study contributes to relationship marketing theories by identifying two dimensions of customers perceived relational value-relational confidence and relational communication.

Another major implication of this study concerns the importance of the perceived relational value in assessing its direct influence on relationship commitment and then leads to behavioural intention. To the author's knowledge, this is one of very few studies that investigate the linear relationship between perceived relational value, relationship commitment and behavioural intention. This study contributes to customer relationship management literature and finds that perceived relational value which consists of confidence and communications, influence relationship commitment and then lead to behavioural intention.

The research also provides outcomes that will be useful for managers. This study provides the directions for bank service providers who wish to create and deliver relational value. Thus, to be able to build a relationship commitment with the customer, banks must design loyalty programmes that emphasize on building employees' confidence and continuous communication with the customers. Since evaluation of relational value is based on consumer perception, banks should promote expert and trustworthy employees that enhance the customers' perceptions of relational value. This study provides empirical evidence for managers that once customers perceive the value in the relationship, they will be emotionally committed to a relationship. Furthermore, since this study found that relationship commitment directly influences customer behavioural intention, banks must develop relationship management programmes that build recognition and shared value-based commitment and emotional support that are likely to be effective at building customer behavioural intention. Service providers may also build customer commitment through responsive communication with customers and show confidence in dealing with them.

## **LIMITATIONS AND FUTURE RESEARCH**

Although, this study reports significant implications concerning the development of multidimensional measures of relational value and its influence on relationship commitment, which then leads to behavioural intention, the validity of an instrument cannot be firmly established on the basis of a single study. In addition, this study is conducted using data from bank customers in Malaysia and so its generalization beyond this situation may be limited. Therefore, it would be interesting to see how the results vary across industries and across countries in future research.

Furthermore, this study does not look into the importance of customers' demographic characteristics, such as age, income, gender and culture, in explaining the customer behaviour. Despite the recent growing interest in the demographic variables concerning attitude and behavioural intention, the relationships between demographic factors and value dimensions have not yet been investigated. Hence, future research should look into the role of demographic variables in explaining the customers' perceived relational value dimensions of attitude and behaviour. This suggests that service providers create effective market segmentation and targeting strategies in identifying customer perceived value, forming their attitude and leading to behavioural intention.

**APPENDIX 1**

Measurement items of relationship commitment

Instructs	Coding	Items
Relationship commitment (RC)	RC1	I feel emotionally attached to the bank
	RC2	The bank has a great deal of personal meaning for me
	RC3	I feel a strong sense of identification with the bank
	RC4	The relationship with the bank is important to me
	RC5	If the bank is no longer to exist, this would be a significant loss for me
	RC6	The level of my emotional attachment to the bank is high
	RC7	My relationship with the bank has a great deal of personal meaning

Measurement items of behavioural intention

Instructs	Coding	Items
Behavioural intention (BI)	BI1	I will continue using banks' service/product in the near future
	BI2	I will use more of bank's service/product in the near future
	BI3	I have intention to choose the same bank for future service/product
	BI4	I will say positive things about the bank to other people
	BI5	I will encourage friends and relatives to use this bank
	BI6	I will definitely recommend about this bank to the closed friends/relatives

Initial factors and measurement items of relational value

Factor/construct	Coding	Items	
Relational value (RV)	Conflict	COF1	The bank's employees are good at solving disputes before they create problems in our working relationship
		COF2	The bank's employees make sure that problems do not arise in our working relationship
		COF3	The bank's employees have the ability to openly discuss solutions when problems arise
Trust	TR1	I have confidence that the bank is telling the truth, even when the bank gives me a rather unlikely explanation.	
	TR2	The bank provide accurate information	
	TR3	The bank keeps its promises made to me.	
	TR4	The bank treats me in honest way in every transaction	
Solidarity	SOL1	The bank provides help when I run into problems.	
	SOL2	The bank shares the problems that arise in the course of the relationship with them.	
	SOL3	The bank has full commitment to improve in overall relationship.	
	SOL4	The bank is willing to meet my needs beyond the contract terms.	
Reputation	REP1	I believe that this bank does what it promises for its customers.	
	REP2	This bank has a good reputation in its industry.	
	REP3	I believe that the reputation of this bank is better than the rest of the banks.	
Communication	COM1	I have an easy and satisfactory relationship with the bank.	
	COM2	The bank keeps me constantly informed of new products and services that could be my interest.	
	COM3	The bank provides personal service and advice	
	COM4	Clearness and transparency information provided by the bank.	
Interdependence	INT1	It would be difficult for me to replace the other bank.	
	INT2	If the relationship with the bank was discontinued, I would have difficulty in using the bank services.	
	INT3	It would be difficult for the bank to replace us.	
	INT4	The bank is quite dependent on us.	

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