
ISSN (Online) : 2279-0667
Published by:-
www.tarj.in
TRANS Asian Journal of Marketing
&
Management Research (TAJMMR)

TAJMMR

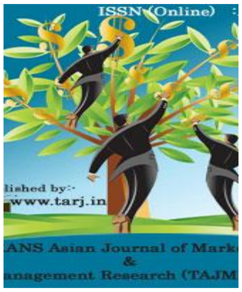
ISSN (online) : 2279-0667

Editor-in-Chief	:	Dr. Karun Kant Uppal
Impact Factor	:	SJIF 2013 = 4.289
Frequency	:	Monthly
Country	:	India
Language	:	English
Start Year	:	2012

Published by	:	www.tarj.in
Indexed/ Listed at	:	Ulrich's Periodicals Directory, ProQuest, U.S.A
Email ID		tarjjournals@gmail.com

VISION

The vision of the journals is to provide and academic platform to scholars all over the world to publish their novel, original, empirical and high quality research work. It propose to encourage research relating to latest trends and practices in international business, finance, banking, service marketing, human resource management, corporate governance, social responsibility and emerging paradigms in allied areas of management. It intends to reach the researcher's with plethora of knowledge to generate a pool of research content and propose problem solving models to a pool of research content and propose problem solving models to address the current and emerging issues at the national and international lever. Further, it aims to share and disseminate the empirical research findings with academia, industry, policy makers, and consultants with and approach to incorporate the research recommendations for the benefit of one and all.



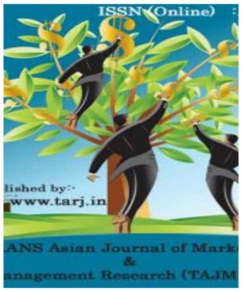
Published by: TRANS Asian Research Journals

TAJMMR:

TRANS Asian Journal of Marketing & Management Research

(A Double Blind Refereed & Reviewed International Journal)

SR. NO.	PARTICULAR	PAGE NO.
1.	**WORKING CAPITAL MANAGEMENT OF ACC LIMITED** Dr. Subrata Mukherjee	1-9
2.	**THE EFFECT OF RELATIONSHIP MARKETING ON CUSTOMERS' SATISFACTION IN COMMERCIAL BANK OF CEYLON PLC IN BATTICALOA DISTRICT** Anushya, E, Selvarajan, P & Tharani,V	10-17



Published by: TRANS Asian Research Journals

TAJMMR:

TRANS Asian Journal of Marketing & Management Research

(A Double Blind Refereed & Reviewed International Journal)

TRANS Asian Research Journals

WORKING CAPITAL MANAGEMENT OF ACC LIMITED

Dr. Subrata Mukherjee*

*Assistant Professor in Commerce,
Mahadevananda Mahavidyalaya, Monirampore, Barrackpore,
Kolkata – West Bengal, INDIA

ABSTRACT

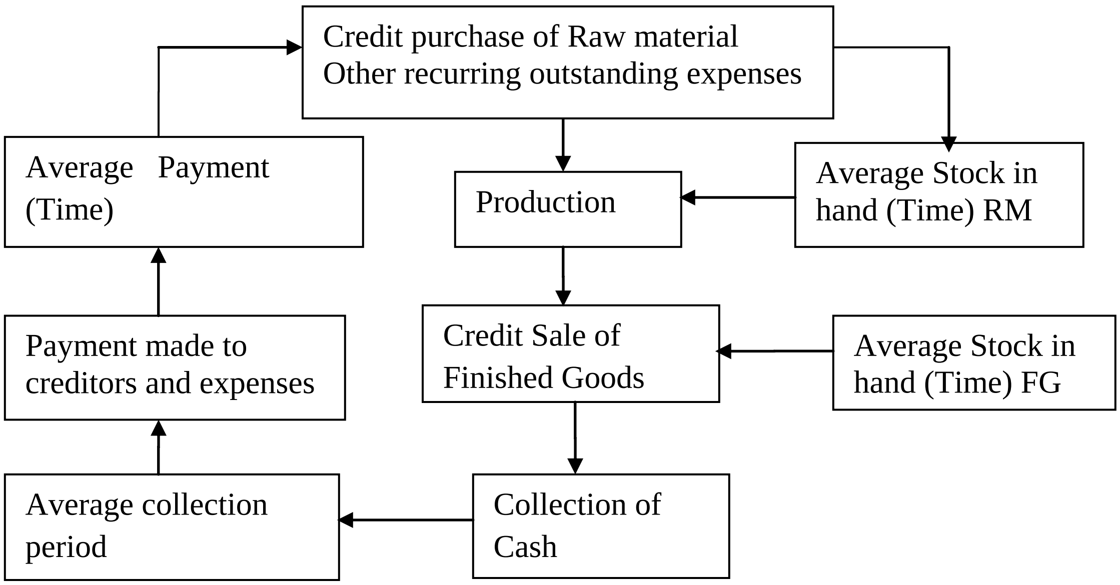
Working capital is the portion of current assets which is financed by long term sources of finances. Managing working capital in the capital intensive industries is more important as it affects the profitability of the firm. The objective of the paper is to establish a relation between the working capital and the profitability. We have used several techniques to analyse the data such as trend analysis where we have studied the movement of various components of working capital for last ten years and the ratio analysis to study the impact of different components of working capital on profitability. In factor analysis an attempt is made to club the homogeneous ratios in the form of either liquidity or profitability ratio and then correlation coefficient has been calculated between the principal component factor of liquidity and profitability ratios. We have done multiple regression analysis between the profitability and liquidity ratios of the companies under different industries. The profitability ratios like Return on Assets (ROA), Return on Equity (ROE) and Net Profit Ratio (NP) are taken as dependent variable and Debtor turnover ratio, Inventory turnover ratio, working capital turnover ratio, current ratio and Sales have been considered as independent ratios. There is very wide scope for further research in this area, need to be done more extensively. Parameters like analysis of individual debtors, creditors, stock, and cash flow analysis may further be increased to get more detail result in this area.Transition from working capital management application of Just-In-Time approach can be explored.

KEYWORDS: *profitability, homogeneous, regression, component, explored.*

INTRODUCTION

Part of the current assets which is financed by long term liabilities is working capital. As working capital is the difference of current asset and current liabilities, which implies the current assets is financed by two sources. Some portion of current assets is financed by current liabilities and the remaining part of the current assets is financed by the long term liabilities. The cost involving for maintain current liabilities is much lower than raising long term liabilities. So, the difference of the cost of maintaining the long term liabilities and current liabilities leads to increase in profitability of the business concern. As a result, the management of working capital helps in reducing overall cost of capital as well as increase in profit.

The cash conversion cycle refers to the time that elapses from the point when the firms make an outlay to purchase raw materials to the point when cash is collected from the sales of finished goods produced using those raw materials. Different patterns of cash cycles and cash flows may be there, depending upon the nature of the business. The cash cycles are that part of the operating cycle that must be financed by the firm. The concept of cash cycle may be shown as



Average collection period is one of the important factors which directly affect the working capital as the collection period of cash affects total cash balance which is an important part of the working capital.

OBJECTIVES OF THE STUDY

1. To find out the relationship between working capital and profitability of ACC Limited.

2. To find the effect of various parts of working capital on the profitability.

3. To find out the effect of working capital and size of the firm.

RESEARCH METHODOLOGY

To assess the performance of ACC Limited, trend analysis of different components of working capital was done. The components are Inventory, Debtors, Cash, Other Current Assets, Creditors and other Current Liabilities. The growth rates have been directly measured from the estimated coefficients of 't'.

Ratios are the best tools for measuring liquidity, solvency, profitability and management efficiency of a firm. As the ratio analysis helps in finding out the result of the financial performances, we have calculated and analysed several ratios like current ratio, acid test ratio, debtors turnover ratio, inventory turnover ratio, working capital turnover ratio, net profit ratio, debt-equity ratio and cash conversion cycle; these ratios are generally tested for the liquidity and solvency of any business organization while performing the profitability test we calculated net profit ratio, price earnings ratio, earning per share, return on asset and return on equity.

In the ratio analysis the liquidity and profitability positions have been analysed by using the relevant ratios for each of these positions and performance of the company was assessed on the basis of these positions. It can be safely said that not all these factors with their all constituent ratios are not equally important in determining performance. One of these factors may be more important than others in the sense of its explaining power or predictive power. Further, all the ratios may not move in the same direction to derive valid conclusion. An attempt is made here to club the homogeneous ratios in the form of either liquidity or profitability ratio through factor analysis and correlation coefficient has been calculated between the principal component factor of liquidity and profitability.

We have done multiple regression analysis between the profitability and liquidity ratios of the companies under different industries. The profitability ratios like Return on Assets (ROA), Return on Equity (ROE) and Net Profit Ratio (NP) are taken as dependent variable and Debtor turnover ratio, Inventory turnover ratio; working capital turnover ratio, current ratio and Sales have been considered as independent ratios. The following equation has been used for the analysis.

$$\mathbf{ROA / ROE / NP = \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \varepsilon_I}$$

Where: X_1 = Debtors Turnover Ratio; X_2 = Inventory Turnover Ratio

X_3 = Working Capital Turnover Ratio; X_4 = Current Ratio

X_5 = Log Sales; ε_I = Error

FINDINGS OF THE STUDY

ACC Limited is India's foremost manufacturer of cement and concrete. ACC's operations are spread throughout the country with 17 modern cement factories, more than 50 Ready mix concrete plants, 21 sales offices, and several zonal offices. It has a workforce of about 9,000 persons and a countrywide distribution network of over 9,000 dealers. Since inception in 1936, the company has been a trendsetter and important benchmark for the cement industry in many areas of cement and concrete technology. As the largest cement producer in India, it is one of the biggest customers of the domestic coal industry, of Indian Railways, and a considerable user of the country’s road transport network services for inward and outward movement of materials and products. Among the first companies in India to include commitment to environmental protection as one of its corporate objectives, the company installed sophisticated pollution control equipment as far back as 1966, long before pollution control laws came into existence.

TREND ANALYSIS

Estimated value of different components of working capital of ACC Cement presented in the table 1. The nominal growth rate of inventory is 4.30% and the growth rate is statistically significant at 1% level of significance. The growth rate of debtor is 2.90%, which indicates low in the volume of credit sale and the company maintains an aggressive collection policy from the debtors that is why we also found cash conversion cycle is only 1 week and net profit ratio 15.18% which may describe good profit earning company among the selected companies. Growth rate of cash is 3% and for other current asset is 9.90%, the company is maintaining cash at a low level. The growth rate of creditor is (-) 8.0% indicates that the company adopted advance payment policy for the suppliers.Growth rate of other current liabilities 10.5% which are also statistically significant at 1% level of significance but high percentage of other current liability indicates there are some short time liabilities which are important for the working capital as well as the overall performance of the organization. Another important observation is, with the negative growth of creditors and high turnover of debtors proves that company established trustworthiness of the company for suppliers and customers both.

TABLE 1

Nominal Growth Rate of different performance indicator of working capital of ACC during the period 2004-2005 to 2013-2014

Parameter	$\bar{R}^2$	DW	Growth Rate Percentage ^{k}	Acceleration (+) Deceleration (-)
Inventory	0.953* (0.0568)	1.939	4.30* (0.003)	0.00* (0.001)
Debtors	0.317* (0.2570)	1.170	2.90* (0.014)	0.40* (0.003)
Cash	0.753* (0.3823)	1.738	3.00* (0.021)	-2.20* (0.004)
Other Current Asset	0.681* (0.3993)	1.433	9.90* (0.022)	0.40* (0.004)
Creditors	0.787* (0.2057)	0.905	-8.00* (0.011)	-1.30* (0.002)
Other Current Liabilities	0.972* (0.1085)	0.862	10.50* (0.006)	-0.10* (0.001)

NOTES: - '*' implies significant at 1% probability level, '**'implies significant at 5% probability level, '***'implies significant at 10% probability level. Figures under the $\bar{R}^2$ column indicate observed values of F statistics; all other figures within the parenthesis are standard errors. All the values of DW statistics indicate the absence of autocorrelation problem in the disturbance term. Growth rates are represented in the form of percent per annum. Growth Rate and Acceleration / Deceleration is calculated using the formula $LnYt= a + bt + ct^2$, where b is the growth rate coefficient and c is the acceleration / deceleration rate coefficient

RATIO ANALYSIS

Performance of financial activities of ACC Limited is revealed from the Table 2. From that table we found average debtors turnover ratio is 32.65 times and velocity of debtors is 0.37 month or 12 days established frequent debtors movement. Inventory turnover ratio 15.17 times and inventory velocity calculated 0.79 month or 23 days is the reflection of such kind of inventory management where the inventory remains in stock for long time.Working capital turnover ratio found 10.95 timesand stable in nature but it also indicates that there is large volume of current asset always remains idle. Cash conversion cycle is 1 weeks. Comparing with selected five companies of cement industries average performance of ACC Cement perform better, specifically debtors turnover and inventory turnover ratio moves first. It is also found that there is not much fluctuation in debtors and inventory turnover of this company within the selected ten years time period, from the year 2004-2005 inventory turnovers gradually moves upwards, from the year 2010-2011 inventory turnover start moving downward, though it pulls through from the year 2011-1012. Quick ratio is 0.06 on an average for the study period but we also noticed that there was short time liability like bank overdraft outstanding expenses are maximum in amount which is the reason for negative quick ratio from the year 2004-2005 to 2009-2010 after these years company are able to control these kind of short time liability in efficient manner as a result quick ratio become positive. Debt equity ratio is 0.22 which are lower than industry average. When we consider profitability ratio we found that average net profit ratio is 15.18% ROA and ROE is 13.12% and 22.89%. It is also found that from the year 2011-2012 profit percentage decreasing as we found that operating profit percentage gradually decreased from 24% against the sales amount Rupees 7770 Crore in the year 2010-2011 to 13% against the sales amount Rupees 11481 Crore at the end of the year 2013-2014.Surprisingly there was no such effect of operating profit found on the PE ratio of this company, because the company may suffer from lower amount of profit from the year 2011-2012 but due to the goodwill of the company there was no such affect found in the share market as we found that quotation of the share has increased. Cost of equity is 6.22% is lower than prime lending rate indicates that the company are not using external fund due to the low percentage to cost of equity. Finally we can conclude as ACC Cement is a profitable industry and handles all the accounting aspect efficiently.

TABLE 2 TABLE SHOWING RATIO ANALYSIS OF ACC LIMITED

Year	Debtors Turnover	Inventory turnover	WC Turnover Ratio	Current Ratio	Quick Ratio	NP Ratio (%)	ROA (%)	ROE (%)
2004-2005	16.88	5.37	4.19	1.16	-0.07	16.90	11.24	25.47
2005-2006	28.09	9.33	15.45	1.31	-0.05	21.23	20.86	39.19
2006-2007	27.78	24.85	10.53	0.99	-0.13	20.58	20.52	34.64
2007-2008	24.30	27.51	6.01	1.00	-0.05	16.65	14.29	24.61
2008-2009	31.24	25.22	12.84	0.72	-0.08	20.02	15.99	26.71
2009-2010	40.41	19.04	16.22	0.73	-0.09	14.51	10.09	17.31
2010-2011	53.83	8.79	10.66	1.36	0.13	13.45	11.05	18.43
2011-2012	47.32	10.02	8.90	1.42	0.46	9.13	8.90	14.37
2012-2013	32.64	11.14	10.42	1.21	0.35	9.58	9.06	14.00
2013-2014	29.72	10.44	14.23	0.96	0.11	9.73	9.22	14.19
Average	32.65	15.17	10.95	1.09	0.06	15.18	13.12	22.89

Table 2 TABLE SHOWING RATIO ANALYSIS OF ACC LIMITED

Year	Debt Equity Ratio	Cash Conversion Cycle(Weeks)	Cost of Equity (%)	Prime Lending Rate (%)	P/E Ratio
2004-2005	0.69	3	5.52	10.25	18.11
2005-2006	0.39	2	6.06	10.75	16.50

2006-2007	0.15	1	6.90	12.25	14.50
2007-2008	0.17	1	13.52	12.25	7.40
2008-2009	0.15	1	9.82	12.25	10.18
2009-2010	0.14	1	5.55	11.75	18.03
2010-2011	0.21	1	6.21	12.75	16.10
2011-2012	0.15	1	3.95	14.75	25.29
2012-2013	0.08	1	5.27	14.45	18.99
2013-2014	0.08	1	4.45	14.75	22.49
Average	0.22	1	6.72	12.62	16.76

Principal Component Factor Analysis of ACC Cement

LIQUIDITY FACTOR;

To construct liquidity factor, two variables namely current ratio and quick ratio have been clubbed through factor analysis and it is observed that first principal component (or factor) i.e. current ratio represents 81.037% of the total sampling variation of the two ratios and the Eigen value of the first factor is only greater than one, so according to Kaisers criterion only first principal component is to be chosen as the liquidity factor. It should be mentioned in this connection that according to Kaiser's criterion only that principal component will be chosen whose Eigen values are greater than one. Further Bartlett's test of sphericity is estimated to be 33.685 which is found to be significant at 1% probability level; and the KMO measure is 0.737, this implies that the principal component analysis is a fruitful exercise in clubbing the basic ratios i.e. current ratio and quick ratio.

PROFITABILITY FACTORS;

To construct profitability factor three ratios namely, net profit ratio, return on asset and return on equity have been clubbed and it is observed from the table that first principal component (or factor) i.e. net profit ratio represents 95.591% of the total sample variation and its Eigen value is 2.868. As the Eigen value of the first factor is only greater than one, so, according toKaisers criterion only first component is to be chosen as the profitability factor. Further Bartlett's test of sphericity is estimated to be 33.685 and which is found significant at 1% probability level and KMO measure is 0737; this implies that the principal component analysis is a fruit full exercise in clubbing the basis ratios i.e. NP Ratio, ROA and ROE.

Finally the co-relation of co-efficient between liquidity and profitability ratio here current ratio and net profit ratio is 0.308.

MULTIPLE REGRESSION ANALYSIS

When net profit has been taken as dependent variable then co efficient of working capital turnover ratio is significant. Similarly when ROA has been taken as dependent variables then co efficient of inventory turnover, current ratio, working capital turnover ratio and sales are found significant. When ROE has been taken as dependent variable co efficient current ratio and sales has been found significant. These result shows that there is some relation between the working capital and profitability. There may be some other factors influencing that equation that has not been considered.

CONCLUSION

The overall performance of ACC Ltd is satisfactory considering the debtor and inventory turnover ratio. The negative growth rate of creditors suggests that the company has to pay advance in order to purchase its raw materials. Due to lower cost of equity it is not using its debt capital and using its internal sources to finance its activities. The management is efficiently managing the components of working capital in order to increase its profitability position.

REFERENCES

*Chander Dr. Subhash ,Kumar Dr. Rajan,*An empirical analysis of some aspects of working capital management in small scale textile industry of Punjab, http://www.icwai.org/icwai/knowledgebank/fm03.pdf

Dănuleţiu Adina Elena , Working capital management and profitability: a case of Alba county companies, *AnnalesUniversitatisApulensis Series Oeconomica, 12(1), 2010* 364

Deloof, D.(2003) "Does Working Capital Management affect Profitability of Belgian Firms"? Journal of Business Finance and Accounting, Vol 30 No 3 & 4.

Eljelly, A. 2004. "Liquidity-Profitability Tradeoff: An empirical Investigation in an Emerging Market", International Journal of Commerce & Management, Vol 14 No 2 pp. 48 - 61

Gill Amarjit, Nahum Biger, Neil Mathur The Relationship Between Working Capital Management And Profitability Evidence From The United States ,Business and Economics Journal, Volume 2010: BEJ-10

Kaur Jasmine , Working Capital Management in Indian Tyre Industry ,International Research Journal of Finance and Economics, ISSN 1450-2887 Issue 46 (2010)

KessevenPadachi, Trends in Working Capital Management and its Impact on Firms' Performance: An Analysis of Mauritian Small Manufacturing Firms *International Review of Business Research Papers* ,Vo.2 No. 2. October 2006, Pp. 45 -58

M. A. Zariyawati, M. N. Annuar, H. Taufiq, A.S. Abdul Rahim, Working capital management and corporate performance: Case of Malaysia, Journal of Modern Ac. counting and Auditing, ISSN 1548-6583, USA, Nov. 2009, Vol.5, No.11 (Serial No.54)

Mehmet Şen Can DenizKoksalEdaOruc , Relationship between the efficiency of working capital management and company size, http://www.opf.slu.cz/kfi/icfb/proc2009/pdf/33_Sen.pdf

Pedro Juan García-Teruel, Pedro Martínez-Solano, "Effects of working capital management on SME profitability", International Journal of Managerial Finance, (2007) Vol. 3 Iss: 2, pp.164 – 177

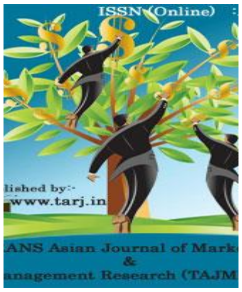
Raheman Abdul and Mohamed Naser, Working Capital Management and Profitability – Case of Pakistani Firms , International Review of Business Research Papers , Vol.3 No.1 March 2007 PP 279-300

Singh Dr. P. K. Working capital management in Lupin Laboratories Ltd. – A case study , http://www.icwai.org/icwai/knowledgebank/fm50.pdf

TryfonidisDrIoannisLazaridisDimitrios, The relationship between working capital management and profitability of listed companies in the Athens Stock Exchange" Journal of Financial Management and Analysis (2006),19(1) 26-35

Howard LR 1971 Working Capital – it's management and control. London: Mac Donald & Evans Ltd. P.2

Web address of all the selected companies , RBI, SBI ,NSE and BSE.



Published by: TRANS Asian Research Journals

TAJMMR:

TRANS Asian Journal of Marketing & Management Research

(A Double Blind Refereed & Reviewed International Journal)

THE EFFECT OF RELATIONSHIP MARKETING ON CUSTOMERS' SATISFACTION IN COMMERCIAL BANK OF CEYLON PLC IN BATTICALOA DISTRICT

Anushya, E *; Selvarajan, P; Tharani,V*****

*Freelance Researcher,
**Department of Economics & Management,
Faculty of Business studies Vavuniya Campus of the University of Jaffna,
Vavuniya, Sri Lanka,

***Department of Management,
Advanced Technological Institute, Dehiwala,
Sri Lanka Institute of Advanced Technological Education, Sri Lanka,

ABSTRACT

The customer satisfaction in banking has seen a major concern to practitioners due to severe competition and higher customer expectations. Banks need to have a good understanding of their consumer behavior. Strategies are to be developed toward the relationships and customer satisfaction which leads to the customer retention. The researchers consider the effectiveness of relationship marketing on customer satisfaction in Commercial bank of Ceylon PLC in Batticaloa district. The objective of this study is to find out the effect of relationship marketing on customers' satisfaction in Commercial bank of Ceylon PLC in Batticaloa district. The data was collected by issuing questionnaires to the ninety customers of Commercial bank of Ceylon PLC in Batticaloa district. Customer relationship marketing can be measured through the five variables trust, commitment, communication and the relationship. Correlation and regression analyzes have been used. The correlation is 0.339, which is significant. According to regression analysis 11.5% of relationship marketing is on customer satisfaction. Hence, relationship marketing not much impact on customer satisfaction. There are other factors influenced than the relationship marketing such as interest rate, special schemes etc. It is recommended that these Commercial bank branches should polish up their customer relationship marketing program among their customers.

KEYWORDS: *Commitment, Communication, Customer satisfaction, Relationship marketing, Trust,*

1. INTRODUCTION

Relationship marketing is an emerging approach in the banking industry to build close and long-term relationships with its customers in order to provide an understanding of the customer and their satisfaction considering the increasing competition (Tahmasbi, Ashtiani, Noroozi, 2007).In today's trading since more emphasis is given on marketing mix elements, marketing is shifted towards relationship orientation. In other words, due to the emergence of private banks besides state banks and increase in the intensity of competition between them, relationship marketing can be an approach to solve the problems. Therefore having long term relationships with customers will attract more customers and build them loyalty to the organization. Due to this problem, commercial banks always try to provide solutions and programs for creating and maintaining long-term relationships with customer loyalty (Heffernan et al, 2008).The main goal of relationship marketing is to build mutually satisfactory long term relationship with key constituents in order to gain the market share and sustain in the business. The purpose of relationship marketing within a company is to identify and understand customers as much as possible and to build a unique company asset, which is a marketing network.

The banks are competing with each other to gain a great slice of the market share with a globalization effect. Therefore, the banks have to face difficulties to meet the high growth of customer expectations Therefore; better formation of strategies in banking sector is the most needed one especially in the recent information technology era. The study is conducted in Commercial Bank of Ceylon customers in Batticaloa district to understand the effect of relationship marketing on customer satisfaction.

STATEMENT OF THE PROBLEM

In eastern part of the Sri Lanka, especially in Batticaloa district, Commercial banks are facing more difficulties such as high competiveness, higher the level preliminary expenses etc. They use different strategies to compete in the highly competitive market. Most of the banks prefer the relationship marketing strategy to secure the customer satisfaction (Heffernan et al, 2008). A Study on the effectiveness of relationship marketing on customer satisfaction in an emerging market can be a fruitful empirical work, which may likely to differ from a developed market. Furthermore, there is lack of empirical work done in the particular district regarding this topic.

RESEARCH QUESTIONS

- To what extent the relationship marketing will have an impact on customers' satisfaction in the Commercial bank of Ceylon PLC in Batticaloa district?
- How does the Commercial Bank of Ceylon make relationship marketing with the customers in Batticaloa district?

OBJECTIVES

- To investigate how far the relationship marketing is practiced in Commercial bank of Ceylon PLC in Batticaloa district.
- To find out the impact of relationship marketing on customers' satisfaction in Commercial bank of Ceylon PLC in Batticaloa district.

SIGNIFICANCE OF THE STUDY

Relationship marketing program is very important to the banking industry because the banks are in a position to easily fulfill their customers' requirements and expectations. Through the relationship marketing banks are attracting potential customers, public etc. and also gaining high level of customer satisfaction. Such understanding or finding will help the banks to establish the better management practices and build up strong customer relationships; then it will achieve its mission easily in the competitive market.

2. THEORETICAL FRAME WORK AND LITERATURE REVIEW

In the past 20 years the concept of relationship marketing has been known as main discussion in the theory and marketing activities. Many changes have been documented as the key concept of relationship marketing such as mature in many markets (especially in the United States, European Union countries and other developed economies),reduction in the rate of population growth, more consumer and maturity in buying decision process.

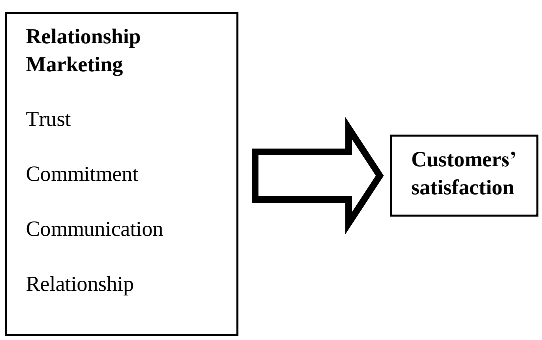
Relationship marketing contains all steps that company takes to identify and provide better services to our valuable customers. The relationship marketing is the process to identify and create new value for customers, in which the mutual benefit has been considered. This benefit is shared with customer during his life. Kotler(2000) indicated that relationship marketing was mainly to match the customers' needs and the service promise, so that the customer loyalty would increase. He defined that the relationship marketing is attracting, maintaining and enhancing relationships with customers.

The concept of relationship marketing the first time officially has been used in services by Barry. It is known as a strategy of attracting, retaining and improving relationships with customers (Ahadi and Babaei, 2010). Trust refers to relying on someone's word. It is based upon reputation, personality, systems and processes. Some consider trust as an important consideration because many aspects of relations between customers and suppliers cannot be formalized on legal criteria. Instead, relationships have to be based on mutual trust. Trust is built upon experience, satisfaction and empathy. A high level of trust is likely to enhance a more positive attitude, which in turn is likely to increase the level of customer orientation/empathy. Conversely, low trust can have the opposite effect: how can you begin to empathize with someone you do not trust (Conway and Swift, 2000). Commitment is another important determinant of the strength of marketing relationship and a useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency). Customer commitment is defined as the customer's durable intention to develop and sustain the relationship with the supplier on the long run (Anderson and Weitz, 1992). Communication is considered as a vital component in the establishment of business relationships. Yet it is a variable that is often assumed or taken for granted and consequently overlooked as a component of relationship development (Andersen, 2001). Communication is important in marketing relationships; it plays a central role in providing an understanding of the exchange partner's intentions and capabilities, thus forming groundwork for building trust amongst exchange partners. The regency and frequency of communications are important variables.

Ndubisi and Chan (2005) found a significant relationship between conflict handling and customer loyalty, indirectly through trust and perceived relationship quality. The ability of the product or service provider to handle conflict appropriately will also directly influence customer loyalty. Relationship quality is the key factor determining whether transactions between buyers and sellers can be maintained (Anderson and Narus, 1990). Crosby et al. (1990) find in their empirical study that customer expectations about future interactions are determined by the quality of relationships with insurance salespersons. Oliver and Macmillan (1992) indicate that customer satisfaction and trust affect customer loyalty.

Researches on the financial services industry revealed that corporations know what the consumers are looking for and that value is measured through quality. The threat of increased competition, slower growth rates, and price pressures pushed many organizations to focus on customer satisfaction. In fact, the interpersonal relationship between the salesperson and the customer can have a substantial impact on important relational outcomes for the selling firm because it fosters customer satisfaction, commitment, and trust in the supplier, as well as repurchase intentions, willingness to recommend the provider to other potential customers, and to provide referrals (Johnson et al. 2003). In case of Sri Lankan literature, the study on Customer Satisfaction in the banking industry of Sri Lanka conducted by Selvarajan (2008) showed that different factors impact on the customer satisfaction in public and private sector banks in Vavuniya District of Sri Lanka. The results highlight that sophisticated information systems play a key role in Hatton National Bank, relationship marketing in Bank of Ceylon, relationship marketing and benefit schemes together contribute in the People's bank and the Commercial Bank of Ceylon. The above literatures are useful to understand the current research.

3. METHODOLOGY



Source:Ndubisi (2006) and Rashid (2003)

FIGURE.1 CONCEPTUAL MODEL

Researchers developed the model based on the variables identified by Ndubisi (2006) and Rashid (2003) in their research.

HYPOTHESIS

H1: There is a relationship between relationship marketing and customer satisfaction.

DATA COLLECTION METHOD

In this study the primary data were collected from questionnaires and interview and the secondary data were collected from annual reports and magazines.

SAMPLING

The sample is selected only from 90 customers of Commercial Bank of Ceylon in Batticaloa district based on the Simple Random sampling method. Researchers analyze about the effectiveness of relationship marketing in Commercial Bank of Ceylon PLC in Batticaloa district. This sample is limited to three Commercial bank branches and limited to selected customers in Commercial Bank of Ceylon in Batticaloa district.

DATA ANALYSIS METHOD

- Regression analysis
- Correlation analysis

The correlation and regression techniques have been used in this study. The correlation is to identify the relationship and the regression is for identifying the impact.

4. DATA ANALYSIS AND FINDINGS

Table.1Correlation between overall Relationship Marketing and Customer satisfaction

	Relationship Marketing	Customer satisfaction
Relationship Marketing Pearson correlation sig.(2-tailed) N	1 90	.339** .001 90
Customer satisfaction Pearson correlation sig.(2-tailed) N	.339** .001 90	1 90

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

(Source: Survey data)

The above table shows correlation between overall relationship marketing and customer satisfaction. The correlation value is 0.339 and the P value is 0.001.Therefore there is a positive relationship between relationship marketing and customer satisfaction. P value is 0.001which is less than the 0.05 so it is statistically significant.

Table.2 Regression analysis between Customer Satisfaction and Relationship marketing

MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.339[a]	.115	.105	.380

a. Predictors: (Constant), overall

According to the results shows in the Table: 2, customer satisfaction which is about 11.5%. That means 10.5% of the variance in the customer satisfaction can be explained by the independent variable relationship marketing. Remaining 89.5% of the customer satisfaction will be explained by the other factors**.**

TESTING OF HYPOTHESIS

Pearson Correlation test was conducted and the results are shown. There is a significant positive correlation between customer satisfaction and relationship marketing with a significant value 0.001which is lower than 0.05. Hence we accept the Hypothesis. But one of the relationship marketing factor trust showed very weak significant and correlation value. Other factors correlated with customer satisfaction.

5. CONCLUSIONS AND RECOMMENDATIONS

This research was conducted to analyze the Effectiveness of Relationship Marketing on Customers' satisfaction. The study clearly indicates the influence of independent variables on dependent variable. Based on the analysis commitment, Communication and relationship have a weak positive relationship and significant to the bank. The trust has a weak positive relationship but not having a significant value. The customers' Satisfaction is an important element of banking success in today's increasingly competitive environment. Based on the research findings relationship marketing have a very impact on the customers' satisfaction. Based on the findings the Researchers found through the interview, other factors are also highly influencing on the customers' satisfaction than the relationship marketing such as interest rate, empathy, special schemes, and attracting programs etc.

Researchers limited this research only in Batticaloa district further research may concern other areas and districts. Researchers selected the sample as only ninety customers, but future research can consider larger sample and compare more district customers.

The future research can go for larger sample and compare two different samples of young generation and older generation customers in evaluating the values of banks.

It is recommended to the Banks that the relationship marketing will build the Customers' satisfaction that will benefit banks in gaining competitive advantage in an increasing competition in the Banking sector. Banks need to fulfill highly demanding customers since they would continue use the bank if service is satisfied. And also the Commercial Bank of PLC needs to put more attention to attract customers in terms of relationship marketing.

REFERENCES

Ahadi, P. & Babaei, M. A. (2010). "The relationship between personality characteristics and purchasing behavior of Internet users in Iran". *Journal of Information Technology Management*, 4: 39- 58.

Anderson, Erin W. and Barton Weitz (1992), "The Use of Pledges to Build and Sustain Commitment in Distribution Channels", *Journal of Marketing Research,* 29 (February), 18-34.

Andersen, P.R. (2001), "Relationship development and marketing communication: an integrative Model", *Journal of Business & Industrial Marketing,* 16(2): 167-82

Anderson, J. C. & Narus, J. A. (1990). "A model of distributor Firm and manufacturer firm working partnerships". *Journal of Marketing*.

Conway, T. and Swift,].S. (2000), "International relationship marketing - the importance of Psychic distance", *European Journal of Marketing,* Vol. 34 No. 11/12, 1391-413.

Crosby, L.A., Evans, K.R. and Cowles, D. (1990), “Relationship quality in services selling: an interpersonal influence perspective”, *Journal of Marketing*.

Heffernan, T., O’Neill, G., Travaglione, T and Droulers,M. (2008) “Relationship marketing: The impact of emotional intelligence and trust on bank performance”, International Journal of Bank Marketing, 26(3):183-199.

Johnson, J.T., Barksdale, H.C. and Boles, J.S. (2003), “Factors associated with customer willingness to refer leads to salespeople”, *Journal of Business Research,* Vol. 56, 257-63.

Kotler,P. & Gray, A. (2001). “Principles of marketing, Prentice Hall, New Jersey Lings, L.N. 2000"International marketing and supply chain management”. *Journal of Service Marketing,* 14(1): 27-40.

Ndubisi, N.O. and Chan, K.W. (2005), “Factorial and discriminate analyses of the underpinnings of relationship marketing and customer satisfaction”, *International Journal of Bank Marketing,* 23(7): 542-57.

Oliver, R.L. and Macmillan, J. (1992), “Response determinants in satisfaction judgments”, Journal of Consumer Research, Vol. 14 No. 4, pp. 495-507.

Selvarajan, P (2008) “Customer Satisfaction in the Banking Industry”, *Proceeding of the 5th International Conference in Business Management*, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, 27th March, pp. 284 - 290.

Tahmasbi, A. M. & Noroozi, A. (2007). “Relationship marketing”.

Editorial Board

Review Process

Each research paper/article submitted to the journal is subject to the following reviewing process:

1. Each research paper/article will be initially evaluated by the editor to check the quality of the research article for the journal. The editor may make use of ithenticate/Viper software to examine the originality of research articles received.
2. The articles passed through screening at this level will be forwarded to two referees for blind peer review.
3. At this stage, two referees will carefully review the research article, each of whom will make a recommendation to publish the article in its present form/modify/reject.
4. The review process may take one/two months.
5. In case of acceptance of the article, journal reserves the right of making amendments in the final draft of the research paper to suit the journal's standard and requirement.

Categories

- Business Management
- Marketing
- Finance
- Insurance
- Human Resource & I.T.

Published by

Trans Asian Research Journals
SCO 34, Ist Floor, HUDA Market,
Near Red Cross, Jagadhri - 135 003 (Haryana) INDIA
Website : www.tarj.in

Our other publications :
Asian Journal of Multidimensional Research (AJMR)
ISSN (online) : 2278-4853