



Cite: *Baltic Journal of Law & Politics* 16:2 (2023):522-534

DOI: 10.2478/bjlp-2023-0000039

The Mediation Effect of Service Quality on The Relationship Between Relationship Marketing and Customer Satisfaction of Commercial Banks in Kenya.

Geoffrey Mwikamba Bitu^{1*}
Kennedy Nyabuto Ocharo²
Zippy Mukami Njagi³
Peter Wang'ombe Kariuki⁴

^{1*}Department of Business Studies, University of Embu, Kenya

²Department of Economics, University of Embu, Kenya.

^{3,4}Department of Business Studies, University of Embu, Kenya.

***Corresponding Author:** - Geoffrey Mwikamba Bitu. . Email: geoffreybitu@gmail.com

Received: October 04, 2022; reviews: 2; Accepted: February 08, 2023

Abstract

Commercial banks should endeavour in making sure that their customers are delighted by offering quality services. This study sought to assess the mediation effect of service quality on the relationship between relationship marketing and customer satisfaction of commercial banks in Kenya. This study was steered by the positivist's philosophy to scientifically ascertain the mediation effect of service quality on the relationship between relationship marketing and customer satisfaction of commercial banks. This study is exploratory in nature and is grounded on a descriptive research design, using primary data. The target population was the 39 commercial bank clientele in Kenya with a sample of 602 customers. A structured questionnaire was administered as the research instrument. The mediating effect of service quality on the relationship between relationship marketing and customer satisfaction was ascertained using structural equation modeling, Baron and Kenny's (1986) four-step approach was employed. The study found that service quality partially mediates the relationship between relationship marketing and customer satisfaction of commercial banks in Kenya. This study concludes that service quality partially mediates the relationship between relationship marketing and customer satisfaction of commercial banks in Kenya. The study recommends that commercial banks make their banking facilities appealing, which can be achieved by advancing the image of commercial banks both inside and outside. Outside can be through murals or panorama and inside can be through the use of interior decors that indicate the commercial bank's services, mission, and vision. Commercial banks specifically tailor their services to align with the needs of the customers. In terms of policy implication, commercial banks may rationalize their customer service delivery policies and charter to match the customers' anticipated services.

Keywords: - Service quality, Relationship Marketing, Customer Satisfaction; Commercial Banks

Article classification Code: M31

1.0 Introduction

Customer satisfaction is vital in creating and maintaining a global competitive advantage in the banking sector (Adeniran, 2020). The realization that many economic advantages are ascribed to retaining satisfied customers instead of looking for new customers has made commercial banks pay attention to customer satisfaction to remain competitive (Zhao et al., 2019; Konovalov et al., 2020). This is heightened through the use of relationship marketing coupled with corporate branding and service quality. The benefits accrued from this approach are improved company performance, profitability, business referrals, increased publicity, customer share, and competitive positioning (Hammoud et al., 2018).

Customer satisfaction is very important to a business that is faced with new encounters in a modern atmosphere (Delińska, & Sliž, 2019). Banks need to have a vivacious identity in the fluctuating banking setting to provide excellent services. According to Evert (2021), commercial banks must be of superlative standard and devoted to excellence in relationship marketing, corporate branding, and service delivery to piece a major role in customer satisfaction. Service quality can be well-defined as satisfying or surpassing customer requirements and expectations. According to Ezzat et al. (2019), service quality is the comparison between customer expectations about service and the acuity of how the service has been delivered. Therefore, customers will be satisfied if the organization meets or exceeds their expectations. Commercial banks should endeavor in making sure that their customers are delighted by offering quality services.

Customers are better educated, more demanding of the products and services they require, and more conversant with technology (Mogaji et al., 2021). Relationship marketing (RM) is a strategy that includes all marketing activities directed toward establishing, developing, and maintaining successful customer relationships (Caliskan, 2019). RM develops long-term relationships and improves corporate performance through customer loyalty and customer retention. It involves creating, maintaining, and enhancing strong relationships with customers and other stakeholders within and outside one's enterprise (Aka et al., 2016). Effective RM involves a variety of overlapping strategies and technologies that help foster a deeper, long-term relationship with current and prospective customers.

It has been shown that if a company treats its customers appropriately and they become loyal for a long time, they will bring more and more profits to the company every year (Johanesová & Vaňová, 2020). With product quality becoming a common standard in many industries, and no longer a major source of competitive advantage, many firms are turning to relationship marketing (RM) to remain afloat (Gummerus et al., 2017). Trust, bonding, communication, shared value, empathy, and reciprocity are the six foremost components of RM (Aka et al., 2016). RM is an effective strategy for a business when there are alternative products or services for the customer to choose from; when the customer makes the selection decision; and when there is an ongoing and periodic desire for the product or service (Giltner, 2020).

Banks constantly aim at growing their market shares, profits, efficiency, and asset bases, to outperform their competitors (Salman & Nawaz, 2018).

They may achieve this through embracing reforms that result in changes in the banking structure, mergers, and acquisitions, entry and exit of banks, conversion of non-banking institutions to banking institutions, adoption of technology, and new business models (Kiemo & Kamau, 2020; Papathomas & Konteos, 2022). The banking sector in Kenya still faces the challenge of a comparatively high ratio of non-performing loans (NPLs) (Kiemo et al., 2019). This implies a high rate of loan defaulting, calling for strategies to retain non-defaulting customers while simultaneously providing competitive loan products that will attract more non-defaulting customers.

Kenyan commercial banks are also faced with the challenge of insufficient quantities of commercial bank loans (Ochieng, 2018). This implies that some customers in need of loans fail to get loans due to insufficiency. This could reduce customer satisfaction, leading to banks losing customers to their competitors, such as microfinance institutions (MFIs) and Savings and Credit cooperative societies (SACCOs). Commercial banks in Kenya have a low average customer satisfaction index (CSI) which dropped from 67% to 60% way below the Kenyan banking industry benchmark of 77% (Rainy, 2021). Therefore, there is a need for increased relationship marketing and the provision of high-quality loan services that could help satisfy existing customers while attracting potential new customers. Moreover, Kenyan banks have skewed lending in favour of the government, the public, and large entities (Cassim et al., 2020). Hence there is a need to increase RM and tailoring loan services for private entities, SMEs, and individuals.

2.0 Theoretical Review

This study was guided by the commitment-trust theory and Heider's balance theories.

The commitment trust theory was proposed by Morgan and Hunt (1994). The theory states that the customer's relationship, commitment, and trust are positioned as the key mediating variable model of RM. Kalafatis and Miller (1996); Aka et al. (2016).

did a replica study on the development of a conceptual framework to establish the relationship between RM and customer satisfaction and confirmed the position of commitment and trust as key mediating variables of relationship outcomes, although some of the hypothesized paths could not be confirmed. This theory was appropriate for studying RM, and commitment-trust theory concepts to explain and conceptualize RM paradigms. RM refers to a wide range of 'relationship variables' developed over the past few decades in consumer product markets and business-to-business sectors. (Palmatier & Steinhoff, 2019).

The theory was also appropriate in explaining the relationship between RM and service quality since service quality enhances commitment and loyalty. The theory was also appropriate in explaining how corporate branding can enhance customer satisfaction since a customer who trusts a specific brand will ultimately be satisfied with the services or products offered by that brand.

Heider's balance theory was developed by the social psychologist Heider (1946). The theory is based on the balance that must exist between interpersonal relationships, or for something specific between two people or more so that harmony exists between thoughts, emotions, and social relationships so that the ideas shared by both subjects coexist without any tension and complication (Malarz & Kułakowski, 2021).

The search for coherence between attitudes and relations with others makes the balance neutral (Situngkir & Khanafiah, 2004). However, when the human being is in disagreement and perceives the imbalance, s/he tends to seek modifications to reach an agreement and to have cognitive harmony with the situation (Chiang et al., 2020).

The theory was appropriate in explaining the relationship between service quality and customer satisfaction. This was because service providers have to find ways of inventing, developing, and providing new and better service offers and service delivery mechanisms that rhyme with customers' expectations. This implies that when customers are not impressed with the service quality provided by commercial banks, their satisfaction may be negatively impacted.

3.0 Empirical Literature

The mediating effect of service quality on the relationship between RM and customer satisfaction has received less attention. Service quality as a mediating variable has been explored in other relationships. For instance, Satti et al. (2021) established that service quality in restaurants had a significant partial mediating effect on the relationship between sensory marketing and customer satisfaction in Pakistan. Given that RM is also a form of marketing, it could be inferred that service quality might be a mediator of the relationship between RM and customer satisfaction.

A study by Osarenkhoe et al. (2017) indicated that service quality is a significant mediator in the relationship between customer complaint behaviour and customer loyalty of Ugandan mobile phone subscribers. Since marketing could help reduce customers' complaints and customer loyalty is related to customer satisfaction, it can be deduced that service quality might mediate the relationship between RM and customer satisfaction. Alghamdi (2016) in a study at Taif University, Saudi Arabia established that service quality had a positive significant partial mediating effect on the relationship between internal marketing policies and customer satisfaction. The Alghamdi, (2016) study was carried out in a university rather than a bank, and the variables examined were internal marketing policies and customer satisfaction rather than RM and customer satisfaction. Nonetheless, the relationship could be a pointer to the possible mediating effect of service quality on the relationship between RM and customer satisfaction.

The study by Mwirigi (2019) on commercial banks' account holders in Nairobi City County, Kenya, established that service quality had a statistically significant mediating effect on the relationship between customer relationship management (CRM) and satisfaction of commercial banks'

account holders. It should be noted that CRM is different from RM in that CRM is software that provides marketing, sales, and customer service assistance (Tien et al., 2021). whereas RM is a promotion approach focusing on building a long-term relationship that benefits both the customer and the business (Wongkitrungrueng et al., 2020). Thus, the results from the work of Mwirigi (2019) may not apply to the relationship between RM and customer satisfaction.

4.0 Research Methodology

This study was guided by the positivist’s philosophy. Positivists believe that reality is stable and can be observed and described from an objective viewpoint (Siponen & Tsohou, 2018). The adoption of the positivist’s philosophy and survey permitted the study to investigate various variables such as RM, corporate branding, and service quality in relation to customer satisfaction of commercial banks in Kenya. Furthermore, this study adopted the explanatory research design. The explanatory research design helps determine the relationship between the variables (Asad et al., 2019). The design is concerned with explanations of the nature of relationships between variables which were explained by hypothesis testing (Blumberg et al., 2014). This design addressed the causal relationships between the variables to determine their significance in this study. This design was also recommended by Sproull (1995) as appropriate when studying attitudes, ideas, and behaviour.

The target population was customers of commercial banks in Kenya. Since it was not possible to determine the number of customers, the number of accounts held was used as a proxy. Thus, all the customers who held 69881847 accounts as of December 2020 in 39 commercial banks licensed by the Central Bank of Kenya that were not under receivership were used. The sample of the customers was calculated using the ensuing formula

$$n = \frac{1.96^2 pq}{d^2} \dots \dots \dots 1$$

Where;

n is the required sample size,

p is the proportion of the population having the characteristic,

q = 1-p

d is the degree of precision.

According to CBK (2020), the proportion of Kenya’s adult population with access to formal banking services was 83 %. Thus, p = 0.83, q = 1-0.83 = 0.17 and at 95% confidence level d = 0.03 is acceptable.

$$\text{Therefore, } n = \frac{0.83 \cdot 0.17 \cdot 1.96^2}{0.03^2} = 602 .$$

Thus, a total of 602 commercial banks’ customers were sampled and distributed proportionately based on the accounts held in each bank. Simple random sampling was used in selecting the first respondent while systematic random sampling was applied in selecting the fifth customer to enter the banking hall. The primary data was collected using a structured questionnaire. The questionnaire was administered to the customer in the banking hall and was asked to fill out the questionnaire. The filled questionnaire was collected immediately upon completion. Primary data were analyzed using both descriptive statistics and inferential statistics. The mediation effect was tested using three regression models. The mediator, service quality was first regressed on customer satisfaction. This was followed by a regression in customer satisfaction on RM. Finally, customer satisfaction was regressed on both RM (independent variable) and service quality. These regression equations provided the tests of the linkages of the mediation model.

$$SQ = \beta_0 + \beta_1 CusS + \epsilon \dots \dots \dots 2$$

where SQ is service quality and CusS is customer satisfaction

$$CusS = \beta_0 + \beta_1 RM + \epsilon \dots \dots \dots 3$$

where CusS is customer satisfaction, RM is relationship marketing, SQ is service quality and ε is the error term of the equation.

For the mediation to hold, RM must affect the mediator (service quality). RM must also affect customer satisfaction, and the mediator service quality must affect customer satisfaction.

Perfect mediation holds if the independent variable has no effect when the mediator is controlled (MacKinnon et al., 2020).

5.0 Empirical Findings

5.1 Demographic Characteristics of Respondents

This section presents the demographic characteristics of the respondents who access commercial banks. The demographic characteristics of interest to this study were; gender, age, level of education, marital status, source of income, and level of income.

Table 1: Demographic Characteristics of Respondents

	Characteristic	Frequency	Percent
Gender	Male	216	54.7
	Female	179	45.3
	Total	395	100
Age	18-30 years	102	25.8
	31-40 years	131	33.2
	41-50 years	98	24.8
	51-60 years	45	11.4
	Above 60 years	19	4.8
	Total	395	100
Education level	Primary school	14	3.5
	High school	53	13.4
	College	70	17.7
	First Degree	185	46.8
	Postgraduate	60	15.2
	Others	13	3.3
	Total	395	100
Marital status	Married	254	64.3
	Single	99	25.1
	Widowed	24	6.1
	Divorced	18	4.6
	Total	395	100
Source of income	Formal Employment	189	47.8
	Unemployed	50	12.7
	Self-employment	137	34.7
	Others	19	4.8
	Total	395	100
Level of income	Less than 10,000	85	21.5
	10,001-50,000	153	38.7
	50,001-100,000	100	25.3
	More than 100,000	57	14.4
	Total	395	100

The result presented in Table 1 displays that 54.7% of the respondents were male while 45.3% were female. This also implied that more male customers were accessing banking services as opposed to their female counterparts.

Further, the study sought to establish the age of respondents that access formal commercial bank services. In Kenya, to be eligible to hold an account as an independent person, the minimum requirement is a national identity card or passport. Citizens aged 18 years and above are eligible to be issued a national identity card. However, there exist junior accounts whose opening and transactions are not carried out by the juniors themselves but by either their parents or guardians who have attained the age of maturity. Therefore, it was expected that the minimum age of any particular respondent is 18 years. The result in Table 1 shows that 25.8% of the respondents were between 18 and 30 years, 33.2% of the respondents were between 31 and 40 years, 24.8% of the respondents were between 41 and 50 years, 11.4% of the respondents were between 51 and 60 years and 4.8% of the respondents were above 60 years. This result implied that the respondents who participated in the study were below 50 years old, indicating that those in the working age bracket seek commercial bank services more than those in the retirement age bracket.

From the result presented in Table 1, 3.5% of the respondents had primary school as their highest level of education, 13.4% of the respondents had high school as their highest level of education, and 17.7% of the respondents had college as their highest level of education. Additionally, 46.8% of the respondents had a first degree as their highest level of education, 15.2% of the respondents had postgraduate as their highest level of education and 3.3% of the respondents had other levels of education other than those specified. This implied that respondents in all education levels require commercial bank services, the majority of them being those with post-secondary education.

The marital status of the respondents was based on four categories; married, single, widowed, and divorced. From the result above, 64.3% of the respondents were married, 25.1% were single, 6.1% were widowed and 4.6% were divorced. The majority of the account holders in Kenyan commercial banks were married.

It was indicated that 47.8% of the respondents were employed, 12.7% of the respondents were unemployed, 34.7% were self-employed and 4.8% of the respondents had other sources of

income. This implied that respondents of all income sources require commercial bank services. However, the salary was the source of income for the majority of the respondents in the study. Income was classified into four categories that is less than 10,000; 10,001-50,000; 50,001-100,000 and more than 100,000 Kenya shillings. It can be observed that 21.5% of the respondents earned less than 10,000 Kenya shillings, 38.7% of the respondents earned between 10,001 and 50,000 Kenya shillings, 25.3% of the respondents earned between 50,001 and 100,000 Kenya shillings and 14.4% earned more than 100,000 Kenya shillings. Before estimating the Structural Equation, confirmatory factor analysis, reliability analysis, and tests for sampling adequacy were conducted.

5.1.1 KMO Sampling Adequacy

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Barlett’s Test of Sphericity were employed to determine the data’s reliability in equation modelling. The KMO sampling adequacy tests and Bartlett’s Sphericity tests for service quality are presented in Table 2.

Table 2: Measures of Service Quality KMO Sampling Adequacy Tests and Bartlett's Sphericity Tests

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.774
Bartlett's Test of Sphericity	Approx. Chi-Square	1316.432
Bartlett's Test of Sphericity	Df	496
Bartlett's Test of Sphericity	Sig.	0.000

From the results presented in Table 2, The KMO statistic was 0.774 and was statistically significant (P was 00.000 < 0.05.) Furthermore, the Chi-square of Bartlett’s Test of Sphericity was 1316.432 and was also statistically significant (P was 0.000 < 0.05). In addition, the principal component method was conducted to identify the variables for service quality that met the research criteria with factor loading > 0.05 (critical level of significance which was set at 0.05).

5.1.2 Confirmatory factor analysis for Service Quality

Factor analysis was conducted to verify the validity of the research instruments.

Table 3: Measures of Service Quality Component Matrix

Measurement indicators of service quality	Factor loadings
My bank uses modern-looking service delivery equipment	0.583
My bank’s service delivery physical facilities are visually appealing	0.558
My bank employees’ appearance is always neat	0.544
Service-related marketing materials (such as leaflets) of my bank are visually appealing	0.646
The atmosphere of my banking hall is cozy and well ventilated	0.585
The bank’s ATM machines are sufficient and easy to operate	0.581
The baking facilities are adapted for people living with disabilities	0.538
The appearance of the service delivery physical facilities of my bank are consistent with the overall banking industry	0.601
My bank fulfills service delivery when it promises to do so within a certain time	0.588
My bank’s employees tell customers exactly when services will be performed	0.666
My bank’s employees have the necessary knowledge to respond to any service delivery query	0.545
My bank gives me individual attention during service delivery	0.556
My bank equipment like AC, TV, lights, and ATMs, among others, works properly for quick and easy service delivery	0.556
The employees of my bank are dependable in resolving my complaints about service delivery	0.501
The employees of my bank are sympathetic and reassuring when I have a problem with the service offered	0.581
The service delivery records and transactions of my bank are error-free	0.564
My bank shows a sincere interest in solutions when you have a problem with service delivery	0.543
My bank performs services to the customers the right way the first time	0.649
My bank provides services to customers on time	0.582
My bank provides special treatment for the elderly, Sick, Pregnant women, or disabled persons	0.544
My bank issues error-free bills, statements, and other documents	0.564
I feel safe in my transaction with my bank	0.552
My bank’s employees are consistently courteous with me	0.543
My bank’s business hours are convenient for me	0.506
My bank provides clear guidance and information to use facilities	0.525
My bank’s ATM is conveniently located and is accessible to all customers	0.554
My bank’s employees are prompt when offering services	0.590
My bank’s employees are always willing to help me access services easily	0.570
My bank’s employees are never too busy to respond to requests and queries	0.596
My bank employees’ behavior when offering services creates confidence in me	0.573
My bank’s employees understand my specific service needs	0.614
My bank is able to conduct transactions immediately	0.727

From the results presented in Table 3, all the measurement indicators had factor loadings > 0.5 and were retained in the study to enable further analysis.

5.1.3 Reliability analysis

The reliability of the instrument was conducted using Cronbach’s alpha. Diehl and Gay (1992) argue that a reliability coefficient of at least 0.7 and above is acceptable. Results are shown in Table 4.

Table 4: Reliability test results for relationship marketing

Statement	Cronbach's Alpha
My bank is very concerned about proper service delivery	.713
My bank employees’ words and promises are reliable	.716
My bank is consistent in providing quality services	.719
Employees of my bank show respect to customers	.724
Employees of my bank fulfill obligations to customers on time	.719
I have confidence in my bank’s service delivery	.718
My bank delivers solutions to my service needs promptly	.710
My bank fosters interaction with customers during and after service delivery	.712
My bank’s responses are reliable during and after service delivery	.715
My bank’s services are easily accessible always anywhere.	.715
My bank ensures that the technology it offers can be easily used by customers	.711
My bank takes responsibility for any response given by employees during interaction with customers	.719
My bank employees offer personalized services to customers	.714
My bank provides the timely and trustworthy information to customers	.714
This bank provides information if there are new service delivery ways	.712
Information provided to customers by my bank is accurate	.715
My bank’s employees’ service delivery is prompt	.723
My bank’s employees are always willing to help me during service delivery	.715
My bank’s employees are never too busy to respond to service delivery requests	.714
My bank employees’ behavior creates confidence in me during service delivery	.706
My bank has my best interest at heart during service delivery	.705
My bank’s employees understand my specific service delivery needs	.717
Any customer-related favor is repaid by my bank by ensuring his/her service delivery needs are fulfilled	.717
My bank believes that the favors offered to customers during service delivery are mutually beneficial	.717
My bank ensures that any assistance available during service delivery is availed to customers on time	.713
My bank’s goals are in tandem with customer’s banking service delivery needs	.723
The banking service quality is in line with my banking service delivery needs.	.718
My banking service quality policies align with customer service delivery needs	.716

All the statements attracted Cronbach's Alpha coefficients greater than 0.7. Thus, the measures in the questionnaire were all reliable for use in the study analysis. Table 5 shows reliability test results for service quality.

Table 5: Reliability test results for service quality

Statement	Cronbach's Alpha
My bank uses modern-looking service delivery equipment	.767
My bank’s service delivery physical facilities are visually appealing	.771
My bank employees’ appearance is always neat	.766
Service-related marketing materials (such as leaflets) of my bank are visually appealing	.769
The atmosphere of my banking hall is cozy and well ventilated	.768
The bank’s ATM machines are sufficient and easy to operate	.769
The banking facilities are adapted for people living with disabilities	.768
The appearance of the service delivery physical facilities of my bank are consistent with the overall banking industry	.770
My bank fulfills service delivery when it promises to do so within a certain time	.772
My bank’s employees tell customers exactly when services will be performed	.769
My bank’s employees have the necessary knowledge to respond to any service delivery query	.772
My bank gives me individual attention during service delivery	.769
My bank equipment like AC, TV, lights, and ATMs, among others, works properly for quick and easy service delivery	.769
The employees of my bank are dependable in resolving my complaints about service delivery	.764
The employees of my bank are sympathetic and reassuring when I have a problem with the service offered	.774
The service delivery records and transactions of my bank are error-free	.770
My bank shows a sincere interest in solutions when you have a problem with service delivery	.772
My bank performs services to the customers the right way the first time	.777
My bank provides services to customers on time	.767
My bank provides special treatment for the elderly, Sick, Pregnant women, or disabled persons	.772
My bank issues error-free bills, statements and other documents	.767
I feel safe in my transaction with my bank	.771

My bank's employees are consistently courteous with me	.769
My bank's business hours are convenient for me	.779
My bank provides clear guidance and information to use facilities	.769
My bank's ATM is conveniently located and is accessible to all customers	.769
My bank's employees are prompt when offering services	.772
My bank's employees are always willing to help me access services easily	.767
My bank's employees are never too busy to respond to requests and queries	.770
My bank employees' behavior when offering services creates confidence in me	.766
My bank's employees understand my specific service needs	.772
My bank is able to conduct transactions immediately	.777

All the statements attracted Cronbach's Alpha coefficients greater than 0.7. Thus, the measures in the questionnaire were all reliable for use in the study analysis.

5.1.14 Structural Equation Modeling

To determine the mediating effect of service quality on the relationship between relationship marketing and customer satisfaction was ascertained using structural equation modeling, Baron and Kenny (1986) four step approach was employed. The test involved four steps for testing mediating effect. The variables of the study include relationship marketing (RM) as the independent variable, customer satisfaction (CusS) as the dependent variable, and service quality (SvQL) as the mediator variable.

In step one, a simple regression analysis with RM predicting CusS was conducted. The path model is shown in Fig 1.

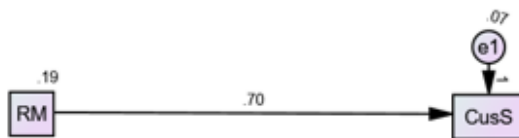


Fig 1: Path Model for RM predicting CusS

Where; RM is Relationship Marketing and CusS is Customer Satisfaction

In fig 1, Relationship marketing has a positive significant effect on customer satisfaction of commercial banks ($\beta=.669$, $p\text{-value}=.000$). From the results presented in Figure 4, relationship marketing alone explains 0.699 units of the total variations in customer satisfaction. This means that in the absence of other variables affecting customer satisfaction of commercial banks in Kenya, relationship marketing when left to act alone is responsible for 0.699 units of the total variations in customer satisfaction. The squared correlation was .569 implying that relationship marketing explains 56.9 percent of customer satisfaction. Thus in step one, the first condition for testing mediating effect was satisfied since RM had a positive and significant effect on customer satisfaction of commercial banks.

In step two, a simple regression analysis was conducted with RM predicting the service quality of the commercial banks. The path diagram is shown in Fig 2.

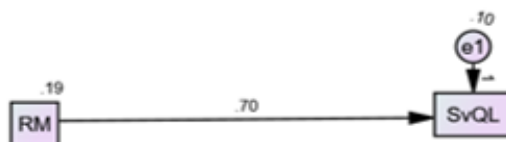


Fig 2: Path Model for RM predicting SvQL

Where; RM is Relationship Marketing and SvQL is Service Quality

It was found that relationship marketing is positive and statistically significant in predicting the service quality of commercial banks ($\beta=.703$, $p\text{-value}=.000$). The second condition that the independent variable must be significant in predicting the mediator variable in step two of testing for mediating effect was satisfied. The squared correlation (R-square) was .489 signifying that relationship marketing explains 48.9 percent of service quality in commercial banks. Step three involves conducting a simple regression analysis with service quality predicting customer satisfaction in banks. The path diagram is shown in Fig 3.

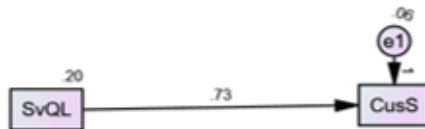


Fig 3: Path Model for SvQL predicting CusS

Where; SvQL is Service Quality and CusS is Customer Satisfaction. Figure 3 shows that service quality has a significant and positive effect on customer satisfaction of commercial banks ($\beta=.728$, $p\text{-value}=.000$). The squared correlation was .625 implying that service quality explains 62.5 percent of customer satisfaction. Thus in step three, the third condition for testing mediating effect was satisfied since service quality had positive and significant effect on customer satisfaction of commercial banks. Finally, in step four, a multiple regression analysis was conducted with relationship marketing and service quality predicting customer satisfaction of commercial banks. The results are shown in Fig 4.

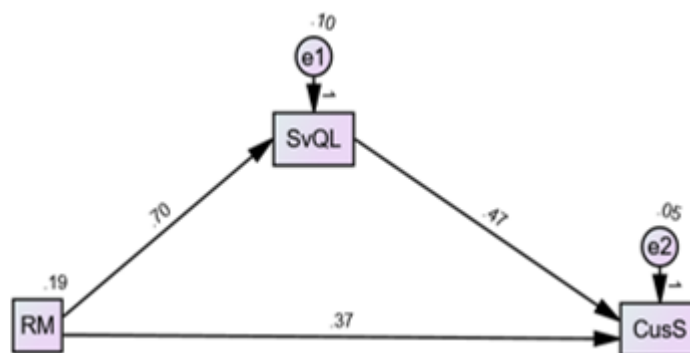


Fig 4: Path Model for RM predicting CusS in the presence of SvQL

Where; RM is Relationship Marketing, CusS is Customer Satisfaction and SvQL is Service Quality. The effect of RM on customer satisfaction in the presence of service quality as a mediator is shown in Figure 4. Service quality acts as a mediator and an independent variable. Relationship marketing is an independent variable while customer satisfaction is a dependent variable. The analysis of service quality as an independent variable explains 0.47 units of customer satisfaction. This means that service quality as an independent variable when combined with relationship marketing explains 47% of the total variations in the levels of customer satisfaction. However, the use of service quality as a mediator has a number of effects. The introduction of service quality as a mediator in the relationship between relationship marketing and customer satisfaction reduces the overall effect of relationship marketing on customer satisfaction from 70% to 37%. Relationship marketing significantly explains customer satisfaction in banks in the presence of service quality as the mediator ($\beta=.366$, $p\text{-value}=.000$). This is an indication that service quality has a partial mediating effect on the relationship between relationship marketing and customer satisfaction. Table 6 shows the SEM equation total effects, direct effects, indirect effects, and their significance of service quality as a mediator on the relationship between relationship marketing and customer satisfaction.

Table 6: Direct, Indirect and Total Effects of service quality on the relationship between relationship marketing and customer satisfaction

	Direct effect		Indirect effect		Total effect	
	RM	SvQL	RM	SvQL	RM	SvQL
SvQL	.703	.000	.000	.000	.703	.000
CusS	.366	.474	.333	.000	.699	.474
Sig.	0.009		0.008		0.020	

From the results presented in Table 6, the total effect of relationship marketing on customer satisfaction was 0.70. This means that in the absence of the mediator (service quality), relationship marketing explains 70% of the total variations in the dependent variable (customer satisfaction). The direct effect of relationship marketing on customer satisfaction was 0.37. This

means that in the presence of the mediator (service quality), the total effect of relationship marketing was reduced to 37%. Therefore, in the presence of the mediator, relationship marketing only explains 37% of the total variations in customer satisfaction. The difference between the total effect and the direct effect is the indirect effect (33%). In general, the mediation effect brought about by service quality is partial mediation. Table 7 shows the regression weights of the effect of relationship marketing on customer satisfaction in banks in the presence of service quality.

Table 7: Regression Weights: (Group Number 1 - Default Model)

			Estimate	S.E.	C.R.	P
Service Quality	<---	RM	.703	.036	19.417	***
Customer satisfaction	<---	SQ	.474	.035	13.433	***
Customer satisfaction	<---	RM	.366	.035	10.312	***

Where; *** is significant at 1%.

From the results, it can be observed that the direct effect between relationship marketing and service quality is positive (0.703) and statistically significant ($0.000 < 0.05$). Similarly, the direct effect between service quality and customer satisfaction is also positive (0.474) and statistically significant ($0.000 < 0.05$). Finally, the direct effect of relationship marketing on customer satisfaction is positive (0.366) and statistically significant ($0.000 < 0.05$). Table 8 shows the total effect of relationship marketing, service quality, and customer satisfaction in the two tailed significance.

Table 8: Total Effects - Two Tailed Significance (BC) (Group Number 1 - Default Model)

	Relationship marketing	Service quality
Service quality	.010	...
Customer satisfaction	.012	.012

The results in Table 8 indicate the total effect between relationship marketing and customer satisfaction was significant. This was evidenced by the p-value of $0.012 < 0.05$. Therefore, relationship marketing was a key variable in explaining customer satisfaction. Table 8 shows that standardized total effects relationship marketing, service quality, and customer satisfaction in the two tailed significance.

Table 9 Standardized Total Effects - Two Tailed Significance (BC) (Group number 1 - Default model)

	Relationship Marketing	Service Quality
Service Quality	.012	...
Customer Satisfaction	.020	.011

The results indicated the standardized total effect between relationship marketing and customer satisfaction was significant. This was evidenced by the P value of $0.020 < 0.05$. Consequently, relationship marketing was a key variable in explaining customer satisfaction. Table 9 shows that standardized direct effects relationship marketing, service quality, and customer satisfaction in the two tailed significance.

Table 10: Standardized Direct Effects - Two Tailed Significance (BC) (Group Number 1 - Default model)

	Relationship Marketing	Service Quality
Service Quality	.012	...
Customer Satisfaction	.009	.011

The results indicate the standardized direct effect between relationship marketing and customer satisfaction was significant. Therefore, relationship marketing was an important variable that should be considered when determining the variations in customer satisfaction. Table 11 shows that standardized indirect effects relationship marketing, service quality, and customer satisfaction in the two tailed significance.

Table 11: Standardized Indirect Effects - Two Tailed Significance (BC) (Group Number 1 - Default model)

	Relationship Marketing	Service Quality
Service Quality
Customer satisfaction	.008	...

The results indicate the standardized indirect effect between relationship marketing and customer satisfaction is significant. Therefore, the presence of the mediating variable was significant. The results indicated that service quality had a partial mediation effect on the relationship between relationship marketing and customer satisfaction. The introduction of service quality as a mediator reduces the total effect of relationship marketing on customer satisfaction. This effect according to the analysis results is statistically significant.

Relationship marketing applied by commercial banks in Kenya affects customer satisfaction in the presence of service quality as the driving attribute. From the results, most of Kenya's commercial banks were concerned about proper service delivery to their customers while showing respect to customers. In addition, these banks fulfilled their obligations to customers and delivered solutions to their customers' service needs promptly. In addition, they fostered interaction with customers during and after service delivery, provided reliable responses during and after service delivery, and their services were easily accessible with easy-to-use technology. The provision of timely, trustworthy, accurate, and prompt information to customers informs the linkage between relationship marketing and customer satisfaction.

When service is offered to a customer, the customer gets satisfied. When quality service is offered to a customer, the customer gets more satisfied. The customer is always likely to prefer quality service and not just service. The service quality factors introduced in the moderation include modern-looking service delivery equipment, appealing physical facilities, neat employees, sufficient ATM machines, facilities adapted for people living with disabilities, dependable employees, service delivery records and transactions that are error-free, assurance of safety while banking, convenient business hours and competent employees among others.

The presence of these service quality factors will render the relationship marketing factors have a smaller effect. For example, customers will prefer to be served by a neat and competent employee in an appealing banking hall where security is assured rather than to be served by an employee in a hall similar to other social halls. Therefore, in light of this, service quality acts as a mediator. Its mediating effect as illustrated is positive and significant. In the presence of the mediator (Service quality), the total effect of relationship marketing is reduced.

Past studies confirm these mediation effects. Satti et al. (2021) established that service quality in restaurants had a significant partial mediating effect on the relationship between sensory marketing and customer satisfaction in Pakistan. Another study by Osarenkhoe et al. (2017) indicated that service quality is a significant mediator in the relationship between customer complaint behavior and customer loyalty of Ugandan mobile phone subscribers. Finally, a study by Mwirigi (2019) on commercial bank account holders in Nairobi City County, Kenya, established that service quality had a statistically significant mediating effect on the relationship between customer relationship management (CRM) and the satisfaction of commercial bank account holders.

6.0 Conclusion and Recommendation.

The study concludes that service quality has a partial mediation on the relationship between relationship marketing and customer satisfaction of commercial banks in Kenya. This study recommends that commercial banks make their banking facilities appealing. This can be achieved by improving the image of commercial banks both inside and outside. Outside can be through murals and panorama, and inside can be through the use of interior decors that indicate the bank's services, mission, and vision. Commercial banks specifically tailor their services to align with the needs of the customers. In terms of policy implication, commercial banks may rationalize their customer service delivery policies and charter to match the customers' anticipated services.

REFERENCES

- Adeniran, A., Jada, H., & Mohammed, N. (2020). Impact of information technology on strategic management in the banking sector of Iraq. *Insights into Regional Development*, 2(2), 592-601.
- Aka, D., Kehinde, O., & Ogunnaike, O. (2016). Relationship marketing and customer satisfaction: A conceptual perspective. *Binus Business Review*, 7(2), 185-190.
- Alghamdi, A. A. (2016). The impact of the service quality as a mediating variable on the relationship between internal marketing policies and internal customer satisfaction: an empirical study at Taif University. *Journal of Marketing Management*, 4(1), 104-124.
- Asad, M., Shabbir, M., Salman, R., Haider, S., & Ahmad, I. (2018). Do entrepreneurial orientation and size of enterprise influence the performance of micro and small enterprises? A study on mediating role of innovation. *Management Science Letters*, 8(10), 1015-1026.
- Blumberg, B., Cooper, D., & Schindler, P. (2014). *EBOOK: Business Research Methods*. McGraw Hill.
- Caliskan, A. (2019). Applying the right relationship marketing strategy through the big five personality traits. *Journal of Relationship Marketing*, 18(3), 196-215.
- Cassim, Z., Handjiski, B., Schubert, J., & Zouaoui, Y. (2020). The \$10 trillion rescue: How governments can deliver impact. *McKinsey & Company*.
- Chiang, Y. S., Chen, Y. W., Chuang, W. C., Wu, C. I., & Wu, C. T. (2020). Triadic balance in the brain: seeking brain evidence for Heider's structural balance theory. *Social Networks*, 63, 80-90.
- Delińska, L., & Sliž, P. (2019). Customer Satisfaction with After-Sales Services in the Automotive Sector in Relation to the Level of Process Maturity of the Organization. *Przedsiębiorczość i Zarządzanie*, 20(6, cz. 2 Zmiany w myśleniu marketingowym), 25-40.
- Evert, G. (2021). Total relationship marketing.
- Ezzat, O., Medini, K., Boucher, X., & Delorme, X. (2019). Product and service modularization for variety management. *Procedia Manufacturing*, 28, 148-153.
- Giltner, E. (2020). Relationship Marketing: Small business administration. Retrieved from <https://www.sba.gov/offices/district/nd/fargo/resources/relationship-marketing>
- Gummerus, J., von Koskull, C., & Kowalkowski, C. (2017). Guest editorial: relationship marketing—past, present, and future. *Journal of services marketing*, 31(1), 1-5
- Hammoud, J., Bizri, R. M., & El Baba, I. (2018). The impact of e-banking service quality on customer satisfaction: Evidence from the Lebanese banking sector. *Sage Open*, 8(3), 2158244018790633.
- Johanesová, V., & Vaňová, J. (2020). What is Relationship Marketing and How to Use it to Connect with Your Customers. *Research Papers Faculty of Materials Science and Technology the Slovak University of Technology*, 28(46), 29-35.
- Kalafatis, S. P., & Miller, H. (1996). A re-examination of the commitment-trust theory. In *IMP Conference (12th) (Vol. 12)*. IMP.
- Kiemo, S. M., Olweny, T. O., Muturi, W. M., & Mwangi, L. W. (2019). Bank-specific determinants of commercial banks financial stability in Kenya. *Journal of Applied finance and banking*, 9(1), 119-145.
- Kiemo, S., & Kamau, A. (2021). Banking sector competition and intermediation efficiency in Kenya. *African Development Review*, 33(4), 648-661.
- Konovalov, N., Gromoff, A., Vladimirova, A. V., & Gorchakov, Y. (2020). Can CRM Flexibility Raise Bank Efficiency? *Global Journal of Flexible Systems Management*, 1-12.
- MacKinnon, D. P., Valente, M. J., & Gonzalez, O. (2020). The correspondence between causal and traditional mediation analysis: The link is the mediator by treatment interaction. *Prevention Science*, 21(2), 147-157.
- Malarz, K., & Kułakowski, K. (2021). Heider balance of a chain of actors as dependent on the interaction range and a thermal noise. *Physica A: Statistical Mechanics and its Applications*, 567, 125640.
- Mogaji, E., Balakrishnan, J., Nwoba, A. C., & Nguyen, N. P. (2021). Emerging-market consumers' interactions with banking chatbots. *Telematics and Informatics*, 65, 101711.
- Mwirigi, R. N. (2019). Mediating Effect of Service Quality on the Relationship Between Customer Relationship Management and Satisfaction of Commercial Banks' Account Holders in Nairobi City County, Kenya. *Technology*, 11(9).
- Ochieng, O. S. P. (2018). Factors Contributing to Financial Distress in Commercial Banks of Kenya. *The International Journal of Business Management and Technology*, 2(5), 135-150.
- Osarenkhoe, A., Birungi Komunda, M., & Mbiito Byarugaba, J. (2017). Service quality as a mediator of customer complaint behaviour and customer loyalty. *International Review of Management and Marketing*, 7(1), 197-208.
- Palmatier, R. W., & Steinhoff, L. (2019). *Relationship marketing in the digital age*. Routledge.
- Papathomas, A., & Konteos, G. (2022). Digital Transformation Journey for Incumbent Banks: The Case Study of Greece. *International Journal of Marketing Studies*, 14(2), 1-13.
- Riany, K. G. (2021). Influence of E-government strategies on public service delivery of state agencies in Kenya: the moderating effect of strategy execution (Doctoral dissertation, JKUAT-COHRED).
- Salman, A., & Nawaz, H. (2018). Islamic financial system and conventional banking: A comparison. *Arab economic and business journal*, 13(2), 155-167.

- Satti, Z. W., Babar, S. F., & Ahmad, H. M. (2021). Exploring mediating role of service quality in the association between sensory marketing and customer satisfaction. *Total Quality Management & Business Excellence*, 32(7-8), 719-736.
- Siponen, M., & Tsohou, A. (2018). Demystifying the influential IS legends of positivism. *Journal of the Association for Information Systems*, 19(7).
- Situngkir, H., & Khanafiah, D. (2004). Social balance theory: Revisiting Heider's balance theory for many agents.
- Tien, N. H., Diem, P. T., Van On, P., Anh, V. T., Van Dat, N., Hung, N. T., & Tam, B. Q. (2021). The formation and development of CRM system at Thien Hoa electronics supermarket in Vietnam. *International Journal of Research and Growth Evaluation*, 2(4).
- Wongkitrungrueng, A., Dehouche, N., & Assarut, N. (2020). Live streaming commerce from the sellers' perspective: implications for online relationship marketing. *Journal of Marketing Management*, 36(5-6), 488-518.
- Zhao, Q., Tsai, P. H., & Wang, J. L. (2019). Improving financial service innovation strategies for enhancing china's banking industry competitive advantage during the fintech revolution: A Hybrid MCDM model. *Sustainability*, 11(5), 1419.

Conflict of Interest

There is no conflict of interest in this research article whatsoever.

Funding

The funding of the research work leading to the development of this research article was my Funds.

Ethical Statement

During the process of the research work, ethics were observed including adhering to the confidentiality of the data collected, maintaining the anonymity of the respondents, and the declaration of the absence of conflict of interest.



*Corresponding Author: - Geoffrey Mwikamba Bitu.
Department of Business Studies, University of Embu, Kenya.
Email: geoffreybitu@gmail.com