

## ACCOUNTABILITY ROLE IN CUSTOMER LOYALTY: EVIDENCE FROM REFAH BANK

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### Abstract

This study is the descriptive research applied method. The main purpose of this study was examining the role of accountability on customer loyalty in Refah banks of Golestan province. The populations are all bank customers of Refah bank in Golestan Province that were selected 385 person as sample and Morgan table was used to determine sample size. Random sampling was selected to choose samples. Data is collected by questionnaire. To analysis of hypotheses we used Regression test. Findings show that aspects of political, ethical, functional, structural, financial and legal arrangements to address the impact of customer loyalty and predicting variables obtained the first six ranks respectively. The cultural dimensions of information had not a significant role to meet anticipated customer loyalty.

*Keywords: Accountability, customer loyalty, responsibility*

### 1- Introduction

In ethics and governance, accountability is answerability, blameworthiness, liability, and the expectation of account-giving.[1] As an aspect of governance, it has been central to discussions related to problems in the public sector, nonprofit and private (corporate) worlds. In leadership roles,[2] accountability is the acknowledgment and assumption of responsibility for actions, products, decisions, and policies including the administration, governance, and implementation within the scope of the role or employment position and encompassing the obligation to report, explain and be answerable for resulting consequences.

In governance, accountability has expanded beyond the basic definition of "being called to account for one's actions".[3][4] It is frequently described as an account-giving relationship between individuals, e.g. "A is accountable to B when A is obliged to inform B about A's (past or future) actions and decisions, to justify them, and to suffer punishment in the case of eventual misconduct".[5] Accountability cannot exist without proper accounting practices; in other words, an absence of accounting means an absence of accountability.

"Accountability" stems from late Latin *acomptare* (to account), a prefixed form of *computare* (to calculate), which in turn derived from *putare* (to reckon).[6] While the word itself does not appear in English until its use in 13th century Norman England,[7][8] the concept of account-giving has ancient roots in record keeping activities related to governance

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and money-lending systems that first developed in Ancient Egypt,[9] Palestine,[10] Babylon,[11] Greece,[12] and later, Rome.[13]

Competitive environment of businesses is becoming more intensely day by day. Massive changes in the last decade are already taking place and accelerated in the fields of politics, economics, technology, industry and commerce and the data. Tweaking these changes are due to changes in technology, freely operation and being close to world markets, increased innovation, reduced product life cycle and fading intervals of time and place in the information technology space. As a result, organizations are confronted with the fierce competition and market with new and growing needs of customers of its unique characteristics toward common goals. Today, in addition to strategies to attract new customers and do business with current clients, they seek to maintain a permanent relation. In other words, they found that the loss of a customer is much more than losing a sale item, but it means missing a lifelong circle of shopping that a customer could do in years. In other words, companies are looking to earn their customers' lifetime value. Relational marketing is all the steps to identify and provide better service to their valuable customers. Relationship marketing is ongoing process for identifying and creating new value for customers, which is of considerable mutual benefit. And the interests of the customer life cycle are divided with him [14].

Customer loyalty means the willingness to stay with the brand /business. New approaches also moved that the concept of loyalty only has been focused on behavioral loyalty (advertising advice and intend to buy in the future). But this attitude was criticized by researchers, which may be suggestive of behavioral loyalty alone, due to lack of other options on the market for customers, in response to this criticism, the researchers measured through both emphasized behavioral and attitudinal loyalty [15].

Teymoornejad (2004) showed in his study that accountability in democratic societies is the sign of government employee's dignity and every office that is more accountable, is more famous and respectful; in fact it is a sign for quality [16].

Vaziri (2004) showed in his study that the demand greater accountability for the direct supply of the product is possible if supply and demand is not directly related to each other, accountability will be challenged [17].

Schaltegger et al (2007) as a result expressed the direct relationship between accountability and financial performance So that when both filters and financial indicators brighter and more updated, better quality will respond unequivocally. The meeting noted that financial performance improves [18].

Thomas and colleagues (2002) also studied the relationship between accountability, job satisfaction and trust as a result, the research indicates when the accountability is most the satisfaction will improve, but it may be the case that the reverse is not true the consent may be high but have poor performance due to the ambiguity in the trust accountability [19].

Literature review reveals that little research has been done about this subject. These two variables have been studied separately, so it is essential that efforts to recognize customer loyalty, accountability, and how to implement the principles and procedures of the Refah Bank should be taken.

The present study sought to examine the relationship of these variables. The main question was 'did accountability has a significant impact on customer loyalty in Refah banks of Golestan province?'

## **2- Methodology**

This study is the descriptive research applied method. The populations are all bank customers of Refah bank in Golestan Province that were selected 385 person as sample and was used

sample size by Morgan table. Random sampling was selected to choose samples. Data is collected by questionnaire.

Researcher for further validation of the study distributed the more questionnaires (a total of 50 additional questionnaires) and finally 395 valid questionnaires were analyzed. To collect data the questionnaire provided by Mahboobi (2012) which consists of 33 questions and for customer loyalty variable standard questionnaire provided by Moghimi (2013) consists of 4 questions was used. Each of the five-item was set by Likert spectrum questionnaire. To confirm the validity of questionnaires five experienced teachers in the field of management and research methods confirmed them. Cronbach's alpha coefficient for the questionnaires of accountability was 0.89 and 0.83 were obtained for customer loyalty questionnaire that internal validity of the questionnaire was approved. The limitations of these researches, is lack of generalizability of the results to other banks and low morale, cooperation, of some of our customers. Also, to analysis of hypotheses we used Regression test.

### 3- Analysis

The Kolmogorov-Smirnov test to check the distribution of quantitative variables was used. The distribution of all variables in Table 1 was the normal type. The linear regression analysis to predict customer loyalty.

*H<sub>0</sub>: The ethical accountability, financial, legal, the cultural, performance, political, and structural accountability dimensions cannot predict customer loyalty.*

*H<sub>1</sub>: The ethical accountability, financial, legal, the cultural, performance, political, and structural accountability dimensions predict customer loyalty.*

Table 1. The test results of variables being normal.

Variables	P-value	Results
Ethical dimension	0.115	Normal
Financial dimension	0.19	Normal
legal dimension	0.078	Normal
Cultural dimension	0.101	Normal
functional dimension	0.091	Normal
Political dimension	0.253	Normal
Structural dimension	0.123	Normal
informational dimension	0.109	Normal

For analyzing the dependent variable of customer loyalty by accountability variable we used linear regression analysis of step to step method. As seen from Table 3 Regression analysis suggests six steps ahead. In the first stage, after the model of political accountability that the correlation coefficient (R) is a customer loyalty is equal to 0.655. The adjusted coefficient of determination was obtained equal to 0.43. In The second step when entered the ethical dimension of accountability correlation coefficient reaches to 0.672 and percentage changes to 45 percent in the second step And by sixth step the political, moral, functional, structural, financial, and legal to multiple correlation coefficient reaches to 0.706 and a coefficient of variation has been modified to predict customer loyalty as well as 50 per cent.

Table 3 Multivariate regression analysis in predicting customer loyalty

The correlation coefficient	The coefficient of determination	Adjusted coefficient of determination	Standard Error	Durbin Watson
.706	.499	.491	.505	2.124

Since the Durbin Watson statistic (2.134) is between 1.5 and 2.5, and we cannot reject the hypothesis of lack of correlation between the errors and we can use the regression of the independent variables to predict the dependent variable.

In Table (4) it is demonstrated standard and non-standard coefficients for the prediction of customer loyalty.

Table (4) coefficients, standard and non-standard

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.327	.188	-	1.738	.083
Political dimension	.528	.076	.468	6.96	0.000
Ethical dimension	.079	.079	.316	5.58	0.000
functional dimension	-.22	.058	-.214	-3.84	0.000
Structural dimension	.22	.063	.213	3.54	0.000
Financial dimension	-.252	.063	-.227	-4.016	0.000
legal dimension	.153	.063	.136	2.44	0.015

Standardized beta coefficients columns in Table 4 show that the political accountability index (0.468), the moral accountability factor (0.316), then the functional response coefficient (0.214), the structural response factor (0.213), then Financial Accountability coefficient (0.227) and legal accountability factor (0.136), respectively in Table (4) from prediction and impact of changings point of view will earn first to sixth grade of customer loyalty.

#### 4- Conclusion

Regression results show that the political, ethical, functional, structural, financial, and legal aspects have important role in influencing the customer loyalty in Refah banks of the Golestan province. Cultural and informational dimension of accountability did not have role in predicting customer loyalty. Performance and financial accountability standard dimensions with a negative coefficient, in predicting customer loyalty play a negative role In this context, banks should improve the operational and financial aspects of their accountability.

According to the results of the statistical analysis of the data and the results of testing hypotheses and based on the results of testing research hypotheses, suggestions will be presented for improvement of accountability process and its variants, resulting in improved customer loyalty.

- In relation to the ethical dimension of responding banks should implement policies to improve the quality of management and staff to create ideal conditions for our customers. Respect and honor with customers, according to the rules of the client's affairs, help clients are qualities that measures employees proficiencies.
- In relation to the financial accountability of the Bank: Enhance the sense of security in terms of money and finance for customers, provide annual information to customers, financial transparency, financial reporting, including the preparation and implementation.
- Bank account in relation to structural measures it can be noted examples like regulation of banking clients, accelerate customer's administrative processes.

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