

UNIVERSITY OF CAPE COAST

CONTRIBUTION OF CUSTOMER SERVICE TO CUSTOMER RETENTION OF
SELECTED BANKS OF AKIM ODA

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2014

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SELECTED BANKS OF AKIM ODA

BY

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DISSERTATION SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND
FINANCE OF THE SCHOOL OF BUSINESS, UNIVERSITY OF CAPE COAST, IN
PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTER OF BUSINESS ADMINISTRATION DEGREE IN GENERAL
MANAGEMENT.

AUGUST, 2014

DECLARATION

Candidate's Declaration.

I hereby declare that, this dissertation is the result of my own original work and that no part of it has been presented for another degree in this University or elsewhere, except where due acknowledgment has been made in the text.

Candidate's Name: Ofosu Ebenezer Antwi

Signature Date:

Supervisor's Declaration

I hereby declare that, the preparation and the presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Name: Mr. Patrick Kwashie Akorsu

Signature..... Date

ABSTRACT

In today's highly competitive market, it is expected of banks to deliver on promises, a fast and reliable service consistently. Anything short of good quality service get customers dissatisfied. While dissatisfied customers are less likely to repeat transaction with the service provider, satisfied customers are more likely to repeat transactions and go ahead to share positive word-of-mouth. On this basis, the study sought to examine the perception of customers on service quality, and factors that lead to repeat purchase or customer retention of selected banks of Akim Oda.

The research design used for this study is non-experimental research because independent variable could not be controlled by the researcher. The type of non-experimental research adopted was survey that made use of both quantitative and qualitative methods. The survey aimed at obtaining 160 customers' expectations and perception of service quality of Ghana Commercial Bank Limited, Barclays Bank Ltd and South Birim Rural Bank Ltd. The service quality scale instrument was the main instrument used, both in the questionnaire and the interview guide. Collected data were analyzed using analytical tools and procedures embedded in the Statistical Package for Social Scientist (SPSS) software and Microsoft excel to create appropriate tables and graphs that answer the research questions.

Conclusions drawn are that customers' perception of service quality of BBL and SBRB exceed their expectation hence, satisfied and are more likely to repeat a transaction. Conversely, GCB's service quality fell short of customers' expectation. Hence, the customers are dissatisfied with the bank's service quality offering and are less likely to repeat transaction. It is therefore recommended that GCB should improve their service quality offers to boost customer retention. SBRB and BBL service quality offers generally exceeded customers' expectation however should not be complacent but continue to even offer better service to their customers.

ACKNOWLEDGEMENTS

The successful completion of this dissertation would not have been possible without the support of some people. I wish to express my profound appreciation to my supervisor, Mr. Patrick Kwashie Akorsu who has steered me in the right direction and given me great support throughout the work process.

I am highly indebted to my brother, Mr. Martin Kwasi Oforu, who has sacrificed in diverse ways to make sure I have the best education in life. I am also extremely grateful to Mr. Abeka Baah, Clifford Owusu-Boahen, Mr. Bamfo Boateng and Mr. Samuel Anang Laryea for their great support and keeping me motivated through all the work.

DEDICATION

To my lovely and supportive wife Alberta Sakyibea Casimira, my children, Briana Nana Ofosu Antwi and Akua Nyarkoah Ofosu, my late father, Christian Kwaku Ofosu Antwi, my mother Janet Abena Nyarkoa, all my siblings and all those who played major role in my academic life.

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CHAPTER ONE

INTRODUCTION

Background of the study

In today's complex and fast changing world most companies are well aware that their survival depends on finding customers and serving them better than the competitors. Awareness is one thing but taking the hard steps to radically improve customer service is another. In view of this, commercial banks with the pressures of globalization, competition from non-banking financial institutions, and volatile market dynamics are constantly seeking new ways to add value to their services. Quinn and Byron (1999) noted that product quality is the key to recruiting customers, but service quality is the key to customer retention and growth. Indeed service is far more important than you might imagine.

In the current retail banking environment, customers expect an extraordinarily high level of convenience according to Padmanabhan (2011). Access to financial services anytime, anywhere, over any channel is no longer seen as truly innovative. Banking by phone, internet or Automatic Teller Machine (ATM) has become routine and even preferred by many. Aneet (2012) admitted that the banking industry has moved into a new phase where service and personalization, are becoming the crucial differentiators.

Traditionally, banks have had difficulty providing this degree of service consistently. Unrelenting pressure to cut spending and improve productivity create roadblocks to success. Initiatives to make customer service more efficient, faster, and less costly, for example through automated self-help, often leave clients feeling frustrated and alienated. Yes, today's reality demands automation to achieve efficiency, but dissatisfying, impersonal service interactions need not

be the rule. The bank can take advantage of all it knows about the customer and combine it with innovative self-service and connectivity that spans the enterprise. Consequently, customers' expectation is exceeded by the bank's performance without necessarily increasing costs. Customers can feel that they are interacting more with people and less with technology.

It is therefore not surprising that the financial services in Ghana have experienced several changes over the last decades with growing attention to customer needs. These changes could be attributed to the fact that the customer is getting sophisticated by the day as admitted by Nunoo (2013). Subject to this reason, for Ghana Commercial Bank Ltd (GCB), Barclays Bank Ltd (BBL) and South Birim Rural Bank Ltd (SBRB), all located in Akim Oda municipality, to stay in business through the retention of their customers, should go the extra mile to offer customers 'OK plus one' service. To achieve an 'OK plus one' service, all employees should make a conscious effort to assist a customer in finding what he or she needs and in resolving his problem, if there is one. If the solution to a problem does not lie with the bank, the staff shall to the best of their knowledge and capacity, extend necessary guidance to the customer.

In GCB, Akim Oda branch for instance, it is easy and fast to open an account outside few busy days but due to their centralized and bureaucratic system it takes about two months to receive the debit card. However, with BBL Akim Oda branch, one can access debit card on the same day even though the process of opening account is time consuming and cumbersome. Preliminary interview of customers revealed that BBL have reliable ATM machine since almost always their debit card bearing members can access their accounts and with high certainty of ATM dispensing the money.

High level of professionalism coupled with good reception of bank employees makes customers feel relaxed. Bankers with good facial expression supported with informal communication make them feel that they are assets rather than being done a favour. This to some extent is seen amongst the three banks but to what level of satisfaction is what one cannot tell. It is quite surprising to note that after Controller and Accountant General have disbursed salaries, it takes GCB Akim Oda branch sometimes a week to pay their customers' salaries after other banks have paid their customers. These and many pressing customer service issues of the respective banks informed the researcher to undertake the study. Through survey the researcher would want to ascertain factors that make the customers of the banks retained or otherwise.

Statement of the problem

Ideal banking standards requires that customer service, as human activity as it is, requires empathy. It is not for fun that customers leave their offices, stores, construction sites, lecture halls, or classrooms to transact business at the banking halls. Every extra minute delayed at the banking halls in the transaction of business translates into output forgone or loss. In view of this, it is expected of banks to deliver on promises fast and reliable service consistently. Anything short of this get customers displeased.

The displeasure of customers is self-evident. For example, it takes the banks too long and with repeated referral to resolve an issue. In addition to this, customers are subjected to unfulfilled promises, rude treatment and mistrust. The worst of all is delayed payment of salaries even after Controller and Accountant General Department have disbursed funds to pay salaries. In response to this

treatment customers hop from one bank to another in search of excellent customer service while others are so loyal to their banks in spite of unsatisfactory services offered. Hence, this research seeks to assess the specific issues of customer service that satisfy and get customers of GCB, BBL and SBRB – all located in Akim Oda – retained or otherwise.

Research objectives

General objective

The general objective of the study is to assess the contribution of customer service on customer retention of some selected banks in Akim Oda.

Specific objectives

In order to achieve the general objective, as specific objectives this research seeks:

1. to examine the perception of customers on the quality of service delivery of the selected banks of Akim Oda.
2. to examine the factors that will lead to repeat purchase or customer retention of the selected banks of Akim Oda.

Research questions

1. What is the perception of customers on the quality of service delivery of the selected banks of Akim Oda?
2. What factors lead to the retention of customers of the selected banks?

Significance of the study

This study examines the contribution of customer service in the banking industry. Indeed an efficient customer service holds the key to overcoming the stiff competition in the banking industry in Ghana. In addition to this, customers will be galvanized to advertise the bank through word-of-mouth. These could only be achieved if the bottlenecks associated with effective customer service delivery are reduced to the barest minimum if not totally eliminated. In view of this, this research seeks to make the selected banks aware of strengths and weaknesses in customer service delivery in trying to retain their customers. This mirrored state of the selected banks will contribute to knowledge in the area of product/service range offered.

In addition, it will help establish the framework for policy direction to attract and retain more customers with its attendant benefits. For academia, the study may serve as a reference for business students and marketing students to be specific. It will add up to the existing knowledge in business.

Delimitation of the study

The study looked at what service quality is, the antecedent of service quality, concept of satisfaction, customer retention and repeat purchase, convention model, attraction of alternatives, extent of ambivalence and review of empirical studies. The study covered following branches of banks GCB, BBL and SBRB. The respondents of the survey included both public and private sector workers, who transact business with the selected banks as well as bankers in the respective banks.

Scope of the study

This study is that the study is limited to one branch each of the selected banks located in Akim Oda (GCB, BBL and SBRB) out of the numerous financial institutions. It is however hoped that the application of the marketing mix variables and service quality dimensions as practiced by the selected banks vis-a-vis the conclusions could inform other financial institutions in their decisions and policies with regards to customer service.

Organization of the study

This study is organized into five chapters. Chapter One is Introduction which will entail the background to the study, problem statement, objectives, and research questions, scope of the study, significance, limitation and organization of the study. Chapter Two is Literature Review which will look at review of relevant literature to obtain detailed knowledge on the topic being studied. Chapter Three focuses on the Research Methodology to be employed in the study. This involves research population, the sample frame and size, research instruments used, data collection tools, constraints and limitations of the research work. Chapter Four covers Results and Discussion. Chapter Five seeks to summarise all the findings and draw Conclusions, Recommendations and Suggestions for future studies.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This section was organised along the following themes; theories on service quality, concept of customer retention, factors that lead to customer retention, empirical evidence and conceptual framework for the study.

Theories on service quality

According to Parasuraman, Zeithaml, and Berry (1988), service quality can be measured by identifying the gaps between customers' expectations of the service to be rendered and their perceptions of the actual performance of the service. In making measurements, respondents were asked to indicate their degree of agreement with certain statements on Likert type scale. For each item, a gap score (G) is then calculated as the difference between the perception score (P) and the expectation score (E). In the authors' view, the greater the gap scores the higher the score for perceived service quality.

Gap model

The SERVQUAL scale which is also known as the gap model by Parasuraman, et al. (1988) has been proven to be one of the best ways to measure the quality of services provided to customers. This service evaluation method has been proven consistent and reliable (Brown, Churchill & Peter, 1993). They held that, when perceived or experienced service is less than the expected service; it implies less than satisfactory service quality; and when perceived service is more than expected service, the obvious inference is that service quality is more than

satisfactory. Jain and Gupta (2004) submit to the relationship between expectation and perception, and service quality. Hence, Jain and Gupta define service quality as ‘conformance to requirements’, ‘fitness of use’ and emphasize that customers evaluate the outcome and the manner in which the service is delivered.

From the presentation of theory, SERVQUAL best fits the evaluation of service quality from the customer’s perspective. This is because when it is stated “perceived” and “expected” service, it is very clear that this goes to the person (customer/consumer), who is consuming the service. In-depth interviews of executives and a few focus groups in four service categories by Parasuraman, Zeithaml, and Berry (1985) led to the development of service quality model. The model identifies five gaps between customers and marketers. According to Ueno (2010), the authors observed that the service quality gaps model is the conceptualisation of service quality as the gap between customer expectations on the services and perceptions of the service performance. There are four major discrepancies contributing to service quality gaps, and each of the four gaps in turn contributes to the existence of the fifth gap (Ueno, 2010).

The first gap is between consumer expectations and management perceptions of consumer expectations. This gap arises when management does not correctly perceive what the customers want. The authors found that privacy or confidentiality during transactions emerged as a pivotal quality attribute in every banking and securities brokerage focus group (Parasuraman et al. 1985). However, these considerations were mentioned rarely by the executives. The authors then concluded that the lack of understanding of this gap will have an impact on the consumer’s evaluation of the service quality.

The second gap is between management perceptions of customer expectation and service quality specification. Even though the executives attempt to match or exceed customer expectations, they find it difficult to deliver what the customer expects (Parasuraman et al., 1985). Thus management might correctly perceive what the customer's wants, they may not set an appropriate performance standard to serve the customer's expectation. They indicated further that one of the reasons for this is the difficulty in establishing specifications to deliver a fast and a consistent response. This is as a result of a lack of trained and dedicated service personnel and the wide range of function demand.

The third gap is between service quality specifications and service actually delivered. This arise through services personnel being poorly trained, incapable or unwilling to meet the set service standard. In view of this, high service quality cannot be guaranteed even when there are guidelines for carrying out excellent services. Parasuraman et al. (1985) indicated that the employees of a service company play an important role on the service quality, and the performance cannot always be standardized.

The fourth gap is between service delivery and what is communicated to customers about the service. Parasuraman et al. (1985) contended that promising more than what can actually be delivered has a detrimental effect on the customer. This is because it raises the initial expectations but lowers perception of quality. Thus customers' expectations are highly influenced by the agents of the firm and advertisements. The gap arises when these supposed expectations are not fulfilled at the service delivery stage.

The fifth gap is between the customer's perceptions of service quality and their expectations of service quality. Parasuraman et al. (1985) discovered that

the key to service quality is to meet or exceed the expectations of customers. In agreement, Greenland, Coshall and Combe (2004) assert that judgments of high and low service quality depend on how consumers perceive the actual service performance in the context of what they expect. To sum up, the gap model illustrates the discrepancies within service quality that need to be closed in order to offer excellent service.

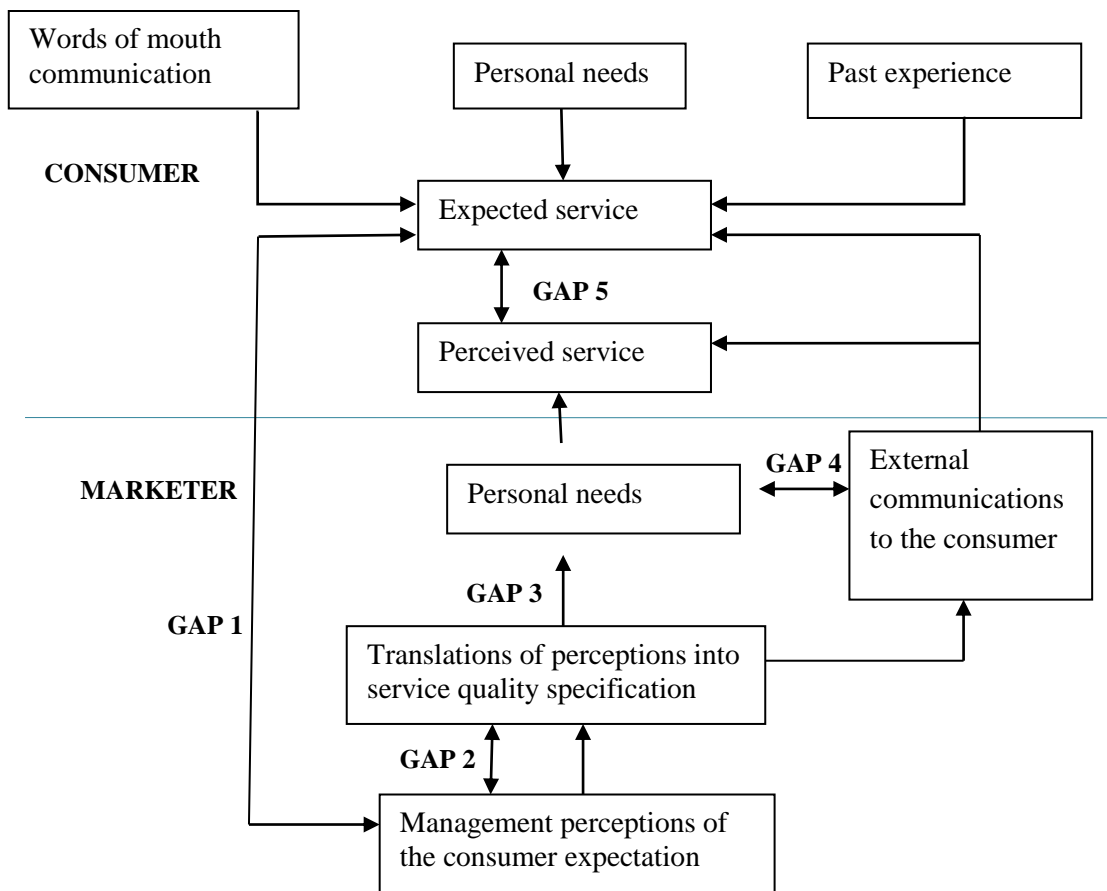


Figure 1: GAP model

Source: Parasuraman *et al.* (1985)

Subsequently, based on the gap model in their exploratory study, Parasuraman *et al.* (1985) came up with ten dimensions of service quality namely: reliability, responsiveness, competence, access, communication, courtesy, credibility, security, understanding and tangibles. These are

determinants that may influence the appearance of a gap. Subsequently, these ten dimensions of service quality were collapsed into 5 dimensions due to overlaps. The five dimensions according to Parasuraman et al. (1988) are: tangibility, reliability, assurance, responsiveness and empathy.

The antecedents of service quality gaps

A confirmatory study by Parasuraman, Zeithaml and Berry (1990) identified certain factors that lie behind the existence of service quality gaps. These factors have been termed as antecedents. For instance, gap one results from the difference between customer expectations and management perceptions of those expectations. The antecedents that underline this gap are insufficient marketing research, poorly interpreted information about the audience's expectation, weak upward contact, and multiplicity of administration levels in a firm.

Parasuraman et al (1990) again report that in the case of paying more attention to operational factors, marketing research focused on customer needs is more often than not neglected. This occurs particularly when the management is operation-oriented, thus it pays less attention to marketing research. Consequently, this weakness in marketing research widens the gap. Zeithaml, Berry and Parasuraman (1992) link upward contact with several elements, including; the quality of contact between the customers and personnel, the contact or interaction between managers and customers, and the extent of the communication between managers and employees.

The nature of communication between the customer and personnel plays a crucial role in delivering the specified messages. For instance, face-to-face

communication is identified as the most successful method. Zeithaml et al. (1992) add that customers' expectations and perceptions can be predicted by the contact between employees and the customer. Due to this, management should improve upon communication by creating a number of effective tools and channels, whether they emanate from an employee or customer side. In another context, Grapentine (1998) identified a number of elements that can be categorized as levels of management. These elements are the layers that may exist between top managers and frontline personnel, which in turn influence the size of the gap.

As earlier mentioned, gap 2 occurs between management perceptions of customer expectations and an organization's service quality specification (Parasuraman et al. 1985). Zeithaml et al. (1992) identified certain antecedents such as management commitments not fitting service quality programs, weaknesses in formulating tasks and setting goals, and the practical impression. They also identified some indicators of management commitment in terms of service quality. They include providing the required resources for service quality programs, consistent and effective strategies, and commitment from top management to design and deliver the desired service quality levels.

Zeithaml et al. (1992) established that goal-setting by management encompass, among other things, the use of technology to formalize standards for hardware and software programs that raises the competence of service quality processes. Using technology also eases service quality measurement, facilitates problem recovery, and quickens responses. Thus, failure to pay sufficient attention to these issues can eventually lead to widening the gap. Other antecedents of gap 2 identified by the author include perception of feasibility, in which management sees its ability in terms of meeting customer expectations.

They also contend that unclear or ambiguous service design and unsystematic new service development process widen the gap.

Zeitham et al. (1992) identified a number of antecedents of gap 3. They include failure to work as a team, the failure of supervisors in monitoring and controlling systems, role ambiguity, role conflict, and a lack of perceived control. Ineffective internal marketing, failure to match demand and supply, and lack of proper customer education and training are other dictating factors of gap 3. They recognized that gap 3 results from the inability of employees to specify the service at the desired level.

As antecedent to gap 3, team work elements can be seen to include customer contact personnel feeling that the management provides the care, internal programs of customer service, internal cooperation within the firm between business units, involving employees in service quality programs, and management programs in developing employee commitment towards service quality issues. Job competence of employees refers to the ability of employees to conduct their job functions and the feeling among employees whom they should be committed to carrying out their work effectively, which is known as employees' 'job fitness'. There are certain tools that can help with correct performance of a job, such as effective equipment. This is known as 'technology job fitness'.

Zeithaml et al. (1992) argue that the element of supervisory control systems includes the ability of the management to evaluate the work of employees based on their actual efforts rather than quality of output. The element of role conflict occurs when the policies of management contrast with the quality specification. Additionally, an element which has an impact on this antecedent is

the amount of paperwork used to complete the service and the internal communications between departments required to deliver the service. Moreover, the element of role ambiguity includes lack of information that is needed to deliver the service, the ambiguity of goals and specifications to employees, and rare communication between an organization's units. The element of perceived control includes the availability of time given to customers to contact employees, the ability of management to predict the demands and needs of both employees and customers, and the ability of employees to control their job.

Gap four, according to Parasuraman, et al. (1985) results from the differences between service delivery and external communication. The antecedents behind this gap are: weakness in the communication between an organisation and its branches, and the ability of personnel to perform the promised service. As a result organization should not overstate promises made to customers (Zeithaml et al. 1992). Other antecedents of gap 4 include management's failure to manage customer expectations and failure to perform according to specifications.

Initially, Parasurama et al. (1985, 1988) defined expectation close on the lines of Miller (1977) as 'desires or wants of consumers,' i.e., what they feel a service provider should offer rather than would offer. This conceptualization was based on the reasoning that the term 'expectation' has been used differently in service quality literature. Meanwhile, in the customer satisfaction literature expectation is defined as a prediction of future events, i.e., what customers feel a service provider would offer. Parasuraman et al. (1990) labelled this 'should be' expectation as 'normative expectation,' and posited it as being similar to 'ideal expectation' (Zeithaml and Parasuraman, 1990). Later, realizing the problem with

this interpretation, they themselves proposed a revised expectation (E^*) measure, i.e., what the customer would expect from 'excellent' service (Parasuraman, Zeithaml & Berry, 1994).

It is because of the initially thought of vagueness of expectation concept that some researchers like Babakus and Boller (1992), Bolton and Drew (1991), Brown, Churchill and Peter (1993), and Carman (1990) stressed the need for developing a methodologically more precise scale. They questioned the conceptual basis of the SERVQUAL scale and found it confusing with service satisfaction. They therefore argued that expectation (E) component of SERVQUAL be discarded and instead performance (P) component alone be used. They proposed what is referred to as the 'SERVPERF' scale.

Besides theoretical arguments, Cronin and Taylor (1992) provided empirical evidence across four industries (namely banks, pest control, dry cleaning, and fast food) to corroborate the superiority of their 'performance-only' SERVPERF' instrument over disconfirmation-based SERVQUAL scale. Being a variant of the SERVQUAL scale and containing perceived performance component alone, 'performance only' scale is comprised of only 22 items. A higher perceived performance implies higher service quality.

In the view of the authors, the SERVPERF scale methodologically represents a marked improvement over the SERVQUAL scale. Thus the SERVPERF is able to explain greater variance in the overall service quality measured through the use of single-item scale. Though still lagging behind the SERVQUAL scale in application, researchers have increasingly started making use of the performance-only measure of service quality (Babakus & Boller, 1992; Boulding *et al.*, 1993; Cronin & Taylor, 1992) as cited in Jain and Gupta (2004).

Also when the SERVPERF is applied in conjunction with the SERVQUAL scale, the measure outperforms the SERVQUAL scale (Babakus and Boller, 1992; Brady, Cronin and Brand, 2002; and Cronin and Taylor, 1992). Seeing its superiority, even Zeithaml (one of the founders of the SERVQUAL scale) in a recent study observed that their results were incompatible with both the one-dimensional view of expectations and the gap formation for service quality. Instead, they found that, perceived quality is directly influenced only by perceptions i.e. performance (Boulding *et al.*, 1993). This admittance cogently lends a testimony to the superiority of the SERVPERF scale.

In disagreement, according to Khan and Raghunandan (2013), many other authors have rebuked all criticisms against SERVQUAL and on various conceptual and operational criteria upheld SERVQUAL as a rigorous tool, appropriate and perfect. It was held that advances made in service quality measurement have validated SERVQUAL. Khan and Raghunandan recommended SERVQUAL as an instrument for improving Service Quality, Organizational Performance and Customer Satisfaction in not only Private sector but also in Public services such as Health care, Police and Emergency services. The authors continue that the Bayesian framework based behaviour process model of service quality have demonstrated the criticality of the Expectation and Perception factors for service quality assessment.

Khan and Raghunandan (2013) upheld that the strongest approval for SERVQUAL comes from hundreds of empirical studies some of them statistically rigorous conforming to research methodology tenets. These studies were done by various authors in diverse service industries across different countries and continents. They have clearly proved conceptual and operational

suitability of SERVQUAL in measurement of service quality. Studies have been done by authors in sectors including health care facilities, hospital services, hotel services, higher education, travel and tourism, restaurants, information services, banking services, sports organizations, local authority and government services, police and so on.

The concept of satisfaction

‘Service quality is the managerial delivery of services while satisfaction is customers’ experiences with those services’ (Lenka, Suar & Mohapatra, 2009) and is considered as a consequence of service quality (Lassar, Manolis & Winsor 2000; Mohammed & Mohammad, 2003; Reimann, Ulrich & Richards, 2008). Other authors consider that ‘service quality is a consumer’s judgment about the service itself, while satisfaction is a judgment of how the service emotionally affects the consumer (Schneider & White, 2004). This assertion has its grounds in the belief that customer needs to experience a service in order to decide whether he/she is satisfied or not. However, the customer can make quality judgments in the absence of an experience with the service.

Johnson and Gustafsson (2000), point out that service attributes provide customers with benefits, and the benefits derive overall satisfaction. This idea could be extended to say that the higher the benefits perceived by customer, the higher the satisfaction level. Other authors are of the opinion that customer satisfaction is a combination of their cognitive and affective response to service encounters (Lenka et al 2009). Thus, I may say that bank customer satisfaction is a positive emotional state that results due to a positive interaction with experience. That is, an interaction with bank personnel, physical evidence and

customer's perceptions of attributes which provide customers with the comfort and value.

Therefore, the researcher considers that bank management should pay attention to the human component of service quality. 'Personnel-related characteristics are keys in helping to achieve customer satisfaction' (Neilson & Chadha, 2008) and reduce the number of barriers which may affect customers' trust in the financial institution. Bank personnel must demonstrate professional knowledge and communication skills in their interaction. This is because unless customers understand the terms used by bank employees, the information they receive is not considered valuable. Hence, they would not be convinced and this would not facilitate the buying process. Therefore, bank personnel must realize that 'communication is thought to play an important role in the service delivery process' (Lassar *et al*, 2000) and must therefore try to use the appropriate language so as to inspire trust and confidence.

Moreover, bank personnel must show interest and concern for customers' needs and offer them support when they encounter problems. In their interaction with customers, employees must not be aggressive sellers but patiently listen to customers' needs to elicit customer trust. Their major interest should be trust gaining and not an increase in sales. The importance of personnel and customer trust in the bank is given by services characteristics.

In addition, many customers do not have the necessary "bank culture" and even when the services they want to buy are complex they find it difficult to make decisions all by themselves. Hence, they usually rely on the advice offered by a bank employee. Based on this, they judge a service's performance and 'the more limited the customer's understanding of financial services, the greater the

dependence on a financial service provider or a financial adviser' (Ennew & Sekhon, 2007). In view of this, bank employees have critical role due to the interactive nature of service delivery process (Wilson & Frimpong, 2004). Therefore, personnel-related characteristics are key factors that can enhance or decrease customer's satisfaction level with services. Consequently, satisfied customers will continue the relationship with their trustworthy financial advisor and will share their positive experience with the bank to other persons.

Moreover, the intangible nature of service produced by banks suggests that to achieve the ultimate objective of customer satisfaction, banks should pay attention to their customer service. This is because one path to achieving customers' satisfaction is through effective customers' service. Anderson and Jacobsen (2000) assert that customer service is providing everyone who is in need of a service with a solution or a satisfactory answer that will ensure their satisfaction. Zeithaml and Bitner (2003) agrees with Anderson and Jacobsen's definition of customer service with an explanation that customer service is a series of activities designed to enhance the level of customer's satisfaction, that is, the feeling that a product or service has met customer's expectation.

Therefore, anything short of satisfactory solution displeases and dissatisfies the customer. Hence, it is important for service providers to seek the satisfaction of their customers if they are to increase their customer base and to survive the stiff competition. In view of this, service providers such as banks marshal their resources to offer service of high quality. Lassar et al. (2000) acknowledged that service quality is critical prerequisite for establishing and sustaining satisfying relationships with valued customers. Petridou *et al* (2007) therefore posit that for the management to provide services of a high quality, it is

necessary to identify the antecedents of what the consumer perceives as service quality.

The place where customers meet the service provider is of high importance in the perceived service quality (Ballantyne & Christopher, 1995); as they take into consideration all physical evidences and infer the bank's and its services' performance (Lenka et al., 2009). Bank physical evidence includes all tangible elements that are attached to services. This dimension is considered as an important component of the marketing mix due to services intangible nature. This makes it impossible for customers to see or touch what they purchase and consume. In addition to this, what customers take into consideration when visiting a bank is cleanliness. It has a great impact on the general atmosphere inside the bank unit. Important physical evidence in the banking sector is the bank itself. Unlike the "old bank branches", with austere appearance or size, "the new, modern bank branches" are more welcoming, with bright interior and transparent teller windows denoting friendliness.

Physical evidence becomes even more important in the banking sector where services are hard to measure. Customers can get an idea about the quality of services based on the elements they can see. Therefore, of great importance is the bank's location, parking place as well as the interior and exterior layout of the bank. In view of this, according to Mohammed and Mohammad (2003) customers expect to feel comfortable within the bank unit and thus pay attention to the physical layout of equipment and other furnishings. Another important measure of bank physical evidence is where customers can sit to fill in the forms as well as the counters' and offices' arrangement which should ensure ease of processes, i.e. flow of operations.

Processes as a component of the marketing mix refer to those steps that need to be taken in order to deliver and/or obtain a service. They are highly connected to the physical evidence component of the marketing mix. In considering those situations when customers ask for services inside the bank, through direct contact with bank personnel, the first step that needs to be taken is to visit the bank unit. Time is now a resource that customers value and therefore they care if the bank unit is crowded or not and if all counters in the unit are opened when necessary. The importance of promptness in service delivery is a consequence of customers' interest in the convenience benefit and of their value of time (Berry & Seiders, 2002). In addition, when deciding to visit a bank unit, customers expect to find one in their proximity.

Another issue of great importance is the bank work programme. The researcher's preliminary interview with some bank officials indicates that years ago face-to-face transaction program with customers used to end at 15:00, now most of them allow customers to enter the unit till 17:00. Given the influence that these attributes have on customers' perceptions of service quality, the bank management needs to permanently adapt the distribution processes to customers' preferences.

Although distinct, service quality and customer satisfaction are two related constructs and questions have arisen whether quality judgments lead to satisfaction judgments or vice versa. Several studies prove that there is an agreement on this very issue: 'quality judgments cause satisfaction' (Schneider & White, 2004) and 'service quality is an important indicator of customer satisfaction' (Mohammed & Mohammad, 2003). In line with what is discussed one can say that in banking, service quality implies consistently anticipating and

satisfying the needs and expectations of customers. The bank may combine at varying degrees the dimensions of service quality in their transactions with their customers to create value. Thus, service quality is about meeting customer needs satisfactorily by exceeding or matching service delivered to customer's expectations.

Illustratively, Oliver (1997), states that satisfaction is the consumer's fulfilment response. It is a judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under or over fulfilment. Customer satisfaction is thus viewed as the consumer's overall emotional response to the entire service experience for a single transaction at the post-purchasing point. In less technical terms, Zeithaml and Bitner (2003) translated this definition to mean that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met his/her needs and expectations. Indeed failure to meet the needs and expectations is assumed to result in dissatisfaction with the product or service.

In a service context, overall satisfaction is similar to overall evaluations of service quality. In the context of relationship marketing, customer satisfaction is often viewed as a central determinant of customer retention. Customer satisfaction which, hinges on customer service (both in technical and functional), is among the many concepts used to explain why customers leave or stay with an organization. In view of this, all successful companies must learn how to retain customers even when the customers appear satisfied with the service provided or not.

Customer retention/repeat purchase

Boohene, Agyapong and Gonu (2013) consider customer retention as a “concept that has its root from the planned behaviour theory and it is something that consumers may exhibit to brands, services and products or activities” (p. 3). The authors continue to argue that the terms “customer retention” and “customer loyalty” are often used interchangeably in literature. However, customer retention and loyalty are not surrogates of each other because the two terms can refer to different things. Chen and Hitt (2002) argue that from the perspective of the service provider, retention is to lock in customers in the face of competition. From the customer’s point of view on the other hand, Zineldin (2006) considers retention as a commitment to continue to do business or exchange with a particular company on an ongoing basis.

Strauss and Friege (1999) as cited in Boohene et al (2013), gave a more comprehensive definition of retention as the “customer’s liking, identification, commitment, trust, willingness to recommend and repurchase intentions, with the first four being emotional-cognitive constructs and the last two being behavioural intentions”. In addition, customer retention implies a long-term commitment on the part of the customer and the firm to maintain the relationship. This is supported by Menon and O’Connor (2007) who define customer retention as the longevity of a consumer’s relationship with a firm.

Even though the meaning and measurement of customer retention may vary across industries, according to Aspinall, Nancarrow, and Stone (2001), there seem to be a general consensus that a firm that focuses on customer retention by using the appropriate strategies can enjoy some economic benefits. The benefits of retaining customers to the organisation are higher profit margins and faster

growth. This is derived from the argument put forward by (Reichheld & Kenny, 1990) that the longer a customer stays with an organisation, generally the higher the profit. To accomplish this Bowen and Lawler (1995) admits that staffs are given more power, greater access to information and adequate knowledge to be placed in a better position to recover situations and to delight customers. This is because information systems provide essential support for customer retention by keeping accurate details on purchase records, for assessing the value of customers to the organisation and in picking up likely defectors, according to (Lewington, Chernatony & Brown, 1996).

The essence of retaining customers continue to be given great prominence in marketing, as Kotler (2003) believes that marketing is as much concerned with retaining as well as acquiring new customers. From review of literature, service quality and customer satisfaction play key roles in customer retention. Several authors (Bloemer & Lemmink, 1992; Bloemer & Kasper, 1995; Sharma & Patterson, 2000) highlighted, that the link between customer satisfaction and customer retention is reliant. Gronoos, Strandvik and Storkbacka (1994), totally submit to this and note that the strength of business relationship is identified with the level of satisfaction with the current experience, overall perception of quality, customer commitment to the relationship, and bonds between the parties.

Conclusions drawn from Gronoos *et al* (1994) suggest to support other authors (Bloemer & Lemmink, 1992; Bloemer & Kasper, 1995; Sharma & Patterson, 2000) that single disappointing experience may not significantly reduce the strength of the business relationship if the customer's overall perception remains high, if switching costs are high, if there are few satisfactory alternatives, if they are committed to the relationship, and if there are bonds

keeping them in the relationship. Each of these selected variables comprises bank activities, actions and methods necessary to establish and maintain bank–client relationships and thus possibly ensure long-term relationships. Therefore, the correct adaptation of these variables in a bank is vital to ensuring higher customer retention levels. Clearly, the effectiveness of the level of customer service will enhance customer retention; reduce switching between and among service providers and serve as the edge over other competitors.

Conversion model

Richards (1996) provided a conversion model based on the fact that it is not enough to satisfy a customer as satisfaction alone does not predict customer behaviour. The study argues that satisfied customers will leave, dissatisfied customers will remain and therefore, rather than discussing customer satisfaction, firm should discuss customer commitment. This is a clear indication that retention is not solely determined by satisfaction but rather there are contributory factors that help retain the customer. Payne (2006) also agrees that customer satisfaction helps to make customers committed, however, the building of committed customers involves more than merely satisfying them. Hence, Richards (1996) identifies three factors as driver of commitment which includes level of involvement, attraction of alternatives and level of ambivalence.

Level of involvement- Richards (1996) noted that the more people are involved in a given choice, the more carefully they will choose and once they have made their choices they often stick to it. In view of this, if the customer is dissatisfied but involved, his primary strategy is to try to repair the relationship rather than seeking other alternatives. Customers sought to accomplish this

through communication in the form of complaints. However, if the customers are both dissatisfied and uninvolved, they would not even care about fixing the relationship but simply switch to alternative service providers. According to Richards, involvement creates the willingness to tolerate dissatisfaction. The more a customer is involved, the more he/she develops confidence and trust in the service provider and also in the outcomes. Anything short of this will compel the customer to seek for alternatives.

Attraction of Alternatives - One of the arguments of Richards (1996) is that the more alternatives attract, the more dissatisfied customers will converse, meaning switch service provider. If the alternatives are not considered as being 'good' conversion may be delayed in spite of dissatisfaction. On the other hand, if the alternatives attract, customers may converse even though they are highly satisfied. When customers are not aware of the available substitutes or competing alternatives they may continue in a service relationship even though it is less satisfactory one. So, in the study of Sharma and Petterson (2000), it is concluded that "when customers are aware of, and perceive other suppliers as offering a differentiated service in terms of price, service quality of technical outcomes, they tend to be less committed to one supplier".

This implies that better perceived alternatives would attract dissatisfied customers. However, if alternatives are perceived to offer poorer service, customers are by negative loyalty retained even with mediocre service quality offered. Moreover, if the service quality of a provider is perceived to be similar to the alternatives, the customer experiences uncertainty or indecisiveness concerning leaving or staying with the service provider. This culminates into ambivalence.

Extent of ambivalence – Kaplan (1972) defined ‘ambivalence’ as “a state of having simultaneous, conflicting reactions towards some object”. It is stated in another way by Conner and Armitage (2008) as the experience of having an attitude towards someone or something that contains both positively and negatively valence components. The term also refers to situations where "mixed feelings" of a more general sort are experienced, or where a person experiences uncertainty or indecisiveness concerning something. In relation to service, extent of ambivalence means insecurity caused by the range of choices. Being in the state of ambivalence according to Richards (1996) is when the customer in a state in which he waver whether to stay or to leave. Ambivalence therefore makes the customers less committed since conversion is delayed as neither choices offer obvious advantage.

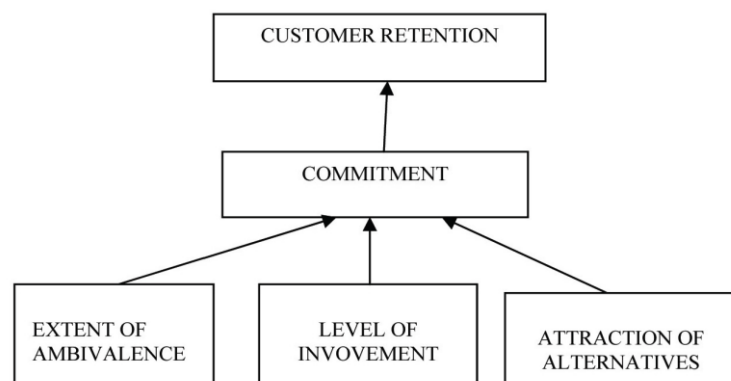


Fig. 2: Richard's conversion model

Source: Richard's (1996)

Review of empirical studies

Singh and Kaur (2011) determined the factors that have an impact on customer satisfaction with regards to Indian universal banks. The study was conducted using the survey method. Data were collected through a well-

structured questionnaire from a sample of respondents. The major findings of the study show that customer satisfaction is influenced by seven factors – employee responsiveness, appearance of tangibles, social responsibility, services innovation, positive word-of-mouth, competence, and reliability. The results of multiple regressions showed that three variables: social responsibility, positive word-of-mouth, and reliability have major influences on the overall satisfaction and repeat purchase of the customer.

Ganguli and Roy (2011) studied the factors affecting customer satisfaction in the Indian retail banking sector. Online structured questionnaire developed to determine the factors for customer satisfaction was distributed among the respondents. The dimensions were identified using an exploratory factor analysis (EFA). Next, the reliability and validity of the factors for customer satisfaction were established through confirmatory factor analysis (CFA). The paper identifies four generic dimensions in the technology-based banking services – customer service, technology security and information quality, technology convenience, and technology usage easiness and reliability. In addition, it was found that customer service and technology usage easiness and reliability have positive and significant impact on customer satisfaction and retention.

The dimensions of customer satisfaction in the Chinese retail banking sector was studied by Zhou (2004). The SERVPERF scale was used to determine the factors contributing to customer satisfaction. The factors found were empathy, and responsiveness of the employees, reliability and assurance from the bank, and tangibility of services. Corroboratively, the factors affecting customer satisfaction in the Malaysian retail banking sector was conducted by Ndubisi and

Wah (2005). The authors conducted the study using a structured questionnaire. Collected data were factor-analyzed to determine the key dimensions of customer satisfaction. The results showed that five key dimensions, namely competence, communication, conflict handling, trust, and relationship quality, were the major determinants of customer satisfaction.

Again, Amoako (2011) conducted a study in into How Customer Service can be improved in the Banking Industry-Case of Ghana Commercial Bank. Among other objectives Amoako sought to identify areas of service where GCB needs to improve on its image in the industry. He found and concluded among other things that Ghana Commercial Bank should enhance its customer relations management practices to strengthen the cordial relationship between bank officials and customers to create a perception that bank officials are reliable. In addition to this, Ghana Commercial Bank must improve its physical infrastructure such as buildings, furniture, fittings, equipments, vehicles and many to appeal customers since some customers consider them to enhance customer satisfaction.

Boohene, *et al* in 2013 also conducted a research into the Factors Influencing the Retention of Customers of Ghana Commercial Bank within the Agona Swedru Municipality. The research made use of Richards (1996) conversion model, and Sharma & Patterson's (2000) relationship commitment model. A correlational study design was used for the study. The main instruments used for data collection were the questionnaire. Service quality was measured by using the variables suggested in the SERVQUAL model. In applying the SERVQUAL model, 22 statements were used to measure service quality across these elements, based on five- point Likert-scale type. The factors in the model

were measured as follows: tangibles, reliability, responsiveness, assurance and empathy. Regression and correlation analysis were used to examine the relationships between the variables.

It was concluded that, both switching barrier and customer commitment had strong and positive significant relationship with customer retention. Moderate and positive significant relationship was found between customer trust, service quality and customer retention. Customer satisfaction had weak positive relationship with customer retention. They recommended the need for certain strategies to be applied by banking firms so that customer retention would continue to be high. They suggested that management of Ghana Commercial Bank, and other financial institutions should pay attention to customer commitment by investing more into customer relationship management that can increase customers' dependency and inhibit switching.

The conceptual framework

The conceptual framework shows the interconnections between the research questions stated in the first chapter and the conceptualized theories in the second chapter. The questions stated in this dissertation are focused around the topic of customer retention. The first question looks at customers' perception of service quality. The second question looks at factors that lead to customer retention/repeat purchase. Depending on the results of the first two questions, recommendations to the selected banks as to how to retain their customers can be made.

Satisfaction allows a company to keep existing customers who cost substantially less to the company than acquiring new ones. To achieve

satisfaction and retention, customer needs and wants must be fulfilled (La Barbera & Mazursky, 1983). Hoyer and MacInnis (2001) assert that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight of a service. Understandably, most customers leave their service providers because they feel they are not satisfied with the service or product offering (Rust & Zahorik, 1993). In support of Rust and Zahorik (1993), Bowen and Chen (2001) extremely satisfied customers are less likely to leave the service provider. Satisfaction is a determinant of customer retention to service organizations like a bank. In view of this relationship, organizations need to ensure that customers are satisfied in order to enhance their repurchase decision. Rust and Zahorik (1993) conclude that numerous publications treat satisfaction as the necessary premise for customer retention.

In view of its importance, a range of theories and models have been developed in an effort to define the construct and explain satisfaction in different products or services. Parasuraman and friends had evaluated the surveys by factor analyses, and they found five dimensions and named it SERVQUAL as mentioned earlier. Although, criticisms have been made against the measurement of service quality “SERVQUAL” developed by Parasuraman et al. (1988), their contribution in the area of service quality continues to be significant for over two decades.

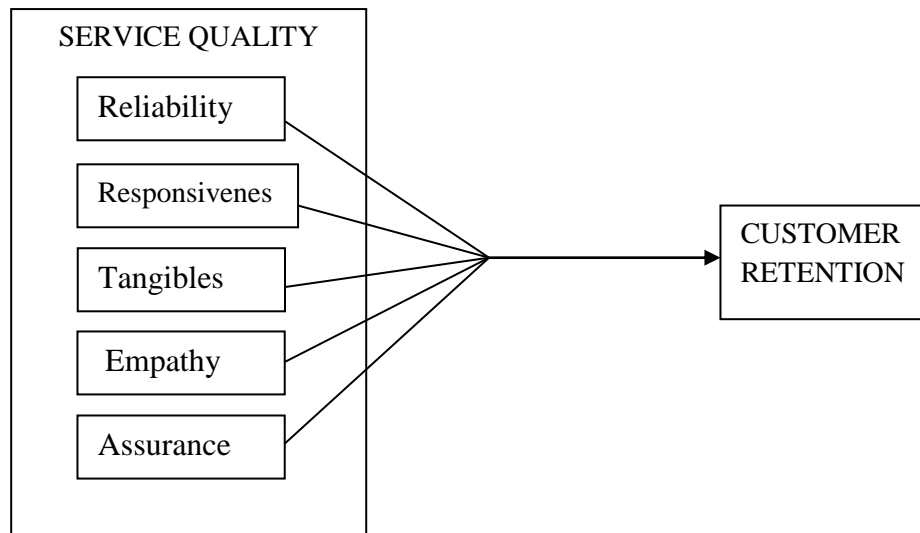


Figure 3: The conceptual framework.

Source: Researcher's construct (2014)

In conclusion, general ideas from the review of literature are that there is a relationship between service quality, customer satisfaction and repeat purchase or retention. Also, service quality could be evaluated with the use of five service quality dimensions and the most useable is the SERVQUAL scale, which is based on the gap model. The gap model shows the discrepancies within service quality that need to be closed in order to offer excellent service. This construct hinges on the fifth gap which is between the customer's perceptions of service quality and their expectations of service quality. From the review of the literature, the following conceptual framework in figure 3 has been developed.

Service quality dimensions and measurement

According to Parasuraman et al. (1990), reliability is the ability to perform the promised service dependably and accurately. This service quality dimension is critical as all customers want to deal with firms that keep their promises and this is generally implicitly communicated to the customers. To achieve this, promises to deliver prompt service should not end up taking too

long to accomplish. Repeated referral to complete a transaction or resolve an issue such as inability of ATM to dispense cash after debiting the customer; non-communicated and unexplainable deductions are reduced to the barest minimum.

In effect, the service provider wins the trust of customers. Promise to offer service at a given time such as prompt payment of salaries should not degenerate into delayed payment due to insufficient funds and system downturns. If these dissatisfying episodes get repeated and customers having to check in several times on unresolved issues would result in disappointment and mistrust. However, in a service industry like the banking sector, trust and confidence are prerequisite of assuring customers of excellent service delivery.

Parasuraman *et al* (1990) describes assurance as the knowledge and courtesy of employees and their ability to inspire trust and confidence. The authors continue to argue that trust and confidence may be represented in the personnel who serve as a link between the customers and the financial institution. An agent (link) who gets his customer convinced for dealing with his problem and truly delivering on promise in the shortest possible time. Consequently, the customer gets delighted and this boosts confidence and trust in the agent. In the same breath, if the problem is beyond an agent's capacity to solve but able to refer the customer to someone who finally get it fixed promptly, satisfied and happier the customer.

However, in a repeated referral, the customer loses confidence in both technical and functional quality of the agent. To address episodes of such nature, the customer should be assured through courteous communication to get the problem fixed. Under no circumstance should it be blamed on another agent in the line of transaction or the customer since it angers the customer and

subsequently make him/her lose confidence in the service provider. Rather it is required of agents at all levels to be responsive towards the demands of the customer.

Parasuraman et al., (1990) noted that responsiveness is the willingness to help customers and to provide prompt service. This dimension is concerned with dealing with the customer's requests, questions and complaints promptly and attentively. A firm is known to be responsive when it communicates to its customers how long it would take to get answers or have their problems dealt with. The objective of responsive banking is to cut customer waiting time, reduce transaction time, cut cost and waste through reduction in idle time and other inefficiencies in both the front-line and back room. Responsive banking prevents the loss of customers by eliminating slow and insensitive bureaucratic service.

Another approach to responsive banking is no-contact banking. For instance, tele-banking and electronic banking (ATM) result in tellerless banking. It addresses this with system changes that results in paperless and queue-less banking that the banks under study are noted for. In spite of the changes in the system to eliminate insensitive bureaucratic service and to position the bank to be more competitive, modest achievement continue to be chalked. Hence, there is the need to battle this with a multifaceted approach such as the integration of tangibles with other human-related service quality dimensions.

Tangibles, as defined by Parasuraman et al., (1990) are the physical appearance of facilities, equipment, staff and written materials. It translates to the bank's interiors, the appearance and condition of facilities and uniform of the staff. Tangibles are used by firms to convey image and to signal quality. Image, such as the ambience and communication material of the bank branch make

transactions at the banking halls refreshing and to entice repeated transaction. Spacious, well-furnished, well-ventilated banking hall with controlled temperature are practical mechanisms to contain soaring numbers of customers during busy hours. In addition to improved technical and functional efficiency enhanced by these tangibles, customers will feel empathized by the banking institution.

Empathy, as put forward by Parasuraman et al., (1990) is caring, individualized attention the firm provides its customer. Many small companies use this skill to provide customized services as a competitive advantage. This dimension is also more suitable in industries where building relationships with customers ensures the firm's survival as opposed to 'transaction marketing'. There are several simple and non-demanding ways that banks can provide their customers with unique and special service. These include knowing and addressing the customer by his name, knowing his preferences and his needs and working towards a solution which is appealing to him. Thus, in the context of banking, empathy may be applicable where customers look for quick service in spite of the long queues at the counters. The service provider needs to put himself in the position of the customer, express regret for the problem, be sympathetic and take immediate action to resolve all complaints.

Bolton and Drew (1991) set off from the conclusion of Parasuraman et al. (1988) that service quality results from the comparison of perceptions with expectations. Similarly, Bolton and Drew (1991) concluded in their research that the gap between performance and expectations is a key determinant of overall service quality. In the same article, however, Bolton and Drew stated that "a consumer's assessment of overall service quality is directly affected by

perceptions of performance levels". Bolton and Drew (1991) subsequently affirmed that satisfaction mediates prior perceptions of service quality to form current perceptions of service quality. However, Cronin and Taylor (1992) noted that their results suggest that perceived service quality is strongly affected by current performance and that the impact of disconfirmation (at the satisfaction level) is relatively weak.

The idea from literature implies that service quality is a function of expectations or a function of experiences (upon the service encounter) only. This suggests using performance perceptions as a measure of service quality (Cronin & Taylor 1992). Second, it implies that consumer satisfaction mediates the effect of prior perceptions of service quality to cause perception of current service quality. This finding suggests that the disconfirmation paradigm of perceptions-minus-expectation is closer related to consumer satisfaction than to service quality. Third, it implies that service quality is an antecedent of consumer satisfaction and with other external factors held constant, repeat purchase or retention will occur.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter deals with the methodological approach used for the study. It covers the background of study area, study design, sources of data, the target population, sample and sampling procedure, data collection procedures, data collection instrument, pre-testing of instruments and data analysis.

Study design

The research design used for this study is non-experimental research because independent variable could not be controlled by the researcher. The type of non-experimental research adopted was survey that made use of both quantitative and qualitative methods. The survey aimed at obtaining customers' expectations and perception of service quality of GCB, BBL and SBRB. The purpose was to obtain their opinions through structured questionnaire based on the SERVQUAL scale instrument. This was followed with quantitative analysis of results of each SERVQUAL field and then explicitly expresses which fields comprised the major gap between customers' perceptions and expectations.

Study population

According to Babbie (2005), "study population is that aggregation of elements from which the sample is actually selected". The total population of the study was based on the total number of clients held by the three banks. The population of the study is estimated to be over 2500 customers as the clientele base of three bank branches, and sixty staff during the period of the study. The

researcher surveyed a total sample of 160 customers of the three banks including civil and public sector workers, private and corporate bodies who transact business with these banks.

Sample and Sampling procedure

Purposive type of non-probability and random sampling methods were used to sample subjects of the survey. The reason for the choice of this method was to enhance accessibility of customers who have the requisite information and this subsequently eased the conduct of the study. That is, respondents who have relevant information on service quality and factors that influence repeat transaction with their respective banks were included in the survey.

Data-collection methods

Questionnaire administration and interviewing were used as the data collection tools. The targeted sample size of respondents was 160 staff and customers of the said banks which were identified using purposive sampling for the staff and random sampling for the customers. method. Following this, subjects were approached and convinced to participate in the completion of developed questionnaires and/or interview schedule. The staffs of the banks' invitation to participate were addressed to the person in charge of customer relations of the selected banks. These banks' employees were subsequently interviewed to provide information on customer retention rates.

Data collection procedure

Primary data was gathered through the administration of questionnaires. This was accomplished through personal visits. The questionnaires were self-administered on a one-on-one basis to customers, present either at the banking hall during their transactional visits. The completed questionnaires were taken from the respondents on the same day. The rationale for this move was to give respondents enough time to complete all questions at their own pace and convenience.

The researcher visited Ghana Commercial Bank Ltd on three separate occasions, Barclays Bank Ltd on three separate occasions and South Birim Rural Bank Ltd on four occasions in order to obtain the sample size.

Research instrument for data collection

Questionnaires and interview schedule were the main instruments used to gather data for this study. The questionnaire was in three sections. Section A comprised the background characteristics of the respondent. Section B was made of attractive and interesting close-ended questions of Likert-scale type because they are easier to complete. The SERVQUAL customer perception tool consists of 22 statements that were grouped and related to reliability, assurance, responsiveness, empathy and tangibles. Each of the statements was presented in a single form but two different forms of response were required.

Table 1: Dimension and statement features in the SERVQUAL-model, (Zeithaml *et al.* 1990)

Dimension	Feature	Expectation (E)	Perception (P)
Tangibility	Feature 1 - 4	1 2 3 4 5	1 2 3 4 5
Reliability	Feature 5 - 9	1 2 3 4 5	1 2 3 4 5
Responsiveness	Feature 10 -13	1 2 3 4 5	1 2 3 4 5
Assurance	Feature 14 -17	1 2 3 4 5	1 2 3 4 5
Empathy	Feature 18–22	1 2 3 4 5	1 2 3 4 5

The first response measures customers’ general expectations (E). The second response measures customers’ perceptions (P) about the organization whose service quality is being assessed (Wisniewski & Donnelly, 1996). In both cases, customer responses were measured on a five point Likert scale that ranges from “strongly disagree”, which elicits a score of 1, to “strongly agree”, which elicits a score of 5. ‘When responding to Likert questionnaire item, respondents specify their level of agreement or disagreement on a symmetric agree-disagree scale for a series of statements’ (Burns & Burns, 2008).

Section C, focused on factors that lead to retention. Respondents were asked to state in order of importance which of the five factors would persuade them for a repeat purchase. Data from respondents who could not read and comprehend the statements were taken through interview schedule similar to the content of the questionnaire.

It was important to pre-test the survey questionnaire before using it to collect data. Pretesting helped to identify questions that did not make sense to participant or problem with questionnaire that might lead to bias answers. Ten participants were involved in the pretesting exercise. They comprised 2 management personnel, three banking staffs and five customers who were the target respondents.

Data analysis procedure

The SERVQUAL instrument captures customer expectations of service quality as well as their perception of the services actually provided to them. “The perceived service quality, or gap score (denoted as Q) is calculated for each statement by subtracting the E score from the P score, implying a Q score for each statement ranging between -4 and +4” (Wisniewski & Donnelly, 1996). A negative Q score indicates a level of service quality which is below what is expected by the customer. Conversely, a zero to positive Q score indicates a level of service which is equal to or exceeds customer expectations (Parasuraman, Berry, & Zeithaml, 1991; Wisniewski & Donnelly, 1996). Data was analyzed using analytical tools such frequencies, percentages, means and bar graphs embedded in the Statistical Package for Social Scientist (SPSS) software and Microsoft excel.

Challenges

Challenges were encountered in the conduct of the study. They include bank officials who were hesitant in providing information, respondents who could not complete and submit the questionnaires. This called for extra copies of questionnaire to be printed to make up for the number of respondents who could not submit theirs.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

Introduction

This chapter deals with the presentation and discussion of the research findings in tabular and chart formats. It presents how the research objectives are addressed by interrogating the responses from the survey conducted. It also analyses the various findings in respect of some related theoretical perspectives.

Socio-demographic characteristics of respondents

As much as possible, effort was made to sample respondents that represent the age distribution of the customer base of the banking industry as it pertains in Akim Oda. Table 2 provides the summary of age distribution of respondents of the survey.

Table 2: Age distribution of respondents

Category (Years)	Frequency	Percentages (%)
18 – 25	37	23.12
26 -33	49	30.62
34 – 43	46	28.75
44 and Above	28	17.50
Sex		
Male	96	60
Female	64	40
Total	100	100

Source: Fieldwork, 2014

From Table 2, 49 customers who responded fall within 26 – 33 years representing 30.625% (i.e. the largest group). This implies that these three banks are the preferred choice for the youth in Akim Oda. However, the difference is not much when compared with the next age class of 34 - 43 years with about 28.75% of the total distribution. One possible reason could be the use of the GCB, BBL and SBRB for paying majority of staff in both the public and private sector organisations in Akim Oda. In previous studies though, Schwantz (1996) did not find any significant difference between groups. The case of those whose ages fall within 41-above years supports the view by Parasuraman, Berry and Zeithaml (1991) who found that more experienced customers expected higher service quality.

From Table 2, it was realized that majority of the respondents were males. This could be attributed to the fact that the proportion of clientele is made up of approximately 40% females and 60% males. Although the bank did not make such statistics available, it was observed during the different visits at the time of data collection and preliminary investigation that the numbers of males at the banking hall were more than the females. This is also corroborated by respondent involved in the survey. The objective of this part of the analysis is to give an idea of the sex distribution of the study. Again, for the purpose of equitable representation, effort was made to draw samples from both sexes.

GCB customers' perception of service quality

Tangibility

The tangibility dimension of the SERVQUAL customer perception tool comprised the first four questions which assessed perceptions of the tangible

appearance aspects (equipment, materials, physical facility and employees) of GCB.

Table 3: Customers’ perception of GCB’s tangibility

Tangibility factor dimension	Perception	Expectations	Gap Score
1. Modern looking equipment.	3.10	3.24	-0.14
2. Visually appealing physical facilities	3.50	3.55	-0.05
3. Professional appearance of employees.	4.03	3.34	0.69
4. Visually appealing materials.	3.60	3.31	0.29
Average	3.56	3.36	0.20

Source: Fieldwork, 2014

When looking at each of the four factors making up the tangibility dimension of service quality, the expectations of customers exceed their perceptions in the area of modern looking equipment (gap score – P-E = -0.14) and in visually appealing facilities (gap score – P-E = -0.05). Perceptions exceed expectations in the areas of professional appearance of employees (gap score – P-E = 0.69) and visually appealing materials (gap score – P-E = 0.29).

In spite of some features of GCB’s tangibles recording negative values, the average of the dimension is positive (gap score – P-E = 0.20) as shown in Table 3. The implication is that GCB customers are satisfied with the bank’s tangibles. in the view of Brown et al. (1993), when perceived or experienced service is less than the expected service; it implies less satisfactory service quality. But when perceived service is more than expected service, the obvious inference is that service quality is more than satisfactory (Jain et al., 2004). The

magnitude of the gap score may be small yet customers are satisfied with the performance so long as the perception exceeds the expectation. However, as Parasuraman et al. (1985) contend there are clearly circumstances where negative preconceptions of a service provider will lead to lower expectations. .

Corroboratively, GCB customer perception of modern looking technology (mean=3.10) fell below the mean of the three banks (mean=3.39). Again, in the area of physically appealing facilities there was a mean of 3.50 which was lower than the mean of the three banks. These discrepancies are indication of the fact that in these two features, GCB performance is below average. These two features play pivotal role in determining customer’s satisfaction with the bank’s tangibles. Therefore, where alternatives score above average they are better and customers are more likely attracted by alternatives just as Richards (1996) contends.

Reliability

The reliability dimension of the SERVQUAL instrument is comprised of questions 5-9, which evaluate customers’ perceptions of the reliability aspects (acting according to promises, sincerity in problem solving, performing the service right at the first time, providing service at the promised time, and insistence on error free records) of GCB. Limited.

Table 4: Customers’ perception of GCB’s reliability

Reliability factor dimension	Perception	Expectation	Gap Score
5. Act according to promises.	3.20	3.48	-0.28
6. Sincere interest in solving prb.	2.83	3.76	-0.93
7. Services are performed right the first time.	2.93	3.48	-0.55

Table 4: Continued

8. Provide services at the time promised.	2.67	3.59	-0.92
9. Insist on error free records.	4.37	4.07	0.30
Average	3.20	3.68	-0.48

Source: Fieldwork, 2014

From Table 4, each of the five factors making up the reliability dimension of service quality, the expectations GCB customers exceed their perceptions in all but one. Four areas; act according to promises (gap score – P-E = -0.28), sincere interest in solving problems (gap score – P-E = -0.93), performing services right the first time (gap score – P-E = -0.55) and providing service at the promised time (gap score – P-E = -0.92).

As shown in Table 4, the only recorded positive feature is the insistence on error free records (gap score – P-E = 0.30). Clearly, the average of the dimension (gap score – P-E = -0.48) is dissatisfactory just as Brown et al (1993) held that when perceived or experienced service is less than the expected service; it implies less satisfactory service quality as the perceived service is more than expected service. The implication is that the customers are not impressed or satisfied with the reliability dimension of service quality just as Parasuraman et al. (1985) discovered that the key to service quality is to meet or exceed the expectations of customers.

Again, the perception mean for GCB in features such as acting according to promises (mean=3.20), sincere interest in solving problems (mean=2.83), performing services right the first time (mean=2.93) and providing service at the promised time (mean=2.67) fell below the means of the three banks. This implies

that in these areas competitors offer better service and are more likely to attract their customers.

Responsiveness

The responsiveness dimension of the SERVQUAL instrument is comprised of questions 10-13, which assess customers’ perceptions of the responsiveness aspects (informing when services will be performed, providing services promptly, willingness to help, never being too busy to respond to request for service) of GCB.

Table 5: Customers’ perception of GCB’s responsiveness

Responsiveness factor dimension	Perception	Expectation	Gap Score
10. Informs exactly when services will be provided.	3.73	3.62	0.11
11. Provides prompt services	2.53	3.41	-0.88
12. Always willing to help.	3.33	3.79	-0.46
13. Never too busy to respond to service requests	3.27	4.13	-0.86
Average	3.23	3.75	-0.52

Source: Fieldwork, 2014

From Table 5, each of the four factors making up the responsiveness dimension of service quality, the expectations of customers exceed their perceptions in all four areas save one. Providing services promptly, (gap score – P-E = -0.88), willingness to help (gap score – P-E = -0.46), and never being too busy to respond to requests for service (gap score – P-E = -0.86).

However, informing customers exactly when services will be provided recorded a positive gap score (gap score – P-E = 0.11). Undoubtedly, an average

of the dimension (gap score – P-E = -0.52) implies that the responsiveness of GCB is dissatisfactory. This is due to the fact that the customers’ expectation exceeds performance of the service provider. Again, the perception means for GCB in features such as informing customers exactly when services will be provided (mean=3.73), providing services promptly (mean=2.53), always willing to help (mean=3.33), and never being too busy to respond to requests for service (mean=3.27) fell below the means for the three banks. This implies that the services of competitors are better to this regard. A summary of the survey results for the responsiveness dimension of service quality are summarized in Table 6.

Assurance

The assurance dimension of the SERVQUAL instrument is comprised of questions 14-17 which assess customers’ perceptions of the assurance aspects (employee behaviour instils confidence, customers feel secure in their transactions, employees are consistently courteous, employees have the knowledge to answer questions) of GCB. Limited.

Table 6: Customers’ perception of GCB’s assurance

Assurance factor dimension	Perception	Expectation	Gap Score
14. Employee behaviour instils confidence.	2.70	3.62	-0.92
15. Customers feel secure in their transactions.	3.60	3.59	0.01
16. Employees have the knowledge to answer questions	4.20	3.93	0.27
17. Employees are consistently courteous.	3.70	3.52	0.18
Average	3.55	3.66	-0.11

Source: Fieldwork, 2014

Analysis of each of the four factors making up the assurance dimension of service quality reveals that the perceptions of GCB customers exceed their expectations in three of the four areas; customers feel secure in their transactions, (gap score – P-E = 0.01), employees have the knowledge to answer questions (gap score – P-E = 0.27) and consistency of employee courteousness (gap score – P-E = 0.18).

Conversely, expectation exceeds perception in the area employee behaviour instils confidence (gap score – P-E = -0.92). In effect, although customers satisfied with three of the four factors, the magnitudes are not large enough to give customers the needed satisfaction with assurance dimension in entirety. This is due to the fact that the average gap score is (gap score – P-E = -0.11). In support of this, GCB perception means for employee behaviour instils confidence (mean=2.70), customers feel secure in their transactions (mean=3.60), employees are consistently courteous (mean=3.70) fell below the means for the same features of the three banks. It implies that competitors are perceived to offer a comparatively better service in this regard. This can make clients switch to other competitors that can better meet their needs and wants. A summary of the survey results for the assurance dimension of service quality is shown in Table 7.

Empathy

The empathy dimension of the SERVQUAL instrument is comprised of questions 18-22 which assess perceptions of the empathy aspects (provides individual attention, has convenient operating hours, employees provide personal attention, has the best interest of the customer at heart, employees understand the needs of the customers) of GCB. Limited.

Table 7: Customers' perception of GCB's empathy

Empathy factor dimension	Perception	Expectation	Gap Score
18. Provides individual attention.	3.47	3.28	0.19
19. Has convenient operating hours	2.97	3.45	-0.48
20. Employees provide personal attention.	3.37	3.59	-0.22
21. Has the best interest of the customers at heart.	3.10	3.52	-0.42
22. Employees understand the needs of their customers.	4.20	4.03	0.17
Average	3.42	3.57	-0.15

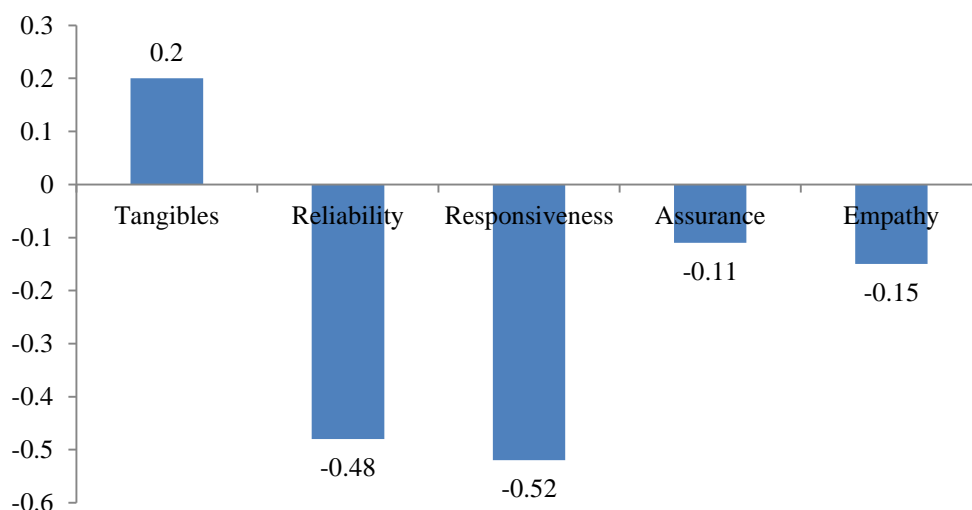
Source: Fieldwork 2014

Out of the five factors making up the empathy dimension of customer satisfaction, the expectations of the customers exceed their perceptions in three of the areas. They include; has convenient operating hours (gap score – P-E = -0.48), employees provide personal attention (gap score – P-E = -0.22), and employees have the best interest of the customer at heart (gap score – P-E = -0.42).

The two areas in which the bank outperformed the expectation of customers are; provides individual attention (gap score – P-E = 0.19), and employees understand the needs of the customers (gap score – P-E = 0.17). Clearly, the average of the dimension (gap score – P-E = -0.15) is dissatisfactory just as Parasuraman et al. (1985); Brown et al (1993) held and corroborated by Jain et al (2004) that when perceived or experienced service is less than the expected service; it implies less than satisfactory service quality; and when perceived service is more than expected service it implies a satisfactory one.

GCB perception means in features such as providing individual attention (mean=3.47), convenient operating hours (mean=2.97), and interest of the customers at heart (mean=3.10) fell below the grand means of the three banks. On the other hand the bank recorded means for features such as provision of personal attention by the employee (mean=3.37) and understand the needs of their customers (mean=4.20) were higher than the perception means of the three banks. This implies that in these two area GCB offer a better alternative. Table 7 shows the summary of the results with respect to empathy.

Ranges of Servqual



Service quality in GCB. Ltd

Figure 4: GCB service quality – average perception score gap

Source: Fieldwork, 2014

From Figure 4 it is vividly depicted that with the exception of tangibles, GCB could not outperform the expectation of their customers. This situation means that, at a glance, GCB customers sampled are satisfied only in the area of tangibles and are dissatisfied in the rest. When the score gaps for each of the dimensions are multiplied by their salience scores (as shown in figure 7), the gap

score for tangibles increases to 3.8. Reliability further reduces to -11.78; responsiveness to -28.6, assurance marginally reduces to -0.99 and empathy to -4.08.

This indicates that customers are not satisfied with the service quality of GCB. This may result in most of the customers closing their accounts with the bank and switching to other banks they think will offer them quality service.

Barclays Bank Limited customers’ perception of service quality

Tangibility

The tangibility dimension of the SERVQUAL customer perception tool is comprised of the first four questions which assess perceptions of the tangible appearance aspects (equipment, materials, physical facility and employees) of BBL.

Table 8: Customers’ perception of BBL’s tangibility

Tangibility factor dimension	Perception	Expectation	Gap Score
1. Modern looking equipment.	4.27	3.24	1.03
2. Visually appealing physical facilities	4.57	3.55	1.02
3. Professional appearance of employees.	4.23	3.34	0.89
4. Visually appealing materials.	3.93	3.31	0.62
Average	4.25	3.36	0.89

Source: Fieldwork, 2014

It can be realised from Table 8 that each of the four factors making up the tangibility dimension of service quality, the perceptions of customers exceed their

expectations in all four areas. They are; modern looking equipment (gap score – P-E = 1.03), visually appealing facilities (gap score – P-E =1.02), professional appearance of employees (gap score – P-E = 0.89) and visually appealing materials (gap score – P-E = 0.62). The average score of the dimension (gap score – P-E = 0.89) is an indication of the fact that customers are satisfied since perception exceed their expectation.

In support of this stance is the fact that BBL exceeded the perception means for the three banks in areas such as modern looking equipment (mean=4.27), visually appealing physical facilities (mean=4.57), professional appearance of employees (mean=4.23), and visually appealing materials (mean=3.93). This implies that BBL offers service better than their competitors with respect to these tangibility features and are more likely to entice the banks whose performance fall short of the means of the three banks. Table 9 is a summary of the results with respect to BBL tangibility.

Reliability

The reliability dimension of the SERVQUAL instrument is comprised of questions 5-9, which assess customers' perceptions of the reliability aspects (acting according to promises, sincerity in problem solving, performing the service right at the first time, providing service at the promised time, and insistence on error free records) of Barclays Bank Limited.

Table 9: Customers' perception of BBL's reliability

Reliability factor dimension	Perception	Expectation	Gap Score
5. Act according to promises.	4.20	3.48	0.72
6. Sincere interest in solving problems.	4.73	3.76	0.97
7. Services are performed right the first time.	3.73	3.48	0.25
8. Provide services at the time promised.	3.70	3.59	0.11
9. Insist on error free records.	4.57	4.07	0.50
Average	4.19	3.68	0.51

Source: Fieldwork, 2014

From Table 9, the perceptions of customers of BBL exceed their expectations in all five areas. Act according to promises (gap score – P-E = 0.72), sincere interest in solving problems (gap score – P-E = -0.97), performing services right the first time (gap score – P-E = 0.25) and providing service at the promised time (gap score – P-E = 0.11), and insistence on error free records (gap score – P-E = 0.50). Clearly, the average of the dimension (gap score – P-E = 0.51) shows that customers are satisfied with the reliability of BBL.

When the perception means of BBL reliability features such as act according to promises (mean=4.20), sincere interest in solving problems (mean=4.73), performing services right the first time (mean=3.73), providing service at the promised time (mean=3.70) and insist on error free records (mean=4.57) were all above the means of the three banks. This implies that, just as Richard (1996) argued, when customers are satisfied with the offering of the bank and are not likely attracted by alternatives.

Responsiveness

The responsiveness dimension of the SERVQUAL instrument is comprised of features 10-13, which assess customers' perceptions of the responsiveness aspects (informing when services will be performed, providing services promptly, willingness to help, never being too busy to respond to request for service) of Barclays Bank Limited.

Table 10: Customers' perception of BBL's responsiveness

Responsiveness factor dimension	Perception	Expectation	Gap Score
10. Informs exactly when services will be provided.	4.10	3.62	0.48
11. Provides prompt services	4.13	3.41	0.72
12. Always willing to help.	4.43	3.79	0.64
13. Never too busy to respond to service requests	4.07	4.14	-0.07
Average	4.18	3.74	0.44

Source: Fieldwork, 2014

It can be read from Table10 that customers' perceptions exceed their expectations in three of the four areas; informing when services will be provided (gap score – P-E = 0.48), providing services promptly, (gap score – P-E = 0.72), and willingness to help (gap score – P-E = 0.64). However, expectation exceeds perception in the area of employees never being too busy to respond to requests for service (gap score – P-E = -0.07). The average gap score (P-E) for the responsiveness dimension of customer satisfaction is 0.44. This result shows that the perception of BBL customers exceed their expectations with regards to the bank's responsiveness. Hence, customers are satisfied with the responsiveness of the bank base on the fact that the key to service quality is to meet or exceed the expectations of customers.

Additionally, the perception means for BBL in features such as informing customers exactly when services will be provided (mean=4.10), providing services promptly (mean=4.13), always willingness to help (mean=4.43), and never being too busy to respond to requests for service (mean=4.07) were all above the means for the three banks. This is indicative of the fact that alternative choices do not offer obvious advantage.

Assurance

The Assurance dimension of the SERVQUAL instrument is comprised of questions 14-17 which assess customers’ perceptions of the assurance aspects (employee behaviour instils confidence, customers feel secure in their transactions, employees are consistently courteous, employees have the knowledge to answer questions) of BBL.

Table 11: Customers’ perception of BBL’s assurance

Assurance factor dimension	Perception	Expectation	Gap Score
14. Employee behaviour instils confidence.	4.13	3.62	0.51
15. Customers feel secure in their transactions.	4.03	3.59	0.44
16. Employees have the knowledge to answer questions	4.13	3.93	0.20
17. Employees are consistently courteous.	3.70	3.52	0.18
Average	4.00	3.67	0.33

Source: Fieldwork, 2014

Analysis of each of the four factors making up the assurance dimension of service quality reveals that the perceptions of BBL customers exceed their expectations in all four areas. They are employee behaviour instils confidence

(gap score – P-E = 0.51), customers feel secure in their transactions, (gap score – P-E = 0.44), employees have the knowledge to answer questions (gap score – P-E = 0.20) and consistency of employee courteousness (gap score – P-E = 0.18).

As depicted in Table 11 the average gap score of 0.33 is an indication of the fact that the customers are satisfied although features such as employees have the knowledge to answer questions (mean=4.13), and employees are consistently courteous (mean=3.70) fell below the means of the three bank.

Empathy

The Empathy dimension of the SERVQUAL instrument is comprised of features 18-22 which assess perceptions of the empathy aspects (provides individual attention, has convenient operating hours, employees provide personal attention, has the best interest of the customer at heart, employees understand the needs of the customers) of BBL.

Table 12: Customers’ perception of BBL’s empathy

Empathy factor dimension	Percep	Expect.	Gap Score
18. Provides individual attention.	3.47	3.28	0.19
19. Has convenient operating hours	3.40	3.45	-0.05
20. Employees provide personal attention.	3.63	3.59	0.04
21. Has the best interest of the customers at heart.	3.57	3.52	0.05
22. Bank understand the needs of their customers.	4.20	4.03	0.17
Average	3.65	3.57	0.08

Source: Fieldwork, 2014

Out of the five factors making up the empathy dimension of customer satisfaction, the perceptions of the customers exceed their expectations in four areas. They include; provides individual attention (gap score – P-E = 0.19), employees provide personal attention (gap score – P-E = 0.04), employees have

the best interest of the customer at heart (gap score – P-E = 0.05), and employees understand the needs of the customers (gap score – P-E = 0.17).

The only area in which the bank could not outperform the expectation of customers is the convenience of operating hours (gap score – P-E = -0.05). An average of the dimension (gap score – P-E = 0.08) would elicit satisfaction just as Parasuraman et al. (1985); Brown et al (1993) held and corroborated by Jain et al (2004) that when perceived or experienced service is less than the expected service; it implies less than satisfactory service quality; and when perceived service is more than expected service it implies a satisfactory one. Table 13 is the summary of the results.

Providing individual attention (mean=3.47) fell below the perception mean of the three banks. However, due to a relatively lower expectation a positive gap was produced. Conversely, feature such as bank has convenient operating hours (mean=3.40) was higher than the perception mean of the three banks but due to a comparatively higher expectation, a negative score gap was produced. All other empathy features either equalled or exceeded the perception means of the three banks.

From Figure 5, it is clearly shown that BBL outperformed the expectation of their customers in all the five service quality dimensions. When the score gaps for each of the dimensions are multiplied by their salience scores (as shown in figure 7), the gap scores for tangibles, reliability, responsiveness, assurance, and empathy rise to 16.72, 15.81, 12.76, 3.06 and 0.96 respectively.

Ranges of Servqual

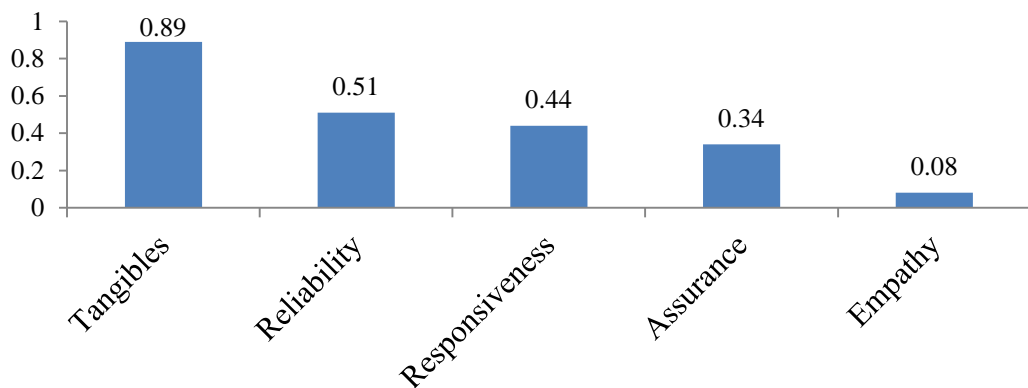


Figure 5: BBL service quality – average perception score gap

Source: Fieldwork, 2014

South Birim Rural Bank customers’ perception of service quality

Tangibility

The tangibility dimension of the SERVQUAL customer perception tool is comprised of the first four features which assess perceptions of the tangible appearance aspects (equipment, materials, physical facility and employees) of SBRB.

Table 13: Customers’ perception of SBRB’s tangibility

Tangibility factor dimension	Percep.	Expect.	Gap Score
1. Modern looking equipment.	2.67	3.24	-0.57
2. Visually appealing physical facilities.	2.57	3.55	-0.98
3. Professional appearance of employees.	3.63	3.34	0.29
4. Visually appealing materials.	2.53	3.31	-0.78
Average	2.85	3.36	-0.51

Source: Fieldwork, 2014

Three of the four factors making up the tangibility dimension of service quality recorded expectations of customers exceeding their perceptions. They

include modern looking equipment (gap score – P-E = -0.57), visually appealing facilities (gap score – P-E = -0.98), and visually appealing materials (gap score – P-E = -0.78). Professional appearance of employees however recorded a positive value, (gap score – P-E = 0.29). An average of (gap score – P-E = -0.51) is an indication of the fact that customers are dissatisfied with this dimension since expectation exceed their perception. Table 13 sums up the results.

To add to this, perception means of the tangibility features such as modern looking technology (mean=2.67), visually appealing physical facilities (mean=2.57), professional appearance of employees (mean=3.63), and visually appealing materials (mean=2.53) fell below the perception means of the three banks. This implies that SBRB’s performance in the area of tangibles leaves much to be desired and hence customers are dissatisfied. Therefore customers are more likely attracted by alternatives just as Richards (1996) contends.

Reliability

The reliability dimension of the SERVQUAL instrument is comprised of features 5-9, which assess customers’ perceptions of the reliability aspects (acting according to promises, sincerity in problem solving, performing the service right at the first time, providing service at the promised time, and insistence on error free records) SBRB service quality.

Table14: Customers’ perception of SBRB’s reliability

Reliability factor dimension	Perception	Expectation	Gap Score
5. Act according to promises.	3.63	3.48	0.15
6. Sincere interest in solving problems.	4.10	3.76	0.34
7. Services are performed right the first time.	3.43	3.48	-0.05

Table 14: Continued

8. Provide services at the time promised.	3.67	3.59	0.08
9. Insist on error free records.	4.37	4.07	0.30
Average	3.84	3.68	0.16

Source: Fieldwork, 2014

From Table 14 the perceptions of customers SBRB exceed their expectations in four of the five areas. They include acting according to promises (gap score – P-E = 0.15), sincere interest in solving problems (gap score – P-E = 0.34), and providing service at the promised time (gap score – P-E = 0.08), and insistence on error free records (gap score – P-E = 0.30). On the other hand, service provider performing services right the first time had (gap score – P-E = - 0.05).

As depicted in Table 14 a positive average of the dimension (gap score – P-E = 0.16) shows that customers are satisfied with the reliability of SBRB service quality. This is because the customers' expectation is exceeded by the bank's performance. Corroboratively, although the perception that the service provider is acting according to promises (mean=3.63), and insistence of error free records (mean=4.37) fell below the perception mean of the three banks, other features such as sincere interest in solving problems (mean=4.10), services are performed right the first time (mean=3.43), and provides services at the time promised (mean=3.67) were above the perception means of the three banks. This implies that the customers are content with the performance of the bank. Hence, to this regard, customers of SBRB are not likely attracted by the alternative banks.

Responsiveness

The Responsiveness dimension of the SERVQUAL instrument is comprised of features 10-13, which assess customers’ perceptions of the responsiveness aspects (informing when services will be performed, providing services promptly, willingness to help, never too busy to respond to request for service) of SBRB.

Table15: Customers’ perception of SBRB’s responsiveness

Responsiveness factor dimension	Perception	Expectation	Gap Score
10. Informs exactly when services will be provided.	4.23	3.62	0.61
11. Provides prompt services	3.36	3.41	-0.04
12. Always willing to help.	4.53	3.79	0.74
13. Never too busy to respond to service requests	3.70	4.14	-0.44
Average	3.96	3.74	0.22

Source: Fieldwork, 2014

It could be read from Table 15 that customers’ perceptions exceed their expectations in two of the four areas; informing customers when services will be provided (gap score – P-E = 0.48), and willingness to help (gap score – P-E = 0.74). However, expectations exceed perceptions in the areas of providing services promptly, (gap score – P-E = -0.04), and never being too busy to respond to requests for service (gap score – P-E = -0.44). On average, a gap score of 0.22 implies that customers are satisfied with the responsiveness dimension of service quality.

Perception of features such as bank provides prompt services (mean=3.36), and never too busy to respond to service requests (mean=3.70) were below the perception means of the three banks. Even though, customers are not satisfied in two of the areas, higher magnitude of satisfaction in the other areas compensate for the rest. The average gap score (P-E) for the responsiveness dimension of customer satisfaction is 0.22. This result shows that the perception of SBRB customers exceed their expectations with regards to responsiveness. Hence, customers are satisfied with the bank’s responsiveness.

Assurance

The Assurance dimension of the SERVQUAL instrument is comprised of features 14-17 which assess customers’ perception of the assurance aspects (employee behaviour instils confidence, customers feel secure in their transactions, employees are consistently courteous, employees have the knowledge to answer questions) of SBRB.

Table 16: Customers’ perception of SBRB’s assurance

Assurance factor dimension	Perception	Expectation	Gap Score
14. Employee behaviour instils confidence.	3.73	3.62	0.11
15. Customers feel secure in their transactions.	3.87	3.59	0.28
16. Employees have the knowledge to answer questions	4.13	3.93	0.20
17. Employees are consistently courteous.	3.70	3.52	0.18
Average	3.86	3.67	0.19

Source: Fieldwork, 2014

Analysis of each of the four factors making up the assurance dimension of customer satisfaction reveals that the perceptions of SBRB customers exceed their expectations in all four areas; employee behaviour instils confidence (gap score – P-E = 0.11), customers feel secure in their transactions, (gap score – P-E = 0.28), employees have the knowledge to answer questions (gap score – P-E = 0.20) and consistency of employee courteousness (gap score – P-E = 0.18).

With the exception of employee behaviour instils confidence (mean=3.73) which was above the perception mean of the three banks, all other features of assurance fell below the perception mean of the three banks. However, due to the comparatively lower expectations positive score gaps values were produced. On average, as depicted in Table 17, an average gap score of 0.19 is an indication of the fact that the customers are satisfied with the assurance dimension of the bank’s service quality.

Empathy

The empathy dimension of the SERVQUAL instrument is comprised of features 18-22 which assess perceptions of the empathy aspects (provides individual attention, has convenient operating hours, employees provide personal attention, has the best interest of the customer at heart, employees understand the needs of the customers) of SBRB.

Table 17: Customers’ perception of SBRB’s empathy

Empathy factor dimension	Perception	Expectation	Gap Score
18. Provides individual attention.	3.47	3.28	0.19
19. Has convenient operating hours	2.97	3.45	-0.48
20. Employees provide personal attention.	3.37	3.59	-0.22

Table 17 Continued

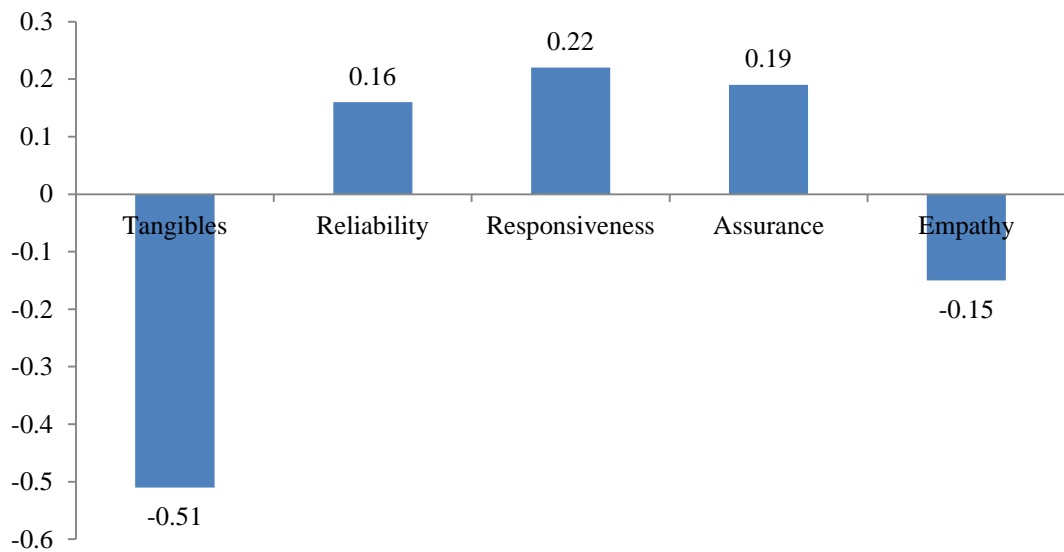
21. Has the best interest of the customers at heart.	3.10	3.52	-0.42
22. Employees understand the needs of their customers.	4.20	4.03	0.17
Average	3.42	3.57	-0.15

Source: Fieldwork, 2014

Out of the five factors making up the empathy dimension of service quality, the expectations of the customers exceed their perceptions in three of the five areas; convenience of operating hours (gap score – P-E = -0.48), employees provide personal attention (gap score – P-E = -0.22), and employees have the best interest of the customer at heart (gap score – P-E = -0.42).

Perception was higher in two areas such as employees provide individual attention (gap score – P-E = 0.19) and employees understand the needs of the customers (gap score – P-E = 0.17). On average, a gap score of -0.15 is an indication of the fact that the customers are not satisfied with the empathy dimension of the bank’s service quality. Table 18 sums up the results. Here again, the perception means in three out of the five features such as bank provides individual attention (mean=3.47), has convenient operating hours (mean=2.97), and has the best interest of the customers at heart (mean=3.10) fell below the means of the three banks. This implies that in these three areas competitors offer a comparatively better service. Therefore, competitors’ offering are likely to attract the customers of SBRB just as Richard (1996) found that the more alternatives attract, the more dissatisfied customers would converse and subsequently switch provider. But unless customers are aware of the available

substitutes or competing alternatives they may continue in a service relationship even though it is less satisfactory one.



Factors measuring service quality in SBRB

Figure 6: SBRB service quality – average perception score gap

Source: Fieldwork, 2014

From Figure 6, it is depicted that tangibles and empathy recorded negative score gaps. When the salience scores are multiplied by these dimensions, tangibles further reduces to -9.69 and empathy to -1.8. The three dimensions namely reliability, responsiveness and assurance, recorded positive gap scores. When these gap scores are multiplied by their salience scores, reliability increase to 8.06, responsiveness increases to 6.38, and assurance to 1.71. The implication of this is that customers are satisfied since the net of these dimensions produce a positive value. This implies customers will continue to do business with the bank and even increase their business transactions with the banks.

Factors that will lead to repeat purchase or customer retention of the selected banks

SERVQUAL developers' research indicated that the customers don't hold each of the service quality dimensions in the same regard and are not uniformly important (Parasuraman, et al. 1991). Therefore, the SERVQUAL customer perception tool also collects respondent input as to the importance of each construct by having them allocate a total of 100 points across the various service quality dimensions (Parasuraman, et al. 1991).

Table 18: Descriptive statistics

SERVQUAL dimension features	N	Mean	Std Dev
1. Modern looking equipment.	160	3.39	0.99
2. Visually appealing physical facilities.	160	3.59	1.15
3. Professional appearance of employees.	160	3.94	0.91
4. Visually appealing materials.	160	3.39	0.98
5. Act according to promises.	160	3.7	0.94
6. Sincere interest in solving problems.	160	3.88	1.05
7. Services are performed right the first time.	160	3.37	0.86
8. Provide services at the time promised.	160	3.36	0.97
9. Insist on error free records.	160	4.43	0.59
10. Informs exactly when services will be provided.	160	4.01	0.95
11. Provides prompt services	160	3.41	1.15
12. Always willing to help.	160	4.05	0.96
13. Never too busy to respond to service request	160	3.72	1.04

Table 18: Continued

14. Employee behaviour instils confidence	160	3.57	1.14
15. Customers feel secure in their transactions.	160	3.88	0.97
16. Employees have the knowledge to answer questions	160	4.19	1.07
17. Employees are consistently courteous.	160	3.72	0.88
18. Provides individual attention.	160	3.53	1.18
19. Has convenient operating hours	160	3.09	0.90
21. Has the best interest of the customers at heart.	160	3.13	1.13
22. Employees understand the needs of their customers.	160	4.20	0.60

Source: Fieldwork, 2014

Rating Scale: 1.0 (low) – 5.0 (Very high)

This information allows for a measure of salience that can be used to determine which of the service quality dimensions are the most important to the customers. In satisfying this condition of service quality study, customers were asked to indicate the factors in order of importance what they would consider most if they are to make a repeat transaction with their respective banks. The responses of the 160 respondents are depicted in Figure 7.

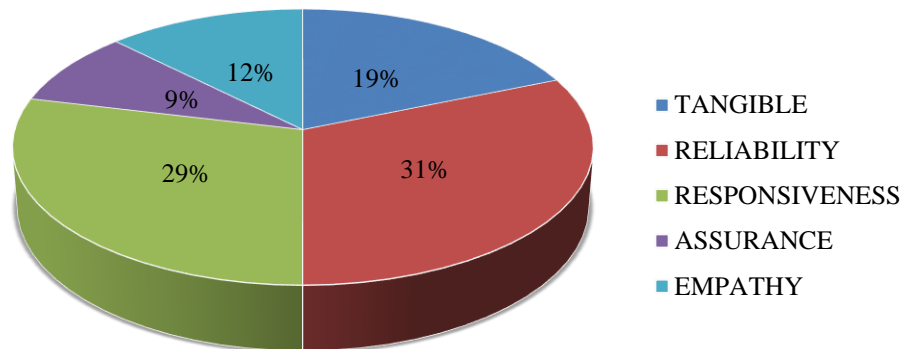


Figure 7: Salience score of factors that influence repeat transactions

Source: Fieldwork, 2014

From Figure 7, reliability records the highest 31% salience to influence repeat transaction. Reliability is closely followed by responsiveness with 29% salience, then tangibility =19%, empathy=12% and assurance=9%. When this is critically examined, one can deduce that 31% customers of the banks' would have a repeat transaction if features or indicators of banks' reliability are performed to their satisfaction. These indicators include; acting according to promises, sincere interest in solving problems, services performed right the first time, providing services at the time promised and insistence on error free records. This finding confirms Zhou's (2004) conclusion made out of the study conducted in Chinese retail banking sector. The factors found by the author to influence customer retention were empathy and responsiveness of the employees, reliability and assurance from the bank, and tangibility of services.

A total of 79% composed by reliability, responsiveness and tangibility salience score is more than enough to influence repeat transaction if combined effectively. This finding confirms Sigh and Kaur's (2011) conclusions drawn out

of the study they conducted on antecedents of customer satisfaction of Indian Universal banks. They found that customer satisfaction is influenced by seven factors – employee responsiveness, appearance of tangibles, social responsibility, services innovation, positive word-of-mouth, competence, and reliability.

However, this is not to say that empathy and assurance dimensions of service quality should be neglected. Every single legitimate need of the customer must be served in order to satisfy him/her and to elicit relationship commitment. This is because, although assurance and empathy scored lower salience, some customers are retained by them. Bearing in mind that each customer is important for the financial returns of the banks, effort should be made to serve them better. This confirms the assertion by Kotler, Armstrong and Cunningham (2002) that satisfying customers' needs and wants ensures repeat purchase. Kotler (2003) also noted that, customer satisfaction is regarded as the key to customer retention and has been taken as a fundamental determinant of long-term customer behaviour and customer retention.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter summarizes the findings obtained from the study. The chapter is in three parts. The first part summarizes the entire research findings. The second part outlines the conclusions drawn from the research findings while the third part makes recommendations to the three selected banks namely GCB, BBL and SBRB all located in Akim Oda as to how best they can retain their customers.

Summary of findings

The study was to assess the contribution of customer service to customer retention of selected banks in Akim Oda. The objectives of the study were to; examine the perception of customers on the service quality delivery, and examine the factors that lead to repeat purchase or customer retention of selected banks of Akim Oda. The sample size for this study was one hundred and sixty (160) respondents. The sampling technique used was purposive type of non-probability sampling method.

The customers of GCB perceived their bank to have outperformed their expectation in the tangible dimension of service quality with an average gap score of 0.20. This implies that the customers were satisfied with the bank's appearance aspects of equipment, materials, physical facility and employees. However, in the other four dimensions namely reliability (average gap score=-0.48), responsiveness (average gap score=-0.52), assurance (average gap score=-0.11) and empathy (average gap score=-0.15) of service quality, the bank

underperformed the expectation of their customers. The results show that only one out of the five service quality dimensions was performed to satisfaction of the customers. In view of the fact that tangibility was the third highest in salience (salience score = 19%), it is not enough to cause a beneficial repeat purchase since the remaining 81% dissatisfied customers can spread a negative word-of-mouth to the detriment of the bank.

At varying magnitude, BBL customers' expectations were exceeded by the bank's performance in all the five dimensions of service quality. They are tangibility (average gap score=0.89), reliability (average gap score=0.51), responsiveness (average gap score=0.44) assurance (average gap score=0.34) and empathy (average gap score=0.08). The result implies that customers' expectations are exceeded in all the five dimensions of service quality. Hence, customers are satisfied with the service offering of BBL. Therefore, customers are more likely to repeat transaction with BBL.

Expectations of Customers of SBRB were exceeded in three of the five service quality dimensions namely; reliability (average gap score = 0.16), responsiveness (average gap score = 0.22), and empathy (average gap score = 0.19). Although the bank underperformed in the area of tangibility (average gap score = -0.51) and empathy (average gap score = -0.15) the net weighted gap score is positive i.e. (the sum of the weighted score gaps after multiplying the average score gaps by the salience score). Therefore, customers of SBRB are satisfied with the performance of the bank and are likely to repeat a transaction.

Using salience scores, reliability was found to influence repeat transaction the most. When this is critically examined, one can deduce that 31% customers of the banks would have a repeat transaction if features or indicators of the banks'

reliability are performed to satisfaction. Reliability was closely followed by responsiveness which recorded 29% influence on repeat transaction. The rest were tangibility =19%, empathy=12% and assurance=9%. Effective combination of these service quality dimensions would cause delighted customer to have repeat transaction. It is therefore prudent to put in place measures to arrest underperformance of the banks' service quality most especially in the areas where respective banks performed below expectation.

The measures may be extended to include service providers continually monitoring customers' perceptions of service quality, identifying the causes of service quality shortfalls and take appropriate action to improve the quality of the service provided (Zeithaml et al. 1990). This is because even when organizations understand the service quality expectations of their customers and then translate them into performance expectations, there isn't a guarantee that service providers will be willing to or capable to deliver.

Conclusion

The main objective was to examine assess the contribution of customer service on customer retention of the selected banks in Akim Oda. This study in effect bring to light the state of service quality being rendered to the customers of GCB, BBL and SBRB bank. Further, the findings and recommendations of this study will help the management of the banking sector to put measures in place to improve the quality of service.

It can be concluded therefore that customers' perception of service quality of BBL and SBRB exceed their expectation hence, satisfied and are more likely to repeat a transaction. Conversely, customers' perception of GCB service quality

fell short of their expectation. Hence, the customers are dissatisfied with the bank's service quality offering and are less likely to repeat transaction. This will be worse if customers are not bonded in one way or the other. It can be concluded also that the factors that lead to repeat purchase or customer retention of the selected banks in order of importance are reliability, responsiveness and tangibility. Others were empathy and assurance of service quality. To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality on average is considered an antecedent of customer satisfaction and repeat purchase.

Recommendations

Subject to the findings and conclusions of this study the following recommendations were made to help improve service quality, satisfaction and repeat transaction in the banking sector;

1. That GCB gives much attention to repeat transaction by increasing customer satisfaction through the provision high service quality. The bank should improve upon its service quality dimensions such as reliability, responsiveness, empathy and assurance. This is because the bank underperformed in these service quality dimensions.
2. That BBL should continue to offer customers with the best of service quality. However, they should not be complacent since the competition is increasingly becoming keener with the influx microfinance companies.
3. That SBRB improve upon their service quality especially in the areas such as tangibility and empathy. This is due to the fact that the

average expectation from the bank exceeded their performance as perceived by customers.

Direction for further study

That since the results of the study are based on customers' perceptions only, future research should examine the relationship and congruence between customers and service providers' perceptions on customer retention. This will help the industry to better understand whether both customers and banks have the same opinion regarding retention issues.

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APPENDIX

UNIVERSITY OF CAPE COAST- SCHOOL OF BUSINESS DEPARTMENT OF ACCOUNTING AND FINANCE

QUESTIONNAIRES FOR CUSTOMERS

I, a student of the above named institution, seek to solicit views from the public on the topic ‘**perception of customers on quality of service delivery by Ghana Commercial Bank, Barclays Bank and South Birim Rural Bank branches of Akim oda**’. The information I receive from you will be strictly confidential and will be used only for the research I am undertaking for my postgraduate programme. This exercise will take approximately 30 minutes of your time. Thank you for your cooperation and willingness to take part.

SECTION A (BACKGROUND CHARACTERISTICS)

Please select the most appropriate answer by ticking (√) in the box provided.

1. Please indicate your bank.

GCB [] Barclays Bank Ltd. [] South Birim Rural Bank Ltd. []

2. Please indicate your level of education.

Primary [] Middle School [] JSS/JHS [] SSS/SHS []

Tertiary []

3. Please indicate your age.

18–25 [] 26–33 [] 34 – 43 [] 44 and above []

SECTION B (SERVICE QUALITY OF THE BANK)

The responses required of you are in two parts. First response measures customers’ general expectations (E) of what the bank can deliver. The second

response measures customers' perceptions (P) service quality received, that is, what has actually been delivered. In both cases, one (1) means least in agreement and five (5) means highest in agreement.

Please, indicate the extent, to which you agree to the following statements with respect to your bank.

Service Quality dimension	Feature	Expectation (E)	Perception (P)
TANGIBILITY	1. Modern looking equipment.	[1] [2] [3] [4] [5]	[1] [2] [3] [4] [5]
	2. Visually appealing physical facilities	[1] [2] [3] [4] [5]	[1] [2] [3] [4] [5]
	3. Professional appearance of employees.	[1] [2] [3] [4] [5]	[1] [2] [3] [4] [5]
	4. Visually appealing materials.	[1] [2] [3] [4] [5]	[1] [2] [3] [4] [5]
RELIABILITY	5. Act according to promises.	[1] [2] [3] [4] [5]	[1] [2] [3] [4] [5]
	6. Sincere interest in solving problems.	[1] [2] [3] [4] [5]	[1] [2] [3] [4] [5]
	7. Services are performed right the first time.	[1] [2] [3] [4] [5]	[1] [2] [3] [4] [5]
	8. Provide services at the time promised.	[1] [2] [3] [4] [5]	[1] [2] [3] [4] [5]
	9. Insist on error free records.	[1] [2] [3] [4] [5]	[1] [2] [3] [4] [5]

RESPONSIVENESS	10. Informs exactly when services will be provided. .	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
	11. Provides prompt services.	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
	12. Always willing to help.	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
	13. Never too busy to respond to service requests.	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
ASSURANCE	14. Employee behaviour instils confidence.	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
	15. Customers feel secure in their transactions.	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
	16. Employees have the knowledge to answer questions.	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
	17. Employees are consistently courteous.	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
EMPATHY	18. Provides individual attention.	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
	19. Has convenient operating hours	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
	20. Employees provide personal attention.	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
	21. Has the best interest of the customers at heart.	[1] 2] [3] [4] [5]	[1] 2] [3] [4] [5]
	22. Employees understand the needs of their customers.		

SECTION C (factors that will lead to retention/repeat purchase)

1. Which of the factors will you consider if you are to make a repeat transaction with your bank?
 - (a) Tangibles []
 - (b) Reliability []
 - (c) Responsiveness []
 - (d) Assurance []
 - (e) Empathy []
2. Arrange the factors in question one (1) of section C in order of importance according to your opinion.
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.....
.....
.....

Thank you for participating in this research.