UNIVERSITY OF CAPE COAST

CUSTOMER RELATIONSHIP MANAGEMENT AS A STRATEGIC TOOL FOR CUSTOMER LOYALTY IN GHANA'S BANKING INDUSTRY

DANIEL LAMPTEY

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BY

DANIEL LAMPTEY

THESIS SUBMITTED TO THE DEPARTMENT OF MANAGEMENT STUDIES OF THE SCHOOL OF BUSINESS, UNIVERSITY OF CAPE COAST, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR AWARD OF MASTER OF COMMERCE DEGREE IN MARKETING

AUGUST 2014

DECLARATION

Candidate's Declaration

I hereby declare that this thesis 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.

Candidate's Name: Daniel Lamptey

Signature:……………………………….. Date:………..……………..

Supervisors' Declaration

We hereby declare that the preparation and presentation of this thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

Principal Supervisor's Name: Dr. Kenneth S. Aikins

Signature:…………………………………... Date:………………………..

Co-Supervisor's Name: Mrs. Mavis Serwah Benneh Mensah

Signature:……………………..………. Date:…………..…………

ABSTRACT

The purpose of the study was to examine how banks in Ghana use customer relationship management (CRM) as a strategic tool to achieve customer loyalty. Specifically, the study establishes the extent of practice of CRM in the banking industry, the relationship between CRM practices and customer loyalty, and the effect of CRM practices on customer loyalty. Furthermore, the study proffers possible solutions and recommendations in the implementation of CRM in the banking industry.

A descriptive survey design was employed for the study. Using the census techniques, the study captured 200 relationship staff from 15 major banks in Central and Western Regions who agreed to participate in the study. Data were collected using questionnaires. The data were analysed using both descriptive and inferential statistics.

The findings from the study were that the various major banks in Ghana appear to be relying heavily on the use of CRM to achieve competitive advantage by increasing customer loyalty. Furthermore, CRM practices jointly have a significant relationship with customer loyalty. It was recommended to marketers aiming at building and maintaining long term beneficial relationships with their customers hoping to win their loyalty that they should give special attention particularly to competence, commitment and communication. It was further recommended to bank managers that to increase customer loyalty, they should encourage the building of strong rational bonds in the form of social bonds between their employees and customers. They should also take steps to involve customers in their social functions and treat them as real friends, not just customers.

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I would like to register my sincerest appreciation to my children for their understanding of my absence from the house to campus most of the time to attend lectures and other issues related to my research work. I wish to express my sincere gratitude to my friends and course mates for their encouragement and support.

DEDICATION

To my parents

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CHAPTER ONE

INTRODUCTION

Background of the study

Today, products and services are losing their emphasis as key differentiators in the banking industry due to existence of brand parity, increased competition in the global market place, changing trends in the pattern of consumers demand, growing range of choices in the products and services customers can buy, advancement of information technology and the internet. Many banks are therefore moving to adopt a relationship-based approach to marketing to increase customer loyalty and retention. The basic philosophy underlying this viewpoint is that it costs more to attract new customers than to nurture and develop existing ones. A Customer Relationship Management (CRM) system therefore acts as an enabler, synthesising relevant customer information and making them readily available to various touch points (Bejou, 1997). This fosters close targeting for the effective delivery of customer value-laden proposition.

According to Kotler, Armstrong, Saunders and Wong (2001), Customer Relationship Management systems are Information Technology – based applications that integrate a company's information about customers with the knowledge of how to use that information. They further emphasised that CRM systems are based on the basic marketing belief that an organisation that knows its customers and knows how to treat them has an advantage in the market. Customer Relationship Management provides the key to retaining customers and it involves building financial and social benefits as well as structural ties to customers. Companies must therefore pay close attention to their customer's defection rate and undertake steps to reduce it, if not to prevent it.

From the customer`s perspective, a well implemented CRM system can offer a unified customer interface that delivers customisation and personalisation. This means that at each transaction, the relevant accounts details, knowledge of customer preferences and past transaction, or history of a service problem are at the fingertips of the person serving the customer. This can result in a vast service improvement and increased customer value. From a company's perspective, CRM allows a company to better understand customers, streamline business processes, properly target promotions and cross-selling and even implement alert systems that can signal if a customer is on the verge of defection (Lovelock & Wirtz, 2007).

Customer Relationship Management aims at building mutually satisfying long-term relationships with key constituents in order to earn and retain their business (Chen & Popovich, 2003). According to Chen and Popovich (2003), four key constituents of customer relationship management are customers, employees, marketing partners as well as members of the financial community. This requires that players in the banking industry respect the need to create prosperity among all these constituents and develop strategies to balance the returns to all key stakeholders (Frow & Payne, 2004). It must be noted that developing strong relationships with all these constituents requires an understanding of their capabilities and resources, as well as their needs, goals and desires.

The ultimate outcome of customer relationship management is a unique company asset called marketing network. Marketing network consist of the company and its supporting stakeholders such as customers, employees, suppliers distributor, retailers and advertising agencies, universities, scientists and others with whom it has built mutually profitable business relationship. The operating principle is to build an effective network of relationships with key stakeholders for profit to follow (Kotler & Keller, 2009)

From the above cited works, it is now crystal clear that CRM is a widely implemented model for managing a bank`s interaction with customers, clients and its sales prospects. It involves using technology to organise, automate and synchronise business processes. The overall goals are to find, attract and win new clients, nurture and retain those the bank already has, entice former clients to return and reduce the cost of other marketing activities. A CRM system may be chosen because it is thought to provide increase in quality and efficiency, decrease in overall cost, increase in profitability and high customer retention.

Despite the successful and significant advantages associated with CRM, there are obstacles that obstruct the user from using the system to its full potential. For example, instances of a CRM attempting to contain large group of data can become cumbersome and difficult to understand for ill-trained users. The lack of senior management sponsorship can also hinder the success of a new CRM system. However, these challenges cannot withstand the numerous benefits or advantages not yet mentioned and the few mentioned above.

The big question then is "How do marketers in the banking industry retain their loyal customers and win back those that have been lost to competition?" Definitely, the solution is not in the pursuit of a single best strategy. Some recent retention practices in marketing include relationship building and mass customisation of products and services to meet the customer's individual needs. The financial services sector has often been seen as a fertile ground for the adoption of relationship marketing strategy because most financial services are classified as high risk and long term purchase requiring relationship participation for effective service delivery (Ennew & Binks, 1999). Another reason for the adoption of relational marketing in the banking sector includes competition which calls for the effective customer management of relationship to ensure lasting and fruitful relationship

In Ghana, the banking industry has experienced tremendous changes over the past decade due to the liberalisation of the financial services sector. The intense competition in the banking industry has raised the standards to unimaginable heights. In spite of mergers and acquisition in the industry, the number of major banks in Ghana as at December 2010 stood at 27 (Bank of Ghana [BoG], 2010). With all the banks set on expanding their branch networks, the competitive landscape is becoming more demanding every passing moment. In order for the banks to achieve competitive advantage as well as maintain and retain their customers, they need to incorporate CRM strategies as a strategic tool.

CRM works well where there is an organisational-wide customer centric philosophy, comprehensive CRM strategies, well differentiated customer needs, an effective IT infrastructure or data base system, mass customisation systems and finally a well-focused management commitment.

Statement of the problem

In the past, banks were few and they took their customers for granted. Customers often did not have many alternative bankers or financial service institutions, but the market was growing so fast that the banks did not worry about fully satisfying their customers. For instance, a bank in the past could lose 100 customers a week, but gain another 100 customers and still consider its returns to be satisfactory. The banks believed that there would always be enough customers to replace the defecting ones.

However, following the liberalisation in the banking industry, competition has assumed such alarming dimensions that the very survival of individual banks has come under serious threat (BoG, 2010). What is more is the growing customer acquisition cost, increased customer expectations and high rate of customer defection. Banks have realised the need to foster closer relationships with their customers in order to ensure customer loyalty and retention. Relationship managers who are professionals, and who work to improve a firm`s relationships with both partner firms and customers, are part of the business (banks) staffs that seek to use specific approaches to gain greater control over business relationships (Kotler & Keller, 2009). They therefore facilitate good relationship such that the business maximises mutual value of its relationships with customers and maintains a good reputation to both parties. However, it is rare to find studies done to show how relationship management practices have really helped in achieving customer loyalty and hence customer retention in the Ghanaian banking industry.

Furthermore, the only few studies in CRM have tended to focus on opinion of customers in order to determine customer loyalty (Chen & Popovich, 2003; Ennew & Binks, 1999). No study has been done to investigate the extent of practice of CRM from the perspective of the banks and solicited their views on the challenges of CRM implementation in Ghana`s banking industry. This study therefore seeks to fill this gap by exploring the extent of CRM practice in the Ghanaian banking industry and whether its implementation leads to increased customer loyalty.

Objectives of the study

The main objective purpose of the study was to examine Customer Relationship Management as a strategic tool for customer loyalty in the Ghana's banking industry. The following were the specific objectives of the study.

1. Describe the practice of CRM in the banking industry.
2. Determine the effect of CRM practices on customer loyalty.
3. Proffer possible solutions and recommendations in the implementation of CRM in the banking industry.

Research questions

To ensure that the stated objectives are addressed, this study seeks answers to the following research questions.

1. How do banks in Ghana practice CRM?
2. What is the relationship between CRM practices and customer loyalty?
3. What challenges do Ghanaian banks face in CRM implementation?
4. How can banks improve the implementation of CRM?

Research hypothesis

H_1: CRM practices have a statistically significant effect on customer loyalty.

Significance of the study

First and foremost this study will be of great importance as it will contribute to existing knowledge in the area of CRM. The study is also being undertaken at a time when competition in the banking industry is extremely high and banks will need to improve customer satisfaction through CRM. Kotler (2000), in his assertion noted that, CRM has been identified as a strategic competitive weapon to ensure customer loyalty and retention. However there has not been any research conducted in Ghana that explores the extent of CRM practice in the banking industry and the effect of its practice on customer loyalty in the banking industry.

Hence, this research will trigger a growing concern about how individual banks can apply CRM to retain their customers to ensure long term profitability and survival. It will as well contribute to future research in the area of CRM and its implementation and therefore serves as useful guide to banks that intend to implement CRM as a strategy. The study will also identify implementation challenges and find out international best practices applicable to Ghanaian banking industry.

Organisation of the study

The entire thesis is organised into five distinct but interrelated chapters. Chapter One is the introduction. This chapter place the research into context by giving a general background of the study, statement of the problem, objectives of the study, research questions and significance of the study. Chapter Two focus on the review of related literature existing on customer relationship management practices and strategies. It provides a comprehensive overview of the banking industry on which this study was based on. Chapter Three discuss the research methodology. It is divided into research design, population, sample and sampling procedure, data collection, instrument design, pre-testing of the instrument, ethical considerations, field work, field challenges and data analysis. This is not only to allow others to arrive at similar results but also to make the study more acceptable.

Chapter Four presents the findings of the study. The empirical evidence on the practices of CRM by banks in Ghana are analysed and presented in both qualitative and quantitative manner acceptable by research standards. The curtains were drawn on Chapter Five. The chapter contains major findings, implications for management, future research direction and contributions to existing literature on CRM. In this chapter, very useful recommendations are made for marketing managers and decision makers in the banking industry.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

The entire chapter focuses on theoretical underpinnings of the study. In view of the objectives and the parameters of this study, the theoretical construct put forward touched on the concept of relationship marketing, its goals, benefits and challenges, the lifetime value of a customer, growth and characteristics of relationship marketing, and the foundations for relationship strategies namely: Quality in the core service, market segmentation and targeting as well as monitoring relationship. A discussion is made on customer loyalty (proposed in this thesis as the consequence of effective implementation of CRM) in the context of the banking industry.

Finally various retention strategies namely; financial, social, customisation and structural bonds are also considered. It is useful to add that this only serves as a “road map “. Each item is discussed in a more detailed manner, often making use of ideas, opinions, assertions, contentions and theories of other authors, journals, as well as research works by others as “variety is the spice of live”. In other words, other important dimensions are considered where appropriate. This study will therefore offer a more detailed analysis and comprehensive of the subject matter.

Theoretical framework of the study

The theoretical framework of the study was the structure that supported the study. It tried to present the theory which explains why the problem under study exists. It formed the basis for conducting this study. It concentrated on the social exchange theory. The theory was used to explain why the need for banks to design and maintain appropriate customer relationship management practices in order to achieve high customer loyalty. This theoretical framework helped the researcher to see clearly the variables of the study and also provided a general framework for data analysis.

Social exchange theory

According to Lambe, Wittmann and Spekman (2001), social exchange theory deals with the relational interdependence, or relational contract, that develops over time through the interactions of the exchange partners (p. 3). Though the concept is relatively new in the field of marketing, it dates back to the Greek philosopher Aristotle, who distinguished social exchange from economic exchange in his Nicomachean Ethics (Lambe et al., 2001).

Years back, sociologists such as Blau (1968), Homans (1958), and Emerson (1962), and also social psychologists such as Thibaut and Kelly (1959) worked on the concept of social exchange. Social exchange theory proposes that human relationships are formed by the use of a subjective cost-benefit analysis and the comparison of alternatives. It is used quite frequently in the business world to mean a two-sided, mutually contingent and rewarding process involving transactions or simply exchange. Social exchange theory is based on the premise that human behaviour or social interaction is an exchange of activity, tangible and intangible, particularly of rewards and costs.

Lambe et al. (2001) summarize the following four foundational premises of social exchange theory: (1) exchange interactions result in economic and (or) social outcomes, (2) these outcomes are compared overtime to other exchange alternatives to determine dependence on the exchange relationship, (3) positive outcomes over times increase firms' trust of their trading partner(s) and their commitment to the exchange relationship and (4) positive exchange interactions over time produce relational exchange norms that govern the exchange relationship.

Social exchange theory thus integrates both economic and social outcomes, emphasizing the fact that social as well as economic considerations are made when evaluating the value of relationships. The value results from an assessment of both utilities and costs of a relationship, indicating that, parties would uphold a relationship as long as the cost-utility ratio is satisfactory. The exact composition of utilities and cost differs from persons to persons and emphasize may be put on either social or economic aspects. Nonetheless, utilities and cost are not evaluated separately, but jointly as pointed out by Blau (1968), Homans (1958), and Thibaut and Kelly (1959).

The cost-utility ratio, which is the actual benefit (B) realized in a relationship, is then compared to some standard to evaluate the benefit of the relationship. Thibaut and Kelly (1959), conceptualize this comparison by establishing a comparison level (CL) and a comparison level of alternatives (CL_{alt}). CL corresponds to the maximum potential benefit that an individual deems feasible to obtain from the relationship, that is, the benefit that an individual feels entitled to. The more the actual benefit (B), that is the cost-utility ration realized in the relationship, exceeds CL, the higher the satisfaction with the relationship. Relationships satisfaction however is not sufficient for deciding whether or not to expand a relationship. For this reason, B is also compared to CL_{alt}, that is the overall benefit available from the possible alternative exchange relationship (Lambe et al., 2001). Only if CL_{alt} is surpassed by the current relationship, will the parties remain in the relationship. Accordingly, a relationship may be continued despite of relationship dissatisfaction, if there are so superior alternatives.

While social exchange theory can be very useful conceptually, it is mainly criticized for its lack of empirical foundation. Factors such as commitment and trust should be able to substitute (at least in part) contractual governance structures (Griesinger 2007, p. 488), but this cannot be confirmed empirically (Rindfleisch & Heide, 2009, p. 50). Presumably, this is attributable to social exchange theory's neglect of opportunism. Moorman, Niehoff and Organ (2009) noted that dependence and vulnerability inherent in close relationships may eventually lead to the perception that one party takes advantage of the other, creating the need for formal governance structures that can serve as safety nets.

Relationship marketing and customer retention

The concept, relationship marketing and customer retention according to Zeithaml and Bitner (2000), represent a paradigm shift within marketing. Gradually, marketers are shifting focus from strategies that aim at acquisition of new customers toward developing long-term relationships. The concept of relationship marketing or management is a philosophy of doing business, a strategy orientation that focuses on keeping and improving current customer, rather than on acquiring new ones. Relationship marketing theory suggests that there are various types of customers, i.e. loyal customer, discount customers, impulsive customers, need based customer, wandering customers (Lindgreen, 2001).

This study will concentrate on the customer as the end user of a product or service. The concept presupposes that customers will prefer to engage in a lasting relationship with a given company or service provider. The definition by Zeithaml and Bitner (2000) makes sense but fails to mention the fact that customer for that matter human nature is difficult to predict and therefore difficult for companies to develop lasting or long life relationship with customers.

Offering excellent product or service is the starting point of any form of relationship building with customers (Kotler, 2000). It has been suggested that, marketers should not over concentrate on the needs of current or loyal customers but rather establish a fit between acquiring new customers and retaining new ones. This balancing art may vary from one product or service to other and from industry to industry.

Increasing importance of relationship marketing

Two sources of marketing problems have helped trigger the rise of relationship marketing (Berry & Parasuraman, 1991). More demanding customers and excessive business cost are responsible for this state of affairs. Research shows that today`s consumers are far more demanding than they were some five years ago. Today`s consumer now wants personalised offering, desire high quality and value, require "caring" customer service, and have reduced loyalty to sellers. Customers of today are not so much interested in past experiences but whether the company will serve their needs "today". Sellers have come to realize that defecting customers exact a terrible price in lost revenues, which re- emphasizes the importance of the continuing customer links of relationship marketing.

According to Bertowitz (as cited in Berry, 1995), studies show that reducing customer defection by five percent increases the future profit stream from 30 percent to 80 percent depending on the business. Demanding customers and excessive business and marketing cost have made relationship marketing necessary. Relationship marketing has been made possible by breakthrough in information technology often collected electronically in-home, at business, through single-source data service, and in on-line and CD-ROM database (Little & Marandi, 2003).

Customer relationship management and relationship marketing

In the academic community, relationship marketing (RM) and CRM are often used interchangeably (Ryals & Payne, 2001). However, CRM is commonly used in the context of technology solutions and has been described as information enabled relationship marketing. Zablah, Bellenger and Johnson (2004) suggest that CRM is a philosophically-related offspring to relationship marketing which is for most part neglected in the literature, and they suggest that further exploration of CRM and related phenomena is not warranted but also desperately needed (Pickton & Broderick, 2005).

It must be noted that CRM derives its roots from relationship marketing which is aimed at improving long run profitability by shifting from transaction bases marketing, with its emphasis on winning new customers, to customer retention through effective management of customer relationships (Christopher, Payen & Ballantyne, 1991). Thus, CRM is more complex and sophisticated application that mines customer data has been pulled from all customer touch points, creating a single and comprehensive view of the customer while uncovering profile of key customers and predicting their purchase patterns (Chen & Popovich, 2003; Pickton & Broderick, 2005).

According to Frow and Payne (2004), CRM is built on the philosophy of relationship marketing that aims to create, develop and enhance relationships with carefully targeted customer to maximize customers' value, corporate profitability and thus shareholders value. The goal is to improve customer`s experience of how they interact with the company, which hopefully will turn into more satisfaction, which can lead to customer loyalty and ultimately an increase in customer profitability.

This study draw upon the literature on relationship marketing, as CRM and relationship marketing are not distinguished from each other in the marketing (Seth & Parvatiyar, 2003). The technology factor that has been used to distinguish CRM from RM functions only as an enabler which is not inconsistent with RM. Hence one can argue that the two concepts explain the same practice and are only separable to an imperceptible degree in principle but remain one and the same in practice since the effective practice of RM in this modern age cannot dispense with technology solutions.

Customer relationship management and technology

As stated earlier in this thesis, the philosophical foundation of CRM is largely drawn on RM. It must be established that the most significant distinguishing factor is mainly the extensive use of IT as a basic enabler to facilitate the relational marketing/management in modern CRM practices. Views from customer-centric perspective show that technology is essentially an enabler. This implies over-reliance on IT solutions alone will not ensure success in CRM practice. Along with people and process, IT has to be aligned with business goals of building, maintaining and enhancing customer relationships. A vivid understanding of how technology interacts with people and process is crucially important in bringing about the synergy that can ensure success in relationship outcomes.

With the help of Information Technology, management can redesign their business process in order to facilitate changes to work practices and establishing innovative methods. This helps in linking a company's customers, suppliers and internal stakeholders. CRM application take full advantage of technology innovative with their ability to collect and analyse data on customer pattern, interpret customer behaviour, develop predictive models, respond with timely and effective customised communication and deliver product and service value to individual customers. By using technology to optimise interactions with customers, companies can create a 360 degree view of customers to learn from past interaction to optimise future ones (Eckerson & Watson, 2000).

Innovation in network infrastructure, clients/server computing, and business intelligence applications are leading factors in CRM development. CRM systems accumulate, store, maintain and distributes customer knowledge throughout the organisation. The effective management of information is of supreme importance so far as success in CRM is concerned. Information is critical to product tailoring, service innovation, consolidated view of customers, and calculating customers lifetime value (Peppers & Rogers, 2000). Among others, data warehousing, enterprise resource planning (ERP) systems and the internet are the central infrastructures to CRM applications (Chen & Popovich, 2003).

Goals of customer retention and relationship marketing

The art of relationship marketing and for that matter customer retention are based on certain perceived goals. As "profit" making is the goal of many if not all organisation, relationship marketing will aim at attracting and maintaining a pool of loyal customer who would help the organizations achieves its stated objectives. In the opinion of Reichheld (1996, p. 257), building a highly loyal customer base must be integral to a company`s basic business strategy. The whole ideas of customer loyalty and retention have certain economic benefits that are measurable.

Experience has shown that when a company continuously delivers superior value and wins the loyalty of its customer, market share and revenue goals rises and cost of acquiring new customer decreases “all things equal”. Economic theory dwells on the premise that companies experiencing customer loyalty and retention are in better position to pay competitive salaries to employees, which sets off a whole chain of events. Increased pay boosts employee morale and commitments, as employees stay longer, their productivity improves and training cost decrease (Peppers & Rogers, 1993). Employees’ overall job satisfaction combined with their experience helps them serve customers better, and customers are then more inclined to stay loyal to the company.

In conclusion, Reinchheld (1996) advanced the argument that the best customers and employees become part of the loyalty-based system. Competitors in such a situation are left to survive with less desirable customers and less talented employees. To compete on loyalty, the relationship between customer retention and other parts of the business must be understood. Given this background, marketers must be able to quantify the linkages between loyalty and profits in order to achieve the goals of customer retention and relationship marketing. Generally, marketers will have to focus on four interrelated activities: attracting, satisfying and enhancing of customer relationships.

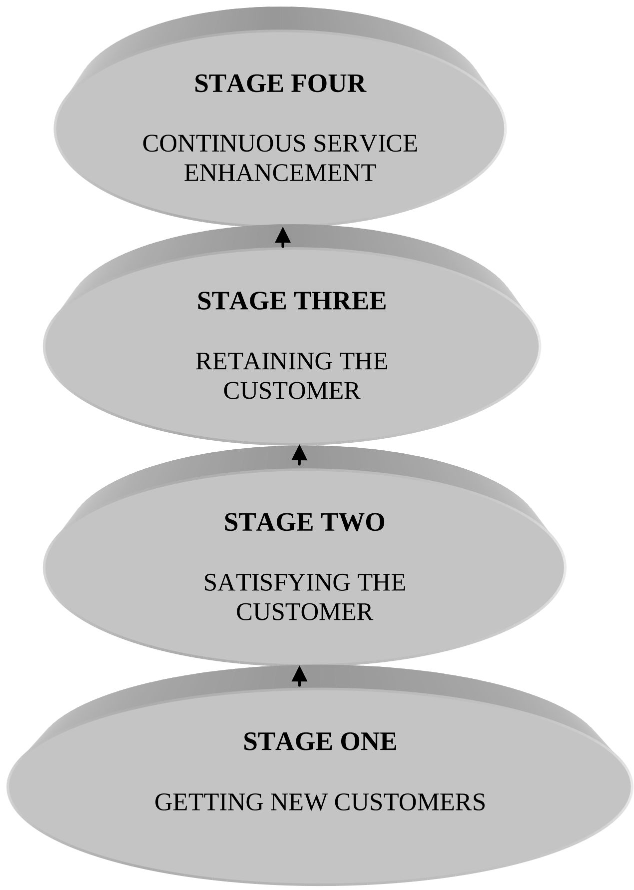

Figure 1: Stages in retention process

Source: Kotler, 2000

The above diagram, adopted from that presented by Zeithaml and Bitner (2000) in essence captures the goal of relationship marketing and customer retention. It suggests that a company may attract a sizeable number of customers initially, but retention becomes a challenge and the numbers dwindle, as indicated by the reducing oval shapes in the diagram, from the first to the last stage of the process. Thus, not all customers will be available for retention over time. The aim of the marketer will therefore be to retain as many as possible over time.

Benefits of customer retention

Various literatures consider the benefits of customer retention from two main perspectives. The current study have conceptualised these benefits into a pictorial form as presented in Figure 2.

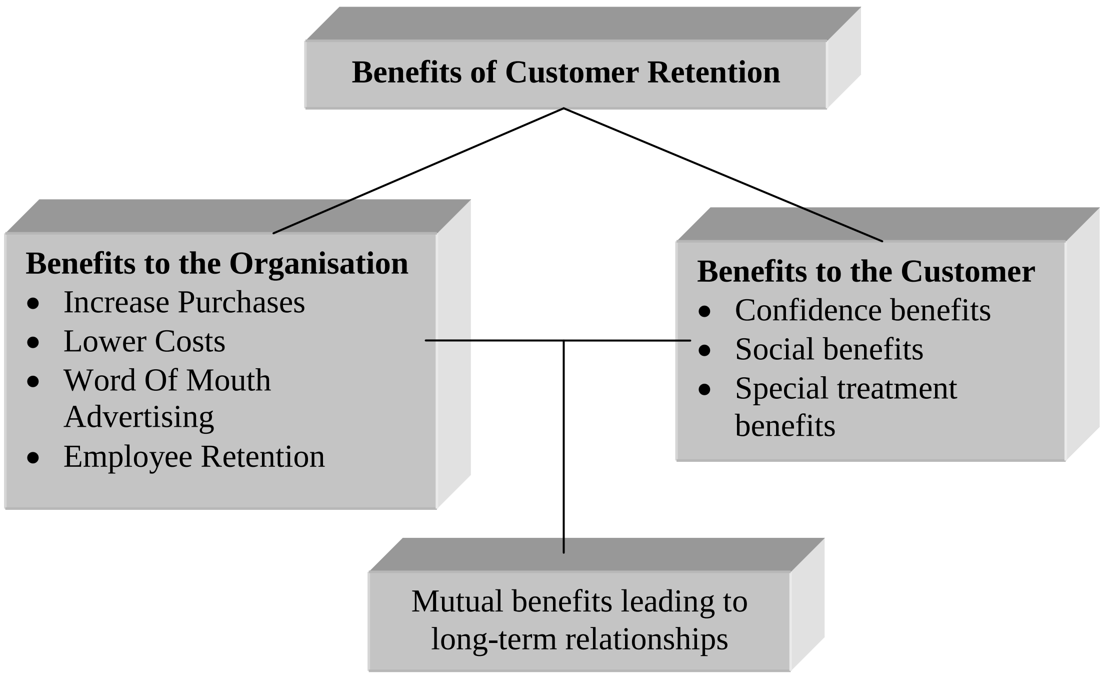

Figure 2: Major benefits of customer retention

Source: Zablah et al., 2004

As depicted in Figure 2, the study discussed the benefits of customer retention from, first, the customer's point of view and then from the company's view.

Benefits to the customer. In any transaction, the customer will be concerned with the perceived value to be exchanged. Perceived value is the customer’s total assessment of the utility of a given product or service based on the perception of what is received and what is given (Sheth & Parvatiyar, 2001). Value is the worth of something in terms of money or other goods for which it can be exchanged. Patronage of a product will grow provided the core product or service and the augmenting extras lead or results in customer satisfaction. Customer satisfaction based on the value received from a product or service is fundamental to the development of all kinds of business relationships. It is usually, the benefits that come of these relationships that keeps customers loyal to a firm and not necessarily, the attributes of the core service of the products. Below are specific types of relational benefits that customers experience in long term service relationships.

Confidence benefits of relationships building. Confidence is a feeling or belief that a company can firmly be relied upon or trusted to deliver quality service. The customer`s perception here is that of “reduced anxiety” and comfort in knowing what to expect. Confidence benefit is the most important of all the relational benefits. According to Nevin (1995), the assumption that customers prefer not to change service providers makes sense when one considers that it takes some time for service providers to know the customer’s preferences. Switching therefore require the customer to educate the new provider. Switching service provider may be expensive in both cost of transferring business and the psychological and time-related cost. Bull (2003) added that consumer decision-making process for certain categories of products and services may be cumbersome and too demanding.

Social benefits of customer relationship building. Customers develop acquaintances and familiarity with staff of companies they do business with over time. This social relationship with a company is important, as the life of a customer is not spent only on commercial exchanges or activities but also on other useful events and occasions in the various stages of human life cycle-conception, birth, marriage and death. It is thus, not uncommon for customers to invite staff of companies they have relationship with at such important occasions in the human life cycle. The likely implication of such a relationship is that it binds the customer morally, to remain loyal to the service provider, even in the face of better competitor offer (Greenburg, 2004).

Special treatment benefits of relationship building. Special treatment means that certain categories of customer receive extra value, services and privileges that are not available to majority of customers. Whatever is offered as special ought to be of value to the recipient, the customer. Special treatment includes such things as getting the benefit of the doubt, being given a special deal or price, and getting preferential treatment (Kotler et al., 2001). Here customers think that the service provider knows their preferences and have tailored services to suit their needs over a period of time and because they do not want to change this arrangement, they remain loyal and the firm receives more value compared to competitors.

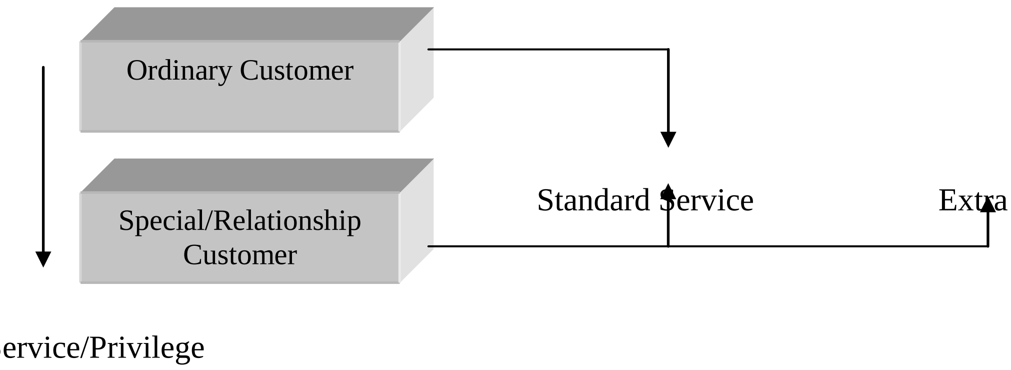

Figure 3: Services receiving by the two main types of customers

Source: Kotler et al., 2001

Benefits to the company of relationship building. Any form of benefits that a company derives from its relationship with customers or loyal customers will be useless if in the end it does not lead or enhance the achievement of stated objectives. Companies derive certain benefits from developing loyal customers through what is called retention strategies. The benefits of the company includes, increase purchases, lower cost, free word-of-mouth advertising and employee satisfaction and retention (Zeithaml & Bitner, 2000).

Increase purchases of relationship building. Research has shown that, across industries customers tend to spend more each year with a particular relationship partner than they did in the preceding period. Zeithaml and Bitner (2000) advanced the argument that customers will tend to give more of their business to firms that have delivered quality service to them in the past. It can be deduced from this argument that quality service delivery has a positive correlation with the number of purchase (Smith, 1998). In other words companies benefits from repeat purchase from satisfied customers.

The problem however is that, such companies can become myopic and get carried away by short-term repeat purchases and fail to respond adequately to the competitive environment (Kotler, 2000). Marketers must thus be guided by such measures of success as market share, increase revenue, reduced average cost, and upward trend in demand, and reduction in number of complaint from customers. These and other such forms of tracking company success or performance should be the driving force of all marketing activities and not just repeat purchases of present customers. Strength Weakness Opportunity and Threats (SWOT) analysis provides a useful evaluation criterion for looking at the position of a firm vis-à-vis competition. We would add that companies must only pursue strategies aimed at customer retention.

Lower costs of relationship building. Kotler et al. (2001) share a common understanding that the cost of retaining existing customers is less than that of attracting new customers. Kotler (2000) attributes this state of affairs to the high promotional cost of setting up accounts, systems and the time cost of getting to know the customer. Sometimes the initial costs of attracting new customers in the short to medium term exceed the expected revenue. On the other hand, existing relationships are often less expensive to maintain. With time, relationship maintenance costs are likely to drop even lower. There may not be the need to visit customer to provide certain service as the customer`s benefits from the learning curve.

As depicted in Figure 4, the downward sloping learning curve (or the experience curve) above suggests that the relationship cost to the service provider will reduce, as the customer stays longer in the relationship. Experience, they say is the best teacher. Thus, as the customer stays longer in a relationship, he or she gain better knowledge of the product or service offer and therefore will not demand a lot of service or attention of the provider "all things being equal".

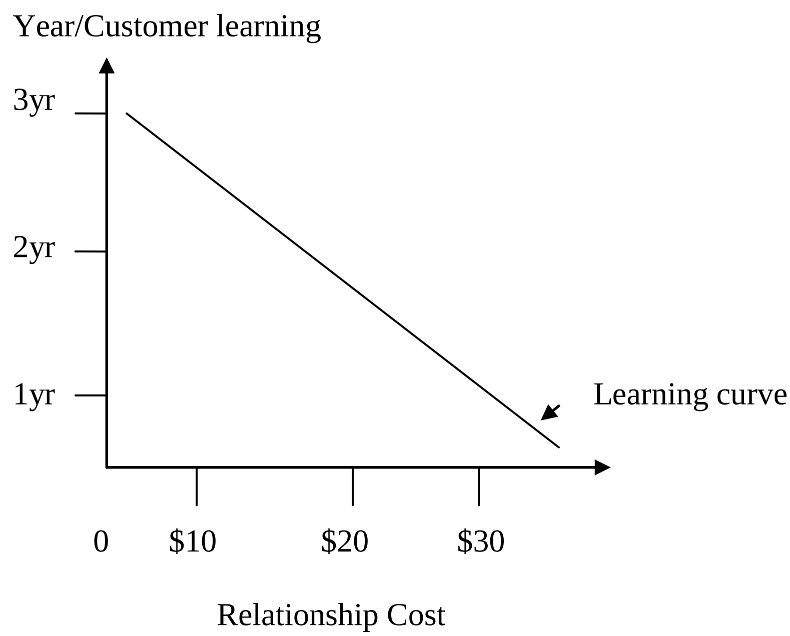

Figure 4: Learning curve of relationship building

Source: Kotler et al., 2001

This situation leads to reduced cost in terms of time spent on the transaction, the psychological and monetary cost due to repeated attention and service to the customer. Given that profit is, revenue less cost, it makes economic sense to try to decrease the cost side of the equation while implementing strategies that increase revenue. Short- term gains can be misleading since this may be too dangerous for the long-term profitability and survival of the company. In most industries including the banking, the cost elements are grouped following the normal accounting classification of cost including operating cost, indirect operating cost, and overheads.

Positive word of mouth advertising of relationship building. Advertising is any paid form of non-personal communication about an organisation, product, service, or idea by an identified sponsor. From this definition, advertising can be seen as, a deliberate effort by a company, for that matter a sponsor to persuade and influence consumer decision about a company`s product or service offer. Word-of-mouth advertising of product on the other hand, is a situation where satisfied customers of a company or its product talk favourably about the company and its product offer. This is what companies are likely to benefit from their loyal or relationship customers. One may ask why a company should be interested in this form of advertisement.

First, word-of-mouth endorsement or advertising of a product is a great communication value as it indirectly reduces a company's total promotion cost. Research has shown that customers who are attracted by referral tend to be better-quality customers than those who join the bandwagon through price deals. Word-of-mouth advertising again, can be of value to the company especially, where the product is of a complex nature and presents problem of evaluation to the prospective customer (Kotorov, 2003). Where the perceived risk associated with buying a particular product is very high, marketers must encourage word-of-mouth advertising from their loyal customers. Looking at the characteristics affecting consumer behaviour can emphasise the importance of word-of-mouth. Thus, a company will be expected to target its promotional mix carefully in order to gain “favour” or popularity for the company and its product among the consumer`s reference groups, family, members of his culture, subculture etc.

Employee retention of relationship building. As one writer simply puts, focus on the people and the people will focus on the organisation. Employee retention is one of the hottest topics for employers today. Unemployment rates in the most parts of the world are witnessing a sturdy decline in recent years and the competition for talented workers is on the increase. Companies and marketers are increasingly becoming aware of the positive correlation between customer retention and employee retention.

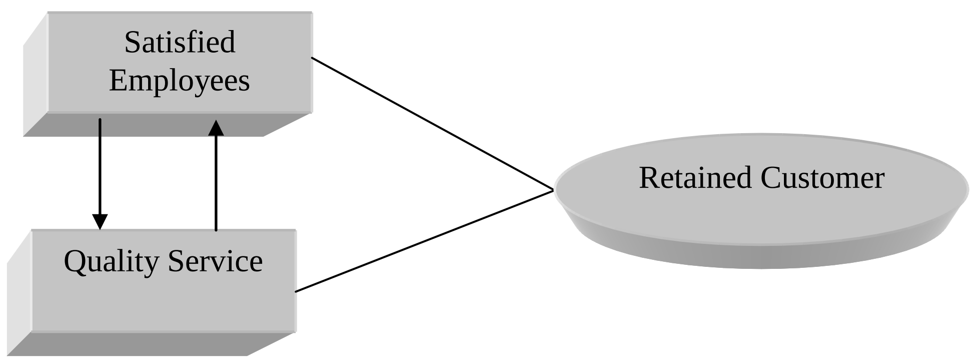

Figure 5: Relationships between customer retention and employee

Source: Adapted from Zeithaml and Bitner, 2000

As depicted in Figure 5, employee satisfaction and quality service directly influence customer retention. That is, if employees are satisfied and the quality of service of the organisation is perceived positively, the organisation is likely to retain its customers. According to Zeithaml and Bitner (2000), it is easier for a firm to retain employees when it has a stable base of satisfied customers. This assertion is not far-fetched, as potential employees; “all things being equal” will like to work for companies with large pool of satisfied customers. From service marketing point of view, customers have a role to play in the service delivery process. Satisfied customers are inclined to participate positively to ensure quality service delivery. Once customers are satisfied, they are likely to respond or threat employee with care and respect which goes a long way to enhance employee satisfaction and eventual retention.

Customer retention or relationship marketing and employee retention is important in terms of cost production to the service provider. Satisfied or retained employee save the company the monetary and psychological cost of having to employ new staff to fill vacant positions. In addition, retained employees who have stayed longer with a firm become skilled or expert on the job, which translate into improved service quality, lower cost, and hence high profit. Of course, other factors or determinants have to be favourable for companies to make profit. Zeithaml and Bitner (2000) further illustrate the underlying logic of customer retention and its multiple benefits to the company. The issues considered in the diagram are cyclical. That is, quality service will lead to customer satisfaction, customer retention and increased profits which will in turn lead to employee loyalty.

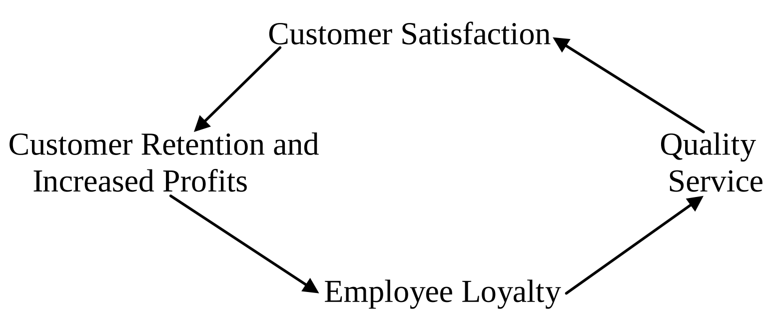

Figure 6: Underlying logic of customer retention benefits to the organisation

Source: Zeithaml and Bitner, 2000

Characteristics of relationship marketing

Based on Gronroos's (1996) definition the following are the main characteristics of relationship marketing. These are long-term orientation, commitment and fulfilment of promises, customer share, not market share, customer lifetime value, two-way dialogue, and customisation. Characteristics considered were long-term orientation, commitment and fulfilment of promises, customer share, not market share, customer lifetime value, two-way dialogue and customisation.

Long-term orientation. Long-term orientation is the key feature of relationship marketing. It assesses success in terms of how long a customer is kept in a relationship and the share of the customer in the relationship. Relationship marketing involves estimating customer lifetime value and engaging in a relationship based on the value of those relationships over a number of years. Gummesson (1999a) highlights long-term collaboration and win-win as a key feature of relationship marketing. This means viewing suppliers, customers and others as partners rather than opposite parties. This view promotes collaboration and creation of mutual value, and relationship marketing should bring about a win-win rather than a win-lose situation created by the adversarial nature of transactional marketing (Gummesson, 1999a; 1999b).

Commitment and fulfilment of promises. Relationship marketing implies a long-term relationship and forsaking of other suppliers by the customer, as well as mutual exchange of information. This suggests that there ought to be trust between the parties that each party believes in the integrity of the other to keep their promises and to deliver on the promise, also that each party believes the relationship to be valuable enough to invest in and to commit to.

Nurturing of trust and commitment is particularly important as it is clear now that satisfaction alone does not necessarily lead to customer loyalty. Satisfied customers may still wish to look elsewhere for bargains, change, novelty etc. Relationship marketing relies on fostering a bond between the customer and the supplier which is glued with empathy. Bonding is the result of the customer and the supplier acting in a unified way towards the achievement of the desired goals (Cumby & Barnes, 1998) and empathy is the dimension of a business relationship that enable the two parties to see the situation from the other`s perspective and to understand their desires and goals (Yau, Lee, Chow, Sin & Tse, 2000).

Customer share, not market share. Relationship marketing shifts the emphasis from concentrating on gaining share of the market and rewarding its employees for the new business which they bring in. Instead, it concentrates on keeping customers and attempting to gain a bigger share of their "wallet" by selling more of the same product or by cross-selling to them. This is a very important shift because traditional marketing puts the emphasis on market share and success is usually measured in short timescale, thus, growth in market share per annum (Gummesson, 1999b). For instance, Day (1969), from a traditional platform, said that share of market is a crucial tool for the evaluation of performance and for using as a guide for advertising, sales force and other budget allocations.

Concentration on customer share implies a long-term orientation and requires that success is measured and rewarding differently. According to Peppers and Rogers (2001), this approach implies that a customer with high potential is treated as an individual whose needs are addressed and an attempt is made to persuade him to buy more of the company`s products during the life time of the relationship.

Customer lifetime value. The lifetime value of a customer is a key element in the practice of relationship marketing. It is not economical for a supplier to invest in long-term relationships with all customers – not all customers would necessarily want such a relationship. The supplier has to identify those customers who are willing to enter a long-term relationship with his company, forecast their lifetime with the company, and then calculate those customers' lifetime values in order to identify the ones the ones with whom it will be profitable for the company to have a relationship. Relationship marketing cost money and maintaining a customer can be very expensive, hence long-term customers should be selected carefully, Calculating a customer`s lifetime value is not a precise science, and each company will need to experiment and improve those techniques that are used to predict how much business a customer is likely to do with them (Gummesson, 1999b).

Two-way dialogue. A further requirement of relationship marketing is the facilitation of a two-way dialogue between the supplier and the customer in order to identify needs and to find solutions. Indeed, relationship marketing is ultimately about partnering and partnerships are built on, and maintained by dialogue and communication. A properly designed relationship marketing system should provide ample opportunity for the customer to initiate communication with the supplier. The flow of information must be a two-way process. While this happens frequently in industrial and business-to-business sectors, it ought to be part of relationship marketing in mass consumer goods and service markets too (Little & Marandi, 2003).

This is now possible with the continuous improvement in technology. Gummesson (1999a), viewing relationship marketing as relationship network, and interaction, proposes that “this initiative to action cannot be left to a supplier or a single party of the network, everyone in a network can, and should be active”. Wolfe (1998) argued that if dialogue is not to ring hollow, but to be fully satisfying to all parties involved there are three conditions which must be fulfilled.

With regard to conversational reciprocity, each party allows the other to condition his or her responses in a way of “I influence you, you influence me”. However, in relation to reciprocal empathy, each party reaches out to identify with and understand the other party’s circumstances, feelings and motives. Reciprocal vulnerability also focuses on both sides in a relationship that let down their guard to some level that remains safe and comfortable, and yet allows information to flow and build trust. These conditions set out above are in line with Berry’s (1983) writings, and show that database and direct marketing, with their characteristic one-way flow of communication from supplier to customer, are not relationship marketing, even though "relationship building" has now become a business phrase for the practitioners in those fields.

Customisation. Berry (1995) asserts that through relationship marketing, service providers can gain a better knowledge of the customer`s requirement and needs. This knowledge can then be combined with social rapport built over a number of service encounters to tailor and customise the service of the customer`s specifications. An important requirement or feature of relationship marketing is that of customisation of product and communication for each customer. Customisation in mass markets, however, is really a totally unique offering for one customer and no other. Often, it takes the form of using basic designs both for products and communication and adopting them to the requirements of individual customers, or micro-segments of the markets. Hence, the term mass-customisation is often used (Berry, 1995).

Mass customisation is the recognition of the fact that, today, increasing competition and customer power is fragmenting mass markets into smaller markets, and that the "one size fit all" strategy of traditional marketing no longer applies. It is an attempt to create added value, and many companies, utilizing improvements in technology and flexible processes are able to engage in the practice profitably. Mass customisation is an important advantage of relationship marketing to customers and one of the rewards they can expect in return for their commitment to the supplier.

Barriers to effective relationship management

This section focuses on the potential difficulties in implementing a relationship marketing strategy. The study suggests that there are a number of attributes that characterise the nature of service and market structure, and are influential in an organisation's ability to implement relationship marketing. Specifically, these are the absence of mutual cooperation, low level of involvement with the purchase, lack of professionalism of the service provider, and low level of personal contact.

The first barrier considered was absence of mutual cooperation. According to Hallowell (1996), successful marketing relationships involve co-operative partners, not power-conscious adversaries. One antecedent of relationship marketing is the theory on buyer-seller relationships, often in industrial markets. In some instances, one organisation uses a significant coercive power over the other party to force the partner into compliance (Wilson, 1995). Relationships typically require mutual co-operation or partnership rather than just acquiescence. Such co-operation is not encouraged where one party, particularly the seller, dominate in the process of relationship building.

In relation to low level of involvement with the purchase, an increase in customer involvement (psychological, rather than just activity based) can be seen as an axiom for relationship marketing. Gummesson (1994) maintained that production and delivery of services involve the customer in an interactive relationship with the service provider's personnel. The level of contact between the customer and organisation is a key issue. For example, Lamming (1992) identified that information will very often need to be transferred between both parties in order to facilitate relationship marking. An increase level of involvement can also lead to mutual relationship commitment, without a high level of involvement by both parties it is hard to give high commitment and 'forsake others'. Christy, Oliver and Penn (1996) claim that a retailer of do-it-yourself supplies operates in a product-market where marking relationships are less likely to emerge natural, as the products themselves often command only low involvement from buyers.

With regard to lack of professionalism from the service provider, it is often argued that professionalism is drawn from relationships between professional buyers and sellers in organisations and is difficult to draw a parallel between. Therefore, a service provider that has professionalism, in the sense that they are able to provide expert advice, or effectively handle complaints, for example, will serve to engender trust (Cumby & Barnes, 1998). Further, reciprocal information transfer and other relationship facilitators will be essential to the conduct of business (Dwyer, Schur & Oh, 1987; Gronhaug, Henjesand & Koveland, 1998). However a lack of these could spark mistrust especially from customers thereby ruining the possibility of a long lasting relationship with a service customer.

Another barrier considered was low level of personal contact. The more personal the service the greater the inclination towards increased communication, thus, giving a higher potential for the use of relationship marketing. Gummesson (1994) describe his sixteenth relationship type "personal and social networks" as often a determinant of business networks. In some cultures, even, business is solely conducted between friends and friends-of-friends. Personal involvement can be seen as being of great importance in service marketing and RM in general allowing interactions between both parties to take place in the service delivery process (Gronhaug et al., 1998; Wilson, 1995).

A further prospective is provided by Perrien, Paradis and Banting (1995) who maintained that the role of front line people is a major issue and that should be taken into account to prevent losing an existing good customer. Thus, personal service also facilitates customer retention and the lack of it could frustrate the building of an effective relationship between a service provider and a customer. Having discussed the nature of relationship marketing, the next section discusses literature on the consequence of relationship marketing i.e. customer loyalty. It shows that a firm appreciation of customer value can enhance a firm`s chance of achieving customer satisfaction and loyalty

Customer loyalty

Customer loyalty is defined as a deeply held commitment to re-buy or re-patronise a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1999). Loyalty has both an attitudinal and behavioural dimension (Dick & Basu, 1994). It is assumed that customers who are behaviourally loyal to a firm display more favourable attitudes towards the firm, in comparison to competitors.

However, in some cases behavioural loyalty does not necessarily reflect attitudinal loyalty, since there might exist other factors that prevent customers from defecting (Aldlaigan & Buttle, 2005). Customer satisfaction and loyalty are highly correlated but form two distinct constructs (Oliver, 1999). Customer satisfaction with a bank relationship is a good basis for loyalty, although it does not guarantee it because, even satisfied customers switch banks (Nordman, 2004). One important reason for switching is pricing (Ennew & Binks, 1999). Hence, banks have launched customer loyalty programmes that provide economic incentive. Although the effectiveness of loyalty programmes has been questioned, research has shown that they have a significant, positive impact on customer retention, service usage, and/or share of customer purchases (Bolton, Kannan & Bramlett, 2000; Verhoef, 2003). It is commonly known that there is a positive relationship between customer loyalty and profitability.

Reichheld and Sasser (1990) found that when a company retains just five percent more of its customers, profits increase by 25 percent to 125 percent. Their study caught the attention of both practitioners and researchers, arousing a great interest in customer loyalty. Gould (1995) helped consolidate the interest in loyalty through his research that supported Reichheld and Sasser's (1990) work. Today, marketers are seeking information on how to build customer loyalty. The increase profit from loyalty comes from reduced marketing costs, increased sales and reduced operational costs. Loyal customers are less likely to switch because of price and they make more purchases than similar non-loyal customers (Reichheld & Sasser, 1990).

Loyal customers will also help promote the corporate image of the organisation. They will provide strong word-of-mouth, create business referrals, provide references, and serve on advisory boards. According to Raman (1999), loyal customers of any organisation serve as a fantastic marketing force by providing recommendations and spreading positive word-of-mouth to the public. They can be seen as the best available advertising a company can get. Loyal customers increase sales by purchasing a wider variety of the bank`s products and by making more frequent purchases. Finally, loyal customers cost less to serve, in part because they know the product and require less information.

The link between loyalty and profitability

Numerous studies have shown positive links between loyalty and firm profitability (Anderson, Fornell & Lehmann, 1994; Hallowell, 1996; Reichheld, 1996). Nonetheless, not all loyal customers are profitable (Storbacka, 1994; 1997). According to Reinartz and Kumar (2002), the overall link between loyalty and profitability in many industries is questionable for two reasons. The first reason is that a relatively large percentage of long-term customers are only marginally profitable. Secondly, a relatively large percentage of short-term customers are highly profitable.

It is noteworthy, however, that Reinartz and Kumar's (2002) findings from four industries (high technology, postal service, retail food and direct brokerage) still indicate that a larger proportion of the long-term customers than of the short-term customers exhibit high profitability, and larger proportion of the high profitability customers than of the low-profitability customers are long-term customers. Thus, the theory of an overall positive connection between customer loyalty and profitability cannot be rejected.

As noted by Anderson and Mittal (2000), customer relationship profitability arises through the acquisition and retention of high quality customers with low maintenance costs and high revenue. In the context of retail banking, Storbacka (1994) describes relationship costs as comprising direct variable costs, such as transaction related costs and costs related to specific services, in addition to overhead costs that may or may not be attributable to particular relationships.

Relationship revenue, meanwhile, is split into volume-based revenue that is derived from interest margins, and fee-based revenue. Customers' patronage concentration and pricing policies are important aspects of relationship revenue in banking. Since, a large part of banks' revenues are received from interest margins, customers' volume of business has a major impact on profitability. If relationship costs are minimised and relationship revenue is maximised over time, tong-term customers should generate greater profitability than short-term customers.

Mediating variables

According to Chen and Popovich (2003), CRM combines three principal elements in order to understand and manage relationships effectively. These are people, process and technology. However for these elements to yield the expected relational outcomes they must function within a certain framework.

Top management commitment. Top management commitment is an essential element for bringing an innovation online and ensuring delivery of promised benefits. Top management commitment, however, is much more than a CEO giving his or her blessing to the CRM project. Customer-centric management requires top management support and commitment to CRM throughout the entire CRM implementation. Without it, momentum quickly dies out.

Furthermore, top management should set the stage in CRM initiative for leadership, strategic direction and alignment of vision and business goals (Herington & Peterson, 2000). This view was reinforced in a META Group Report (1998) that singled out top management support and involvement as a key success factor for CRM Implementation (Chen & Popovich, 2003). As in most major change efforts, objections and disagreement among various functional department that arise in the process of business reengineering and CRM implementation can only be solved through personal intervention by top management, usually resulting in change to corporate culture. The META Group Report (1998) concluded that investing in CRM technology without a customer oriented cultural mind-set is like throwing money into a black hole. Dickie (1999) also warns against starting a CRM project if senior management does not fundamentally believe in re-engineering a customer-centric business model.

Employee motivational issues. CRM initiatives require vision and each and every employee must understand the purpose and changes that CRM will bring. Re-engineering a customer-centric business model require cultural change and the participation of all employees within the organisation. Some employees may opt to leave, others will have positions eliminated in the new business model. Successful implementation of CRM means that some jobs will be significantly changed. Management must show its commitment to all on-going company-wide education and training program. In addition to enhancing employee skills and knowledge, education boosts motivation and commitment of employee and reduces employee resistance (Chen & Popovich, 2003)

After all, how people are measured will determine their behaviour. The personnel of the organisation have to be well trained to understand the basis of CRM and how it should be practiced. They must be well trained and equipped with the necessary tools required to work efficiently and effectively. They must be made to imbibe a customer-centric culture that will provide the enabling environment for CRM to thrive. In addition, there must be excellent motivation in terms of remuneration and other incentives so that they will be motivated enough to want to give off their best. A de-motivated workforce will not help the cause of effective CRM practice (Chen & Popovich, 2003).

Employee turnover. One natural outcome of lack of incentive is low employee morale that could culminate in eventually their exit. In the vibrant and competitive Ghana banking industry, poaching of skilled employees is prevalent. The exit of relationship employees is not measured only in terms of the expertise lost but also the customer who have developed some bonds with such employee and are moving along. As matter of fact, new banks coming into the system target skilled relationship officers with high net worth accounts as a means to boost their deposit mobilization drive.

Number of customers under each relationship officer. Another issue which affects employee morale is the number to customers assigned to each relationship officer or workload. A consistently heavy workload increases job stress and job burnout, which in same way, workload may increase the likelihood of turnover intensions (Watford, Smith, Sawastono & Dawney, 2008). Empirical evidence suggests that workload associates with increase job burnout and turnover (Jackson, 1985; Storbacka, 2000). Similarly, some studies have indicated that workload (hours worked) effects to job burnout for public accountants prior to the start of busy season (Sweeney & summers, 2002).

Some studies refer to workload as enhancing turnover intentions (Watford et al., 2008). Although many studies consider the direct impact of workload on turnover intentions, these consistently indicate that high workload have high turnover intentions. Investigation of these relationships limited to a few studies (Watford et al., 2008). It stands to reason that when relationship officer are overburdened, it could result in staff turnover which will affect consistency in service quality. At the worst end, it is possible that relationship officers may walk away with loyal valued customers to their new employers.

Employee motivation. Management must ensure that job evaluations, compensation programs, and reward systems are modified on a basis that facilitate and reward customer orientation. Successful implementation of CRM means that some jobs will be significantly changed. Management must show it commitment to an on-going company-wide education and training program. In addition to enhancing employee skills and knowledge, education boosts motivation and commitment of employee and reduces employee resistance (Chen & Popovich, 2003). Additionally, management must ensure that job evaluations, compensation programs, and reward systems are modified on a basis that facilitate and reward customer orientation. After all, how people are measure will determine their behaviour (Chen & Popovich, 2003).

These days some banks such as Stanbic and The Trust Bank use the balanced scorecard developed by Harvard Business School professors, Robert Kaplan and David Norton as their basis for performance appraisal (Pearce & Robinson, 2009). The four perspectives identified in this monumental work are financial perspective, learning and growth perspective, customer perspective and the business process perspective. In a bid to tamper financial measures with other equally important measures, Kaplan and Norton describe the innovation of the Balanced Scorecard as follows:

The balance scorecard retains traditional financial measures. But financial measures tell the story of past event, an adequate story for industrial age companies for which investments in long term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey of information age companies must make to create value through investment in customers, suppliers, employees, processes, technology, and innovation (Pearce & Robinson, 2009). This means that banks using the balanced scorecard approach for performance measurement are on their way to achieving the customer orientation requirement as a basis for CRM success (Chen & Popovich, 2003).

Information technology infrastructure. As stated earlier in this thesis, IT acts as an enabler. Information technology has long been recognised as an enabler to radically redesign business processes in order to achieve dramatic improvements in organisational performance (Davenport & Short, 1990). IT assist with the re-design of a business process by facilitating changes to work practice and establishing innovations methods to link a company with customers, supplier and internal stakeholders (Hammer & Champy, 1993). CRM applications take full advantage of technology innovations with their ability to collect and analyse data on customer patterns, interpret customer behaviour, develop predictive models, respond with timely and effective customised communications, and deliver product and service value to individual customers.

Using technology to "optimise interactions" with customers, companies can create a 360 degree view of customer to learn from past interactions to optimize future ones (Eckerson & Watson, 2000). In the banking industry, technology is a major tool for competitive advantage. Branch networking is an integral part of this phenomenon. This allows customers to access their accounts away from their branches of domiciliation. Automated Teller Machines (ATMs) have also made it possible for customers to interact with their banks through the respective ATM terminals of other banks. Banks these days are able to communicate with their customer via text messaging. Internet banking is now a common scene in Ghana's banking industry. The list is endless. Superior technology is therefore a great competitive weapon in this fierce competitive arena.

Empirical review on customer relationship management and customer loyalty

Several studies have been conducted pertaining to customer relationship management and customer loyalty. Customer relationship management is becoming important in financial services. If a bank develops and maintain a solid relationship with its customers, its competitor cannot easily replace them and therefore this relationship provides for a sustained competitive advantages (Gilberts & Choi, 2003). Wong and Sohal (2003) conducted a research on Service quality and Customer loyalty perspectives on two levels of retail relationships. The aim of the study was to examine the impact of service quality dimensions on customer loyalty, on two levels of retail relationships: person to person (salesperson level) and person-to-firm (store level). A total of 1,261 surveys were administered to shoppers who were leaving a large chain departmental store in Victoria, Australia. The results showed that service quality is positively associated with customer loyalty.

Webb and Louis (2008) established that 30 percent of respondents reported that CRM influenced their purchased decision. Success of a service provider depends on the high quality relationship with customers (Panda, 2009). Panda (2009) further asserted that customer retention is economically more advantageous than constantly seeking new customers.

Numerous studies insisted the significance of customer relationship management. The establishing and maintaining relationships with customers will foster customer loyalty which in the long run will lead to customer retention (Gwinner, Gremler & Bitner, 2009). Customer loyalty is critical to the success of business in today's competitive market place, and banks are no exception (Ehigie, 2010). Customer loyalty is deeply held commitment to re-buy is or re-patronise a preferred product (or) service in the future despite there are situational influence and marketing efforts having the potential to cause switching behaviour (Oliver, 2011).

CRM influence on customer loyalty gives positive impact on customer loyalty (Fandos-Roig, Garcia & Moliner-Tena, 2006). This finding is supported by Ndubisi (2011) who found out that service quality positively and significantly affected customer loyalty. It indicated higher service quality could add to customer loyalty. Also, the implementation of CRM mediated service quality influence on customer loyalty. It indicated the implementation of CRM could play a positive role in the relationship between service quality and customer loyalty.

Rousan, Ramzi and Mohamed (2010) conducted a research on Customer loyalty and the impact of service quality: The case of five star hotels in Jordan. The aim of the research was to examine the impact of tourism service quality dimension in the Jordanian five star hotels. Data was collected by means of questionnaire to 322 tourists who were staying at three branches Marriott hotel in Jordan. The results indicated that dimensions of service quality such as empathy, reliability, responsiveness and tangibility significantly predict customer loyalty but the most significant predictor of customer loyalty was tangibility.

Some researchers have argued that the cost of gaining a new customer could be as high as five to six times the cost of retaining the existing one (Boldgett, Wakefield & Barnes, 2007; Desatnick, 2005; Fundin & Bergman, 2009; Ndubisi, 2011). Colgate and Hedge (2012) insisted that losing customer could have a negative effect on a banks market share. Hence banks should retain the customers to continue to exist in the banking sectors. The study of Heskett and Schlesinger (2012) also concluded that customer loyalty and retention is the central aim of relationship marketing and is closely related to company profitability. The further aver that customer loyalty is an important source of long-term business success, and building a relationship with a customer is a good way to retain loyal customers in the long term. Colgate and Hedge (2012) study also revealed that customer satisfaction and loyalty are highly correlated. Kesuma, Hadiwidjojo, Wiagustini and Rohman (2013) further posit that customer satisfaction with a bank relationship is a goods basis for loyalty.

Koçoğlu and Kirmaci (2012) conducted a research on Customer Relationship Management and Customer Loyalty; A survey in the Sector of Banking. The objective of the research was to review the relationship between the banks' customer relationship management and the customer loyalty. The study used a sample of 350 staff employed in all the branches of Denizli of T. C. Ziraat Bankasi. Quantitative research design was used. Interview guide and questionnaire were used to collect the data using a Likert-type scale. Items on the questionnaire with regard to CRM and customer loyalty were adopted from the work of Valiyeva (2009). Correlation was used to analyse the data. The results of the study were: one, there is a significant relationship between customer relationship management and customer loyalty, two, application of CRM will prevent customers from defecting to other banks. It was concluded that banks' ability to retain their customers and gain new customers depends on accurate customer relationship management.

Amoako, Arthur, Bandoh and Katah (2012) conducted a research on the impact of effective customer relationship management on repurchase; focusing on Golden Tulip Hotel, Accra – Ghana. The objectives of the study were to determine whether CRM had an impact on customer loyalty, to determine if the practice of effective CRM in organisations leads to a long or short term financial impact, to find out the extent to which effective CRM leads to customer satisfaction and to assess if the services provided by the hotel meets the needs and wants of customers.

A descriptive survey design was adopted in the study. Data collection was done by the use of two set of questionnaire for corporate and ordinary clients. The sample size was 50 customers of the hotel (both corporate and ordinary). The data was analysed and interpreted using simple frequency, percentage distribution, charts and tables with the help of SPSS. The findings were: effective CRM had an impact on customer loyalty; effective CRM had a long or short term financial impact on the organization, managing customer relationship effectively builds customer trust in the organization and customer satisfaction leads to repurchase.

Saadat and Nas (2013) also investigated impact of customer relationship on customer loyalty in cellular industry. They considered five firms i.e. Ufone, Mobilink, Telenor, Warid and Zong. The dependent variable was customer loyalty and independent variable was CRM. Analysis was done through correlation and regression. They concluded from their study that CRM has positive and significant impact on customer loyalty. This means that marketers should emphasise on store environment and service quality because in comfortable store environment consumer are willing to spend extra time which increases the chances to buy more. Secondly, consumers are willing to pay more for best services.

According to Saadat and Nas (2013), CRM is not only to maintain customers' record but also to track patterns in their purchases and provide additional value-added services. Customers are likely to stay with a company that provides a variety of valuable services as compared to the company that provides only a product. CRM can be used to know about the customers and also helpful eliminating hindrance that marketers' face in their business. This cultivates customer loyalty and builds good will for the company. With the help of CRM products can be developed according to the customers need which ultimately results customer loyalty.

Furthermore, Boohene, Agyapong and Gonu (2013) also looked at the factors influencing the retention of customers of Ghana Commercial Bank within the Agona Swedru Municipality. The study examined the impact of retention factors that influence consumers' decisions to stay. The descriptive survey design was used for the research. Simple random sampling and self-administered questionnaires were utilised to obtained data from 480 customers of the bank. Correlation and regression techniques were used to examine the relationships between customer satisfaction, service quality, customer trust, customer commitment, switching barrier factors and customer retention. The results revealed that on the whole, switching barrier emerged as the most significant factor influencing customer retention.

Krishnamoorthy and Srinvasan (2013) conducted a study on the impact of CRM on loyalty in Indian Banking Sector. The purpose of the study was to determine the incremental effect of CRM on customer loyalty. The data was collected from the customers of private and public sector banks through questionnaires. Multiple regression and factor analysis were used to analyse the data. The study used descriptive research design to measure the impact of the various dimensions of customer relationship management and its impact on loyalty. The sample size was 345 bank customers from the 14 public sector and 9 private sector banks and purposeful sampling method was used in collecting the data. The items used in the questionnaire were adopted from various sources. The study concluded that banks should focus more attention on fulfilling its obligations to customers, offer advice on how to invest as these were the predominant variable that would lead to increase customer loyalty.

Choi, Raha, Wan, Wan and Siti (2013) also conducted a research on the Impact of CRM factors on Customer Satisfaction and Loyalty. The study was conducted at a departmental store in Tehran, Iran. The study was employed quantitative approach and based on 300 respondents. Multiple regression analysis was used to analyse the data and the finding shows that behaviour of the employees is significantly related and contribute to customer satisfaction and loyalty.

Anabila and Awunyo (2013) looked at the relationships between customer relationship management, organisational survival and customer loyalty in Ghana's Banking Industry. The aim of this study was to assess the relationship between customer relationship management and customer loyalty using a case bank. Cross sectional research design was used to sample 20 staff and 50 customers. Data was collected from sampled respondents using a questionnaire. The Statistical Package for Social Sciences (SPSS) Version 16.0 was used to analyse the data. The result indicates that the bank assigned relationship managers who take care of the individual customer's needs. A correlation analysis revealed that there is a strong positive relationship between CRM practice and customer loyalty.

Toyese (2014) also conducted a study to evaluate customer relationship management in the telecommunication sector in Nigeria and its consequential effect on customer loyalty. Toyese (2014) generated primary data with the aid of structured questionnaire. A random sample size of 50 respondents was selected from each of 4 telecommunication firms to represent the entire population of study. Data collected were analysed using descriptive statistics and variance estimation technique. Toyese (2014) found out that customer retention, and competitive advantages are major benefits that are accruable to the industry. These were achieved through better understanding and addressing the customer needs and issues. Among the strategies employed by the players in this industry to facilitate these were promotional activities and quick service delivery.

Toyese (2014) further found out that the promise of CRM as an effective strategy for keeping customer is very captivating. Some of the benefits that accrue to telecommunication firms undertaking the CRM initiative include better communication with the customer, increased efficiency and effectiveness. In dealing with customers, firms need to integrate CRM operations into a single focused operation which will enables the telecom firms to simultaneously improve customer acquisition and retention rates.

Toyese (2014) again found out that implementation of CRM in the financial sector aims to maintain and sustain customers for the sake of loyalty profitable for the organisations. According to Toyese (2014), the implementation of CRM will not be successful without being constituted by service quality offered by the organisation which will in turn increase customer loyalty. It means good service quality makes implementation of CRM easier to perform. If service quality provided by an organisation is good, such an organisation can improve or strengthen implementation of CRM. Based on this, one can conclude that the link between service quality and customer loyalty can occur through the implementation of CRM.

Conceptual framework of the study

As discussed earlier, this study is concerned with understanding relationship marketing and customer loyalty. The previous chapters have discussed these constructs. Additional linkages have been well developed and added. This section integrates the discussion in the previous sections to provide a broader perspective of CRM and customer loyalty. In this direction, a model of relationship marketing and the variables of customer loyalty are first presented. A third dimension is the intervening variables that should co-exist to ensure success in CRM practices (See Figure 7).

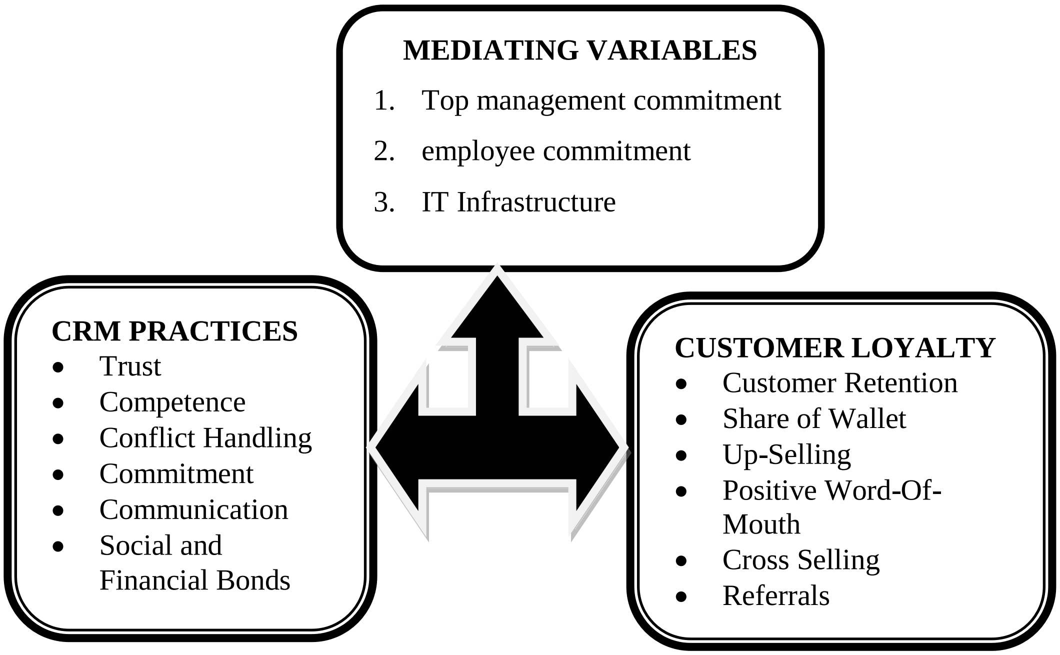

Figure 7: Conceptual framework of the study

Source: Adopted from Narteh, 2009

The literature review has been clear on the practices of relationship marketing. Therefore these practices as discussed in various literatures are critically examined in this section. A review of current literature has clearly established that there seem to be a consensus that a relationship-marketing practice is multi-faceted (Claycomb & Martin, 2002). In their empirical investigations, the authors identified eighteen practices that lead to effective relationship marketing. For example, Narteh (2009) proposed that commitment and trust are key antecedents for success of a relationship management strategy (Narteh, 2009).

However, Ndubisi and Chan (2005) identified six variables. These practices have been adopted by Ndubisi and Chan (2005) as a blueprint for effective practice of CRM. The framework assumes that Relationship Marketing has certain core practices which are clearly delineated as trust, commitment, communication, conflict handling, competence, and relational bonds. The study will adopt the framework proposed by Ndubisi and Chan (2005) because the concepts have been individually been widely discussed in the literature as either pre-conditions or practices of relationship marketing. This study proceeds to link the RM practices with relational outcomes and finally the effect of mediating variables on customer loyalty.

Summary of the literature reviewed

The review presented different dimensions of customer relationship management that have been defined by various experts in various ways. The review further highlighted the impact of different dimensions of customer relationship management to customer loyalty. The banking sector needs to focus more attention in increasing customer loyalty. The banks that carry out advertisement and presentation activities besides a variety of services offered to their customers undergo high costs for the sake of competition. However, expensive advertisement campaigns are not adequate in competition, for there is a serious need for high technologic substructure and automation support. It is of significance that banks should make one-to-one and individualised relationships with their customers, offer privatised services and determine the customers' needs.

To collect information about the customer and update them are among the important milestones of customer relationship management. The review shows that not only collecting data about the customer s but also giving information to them arouses customer loyalty, arousing in them the sense that they are valued. The review further shows that there are two general objectives of customer relationship management in the banks. One of them is to gain customers, namely to activate the potential customers, and the other is to keep the number of the existing customers. Forming and sustaining healthy and long-term customer relationships have become an important means of competition in the banking sector. The attempt to retain the customer affects the success of the banks due to the fact that one-to-one communication is achieved with the customer especially in field of commercial credit and the rate of profitability is taken from the credit customers. In all, it is clear that banks' ability to retain their existing customers and gain new customers depends on accurate customer relationship management.

CHAPTER THREE

METHODOLOGY

Introduction

Research methods are a mix of concepts and ideas that are utilised to determine, through neutral observation and analysis, the truth of a situation (Gravetter & Forzano, 2006). This chapter explains how the study was conducted. It guided the researcher in data collection and method of analysing data collected from the field. It also discussed the various methods that were employed in generating research data to answer the research questions. Sub-headings discussed were the study area, study design, population of the study, sample and sampling procedure, data collection, design of instrument, pre-testing of the instrument, ethical considerations, field work, and data analysis.

Study area

The study area covers Central and Western Regions of Ghana. The Central Region was historically part of the Western Region until 1970 when it was carved out just before the 1970 Population Census. It occupies an area of 9,826 square kilometres or 4.1 per cent of Ghana's land area, making it the third smallest in area after Greater Accra and Upper East. Central Region shares common boundaries with Western Region on the west, Ashanti and Eastern Regions on the north, and Greater Accra Region on the east. On the south is the 168-kilometre length Atlantic Ocean (Gulf of Guinea) coastline (Briggs, 2007).

The two regions can be broadly divided into two parts. The coast, which consists of undulating plains with isolated hills and occasional cliffs characterised by sandy beaches and marsh in certain areas and the hinterland, where the land rises between 250 metres and 300 metres above sea level for Central region and 325 metres and 405 metres above sea level for Western region. The two regions are endowed with historic monuments like castles and forts. These attract lots of tourist to the regions. It has many lovely tourist attractions, hotels with Hassle free transportation (Briggs, 2007). Examples of such lovely tourist attractions in the Central region are Cape Coast castle, Kakum national park, Elmina castle and the like which makes it the top most tourist destination in the country. In relation to Western region, one can mention the Nzulezu village, Takoradi harbour, Ghana Air force base and so on.

Due to the nature of the two regions, there are a number of commercial banks cited in all the major towns in these two regions, especially, Cape Coast in the Central region, and Takoradi in the Western region. This phenomenon has increase the patronage of banking products and services in the two regions which have resulted in sprang of banks in the regions (Briggs, 2007). This is a clear indication that when CRM practices is improved among the commercial banks in the Central and Western Regions, it would have quite a significant effect on the loyalty of their customers. It is from this background that the two regions were used for the study so that the outcome can be replicated in other commercial banks in other regions of the country.

Study design

Since the study focused on addressing an issue in an area were there has been a relatively little research, and it involves survey of employees' views on the issues, situations and processes, the researcher found it appropriate to use the descriptive survey design. Descriptive research design involves systematic gathering of data about individuals and collectivities in order to test hypotheses or answer research questions concerning the current status of the subject of the study (Ary, Jacobs, Razavieh & Sorensen, 2006; Robson, 1993). It determines and reports the way things are. Saunders, Lewis and Thornhill (2007) consider this design to be wholesome when information is needed about conditions or relationships that exist; practices that prevail; beliefs, points of view, or attitudes that are held or process that are going on.

In the view of Ary et al. (2006), descriptive design is appropriate because it allows the researcher to collect data to assess current practices for improvement. Ary et al. further point out that the design gives a more accurate and meaningful picture of events and seeks to explain people's perception and behaviour on the basis of data gathered at any particular time. An advantage of a descriptive survey is that it helps the researcher to collect data to enable him draw the relationship between variables and analyse the data. It helps to observe, describe and document aspects of a situation as it naturally occurs (Saunders et al., 2007).

However, it is a relatively laborious and time-consuming method. It is susceptible to distortions through the introduction of biases in the measuring of instruments and so on (Malhotra & Birks, 2007; Yin, 1994). It is sometimes regarded as focusing too much on the individual level, neglecting the network of relations and institutions of society (Saunders et al., 2007). The study thus presented data systematically in order to arrive at valid and accurate conclusions. It helped in bringing out the issues, views and the characters as they were.

Population

For the purpose of generalisation, the research population for this study comprises all banks in Ghana. The sampling frame for this study comprised all the 27 major banks licensed by BOG as at the end of 2010, (also referred to as universal banks). However, the accessible population was those commercial banks (15 in number) that were in Central and Western regions. An authenticated list of licensed universal banks in Ghana was obtained from the headquarters of BOG to constitute the sampling frame. The unit of analysis for this study was relationship officers or managers and some cases branch managers who work hand in hand with relationship staff in the practice of CRM. The decision to include branch managers is as a result of the fact that such managers are reasonably involved in customer relationship issues and hence have applicable knowledge to understand and provide accurate answer to the issues. The relationship staff being the people who manage relationships were used to determine relationship management practices from the firm`s point of view, as the study seeks to determine relationship outcomes from the banks perspective rather than the customer point of view.

Sample and sampling procedure

The sample for the study was all the 211 staff (branch managers and relationship staff) in the 15 major banks in Central and Western Regions of Ghana. The respondents were the managers in charge of customer relation and other relationship staff of the various banks. The managers and the relationship staff from all the 15 major banks was justified by the fact that, these banks appear to be endowed with modern facilities and qualified personnel which bolstered effective CRM practices.

Furthermore, the banks have greatest number of clients in the country at the moment, and therefore their choice gave fair representation of the entire banking industry in the study area. It must be admitted, however that there was an obvious variation in the ratings of the banks and definitely not all banks had same capacity to deliver quality CRM. Therefore the number of relationship staff surveyed as per individual selected bank varied to the extent of the level of co-operation obtained from the respective banks and that of the size of relationship staff, hence the wide variation in terms of the number of respondents representing each bank.

Due to the small number of respondents (211) in charge of customer relationship in the various banks, the census method was deemed appropriate and feasible. The census method is a method use to capture all respondents in the accessible population (Ary, et al., 2006). The census again was necessary since relationship staff of the various banks were quite different from each other. According to Malhotra and Birks (2007), it is always appropriate to use the census method in such studies since the population is small and variable, any sample the study drawn would not be representative of the population from which it is drawn.

The relationship staff were able to provide data that facilitated in examining the use of customer relationship management as a strategic tool to achieve customer loyalty in the banking industry. The researcher believe that the respondents share adequate attributes, skills and knowledge about customer relationship management and its effect on customer loyalty as a whole that will help in enriching the data collection. The staff provided data that assisted the researcher in tackling the issue at stake.

Data collection

The data collected involves issues bordering on customer relationship management and its effect on customer loyalty. The data collected were largely quantitative. Both primary and secondary sources of data were used for the study. The primary data were responses obtained from the relationship staff. The secondary sources of data were those obtained from the respective banks' records sections. These include the respective banks' annual reports; and other information from books, journals, articles and the internet.

Instrument design

Questionnaire was the sole data collection instrument used in gathering data from the respondents. The questionnaire was self-designed instrument. It was used to collect data from the relationship staff. The questionnaire was made up of both close-ended and open-ended items. The study was aware of the disadvantages in using this type of instrument, especially regarding its construction and return rate (Ary et al., 2006).

The questionnaire seeks to establish the extent of CRM practices in the banking industry and its effect on customer loyalty. It tried to identify the factors that impacted on banks expectation, experience, and perception of the quality of relationship delivery by Ghanaian banks. The close-ended questions were developed on a five point rating scale ranging from strongly agree to weakly agree such that one represents the least agreement to the issues while five represents the strongest agreement to the issues. The open-ended questions on the other hand requested general information on the respondents' own thoughts and understanding of how CRM is implemented in their organisations. It also elicited information about the background of the personnel (seek information on the characteristics of target respondents and other demographic features such as age, gender and number of years of experience).

The background information was placed at the bottom of the questionnaire to avert the possibility of potential sensitivity. Such sensitive questions may be embarrassing especially when it begins a survey instrument and may also create dissatisfaction and disinterest. The wording and language that was used in the questionnaire was as simple as possible. Due to the fact that questionnaires are likely to be less cumbersome in terms of data collection and analysis than face-to-face interviews, the data collection employed written questionnaires to collect the data from relationship staff rather than personal interviews.

Another reason for the choice of written questionnaire is its potential of being distributed to a large number of respondents in a large geographical area at a relatively low cost. A cursory look at the work of most authors' and researches revealed that they have used this method to study large samples. There are potential shortfalls associated with written questionnaire such as the possibility of questionnaire been misunderstood and interpreted differently by different people. However, the respondents were given opportunity to request for any further explanation regarding the questionnaires via a mobile phone number stated at the bottom of the questionnaire. The researcher carried out an initial pre-testing of questionnaires to evaluate respondents understanding of the research area.

Pre-testing of the instrument

To enhance the content validity of the instrument designed, the questionnaire was made available to the researcher's supervisors, to review and comment with the view of establishing content validity. Under the guidance of the supervisors, the researcher modified and deleted materials the study considered inaccurate or which the study felt infringed on the confidentiality of the respondents. The supervisors further scrutinised unclear, biased and deficient items, and evaluated whether items were members of the subsets they have been assigned.

In finding the reliability of the questionnaire, it was pre-tested in February, 2013, on a sample of 30 relationship staff of the various major banks in the Accra Metropolitan Assembly (AMA). Emphasis was on the close-ended items. The number of respondents used for the pre-test was sufficient to include any major variations in the population as confirmed by Ary et al. (2006) that for most descriptive survey studies using a range of five to ten percent, of the sample size, for pre-test is sufficient. The Accra Metropolitan Assembly was selected because relationship staff of the various major banks in the area share similar characteristics such as educational qualifications, years of experience, age and so on as those in Central and Western Regions. The area was also selected due to its closeness and easy accessibility to the researcher.

The questionnaires were administered personally to the respondents. The internal consistency of the instrument was calculated using Cronbach's Alpha. The Cronbach Alpha was used over the Kuder Richardson (KR) formula, or Spilt-half reliability coefficient because the Cronbach Alpha can be used for both binary-type and large-scale data (Gravetter & Forzano, 2006). The Cronbach Alpha of the instrument generated was 0.803 with the help of the Statistical Product and Service Solution (SPSS) Version 17.0. With regard to the pre-testing of the instrument, there was 100 percent response rate. Research has shown that scales with Cronbach's Alpha co-efficient of 0.70 or more are considered to be reliable (Gravetter & Forzano, 2006; Malhotra & Birks, 2007). Based on the responses given during the pre-test, few modifications were effected to improve the final instrument for the main survey which was then administered. Items that were not clearly stated were corrected.

Ethical considerations

An introductory letter was obtained from the Department of Management Studies, University of Cape Coast, to introduce the researcher to the various banks. To gather data from the sampled individuals, permission was sought from the management of the various major banks in Central and Western Regions respectively. The relationship staff captured to participate in the study were contacted with the help of the managers and other senior staff of the banks. The consents of the relationship staff were sought through the managers.

Participants were informed about the purpose of the research and what objective it sought to achieve. The instructions were read to them and further clarifications were made where needed. After the researcher was sure that the respondents understood the content very well, the questionnaires were administered. Respondents were encouraged to feel free and air their views as objectively as possible and that they have the liberty to choose whether to participate or not. They also had the option to withdraw their consent at any time and without any form of adverse consequence.

Anonymity and confidentiality were guaranteed and the research did not cause harm or mental stress to those who choose to participate. This was achieved by ensuring the respondents that their identity or known source will not be mention anywhere in this study. The respondents were further assured that the study would be discrete in keeping secret information about them. This research and its associated methodology adhere to all of these ethical considerations. An organisational entry protocol was observed before the data were collected. Individual staff of the university were informed of the reason for the whole exercise and the tremendous benefit the university would derive if the research was carried out successfully.

Field work

A period of three weeks was used to collect the data. The data collection was conducted in November, 2013. The respondents were given at most 20 minutes to complete each questionnaire. Not all the respondents completed or return their questionnaire on the day of visit and that demanded a considerable length of time to gather the stipulated number of questionnaires administered. Prior to the administering of the questionnaires, an informal familiarisation visit was made to the various major banks in Central and Western Regions respectively.

The administering and collection of the questionnaires were done from one bank to another. The respondents were taking through all the questionnaire items and anything that may not be clear was explained. They were again taken through how to respond to the items. In order not to disturb their working time, they were asked to complete the questionnaire during break time or immediately after working hours. Unlike the pre-testing of the instrument, the main study registered 94.8 percent response rate.

Delimitation of the study

A study of this nature should target the entire banking industry. However, this study only focused on the major banks registered by Bank of Ghana (BOG) excluding the rural banks. Out of the existing 27 major banks registered by Bank of Ghana, only 15 banks were covered by the research. The study was further delimited to 2010 data since data for 2011 and 2012 were difficult to access. In terms of geographical coverage, the study was delimited to Western Regional Capital and Central Regional Capital i.e., Sekondi-Takoradi and Cape Coast Metropolitan Assembly respectively. The head offices of these banks may not be in the above mentioned locations but CRM as practiced in any head office, mostly Accra, are replicated in other regions and even local branches of network.

Again, the study was delimited to variable such as CRM, customer loyalty, top management commitment, information technology infrastructure and employee motivation. The study mainly looked at CRM as a strategic customer retention tool focusing on the subject matter of CRM, its effect, implementation difficulties as well as recommendations to enhance practice by major Ghanaian bank.

Limitations of the study

The study was limited by the period for submission of the final draft. The period for the research work is rather short. The tactical, systematically and cursory review of related literature was a herculean task. Getting the target group to respond to the questionnaires was another problem that cannot escape mention. The habit of filling questionnaire is yet to develop in our part of the world. Sometimes, both relationship managers and even branch managers leave some questions unanswered, as they perceived as "sensitive information" and could not be given out. Subsequent conclusions drawn from the data analysis stage may thus suffer from respondents biases. The research definitely involved serious financial commitment but in spite all these obvious limitations the study is invaluable in terms of meeting its objectives.

Data analysis

The data that were collected were first grouped for editing. After the editing, they were inputted into the variable view of the Statistical Product and Service Solution (SPSS) Version 17.0. This was possible because the responses to the closed-ended items that were measured with five-point scale were expressed in numbers, and for that matter were numerical values and not categorical or nominal scale. The numerical measurement arranged in a way that the number one represents the least agreement to the items while the numerical value five was used to represent the strongest agreement to the items. Both descriptive and inferential statistics were used for the study. Cross tabulations, mean, median, skewness, standard deviation, frequency, percentage, Pearson product moment correlation and multiple regression analysis were used to analyse the data in order to answer the research questions and also to test the research hypothesis.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter of the study presents the findings emanating from the data collected from the self-administered instrument. The discussion includes the interpretation of the findings in reference to previous findings and theory. The chapter is organised into two main parts. The first part deals with the background characteristics of the relationship staff of the various banks in the regional capitals of Central and Western Regions respectively, while the second part is devoted to responses given by the respondents in accordance with the research objectives. The results are based on 200 relationship employees of 15 major banks in Central and Western Regions.

Background characteristics of respondents

This section deals mainly with the distribution of the respondents by gender, age and highest educational qualification. The results are presented in Tables 1, 2, 3 and 4. Table 1 presents the age distribution of respondents by sex. As contained in Table 1, 102 (51.0%) of the respondents were males while 98 (49.0%) were females. Since the study used the census method in capturing the respondents, this may mean that the number of male employees in the study institutions outnumbers that of female employees with regard to relationship staff.

Table 1: Age distribution of respondents by sex

	Sex of respondents				Total	
Age group of	Male		Female			
respondents	Freq.	%	Freq.	%	Freq.	%
16 – 25 years	5	4.9	5	5.1	10	5.0
26 – 35 years	69	67.6	66	67.3	135	67.5
36 – 45 years	18	17.7	17	17.4	35	17.5
46 years and above	10	9.8	10	10.2	20	10.0
Total	102	100	98	100	200	100

Source: Field data, 2013. Where Freq. = Frequency

Table 1 further shows that majority (67.5%) of the respondents were between 26 and 35 years of age. This is followed by those who were between 36 and 45 years (17.5%), 46 and 60 years (10%) and 18 and 25 years (5%) respectively. In general 90 percent of the respondents fall in the young adult age (18-45years). It therefore, means that the future of the major banks in the study area is bright since most of the relationship staff were within the youth age group and will champion their energy and strength into the banking industry as expected.

The study further elicited data on respondents' highest educational qualification. The results are presented in Table 2.

Table 2: Distribution of respondents by highest education qualification

Educational qualification of respondents	Frequency	Percent (%)
HND	28	14.0
Bachelor's degree	102	51.0
Post-graduate degree	49	24.5
Professional	21	10.5
Total	200	100

Source: Field data, 2013.

As presented in Table 2, majority of the respondents represented by 51.0 percent had a first degree while 24.5 percent of them had postgraduate degree. Also, 14.0 percent of the respondents had HND and 10.5 percent of the respondents had professional qualification. The results show that all the respondents had some level of tertiary education and for that matter were able to understand the various items in the instrument.

The study further presents data on the distribution of respondents by their organisation or bank. The results are presented in Table 3.

Table 3 shows that relatively, more of the respondents representing 13.0 percent were staff of Ghana Commercial Banks while 12.5 percent and 8.5 percent respectively were relationship staff of STANBIC and AMAL BANK. Only 4.5 percent of the relationship staff were employees of First Atlantic Merchant Bank. The results show that the study captured views from most of the major banks in the study area.

Table 3: Percentage distribution of the various major banks surveyed

Banks	Frequency (Freq.)	Percent (%)
STANBIC	25	12.5
Barclays Bank	10	5.0
First Atlantic Merchant Bank	9	4.5
SSB	15	7.5
GCB	26	13.0
ECOBANK	15	7.5
UBA	6	3.0
NIB	10	5.0
FIDELITY	12	6.0
UNIBANK	11	5.5
ADB	12	6.0
CAL BANK	10	5.0
AMAL BANK	17	8.5
ZENITH BANK	12	6.0
MERCHANT BANK	10	5.0
Total	200	100

Source: Field data, 2013.

The study again elicited data on respondents' length of service in the banking sector. The results are presented in Table 4.

Table 4: Distribution of respondents by their years of service in the banking industry

Years of experience	Frequency (Freq.)	Percent (%)
1 – 5 years	67	33.5
6 – 10 years	99	49.5
Over 10 years	34	17.0
Total	200	100

Source: Field data, 2013.

Table 4 shows that about half (49.5%) of the respondents had been working in the banking industry for a period between six and 10 years, followed by those of them who have worked for a period between one and five years (33.5%). However, 17.0 percent of the respondents had worked for more than 10 years in the banking industry. The combined percentage shows that majority (66.5%) of the respondents had worked in the banking industry for more than five years. This is a good sign for the study since most of the respondents have enough experience in the banking industry to understand the issues in the questionnaire.

Customer relationship management practices in the banking industry

The first substantive objective of the study was to examine the extent of customer relationship management practices in the banking industry. The main variables considered with regard to respondents relation management practices were trust, communication, conflict handling, social and financial bonds, commitment and competence. Each of the variables were made up of many close-ended items that were measured with five point scale such that one represents the least agreement to the issues while five represents the strongest agreement to the issues. Variables such as trust, communication, conflict handling, social and financial bonds, commitment and competence were made up of five, four, three, eight, four, and five items respectively. The items were pooled together to form each of the main variables using their corresponding average scores (mean values) because the normality test conducted indicated that the distribution was normal. This pooling process is in line with the recommendation of Ary et al., (2006) who posit that one can pool all items under one construct or variable to form the average score of the variable provided the measurement of the responses of each item scale are discrete, numerical and the same.

The averages of the numbers or scores that represent the responses generated for each major variable were calculated with the help of the Statistical Product and Service Solutions Version 17.0. After the pooling process, descriptive statistics such as mean, median, skewness and standard deviation were used to tackle the research objective. The analysis was done first by determining the normality of the data distribution. In a normal distribution the mean, mode and media are approximately equal. The skewness values must have a threshold of -0.5 to 0.5. The skewness values were closer to each other and were within an acceptable threshold of a normal distribution. The values are depicted in Table 5.

The standard deviations were also moderate (less than 1.0), indicating the non-dispersion in a widely-spread distribution. The moderateness of the standard deviations of the variables means that the views of the respondents are coming from a moderate homogeneous group that is, a group with similar characteristics. That means respondents view on the issues was an approximation to a normal distribution. Therefore, it is appropriate to use the mean values in analysing the data. The results are depicted in Table 5.

As contained in Table 5, the internal consistency of the responses with regard to CRM practices was calculated using Cronbach's alpha. The Cronbach's alpha co-efficients for all the six variables were more than 0.70. Research has shown that scales with Cronbach's alpha co-efficient of 0.70 or more are considered to be reliable (Pallant, 2001). The responses obtained on CRM practices were found to be very reliable based on the Cronbach Alpha values obtained.

Table 5: Customer relationship management practices

Dimensions of CRM practices	Cronbach alpha	Mean	Std. Dev.	Median	Skewness
Trust	0.79	4.15	0.57	4.20	0.02
Communication	0.79	3.85	0.68	4.00	-0.21
Conflict handling	0.80	3.91	0.67	4.00	0.17
Social and financial bonds	0.75	3.65	0.55	4.00	0.05
Commitment	0.84	3.67	0.70	4.00	-0.04
Competence	0.85	3.76	0.70	4.00	0.27

Source: Field data, 2013. (N = 200)

Based on the five-point scale used, the average response score used in categorising the data into positive (agree) and negative (disagree) was a mean score of 3.0. That is (1 + 2 + 3 + 4 + 5) / 5 = 3.0. Therefore, any mean value greater than 3.0 was deemed to be perceived as positive (agree) while any mean score equal to 3.0 or less than 3.0 was deemed to be perceived as negative (disagree). Table 5 depicts that respondents perceived trust (Mean = 4.15, Std. Dev. = 0.57) in positive terms. This means that respondents agreed that the various banks captured for the study primarily concerned with security for transaction and also they observe absolute confidentiality in customer's affaires.

The banks employees show respect to customers, they fulfil their obligation to customers and also customers have absolute confidence in bank's services.

The finding in in line with the submission of Claycom and Martin (2002) who argues that in a service sector, because customers buy promises and not tangible goods, they must trust service providers to ensure sustained relationship. They further aver that trust helps to build confidence, foster cooperation, and facilitate service recovery when things go wrong in the service delivery process. It is frequently argued that an abuse of this trust by a service provider will lead to customer dissatisfaction and defection (Ndubisi & Chan, 2005). Within the banking industry, one could argue that building a trusting relationship will require delivering core services efficiently and effectively in addition to ensuring honesty, reliability, and integrity in dealing with customers (Narteh, 2009).

A mean of approximately 4.0 was obtained for communication (Mean = 3.85, Std. Dev. = 0.68), conflict handling (Mean = 3.91, Std. Dev. = 0.67), social and financial bonds (Mean = 3.65, Std. Dev. = 0.55), commitment (Mean = 3.67, Std. Dev. = 0.70) and competence (Mean = 3.76, SD = 0.70). This means on the average, the respondents agree that communication, conflict handling, social and financial bonds, commitment and competence are factored in the CRM practices of the banks. The findings show that the various banks captured for the study provide timely and trustworthy information, try to avoid potential conflicts, regularly check on customers, and also treat customers as friend and partners. Furthermore, respondents agreed that the banks value its relationship with customers, they regularly makes adjustments to suit customers' needs, and that the banks discusses with customers new ways of improving service.

Specifically, the least standard deviation of 0.55 was obtained for social and financial bonds. This means the respondents, irrespective of the type of bank, have the most related views as far as 'social and financial bonds' as a component of CRM practices is concerned. The respondents have more diverse view with regards to the issue of commitment, perhaps commitment depends on the type of bank.

Comparatively, the banks pay the biggest attention to trust in CRM practices. This is followed by conflict handling, communication, commitment, competence and social and financial bonds respectively. The emphasis on trust is probably due to the fact that the entire spectrum of the banker-customer relationship is governed by the banker's secrecy/confidentiality a breach of which gives rise to legal action. Since people by nature prefer to keep their financial affairs secret, trust can be derived from assurance of confidentiality. The literature on CRM even postulates that some relationship employees serve as private confidants of their customers.

The finding on commitment is in line with the assertions of Gummesson (1999a) who posits that customers must have an enduring desire to maintain a valued relationship. This implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial. Since, commitment is higher among customers who believe that they receive more value from a relationship; highly committed customers should be willing to reciprocate effort on behalf of the banks due to past benefits received and highly committed banks will continue to enjoy the benefit of such reciprocity. Similarly, the finding on communication support the views of Anderson and Mittal (2000) who indicate that companies must try to establish an interactive dialogues between them and their customers, which takes place during the pre-selling, selling, consuming and post-consuming stages.

Therefore, it is appropriate for the various banks to provide information that can be trusted, provide information when delivery problems occur, provide information on quality problems and fulfilling promises (Ndubisi & Chan, 2005). The frequency of communication between the parties indicates the strength of the relationship. To be effective, astute communicators argue that organisations must integrate all their communication tools to provide consistency, persuasive and timely information to the customers (Kotler & Keller, 2009). Furthermore, the findings are consistent with the views of Reichheld (1996) and Rindfleisch and Heide (2009) who aver that it costs six times more to attract a new customer than to retain an existing one, therefore it is appropriate for banks to concentrate on the ability to effectively identify, acquire, foster, and retain loyal profitable customers.

The relationship between customer relationship management practices and customer loyalty

The second objective of the study focused on the relationship that exists between CRM practices and customer loyalty. As indicated earlier, many items were pooled together using their average or mean scores to form each of the main variables as suggested by Ary et al. (2006). The Pearson Product Moment correlation was used to examine the relationships that exist between the six dimensions of CRM practices and customer loyalty since the scale of measurements were numerical. The results of the relationships between the main variables are presented in Table 6.

Table 6: Relationships between CRM practices and customer loyalty

Dimensions of CRM practices	Customer loyalty	
	Correlation coefficient (r)	Sig.
Trust	0.53*	0.041
Communication	0.62**	0.000
Conflict handling	0.54**	0.004
Social and financial bonds	0.52*	0.012
Commitment	0.67**	0.000
Competence	0.69**	0.000

Source: Field data, 2013. **p<.01 *p<0.05 (N = 200)

As contained in Table 6, all the six dimensions of CRM practices have statistically significant positive relationship with customer loyalty. The results show that trust (r = 0.53, p = 0.041), communication (r = 0.62, p = 0.000) and conflict handling (r = 0.54, p = 0.004) were statistically significant and positively correlated with customer loyalty. Similarly, there was a statistically significant positive relationships between customer loyalty and social and financial bonds (r

= 0.52, p = 0.012), commitment (r = 0.67, p = 0.000) and competence (r = 0.69, p = 0.000).

The relationship between competence and customer loyalty was the strongest one. Using Ary et al. (2006) suggestion for interpreting correlation co-efficients, the association between the variables were all strong. The findings are consistent with that of N Ndubisi and Chan (2005) whose study on CRM has established that CRM practices are highly correlated with customer loyalty.

The results mean that the more the various banks ensure that there is security for transaction, they fulfil their obligation to customers, they provide timely and trustworthy information and also they try to avoid potential conflicts then they are likely to experience high customer loyalty and retention rate. This will in turn increase the bank's profitability since most of their customers will not leave the institution. Furthermore, the results may mean that the more the various banks treat their customers more as friends and partners, deliver on their promise, make adjustments to suit customers' needs, and ensure that there is excellence service delivery they are likely to retain large chunk of their customers.

The findings are in line with the comments of Reinchheld (1996) who advanced the argument that the best customers and employees become part of the loyalty-based system. Competitors in such a situation are left to survive with less desirable customers and less talented employees. To compete on loyalty, the relationship between customer retention and other part of the business must be understood. Given this background, marketers must be able to quantify the linkages between loyalty and profits. In order that the organisations achieve the goals of customers loyalty and relationship marketing in general, the marketers will have to focus on four interrelated activities–attracting, satisfying, and enhancing of customer relationships.

It must be noted that CRM derives its roots from relationship marketing which is aimed at improving long run profitability by shifting from transaction bases marketing, with its emphasis on winning new customers, to customer retention through effective management of customer relationships (Christopher et al., 1991). Thus CRM is more complex and sophisticated application that mines customer data has been pulled from all customer touch points, creating a single and comprehensive view of the customer while uncovering profile of key customers and predicting their purchase patterns (Chen & Popovich, 2003; Pickton & Broderick, 2005).

The study further examines the association between the three dimensions that form the mediating variable for the study and customer loyalty. The variables are top management commitment, I.T. infrastructure and employee motivation. The variables were made up of four, six and seven items respectively. These items were pooled together to form each of the main mediating variables. The results are presented in Table 7.

The results in Table 7 show that the meditating variables (top management commitment, I.T. issues and employee issues) have significant positive correlation with customer loyalty (P<0.01 for all). This means, an improvement in their practices would lead to improvement in customer loyalty. The results mean that the more top management of the banks are keenly involved in building strong customer relationship the more customers will be loyal to the banks. Similarly, if the banks have excellent I.T and other infrastructures and also if the banks give the necessary tools or resources to the staff in order to serve the customers, then customers will be more loyal to the banks.

Table 7: Relationships between mediating variables and customer loyalty

Mediating variable	Customer loyalty	
	Correlation coefficient (r)	Sig.
Top management commitment	0.647**	0.000
I.T infrastructure	0.512**	0.000
Employee motivation	0.575**	0.000

Source: Field data, 2013. **p<.01 (N = 200)

The findings are consistent with the assertions of Peppers and Rogers (2000) and Chen and Popovich (2003) who posit that information technology and other infrastructure in the organisation help in boosting its customer loyalty. Innovation in network infrastructure, clients/server computing, and business intelligence applications are leading factors in CRM development. CRM systems accumulate, store, maintain and distributes customer knowledge throughout the organisation. The effective management of information is of supreme importance so far as success in CRM is concerned. Information is critical to product tailoring, service innovation, consolidated view of customers, and calculating customers lifetime value (Peppers & Rogers, 2000). Among others, data warehousing, enterprise resource planning systems and the internet are the central infrastructures to CRM applications (Chen & Popovich, 2003).

After all, how people are measured will determine their behaviour. The personnel of the organisation have to be well trained to understand the basis of CRM and how it should be practiced. They must be well trained and equipped with the necessary tools required to work efficiently and effectively. They must be made to imbibe a customer-centric culture that will provide the enabling environment for CRM to thrive. In addition, there must be excellent motivation in terms of remuneration and other incentives so that they will be motivated enough to want to give off their best. A de-motivated workforce will not help the cause of effective CRM practice (Chen & Popovich, 2003). All these interventions help in boosting customer loyalty which in turn increases customer retention.

Effect of customer relationship management practices on customer loyalty

The third objective of the study examines the impact of CRM practices on customer loyalty. Even though researchers have commented a lot on the impact of CRM practices on customer loyalty, however, the literature fails to show clear relationships between the variables and the contribution of the variables to customer loyalty, especially within the Ghanaian cultural context. As indicated earlier, the individual variables were made up of many items that were pooled together using the corresponding mean scores to form each major variable. The multiple regression analysis was used to test the hypothesis. This was possible because the distribution was normal and also the response scores were measured numerically. The results are presented in Table 8.

Table 8: Effect of CRM practices on customer loyalty

Variables	Unstandardized Co-efficients		Standardised Co-efficients		
	B	Std. Error	Beta (β)	t-values	p-values
Trust	-.035	.069	-.038	-.516	.607
Communication	.127	.062	.161*	2.034	.043
Conflict handling	.055	.053	.070	1.036	.301
Social and financial bonds	.077	.066	.079	1.166	.245
Commitment	.174	.059	.235**	2.941	.004
Competence	.276	.036	.364**	4.692	.000
Constant	1.074				
R	0.721				
R Square	0.553				
Adjusted R Square	0.549				

Dependent Variable = Customer loyalty **p<0.01 *p<0.05 (N = 200)

Source: Field data, 2013.

As depicted in Table 8, the six CRM products were entered as independent variables while customer loyalty was entered as dependent variable in the regression model. The variables such as trust, conflict handling and social and financial bonds were not statistically significant contributors of customer loyalty. However, communication (β = 0.161 (0.062), p = 0.043), commitment (β = 0.235 (0.059), p = 0.004) and competence (β = 0.364 (0.036), p = 0.000) contribute significantly to customer loyalty. The most contributing variable is competence followed by commitment and communication.

This means that if the banks are excellent in service delivery, make extra effort to understand customer needs and provides relevant solutions, regularly make adjustments to suit customers' need, are flexible in serving customer needs and also provide timely and trustworthy information to their customers, then customers' loyalty will be high. Therefore, banks must ensure that they strengthen their communication, competence and staff commitment in order to increase customer loyalty.

The regression model in Table 8 depicts that the total contribution of the independent variables to the variance in the dependent variable is 0.553 with an adjusted R^2 of 0.549. This means that the banks CRM practices are able to predicted or explained about 55 percent of the variance in customers' loyalty. It therefore means that besides the CRM practices, other factors not yet in the equation have a chance of contributing or predicting about 45 percent to customer loyalty. The result suggests that the CRM practices alone do not contribute significantly to customers' loyalty and that they do so when other variables are considered.

The findings are in line with the submissions of Frow and Payne (2004) who posits that CRM is built on the philosophy of relationship marketing that aims to create, develop and enhance relationships with carefully targeted customer to maximize customers' value, corporate profitability and thus shareholders value. Frow and Payne (2004) added that the goal is to improve customer`s experience of how they interact with the company, which hopefully will turn into more satisfaction, which can lead to customer loyalty and ultimately an increase in customer profitability. The findings further confirm the views of Ndubisi and Chan (2005) who aver that relationship marketing has certain core practices which are clearly delineated as trust, commitment, communication, conflict handling, competence, and relational bonds, and that these practices on significant influence on customer loyalty.

Statistically, this argument may hold true, in reality trust and relationship bonds (social and financial) tend to have 'silent' but equally significant effect on loyalty and the effect may be more profoundly felt when they are absent from the equation. The study can therefore conclude that competence, commitment and communication jointly determine customer loyalty to a great extent. Perhaps it may be prudent to argue that these factors tend to operate as main customer loyalty 'intensifiers' in the relationship building chain since they are conspicuously the 'tools' commonly at play in day-to-day transactions. It stands to reason that a unit change in these variables will affect customer loyalty to a significant degree than the 'silent' ones. Hence, an improvement in competence, commitment and communication will lead to a more than proportionate increase in customer loyalty (Table 8).

The findings are consistent with the submissions of Moorman et al. (2009) who established that trust has often been mentioned as one of the important underpinnings of CRM. Relationship marketing thrives in an atmosphere where there is mutual trust among the parties involved. Moorman et al. (2009) defined trust as a willingness to rely on an exchange partner in whom one has confidence. Narteh (2009) also conceptualised trust as a partner's confidence in an exchange partner's reliability and integrity. However a look at the regression model appears to disconfirm the views in the scholarly literature. The coefficient (-0.35) of the result presented in Table 8 indicate a negative relationship between trust and customer loyalty, meaning that trust is inversely related to customer loyalty.

However, the strength of the relationship judging from the t and p-values ($t = -0.516$, $p = 0.607 > 0.05$) indicate that though the relationship is negative, it is not statistically significant as ($P>0.05$) at 95 percent confidence level. This means that though trust and customer loyalty affect each other negatively, the relationship is rather insignificant.

With regard to communication and customer loyalty, the literature shows that the role of communication in business has been demonstrated over the years (Narteh, 2009). Communication is seen as the process through which a communicator transmits stimuli to modify behaviour of other persons. In context, communication refers to the ability to provide timely and trustworthy information. Today there is a new view of communication as in an interactive dialogue between the company and its customers, which takes place during the pre-selling, selling, consuming and post-consuming stages (Anderson & Mittal, 2000). The researcher therefore assumes that communication is positively correlated with customer loyalty.

In the above, customer loyalty was regressed against communication. It can be seen from the results (Table 8) that the coefficient (0.127) is positive with t and p-value of 2.034 and 0.043 respectively, indicating statistically strong significant relationship between banks' communication effectiveness and a customer loyalty with corresponding positive effect. This appears to suggest that banks in Ghana should consider the communication standard in their banks as positively correlated with customer loyalty. It stands to reason that respondents regard the provision of timely information, supplying information on new products, discussing with customers on ways to improve services and being approachable to customer as good reason to be loyal to their respective banks. This finding thus shows that Ghanaian customers' loyally to their banks is strongly dependent on how their respective banks communicate effectively with them in their relationship building efforts.

In relation to conflict handling and customer loyalty, it is an establish fact that service failures are bond to occur in the normal course of service delivery in any human institution. In the course of delivering a service, there are bound to be occasional service failures in spite of all the effort put in by a service provider (Lovelock & Wirtz, 2007). It is almost impossible to imagine a flawless service delivery, and occasional service failures could occur in the service delivery chain (Narteh, 2009). According to Zeithaml and Bitner (2000), service failure is inevitable even for the best firms with the best of intentions and even for those with world class systems. The researcher therefore assumed that by handling conflict amicably, it will create the avenue for increased customer loyalty.

In line with the expectation of the researcher, the result of Table 8 above ($t = 1.036$, $P = 0.301 > 0.5$) indicate that there is positive coefficient (0.055) between the two variables. This result though indicating a positive relationship, yet still insignificant at the 0.05 level of significance ($P=0.301>0.05$). This shows that the current finding agrees partially with earlier findings by Ndubisi (2011) that there is a strong relationship between conflict handling and customer loyalty. By implication, conflict handling is not a major contributor to customer loyalty in Ghana's banking industry. Thus, the loyalty of customers to their banks is influenced only to lesser degree by how effectively the banks handle conflicts with their customers. This could portray context specific differences in that bank customers in advance society tend to have a lower zone of tolerance than their counterparts in less developed societies since Ndubisi (2011) was done in Malaysia.

Another possible angle to this finding is that banks in Ghana are meeting services expectation by reducing conflict situations and having in place effective conflict handling mechanisms that conflicts tend not to be issues of great concern to customers. Hence the statistical results indicate that most customers consider conflict handling to be not so relevant to their loyalty to their respective banks. In short, avoiding potential conflicts, solving manifest problems before they arise, openly and promptly discussing solutions when problems arises, and listening to customers grievances do not provide concrete grounds for the customer to decide whether to become loyal or not to a banks within the Ghanaian setting.

In relation to social and financial bonds' and customer loyalty, the literature shows that social bonding refers to the degree of mutual personal friendship and liking shared by the buyer and seller (Wilson, 1995). Lindgreen (2001) provided a more complete view by defining social bonds as personal ties that relate to service dimensions that offer interpersonal exchanges, friendship and identifications.

In general, social bands consists of many aspects, including familiarity, friendship, social support, keep in touch, self-disclosure, or any interpersonal interaction. On the other hand, financial bonds have been described as frequency marketing or retention marketing, where the service provided uses economic benefits, such as price, discount or other financial incentives to secure customer loyalty (Berry & Parasuraman, 1991). The study therefore assumes that having strong social and financial bonds with customers will enhance customer loyalty.

The result of Table 8 further shows that social and financial bonds have no significant positive relationship with customer loyalty. This shows that social and financial bonds are not one of the major contributors of customer loyalty in Ghana's banking industry. This finding shows that customers' loyalty is not strongly dependent on how banks build 'social and financial bonds' with them. This therefore means that, regular checks on customers sending gifts to customers on special occasions, changing concessionary rates, treating customers as friends and involving employees in family events of customers in themselves will not lead to any significant increase in customer loyalty through its impact will still be felt to a certain extent. This finding agrees with early findings of Lindgreen (2001), Narteh (2009), and Ndubisi and Chan (2005).

With regard to commitment and customer loyalty, like trust, commitment is another important variable for understanding the strength of a marketing relationship, and it is a useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency. Wilson (1995) observed that commitment was the most common dependent variable used in buyer-seller relationship studies. Hence the researcher expects that commitment to customers will impact positively on customer loyalty.

The result in Table 8 ($t = 2.941$, $p = 0.05$) indicates that the positive regression coefficient (0.172) shows a statistically strong significant ($P < 0.05$) relationship between commitment and customer loyalty such that the higher the commitment of banks towards the satisfaction of the need of their customers, the higher the probability that these customers are going to become loyal to the bank. The strength of the relationship judging from the interpretation of the regression coefficient is very strong and this means customers' loyalty to their banks is greatly affected by the level of commitment that their banks demonstrate towards them.

In consequence, where banks continuously make changes in line with customer needs, offer personalized services to meet customers' personal needs and show flexibility in serving customer needs, they are sure that customers will value their relationships with the banks and consequently become more loyal to their banks. The results of the present study suggest that customers expect their banks to be committed to ensure that they (customers) are really satisfied when transacting with them. The finding therefore in agreement with the research findings of some leading researchers who describe customer loyalty as a function of commitment at the instance of their providers (Gronroos, 1996; Ndubisi, 2011).

The last variable considered was competence. Competence is defined as the buyer's perception of the supplier's technological and commercial competence (Anderson et al., 1994). They operationalised competence in four ways: the supplier's knowledge about the market for the buyer, the ability to give good advice on the operating business, the ability to help buyer plan purchases and the ability to provide effective sales promotion materials. Competence has been mentioned in CRM literature as one of the underpinnings of CRM practice. The view has been seriously corroborated by this study and stands out as one factor that has the most significant impact on customer loyalty.

It can be observed from the results of Table 8 ($t = 4.692$, $P = 0.000 < 0.05$) that the positive unstandardized coefficient (0.276) means a statistically moderate significant relationship between bank competence and how it affects customer loyalty. This appears to suggest that as respondents consider the competence levels of their banks high, the more they become loyal to their respective banks. This result corroborates earlier findings by Ndubisi and Chan (2005), and Ndubisi (2011) who also found that, competence played a key role in determining customer loyalty among Malaysian Banks. Hence, one can conclude that when a bank delivers excellent service, understands the nature of business, possess relationship building skills and partners with customers on new ways to improving service, the bank is on course to achieving high and sustainable customer loyalty.

Studies on CRM have shown that for CRM to be successful, certain mediating variables must exist to ensure effective implementation (Chen &

Popovich, 2003). These variables are top management commitment, employee motivation and I.T infrastructure. This section therefore tests the extent to which these mediating variables mediate between CRM and customer loyalty. In other words, what is the extent to which these variables enhance the potential of CRM practices to generate customer loyalty?

The study further examines the influence of relationship marketing and top management commitment on customer loyalty. The results are presented in Table 9.

Table 9: Influence of relationship management practices and top management commitment on customer loyalty

Variables	Unstandardized Coefficients		Standardised Coefficients		
	B	Std. Error	Beta	t-value	p-value
(Constant)	.621	.195		3.216	.002
Relationship management practices	.606	.071	.602**	8.560	.000
Top management commitment	.162	.058	.195**	2.779	.006

Source: Field data, 2013. **P<0.01 (N = 200)

This view was reinforced in a recent META Group Report (1998) that singled out top management support and involvement as a key success factor for CRM implementations. In this regard, the study expects top management commitment to affect CRM and consequently customer loyalty. This was highly supported by the findings. Both CRM and top management have significant partial relationships with customer loyalty. However from Table 9 shows that CRM with ($\beta = 602$, $p < 0.01$) more significantly influences customer loyalty than top management commitment which gives a ($\beta = 0.195$, $p < 0.01$).

With regard to the effect of the mediating variables, the analysis indicate (for each of the error terms) a *z-value* of about 2.7 with a *p-value* of about .006 which shows that there is a strong evidence of mediation. Therefore the association between CRM and customer loyalty is significantly reduced by the inclusion top management commitment in the model. Looking at information technology infrastructure, though relationship marketing has a significant partial relationship with customer loyalty (β = 691, $p < 0.01$), information technology infrastructure has no significantly partial relationship with customer loyalty (β = 0.04, $p < 0.01$) as presented in Table 10.

Table 10: Contribution of relationship management practices and I.T. infrastructure on customer loyalty

Variables	Unstandardized Coefficients		Standardised Coefficients		
	B	Std. Error	Beta	t-value	p-value
(Constant)	.835	.198		4.215	.000
Relationship management practices	.685	.066	.691**	10.304	.000
I.T. infrastructure	.033	.048	.045	.676	.500

Source: Field data, 2013. . **P<0.01 (N = 200)

Further analysis on the mediating variable for each of the error terms a *z-value* of about 0.67 with a *p-value* of about 0.50 shows that there is no strong evidence of mediation. Therefore the association between CRM and customer loyalty is not significantly reduced by the inclusion I.T. infrastructure in the model.

The last mediating variable considered was employee motivation. Both CRM and employee motivation have partial significant relationships with customer loyalty. However, relationship marketing with (β = 605, p = < 0.01) more significantly determines customer loyalty than employee motivation with ($\beta = 0.250$, $p < 0.01$) as presented in Table 11.

Table 11: Effect of relationship marketing and employee motivation on customer loyalty

Variables	Unstandardized Coefficients		Standardised Coefficients		
	B	Std. Error	Beta	t-value	p-value
(Constant)	.585	.194		3.021	.003
Relationship management practices	.598	.057	.605**	10.562	.000
Employee motivation	.212	.049	.250**	4.361	.000

Source: Field data, 2013. **P<0.01 (N = 200)

The mediator test conducted shows that (for each of the error terms) a *z-value* of about 3.99 with a *p-value* of about .000 shows that there is a strong evidence of mediation. Therefore the association between relationship marketing and customer loyalty is significantly reduced by the inclusion employee motivation in the model.

In conclusion, it is evident that banks in Ghana employ the CRM practices such as trust, communication, conflict handling, social and financial bonds, commitment and competence in relationship building efforts. This is evidenced by the fact that responses obtained on CRM practices recorded Cronbach alpha values of at least 0.70 and a mean approximation of 4. This implies that on the average respondent agree that banks in Ghana factor these CRM elements in their relationship building efforts. It is also clear that on the average, the banks in Ghana factor mediation variables in their CRM practices as complementary factor in the relationship building effort in order to facilitate positive relational outcomes.

Possible solutions and recommendations on the implementation of customer relationship management in the banking industry

The last substantive research objective of the study focused on some of the possible solutions and recommendations on the implementation of CRM in the banking industry. Open-ended items were used to elicit data on the issues. These items allowed respondents to come out with their own possible solutions and recommendations.

The study asked the respondents to state some of the possible benefit strategies the banks employ when implementing CRM. As expected, most of the respondents stated that *the banks should employ the use of donations, rewards and attending of customers social functions as some of the benefit strategies to use in motivating customers.* The view of the respondents is congruent with that of Chen and Popovich (2003) who aver that organisations must ensure that there is excellent motivation of customers in terms of remuneration, donation and other incentives so that they will be motivated enough to want to give off their best and be loyal to the said organisation. A de-motivated workforce or customer will not help the cause of effective CRM practice.

With regard to promotional strategies, most of the respondents indicated *that branded promotional gifts, cause and charity, and contests are some of the possible strategies that can be used in promoting the banks*. Some of the respondents further asserted that *the banks should use modern technologies such as mobile phones, SMS alerts, internets and ATM outlets to improve their service delivery*. Furthermore, the respondents commented that *the banks should create room to receive feedback. Also, the banks can use suggestion boxes to obtain reliable suggestions from customers. The respondents added that the banks must ensure that they deliver their service on time and they communicate to their customers frequently and on time.* The views of the respondents are consistent with that of Ndubisi and Chan (2005) who posit that communication, modern I.T infrastructure and staff commitment are the blueprints for effective practice of relation management.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents the summary of major findings and conclusions drawn from the study. The key findings are reported based on the objectives of the study. These are followed by the conclusions, recommendations and suggestions for further research.

Summary

The major goal of this study was to examine the relationship between CRM practices and customer loyalty in Ghana's banking industry. Specially, the study was meant to explore the effect of CRM on customers' decision to remain loyal to their banks. Thus the question that comes to the fore is whether the practice of CRM leads to increased customer loyalty in the Ghanaian banking industry. Finally, the study sought to understand how top management commitment, employee motivation and information technology infrastructure to mediate between CRM practice and customer loyalty. In other to tackle the research objectives posed in chapter one, the study adopted CRM practices as proposed by Ndubisi and Chan (2005) and Narteh (2009). Those variables include trust, commitment,' social and financial bonds,' conflict handling, competence and communications.

A descriptive survey design was used for the study. The major data collection instrument was a questionnaire. Out of the 211 relationship staff of the participating banks in Central and Western Regions that were surveyed with questionnaire, 200 filled and completed the questionnaires that were administered to them. The 200 retrieved questionnaires were used for the final analysis. Statistical tools such as cross tabulation, frequency, percentage, Pearson Product moment correlation and multiple regression analysis were used to analyse the data. The findings have been discussed in relation to the objectives of the study.

The first substantive objective of the study establishes the practice of CRM in the banking industry. The key findings that emerged were as follows:

- Customer relationship management has certain core values which are clearly delineated as trust, commitment, communication, conflict handling, competence, and relational bonds (social and financial bonds).
- The results of the study further gave clear indication of evidence of CRM practices as the responses received from the various banks showed appreciable level of consistency with all the CRM practices.
- It is theorised that the adoption of the six CRM practices will constitute effective CRM practice since these elements together serve as 'blueprint' or 'best practices' due to their frequency of occurrence in CRM literature.
- Banks rely heavily on long-term relationship building in a bid to foster loyalty and retain their customers.

- The practice of the various CRM constructs tested in this study showed appreciable level of consistency. Thus banks in Ghana appear to be relying heavily on the use of CRM to achieve competitive advantage by increasing customer loyalty.
- The responses showed that trust, communication, conflict handling, social and financial bonds, top management commitment and competence all obtained a mean score of approximately four. This means that banks in Ghana show high levels of competence, communicate more often with their customers, avoid manifest conflicts situations and take steps to resolve any conflict that may arise amicably, are committed to the needs of their customers, relates very well with their customers and maintain a high level of trust between themselves (banks) and their customers.
- Amongst all the practices however, the findings clearly established that banks pay the greatest attention to trust in CRM practices which is closely followed by conflict handling, communication, commitment, competence and 'social and financial bonds'.

The second substantive objective of the study examined the effect of CRM practices on customer loyalty. In tackling this objective, the study first examined the relationship between the two main variables. The main findings that emerged were as follows:

- There is a significant relationship between CRM and customer loyalty ($F = 40.106$, $p < 0.05$). This means competence, communication, conflict handling, commitment, relational bonds (social and financial), and trust jointly determine customer loyalty.

- The results show that competence, commitment and communication have significant effect on customer loyalty ($p < 0.05$) hence they constitute the major determinants of customer loyalty in Ghana's banking industry. On the other hand 'social and financial bonds' and conflict handling showed a positive but insignificant relationship to customer loyalty.
- Hence there is clear indication that for CRM to accomplish the desired result of achieving customer loyalty top management commitment is a co-existent variable for success in CRM implementation. Hence when top management is keenly involved in relationship building efforts, banks having a senior manager to oversee and champion the CRM project, adequate top management supervision of the process and championing a customer-centric focus, these issues will enhance the potential of CRM to achieving increased customer loyalty.
- The results further show that when a bank has excellent information technology infrastructure that can facilitate prompt and efficient service, easy retrieval of customer information, provision of customised solutions and provision of internet banking to facilitate customer interaction, these variable per se will not directly lead to customer loyalty although they are necessary. It has to be emphasized that information technology infrastructure tend to support employee motivation, top management commitment and the other elements of CRM practices such as competence and communication.

- This study therefore suggests that any information technology introduction by management must be done with prior consultation with staff in order to ensure optimum result.
- Both CRM practices and employee motivation showed significant partial relationship with customer loyalty.
- The mediation test conducted between CRM practices and employee motivation showed that there is a strong evidence of mediation.
- There was a clear indication that for CRM to attain the desired result of attaining customer loyalty, employee motivation is necessary for CRM success. In this regard, when employees are well trained and given the necessary tools to serve customers, given extra incentives and adequate remuneration and staff are assessed based on customers-centric criteria; there is a greater chance that CRM will achieve the desire result of increase customer loyalty.
- In conclusion, the mediating variable (top management commitment, employee motivation, I.T. infrastructure) altogether have a direct positive partial association with CRM practices and the resultant customer loyalty.

Lastly, the study looked at the theoretical and practical implications for bankers with regard to the influence CRM practices have on customer loyalty. The key findings that emerged were:

- If a bank wants to achieve a high rate of customer loyalty, then CRM has to be adopted as a strategy. In other words banks must take continuous efforts to effectively manage their relationship with their customers because the way they build and maintain these relationships determines customer loyalty.

- Specifically, banks must take the necessary steps to improve upon their competence. In this instance, managers must have a greater understanding of the needs of their customers and envisage a customer's experience as satisfying a need rather than just selling a service.
- By improving competence level, managers should take the necessary steps to deploy knowledgeable staff and equip them with the requisite skills in relationship management that will enable them provide accurate and timely services whilst being passionate about service quality.
- Continuous training and investment in customer service as well as other training are needed to ensure consistency in quality service delivery.
- Everybody in turn must display a desire to provide first class service to its customers to win their confidence. These factors in combination lead to customer loyalty.
- Commitment also proved to be strong determinant of the strength of relationship marketing and thus a useful construct for measuring customer loyalty.
- Furthermore, if banks want to increase customer loyalty, they must encourage the building of strong rational bonds in the form of social bonds between their employees and customers. Employees must therefore regularly check on their customers, send customers' special gifts on special occasions such as surprise birthday cards and flowers.

Conclusions

This research has clearly shown that CRM practices jointly have a significant influence on customer loyalty within the Ghanaian banking industry. This means that, marketers aiming at building and maintaining long term beneficial relationships with their customers hoping to win their loyalty must give special attention particularly to competence, commitment and communication. The promise of CRM as an effective strategy for keeping customer is very captivating. Some of the benefits that accrue to banks undertaking the CRM initiative include better communication with the customer, increased efficiency and effectiveness. Furthermore, the effective integration CRM operations as a strategic tool and into a single focused operation will enable the banks to meet the needs of their respective customers which will in turn boost their loyalty in the long run.

Recommendations

Based on the key findings and conclusions of this study, it is recommended to the management of the various major banks in the country, especially those in Central and Western Regions to ensure that:

1. Employees of the bank are equipped with enough skills and professionalism to handle all manner of customers of the bank. This can be done through training and development programmes.
2. The services they rendered to customers are of higher quality since other factors such as service quality helps in boosting customer loyalty.

3. Customer relationship management practices cut across all staff, including those that are outsourced (such as security men/women). This would ensure that the customer is satisfied right from the initial point of call to the final end of business tractions.

Suggestions for future studies

This study was however limited to only 15 banks within the Western and Central regions of Ghana even though there are about 26 banks (BOG report 2008) with branches all over the country. The study recommends that future research should include more banks so that the findings could be more generally applicable to the entire banking industry. The study also excluded the rural banks and highly specialised banks such as ARP Apex bank and the bank of Ghana itself. The study again was only limited to the banking industry which is only an aspect of the financial services industry. Future research on the topic could go beyond the banking industry and look at the financial service industry or other sections of it such as the insurance sector. This study assessed the impact of relationship marketing practices on customer loyalty in the banking industry but within the Ghanaian context.

Therefore future research could extent this study to cover other African countries in order to explore the extent of relationship marketing practices in their banking industry and how it impacts on customer loyalty due to difference in micro-environmental factors and consumer behaviour. Overall, this study provides a useful and practical model that can be used by managers to develop

CRM strategies aimed at not only satisfying customers but also gaining customer loyalty within the banking industry.

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APPENDIX A

UNIVERSITY OF CAPE COAST
FACULTY OF SOCIAL SCIENCES
INSTITUTE FOR DEVELOPMENT STUDIES
SURVEY QUESTIONNAIRE

Introduction

Thesis Topic: Customer Relationship Management (CRM) as strategic customer retention tool in Ghana's banking industry

The research is aimed at investigating whether the practice of customer relationship management in Ghana's banks necessarily lead to customer loyalty and improved bank performance. The researcher would therefore be grateful if you could provide answers to the questions below. Please be assured that this is purely for academic purposes so your answers will be treated with the strictest confidence. Instruction: Please circle/tick the number that indicates your level of agreement with each of the statements below. The rate ranges from one (1) to five (5) where one represents the least agreement to the issues while five represents the strongest agreement to the issues.

SECTION 1: RELATIONSHIP MANAGEMENT PRACTICES (UNDERPINNINGS)

1. Trust					
The bank is primarily concerned with security for transactions	1	2	3	4	5
The bank observes absolute confidentiality in customer's affairs	1	2	3	4	5
The bank employees show respect to customers	1	2	3	4	5

The bank fulfils its obligation to customers	1	2	3	4	5
Customers have absolute confidence in bank's services	1	2	3	4	5
2. Communication					
The bank provides timely and trustworthy information	1	2	3	4	5
The bank provides information when new products are introduced	1	2	3	4	5
The bank provides accurate information always to customers	1	2	3	4	5
The bank officials are easily approachable	1	2	3	4	5
3. Conflict handling					
The bank tries to avoid potential conflicts	1	2	3	4	5
The bank tries to solve manifest conflict t situations	1	2	3	4	5
The bank openly and promptly discusses solutions when problems arise	1	2	3	4	5
4. Social and financial bonds					
The bank regularly checks on customers	1	2	3	4	5
The bank sends customers gifts on special occasions	1	2	3	4	5
The bank involves customers in their social functions	1	2	3	4	5
The bank gives selected customers concessionary rate	1	2	3	4	5
The bank offers special packages to selected accounts	1	2	3	4	5
The bank treats the customer more as a friend and partner	1	2	3	4	5
The bank participates in clients family's social functions e.g., funerals	1	2	3	4	5

The bank delivers on its promise	1	2	3	4	5
5. Commitment					
The bank regularly makes adjustments to suit customers' needs	1	2	3	4	5
The bank provides personalized services to meet customer needs	1	2	3	4	5
The bank is flexible in serving customer needs	1	2	3	4	5
The bank values its relationship with customers	1	2	3	4	5
6. Competence					
The bank is excellent in service delivery	1	2	3	4	5
The bank staff fully understand the nature of competition in the banking industry	1	2	3	4	5
The bank always makes extra effort to understand customer needs and provides relevant solutions	1	2	3	4	5
The banks staff possesses excellent relationship management skills	1	2	3	4	5
The bank discusses with customers new ways of improving service	1	2	3	4	5
B. CUSTOMER LOYALTY					
The bank has very high customer retention rate	1	2	3	4	5
The bank is able to increase its share of customers business with time	1	2	3	4	5
Customers willingly recommend the bank to others	1	2	3	4	5
Customers patronise new products when introduced	1	2	3	4	5

Customers patronise products of higher grade over time	1	2	3	4	5
The bank customers provide favourable word-of-mouth	1	2	3	4	5
The bank is successful in cross-selling to existing customers	1	2	3	4	5
C. MEDIATING VARIABLES:					
1. Top management commitment					
Top management is keenly involved in building strong customer relationship	1	2	3	4	5
The bank has a senior manager responsible for relationship marketing	1	2	3	4	5
The leaders value and closely supervise the work of relationship staff	1	2	3	4	5
Excellent customer-centric focus is part of our core values	1	2	3	4	5
2. IT infrastructure					
The bank has excellent IT infrastructure to provide customer solutions	1	2	3	4	5
(i.e. Internet, telephones, ATM 's fax machines, SWIFT etc.)	1	2	3	4	5
The IT system is flexible enough to provide customized solutions	1	2	3	4	5
Customer information can easily be obtained from a central database	1	2	3	4	5
The bank branches are fully networked	1	2	3	4	5
The bank practices internet banking to facilitate customer	1	2	3	4	5

interaction					
3. Employee motivation					
Employee are given the necessary tools/resources to serve customers	1	2	3	4	5
Employees are well trained in relationship management skills	1	2	3	4	5
Employees are given extra incentive for excellent customer service	1	2	3	4	5
Employees are given adequate remuneration for work done	1	2	3	4	5
The number of customers relationship staff serve are not too many	1	2	3	4	5
The bank uses customer –centric criteria as key performance appraisal measures	1	2	3	4	5
The bank penalises staff for poor service to relationship customers	1	2	3	4	5

SECTION II

GENERAL INFORMATION

Name of Your Bank……………………………………………………………

1. What is the main source of your competitive advantage as a bank?

Efficient Human Resource [ ] Technology innovation [ ]

Unique service delivery process [ ]

2. How do you position your bank in the market? ………………………………
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3. What benefit strategies do you employ? ……………………………………

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4. What promotional strategies do you employ?………………………………

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5. How do you use modern technology in your service delivery process?

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6. How do you measure the satisfaction level of your customers?

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7. From the customer complaints you receive, how will you rate your bank in terms of quality service.

Excellent [ ] Very good [ ] Good [ ] Satisfactory [ ] Poor [ ]

8. How do you monitor the expectations of your customers?

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………………………………………………………………………………………
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9. In your opinion, what constitute service delivery to your customers?
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10. Do you emphasise customer retention as a company objective?

Yes [ ] or No [ ]

If yes

11. What specific strategies do you employ in order to retain your customers?
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………………………………………………………………………………
………………………………………………………………………………
…………………………………………..………………………………
………………………………………………………………………………

12. What is your current rate of customer retention (approximately)

100% rate of retention [ ] 50% and above rate of retention [ ]

Below 50% rate of retention [ ] 0% rate of retention [ ]

12. Do you have customer appreciation programme? Yes [ ] No [ ]

13. How often do your undertake customer survey?

Monthly [ ] Every six month [ ] Once every year [ ] Not at all [ ]

14. Do you in any way customize or provide individual service for your customers? Yes [ ] No [ ]

Personal Information about respondent (Please tick the most appropriate answer)

BACKGROUND INFORMATION:

Gender (1) Male (2) Female

Age (1) 16-25 (2) 26-35 (3) 36-45 (4) 46 and above

Qualification (1) SSCE (2) HND (3) First Degree

(4) Postgraduate (5) Professional (6) Others…………

Years of Experience …………………………………………………….

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