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Antecedents of Customer Retention of Ghana Commercial Bank within Agona Swedru Municipality

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Abstract
The sole purpose of a business Drucker (1973) once famously claimed was "to create a customer". However, keeping the customer has become or regarded as equally, if not more important. Reichheld (1996) emphasised that a 5 per cent increase in customer retention generated an increase in customer net present value of between 25 per cent and 95 per cent across a wide range of business environments. Customer attraction and retention is becoming an important element of any banking strategy in today's increasingly competitive environment (Verhoef, 2003). The study investigated the determinants of customer retention in Ghana Commercial Bank within Agona Swedru Municipality. The main variables of concern were service quality, customer satisfaction, customer trust, commitment and switching barrier. The correlational design was used for the research. Simple random sampling and self administered questionnaire were utilised to obtain data from 480 customers of the bank. Mean and Step-wise regression techniques were used to examine the level of retention and contribution of these factors to customer retention. It was concluded that; switching barrier, customer commitment and customer trust were the three variables in the conceptual framework of the study that emerged as the most significant factors contributing to customer retention. The study has documented that switching barrier is the most significant factor in retaining customers. The above conclusions indicate a need for certain strategies to be applied by organisations so that customer retention would continue to be high. It suggested that management of Ghana Commercial Bank, and other banks should pay more attention to customer retention by increasing customer satisfaction through the provision of accurate and timely information on products and services to its customers. There is also the need to pay more attention to service quality through the continuous provision of fast, reliable and error-free transaction to customers.
Keywords: Service quality, Customer satisfaction, Commitment, Customer trust, switching barrier, SERVQUAL model.

1. Introduction

In today's competitive environment to compete successfully, banks must focus on understanding the attitudes, satisfaction needs and behavioral patterns of the marketplace. Customers evaluate a number of criteria when choosing a bank (Fullerton, 2005). Social and technological change has had a dramatic impact on banking industry. These developments, such as internationalization and unification of money markets and the application of new technologies in information and communications systems to banking have forced banks to adopt strategic marketing practices. These have included offering extended services, diversification of products, entry into new markets, and emphasizing electronic banking. This greater range of services and products along with improvements in communications efficiency could have a significant impact on customers' satisfaction and behavioral intentions (Mylonakis, Malliaris & Siomkos, 1998).

The banking industry is becoming highly competitive industry worldwide. Most bank products are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves based on price and quality (Kotler, 1997). Therefore, customer retention is an effective tool that banks can use to gain a strategic advantage and survive in today's banking competitive environment. It is more economical to keep customers than to acquire new ones (Verhoef, 2003). The key factors affecting customers' intention in staying with a bank include the range of services, rates, fees and prices charged (Abratt and Russell, 1999). The majorities of Ghanaian banks are from private sector and are much diversified in terms of the products and services they offer. Under these conditions one strategic focus that banks can implement to remain competitive would be to retain as many customers as possible.

Johnson (2008) illustrate that the influence of various dissatisfying characteristics such as inefficiency, chaos, incompetence and isolation have effects on banking customer dissatisfaction. Thus, in order to maintain and expand customer base, it is critical for banks to understand the criteria consumers use to evaluate banking quality and satisfaction with services and banking overall.

The banking industry has grown from institutions primarily involved in deposit acceptance and trade finance into complex multi-player markets where large number of banks are operating with various technology, products and services activities. This has created a competitive environment which is geared towards working more at increasing market share in terms of retaining customers. However, Ghana Commercial Bank (GCB) can only increase sales, grow, survive, compete effectively and efficiently and protect its market share in the midst of the current competition in the banking industry, if it will take all necessary steps to invest and retain its customers.

Nowadays the banking service is very important issue for the economy and also for the bankers. Fast and quality banking service is required in today's competitive market. The more satisfied customers are the greater retention (Anderson & Sullivan, 1993). That is why customer retention performance is one of the most important fact which is need to be improve for Ghana Commercial Bank to stay in competitive market. Various studies have been carried out in the developed countries regarding customer retention. However, only few studies have been done with regards to customer retention in the developing world, especially in Ghana (Appiah-Adu, 1999). Therefore, this study is being carried out to examine the contribution of customer trust, customer satisfaction, customer commitment, service quality and switching barriers to customer retention at GCB.

2. Literature Review

This section is organized along the following theme; theories on customer retention, the concept of customer retention, factors that contribute to customer retention and conceptual framework for the study.

2.1 Theory on customer retention

This section discusses the frameworks and models illustrating the factors influencing customer retention from the customers' point of view.

2.1.1 Ranaweera and Prabhu (2003a) Holistic Approach

Ranaweera and Prabhu (2003a) drafted a holistic approach that examines the combined effects of satisfaction, trust and switching barriers on customer retention. They define customer retention as the propensity for customers to stay with their services providers. The framework provided has two functions; its first function is to examine the main effects of the three variables on customer retention independently and its second function is to examine the interaction effects that trust and switching barriers have on customer retention in the presence of satisfaction.

Several studies indicated that the more satisfied a firm's customers are, the more they remain loyal to the firm (Fornell, 1992). According to Anderson and Sullivan (1993), investing in customer satisfaction is like taking out an insurance policy. If some hardship temporarily befalls the firm, customers will be more likely to remain loyal. Additionally, Pattersson, Johnson and Sprend (1998) argue that satisfied customers are perceived as indispensable means of creating sustainable advantages in competitive environments. Pattersson, Johnson and Sprend (1998) further look at customer dissatisfaction as the difference between an individual's pre- purchase expectations and post- purchase performance of the product or service. Customer satisfaction is conceptualised by the authors as the evaluation of an emotion and proclaims that the higher the satisfaction, the higher the level of retention (Ranaweera & Prabhu, 2003a).

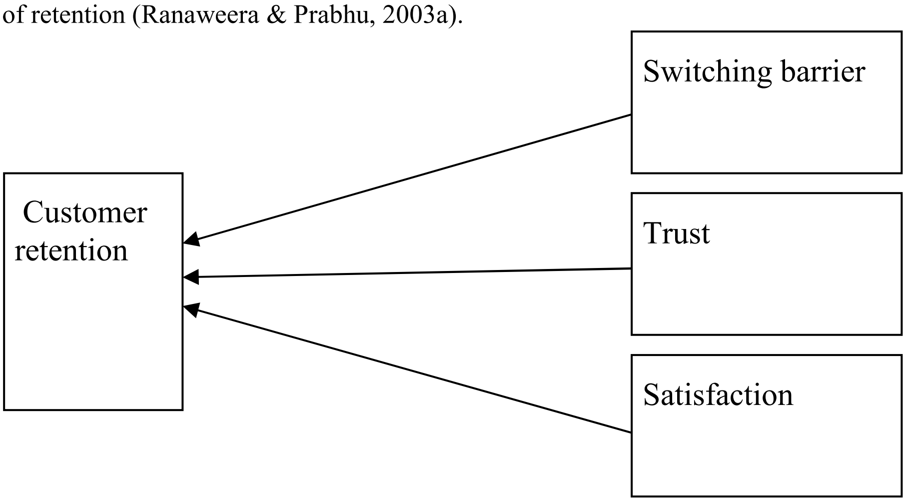

Figure 1: Model of the Determinants of Customer Retention
Source: Ranaweera and Prabhu, (2003)

However, Richards (1996) argues that some customers, even though satisfied, will leave the firm while others who are dissatisfied will remain. In addition, Ranaweera and Neely (2003) also posit that mere satisfaction does not ensure customer retention and therefore, the focus in recent research has somewhat shifted from studying drivers of customer satisfaction to examining drivers of customer behaviours such as repurchase habits. Although customer satisfaction is a good base to start with when retaining customers, it is not the only influencing factor.

Secondly, trust is conceptualised as existing when one party has confidence in the other party's reliability and integrity. According to Ranaweera and Prabhu (2003a), several studies have recognised that even though firms manage to properly satisfy their customers, they may be unable to retain them. Hence, satisfaction alone is inadequate to ensure long- term customer commitment to a single provider. Due to costs related to the termination of the relationship, once trust has been built, the probability of each party ending the relationship decreases (Ranaweera & Prabhu, 2003a).

In addition, Gounaris (2005) argues that trust is a vital element in any type of relationship. The more a customer trusts a supplier, the higher is the perceived value of the relationship. Furthermore, trust is an important factor in the perceived quality of services, especially in business to business services. Trust is developed successively as a result of gradual dependence on the relationship resulting from mutual adaptation to the other party's needs (Cohen, Gan & Choong, 2006).

The factor of switching or termination costs is also identified by Morgan and Hunt (1994) as contributing to the maintaining of relationships. According to Nyer (2000), perceived switching barriers are conceptualised as the consumer's evaluation of the resources and opportunities needed to perform the act of switching as well as the constraints preventing it. Sharma and Patterson (2000) further present a few examples of switching costs such as social bonds, personal rapport and trust which have been built over time. Ranaweera and Prabhu (2003b) argue that the higher the level of perceived cost is, the higher probability that the customer will remain. While the previous models suggested that commitment played a mediating role between those variables and retention, this model does not support that but rather, takes the view that customer retention is better built with direct relationship with satisfaction, trust and switching barriers.

2.1.2 Customer Retention

Satisfaction alone does not ensure continued customer patronage (Jones and Sasser, 1995). Customer retention implies a long-term commitment on the part of the customer and the firm to maintain the relationship. The development of the mutual commitment is the same process as creating long term buyer-seller relationships (Wilson, 1995). Commitment is regarded as the central outcome variable in business relationships, which ensures the strength, stability, durability, and even profitability of a relationship (Morgan & Hunt, 1994). Drucker (1973) once famously claimed was "to create a customer". A value staircase or value ladder (Christopher et al., 1991) from suspect, prospect and first-time customer, to majority customer and ultimately to partner or advocate status.

Customer retention has been shown to be a primary goal in firms that practice relationship marketing (Coviello et al., 2002). While the precise meaning and measurement of customer retention can vary between industries and firms (Aspinall et al., 2001) there appears to be a general consensus that focusing on customer retention can yield several economic benefits (Buttle, 2004). As customer tenure lengthens, the volumes purchased grow and customer referrals increase. Simultaneously, relationship maintenance costs fall as both customer and supplier learn more about each other. Because fewer customers churn, customer replacement costs fall. Finally, retained customers may pay higher prices than newly acquired customers, and are less likely to receive discounted offers that are often made to acquire new customers. All of these conditions combine to increase the net present value of retained customers.

Lindgreen et al. (2000), the implication of there being "right" and "wrong" customers to retain is that companies are advised to segment their customer base for retention efforts in much the same way that they would segment the market for acquisition efforts. Evans (2002) suggests that the right customers are those with the highest residual lifetime value. Customers who complain and are well recovered can be more satisfied and less likely to switch than customers who had no cause for complaint at all (Nyer, 2000). The prime objective of customer retention (CR) is to achieve "zero defections" of profitable customers (Richards, 1996), so that customer "churn" is minimised, in other words the acquisition and subsequent loss of customers. In addition, CR incorporates the notion of offering these retained customers goods or services that are thought likely to meet their needs. Support for retaining customers in the marketing literature (Ahmad & Buttle, 2002) is extensive.

The benefits of retaining customers to the organisation are higher margins and faster growth, derived from the notion that the longer a customer stays with an organisation, generally the higher the profit. The significance of retaining customers is not new to marketing, as Drucker (1973) believed that marketing is as much concerned with retaining as well as acquiring customers. Information systems provide essential support for customer retention (Lewington, 1996), by keeping accurate details on purchase records, for assessing the value of customers to the organisation and in picking up likely defectors. If staff is given more power, greater access to information and adequate knowledge, they are in a better position to recover situations or delight customers.

2.1.3 Customer Trust

Morgan and Hunt (1994) conceptualized trust as existing when one party has confidence in a partner's reliability and integrity. Indeed, trust could exist at the individual level (see Rotter, 1967) or at the firm level (Moorman, 1993). Furthermore, trust, when conceptualised as a dimension of service quality, could also be thought of as "trust in the service itself" (see Parasuraman et al., 1985, 1988). According to Gremler and Brown (1996) proposed trust as a conceptual antecedent of customer loyalty. Gwinner et al. (1998) suggested trust as a relational benefit. More specifically, they proposed trust as a confidence benefit rated highly by customers in long-term relational exchanges with service firms. Singh and Sirdeshmukh (2000) have argued strongly for benevolence as a component of trust that may contribute to explaining loyalty. The identification of these variables, and in particular trust, as important elements in the firm-customer relationship has provided an insight into the capacity of social exchange theory to explain marketing relationships (Berry, 2004). Trust is defined as the willingness of one party to be vulnerable to the actions of another party based on the assumption that the other will perform particular action to the trustor (Mayer et al., 1995). Deutsch (1960) saw trust as an individual's confidence in the intentions and capabilities of a relationship partner and the belief that a relationship partner would behave as one hoped.

The level of trust towards others has been shown to enhance firm performance, such as marketing channels (Andaleeb, 1996), market research and firm/client relationships (Moorman et al., 1993). Castelfranchi and Falcone (2000) point out that trust and control go together. They clearly point out that, inherently, trust and control are opposites; however, controls on businesses, such as business licenses, are trust-builders (Castelfranchi & Falcone, 2000). Berry (1995) contends that trust is the single most powerful relationship-marketing tool. Beatty et al. (1996) have utilized a priori themes from the literature to suggest that trust is a critical component in the formation of relationships. Moorman et al. (1992) define trust in terms of the willingness to rely on another exchange partner in whom one has confidence.

2.1.4 Customer Satisfaction

Customer satisfaction has traditionally been regarded as a fundamental determinant of long-term consumer behaviour (Oliver, 1980). The more satisfied customers are, the greater is their retention (Anderson and Sullivan, 1993), the positive word of mouth generated through them and the financial benefits to the firms who serve them. It is no surprise, therefore, that a fundamental aim of firms is to seek to manage and increase customer satisfaction. Following Cronin et al. (2000), conceptualise customer satisfaction to be an evaluation of an emotion, reflecting the degree to which the customer believes the service provider evokes positive feelings. Customer satisfaction reflects the degree to which a consumer believes that the possession or use of a service evokes positive feelings (Cronin et al., 2000). Various models and theories that have been developed to this end (Anderson and Sullivan, 1993), indicate that customer satisfaction is related to the size and direction of disconfirmation, which is defined as the difference between the post-purchase and post-usage evaluation of the performance of the product/service and the expectations held prior to the purchase.

Furthermore, the affect experienced during the acquisition and consumption of the product or service can also have a significant influence on satisfaction judgments (Homburg et al., 2006). Companies with a bigger share of loyal customers profit from increasing repurchase rates, increasing cross-buying potential, higher price willingness, positive recommendation behavior and less switching tendency (Rust et al., 2000).

2.1.5 Switching Barrier

Customer loyalty has become a top priority in service industries, since it has been proven to strongly affect profitability (Verhoef, 2003). However, preventing current customers from switching to other service providers is a very difficult task. During their lifetime, customers have many opportunities to switch service providers (competitor offers, sales promotions, etc.), and many events within the established relationship are likely to cause service relationship deterioration and dissolution (Gustafsson et al., 2005).

According to Keaveney (1995), service switching may be due to critical. incidents, such as attraction by competitors, inappropriate employee responses to service failures, pricing problems, core service failures, service encounter failures, lack of convenience, ethical problems or changes in the consumer's or service provider's situation (involuntary switching). In consumer goods settings, consumer loyalty has often been measured as a consumer's switching\ resistance when faced with competitors' counter persuasion, promotions, price decreases and/or stock shortage problems (Oliver, 1980).

Furthermore, the composite measurements of customer loyalty should have better predictive validity than the attitudinal measurements and better trait validity than the behavioral measurements (Dick & Basu, 1994). From their viewpoint, approach differs from attitudinal measurements. Which have often assessed customers' general intentions to maintain the service relationship, to repurchase the provider's services, and/or to recommend its products (Hennig-Thurau et al., 2002).

2.1.6 Customer commitment

Morgan and Hunt (1994) define commitment to the relationship as: an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely. A multidimensional view of relationship commitment has also been developed to highlight the customer motivations (Gundlach et al., 1995). Customers maintain a business relationship because they want (affective commitment), they need (calculative or continuance commitment) or they ought (normative commitment) to do so. Furthermore affective commitment is defined as the relative intensity of identification and affiliation with the service provider and the involvement in the service relationship. (De Wulf et al., 2001). As a result, affective commitment is not similar to a positive attitude towards the service provider. It refers to an identification process (congruence of values, affiliation, and belongingness) rather than to an evaluation process. Additionally, Calculative commitment refers to an awareness of the costs associated with leaving the service provider (Verhoef et al., 2002). As Bendapudi and Berry (1997) note: a customer that closes bank accounts due to poor service typically would open new accounts with another financial institution; the time, effort, and money required to identify an alternative supplier and establish new accounts illustrate relationship termination costs. Both affective commitment and calculative commitment should affect customer loyalty and lead customers to accept efforts and sacrifices in the short-term (Gustafsson et al., 2005).

2.1.7 Service Quality

With the role of the customer changing gradually (Verhoef, 2003), customer perceived service quality has been given more and more attention for its specific contribution to the competitiveness of business and there have been a variety of studies on different issues concerning service quality over the last several years. These researchers believed that measuring service quality as disconfirmation (the difference between perceptions and expectations) is valid and allows service providers to identify several gaps in the service provided. However, most of these studies have found a poor fit for the disconfirmation model.

The effects of service quality on consumer decision-making appear to be largely indirect and mediated by value and satisfaction (Cronin, Brady & Hult, 2000). A review of literature reveals that the terms quality and satisfaction are quite often used interchangeably. While both concepts are related and appear to be merging, there are still gaps in understanding the two constructs, their relationship to each other and their antecedents and consequences (Gwynne et al., 1999). A distinction has often been made between the two constructs.

According to Cronin and Taylor (1992), this distinction is important to both managers and researchers alike, because service providers need to know whether their objective should be to have consumers who are satisfied with their performance or to deliver the maximum level of perceived service quality. Service quality has been defined as the difference between customer expectations and perceptions of service delivered (Parasuraman et al. 1988, 1991). In marketing and economics, quality often has been viewed as dependent on the level of product attributes. In service literature, quality is viewed as an overall assessment (Parasuraman et al. 1998).

Service quality according to Sharma and Patterson (2000) is divided into two main components: technical quality and functional quality. Technical quality is related to the actual outcomes or the core service as perceived by the client. Technical quality is relevant to the promised service. Functional quality on the other hand is rather than concerned with "what" is delivered, deals with "how" the service is delivered. It is concerned with the interaction between the service provider and service receiver, and is assessed in a highly subjective manner. The authors further argue that trust had a great impact on how quality is delivered, both in terms of functional-and –technical quality. Consequently, it is argued that the greater the perceived technical quality, the stronger is the trust in the relationship, and the greater the perceived quality of the advisor, the stronger is the level of trust in the relationship. Consequently, the greater the quality is perceived, the stronger is the relationship commitment. (Sharma & Patterson, 2000).

The SERQUAL model (Parasuraman et al., 1988) suggests that the difference between customer's expectations about the performance of a general class of service providers and their assessment of the actual performance of a specific firm in that class results in perception of quality. This is also known as gap analysis.

Also, the SERQUAL model has been mostly applied as a model to analyse service quality and consumer expectation.

2.1.8 Conceptual Framework Developed for the Study

The framework for the study figure 3 illustrates the contribution of service quality, customer satisfaction, customer trust, commitment, switching barrier to customer retention.

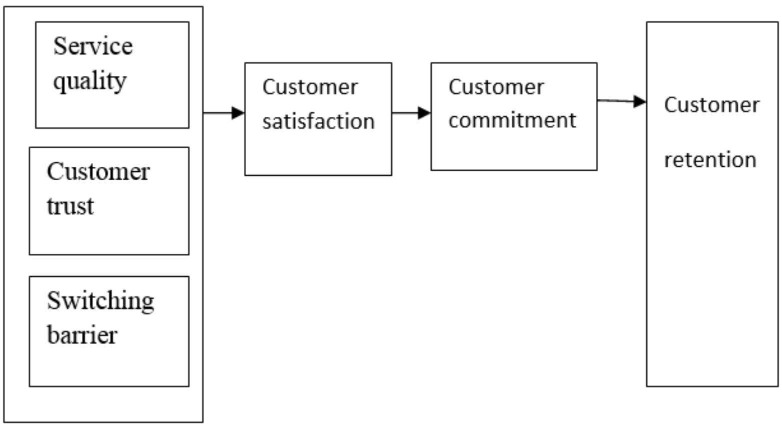

Figure 2: Conceptual Framework of Selected Factors that contribute to Customer Retention
Source: Author's construct, 2014

Figure 3, illustrates the contribution of customer satisfaction, customer trust, service quality, customer commitment and switching barriers to customer retention.

3. Methodology

3.1 Study Design

Cooper and Schindler (2006) refer to correlational design as a method of which attempts to determine whether and to what extent or degree a relationship exists between two or more quantifiable variables. Correlation research is sometimes referred to as descriptive research because it describes the relationship between variables but in a different way with the use of correlation coefficient. The purpose of correlation research is to explain important human behaviour and characteristics in quantitative terms and how they relate, and it also helps in prediction of events. Cooper and Schindler further stated that data collection tool for relationship study can be done by method including questionnaire. The correlational study design was used for the study. The reason that necessitated the use of this design was the use of questionnaire which allowed the collection of large amount of data from a sizeable population. The study also involves the description of factors that contribute to customer retention and establish how the factors correlate with customer retention.

3.2 Study Area

The study was conducted in Agona-Swedru the capital town of the Agona Swedru Municipality. The location of the town makes it the commercial center and a nodal point from which roads radiate to the rich cocoa growing countryside of the region. There are five major commercial banks namely; HFC Bank, First National Bank, International Commercial Bank, Agricultural Development Bank and GCB. Besides, there are seven rural banks and several savings and loans companies operating within Agona Swedru. The municipality was chosen because it has in recent times witnessed the influx of investments, especially, banks and business growth. Moreover, the branch in Agona Swedru was chosen to be able to control for internal validity.

3.3 Population and Sample

The target population of the study comprised of 11,217 customers of Ghana Commercial Bank in Agona Swedru Municipal area. This was obtained from the database of Ghana Commercial Bank, Agona Swedru. The unit of analysis for this present study is the customers of Ghana Commercial Bank Limited, Agona Swedru Municipal Area (Ghana Commercial Bank, 2010). The reasons informing the researcher's selection of the population is that respondents possess the information required for the study and also respondents have certain attributes or characteristics that will make their responses meaningful. To ensure that an adequate number of responses were received, the sample size was determined using Hair, Bush and Ortinau's (2003) sample size determination formula. Adopting this formula, the minimum required sample size was estimated to be 384. However, in order to reduce the non response rate due to refusal to respond, ineligibility to respond and non-contact, this figure was increased to 480 to get a richer representation of the population. The procedure was adopted in order to make the sample more representative of the population. The study used simple random sampling method to select the respondents. Since the respondents had similar characteristics, the lottery method of simple random sampling was used to select 480 customers of the bank.

3.4 Instrument

The main instrument used for data collection was the questionnaire. According to Hair et al (2003), the questionnaire is the most common types of instruments used in survey research. Again, the questionnaire, on its part is effective when considering a large number of respondents and guarantees respondents' anonymity. Additionally, the questionnaire was used because it was considered to be more convenient as respondents could answer at their convenience. In this study, to make it attractive and interesting, the choice of close-ended and open-ended format was adopted because they were easier to be completed since they did not need any extensive writing. The items were also easier to be administered, coded and analysed. Multiple regression was also adopted in analyzing data. The purpose of using regression analysis was to develop a group of independent variables such as service quality, customer trust, customer satisfaction, switching barrier and customer commitment that are useful in predicting the dependent variable which is customer retention. The regression analysis also helps to eliminate any of these variables that did not provide any additional prediction to customer retention in the equation (Pallant, 2005). The study used standard multiple regression so as to identify the contribution of the independent variable to the dependent variable. It was also used to identify the best predictor variable among the independent variables. According to Pallant (2005), the standard multiple regression also tells how much unique variance in the dependent variable each of the independent variables explained.

4. Results and Discussion

Research objective one was to determine customers perceive level of service quality, customer trust, switching barriers, customer satisfaction, customer commitment, and customer retention in GCB within Agona Swedru Municipality. Descriptive statistics such as mean, median and standard deviation were used to analyse the data. This was done first by determining the normality of the data distribution. According to Fidel and Tabachnik (2001), normal distribution has four characteristics such as the mean, mode and medial are equal; it is symmetrical; it is asymptotic and it is neither too peaked not too flat. Fidel and Tabachnik (2001) further stated that skewness can also be used to see if a distribution is normal. The mode, mean and median value obtained for the distribution of the study were all approximately three (mode, mean and median=3) confirming normality of the data for the study. The skewness values were also within -0.5 to 0.5 ranges. These further confirmed the normality of the distribution. This can be seen from table 1. The scale for the mean was determined by adding all the items on the scale of 1 – 5 and dividing it by five. That was (1+2+3+4+5)/5=3. It means any value 3 and above was high and below it was low. Discrete quantitative numbers were used to represent the five point – Likert – scale ranging from one to five as stated earlier.

Table 1

Customers perceive level of service quality, customer trust, switching barriers, customer satisfaction, customer commitment, and customer retention

Variables	Mean	Std. Dev.	Median	Skewness
Service quality	3.455	.519	3.429	.059
Customer trust	3.141	.532	3.153	.038
Switching barriers	3.408	.502	3.428	-.025
Customer satisfaction	3.819	.574	3.875	-.061
Customer commitment	3.349	.565	3.365	-.013
Customer retention	3.118	.531	3.125	.064

Scale (Mean): 0 – 2.9 = low, and 3.0 and above = high.

Source: Field Data, 2012.

In determining the level of customer retention in GCB, Agona Swedru, descriptive statistics such as mean, median and standard deviations were used. The level of customer retention was measured using six-item index. The result from Table 1 indicates high level of retention with a score above three. The respondents appear to be satisfied with the manner GCB, Agona Swedru is able to efficiently handle their complaints and because of that they have planned to continue doing business with the bank while willing to encourage friends and relatives to do business with GCB, Agona Swedru. It can be seen from Table 1 that overall level of customer retention within GCB, Agona Swedru was high with a mean score of (X=3.118). This finding supports the findings of Buttle (2004) who found efficient complaints management strategies among other factors to have influenced core customer retention in organisation.

The level of service quality was measured using twenty-one item index. Respondents appear to have enjoyed and continue to enjoy quality of services provided by the bank with regards to fast, reliable, error-free transaction and efficient service. The respondents also perceived that their bank had numerous branches with convenient locations which have helped them in their business transactions. The results in Table 1 indicate that, the level of service quality in GCB, Agona Swedru was high with the overall mean of (X=3.455). This finding confirms the work of Sharma and Patterson (2000) who found that, the higher the perceived quality with regards to services provided by organisations the higher their level of retention.

The results on the level of customer trust can be seen in Table 1. The level of customer trust was also measured using six-item index. The respondents of the bank appear to trust the brand GCB as the best brand in the banking industry in Ghana while having the confidence that GCB, Agona Swedru provides the best deal and can be relied upon to keep their promises with regards to the services. As can be seen in Table 1, the level of customer trust in GCB, Agona Swedru was high with an overall mean of (X=3.141). This finding further confirms that of Verhoef (2003) that, as the level of customer trust and confidence in the services delivered increases, their level of retention also increases.

The switching barrier index was composed of seven-item to measure the level of switching barrier in GCB, Agona Swedru. The strongest contributors to this construct according to the respondents were the bank's ability to provide products and services that meet customers' needs at a low cost. In addition, the respondents saw little advantages to switching, since they perceived that all banks provide the same range of products and services. Furthermore, inconvenience, the disruption caused by switching and having a good relationship with bank personnel contributed to respondents' reluctance to switch to alternative providers. Table 1 shows that, the level of perceived switching barrier was high in GCB, Agona Swedru with an overall mean score of (X=3.408). This result supports the work of Ranaweera and Prabhu (2003a), that the higher the level of perceived switching cost with regards to transaction cost the probability of the customer remaining.

The level of customer satisfaction was measured using eight-item index. The study showed that the respondents of the bank appear to perceive satisfaction as high with the bank's branch locations and working hours. Also, low service charges charged by GCB together with the bank's ability to provide accurate and timely information on services and prices to its customers are some of the strongest contributors of high perceived customer satisfaction. The result in Table 1 shows that the overall level of customer satisfaction was high with a mean score of (X=3.819). This finding is similar to that of Richards (1996) who found that, some customers even though they are satisfied will leave the firm while others who are dissatisfied will remain. Again, the finding also supports the view of Ranaweera and Prabhu (2003a) that the higher the satisfaction, the higher is the level of retention.

In determining the level of customer commitment in GCB Agona Swedru, eight-item index was used to measure customer commitment. Table 1 indicates that the level of customer commitment was high. The respondents appear to show their commitment to GCB, with regards to proudly wearing clothes and using other items with GCB logo on them. The customers sense of willingness to put in maximum efforts to maintain their relationship with the bank. Furthermore, customers feel a sense of loyalty to GCB with regards to its banking services including its investment services which has made them financially secured. The result in Table 1 indicates an overall mean of (X=3.349) suggesting high level of customer commitment in GCB, Agona Swedru. This finding confirms the work of Meyer and Herscovitch (2001) who found that building a strong business relationship through quality service delivery will lead to higher customer retention.

4.1 Factors That Contribute More Significantly to Customer Retention in the Area

In order to find out the contribution of service quality, customers trust, switching barrier, customer satisfaction, and customer commitment to customer retention in GCB within Agona Swedru area. A step-wise multiple regression analysis was conducted with customer retention as the dependent variable and service quality, customer trust, switching barriers, customer satisfaction, and customer commitment as the independent variables. The results are presented in table 2.

Table 2.

Step-wise multiple regression analysis

	Model 1		Model 2		Model 3	
	B	β	B	β	B	β
Contstant	1.520		1.073		.863	
Switching barriers	.469	.531**	.305	.346**	.258	.293**
Customer commitment			.320	.319**	.253	.269**
Customer trust					.168	.200**
R	.531		.591		.618	
R^2	.282		.067		.032	
Adjusted R^2	.281		.347		.377	

Dependent variable: Customer retention; B= unstandardised coefficient and β= Standardised Coefficient. ** Significance level 0.001

Table 2 indicates three models. In the first model all the independent variables were excluded from the model except switching barrier (β=0.53, p-value=0.000). It can be seen in Table 2 that the unique contribution of switching barriers to customer retention was 0.28 with the same adjusted R^2 coefficient. Hence, the unique effect of switching barrier on customer retention was good, meaning that switching barrier makes unique contribution to explaining customer retention in GCB within Agona Swedru Municipal area. The finding supports Morgan and Hunt (1994) who demonstrated that the factors of switching cost or termination costs contribute to the maintaining of relationships.

Again, in the second model, switching barriers (β=0.35, p-value=0.000) and customer commitment (β=0.32, p-value=0.000) were the only independent variables that were not excluded from the model. The unique contribution of the customer commitment factor when it was considered in the second model was 0.32 with an adjusted R^2 of 0.35. The implication is that as customers' level of commitment increases, so does the rate of them being retained. Hypothetically, the higher the commitment levels the higher the retention.

This finding supports Wilson (1995) findings that commitment in a buyer-seller relationship is a crucial predictor of retention.

In the third model, switching barriers (β=0.29, p-value=0.000), customer commitment (β=0.27 p-value=0.000), and customer trust (β=0.20, p-value=0.000) were considered as the most statistical significant factors that contribute more to customer retention. The unique contribution of customer trust when it was considered in the third model was 0.03 with an adjusted R^2 of 0.38. This finding supports Wirtz and Lihotzky's (2003) finding that building customer trust and convenience is the most appropriate strategy for commerce-based businesses.

On the whole, switching barriers emerged as the most significant variable contributing to customer retention and the other noteworthy variables being customer commitment and customer trust. It is of interest to note that only these three variables emerged as the most statistical significant predictors of customer retention.

Thus, the most predictive variables in the conceptual framework that had significantly contribution to customer retention were switching barrier, customer commitment and customer trust.

5. Conclusions and Implications

The first objective focused on the level of customer retention in GCB, Agona Swedru and the key findings show that customer retention was high in GCB, with a mean score of 3.118. The respondents attributed the high retention to the manner GCB is able to efficiently handle their complaints. The high level of customer retention was influenced by service quality with a mean score of 3.455, customer trust with a mean score of 3.141, switching barrier also with a mean score of 3.408, customer satisfaction was perceived to be very high with a mean score of 3.819 and customer commitment was also perceived to be high with mean scores of 3.349. It can be concluded that the level of customer retention in GCB, Agona Swedru was high. This is due to the fact that respondents were happy with the manner the bank was able to handle their complaints efficiently. Other reasons for this high retention were; high customer satisfaction, high service quality, high switching barrier, high customer trust and high customer commitment.

In addition, the findings of this research show the contribution of the factors to customer retention in GCB, Agona Swedru, Switching barrier (β=0.53, p-value=0.000) emerged as the most significant variable contributing to customer retention. Customer commitment (β=0.27, p-value=0.000) was the second most contributing factor to customer retention. Customer trust (β=0.20, p-value=0.000) emerged as the third most important contributor to customer retention. Three out of the five variables in the conceptual framework of the study emerged as the most statistically significant predictors of customer retention. It was concluded that; switching barrier, customer commitment and customer trust were the three variables in the conceptual framework of the study that emerged as the most significant factors contributing to customer retention. The study has documented that switching barrier is the most significant factor in retaining customers.

The above conclusions indicate a need for certain strategies to be applied by organizations so that customer retention would continue to be high. It suggested that management of Ghana Commercial Bank, and other banks should pay more attention to customer retention by increasing customer satisfaction through the provision of accurate and timely information on products and services to its customers. There is also the need to pay more attention to service quality through the continuous provision of fast, reliable and error-free transaction to customers.

Limitation and future research

This research was conducted in one branch of Ghana Commercial Bank, thus may not be generalisable to other branches. Therefore, more branches of Ghana Commercial Banks in Ghana need to be investigated and also a comparative study be conducted between a private bank and a public bank. It is also suggested that other related factors such as internal marketing, employees, organizational behaviour to be included in the future research to see which factors actually influence customer retention.

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