

UNIVERSITY OF CAPE COAST

**EFFECTS OF SERVICE QUALITY DELIVERY ON CUSTOMER
SATISFCATION IN THE BANKING SECTOR: A STUDY IN THE
CAPE COAST METROPOLIS**

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SATISFCATION IN THE BANKING SECTOR: A STUDY IN THECAPE
COAST METROPOLIS

BY

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Dissertation submitted to the Department of Business Studies of the College of
Distance Education, University of Cape Coast, in partial fulfillment of the
requirement for the award of Master in Business Administration in Marketing

OCTOBER 2016

DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature:..... Date:.....

Name: Nathaniel DuahAdjei

Supervisor's Declaration

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

Supervisor's Signature: Date:.....

Name: Paul Mensah Agyei

ABSTRACT

Quality service is an important factor to customer satisfaction. In the world of global economy, banking sector needs has become more diverse and exotic than ever before. The purpose of the study was to assess the effects of quality service delivery on customer satisfaction in banking institutions in Cape Coast. The methods of the study made use of the positivist philosophy of research. Thus, the use of quantitative primary data collected from the field. The sample size for the study was 300 customers from the Zenith Bank. The respondents were selected accidentally for the study. The study showed that there is a statistically significant effect between tangibility and customer satisfaction. The study also established that the combination of reliability, responsiveness, assurance and empathy all have significant effect on customer satisfaction. Therefore, service quality has positive effect on customer satisfaction. The study, therefore, recommended that since bank is a service oriented organization, the management of the bank should provide continuous training to the employees on issues like courtesy, etiquette and communication skills while dealing with customers. Banks should continuously maintain error-free transactions, since bank accounts and figures are very sensitive for each and every customer. The management needs to improve quality services so as to satisfy customer's needs. Further study should investigate the impact of service quality dimension on technological trust and usage by consumers of commercial banks.

KEY WORDS

Customer

satisfaction

Service

quality

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I am particularly grateful to a number of people who have contributed immensely to this work from its conception. I am extremely indebted to my supervisor for diligently reading through the work. I am also grateful to all my friends for their suggestions and encouragement.

DEDICATION

To my friends and relatives

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LIST OF ABBREVIATIONS

SERVQUAL	Service Quality
RATER	Reliability, Assurance, Tangibility, Empathy, Responsiveness

CHAPTER ONE

INTRODUCTION

Background to the Study

Service quality is a critical issue throughout service industries as businesses attempt to sustain their competitive advantage in the marketplace (Murugiah, & Akgam, 2015). As financial institutions, Banks also experience various forms of competition in the marketplace through undifferentiated products. This highlights service quality as the basic competitive tool. Zeithaml and Bitner (2003) defined services as deeds, processes and performances. To buttress this, Grönroos (2003) defined services as a process consisting of a number of more or less intangible activities that normally, but not necessarily always, take place in interaction between the customer and service employee and/or physical resources or goods and/or systems of the service provider, which are provided to solve customer problems. According to Anderson, Cox and Fulcher (2002), quality is the value a customer derives from a particular product or service.

In addition, Parasuraman (2004) affirmed that service quality is a function of the differences between expectation and performance along the quality dimension. Fogli (2006), defines service quality as “a global judgment or attitude relating to a particular service; the customer’s overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgment”. According to the service quality theory, it is predicted that customers will judge that quality as ‘low’ if performance does not meet their expectations and quality as ‘high’ when performance exceeds expectations. Closing this gap might require matching

the expectations or heightening the perception of what has actually been received by the customer. Perceived quality of a given service is the result of an evaluation process since consumers often make comparison between the services they expect with perceptions of the services that they receive (Ackah&Tweneboa-Kodua, 2013).

To earn more profits, banks should be able to position themselves in a superior way to their competitors in a particular market (Murugiah&Akgam, 2015). Therefore, it is vital for banks to concentrate on service quality as their primary competitive strategy (Chaoprasert&Elsey, 2004). Additionally, both customer satisfaction and service quality have been emphasized by all banking institutions throughout the world (Hossain & Leo, 2009). Without any doubt, service quality forms an important component in any business related activity. This is especially so, with regard to the fact that a customer's evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success (Munusamy, Chelliah&Mun, 2010).

The concept of 'Customer Satisfaction' needs to be understood in order to establish its relationship with service quality delivery. The phrase does not only refer to a happy customer, but rather complex than that. Customer satisfaction is a term most widely used in the business and commerce industry. It is a business term that explains a measurement of the kind of products and services provided by a company to meet its customer's expectation. For some people, this may be seen as the company's key performance indicator. In a marketplace where businesses are full of competition for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key

element of business strategy (Munusamy, Chelliah&Mun, 2010). There is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms. It is well established that satisfied customers are key to long-term business success (McCull-Kennedy & Scheider, 2000).

Measuring service quality seems to pose difficulties to service providers because of the unique characteristics of services: intangibility, heterogeneity, inseparability and perishability (Ackah&Tweneboa-Kodua, 2013). Service intangibility refers to the fact that services cannot be perceived, tasted, felt, heard, or smelled before they are bought. For this reason, customers try to assess the quality of a service by looking at tangible components such as the place, people, price, equipment, and communications apparent (Armstrong & Kotler, 2011). Moreover, service inseparability refers to the fact that services cannot be separated from their providers, whether the providers are people or machines. This means that the employee providing the service becomes part of the service, together with the customer.

Therefore, the provider-customer interaction becomes important in determining the outcome of the service (Armstrong & Kotler, 2011). Armstrong and Kotler (2011) further explain service variability by saying that quality of services depends on who provides them as well as when, where, and how they are provided. This means that the quality of a service provided is not just determined by the company but by the service provider too. Therefore, understanding the role of service providers is crucial to understand perceptions of service quality. Finally, service perishability refers to the fact that services cannot be stored for later sale or use (Armstrong & Kotler, 2011).

There is a positive relationship between customer satisfaction and service quality and this also occurs within the baking industry. The higher the service quality, the higher is the customer satisfaction. Many people agree that, in the banking sector, there are no recognized standard scales to measure the perceived quality of a bank service (Munusamy, Chelliah&Mun, 2010). Thus, competitive advantage through high quality service is an increasingly important tool to survive. Banks now know that delivering quality service to customers is essential for success and survival in today's global and competitive banking environment (Wang et al., 2003). Research has shown that satisfying customers is not enough to retain them because even satisfied customers 'defect' at a high rate in many industries (Schneider & Bowen, 1999). Today's customers face a growing range of choices in the products and services they can buy. Most customers have difficulty understanding the complex nature of financial service products hence they most often focus on brand names and these brand names are built on quality service. Service quality issues have long been neglected in developing economies when compared to information available about developed economies (Munusamy, Chelliah&Mun, 2010). For that matter, organizations in the same market sector are required to assess the quality of the services that they provide in order to attract and retain their customers.

Statement of the Problem

Due to globalization and advancement in technology, customers have become sophisticated and are switching from one company to another. Again, customers have gain much knowledge and this has gradually led to a greater degree of "consumer sovereignty" when making a choice (Blanchard

&Galloway, 1994). The ability of customers to choose one bank over another is based on several factors such as the location, interest rates, quality of service delivery and the bank's reputation (Osei- Poku, 2012). However, service quality is seen as one of the key factors and thus has received considerable attention in recent marketing research by organisations. According to Osei-Poku (2012) financial services, particularly banks, compete in the marketplace with generally undifferentiated products, therefore service quality becomes a primary competitive weapon. As a result, businesses are affected in terms of market share, stability, profitability, growth and expansion and the competitive position.

Customers are now more conscious of service quality delivery and firms are striving for positions by ensuring the optimal customer satisfaction (Parasuraman, Zeithaml and Berry, 1988). In Ghana, financial institutions, due to their numerous customers these days are striving hard to meet customers' needs, keep them satisfied and in the long run retain them in order to survive the competition. Again, banks have recognized that delivering quality service to customers is directly proportional to the success and survival in today's global and competitive banking environment (Lewis andPescetto, 1996). Over the years, a lot of studies have concentrated on service quality in united States, Europe and several African banking industries (Munusamy, Chelliah, &Mun, 2010; Kang & Jeffrey, 2004; Cronin, Brady, &Hult, 2010). Studies have also been conducted in Ghana using public banks such as Ghana Commercial Bank and Rural Banks (Osei-Poku, 2012; Amponsah, 2010; Amoah-Mensah, 2011). Little attention has been drawn on the effect of service quality delivery on customer satisfaction using private banks in Ghana. This study therefore seeks

to find out how quality services influence customer satisfaction in banking institutions in Cape Coast, using customers of Zenith Bank.

Research Objectives

Specifically, the study seeks to;

1. identify how the tangibles in the bank affect customer satisfaction
2. examine the extent to which service reliability affects customer satisfaction
3. assess effect of responsiveness on customer satisfaction
4. find out how assurance in service provision affects customer satisfaction
5. identify the role of empathy on customer satisfaction

Research Questions

The study was focused on the following research questions;

1. how do tangibles affect customer satisfaction?
2. to what extent does service reliability affect customer satisfaction?
3. how does responsiveness affect customer satisfaction?
4. what is the effect of assurance in service delivery on customer satisfaction?
5. what is the role of empathy in customer satisfaction?

Significance of the Study

The significance of this study lies in the fact that it will provide empirical information to stakeholders of banks, marketing professionals, and policy makers of the banking institutions in Cape Coast. The findings of this study will provide them with empirical information on what customers expect in terms of service quality from the banks as well as customers assessment of the quality of service they provide. It will also provide empirical information

on the heterogeneity of customers perceived service quality in terms of customer background. Thus, management will be guided in their strategic decisions on customer acquisition, customer satisfaction management, and customer retention. Shareholders and directors of banks may also use such information as justification for their service quality decisions and policies. Again, the findings of this study will provide an insight to the nature of service quality in the banking institutions in Cape Coast and this will provide them with a benchmark that will be of help in evaluating and reviewing service quality policies. To marketing professionals and scholars of marketing, the findings of this study will be a contribution to the existing literature, and the debates on service quality in banking. Marketing practitioners in other related service industries could, therefore, take clues from the findings, and make better meanings of the situation in their industries or firms. Finally, the findings of this study will extend the understanding and clarity of customers' expectations and perceptions of service quality in the banking industry of Ghana as a whole.

Delimitations

This study focuses on customers of Zenith Bank as the study population. The area of the study is also focused on the Cape Coast Metropolis.

Limitations

This study was faced with some challenges as with any other research. The major challenge was the time constraint involved in collecting the data for the study which is expected to take several weeks. The study also made use of a lot of financial resources especially in transportation back and forth from the

field of study. Also, the researcher combining work and studies posed a constraint towards the achievement of the goals of the study. Surveying three hundred respondents alone was not easy.

Definition of Terms

1. **Satisfaction:** Satisfaction occurs when the consumer of a good or service compares what is received against what is expected from the utilization of that good or service (Kotler et al., 2009)
2. **Customer satisfaction:** Customer satisfaction as a feeling or attitude of a customer towards a product or service (Jamal &Naser, 2002).
3. **Service quality:** Service quality is defined as the degree of discrepancy between customers' normative expectations for service and their perceptions of service performance (Parasuraman, Zeithaml& Berry, 1988).

Organisation of the Study

The study will be organized into five main chapters, with each chapter focusing on certain aspect of the study. Chapter one looks at the general background of the study, problem statement, objectives of study, research questions, significance of the study and organization of the study. The second chapter reviews both theoretical and empirical literature related to the study. Chapter three looks at the study design, population, sample and sampling techniques, research instrument, data collection procedures, data analysis and ethical considerations. Chapter four deals with the analysis and discussions of the results obtained from the study based on the empirical review. The last chapter concludes by summarizing the findings of the study, draws conclusions based on the key findings and looks at the appropriate policy recommendation.

CHAPTER TWO

LITERATURE REVIEW

This chapter reviews literature related to the topic of study. It is to provide insight into the problem and what has already been done, while helping to clarify researcher's thinking. The literature review focused on the objectives of the study. To make the review easy to read and to understand the substantial issues, the subject matter has been divided into the following subheadings:

1. Customer satisfaction
2. Service quality
3. Effect of service quality and customer satisfaction
4. Conceptual framework

Customer Satisfaction

Satisfaction is a feeling that emerges from an evaluation process. It occurs when the consumer of a good or service compares what is received against what is expected from the utilization of that good or service (Kotler et al., 2009). According to Auka (2012), customer satisfaction involves more than happy customer. It is a term used in business explaining about the quality of product and service that are being provided by companies so as to fulfill the need of their customers. For some, it is also a key performance indicator (KPI) of company (Munusamy, Chelliah&Mun, 2010). The long-term success of a business usually depends on the level of satisfaction of the customers (Mukhtar, Iman, Ashiq, Amjad&Nasar, 2014). Profits made by companies are seen to have a highly positive relationship with strong base of satisfied customers (Yeung, Ging&Ennew, 2002). Customer satisfaction is a major

factor in developing customer's desires for future purchase (Mittal & Kamakura, 2001). Customer satisfaction as a feeling or attitude of a customer towards a product or service after using is the main result of marketing activity which acts as a communication between the various stages of consumer buying behavior (Jamal & Naser, 2002).

Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment that is greatly affected by customer expectations. Satisfaction also is based on the customer's experience of both contact with the organization and personal outcomes. Some researchers define a satisfied customer within the private sector as "one who receives significant added value" to his/her bottom line, a definition that may apply just as well to public services (Anderson, Fornell & Mazvancheryl, 2004). In today's competitive business environment marketing managers are more influenced from customer expectation and meeting the demand for customer satisfaction is very important for them. Every organization must define customer satisfaction regarding their market. So customer satisfaction could not be defined only standard or quality of product. Customer satisfaction is about relationships between the customer and product or service and the provider of a product or service (Cengiz, 2010).

Satisfied customers are essential to optimum performance and financial returns. In many places of the world, business organizations have been uplifting the role of the customer to that of a key stakeholder over the past twenty years (Eggert & Ulaga, 2002). Customers are viewed as a group whose satisfaction with the enterprise must be integrated in strategic planning efforts. Progressive companies are finding value in directly measuring and tracking

customer satisfaction as an important strategic success indicator. Evidence is increasing that placing a high priority on customer satisfaction is critical to improved organizational performance in a global market place (Cengiz, 2010). With better understanding of customers' perceptions, companies can determine the actions required to meet the customers' needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out the path of future progress and improvement. Customer satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the company (Kanojia & Yadav, 2012). Bontis, Booker and Serenko (2007) conducted the research and found that customer satisfaction improves reputation in the services markets. Reputation partially intervenes the relationship between satisfaction and loyalty and the relationship between satisfaction and recommendation.

Seemingly, many researchers conceptualize customer satisfaction as an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation (Brandy and Robertson, 2001; Lovelock, Patterson & Walker, 2001). There are two general conceptualizations of satisfaction here, namely the transaction-specific satisfaction and the cumulative satisfaction (Jones & Suh, 2000; Yi & La, 2004). Transaction-specific satisfaction is the customer's very own evaluation of his or her experience and reaction towards a particular service encounter (Boshoff & Gray, 2004). This reaction is expressed by the customer who experiences a product or service for the first time. Meanwhile, cumulative satisfaction refers to the customer's overall evaluation of the consumption

experience to date an own accumulation of contacts with services provided them from day-to-day (Ruby, 2012).

Customer satisfaction models

Disconfirmation model Propounded by Oliver (1980)

According to Oliver (1980), the customer satisfaction model explains that when the customers compare their perceptions of actual products or services performance with the expectations, then the feelings of satisfaction have arisen. Any discrepancies between the expectations and the performance create the disconfirmation. He identified three (3) types of disconfirmation. And they are:

1. Positive disconfirmation: This occurs when product or service performance exceeds performance. In this case, the customers are highly satisfied.
2. Negative disconfirmation: This on the other hand occurs when products or service performance is less than expectations. In this case, the customers are highly dissatisfied.
3. Zero disconfirmation: it occurs when product or service performance is equal to expectations. In this case, customers are neither well satisfied nor less satisfied. They feel 'ok' by the turn of events.

Satisfiers, Dissatisfies and Delighters or Exciters Model Propounded by Noriaki Kano (1984)

The Kano model is a theory of product development and customer satisfaction that classifies customer preferences. The model offers some insight into the product attributes which are perceived to be important to customers. It focuses on differentiating product features, as opposed to focusing initially on customer needs.

1. Satisfiers: These are characteristics which customers say they want in the product and their presence lead to satisfaction.
2. Dissatisfaction: It is the expected characteristics in a product whose presence leads to customer dissatisfaction. They have the property that they would not be frequently mentioned by customers when asked about what they are looking for in a product, because they are assumed to be present.
3. Delighters or Exciters: Here, innovation or new product is undisputedly the catalyst in delivering these attributes to customers. According to Kano, delighters are the most powerful and have the potential to lead to the highest gross profit margins. Excitement attributes are for the most part unforeseen by the client but may yield paramount satisfaction. The beauty behind an excitement attribute is to spur a potential consumers' imagination, these attributes are used to help the customer discover needs that they have never thought about before. Having concurrent excitement attributes within a product can provide a significant competitive advantage over a rival. In a diverse product assortment, the excitement attributes trigger impulsive wants and needs in the mind of the customer. The more the customer thinks about these amazing new ideas, the more they want it.

Service

Services are economic activities offered by one party to another. In exchange for money, time, and effort, service customers expect value from access to goods, labor, professional skills, facilities, networks, and systems; but they do not normally take ownership of the physical elements involved (Loveloock & Wirtz, 2011). A service occurs when an interaction is established between customers and service providers and/or the physical component of the

service and/or the systems through which the service is delivered (Shahin&Janatyan, 2011). The concept of service is used and defined in various perspectives by many scholars. A service is a commodity with no physical existence, usually created and consumed at the same time. Gronroos (2001) described a service as a process resulting in an outcome in a partly simultaneous production and consumption process. This definition points to the fact that service provision and consumption are simultaneous activities.

Service is intangible in nature; it cannot be mass produced. It cannot be inventoried and stored after production. Due to the fact that services and consumers of services are inseparable, they cannot be produced until the consumer is ready to consume them. Providing consistent quality is difficult for service because of the characteristic of variability (Clow& Kurtz, 2003). When one puts it in the simplest term; services are deeds, processes and performances (Bitner, Zeithaml&Gremler, 2010). It is apparent that services are produced not only by service businesses but also are integral to the offering of many manufactured goods producers.

Kotler (2000) defines services as any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything, its production may not be tied to a physical product.” According to Bitner, Zeithaml and Gremler (2010) services include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser. Lovelock and Wirtz(2007) indicated that service is “time based” and the outcome of a

service may result in desire change in consumer or any property of the consumer.

Characteristics of services

Services have generally been put together into four main characteristics that differentiate them from goods: intangibility, inseparability, variability, and perishability (Lovelock & Wirtz, 2011). These characteristics create unique challenges for services. Service intangibility refers to the fact that services cannot be seen, tasted, felt, heard, or smelled before they are bought. For this reason, customers try to evaluate the quality of a service by looking at tangible components such as the place, people, price, equipment, and communications apparent (Armstrong & Kotler, 2011).

Service inseparability refers to the fact that services cannot be separated from their providers, whether the providers are people or machines. This means that the employee providing the service becomes part of the service, in most cases, the customer is also present at the time of providing the service. Therefore, the provider-customer interaction becomes important in determining the outcome of the service (Armstrong & Kotler, 2011)

Service variability refers to the fact that the quality of services depends on who provides them as well as when, where, and how they are provided (Armstrong & Kotler, 2011). This means that the quality of a service provided is not just determined by the company but by the service provider too. Therefore, understanding the role of service providers is crucial to understand perceptions of service quality.

Service perishability refers to the fact that services cannot be stored for later sale or use (Armstrong & Kotler, 2011), although Lovelock and

Wirtz(2011) argue that “not all service performances are perishable”, like video recordings of events and concerts. One problematic situation that accompanies this characteristic is when demand exceeds supply (Armstrong & Kotler, 2011). This can be applied to the banking sector when there is traffic at the counters and no enough service providers, thus the service in that case cannot be stored for later use. In this case, banks should think of better ways to match the service supply with the demand.

Quality

According to Meron(2015), there is no sole definition for quality. For some researchers, quality is performance to standards while for others it is meeting or satisfying the customer’s needs. The Quality of a product or service is the fitness of that product or service for meeting or exceeding its intended use as required by the customer. Quality is defined as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. The definition of quality depends on the point of view of the people defining it. Most consumers have a difficult time defining quality, but they know it when they see it. Some definitions of quality, according to Meron (2015), are conformance to specifications, fitness for use, value for price paid, support services and psychological criteria.

Conformance to specifications refers to how well a product or service meets the targets and tolerances determined by its designers. Again, fitness for use is a definition of quality that evaluates how well the product performs for its intended use. Value for price paid is the quality defined in terms of product or service usefulness for the price paid. Support services refer to quality defined in terms of the support provided after the product or service is

purchased. Finally, psychological criteria is a way of defining quality that focuses on judgmental evaluations of what constitutes product or service excellence.

Defining quality for service organization is difficult because of the intangible nature of the product. Since a service is experienced, perceptions can be highly subjective. In addition to tangible factors, quality of services is often defined by perceptual factors. In most cases, defining quality in services can be especially challenging. Some of the terms used to define quality in the service industry, according to Meron (2015), are consistency (ability to provide same level of good quality repeatedly), responsiveness to Customer needs (willingness of service providers to help customers in unusual situations and to deal with problems), courtesy (the way employees treat customers), time (the amount of time a customer has to wait for the service), reliability which is the ability to perform dependably, consistently and accurately and convenience, which is the accessibility of service provider to its customers.

Service Quality

In recent marketing literature, the concept of service is used and defined in various perspectives by many scholars. A service is a commodity with no physical existence, usually created and consumed at the same time. Sanyal(2014) described a service as a process resulting in an outcome in a partly simultaneous production and consumption process. This definition points to the fact that service production/provision and consumption are simultaneous activities. On the issue of a service being a commodity, Edvardson et al (2005) defined service as a component of the wider product concept. Service is a component of the wider concept of products that is

limited to acts, deeds and efforts (Lovelock, 2005). Lovelock and Wirtz (2007) indicated that service is “time based” and the outcome of a service may result in desire change in consumer or any property of the consumer. Vargo and Lusch (2004) indicated that not only a service provided for the benefit of another entity but it may also be for the benefit of the providing entity.

Service quality is an essential aspect in service management (Clottey, Collier&Stodnick, 2011). Service Quality Service quality is defined as the degree of discrepancy between customers’ normative expectations for service and their perceptions of service performance (Parasuraman, Zeithaml& Berry, 1988). It is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001). Parasuraman et al. (1988) conceptualised service quality as overall assessment of the difference between perception and expectation of service delivery. According to this conceptualization, based on data collected on 12 groups of consumers, Parasuraman, Zeithaml and Berry (1985) concluded that consumers evaluated service quality by comparing service to be received (expected) and service actually received (perceived) on 10 dimensions.

In a subsequent and more elaborate work, Parasuraman et al. (1988) collapsed the original 10 dimensions into 5 pointing out that there were overlap amongst these 10 dimensions and could thus be soundly put into 5. This pioneering research (Parasuraman et.al., 1988) suggested that perceived service quality is based on multi-dimensional factors relevant to the context. The five dimensions of service quality that customers rely on to form their judgement of perceived service quality as posited by Parasuraman et al. (1988)

include the following reliability, responsiveness, assurance, empathy and tangibles.

Reliability can be defined as the firms perform their service at the right time when they promised to give services to their customers (Cheserek, Kimwolo&Cherop, 2015). It is included in accuracy of all the functions which are performed by any firm like check records properly, billing and provide services at the exact time when it is recorded. Reliability includes many factors, maintain error-free records of the firm and finally solve the problems of customers related to services provided. It is very important dimension of service in conventional sectors (Parasuraman et al., 1988). Reliability includes security, privacy and assurance. Security is actually a freedom from the doubts, risks and dangers like financial security and physical safety. Every customer is cautious about the security of monetary transactions. So, security has a significant effect on the satisfaction of customers toward services of firms (Liao &Subramony, 2008). Privacy means that safe methods are adopted. Customers are more concerned about privacy of their data and also about the safety of their data. Customers need privacy in their work especially (Pikkarainen, Pikkarainen, Karjaluo&Pahnila, 2004).

Responsiveness is the readiness to provide assistance and speedy service to customer (Zeithaml, Parasuraman& Malhotra, 2002). Responsiveness includes the willingness of employee's to avail a service in a way that it will send a transaction slip instantly, speedy mortgage conformation, and updating an account in a timely manner (Mukhtar, Iman, Ashiq, Amjad&Nasar, 2014). Responsiveness has been considered as an important factor. Customers in general suppose early responds to their

demands immediately, because they do not want to wait for long time (Ruby et al., 2012). If a firm fails to provide service to a customer at certain time, it can recover this failure by providing prompt services in professional way (Adeoye&Lawanson, 2012). Responsiveness relates to performance criterions and can be treated as process quality. This service quality dimension is very importance for consumers as they do not want to face trouble with their business matters. They want to acquire services free of blunders, performed according to criterions, correctly, quickly and within time (Culiberg&Rojsek, 2010). Propensity and readiness of firms to help their customers and satisfy their demands, instantly reply to their criticisms, and quickly solve their problems (Mohammad &Alhamadani, 2011).Once the customer has assurance about the quality dimensions of the product and responsiveness of the employees of an institute; the chances of a customer becoming a loyal and committed customer increases (Kim & Kim, 2004).

Assurance is building confidence and trust in customers towards services provided (Cheserek, Kimwolo&Cherop, 2015). Assurance includes competence, courtesy, credibility and security. This involves knowledge and courtesy of employees and their ability to inspire trust and confidence (Parasuraman et al., 1988). The knowledgeable employees are to be able to reduce the quality services. So the ability of employees to inculcate confidence in customers, they should save in their transactions, contentiously polite in their customers, and the ability to answers the customer's questions are also well-mannered (Ehigie, 2006). More frequently the customers appearance for the assurance from the employees and expect that employees will perform positively and implant sureness in their customers. Therefore, there is the need

for employees to introduce assurance in customers, building them senses harmless in their dealings, regularly polite in the way of customers, the capability to response customer queries correctly (Cheserek, Kimwolo&Cherop, 2015).

Empathy is about the personal attention extra care and better understanding toward customers and showing them they are special and important by showing kindness, affection and looking them as close friends to make them feel special (Cheserek, Kimwolo&Cherop, 2015). Empathy is all about entertaining the customers in term of place, better communication and time. Researches have proved that the most people are influenced by this dimension of service quality. In empathy, employees give attention and extra care to their customers that can increase the quality of services and customer feel special. This thing increase customer loyalty and customer satisfaction. To satisfy the customer's need, management should improve service quality like through empathy. Sometimes, it is important to customer that the employees of the organization pay special attention and extra care when they deal with them. So far, as empathy is still vital element of service quality so financial institutes should sustain and improve the empathy (Munusamy et al., 2010).

Tangibles in the service sector are physical facilities that facilitated the process of service provision. The appearance of persons, physical facilities and equipment are knows as tangibles (Parasuraman et al., 1998). Tangibles normally represent interior facility which include staff members, equipment and printed materials. Visual images play their role in forming impression in customers about the quality of the service. Customer expects up-to-date equipment, attractive printed material, well arranged interior and properly

dressed employees (Culiberg&Rojsek, 2010). In context of service quality, tangibles can be referred to as Information and Communications Technology (ICT) equipment, physical facilities and their appearance (ambience, lighting, air-conditioning, seating arrangement); and lastly but not least, the services providing personnel of the organization (Blery et al., 2009). These tangibles are deployed, in random integration, by any organization to render services to its customers who in turn assess the quality and usability of these tangibles.

Service Quality Situation of the Ghanaian Banking Industry

Competition in the banking industry is severe. The underlining competitive advantage in the industry is service quality. Yet the banks have no empirical information on the key factors that influence customers perception of the overall service quality of the industry. Each of the banks has identified themselves with at least one of the dimensions of service quality they perceive to be key drivers of customers' attitude towards the excellence of the quality of service the banks provide. The service providers perspective of what is service quality might be quite different from what customers perceive as service quality. For effective competitive decisions, it is important to understand the customers' definition and perception of service quality. Service quality has various antecedence and customers of different background characteristics may place different level of importance on each of antecedent of service quality and overall perceived service quality (Bonsu& Mensah, 2013).

Research on service quality in the banking industry of Ghana is limited. The few studies conducted on service quality suffer the problem of small sample size. According to a research conducted on service quality

involving three banks in Accra by Opoku, Atuobi-Yiadom, Chong and Abratt, (2009), there is a direct link between service quality variables and customer satisfaction in the banking industry. Nukpezah and Nyumoyo (2009) found that empathy, reliability, image, and reputations are important indicators of customers' satisfaction in the banking sector of Ghana. However, they found that competitive pricing had no influence on service quality perceived by customers of the Ghanaian banking industry. In an investigation of service quality perception of three banks in Ghana: Barclays bank, Standard Chartered bank and Ghana Commercial Bank with the aim of comparing service quality across these three banks and determining the most important factors contributing to service quality, Hinson, Mohammed, and Mensah (2006) found that locally owned banks are more oriented to providing social services than the multinational banks and that, customers' expectations on all the service attributes used in their study were not met by the selected banks.

Effect of Service Quality and Customer Satisfaction

Due to the dynamic nature of expectation, evaluations change over time from person to person and from culture to culture. What is considered quality service or the things that satisfy customers today may be different tomorrow. Customers perceive services in terms of the quality of the service and how satisfied they are overall with their experiences (Zeithaml & Bitner, 2013). According to Zeithaml and Bitner (2013), the terms satisfaction and quality were used interchangeably. But researchers have attempted to be more precise about the meanings and measurement of the two concepts, resulting in considerable debate. Consensus is growing that the two concepts are fundamentally different in terms of their underlying causes and outcomes.

Although they have certain things in common, satisfaction is generally viewed as a broader concept, whereas service quality assessment focuses specifically on dimensions of service. Based on this view, perceived service quality is a component of customer satisfaction (Meron, 2015). Various studies have been conducted to assess the relationship between service quality and customer satisfaction. Most of the studies have focused on how the major dimensions of service quality (reliability, responsiveness, assurance, empathy and tangibles) affect customer satisfaction.

Reliability and customer satisfaction

In 2010, Munusamy, Chelliah and Mun conducted a study on service quality delivery and its impact on customer satisfaction in the banking sector in Malaysia. In relation to reliability and customer satisfaction, it was found that reliability does not have any significant impact on customer satisfaction ($p\text{-value}=0.240$) at 99% confidence level. This was attributed to the growth of the phone banking and internet banking. Chingang and Lukong (2010), in their study entitled Evaluation of service quality and customer satisfaction by using SERVQUAL model, concluded that the SERVQUAL model for measuring the quality of service is not the right tool. Because it does not well overlap, and also customer expectations and their understanding of satisfaction is more than the service quality. In their study, they found that reliability had an effect on customer satisfaction. According to a research conducted on service quality involving three banks in Accra by Bonsu and Mensah (2013), there is a direct link between service quality variables and customer satisfaction in the banking industry. One of the key dimensions that affected customer satisfaction was reliability.

In Pakistan, Bharwana, Bashir and Mohsin (2013) also conducted a study on the impact of Service Quality on Customers' Satisfaction. Results from the study showed that there was a positive and significant relationship between reliability and customers' satisfaction ($r=0.570$, $p < 0.01$). In another study on the service quality and customer satisfaction, Khan and Fasih (2014), in their study on impact of Service Quality on Customer Satisfaction and Customer Loyalty: Evidence from Banking Sector, found that reliability yielded positive and significant correlation with customer satisfaction ($r=0.187$, $p < 0.01$). Similarly, Cheserek, Kimwolo and Cherop (2015) in their study on Effect of Quality Financial Services on Customer Satisfaction by Commercial Banks in Kenya also found that there was a positive and statistically significant relationship between reliability and customer satisfaction.

Responsiveness and customer satisfaction

The effect of responsiveness on customer satisfaction has also been assessed by various researchers. Amin and Isa (2008), by examining the relationship between perceived service quality (SERVQUAL) and customer satisfaction in banking, found that there is a significant relationship between dimensions of service quality (SERVQUAL) and customer satisfaction and these dimensions are considered important factors in creating and attracting customers' satisfaction. Specifically, it was found that responsiveness had the greatest effect on customer satisfaction. In 2013, Lau, Cheung, Lam and Chu conducted a study to identify the interrelationships between service quality, customer satisfaction and customer loyalty in the retail banking sector in Hong Kong. The findings of the study revealed that customer satisfaction was derived from all the dimensions of service quality including responsiveness.

Responsiveness was found to be statistically significant with customer satisfaction ($p < 0.01$).

Navaratnaseelan and Elangkumaran (2014), by studying the impact of service quality on customer satisfaction with bank employees, concluded that there is a significant and positive correlation between responsiveness and customer satisfaction. Therefore, the more maintaining a high quality service, the more customer satisfaction and low-quality services, reduce customer satisfaction, and even lead to loss of customers.

Similarly, Nsiah and Mensah (2014) also conducted a study to discover the effect of service quality on customer retention in the banking industry in Ghana with specific reference to Asokore rural bank Limited. The research proved that empathy and responsiveness plays the most important role in customer retention level followed by tangibility, assurance, and finally the bank reliability. The study by Cheserek, Kimwolo and Cherop (2015) on Effect of Quality Financial Services on Customer Satisfaction by Commercial Banks in Kenya also found that there was a positive and statistically significant relationship between responsiveness and customer satisfaction

Assurance and customer satisfaction

Assurance as one of the dimensions of service quality has also been studied by several researchers to find its effect on customer satisfaction. In 2010, Munusamy, Chelliah and Mun conducted a study on service quality delivery and its impact on customer satisfaction in the banking sector in Malaysia. In relation to assurance and customer satisfaction, it was found that there was a relationship between assurance and customer satisfaction ($r=0.869$). However, the relationship between the two variables were not

significant, showing that assurance does not have any significant impact on customer satisfaction (p-value=0.577) at 99% confidence level. Chingang and Lukong (2010), in their study entitled Evaluation of service quality and customer satisfaction by using SERVQUAL model, concluded that the SERVQUAL model for measuring the quality of service is not the right tool. Because it does not well overlap, and also customer expectations and their understanding of satisfaction is more than the service quality. In their study, they found that assurance had an effect on customer satisfaction.

In 2014, Sokachae and Moghaddam conducted a study on the Impact of Service Quality on Customer Satisfaction by Using SERVQUAL Model. The study revealed that assurance is one of the major factors that influence customer satisfaction. This was attributed to the employees behavior, the cooperative, politeness, friendliness and the efficient customer handling is the most important factors for the customer satisfaction which is based on the announcement, trustworthiness and the staff behavior.

Empathy and customer satisfaction

In assessing the effect of service quality and customer satisfaction, Naik, Gantasala and Prabhakar (2010), by studying of service quality (SERVQUAL) and its effect on customer satisfaction, found that SERVQUAL service quality dimensions (tangible factors, reliability, responsiveness, empathy and assurance) make a positive impact on customer satisfaction and hence dimensions of quality of service is a critical factor on customer satisfaction. Specifically, they identified empathy as having the greatest effect on customer satisfaction. Still within the banking sector, Chingang and Lukong (2010), in their study entitled Evaluation of service quality and

customer satisfaction by using SERVQUAL model, concluded that the SERVQUAL model for measuring the quality of service is not the right tool. Because it does not well overlap, and also customer expectations and their understanding of satisfaction is more than the service quality. In their study, they found that empathy had an effect on customer satisfaction.

According to a research conducted on service quality involving three banks in Accra by Bonsu and Mensah (2013), there is a direct link between service quality variables and customer satisfaction in the banking industry. One of the key dimensions that affected customer satisfaction was empathy. Nukpezah and Nyumoyo (2009) found that empathy, reliability, image, and reputations are important indicators of customers' satisfaction in the banking sector of Ghana. However, they found that competitive pricing had no influence on service quality perceived by customers of the Ghanaian banking industry. In 2014, Sokachae and Moghaddam conducted a study on the Impact of Service Quality on Customer Satisfaction by Using SERVQUAL Model. The study revealed that empathy is one of the major factors that influence customer satisfaction. Finally, the study by Cheserek, Kimwolo and Cherop (2015) on Effect of Quality Financial Services on Customer Satisfaction by Commercial Banks in Kenya also found that there was a positive and statistically significant relationship between empathy and customer satisfaction.

Tangibles and customer satisfaction

In 2010, Munusamy, Chelliah and Mun conducted a study on service quality delivery and its impact on customer satisfaction in the banking sector in Malaysia. In relation to service quality and customer satisfaction, it was

found that only tangibles have significant impact on customer satisfaction (p-value=0.000) at 99% confidence level. Chingang and Lukong (2010), in their study entitled Evaluation of service quality and customer satisfaction by using SERVQUAL model, concluded that the SERVQUAL model for measuring the quality of service is not the right tool. This is because it does not well overlap, and also customer expectations and their understanding of satisfaction is more than the service quality. In their study, they found that tangibles had an effect on customer satisfaction. According to a research conducted on service quality involving three banks in Accra by Bonsu and Mensah (2013), there was a direct link between service quality variables and customer satisfaction in the banking industry. One of the key dimensions that affected customer satisfaction was tangibility.

A study by Saghier and Nathan (2013) showed that the relationship between tangibles and customer satisfaction was not significant enough. They found that infrastructure facilities are not important in relation to quality service delivery but it is needed in delivering good quality of service. This was not in line with the study by Mircholi, Rezaie, Jamshidi and Nabi (2012) on the effect of e-banking services quality on online customer satisfaction and trust according to the role of bank's reputation, which he concluded that customer preferred a bank with convenient location while bank using modern technology for its operations and having well organized waiting cues will of less importance insight of customers comparatively. Navaratnaseelan and Elangkumaran (2014), by studying the impact of service quality on customer satisfaction with bank employees, concluded that there is a significant and positive correlation between service quality and customer satisfaction.

Therefore, the more maintaining a high quality service, the more customer satisfaction and low-quality services, reduce customer satisfaction, and even lead to loss of customers. Tangibles were found to be one of the service quality dimensions that influenced customer satisfaction.

Conceptual Framework

The study adopted the RATER model as its conceptual model. The RATER model was developed by Zeithaml and Berry (1990) to measure the efficiency of customer service highlighting five areas: Reliability, Tangible, Responsiveness, Assurance and Empathy.

The first dimension that is considered by the model when measuring the efficiency of customer service is reliability. It is the ability to execute the promised services consistently and accurately. Service providers ensure reliability through timeliness, consistency/regularity and accuracy in the services they deliver.

Tangible is the second dimension that is considered when measuring the efficiency of service delivery and it is about the physical facilities like infrastructure, equipment and human resources involved in delivering the services. This dimension involves physical facilities, equipment, technology, employees and communication materials.

Responsiveness, another dimension is the degree of willingness to help and facilitate the customers by providing prompt service. Responsiveness can be attained through willingness to help, prompt attention to requests and questions, problem resolution, complaint handling and flexibility.

Assurance, another important dimension of the model is defined as knowledge, skills and expertise of the employees involved in delivering

services and the ability to create trust and confidence among the customers. Important elements of this dimension include; staff competence, respect for stakeholders, credibility, probity and confidentiality, safety and security.

Lastly, empathy is about the individual attention and care provided to the customers by the service provider and its human resource. Important elements of this dimension include; access to staff, services, information; clear, appropriate and timely communication, services appropriate for customers' needs and individualized attention.

The model has been used in several studies aimed at measuring clients' satisfaction. For instance, Cheserek, Kimwolo and Cherop (2015) adopted the RATER model in their study 'Effect of Quality Financial Services on Customer Satisfaction by Commercial Banks in Kenya'. The model was adopted for this study because its variables contained important elements that helped in achieving the study objectives. The main dependent variable of the study was 'customer satisfaction'. This was influenced by various predictors, that is, reliability of services, assurance of staff, tangibles within the health facility, staff responsiveness and empathy. These predictors influence the outcome of service delivery and as such determine satisfaction. For example, when the staff at the bank exhibit willingness to help clients or are able to resolve problems effectively (responsiveness), clients' satisfaction can be attained. Also, clients' satisfaction can be attained when the banking environment is clean, has television, adequate seats, communication materials and ventilation systems are available at the bank (tangibles). Lastly, when clients-personnel relationship is based on trust, friendliness and readiness to welcome clients (assurance), clients' satisfaction can be achieved.

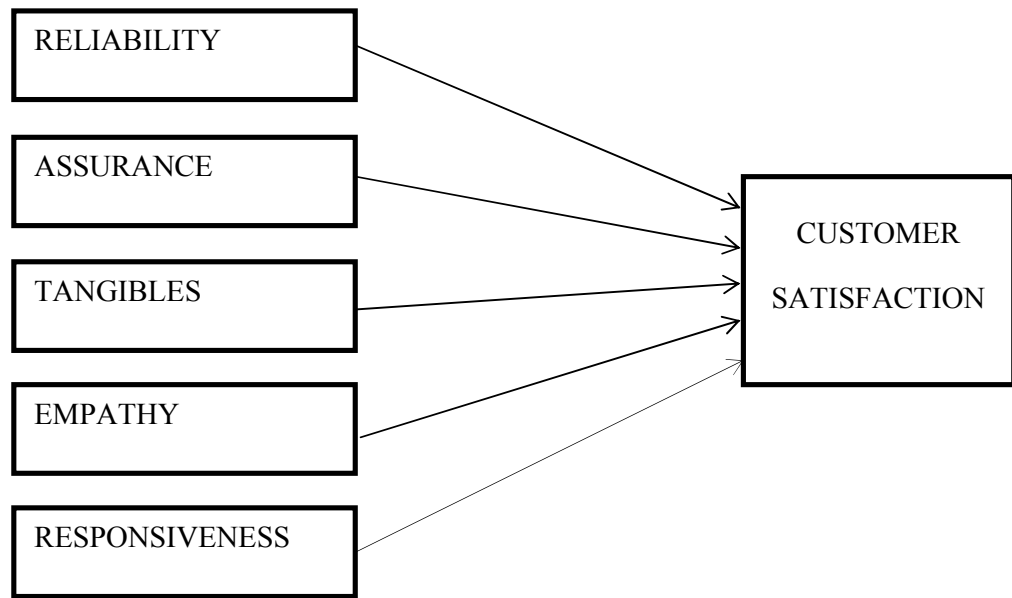


Figure 1: Conceptual framework (RATER Model)

Source: Zeithaml and Berry (1990)

Summary of Literature Review

The literature review focused on the effects of service quality delivery on customer satisfaction in the banking sector. Throughout the review, it was found that the five service quality dimensions (tangibility, reliability, responsiveness, empathy and assurance) all have significant effects on customer satisfaction. Although there were some inconsistencies in findings of researchers on which of the service quality dimensions has much effect on customer satisfaction, the literature review emphasized that customers usually consider each of the dimensions of service quality when choosing a particular bank.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presents the methodology followed in carrying out the study. It gives a description of the research design, research paradigm, study area, population and sampling procedure. It further explains the data collection instrument, data collection procedure and data processing and analysis. Ethical considerations are also discussed.

Research Design

Non-experimental research design was adopted for the study. Specifically, the study adopted descriptive cross-sectional study design. Descriptive cross-sectional design describes and interprets what exists (Payne & Payne, 2004). Unlike the explanatory research design, which focuses on “why” questions, descriptive research design is used to obtain information concerning the current status of the phenomena under study and to describe “what” exists with respect to variables or conditions in a situation (Sarantakos, 2005). The descriptive cross-sectional design was well thought-out to be appropriate for this study because the objective of the study is to assess service delivery and its impact on customer satisfaction in banking institutions in Cape Coast. This design is most appropriate since an attempt will be made by the researcher to describe the existing situation by asking respondent to complete the questionnaire so as to draw meaningful conclusions. Gay (1992) submits that “descriptive survey involves the collection of data to answer questions concerning the current status of the subject of the study.”

Fraenkland Wallen (2000) have identified three difficulties associated with this design. They include: the difficulty in ensuring that questions to be answered are designed, getting respondents to answer questions thoughtfully and honestly and the difficulty in getting sufficient number of questionnaires completed and returned.

In spite of these demerits, Fraenkel and Wallen (2000) believe that descriptive survey has the potential to provide a lot of information from quite a large sample of individuals. The researcher took the necessary steps such as ascertaining the validity of the questionnaire items and directly administering the questionnaire in order to minimize the difficulties identified.

Research Paradigm

Neuman (2006) defines research paradigm as a general organizing framework for theory and research that includes basic assumptions, key issues, and models of quality research and methods for seeking answers. There are two main perspectives to research, namely positivist (quantitative) and interpretivist perspectives (qualitative). Cooper and Schindler (2006) describes quantitative research as involving measurement of variables and the delivery of findings in numerical form in which research findings are described by text of significance, confidence intervals, and mathematically demonstrated relationships. Qualitative research is a paradigm which is conducted to find out what people do, think, know and feel. Such a study aims at understanding and explaining a phenomenon that focuses on “why” and “how” questions as well as in-depth and detailed “what” questions. Advocates of this perspective also prefer qualitative data and frequently use in-depth interviews, focus group discussions among others as a method of data collection. This study however

adopted the positivist approach as it sought to collect responses from a large group of people and also to make it possible for generalisation of the findings.

Study Area

The Cape Coast Metropolitan Assembly (CCMA) is one of the twenty (20) political and administrative Districts in the Central Region of Ghana. The Metropolitan area is bounded to the South by the Gulf of Guinea, West by the Komenda-Edina-Eguafo-Abrem Municipal District (at Iture Bridge), East by the Abura-Asebu-Kwamankese District and to the North by the Heman-Lower Denkyira District. The Metropolis occupies an area of approximately 122 square kilometres. The total population of the metropolis was 169,894 in 2010 (2010 population & housing census) made up of 82,810 (48.74%) males and 87,084 (51.26%) females. This population has the potential to develop slumps and its related social Using the Central Region's rate of 3.1%, the Metropolis would have a total population of 184,462 with 89,907 males (48.74%) and 94,555 females (51.26%). Banking is one of the economic activities in the Metropolis. Some of the Banks in the Metropolis are Barclays Bank, Prudential Bank, Ghana Commercial Bank, National Investment Bank, Unibank, Agricultural Development Bank, Fidelity Bank and Zenith Bank.

Population

Gorard (2001) opines that population is a group usually of individuals from which a sample can be selected to generate results of a study. The target population for the study was 300 customers of Zenith Bank in Cape Coast municipality.

Sampling Procedure

Sample is a portion of a whole intended as a representative of that whole. Sampling is the process of selecting respondents from the population. According to Anthony-Krueger and Sokpe (2006), a sample is a representative of a population. In view of the fact that it is virtually unfeasible to question all the constituents in the target population, samples had to be selected for the survey. According to Saunders, Lewis and Thornhill (2003), selection of samples must be representative of the target population so as to ensure the generalisation of findings. Thus, the sample for the study was selected in a manner that ensured representativeness of the target population. The accidental sampling was used to sample 300 respondents for the study. The use of the accidental sampling was based on the fact that getting the customers was also possible during the time they come to the bank to do transactions. Hence, the use of accidental sampling allowed to get information from respondents easily.

Data Collection Instrument

The primary research instrument that was used to collect information from the selected respondents is questionnaire. The questionnaire was developed from literature reviewed on the effects of service quality delivery on customer satisfaction. The questionnaire was divided into seven sections. The first section required the respondents to give their background characteristics (age, sex, level of education among others). The subsequent sections required respondents to give responses in relation to the extent of their satisfaction with the five service quality dimensions (tangibles, reliability, assurance, empathy and responsiveness). The last section focused on overall satisfaction of customers. Questionnaire was used because it

guarantees easy data collection and also makes it efficient for collecting statistically quantifiable data (Twumasi, 2001). Its usage also ensures the independence and anonymity of respondents in the study.

Data Processing and Analysis

The first step of data analysis in this study was to check for accuracy, consistency and completeness. Each questionnaire completed by the respondents was checked for accuracy and consistency of the responses to the items on the instrument. The questionnaire was also checked for comprehensiveness of the responses. After editing, a template was developed and used to create a data analysis matrix on the computer, as well as code responses to the items on the instrument. After coding, the data was then entered into the computer analysis matrix developed with the computer software, Statistical Package for the Social Services (SPSS) version 21.

Results on the socio-demographic characteristics of the respondents were presented with a frequency distribution table. To check for the effect of service quality on customer satisfaction, simple linear regression analysis was done for each of the service quality dimensions and overall satisfaction of customers. Test for statistical significance was obtained at 95% confidence level.

Ethical Issues

The ethical dimensions of every research and how they are addressed are very important. This research considered the issues of informed consent, anonymity and confidentiality. Leary (2001) and Neuman (2007) conceived that researchers must not coerce respondents into participating in researches, thus protecting their rights is key in every study. In other words, participation

must be voluntary at all times. Informed consent was therefore sought from respondents before undertaking the research. Provision of adequate information about the study was therefore important to enable the participants to decide whether they want to take part or not (Punch, 2003). Introductory letter from the department was used to seek the consent from the respondents. Secondly, the issue of anonymity was also ensured. Anonymity protects privacy by not disclosing a participant's identity after information is gathered (Babbie, 2007). This will be guaranteed when names of participants does not appear on the instrument used. The use of questionnaires will guarantee respondents anonymity since names and other personal details will not be associated with specific responses given. The purpose of confidentiality which according to (Babbie, 2007) is to conceal the identity of respondents will be adhered to. This is pertinent in order to protect the rights of all the respondents. The researcher will achieve this by not sharing or discussing any information given by the respondents to a third party. Moreover, information gathered from respondents will only be used for the purpose for which it was collected.

Summary of Research Methods

Non-experimental research design was adopted for the study. Specifically, the study adopted descriptive cross-sectional study design. The methods of the study made use of the positivist philosophy of research. Thus, the use of quantitative primary data collected from the field. The study area was the Cape Coast Metropolis. The target population for the study was 300 customers of Zenith Bank in Cape Coast municipality. The sample size for the study was 300 customers from the Zenith Bank. The accidental sampling was

used to sample 300 respondents for the study. The primary research instrument that was used to collect information from the selected respondents is questionnaire. Statistical Package for the Social Services (SPSS) version 21 was used to analyze the data obtained from the study. The main ethical principles observed in the study were confidentiality, anonymity and informed consent.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents findings of the study and discusses the findings. Main issues covered included; Socio-demographic characteristics of the respondents, customer satisfaction with tangibility, customer satisfaction with reliability, customer satisfaction with responsiveness, customer satisfaction with assurance and customer satisfaction with empathy. To assess the effect of each of these service quality dimensions on customers' overall satisfaction, data was also obtained on the overall satisfaction of customers.

Results

Socio-demographic characteristics

The socio-demographic characteristics considered in this study were sex, age, educational level, marital status, profession, monthly income and status of usage. Results obtained on this are shown in Table 1.

Table 1: *Socio Demographic Characteristics of Respondents*

Variables	Frequency	Percentages
Gender		
Male	148	49.3
Female	152	50.7
Age		
18-25	67	22.3
26-30	54	18.0
31-40	78	26.0
41-50	51	17.0
51-60	50	16.7

Table 1 cont'd: *Socio Demographic Characteristics of Respondents*

Variables	Frequency	Percentages
Educational level		
No formal education	31	10.3
Primary	46	15.3
Secondary	94	31.3
Tertiary	129	43.0
Marital status		
Married	141	47.0
Single	121	40.3
Widowed	14	4.7
Divorced	24	8.0
Profession		
Government employee	124	41.3
Private employee	49	16.3
Business	44	14.7
Self-Employee	12	4.0
Student	71	23.7
Monthly income		
Below Ghc 100	12	4.0
100-500	132	44.0
501-1000	77	25.7
Above 1000	79	26.3

Table 1 cont'd: *Socio Demographic Characteristics of Respondents*

Variables	Frequency	Percentages
Status of usage		
Less than 1	60	20.0
1-4 years	94	31.3
5-10	83	27.7
11-15	9	3.0
Above 15	54	18.0
Total	300	100.0

Source: Field survey (2016)

From Table 1, majority (50.7%) of the respondents were females and 49.3% were males. With age, most of the respondents were aged 31-40 years and the least number of the respondents were aged 52-60 years. With level of education, most of the respondents (43%) had tertiary education and 10.3% had no formal education. Findings on marital status also revealed that most of the respondents (47%) were married and the least number of the respondents were widowed (4.7%). In relation to profession, 41.3% of the respondents were government employees and 4% were self-employed. Findings on monthly income also revealed that most of the respondents' monthly income was 100-500Ghc (44%) and only 4% of the respondents had monthly income below Ghc 100. Finally, majority (31.3%) of the respondents had served with the bank for 1-4 years and a few of them (3%) had served 11-15 years.

Role of tangibles in customer satisfaction

The first objective of the study sought to find out the role of tangibles on customer satisfaction at the Zenith Bank. Customer satisfaction with tangibles were assessed based on the equipment and technology in the bank, location of the bank, number of ATM machines, cash counting machines, appearance of service providers, materials associated with the banks office, seating arrangement for customers and guide signs indicating where various services are provided. The dependent variable was overall satisfaction with service quality. Tables 2 and 3 present the results obtained in a simple linear regression on the role of tangibles in customer satisfaction.

Table 2: *Model summary of tangibility*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.115 ^a	.013	.010	.74065

a. Predictors: (Constant), tangibility

Source: Field survey (2016)

Table 3: *ANOVA table*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.194	1	2.194	4.000	4.000
Residual	163.472	298	.549		
Total	165.667	299			

a. Dependent variable: overall satisfaction

b. Predictors: (Constant), tangibility

Source: Field survey (2016).

From Tables 2 and 3, results of the regression analysis indicated that customer satisfaction with tangibles explained 1.3% of the variance in overall satisfaction of customers ($R^2 = 0.013$, $F(1, 298) = 4.000$, $P = 0.046$). The results show that there is a statistically significant effect of tangibility on customers' overall satisfaction at 95% confidence level.

Effect of service reliability on customer satisfaction

The second objective of the study sought to examine the effect of service reliability on customer satisfaction at the Zenith Bank. Customer satisfaction with service reliability based on timeliness in delivering services, accurate records of transactions and requests, up to date content, process of transactions and wide range of products and services provided. The dependent variable was overall satisfaction with service quality. Tables 4 and 5 present the results obtained in a simple linear regression on the effect of service reliability on customer satisfaction.

Table 4: *Model summary of reliability*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.853 ^a	.727	.726	.38933

b. Predictors: (Constant), reliability

Source: Field survey (2016)

Table 5: ANOVA table

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	120.497	1	120.497	794.967	.000 ^b
Residual	45.169	298	.152		
Total	165.667	299			

a. Dependent Variable: overall satisfaction

b. Predictors: (Constant), reliability

Source: Field survey (2016).

From Tables 4 and 5, results of the regression analysis indicated that customer satisfaction with service reliability explained 72.7% of the variance in overall satisfaction of customers ($R^2=0.727$, $F(1, 298)=794.967$, $P=0.000$). The results show that there is a statistically significant effect of service reliability on customers' overall satisfaction at 95% confidence level.

Effect of responsiveness on customer satisfaction

The third objective was focused on the effect of responsiveness on customer satisfaction. The independent variable (assurance) was assessed based on customer service representativeness, willingness of personnel to help, quick confirmation, prompt service and sincere interest in solving problems. The dependent variable was overall satisfaction with service quality. Tables 6 and 7 present the results obtained in a simple linear regression on the effect of responsiveness on customer satisfaction.

Table 6: *Model summary of responsiveness*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.700 ^a	.491	.489	.53211

a. Predictors: (Constant), responsiveness

Source: Field survey, 2016

Table 7: *ANOVA table*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	81.289	1	81.289	287.092	.000 ^b
Residual	84.378	298	.283		
Total	165.667	299			

a. Dependent Variable: overall satisfaction

b. Predictors: (Constant), responsiveness

Source: Field survey, 2016.

Results of the regression analysis as shown in tables 6 and 7 indicated that customer satisfaction with responsiveness explained 49.1% of the variance in overall satisfaction of customers ($R^2 = 0.491$, $F(1, 298) = 287.092$, $P = 0.000$). The results show that there is a statistically significant effect of responsiveness on customers' overall satisfaction at 95% confidence level.

Effect of assurance on customer satisfaction

The fourth objective sought to examine the effects of assurance on customer satisfaction. Some of the variables measuring the independent variable (assurance) were knowledge of employees on answer to customer questions, politeness and friendliness of staff, willingness of employees to help and experienced management team. The dependent variable was overall

satisfaction with service quality. Tables 8 and 9 present the results obtained in a simple linear regression on the effect of assurance on customer satisfaction.

Table 8: *Model summary of responsiveness*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.171 ^a	.029	.026	.73458

a. Predictors: (Constant), assurance

Source: Field survey, 2016

Table 9: *ANOVA table*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.863	1	4.863	9.012	.003 ^b
Residual	160.804	298	.540		
Total	165.667	299			

a. Dependent Variable: overall satisfaction

b. Predictors: (Constant), assurance

Source: Field survey, 2016.

Results of the regression analysis as shown in Tables 8 and 9 indicated that customer satisfaction with assurance explained 2.9% of the variance in overall satisfaction of customers ($R^2=0.029$, $F(1, 298)=9.012$, $P=0.003$). The results show that there is a statistically significant effect of assurance on customers' overall satisfaction at 95% confidence level.

Effect of Empathy on Customer Satisfaction

The fourth objective sought to examine the effects of empathy on customer satisfaction. Some of the variables measuring the independent variable (empathy) were opening hours, safety of customers, waiting time, confidentiality of customers' data, privacy for customers and provisions of financial advices. The dependent variable was overall satisfaction with service quality. Tables 10 and 11 present the results obtained in a simple linear regression on the effect of empathy on customer satisfaction.

Table 10: *Model summary of responsiveness*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768 ^a	.590	.588	.47756

b. Predictors: (Constant), assurance

Source: Field survey, 2016

Table 11: *ANOVA table*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	97.703	1	97.703	428.402	.000 ^b
Residual	67.963	298	.228		
Total	165.667	299			

c. Dependent Variable: overall satisfaction

d. Predictors: (Constant), empathy

Source: Field survey, 2016.

Results of the regression analysis as shown in Tables 10 and 11 indicated that customer satisfaction with responsiveness explained 59% of the variance in overall satisfaction of customers ($R^2 = 0.590$, $F(1, 298) = 428.402$,

P 0.000). The results show that there is a statistically significant effect of empathy on customers' overall satisfaction at 95% confidence level.

Discussion

This section of the chapter four discusses the results of the research work and their relationship with the literature review. The purpose of the study is to assess the effects of quality service delivery on customer satisfaction in banking institutions in Cape Coast. The specific objectives of the study were:

6. Identify how the tangibles in the bank affect customer satisfaction
7. Examine the extent to which service reliability affects customer satisfaction
8. Assess effect of responsiveness on customer satisfaction
9. Find out how assurance in service provision affects customer satisfaction
10. Identify the role of empathy on customer satisfaction

Role of tangibles in customer satisfaction

The first objective of the study was to identify the role of empathy on customer satisfaction. Findings from the study showed that there was a statistically significant effect of tangibles on customer satisfaction at Zenith Bank. The findings of the study confirm the findings obtained by Munusamy, Chelliah and Mun (2010), who found that tangibles have significant impact on customer satisfaction (p-value=0.000) at 99% confidence level. Again, the findings of the study support the findings obtained by Chingang and Lukong (2010) in their study on evaluation of service quality and customer satisfaction by using SERVQUAL model, where they found that tangibles had an effect on customer satisfaction. Similar findings were also obtained in a study by

Saghier and Nathan (2013), where tangibles had a significant impact of customer satisfaction. The findings obtained on the impact of tangibles on customer satisfaction were also in line with the findings obtained by Navaratnaseelan and Elangkumaran (2014), where tangibles were found to be one of the service quality dimensions that influenced customer satisfaction. Contrary findings, were, however, obtained by Mircholi, Rezaie, Jamshidi and Nabi (2012), who found no significant effect of tangibles on customer satisfaction.

Effect of Service Reliability on Customer Satisfaction

The second objective of the study sought to examine the extent to which service reliability affects customer satisfaction. The findings of the study showed that reliability had a significant effect on customer satisfaction. The findings on the effect of reliability on customer satisfaction are in line with the findings of the study by Chingang and Lukong (2010), who found that reliability had an effect on customer satisfaction. Similarly, Bonsu and Mensah (2013) also found that there is a direct link between reliability and customer satisfaction. In line with this, Bharwana, Bashir and Mohsin (2013) also found that there was a positive and significant relationship between reliability and customers' satisfaction ($r=0.570$, $p < 0.01$). The findings on the effect of reliability on customer satisfaction also confirm the findings obtained by Khan and Fasih (2014), where reliability yielded positive and significant correlation with customer satisfaction ($r=0.187$, $p < 0.01$). Similar findings that support the findings obtained in the current study were found by Bharwana, Bashir and Mohsin (2013), who conducted a study on impact of Service Quality on Customers' Satisfaction and found that there was a positive and

significant relationship between reliability and customers' satisfaction ($r=0.570$, $p < 0.01$). On the contrary, the results are not in line with the findings obtained in a study by Munusamy, Chelliah and Mun (2010), who found that reliability does not have any significant impact on customer satisfaction ($p\text{-value}=0.240$) at 99% confidence level.

Effect of responsiveness on customer satisfaction

The third objective of the study found out the effect of responsiveness on customer satisfaction. Findings from the study showed that responsiveness had a statistically significant effect on customer satisfaction. The results obtained in relation to the effect of responsiveness on customer satisfaction are similar to the findings in a similar study by Lau, Cheung, Lam and Chu (2013), who found that responsiveness had statistically significant effect on customer satisfaction ($p < 0.01$). In another study by Navaratnaseelan and Elangkumaran (2014), it was found that there was a significant impact of responsiveness on customer satisfaction. Therefore, the more maintaining a high quality service, the more customer satisfaction and low-quality services, reduce customer satisfaction, and even lead to loss of customers. Hinson, Mohammed and Mensah (2006) also found that one of the service quality dimensions with the highest effect on customer satisfaction was responsiveness. Amin and Isa (2008), by examining the relationship between perceived service quality (SERVQUAL) and customer satisfaction in banking, found that there is a significant relationship between dimensions of service quality (SERVQUAL) and customer satisfaction. Specifically, it was found that responsiveness had the greatest effect on customer satisfaction. More to this, the study by Cheserek, Kimwolo and Cherop (2015) on Effect of Quality

Financial Services on Customer Satisfaction by Commercial Banks in Kenya also found that there was a positive and statistically significant relationship between responsiveness and customer satisfaction. In line with other researchers, Nsiah and Mensah (2014) also found that responsiveness plays the most important role in customer retention.

Influence of assurance and customer satisfaction

The fourth objective of the study focused on the influence of assurance on customer satisfaction. From the findings of the study, it was shown that assurance had a statistically significant influence on customer satisfaction. As found in this study, Chingang and Lukong (2010) also found that assurance had an effect on customer satisfaction. Similarly, Hinson, Mohammed and Mensah (2006) also found that one of the service quality dimensions with the highest effect on customer satisfaction was assurance. In 2014, Sokachae and Moghaddam also found that assurance is one of the major factors that influence customer satisfaction. On the contrary, Munusamy, Chelliah and Mun (2010) found that assurance does not have any significant impact on customer satisfaction ($p\text{-value}=0.577$) at 99% confidence level.

Effect of empathy on customer satisfaction

The last objective of the study was to assess effect of empathy on customer satisfaction. From the study, it was found that there was a statistically significant effect of empathy on customer satisfaction. The results of the study are supported by the findings of the study conducted by Naik, Gantasala and Prabhakar (2010), where empathy was identified as having the greatest effect on customer satisfaction. Similarly, Chingang and Lukong (2010) also found that empathy had an effect on customer satisfaction.

Bonsuand Mensah (2013) also found that there is a direct link between service quality variables and customer satisfaction in the banking industry. One of the key dimensions that affected customer satisfaction was empathy. Nukpezah and Nyumoyo (2009) also found that empathy, reliability, image, and reputations are important indicators of customers' satisfaction in the banking sector of Ghana. The findings of another study by Sokachae and Moghaddam (2014) also support the findings obtained in the current study. In their study, they found that empathy is one of the major factors that influence customer satisfaction.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter ends the study by given an overview of the research study, methods of the study, summarising the main findings, providing concise conclusions to the study and making some recommendations.

Summary of Key Findings

The purpose of the study was to assess the effects of quality service delivery on customer satisfaction in banking institutions in Cape Coast. Specifically, the study sought to identify the role of empathy on customer satisfaction, examine the extent to which service reliability affects customer satisfaction, find out how assurance in service provision affects customer satisfaction, Identify how the tangibles in the bank affect customer satisfaction and assess effect of responsiveness on customer satisfaction. The methods of the study made use of the positivist philosophy of research, thus the use of quantitative primary data collected from the field.

The study revealed that customer satisfaction with tangibility was explained by 1.3% of variance in overall satisfaction of customers ($R^2=0.013$, $F(1, 298)=4.000$, $P 0.046$). The results show that there is a statistically significant effect of tangibility on customers' overall satisfaction at 95% confidence level.

With responsiveness results of the regression analysis indicated that customer satisfaction with responsiveness explained 59% of the variance in overall satisfaction of customers ($R^2 =0.590$, $F(1, 298)=428.402$, $P 0.000$).

The results show that there is a statistically significant effect of empathy on customers' overall satisfaction at 95% confidence level.

The results of the regression analysis indicated that customer satisfaction with service reliability explained 72.7% of the variance in overall satisfaction of customers ($R^2 = 0.727$, $F(1, 298) = 794.967$, $P = 0.000$). The results show that there is a statistically significant effect of service reliability on customers' overall satisfaction at 95% confidence level.

Customer satisfaction with responsiveness was explained by 49.1% of the variance in overall satisfaction of customers ($R^2 = 0.491$, $F(1, 298) = 287.092$, $P = 0.000$). The results show that there is a statistically significant effect of responsiveness on customers' overall satisfaction at 95% confidence level.

Customer satisfaction with assurance explained 2.9% of the variance in overall satisfaction of customers ($R^2 = 0.029$, $F(1, 298) = 9.012$, $P = 0.003$). The results show that there is a statistically significant effect of assurance on customers' overall satisfaction at 95% confidence level.

The regression analysis indicated that customer satisfaction with responsiveness explained 59% of the variance in overall satisfaction of customers ($R^2 = 0.590$, $F(1, 298) = 428.402$, $P = 0.000$). The results show that there is a statistically significant effect of empathy on customers' overall satisfaction at 95% confidence level.

Conclusions

The purpose of the study was to assess the effects of quality service delivery on customer satisfaction. From the findings, it can be concluded that there is a statistically significant effect between tangibility and customer

satisfaction. The study also established that the combination of reliability, responsiveness, assurance and empathy all have significant effect on customer satisfaction. Therefore, service quality has positive effect on customer satisfaction. The study accomplished that quality service is an important factor to customer satisfaction. In the world of global economy, banking sector needs has become more diverse and exotic than ever before. So, Banks should focus in service quality to satisfy their customers in every dimension of service quality.

Recommendations

Firstly, since bank is a service oriented organization; the management of the bank should provide continuous training to the employees on issues like courtesy, etiquette and communication skills while dealing with customers.

Secondly, in order to retain the existing customers and to improve service quality, the bank should continuously maintain error-free transactions, since bank accounts and figures are very sensitive for each and every customer.

Again, the management needs to improve quality services so as to satisfy customer's needs. The bank needs to pay much attention on the customer complaints in order to satisfy the customer's expectation. Individual attention should be given to customers in order to better understand their needs and better satisfy them.

Moreover, the management of the bank should regularly run research activities in order to keep a regular track of customer satisfaction level.

Finally, further study should investigate the impact service quality dimension on technological trust by consumers of commercial banks.

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UNIVERSITY OF CAPE COAST
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SCHOOL OF BUSINESS
RESEARCH QUESTIONNAIRE

I am a level 800 student of the University of Cape Coast, School of Business. I am conducting a survey which is essential for the completion of my degree program to be awarded Masters degree in Business Administration (Marketing) at the University of Cape Coast. The title of this research is “**EFFECTS OF SERVICE QUALITY DELIVERY ON CUSTOMER SATISFCATION IN THE BANKING SECTOR: A STUDY IN THE CAPE COAST METROPOLIS**”. Answers to these questions will be vital for my research and any information provided will be confidential and will not be shared with any third party.

SECTION A: SOCIO-DEMOGRAHIC CHARACTERISTICS

1. Gender A. Male B. Female
2. Age(Years)...A. 18 - 25 B. 26 – 30 B. 31 – 40 C. 41 – 50 D. 51 – 60 E. Above 60
3. Education A. No formal education B. Primary C. Secondary D. Tertiary E. Others (please specify).....
4. Marital Status A. Married B. Un married C. widowed D. Divorced

5. Profession A. Govt Employee [] B. Private Employee [] C. Business []
 D. Self- Employee[] E.Student []F. House Wife [] G. Others (please specify)
6. Monthly Income A. Below Ghc100 [] B. 100-500 [] C.501- 1000 [] D.
 Above 1000 []
7. Status of usage (Yrs) A. Less than 1 [] B. 1 – 4[] C. 5 – 10 [] D. 11 – 15 []
 E. Above 15[]

SECTION B: SATISFACTION LEVELS REGARDING THE VARIOUS SERVICES QUALITY DIMENSIONS

**Extremely Satisfied (ES), Satisfied(S) Neutral (N) Dissatisfied (D)
 Extremely Dissatisfied (ED)**

NO	TANGIBILITY	ES	S	N	D	ED
8.	Bank has up - to - date equipment & technology					
9.	Location of the Bank					
10.	Sufficient number of ATM machines					
11.	Cash counting machines					
12.	Appearance of service providers					
13.	Materials associated with the banks office (Pamphlets, brochures) are visually appealing at the banks office					
14.	Seating arrangement for customers					
15.	Guide signs indicating as to which counters are offering which services					
	RELIABILITY	ES	S	N	D	ED
16.	Timeliness in delivering services					

17.	Accurate records of transactions and requests					
18.	Up to date content					
19.	Process of transactions					
20.	Wide range of products and services provided					
	RESPONSIVENESS	ES	S	N	D	ED
21.	Customer service representative					
22.	Willingness of personnel to help					
23.	Quick confirmation					
24.	Prompt service					
25.	Sincere interest in solving problems					
	ASSURANCE	ES	S	N	D	ED
26.	Employees of bank have the knowledge to answer customer questions					
27.	Politeness and friendly staff					
28.	Employees are always willing to help you					
29.	Experienced management team					
	EMPATHY	ES	S	N	D	ED
30.	Opening hours					
31.	Safety of customers					
32.	Waiting time					
33.	Confidentiality of data of customers					
34.	Privacy for customers					
35.	Provisions of financial advices					

SECTION C: OVERALL SATISFACTION

36. Overall, how will you rate your level of satisfaction with service quality at the bank

- a. Extremely Satisfied (ES) []
- b. Satisfied(S) []
- c. Neutral (N) []

- d. Dissatisfied (D) []
- e. Extremely Dissatisfied (ED) []

THANK YOU