

**SCHOOL OF GRADUATE STUDIES AND RESEARCH**

**GHANA INSTITUTE OF JOURNALISM**

**EXPLORING THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND  
CUSTOMER LOYALTY IN BANKING INSTITUTIONS IN GHANA: A STUDY OF  
ZENITH BANK GHANA LIMITED**

**BY**

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## CANDIATE'S DECLARATION

I hereby declare that this dissertation was undertaken by me and under the supervision of Dr. Collins Adu-Bempah Brobbey. Where other people's references are made, full acknowledgement had been given. I wish to state that all omissions and shortfalls in this work are entirely mine.

Therefore, I declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this institution or elsewhere.

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## SUPERVISOR'S CERTIFICATION

I hereby declare that the preparation of this dissertation was supervised by me in accordance with the guidelines of supervision of dissertation laid down by School of Graduate Studies and Research, Ghana Institute of Journalism.



**September 23, 2020**

**Dr. Collins Adu-Bempah Brobbey**

**Date**

**(Supervisor)**

## **DEDICATION**

I dedicate this dissertation to my dear mother, Victoria Agorkie Korley, my father Robert Clement Kofi Haigoe for his immeasurable love, support and dedication throughout my life, my wife; Abigail Naa Adorley Haigoe and Children; Thelma Maa Ometse Haigoe, Caleb Sackitey Haigoe, Cyril Oko Haigoe and Cecil Atteh Haigoe.

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## ACRONYMS

TM	Transactional Model
RA	Relational Approach
RM	Relationship Marketing
DM	Database Marketing
KPI	Key Performance indicator
ICT	Information and Communication Technology
CR	Customer Relation
PIN	Personal Identification Number
ATM, s	Automated Teller Machines
AVR	Automated Voice Response
CRM	Customer Relationship Management
P C BANKING	Personal Computer Banking
OCC	Office of the Controller of the Currency
WAN	Wide Area Network
EN	Enterprise Network
EFTPS	Electronic Funds Transfer at Point of Sale

## **ABSTRACT**

Over the two decades or more, literatures on marketing have been pointing towards a shift from customer-firm relationship or what is referred to as a transactional model to a relational approach. This change has increasingly been generating keen interest in the study of the factors and mechanisms that determine the establishment, development and maintenance of successful relational exchanges in many service provider institutions in the world of which Ghana is no exception. Consequently, practices that have been common to date, which focused on attracting new customers and gaining a large market share, have given way to policies aimed at consolidating the firm's customer base and retaining existing customers. Using both primary and secondary sources, including survey questionnaire, face-to-face interviews and peer reviewed articles obtainable from JOSTOR and universities libraries respectively, this study explored the relationship between quality customer satisfaction and customer loyalty using Zenith Bank as a case study. Findings show that the retention strategy have not been properly and carefully implemented because, on the one hand, retaining a customer is costly, and on the other hand, not all customers generate the same value for the firm. In this respect, various literatures have shown that the longer customers stay in a relationship with the company, the more value they generate, so the period a relationship is maintained is one of the fundamental factors determining the value that the customer provides the firm. Customer switching behavior is consequently a serious threat to the achievement of long-term relationships. Hence firms need to study carefully the processes determining customers' switching decisions if they are to manage their customer base successfully. Customer loyalty as the tendency of a customer to choose one business or product over another for

a particular need. In the packaged goods industry, customers may be described as being “brand loyal” because they tend to choose a certain brand over others.

Loyalty becomes evident when choices are made, and actions taken by customers over certain brand.

**Keywords:** Quality Customer Satisfaction; Customer Loyalty; Zenith Bank Ghana Limited;  
Brand Loyal; Customer-Firm Relationship; Transactional model

# CHAPTER 1

## GENERAL OVERVIEW AND BACKGROUND TO THE STUDY

### 1.0. Introduction

Over the past decades, volumes of literature on marketing show a shift of customer-firm relationships from a transactional model to a relational approach (Reinartz et al., 2005; Dwyer,1997). This change has generated an increasing interest in the study of the factors and mechanisms determining the establishment, development and maintenance of successful relational exchanges (Dwyer,1997).

Consequently, practices that have been common up to now, which focused on attracting new customers and gaining a large market share, have given way to policies aimed at consolidating the firm's customer base and retaining the existing customers (Dwyer,1997)

Nevertheless, Reinartz et al., (2005) argue that this retention strategy should be implemented very carefully because, on the one hand, retaining a customer is costly, and on the other hand, not all customers generate the same value for the firm.

In this respect, various literatures have shown that the longer customers stay in a relationship with the company, the more value they generate so the period a relationship is maintained is one of the fundamental factors determining the value that the customer provides to the firm. Customer switching behavior is consequently a serious threat to the achievement of long-term relationships. Hence firms need to study carefully the processes determining customers' switching decisions if

they are to manage their customer bases successfully (Bansal et al., 2005).

Ganesh et al (2000) describes Customer loyalty as the tendency of a customer to choose one business or product over another for as a matter of need. In the packaged of goods industry, customers are likely to be “brand loyal” because they tend to choose a certain brand of goods more often than others. Hence Ganesh et al (2000) caution the use of the word “choose.” It is imperative to note that although customer loyalty becomes evident when choices are made, and/or actions taken by customers, some customers are likely to express high satisfaction levels with a company in a survey, this is normally so, because satisfaction is not always equating to loyalty. Mostly, loyalty is demonstrated by the actions and/or commitment of the customer to the company and hence customers sometimes become very satisfied, yet, they do not necessarily become loyal to the organization (Ganesh et al., 2000).

Meanwhile several marketing scholars emphasize the correlation between the influences of customer satisfaction on loyalty. The relationship management literature also emphasizes two different dimensions of relationship commitment that drive loyalty: affective commitment, as created through personal interaction, reciprocity, and trust, and calculative commitment, as created through switching costs (Bendapudi and Berry (1997)

Moreover, Fullerton (2003) believes that loyalty is often interpreted as actual retention, which is a cornerstone of Customer Relationship Management (CRM), unfortunately however, most prior researches have challenged this position by demonstrating that the effects of these constructs are only limited to behavioral intentions.

## **1.1 Statement of Problem**

Most businesses are awash with more data than they can deal with prospect and customer lists, sales data, market research, and complaints, yet their staff does not use this data to effectively manage customer relationships.

In almost all cases sales and service staff are servicing customers who are not generating the most profits which means that the business's most important customers are being neglected. Little wonder that some of the best customers decide to leave. An effective customer relationship management technique can ensure that marketing and sales teams have customer information that they can easily use to significantly grow the value of the organization's customers.

Over the past decade, customer relationship management techniques have evolved to the extent that they enable a business to grow the lifetime value of its customers, as well as counter customer defections. Successful Customer Relationship Management if well implemented will enabled companies to overcome their competitors often taking the dominant position in their industry through their superior profitability and customer retention levels.

In order to extend the study on customer switching behavior, the main objective of this research is to analyze the effects of customer relationship management technique on customer loyalty. For this purpose, the researcher will study the impact of the relationship management techniques on the loyalty of customers. Most papers studying relationship characteristics have analyzed their impact on different relational constructs like satisfaction number of services purchased and customer referrals profitable lifetime duration or trust and perceived quality (Reinartz and Kumar, 2003). However, less attention has been paid to the study of the effects of customer relationship management technique on customer loyalty.

## **1.2 Research Questions**

The study is guided by the following questions to address the extent to which existing corporate policy of service quality, customer satisfaction and its relationship with customer loyalty is inconsistent with theory. In addition, other related issues will be verified

- What are the main objectives for establishing customer service unit of Zenith Bank?
- Does the Zenith Bank customer relationship management technique have any effect on customer loyalty?
- Has the Zenith Bank been able to use its service quality and customer satisfaction policy to influence customer loyalty?
- Do the Zenith Bank existing customers bring in new customers to the bank?
- What is Zenith Bank's performance in service quality, customer satisfaction and its relationship with customer loyalty?
- What kind of relationship exist between service quality, customer satisfaction and customer loyalty?
- What measures does the bank take to build customer loyalty?

## **1.3 Research Objectives**

The objectives of the study are as follows:

- To determine factors influencing customer satisfaction
- To ascertain the effects of customer satisfaction on customer loyalty
- To examine how customer expectations of future benefits affect customer loyalty decisions.
- To assess the rate of success in implementing customer relationship management techniques.

#### **1.4. The Scope of the Study**

The study focused on Zenith Bank in the Greater Accra region of Ghana and was in the area of customer service quality, customer satisfaction and its influence on customer loyalty. This was chosen in the light of recent attempts by banks to service the grooming competition that has resulted from influx of new banks during the past few years. It would have been ideal to study what many of the banks are doing but this was impossible because of resource constraints.

#### **1.5 Significance of the Study**

Effective customer relationship management techniques vary considerably depending on which factors are driving loyalty. If customer satisfaction is the primary driver of loyalty, a firm should improve product or service quality or offer better prices. If affective or calculative commitment is more important, a firm should either build more direct relationships with customers or build switching barriers in relation to competitors. (Reinartz and Kumar, 2003)

In view of the above, the study will provide an insight into the drivers of loyalty using a combination of survey data from a banking service provider. The research will contribute to the customer relationship management literature the following important ways; The study will examine the competing effects of customer satisfaction, affective commitment, and calculative commitment on customer retention, which can help service providers in loyalty decisions. It will also demonstrate the importance of controlling and retaining customers or prior loyalty when predicting retention. It will explore the potential for different precipitating measures to moderate the effect of loyalty. The study could also be useful to the individual customers on factors that influence their loyalty in a company's goods and services. Furthermore, the study will provide insightful details on how companies could structure their customer service policies to enhance

customer loyalty and retention. It will serve as a guideline to multinational companies willing to establish their subsidiaries in Ghana to know how they can structure their customer service activities in the host country. The study can also be used as a point of reference for future research that will focus on factors contributing to the success of customer retention policy in organizations.

### **1.6 Broad Narrative of the Study**

This study consists of five chapters and provides the format and structure upon which the study is to be organized or structured.

Chapter one constitutes the introduction to the study, the background statement, the objectives, the research questions and objectives, the significance of the study and the scope of the study. Chapter two reviews the literature on the subject matter under consideration and provides the theoretical foundation. It examines a compilation of studies done in relation to the study by authors, scholars and students. Chapter three is about the methodology. The methodology describes the collection of data through research and explains why that method was used, the sample selection will also be taken into consideration. Chapter four deals with the analysis of data and discussions. Chapter five summarizes the key findings, draws conclusions and makes some recommendations based on conclusion

## CHAPTER 2

### LITERATURE REVIEW

#### 2.0. Introduction

This chapter reviews the existing literatures on the discourse of the relationship between customer satisfaction and customer loyalty in banking institutions in Ghana using Zenith Bank Ghana Limited as a case study.

Literatures on the discourse of the relationship between customer satisfaction and customer loyalty in banking institutions in Ghana is legion, as a number of empirical studies have been conducted in this area, however, empirical studies on the analysis of the shift of the relationship between customer satisfaction to customer loyalty in banking institutions in Ghana has not been adequately studied empirically, and so, this review would have to depend on a number of related but relevant literatures for the purpose of establishing the knowledge gaps and also to advance the frontiers of knowledge on the discourse of the relationship between customer satisfaction and customer loyalty in banking institutions in Ghana.

It will further provide and examine the theoretical foundation underpinning the study under review, the basic assumption, explore some conceptual framework for the analysis of the relationship between customer satisfaction and customer loyalty in banking institutions in Ghana , operationalize the concepts to provide context specific, discuss the relevance or importance of the study and then, summarize the chapter by way of identifying and explaining the knowledge gaps which this study seeks to bridge.

## **2.1 Theoretical Foundation**

The analysis of the relationship between customer satisfaction and customer loyalty in banking institutions in Ghana using Zenith Bank Ghana Limited as a case study is subsumed under the general rubric of the effective marketing strategy theory, for example, Transactional Model (TM) and Relational Approach (RA).

### **2.1.1 Transactional Model (TM) and Relational Approach (RA).**

Over the two decades or more, literatures on marketing have been pointing towards a shift from customer-firm relationship or what is referred to as a transactional model to a relational approach. This change has increasingly been generating keen interest in the study of the factors and mechanisms that determine the establishment, development and maintenance of successful relational exchanges in many service provider institutions in the world of which Ghana is no exception.

Consequently, practices that have been common to date, which focused on attracting new customers and gaining a large market share, have given way to policies aimed at consolidating the firm's customer base and retaining existing customers. It has been argued that this retention strategy should be implemented very carefully because, on the one hand, retaining a customer is costly, and on the other hand, not all customers generate the same value for the firm. In this respect, various literatures have shown that the longer customers stay in a relationship with the company, the more value they generate, so the period a relationship is maintained is one of the fundamental factors determining the value that the customer provides the firm. Customer switching behavior is consequently a serious threat to the achievement of long-term relationships. Hence firms need to study carefully the processes determining customers' switching decisions if they are to manage

their customer base successfully. Customer loyalty as the tendency of a customer to choose one business or product over another for a need. In the packaged goods industry, customers may be “brand loyal” because they tend to choose a certain brand over others. Loyalty becomes evident when choices are made, and actions taken by customers over certain brand. This study explored the relationship between quality customer satisfaction and customer loyalty using Zenith Bank as a case study

### **2.1.2 Basic Assumption**

The basic assumption underlying this study states that most papers studying relationship characteristics have analyzed their impact on different relational constructs like satisfaction number of services purchased and customer referrals profitable lifetime duration or trust and perceived quality (Reinartz and Kumar, 2003). However, less attention has been paid to the study of the effects of the shift of customer relationship management technique on customer loyalty to the relationship between customer satisfaction and customer loyalty in banking institutions in Ghana. This study therefore hypothesizes that there is a positive effect of the shift of customer relationship management technique on customer loyalty to the relationship between customer satisfaction and customer loyalty in banking institutions in Ghana. And hence in what follows, this study reviews the related and relevant literatures.

### **2.2 Review of Related and Relevance Empirical Literatures**

As already indicated, the literatures on the discourse of the relationship between customer satisfaction and customer loyalty in banking institutions in Ghana is copious and so, there is the

need for this study to limit the review of the existing related and relevant studies to the following thematic areas.

### **2.2.1 Customer Relationship Management Solutions and Techniques**

- Tracking customer contacts

Tracking customer contacts is one of the most essential parts of customer relationship management without which the process is simply out of question. The details of contact must be observed and the regions where there is a possibility of a conflict must be located. Such areas must carefully be dealt with so that it does not later affect the notion the customers have on your company. When such a problem is solved, there is a complete customer satisfaction and this factor can greatly boost loyalty (Langerak and Verhoef 2003).

- Paying attention to the needs of customers

“Pay attention to the needs of the customers”. (Langerak and Verhoef 2003) believe that it is prudent to listen patiently to what suggestions and ideas customers have to give to the organization.

“Ask them the right questions about what they think of your service in a way that is not irritating”.

This they stated is a sure way of satisfying customers which can further lead to their loyalty.

- Company’s Staff

The staff of an organization is said to hold the key to the growth and profitability of the company as they are the ones who have a direct contact with the customers. So it is important to develop a set of staff that is constantly aware of the business culture related to customer relationships with respect to customer relationship management model and techniques. This is especially important when the business employs technical support staff. These technical support people are required to help the customers out with a positive approach when they are facing troubles. (Langerak and Verhoef 2003)

To cater for the needs of the customers, the staff needs to have a thorough knowledge about the possible technical issues and how to solve them. The staff must also be well trained to attend to the customers.

- **Setting Target**

Another technique according to (Langerak and Verhoef 2003) is the setting of target. They believe it is prudent to always fix a target not to attain customer satisfaction but to exceed the expectations of the customers. There is also the need to list down how to accomplish the customer satisfaction factor in the former years and work on it to better the things with the help of customer relationship management techniques. In stressing on the above point, it was made clear that service excellence is also a must and this is never possible without treating the customers with due respect. Having this in mind and performing will earn the organisation not only money but reputation as well.

## **2.2.2 The Four Dimensions of Customer Relationship Management Implementations**

### **2.2.2.1 Focusing On Key Customers**

A customer-focused structure, culture, policy, and reward system should permeate any organization that strives to implement customer relationship management successfully. All interactions with key customers who are often identified by “lifetime value computations,” must fully reflect the company’s wide customer relationship management focus. According to Armstrong and Kotler (2010), the ultimate goal of the techniques is to achieve deep customer relationships through which the seller organization becomes indispensable to its most profitable customers. They believe there is the need to equip the company-wide understanding and internal support for key customer relationships, the sales force generally is better enabled and motivated to

cultivate long-term customer relationships by offering more personalized products and services (Armstrong and Kotler 2010, p. 519).

### **2.2.3 Organizing Around Customer Relationship Management**

With a strong focus on key customers deeply embedded throughout its customer relationship management techniques, the entire company should be organized around cultivating these valuable relationships. The organizational structure needs to be flexible and, if necessary, reconstructed to generate customer-centric values and improve coordination of customer- focused, cross-functional teams (Homburg and Jensen 2000). Homburg and Jensen emphasis on the point that, for customer relationship management to be successful, there must also be an organization-wide commitment of resources. With concerted efforts by all organizational functions to continuously provide a stream of value-rich actions and customer outcomes the company and its sales force are assured that they can satisfy customers' needs and enhance customer relationships.

### **2.2.4 Managing Knowledge**

To enhance organizational profitability and customer loyalty, there is the need to manage the knowledge base of customers (Fox and Stead 2001). Information about customers should be gathered through interactions or touch points across all functions or areas of the firm so that a complete customer view is established, maintained, and continually update Customer knowledge thereby generate needs to be shared and disseminate throughout the organization to address customers' current and anticipated needs. Salespeople should then be equipped with a wealth of valuable customer knowledge to carefully adjust marketing offers to fit the needs of each customer (Armstrong and Kotler 2003).

### **2.2.5 Incorporating Customer Relationship Management (Technology Base)**

Many customer relationship management-oriented activities, such as knowledge management, cannot be optimized without leveraging the latest technology. Most customer relationship management applications take great advantage of technology innovations, with their ability to collect and analyze data on customer patterns, develop prediction models, respond with timely and effective customized communications, and efficiently deliver personalized value offerings to individual customers (Vrechopoulos 2004).

Kotler (2004) indicated that, salespeople should frequently depend on continually updated software programs to better respond to their customers and build enduring customer relationships. Customer relationship management technology helps companies and their salespersons' collect, analyze, and distribute information for enhancing prospecting, improved communication and sales presentations, and modified product configurations.

### **2.2.6 Managerial Implications of Customer Relationship Management**

#### **2.2.6.1 Developing a Customer Relationship Management (Sales Oriented Force)**

Given the favourable effects of customer relationship management practices on customer loyalty, Shoemaker (2001) stated that the logical question that arises is, 'at an individual level, how can company employees, especially salespeople who interact with customers daily, increase their contributions to customer loyalty'? Customer relationship management initiatives, therefore, need to be well understood by frontline salespeople. They can therefore, play an indispensable role in customer relationship management and in ultimate customer satisfaction. Provided there is customer relationship management techniques to enhance sales performance, salespeople need to

be motivated to develop and maintain a customer relationship management orientation. This can be facilitated by management's internal marketing efforts. Specifically, market training and education, internal communication, reward systems, and employee involvement are the internal marketing processes that can significantly promote a customer relationship management orientation among salespeople (McLeod, and Gilbert 2003).

### **2.2.7 Market Training and Education**

Brown (2001) stressed on training programs with a customer relationship management component which are crucial for frontline employees, especially salespeople who regularly interact with customers. Brown believes training programs are essential in conveying the importance and nature of a customer relationship management orientation to salespeople so that they acquire the requisite relationship development skills and sensitivity to changing customer needs. Such training programs according to Brown, are crucial because customer expectations tend to be infinitely elastic thus; increasingly higher customer relationship performances will be demanded in the future. He confirmed that, if salespeople are trained and motivated to continually demonstrate genuine concern for customer welfare, favourable outcomes such as higher customer satisfaction, retention, and sales growth can be expected.

Smith et al. (2004) elaborated that management should pay heightened attention to the communication of customer relationship management strategies and objectives to all employees. Customer relationship management responsibilities must be clearly defined, assigned, and understood through explicit communication. Smith said salespeople are usually the business-to-business marketer's primary source of interaction and communication with customers so they, in

particular, need accurate information to effectively and efficiently build customer relationships.

### **2.2.8 Reward Systems**

Instrumental in shaping the behaviour of all employees, reward systems can provide direct motivation for salespeople to adopt new attitudes and behaviors in harmony with a customer relationship management orientation. According to Bernhardt, and Gust (1985), the traditional sales volume-oriented yardstick in measuring and rewarding salesperson success should be modified to include tangible goals and rewards for retention of key customers through customer relationship management activities. It is important for the organization to openly recognize and reward superior customer relationship management performance by its salespeople in order to reinforce customer relationship management. In designing reward systems, however, perceptions of managerial integrity and fairness are essential for maintaining highly motivated, satisfied, and committed customer relationship management salespeople (Brashear, Brooks, and Boles 2004).

### **2.3 Conceptual Framework**

The essence of customer relationship management thinking originates from three concepts in marketing management namely; Customer Orientation (CO), Relationship Marketing (RM), and Database Marketing (DM).

With the advancement of information and communication technology (ICT), these three marketing tenets have come together in the paradigm of customer relationship management (Langerak and Verhoef 2003). They believed that as customers became more difficult to reach with mass advertising, customer relationship management emerged to more accurately target customer segments on a one-to-one basis. At present marketing management, multiple definitions of

customer relationship management abound. Kotler and Armstrong define customer relationship management as ‘the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction’ (2004, p.16). This definition seems to include the broad-based essence of marketing, wherein value and satisfaction are prominent. Zikmund, McLeod and Gilbert (2003) provide a more technology-oriented perspective by defining customer relationship management as “a business strategy that uses information technology, to provide an enterprise with a comprehensive, reliable, and integrated view of its customer base so that all processes and customer interactions help maintain and expand mutually beneficial relationships”. Numerous other definitions of customer relationship management might be cited-ranging from very narrow interpretations to very broad ones with no two being the same. Lack of consensus on the meaning of customer relationship management not only impedes academic discourse on the subject, but also adds to business practitioner skepticism and indecisiveness in establishing customer relationship management techniques

### **2.3.1 Employee Involvement**

All company employees, especially salespeople, must be involved in customer relationship management through internal marketing by senior management. Empowerment is a vital aspect of internal marketing that gives frontline salespeople latitude over their service activities and the ability to more fully address customer needs (Berry and Parasuraman 1991). In other words, empowerment enables salespeople to more easily negotiate mutually satisfying commitments with customers. One important way to empower salespeople according to Berry and Parasuraman (1991) is to grant them greater financial flexibility such as committing company resources to serve customers, approving reimbursements for faulty products, or negotiating price discounts and other

purchase incentives. Empowered salespeople are able to resolve customer complaints more promptly and, oftentimes, turn initially dissatisfied customers into satisfied or even loyal customers. In addition, empowered employees tend to be a great source of creative customer service ideas. Conversely, if salespeople must seek approval of management before responding to most customer requests, their influence on behalf of customers is visibly diminished, and most likely so is their enthusiasm for customer relationship management. In order for salespeople and other employees to feel empowered, managers may need to share some of their authority and prerogatives.

### **2.3.2 Importance of Customer Relationship Management**

When a company wants to share a first-rate rapport with the customers, the best strategy that comes in handy is customer relationship management. This is the only way a company can amplify the customer base, thereby augmenting the profits. The main objective of customer relationship management is to learn about the value of the customers for an increased gain. Apart from the intention of increasing the sales, there is also an employment of technology for an organized business process and also for automating and coordinating. The premeditated decisions related to the business are taken based on the needs, requirements and feedback of the customers. (Zeithami and Bitner 2003)

### 2.3.3 Customer Loyalty

Customer loyalty is all about attracting the right customer, getting them to buy, buy often, buy in higher quantities and bring you even more customers. However, that focus is not how you build customer loyalty.

Customer Loyalty is built by considering the following:

- Keeping touch with customers using email marketing, thank you cards and more.
- Treating your team well so they treat your customers well.
- Showing that you care and remembering what they like and don't like.
- You build it by rewarding them for choosing you over your competitors.
- You build it by truly giving a damn about them and figuring out how to make them more success, happy and joyful.

In short, organisations build customer loyalty by *treating people how they want to be treated*. Does your marketing plan include strategies and tactics for customer loyalty & customer retention?

Customer loyalty describes the tendency of a customer to choose one business or product over another for a particular need. In the packaged goods industry, customers may be described as being 'brand loyal' because they tend to choose a certain brand of soap more often than others. Note the use of the word "choose" though; customer loyalty becomes evident when choices are made and actions taken by customers. Customers may express high satisfaction levels with a company in a survey, but satisfaction does not equal loyalty. Loyalty is demonstrated by the actions of the customer; customers can be very satisfied and still not be loyal. (Brashear, Brooks, and Boles 2004).

### **2.3.4 Customer Satisfaction**

Before proceeding further, it is best that one fully understands the definition of the phrase ‘Customer Satisfaction’. The phrase does not only express a happy customer, but rather complex than that. Customer satisfaction is actually a term most widely used in the business and commerce industry. It is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customer’s expectation. To some, this may be seen as the company’s key performance indicator (KPI). In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. 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 (Kristensen et al. 1992; Zeithami et al., 1996; McColl-Kennedy and Scheider, 2000). It also defined as a global issue that affects all organizations, regardless of its size, whether profit or non-profit, local or multi national. Companies that have a more satisfied customer base also experience higher economic returns (aker and Jacobsson, 1994; Bolton, 1998; Ycung et al., 2002).

Consequently, higher customer satisfaction leads to greater customer loyalty (Yi, 1991 ;Anderson and Sullivan, 1993 Boulding et al., 1993) which in turn leads to higher future revenue (Fornell,1992; Bolton, 1998).

For that matter, many market leaders are found to be highly superior-customer-service orientated. They have been rewarded with high revenue and customer retention as well. For that matter, organizations in the same market sector are compelled to assess the quality of the services that they provide in order to attract and retain their customers.

Apparently, 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 (Oliver, 1981; Brandy and Robertson, 2001; Lovelock, Patterson and Walker, 2001). There are two general conceptualizations of satisfaction here, namely, the transaction-specific satisfaction and the cumulative satisfaction (Boulding et al., 1993; Jones and Suh, 2000; Yi and La, 2004).

Transaction-specific satisfaction is the customer's very own evaluation of his or her experience and reaction towards a particular service encounter (Cronii and Taylor, 1992; Boshoff and 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 (Johnson, Anderson and Fornell, 1995); an own accumulation of contacts with services provided them from day-to-day. It is from this accumulation that customers establish a personal standard which is used to gauge service quality. However, in general, it is agreed that customer satisfaction measurement is a post-consumption assessment by the user, about the products or services gained (Churchill and Surprenant, 1982; Yuksel and Rimmington, 1988).

### **2.3.5 Service Quality**

Without any doubt, service quality is very important component in any business related activity. This is especially so, to marketer a customer's evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success (Iacobucci et al., 1994). Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zrithaml et al., 1993); which customer thinks a service provider

should offer, rather than on what might be on offer (Parasuram et al., 1988). To some, service quality can also be defined as the difference between customer's expectations for the service encounter and the perceptions of the service received. According to the service quality theory (Oliver, 1980), 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 toning down the expectations or heightening the perception of what has actually been received by the customer (Parasuram et al., 1985). According to Gronroos (1982), 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. He concluded that the quality of service is dependent on two variables: Expected service and Perceived service. Quality spells superiority or excellence (Taylor and Baker, 1994) (Zeithami, 1988), or, as the consumer's overall impression of the relative inferiority / superiority of the organization and its services (Bitner and Hubbert, 1994; Keiningham et al., 1994-95). Consumer behavioural intentions are also influenced by the standards of service quality (Bitner, 1990; Cronin and Taylor, 1992, 1994; Choi et al., 2004). *C. Customer Satisfaction in Retail Banking* Customer satisfaction and service quality are interrelated. The higher the service quality, the higher is the customer satisfaction. Many agree that in the banking sector, there are no recognized standard scales to measure the perceived quality of a bank service. Thus, competitive advantage through high quality service is an increasingly important weapon to survive. Measuring service quality seems to pose difficulties to service providers because of the unique characteristics of services: intangibility, heterogeneity, inseparability and perishability (Bateson, 1985). Because of these complexities, various measuring models have been developed for measuring perceptions of service quality

(Gro'nroos, 1983; 1990; Parasuraman et al., 1985; 1988;, 1991; Stafford, 1996; Bahia and Nantel, 2000; Aldlaigan and Buttle, 2002). The SERVQUAL model of Parasuraman et al. (1988) proposes a five-dimensional construct of perceived service quality: tangibles; reliability; responsiveness; assurance; and empathy — with items reflecting both expectations and perceived performance. Service quality has become an important research topic because of its apparent relationship to costs (Crosby, 1979), profitability (Buzzell and Gale, 1987; Rust and Zahorik, 1993; Zahorik and Rust, 1992), customer satisfaction (Bolton and Drew, 1991; Boulding et al., 1993), customer retention (Reichheld and Sasser, 1990), and positive word of mouth. There are many research instruments developed to measure the perceived service quality. Among such general instruments, the most popular being the SERVQUAL model, a well-known scale developed by Parasuraman et al. SERVQUAL has been widely acknowledged and applied in various services setting for variety of industries in the past decade. Examples include: health care setting, dental school patient clinic, business school placement centre, tire store, actual care hospital, large retail chains, banking, pest control, dry cleaning, and fast food restaurants (Babakus and Mangold, 1988: Babok and Garg, 1985; Bower el al., 1994; Carman, 1990; Cronin and Tayler, 1992; Teas, 1993). According to Nyeck, Morales, Ladhari, and Pons (2002), the SERVQUAL measuring tool “remains as the most complete attempt to conceptualize and measure service quality” (p.1 01). Word has it that it has quite a number of benefits. Incidentally, the SERVQUAL measuring tool’s main benefit is its ability that allows researchers to examine numerous service industries such as; healthcare, banking, financial services, and education (Nyeck, Morales, Ladhari, & Pons, 2002). The fact that SERVQUAL has critics does not render the measuring tool moot. Rather, the criticism received concerning SERVQUAL measuring tool may have more to do with how researchers use the tool. Nyeck,

Morales, Ladhari, and Pons (2002) reviewed 40 articles that made use of the SERVQUAL measuring tool and discovered “that few researchers concern themselves with the validation of the measuring tool” (p. 106). Originally, SERVQUAL formulated by Parasuraman et al. (1985) showcased ten various components. Later in 1988, these ten components were collapsed into five different dimensions. These include; Assurance, Reliability, Tangibles, Empathy and Responsiveness.

### **2.3.6 Improved Ways of Banking in Ghana**

2.6.1 Forms of I.T Innovations (Electronic Delivery Channels) This section describes the various forms of technological innovations or electronic delivery channels adopted by banks. Technological innovations have been identified to contribute to the distribution channels of Banks. The electronic delivery channels are collectively referred to as Electronic Banking. Electronic Banking is really not one technology, but an attempt to merge several different technologies. Each of these evolved in different ways, but in recent years different groups and industries have recognized the importance of working together. Bankers now see a kind of evolution in their business, partly, because the world has taken a quantum leap in the use of technologies in the last several years. The various electronic delivery channels are discussed below:

### **2.3.7 Automated Teller Machines (ATMs)**

Rose (1999), describes ATMs as follows: —an ATM combines a computer terminal, record-keeping system and cash vault in one unit, permitting customers to enter the bank's book keeping system with a plastic card containing a Personal Identification Number (PIN) or by punching a special code number into the computer terminal linked to the bank's computerized records 24 hours a day. Once access is gained, it offers several retail banking services to customers (www.standardbanking.com 37 ghana.com). They are mostly located outside of banks, and are also found at airports, malls, and places far away from the home bank of customers. They were introduced first to function as cash dispensing machines. However, due to advancements in technology, ATMs are able to provide a wide range of services, such as making deposits, funds transfer between two or accounts and bill payments. Banks tend to utilize this electronic banking device, as all others for competitive advantage. The combined services of both the Automated and human tellers imply more productivity for the bank during banking hours. Also, as it saves customers time in service delivery as alternative to queuing in bank halls, customers can invest such time saved into other productive activities. ATMs are a cost-efficient way of yielding higher productivity as they achieve higher productivity per period of time than human tellers (an average of about 6,400 transactions per month for ATMs compared to 4,300 for human tellers (Rose, 1999). Furthermore, as the ATMs continue when human tellers stop, there is continual productivity for the banks even after banking hours.

### **2.3.8 Telephone Banking**

Telebanking (telephone banking) can be considered as a form of remote or virtual banking, which is essentially the delivery of branch financial services via telecommunication devices where the

bank customers can perform retail banking transactions by dialing a touch-tone telephone or mobile communication unit, which is connected to an automated system of the bank by utilizing Automated Voice Response (AVR) technology (Balachandher *et al*, 2001). According to Leow (1999), telebanking has numerous benefits for both customers and banks. As far as the customers are concerned, it provides increased convenience, expanded access and significant time saving. On the other hand, from the banks' perspective, the costs of delivering telephone-based services are substantially lower than those of branch based services. It has almost all the impact on productivity of ATMs, except that it lacks the productivity generated from cash dispensing by the ATMs. For, as a delivery conduit that provides retail banking services even after banking hours (24 hours a day) it accrues continual productivity for the bank. It offers retail banking services to customers at their offices/homes as an alternative to going to the bank branch/ATM. This saves customers time, and gives more convenience for higher productivity.

### **2.3.9 Personal Computer Banking**

PC-Banking is a service which allows the bank's customers to access information about their accounts via a proprietary network, usually with the help of proprietary software installed on their personal computer. Once access is gained, the customer can perform a lot of retail banking functions. The increasing awareness of the importance of computer literacy has resulted in increasing the use of personal computers. This certainly supports the growth of PC banking which virtually establishes a branch in the customers' home or office, and offers 24-hour service, seven days a week. It also has the benefits of Telephone Banking and ATMs.

### **2.3.10 Internet Banking**

The idea of Internet banking according to Essinger (1999) is: —to give customers access to their bank accounts via a web site and to enable them to enact certain transactions on their account, given compliance with stringent security checks. To the Federal Reserve Board of Chicago's Office of the Comptroller of the Currency (OCC) Internet Banking Handbook (2001), Internet Banking is described as —the provision of traditional (banking) services over the internet. Internet banking by its nature offers more convenience and flexibility to customers coupled with a virtually absolute control over their banking. Service delivery is informational (informing customers on bank's products, etc) and transactional (conducting retail banking services). As an alternative delivery conduit for retail banking, it has all the impact on productivity imputed to Telebanking and PC-Banking. Aside that it is the most cost-efficient technological means of yielding higher productivity. Furthermore, it eliminates the barriers of distance / time and provides continual productivity for the bank to unimaginable distant customers.

### **2.3.11 Branch Networking**

Networking of branches is the computerization and inter-connecting of geographically scattered stand-alone bank branches, into one unified system in the form of a Wide Area Network (WAN) or Enterprise Network (EN); for the creating and sharing of consolidated customer information/records. It offers quicker rate of inter-branch transactions as the consequence of distance and time are eliminated. Hence, there is more productivity per time period. Also, with the several networked branches serving the customer populace as one system, there is simulated division of labour among bank branches with its associated positive impact on productivity among

the branches. Furthermore, as it curtails customer travel distance to bank branches it offers more time for customers' productive activity.

### **2.3.12 Electronic Funds Transfer at Point of Sale (EFTPS)**

An Electronic Funds Transfer at the Point of Sale is an on-line system that allows customers to transfer funds instantaneously from their bank accounts to merchant accounts when making purchases (at purchase points). A POS uses a debit card to activate an Electronic Fund Transfer Process (Chorafas, 1988).

Increased banking productivity results from the use of EFTPS to service customers shopping payment requirements in stead of clerical duties in handling cheques and cash withdrawals for shopping. Furthermore, the system continues after banking hours, hence continual productivity for the bank even after banking hours. It also saves customers time and energy in getting to bank branches or ATMs for cash withdrawals which can be harnessed into other productive activities.

### **2.3.13 Organizational Performance**

Organizational performance is the process of assessing progress toward achieving predetermined goals.([www.wikepedea.com](http://www.wikepedea.com)) Organizational performance comprises of the actual output or result of an organization as measured against its intended outputs (or goals and objectives). Organizational performance is tracked or measured in multiple dimensions such as; profitability (example shareholder return), market share, sales, social responsibility (e.g. corporate citizenship, comments outreach, employee stewardship).

### **2.3.14 Relationship between Customer Service and Organizational Performance**

Most organizations have performance problems. Performance problem is any gap between desired results and actual results. Performance improvement is any effort targeted at closing the gap between actual and desired results; therefore, customer service is an effective tool to improve performance of the organization (Lawler, 42 Mohrman, and Ledford, 1995; Lawler, 1994; Gomez-Mejia and Balkin, 1992; and Ledford, 1995a). Good customer service improves the performance of the organization, when customers are satisfied with the work of the organization its boost the morale of the organization, If job performance for employee is very high then that is means the organizations is acting well, therefore customers and their requirements are been satisfied perfectly. Moreover, if the performance of an organization is high then there will always be more productivity that will make customers satisfied.

### **2.4 Zenith Bank Ghana Limited**

Zenith Bank of Ghana can be found on the stock index of the Ghana Stock Exchange, the GSE All-Share Index. Zenith Bank was established in April 2005 and charged with the responsibility to be the best bank in Ghana. The corporate vision of the bank is “to be a reference point in the provision of flawless, prompt and innovative banking services in the Ghanaian Banking industry”. The main objective of the bank is “to continue to invest in the best people, technology and environment to underscore our commitment to achieving customer enthusiasm”. (<http://www.zenithbank.com.gh>). The bank is 80% owned by Zenith Bank PLC and remainder of the stock is owned locally and traded on the Ghana Stock Exchange Market. Having commenced operations, it has opened as many branches in almost all parts of the country. It has over 19 branches in Greater Accra region and can be found in all regions of the Ghana.

For the bank to achieve its objective, the bank is empowered to perform the following functions.

- To give its customers the best of their performance.
- To increase its profitability in the banking sector.
- To gain more customers.
- Provide the highest level of customer satisfaction.
- Provide trust effective communication.
- It is also empowered to employ people who will be able to carry out the work of the bank.

#### **2.4.1 Customer Service and Activities of Zenith Bank**

Even now in the face of keener competition and with major banks on the Ghanaian market, Zenith Bank is doing its best within constraints to hold on to its own. Customer service is incorporated into the banks organizational structure. Its functions are performed within the commercial department with functional authority in the front-line functions. Customer service is organized with the aim of ensuring that customer expectations at points of contact are met. The bank has also introduced the internet banking, where customers can easily have access to their account any time, they are using the internet. This makes it easier for customers to check their banking status. The automated transaction monetary system employed since 2007 has proved to be an invaluable tool in assisting the bank to fight money laundering, and helping the bank to meet its related regulatory and legal obligations. Zenith Bank also takes a tough stance on tackling financial crime (money laundering, terrorist financing, fraud and corruption). This is very essential in maintaining strong financial partnerships with its customers. The bank translates the customer requirements by using these expectations as a basis for setting standards which front line staff/personnel are expected to deliver. The customer service design evolved into its current shape by the following

processes include; Continuous customer and staff audit, developing service standards, Providing training for staff and Continuous monitoring of service standards within the company.

Customer views and expectation of the bank helps it to plan and deliver more effectively. This also ensures the company to retain their loyalty and will continue to bank with them. Customer expectations are formed based on market research and current understanding of customer needs. Some major service and activities that the bank provides to its customers include:

#### **2.4.2 ATM Technology Enhanced Activities**

The automated telling machine has been implemented to reduce time spent by customers when redrawing money at the bank Telephone and Internet Banking; banking and with the internet has been implemented to reduce the time spent in doing business with the bank. Customers have the chance to check their account status online; customers can also call the bank at any time to check what is going on concerning their account.

#### **2.4.3 Collection of Cash**

The bank has sales executives who go to customers at their own door steps and take monies that they will like to save at the bank, this makes it easy for customers, since they are given the chance to save their money even when they do not want to go to the bank.

#### **2.4.4 Promptness**

The bank easily resolves problems at the bank, especially when there is delay or service failure delivery on any of their services. Employees act quickly to customer problems and this makes customers safe saving their money at the bank.

#### **2.4.5 Customer Complaints and Customer Care Unit**

Computers are left at the bank with information about the services of the bank provides for customers to express the ways they feel about them. Customers are also given the chance to express their feelings or share his problem concerning the bank to any of the employees at the bank.

#### **2.4.6 Reliability**

Superb service recovery systems are kept in place. Promises are being kept superb. The systems of the bank are always working appropriate, the bank is trust worthy and always consistent with good character.eg every customer will like to save in bank with fast delivery systems, easy access to their money.

#### **2.4.7 Physical Environment**

The bank provides its customers with a good banking environment for customers, a convenient and reliable and healthy environment for customers to bank with.

#### **2.4.8 Relationship of Staff with Customers**

Staff of the bank has good interpersonal relationship with customers; the staff of the bank is very friendly and is always ready to listen to the problems and views of customers, staff of the bank are very open to its customers. They even advice on some of the investments they are to do with loans that are given to them. In the market of the bank lie the greatest social and environmental risks and also the greatest opportunities for new solutions, services and ways to grow, Looking forward to the next 10 years, the bank can be certain of one thing: there will be substantial growth in the banks markets. ([www.zenithbank.com.gh](http://www.zenithbank.com.gh)). There are two new branches opened in Achimota and Madina ([www.zenithbank.com.gh](http://www.zenithbank.com.gh)).The reason for the reopening of these new branches is to make sure its customers have easy access to the bank. This helps in the retention of customers since customers can depend on the bank at any part of the country when they want to withdraw money. Another strategy that the bank is using is by training its national service personnel's very well to help facilitate fast services. A well-functioning financial services system has always played a key role in both driving and supporting growth by providing capital, facilitating trade and financing infrastructure and innovation in the bank. The bank is also aware of the urgent need to find ways to support sustainable growth. Business Loan Protector: The business loan protector provides comprehensive security for both the business owner and the business under the following plans. Key Person Insurance: Key Person Insurance Plan helps secure the business debt service capacity in the case of death or disability of the key person of the business. This releases your next of Kin and (or) family from any future financial obligations when you are gone. Insurance over Stock: Insurance over Stocks secure the safety of your stocks and your business in the unfortunate event of burglary/theft or fire outbreak. This provides peace of mind and protects your working capital against loss. Family Funeral Support Plan: The plan aims to provide immediate cash payout to the

policy holder to cover the funeral expenses of the insured's loved ones. FFS pays the lump sum if you or any member of your family died.

## **2.5 Relevance of the Study**

This study will enhance readers understanding of the current discourse on the varied Effective customer relationship management techniques. It will help readers to know customer relationships and customer loyalty and also appreciate the fact that effective customer relationship considerably depending on which factors are driving loyalty. It will help managers to appreciate that customer satisfaction is the primary driver of loyalty, and that a firm should always improve product or service quality or offer better prices. It will also help to boost readers understanding that the affective or calculative commitment is more important, a firm should either build more direct relationships with customers or build switching barriers in relation to competitors. This study provides an insight into the drivers of loyalty using a combination of survey data from a banking service provider. It contributes to the customer relationship management literature the following important ways. The study provides knowledge about the competing effects of customer satisfaction, affective commitment, and calculative commitment on customer retention, which can help service providers in loyalty decisions. It also demonstrates the importance of controlling and retaining customers or prior loyalty when predicting retention. It explores the potential for different precipitating measures to moderate the effect of loyalty. The study could also be useful to the individual customers on factors that influence their loyalty in a company's goods and services. Furthermore, the study provides insightful details on how companies could structure their customer service policies to enhance customer loyalty and retention. It serves as a guideline to multinational companies willing to establish their subsidiaries in Ghana to know how

they can structure their customer service activities in the host country. The study can also be used as a point of reference for future research that will focus on factors contributing to the success of customer retention policy in organizations.

## **2.6. Conclusion**

This study has succeeded in providing an analysis of the theoretical foundation underpinning the study under review, it explored the basic assumption, examined some conceptual framework for the analysis of the relationship between customer satisfaction and customer loyalty in banking institutions in Ghana , operationalized the concepts to provide context specific, discussed the relevance or importance of the study and then, identified and explained the knowledge gaps that less attention has been paid to the study of the effects of the shift of customer relationship management technique on customer loyalty to the relationship between customer satisfaction and customer loyalty in banking institutions in Ghana which this study seeks to bridge.

## **CHAPTER 3**

### **METHODOLOGY**

#### **3.0 Introduction**

In this chapter, focus will be on the description of research method used in gathering information from the study areas. The description will be on research philosophy, research design, and research population, sampling method, data collection techniques made up of both secondary and primary source, data analysis, scope, limitations and significance of the study. The methodology in any research gives sufficient information for an investigator to make estimate of the reliability and validity of the methods used to explain whether the relationship between customer satisfaction and customer loyalty of Zenith Bank, Ghana plays any role in relation to the Bank's high market share, profitability and growth.

#### **3.1 Methods**

This study deployed the descriptive and analytic research methods viz, Qualitative and Quantitative methods in gathering information from the study areas. The description will be on research philosophy, research design, and research population, sampling method, data collection techniques made up of both secondary and primary source, data analysis, scope, limitations and significance of the study. The methodology in any research gives sufficient information for an investigator to make estimate of the reliability and validity of the methods used to explain whether the relationship between customer satisfaction and customer loyalty of Zenith Bank, Ghana has any effect on customer retention in relation to the Bank's high market share, profitability and growth.

## **3.2 Research Process**

### **3.2.1 Research Philosophy**

From the research process, the study adopts the research philosophy of realism. Saunders et al. (2003, p. 84) explains the philosophy of realism as “the belief that a reality exists, that is independent of human thoughts and beliefs. They indicate that a large scale of social forces and processes exist, and these do affect people. However, people are not necessarily aware of the existence of such influences on their interpretations and behaviors (Saunders Ct al., 2003, p.84). Adopting a realist philosophy, the approach from which the research was conducted was determined.

### **3.2.2 Research Design**

The research design is a specification of the operations of testing of a hypothesis under a given set of conditions. In this study, the sample of population from which data is collected to provide empirical evidence for general acceptance was described. The research design for this study was a case study approach to gather qualitative data to enable the study explore the role of customer satisfaction and customer loyalty at Zenith Bank (Greater Accra Region). That is by qualifying the data and generalizing the results from the sample to the population of interest to recommend a final course of action. Under this technique, questionnaires were developed as a survey Instrument to solicit information from respondents.

### **3.2.3 Research Population**

Customer satisfaction and customer loyalty of Zenith Bank and its role on managerial decision. As the study is mainly a case study in nature, the respondents to the questionnaire were the

managers, staff of the various branches in Accra and their customers respectively. This was because they are the people who determine positive relationship between service customer satisfaction and customer loyalty. Consequently, information relates with them.

#### **3.2.4. Sampling Frame**

The difficulty in obtaining the sample frame as a result of the bank refusal to make available the list of their customers and it was impossible for one to survey the entire population. Thus there is the need to select a specific sample for the study. According to Saunders et al. (2003, p.151) sampling provides a suitable option when the following are considered,

it is unachievable for the entire population to be surveyed; limited funds prevent the surveying of the entire population;

Time constraints limit the surveying of the whole population;

Results of the data to be collected are needed urgently.

Moser and Kalton (1986) and (Henry (1990) also indicate that the use of sampling enables a higher overall accuracy than a census. The idea is that the smaller the number of cases the easier it is to design and pilot the questionnaire while ensuring that detailed information can be obtained. Being convinced about the use of sampling the various sampling techniques to be employed will be addressed.

#### **3.2.5 Sampling Technique**

From the two sampling techniques available that is, the probability and non-probability, the study believes that the latter technique is most viable. According to Saunders et al (2003, p. 152) non-probability sampling is where the probability of selecting each case from a population is not

known. In this case, this study deployed, the Purposive and Convenient sampling techniques. The purposive sampling technique aided the collection of data from the respondents who had knowledge and understanding of the issues under investigation while the convenient sampling techniques provided the opportunity to reach the respondent based on their convenient means, time and place due to the outbreak of the COVID-19 pandemic. As already indicated, reasons accounting for the choice of this technique include the following. The inability to specify a sampling frame is one of the major reasons accounting for the choice. Also the limited resources of time and money on the part of the researcher leave the non-probability sampling technique as the only alternative (Kiursar, 1999 and Gaunders et al, 2003). However it may still be possible to generalize using the non-probability sampling, though it cannot be done on statistical grounds (Saunders et al, 2003).

### **3.2.6 Sample Size**

Saunders et al. (2003), advocates that the larger the sample size the less likely error in generalizing to the population. Time and financial limitations however do not always allow for the use of larger sample sizes (Kumar, 1999 and Saunders et al., 2003). According to Saunders et al., (2003, p. 155) the choice of a sample size is dependent on the confidence you need to have in your data and the margin of error you can tolerate.

The entire population under consideration was ninety-eight, made up of forty staff members and fifty-eight customers; however, the sample size was one hundred consisting of; forty (40) staff (while the entire population of the staff is fifty (50) and fifty (50) customers. I could have reached all the staff members, however, due to the outbreak of the COVID-19 pandemic and the need to

adhere strictly to the protocols, it became necessary to use convenient sampling technique to reach those staff available.

### **3.3 Research Approach**

Research revolves around two main approaches: deductive and inductive. The study however adopted the deductive approach based on its relevance to the study being conducted. The deductive approach to research though very dominant in the natural sciences was employed in this research due to its unique characteristics. According to Saunders et al. (2003) this approach aids in the search to explain causal relationships between variables, which is the main objective of the study. It also involves the collection of quantitative data and the application of controls such as hypothesis testing.

Other characteristics of this approach include the operationalization of concepts and the necessity to select a sample of sufficient size in order to generalize conclusions. The outlined characteristics indeed make it the obvious choice for the studies as it will enable the researcher achieve her aim and objectives.

### **3.4 Research Strategy**

In answering research questions (as indicated in the previous chapter) a strategy or a number of strategies will have to be employed. Among these strategies are the experiment, grounded theory, ethnography, action research, case study and survey. However considering the appropriateness of these strategies to the aim and objectives of the study, the study considered the case study and the survey methods. The survey strategy was further chosen due to its extensive use in related studies, thus allowing for effective comparison of results. Other significant reasons justifying the choice

of survey strategy includes the fact that it allows for the collection of large amounts of data from a sizeable population in a highly economic way. The ability to make generalizations from findings as equally indicated in the use of the deductive approach further justifies the use of the survey method. Again, it is believed that survey strategy gave the study much control over the research process as it dictated the pace and progress of the study.

Despite the benefits obtained in the use of the survey the study cannot turn a blind eye on the shortfalls associated with this strategy. As mentioned earlier, though one has a significant control over the research process, the designing, piloting and analysis of the questionnaire could be time consuming. The amount of data needed for the study was also hampered due to the limited number of questions that could be contained in any questionnaire.

### **3.5 Data Collection Method**

To achieve the set aim and objectives of the study it is imperative that appropriate tools and methods are carefully chosen for the collection of the data. The data collection method encompasses secondary and primary data collection.

Primary data forms a significant component of any research; as such it is imperative that sampling methods and data collection techniques are chosen with care. In this section, sampling, sampling techniques, sample size and data collection instruments will be discussed.

- The types of analyses the study will undertake;
- The size of the total population from which the sample is being drawn.

Following the above assertion, the researcher considered a sample size of 60. Having arrived at an estimated sample size, the instrument to be used in the collection of the primary data will be examined in the subsequent section.

### **3.6 Data Collection Instrument**

The use of primary data in any research is fundamental thus it was necessary to collect primary data for this study. The major instrument used in the collection of the primary data was a questionnaire and the target respondents were ZENITH management, staff and customers. The idea behind choosing a questionnaire instead of other instruments (such as observation, semi structured and structured interviews) was to allow respondents answer the same set of questions in a predetermined order. The questionnaire constituted three basic parts made up of items measuring customer satisfaction and customer loyalty. 120 set of questionnaires were administered in all 19 branches of the bank in Accra. The branches being High Street, Korle Dudor, Liberia Road, Opeibea, Tema, Tudu, Legon, Osu, Abeka, Ring Road, Spintex, Dansoman, Madina among

others. The questionnaire was analyzed through SPSS software where pictorial images such as tables were used to analyze and present a number of findings. From the percentage table, weak or strong association can be observed between customer satisfaction and customer loyalty. A strong correlation will support the hypothesis that, there is a positive relationship between customer satisfaction and customer loyalty.

### **3.7 Techniques of Data Analysis**

The study made the use of qualitative approach in analyzing the data which was collected. With the qualitative approach, the study applied simple deduction and induction methods to arrive at certain conclusions, while quantitatively applied statistical analysis by employing the Statistical Package for Social Science to arrive at the conclusions made. The study exercised due diligence in entering the respondents' view. The answered questionnaires were vetted and numbered sequentially and quantified on broad data summary sheet to facilitate easy recording into the computer. The Statistical Package for Social Science (SPSS) 25 version) was used to analyze the data collected, and present the results in tables and charts for easy interpretation.

### **3.8 Limitations of the Study**

It is important to understand some limitations that were associated with this study.

- The time sequence of the relationships between customer relationship management technique and loyalty metrics cannot be determined explicitly. A longitudinal study is therefore desired to provide more insights study in the future.
- Also, the data was collected from a single organization and its customers. Future replications of this research might benefit from collecting the data from multiple intraorganizational respondents.

- Inadequate financial resources contributed to the inability of the study to cover more than one region in Ghana.

### **3.9 Conclusion**

The research process 'onion' provided the basis of the methodology for this study. The various methodological approaches employed were influenced mainly by the literature reviewed and the position of the study. A deductive approach to research was chosen whilst relying on the survey strategy mainly due to its relevance and appropriateness to the study. In view of time limitations and the financial constraints of the study, the afore mentioned strategy was adopted. A sample size was assumed; however, this was carefully based on the literature from relevant studies. Finally, in the collection of data, interviewer administered questionnaire was used due to its inherent advantages most importantly its high response rate. The subsequent chapter addressed the presentation, analysis and discussion of the data collected

## CHAPTER 4

### ANALYSIS OF THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND CUSTOMER LOYALTY IN BANKING INSTITUTIONS IN GHANA USING ZENITH BANK GHANA LIMITED AS A CASE STUDY

#### 4.0 Introduction

This chapter analysis the data obtained from the field study and discusses the key findings considering the objectives and the basic assumption of the study.

Authors such as Bloemer et al. (1998); Caruana (2002); Lee-Kelly et at. (2002) among others, have examined the relationship between service, quality, customer satisfaction and customer loyalty. An analysis and discussion on the relationship between the above-named constructs and whether this relationship still holds true among Zenith customers is the objective of this chapter. The chapter will therefore focus on the presentation, analysis and discussion of findings of the primary research whiles integrating the secondary information as well. Out of the 120 questions, 114 were received. Six (6) of these were also incomplete. The analysis will therefore be on 98 completed questionnaires. Findings from the primary research to be presented were analyzed through SPSS software. Using pictorial images such as tables, several findings will be presented and analyzed. In the analysis, effort will also be made to relate findings to relevant previous research thereby highlighting on areas of consistency and variance. Presentation and. analysis of the data on the percentage rankings of the various dimensions of the three constructs (quality service, customer satisfaction and customer loyalty) will also be conducted. Using tests such as simple percentage,

the relationship between service quality and customer satisfaction; customer satisfaction and customer loyalty will also be determined.

#### 4.1 Analysis of Key Findings

##### 4.2.1 Quality Service

In order to ascertain which items were of the highest quality under the five service quality dimensions a percentage ranking of the individual items was carried out. Table 4.1 below depicts the percentage values of reliability items ranked from the highest to the lowest.

**Table 4. 1: RANKING OF RELIABILITY ITEMS**

<b>Ranges</b>	<b>Number of Respondents</b>	<b>Percentage (%)</b>
18-24	10	10.2%
25-31	13	13.3%
32-38	25	25.5%
39-50	40	40.8%
50+	10	10.2%
Total	98	100%

**Source: Field Data, June 2020**

From table 4.1 percentage ranking of reliability items of the age ranges from the study explained that the ages between 39-50 made up 40 respondents constituted 40.8% as the highest customers age range. This was followed by 32-38 made up of 25 respondents of about 25.5% of the data collected and then 25-31 which represented 13 respondents scored 13.3%. Finally, the lowest

respondents' age ranges were 18-24 and 50 plus of 10 respondents in each case constituted 10.2% as the lowest of the data, respectively.

#### 4.2.2 Sex Distribution

**Table 4. 2: Sex Distribution**

Sex	Number of Respondents	Percentage (%)
Male	40	40.8%
Female	58	59.2%
Total	98	100%

*Source: Field Data, June 2020*

The sex distribution of the result above analyzed show that the female respondents of Zenith are more than their male customers. The female were 58 respondents with 59.2% scores as the male respondents of 40 constituted 40.8% which show that the female customers were more loyal to the Zenith and happy about their quality service and customer satisfaction strategies and techniques.

**Table 4. 3: Education**

<b>Level</b>	<b>Number of Respondents</b>	<b>Percentage (%)</b>
Primary	<b>20</b>	<b>10.2</b>
Secondary	<b>35</b>	<b>35.7</b>
Tertiary	<b>48</b>	<b>49.0</b>
Others	<b>5</b>	<b>5.1</b>
Total	<b>98</b>	<b>100</b>

*Source: Field Data, June 2020*

From table 4.3 education level of respondents indicated that out of the total of 98 questionnaires distributed tertiary level came as highest 48 respondents constituted 49%. This was followed by secondary qualification made up of 35 respondents with 35.7%. The primary qualification levels were 20 respondents with 10.2% and others which were those who could not read and write and were assisted to fill in the questionnaire were 5 respondents with 5.1% score. The reliability and validity of every research data depends on the background knowledge and its relevant to the respondents. The percentages of secondary tertiary level which constituted 84.4% are tested to the reliability and validity of the study.

### 4.2.3 Occupation of Zenith Customers

**Table 4. 4: OCCUPATION OF ZENITH CUSTOMERS (ACCRA)**

<b>Type</b>	<b>Number of Respondents</b>	<b>Percentage (%)</b>
Student	10	10.2
Trading	50	51.0
Others	38	38.8
Total	98	100

*Source: Field Data*

The occupation distribution table above depicted the various occupations at Zenith (Accra). The 50 respondents, who are into trading, constituted the highest percentage of 51.0%. This was followed by others made up of 38 respondents such as teachers, miners, craftsmen, engineers and ministers of state with 35.7% out of 98 respondents. This also shows that the respondents who are traders of Zenith are more loyal to the bank than other categories.

**Table 4. 5: Analysis of Service Quality in Zenith (Accra)**

<b>Respondent</b>	<b>Disagreed (%)</b>	<b>Strongly disagreed (%)</b>	<b>Agreed (%)</b>	<b>Strongly agreed (%)</b>	<b>Percentage (%)</b>
<b>Reliability</b>	<b>19</b>	<b>-</b>	<b>80</b>	<b>1</b>	<b>100</b>
<b>Responsiveness</b>	<b>8</b>	<b>-</b>	<b>90</b>	<b>2</b>	<b>100</b>
<b>Assurance</b>	<b>-</b>	<b>-</b>	<b>95</b>	<b>5</b>	<b>100</b>
<b>Empathy</b>	<b>10</b>		<b>90</b>	<b>-</b>	<b>100</b>
<b>Tangibility</b>	<b>20</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>100</b>

*Source: Field Data, June 2020*

The results obtained represent percentage scores of a total of 98 customer’s judgment of the individual items shown in Table 4.5 Zenith service providers’ reliability, assurance, tangible, empathy and responsiveness to quality service that was expected. The results indicated that scores were closer to the “strongly agree” than the “strongly disagree” graded in percentages. It is clearly evident that agreed and strongly agreed constituted 100% of the assurance of quality service delivery while 0% disagree to assurance item. Though the difference with the other means is not very significant it reflects the importance that customers place on the consistency at which bank services are provided. The general high percentage scores of the assurance items are rather inconsistent with that of Parasuraman et al. (1988) where reliability was considered to be a significant dimension among the service quality dimensions. According to Parasuraman et al. (1988, p. 31) reliability was seen to be the most critical dimension in predicting overall service quality after conducting a study on four different companies.

The percentage scores of the responsiveness items indicated in table 4.5 again are reasonably high. That is “agreed and strongly agreed” constituted 92% and 19% “disagreed” There is therefore a clear demonstration that Zenith customers were pleased with the liability of services they received from their bank. However, “employee’s willingness to help customers” and “their ability to inform them of the exact time services will be provided” respectively were paramount on the list. This finding does not concur with that of Lewis, Orledge and Mitchell (1994) who claims at approachability and ease of contact is top on the items on reliability. Lewis et al. (1994, p. 8) arrive at this finding in their study on a student’s assessment of service quality in banks. According to their findings banks were performing well in terms of employee trustworthiness, approachability and appearance. Yet one can still argue that the findings above are not far from that of Lewis et al. (1994) as reasonably high percentages were recorded. Also items ranking one to three in Table 4.6 to some extent: indicate how approachable employees are. Customer service therefore seems to be the priority of customers when it comes to the responsive dimension.

**Table 4. 6: Percentage Ranking Scores of Service Quality Dimensions (Agreed and Strongly Agreed)**

Rank	Service quality dimension	Respondent(98)	Percentage (%)
1	Assurance	98	100%
2	Responsiveness	90	92%
3	Empathy	88	90%
4	Reliability	79	81%
5	Tangibility	78	80%

Source: Field Data, June 2020

The ranking undertaken in Table 4.6 surprisingly shows the highest-ranking service quality dimension to be assurance with 100%.

This followed by responsiveness, empathy, reliability and tangibility as seen in Table 4.6 above. The revelation though interesting is very surprising. The ranking order of the dimensions is at par with studies of authors Lewis et al. (1994); Bebko (2000); Lee and Cunningham (2001) who in similar studies have confirmed the original findings of Parasuraman (1991, p. 431). According to the findings of Parasuraman (1991, p. 431) the relative order of importance of SERVQUAL dimensions is: reliability, responsiveness, assurance, empathy and tangibility. Lee and Cunningham (2001) however point out that these findings are industry-specific in nature. Thus while reliability might be the most significant dimension in the banking industry, it might not be the case elsewhere. Inferring from the view of Lee and Cunningham (2001) one can suggest that the category of respondents and the changing perspectives of bank customers can account for variations in the rank order of service quality dimensions. Assurance ranking as the most significant dimension indicates that customers are confident about the services they are receiving. They also trust and believe that their transactions and assets are well secured. The assurances given to customers by bank therefore seem to have a priority over the reliability of services. Another deduction that emanates from this finding is that Zenith in an attempt to reassure customers are neglecting the reliability of the services provided. The lowest scores of the Tangible dimension in relation to the other four dimensions is concurrent with the previous findings of Parasuraman et al (1991); Lewis et al. (1994); Bebko (2000); Lee and Cunningham (2001). The findings raise questions about the large amounts of money spent by banks over the last few years in re-designing their branches.

There is therefore plenty of doubt as to the extent to which it is a cost effective way of improving the quality of service. Having discussed the findings of the service quality items the subsequent section will concentrate on customer satisfaction.

#### 4.2.4 Customer Satisfaction

In order to **illustrate** the findings on the customer satisfaction construct, the items have been ranked in a descending order as indicated below in table 4.7

**TABLE 4. 7:Percentage Ranking of Satisfaction Items**

Rank	Item	Responses (98)	Percentage (100%)
1	Satisfaction with the range of services offered is	88	90%
2	Satisfaction with the speed at which mistakes are corrected is	86	88%
3	Satisfaction with the quality of the services offered is	80	82%
4	From all your experiences, your overall satisfaction is	78	80%
5	Satisfaction with the environment within page the service is provided	76	78%
6	Satisfaction with compensations offered when problems occur is	76	77%
7	Satisfaction with efficiency in correcting mistakes is	74	75%

Source: Field Data, June 2020

From table 4.7 the findings of percentage ranking of satisfaction items on customer satisfaction items registered relatively high percentage ranging from 90% to 75%, which are positively below the average percentage of 81% (see Table 4.7). With the highest percentage score of 90%, it is evident that Zenith customers were most satisfied with the “range of services offered”. Following the range of services offered is “satisfaction with the speed at which mistakes are corrected” with mean of 88%. The findings agree with that of Zinelden (1996) who indicates that satisfaction with range of service and the speed at which mistakes are corrected are the most. important when it comes satisfaction ratings with banks. According to his finding’s accuracy in account transactions, management, range of services, helpfulness of staff and speed in correcting mistakes emerged as the most important determinants of bank selection Zineldin. The result indicated here reflects the importance of assurance and responsiveness of banking services to the customer. It also indicates the efforts banks are making and the steps that they taking to ensure that customers are assured and given the best services. Again the findings go to support the promptness with which banks respond to the needs of their customers. Supporting this assertion is the mean ranking of average scores of the service quality dimensions in Table 4.7. “With highranking average means of 100% and 90% for assurance and responsiveness respectively there is no doubt that customers’ are pleased with the services offered, its quality and the speed at which it is delivered. The subsequent section will highlight on the key findings of customer loyalty items.

#### **4.2.5 Customer Loyalty**

The results on customer loyalty items have been grouped and ranked under the headings cognitive, affective, behavioral and switching barriers. Generally, they indicate the extent to which customers are loyal to their banks. The rankings also give an insight into which items were most significant

considering the level of loyalty of customers. A group rank of the average means of the loyalty dimensions will also be presented and analyzed to determine which dimension contributed the highest percentage. The first customer loyalty dimension to be considered is cognitive, which is depicted in Table 4.8.

**Table 4. 8: Percentage Ranking of Cognitive Items**

Rank	Item	Respondent (98)	Percentage (100%)
1	Consider Zenith as the primary bank	81	83%
2	Try to use Zenith anytime you need bank services	80	82%
3	First choice when you need bank services	78	80%
4	Pay a lot of attention to this bank compared to others	77	79%
5	Always think of this particular bank	<b>76</b>	78%
6	Put a great deal of effort in choosing Zenith	76	78%

*Source: Field Data, June 2020*

Inferring from the table above “customers considering their banks as the primary bank”, “using it anytime they need services” and “considering it as the first choice” came as the top three in the rank with percentage range between 83% - 80%. The finding is consistent with the studies of Gremler and Brown (1996, p. 173), Oliver (1999, p. 35) and Neal (1999, p. 21). From their perspective cognitive loyalty is seen as the customers’ conscious decision-making process in the evaluation of alternative brands before a purchase is made. Thus customers’ decision to use Zenith first in obtaining bank service is in line with propositions made by the above named authors. From the two lower-ranking percentages of 78% , there is a clear indication that customers do not always

think of their primary bank and they may be dealing with several banks at a point in time. Customers to some extent agree that “they put a great deal of effort in choosing their banks”. One should be surprised at this finding as the deregulation of banks has offered customers considerable alternatives in choosing their banks (Levesque and MacDougal, 1996). The impression one gets from this finding is that customers are cautious of the banks they choose to do business with. Reasons that can account for this care could be the risk of being disappointed by the service provided by the bank and receiving bad customer service. In the percentage ranking of items on switching barriers (Table 4.11) yet to be discussed, the claim is evidently made clear. Then comes the table of, the ranking of affective items shown in Table 9 below.

According to Getty and Thompson (1994) the affective dimension refers to the customer’s intention to repurchase and recommend the service to others. The ranking of items in Table 4.9 gives some interesting observations about the claim of Getty and Thompson (1994). Their findings indicate that for one to reach the affective stage of loyalty, customers do not only have to express the intention to repurchase but additionally make recommendations to others about the service received.

**Table 4. 9:Percentage Ranking of Affective Item**

Item	Respondent (98)	Percentage (100%)
Intend to continue doing business with your bank	89	91%
Encourage friends and relatives to business with Zenith	89	91%
Say positive things about Zenith to other people	88	90%
Very excited about operating with my bank	83	85%

*Source: Field Data, June 2020*

From the findings in Table 4.9 “customer’s intention to do business with their Zenith, “encourage friends and relatives to do likewise” and “say positive things about their banks” were the highest-ranking items between 91% and 85%. Closely following is the findings of similar studies conducted by Getty and Thompson (1994) and Gremler and Brown (1996). The findings, which indicate the degree to which customers exhibit, the intention to repurchase is remarkably high when it comes to affective loyalty. The individual intention to “recommend banks to others”, which scored an equally high percentage of 89%. This is consistent percentage of the affective items which were relatively high with the lowest percentage score of 85%, which is insignificantly below the average percentage of 89%. Though with a reasonable mean of 85% “customers’ attachment to banks” which was the least ranking indicates the level at which customers are attached to Zenith. The simplest deduction one can make from this finding is that customers may be operating with several banks. Thus the level of attachment with a particular bank might not be very strong even though they may have a principal bank. The next finding indicated in table 4.10 looks at the ranking of the percentage of the behavioral items. Table 4.10 gives a vivid pictorial view of how the items faired in the ranking.

**Table 4. 10: Percentage Ranking of Behaviour Items**

Rank	Item	Respondent (98)	Percentage (100%)
1	Believe Zenith an efficient bank	89	91%
2	Zenith is clearly the best to transact business with	88	90%
3	Find myself consistently do business with Zenith	88	90%

*Source: Field Data, June 2020*

The percentage rankings were relatively high with means ranging between 91% and 84%. Finding indicted in Table 4.10 shows that customers “believe their banks are efficient”, ‘clearly the best to do business with’ and they “find themselves consistently doing business with their banks”. These items with percentages of 91%, 91% and 90% respectively were relatively high compared to the remaining items. This finding is consistent with that of Bowen and Shoemaker (1998, p. 21) and it expresses the view that behavioral loyalty is the customers’ actions on repeat purchase. Their study concludes that customers undertaking repeat purchases of products or service over a period of time are an indication of their loyalty to that service provider. Consequently, though customers may deal with several banks, they still have preferences for specific banks as clearly depicted in the results in Table 4.10. Despite the fact that the items “seldom consider switching” and “doubt that they will switch” ‘with respective percentages of 87% and 80% were lowest in the rank, they simply cannot be ignored. The above average percentages of these two items indicate that customers hardly consider switching, which is an enormous boost to the bank loyalty as far as the behavioral issues are concerned.

Finally the findings in Table 4.11 provide an elaborate picture of the percentage rankings of items on switching barriers. The four items presented in the table below were used to obtain views on barriers that prevent customers from switching from one bank to the other.

**Table 4. 11: The Percentage Ranking of Switching Barrier Items**

Rank	Items	Respondent (98)	Percentage (100%)
1	Personal relationships with employees will not make me switch banks	90	92%
2	Risk of receiving bad customer service of other banks	89	91%
3	Risk of being disappointed by services provided by other banks	88	90%
4	Competitive saving on interest rate compare to other banks	82	84%

*Source: Field Data, June 2020*

Inferring from Table 4.11 it is evident that items ranking from one to four had relatively higher percentages ranging from 92% to 84%. This finding indicating high level of loyalty concurs with the findings of Gronhaug and Gilly (1991) who argues that a customer may remain loyal for the mere reason of high switching barriers such as the items seen in Table 4.11. In addition the four high-ranking items, which constitute the existence of bonds and relationships, also determine the level of loyalty of customers. However the lowest ranking items of switching barriers provide a different dimension to the findings. According to Table 4.11 all the items ranking from forth

downward had of 85%. With such percentages being relatively significant, banks in this era can hardly differentiate their service from rival banks. This is basically due to the drastic change banks have gone through as a result of deregulation (Bloemer et al., 1998). The deregulation, which brought with it fierce competition has given customers the impetus to switch easily. Hence, though the findings exhibited high percentages thus high loyalty for the first four items. With a careful analysis of the findings of the individual dimensions a closer look will be taken at how the four-customer loyalty dimensions fared when ranked. Table 4.12 below indicates the ranking of the individual dimensions.

**Table 4. 12: The Percentage Ranking of Customer Loyalty Dimensions**

Rank	Customer loyalty dimensions	Respondent (98)	Percentage (100%)
1	Cognitive	88	90%
2	Affective	87	89%
3	Switching barriers	85	87%
4	Behaviour	86	88%

*Source: Field Data, June 2020*

From table 4.12 the percentage ranking of customer loyalty dimension of cognitive percentage of 90% ranked as the most significant customer loyalty dimensions. Astonishingly, behavior with a percentage score of 88% came at the bottom of the rank. The findings reveal that customer expressed intention to patronize Zenith services in the future is very high (percentage). This was closely followed by the affective dimension (89%), which depicts the intention of customers to repurchase and recommend the service to others. From these findings the study can deduce that though customers had expressed a high rate of future buying intention not all of them intend buying

and ever, going further to recommend the service to others. However, this claim is not highly significant as there is a very little difference of (1%) between the percentage of cognitive and affective dimensions. In effect, though switching barriers ranked third it had a reasonable percentage of 87%. With a reasonable high percentage one can conclude that customers consider switching barriers in retail banking to be high as made evidently clear in the ranking of switching barrier items in Table 4.12. Thus though customers may not be satisfied with the services they are receiving, they may still decide to hold on to their banks (Grohaug and Gilly, 1991). Behavior with a percentage of 88% comfortably appeared as the least ranked dimension. This finding though astonishing still reveals a mean above the average of 2.3 on the scale of 1 to 5 and a standard deviation less than 1.00, indicating a small dispersion of variability about the mean. Thus, though customers had expressed their intention to buy and recommend the service to others (cognitive and affective), the actual rate of purchase was low. Nevertheless, one cannot rule out completely its contribution to the loyalty level of customers in this study.

#### **4.2.6 Relationship between Service Quality, Customer Satisfaction and Customer Loyalty**

As pointed out earlier, the literature is unclear on the relationship between service quality, customer satisfaction and customer loyalty. Is satisfaction leading to a perception that higher or better quality has been received, or vice versa? Likewise, are customers loyal just for the mere reason of being satisfied or vice versa? These questions were examined in the study. The findings were that “there is a significant positive relationship between service quality and customer satisfaction” and “there is a significant relationship between customer satisfaction and customer loyalty”.

#### **4.2.7 Relationship between Quality Service and Customer Satisfaction.**

According to the results of the quality service and customer satisfaction indicated in the. previous analysis in tables (4.6) and (4.7), there is a strong percentage link between quality service and customer satisfaction. The insignificant percentage relationship obtained demonstrates a strong relationship between service quality and customer satisfaction as proposed above.

The results of percentage analyses have also proven that although service quality and customer satisfaction are strongly related, the two constructs are different.

#### **4.2.8 Relationship between customer satisfaction and customer loyalty**

The literature reviewed has reported some disagreement on the extent to which satisfaction will lead to customer loyalty. Indeed the evidence collected Tor the present study gives satisfaction a higher explanatory power on loyalty. The results of percentage analyses indicated in Table 4.7 and 4.8 showed that at significant percentage of 91% and 92% respectively of 1% difference, customer satisfaction and customer loyalty are strongly related. The very strong correlation depicted supports the second finding in increase in customer satisfaction. The results also depict that customer satisfaction accounts for 91% in customer loyalty. The findings of Cronin and Taylor (.1992);

MacAlexander et al. (1994); Oliver (1999) and Caruana (2002) are consistent with the findings in this study. The findings of this study and the findings of the authors just mentioned above give the researcher enough evidence to conclude that customer satisfaction plays a significant role on repurchase intentions. The positive nature of the relationship also gives a strong supporting evidence for the second findings.

Switching barriers, which had a reasonable high percentage of 85% in the ranking of service loyalty dimensions, could contribute to the strong relationship between customer satisfaction and customer loyalty. Gronhaug and Gilly (199, p. 170) who have come to the conclusion that, a dissatisfied customer may remain loyal due to high switching cost support the finding just indicated.

### **4.3 Discussions**

In the previous chapters, i.e. chapters 1,2 and 3, this study diagnosed the research problem by providing the general overview and background to the study including statement of problem, research objectives and questions, scope of the study, justification of the study as well as the broad narrative of the study. It also examined the existing empirical literatures with the intention of establishing the knowledge gaps. It provided methodological rigor, setting out the research design including methods, population and sample size and sampling techniques.

### **4.3 Conclusion**

The presentation and analysis of the findings demonstrate that items in the questionnaire, identified to measure service quality, customer satisfaction and customer loyalty show acceptable levels of reliability. Results and analysis of the percentage ranking of service quality dimensions, though at variance with previous studies depicts a high level of service quality. The customer satisfaction items with relatively high percentages also indicate an equally high level of satisfaction. Cognitive came as the top ranking dimension among the customer loyalty dimensions with behavior as the least. Though surprising the high percentage depicted by the individual dimensions makes the ranking less significant.

The findings and analysis also confirm the causal relationship between service quality and customer satisfaction on one hand and customer satisfaction and customer loyalty on the other. Service quality is positively related to customer satisfaction while customer satisfaction is also positively related to customer loyalty. The next chapter will draw conclusion on the major findings in the study and recommendations will also be made.

## CHAPTER 5

### SUMMARY OF KEY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0. Introduction

In chapters 1,2,3 and 4, this study diagnosed the research problem and provided some prognosis in chapter 4 in order to suggest appropriate prescription to address the research problem here in chapter 5.

#### 5.1 Summary of Key Findings

Service firms including banks have been measuring service quality and customer satisfaction determine how well they are meeting the needs of their customers' thus increasing customer loyalty (Dabholkar, 1995), An understanding of the causal relationship between service quality, customer satisfaction and customer loyalty is of significant value to bank managers (Reichheld and Sasser, 1990). In the literature review of the study, Brashear Brooks and Bole's (2004), Brandy and Robertson's (2001) and Parasuraman et al, (1988) works seem to provide the most acceptable definitions of quality customer service, customer satisfaction and customer loyalty. They respectively defined customer loyalty as treating people how they want them to be treated, while customer satisfaction is an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation and quality service is the difference between customer's expectation for the service encounter and the perceptions of the service received.

The notion of this study was to examine the relationship between quality customer service, customer satisfaction and its effect on customer loyalty at Zenith Bank of Ghana. In so doing, basic

concept of quality customer service practices in the management of Zenith were also examined. An empirical investigation was conducted within the conceptual framework of the study. In the study, questionnaires were constructed, administered and data collated analysed to prove a significant relationship between customer quality service, customer satisfaction and customer loyalty.

A survey was also conducted to find out the measures need for the study, such as reliability, responsiveness, assurance, empathy, tangibility, satisfaction, cognitive, behavioral and switching barriers. Most of the concept finds support in the empirical test on Zenith of Ghana.

## **5.2 Conclusions**

The study contributes to an understanding of the direction of causal relationship between service quality, customer satisfaction and customer loyalty. The findings of the study first indicate that Zenith customers were very satisfied with the quality of services related to assurance and responsiveness as opposed to reliability and tangibility. It implies that Zenith are making enormous efforts in ensuring that customers are assured of the best quality service while responding to their needs. However, reliability, which seems to be the most important dimension when measuring quality service did not fit very well in the ranking of service quality dimensions. Again the findings of the study prove that the tangibility of Zenith services seems neglected.

The low level of reliability of services is reflected in the satisfaction ratings of bank services. According to the findings satisfaction with compensations offered and efficiency in correcting mistakes were the least in the ranking of satisfaction items. Thus though Zenith customers' recorded high satisfaction means on the whole, they were least satisfied with the reliability of the services provided.

Findings of the study indicate that there is a causal relationship between service quality and customer satisfaction. Service quality is therefore said to be a determinant of customer satisfaction. The findings also indicate that though service quality and customer satisfaction can be experienced at the same level they are significantly different construct. The results go to support the first hypotheses that there is a significant positive relationship between service quality and customer satisfaction.

The investigation of the relationship between customer satisfaction and customer loyalty has indicated a strong positive causal relationship. This finding lends support to the second findings, which declares that there is a strong positive relationship between customer satisfaction and customer loyalty. Thus, the higher the level of customer satisfaction the higher would be the intended loyalty.

### **5.3 Recommendations**

Based on the number of conclusions drawn with regard to the key findings, this study makes the following recommendations.

On the issue of reliability of bank services, Zenith should invest in monitoring employees in order to perform services right, be dependable in the handling of customer complaints and generally make a trustworthy impression on customers. With respect to customers management and employees alike should strive to know what customers ‘expect in terms of accuracy, expertise and compliant handling. This involves committing resources to extensive and continuous training programmed.

Following the importance of reliability, tangibility is yet another dimension which requires much attention. Customers apparently look for “external cues” in order to evaluate the quality of a

service. Thus although the findings are in line with that of Parasuarman et al., 1991) managers must not ignore the tangible dimension of service quality. The reason is that customers are likely to make inferences about the overall service quality since tangible cues that surround the service delivery environment. In effect there is the need to improve physical facilities and layout of the banks thereby making it attractive and comfortable.

Managers must be aware that customer's declaration of an intention to re-patronize a service does not necessarily mean actual patronization of the service. Thus there is the need to implement effective programmes that will develop customer loyalty and maintain a long-term relationship with customers. This would ensure that customers actually patronize the services of their banks. The significance of service quality to customer satisfaction means that bank managers need to concentrate on quality-improvement initiatives. This should be geared towards improving customer perceptions of the overall service quality thereby increasing satisfaction levels. The demonstration of the direction of causality between customer satisfaction and customer loyalty implies that managers should invest in satisfying their customers with the view of influencing loyalty. Also managers should be cognizant that the success and profitability of their banks depend upon satisfied repeat customers. Managers must therefore identify dissatisfied customers, listen to their problems and effectively build programmes to satisfy their needs. It is only in doing so will managers be proactive toward maintaining their loyal customer base. However, in this section, it is important to do some discussions in the light of the objectives and the basic assumption of the study.

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## APPENDIX

### SCHOOL OF GRADUATE STUDIES AND RESEDARCH,

### GHANA INSTITUTE OF JOURNALISM

#### SAMPLE QUESTIONNAIRE FOR STAFF OF ZENITH BANK, GHANA

I am a student of School of Graduate Studies and Research, Ghana Institute of Journalism. carrying out this study on the subject: Relationship Customer Satisfaction and Customer Loyalty, a study of Zenith Bank of Ghana. As part of my MA Public Relations option Thesis. This questionnaire is designed to gather information solely for academic purpose and the confidentiality of the information obtained is guaranteed. Thank you.

#### PART 1 Demographic Characteristics

Please tick or write as appropriate

##### 1. Age:

- 18-24  
 25—31  
 32 – 38  
 39-50  
 50+

##### 2. Sex:

- Male       Female

##### 3. Educational Background

- Primary
- Secondary
- Tertiary
- Others (please specify).

4. Occupation

- Student
- EI Trading
- Others (please specify)

PART 2.

Customer Service

For each of the statements below please indicate the extent to which the statements describe your experience with Zenith Bank, Please circle the most appropriate number on the five-point scale

1=strongly disagree and 5strongly agree.

Reliability

No	Variables	Strongly disagree				Strongly agree
5	Provides its services at the time it promises to do	1	2	3	4	5
6	Dependable in the handling of your problems	1	2	3	4	5
7	Employees can be counted on as knowing their jobs	1	2	3	4	5
8	Perform services right the first time	1	2	3	4	5

9	Insist on error-free records	1	2	3	4	5
10	Maintains consistency in the delivery of service	1	2	3	4	5

11. How you rate the services offered by the Zenith Bank?

- Excellent
- Very good
- Good
- Poor

12. Do say waiting time at the banking hail is predictable?

- Yes
- No

13. If Yes/No, explain your choice of answer to question 12

.....

.....

Responsiveness

No	Variables	Strongly disagree				Strongly agree
14	Keep customers informed of exactly when services will be provided	1	2	3	4	5
15	Employees are always willing to help you	1	2	3	4	5

16	Employees are always ready to respond to your request	1	2	3	4	5
17	Employees are approachable and easy to contact	1	2	3	4	5
18	Employees respond quickly to my needs	1	2	3	4	5

19. Do employees answer question quickly?

Yes       No

20. If Yes, give reasons

.....  
 .....']

Assurance

“Hanging banks” and “the hassle of changing banks” no longer

24. Do you feel safe in your transaction with ZENITH?

Yes       No

No	Variables	Strongly disagree				Strongly agree
19	The behavior of employees instills confidence in you	1	2	3	4	5
20	Employees have knowledge to answer your questions	1	2	3	4	5
21	Employees have the ability to solve your problems	1	2	3	4	5
22	Employees are consistently courteous with you	1	2	3	4	5

23	Employees will not put pressure on you to patronize their services	1	2	3	4	5
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25. If Yes, give reason to the choice of your answer in question 24

26. How are transactions with ZENITH kept?

Confidential                       Open

27. Give reason to support your choice to question 26

28. Generally employees trustworthy and honest is

- Excellent  
 Very good  
 Satisfactory  
 Good

**Empathy**

No	Variables	Strongly disagree				Strongly agree
29	Employees gives you personal attention	1	2	3	4	5
30	Employees understands your specific needs	1	2	3	4	5
31	Zenith has your best interest at heart	1	2	3	4	5
32	Zenith has operating hours convenient to you	1	2	3	4	5
33	Employees speak to you in the language you understand	1	2	3	4	5

34. How do you locate Zenith

Convenient                       Difficult

35. Please give reason to your answer in question 34

36. Zenith information to customers on all services available is

High             Low

37. Please, explain the choice of your answer to question 36

Tangibility

No	Variables	Strongly disagree				Strongly agree
38	Zenith has modern ATM machines	1	2	3	4	5
39	Zenith has Express Deposit facilities	1	2	3	4	5
40	Zenith operates telephone banking	1	2	3	4	5
41	Physical facilities in Zenith are visually appealing	1	2	3	4	5
42	Materials associated with the service (such as brochures and pamphlets) are visually appealing	1	2	3	4	5
43	Employees have neat professional appearance	1	2	3	4	5

44. The waiting area of the bank premises is

Comfortable                       uncomfortable

45. Give reason to your choice of answer to question 45

46. The ambient conditions such as temperature, ventilation and noise prevailing in the bank is

- Excellent
- Very good
- Satisfactory
- Poor

47. Parking facilities providing for customers is

- Adequate
- Inadequate
- None

**PART 3**

Customer                       Satisfaction

The statements below describe your satisfaction with experiences encountered with your bank.

Please indicate the level of your satisfaction by circling a suitable number on the five- point scale  
1=very low and 5=very high.

53. What is your over all experiences for satisfaction at Zenith?

- Excellent
- Very good
- Satisfactory
- Poor

No	Variables	VERY LOW				VERY HIGH
48	Satisfaction with the range of services offered is	1	2	3	4	5

49	Satisfaction with the quality of the services offered is	1	2	3	4	5
50	Satisfaction with how these services are delivered to yours	1	2	3	4	5
51	Satisfaction with the environment within which the service is provided is	1	2	3	4	5
52	Satisfaction with the efficiency in correcting mistakes is	1	2	3	4	5

## Customer Loyalty

To indicate the extent of your loyalty to your bank, please circle the most appropriate number on the five-point scale 1=strongly disagree and 5=strongly agree.

### Cognitive

No	Variables	Strongly disagree				Strongly agree
54	Put a great deal of effort in choosing Zenith	1	2	3	4	5
55	Pay a lot of attention to this bank compared to others	1	2	3	4	5
56	Always think of this particular bank	1	2	3	4	5
57	Try to use Zenith anytime you need bank services	1	2	3	4	5
58	Consider Zenith as the primary bank	1	2	3	4	5
59	First choice when you need bank services	1	2	3	4	5

60. How excited are you about operating with Zenith?

Very high

High

Low

61. Would you recommend the bank to other people?

Yes       No

62. If Yes, Why. Behavioral

Behavioural

No	Variables	Strongly disagree				Strongly agree
63	Like transacting business with your bank	1	2	3	4	5
64	Zenith is clearly the best to transact with Zenith	1	2	3	4	5
65	Find myself consistently doing business with Zenith	1	2	3	4	5

66. do you find it important to remain with Zenith forever?

Yes       No

67. If Yes, explain .....

.....

Switching Barriers

No	Variables	Strongly disagree				Strongly agree
68	In general it would be a hassle changing banks	1	2	3	4	5
69	It would take a lot of time and effort in changing banks	1	2	3	4	5
70	Years of building a credit history will not make me change to another bank	1	2	3	4	5
71	Personal relationships with employees will not make me switch banks	1	2	3	4	5

**Thank you very much for your participation.**

## **SURVEY QUESTIONNAIRE FOR SERVICE PROVIDERS (MANAGEMENT)**

I am a student of Ghana institute of Journalism, Ghana and carrying out this study as part of my MA Public Relations Option thesis. Data collected from this exercise will be used purely for academic purposes and also treated confidential. Thank you.

**Please tick or write as appropriate.**

### **PART 1 Demographic Characteristics**

Please tick or write as appropriate

**1. Age:**

18-24

25—31

32 – 38

39-50

50+

**2. Sex:**

Male       Female

**3. Educational Background**

Primary

Secondary

Tertiary

Others (please specify).

4. Occupation

Student

El Trading

Others (please specify)

PART 2.

**1. Are employees' attitudes towards customers in your organization healthy?**

Yes

No

2. If Yes, explain your choice to the answer in question 1

3. Do you always receive information from customers about the way they feel towards the bank?

Yes

No

4. If Yes, how often do you receive?

Daily

Weekly

Monthly

5. Is customer service in your organization effective?

Yes

No

6. If Yes, explain

.....

.....

7. How does customer service feet into your organization structure?

Excellent

Very Good

Satisfactory

Poor

8. How is customer service organized?

9. How do you listen to customer reactively and proactively?

10. What training has organization identify for customer service

In-service

Further studies

Seminar

11. How do you monitor customer satisfaction in your organization?

Customer survey

Service Audit

Suggestion and complaint forms

12. How does information flow between customer and other divisions the organization?

.....  
.....

13. How Zenith changed over the years to gain a competitive advantage over other banks?

.....  
.....