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**College of humanities and social sciences**

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**The impact of service quality on customer loyalty and the mediating role of customer satisfaction;**

**A case study of gcb bank plc**

**By**

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**A dissertation submitted to the department of marketing and corporate strategy, kwame nkrumah university of science and technology in partial fulfilment of the requirements for the degree of master of science marketing**

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## Declaration

I hereby declare that this submission is my original work and that, to the best of my knowledge and belief, it does not contain any material that has been previously published or written by another person, nor does it contain material that has been largely accepted for the award of any other degree or diploma at kwame nkrumah university of science and technology, kumasi, or any other educational institution, with the exception of any instances where appropriate attribution is made in the thesis.

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## Dedication

I dedicate my work to the almighty god in gratitude for the grace shown to me in completing this research. I also thank my family, my mother and friends for their support and for inspiring me to give my all during this undertaking.

## Abstract

The study focused on the relationship between service quality and customer loyalty; and the mediating role of customer satisfaction. Gcb bank plc was the case study with eighty(80) customers as respondents from four(4) selected branches in the kumasi zone (kumasi main branch, kejetia branch, suame jubilee branch and knust branch). Twenty (20) respondents were engaged from each branch. The objectives of the study were to identify the relationship between service quality and customer loyalty of gcb bank plc customers; examine the effect of perceived service quality on customer satisfaction of gcb bank plc customers; ascertain the effect of customer satisfaction on customer loyalty of gcb bank plc customers; and to establish the mediating role of customer satisfaction in the relationship between service quality and customer loyalty at gcb bank plc. The analysis was done using correlation and regression. The findings revealed that there is a strong and positive relationship between service quality and customer satisfaction. Also, perceived service quality has a positive and significant effect on the customer loyalty. It was established that customer satisfaction has an effect on customer loyalty. Furthermore, the mediating role of customer satisfaction in the relationship between service quality and customer loyalty revealed that service quality has positive effect on customer satisfaction leading to customer loyalty. Recommendation is management of gcb bank plc should take keen interest in providing excellent customer service. This will keep customers satisfied and remain loyal.
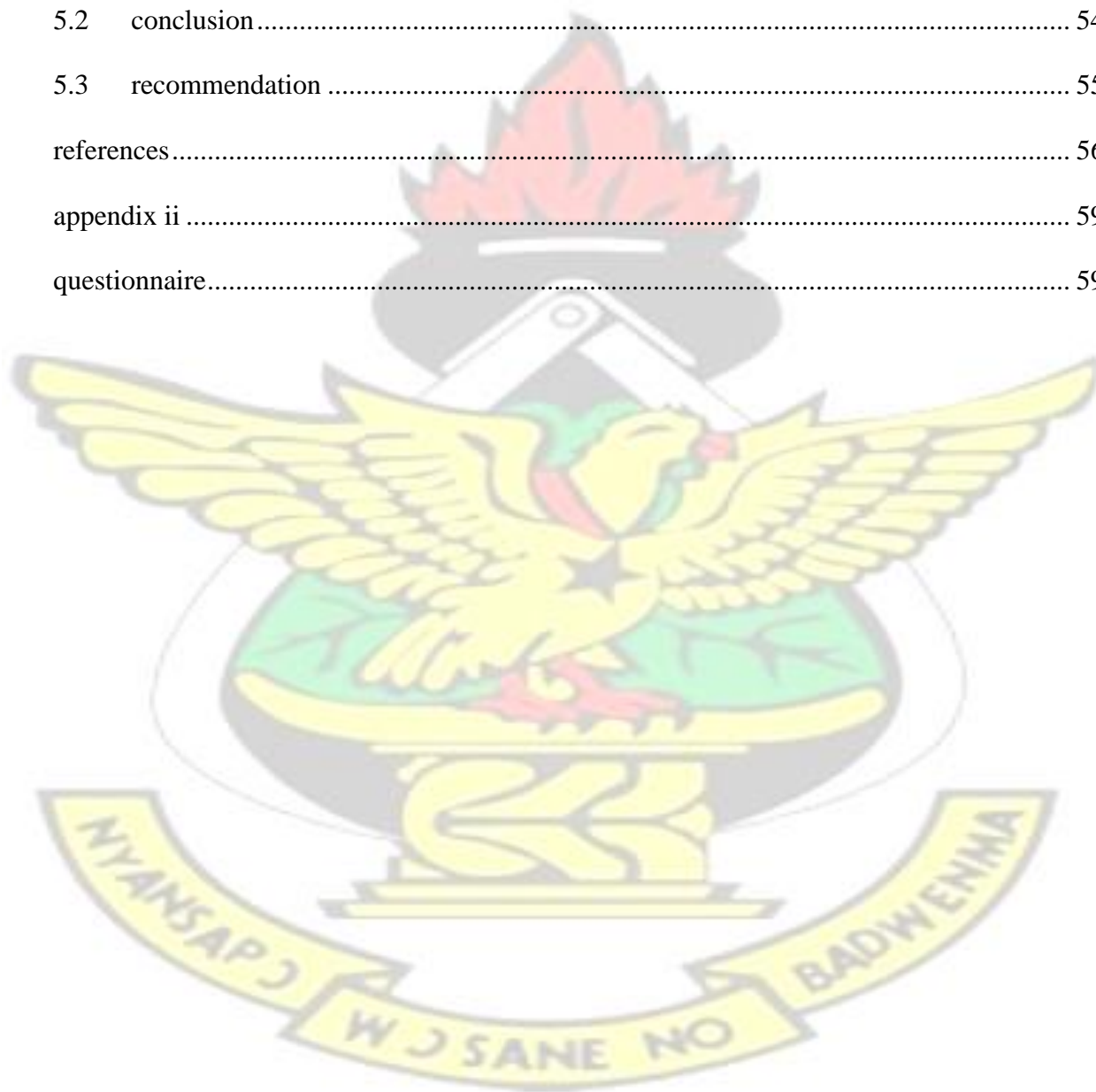
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# List of abbreviations

Iso- international organization for standardization

Kpi- key performance indicator

Mdg- millennium development goals

Oced- organization for economic cooperation and development

Plc- public liability company

Servqual- service quality

Sme- small and medium scale enterprise

Ut- unique trust

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Last but not least, i want to express my gratitude to my mother, my family, friends, and colleagues for their assistance and cooperation throughout this project. I sincerely thank you and wish you god's abundant blessings.

**Chapter one**

**1.1 Background**

The growth of most nations over time has been significantly aided by the service industry (wordofa, 2012). The development and growth of the global economy have been significantly aided by the service industry. For the country to thrive and achieve the millennium development goals (mdgs), which include access to basic services, services are becoming more and more crucial.

Providing high-quality service is essential to succeeding in the present global competitive environment. Many experts concur that service quality is the most potent competitive trend now influencing marketing and company strategy. Studies show that delivering exceptional service quality results in customer satisfaction, which promotes customer retention and attracts new clients, lowers expenses, improves a company's reputation, fosters good word-of-mouth referrals, and eventually boosts profitability (munawar, 2014).

The banking sector in ghana is also contending with intense competition as a result of economic liberalisation, globalisation, changing consumer demands, and the information technology revolution. The banking industry has also seen significant changes, including privatisation, international bank participation, and strict state bank control. The administration of financial institutions is influenced by all of these variables to give policies that were previously viewed as inconsequential higher priority (agbemabiese et al., 2015).

One of those techniques that has gained popularity recently as international banks and newly established banks have ushered in a new age of service structure is the quality of customer care. Service quality is therefore necessary to keep current clients and draw in new ones. There is no denying that more competition has raised the standard of service offered to banking clients. By reducing transaction times, offering prestige services, and making their clients more comfortable,

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the majority of bank managers have raised the quality of their services. It's known as "blowing your own trumpet" when you do this (izogo & ogba, 2015; santouridis & trivellas, 2010; woldeyohanes, woldehaimanot, kerie, mengistie, & yesuf, 2015).

Kocako (2020) asserts that a client's impression of quality is essential to a service provider's long-term success due to the enormous impact perceived quality has on customer satisfaction. Customer perception is the main metric by which telecoms service providers may evaluate and quantify the value of the quality they offer. The authors also assert that the absence of awareness regarding perceived service quality will impair the service provider's decision-making.

Customer happiness is highly valued by both consumers and businesses, including banks. Being a subjective idea, satisfaction is challenging to measure. It is dependent on a variety of factors and varies hugely, product to product, and service to service. According to bhat, darzi, and parrey (2018), customer satisfaction is achieved when their demands or wants are met. Good business practises aim to achieve customer happiness. An examination of the current literature demonstrates that there are many different ways to define contentment. The significance of consumer satisfaction research is constrained by the absence of a widely accepted definition. Customers may offer feedback on a good or service based on a variety of criteria, including product qualities, pricing, customer service, or a combination of these. According to izogo and ogba (2015), some research define satisfaction as the result of a consuming experience, while others view it as an assessment of the consumption process. When a consumer expresses satisfaction with a good or service, he or she is referring to how well it has worked out in actual use.

Agbemabiese et al. (2015) assert that a company's main objective is to produce pleased consumers. Increasing client happiness lowers the cost of faulty goods and services while also increasing future profitability. Customers who are more inclined to accept price incentives have higher rates

of customer retention and loyalty, recommend the product, and use extra of it. Increasing loyalty decreases transaction costs and boosts income in the future (kocako, 2020).

## 1.2 Problem statement

Due to rising competition, banks in ghana are dealing with several difficulties. As a result, several tactics are created to keep clients, and enhancing customer service has been acknowledged as a crucial success component. Due to the high degree of client pleasure, it offers, service quality is crucial in the banking sector and becomes a major differentiator (agbemabiese et al, 2015).

Due to its clear correlation with expenses, financial performance, customer satisfaction, and customer loyalty, service quality is now the subject of significant discussion. Service quality is a factor in determining customer satisfaction since it affects customer satisfaction, which is influenced by the service provider's degree of service quality (izogo and ogba, 2015). According to studies, service quality effects organizational outcomes including better performance, boosting sales profit and market share as well as improving customer interactions, enhancing company image, and encouraging customer loyalty (bhat, darzi and parrey, 2018).

In ghana's banking industry, studies on customer satisfaction and service quality are few, despite the fact that there are some studies on these topics in the banking industries of several other african nations (agbemabiese et al, 2015). In ghana's banking industry, it is believed that great company success and excellent customer satisfaction are associated (agbemabiese et al, 2015). Bankers contend that customer satisfaction and loyalty are essential for maintaining market share and profitability. The significance of service quality cannot be emphasized or ignored given that products and pricing are no longer the main differentiators in the market(witcher,2020). Therefore,

it is vital to comprehend how ghanaian banks in particular maintain client happiness despite increased competition by offering top-notch service.

Despite the fact that there is intense competition in ghana's banking sector and substantial customer turnover, there is still much discussion regarding what factors influence customer happiness because there are more complaints about subpar service. Is it possible that the concept of customer happiness and service quality is erroneously perceived and generally held in low regard? Customers frequently switch service providers in a competitive market, especially when they are dissatisfied with the service they have gotten, according to fida et al. (2020).

One of ghana's oldest financial firms is gcb bank plc. When gcb bank plc was established in 1953, its primary mission was to aid ghanaian traders, farmers, and company owners who couldn't get financial support from foreign banks (gide, 2016). Using established measuring scales like servqual, a considerable amount of past research (e.g., boon-itt, 2015; chang & wang, 2016; deng, lu, wei, & zhang, 2010; fernandes & pedroso, 2017) has focused on how service quality affects client happiness and loyalty (parasuraman et al., 1988). Quality has now become a must-follow standard for businesses, particularly banks. Customers are, in fact, becoming more and more solicitous, demanding, and willing to participate in the service's growth. And they never stop wanting flawlessly higher-quality goods and services. In reality, notions from the sciences of matter (strength, durability, and power) are just one foundation for the concept of quality (dietrich,2007). Additionally, it seeks the benefit offered by the product and incorporates ideas from the register of cognitive science (comfort, aesthetics). We will consider the customer's desire for the quality of service that follows in addition to the product's side and its characteristics (raissi and chaher, 2014). As a result, the customer connection assumes a more crucial role. The key factor, the one that sets us apart, is how well we can produce or realize our services while still

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meeting client demands. These "quality" assets enable banks to dominate the market in addition to their competitive pricing by enhancing their services (security, hosting, availability, lead times, and customer attention) and the innovativeness of their goods (borak et al, 2011). Although quality assurance and iso certification are more important, banks are increasingly using them as a tool for their overall strategy. In fact, there is space for development, especially in regards to the quality of the offered customer service. The benefit of partnership relationships between buyers and sellers favours this strategy since it confirms a bank's internal processes and the quality system that was put in place to secure the service result's commitment (idris et al., 2011).

There hasn't been much research done, though, to look at how loyalty and service quality affect consumer satisfaction in terms of the banking business. The purpose of this study is to gain a deeper understanding of how customer satisfaction and loyalty are impacted by service quality in the emerging banking sector. In this study, servqual is used to investigate the impact of service quality.

**1.3 Research objectives**

1. To identify the relationship between service quality and customer loyalty of gcb bank plc customers.

2. To examine the effect of perceived service quality on customer satisfaction of gcb bank plc customers.

3. Ascertain the effect of customer satisfaction on customer loyalty of gcb bank plc customers.

4. To establish the mediating role of customer satisfaction in the relationship between service quality and customer loyalty at gcb bank plc.

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### 1.4 Research questions

- What is the relationship between service quality and customer loyalty of gcb bank plc customers?

- What is the effect of perceived service quality on customer satisfaction of gcb bank plc customers?

- What is the effect of customer satisfaction on customer loyalty of gcb bank plc customers?

- What is the mediating role of customer satisfaction in the relationship between service quality and customer loyalty at gcb bank plc?

### 1.5 Significance of study

This research is central as it will give stakeholders, marketing experts, and policy makers in ghana's banking sector empirical data. In this case, the management, shareholders, and directors of ghanaian banks are referred to as industry stakeholders.

The findings of this survey will provide them with factual data on the level of service that customers expect from banks as well as customer ratings of the level of service they provide. Additionally, it will provide accurate data on the differences in how clients perceive the level of service they receive. In order to make strategic decisions concerning customer acquisition, customer satisfaction management, and customer retention, management will be directed by this. Such information may be used by shareholders and directors of ghanaian banks to support decisions and policies on service quality.

For marketing specialists and academics, the study's findings will advance our understanding of and discourse on the calibre of banking services. The results of the study will help to clarify and better understand consumer prospects and views of service quality in the country's finance sector. Thus, marketing professionals in other connected service industries might make greater sense of the situation in their industries or businesses using the results.

## 1.6 Scope of study

The survey only included gcb bank plc clients. Only sample branches located in the bank's kumasi zone were examined in this study, which was focused on branches in the ashanti region. Additionally, not all branches nationwide will be included in the study's conclusions.

## 1.7 Overview of methodology

The general technique to designing a study, from the theoretical underpinnings through the data collection and its subsequent analysis, is known as research methodology. (2006) thurairajah et al.

In other words, it offers a theoretical and philosophical expectation of the study and its impact on the research methodologies used (saunders et al, 2009).

The case study for this study looks at how customer happiness is impacted by service quality. This study uses a descriptive methodology that combines a quantitative and qualitative approach to collect data from the intended audience.

The study uses a descriptive survey to examine the existing association between factors without manipulating those variables in the study (aliyu et al, 2014).

Customers of gcb bank plc branches in the chosen kumasi zone make up the study's objective population. Gcb bank plc clients will be used as a sample, and questionnaires will be used to collect primary data. Multilevel systematic random sampling will be the method we use for sampling. The reliability test will use cronbach's alpha. Additionally, the sobel test, correlation, regression, and chi-square test will all be used in our data analysis. For ease of analysis, the data will be coded, categorized into frequency groups, calculated, and presented into tables and figures.

## 1.8 Limitations of the study

The primary restrictions on this study are time, resource, and data access issues. There were insufficient material and financial resources to conduct the study with a bigger sample size. Another barrier to data collecting is language, since it might be challenging to accurately translate some statements and questions into the local tongue. Time is another limitation in this study. It takes place within a very constrained academic time frame.

## 1.9 Organisation of the study

Based on the study's goals and objectives, it will be divided into five (5) major chapters.

The introduction, the issue description, the study's aims and research questions, as well as its importance, its scope, and how it was organized, are all included in chapter one.

The literature review will be the main topic of chapter two, where it will be searched out and studied to help uncover fresh topics of interest.

Chapter three will elaborate on the procedures and methodology and describe how the study's information will be gathered.

Information on data analysis and conversations will be included in chapter four, where the information gathered will be examined in order to develop conclusions. It will include the findings and a thorough analysis of them.

The findings, conclusions, and proposed recommendations are summarized in chapter five.

**Chapter two**

**Literature review**

**2.0 chapter outline**

In this chapter, the study evaluates key works that is pertinent to our topic. All of the essential components of this study are investigated, including service quality, client satisfaction, client expectations, and client perceptions. The servqual paradigm is extensively discussed in this chapter as well. There includes discussion of the many servqual model dimensions, including dependability, responsiveness, assurance, and empathy. Additionally, there are offered methodologies for evaluating customer happiness and service quality. The investigation's objective is to determine how customer happiness and service quality are related. This chapter is being covered primarily to clarify the key ideas used in this study and to provide research-related answers.

**2.1 service**

A service is a non-physical commodity that is typically produced and consumed simultaneously. According to gronroos (2001), a service is a process that produces an effect in a production and consuming process that are partially concurrent. This concept emphasizes the concurrent nature of service creation/provision and consumption. Edvardson et al(2005) .'s definition of service as a part of the broader product notion addresses the question of whether or not a service is a commodity. A part of the broader definition of goods, which only includes acts, deeds, and efforts, is service (lovelock ,2005). According to lovelock and wirtz (2007), services are "time based," and the results may cause a consumer's desires or any other property to alter. According to vargo and lusch (2004) and edvardsson et al. (2005), a service may be supplied not just for the advantage of

another entity, but also for the profit of the entity providing it. According to the evaluation, service is personalized, time-based, and intangible.

In addition to these traits, groth and dye (1999) noted that perception dependency, non-return ability, and needs-match ambiguity were some more features that set service apart. Inseparability, heterogeneity, intangibility, and, more recently, "benefit not ownership" are only a few of the traits that services possess, according to recent publications (kotler and keller 2006, lovelock and wirtz, 2007). According to the service attribute known as "benefit not ownership," a service can only benefit the customer, as opposed to resulting in ownership as with commodities (bonsu and mensah,2013).

### 2.1.1. Characteristics of services

Services have four properties, according to bitner et al. (1993): perishability, heterogeneity, intangibility, and separability.

- **Intangibility of services**

According to regan, services are acts, advantages, or pleasures that are provided in exchange for payment or in addition to the purchase of products (1963). It has been suggested that the degree of intangibility be utilised to separate services from physical goods. Services are sometimes referred to as intangible since its completion is considered to be an activity rather than a physical item. Bring up the point that tangibility affects how quickly consumers can assess services and goods (yilma, 2013)

- **Inseparability of services**

The simultaneous distribution and consumption of services is referred to as inseparability, and it is believed that this allows consumers to affect or shape the effectiveness and quality of the service (zeithmal et al. 1985).

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- **Heterogeneity of services**

Heterogeneity reveals the extent of significant variability in service delivery. Given that several individuals provide the service performance, and that people's performance varies from day to day and from person to person, this is a serious problem for high-labour-involved services. Additionally, it permits a high level of service customization and flexibility, which may be used as a benefit and point of difference (wolak et al., 1998).

- **Perishability of services**

When something is perishable, it cannot be stored and used at a later time. This implies that the item or service is time-sensitive and hence very perishable. Consumers only become aware of the issue of perishability when there is a scarcity of supply and they must wait for the service; it is largely a worry of service providers. (yilma, 2013).

## 2.2 customer service

According to melaku yilma (2013), firms have been putting more of an emphasis lately on keeping their current clientele rather than trying to win over new ones because losing a client implies losing more than just one transaction. The whole flow of purchases that the client would have made over the course of a lifetime of business would be lost. Furthermore, the expense of acquiring a new client is five times greater than the expense of maintaining an existing one (kotler ,2010).

Various authors have provided different definitions of "customer service." for instance, customer service, according to catherine mcguinn (2009), is a concept that drives all organizational practises to satisfy customers' requirements in a way that is advantageous to all parties and entails encouraging customer happiness, loyalty, and goodwill.

**2.3 service quality**

The difficulty in defining the word quality stems in part from the fact that different service industries have different ideas about what constitutes high-quality services. As stated by parasuraman et al. (1985), quality is a vague and ill-defined concept that is frequently used to refer to adverbs with no clear definition, such as goodness, luxury, shine, or weight. According to crosby (1984), quality is compliance with the standards. According to this notion, businesses need to set standards and regulations. The numerous roles of an organization's quality policy are to carefully adhere to these rules and specifications after they have been defined. From many perspectives, quality is also defined. From the perspective of the consumer, quality is defined as being suitable for use and satisfying the needs of the customer, while from the perspective of the process, it is described as conforming to the process design, standards, and requirements. From a product standpoint, quality may also be described as the level of perfection at a reasonable cost, and from a cost perspective, it refers to the optimum balance of features and prices. In contrast to a good, whose worth is predominantly determined by examining its outward characteristics like style, stiffness, colour, texture, and packet among others, a service has three key features that make it challenging to assess its quality: intangibility, heterogeneity, and inseparability (cudjoe et al,2015). In accordance with kumar (2018), providing services include ongoing interactions between service providers and consumers, and these services comprise a range of intangible tasks intended to address customers' issues in exchange for money or tangible resources. Superior service quality is essential for getting a competitive edge in the market for services, according to maula (2016). According to muala (2016), ngo and nguyen (2016), and parasuraman et al. (1988), customers' levels of satisfaction are totally reliant on how they see and judge the quality of the service after

using it, as well as how much they trust the supplier. When businesses offer their clients high-quality services, their opinions of service quality are revitalized (othman et al., 2019).

Various models have been produced to explicate the theoretical underpinnings of service quality. Suuroja (2003) claims that the previous conception of service quality was founded on the disconfirmation theory of service quality, which maintains that comparing a specific performance to standards results in a customer's perception of the quality of the service. Banks should continuously raise the calibre of their services due to the lack of assurance that the current great service shall continue to be acceptable in the future. Therefore, banks should create novel tactics to satisfy their clients and should deliver top-notch service to surpass competitors (siddiqi, 2011). In the middle of the 1980s, gronroos (1984) and parasuraman et al (1985) developing and evaluating service quality criteria. They were among the first academics to lay the foundation for service quality's definitions and development. Service quality is defined as the amount and orientation of variance between consumers' perceptions and expectations for certain but relatively important aspects of service quality, which may have an impact on future purchasing behaviour. This definition proves unequivocally that customer expectations and perceptions of a service experience determine service excellence. Customers' assessments of service quality are based on a contrast between what they anticipated from the service and what they actually received. Service quality is assessed by comparing what the client feels should be supplied with what is actually given (parasuraman et al. 1985).

The firm is seen as providing superior service quality if the customer's expectations are met or surpassed. In contrast, if the customer's expectations are not met, the business will also have to deal with angry and hostile clients, which will eventually cause them to desert to rivals. The foundation for measuring service quality is the customer's expectation since quality is high when

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performance meets or exceeds expectations, and quality is poor when performance falls short of expectations. The consumer's preferences or wishes, or what they feel a service provider should supply, rather than what a service provider would deliver, are considered as expectations in literature on service quality (parasuraman et al,1988).

## 2.4 service quality dimensions

Services contain high degrees of experience and credence traits and are intangible, heterogeneous, and inseparable in nature, making them challenging to assess in the same manner that physical goods are. Recognizing the factors that influence service quality is necessary in order to define, gauge, control, and enhance customer perception of service quality (yilma, 2013).

Parasuraman et al. (1985) created the servqual instrument and constructed a conceptual framework for assessing service quality as a result of their ground-breaking exploratory study. The servqual tool is now the most used tool for evaluating service quality. In 1991, it was downsized to five dimensions and 22 pieces from its initial 10 dimensions and 97 items. The five dimensions are dependability, responsiveness, certainty, and empathy (agbemabiese et al., 2015).

## 2.4.1tangibility

The genuine evidence of the service is in the tangibles. Tangibles offer a detailed picture of the service provider's physical premises, staff appearance, the instruments and equipment used to perform the service (such as credit and debit sheets and chequebooks), decorations, business hours, and other customers at the service facility. Businesses convey picture and signal quality through tangibles (zeithaml, berry, & parasuraman, 2006).

### 2.4.2 reliability

Reliability is the ability to dependably and accurately provide the promised service, often known as "delivering on its promises". Can the business deliver the service accurately the first time? Does the business deliver on its commitments? These are a few of the issues that service providers need to deal with in order to become reliable. This aspect of service quality, according to (parasuraman et al., 1985), refers to a service provider's ability to fulfil service commitments to clients, be dependable in addressing client service concerns, do tasks correctly the first time, provide services on schedule, and keep clients informed about service delivery dates.

### 2.4.3 responsiveness

Customers are notified of the timing of services, and staff members do everything possible to deliver quick service. Employees never have too much work to ignore clients' needs, and they are always eager to help clients (parasuraman et.al, 1990). It is a willingness to assist clients and offer fast service. This feature emphasises being prompt and attentive while responding to client inquiries, concerns, and difficulties. According to cronin and taylor (1992), customers assess a company's responsiveness by the length of time it takes to provide assistance, respond to their questions, or address a problem.

### 2.4.4 assurance

According to cronin and taylor (1992), in order for clients to feel comfortable in their financial interactions, employees must be trustworthy. Examples of assurance include instilling client trust, being consistently courteous to clients, and having personnel and agents who are qualified to offer them professional services. Competence, decency, creditworthiness, and the capacity for employees to convey confidence (competence, courtesy, creditability, and service security).

This component will likely be crucial for services that customers may see as high-risk or for which they may have doubts about their capacity to evaluate. The individual who interacts with clients on behalf of the company, such as the marketing department, may be the embodiment of trust and confidence. Employees are conscious of how important it is to win consumers' confidence and trust in order to obtain a competitive edge and, as a result, ensure customer happiness (olu ojo, 2008).

**2.4.5 empathy**

According to parasuraman et al. (1998), empathy requires a service provider to give clients personalised services, operate at convenient hours for all customers, give customers individualised attention, have the customer's best interests at heart, and comprehend the particular requirements of customers. In order to convince the customer that the business is making every effort to suit their demands, personal attention is required. According to johns and howard (1998), consumers' expectations are growing daily in this competitive market, and it is the firm's duty to devote all available resources to satisfying those expectations. Customers who are not given personalized attention will instead shop around. This empathy includes access, knowing the client, and communication. Ojo, olu (2008).

**Service quality dimensions**

| Consolidated Dimension | Specific Illustrative Criteria |
|---|---|
| **Tangible:** Appearance of physical facilities, equipment, personnel, and communication materials | • Appearance of physical facilities<br>• Appearance of service personnel<br>• Appearance of tools or equipment used to provide service |
| **Reliability:** Ability to perform the promised service dependably and accurately | • Accuracy of billing or record keeping<br>• Performing services when promised<br>• Dependable and accurate performance |
| **Responsiveness:** Willingness to help customers and provide prompt service | • Providing prompt service<br>• Readiness to service<br>• Handling of urgent request<br>• Promptness and Helpfulness |
| **Assurance:** Knowledge and courtesy of employees and ability to convey trust and confidence in service provider | • Competence, courtesy, creditability and security |
| **Empathy:** Caring and individual attention provided by employees to its customer | • Listening to customer needs<br>• Caring about customers' need<br>• Providing personalized attention<br>• Easy Access<br>• Good communication and customer<br>• Understanding |

Figure 2.1: service quality dimensions

Source: bonsu and mensah, (2013)

## 2.5 service quality model

The gap model, often called the servqual model, is a framework for measuring service quality. It was made by in the mid-1980s (parasuraman et al., 1985). A measure for measuring service quality is called servqual. The concept states that perceived service quality is the discrepancy between customers' expectations and perceptions, which is ultimately influenced by the size and direction of the four gaps linked to the company's provision of service quality (parasuraman et al., 1985). Client gap = f (gap 1, gap 2, gap 3, gap 4). The degree and direction of each gap will affect the level of service. Gap 3 will be beneficial, for instance, if a service is provided that goes above and above the organization's standards, and it will be negative if the service is not up to par.
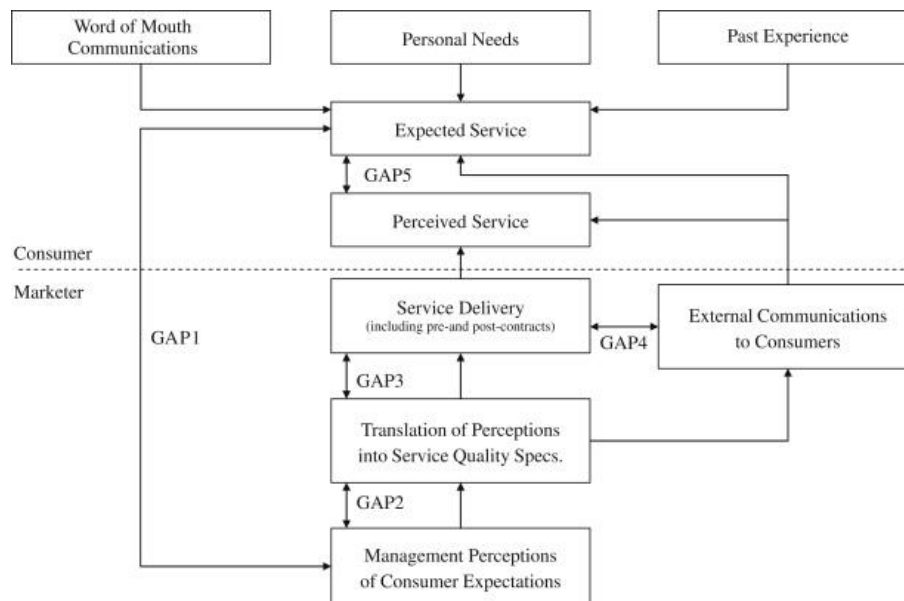
**Figure 2.2 gaps model**

**Source: parasuraman et al. (1985)**

**2.5.1 gap 1: customer expectations – management perceptions gap**

The first gap results from a discrepancy between management's estimate of visitor expectations and those expectations themselves. This gap develops due to inaccurate market research and demand analysis data, inaccurate expectations interpretation, a lack of management input from visitors, an unflattened organizational management structure, and a lack of employee empowerment in a company.

**2.5.2 gap 2: management perceptions - service quality specifications gap**

The second discrepancy results from variations in how customer expectations are converted into service quality requirements. Due to a shortage of resources to lock in customer requirements and the need to uphold service quality standards, this happens. Additionally, it manifests from management's conviction that "filling guest demands is unattainable." as a result, it is difficult to

specify the prerequisites for such demands. In addition, a lack of management commitment to service quality and severe market rivalry are to blame for the second service quality gap.

### 2.5.3 gap 3: service quality specifications - service delivery gap

The disparity between service quality standards and actual service performance leads to the third gap. Also known as the service compliance gap, this gap exists (kandampully, 2007). It is the outcome of a misunderstanding between management and the service workers. It's conceivable that a worker is unable or unwilling to deliver the calibre of service required. For instance, if the hotel stipulates that calls must be returned within three rings, a switchboard employee must vouch for this. Not all switchboard operators, though, will abide by the rules. Some people might decide to disregard it and allow the phone to ring for an additional five or six times. This gap results from inadequate service employee training and development, a breakdown in communication when management explains the desired level of service to employees, and subpar human resource management techniques like low motivation, inadequate recruitment and selection procedures, broken promises to employees, and inadequate service supervision from service area supervisors.

### 2.5.4 gap 4: service delivery - external communications gap

The fourth gap is the disconnect between service delivery and external communication. A communication gap is what gabbies and oneill (1997) refer to as this chasm. The corporation makes a commitment to its clients by the information it provides to visitors via numerous media, including its website, email account, brochures, as well as commercials and television. Visitors anticipate that when they utilise a business's services, they will be subject to what is reported in the media. This gap may be caused by the marketing department's ignorance of service quality requirements, the service provider's exaggeration of what it offers, the hotel's poor planning of its marketing

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strategy, and a guest exaggeration tendency inherited from the organization's exaggerated publicity of its service quality.

**2.5.5 gap 5: expected service - perceived service gap (or the service performance gap)**

The sum of the variations between the previous four gaps makes up gap five, which is a difference between expected and perceived service. This disparity arises from general variations in service design, marketing, and delivery. The difference between expectation and perception must narrow when guest expectations are satisfied and service quality is deemed adequate (berry et al., 1990). Service quality is deemed to be less than satisfactory when expectations are not met, and more than satisfactory when expectations are surpassed. Customers really evaluate the quality of a service in terms of both the procedure used to deliver it and the final product (kandampully, 2007).

Despite being employed in several studies, the servqual model has come under fire for how it measures service quality (grönroos, 2002; kandampully, 2007). The use of anticipation as the foundation for perception is still debatable, as was previously said. This has resulted in complaints since it is impractical to inquire about visitors' expectations for service before consumption and their judgement of performance afterward (kandampully et al., 2001). Some users like to pick "strongly agree" or "very significant" for all aspects (kandampully et al., 2001). This lends credence to the idea that expectations are a result of past service interactions, where perceptions directly influence expectations (kandampully et al., 2001). The inability of visitors to tell scale goods apart is the subject of additional criticism (kandampully, 2007). Even so, the instrument is frequently used to conduct empirical research in the field of service quality measurement (fisk et al., 1993). But to evaluate the performance of the hotels that will be surveyed in terms of service quality, the researcher in this study will only look at perception. For this direct technique of evaluating service quality, several academics have advocated (kandampully et al., 2001).

**2.6 customer satisfaction**

When a person compares a product's performance to its expectations, they may feel satisfied or unsatisfied. This is commonly referred to as feeling satisfied. In business and trade, the phrase "customer satisfaction" is commonly used. It is a term used in business to describe how well a company's goods and services match up to the standards set by its clients. Some people may view this as the company's key performance indicator (kpi) a person's sentiments of happiness or discontent are commonly characterised as their level of satisfaction when comparing a product's performance to its expectations. In the world of business and commerce, the phrase "customer satisfaction" is frequently used. It is a term used in business to describe how well a company's goods and services match up to the standards set by its clients. Some people may view this as the company's key performance indicator (kpi). In a market where companies compete for consumers, customer satisfaction is seen as a critical differentiator, and it has increasingly taken centre stage in company strategies. It is well known that satisfied customers are crucial for a company's long-term success (agbemabiese et al., 2015).

It is also described as a global problem that affects all businesses, regardless of their size, whether they are for-profit or nonprofit, local or international. Businesses with a more contented customer base perform better financially. According to numerous research, what is meant by "customer satisfaction" is a person's experience of joy (or disappointment) as a result of comparing the perceived performance or outcome to the anticipation. The two distinct general satisfaction conceptualizations employed in this context are transaction-specific satisfaction and cumulative satisfaction. The term "transaction-specific satisfaction" describes how a client feels about and reacts to a particular service engagement (cronin & taylor, 1992; boshoff & gray, 2004). This is how a consumer will respond while using a brand-new something or service for the first time.

Contrarily, consumers often assess their level of satisfaction following the use of a good or service (agbemabiese et al., 2015).

**2.7 customer satisfaction models**

Measuring customer satisfaction involves obtaining data on how satisfied or dissatisfied consumers are with a service. This data may be gathered and examined in a variety of ways. Many companies frequently examine customer satisfaction ratings in order to track performance over time and assess the benefits of service improvements.

According to study done in the united kingdom with public sector firms, five factors while evaluating customer satisfaction, are probably applicable to all businesses, according to (melaku yilma 2013).

- The provision of the service (how problems were handled, reliability, outcome.)
- Promptness (waiting times, number of times contacted)
- Data (accuracy, enough information, kept informed)
- Professionalism (competent staff, fair treatment)
- Staff behaviour (friendly, polite, sympathetic)

The customer satisfaction model, developed by oliver r. L. In 1980, contends that emotions of satisfaction arise when consumers contrast their perceptions of actual product or service performance to expectations. Any mismatch between expectations and results in disconfirmation. He noted three different kinds of disconfirmations. And they are:

**1. Positive disconfirmation:** when a product or service performs better than expected, this happens. Customers in this instance are quite happy.

**2. Negative disconfirmation**: on the other side, this happens when a product or service doesn't live up to expectations. Customers in this situation are quite disappointed.

**3. Zero disconfirmation:** when a good or service meets or surpasses expectations, it occurs. In this situation, customers are neither satisfied nor unsatisfied. The course of events has no impact on them. According to the disconfirmation hypothesis, enjoyment is connected with the magnitude and direction of the disconfirmation experience that occurs when comparing service delivery to expectations. Szymanski and henard (2001) came to the conclusion that the disconfirmation paradigm is the best predictor of customer satisfaction.

**2.8 factors that affect customer satisfaction**

According to merriam-dictionary, satisfaction is roughly defined as " satisfying the requirements for which a product or service was created," however this definition varies among sectors, demographic groupings, and people and organisations. A nonprofit organisation devoted to the study of social policy is the centre for the study of social policy (2007). Customer satisfaction has been cited as being significantly influenced by human requirements, product and service quality, usability, and comfort assurance. Although different consumers may expect different sums and combinations of these factors, they are all important factors in determining customer contentment (cherinet and kuri, 2014).

Matzler et al (2002) went one step further and divided the variables affecting consumers' happiness into three component structures;

**1. Basic factors:** these are the absolute requirements that a product must fulfil in order to satisfy customers. Although they don't usually result in happiness, when they're lacking, they could. These are the factors that enable the product to satisfy the fundamental need for which it was designed.

These define the core attributes of the good or service. Because of this, although being a prerequisite for contentment, they barely affect it. Briefly stated, proficiency and accessibility.

**2. Performance factors**: these are the elements that, if satisfied, contribute to contentment and, if unfulfilled, can lead to discontent. These include dependability and warmth.

**3. Excitement factors:** project management is one of these elements that, when satisfied, increases client satisfaction but does not, when unfulfilled, result in unhappiness.

Customer happiness is influenced by a variety of things. These elements include polite personnel, informed employees, helpful staff, accurate billing, timely billing, competitive pricing, high-quality service, good value, and swift service. In the image 2.3 below, this is depicted.

**Factors that affect customer satisfaction**
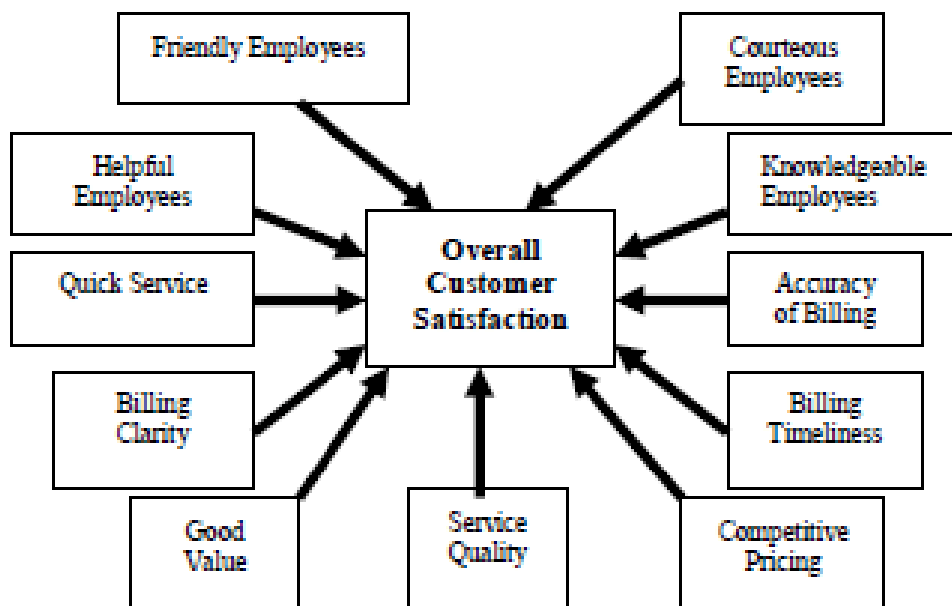


**Figure 2.3: factors that affect customer satisfaction**

**Source: (wordofa, 2012)**

A company's bottom line benefits from customer pleasure. Customer satisfaction is the cornerstone of any flourishing company since it generates repeat business, brand loyalty, and favourable word-of-mouth. The following part reviews the research on the connection between service quality and customer satisfaction.

**2.9 customer loyalty**

Customer repurchase behaviour, which takes into consideration all of the experiences that consumers have had while using the goods and services offered by suppliers, is one of the definitions of customer loyalty. There are other definitions as well. It has been demonstrated that using a loyalty strategy may save marketing expenses while increasing client retention (fida et al., 2020).

Customer loyalty is the dedication of a customer to conduct business with a certain organisation, which is reflected in recurring purchases of that company's goods and services. It has been shown that customer loyalty plays a crucial influence in a company's success. Due to its significance, research on it has drawn a lot of interest since the 1990s (ismail, sufardi, and yunan, 2016).

Iorait (2016) asserts that because loyal consumers are more ready to spend more and less price sensitive, loyalty is a wonderful tool for enhancing organisational performance. Researchers and academics concur that customer pleasure and service quality are prerequisites to loyalty, despite the fact that practitioners and scholars have not yet developed a theoretical framework for defining traits that may contribute to the establishment of customer loyalty.

Perceived value, service quality, and brand all have a big influence on customer quality in the banking industry, according to pasha and waleed's (2016) study. Customer loyalty can vary

depending on a range of factors, hence several other research has been done to identify its antecedents.

**2.10 the relationship between customer satisfaction and service quality**

The same factors that determine service excellence should be used to operationalize customer satisfaction, according to cherinet and kuri (2014). This is because it can exist at many levels within an organisation and is a multidimensional entity comparable to service quality. Customer contentment was shown to increase if perceived service quality was high, proving that customer pleasure is a direct result of service quality and recognizing that customer satisfaction is reliant on the level of service quality offered by the service provider. Customer satisfaction and service quality have long been thought to be related.

As per research he carried out to determine the relevance of customer-perceived service quality in determining total customer satisfaction in the context of mobile services, tangibles, empathy, and assurance should not be disregarded when evaluating perceived service quality and customer happiness. Reliability and network quality are the most important aspects in determining overall service quality (cherinet and kuri, 2014). The scope of our study was restricted to a specific service sector, and we think it is essential to identify and assess the factors that significantly influence how consumers perceive the quality of the services they receive and their overall happiness.

**2.11 empirical literature**

The servqual model has been used in various research in the banking sector. Rahaman, abdullah, and rahman (2011) looked at the level of service provided by bangladesh's private commercial banks. According to their findings, failing to take into account the evolving demands and preferences of the target audience is one of the main reasons why service quality design efforts fail.

On the other hand, staff don't offer consumers their whole attention and don't think through the implications of their actions from an empathy standpoint. The study also showed that barclays bank employees and supervisors often delay authorising and resolving customer requests and complaints.

The study concluded that because service quality has an effect on customer happiness, firms should pay more attention to it. Companies must first comprehend what their customers anticipate from them and how they can deliver on those promises if they want to guarantee high levels of customer satisfaction. Customer loyalty and retention are influenced by customer satisfaction. The cost of recruiting new consumers has been found to be much higher than the cost of maintaining current ones.

According to saghier and demyana (2013), who performed research on the service quality dimensions and customer satisfactions of egyptian banks, the dimensions of dependability, empathy, assurance, and responsiveness have a substantial impact on customer satisfaction, however the factor of tangibleness has no significant impact.

## 2.12 conceptual framework
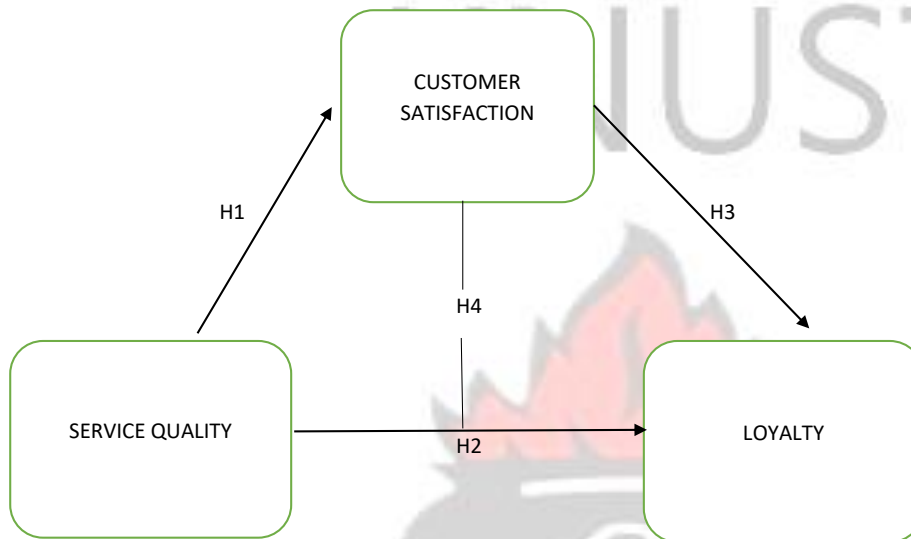


**Figure 2.4 conceptual framework**

The models and ideas employed, which are based on the aforementioned literature, are shown in figure 2.4. This study's main objective is to ascertain if service quality influences customer satisfaction, which in turn influences customer loyalty with satisfaction serving as a moderator. Customer loyalty is the dependent variable in this study, whereas service quality and customer pleasure are the independent factors.

The three connected notions being examined in this study are service quality, which has five dimensions, customer satisfaction, which serves as a mediator, and customer loyalty (which has two dimensions). The following theory was created in light of the literature review:

H1: evaluate the relationship between service quality and customer satisfaction.

Numerous studies have been done on the relationship between customer happiness and service quality. Customer satisfaction and service quality have been found to be closely connected. According to samen et al. (2013), a significant determinant of customer happiness is service quality. With the exception of responsiveness, isogo and ogba (2015) discovered that all five servqual criteria studied have a significant positive influence on total user satisfaction.

Other studies that have verified the connections between customer pleasure and characteristics of service quality have had varying degrees of success. Another study found that there isn't a strong correlation between customer contentment and the observable aspects of the service environment, in contrast to past findings. According to another researcher, the physical characteristics of excellent customer service have an impact on consumers' perceptions of service quality. According to kumar et al. (2010), assurance, empathy, and tangibles have an impact on customer pleasure, but responsiveness and assurance are key factors in customer satisfaction, according to mengi (2009).

This demonstrates that providing the five aspects of service quality well will result in satisfied customers. All factors should get equal attention because neglecting one might have a significant impact on consumer satisfaction. If there is a connection between service quality and client happiness, this study will demonstrate it.

H2: the effect of service quality on customer loyalty.

Numerous studies have demonstrated the strong connection between excellent customer service and client loyalty. Additionally, there is proof that excellent customer service and client loyalty go hand in hand. If the whole consumer base is sizable, this may play a significant role in fostering client loyalty. However, many businesses may find it challenging to reach higher levels of client

loyalty and satisfaction in today's increasingly dynamic and competitive world, especially in the services sector (khan and faish, 2015).

Numerous studies have also demonstrated that two aspects of consumer loyalty are willingness to recommend and intention to make repeat purchases. Additionally, they found that these components of customer loyalty are significantly impacted by service quality (khan and faish, 2015).

Customer loyalty may ultimately be greatly influenced by service quality. This demonstrates that servicer quality may influence consumers' decisions to place their faith and loyalty in a business.

H3: to ascertain the effect of customer satisfaction on customer loyalty.

According to the facts, there is a connection between customer happiness and client loyalty (leninkumar, 2017). Customer satisfaction leads to customer loyalty because happy consumers are loyal and rational in their decision-making since they believe that doing business with the company is less risky as a consequence of their pleasant experiences. In fact, many academics have stated that customer happiness, particularly in the service industry, is one of the factors that determines consumer loyalty (belás & gabová, 2016; coelho & henseler, 2012). According to munari et al. (2013), contentment serves as the foundation for loyalty and that both are elements of ultimate loyalty.

Additionally, there may be nonlinearity in the relationship between customer pleasure and customer loyalty. In order to keep customers loyal, firms must increase customer happiness, according to heskett et al. (2008).

This is done to ascertain whether a client is prepared to remain faithful if they are happy with the services provided to them by the business. Long-term client loyalty may suffer as a result of high customer satisfaction.

H4: customer satisfaction mediates the relationship between service quality and customer loyalty.

Utilizing customer happiness as a mediating variable, prior research has shown a considerable positive link between service quality and customer loyalty (chodzaza & gombachika, 2013; chu et al., 2012). Additionally, similar results have been observed in the banking sector: customer happiness mediates the link between service excellence and client loyalty (hassan et al., 2013; lee& moghavvemi, 2015).

According to iqbal, hassan, sharif, and habibah's (2017) research, customer satisfaction acts as a bridge between service excellence and client loyalty. Through the indirect impact of customer pleasure, it is shown that service quality has a beneficial impact on customer loyalty.
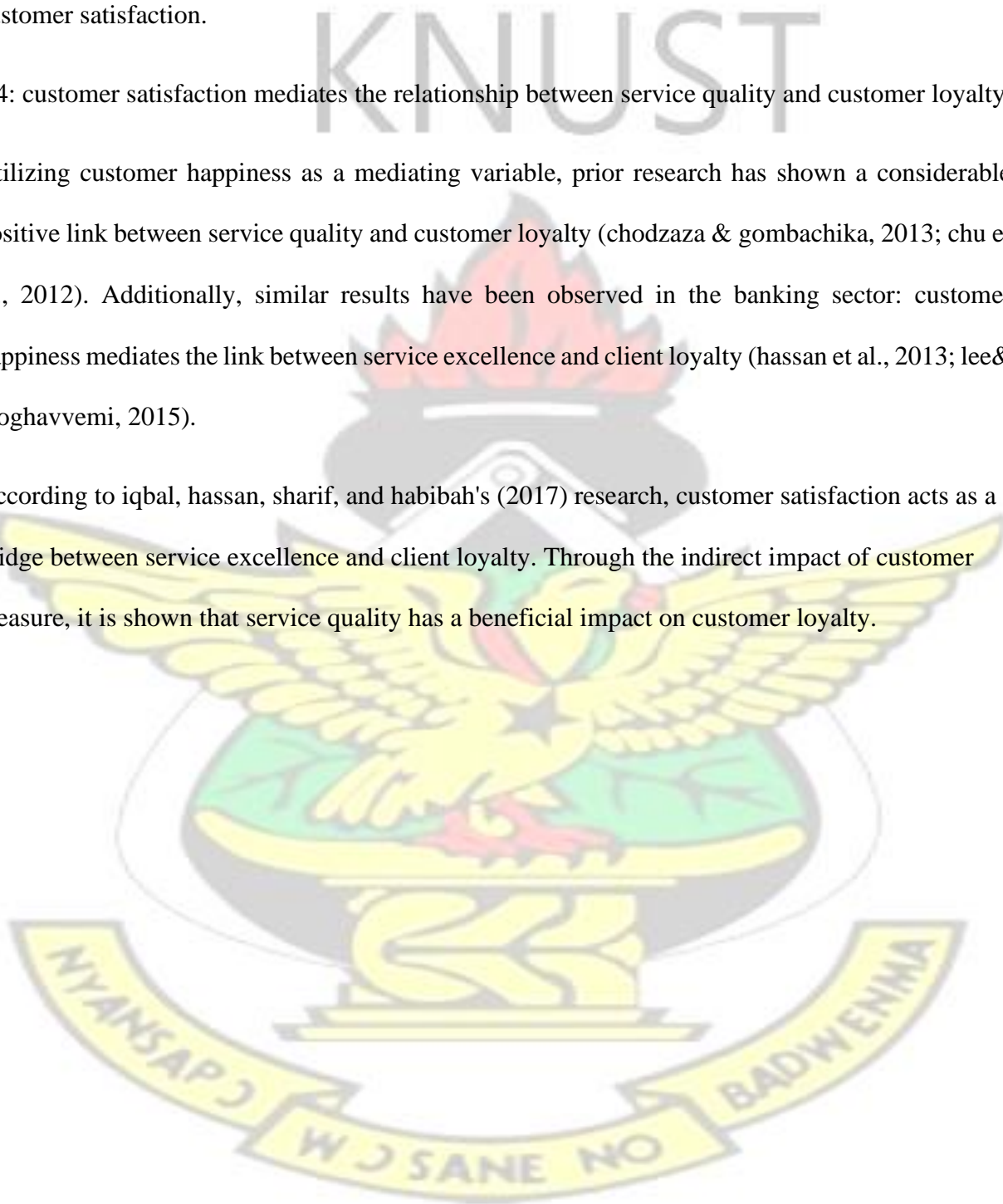
**Chapter three**

**Methodology**

**3.0 Introduction**

The research design and technique are covered in detail in this chapter. It contains information on the study area, research design, sample size and procedure, data source and type, data collection techniques and instruments, variable descriptions, and questionnaire. The chapter's conclusion presents a data analysis approach.

**3.1 Research design**

A researcher's many study techniques and processes are generally organised inside a research design (wing, 2021). Researchers might perform a study using a variety of research design strategies. Voxco (2022) states that there are three types of research: descriptive, exploratory, and casual research.

The study approach known as descriptive research, commonly referred to as statistical research, describes events as they take place. It is used to locate and gather data about a certain subject, such as a neighbourhood, organisation, or individual. The following queries are addressed by descriptive research: what, who, where, how, when. It is employed for condition research (narayan, 2017).

The quantitative research approach allows for the measurement and analysis of data as well as the detailed examination of the correlations between independent and dependent variables, leading to more objective study conclusions. Additionally, the data is thought to be quantitative and often generalizable to a broader population. A wide knowledge of behaviour and other occurrences in a range of contexts and groups is what quantitative researchers aim to achieve. Quick, focused, scientific, and approachable are usually characteristics of quantitative research. The speed and

effectiveness of the quantitative technique appeal to many researchers. Data processing technology makes it possible to handle and analyse data quickly even with large sample sizes. The focus is on quantitative research(williams, 2021).

The research assists in testing the initial idea and determining if it is accurate or not because the study's objectives and methodology are stated at the outset. The information received was obtained by measurements and empirical observations. These techniques demand a great amount of work and preparation. They always respond in a closed-ended manner. Quantitative research is regarded as an analytical method of research (asenahabi, 2019).

As a consequence, the researcher chose to adopt a quantitative approach since it offers data and measures related to the study's topic (biggmam, 2011). Additionally, a quantitative approach was employed because the researcher mostly used a questionnaire to collect data.

**3.2 Population/sample frame**

A study population is a collection of individuals, things, or factors that have similar qualities or traits and from which a certain number is drawn to be examined (taherdoost, 2018). A study population may consist of several life-cycle elements, including bird populations, structures, vehicles, plants, and people, among other things.

A sample frame is a comprehensive list of your whole population. It is an exhaustive list of every person or item a researcher would be interested in learning about (taherdoost, 2018).

Over 116,000 clients from four gcb bank plc branches in the kumasi zone made up the study's population. An example frame that is;

1.      Customers of kumasi main branch

2.    Customers of kejetia branch

3.    Customers of suame jubilee branch

4.    Customers of knust branch

## 3.3 Sample/ sampling techniques

Sampling is the process of choosing a particular number of or a particular set of individuals from a population with comparable characteristics to represent the total population. A good sample is one that quantitatively accurately depicts the relevant population and is big enough to answer the research issue. Sample size refers to the total number of samples or observations used in a survey or investigation (majid, 2018).

A sampling technique is the name or other designation of the exact procedure by which the entities of the sample have been chosen, according to the oced dictionary of statistical words.

It is impossible to exaggerate the significance of the sample size since it indicates the total amount of data that will be collected and chooses the type of sampling method to be used. Taherdoost (2018) identifies probability sampling and non-probability sampling as the two fundamental sampling methods.

Convenience sampling was used to choose twenty (20) clients from each of the four gcb bank plc locations, resulting in an overall sample size of eighty (80) for the current study. According to their readiness and desire to engage, respondents are chosen for a research project using convenience sampling, a non-probability selection technique (saunders & thornhill, 2012).

This sample strategy was taken into consideration for the study work due to the hectic schedules of gcb bank plc clients. This was carried out to make it possible for everyone with the time to take

35

part in the data gathering process. These four locations were selected because they are the busiest and nearest to the researchers, and the majority of clients visit the bank every day to do transactions.

**3.4 Data collection instrument**

Data for the study was gathered via self-administered questionnaires and online surveys, which were sent through links that took recipients to google forms containing the questions. The ability to reach a huge number of respondents, as well as the simplicity with which it may be delivered and evaluated, are only a few benefits of using an online questionnaire in this study. Participants may fill out the form more quickly and comfortably as they can do so from the comfort of their chairs. Additionally, it adheres to covid-19 rules since it avoids direct interaction with responders, allowing for social distance.

While the second, third, fourth, and fifth portions of the questionnaire concentrate on the link between service quality, customer loyalty, and customer happiness, the first section of the questionnaire was made to gather information on the demographic characteristics of consumers. The questionnaire was created with the research's objectives in mind in order to generate replies that would help the study accomplish those objectives.

**3.5 Analysis**

In this investigation, data from original sources were utilised. Through surveys, the respondents (customers) gave the primary data.

In order to create information that might be articulated, the collected data were transcribed. When necessary, tables and graphs were made to present the data. These graphs and tables showed basic frequencies and percentages.

**A) sobel test**

The sobel test is a technique for determining if the mediator's inclusion in the model caused a substantial reduction in the independent variable's value and, as a consequence, whether the mediation effect is statistically significant. It was utilised to ascertain whether or not customer loyalty and service quality may be mediated by customer satisfaction. This was accomplished by examining the statistical significance of the difference between the direct and total effects of these variables following the introduction of customer satisfaction as a mediator (and, consequently, the influence of customer loyalty on service quality).

**B) correlation**

A method for figuring out how closely two or more variables are connected is correlation analysis (varalakstimi, 2005). The level of dependency between the two sets of variables is shown. Correlation analysis was used to examine the relationship between service quality, client loyalty, and customer satisfaction. The data were examined and quantified using the pearson correlation coefficient.

The study of the data received from our respondents is presented in chapter four.

**3.6 Ethical consideration**

The selected supervisor gave his or her approval before the researcher started the current inquiry. Participants were not forced to take part in the study, and the researcher made every attempt to protect their disclosures while also informing them that any information they provided would be kept anonymous.

## 3.7 Organizational profile

### Profile of gcb bank plc

The largest bank in ghana in terms of total operational assets and industry deposits is gcb bank plc, formerly known as ghana commercial bank, which accounts for 14.2 percent of all industry deposits. The transfer of all deposits and some assets from ut bank and capital bank (ghana) to gcb bank plc, which had also turned into a public liability company, was approved by the bank of ghana, the nation's central bank, according to an announcement made in august 2017.

### • vision

To be the market leader in all of our markets.

### • mission

Provide first-rate banking solutions to our consumers while adding value to all stakeholders.

### Services rendered by gcb bank plc

The bank's active platforms, which include facebook, twitter, instagram, linkedin, and youtube, include more than 400 products and non-product related content. Some of the accessible goods and services include business accounts (savings account and sme solution), current account, eproducts and cards, bancassurance, loans, payment solution, trades, and payments.

## Chapter four

## Data analysis, presentation and discussion

### 4.0 introduction

This chapter presents the data that was analysed as well as explains the findings. A self-administered questionnaire was used to collect data. Aside from the introduction, this chapter is divided into seven sections. The first section gives the findings about the participants' socio-demographic characteristics. The following sections examine the reliability analysis results, followed by descriptive findings on the study's various variables. The fourth portion will offer the results of the correlation analysis, and the fifth section will present the results of the regression analysis. Section seven focuses on comparing the findings to the literature. The chapter is concluded in the final section.

### 4.1 Socio-demographic characteristics

This section comprises of the gender distribution, age distribution, marital status, educational background family size and the type of account held with gcb bank plc by our 80 respondents.

### 4.1.1 Gender

The table below indicates a total of 80 survey participants. There were 41 males and 39 females among the total. Male respondents made up 51.3% of our respondents, while females made up 48.7%.

**Table 4.1 shows an example of this.**

|  | | Frequency | Percent | Valid percent | Cumulative percent |
|---|---|---|---|---|---|
| Valid | male | 41 | 51.3 | 51.3 | 51.3 |
|  | female | 39 | 48.7 | 48.7 | 100.0 |
|  | Total | 80 | 100.0 | 100.0 | |

Table 4.1: gender distribution

Source: field study (2022)

## 4.1.2 Age

From the survey, the highest number of respondents fell between the 18 – 29 years with a frequency of 56 representing 70% of our respondents. 30-39 years followed with 12 respondents representing 15%. 8 respondents also fell between the ages of 40 and 49 years representing 10%. The last group being 50 and above, had 4 respondents representing 5%. This is illustrated in table 4.2 below:

|  | | Frequency | Percent | Valid percent | Cumulative percent |
|---|---|---|---|---|---|
| Valid | 18 - 29 | 56 | 70.0 | 70.0 | 70.0 |
|  | 30 - 39 | 12 | 15.0 | 15.0 | 85.0 |
|  | 40 - 49 | 8 | 10.0 | 10.0 | 95.0 |
|  | 50 and above | 4 | 5.0 | 5.0 | 100.0 |
|  | Total | 80 | 100.0 | 100.0 | |

**table 4.2: age distribution**

Source: field study (2022)

### 4.1.3 Marital status

Table 4.3 below shows the marital status of respondents. 66 respondents fell into the single category representing 82.5%. 14 respondents happened to be married representing 17.5%

**Marital status**

| | | Frequency | Percent | Valid percent | Cumulative percent |
|---|---|---|---|---|---|
| Valid | single | 66 | 82.5 | 82.5 | 82.5 |
| | married | 14 | 17.5 | 17.5 | 100.0 |
| | Total | 80 | 100.0 | 100.0 | |

of our total respondents.

**Table 4.3: age distribution**
**Source: field study (2022)**

### 4.1.4 Educational level

| | | Frequency | Percent | Valid percent | Cumulative percent |
|---|---|---|---|---|---|
| Valid | primary education | 0 | 0 | 0 | 0 |
| | high school | 2 | 2.5 | 2.5 | 2.5 |
| | diploma | 24 | 30.0 | 30.0 | 32.5 |
| | first degree and above | 54 | 67.5 | 67.5 | 100.0 |
| | Total | 80 | 100.0 | 100.0 | |

Table 4.4 educational level

Source: field study (2022)

Table 4.4 above shows the educational level of our respondents. Out of the 80 sampled customers from the selected gcb branches, none of the respondents had a primary level education 0%. Only 2 respondents had a high school level education 2.5%, 24 had diplomas 30% and 54 had a first degree or above 67.5%. These findings correlate with the fact that the majority of people using the services of gcb are high degree holders or above.

### 4.1.5 Family size

| | | Frequency | Percent | Valid percent | Cumulative percent |
|---|---|---|---|---|---|
| Valid | none | 17 | 21.3 | 21.3 | 21.3 |
| | one | 2 | 2.5 | 2.5 | 23.8 |
| | two | 8 | 10.0 | 10.0 | 33.8 |
| | three | 9 | 11.2 | 11.2 | 45.0 |
| | four | 13 | 16.3 | 16.3 | 61.3 |
| | five and above | 31 | 38.7 | 38.7 | 100.0 |
| | Total | 80 | 100.0 | 100.0 | |

**Table 4.5: family size**

Source: field study (2022)

From the data collected, a percentage of 21.3% representing customers with no family members was recorded at a frequency of 17. Also, two customers had a family size of one representing 2.5%. Eight customers had a family size of two thus 10%, nine customers had a

family size of three 11.2%, thirteen customers 16.3% had a family size of four and thirty-one customers 38.7% had a family size of five and above. This is illustrated in table 4.5 above.

### 4.1.6 Type of account held with gcb bank plc

From the data collected, forty-eight (48) out of 80 respondents had savings accounts with the selected gcb branches, twelve (12) out of 80 respondents had current accounts with the selected gcb branches, two (2) out of 80 respondents engaged the selected gcb branches for other services. Also, five (5) respondents engaged the selected gcb branches for other services, savings account and current account purposes. Ten (10) respondents engaged the selected gcb branches for savings account and other services purposes only and three (3) respondents engaged the selected gcb branches for current account and other services purposes only. This is illustrated in table 4.6 below:

| | | Frequency | Percent | Valid percent | Cumulative percent |
|---|---|---|---|---|---|
| Valid | 1 savings account | 48 | 60.0 | 60.0 | 60.0 |
| | 2 current account | 12 | 15.0 | 15.0 | 75.0 |
| | 3 other services | 2 | 2.5 | 2.5 | 77.5 |
| | 4 savings, current and other services | 5 | 6.3 | 6.3 | 83.8 |
| | 5 savings and other services | 10 | 12.5 | 12.5 | 96.3 |

| | | | | |
|---|---|---|---|---|
| 6 current and other services | 3 | 3.7 | 3.7 | 100.0 |
| Total | 80 | 100.0 | 100.0 | |

Table 4.6: type of account

Source: field study (2022)

## 4.2 Descriptive statistics

A descriptive analysis was done based on the following items; service quality, customer loyalty, perceived service quality, service customer satisfaction and customer satisfaction. From the analysis made from the responses, it shows that service quality has a mean of 3.6625 and this was obtained by taking the sum of the variable and dividing by the total number of scores (service quality, customer loyalty, perceived service quality, service customer satisfaction, customer satisfaction). It had a standard deviation of .68739 which has the same value as service customer satisfaction in terms of standard deviation but differs in relation to the mean since service customer satisfaction has a mean of 3.6625. Also, customer loyalty has a mean of 3.4825 and a standard deviation of .98992. Perceived service quality has a mean of 4.6675 and a standard deviation of .67125. Customer satisfaction has a mean of 3.5225 and a standard deviation of .78691.

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Service quality | 80 | 1.80 | 5.00 | 3.6625 | .68739 |

| | | | | | |
|---|---|---|---|---|---|
| Customer loyalty | 80 | 1.00 | 5.00 | 3.4825 | .98992 |
| Perceived service quality | 80 | 1.20 | 5.00 | 4.6675 | .67125 |
| Service          customer satisfaction | 80 | 1.80 | 5.00 | 3.6625 | .68739 |
| Customer satisfaction | 80 | 1.40 | 5.00 | 3.5225 | .78691 |
| Valid n (listwise) | 80 | | | | |

Table 4.7: descriptive statistics

## 4.3 Relationship between service quality and customer satisfaction

In explaining the meaningful relationship between service quality and customer satisfaction, pearson correlation method was used for numerical variables. It gives a value 1 in the relationship between service quality and customer satisfaction, where 1 means there is a perfect correlation as seen in the table 4.8 below. This means that if the correlation value between two variables is 0.7, there is a strong and positive relationship between them. A positive correlation means that if variable a goes up, so will variable b. A negative correlation means that if variable a goes up, variable b goes down. When you look at the two variables "service quality" and "customer satisfaction," you would expect them to have a strong positive correlation: as the quality-of-service people receive influences the level of satisfaction they get. From the table, the correlation between service quality and customer satisfaction gives a value closer to 0.7, which is 0.697, which can be scaled to 0.7 this establishes that there is a perfect positive correlation of 1.0.

**Table 4.8 correlation test of service quality and customer satisfaction**

|  |  | Service quality | Customer satisfaction |
|---|---|---|---|
| Service quality | Pearson correlation | 1 | .697$^{**}$ |
|  | Sig. (2-tailed) |  | .000 |
|  | N | 80 | 80 |
| Customer satisfaction | Pearson correlation | .697$^{**}$ | 1 |
|  | Sig. (2-tailed) | .000 |  |
|  | N | 80 | 80 |

**. Correlation is significant at the 0.01 level (2-tailed).

In explaining the meaningful relationship between perceived service quality and customer satisfaction, pearson correlation method was used for numerical variables. It gives a value 1 in the relationship between perceived service quality and customer satisfaction, where 1 means there is a perfect correlation as seen in the table below. A coefficient of correlation of +0.8 or -0.8 indicates a strong correlation between the independent variable and the dependent variable. When you look at the two variables "perceived service quality" and "customer satisfaction," the two variables had a significance value of 0.83 indication a strong relationship between the two variables and has a perfect positive correlation of 1.0.

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|                            |                     | Perceived service quality | Customer satisfaction |
|----------------------------|---------------------|---------------------------|-----------------------|
| Perceived service quality  | Pearson correlation | 1                         | .195                  |
|                            | Sig. (2-tailed)     |                           | .083                  |
|                            | N                   | 80                        | 80                    |
| Customer satisfaction      | Pearson correlation | .195                      | 1                     |
|                            | Sig. (2-tailed)     | .083                      |                       |
|                            | N                   | 80                        | 80                    |

## 4.4 Effect of service quality on customer loyalty.

In explaining the meaningful relationship between service quality and customer loyalty, pearson correlation method was used for numerical variables. It gives a value 1 in the relationship between service quality and customer loyalty, where 1 means there is a perfect correlation as seen in the table below. When variables have a correlation value of 0.7, it means that there is a strong and positive relationship between them. A positive correlation means that if variable a goes up, so will variable b. A negative correlation means that if variable a goes up, variable b goes down. When you look at the two variables "service quality" and "customer loyalty," you would expect them to have a strong positive correlation: as the quality-of-service people receive influences their long-term commitment to the service in question. From the table 4.9 below, the correlation between service quality and customer loyalty gives a value less than 0.7, which is 0.616 and has a perfect positive correlation of 1.0.

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**Table 4.9 correlation test of service quality and customer loyalty**

|  |  | Service quality | Customer loyalty |
|---|---|---|---|
| Service quality | Pearson correlation | 1 | .616$^{**}$ |
|  | Sig. (2-tailed) |  | .000 |
|  | N | 80 | 80 |
| Customer loyalty | Pearson correlation | .616$^{**}$ | 1 |
|  | Sig. (2-tailed) | .000 |  |
|  | N | 80 | 80 |

**. Correlation is significant at the 0.01 level (2-tailed)

## 4.5 Effect of customer satisfaction on customer loyalty

In explaining the meaningful relationship between customer satisfaction on customer loyalty, pearson correlation method was used for numerical variables. It gives a value 1 in the relationship between service quality and customer loyalty, where 1 means there is a perfect correlation as seen in the table below. When variables have a correlation value of 0.7, it means that there is a strong and positive relationship between them. A positive correlation means that if variable a goes up, so will variable b. A negative correlation means that if variable a goes up, variable b goes down. When you look at the two variables "customer satisfaction" and "customer loyalty," you would expect them to have a strong positive correlation: as a satisfied customer would in return stay loyal to a particular brand, all things being equal. From the table

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4.10 below, the correlation between customer satisfaction on customer loyalty gives a value

less great than 0.7, which is 0.756 and has a perfect positive correlation of 1.0.

**Table 4.10 correlation test for customer satisfaction and customer loyalty**

|  |  | Customer satisfaction | Customer loyalty |
| --- | --- | --- | --- |
| Customer satisfaction | Pearson correlation | 1 | .756** |
|  | Sig. (2-tailed) |  | .000 |
|  | N | 80 | 80 |
| Customer loyalty | Pearson correlation | .756** | 1 |
|  | Sig. (2-tailed) | .000 |  |
|  | N | 80 | 80 |

**. Correlation is significant at the 0.01 level (2-tailed).

## 4.6 Mediating role of customer satisfaction on the relationship between service quality and customer loyalty

In analysing the mediating role of customer satisfaction on the relationship between service

quality and customer loyalty, the study first employed linear regression to generate the

Model summary, anova and coefficients of service quality and customer loyalty. This

Was done as presented below:

**Table 4.11 model summary of the customer satisfaction on service quality and customer loyalty**

| Model | R | R square | Adjusted r square | Std. Error of the estimate |
|---|---|---|---|---|
| 1 | .766[a] | .587 | .576 | .64466 |

A. Predictors: (constant), customer satisfaction, service quality

From table 4.11, the r value represents simple correlation and it is 0.766 which implies a higher degree of correlation. The r2 indicates the total variation in the dependent variable. In this case, 57.6% can be used in explaining the equation and is very large.

**Table 4.12 the anova of customer satisfaction on relationship between service quality and customer loyalty**

| Model | | Sum of squares | Df | Mean square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 45.416 | 2 | 22.708 | 54.641 | .000[b] |
| | Residual | 32.000 | 77 | .416 | | |
| | Total | 77.416 | 79 | | | |

A. Dependent variable: customer loyalty

B. Predictors: (constant), customer satisfaction, service quality

From table 4.12, it clearly reveals that the regression equation fits the data (predicts the dependent variable). It was statistically indicated that the significance of the regression model was 0.000.

This was less than 0.01 and explains that the overall regression model was statistically significant and predicts the outcome variable.

Cronbach alpha measures correlation among latent variable indicators. These metric weights all indicators equally (chin, 1998b). Individual indications of the same dimensional block should closely correlate. One-dimensionality of a latent variable's dimensional block is accepted at 0.7. (robinson et al., 1991, nunnally, 1978, hair et al., 2010). Table 4.13 shows that one latent concept (recommendation) fell short. Given the premise of equal item weight, cronbach alpha has been criticized for underestimating internal consistency (chin, 1998b, henseler et al., 2009).

Composite reliability is a better test of one-dimensionality than cronbach alpha since it considers item loading (chin, 1998b). One-dimensionality of a latent variable is acceptable if it's at least 0.7. Table 4.13.

Ave evaluates how much a latent variable component collects from its indicators, not measurement error. Aves for all study model constructs are greater than 0.50 (fornell & larcker, 1981). Discriminant validity is measured by the square root of ave. Discriminant validity analyses how well a measure corresponds with measures of distinct constructs (barclay et al. 1995). This implies that the construct has more variance with its own measures than with other constructs. A model has acceptable discriminant validity when a construct has more variance with its scale items than with another construct (barclay et al. 1995). Table 4.14 shows that all constructs have excellent discriminant validity since each measurement item's loading on its latent variable is greater than its loading on any other construct.

| Cronbach's alpha | Cronbach's alpha based on standardized items | N of items |
|---|---|---|
| .858 | .870 | 3 |

**Item statistics**

| | Mean | Std. Deviation | N |
|---|---|---|---|
| Service quality | 3.6625 | .68739 | 80 |
| Customer loyalty | 3.4825 | .98992 | 80 |
| Customer satisfaction | 3.5225 | .78691 | 80 |

**Item-total statistics**

| | Scale mean if item deleted | Scale variance if item deleted | Corrected item-total correlation | Squared multiple correlation | Cronbach's alpha if item deleted |
|---|---|---|---|---|---|
| Service quality | 7.0050 | 2.777 | .695 | .504 | .848 |
| Customer loyalty | 7.1850 | 1.846 | .749 | .587 | .817 |
| Customer satisfaction | 7.1450 | 2.291 | .811 | .658 | .732 |

# Chapter five

## Summary, conclusion and recommendations

### 5.0 Introduction

The key results concerning the influence of service quality on customer loyalty and the mediating function of customer satisfaction at gcb bank plc are outlined in this chapter. This chapter presents the study's overview, findings, and recommendations. They are based on the most important data collected from gcb bank plc clients.

### 5.1 Summary of findings

This study's main goal was to investigate how customer satisfaction played a mediating role in the relationship between service quality and customer loyalty in the kumasi zone of gcb bank plc. To help the researcher achieve the goal of the research, four key particular objectives were established, including;

1. To identify the relationship between service quality and customer loyalty of gcb bank plc customers.

2. To examine the effect of perceived service quality on customer satisfaction of gcb bank plc customers.

3. Ascertain the effect of customer satisfaction on customer loyalty of gcb bank plc customers.

4. To establish the mediating role of customer satisfaction in the relationship between service quality and customer loyalty at gcb bank plc.

The inductive content analyses of quantitative research were used to examine the 80 respondents' interview. In chapter four of this research, the ideas were laid forth and explored.

The study demonstrates a strong positive association with a favourable link between service quality and customer happiness. As a result, there is a stronger correlation between service quality and client satisfaction. Additionally demonstrating a perfect positive connection, the pearson correlation further demonstrated that the two variables are statistically significant. Additionally, it was shown that customer loyalty is positively and significantly impacted by perceived service quality. According to the pearson correlation, which also revealed that the two factors are statistically significant, a substantially higher percentage of clients would stick with a business as long as the quality of the service is guaranteed.

Additionally, it was shown that client loyalty is influenced by customer satisfaction. Customer loyalty and customer satisfaction are strongly correlated. The variables exhibit a perfect association, according to the pearson correlation approach. A loyal consumer who is pleased would do the same.

The total regression model was statistically significant, as evidenced by the mediating function of customer satisfaction in the link between service quality and customer loyalty. Customer loyalty and service quality are positively and indirectly correlated.

## 5.2 Conclusion

The study was carried out at four gcb bank plc branches in the kumasi-zone. This provides a broad overview of consumers' perceptions and expectations. According to the study's findings, customer satisfaction acts as a mediating element in the link between service quality and customer loyalty.

Dimensions of service quality have an impact on client loyalty, according to the study. Customers are dependable when they are happy with the bank's services.

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Additionally, it was shown that consumer perceptions of service quality had an impact on satisfaction.

The study led us to the conclusion that customer loyalty will be influenced by how satisfied a client is with the bank's service.

In a nutshell, gcb bank plc's level of quality service will result in client happiness, which would eventually have an impact on customer loyalty.

Since there was little access to respondents, getting replies was a significant difficulty.

## 5.3 Recommendation

The findings support the hypothesis that there are five components that make up total service quality. The management of gcb bank plc should be aware of this crucial information and use this model to develop their plans for raising the calibre of their services.

In terms of dependability, gcb must improve its capacity to please customers, respond to issues right away, and offer services when and how clients require them.

The majority of respondents were dissatisfied with employee behaviour, thus there should be regular training and retraining of personnel in delivering customer service.

To close the gap, surveys must be conducted to learn how clients generally see the bank.

Last but not least, given the fierce rivalry in the banking industry, management is advised to develop a variety of unique and original techniques to both maintain existing clients and draw in new ones.

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**Questionnaire**

**Survey on quality of banking services in ghana that may lead to higher quality of services and customer satisfaction.**

This is a research work being done as part of academic requirement for the completion of a master of science in marketing on the topic: the impact of service quality on customer loyalty and the mediating role of customer satisfaction; a case study of gcb bank plc this research work would solely be for academic purposes. We would be grateful if you would assist in this research by expressing your opinion in the form of filling this questionnaire. No individual information will be disclosed and all results will be presented as an aggregate summary data for academic purpose. It would take a participant approximately 10 to15 minutes to fill out the questionnaire.

Thank you for your cooperation.

Questionnaire to be filled by customer of gcb bank plc--------------------------branch

**Section a: personal information**

The section is asking for your background information. Please indicate your answer by ticking **(√)** on the appropriate box.

1. **Gender**          male          {    }          female          {    }

2. **Age**          18-29 years          {    }          30-39 years          {    }

                40-49 years          {    }          50 and above          {    }

3. **Marital status**          single          {    }          married          {    }

4. **Educational level**          primary school          {    }          high school          {    }

                certificate          {    }          diploma          {    }

                first degree and above          {    }

5. **Family size**          two          {    }          three          {    }

                four          {    }          five and above          {    }

6. **Types of account** savings account          {    }          current account{    }

**Section b: customer expectations**

| Please indicate the extent to which you agree with the following | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|---|---|---|---|---|
| **Customer expectation** | 1 | 2 | 3 | 4 | 5 |
| **1.** I expect the best financial product offerings from my bank. | | | | | |

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| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|---|---|---|---|---|
| **2.** I expect a provision of digital channels such as apps from my bank. | | | | | |
| **3.** I expect want 24/7 access and frictionless service. | | | | | |
| **4.** I expect my bank to offer me the best financial advice. | | | | | |
| **5.** I expect my bank to provide well trained staff to assist customers. | | | | | |

**Section c: customer perceptions**

| Please indicate the extent to which you agree with the following | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|---|---|---|---|---|
| **Customer expectation** | 1 | 2 | 3 | 4 | 5 |
| **1.** When you have problem, gcb bank plc shows a sincere interest in solving it. | | | | | |
| **2.** Employees of gcb bank plc are always willing to help you. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3. | You as a customer of gcb bank plc feel safe in using services(confidentiality). | | | | | |
| 4. | Gcb bank plc has sufficient branches in different geographic areas. (e.g., it is easy to access the bank) | | | | | |
| 5. | Gcb bank plc has operating hours convenient to all customers. | | | | | |

**Section d: importance of service quality dimensions**

After haven received or used any of the bank services, how important is each of the following

Dimensions to you? Use the scale 1-5 to answer, where: *1.not at all important 2-not important*

*3- neither important nor unimportant 4- important 5- very important and additionally, please*

*allocate 100 points among the five features according to how important it is to you. Make*

*sure the points add up to 100.*

| Code | Questions | Circle only one option in 1-5 | | | | | Points out of 100 |
|---|---|---|---|---|---|---|---|
| **Rs** | **Responsiveness** (competence to give timely, reliable service and truthful to promise) | 1 | 2 | 3 | 4 | 5 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **As** | **Assurance** (attending to customers" Needs and complaints promptly any time) | 1 | 2 | 3 | 4 | 5 | |
| **Ta** | **Tangibles** (assurance of security, efficiency and variety of service) | 1 | 2 | 3 | 4 | 5 | |
| **Em** | **Empathy** (showing of respect, care and understanding to customers` needs) | 1 | 2 | 3 | 4 | 5 | |
| **Rl** | **Reliable** (the appealing nature of physical environment, modern equipment etc.) | 1 | 2 | 3 | 4 | 5 | |
| | *Total points* | | | | | | |

**Section e: customer satisfaction**

| Please indicate the extent to which you agree with the following | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|---|---|---|---|---|
| **Customer satisfaction** | **1** | **2** | **3** | **4** | **5** |
| **1.** I am satisfied with the security of the bank services. | | | | | |
| **2.** I am satisfied with respectful behaviour of the bank staff. | | | | | |
| **3.** I am satisfied with the communicative ability of the employee of the bank. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **4.** I am satisfied with the performance of the employee of the bank. | | | | | |
| **5.** I am satisfied with various ranges of services of gcb bank, kumasi zone branches. | | | | | |

**Section f: customer loyalty**

| Please indicate the extent to which you agree with the following | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|---|---|---|---|---|
| **Customer loyalty** | 1 | 2 | 3 | 4 | 5 |
| **1.** I will keep banking with gcb bank plc in the future. | | | | | |
| **2.** I will give positive word of mouth referrals about the bank's products and services to others. | | | | | |
| **3.** I will recommend my bank to friends and family. | | | | | |
| **4.** my bank will be my first choice when i need to perform any financial transaction. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **5.**i will not switch banks even when my bank is having problems with their services. | | | | | |

**Section g: overall service quality and customer satisfaction (*circle the most appropriate*)**

1. How do you evaluate the overall quality of banking services provided by gcb bank plc?

   **very poor**                                                            **very good**

   1                2                3                4                5                6                7

2. Overall, how satisfied are you with the banking services provided by gcb bank plc?

   **Extremely**                                              **dissatisfied satisfied**

   1                2                3                4                5                6                7


*Thank you for taking time to complete this questionnaire!*