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THE IMPACT OF DIGITALIZATION AND PERCEIVED VALUE ON CUSTOMER RETENTION: EVIDENCE FROM SMES IN KUMASI

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MASTER OF BUSINESS ADMINISTRATION IN MARKETING

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DECLARATION

'I hereby declare that this submission is my own work towards the "**Master of Business Administration in Marketing"**. Degree and that, to the best of my knowledge and belief, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text'.

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ABSTRACT

The purpose of this study was to assess the impact of digitalization and perceived value on customer retention: evidence from SMEs in Kumasi. The study employed a quantitative method by using a structured questionnaire to collect data from 162 samples of customers of SMEs in Kumasi using convenience sampling technique. The data collected from respondents was analyzed through the Statistical Package for Social Science (SPSS) version 25.0. The statistical test run were, frequencies, reliability mean, standard deviation, correlation and PROCESS macro. The results revealed a significant positive effect of digitalization on customer perceived value and customer retention. It was found that customer perceived value mediates the relationship between digitalization and customer retention. Based on these findings it is recommended that the management of small and medium-sized enterprises (SMEs) in Kumasi proactively increase perceived value, considering the favourable influence of perceived value on the relationship between digitalization and customer retention.

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DEDICATION

I dedicate this to my little angel whom I lost while pursuing this program. I know you are resting in God's bosom and very soon you will send me your rainbow siblings. I could not get the chance to say this; I love you my son

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I am profoundly humbled as I extend my heartfelt gratitude to the Almighty God for His boundless mercies and unwavering grace that have illuminated my path throughout this journey. To my incredible and compassionate husband, your steadfast support has been a source of strength, and I pray for abundant blessings to grace your life.

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LIST OF ABBREVIATIONS/ACRONYMNS

CI	Confidence Interval
CPV	Customer perceived value
CR	Customer Retention
D	Digitalization
GDP	Gross domestic product
HND	Higher National Diploma.
ICT	Information and communication technology
LLCI	Lower Limit of Confidence Interval
NBSSI	National Board for Small Scale Industries
SD	Standard deviation
SE	Standard Error:
$\boldsymbol{SE_M}$	Standard Error of the Mean:
SMEs	Small and medium-sized enterprises
SSCE	Senior Secondary Certificate Examination
ULCI	Upper Limit of Confidence Interval.
WASSCE	West African Senior School Certificate Examination

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CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

This chapter presents the general introduction which entails; the background to the study, problem statement, objectives of the study, research questions, significance of the study, overview of the research methodology, scope of the study and organization of the thesis.

1.2 Background to Study

Small and medium-sized enterprises (SMEs) have a significant impact on the economies of today's globally diverse markets. They are known for their ability to adapt to changing circumstances and meet the diverse demands of consumers across different product and service sectors. Additionally, SMEs have the potential to generate employment opportunities and serve as drivers of innovation and market competitiveness (Gherghina, et al., 2020). According to Ulas (2019), small businesses exhibit greater adaptability and creativity compared to traditional large corporations in the context of novel concepts. This characteristic not only contributes to the advancement of the economy but also holds the capacity to influence global development.

Nevertheless, there exist certain limitations associated with the management of small or medium-sized enterprises (SMEs), such as their susceptibility to external shocks, unpredictability, and turbulence (Pierenkemper, 2020). The imposition of global lockdown measures in response to the Coronavirus pandemic represents a notable and recent illustration, as highlighted by ApedoAmah et al. (2020). Small and medium-sized organizations (SMEs) encounter obstacles in their expansion efforts as a result of several circumstances, such as intensified market competition from companies of varying scales and a persistent dearth of resources, including financial and expertise-related limitations.

Small and medium-sized enterprises (SMEs) can derive various advantages from digitalization, such as enhanced competitiveness vis-à-vis larger firms in terms of economies of scale, operational and transaction costs, reduced information asymmetry, improved business intelligence and automation, enhanced customer and market outreach, and other related factors (OECD, 2021). Digitalization, alternatively referred to as digital transformation, can be defined as the process encompassing the alterations that occur with the implementation of digital technology throughout all facets of human civilization (Stolterman and Fors, 2004, p. 689). According to Gartner (2021), digitalization refers to the utilisation of digital technology to transform a business model and create novel avenues for generating revenue and value. It entails the transition towards a digital-centric enterprise.

According to Hagberg et al. (2016), the transition from analogue to digital technology has substantial ramifications for the retail sector, as it exerts influence on and is reciprocally influenced by it. According to Hagberg et al. (2016), digitization has the potential to result in the growth of product and service offerings. This expansion can be further enhanced by the ability to integrate online and offline channels. The authors Kamalaldin et al. (2020) argue that digitization enables the emergence of novel avenues for value creation and revenue generation, which are perceived as potential sources of competitive advantage in the future.

Digital technology has the potential to offer significant advantages to small and medium-sized enterprises (SMEs) by enhancing their ability to cater to their customer base, hence leading to increased customer satisfaction, loyalty, and higher expenditure (Skinner, 2014). In order to foster loyalty and retention among customers, it is imperative that they are initially content with the perceived value they derive from a product or service.

According to Thuli and Bharadwaj (2009), customers who do not see value and contentment in their interactions with a business are likely to seek alternatives. Conversely, customers who believe they are receiving commensurate value for their money are more likely to remain loyal to the organisation.

Costs can encompass both financial and non-financial aspects, including the temporal, physical, and psychological burdens experienced by consumers. Value, in essence, is ascertained based on the level of customer satisfaction derived from the offering, taking into account the advantages and expenses associated with it. According to Zeithaml (1988, p. 14), the perceived value of a customer refers to the comprehensive assessment made by the consumer on the usefulness of a product. This assessment is based on the consumer's views of what they receive from the product and what is offered to them. Perceived value is commonly understood to be the result of customers' assessments of the relative cost and perceived usefulness of a product or service. As such, it is widely acknowledged that perceived value is positively correlated with the benefits obtained in relation to the expenses invested (Shaw, 2011). Put simply, if buyers believe that the advantages of a product or service are greater than its drawbacks, they are inclined to regard it as possessing considerable value. On the contrary, in the event that clients hold the perception that the expenses associated with a particular product or service surpass its advantages, it is probable that they will regard it as possessing less value. Hence, the perceived value of a product or service is intricately linked to the customer's assessment of its cost-benefit ratio.

Organisations have the potential to enhance customer retention and bolster financial performance by prioritising the evaluation of customers' perceived value towards the organisation. Client retention refers to the practise of ensuring client satisfaction and fostering their loyalty, hence encouraging repeat business (Danish, Ahmad, Ateeq, Ali,

and Humayon, 2015). Bateson and Hoffman (2002) claim that customer retention is achieved when a firm strategically focuses its marketing endeavours on its existing customer base. This supports the notion that organizations that prioritise customer retention over customer acquisition should give priority to the satisfaction of their existing customers in order to cultivate loyalty and guarantee the durability of their business partnerships (Payne, 2005). The focus of customer retention lies in promoting repeat purchases, which is closely associated with consumers' likelihood to make future purchases and their loyalty towards a specific brand (Buttle, 2004).

By leveraging digital tools and available data, businesses have the ability to customize their offers to suit the unique preferences of individual customers and promptly address their demands. These advanced technological services enable organizations to enhance the quality of their offerings to their customer base. Utilizing the acquired knowledge about clients can facilitate the establishment of deeper ties with them and enable the customization of sales strategies to cater to their unique needs. Reim et al. (2019) present a methodology for customer co-creation that entails the identification of lead consumers who express a desire to engage in co-creation activities. These customers are then provided with an opportunity to actively participate in the service creation process. Customers play a crucial role in the advancement of innovative offers by supplying input on the services they are ready to financially support. It is vital for clients to possess a comprehensive comprehension of the worth of the services prior to entering into a contractual agreement. In order to retain their existing customer base, businesses should focus their attention on the individuals with whom they engage in the most transactions, the operational procedures through which they provide the greatest value, and the specific requirements and advantages that these individuals derive from the company's services.

1.3 Statement of the Problem

The acknowledgement of the importance of small and medium sized firms (SMEs) to national economies is well-documented in the literature (Bahaddad et al., 2012). Nevertheless, the expansion of small and medium-sized enterprises (SMEs), particularly in the African context, has been hindered by a multitude of challenges (Alemayehu and Vuuren, 2017). The findings of a study done by the European Union in 2010 indicated that small and medium-sized firms (SMEs) do not effectively harness the capabilities of business solutions, so placing themselves at a competitive disadvantage. The existence of a "digital divide" between large and small enterprises exacerbates their vulnerability to economic downturns (Esteban-Navarro, et al., 2020). The absence of investment in business solutions and digital marketing contributes to the decline in market share and revenue for small and medium-sized firms (Bagale, et al., 2021). The examination and roles of digital technologies in the context of enterprises is a topic that attracts considerable interest and perspectives from a range of professionals, such as consultants, specialists, and scholars (Kim, Wang and Boon, 2021). To elaborate further, the primary emphasis lies in examining how the use of digital technologies and tools can facilitate the advancement of market prospects, the augmentation of management practices, and the overall competitiveness of the organization (Gong and Ribiere, 2020). Given the relatively recent emergence of digitalization, small and medium-sized enterprises have not yet devoted significant effort to understanding the impact it has had on their consumers' perceptions of value (Bouwman, et al., 2018; Faizal, et al., 2021). Limited research has been conducted on the potential impact of a company's digital transformation on customer retention (Rogers, 2016; Nagy, et al., 2018; Ahmad, et al., 2020; Feng, Ye, and Zhang, 2019; Singh, and Kapoor, 2020). This study aims to examine the effects of digitization

and perceived value on customer retention within the context of small and medium-sized enterprises (SMEs) in Kumasi.

1.4 Objectives of the Study

The main aim of this study was to examine the impact of digitalization on customer perceived value and customer retention of SMEs in Kumasi. The study has the following specific objectives;

1. To examine the effect of digitalization on customer perceived value
2. To analyze the effect digitalization has on customer retention
3. To assess the effect of customer perceived value on customer retention
4. To determine the mediating role of perceived value in the relationship between digitalization and customer retention in SMEs in Kumasi.

1.5 Research Questions

The study sought to answer the following research question

1. What effect does digitalization have on customer perceived value?
2. What is the effect of digitalization on customer retention?
3. What is the impact of customer perceived value on customer retention?
4. Does perceived value mediate the relationship between digitalization and customer retention in SMEs in Kumasi?

1.6 Significant of the study

The study on the impact of digitalization on customer perceived value and customer retention of SMEs in Kumasi holds significant relevance for various stakeholders, including managers of SMEs, policy makers, researchers, and academia. In an era where digital transformation is reshaping industries and consumer behavior, understanding the

implications of digitalization on customer value and retention is crucial for effective business strategies, policy formulation, and academic advancement.

The study's findings will provide valuable insights to managers of SMEs in Kumasi about the role of digitalization in enhancing customer perceived value and improving customer retention. The research will also equip managers with a comprehensive understanding of how digital technologies can be leveraged to deliver enhanced value propositions to customers and increase their loyalty.

The study's findings will also offer valuable input for policy makers in Kumasi to design and implement policies that promote digitalization among SMEs. Recognizing the impact of digitalization on customer value and retention, policy makers can develop initiatives to support SMEs in adopting digital technologies, fostering digital literacy, and providing resources and incentives for digital transformation. The study will help policy makers understand the specific needs and challenges of SMEs in relation to digitalization, enabling them to develop targeted interventions and policy frameworks.

For researchers, the study contributes to the existing body of knowledge by providing empirical evidence on the relationship between digitalization, customer perceived value, and customer retention in the context of SMEs in Kumasi. By filling this research gap, the study adds to the understanding of the ways through which digital technologies influence customer value and retention.

1.7 Scope of the Study

The study focuses on exploring the impact of digitalization on customer perceived value and customer retention within the context of small and medium sized enterprises (SMEs) in Kumasi. While digitalization encompasses a wide range of aspects, this study

specifically examines digital platforms to enhance their visibility and reach among customers. Social media platforms, digital advertising, and content marketing strategies.

Due to resource constraints, the study may exclude microenterprises that fall below the defined thresholds for SME classification. The study primarily focuses on SMEs that have embraced digital technologies to some extent. SMEs that have minimal or no digital presence or have not implemented digitalization strategies may not be included in the study. The study specifically targets SMEs in Kumasi and did not include SMEs from other regions or cities in Ghana.

1.8 Overview of the Research Methodology

The study employed a descriptive research approach to examine the impact of digitalization on customer perceived value and customer retention among small and medium business enterprises in Kumasi. The research conducted in this study was of a quantitative character, and so, the researcher utilized a quantitative research approach to gather data for analysis. This study exclusively utilized primary data, which was obtained by the administration of a questionnaire. The study's sample consisted of individuals employed by small and medium-sized enterprises (SMEs) within the Ashanti region. A total of 162 participants were chosen to complete the survey. The research included purposive and convenience sampling methodologies. The data that was gathered in the field was subjected to analysis using SPSS version 25.0. Regression analysis was employed to examine the relationship between the independent variable of digitalization and the dependent variables of customer perceived value and customer retention in the study.

1.9 Organization of the Study

The present work is structured into five distinct chapters. Chapter One provides an introductory section that encompasses various components, including the background of

the study, the issue statement, the study's objectives, the research questions, the significance of the investigation, an overview of the methodology, the scope of the study, and the organization of the thesis. The subsequent section of this research endeavor provides a comprehensive analysis of existing scholarly works. This chapter provides a thorough examination and analysis of the current body of literature. The paper commences by presenting a comprehensive analysis of digitalization and its ramifications on small and medium-sized enterprises (SMEs), delving into the influence of technology adoption on their operational processes, competitive positioning, and overall organizational performance. This paper examines the concept of consumer perceived value, highlighting its importance in influencing customer happiness, loyalty, and retention. The subsequent chapter delves into an examination of client retention methods and the obstacles encountered by small and medium-sized enterprises (SMEs) within this particular domain. Chapter Three provides an overview of the research methodology employed in this study. It encompasses several components such as the research design, population selection, sampling strategies, determination of sample size, data collection methods, assessment of validity and reliability, approach to data analysis, and ethical issues. In Chapter Four, a comprehensive exposition and interpretation of the data analysis is provided, accompanied by extensive comments on the obtained findings. This chapter has been composed using data derived from the participants' responses obtained through a questionnaire. Chapter Five of the document provides a comprehensive overview of the key findings, conclusions, and suggestions derived from the research conducted. The provided text succinctly encapsulates the study's outcomes, while also presenting conclusion and recommendations for future research endeavors.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter takes a closer look at related literature of past researches relevant to the research topic. It covers relevant literature in the area of conceptual review (digitalization, customer perceived value, and customer retention), theoretical framework, conceptual framework, empirical review (relationship between digitalization and customer perceived value, relationship between digitalization and customer retention, relationship between customer perceived value and customer retention.

2.2 Conceptual Review

This section presents the definitions of the major variables of the study which includes; digitalization, customer perceived value, and customer retention

2.2.1 Concept of Digitalization

The phenomenon of digitalization has been widely recognised for its continuous impact on merchants, consumers, employees, and society. Consequently, there is a pressing demand for a thorough comprehension of this phenomenon (Hagberg et al., 2016). According to Hagberg et al. (2016), digitalization is widely seen as a very consequential and ongoing societal transformation. According to Schallmo and Williams (year), digitalization brings about significant changes in the execution of company operations and the functioning of business models. The aforementioned modifications are implemented by integrating recently acquired knowledge derived from digitization initiatives (Schallmo and Williams, 2018). The process of digitizing firms is a strategy employed to achieve improved adaptability and competitiveness in manufacturing, in line with the current trends of the changing digital environment. The process of digital transformation

encompasses the application of new technologies in order to significantly improve production processes and expand the reach of the organization (Emara and Zhang, 2021; Brozzi et al., 2021). Hagberg et al. (2016) argue that the transition from analogue to digital is of utmost importance for the retail industry, since it is both influenced by and influences this advancement. According to Hagberg et al. (2016), the process of digitalization has the potential to expand the range of products and services available, hence facilitating the integration of online and offline offers. The potential for unlocking new value creation and revenue generation prospects makes digitalization a perceived source of future competitiveness (Kamalaldin et al., 2020).

The ongoing process of digital transformation inside organizations encompasses various fundamental elements. These encompass the provision of remote work alternatives for employees, participation in online activities such as electronic business and electronic commerce, mitigation of transaction costs, and attainment of enhanced coordination of activities. The aforementioned changes are facilitated by the process of digitizing information transmission and the capacity to provide services via electronic means, such as electronic payments. Moreover, this transition also includes the ability to verify the legitimacy of papers (Laudon and Laudon, 2000; Vásquez et al., 2018). According to Van der Velden (2018), digitalization can be defined as the process of reorganizing business models through significant modifications to fundamental internal processes, customer interfaces, products, and services. Moreover, it entails the integration of information and communications technology into these procedures.

Srai and Lorentz (2019) provide a definition of digitalization as the process through which various aspects of social existence undergo restructuring in response to the influence of digital communication and media infrastructures. According to GebreMariam and Bygstad (2019), the concept of digitalization encompasses the advancement and integration of

information and communication technology (ICT) systems, together with the accompanying organisational modifications. This process entails the conversion of sociotechnical structures that were previously facilitated by non-digital objects into structures that are facilitated by digitised objects.

According to Devereux and Vella (2018), digitalization can be understood as the dissemination of a versatile technology with widespread applications. The process of digitalization facilitates the reduction of physical and metaphorical gaps between individuals and other entities, such as products and services. This technology enables the utilisation of precise data to such a degree that it facilitates the fulfilment of unique client requirements, whether they pertain to individual customers or organisations. According to Devereux and Vella (2018), this phenomenon presents several prospects for innovation, investment, and the establishment of novel enterprises and employment opportunities.

Legner et al. (2017) offer an extensive elucidation of the concept of digitalization and propose a set of six sequential stages for the process of company digitization. The term "digitalization" as defined by the user pertains to the restructuring of business models in response to substantial modifications in crucial internal procedures, customer engagements, offerings, and the adoption of information and communication technology.

The advent of digital transformation and its subsequent impact on business operations have resulted in a shift in customer behaviors and expectations, posing challenges for conventional providers (Verhoef et al., 2021). The integration of digital technology has significantly altered the conventional business practices, necessitating organizations to devise strategies that facilitate the preservation of their competitive edge (Correani et al., 2020).

The process of digitalization holds significant promise for enhancing future competitiveness by enabling the discovery of novel avenues for value creation and income production (Kamalaldin et al., 2020). Mahmood et al. (2019) have provided a hierarchical arrangement of the principal outcomes resulting from the process of digitalization. These outcomes, in descending order of significance, encompass value creation, operational efficiency, customer relationship/engagement, new business models, and competitive advantage. Moreover, Ristova and Maglovski (2018) have emphasised that digitalized services are typically implemented with the aim of enhancing customer satisfaction, employee performance, and functioning.

2.2.1.3 Challenges of Digital Transformation

Digital transformation encompasses various issues that pertain to strategic elements, such as the acquisition of resources and the development of competencies necessary for a successful transformation. Additionally, cultural and organizational components also play a significant role in this process (Bounfour, 2015; Collin et al., 2015). The obstacles associated with digital transformation for small and medium-sized enterprises (SMEs) may differ from those faced by bigger organizations, owing to their unique size and characteristics. However, there is a dearth of study on this particular topic. One the one hand, it is common for small and medium-sized enterprises (SMEs) to have constraints in terms of management, workforce, and financial resources (Ghobadian and Gallear, 1997). In contrast, it is noteworthy that they exhibit a propensity for adaptability and expeditious decision-making, particularly in the context of embracing novel technology (Dangayach and Deshmukh, 2006). According to Ghobadian and Gallear (1997), existing research on small and medium-sized enterprise (SME) strategies indicates that these organizations typically employ informal and dynamic strategies, and exhibit a tendency to be more reactive rather than proactive. According to Singh, Garg, and Deshmukh (2008), research

indicates that small and medium-sized enterprises (SMEs) frequently have difficulties in formulating strategies that yield desired outcomes.

According to the study conducted by Li, Liu, Belitski, Ghobadian, and O'Regan (2016), small and medium-sized enterprises (SMEs) who demonstrated proficiency in integrating their business and digital strategies exhibited a higher likelihood of achieving success. Previous research has indicated a strong correlation between the implementation of digital strategies in small and medium-sized enterprises (SMEs) and their ability to innovate and compete on a global scale (Fosty et al., 2013; Li et al., 2009).

2.2.2 Customer Perceived Value

There is lack of clear differentiation between the idea of perceived value and other related constructs such as "values," "price," "quality," and "utility" (Sánchez Fernández and Iniesta Bonillo, 2007). Customer perceived value (CPV) is commonly referred to as value words in the literature (Monroe, 1990; Zeithaml, 1988) or customer value (Butz and Goodstein, 1997). According to Zeithaml (1988, p.14), Customer Perceived Value (CPV) can be defined as the comprehensive evaluation made by consumers regarding the usefulness of a product, which is based on their assessments of both the benefits received and the sacrifices made.

According to Moliner et al. (2007), the concept of consumer perceived value is characterised as a dynamic variable that is experienced subsequent to consumption. Woodruff (1997) provides a comprehensive definition of consumer perceived value, which encompasses three distinct perspectives: pre-purchase, transactional, and post-purchase. According to Woodruff, customer value can be defined as the subjective evaluation made by customers regarding their preferences for assessing different attributes of a product, the effectiveness of these attributes, and the subsequent outcomes that either facilitate or

impede customers in accomplishing their specific goals and objectives within particular usage contexts.

Furthermore, the concept of consumer perceived value encompasses a disparity between the benefits obtained and the sacrifices made (Hsiao, 2021). The advantages encompass the value that buyers demand. The compromises encompass both financial and non-financial aspects, such as time, alternative products or brands, and personal experiences (Dodds, Monroe, and Grewal, 1991).

According to Moliner et al. (2007), value can be defined as the perceived worth of goods or services in terms of their functional value, quality, and price, as well as the emotional value derived from the associated feelings, and the social value resulting from the impact on oneself and other choices. According to Anderson et al. (1992), the concept of value in business markets refers to the perceived monetary worth of the economic, technical, service, and social benefits that a customer firm receives in exchange for the price paid for a product. This assessment of value also takes into account the offerings and prices provided by other suppliers in the market. Anderson et al. (1992) claim that benefits comprise a range of constructs including economic, technical, service, and social aspects. On the other hand, sacrifices refer to the price paid by consumers and the offerings and prices offered by suppliers. Perceived value can be succinctly described as a balancing act between the perceived advantages and disadvantages, as posited by Lovelock and Wirtz (2000).The user's text is already academic in nature.

Sánchez-Fernández and Iniesta-Bonillo (2007) demonstrate in their study that the concept of perceived value, as discussed in existing literature, may be categorised into two primary streams: one-dimensional constructs and multidimensional constructs. The initial stream of discussion focuses on the examination of perceived worth from a utilitarian lens. This

perspective involves Utilizing a solitary (or collection of) self-reported item(s) to gauge and assess the consumer's opinion of value. According to this perspective, value is not comprised of various elements but may encompass the effects of multiple precursors. The second line of research focuses on the use of a multidimensional construct, which encompasses various interconnected traits or dimensions. This approach allows for a comprehensive understanding of complicated phenomena from a holistic standpoint.

2.2.3 Customer Retention

The majority of prior research on customer retention has been influenced by the commitment-trust theory, originally articulated by Morgan and Hunt in 1994. According to the commitment-trust theory, the establishment and maintenance of customer relationships can be attributed to the trust and brand commitment exhibited by consumers, which are outcomes of pleasant purchasing experiences. Van Vuuren et al. (2012) argue that a comprehensive comprehension of the components of trust and commitment is crucial for the establishment and maintenance of enduring partnerships. Relationship marketing is the establishment of strong connections with business customers through the fulfilment of their needs and the demonstration of commitment. According to Morgan and Hunt (1994), the establishment of relationship commitment and trust necessitates enterprises to deliver exceptional products and services to their clients, while effectively expressing the value of their brand. Rather than prioritising immediate advantages, organizations that embrace a relationship marketing strategy aim to cultivate enduring connections with their lucrative clientele. As a result, clients often cultivate a sense of trust in these organizations, and mutual dedication allows for the satisfaction of both sides' requirements. Consequently, the heightened level of trust and dedication ultimately results in increased client retention (Hilman and Hanaysha, 2015).

Consumer retention refers to the strategic endeavour of cultivating consumer loyalty towards a specific brand, hence leading to repeated purchases of its products or services over an extended period (Cannie, 1994; Danish, Ahmad, Ateeq, Ali, and Humayon, 2015). Customer retention focuses on the recurring patronage that is primarily linked to the repurchase behaviour and brand loyalty of consumers (Buttle, 2004). Customer retention refers to the enduring loyalty of customers towards a particular brand, which is sustained by favourable perceptions and previous interactions (Boohene, 2013; Mohamed and Borhan, 2014). Customers who exhibit a greater level of brand loyalty by consistently making a majority of their purchases from a certain brand tend to experience higher levels of satisfaction compared to those who display lower levels of commitment. Additionally, the establishment of a prosperous customer-brand relationship has been found to decrease consumers' inclination towards price promotions provided by rival competitors. Anderson and Sullivan (1990) shown that customer retention has financial ramifications for organizations. This is because acquiring new consumers is more expensive than retaining existing ones, as it requires significant investments in advertising and promotional activities to influence their purchasing behavior.

The primary goal for organizations that employ a relationship marketing strategy has always been centered on customer retention (Coviello, Milley, R., and Marcolin, 2001; Grönroos, 1991). While there may be variations in the precise measurement and conceptualization of customer retention across industries and organizations (Aspinall, Nancarrow, and Stone, 2001), there is a consensus that prioritizing customer retention can yield numerous benefits and competitive advantages for organizations (Ang and Buttle, 2006; Buttle, 2004; Dawkins and Reichheld, 1990). For example, it has been shown that customers who continue to patronize a company are more inclined to pay higher rates for its products or services compared to new customers. Additionally, these retained

customers tend to exhibit less sensitivity towards promotional offers that are often designed to attract new customers (Ang and Buttle, 2006). In addition, customers who exhibit loyalty towards a specific brand are inclined to engage in frequent product purchases, actively endorse the brand to others, require less service provider assistance, and demonstrate reduced sensitivity towards price fluctuations (Sim, Mak, and Jones, 2006; Reichheld and Sasser, 1990).

The existing body of research has also demonstrated that the cost of acquiring new customers is nearly seven times higher compared to that of retaining existing customers (Sim et al., 2006). Additionally, it has been established that focusing on customer retention leads to enhanced profit margins. These advantages further underscore the significance and value of retained customers in achieving brand success.

In the realm of sustainable relationship marketing, the primary goal is to achieve customer retention, which has been recognized as a crucial managerial focus, especially when organizations encounter a decline in the rate of acquiring new customers over a specific timeframe (Ahmad and Buttle, 2002). The retention of customers has been identified as a significant goal for numerous organizations, particularly in the present competitive business landscape. Many brands invest substantial resources, both in terms of time and financial capital, in cultivating enduring and mutually beneficial relationships with prospective customers. This strategic approach aims to enhance overall performance and fulfil marketing objectives (Bataineh, AlAbdallah, Salhab, and Shoter, 2015). Given this perspective, the adoption and execution of relationship marketing as a strategic approach in business to retain customers can facilitate a brand in attaining enduring and durable competitive advantages (Roberts, Varki, and Brodie, 2003). Establishing and maintaining customer connections can be a challenging task, as it requires a deep understanding of customers' wants and expectations. Due to this rationale, it has been imperative for

organizations to comprehend the requirements and anticipations of their clientele in order to effectively manage their brand associations. Subsequently, they must acquire the essential resources and use them proficiently to guarantee heightened levels of contentment and customer loyalty.

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2.2. 4 Small and Medium Enterprises (SMES)

Small and Medium-sized Enterprises (SMEs) refer to privately owned and run enterprises that are characterized by a limited number of employees and relatively modest sales volumes. According to the Small Business Administration (SBA) in the United States, a small business is defined as a firm with less than 500 employees (SBA, 2014). According to Peprah et al. (2016), the absence of a universally accepted legal definition for small and medium-sized enterprises (SMEs) is a well-established fact, with the specific descriptions varying across different countries. The prevailing definition of Small and Medium Enterprises (SMEs) in Ghana is mostly based on the enterprise's staff count (Erastus, Stephen, and Abdullai, 2014). According to Peprah et al. (2016), the delineation of small-scale enterprises in Ghana involves the establishment of an employment threshold of 30 individuals. These enterprises are then classified into three distinct categories, namely micro businesses, small businesses, and medium businesses.

According to BaahMintah, OwusuAdjei, and Koomson (2018) as well as Peprah et al. (2016), the employment structure in Ghana may be categorised into three main types based on the number of employees. Micro enterprises in Ghana often have a workforce of less than six individuals, while small firms employ between six and nine people. Medium-sized businesses, on the other hand, typically have a staff size ranging from 10 to 29 personnel. Irrespective of the specific delineation, small and medium-sized enterprises (SMEs) play a significant role in fostering the economic development of a nation (Asare, 2014).

Therefore, industrialized nations continue to classify businesses with a larger workforce as small and medium-sized enterprises (SMEs).

Small and medium-sized enterprises (SMEs) are crucial contributors to the advancement of sustainable and economic growth through their provision of job opportunities. According to Augustine and Asiedu (2017), small and medium-sized enterprises (SMEs) play a significant role in fostering economic development by generating tax revenues and offering goods and services to both organizations and individuals. SMEs have been identified as significant drivers of a country's economy and employment (Augustine and Asiedu, 2017; Ayandibu and Houghton, 2017; Ikupolati, Medubi, Obafunmi, and Adeyeye, 2017). According to Amoah and Amoah (2018), Asare (2014), and Augustine and Asiedu (2017), small and medium-sized enterprises (SMEs) make up 92% of the businesses in Ghana. Among these SMEs, 85% are part of the manufacturing industry, which plays a significant role in providing 70% of the country's gross domestic product (GDP).

The pivotal role played by small and medium-sized enterprises (SMEs) necessitates the implementation of appropriate government policies aimed at fostering their growth and ensuring their long-term viability. Governments provide assistance to small and medium-sized enterprises (SMEs) by implementing laws and regulations. In 1985, Ghana enacted Act 434 to establish the National Board for Small-Scale Industries (NBSSI) with the aim of fostering the growth and advancement of Small and Medium Enterprises (SMEs) (OwusuAnsah, Cudjoe, and Poku, 2017). Therefore, the implementation of effective government policies and regulations can contribute to the establishment of a favourable business ecosystem. Nevertheless, it is worth noting that small and medium-sized enterprises (SMEs) in Ghana exhibit a concerning tendency to experience high failure rates, with a survival rate of merely 60% beyond a five-year period of operation (Peprah

et al., 2016; Yeboah, 2015). The presence of effective policies may not be the sole determinant of success for small and medium-sized enterprises (SMEs). The ability to innovate and respond to changes in the business environment is a key factor in establishing a competitive edge for small and medium-sized enterprises (SMEs).

Nevertheless, it is important to note that small and medium-sized enterprises (SMEs) in developing nations face numerous obstacles that impede their ability to engage in innovative activities (Barasa, Knoben, Vermeulen, Kimuyu, and Kinyanjui, 2017). In essence, innovation constitutes a fundamental component within small and medium-sized enterprises (SMEs), since it engenders novel company endeavors and safeguards the enterprise's continuity. On the other hand, small and medium-sized enterprises (SMEs) have the potential to achieve a lasting competitive edge and improved performance by embracing innovation.

2.2.5 Digitalization and SMEs

Small and Medium Enterprises (SMEs) have a significant impact on the economy of various countries, as they constitute a majority of enterprises globally. Moreover, they play a crucial role in fostering employment opportunities and driving global economic progress. Despite their heterogeneity in terms of industry, target market, products, and resources, small and medium-sized enterprises (SMEs) share a common need to enhance and cultivate their internal and external resources and capabilities. This imperative arises from the requirement to effectively respond to the dynamic and evolving business landscapes of the present era, while simultaneously maintaining competitiveness. The key drivers for small and medium-sized enterprises (SMEs) to adopt the potential of the digital economy include internal efficiencies, cost reductions, improved cooperation, expanded product and service offerings, and audience extension (North, Aramburu, and Lorenzo, 2019).

Autio (2017) further delineated the adoption of digital technology by SMEs into two distinct categories. The frontrunners are individuals or entities that actively contribute to the process of digital transformation. Conversely, the followers are those who are required to adapt to new technologies, often possessing more conventional systems and potentially encountering challenges in the context of digital transformation.

The enhancement of online technologies, namely ecommerce, is a significant trend that shapes the competitive landscape for small and medium-sized enterprises (SMEs) (Abebe, 2014; MorganThomas, 2009). Organizations have the option to engage in online sales by utilizing their own digital platforms, such as websites or social media channels, or by leveraging established electronic markets like Alibaba or Facebook (Deng, Duan, and Luo, 2019; Kim, 2020).

Small and medium-sized organizations (SMEs) can attain numerous benefits through the establishment of their own website. The benefits encompass a variety of aspects, including informative elements like product catalogues, interactive capabilities such as consumer feedback, and transactional functionalities (Kim, 2020). Nevertheless, the utilisation of these platforms among small and medium-sized enterprises (SMEs) exhibits variation, ranging from being solely a means of communication to serving as a platform that enables consumer ordering, payment, and delivery administration (MorganThomas, 2009). One potential drawback associated with utilizing their websites is the possibility of experiencing constrained online traffic, resulting in a limited ability to attract a restricted number of visitors to a firm's website. Moreover, the expenses associated with the maintenance and establishment of autonomous websites are substantial. The ability of these platforms to gather a vast number of enterprises and customers from across the world allows organizations to have a clearer understanding of their competitors' and customers' preferences. As a result, corporations are able to effectively design new goods. Moreover,

the use of communication and showcasing services enables organizations to efficiently market and effectively communicate their value propositions to a global consumer base.

In general, the integration of electronic commerce (ecommerce) as a primary channel for interaction between businesses and their consumers offers small and medium-sized enterprises (SMEs) the opportunity to expand their reach to a wider geographic area. This allows them to effectively address competitive pressures and minimize operational expenses, thereby serving as a potential source of competitive advantage (Abebe, 2014). The use of electronic commerce (e-commerce) is regarded as a favorable option for small and medium-sized enterprises (SMEs) to acquire a competitive edge and expand their reach to international markets, considering the limitations they naturally face, as mentioned in previous studies (AlQirim, 2003; Cassetta, Monarca, Dileo, Di Berardino, and Pini, 2020; Hamad et al., 2018; Hamad et al., 2015).

2.3 Theoretical Review

This section presents the theoretical underpinnings of the study. This study is underpinned by the Social Exchange Theory.

2.3.1 Social Exchange Theory

The theory endeavors to elucidate the underlying dynamics of the associations among customer relationship management practices, customer happiness, and customer retention (Otiso, 2021). The theoretical framework utilized in this research was based on the social exchange theory (Homans, 1958), which asserts that the formation of human relationships is influenced by the assessment of costs and benefits, as well as the comparison of available alternatives. According to Homans, the decision to terminate a relationship is made by an individual when they think that the costs associated with the connection exceed the benefits derived from it.

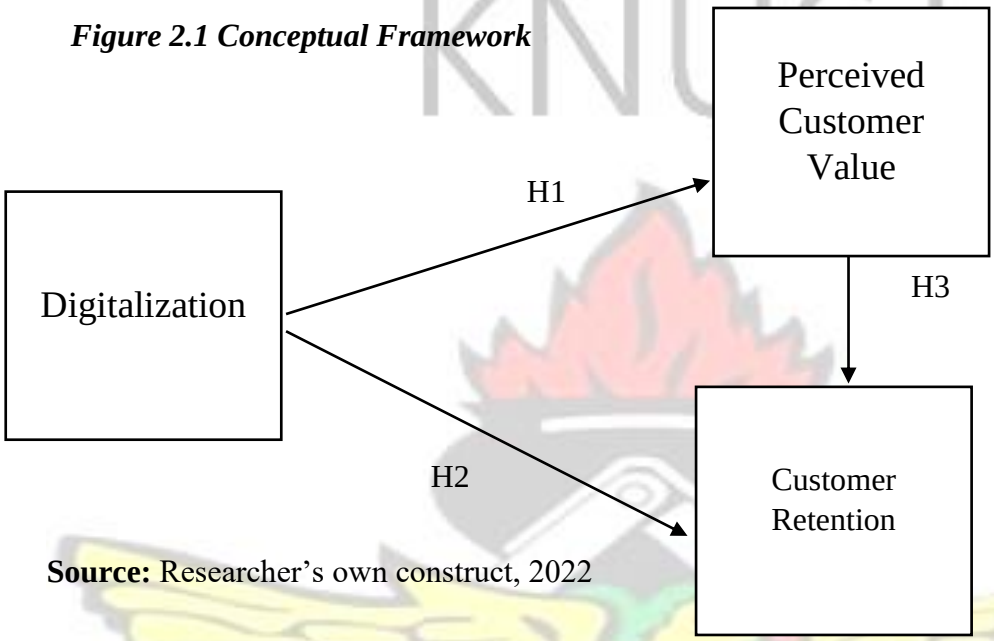
The hypothesis posits that individuals who provide significant contributions to others are motivated to receive substantial reciprocation from them, whereas individuals who get substantial support from others feel compelled to reciprocate in kind. The establishment of social exchange connections between two people occurs through a sequence of mutual exchanges, resulting in a pattern of reciprocal obligations for both parties involved. According to social exchange theory, individuals are motivated to sustain connections based on the anticipation of receiving rewards. Individuals engage in voluntary acts of self-sacrifice, wherein they forego personal benefits and allocate them towards the betterment of others, with the anticipation of accruing greater advantages in the future. According to the proposition put forth by Thibaut and Kelly (1959), the continuation of an individual's relationship with another person is contingent upon the evaluation of various factors, including the comparison of the current relationship, prior experiences, and potential alternative options. The extent of an individual's commitment to a current relationship is determined by the ongoing evaluation and comparison of social and economic consequences derived from a succession of interactions with their existing partners and the potential alternatives that are open to them.

2.4 Conceptual Framework

A conceptual framework is a theoretical construct that serves as a fundamental basis for comprehending and examining a certain occurrence or issue. The purpose of a research study or academic inquiry is to provide an overview of the fundamental concepts, variables, relationships, and assumptions that are relevant to the topic being investigated (PahlWostl, 2009). The framework illustrates the manner in which the dependent and independent variables of the study interact. The research places emphasis on the variables under investigation and illustrates the fundamental relationships (Thomas, 2010). The researcher has conceptualized the effect of digitalization on SMEs customer perceived

value and customer retention, the effect of perceived customer value on customer retention and the mediating role of perceived value in the relationship between digitalization and customer retention in SMEs in Kumasi as shown in the figure below.

Figure 2.1 Conceptual Framework



Source: Researcher's own construct, 2022

2.5 Hypotheses Development

This section presents the hypothesis development of the study

2.5.1 Digitalization and Customer Perceived Value

Digitalization plays a substantial role in shaping customers' perceptions of value through a range of techniques. The process of digitalization improves the consumer experience through the provision of enhanced convenience and accessibility. The advent of digital platforms and online channels has facilitated convenient access for customers to obtain information, products, and services at any given time and location. The enhanced convenience and improved accessibility resulted in elevated levels of client satisfaction and perceived value.

An investigation conducted by Chen and Popovich (2003) revealed that the implementation of online banking services, facilitated by the process of digitization,

resulted in a noteworthy enhancement in customer satisfaction. This improvement can be attributed to the increased convenience and accessibility provided by these services. The process of digitalization facilitates the ability to personalize and customize products and services.

Businesses have the ability to customize their offers to meet the specific preferences and demands of individual customers by utilizing data analytics and consumer insights obtained from digital interactions (Pech and Vrchota, 2022). This customization feature boosts the value for customers by offering personalized experiences and delivering recommendations that are appropriate to their preferences.

Moreover, the process of digitalization enables the seamless exchange of information and active interaction with clients in real time. The use of social media platforms, chatbots, and online customer support systems facilitates real-time engagement between businesses and customers, allowing for the prompt resolution of issues and the provision of timely assistance (Zoltners, et al., 2021). According to Zoltners et al. (2021), the provision of a great customer experience is facilitated by the responsiveness and engagement exhibited by the organization.

The study conducted by Nguyen et al. (2020) examines the relationship between digital technology, service quality parameters, and customer perceived value within the context of business-to-business (B2B) services. The results of their study suggest that the use of digital technology has a positive impact on the perceived value of customers, particularly when enterprises priorities the provision of high-quality outcomes and a favourable atmosphere for their clients. The potential impact of digital technology on customer perceived value is a topic of interest. It is important for enterprises to carefully manage the

integration of technology with service quality provided in order to avoid any negative consequences.

This study therefore hypothesises that:

H1: Digitalization has a significant positive effect on perceived customer value.

2.5.2 Digitalization and Customer Retention

Empirical research has extensively examined the relationship between digitalization and client retention. Reinartz et al. (2005) conducted an inquiry within the realm of ecommerce to examine the impact of website quality, customization, personalization, and online service quality on customer retention. The study revealed that all of these factors had a favorable influence on customer retention. In a manner akin to the focus of Verhoef et al. (2009) on the retail industry, the significance of digital channels and online interactions in enhancing customer retention was emphasized. It was observed that these elements were particularly potent when combined with customized and pertinent communication.

The study done by Liang and Huang (2017) focused on the mobile banking sector and emphasized the significance of various aspects, including mobile app quality, user-friendliness, convenience, and security, in determining customer retention. The study conducted by Gupta and Lehmann (2006) examined the effects of digitalization on customer retention within the telecoms sector. The results of their research revealed that the implementation of digital services and online customer assistance had a significant influence on lowering customer turnover and enhancing customer retention. Hence, this study hypothesized that;

H2: Digitalization has a significant positive effect on customer retention.

2.5.3 Relationship between Perceived Value and Customer Retention

The notion of perceived value is rooted in equity theory, a theoretical framework that examines the balance between outcomes and inputs for both consumers and service providers (Oliver and DeSarbo, 1988). The concept of equity is the assessment conducted by consumers on the justness of a product in relation to its perceived price (Bolton and Lemon, 1999). The aforementioned expenditure encompasses not only monetary outlays, but also intangible sacrifices including temporal commitments, exertion, and psychological stress. Customer-perceived value is determined by evaluating the balance between the advantages received and the expenditures involved. Equitable treatment can be defined as a scenario wherein the proportion of results to inputs for customers is consistent with that of the corporation, as posited by Oliver and DeSarbo (1988). This occasionally involves doing comparisons with rival entities.

The notion of customer value is fundamental to marketing efforts (Holbrook, 1994) and significantly impacts consumer loyalty. The study conducted by Sirdeshmukh, Singh, and Sabol (2002) posits that customer value, a primary target, exerts a substantial influence on subordinate goals, namely customer retention. According to the theories of goal and action identification, it can be contended that a higher-level goal exerts a substantial impact on lower-level goals. Sirdeshmukh et al. (2002) believe that the behavioral intentions of loyalty towards the service provider are contingent upon the provision of greater value through customer value exchanges.

To ensure optimal customer retention and satisfaction, firms must make concerted efforts to create supplementary value (Dube and Renaghan, 2000). The quest to deliver great customer value has become a crucial marketing strategy for many brands in today's business environment (Hansen, Samuelsen, and Silseth, 2008), leading to increased levels of satisfaction and loyalty. The concept of perceived value has been consistently

recognised as a crucial determinant in fostering consumer loyalty in diverse domains, such as telephone services (Bolton and Drew, 1991), airline travel, and retail services (Sirdeshmukh et al., 2002). Chang and Wildt (1994) underscore the substantial impact that it exerts on the intention to engage in a transaction.

The existing body of research provides evidence to support the idea that the perceived value of a product or service has a significant role in customer retention. This is supported by the findings of studies conducted by Chang and Wang (2011) as well as Yang and Peterson (2014). Otiso (2021) conducted a study to investigate the impact of perceived value on customer retention, and the results revealed a significant influence.

In a study conducted by Hanaysha (2018), the researcher investigates the impact of corporate social responsibility, social media marketing, sales promotion, and store atmosphere on the perception of value and customer retention within the retail sector. Additionally, this study seeks to make a substantial scholarly contribution by investigating the role of perceived value as a mediator in the relationship between the aforementioned parameters and customer retention. The design and methodology employed in this study are outlined in this section. The study employed a quantitative research methodology, wherein data was gathered from clients of department stores located in the eastern coast of Malaysia. A total of 278 questionnaires that met the criteria for validity were utilized in the data analysis, employing structural equation modelling. The results of the study indicate. The results suggest that the perception of value plays a crucial role in positively influencing customer retention. Based on the existing literature, this study hypothesized that:

H3: Perceived customer value has a significant positive effect on customer retention.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides an overview of the resources and procedures employed to investigate the study objectives and test the hypothesis. The chapter provides a comprehensive overview of the study philosophy, research design, population, sample size, and sampling technique. Furthermore, this chapter encompasses the examination of the data collection methodology, the assessment of the instrument's reliability, the delineation of the data analysis techniques, and the consideration of ethical concerns.

3.2 Research Philosophy

In the context of a research project, it is customary to construct a philosophical framework that establishes the fundamental principles guiding the execution of the study. These ideas are founded upon underlying assumptions regarding the process of learning. According to Creswell (2011), the assumptions play a crucial role in guiding the implementation of the study. In order to commence, it is essential to establish a fundamental understanding of how research philosophy aligns with the design of a study. Saunders et al. (2015) assert that the design of a study encompasses four fundamental components, namely constructivism, positivism, participatory research, and pragmatism. Constructivism is an epistemological approach that employs a qualitative methodology to collect knowledge by eliciting subjective opinions from individuals. The viewpoints of those surveyed are predominantly influenced by social interactions and their own personal experiences. The inclusion of other individuals' experiences constitutes an integral aspect of the constructivist framework.

The concept of approach is often associated with quantitative methodologies. The utilisation of cause-and-effect reasoning, also known as reductionism, facilitates the collection of data by necessitating scholars to reduce their emphasis and concentrate on a select few pivotal aspects in order to establish interconnections. The acquisition of information can be facilitated through the process of making observations and measurements of variables. However, it is important to note that the evaluation of hypotheses, which are continually formulated, may also be required in certain instances (Slife and Melling, 2012).

The concept of participation is primarily associated with qualitative research methods rather than quantitative approaches. The imperative to enhance society and the well-being of its constituents has exerted a significant influence on this approach. From a conceptual standpoint, a participatory worldview endeavours to address a societal issue through the active engagement and cooperation of individuals or collectives who are directly affected by the issue. The objective of this particular worldview is to function as a framework for enhancing societal conditions and the well-being of its inhabitants. The research conducted on pragmatism places emphasis on the importance of posing inquiries, rather than focusing on the specific methodology applied. The methodology encompasses a diverse range of methodologies and carefully selects the most suitable one that aligns with the actual context. The study employed the positivist approach, which involves the systematic analysis of data to identify regularities, patterns, and causal relationships in order to draw generalisations. To mitigate bias, the positivist approach diligently strives to maintain impartiality and minimise the influence of the researcher's emotions on the collected data (Stoy et al., 2013).

3.3 Research Design

The chosen approach to effectively integrate various elements of a study in order to address a research question is commonly referred to as a research design and methodology (Graue, 2015). Ishtiaq (2019) posits that a study design refers to a certain methodology, procedure, or approach employed by a researcher for the purpose of gathering and analysing data. According to Saunders et al. (2003), the field of literature has identified three distinct forms of research design, namely explanatory, exploratory, and descriptive research. In order to fulfil the aims of this study, a research design incorporating both descriptive research design was employed. This design utilized both quantitative and qualitative methodologies. The use of a descriptive research design facilitates the gathering of data aimed at providing a comprehensive description of individuals, organizations, locations, or phenomena. This approach also incorporates measures to safeguard against bias and enhance the dependability of the findings (Barasa, 2016). The researchers justified the use of a descriptive design in this study as it facilitated the gathering, classification, analysis, comparison, and interpretation of data, thus enabling the production of a concise report (Karihe, Namusonge, and Iravo, 2015).

The methodology utilized in this study involved the implementation of a survey. A survey enables researchers to collect data from a comprehensive population or a very large sample, with the aim of understanding the perspectives and opinions pertaining to a specific subject. Surveys offer a cost-effective and expeditious method for gathering information pertaining to our economy, as well as individuals' knowledge, attitudes, beliefs, expectations, and behaviours. The selection of this strategy was based on its suitability for quantitative studies, although case studies are often more ideal for qualitative research methods (Scheuren, 2004).

The chosen research design and strategy for this study indicate that the optimal research approach is quantitative in nature. The quantitative approach yields data that are represented in numerical form.

The use of statistical tests was facilitated by the numerical format of the data, enabling the researcher to formulate assertions on the data. Quantitative research refers to a methodological approach that involves the collection and analysis of numerical data obtained from a large sample of individuals (Graue, 2015).

3.4 Population and sample size of the study

According to Nurhayati (2018), the population under study comprises items or persons with specific features and characteristics that the researcher has deliberately selected to investigate and derive conclusions from. A research population refers to a clearly defined group of individuals that possess similar characteristics and meet the criteria for inclusion in a study based on the researcher's specific interests (Gravetter and Forano, 2018). In the research environment, a population refers to a cohort of individuals selected from the broader population who share a common characteristic, such as age, gender, or employment conditions. These individuals are chosen for study due to their pertinence to a certain research subject (Graue, 2015). According to Graue (2015), the population in consumer behavior research is delineated as individuals who engage in the purchase of a specific product or use of a particular service, as determined by the researcher's specific areas of focus. The population might be alternatively conceptualized as the specific group of individuals from whom the researcher seeks to gather data in order to make inferences or draw conclusions (Polit and Beck, 2004). The study's population consisted of customers and employees of small and medium-sized enterprises (SMEs) located in Kumasi.

The term used to describe the portion of a population selected for research purposes is known as a sample (Graue, 2015). The concept of sample size refers to the selection and examination of a subset of the available population within the framework of a research study (Creswell and Creswell, 2017). There are two primary rationales for the selection and subsequent analysis of a sample. In many instances, particularly within the realm of social science research, conducting a comprehensive examination of the entire population is challenging or unfeasible (Creswell and Creswell, 2017).

One further rationale is the possibility of doing an analysis on a representative sample of the population, allowing for generalizations to be made about the entire target group (Graue, 2015). Consequently, the determination of sample size holds significant importance within the realm of research. Ensuring an appropriate sample size is essential to ensure the acquisition of a precise representation of the entire population under investigation. In the study conducted by Nardi (2018), it was shown that both under-sampled and over-sampled research methodologies are inefficient in terms of resource use, as they fail to yield meaningful and pertinent data. Therefore, the determination of sample size is of utmost importance, particularly in the context of survey research. Consequently, the selection of the sample size is consistently derived from the population and utilized for research purposes due to pragmatic considerations. Conversely, it is imperative that the sample size is sufficiently big in order to generalise the findings of the study to the entire population (Graue, 2015). The sample size for this study was determined using the Krejcie and Morgan (1970) sample size determination table, resulting in a selection of 162 customers of SMEs.

3.5 Sampling Technique

Sampling methodology is the term used to describe the processes and procedures employed in the selection of participants from a certain population segment for research

purposes. The sampling approach is the process of choosing a subset of a population for the purpose of conducting research (Bryman and Bell, 2015). The main objective of sampling is to provide a representative sample, which refers to a subset of units selected from a significantly larger group or population. By evaluating this smaller group, researchers aim to provide accurate generalizations about the larger group. The determination of an adequate sample size is contingent upon the specific characteristics of the population under study, as well as the objectives and goals of the research.

Sampling methods can be classified into two distinct types. Creswell and Creswell (2017) identify probability and non-probability sampling techniques as two distinct methods. Probability sampling is a sampling technique wherein each individual within a population has an equal likelihood of being selected for inclusion in the research study. In the context of probability sampling, researchers possess limited control over the selection process, hence facilitating the identification and targeting of representative cross sections or specific groups (Patten and Newhart, 2017). Simple random sampling, systematic sampling, cluster sampling, and stratified sampling are all instances of probability sampling methods. Non-probability sampling, conversely, refers to a sampling technique wherein individuals from a population are not selected in a random manner (Gravetter and Forzano, 2018). The distinguishing factor between these two sampling procedures or strategies lies in the amount or probability of inclusion of each member of the population in the investigation. Non-probability sampling encompasses many methodologies used in the selection of samples. Purposive sampling, convenience sampling, snowball sampling, quota sampling, and other similar techniques are illustrative instances of this phenomenon (Bryman and Bell, 2015).

The researchers employed a non-probability sampling technique for the purposes of this experiment. The researchers employed a convenience sampling method to select

participants who would complete the questionnaire. The use of a convenience sampling strategy provides researchers with freedom in the selection of participants for their study. This approach allows for the use of readily available data and individuals who are willing to participate in the research (Patten and Newhart, 2017). Consequently, the selection of online customers was contingent upon their accessibility and voluntary engagement. The selection technique for inclusion and exclusion criteria only comprised online customers who expressed willingness to participate in the survey.

3.6 Data Collection Procedure

The study employed the primary data gathering approach. The collection of primary data was conducted using a questionnaire. Structured questionnaires are frequently employed in quantitative analysis (Hamilton and Finley, 2019). Surveys serve as a proficient means of collecting diverse data from a multitude of individuals, commonly referred to as respondents.

A five-point Likert scale was used to format the questionnaire for the primary variables. The participants used a Likert scale consisting of five points in order to express their degree of concurrence or discordance with a given statement throughout their response to the survey query. The survey instrument comprised of a series of organised inquiries designed to gather information regarding the influence of digitalization on the perceived value and customer retention of small and medium-sized enterprises (SMEs). The distribution and collection of the surveys were conducted using a combination of self-administered and online techniques, with the online platform Google Forms being used.

3.7 Research Instrument

A questionnaire was employed as a means of gathering primary data from a diverse range of small enterprises in order to obtain information from them. The employed questionnaire

was structured in nature. The formulation and composition of the questionnaire were derived from the research inquiries. The survey instrument consisted of a set of 24 closed-ended questions.

The survey consisted of a total of 36 items. The questionnaire was subsequently partitioned into four primary sections. Section A comprised demographic information of the respondents, encompassing a total of three elements. Section B collected data on digitalization consisting of 10 items derived from the work of Teng, Wu, and Yang (2022). The data collection process involved the use of Section C items, which encompassed six items derived from the study conducted by Yang and Peterson (2004). These items were employed to assess consumer perceived value. The data collection process involved the use of Section D items, which were derived from Adika's (2015) study, to gather information pertaining to consumer retention of five specific items. Sections B, C, and D were assessed using a Likert scale ranging from 1 to 7. Smith (2013) indicated a preference for utilizing a seven-point scale in order to enhance the dependability of the measurement instrument.

3.8 Reliability of Instrument

According to Creswell (2013), the utilisation of an inadequate instrument might lead to the generation of imprecise data, ultimately leading to flawed decision-making. Prior to utilizing questionnaires as a means of data collection, it is imperative for the researcher to assess the dependability of said questionnaires. Reliability is the term used to describe the consistency or uniformity of measurement. Trochim (2016) posits that reliability pertains to the capacity to reproduce research endeavours. The Cronbach's alpha coefficient, a statistical measure of internal consistency, will be employed to assess the degree of interrelatedness among a set of questions within a scale or questionnaire, so ensuring its reliability. The assessment of a test's quality can be determined by its level of reliability.

Reliability pertains to the impact of measurement errors on the coherence of scores. Reliability is a characteristic attributed to a test that demonstrates consistency and trustworthiness. This implies that regardless of the method of test administration, the findings would exhibit consistency if assessed for the study's validity, while the study's reliability was assessed using Cronbach's Alpha.The study conducted by Ary et al. (2010) found that there is no occurrence of complete similarity in any given context. The conventional method of assessing internal consistency of the constructs in the study was through the utilisation of Cronbach's alpha. Nevertheless, the utilisation of established approaches for evaluating the dependability of constructs. Rasoolimanesh and Ali (2018) assert that the establishment of construct dependability necessitates Cronbach's alpha values of 0.70 or above.

3.9 Data Analysis

The data collected from the field was initially reviewed to guarantee the completeness of the questionnaire and the accuracy of the information it includes. The data underwent editing procedures to rectify and identify potential omissions and errors that were prone to arise, with the aim of ensuring uniformity among participants. The primary data collected from the respondents in the field was analysed using version 25 of the Statistical Package for Social Sciences (SPSS) software. The study employed a descriptive analysis approach to examine the factors. Subsequently, an examination of the reliability and validity of the different variables ensues. The correlation analysis is thereafter employed to examine the relationships between the variables.

3.10 Limitation of the Study

Insufficient collaboration from participants, particularly those who regarded the data as confidential. The researchers provided the respondents with a guarantee of secrecy about their information, emphasizing that it would be utilized exclusively for academic

objectives. The measurement instruments utilized in this investigation were derived from prior research, hence any inherent limitations associated with these tools equally impacted the present study. The research employed a survey instrument for data gathering, which posed a limitation by constraining participants from fully articulating their individual perspectives regarding the topic under investigation. The use of a close-ended questionnaire posed a potential hindrance in capturing pertinent data.

3.11 Ethical considerations

In light of ethical considerations, it is imperative that those participating in any form of study are protected and ensured freedom from exploitation throughout the entire process. According to Creswell and Creswell (2017), it is imperative for researchers to priorities the protection of their participants in order to uphold the integrity of their research, establish a sense of trust with them, mitigate the risk of misconduct or inappropriate behavior that could potentially tarnish the reputation of their respective organizations or institutions, and effectively address emerging and complex challenges. Given these circumstances, a heightened adherence to elevated ethical standards was meticulously observed in accordance with the ethical principles governing the use of human beings in research. The researcher also prioritizes the preservation of confidentiality and anonymity by using measures to protect the identity of the respondents. This includes maintaining the acquired information in a manner that prevents direct tracing or association with any specific participant.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

The present study aimed to assess the effect of digitalization on customer retention, with a focus on the mediating role of perceived customer value. In this chapter, the analysis and results are presented and discussed.. The analytical methods employed comprise descriptive statistics, correlation analysis, and regression analysis.

4.2 Demographic information of respondents

The findings displayed in Table 4.1 illustrate the distribution of respondents according on gender in the survey. According to the data, a majority of the respondents, comprising 53.1%, described themselves as male, whereas 46.9% identified as female. The data distribution reveals a marginal gender imbalance among the participants, with a greater proportion of male respondents. This information may hold significance in comprehending any gender-related disparities in viewpoints about digitalization, perceived value, and customer retention within the small and medium-sized enterprise (SME) context in Kumasi.

The age distribution of participants in the study is also presented in Table 4.1. The findings of the study reveal that a total of 18 respondents, accounting for 11.1% of the sample, reported being below the age of 20. The majority of respondents, 95 individuals or 58.7% of the sample, fell within the age range of 21 to 30 years. Additionally, 43 respondents, representing 26.5% of the sample, reported being between the ages of 31 and 40. Lastly, a small proportion of the sample, specifically 6 individuals or 3.7%, reported being in the age range of 41 to 50 years. The findings also depict the distribution of education among the participants in the study. The findings indicate that out of the total sample, 9 individuals (5.6%) had successfully passed SSCE/WASSCE, 21 individuals (12.9%) possessed a

Diploma/HND qualification, 96 individuals (59.3%) had obtained an undergraduate degree, and 36 individuals (22.2%) had accomplished a postgraduate degree.

Table 4.1

Frequency Table for Demographic Information

Variable	*n*	*%*
Gender		
Male	86	53.1
Female	76	46.9
Age Range		
Below 20 years	18	11.1
21 to 30 years	95	58.7
31 to 40 years	43	26.5
41 to 50 years	6	3.7
Level of Education		
SSCE/WASSCE	9	5.6
Diploma/HND	21	12.9
Undergraduate	96	59.3
Postgraduate	36	22.2
Total	**162**	**100%**

Source: Field Data, 2023.

4.3 Reliability

Reliability refers to the consistency and dependability of a measurement or data collection process (Ahmed and Ishtiaq, 2021). It is a quality that indicates the degree to which the same results or outcomes can be repeatedly obtained under consistent conditions or through repeated measurements. In various contexts, reliability can pertain to the trustworthiness, stability, and consistency of data, tools, equipment, or processes (Sürücü and Maslakci, 2020). In statistics and research, reliability often involves assessing the degree to which a measurement or instrument produces consistent and reproducible results

over time and across different situations (Sürücü and Maslakci, 2020. It is a fundamental aspect of data quality and is crucial for making valid inferences and drawing meaningful conclusions from collected information. The researcher tested for the reliability using Cronbach's alpha.

The Cronbach's alpha coefficient was assessed according to the criteria proposed by George and Mallery (2018), wherein a coefficient more than .9 is considered excellent, greater than .8 is considered good, greater than .7 is considered acceptable, greater than .6 is considered doubtful, greater than .5 is considered poor, and less than or equal to .5 is considered undesirable. The digitalization items exhibited a Cronbach's alpha rating of 0.83, suggesting a high level of dependability. A Cronbach alpha coefficient was computed to assess the reliability of the customer perceived value scale. The items comprising the customer perceived value construct demonstrated a Cronbach's alpha coefficient of 0.86, indicating a high level of reliability.

The Cronbach alpha coefficient was computed for the customer retention scale, which comprised The Cronbach's alpha coefficient for the customer retention items was determined to be .84, suggesting a high level of dependability. The findings of the reliability analysis are presented in Table 4.2.

Table 4.2

Reliability for Digitalization, Customer Perceived Value and Customer Retention

Scale	**No. of Items**	**Cronbach alphα**
Digitalization	10	.83
Customer Perceived Value	6	.86
Customer Retention	5	.84

Source: Field Data, 2023

4.4 Descriptive Statistics

4.4.1 Descriptive Statistics for Digitalization

The variable of digitalization has 10 items, each with mean scores ranging from 3.95 to 4.64. This indicates that there was agreement among respondents about all the items related to digitalization. The skewness values for these items range from 0.05 to 0.92, while the kurtosis values range from 0.15 to 0.57, as presented in Table 4.3. When the absolute value of the skewness exceeds 2, the variable is regarded as exhibiting asymmetry with respect to its mean. According to Westfall and Henning (2013), if the kurtosis of a variable is greater than or equal to 3, it indicates a significant deviation from a normal distribution, particularly in terms of its propensity to generate outliers. Table 4.3 contains the summary statistics.

Table 4.3 Summary Statistics for Digitalization

Variable	*M*	*SD*	*N*	SE_M	Min	Max	Skewness	Kurtosis
D1	4.51	1.29	162	0.10	1.00	7.00	0.05	0.15
D2	4.49	1.36	162	0.11	1.00	7.00	0.05	0.41
D3	4.52	1.76	162	0.14	1.00	7.00	0.86	0.13
D4	4.64	1.42	162	0.11	1.00	7.00	0.68	0.57
D5	4.38	1.36	162	0.11	1.00	7.00	0.43	0.45
D6	4.24	1.48	162	0.12	1.00	7.00	0.35	0.13
D7	4.08	1.39	162	0.11	1.00	7.00	0.45	0.16
D8	4.20	1.39	162	0.11	1.00	7.00	0.76	0.22
D9	3.95	1.49	162	0.12	1.00	7.00	0.43	0.42
D10	4.36	1.45	162	0.11	1.00	7.00	0.92	0.45

Source: Field Data, 2023

4.4.2 Customer Perceived Value

The variable "customer perceived value" has six items, each with mean values ranging from 3.93 to 5.22. These results indicate that there is a consensus among respondents regarding the perceived value of all the items. The skewness values for these items range from 0.09 to 0.59, while the kurtosis values range from 0.11 to 0.99, as presented in Table 4.4. When the absolute value of the skewness exceeds 2, the variable is regarded as exhibiting asymmetry with respect to its mean. When the absolute value of the skewness exceeds 2, the variable is regarded as exhibiting asymmetry with respect to its mean. According to Westfall and Henning (2013), a variable's distribution deviates significantly from a normal distribution in terms of its ability to generate outliers when the kurtosis is equal to or greater than 3. The summary data are located in Table 4.4.

Table 4.4

Summary Statistics for Customer Perceived Value

Variable	*M*	*SD*	*N*	SE_M	Min	Max	Skewness	Kurtosis
CPV1	5.22	1.34	162	0.11	2.00	7.00	0.16	0.63
CPV2	5.07	1.44	162	0.11	2.00	7.00	0.09	0.99
CPV3	5.18	1.47	162	0.12	2.00	7.00	0.59	0.11
CPV4	4.04	1.38	162	0.11	2.00	7.00	0.38	0.60
CPV5	3.93	1.36	162	0.11	2.00	7.00	0.45	0.41
CPV6	4.01	1.39	162	0.11	2.00	7.00	0.49	0.36

Source: Field Data, 2023

4.4.3 Customer Retention

The variable "customer retention" consists of five items, each with mean values ranging from 4.30 to 5.10. This indicates that all the items related to perceived value were generally agreed upon. The skewness values for these items range from 0.06 to 0.42, while the kurtosis values range from 0.07 to 0.49, as presented in Table 4.5. When the absolute value

of the skewness exceeds 2, the variable is regarded as exhibiting asymmetry with respect to its mean. According to Westfall and Henning (2013), if the kurtosis of a variable is equal to or more than 3, it indicates a significant deviation from a normal distribution, particularly in terms of its propensity to generate outliers. Table 4.5 contains the summary statistics.

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Table 4.5

Summary Statistics for Customer Retention

Variable	*M*	*SD*	*N*	SE_M	Min	Max	Skewness	Kurtosis
CR1	4.90	1.33	162	0.10	2.00	7.00	0.11	0.49
CR2	4.30	1.53	162	0.12	1.00	7.00	0.41	0.08
CR3	4.93	1.23	162	0.10	1.00	7.00	0.06	0.07
CR4	5.10	1.12	162	0.09	2.00	7.00	0.42	0.30
CR5	4.92	1.15	162	0.09	2.00	7.00	0.28	0.19

Source: Field Data, 2023

4.5 Correlation

The examination of the correlation results involved the use of the Holm correction method to account for multiple comparisons, with an alpha value set at 0.05. The results of the correlations are presented in Table 4.6 and Table 4.7. The findings presented in Table 4.6 and Table 4.7 demonstrate a statistically significant and positive association between digitalization and customer-perceived value. The correlation coefficient of 0.40 suggests a modest effect size. This relationship is supported by a p-value of less than .001 and a 95% confidence interval ranging from .26 to .52. This implies that as the process of digitalization becomes more prevalent, there is a corresponding tendency for customer-perceived value to increase. Furthermore, a noteworthy positive association was identified between digitalization and customer retention, exhibiting a correlation coefficient of 0.56, signifying a substantial effect size ($p < .001$, 95.00% CI = [.44, .66]). This observation

implies that there is a positive correlation between the level of digitization and client retention. Once more, a noteworthy positive connection was identified between customer-perceived value and customer retention, exhibiting a correlation coefficient of 0.56, denoting a substantial effect size ($p < .001$, 95.00% CI = [.44, .66]). This observation indicates that there is a positive relationship between customer-perceived value and customer retention, whereby an increase in customer-perceived value is likely to result in an increase in customer retention.

Table 4.6

Pearson Correlation Matrix among Digitalization, Customer_Perceived_Value, and Customer_Retention

Variable	**1**	**2**	**3**
1. Digitalization	1		
2. Customer_Perceived_Value	.40*	1	
3. Customer Retention	.56*	.56*	1

Note. * *p*

Source: Field Data, 2023

Table 4.7

Pearson Correlation Results among Digitalization, Customer_Perceived_Value, and Customer_Retention

Combination	***r***	**95.00% CI**	***n***	***p***
Digitalization-Customer_Perceived_Value	.40	[.26, .52]	162	< .001
Digitalization-Customer_Retention	.56	[.44, .66]	162	< .001
Customer_Perceived_Value-Customer_Retention	.56	[.44, .66]	162	< .001

Note. P-values adjusted using the Holm correction.

Source: Field Data, 2023

4.6 Hypothesis Testing

In this section, the researcher investigated the relationships among digitalization, customer perceived value, and customer retention. To achieve this, the Andrew Hayes PROCESS MACRO version 4.2 was used.

4.6.1 The Relationship between Digitalization and Customer Perceived Value

The study's first objective was to examine how digitalization influences customer perceived value. The results in Table 4.9 revealed that there is a significant positive effect of digitalization on customer perceived value (β = .285, t = 5.531). Digitalization was found to account for up to 16.0% of the variability in customer perceived value. As a result, hypothesis 1 is supported as indicated in table 4.8.

4.6.2 The Effect of Digitalization on Customer Retention

The study's second objective was to investigate the impact of digitalization on customer retention. In Table 4.9, digitalization was found to have a significant positive effect on customer retention (β =.220, t = 6.181). Digitalization can explain up to 44.6% of variability in customer retention. Consequently, hypothesis 2 is supported as illustrated in table 4.8.

4.6.3 The Effect of Customer Perceived Value on Customer Retention

The study's third objective was to examine how customer perceived value influences customer retention. The results in Table 4.9 revealed that there is a significant positive effect of customer perceived value on customer retention (β = 0.807, t = 10.088). Customer perceived value was found to account for up to 44.6% of the variability in customer retention. As a result, hypothesis 3 is supported as indicated in table 4.8.

4.6.4 The Mediating Role of Customer Perceived Value in the Effect of Digitalization on Customer Retention

The final aim of the research was to evaluate the mediating function of customer perceived value in the impact of digitalization on customer retention. The mediation analysis results from the Andrew Hayes PROCESS macro provide insights into the direct and indirect effects of digitalization (independent variable) on customer retention (dependent variable) through the mediating variable (Customer Perceived Value).

The direct effect of digitalization on customer retention is significant. The effect size (coefficient) is approximately 0.220, with a standard error of 0.036. The t-value of 6.181 indicates that the effect is highly significant ($p < 0.001$). The 95% confidence interval (CI) for the direct effect ranges from approximately 0.150 to 0.290. This suggests that when digitalization increases by a unit, there is an associated increase in customer retention. The indirect effect of digitalization on customer retention through the mediator CPV is also significant. The estimated indirect effect is approximately 0.088. This effect is obtained through bootstrapping, with a bootstrapped standard error of 0.024. The 95% bootstrapped confidence interval for the indirect effect ranges from approximately 0.044 to 0.137. This suggests that a portion of the impact of digitalization on customer retention is transmitted through its influence on the mediator customer perceived value. In other words, when digitalization increases, it leads to higher customer perceived value, which in turn is associated with an increase in customer retention. This therefore implies that customer perceived value mediates the relation between digitalization and customer retention.

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Table 4.8

Regression Analysis

	Customer Perceived Value		Customer Retention					
	Model 1		Model 2				Confidence Interval	
Variables	**Beta-Value**	**T-Value**	**Beta-Value**	**T-Value**	**SE**	**P-Values**	**LLCI**	**ULCI**
Main Direct effect								
Digitalization	.285	5.531			.052	.000	.183	.387
			.220	6.181	.036	.000	.150	.290
CPV			.310	6.197	.050	.000	.211	.401
Indirect Effect								
Direct, Digitalization			.220(6.181)		.036	.000	.150	.290
Indirect, CPV			.088		.024		.044	.137
Model Indices								
R	.401		.668					
R Square	.160		.446					
F	30.589		63.897					
Sig.	.000		.000					

Source: Field Data, 2023

Note; "SE" is Standard Error, "LLCI" is Lower Limit Confident intervals, "ULCI" is Upper Limit Confident inter

4.8 Discussions of Results

This section presents the discussion of results with supported existing literature based on the study objectives.

4.8.1 The Relationship between Digitalization and Customer Perceived Value

The study's first objective was to examine how digitalization influences customer perceived value. The results revealed a significant positive effect of digitalization on customer perceived value. Digitalization was found to account for up to 16.0% of the variability in customer perceived value. This finding agrees with Joshi and Parihar (2017), Bouwman, et al. (2021) and Sakaya (2023) which indicate that digitalization and customer perceived value has a significant positive relationship. This substantiates the notion that as businesses embrace digitalization strategies, customers are more inclined to perceive heightened value in the products or services offered. Furthermore, the linkage established between digitalization and customer perceived value is of paramount significance. The fact that digitalization accounts for up to 16.0% of the variability in customer perceived value underscores its pivotal role in influencing how customers perceive the value proposition of the offerings. This revelation emphasizes the strategic importance of integrating digitalization initiatives to foster positive customer perceptions of value, ultimately bolstering their loyalty and inclination towards continued engagement with the business.

4.8.2 The Effect of Digitalization on Customer Retention

The study's second objective was to investigate the impact of digitalization on customer retention. Digitalization was found to have a significant positive effect on customer retention. Digitalization can explain up to 44.6% of variability in customer retention. The study finding is consistent with the results of Ilyas et al. (2021), Balci (2021), and

Sampurna and Miranti (2022) which found a significant influence of digitalization on customer retention.

The extent of variability in customer retention attributed to digitalization is a notable observation. The finding that digitalization accounts for up to 44.6% of the variability in customer retention indicates its substantial influence on customer retention. This elucidates the strategic significance of effectively integrating digital strategies to not only enhance customer perceptions but also to fortify the long-term relationships between customers and the business.

4.8.3 The Effect of Customer Perceived Value on Customer Retention

The study's third objective was to examine how customer perceived value influences customer retention. The results revealed a significant positive effect of customer perceived value on customer retention. This signifies the crucial role that customers' perceived value plays in influencing customers and their likelihood to remain transacting with the business. This finding is in line with the fingings of Hansen, Samuelsen, and Silseth (2008), Hanaysha (2018) and Otiso (2021) who also found a significant positive effect of customer perceived value on customer retention.

Moreover, the extent to which customer perceived value contributes to the variability in customer retention carries significant weight. The revelation that customer perceived value can account for up to 44.6% of the variability in customer retention.

4.8.4 The Mediating Role of Customer Perceived Value in the Effect of Digitalization on Customer Retention

The last objective of the study was to assess the mediating role of customer perceived value in the effect of digitalization on customer retention.

The results of the analysis indicate that customer perceived value mediates the relationship between digitalization and customer retention. This means that improved digitalization supports customer perceived value, which in turn leads to an increase in customer retention.

. This signifies that the impact of digitalization on customer retention is not merely attributed to perceived value, but digitalization itself exerts a distinct and significant influence on the retention of customers

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CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The primary objective of this study was to investigate the influence of digitalization on the perceived value of customers and the retention of customers in small and medium-sized enterprises (SMEs) located in Kumasi. The study encompasses four distinct objectives: firstly, to investigate the impact of digitalization on customer perceived value; secondly, to analyse the influence of digitalization on customer retention; thirdly, to evaluate the effect of customer perceived value on customer retention; and finally, to ascertain the mediating role of perceived value in the relationship between digitalization and customer retention within small and medium-sized enterprises (SMEs) located in Kumasi. The findings, conclusions, and recommendations presented in this chapter are derived solely from the empirical data obtained during the study.

5.2 Summary of the findings

The section of the study provides summary of the findings based on the objectives of the study.

5.2.1 The Relationship between Digitalization and Customer Perceived Value

The primary aim of the study was to investigate the impact of digitalization on consumer perceived value. The findings of the study indicate a statistically significant and favourable impact of digitalization on the perception of value by customers. The study revealed that digitalization was responsible for a significant portion, specifically 16.0%, of the variation observed in consumer perceived value.

5.2.2 The Effect of Digitalization on Customer Retention

The secondary aim of the study was to examine the influence of digitization on customer retention. The study revealed that the process of digitalization has a noteworthy and favorable impact on the ability of businesses to retain customers. The phenomenon of digitalization has been found to account for a significant proportion, specifically 44.6%, of the observed variability in customer retention.

5.2.3 The Effect of Customer Perceived Value on Customer Retention

The third purpose of the study was to investigate the impact of customer perceived value on customer retention. The findings of the study indicated a statistically significant and favourable relationship between customer's perceived value and customer retention.

5.2.4 The Mediating Role of Customer Perceived Value in the Effect of Digitalization on Customer Retention

The last objective of the study was to assess the mediating role of customer perceived value in the effect of digitalization on customer retention. It was found that customer perceived value mediates the relation between digitalization and customer retention.

5.4 Conclusions

This study examined the impact of digitization on customer perceived value and customer retention within the Small and Medium-sized Enterprises (SMEs) sector in Kumasi.

The research findings demonstrate a noteworthy and favourable influence of digitization on customers' perception of value. This underscores the considerable significance of digitalization in enhancing consumers' perceptions of value, a pivotal factor influencing their engagements with small and medium-sized firms (SMEs). Moreover, the examination of the impact of digitization on customer retention yielded a noteworthy discovery. The research findings suggest that digitization has a notable and positive effect

on customer retention inside small and medium-sized enterprises (SMEs). The study's findings underscore the significance of consumer perceived value in mediating the relationship between digitization and customer retention.

The findings of this research emphasise the significance of perceived value in shaping the process of digitization with the aim of improving customer retention among small and medium-sized firms (SMEs) located in Kumasi. The examination of the interplay between digitization, perceived value, and customer retention offers a comprehensive comprehension of how small and medium-sized enterprises (SMEs) can strategically employ digital initiatives to enhance customer relationships and achieve sustained expansion within the dynamic business landscape. This research offers significant contributions for small and medium-sized enterprises (SMEs) in Kumasi and other areas, emphasising the crucial impact of digitization on defining consumer perceived value and eventually influencing customer retention. The confluence of these elements highlights the significant impact that technology may have on promoting corporate expansion and long-term viability.

5.5 Recommendation

Based on the results of the study, which revealed that digitalization has a significant positive effect on customer perceived value. It is recommended that the management of small and medium-sized enterprises (SMEs) in Kumasi proactively incorporate digital technology into their operations, considering the favourable influence of digitalization on customer perceived value and retention. This encompasses the improvement of online platforms, provision of tailored experiences, and utilisation of data analytics for the purpose of comprehending client preferences.

Secondly, the study found that Digitalization have a significant positive effect on customer retention. It is recommended that management should recognise the significance of customer perceived value, it is imperative for small and medium-sized enterprises (SMEs) to place emphasis on comprehending the requirements and preferences of their customers. This involves customising digital strategies to generate interactions and experiences that are centred on creating value and that strongly resonate with the intended target audience.

In addition, the results of the study show that customer perceived value has a significant positive effect on customer retention. It is recommended that management of SMEs in Kumasi should make sure there is provision of digital skills and customer-centric training to staff members will promote efficient interaction and engagement, ultimately leading to the enhancement of customer value and retention.

5.6 Suggestion for Future Research

This study was a cross-sectional study and as such conducting longitudinal studies to track the long-term effects of digitalization on customer perceived value and retention would provide deeper insights into the sustainability of these relationships over time.

The study did not look at specific mechanisms through which customer perceived value mediates the relationship between digitalization and retention. Further investigation into the specific mechanisms through which customer perceived value mediates the relationship between digitalization and retention would enhance our understanding of the underlying dynamics.

The study did not also consider potential moderating factors. Therefore Investigating potential moderating factors, such as industry type or company size, could uncover nuances in how digitalization influences customer perceived value and retention across different contexts.

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KNUST

APPENDICES

Appendix A: Questionnaire

The researcher is a final year Master of Business Administration student of the Kwame Nkrumah University of Science and Technology (KNUST). This questionnaire is to collect data to help the researcher *to assess the effect of digitalization on customer perceived value and customer retention of small and medium scale enterprises in Kumasi.* The responses will be used strictly for academic purposes only, and all information you give will be kept confidential.

Kindly tick [√] in the spaces provided.

SECTION A: GENERAL INFORMATION OF RESPONDENTS

1. Please indicate your gender: Male [ ] Female [ ]
2. Age. Below 20 years [ ] 2130 years [ ] 3140 years [ ] 4150 years[ ] Above 50 years[ ]
3. Indicate your level of education SSCE/WASSCE [ ] Diploma/HND [ ] . Undergraduate [ ]. Postgraduate [ ]

SECTION B: DIGITALIZATION

Please, indicate the extent to which you agree or disagree to the statements below by ticking the appropriate boxes beside them. Using a scale of 17**, where 1= Very strongly disagree, 2=Strongly Disagree, 3=Disagree 4=Neutral, 5=Agree, 6=Strongly Agree and 7= Very strongly agree**

KNUST

	1	2	3	4	5	6	7
My firm has an active and up-to-date website that showcases our products/services.							
We utilize social media platforms to engage with customers and promote our offerings.							
My firm employs online marketing strategies to reach a broader audience.							
We have a mobile app or a mobile-friendly website to facilitate easy access for customers.							
E-commerce is an integral part of my firm, allowing customers to make purchases online.							
We use digital tools and software to manage inventory and streamline operations.							
Customer data is stored securely and used to enhance personalized experiences.							
My firm leverages data analytics to gain insights and make data-driven decisions.							
We have integrated digital payment options to provide convenience for customers.							
We actively seek feedback through online channels to continuously improve our offerings.							
My firm has an active and up-to-date website that showcases our products/services.							
We utilize social media platforms to engage with customers and promote our offerings.							

SEECTION C: CUSTOMER PERCEIVED VALUE AND CUSTOMER RETENTION

Please, indicate the extent to which you agree or disagree to the statements below by ticking the appropriate boxes beside them. Using a scale of 17**, where 1= Very strongly disagree, 2=Strongly Disagree, 3=Disagree 4=Neutral, 5=Agree, 6=Strongly Agree and 7= Very strongly agree**

KNUST

CUSTOMER PERCEIVED VALUE	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Compared to alternative companies, the company charges fairly reasonable price for its products/services.							
Compared to alternative companies, the company seems to provide free services.							
Comparing what I pay to what I might get from other competitive companies, I think the company provided me with good value for money.							
I get reasonable quality for the price I pay.							
The purchasing relationship delivers me netvalue							
I usually recommend this firm to my friends							
CUSTOMER RETENTION							
I usually recommend this firm to my friends							
I will continue to remain a customer of this firm no matter what							
I feel emotionally attached to this firm							
I am prepared to pay more for this firm`s goods and services.							

I say positive thing about this firm to my friends							

Appendix B: Output of Analysis

```
Run MATRIX procedure:
***************** PROCESS Procedure for SPSS Version 4.2
*****************

          Written by Andrew F. Hayes, Ph.D.      www.afhayes.com
    Documentation available in Hayes (2022). www.guilford.com/p/hayes3
**************************************************************************
***
Model  : 4
    Y  : CR
    X  : D
    M  : CPV
Sample
Size:  162
**************************************************************************
***
OUTCOME VARIABLE:
 CPV

Model Summary
          R       R-sq        MSE          F        df1        df2
p
       .401       .160     35.260     30.589      1.000    160.000
.000

Model
              coeff         se          t          p       LLCI
ULCI
constant     15.092      2.283      6.611       .000     10.584
19.600
D              .285       .052      5.531       .000       .183
.387
**************************************************************************
***
OUTCOME VARIABLE:
 CR

Model Summary
          R       R-sq        MSE          F        df1        df2
p
       .668       .446     14.104     63.897      2.000    159.000
.000

Model
              coeff         se          t          p       LLCI
ULCI
constant      6.097      1.629      3.743       .000      2.880
9.315
D              .220       .036      6.181       .000       .150
.290
CPV            .310       .050      6.197       .000       .211
.409
```

```
****************** DIRECT AND INDIRECT EFFECTS OF X ON Y
*****************

Direct effect of X on Y
     Effect         se          t          p       LLCI       ULCI
       .220       .036      6.181       .000       .150       .290

Indirect effect(s) of X on Y:
        Effect     BootSE   BootLLCI   BootULCI
CPV       .088       .024       .044       .137
************************ ANALYSIS NOTES AND ERRORS
************************

Level of confidence for all confidence intervals in output:
  95.0000
Number of bootstrap samples for percentile bootstrap confidence
intervals:
  5000
------ END MATRIX -----
```

KNUST