

ASSESSING QUALITY SERVICE DELIVERY IN BANKING IN GHANA
A CASE STUDY OF GHANA COMMERCIAL BANK

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of

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CERTIFICATION


I hereby declare that this submission is my own work towards the Commonwealth EMBA and that to the best of my knowledge, 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 due acknowledgement has been made in the text.

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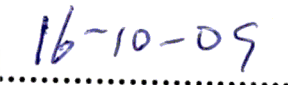

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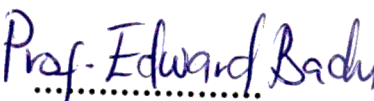
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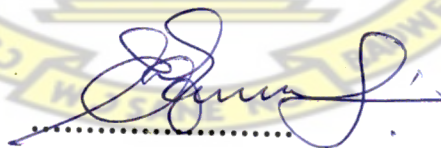

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ABSTRACT

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There is the perception that Ghana Commercial Bank Limited (GCB) does not provide quality services to its customers, and consequently, it has contributed to a decline in its market share of profits, deposits and poor returns on assets and equity. GCB commanded about 45% of the profit in the banking industry in 1993 but GCB's market share in profit dropped to 17.1% in 2006. Its major competitor Barclays Bank of Ghana (BBG) increased its market share of profit from 6% in 1993 to 20.4% in 2006. GCB's market share in deposit was 38% in 1993 but has gradually declined to 17.8% in 2006. BBG however, increased its market share of deposits from 13% in 1993 to 15.4% in 2006 and Standard Chartered Bank (SCB) also increased its market share of deposits from 9% in 2003 to 13.1% in 2006. GCB's return on assets and equity was lower than BBG and SCB in 2006. GCB however has the highest operational expense. The lack of quality service delivery in GCB may be a contributory factor in the high expenditure. The perception negatively affected the image of GCB but no scientific research has been conducted to either confirm or reject this assertion. The servqual survey instrument was therefore adapted to conduct a survey on ten dimensions of quality among external customers. Survey on issues relating to satisfaction of internal customers was conducted for the staff of GCB. The verdict of the external customers was that GCB fell short of the expectations of its customers on all the dimensions of quality but the level differed. The internal customers were not satisfied and there was no internal quality of services. It further buttressed the fact that without effective internal quality management, external quality service delivery would not be achieved. The study identified some operational lapses and recommended remedial actions. The intensity and urgency of remedial action depends on the level of shortfall of the various dimensions. It is recommended that GCB should take immediate steps to address Recovery from Service Failure, Reliability, Procedure and Bureaucracy

dimensions. The constant breakdowns in the provision of services should be solved by upgrading and effectively managing its technology and equipment. GCB should continue to renovate its older branches selectively due to cost implications and improve upon the other dimensions in which the gaps were close to expectations so that its services would meet or exceed expectations of its customers. Quality assurance management should be strengthened to inculcate the philosophy of quality into the staff. The Management and staff should agree on issues concerned with satisfaction, remuneration and promotion. Bureaucracy should be reduced by decentralizing some decision making and simplifying procedures. It is hoped that, the adoption of quality services as a competitive strategy and the implementation of the recommendations of this study would lead to the recapture of the market share which GCB lost to its competitors.

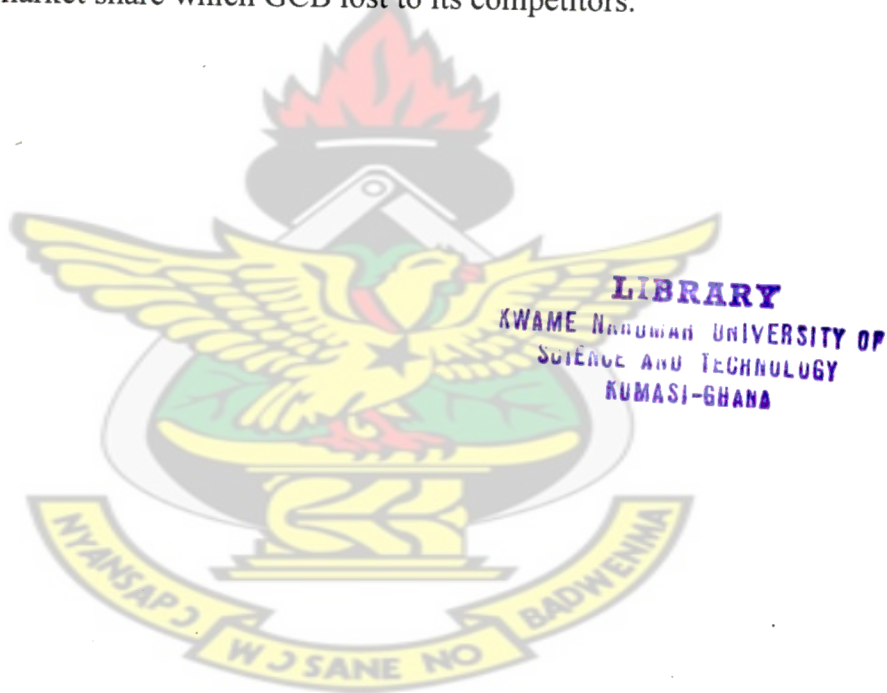


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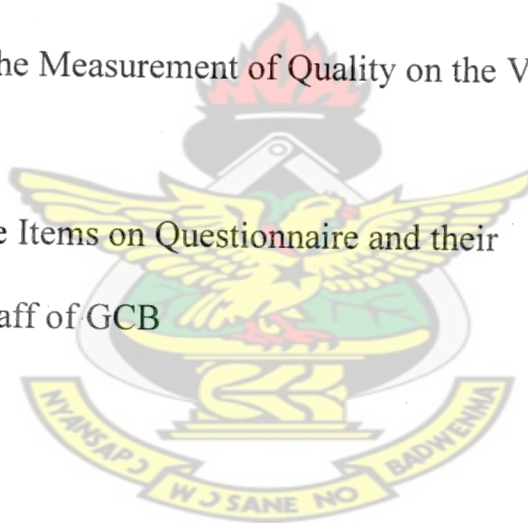
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LIST OF ABBREVIATION

GCB	Ghana Commercial Bank
BBG	Barclays Bank Ghana
ECG	Ecobank Ghana
FINSAP	Financial Sector Adjustment Program
SSNIT	Social Security and National Insurance Trust
ATM	Automated Teller Machine
SME	Small and Medium Enterprise
NGO	Non Governmental Organisation
PMSU	Professional and Managerial Staff Union
HRD	Human Resource Division
SCB	Standard Chartered Bank
SG-SSB	Societe Generale
ISO	International Standards Organisation
ANSI	American National Standard Institute
TQ	Total Quality
TQM	Total Quality Management
HR	Human Resource
ICT	Information Communication Technology
TARP	Technical Assistance Research Programme

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CHAPTER ONE

1.0 THE NEED FOR QUALITY SERVICES IN GCB

1.1 Introduction

This chapter deals with background information of Ghana Commercial Bank (GCB) which was used as a reference to the study; an assessment of Quality Service Delivery in Banking in Ghana. The chapter is divided into the following subheadings: History of Ghana Commercial Bank, statement of the problem, research questions, objectives of the study, justification of the study, methodology, scope of the study, limitations of the study and the organization of the study

1.2 History of Ghana Commercial Bank Limited (GCB)

The Banking business in the Colonial era was dominated by two British banks, the Bank of West Africa and Barclays Bank DCO. The Bank of the Gold Coast was established in October 1952 to operate to the benefit of African industry, agriculture, commerce and trade and to spread the use of Banks among Africans. In 1957 the name of the Bank of the Gold Coast was changed to Ghana Commercial Bank and the Central Bank activities were hived off to the newly created Bank of Ghana, BoG (Anin, 2000).

In the 1980's the government launched the financial sector Adjustment Program (FINSAP) to restructure distressed Banks. These Banks, including GCB, were weak insolvent with significant non performing loans or facilities. FINSAP was to restore the Banks to profitability, reform legislation and improve the Banking supervisory system. New Banks were to be allowed develop the money and capital markets by liberalizing the financial sector and making the industry more competitive and attractive to investors (Anin, 2000).

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In 1994, Ghana Commercial Bank changed its legal entity from a statutory corporation to a company registered under the company's code. In 1996 the Bank floated shares on the stock exchange and as a result the Government of Ghana divested a percentage of its ownership to individuals, corporate and business entities. Currently the two largest shareholders are the government of Ghana holding 21.36% shares and SSNIT holding 29.81% (GCB Corporate Plan, 2008-2010).

1.3 Products and Services Provided by GCB

GCB has 149 branches and 1,201,309 accounts making an average of 9,032 accounts per a branch. GCB's customers constitute 25% of the 4.4 million total national banking customers. Only 20% of the estimated populations of Ghana 22 million have bank account. GCB customers constitute about 5% of the entire population. There were 80 ATMS as at December, 2007. The Bank employs 2156 people; make up Management Staff 210, Supervisors 908 and Non Supervisors 1,038 (GCB Corporate Plan, 2008-2010).

There is a wide range of services available to customers. However they are classified into Personal Banking Services and Business Banking Services. (See appendix 1) for details.

1.4 The Current Banking Scene in Ghana

The banking industry had 28 Banks as at December 2008, with 410 branches. With the liberalization of the banking sector, there has been an influx of foreign banks into the country. Gone were the days when the industry was characterized by high interest rates with little or no innovation in products and services. The banks invested in short term government securities which yielded 50% returns. The Bank of Ghana additionally required each bank to put 35% of deposits in government securities. These investments were enough to make many banks profitable without

actually lending to customers. But this dramatically changed when interest rates fell and the number of banks increased bringing with it intense competition among the banks. With the change in the Macro economic environment, it is no longer lucrative to rely on government securities. The banks now have to develop innovative products and adopt marketing strategies and communication skills to promote their services and products. The banks are developing fee generating financial products and efficient credit management. Migrations to other banks are easy as customers have options. In addition, the Banks are now licensed to do universal Banking. There are 132 rural banks that are also licensed to engage in banking business. There are also numerous non banking financial services, NGO's and micro credit schemes that also satisfy some of the banking needs of Ghanaians. "Ghana's competitive banking environment, the pursuit of service quality is now considered an essential winning strategy. A good bank product now gets you a seat at the table, but superior service quality is hypothesized to get you to the head of the table". (Hinson, 2006 p 48).

1.5 Quality Assurance Management in GCB

Staff of GCB are guided by the book of instructions (operations manual) and circulars which are issued regularly. The services to be provided, the manner and what authority one has to provide or order the services are stated in the book of instructions. It is a reference point and violations carry sanctions. The contents of the Book of Instructions are designed to ensure efficient banking services to eliminate or minimize fraud. The Inspection Division regularly inspects and audits the books of branches and departments to ensure that the book of instruction and various circular have not been violated. The inspections and audit ensure that there have not been fraud and incidents of leakages of revenue to the Bank. The inspections and audit are held periodically and long after the events or activities are inspected or audited.

GCB organized modular courses for all its branch managers and selected officers in 2002. Among the topics covered was Quality Management which dealt with quality delivery and customer care. Customer Care programs were organized for almost all zones. The bank had become conscious of quality services and customer care. In 2008, the bank appointed customer service manager to lead in the development and implementation of best in class quality customer service programme. Quality management philosophy is presently in its infancy.

In 2008 a customer service charter was circulated among staff. The charter outlines the service commitment of the Bank to customers both internal and external customers. The charter discusses the services the bank provides, handling of customer's complaints, the Bank and industry standards, with the expectation that staff will adhere to them for improvement in service delivery.

GCB's mission statement makes reference to high quality services, satisfying the expectation of customers, but quality assurance does not have a functional division and there was no department or unit responsible for quality services until 2008.

1.6 Statement of Problem

In a circular dated 29th August, 2005 to all Area Offices, Branches and Head Office Divisions, the Human Resource Division revealed that "Persistent reports from various parts of the country, including press coverage, tend to indicate that courtesy to our customers is virtually non existent especially at the branches. This is particularly worrying when viewed against the training provided in the area of customer care for the past couple of years." (GCB HRD Circular, 2005, see appendix 2)

It appears staff of GCB have not come to terms with the keen competitive banking environment and the need to hold on to ones market share and more importantly capture more. The Circular stated further that customer complaints include indifference to customer needs, absolute rudeness,

impatience, insulting behaviour and snobbish outlook. The Human Resource Division referred to a study commissioned by General Motors on why clients quit a brand/product/a service provider and concluded that “We in Ghana Commercial Bank can conveniently deduce from the finding that in our circumstances 68% of our customers would leave because of our attitude of indifference.” (GCB HRD Circular, 2005, see appendix 3).

The Professional and Managerial Staff Union (PMSU) made up of officers as opposed to junior staff of GCB held their quadrennial congress in August 2008. The theme of the conference was “Good Customer Care and Quality Service Delivery”. The PMSU observed that there was an increasing perception that GCB’s services were poor compared to services of competitor banks in the country. GCB shares the topmost echelons of the Banking ladder with Standard Chartered Bank (SCB), Barclays Bank of Ghana (BBG), Ecobank and SG-SSB but customer’s perception is that in terms of quality services GCB ranks at the bottom among the leaders of the industry.

GCB was the undisputed leader on Banking in terms of Deposits, Advances, Assets and Profits. In 1993 GCB’s market share of deposits was 38%, the closest competitors were Standard Chartered Bank Ltd (SCB) and Barclays Bank Ghana Ltd (BBG) each had 13%. GCB’s market share of advances was 15% followed by BBG’s 13% and SCB’s 10%. GCB’s profit was 46% of the Banking industry its closest rivals were SG-SSB 9% and SCB 9%. (Source: GCB share offer, mini prospectus, 1996). However GCB’s dominance has been weakened as its market share has reduced and it has even been overtaken by its competitors in some of the indicators. According to the Banking Survey 2007 published by the Business and Financial Times of 21st May, 2008, GCB in 2005 and 2006 (see appendix 4). BBG and SCB beat GCB to the third position in terms of profit before and after tax. GCB’s profit constituted only 17.1% of the market share in 2006. GCB maintained its leadership position in terms of Assets but SCB and BBG have closed the gap

considerably. In 2006 GCB's market share of deposits dropped to 17.8%, SCB recorded 13.1% whilst BBG recorded 15.4%. GCB's market share in advances was 15.9% in 2006, whilst BBG posted 15.8% (GCB Strategic plan 2008-10). Even though GCB maintained its leadership in deposits and advances it is obvious that it has lost considerable market share but its competitors BBG and SCB maintained or increased their market share in deposits, advances and profit...

Although, GCB's share of the market has declined, paradoxically it has been increasing its profits. Profits have consistently increased from GH¢ 21,563,500.00 in 2003 to GH¢ 39,543,580.00 in 2007. However, the perception of poor quality service persists. GCB has maintained its leadership in assets but the return on assets is not impressive compared to competitors. (See appendix 5 for table 1.1)

According to table 1.1 appendix 5, the industry leaders are GCB, Standard Chartered Bank (SCB), Barclays Bank Ghana (BBG), Ecobank Ghana (EBG) and SG-SSB. GCB has the lowest return on earning of 4.4% whilst the other industry leaders range from 5% to 6.7%. GCB recorded the highest expense income of 68% whilst the others recorded from 47% to 62%.

GCB's return on assets of 3.3% was better than only SG-SSB which recorded 2.7%. The other industry leaders did better. Even though GCB's return on equity of 28.7% is better than industry average of 24.7%, the other industry leaders recorded 38.9% for SCB, 52.1% for BBG, 43% for EBG and 19.6% for SG-SSB. With assets of GH¢ 69, 9973.60, Standard Chartered made a profit of GH¢ 276,821.00 whilst GCB with assets of GH¢ 779,201.60 made a profit of GH¢ 26,014,700.00 (see appendix 4). It should be observed that GCB's assets base is so huge that it should have turned out much higher profit than it did. Once again there is the perception that lack of quality services militates against GCB turning out much higher profits with its asset base built

over the years since 1953. The investments of GCB ranked first in 2005 and then dropped to the second position in 2006. SCB was second in 2005 and first in 2006. BBG was 4th in both 2005 and 2006. SG-SSB was 3rd in 2005 and ADB was 3rd in 2006. GCB however continues to maintain its leadership in shareholders funds.

The perception that GCB lacks quality services has gained notoriety and a preponderance that should not be allowed to continue without scientific proof. GCB's profits have been increasing with simultaneous decline in its market share of deposits, loans and advances and profits relative to competitor banks. In 2007 and 2008 it recorded the highest profit in the industry although it is nowhere near 45% of the industry, yet the perception of poor quality services persist. To the best of this researcher's ability and knowledge there has not been any scientific research relating to the quality of services provided by GCB. It has therefore become appropriate to conduct a scientific research to assess GCB's services. Whether GCB delivers quality services or not should no longer be left to conjecture and opinions which could be jaundiced by personal idiosyncrasies. This research therefore seeks to assess the perception that GCB's services are poor or establish that in reality GCB delivers quality services.

1.7 Goal and Objectives of the Study

The goal of the study is to assess the quality of services provided by banks using GCB as a case study. To achieve this, the following specific objectives were considered:

1. To determine the standard of customer care and quality service delivery in GCB;
2. To identify the quality assurance measures implemented by GCB to satisfy their customers;
3. To assess the structures and measures in GCB which facilitate customer care and delivery of quality services; and

4. To present a report on the state of customer care and quality services in GCB, offering recommendations to improve the quality assurance of GCB in order to increase and enhance GCB's market share.

1.8 Relevance of the Study

The Banking industry is a very important sector in the economy of Ghana. Banks provide finance for businesses both in the private and public owned. They pay substantial taxes, offer employment and profit to shareholders. The influx of banks has injected essential capital in the economy of Ghana but has also created a competitive environment making competitive strategies a very important success factor.

According to Robert Hinson, "superior service quality is hypothesized to get you to the head of table" (Hinson, 2006 p.18) is very apposite. This observation is confirmed by Christine Ennew et al 1995 they observed that "Service quality is such a pre-eminent issue that no major financial services provider can now stand still whilst others are enhancing service levels".

The goal of customer care and quality delivery of services is to achieve customer satisfaction and retention as well as attract new customers. However a firm cannot create loyalty without first satisfying its customers. Statistics show that growth in market share is strongly correlated with customer satisfaction. (James R. Evans and William M. Lindsay 2005 p. 152 and 154). Companies with 98% customer retention rate are twice as profitable as those at 94%. (James R. Evans, William M. Lindsay and 2005 p.254).

Quality service delivery is now viewed as a competitive tool. Quality of service has been known to impact on customer satisfaction and retention (Hinson, 2006 p.49). Several researches have been conducted in respect of customer care and quality delivery of service. Traditionally, customer care

and quality delivery of service have been assessed by measurement of customer satisfaction but this evolved around measuring the difference between customer expectations and perceptions. Expectations and perceptions of people however differ as they are shaped by their history, culture, environment, level of development and sophistication. These conditions in Ghana are different from those in the Europe and U.S.A where the research was conducted. It therefore becomes imperative that for any such research to be fully relevant, it should be conducted under local conditions. Comparison of responses from retail Bank customers in the U.S.A and U.K revealed evidence of cultural differences in attitudes and behaviour which impact on expectations and perceptions (Christine Ennew et al 1995p.203). In Ghana there have been efforts to research into customer care and delivery of quality services. The works of Robert Hinson, Barbara Hammond and others acknowledge this fact in "service delivery in Ghana's banking services". Robert Hinson 2006 chapter 3.p.43 discusses the subject in Ghana without relating it to a particular bank. Since its publication the Banking law has been amended and all banks are now universal banks, their numbers have increased from 15 to 28. GCB which has the largest branch network and assets in 2006 has been loosing market share but continue to pose seemingly impressive results in the face of perceived poor customer care and quality services. It is therefore important to subject GCB under the microscope, measure and assess the impact of customer care and quality service delivery of GCB.

It is hoped that this study has established the presence of customer care and delivery of quality services at GCB or not, what needs to be done for GCB to benefit from customer care and quality delivery of services.

1.9. Scope of Study

The study explored standards of quality services in the banking institutions in the country. These standards were used to measure what existed in GCB to determine whether they deliver quality service or not and the extent of quality existing in GCB.

The study looked at GCB's external customers and internal customers (staff) with emphasis in the Ashanti Region. It also considered structures in GCB which facilitated quality services including policy decisions and documents, circulars and related materials on the provision of quality services in the Bank.

1.10 Limitations of the Study

This study was limited to Ghana Commercial Bank Ltd but necessary comparisons were made in reference to competitors. The main limitation and constraint to this study was the nature of the Banking services and the principle of confidentiality. Information relating to customers activities with the Bank should not be divulged to third parties except under certain conditions. Skeptical internal and external customers were however convinced by arguments that this research was purely an academic exercise. There was the limitation of the sheer size of GCB. Time constraint within which the study should be completed nearly marred the purpose of this work. Notwithstanding all these limitations, the research was conducted taking advantage of the available data. However, the limitations were not drawbacks to the overall success of the study

1.11 Organization of the Study

The study has been categorized into five chapters. Chapter one captures information on the History of GCB, Products and services, the current banking scene, GCB's problems with customer care and quality service delivery, Objective of Study, Research Questions, Relevance of the Study, Scope of the Study, Limitations and Organization of the Study. Chapter two reviewed relevant literature on the subject. Chapter three dealt with the research methodology adopted. Chapter four contained the analysis and discussion of data whilst chapter five provides the summary of findings, conclusions and recommendations.



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CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 History and Evolution of Quality Systems

Quality was appreciated even before the industrial revolution by crafts people and customers. During the industrial revolution quality rested on the assumption that in mass production no two units are exactly identical, but that they would be almost identical and customers would tolerate only a certain limit of variation. This traditional quality control was to ensure that the production process produced components or finished goods which conformed to their specification or within close tolerance. Then came the concept of scientific management. Frederick Taylor's philosophy was a separation of the planning function from the execution function to ensure that products were manufactured correctly independent quality control department assumed inspection of manufactured products and separated the bad from the good. In the 1920's new theories and methods were developed by Walter Shewhart, Harold Dodge, George Edwards and others to improve and maintain quality. Control charts, sampling techniques and economic analysis tools were used. The term quality assurance was coined and quality became a technical discipline of its own.

W. Edwards Deming and Joseph Juran introduced statistical quality control to Japanese engineers and manufacturers after World War II. They showed that by paying attention to the continuous improvement of production processes and gaining employees commitment to the idea of quality at every stage of production, it was possible to achieve consistently high standards of finished goods at a price the customer was more than willing to pay in order to secure reliability and acceptable performance.

After the World War II quality was not the priority of top managers in the US and was delegated to quality managers. The Japanese, however, with steady improvements in quality exceeded western manufacturers and significantly penetrated the western markets in the 1970's. Initially the Japanese focused on statistics techniques which informed them how many units needed to be inspected to ensure that a final shipment does not include more than a specified defective part. Later Research focused on techniques for catching defective parts earlier in the manufacturing process (CEMBA 573, P. 49 2003).

The Japanese thought it was economically better to design and manufacture for quality instead of inspecting to achieve quality after. The Japanese therefore incorporated quality concepts into the design and pre-production phases of the product life cycle. Quality became a way of life in management of organizations (CEMBA 573 P.50)

The work of Max Weber cannot be overlooked in a work like this, although he originally did not set to write on quality in proposition of the ideal bureaucratic organization influenced the establishment of quality in many organizations such assembly lines with quality assurance departments and levels of inspectors and standardization requirements of the International Standards Organizations (ISO).

2.2 Definition and Concept of Quality

There is no universal agreement on the definition of quality. Additionally the meaning of quality continues to evolve. The several definitions of quality elicited from managers are Perfection, Consistency, Eliminating Waste, and Speed of delivery, Compliance with policies and procedures,

providing a good usable product, doing it right the first time. Delighting or pleasing customers, Total customer service and satisfaction.

Quality may well be appreciated from various perceptives. These are judgment perspective, product based perspective, user based perspective, value based perspective and manufacturing based perspective (Evans J.R. and Lindsay W.M. 2005).

One's view of quality may be determined from the position which quality is looked at whether as the designer, manufacturer, or service or provider, distributor or customer.

Customer Driven Quality: The American National Standards Institute (ANSI) and the American Society for Quality defined quality as "the totality of features and characteristics of a product or service that bears on its ability to satisfy given needs" as stated by (James R Evans and William M. Lindsay, 2005 p.16). The simple and more popular customer driven quality definition is "Quality is meeting or exceeding customer expectations" (Evans J.R Lindsay, W.M. p.16 2005). This definition refers to the various categories of customers and not only the end user or the consumer. Other concepts of quality is quality in the eyes of the consumer, fitness to standard and fitness to use are discussed in CEMBA 573 on quality management (2003, p.51-55).

2.3 Quality Functional Deployment

Quality functional Deployment also called "house of quality" is a technique used in design management and was invented by Japanese workers in 1972 at Mitsubishiing Kobe Shipyard. It can be defined as a disciplined approach to solving problems before the design phase of a product. All products and services should be designed to reflect customers' desires or service. A cross functional team of marketers, design engineers and manufacturing engineers of service providers

work closely from beginning in translating the customers requirements into corresponding technical requirements (Banks, 2000 p. 210-213).

2.4 Philosophy of Quality Management

There has been major change in the basic philosophy regarding quality management. The current philosophy is constituted by five areas (Evans J.R. and Lindsay W.M. 2005 p.54-55).

- a) **The Religion:** Quality has become a religion and its follows or advocates most live it sleep it and proselytes the work continually.
- b) It is now imperative to have quality or risk perishing. Quality is now embraced top to bottom in many organizations.
- c) Quality is no longer inspected in but it is designed and built in every employee who becomes his own quality inspection.
- d) Customers (both internal and external) needs and requirements determined quality specification and Standards.
- e) Quality Management is a continuous effort.

2.5 Total Quality

Total Quality (TQ) is a people-focused management system that aims at continual increase in customer satisfaction at continually lower real cost. TQ is a total system approach (not a separate area or program) and an integral part of high-level strategy; it works horizontally across functions and departments, involves employees, top to bottom, and extends backwards and forward to include the supply chain and the customer chain. TQ stresses learning and adaptation to continual change as keys to organizational success. The foundation of total quality is philosophical: the scientific method. TQ included systems, methods and tools. The systems permit change; the

philosophy stays the same. TQ is anchored in values that stress the dignity of the individual and power of community action. It should be stated that as late as in the 1950's the concept of Total quality Control had been espoused by A.V Feigenbaum which recognized the importance of comprehensive approach to quality. The Japanese adopted Feigenbaum's concept and renamed it companywide quality control. The term Total Quality Management was developed to describe the Japanese style approach to quality improvement.

2.6 Definition of Services

There are a variety of definitions for services however the broad definition adopted by Zeithaml and Bitner (2003) which is appropriate for the study is defined as:

“an inclusion of all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser”.

Intangibility is a major determinant of a service but in practice services tend to be more intangible than manufactured products and manufactured products to be more tangible than service. Services may have tangible components.

2.7 Characteristics of Services

Flowing from its uniqueness from physical goods, services have some inherent characteristics which present their own challenges for service quality. Four characteristics of service are noted hereunder.

2.7.1 Intangibility

Services are performances which cannot be seen, felt, tasted or touched as in tangible goods there can be no inventories and therefore fluctuations are difficult to manage New service concepts are easily copied by competitors as these may not be easily patented e.g. money transfers by banks and use of ATMs by banks.

2.7.2 Simultaneous Production and Consumption

Services are produced and consumed at the same time. Customers are present during the production process, interact with each other and may affect each others experience of the service either positively or negatively. The implications for quality are that mass production is difficult if not impossible. Quality delivery and customer satisfaction is dependant on the interactions between the customer and the employee:

2.7.3 Heterogeneity

Performance of service differs each time because it is done differently at different times and may involve different customers. The challenge implication is that it is difficult to ensure consistency of quality. The services of third parties or subcontractors may be seen as services from the provider who may not have control over the subcontractor.

2.7.4 Perishability

Services cannot be sold, stored, resold or returned. A consequence of perishability is inability to inventory with its attendant challenges in demand forecasting and capacity utilization. Since services cannot be resold or returned it implies a need for strong recovery strategies if delivery goes wrong.

2.8 The Customer

In a bid to ensure quality, there exists a list of customer categories. This is to help determine their needs and their satisfaction thereof. Customers have been categorized into indirect, external and user, false and internal customers (CEMBA, 537 2003 p. 86-87).

In this study, however, customers of GCB would be referred to as external customers and this include end users whilst internal customers would mean staff of GCB and this refers to indirect customers as well as false customers.

2.9 Customer Expectations of Services

Consumers hold different types of expectations about service. Desired service is defined as the level of service the customer hopes to receive or wish for. It is a blend of what the customer believes can be and should be. But it is not always possible to achieve the desired service therefore customers hold another lower level of expectation, the adequate service, the threshold of acceptable service. It is the lowest level of service that would be tolerated.

2.10 The Zone of Tolerance

The performance of services vary arising from its heterogeneous nature, however the extent to which customers are willing to recognize and accept variations is called the zone of tolerance. If services drop below the adequate level customers become frustrated and dissatisfied with the firm. Where performance exceeds desired service, customers are pleased. The zone of tolerance is the range within which customers do not notice variations in performance. The tolerance zone is subject to fluctuations depending on the circumstances. A customer pressed with time will have narrow zone of tolerance with delays at that moment. Other factors which influence zone of

tolerance are price and service attributes or dimensions. Customers may be less tolerant of unreliable services or broken promises.

2.11 Factors that Influence Expectation

Expectations play a valuable role in customer evaluation of service. Customer's personal needs and philosophies affect derived level of expectations. Personal needs such as physical, social, psychological and functional shape expectations to be high or low.

Enduring service intensifiers are individual stable factors that lead the customers to heightened sensitivity to and higher expectations of service. Such customers expectation may be driven by another person or group of people and is called derived service (i.e. expectation).

Personal Service philosophy is the customers underlying generic attitude about the measuring of service and the proper conducts of service providers. Such persons have themselves being engage in the process of that particular service such as a banker being served at a bank

2.12 Sources of Adequate Service Expectation

There are five factors which influence adequate service and they are explained below:

2.12.1 Transition Service Intensifiers

They are transient and short term which make customer more aware of the need for service e.g. emergency situations such as the need to transfer money for emergency surgery, breakdown of office equipment during peak period. Such situations not only raise the adequate service expectation but also the level of responsiveness and acceptability

2.12.2 Perceived Service Alternatives

When customers have options and alternatives, comparisons are made and the level of adequate service is raised. Customers would be more tolerant when there are only a few banks than when there is a multiplicity of banks who would gladly welcome such a customer.

2.12.3 Customer Self Perceived Service Role

Customers participate in the service process and their expectations may be shaped by how well they perform their own roles. A customer who writes his Cheque with mistakes and interpolation would be more tolerant than a customer who writes his Cheque correctly.

2.12.4 Situational Factors

These are beyond the service providers and customers who accept this may accept lower services e.g. breakdown of the internet service, mobile telephony supplied to banks by independent service providers.

2.12.5 Predicted Service

Customers make an objective calculation of the probability of performance and then predict the anticipated service performance. If customers predict good service, their level of adequate service is likely to be higher than if they predict poor service.

2.13 Sources of both Desired and Predicted Service Expectation

a) Explicit Service Promises

There are personal and non personal statements made about the service by the organization. Personal statements come from sales people and non-personal come from official communication

such as adverts brochures and other written publication. Firms may deliberately over promise to obtain business or inadvertently over promise when stating service delivery in the future.

b) Implicit Service Promises

These are services related e.g. price and quality which lead to inferences about the service to be expected. Differences in price for the same service may be that quality and reliability is assured or is higher at a high price than lower price offered by a competitor. Past experience is a strong force in shaping desires and expectation. Past experience with Banks would determine which particular bank to deal with having in mind one's experience with various banks.

2.14 Unrealistic Expectations

Sometimes customer expectations are unrealistic and extravagant. Faced with unrealistic expectation (Zeithaml and Bitner 2003P. 64) suggest that the firm should acknowledge the receipt of customers input and that it should address their issues. Alternatively, the firm should let the customers know the reasons why the desired service is not being provided at the present time and efforts being made to address them.

2.15 Customer Perception and Satisfaction

Perceptions are consumer judgments about actual service performance/delivery by a company. Customers assess whether they have received quality service and whether they are satisfied (Ennew C. et al, 1995 p. 195). Customer Satisfaction has been defined as "the customer's fulfillment response (Zeithaml V et al, 2002 p. 6). It is the customers' evaluation of the product or service in terms of whether that product or service has met their needs and expectations. If the

customers' expectations and needs are not met, the result is dissatisfaction with the product or service.

2.16 Service Quality Gaps

If there is a shortfall in the comparison between predicted and perceived service then a service quality 'gap' exists which providers would wish to 'close'. The consumer service quality gap is therefore the difference between consumers' expectations of the service and their perceptions of the actual service delivered by an organization. The service quality gap is influenced by four other gaps or shortfalls identified by Parasuraman et al, 1985, Zeithaml Berry and Parasuraman 1988.

2.16.1 Consumer Expectations

Managers do not necessarily know what customers want and may therefore perceive customer expectations to be lower than it is. This would result in lower level of delivered service. However better communication between management, customers and staff. Market research could bring up the gap for remedy.

2.16.2 Management Perception of Consumer Expectations

Even if management knew the expectations of customers they may well set lower specifications due to constraints in resources, or absence of commitment to quality. Management should be committed and be ready to commit resources to deliver quality.

2.16.3 Service Quality Specifications or Service Performance Gap

Management may set the specifications but due to variations in performance by individual staff performance may be below the specific standard set. It may also be possible that some staff may perform above the specific standard thereby mitigating the effects of performance gap.

2.16.4 Actual Service Delivery and External Communication about the Service

This occurs when what is said about the service in communications is not what is delivered. Organizations should promise what they can deliver. Success requires the requisite information and communication both internally and externally.

Christopher Lovelock and Jochen Wirtz 2004 P.412 have added three other gaps:

2.16.5 The Perception Gap

The difference between what is, in fact, delivered and what customers perceive they have received (because they are unable to accurately evaluate service quality).

2.16.6 The Interpretation Gap

The difference between what a service provider's communication efforts (in advance of service delivery) promise and what a customer thinks was promised by these communications.

2.16.7 The Service Gap

This is the difference between what customers expect to receive and their perceptions of the service that is delivered. This leads to the final and most serious gap: The difference between the customer and organization on the one hand (external gap) and on the other hand between the different functional departments within the organization (Zeithaml et al, 1988s).

Gaps are symptomatic of damage in service design and delivery. It is critical and improving service quality requires identifying the specific causes of each and then developing strategies to close them.

2.17 Concept of Customer Care

The concept of customer care is concerned with customer satisfaction. The provision and delivery of services involves interaction between the personnel and customers. The personnel are instrumental in the creation and provision of service quality and in so doing they must necessarily “care” for the customers. (Ennew C. et al 1995). The customer comes first, the needs and problems are anticipated and products and services are tailored to meet these needs and being nice to the customer.

2.18 The Need for Customer Care/Satisfaction

The drivers of customer care are customers, employees and changing business environment. Customers are increasingly aware of alternative products and services offered by service providers and the rising standards of services. This raises their expectations and they become critical of the quality of service received. It's more costly to attract new customers than to keep present customers. Service providers pay attention to keeping present customers by responding to their needs and problems and developing long term relationships. Customer care ensures that relationships between staff and customers, between staff and management do not suffer in these days of anonymity and bureaucracy.

There are many benefits to be derived from increased customer care and quality service. The following are some of the benefits:

- a) Enhanced customer retention rates and increased loyalty;
- b) Attraction of new customers from personal recommendations;
- c) Higher market share;
- d) Improved employee morale, lower employee turnover, fewer mistakes/errors (zero defects) and so lower operating costs;

- e) Insulation from price competition;
- f) Improved company image;
- g) Lower advertising / marketing cost;
- h) Increased productivity; and
- i) Competitive strategy to differentiate one products and services

All of these contribute to increased efficiency and profitability.

2.19 Elements of Customer Care /Satisfaction and Quality Service

The elements of customer care can best be understood by paying attention to the following four highly interdependent factors:

2.19.1 Products and Services

This include basic or core financial service product such as current account with associated services to facilitate the consumption of the core service and supporting service which would enhance the core service and differentiate it from competitors e.g. Cheque book, ATM card, Internet Banking.

How the service is delivered, process and the interactions between the customer and the Bank staff is referred to as the augmented service, e.g. The number of bank clerks, their skills and the layout of the branch, customer participation through the use of ATM's and the filling in of forms. Augmented services include the interactions between employees and customers, systems and customers and the physical environment and customers.

2.19.2 Delivery Systems

Delivery systems consist of procedures by which services are delivered to the customer. They should be efficiently and effectively operated and be responsive and reliable. It should avoid queuing. Banking services is characterized by the customer interactions, limited contact time,

customization, product orientations with value being added at the back office. Service encounters or moments of truth are direct interactions between service providers and customers. Service encounters enable customers to form impressions of the Bank and service. A customer may withdraw money by ATM or through the cashier at the counter. This contact enables the customer to form an impression which may be positive or negative. Research has shown that service encounters have an impact on employees in relation to their motivation, performance and job satisfaction and their rewards (Bitner 1990, Bitner, Broome and Tetreant 1990 and Larsson 1990).

2.19.3 Delivery Environment

This includes physical design, access emotional or atmospheric impact. It is experienced by both customers and employee.

Physical Design: Layout, signposting, furnishings, noise and music, space, colours, lightening, temperature and comfort. In recent times many banks are adopting the open plan to eliminate barriers between customers and staff.

Access: This includes time spent, availability, convenience of location and privacy.

Bitner (1990, 1992) researched into the physical environment and stated that 'the physical environment needs to be conducive for customer satisfaction as well as employees' ability to work, perceptions of the environment lead to emotions attitudes and subsequent behaviours. Customers have given positive evaluation of service in environments which are pleasing. Such customers want to spend more time and money there, whereas they seek to avoid unpleasant environment.

2.19.4 Technology

Technology has become integral parts of some service products, its environment and delivery. Many Banks, including GCB have networked their branches; extensive mechanization and

computerization have increased speed, efficiency, accuracy of service. It has also depersonalized banking e.g. use of ATM, and internet and SMS banking. Depersonalized banking may free banking staff for other activities, but its drawback is that it may lead to reduced customer contact and hence reduced customer loyalty. Technology is the basis for the provision of better personal services,

Employees: They are very important in customer care. Relevant assets are personal qualities, ability to understand and satisfy customers, skills, knowledge and flexibility.

2.20 Dimension of Customer Care /Satisfaction and Quality Service

Researchers have developed conceptualization of the dimension of customer care and service quality. The outstanding work of Parasuraman, Zeithaml and Berry (1998) researched into the criteria used by customers in shaping their expectation and perception. They categorized ten dimensions of quality which they condensed into five dimensions. They divided the Servqual instrument which has been adapted and used in this study (See Chapter Three).

2.20.1 Lehtinen and Lehtinen (1982)

They highlighted on four dimensions:

- ❖ **Process quality:** Judged by consumers during a service;
- ❖ **Output quality:** Judged by consumers after a service is performed;
- ❖ **Interactive quality:** The dimensions of quality arise in the interaction between the customer and the service organization; and
- ❖ **Corporate quality:** How customers perceive the organization.

2.20.2 Gronroos (1987)

This discusses two dimensions of customer care and quality:

- ❖ **Technical Quality encounters:** The way in which the service received by the customer was delivered i.e., attitudes and behaviour, appearance and personality, service mindedness, accessibility and approachability of customer contact personnel.
- ❖ **Corporate image:** How customers perceive the service organization based on the technical quality encounters.

2.20.3 Leblanc and Nguyen (1988)

According to them, the following contribute to service quality:

- ❖ Corporate image;
- ❖ Internal organization;
- ❖ Physical support of service producing systems;
- ❖ Staff customer interaction; and
- ❖ Degree of customer satisfaction

2.20.4 Parasuraman Zeithaml and Berry (1988)

Research into the criteria used by customers in shaping their expectations and perceptions can be categorized into ten dimensions (See appendix 6 and chapter 3).

2.20.5 Silvestro and Johnson (1990)

They identified fifteen dimensions of services quality whilst investigating service quality in UK organizations and some are explained below:

1. **Hygiene Factors:** Expected by the customer, failures to deliver as expected will cause dissatisfaction e.g. carrying out instructions with respect to standing orders. Confidentiality

of financial affairs lack of queues and return of telephone calls. Failure to cash Cheque due to lack of physical cause.

2. **Enhancing Factors:** Which lead to customer satisfaction but failure to deliver would not necessarily cause dissatisfaction.
3. **Dual Threshold:** Failure to deliver would cause dissatisfaction but delivery above a certain level would enhance customers perceptions of service and lead to satisfaction e.g. Explanation of a mortgage service-repayment level, interest charges payback periods and other relevant conditions.

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2.21 Service Failure and Recovery

Hinson Robert 2006 Page 96 defines service failure as a breakdown in service delivery or a service that does not meet customer expectations. In banking service, failure may occur when electricity goes off or generator develops a fault and cannot operate. When ATM's don't work, breakdown in ICT equipment such as computer network breakdown and customers are unable to access their accounts via the internet (CommerNet customers) branches are unable to access data of other branches to serve customers of other branches or even their own customers.

Hinson (2006, P. 97) refers to some of the above as "imperfect maintenance of tangibles surrounding the service".

Service failures impact indirectly on customer satisfaction and employee responses to service failure determine customer satisfaction. There could be failure in the service delivery system e.g. system failure affecting the availability of the core services or failure to attend to the special needs of customers e.g. blind people and illiterates. Customers make errors such as incorrect filling of

cheques. Drunken and unruly behaviours of customers contribute to service failures. Unsolicited acts of employees such as nudeness profanities sexual harassment lead to service failures and cause dissatisfaction to customers.

2.21.1 Customer Response Options to Service Failure

A customer who has experienced service failure may choose to take action or do nothing. Hinson Robert (2006, p. 99) identified four categories of response types. Passives, who do nothing, voicers who would complain to service providers but not their parties, Irate who are likely to complain to relatives and friends but migrate to competitors and activist who would complain on all dimensions.

There are at least three major causes of action in which customers may take in response to service failure. These are some form of public action – (complaining to the firm, advocacy groups, customer affairs, and regulatory bodies, civil or criminal action). Private action including abandoning the service provider and taking of no action

It is note worthy that a customer may pursue one or a combination of the above.

2.22 Factors Necessitating Customers Complaints

Studies of consumer complaints behaviour has identified four main purposes for complaining (Tax and Brown, 1998 p. 75-88). These are to obtain restitution or compensations, an avenue to let out their frustrations, anger, rebuild their self esteem after rude encounters. Other objectives of complaints are to help improve the service especially when the complainants are involved such as shareholders or ex staff. Some customers are charitable and want to spare others from experiencing the same problems.

Research has shown that only 5 to 10% of customers who have experience in service failure actually complain (Stephen, 2000 p. 291). The reasons are:

- ❖ Fear of hassle or too much trouble to complain
- ❖ No one is available to complain to or there is no easy channel by which to communicate disquiet
- ❖ No one cares and it won't do good
- ❖ Do not know where to complain to

Those who are likely to complain are people in the higher socio-economic levels, better educated, have higher income and social involvement (Lovelock et al, 2004 p. 384)

Whenever customers complain of service failure, they expect to be adequately compensated in a fair manner. Tax and Brown (1998) found that 85% of the variation in satisfaction with a service recovery was determined by the three dimensions of fairness – procedural justice, interactional justice and outcome justice.

2.23 Customer Responses to Effective Service Recovery

Effective recovery restores confidence and ensures loyalty leading to repeat purchase. The risks of a dissatisfied customer switching to a competitor are quite high especially in highly competitive services such as banking.

In a study of customer switching behaviour in service industries Susan M. Keveaney found that close to 60% of all respondents who reported changing suppliers did so because of a service failure. 25% cited failures in the core service. About 19% reported an unsatisfactory response to a prior service failure and 4% described unethical behaviour on the part of the provider (Michel, 2001 p. 20-33).

When service failure complaints are satisfactorily resolved, the customers become more loyal. According to TARP research 9% to 37% of dissatisfied customers who do not complain intend to repurchase, for major complaints made to the company which offered a sympathetic ear but could not satisfactorily resolve the retention rate increased from 9% to 19%. Where the complaint was resolved satisfactorily retention rate was 54%. In cases where problems were resolved on the spot or immediately upon complaint, retention jumped to a whopping 82%. (Hoffman and Bateson, 2001 p.295-297)

2.23.1 The Service Recovery Paradox

This paradox refers to the sometimes observed effect that customers whose service failure complaints are satisfactorily resolved are more prone to a repurchase than those who did not have a problem at all (James and Maxhem et al, 2002 p. 57-72). This paradox however, disappeared when a second service failure occurred in retail banking (Andreassen, 2001 p. 39-49). It appears the paradox holds only for the first service failure when the customer has experienced a very good recovery. In yet a major study with 8600 telephone interviews across a wide range of consumer services it was found that the paradox did not apply.

2.23.2 Effective Service Recovery Strategies

Excellent service providers may experience service failure, it is therefore critical to put in place mechanism to address service failure. Lovelock and Witz 2004 at P. 387 adapted an effective service recovery system from Lovelock et al (1998).

2.24 Overview of Research Findings Relating to Customers

These researchers were carried out in the U. K. and Europe. They covered the dimensions of care and service in financial services pertaining to their products and service, systems and technology, environment and employees.

2.24.1 *Buswell (1983)*

This research identified the following five key elements for a major British clearing bank. Knowledge of staff, Communications, Expertise of staff, Willingness to lend, Branch design.

Consumer attitudes enable the bank to set a benchmark to develop a system which could reveal changes in service and distinguish between branches at the same point in time.

2.24.2 *Lewis and Smith (1989)*

Studies in major banks and building societies investigated the expectations and perceptions of bank and building societies retail customers with regard to thirty nine elements of service. The dimensions considered were four: Physical features and facilities, Reliability, Characteristics of staff who customers come into contact with, Responsiveness to customer needs.

It was established that half the respondents expected better services and many believed that service had improved. There was satisfaction with overall quality especially elements of Reliability and responsiveness and staff personnel. But problems in the form of service quality. Gaps were identified; Staff did not know personal needs; there was insufficient attention to individuals, lack of information about new services and perception that there was not enough available staff to serve customers especially at peak levels. There was poor complain handling which could lead to migration of customers.

Other relevant research findings are Lewis (1991), Smith (1989-1990, Lewis Orledge and Mitchell (1994).

2.25 Research Findings Relating to the Internal Customer

Internal customers are employees of the organization and jobs are internal products. The organization must sell its products to the internal customers before selling its services to external customers. Satisfying internal customers is a sine qua non to satisfy customers. Schlesinger and Herzkeith 1991 formulated the service profit chain as follows:



Development of employees relates to internal marketing whose objectives are overall; strategic and tactical. It desires to achieve motivated, customer conscious and care oriented employees. It seeks to create the environment that is conducive and congenial to customer consciousness and sales minded employees. Finally it seeks to develop staff through training programmes so as to sell service campaigns and marketing efforts to employees who then constitute the first market of the organization. Gronroos (1981 and 1985).

Training programmes usually organized by HR cover, product, service and systems knowledge, awareness of employees roles in assessing and satisfying customers needs, the realization of all staff working internal service encounters are particularly important: relationship between customer contact and backroom staff, operations staff and staff management at all levels and locations, branches, regions and head office should be properly handled and managed to facilitate the flow of the right information at the right time. If the service encounter is poor the customer would be dissatisfied and would blame the contact personnel. Employees must have personnel skills and interpersonal skills development, this empower the employees to exercise good judgment and

creativity in meeting customer wants and problems. Empowerment leads to better job performance, improved morale evidenced by increased commitment to job and positive attitude towards customers (Schlesinger and Heskett 1991b).

Berry 1981 emphasizes the identification of employee needs, wants and attitudes in relation to working conditions benefits and company policies. Employees are as different as consumers and may even be segmented with respect to flexible working hours which lead to job satisfaction, increased productivity and decreased absenteeism. Benefits referred to as welfare, fringe benefits, cafeteria benefits including medical pensions, holidays, staff loans and mortgage, scholarships for children of staff, share option bonus payments etc. "...upgrade the organization capacity to satisfy the needs of its external customers". Ennew et al 1995 p. 206 Investment in customer care training programmes should to viewed as long term investment having regard to its benefits.

2.26 An Overview of Research Findings Relating to the Internal Customer Employee

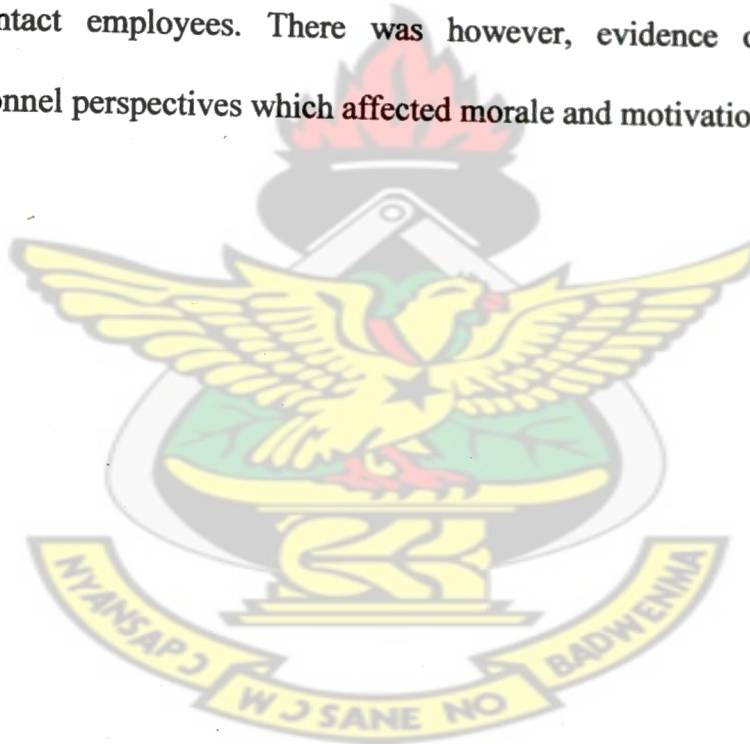
2.26.1 Lewis (1989)

Conducted research into leading UK banks which had embarked on customer care training programmes. Employees, mainly those who came into contact with the customer provided opinions with respect to internal service encounters and relationships perceptions of customer service and areas of service improvement. There were evidence of deficiencies with regard to personnel initiatives customer training activities which resulted in problems in meeting customers' expectations and providing good service all the time. There was insufficient product knowledge, dealing with customer problems complaints. There was criticism of internal interpersonal relationships.

2.26.2 Koula (1992)

Surveyed senior managers and other personnel in a major bank in Cyprus in customer and service orientation of the Bank role of personnel in service delivery corporate objectives with regard to personnel, internal communications ,recruitment and training, procedures, interpersonal attitudes and behaviour, employee commitment, appraisals, rewards and benefits.

The research showed that senior managers realized the importance of motivated workforce in the delivery of service personnel, had requisite capabilities and confidence to perform. Good team work spirit and good interpersonal relationship between and communications between customers contact and non contact employees. There was however, evidence of shortfall between management and personnel perspectives which affected morale and motivation.



CHAPTER THREE

METHODOLOGY

3.0

The survey was conducted among a representative selection of the population researched viz customers of GCB both internal and external. This method has led to a presentation of a fact finding report. The respondents were external and internal customers of GCB. GCB has categorized its customers into Corporate, SMEs, Government Departments and Institutions and State Corporations or companies and Individuals. Effort was made to have a true representation of all of these categories of customers.

3.1 Sampling Design Size and Selection

Generally, the accuracy of statistical inference depends on the size of the sample. But the population (customer base of GCB) is too large to be researched individually. It was therefore important to sample GCB customers in order to have a sample size or population size that was manageable for the study. It has been advocated that "it is possible to achieve greater accuracy by using appropriate sampling technique than by a complete enumeration of all the units of the population" (CEMBA/CEMPA 570 Research methodology P. 56). Enumeration of all the units of the population leads to fatigue and non sampling error.

"It is difficult to recognize the pattern of the non sampling error and it is not possible to make any comment about its magnitude even probabilistically". (CEMBA/CEMPA 570 Research Methodology).

In choosing the sample size, the following were taken into consideration;

The importance, nature and purpose of the research which in this case is largely academic although, it is intended to write a report to GCB. GCB is not obliged to make any decision from

this research. The level of precision, confidence level or interval and the type of analysis to be made from the research.

“Finally and arguably, in practice, the most important factor in the choice of sample size is to take into account the time, budget and other resources available. Generally speaking, for any given sampling approach, the larger the sample size, the greater the cost”.

(McGivern, Y. 2006 2nd edition p.284)

“Deciding in a sample size is not simply a statistical matter. The actual decision is a judgment by marketing management or top management depending on the importance of the particular problem and the decision is centred on cost versus value rather sample size.”

(Proctor T. 2003 3rd edition p.120)

A combination of convenience and random sampling technique was employed to select the respondents for this research. Convenience was used so that the sampling size would be truly representative. It also enabled some customers to be reached and re-contacted, but who would otherwise have been difficult to reach. It also involved the use of the judgment of the researcher to select customers who were willing to comply with the research.

Random sampling enabled questionnaires to be administered to respondents who were present doing business on the premises. Other customers were reached from their offices, homes and market places. Some customers who happen to conduct business in the office or unit of the researcher were given questionnaires to respond to. In all a total of hundred (100) respondents made up of sixty external customers and forty (40) internal customers were surveyed.

3.2 Data Collection Instrument

Primary and secondary data was used for the study. The primary data was collected by means of the survey research instrument SERVQUAL in the case of external customers and relevant

questionnaire for internal customers (Parasuraman et al 1988, p. 12-40). Servqual is a diagnostic tool that shows a firm's broad weaknesses and strengths in the area of service quality. It is based on the premise that customers can evaluate a firm's service quality by comparing their perceptions of its service with their own expectations. The Servqual instrument has been accepted and is widely used by both academics and practitioners albeit with criticisms and adaptations. It has been used and tested in many industries including the Banking sector elsewhere. Available information to the best of the ability of the study does not reveal that it has been used to measure service quality in GCB. The study thus adopted the Servqual instrument with modifications to measure quality in GCB. It is based on five quality dimensions which were obtained after extensive focus group interviews with consumers. The five dimensions were tangibles, reliability, responsiveness, assurance and empathy. The original Servqual instrument has two sections, with one section consisting of twenty two items which records customer expectations of excellent firms in a specific industry. In this study the specific industry was banking services. The second section also has twenty two items designed to measure consumer perceptions of a particular company which in this study is Ghana Commercial Bank Ltd (GCB). Each item has a seven point scale numbered from 7 to 1 indicating the respondents strong agreement to strongly disagree. Results from the two sections were compared to show gap between the twenty two items for each of the two sections. A large gap shows that consumer perceptions are farther away from consumer expectations and the evaluation of quality is low. A smaller gap is indicative of a high service quality evaluation. The original Servqual model is based on five dimensions of service quality. It has been modified include other relevant matters considered important in determining quality in Ghana Commercial Bank. An additional eleven questions were added to the original twenty two making a total of thirty three questions on expectations and thirty three questions on perception. The Servqual instruments adapted for this study is attached (See Appendix 7 and 8)

3.2.1 The Tangible Dimension

The tangible dimension of Servqual compares consumer expectations with the firm's performance regarding the firm's ability to manage its tangible. Tangibles have two dimensions, one focuses on personnel and communication materials. Tangibles include carpeting, desks lighting, wall colours, brochures, daily correspondence and appearance of the personnel. The tangible components were obtained by consumers responding appropriately to four expectation questions and four perceptions questions.

3.2.2 The Reliability Dimension

This dimension reflects the consistency and dependability of a firm's performance. It deals with issues like whether the firm provided the same level of service time after time or whether quality dramatically varies with each encounter. Other issues are whether the firm keeps its promises or not, treat its customers well, keep accurate records, performs service correctly at the first time. Research has shown that consumers perceive the reliability dimension to be the most important of all.

3.2.3 The Responsiveness Dimension

Responsiveness shows commitment to provide services in a timely manner. It is concerned with the willingness and or the readiness of employees to provide a service. Responsiveness also indicated the banks preparedness to provide the service.

3.2.4 The Assurance Dimension

This dimension addresses competence, courtesy and security. Competence is the firm's knowledge and skills in performing the service. Has the firm the requisite skills and are the staff performing professionally? Courtesy reflects politeness, friendliness and consideration for customer's

property. Courtesy is shown in the interactions between the firm's personnel and customers. Security reflects a customers feeling that he or she is free from danger, risk and doubt. In addition to physical danger dimension also reflects financial risk issues such as failure of the bank, confidentiality.

3.2.5 The Empathy Dimension

Empathy is the ability to experience another person's feeling as one's own. Firms which empathize with customers stay in touch with their customer. They understand their needs and make their services accessible to their customers by providing individual attention and flexible and convenient operating hours.

3.2.6 Recovery Dimensions

Due to certain circumstances peculiar to the Ghanaians environment it was decided to field questions on service failure and recovery. It should be noted that Gronroos (1998) treated recovery as the sixth dimension of service.

3.2.7 Other Dimensions

Due to the competitive terrain in the industry, it was thought appropriate to field questions on other relevant factors which affect the provision of quality services. Questions 22-33 of appendix 9 cover questions on interest, charges, discretion lending, bureaucracy and procedures.

3.3 Survey Questionnaire for Internal Customers

With respect to the internal customers of GCB, a questionnaire of 41 (See Appendix 9) questions was composed for the survey. GCB staff answered questions on a range of items relating and relevant to quality service delivery. Then various items were classified under the following headings or dimensions:

- ❖ Human Resource embracing staff sufficiency, skills and knowledge, personal initiative training and retraining in customer care, promotion, prospects of a careerism, teamwork and cooperation, interpersonal attitudes, compensation.
- ❖ Technology and Equipments: Is the technology used to deliver services up to date, its efficiency and effectiveness, frequency of breakdowns and fixing of breakdowns.
- ❖ Procedure and Bureaucracy: - Access to information by customers, effectiveness of procedures, and simplicity of procedures, queues, discretion and response from head office.
- ❖ Aesthetics: Location of premises, physical appearance condition and comfort within the premises.

Staff was asked direct questions on dependability of other departments', fellow workers and the quality of work they receive from colleagues.

3.4 Statistical Tools Utilized

The study employed both descriptive and inferential tools in analyzing the data.

Descriptive tools included, bar charts, pie chart, and cross tables.

Chi-square test was used to prove that there was a significant difference between customers' expectation of quality and their perception of quality in GCB.

3.5 Criticisms of Servqual

The 44 (66 in this research) items on the questionnaires are too lengthy and highly repetitive. It is argued that the expectations section is of no real value and can be dispensed with. It is further argued that the perceptions section alone could be utilized to assess service quality. The proponents, however, counter that the gap scores developed for each dimension makes it a useful diagnostic tool for decision making by managers. Perception scores merely rates respondents agreement or disagreement with each question. The gap scores enhance managers ability to direct investment to which dimensions should be the firm's priority.

It has been suggested that a scale of 22 (32 in this research) items could be used for both expectations and perceptions. On a single scale respondents should rate high quality firm and the firm being researched.

The validity of the five dimensions: The five dimensions of service quality do not hold up under statistical scrutiny therefore validity of the specific dimensions in the Servqual instrument is questionable. In a survey of service industry including banks it was found that Servqual scores measure only two factors intrinsic service quality much like Gronroos functional quality Gronroos and extrinsic service quality referring to the tangible dimension and resembles what Gronroos termed technical quality. (Lovelock C et al. 2004 p. 409&410) But this does not invalidate the Servqual instrument but rather stress difficulty in measuring customer perception of quality.

The developers of the instrument however, state that, although, the five dimensions are interrelated and these may therefore be overlapping nevertheless the five dimensions represent conceptually distinct facets of service quality. It is admitted that the distinction among the responsiveness, assurance and reliability dimensions tend to blur under statistical scrutiny. However analysis of research indicate that consumers do indeed distinguish among the five dimensions and in deed

rated them differently, reliability 32%, responsiveness 22%, Assurance 19%, Empathy 16% and Tangibles 11%. (Parasuraman and Zeithaml, 1994 p. 32-52).

3.6 Overview of Methodology

The servqual instrument has been accepted and is widely used by both academicians and practitioners though with adaptations. Hinson R., Abdulai A., Amidu M. and Hammond Barbara used the servqual to determine service quality in insurance industry in Ghana. (Hinson R. 2006 Sedco Publishing African Marketing Practice Cases from Ghana p. 65 to 86). The study found that private insurance companies provided better services in terms of quality than state owned insurance companies. The level of quality differed from dimension to dimension. All the dimensions of quality contributed significantly to the prediction of service quality in Ghana. It concluded that there is room for service quality improvement in the insurance industry.

Another instrument to measure customer service in branch banking has been designed by Neemi Kemah Arkiran and published in the International Journal of Bank Marketing Vol.12, No.6, and 1994 p.10-18. It consists of 27 items designed to measure customer service item (see Hinson R 2006, p.51). Anne M. Smith has also designed a data instrument to measure small business expectations of a bank service also published in the International journal of Bank Marketing, Vol. 7 No. 5, and 1989 p.28-35. Forty-eight items are designed to measure small business expectations of a bank service. (See Hinson R. 2006 p.53).

Hinson R. (2006) and Smith Anne A. (1995) state that the instrument could be adapted for use but Hinson R. (2006) advises there should be a carefully designed research programme before applying any of the data instruments.

CHAPTER FOUR

4.0 ASSESSMENT OF QUALITY SERVICE IN BANKING IN GHANA

4.1 Introduction

This chapter presents some analysis, results and discussions on the delivery of quality service by Ghana Commercial Bank Ltd. customer's expectations and their perception with the bank. In all, two (2) sets of questionnaires were analyzed; one set for customers of the bank, and the second set for the staff of GCB. In all, Hundred (100) questionnaires were administered by the researcher, sixty (60) to customers of the bank and forty (40) to the staffs of the bank.

4.2 Results and Discussions of Staff and Customers of GCB

4.2.1 Data Based on the Servqual Instrument

The data obtained from the survey using the Servqual instruments are shown in tables 4.1 and 4.2. Below is the interpretation of the weights assigned to each indicator:

Strongly Agree	7
Agree (A bit more than just agree)	6
Agree	5
Not Certain	4
Disagree	3
Disagree (A bit more than just disagree)	2
Strongly Disagree	1

Tables 4.1 and 4.2 on customer's response on their expectation of excellent banks and customers perception of GCB respectively indicated below:

Table 4.1: Customers Response on their Expectation of Excellent Banks

ide	Tangibles	Reliability	Responsiveness	Assurance	Empathy	Recovery	Procedure	Willingness	Authority	Interest
	1	0	94	4	78	16	4	4	4	4
	3	2	39	4	47	4	5	3	3	2
	8	2	36	14	25	9	7	5	3	2
	5	11	23	17	19	14	13	8	2	10
	34	62	14	31	16	45	28	14	12	9
	53	62	16	26	14	42	17	5	8	12
	132	146	15	109	16	156	40	20	10	77
al	303	285	237	204	215	286	114	59	42	116

Source: Authors Field Survey, 2009

Table 4.2: Customers Perception of GCB

Tangible	Reliability	Responsive	Assurance	Empathy	Recovery	Interest	Authority	Willingness	Procedure	Total
17	28	32	17	40	93	11	9	7	19	273
12	28	33	10	37	39	9	5	10	14	197
30	63	48	19	40	39	10	6	10	26	291
27	40	31	35	24	29	16	9	6	14	231
59	64	41	45	25	34	15	5	10	21	319
44	38	21	27	16	25	19	3	9	10	212
47	44	31	51	33	27	36	5	7	10	295
236	305	237	204	215	286	116	42	59	114	

Source: Authors Field Survey, 2009

4.2.2 Analysis of Data Based on the Servqual Instrument

In this study quality service delivery based on the Servqual was categorized into the following dimensions:

- ❖ Tangibility
- ❖ Reliability
- ❖ Responsiveness
- ❖ Assurance
- ❖ Empathy
- ❖ Recovery
- ❖ Interests and Charges
- ❖ Authority to Influence
- ❖ Willingness to Lend
- ❖ Procedure and Bureaucracy

4.2.2.1 Tangibility

Tangibility contextually deals with physical facilities being visually appealing, modern and up-to-date as well as the neatness and smartness of employees of banking firms.

Figure 4.1: Bar Chart of Expected Quality and Perceived Quality of GCB on the Tangibility Dimension

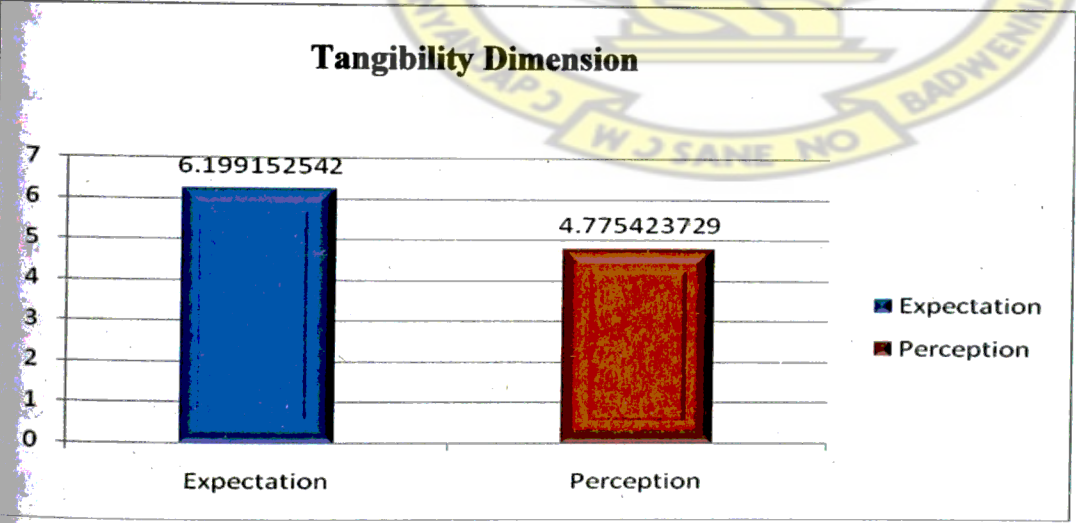


Figure 4.1 reveals that with respect to tangible facilities, while customers expect GCB to have a quality level of approximately 6.2 units; Customers were of the view that GCB has a quality of 4.78 units. The shortfall of customer's expectation was approximately 1.42 units of quality. In percentage terms GCB has achieved 77.42% leaving a gap of 22.58%

GCB's equipment matches with other competitor Banks in the country. It is the biggest bank in the country with all its branches networked. It has the largest number of ATM's. However, there is frequent breakdown of its network and many customers who travel to other towns and branches other than their own branches are unable to transact business during breakdown periods. This negatively affects the perception of the quality of the equipment of GCB.

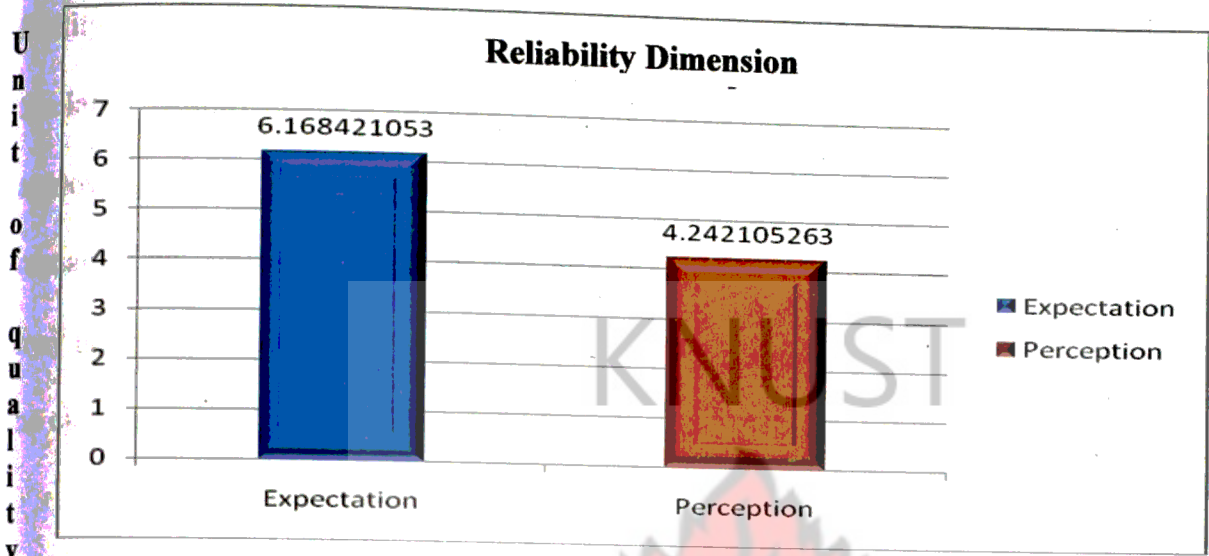
In respect of physical facilities GCB has been in existence since 1953 and has some of the oldest branch buildings in the country which were very visible in the skyline of the cities and towns in Ghana. There has now been a shift in the architectural design of bank branch buildings in the country. Respondents had evidence of modern Branch buildings owed by the much smaller and new Banks which contrasted with some of the older branch buildings of GCB to make the gap in tangibles clear and outstanding. While GCB can boast of some of the best offices, furniture, counters, cages and buildings, it however has some number of dilapidated buildings and furniture.

In terms of employees being well dressed and smart, the respondents assigned very high scores for GCB. The reason may be due to the fact that GCB has a dress code which is in consonance with modern banking GCB further assists or provides its staff with uniforms or wearing apparel which befit modern banking.

4.2.2.2 Reliability Dimension

Reliability contextually measures timeliness, promptness, records keeping and dependability of banking firms.

Figure 4.2: Bar Chart of Expected Quality and Perceived Quality of GCB



Source: Authors Field Survey, 2009

Figure 4.2 reveals that with respect to reliability, while customers expect GCB to have a quality level of approximately 6.2 units; Customers were of the view that GCB has a quality of 4.2 units. This means that in respect of reliability GCB has fallen short of customers' expectation by approximately 2.0 units of quality. GCB scored 67.74% of the expected quality on the reliability dimension. There is a gap of 33.26%. The reasons for this showing may be attributed to several factors. GCB frequently delays in its approvals of facilities to customers. In practice there is no clear time limit by which an application should receive attention and a response given. Applications should be accompanied by the relevant data, information, and fulfillment of legal requirements, the lack of any of which may delay a decision.

When facilities are approved, in some cases, disbursement conditions further delay actual access to the facility e.g. processing of mortgages etc at the relevant offices which are not controlled by the

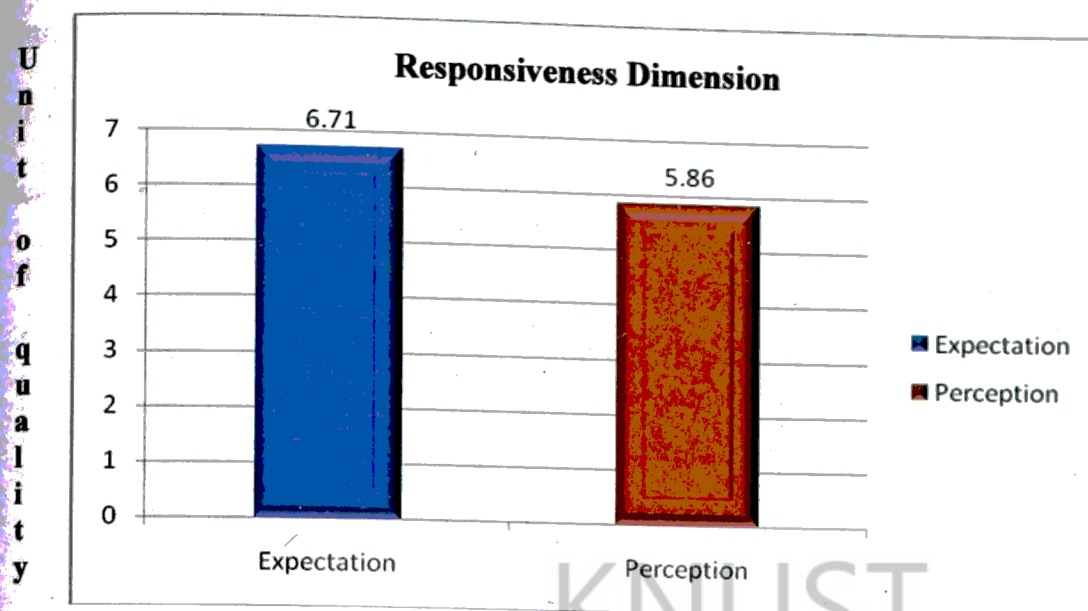
bank. Some customers said they were made to believe that they would be given facilities they have applied for, after incurring cost to fulfill conditions of GCB, only to be turned down and left alone to bear their cost. If decisions are taken based on data and information supplied to the decision makers, then it should be possible for the Branch or department to have a fairly good idea of which facility would be approved or turned down. But factors such as the number of applicants available nationwide and the funds available for approval determine the criteria for formal approval of facilities to customers. These factors may not be available to the branches to enable managers determine the chances of an application. These factors also vary from time to time and may not be known to approving authority until the last moment. Consequently there appears to be no clear guidelines in approving facilities which is a major problem

4.2.2.3 Responsiveness Dimension

Responsiveness in this context, encapsulates attributes such as the following; information on the exactness of when services would be performed, employees' readiness to attend to customers, employees' willingness to offer support services to customers and employees' too much engagement in other businesses to respond to customers etc.

Large section of the total responses on expected responsiveness of banking firms strongly decline that banking firms should not be responsive. Only few respondents have the opinion that, it is alright if banking firms are not responsive. Respondents had very high expectations of this dimension.

Figure 4.3: Bar Chart of Expected Quality and Perceived Quality of GCB



Source: Authors Field Survey, 2009

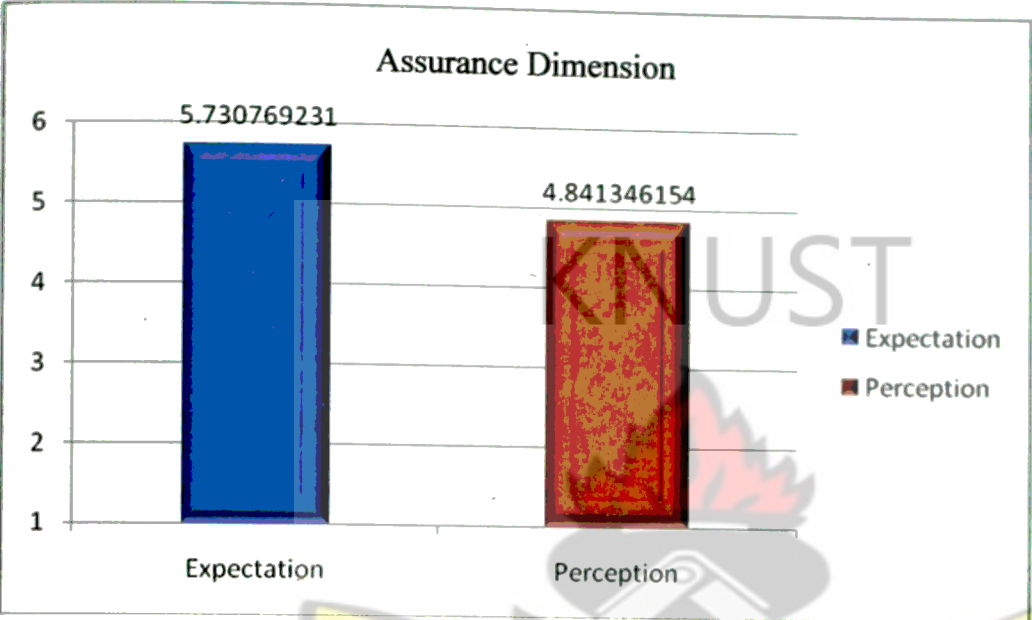
Figure 4.3 reveals that with respect to responsiveness, customers expect GCB Limited to have a quality level of approximately 6.7 units but customers perceive that GCB Limited has about 5.86 units quality of responsiveness. This means that in respect of the dimension of responsiveness, GCB has fallen short of customers' expectation by approximately 0.85 units of quality.

It is one of the best score obtained in this study. It seems management's restriction of the use of mobile phones by staff during office hours may have prevented the staff from engaging in unproductive phone calls whilst supervisors and managers are to ensure that staff do not idle about and to direct back staff to serve customers during peak hours. There have been accusations of nonchalance and indifference on the part of employees in the past. It does not seem that this is deep rooted or widespread. Even so it is a cause for concern as a single experience of indifference is likely to spread by word of mouth. Managers are required to stay in touch with customers and keep them abreast with state of their request.

4.2.2.4 Assurance Dimension

Assurance captures such attributes as employee’s (staff’s) trustworthiness, safety of customers in their transactions with banking firms, politeness of staff, and firms’ support for staff to perform efficiently.

Figure 4.4: Bar Chart of Expected Quality and Perceived Quality of GCB



Source: Authors Field Survey, 2009

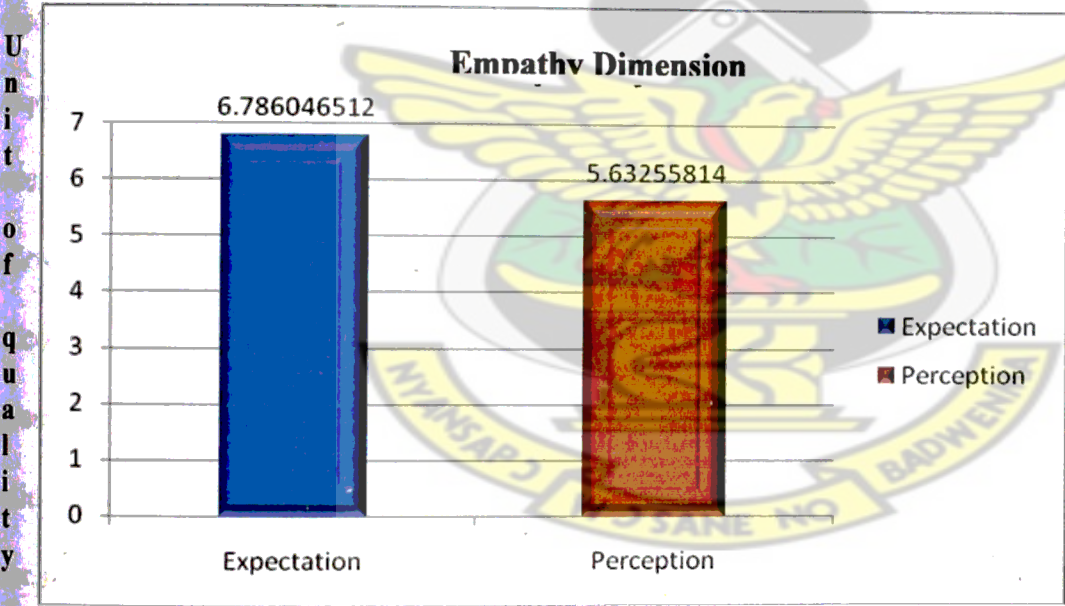
Figure 4.4 reveals that with respect to Assurance, while customers expect GCB to have a quality level of approximately 5.7 units; customers are of the view that GCB has about 4.8 units level of quality. In respect of the assurance dimensions, GCB has fallen short of customers’ expectation by 0.9 units of quality.

The gap of 0.9 units translate to 15.8% as GCB’s perceived quality level on the assurance dimension is 84.2%. GCB has been training and retraining of its staff to equip them with the relevant skills and knowledge. It has its own training school which it uses and frequently engages external training agents or consultants to complement its efforts. This accounts for some satisfactory level of professionalism in the Bank. Staff of GCB rated their skills and competence as

3.2 on a scale of 4 which was consistent with the expectations of the customers. The Bank employees have been lambasted for being discourteous and management showed concern about this negative attribute and organized courses on customer care for its staff and prescribed sanctions for deviation. This may be paying off, but it is a fact that customers' expectations have not equaled their perception on this dimension though the gap is smaller compared to the other dimensions. GCB has been prudent in managing its affairs declaring respectable performances in the industry. Its capital adequacy, share holders fund, assets etc assures customers of the Banks continued profitability though these performances could have been better.

4.2.2.5 Empathy Dimension

Figure 4.5: Bar Chart of Expected Quality and Perceived Quality of GCB



Source: Authors Field Survey, 2009

Empathy is the ability to experience another's feelings as ones own, understanding the customer's needs and making services accessible to the customers and ginning individual attention to customers.

With respect to Empathy, figure 4.5 reveals that customers expect GCB Ltd. to have 6.7 units a level of quality but customers are of the view that GCB Ltd. has about 5.6 units level of quality. This simply means that in respect of empathy, GCB Ltd. has fallen short of customers' expectation by a margin of approximately 1.15 units of quality.

GCB has the largest number of branches nation wide bringing banking to the people. Its requirements to open accounts are less stringent than some of its competitors. At the time its competitors withdrew from certain parts of the country, GCB actually acquired the premises of the departing competitors in some cases and continued to provide services in those areas described as unprofitable and deserted by its competitors. GCB opened new branches in areas which its competitors avoided making banking accessible to those areas. Many customers, especially salaried workers, who could not leave balances in their account after pay day were greatly discouraged from banking with certain banks because they could not sustain the minimum balance required, but GCB had very low minimum balance requirement which they could sustain. GCB even extended its services to non customers, that is persons who do not have accounts when it allowed some salaried workers to be paid and collect their salaries from GCB without opening accounts. Ironically, this empathetic conduct increased the number of people to be served putting pressure on the staff, equipment and technology resulting in poor quality services. Some customers said they vehemently and successfully opposed the sale or privatization of GCB completely because they did not think that the new owners would be empathetic.

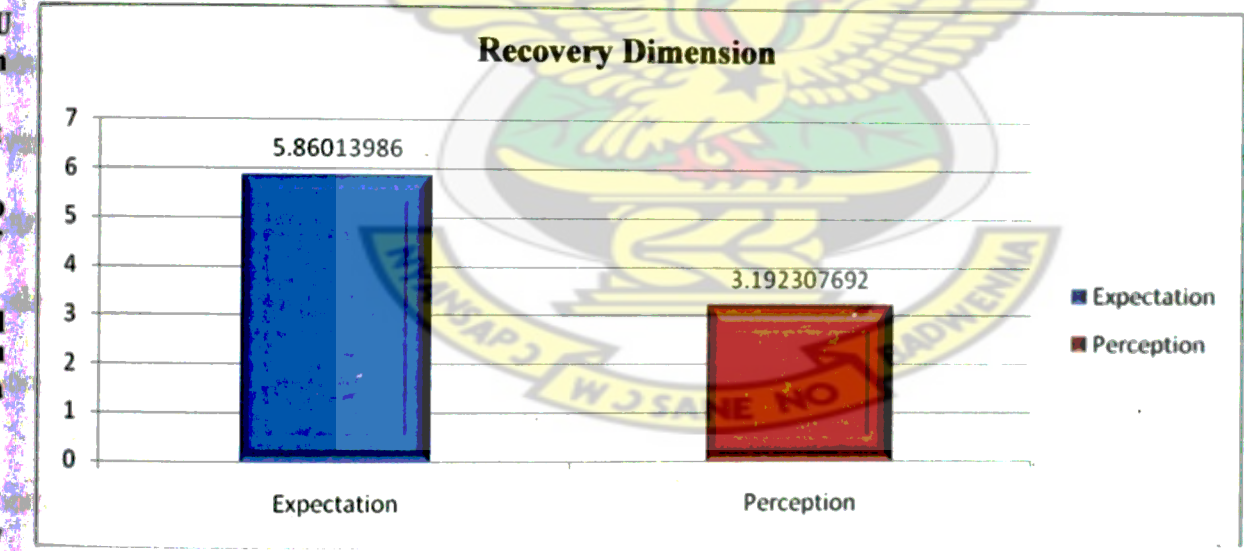
GCB's relationship banking ensures that the Bank stays in touch with its customers understanding and providing their needs. All corporate customers have relationship officers who communicate with them on phone or personal visits to give them individual and personal attention. SME's who

constitute the bulk of GCB customer base have relationship officers who attend to their needs. Whilst relationship offices of corporate Banking Division are situated in the zones, the bulk of relationship offices of SME's are concentrated at the Head Office Accra. The few SME relationship officers in the zone concentrate on winning new customers rather than satisfying the needs of existing customers. There have been instances where customers have said that they have not had any personal interaction with their relationship officer although they have talked to them on phone.

4.2.2.6 Recovery Dimension

Recovery captures attributes such as employees' genuineness of concern to correct failures or breakdown in services, error and mistakes made by customers, convenience of operating hours for customers, employees concern for long queues, adequacy of the number of staff at post.

Figure 4.6 Bar Chart of Expected Quality and Perceived Quality of GCB



Source: Authors Field Survey, 2009

With respect to recovery, figure 4.6 shows that while customers expect Ghana Commercial Bank Limited to have a quality level of approximately 5.9 units; customers are of the view that Ghana

Commercial Bank Limited has about 3.2 units level of quality. This simply means that in respect of recovery, Ghana Commercial Bank Limited has fallen short of customers' expectation by approximately 2.7 units of quality. The gap between the expectations and perceptions of respondents in the recovery dimension is 2.7 units of quality which translates to a gap of 45.8%. It is the biggest gap obtained in this study and should be disturbing to GCB. It should also be noted that customers expectations were not so high but the gap was wide.

However, it should not be difficult to discover the cause of this low performance. At the time this study was being conducted there was a massive nationwide breakdown of the GCB's banking services. Customers could not access their accounts for days. Customers had no where else to go, there was complete service failure and zero recovery. When services were restored, it was intermittent and slow. Respondents had these experiences at the back of their minds while responding to the Servqual items and this could have influenced their responses. Prior to the massive failure the link had been failing quite frequently and on many occasions experience slow downs. This had been limited to individual branches and customers were redirected to other branches to be provided with service. Long queues which develop in the banking halls have been attributed to constant breakdown or slowdown of the link. Managers and employees strongly believe that they would be able to minimize queues to acceptable levels if the link does not constantly breakdown or slowdown.

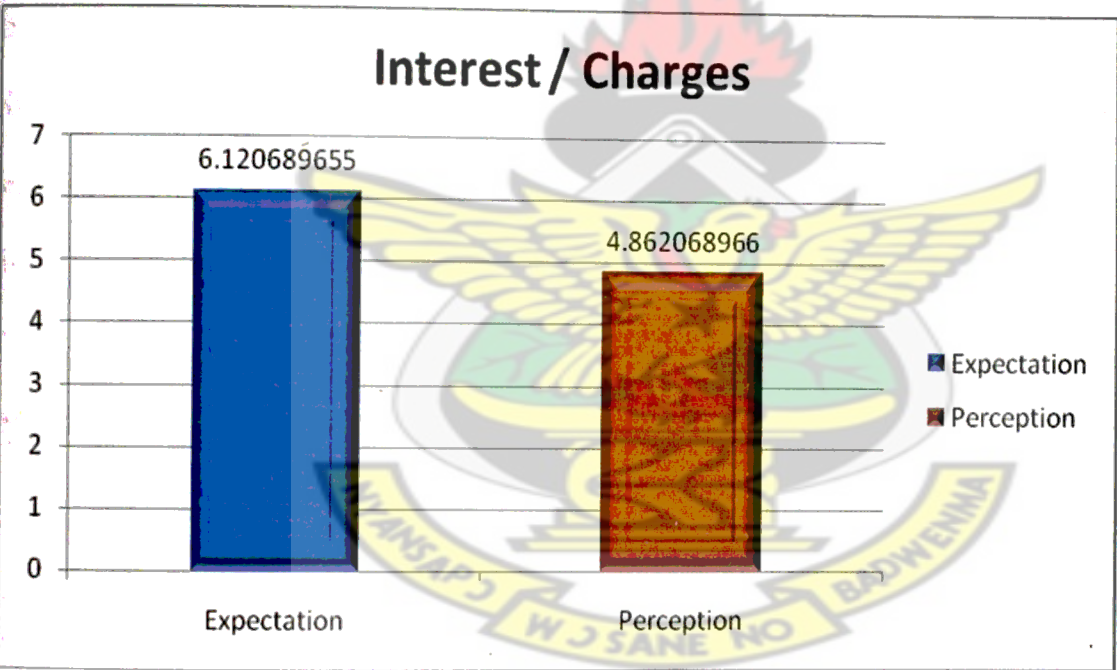
Some respondents observed that in many branches there were many tellers or cages which if manned could adequately serve customers, reduce queues and the time spent in the Bank. Some of these tellers or cages were most of the time empty but the explanation of the bank is that some of these cages were constructed when the bank was not computerized and therefore many cashiers

were needed to serve customer. However, some of the branches think that they are understaffed and could do better with more staff.

Branch Managers confirmed that due to breakdown of services and failure to recover sufficiently some external customers migrated to other competitor banks or opened additional accounts with competitor banks. This negatively affects GCB's profit margin consequently reducing their profits. Branch Managers and external staff confirmed that breakdown in services was having negative effect on the Bank's corporate image.

4.2.2.7 Interest/Charges

Figure 4.7: Bar Chart of Expected Quality and Perceived Quality of GCB

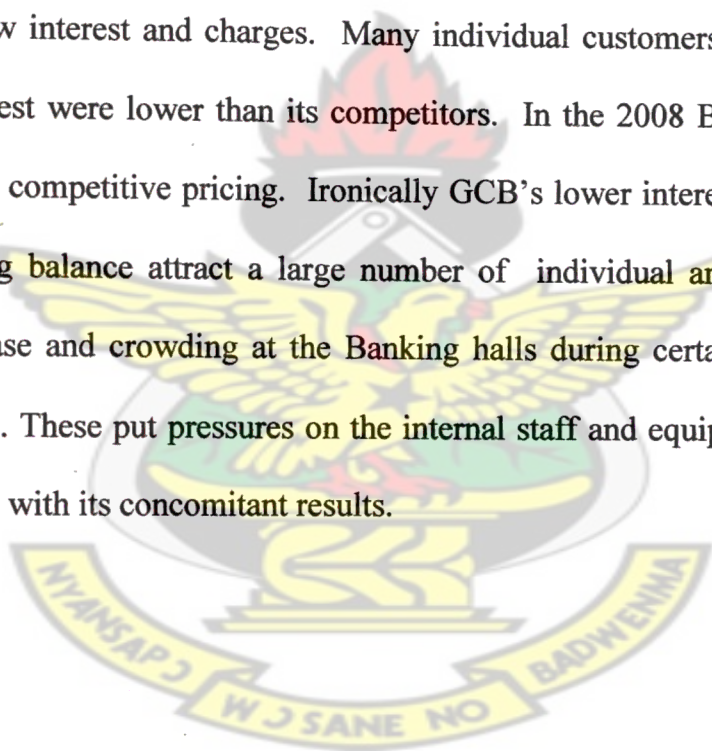


Source: Authors Field Survey, 2009

Figure 4.7 reveals that with respect to interest and charges, while customers expect Ghana Commercial Bank Limited to have a minimum level of approximately 6.1 units; customers are of the view that Ghana Commercial Bank Limited has about 4.9 units level of quality. This means

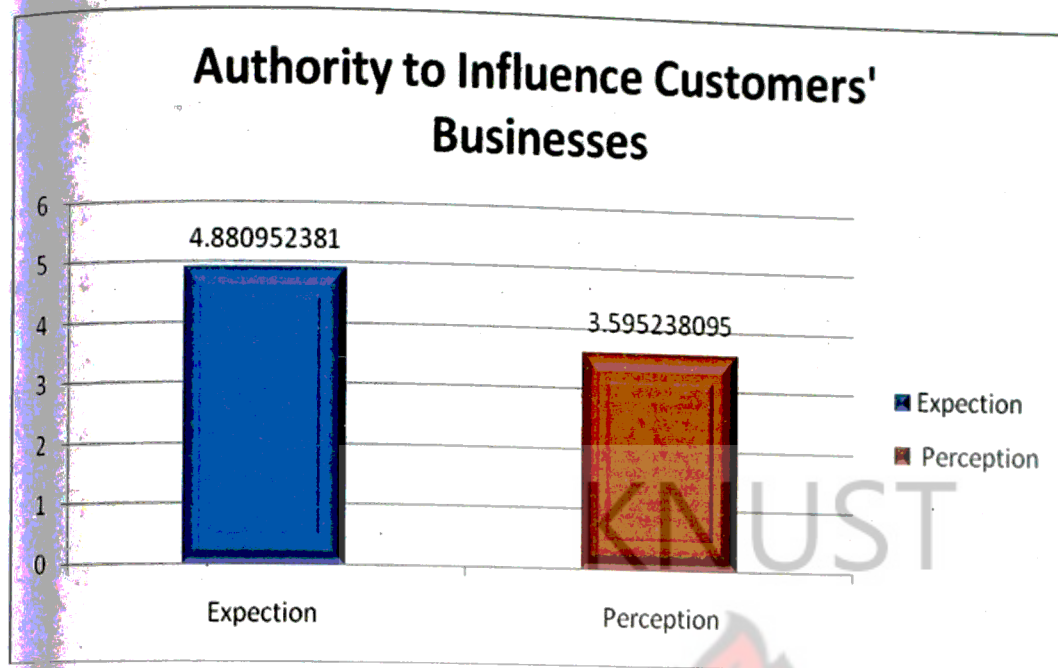
that in respect of interest and charges Ghana Commercial Bank Limited has fallen short of customers' expectation by approximately 1.2 units of quality.

With respect to interest and charges customers perceptions was 80.3% leaving a gap of 19.7%. GCB's interest and charges have been known to be competitive and lower than many competitors. Some respondents who also operate accounts with other competitor banks said that GCB interests and charges are lesser and some even say are significantly lesser than GCB's competitors. Some of the respondents said that was their reason for their retaining GCB as one of their bankers in spite of the level of the quality of their services. Some customers who migrated to other competitors for various reasons including non delivery of quality services returned to GCB due to GCB's comparatively low interest and charges. Many individual customers also confirmed that GCB's charges and interest were lower than its competitors. In the 2008 Banking awards GCB received the first prize in competitive pricing. Ironically GCB's lower interests and charges such as minimum and opening balance attract a large number of individual and personal accounts swelling the customer base and crowding at the Banking halls during certain periods like "pay day" for salaried workers. These put pressures on the internal staff and equipment which triggers off breakdowns in service with its concomitant results.



5.2.2.8 Authority of Managers to Take Decisions

Figure 4.8: Authority of Managers to Take Decisions



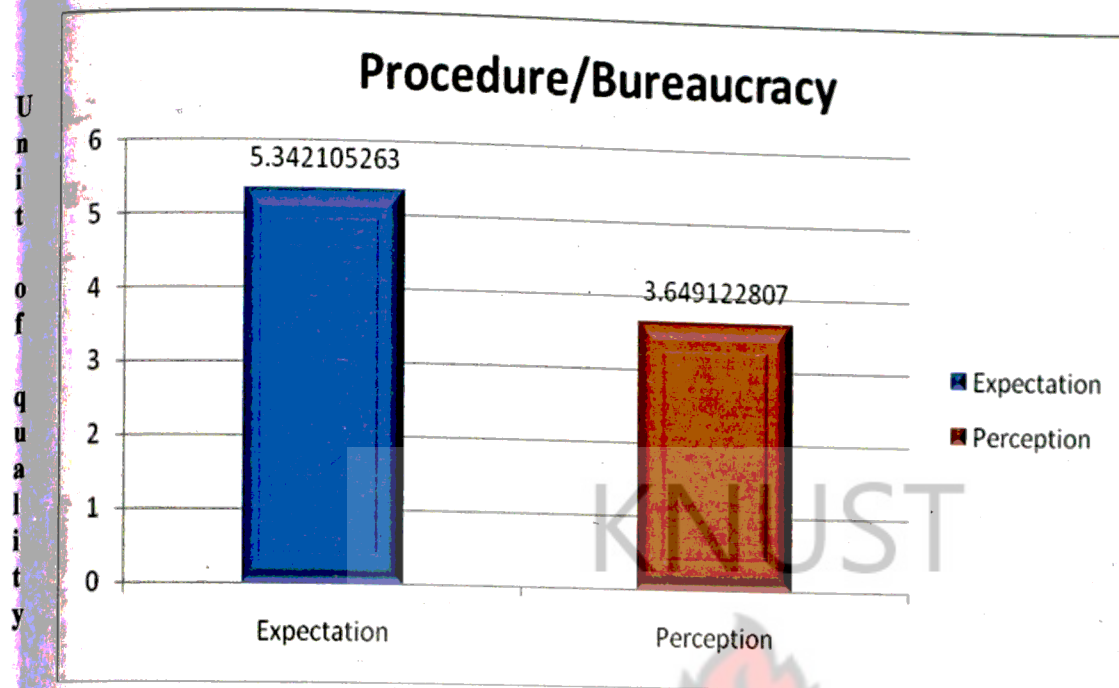
Source: Authors Field Survey, 2009

Figure 4.8 reveals that with respect to Authority of Bankers to Influence customers' businesses, while customers expect Ghana Commercial Bank Limited to have a quality level of approximately 4.9 units; customers rather are of the view that Ghana Commercial Bank Limited has about 3.6 units level of quality. This simply means that with respect this dimension, GCB Ltd has fallen short of customers' expectation by approximately 1.3 units of quality. But the customers do not have very high expectations of GCB managers to take decisions to influence their business.

Managers have many a time complained that they do not have enough authority and discretion to serve their customers and therefore cannot influence their business as they should. Though the Bank provides advisory services to some of its SME's and corporate customers, it is careful not to overdo it because it must bear responsibility for any such advise in case of negligence unless such advise is given without prejudice.

5.2.2.9 Procedure and Bureaucracy

Figure 4.9: Procedure and Bureaucracy



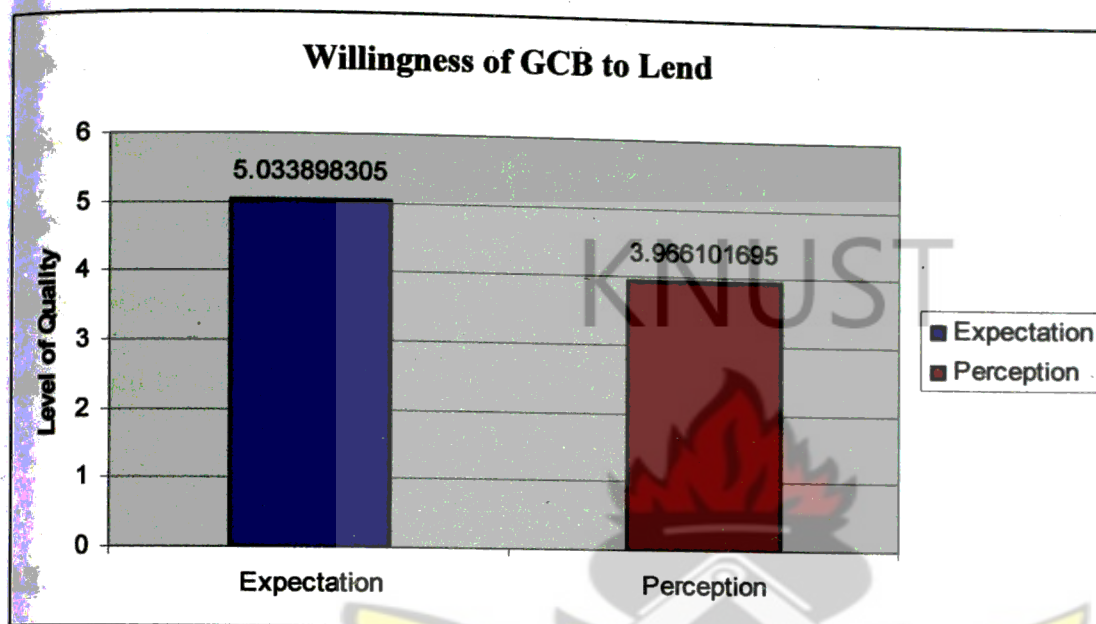
Source: Authors Field Survey, 2009

From figure 4.9, it is clear that with respect to bureaucratic procedures, while customers expect GCB to have a quality level of approximately 5.3 units; customers rather are of the view that GCB has about 3.6 units level of quality. This simply means that in respect of Procedures and Bureaucracy, GCB has fallen short of customers' expectation by approximately 1.7 units of quality or 32%. Managers and staff complain of long hierarchy in decision making and strict procedures in serving customers. Managers should be vested with authority to be able to take decisions like approvals without recourse to head office. This would serve the needs of customers timeously and alleviate customers' headaches while waiting for responses. Some customers have engaged in borrowing from shylocks whilst waiting for their facilities to be approved by head office. Invariably the facilities are diverted to pay off these loans and the customers are not able to perform to repay the bank. However, managements concern should not be dismissed lightly. In the past discretion or authority given to branches and group managers were seriously abused that they

were withdrawn. But it should be stated that in this era of ICT management could effectively apply its tools to monitor and control any authority or discretion granted managers.

5.2.2.10 Willingness of GCB to Lend Loan

Figure 4.10: Willingness Of Gcb To Lend Loan



Source: Authors Field Survey, 2009

With respect to GCB's willingness to lend to its customers the respondents expected a quality level of approximately 5.0 units but perceived that GCB has a quality level of approximately 4.0 units; GCB has thus fallen short of 1.0 quality unit of the expectations of customers. It is surprising that customers did not have very high expectations of GCB's willingness to lend. GCB was adjudged the best bank in short term loans to customers.

The size of GCB as seen from its assets and loan portfolio means GCB has a lot of loanable funds, notwithstanding the fact that it has a big customer base. Even though, its requirements for some categories of customers are strict and numerous, e.g. provision of security for repayment for most

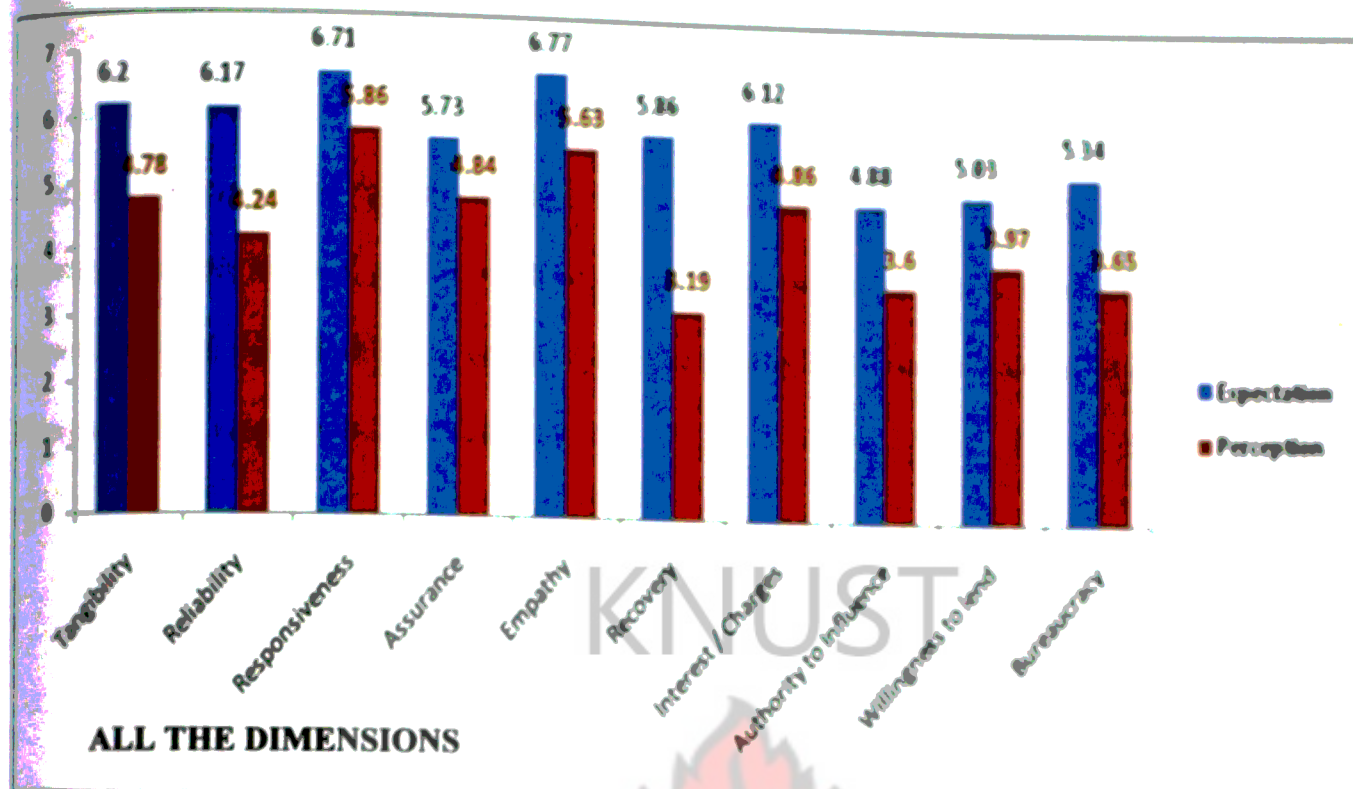
SME and corporate customers, provision of three years balance sheet many of the customers who satisfy the conditions are given loans. Workers whose salaries are paid through GCB are almost certain that a percentage of their annual salary could be advanced to them as loans to be repaid by up to 24 monthly deductions from their salary. Salaried professionals and a certain category of personal account holders could also access bulk loans to be paid in bulk up to 3 years.

However, customers who do not satisfy GCB's lending criteria are denied loans. GCB has decentralized personal loans given to salaried workers. The needs of these external customers are determined and Branch managers are given ceilings and authority to approve and disburse personal loans without recourse to Head Office. Approaches and disbursement are therefore timely and convenient to customers.

4.2.11 Performance of GCB on All the Dimensions of Quality

It is clear from the overall score and the bar chart in figure 4.11 that GCB has fallen short of the expectations of its customer on all the dimensions of quality. The difference in expectations and perceptions differ from dimension to dimension. It should be recalled that the Servqual instrument enables us to see graphically the expectations of customers and the perceptions simultaneously. It should be noted that the closer or the smaller the gap means quality is high. Where the gap is wide then services are far from high quality.

Figure 4.11: Bar Chart Showing Results On Expectation and Perception of All the Dimensions



Source: Authors Field Survey, 2009

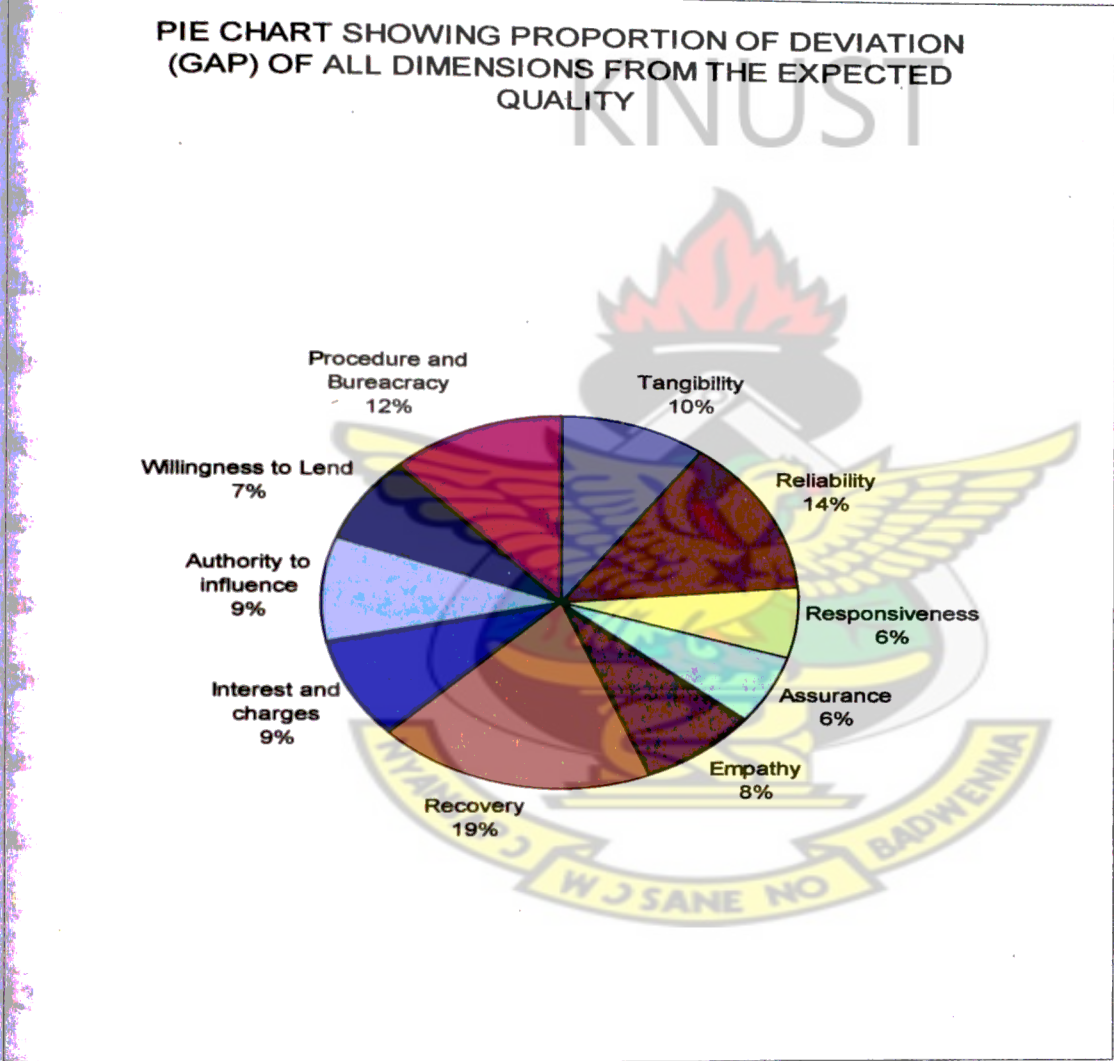
Table 4.3: A Table Showing the Measurement of Quality on the Various Dimensions in Ranking

DIMENSIONS	EXPECTATION	PERCEPTION	GAP/DIFFERENCE	RANK
Responsiveness	6.71	5.86	0.85	1st
Assurance	5.73	4.86	0.87	2nd
Willingness to Lend	5.03	3.97	1.06	3rd
Empathy	6.77	5.63	1.14	4th
Interest/Charges	6.12	4.86	1.26	5 th
Authority to Influence	4.88	3.60	1.28	6th
Tangibility	6.20	4.78	1.42	7th
Bureaucracy	5.34	3.65	1.69	8th
Reliability	6.17	4.24	1.93	9th
Recovery	5.86	3.19	2.67	10th
Total	58.81	44.64	14.17	

Source: Authors Field Survey, 2009

The overall scores present GCB with the opportunity to work towards improving the quality of its services by dimension to dimension. GCB must determine the most important areas or dimension and provide remedial measures. In this instance the proportion of deviation of each dimension from the total expected quality would be of use. It would be useful and beneficial to conduct another research over a period of time for comparison to ascertain whether there has been improvement or not. Figure 4.12 below shows the proportion of deviation of each dimension:

Figure 4.12: Proportion of Deviation



Source: Authors Field Survey, 2009

4.2.12 Testing of Hypothesis on Quality

It is conspicuous that the differences between respondents' expectation of the quality of banking firms and the respondents' perception of quality service delivery in Ghana Commercial Bank limited based on (some) of the measuring variables (is marginal whereas others are not). For instance whilst the differences based on assurance and responsiveness dimensions are respectively less than one (1.0), the difference based on recovery is more than two (2.0). Are these differences due to the presence of stochastic (random) variables and therefore should be marginalized? Or are the differences statistically significant and therefore can not be glossed over? A chi-square test is executed to ascertain the truth. However, the computation is provided in (See Appendix 10)

Chi-square Tabulated at 5% level of significance and 8 degrees of freedom is 2.73.

Chi-square Calculated is 3.6881794255812 which is approximately 3.67

Since Chi-Square calculated is greater than the Chi-square tabulated at 5% significance level and 8 degrees of freedom, we reject the null hypothesis and conclude that we are 95% sure that there is not enough evidence to ignore the differences between the quality of service delivery that customers expect from banking firms and the quality of service delivery customers perceive in Ghana Commercial Bank Limited. Therefore, the quality of service delivery expected from banking firms and the quality of service delivery perceived in Ghana Commercial Bank Limited by customers are not the same. Note that this conclusion has an accuracy of 95% of being true.

4.3 Results and Discussion on Data Relating to Internal Customers

GCB staff answered questions on a range of items relating to their satisfaction and relevant to quality services. The various items on the questionnaire may be classified under the following

headings or dimensions; Human Resource, Technology and Equipment, Procedures and Bureaucracy and Aesthetics. Below is the interpretation of the weights assigned to each indicator:

Poor	1-1.9	Poor
Average	2-2.9	Just Acceptable
Good	3-3.9	Desirable
Very Good	4.0	Optimum Desirable Levels

Table 4.5 below shows the items on questionnaire and their corresponding responses by staff of GCB.

Table 4.5: A Table Showing the Items on Questionnaire and their Corresponding Responses by Staff of GCB

ITEM ON QUESTIONNAIRE	NO RESPONSE	VERY GOOD	GOOD	AVERAGE	POOR
Skill and Knowledge of staff	1	10	22	7	0
Recognition of personal Initiative	1	2	13	17	7
Does GCB promote Personal Initiative?	1	1	9	21	8
Training and Retraining	1	7	13	13	6
Chances of Promotion	1	0	10	16	13
Criteria for promotion	1	0	7	16	16
Prospects of career with the Bank	1	5	18	11	5
Teamwork and Cooperation	1	5	17	14	3
Interpersonal Attitudes	0	4	24	12	0
Up-to-date	0	3	18	15	4
Does the technology work efficiently and effectively?	0	0	12	22	6
Response of in-house to fix breakdowns of equipments	3	4	12	16	5

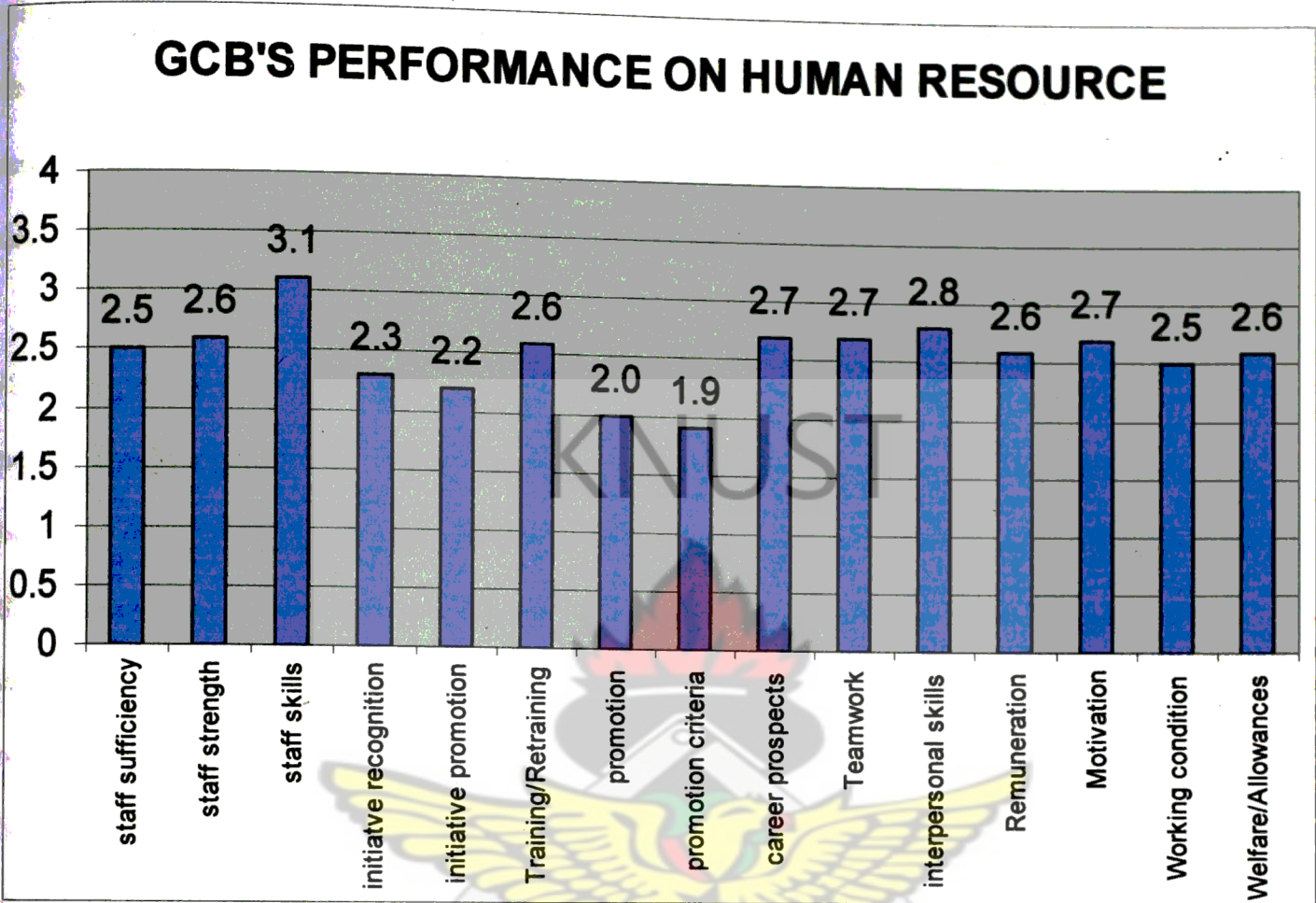
Procedures which staff must follow generally to work	0	2	21	16	0
Promptness of head office response to staff requests	2	0	8	18	12
Do departments staff depend on other departments to deliver quality service	4	1	12	16	7
Do staff get quality service from other staff before adding their own input	2	8	19	8	1
Remuneration compared with competitor Banks	2	2	16	16	4
Motivation to deliver quality services	1	7	12	17	3
Staff satisfaction in welfare, allowances and benefits.	0	4	17	15	4
Location of branches	1	19	15	4	1

Source: Authors Field Survey, 2009

4.3.1 GCB's Performance on Human Resource

The bar chart below clearly shows that GCB's internal customers rate GCB on human resource items as between average and good. The staff did not score very good or desirable for any of the HR items. In the case of criteria and prospects for promotion and the internal customers scored 2.0 (average) and 1.9 (poor) on a score of maximum four indicating that Staff are not pleased with the promotion criteria.

Figure 4.13: GCB's Performance on Human Resource



Source: Authors Field Survey, 2009

Promotion is currently determined by the number of vacancies available which are filled on merit after series of assessment tests and interviews. Many staff complain that the vacancies are too few and have to wait several years without promotion. The Bank has fixed terminal points for internal staff based on stated qualification. There are therefore many staff who have reached the terminal point and cannot be promoted. These categories of staff find it frustrating and demotivating. GCB has outsourced some of its secretarial duties, security, transportation and movement of specie (cash) to other companies. Whilst there is agreement on their basic qualification, their training is

different from those of the permanent staff. Remuneration and conditions of outsourced staff are different from those of the permanent staff. In many instances, outsourced staff have performed creditably but in instances where their conduct or their performance lead to poor quality services, the external customers may not see it as emanating from outsourced company. Their training and remuneration should therefore be of concern to the Bank to maintain some consistency in quality delivery.

GCB frequently makes use of a good number of national service personnel posted for a year period. Even though, many of those service personnel have acquitted themselves creditably, their lack of enough training and experience may be a drawback on quality services especially during the early months of the service period. But after they have acquired training on the job and some experience to improve internal quality. The service period comes to an end and they leave the bank only to be recruited by competitors, who spend a little to train them to compete against GCB. Service personnel should be judiciously used, they should not be exposed to customer contact so soon until they have gained experience and some training.

The staff scored average for promotion of personal initiative and recognition of personal initiative. On staff sufficiency, the score was 2.5 that is average. Staff knowledge and skills of banking was good or desirable (the highest score of 3.1) but for training and retraining, remuneration, working conditions, welfare and allowances, the score was average or just acceptable. On interpersonal skills and attitudes the score was 2.8 (average). It could be concluded that with the exception of staff's skills and knowledge in banking on the entire items GCB staff rated, their bank average.

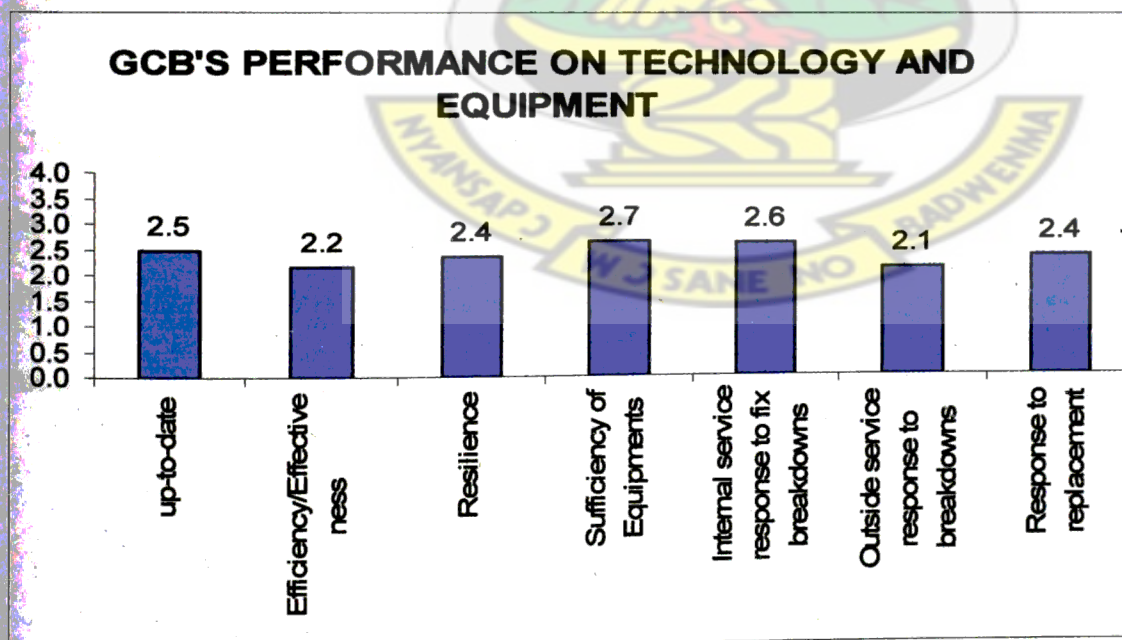
The items under HR are critical to delivery of quality services by internal staff. Remuneration including welfare a benefits and working conditions, prospects of a career impact on quality. If

internal customers are dissatisfied in these aspects as depicted by scoring average or just acceptable, then they cannot be expected to deliver quality among themselves and pass it on to the external customers. The average score on all the items on HR is 2.5 on a scale of 1 to 4. The score means that the staff of GCB find HR items as just acceptable and but not desirable. When Staff were asked whether they had received training on customer care 19 out of the 40 staff interviewed said Yes, 12 said No and 9 did not respond to that. That means only 47% have received training in one of the most important dimensions of delivering quality services.

4.3.2 Technology and Equipment used in Delivering Services

The importance of modern ICT cannot be over emphasized in the banking business. GCB prides itself as the most widely networked bank in the country. GCB's branches are linked. GCB's performance on its technology and equipment is shown below:

Figure 4.14: GCB's Performance on Technology and Equipments



Staff of GCB when asked whether the technology used by the bank to deliver service was up-to-date, gave the bank 2.5, an average mark. Its sufficiency is just above average that is 2.1. The ability of equipment to withstand breakdowns is 2.3 just above average. Response to fix breakdowns by both internal and external personnel is average 2.4 and 2.3 respectively.

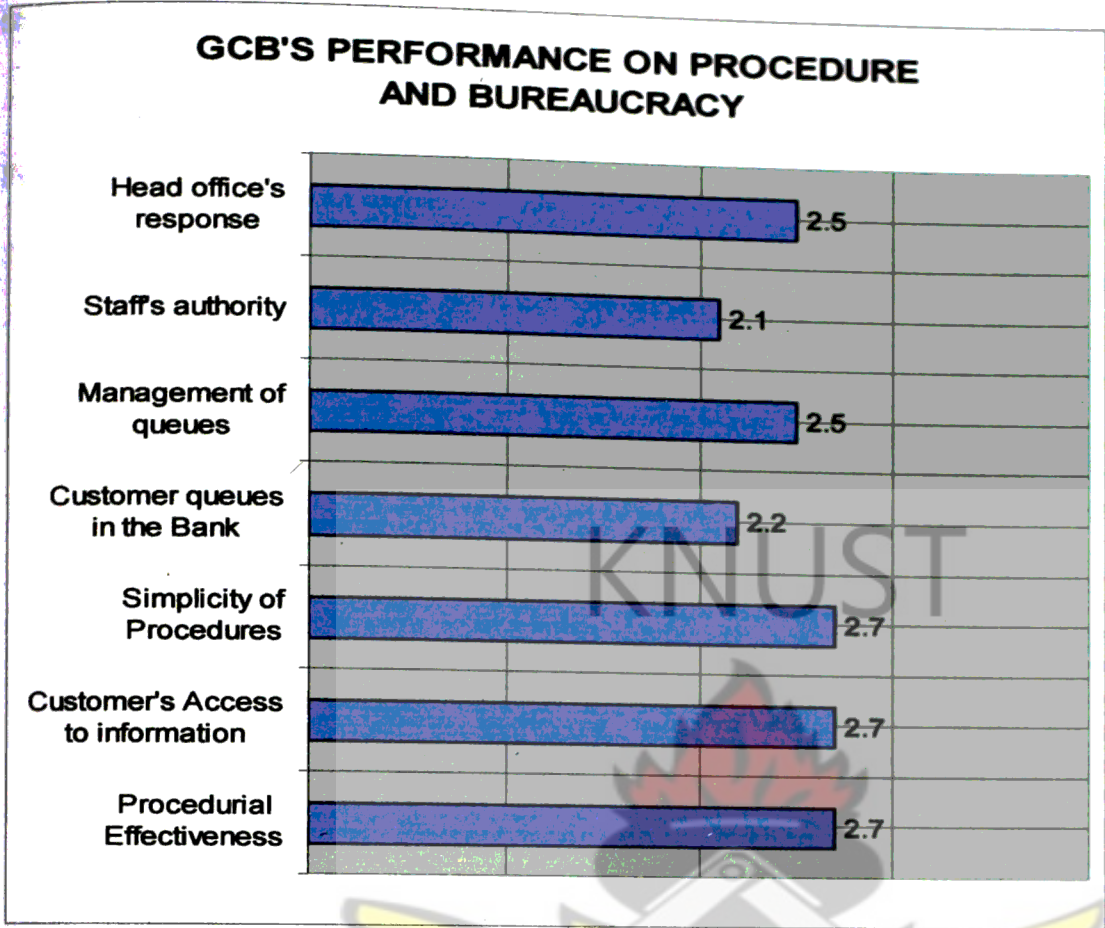
GCB's technology is dependent on other service providers who are constrained to deliver quality services. This is manifested in the breakdowns and slowdowns which are beyond the control of GCB in some cases. Staffing at the data centre is not adequate resulting in their inability to attend to numerous calls to fix problems simultaneously. This explains the widest gap in the expectations and perceptions of external customers in recovery of services failures in this study.

The average score of 2.46 for all the items under equipment and technology clearly means that quality services would suffer. An average or just acceptable performance would not result in very good or desirable or optimum performance but a corresponding average or just acceptable delivery of quality services.

4.3.3 GCB's Performance on Procedures and Bureaucracy

On the effectiveness and simplicity of procedures staff rated GCB 2.7 an average mark. Head office response to request by staff received 2.0 which is an average rating. Figure 4.15 shows the true picture of the situation:

Figure 4.15: Procedures and Bureaucracy



Source: Authors Field Survey, 2009

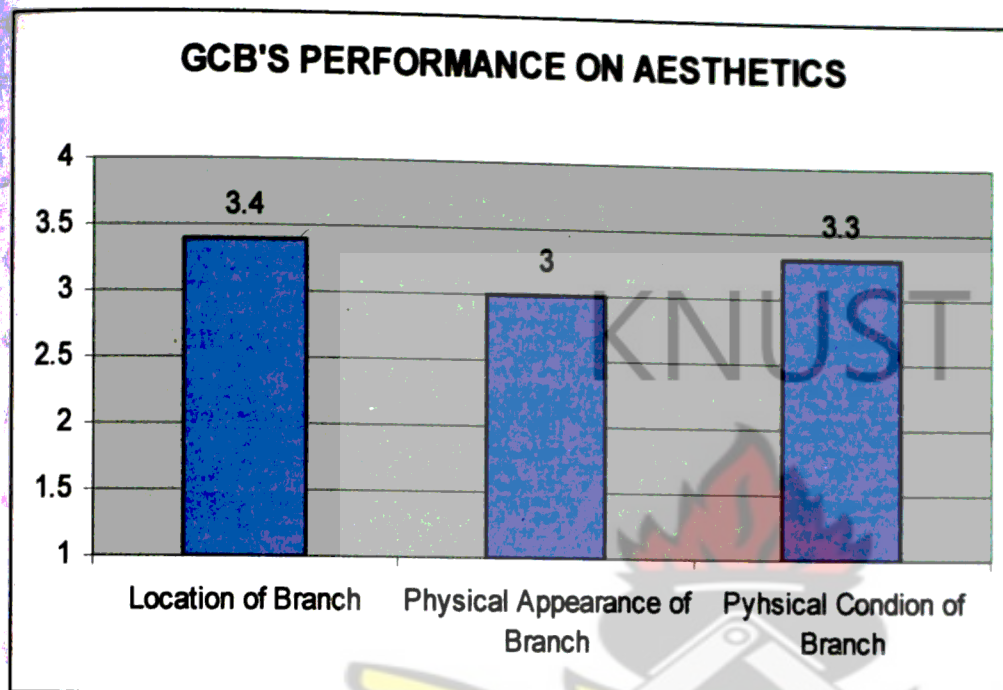
The average response on the procedures and bureaucracy from the above diagram is 2.5 and is classified as just acceptable. Once again, an above average performance would yield an equally average delivery of quality services among internal customers'. It is noteworthy that external customers put bureaucracy and procedures on the third worst dimension making it consistent with the findings of internal customers.

4.3.4 Aesthetics

Out of forty members of staff in GCB with only one non response, nineteen of them opine that the location of the GCB branches are is very good. Fifteen of them claim that the location of the GCB

branches is good. Four of them claim that the location of the GCB branches are just acceptable and only one of them opines that the location of the GCB branches are poor.

Figure 4.16: GCB'S Performance on Aesthetics



Source: Authors Field Survey, 2009

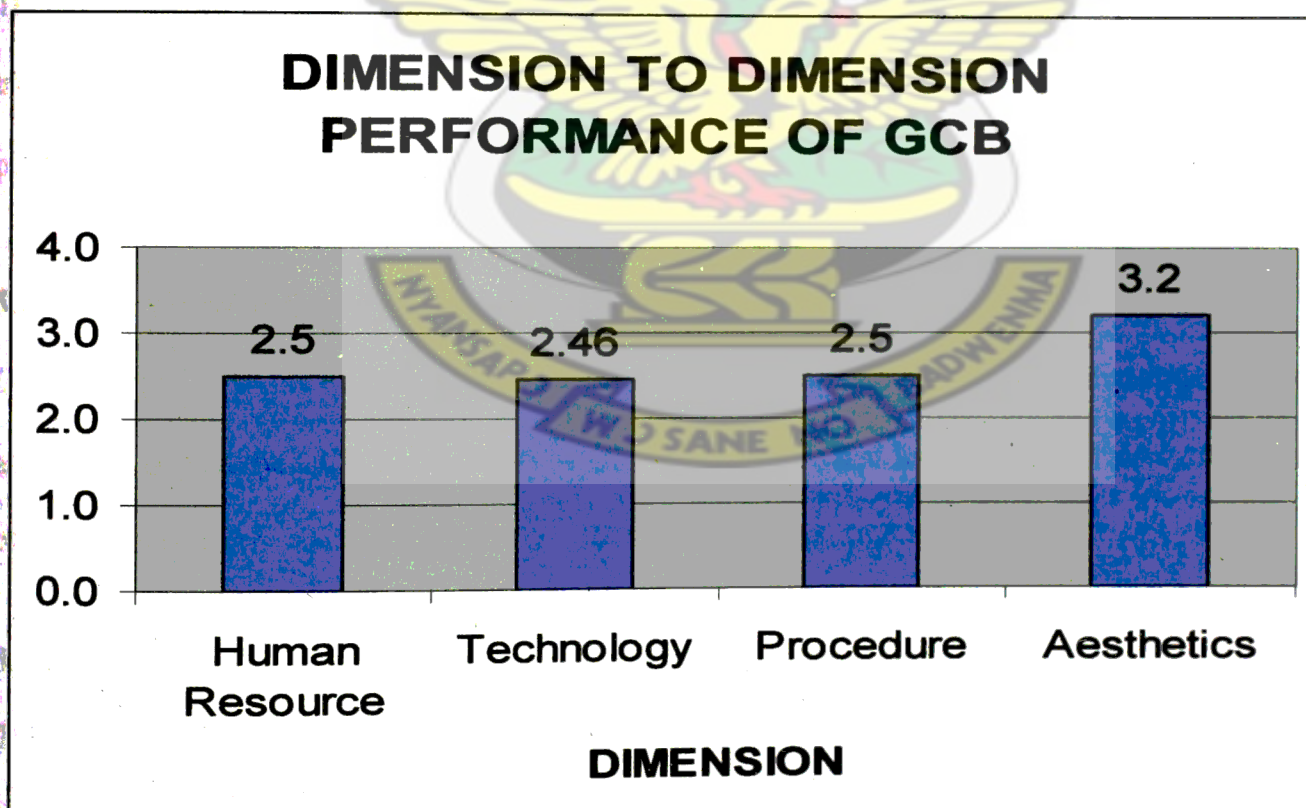
In respect of aesthetics, staff of GCB rated their bank good or desirable. On the location of premises, the score was 3.4 which is classified as desirable. The physical appearances of branches score 3 which is good and physical condition, furniture and interior decoration scored 3.2. This score seems to contrast the perceptions of customers who expected GCB to have a quality level of 6.2 on tangible but perceived GCB to have a quality level of 4.78 leaving a gap of 1.42. It is possible that many of them assigned greater attention to the modern and ultra modern branch buildings with their ultra modern interior decor than the older and not nice branch buildings.

GCB has the largest branch network in Ghana. It has some of the best buildings in the country and keeps on opening new branches with modern architecture as opposed to some of its older branches. From the perspectives of staff, aesthetics is the only dimension where score gives some comfort. Unfortunately, like tangibles, aesthetics is the dimension which has the least impact on quality delivery of quality services.

4.3.5 GCB'S Performance on Dimension to Dimension

GCB internal customers rated their bank as average or just acceptable on all dimensions except on esthetics which they rated as good or desirable. Clearly, there are no internal quality services in GCB. This consistent with the findings of external customers that GCB has fallen short of their expectations significantly.

Figure 4.18: Dimension to Dimension Performance of GCB



CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter highlights on the major findings of the study. The findings are outlined in direct response to the objectives of the study which sought to among other things assess and evaluate quality service delivery in banking in Ghana. The data collected and the examination outcome revealed certain significant concerns. These revelations are highlighted in this section of the report and in some cases recommendations are made to improve upon the service delivery of Ghana Commercial Bank which was used for the purpose of this research. Some of these findings and recommendations are presented below:

5.2 Major Findings

The findings are structured to capture the viewpoints of the Internal and external users of the banking services. The following findings have been established by the study in respect of the perception of lack of quality services delivered by GCB.

5.2.1 Provision of Quality Services to External Customers

GCB does not provide quality services to its external customers on all the dimensions of quality adopted in this study. GCB has fallen short of the expectations of its customers. However, the level of quality services or the lack of it differs from dimension to dimension.

5.2.2 Provision of Quality Services among Internal Customers

The internal customers have registered dissatisfaction of all the dimensions which promote internal quality services and the verdict is unequivocal, there are no internal quality services in GCB. This

verdict is consistent or in consonance with the response recorded by external customers that the level of quality in the services of GCB is below their expectations. "Gronroos 1981: 1985 states that satisfying the needs of internal customers upgrades the capability to satisfy the needs of external customers.

The service – profit chain Schlesinger and Heshett (1991a) shows the importance of Internal Service Quality. External quality and customers satisfaction leads to customer retention and profit. It is no wonder that GCB has lost market share in the critical banking indicators and is no longer dominating in making profits in the industry. Internal Service Quality, Employee Satisfaction and External Service Quality form the substructure or foundation upon which profit is built. In GCB Internal Service Quality, Employee satisfaction and External Quality Services are not high therefore profit would not be as high as should be.

5.2.3 Findings Relating to External Customers

5.2.3.1 Recovery

The widest gap was registered on this dimension. This is attributable to the frequent breakdown of GCB link services disabling branches from providing services thereby generating long queues. Since the link is controlled from the Data Centre in Accra, branches feel helpless to resolve the link breakdowns. It was disclosed that the link can be deployed both as active and passive so that the passive takes over when the active breaks down however, the passive has not been deployed.

5.2.3.2 Reliability

Customers did not find GCB reliable in respect of timeliness, promptness and dependability.

5.2.3.3 Tangibility

The physical facilities of GCB fell below the expectations of its customers.

5.2.3.4 Bureaucracy and Procedures

External customers do not find GCB's procedures simple. GCB is a bureaucratic organization with a long hierarchy of reporting.

5.2.3.5 Empathy

With a gap of 1.14 quality units, GCB was fairly empathetic. It recorded very high expectation as well as the highest perception.

5.2.3.6 Authority to Influence Customers Business

GCB's managers have little authority to take decisions to influence the business of their customer. The customers do not have high expectations of their managers influencing their business.

5.2.3.7 Responsiveness and Assurance Dimensions and Willingness to Lend

GCB is somewhat responsive and gives assurance to its customers, it is also willing to lend to its customers. The gap between expectations is less than one or approximately one.

5.2.4 Findings Relating to Internal Customers

5.2.4.1 Internal Customers

The internal customers of GCB believe they have the competence to deliver quality services but are constrained by other factors such as technology deployed, equipments, bureaucracy, and strict procedures.

5.2.4.2 Bureaucracy and Procedures

Bureaucracy and adherence to strict but not simple procedures hinders the delivery of quality services to both internal and external customers. It causes delay in decision making and makes GCB less reliable and responsible.

5.2.4.3 Technology and Equipment

They hold the view that equipment and technology being deployed to deliver services do not work efficiently due to frequent breakdowns.

5.2.4.4 Aesthetics

The internal customers of GCB are satisfied with the aesthetics of the Bank. They are satisfied with the physical environment within which services are delivered. This however, contrasts with the perceptions of external customers who recorded a gap of 1.42 quality units making the tangibility dimension the fourth worst scores.

5.2.4.5 Quality Assurance in GCB

Quality assurance systems in the Bank are not effective. The system of conforming to specifications enshrined in the book of instructions and circulars stresses on fraud prevention and detection rather than ensuring quality services. The processes through which service is delivered are not monitored for quality delivery. The structures of quality assurance are not part of the policy making of the bank in spite of assurances of commitment to quality services. Quality Assurance management is in its infancy

5.3 Recommendations

There is no doubt that in the end a myriad of factors and activities can be considered in relation to quality service delivery. It is unlikely that every aspect can comprehensively be dealt within the confines of this study. However, several linkages can also be established in order to identify core objectives. In order to enhance the implementation of quality service delivery, the following recommendations are to be considered to remedy the dimensions with the worst gap scores to be implemented immediately

5.3.1 External Customers

The performance of GCB on all the dimensions for the purposes of remedial action should be observed from the proportion of deviation of each dimension in relation to the total expected quality. The deviation of Recovery was 19%, Reliability 14%, Procedure and Bureaucracy 12% and Tangibility 10%. Together, these four dimensions contributed 55% of the total deviation from expected quality. (Reference to figure 4.12)

5.3.1.1 Recovery

GCB relies on a single data centre at the Tower Block in Accra which links all of its branches. There should be a second back up data centre which should be operational when the main link breaks down so that services can continue with minimum hold up. Alternatively, both the active and passive systems of the link service should be deployed.

GCB's experts and technicians relating to its technology and equipment are based in Accra and have to be invited to its branches far and wide if necessary. This causes delays in fixing problems. It is suggested that these experts and technicians domiciled at the Tower Block, Accra should be decentralized and posted into the zones.

It is important to simplify complaint procedures and give feed back to complaints. Customers should be certain about whom to complain to. GCB has placed boxes in their branches to receive complaints. The customers should be provided with feedback by at least an acknowledgement of their complaint and thanking them and stating what is to be done or being done to address their complaint.

GCB branches and branch managers have e-mail addresses which appear on their complimentary cards. Some of the complaints may be e-mailed or customers should be encouraged to e-mail their complaints.

5.3.1.2 Reliability, Bureaucracy and Procedures

GCB must put in place a time limit within which applications would be considered and decisions made. Customers who apply for facilities should be given a checklist containing all requirements, data and information required. The customers would therefore know whether the check list has been satisfied or not. Customers should also be made aware of the checklist or any requirements for facilities so that they prepare or are ready before applying for a facility.

Management has been concerned with recovery or repayment of loan facilities approved by branches and zones in the past which became bad as a result of abuse of discretion. The Bank should now extend the discretion and authority to grant facilities to SME's and corporate customers. It is advocated that discretion to lend plus reasonable control and insistence of proper documentation and fulfillment of loan requirement in this ICT era would serve the Bank and its customers well.

5.3.1.3 Tangibility

Of all the dimensions in quality services delivery, tangibility is the least dimension which impacts on quality delivery. It is recommended that GCB should continue with its remodeling, redesign and reconfiguration of its older branches. It should be noted that in architecture, antiquity is sometimes valued highly.

5.3.1.4 Improvement Measures for the other Dimensions

In respect of other dimensions in which the gap between perception and expectation is closer or not so wide, GCB should continue to improve on those dimensions so that it would exceed customer expectations.

5.3.2.1 Internal Customer

There should be serious efforts to achieve quality among internal customers. The situation where less than 50% of the internal customers received training in customer care is unacceptable, having regard to the role of customer care in quality services. Training in customer care should be obligatory to every internal customer.

Technology and equipment should be upgraded. Training of internal customers in the use of equipment should be increased. Internal customers cast serious doubts on the efficiency of the equipment and technology of GCB but ironically they underutilize the technology and equipment.

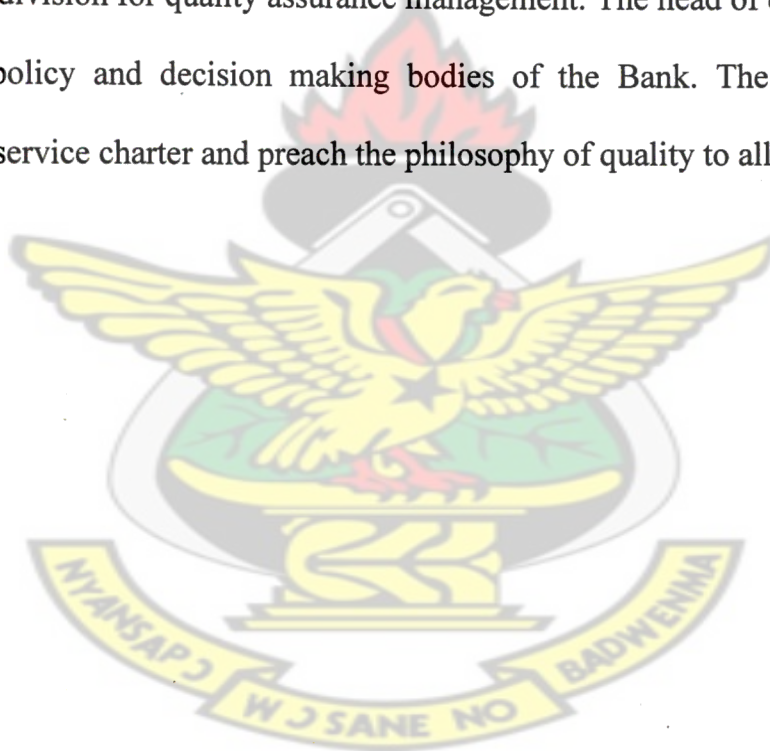
A recent study, mystery shopping, commissioned by the Bank found out that Branch Managers did not access their e-mails. They surmised that either they did not know how to use the e-mail or simply had no time to read their e-mails. The Bank itself continues to expend cash on paper and fax for communicating when it has an intranet and could send out circulars and other communications on the intranet. It is also clear that the internal customers are not satisfied with

their remuneration, emoluments, benefits and welfare. This should be improved. The Professional and Managerial Staff Unions both officers and junior staff should hold more consultations with their members and arrive at a consensus before negotiations are done.

The Bank's current policy of compensation based on performance should be reviewed because under current conditions of dissatisfaction, performance could be low and affect the level of compensation, which is a demotivating factor.

5.3.2.2 *Quality Assurance Management*

The Bank should demonstrate its commitment to quality assurance management by elevating or creating a department or division for quality assurance management. The head of quality assurance should be part of the policy and decision making bodies of the Bank. The division should implement the customer service charter and preach the philosophy of quality to all staff.



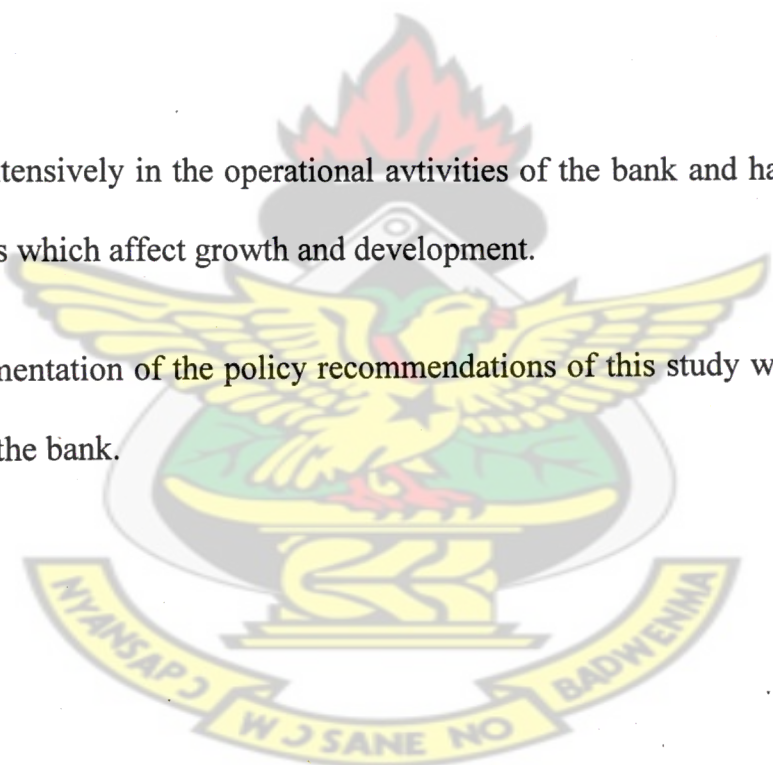
5.4 Conclusion

The goal of the study was to assess and evaluate the quality of services provided by GCB as well as determine the standard of customer care and identify the quality assurance measures implemented by GCB.

The increasing number of banks in the country especially the influx of foreign banks has intensified competition among the banks in the country. GCB has the highest number of branches, account holders and ATMs in the country. The operational activities of the bank have however been questionable due to numerous lapses identified as a result of this study. There has been an upsurge of complaints from both customers and staff alike without proper arrangement to addressing those issues.

This study has delved extensively in the operational activities of the bank and has thus identified several issues of concerns which affect growth and development.

The adoption and implementation of the policy recommendations of this study would in no doubt enhance the activities of the bank.



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LIST OF APPENDICES

APPENDIX 1

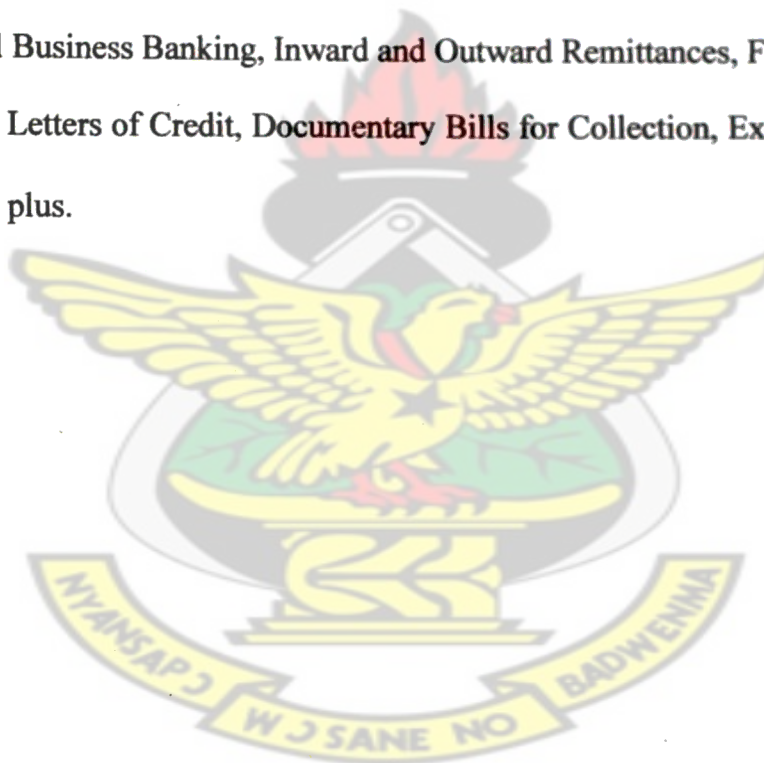
Products and Services Provided by GCB

a) *Personal Banking Services*

This service comprises of Royal Banking, Current Accounts, Savings Account, Overdrafts and Loans, Customer Credit Scheme, Investment e.g. fixed deposit, cash...of Deposit. Inward and Outward remittances (Local and Foreign), ATM (Ready Cash); and

b) *Business Banking Services*

Relationship Banking (Corporate, SME/ Rural Banking), Call Account, Overdraft and Loans, Project Financing, Small Business Banking, Inward and Outward Remittances, Foreign and Forex Accounts, Documentary Letters of Credit, Documentary Bills for Collection, Exports and Imports, E-Banking, CommerNet plus.



Appendix 2

GHANA COMMERCIAL BANK LIMITED
HUMAN RESOURCE DIVISION
HEAD OFFICE
ACCRA

Ref. HRD/EK/AOG/08/05

29th August, 2005.



Circular To All Area Offices,
Branches & Head Office Divisions

STAFF ATTITUDE TOWARDS CUSTOMERS (CUSTOMER COMPLAINTS)

Persistent reports from various parts of the country, including press coverage, tend to indicate that courtesy to our customers is virtually non-existent, especially at the branches. This is particularly worrying when viewed against the training provided in the area of customer care for the past couple of years.

The impression Management gathers is that staff, especially front line staff, have not come to grips with the fierce competition facing the Bank and the need not only to hold on to our share of the market but more importantly fight to capture more.

Again branch staff appear not to have realized that with networking, branches would no longer deal only with customers of their respective branches but also customers from all networked branches.

Customer complaints in recent times have related to:

- Indifference to customer needs
- Absolute rudeness
- Impatience
- Insulting behaviour
- Snobbish outlook

Unless staff change their behaviour towards customers, Management will have no alternative than to take drastic but corrective measures to save the image of the Bank.

2/....




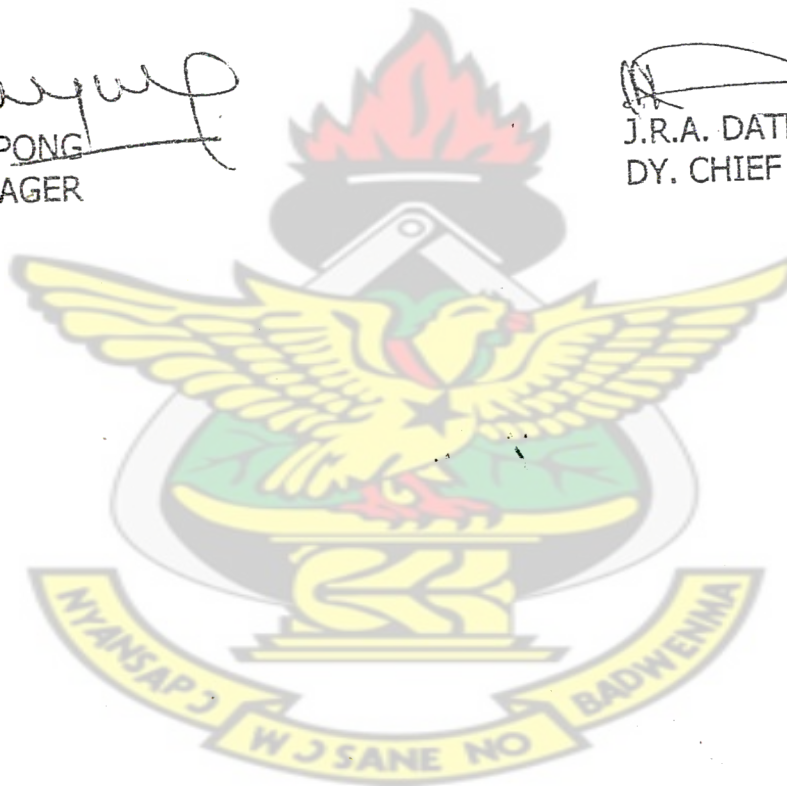
In that regard punishment in the form of **caution** and **warning** will no longer be options that Management will consider in all reported and proven cases of unacceptable staff behaviour. Instead the following will be the sanctions that will apply:

- **Suspension from duty**
- **Demotion**
- **Termination**
- **Dismissal**

We invite all staff to carefully note the contents of this circular and be guided as we are determined to set examples at our earliest convenience.


EDWARD KWAPONG
GENERAL MANAGER


J.R.A. DATE
DY. CHIEF MANAGER



The Manager
Zonal Legal Officer
C.C.B.H.
Kumasi Zone

Appendix 3

GHANA COMMERCIAL BANK LIMITED
HUMAN RESOURCE DIVISION
HEAD OFFICE
ACCRA

Ref: HRD/EK/MAA/2005

9th December 2005

Circular to all Head Office Divisions/Departments/
Branch/Area Managers

WHY CLIENTS QUIT A BRAND/ PRODUCT/ A SERVICE PROVIDER

A study commissioned by General Motors Company (USA) has revealed the basis for client /customers dissatisfaction as depicted in the pie diagram attached.

We, in Ghana Commercial Bank, can conveniently deduce from the finding that in our circumstances, 68% of our customers would leave because of our attitude of indifference.

In that regard, Line Managers are to bring this research finding to the attention of subordinate staff at tutorial sessions and staff durbars with a view to soliciting views as to how to improve staff attitude.

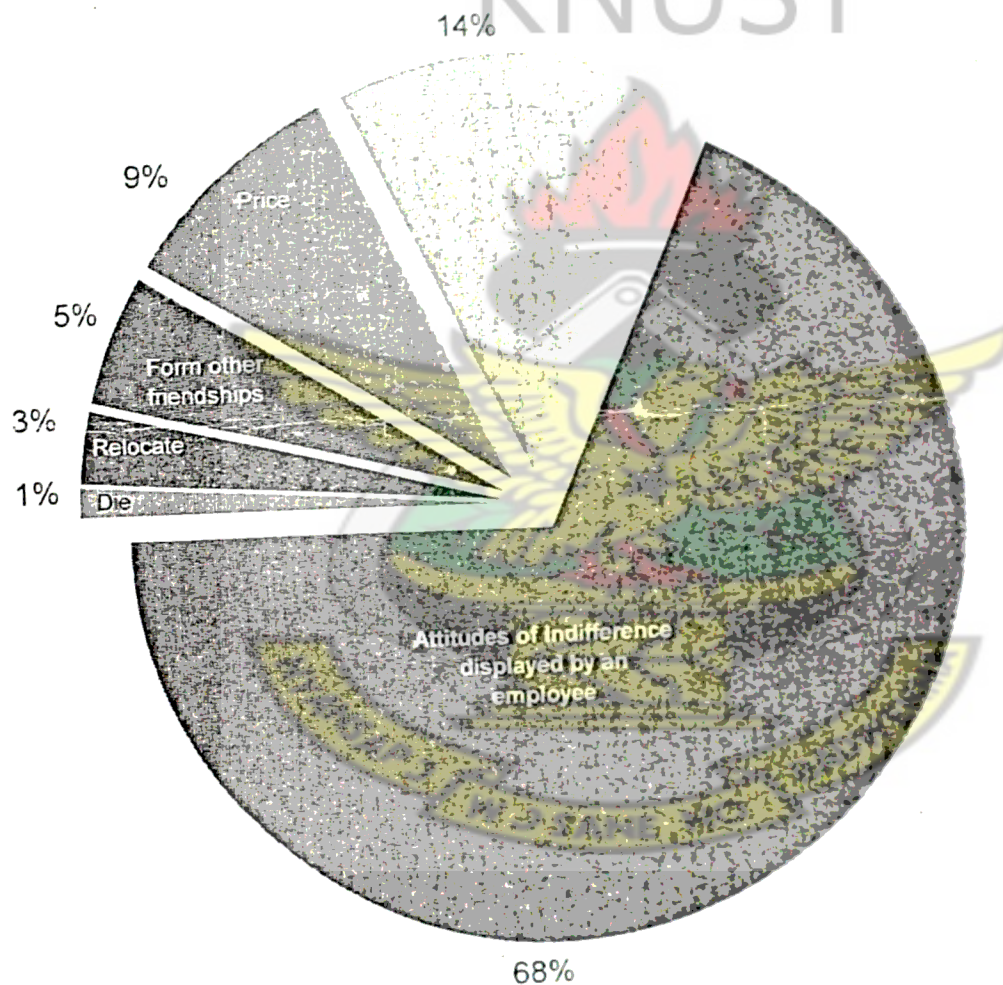
Ideas offered should be forwarded to Human Resource for onward transmission to Management not later than 31st January 2006


EDWARD KWAPONG
GENERAL MANAGER


J.R.A. DATE
DY. CHIEF MANAGER

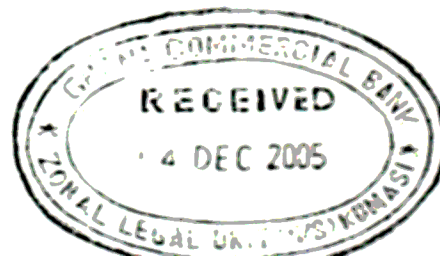


WHY CLIENTS QUIT A BRAND / PRODUCT / A SERVICE PROVIDER



Note This is the findings of a study
conducted by General Motors
USA.

88



88

BANK	ASSETS				LIABILITIES				SHAREHOLDERS FUNDS				LOANS/ADVANCES				PROFIT BEFORE TAX				PROFIT AFTER TAX				INVESTMENTS			
	2005		2006		2005		2006		2005		2006		2005		2006		2005		2006		2005		2006		2005		2006	
	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK	\$'000	RANK
1 STANCHART	5,142,456	2	6,994,736	2	4,494,119	2	6,282,445	2	648,337	2	712,291	2	2,160,603	3	2,392,020	3	354,352	2	435,318	2	232,152	2	276,821	2	1,495,503	2	2,708,158	1
2 BARCLAYS	4,928,701	3	6,501,642	3	4,392,891	3	5,905,021	3	535,810	4	596,621	4	2,745,527	1	4,426,423	1	410,179	1	449,657	1	269,030	1	310,811	1	967,265	4	1,054,243	4
3 GCB	5,864,713	1	7,792,016	1	5,163,771	1	6,873,012	1	700,942	1	919,004	1	2,561,574	2	3,645,385	2	229,037	3	392,147	3	126,618	3	260,147	3	1,843,330	1	2,206,163	2
4 ECOBANK	3,152,309	5	4,318,612	4	2,919,904	4	3,893,803	4	232,405	6	424,809	6	1,156,075	6	1,622,454	5	163,068	4	239,989	4	112,255	4	165,302	4	727,693	6	846,683	6
5 SGB	2,914,526	6	3,654,610	6	2,517,368	6	3,146,348	6	397,158	5	508,262	5	1,241,003	5	1,416,486	7	148,108	5	143,640	5	92,857	5	99,440	6	986,146	3	1,024,130	5
6 CAL BANK	969,690	11	1,570,084	9	790,419	11	1,355,699	11	179,271	9	214,385	9	397,920	11	856,801	10	45,678	10	66,417	9	28,027	10	45,502	9	229,474	14	317,223	9
7 ICIB	452,913	15	693,854	16	378,391	15	600,095	16	74,521	13	93,760	14	1,262,662	4	1,509,233	4	80,724	7	116,378	7	74,670	6	107,670	5	918,032	5	1,105,134	3
8 ADB	3,431,727	4	4,103,190	5	2,812,070	8	3,408,178	5	619,657	3	695,012	3	1,262,662	4	1,509,233	4	80,724	7	116,378	7	74,670	6	107,670	5	918,032	5	1,105,134	3
9 NIC	1,901,004	8	2,797,980	7	1,671,997	7	3,033,027	7	279,966	7	322,151	8	901,633	8	1,377,366	8	74,936	8	33,800	11	59,149	7	44,274	10	302,294	10	164,473	16
10 MERCHANT BANK	1,514,452	7	3,353,788	7	1,684,556	7	3,033,027	7	33,503	17	75,331	17	1,142,581	7	2,258,933	4	91,834	6	135,782	6	58,084	8	92,743	7	165,641	15	136,302	17
11 AMAL BANK	399,599	16	663,496	17	366,096	16	588,135	17	100,912	11	137,347	11	448,897	10	695,325	12	67,939	9	77,960	8	45,256	9	56,055	8	344,923	7	207,694	12
12 TRUST BANK	982,367	10	1,230,422	14	881,455	10	1,093,074	13	100,912	11	137,347	11	448,897	10	695,325	12	67,939	9	77,960	8	45,256	9	56,055	8	344,923	7	207,694	12
13 PRUDENTIAL BANK	1,116,136	9	1,544,870	10	952,362	9	1,465,112	9	63,774	15	79,758	16	484,497	9	892,280	9	30,351	11	28,062	12	23,007	11	16,533	13	324,935	9	181,706	14
14 IST ATLANTIC BANK	836,764	13	1,461,350	11	768,597	12	1,377,405	10	62,167	14	83,870	15	394,155	12	550,368	14	12,859	14	15,191	16	9,650	14	12,192	15	276,581	12	311,265	10
15 IFC BANK	704,552	14	1,081,170	13	599,208	14	965,809	14	105,343	10	115,360	12	297,683	13	659,342	13	8,135	15	17,536	14	7,139	15	12,812	14	277,294	11	231,823	11
16 STANBIC BANK	881,762	12	1,351,848	12	768,572	13	1,108,519	12	94,358	12	153,260	10	261,831	14	722,125	11	28,384	12	50,243	10	16,470	12	37,972	11	326,418	8	168,417	15
17 MET & ALLIED BANK	178,059	19	262,317	21	164,047	19	198,202	21	14,012	19	64,115	22	63,719	19	81,548	20	2,002	17	4,763	18	1,704	17	3,541	19	36,557	19	54,167	21
18 UNIBANK	219,154	18	371,579	20	192,360	18	300,184	20	26,794	18	74,260	18	93,688	17	245,555	15	-36,226	19	-16,343	21	-36,226	19	-16,343	21	64,750	17	72,462	20
19 UBA	270,286	17	541,445	19	216,483	17	467,185	19	53,803	16	71,747	19	67,040	18	157,606	18	1,053	18	5,977	17	901	18	4,596	17	54,548	18	76,802	19
20 ZENITH BANK			647,354	19			575,607	18			68,496	21			139,837	19			-29,332	22			-36,638	22			90,226	18
21 GUARANTY TRUST			212,291	22			143,793	22			88,496	21			35,155	21			22,368	13			22,370	12			44,287	22
22 FIDELITY BANK			794,716	15			700,915	15			93,802	13			32,062	22			-9,645	20			-9,645	20			576,895	7
23 INTERCONT. BANK																												
TOTAL	36,161,170		51,943,370		31,734,666		45,977,228		4,379,646		5,966,056		15,883,048		24,062,431		1,732,362		2,192,235		1,133,476		1,521,035		9,742,975		12,114,372	

NB: Results for Guaranty Trust are for 9 Months. Results for InterCont Bank are not available



your Mornings

will never be the same

Business Morning



Z-BANK

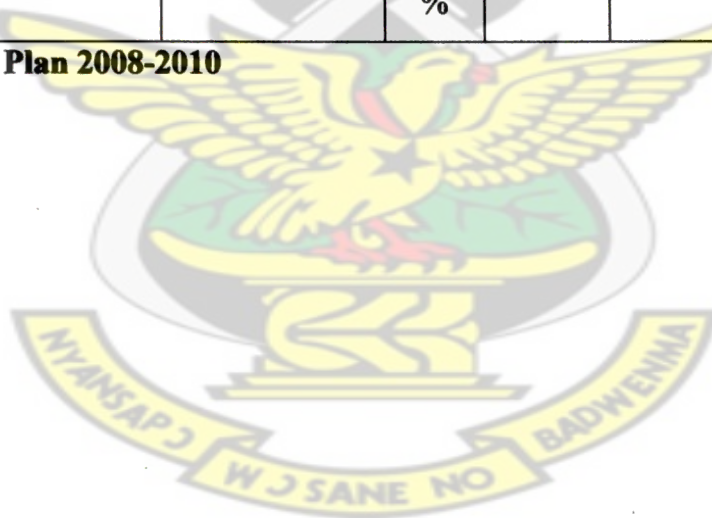
FINANCIAL INSTITUTIONS

APPENDIX 5

Table 1.1: Return on Asset

INDICATORS	GCB	INDUSTRY	SCB	BBG	EBG	SG-SSB
Profit Before Tax	GH¢39M	GH¢215M	GH¢44M	GH¢45M	GH¢14M	GH¢23M
Earning Assets/Total Assets	75.0%	70.0%	73.0%	84.0%	59.0%	67.0%
Return on Earning Assets	4.4%	5.0%	5.4%	5.7%	6.6%	67.0%
INDICATORS	GCB	INDUSTRY	SCB	BBG	EBG	SG-SSB
Expense Income	68.0%	60.0%	47.0%	45.0%	5.0%	62.0%
Return on Assets	3.3%	2.8%	4.0%	4.8%	3.9%	2.7%
Return on Equity	28.7%	24.7%	38.9%	52.1%	43.0%	19.6%

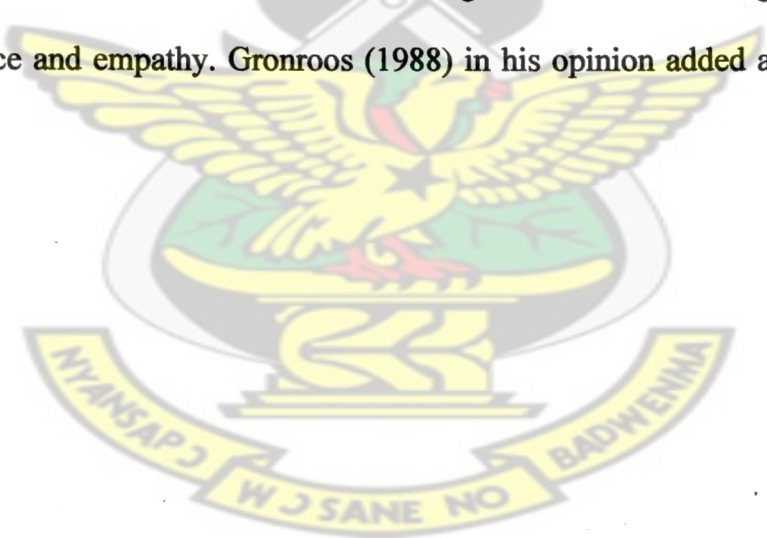
Source: GCB Strategic Plan 2008-2010



APPENDIX 6

- ❖ **Tangibles:** Physical evidence
- ❖ **Reliability:** Getting it right first time, honouring promises
- ❖ **Responsiveness:** Willingness readiness to provide service
- ❖ **Communication:** Keeping customers informed in a way they understand.
- ❖ **Credibility:** Honesty and trustworthiness
- ❖ **Security:** Physical, financial and confidentiality e.g. ATM's
- ❖ **Competence:** Possession of required skills knowledge of all employees.
- ❖ **Courtesy:** Politeness, respect and friendliness
- ❖ **Understanding:** Knowing the customers needs and requirements.
- ❖ **Access:** Ease of approach and contact e.g. Opening hours, queues, phones.

Parasuramen et al 1988 condensed these into five categories which are tangibles, reliability, responsiveness, assurance and empathy. Gronroos (1988) in his opinion added a sixth dimension which is recovery.



APPENDIX 7

SURVEY ON QUALITY SERVICE IN BANKING IN GHANA
QUESTIONNAIRE

DIRECTION: This survey deals with your expectations on Banking in Ghana. Please show the extent to which you think the various Banks or firms offering banking services should possess the features described by each statement. Complete by ticking or circling on the scale provided for each statement. If you strongly agree that firms offering Banking services should possess a feature, circle or tick the number 7. If you strongly disagree that these firms offering banking services in Ghana should possess a feature, circle or tick 1. You may circle or tick any of the numbers in the middle that show how strong or otherwise your expectations are. If you agree but not very strongly you could circle or tick 6 or 5 depending on the extent of your agreement? If you are not certain you could circle or tick 4. If you disagree but not very strongly you could circle or tick 2 or 3 depending on the extent of your disagreement? There are no correct or wrong answers – all we are interested in is a number that best represents your expectations about the services of banks or firms offering banking services in Ghana.

INTERPRETATION OF SCALE

7	6	5	4	3	2	1
Strongly agree	Agree (a bit more than just Agree)	Agree	Not Certain	Disagree	(a bit more than just disagree)	Strongly disagree

E 1. They should have up-to date or state of the art equipment

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E2. Their physical facilities should be visually appealing

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E3. Their employees should be well dressed and appear neat.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E4. The appearance of the physical facilities of these firms should be in line with the type of services provided.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E5. When these firms promise to do something by a certain time, they should do so.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E6. When customers have problems, these firms should be sympathetic and reassuring.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E7. These firms should be dependable.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E8. They should provide their services at the time they promise to do so

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E9. They should keep their records accurately.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E10. They shouldn't be expected to tell customers exactly when services will be performed

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E11. It is not realistic for customers to expect prompt services from employee (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E12. Their employees don't always have to be willing to help customers (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E13. It is alright if they are too busy to respond to customers request promptly. (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E14. Customer should be able to trust employees of these firms

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E15. Customers should be able to feel safe in their transactions with employees of these Banks.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E16. Their employees should be polite.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E17. Their employees should get adequate support from these firms to do their jobs well

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E18. These firms should not be expected to give customers individual attention (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E19. Employees of these firms cannot be expected to give customers personal attention (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E20. It is not realistic to expect employees to know the needs of their customers (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E21. It is not realistic to expect these firms to have their customer's best interest at heart.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E22. They shouldn't be expected to have operating hours convenient to all their customers.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E23. They are expected to have only reasonable queues during working hours.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E24. They should show concern when queues get too long.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E25. They are expected to show genuine concerns if mistakes are made and they should correct the mistakes.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E26. They should have enough open tellers during the busy hours of the day.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E27. They should have enough staff behind the counter serving customers.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E28. When there is failure in delivery of service such as when service is unavailable, service is slow, breakdown of equipment, excellent Banks make amends by giving notice of failure, advising on alternative ways or they respond to the satisfaction of the customer

7 6 5 4 3 2 1

E29. They should have low charges.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E30. They should have low interest rates.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E31. Their managers should have enough authority to make decisions which affect you and your business.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E32. They should be willing to lend money.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

E33. They should have simple procedures and requirements when you apply for a facility.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

APPENDIX 8

SURVEY ON QUALITY SERVICE AT GHANA COMMERCIAL BANK LTD.
QUESTIONNAIRE

Directions: The following set of statements relate to your perceptions about Ghana Commercial Bank Limited. For each statement, please show the extent to which you perceive Ghana Commercial Bank Limited has the feature described by the statement. Circle or tick a 7 if you strongly agree that Ghana Commercial Bank Limited has that feature, and circle or tick 1 meaning that you strongly disagree. You may circle any of the numbers in the middle that show how strong or otherwise your perception are. If you agree but not very strongly you could circle or tick 6 or 5 depending on the extent of your agreement? If you are not certain you could circle 4. If you disagree but not very strongly you could circle 2 or 3 depending on the extent of your disagreement. There are no correct or wrong answers-all we are interested in is a number that best represents your perceptions about Ghana Commercial Bank Limited.

INTERPRETATION OF SCALE

7	6	5	4	3	2	1
Strongly agree	Agree (a bit more than just Agree)	Agree	Not Certain	Disagree (a bit more than just disagree)	Disagree	Strongly disagree

P1. Ghana Commercial Bank Limited has up-to-date equipment

Strongly agree.....Strongly disagree

7	6	5	4	3	2	1
---	---	---	---	---	---	---

P2. Ghana Commercial Banks Limited physical facilities are visually appealing

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P3. Ghana Commercial Bank Limited s employees are well dressed and appear neat

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P4. The appearance of the physical facilities of Ghana Commercial Bank Limited is in line with type of services it provides.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P5. When Ghana Commercial Bank limited promise to do something by a certain times, it does so

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P6. When you have problems Ghana Commercial Bank Limited is sympathetic and reassuring

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P7. Ghana Commercial Bank Limited is dependable.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P8. Ghana Commercial Bank Limited provides it service at the time it promises to do so.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P9. Ghana Commercial Bank Limited keeps its records accurately.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P10. Ghana Commercial Bank Limited does not tell customer's exactly when service will be performed (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2

P11. You do not receive prompt service from Ghana Commercial Bank Limited employees

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P12. Employees of Ghana Commercial Bank Limited are not always willing to help customers (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P13. Employees of Ghana Commercial Bank Limited are too busy to respond to customer Request promptly.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P14. You can trust employees of Ghana Commercial Bank Limited.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P15. You feel safe in your transaction with employees of Ghana Commercial Bank Limited.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P16. Employees of Ghana Commercial Bank Limited are polite.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

- P17. Employees get adequate support from their supervisors in Ghana Commercial Bank Limited to do their job well.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

- P18. Ghana Commercial Bank Limited as a whole does not give your individual attention (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

- P19. Employees of Ghana Commercial Bank Limited do not give you personal attention (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

- P20. Employees of Ghana Commercial Bank Limited do not know what your needs are (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

- P21. Ghana Commercial Bank Limited does not have your best interest at heart (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

- P22. Ghana Commercial Bank Limited does not have operating hours convenient to all their Customers (-)

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

- P23. You do not queue for an unreasonable time at Ghana Commercial Bank Ltd.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P24. Ghana Commercial Bank employees show concern when queues get too long.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P25. Ghana Commercial Bank expresses genuine concern if there is a mistake in your accounts and put the mistake right.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P26. There are enough open tellers during the busy hours of the day.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P27. There is enough staff behind the counter serving customers.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P28. When there is failure in delivery of service such as when service is unavailable, service is slow, breakdown of equipment, excellent Banks make amends by giving notice of failure, advising on alternative ways or they respond to the satisfaction of the customer

7 6 5 4 3 2 1

P29. Ghana Commercial Bank has low charges.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P30. Ghana Commercial Bank has low interest rates.

Strongly agree.....Strongly disagree

7 6 5 4 3 2

P31. Ghana Commercial Bank managers have enough authority to make decisions which affect you and your business.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P32. Ghana Commercial Bank has a willingness to lend money.

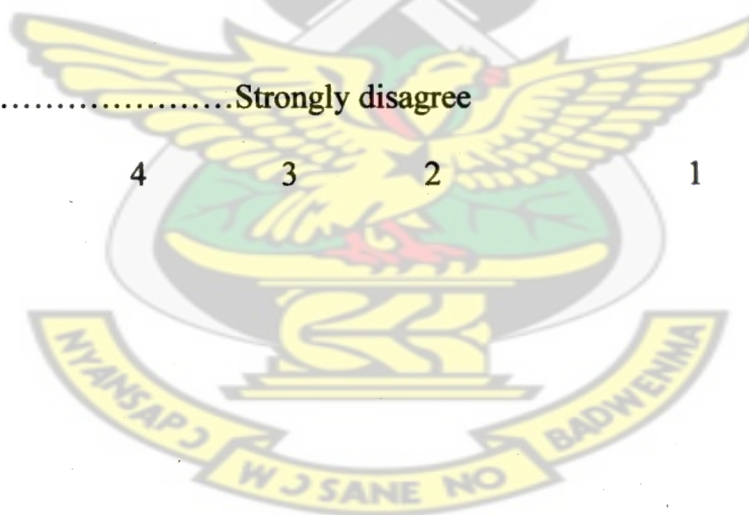
Strongly agree.....Strongly disagree

7 6 5 4 3 2 1

P33. Ghana Commercial Bank has simple procedures and requirements when you apply for a facility.

Strongly agree.....Strongly disagree

7 6 5 4 3 2 1



APPENDIX 9

SURVEY ON QUALITY SERVICE AT GHANA COMMERCIAL BANK LTD. QUESTIONNAIRE TO INTERNAL CUSTOMERS-STAFF

We are conducting a survey on the delivery of quality services in GCB. This involves the quality of service which internal customers staff such as you receive and/or pass on to their colleagues who would in turn add their own part to deliver services. The meaning of quality services in this survey is delighting your customers so that they would want to come back to do business with you. Kindly answer the questions indicating your preferences where necessary and state your answers where appropriate or required. There are no correct or wrong answers. We are just interested in your responses or perception or expectation.

INTERPRETATION OF SCALE OF RATING

Very Good	Good	Average	Poor
Optimum Desirable level	Desirable	Just Acceptable	Not Acceptable

1. Are there sufficient staff in your branch or department to be able to serve your customers effectively? Rate the number of your staff for quality delivery of service

Very Good	Good	Average	Poor
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2. How many staff are in your branch or department or unit? Rate the number of staff on the scale below in delivery of quality service

Very Good	Good	Average	Poor
-----------	------	---------	------

3. How many external customers has your branch got?

4. How many external customers do your staff serve on the average in a day/ week/month?

5. Do your staff possess the skills and knowledge to be able to serve your

Customers satisfactorily. Rate the skill and knowledge of your staff

Very Good Good Average Poor

6. Does the Bank recognize personal initiative? Rate the Bank's recognition of personal initiative.

Very Good Good Average Poor

7. Does the Bank promote personal initiative? Rate the Bank's efforts at promoting personal initiative

Very Good Good Average Poor

8. Does the Bank give enough training and retraining to staff to keep them abreast with current trends in serving the customers? Rate the Banks efforts at training and retraining staff

Very Good Good Average Poor

9. Have you had training in customer care?

10. How would you rate the chances of promotion in the Bank?

Very Good Good Average Poor

11. How would you rate the criteria for promotion?

Very Good Good Average Poor

12. How would you rate prospects of a career with the Bank?

Very Good Good Average Poor

13. How do you rate teamwork and cooperation in the Bank

Very Good

Good

Average

Poor

14. How do you rate interpersonal attitudes?

Very Good

Good

Average

Poor

COMMENTS

15. Has the Bank up to date technology to deliver its services?

How do you rate the technology?

Very Good

Good

Average

Poor

16. Does the technology deployed by the Bank work efficiently and effectively

Very Good

Good

Average

Poor

17. Are you certain of what is expected of you by the Bank?

Very Good

Good

Average

Poor

18. Rate the ability of the equipment delivering the technology to withstand frequent break down.

Very Good

Good

Average

Poor

19. Do you have enough equipment e.g. Computers etc to deliver services.

Very Good

Good

Average

Poor

20. Does the technology deployed by the Bank Rely solely on staff or outside service providers to work efficiently.

21. How do you rate responses to fix breakdown by in-house or staff service personnel.

Very Good

Good

Average

Poor

22. How do you rate response to fix breakdown by external service people.

Very Good

Good

Average

Poor

23. In practice how do you rate the effectiveness of the technology the Bank uses to deliver service?

Very Good

Good

Average

Poor

24. How would you rate the response to replace broken down equipment.

Very Good

Good

Average

Poor

COMMENTS

25. How do you rate procedures which you must follow to work effectively generally

Very Good

Good

Average

Poor

26. How do you rate procedures to obtain information by customers

Very Good

Good

Average

Poor

27. Are procedures which you have to follow to extend facilities to customers simple or complex? Rate the procedures

Very Good

Good

Average

Poor

28. Do you develop customer queues in the banking hall? How do you rate the queues

29. How do you rate the queues in the Banking Halls

Very Good

Good

Average

Poor

Very Good

Good

Average

Poor

30. What are the reasons for the queues? How do you manage the queues?

Very Good

Good

Average

Poor

30. Do you have enough or sufficient authority or discretion to deliver services to customers or to meet the needs of customers. How do you rate your authority? or discretion?

Very Good

Good

Average

Poor

31. Are decisions from head office in response to your request promptly taken or does it delay.

Rate the response time to your request from Head Office decision making from Head Office

Very Good

Good

Average

Poor

32. How do you rate other departments or units outside your branch or unit which you have to depend or work with to deliver quality services in your branch

Very Good

Good

Average

Poor

33. Do you get quality services from your colleagues before adding your own input? Rate the quality of services you receive from your colleagues

Very Good

Good

Average

Poor

COMMENTS

34. Rate your satisfaction of your remuneration compared to competitor Banks

Very Good

Good

Average

Poor

35. Are you motivated to deliver quality service?

Very Good

Good

Average

Poor

36. What are some of the major constraints which affect the delivery of quality services to your customer

37. Does the Bank satisfy your needs and wants with respect to working conditions?

Very Good

Good

Average

Poor

38. In the area of welfare, benefits allowances, how does the Bank satisfy you?

Very Good

Good

Average

Poor

COMMENTS

39. How would you rate the is location of your branch for delivery of quality services

Very Good

Good

Average

Poor

40. How pleasing to the eye is the state of physical appearance of your branch or department building or premises (furniture and furnishing and interior decoration- How comfortable are they to deliver quality services?

Very Good

Good

Average

Poor

41. How would you rate the physical condition of your branch premises(broken down premises dilapidated, strong etc)

Very Good

Good

Average

Poor

COMMENTS

APPENDIX 10

Testing of Hypothesis

Hypothesis Formulation

H₀: There is no difference between quality expected and quality perceived (Null Hypothesis)

H₁: There is a difference between quality expected and quality perceived (Alternative Hypothesis)

Symbolically, H₀: $\mu_0 - \mu_1 = 0$

H₁: $\mu_0 - \mu_1 \neq 0$

Test $\chi^2_{(5\%, 8d.f)} = 0.834308$

Table 4.4: A Table Showing the Computation of Chi-Square Value at 5% Significant Level

OBSERVED (O)	EXPECTED (E)	(O-E)	(O-E) ²	(O-E) ² /E
4.775423729	6.199152542	-1.423728813	2.0270037329664	0.3269807799104
4.242105263	6.168421053	-1.92631579	3.7106925228033	0.6015627809646
5.856540084	6.713080169	-0.856540085	0.7336609172118	0.1092882698764
4.841346165	5.730769231	-0.889423066	0.7910733903328	0.1380396519988
5.63255814	6.786046512	-1.153488372	1.3305354243392	0.1960693051523
3.192307692	5.86013986	-2.667832168	7.1173284766156	1.2145321863727
3.595238095	4.880952381	-1.285714286	1.6530612252245	0.3386759583354
3.966101695	5.033898305	-1.06779661	1.1401896003275	0.22650231118
3.649122807	5.342105263	-1.692982456	2.8661895963238	0.5365281017908

Source: Authors Field Survey, 2009

$\chi^2 = \sum (O-E)^2/E = 3.6881794255812$