KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF ART AND SOCIAL SCIENCES
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ASSESSING THE EFFECTS OF SERVICE QUALITY ON CUSTOMER LOYALTY. A CASE OF FIRST ALLIED BANK LIMITED.

BY

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DECLARATION

I hereby declare that this submission is my own work towards the award of Master of Business Administration Degree 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 where due acknowledgement has been made in the text. However, references from the work of others have been clearly stated.

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ABSTRACT

Customer loyalty is one of the key objectives of most financial institutions in today's increasingly competitive business environment. The intense competition in this sector has led firms to develop several strategies in order to obtain competitive edge in the financial market place. These strategies range from the generic strategies such as cost leadership, differentiation and focus with specific strategies such as customer relationship management, total quality management, customer complaint management and business process reengineering strategies among others. The latter strategies are adopted primarily in order to bolster the service quality and the quality of service delivery in the banking institutions. These strategies if adopted properly are expected to reduce cycle and service times; eliminate errors; reduce bureaucracy; deliver personalized products and services; build lasting relationship with customers; and eliminate non-value adding processes in the banking institutions with the view to delivering quality services and products. This study aimed at assessing the effect of service quality on customer loyalty in banks. Specific objectives for the study include: Identification of service quality strategies at First Allied Bank; measurement of customer perception of service quality at First Allied Bank and assessment of the relationship between service quality and customer loyalty at First Allied Bank. A sample of 100 people comprising managers, employees and customers was selected for the study from which primary data was collected through the administration of questionnaires. Data was analyzed using statistical package for service solutions computer software (SPSS). The results revealed that First Allied bank adopt service quality strategies such as good customer care strategy; prompt responsiveness to customer needs; employing professionals as staff; Know your customer service quality strategy and customer relationship management strategy. Correlation and regression analysis was used to determine the relationship between service quality and customer loyalty The study also revealed that there exist strong positive relationships between the five service quality dimensions: tangibles, responsiveness, reliability, assurance and empathy and customer loyalty at First Allied bank. This means that as service quality increases, customer loyalty at First Allied bank increases. The study through customer loyalty construct 'customer willingness to pay higher prices for the same services of the bank' estimated that 40 percent of customers are likely to switch to other banks should the bank increase its charges whiles 60 percent will remain with the bank. the study recommends that the bank automate its business processes or adopt other forms of Business Process Reengineering strategies to ensure that service failures and service errors due to manual work processing are eliminated to promote customer loyalty. The study also recommends that the bank undertake regular and frequent maintenance of systems and regular training of employees to reduce service failures and errors The study recommends that First allied bank adopt and implement hybrid strategy as its competitive strategy in order to concurrently achieve differentiation and lower price relative to its rivals in order to achieve customer loyalty for both price sensitive and non-price sensitive customers of the bank.

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DEDICATION

I dedicate this work foremost to God Almighty, who has always been there for me. I further dedicate this work to my parents Mr. and Mrs. B.F Kusi and my brother Pastor Daniel Boateng Kusi for their love, care, and support. I also dedicate this work to my parents in the lord Pastor and Pastor Mrs. Obeng Addae. Lastly I dedicate this work to all who have contributed in varied ways toward the successful completion of this work. God bless them all.

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CHAPTER ONE

1.1 Introduction

This chapter study presents the introduction of the research, background of the study, problem statement, research objectives, research questions, justification, and scope, and overview of the research methodology, structure of the study and limitations of the study.

1.2 Background of the study

Rapid globalization of the world over the past few decades has brought in its stead several opportunities and challenges for countries and firms alike. One major challenge brought by globalization is intensive and extensive competition which it creates in every sector of every economy of the world. The banking sector of Ghana is not sparred by the intensive competition brought about by globalization.

Furthermore, the liberalization and the deregulation of the banking and financial sector of Ghana has aggravated this competition through the proliferation of both foreign and local banks. The effect of this competition is that many banking and financial institutions are competing for the same limited number of customers within the industry at great costs. To compound the problem further, the modern Ghanaian customer has become sophisticated and therefore demands high quality products and services. Failure to meet these expectations of customers constantly and consistently results in customers switching to competitors with the consequent loss of revenue.

In order to be successful, firms for that matter banks need to deliver high quality products and services as well as maintain high quality relationship with customers which leads to customer satisfaction and hence loyalty to the firm. Ensuring customer satisfaction demands that firms identify the needs and expectations of customers and develop product and services that satisfy customer needs and expectations better than the competition. Customer satisfaction leads to customer loyalty all things being equal.

Many studies reveal that customer loyalty positively influences organizational performance outcomes. Beerli et al (2004) observed that contribute to value creation, enables banks to maintain lower costs as compared to attracting new ones and promotes repeat purchase as well as referrals.

Again, customer loyalty to a brand or firm contributes to increase revenue, market share and improves the firm's image. Delivery quality products and services leading to customer satisfaction and loyalty is therefore a must to ensure success, survival and profitability in today's highly liberalized and competitive banking industry.It is therefore the aim of this study to assess the effect of service quality on customer loyalty in the banking sector of Ghana.

1.3 Problem statement

The proliferation of banks both local and international into the Ghanaian market place due to the general globalization of the world and the banking sector liberalization and deregulation have contributed to intense competition in the sector. The intense competition in this sector has led firms to develop several strategies in order to obtain competitive edge in the banking market place. These strategies range from the generic strategies such as cost leadership, differentiation and focus with specific strategies such as customer relationship management, total quality management, customer complaint management and business process reengineering strategies among others.

The latter strategies are adopted primarily in order to bolster the service quality and the quality of service delivery in the banking institutions. These strategies if adopted properly are expected to reduce cycle and service times; eliminate errors; reduce bureaucracy; deliver personalized products and services; build lasting relationship with customers; and eliminate non-value adding processes in the banking institutions with the view to delivering quality services and products.

In the banking industry of Ghana, the delivery of quality service is viewed by many players as the most sustainable source of competitive advantage. The delivery of quality services has been identified as promoting customer satisfaction; customer loyalty; good image and reputation of the banks, reduce cost of attracting customers, increase market share and above all ensure profitability and survival of the firms. The deliveries of quality services by the banks also help promote good word-of-mouth which serves as a good and less costly advertisement for the institutions.

However with all the strategies adopted by the banks, the banking industry in Ghana is fraught with long queues, overcrowded banking halls; long time taken to service customers; transaction errors, excessive bureaucracy; delays; insecurity; non delivery of promised products or services and network failures. The above mentioned points do not only amount to poor service delivery by banks but result in customer dissatisfaction, reflect poorly on the image of the institutions and result in high customer disloyalty in the banking industry.

The results of customer dissatisfaction is further compounded by the proliferation of various forms of social media which provide platform for customers to air, vent their frustrations and register their displeasure thereby spreading bad word of mouth which only goes to deter potential customers from transacting business with the said banks.

Nevertheless, The First Allied savings and Loans Company Ltd has several objectives that emanates from its mission that are focused on delivering quality services.

Paramount among these objectives are to;

- work closer with customers to create customized financial solutions on a convenient and sustainable basis to generate growth of their businesses through the satisfaction of their financial needs; and
- improve on our customer turn-around time by deploying up-to-date technology and also increase proximity to quality banking service through branch expansion and a core value that focused on striving for excellence in product quality, productivity, customer service and in all that it does.

The efforts put forward to achieve the above listed objectives and core value have translated into the company winning several awards. Notable among them are Ashanti Financial Services Excellence Awards in: 2004, 2005, 2006, 2007, 2008 & 2010; Gold Award Winner at Ghana Business & Financial Services Excellence Awards in 2008 & 2011; The Most Innovative Product/Service Awards African – World Bank (African Project Development Facility) in 2002. The bank has also developed quality and innovative products and services as well as adopted a customer centric approach toward its operations that has resulted in quality service delivery at the bank. The question that remained unanswered is whether all these quality service delivery efforts have translated into customer loyalty and retention? It is therefore aims of this study to assess the effect of service quality on customer loyalty in the banking sector of Ghana using First Allied savings and Loans Company Ltd as the case study.

1.4 Research objectives

The main objective of this study is to assess the effect of service quality on customer loyalty on the banking industry. The specific objectives include to:

1. identify service quality strategies at First Allied Bank
2. analyze customer perception of service quality at First Allied Bank
3. evaluate customer loyalty at First Allied Bank
4. assess the relationship between service quality and customer loyalty at First Allied Bank

1.5 Research questions

1. What are the service quality strategies adopted by First Allied Bank
2. What perception does customers have with regards to service quality at First allied Bank
3. How is customer loyalty measured at First Allied bank
4. What type and magnitude of relationship exist between service quality and customer loyalty?

1.6 Significance of the study

Today's competitive market places have seen customers become sophisticated both in taste and demand and therefore are increasingly demanding quality of service for least costs. Failure for organizations to deliver quality demand at regular intervals sees their customers switch to their competitors. Many banking institutions have no choice but to differentiate their products/services based on the quality of service they provide.

However, upon all the efforts and strategies such as total quality management, complaint management, and BPR among others with the aim to deliver quality, customers still switch in between banks at will. A study such as this will help identify key drivers of customer loyalty, the best quality-oriented strategies that will lead to customer loyalty as well as identify the relationship between customer service quality and customer loyalty thereby helping banks to develop policies and make inform decisions that will help in their customer retention efforts.

The study will also add to the stock of literature on the subject matter for academic and other uses. Personally, as a budding strategist, a study such as this will help me understand the intricacies of service quality and customer loyalty and thereby help me to develop better strategies for my clients that will help optimize their service quality and customer retention levels.

1.7 Scope of the study

This section of the study delimits or set out the boundaries for the study. It helps to identify the limit of the study. To this end, this study will be limited geographically to First allied Bank in the Kumasi metropolitan Assembly in the Ashanti of Ghana. Conceptually, the study will attempt an assessment of the effect of service quality on customer loyalty in the banking sector of Ghana. Industry wise, the study will be limited to the banking and the financial sector of Ghana.

1.8 Overview of the Research Methodology

This study is an exploratory research. The study is both quantitative and qualitative and therefore will adopt the survey approach in data gathering particularly through the use of questionnaires and informal interview where needed in order to supplement data. Data collected will be analyzed quantitative using both descriptive and inferential statistics.

The study will rely on two main sources of data in order to provide full and comprehensive research. These two main sources will include primary and secondary sources. Primary data will be obtained from customers, staff and management of the bank through the administration of questionnaires and the conduction of informal interview.

Secondary data for the study will be collected from sources such as the bank's website; bank report; journals; articles; textbooks and lecture notes among others. The use of secondary data will ensure quality of the study since most of the materials are provided by scholars and authors who are authorities in this field. The secondary data will also help the researcher to identify gaps in the literature based on which primary data will be collected in order to fill these gaps.

Collected primary data will be cleaned, codified and entered into statistical package for service solution (SPSSS) computer software and descriptive, correction and regression analytic tools will be used to analyze data in order to help the researcher identify patterns, trends and relationships that will provide the basis for interpretation, generalization and conclusion.

1.9 Study limitation

The study is likely to face the challenge of unwillingness on the part of respondents to provide needed and relevant information. This may be due partly to the fact that employees and management at banks as well as customers are mostly busy people who may be unwilling to spare their time to response to questions. However, the researcher will employ all negotiation skills and also identify times that employees and management will be less busy before administering data collection instruments to them.

1.10 Structure of the study

The study is will be organized into five main chapters with the first chapter being the introduction. The chapter one will cover such areas as the background of the study, the problem statement, the research questions, objective; the significance of the study; the scope of the study; limitation of the study, brief or overview of research methodology and chapter organization.

The second chapter, literature review, will be purely a desk study. Chapter two will comprised critical review of relevant literature. This chapter will highlight the contributions of the various authorities in the field of service quality and customer loyalty. The chapter will be broken down into the following subsections: the concept of service quality; the concept of customer loyalty; relationship between quality service delivery and customer loyalty and empirical evidence on quality service and customer loyalty among others.

The third chapter will focus on the research methodology of the study with emphasis on the research design; research approach, the data collection instrument; sampling technique and sample size determination as well as the data analysis among others.

The forth chapter will basically concentrated on the data presentation and analysis. The final chapter will highlight the findings, in the form of summary and recommendation of the study as well as the conclusion.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter attempts a critical review of literature. This is to done to bring the reader up-to-date and to set the study in perspective and scope. The chapter will also help reveal gaps in the literature based upon which primary data will be collected in order to answer research questions and help achieve the objectives of the study. The chapter will be broken down into the following sections: the concept of service quality; service quality strategies; customer perception of service quality; measurement of customer loyalty; the concept of customer loyalty and the relationship between service quality and customer loyalty in First Allied bank.

2.2 The concept of service quality

Service is often loosely defined as work done by one person or a group of persons that benefits another or the act of help or assistance (Wordweb, 2006). Similarly Kotler (2002) defined service as any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. He further stated that service production or performance may or may not be tied to a physical product (Kotler, 2002).Solomon, Marshall and Stuart (2012) defined services as acts, efforts, or performances exchanged from producer to user without ownership rights.

The definitions outlined above are suggestive of the fact that service unlike products are performed and not produced. The definitions especially the one provided by Kotler (2002) seeks to differentiate service from product by stressing the major component of service, its intangibility which does not result in ownership of anything. The definitions further depict service as an experience which may or may not be accompanied by physical products. Nevertheless, the definitions focused on service being performed by persons or group of persons indicating service as a labour intensive activity. This assertion may be flawed since in this modern era, some services are performed wholly or partly by machines and therefore a definition of service that omits the influence of machines may be regarded as incomplete. The definitions also reveal that services are performed for the benefits of others signifying that service satisfies needs of people. Solomon et al (2012) reported that service satisfies needs when it provides pleasure, information and convenience.

Furthermore, Kotler (2002) categorized service into five main parts. These categories include: service as pure tangible good; service as tangible and accompanying service; service as hybrid-consisting of equal parts of service and goods; pure service; and major service with accompanying minor goods and services (Kotler, 2002).

Quality on the other hand has been defined variously by various authors.

Nevertheless, Kotler and Keller (2006)observed that may expert refer to quality as 'fitness for use', freedom from defect, 'freedom from variations' and conformance to requirement among others. Similarly, American Society for quality Control defined quality as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs (Cited in Kotler and Keller, 2006). Gronroos (1982) proposed that the perceived quality of a given service is the result of an evaluation process since consumer makes comparison between the services they expect with perceptions of the services they receive. Subsequently, Parasuraman et al (1985) defined service quality as the difference between customer expectations of service and perceived service. He updated the definition service quality as "the overall evaluation of a specific service firm that results from comparing that firm's performance with the customer's general expectations of how firms in that industry should perform (Parasuraman et al., 1988).

Parasuraman et al. (1985) formulated a service quality model that outlined the main requirements for delivering high quality service (Parasuraman 1985; Kotler, 2002). In this model, Parasuraman et al (1985) identified five gaps that cause unsuccessful service quality delivery. They outlined gaps such as gap between customer expectation and management perception; gap between management perception and service quality specification; gap between service quality specifications and service delivery; gaps between service delivery and external communication; gap between perceived service and expected service (Parasuranam et al, 1985 cited in Kotler 2002 and Solomon et al 2012).

Commenting on the factors or elements that affect service quality, O'Neill and Palmer (2003) reported that customers' perceptions of service quality may, to a large extent, be influenced by the degree of their prior experience with a particular service. Similarly, Edvardsson (2005) whilst agreeing with O'Neill and Palmer (2003) that customers' past experiences affect perceived quality, reported that current emotions may also have impact on the perceived quality.

Yoo and Park (2007) found that employees, as an integral part of the service process, are a critical element in enhancing perceived service quality. This stresses the importance of service encounters which describes the actual contact and interaction of customers with one or more of employees. Solomon et al (2012) reported that 'because services are intimately tied to company employees who deliver the service, the quality of a service is only as good as its worst employee'. They also observed that employees, because of the difficulty in separating their skills, expertise, actions and behaviors from the service production, can make or break service quality in firms. The central role played by employees in quality service delivery does not only underscore the service encounter but also the inseparability of the service concept. Furthermore, Edvardsson (2005) pointed out that service quality perceptions are formed during the production, delivery and consumption process. The assertion of

Edvardsson also points out the germaneness of the inseparability nature of service. The inseparability of service means that it is impossible to separate or divide the production of service from the consumption of service (Solomon et al, 2012). The inseparability of service leads to the concept of moment of truth that if not managed properly will ruin not only service quality but bad word of mouth from dissatisfied customers. Well-managed moments of truth in service encounters will engender customer trust and loyalty to firms' brands of product and services (Beaujean et al, 2006). They suggested that to better manage the moment of truth in service encounters, employees frontline emotional intelligence must be supported and developed to ensure that more of the moment of truth have positive outcome (Beaujean et al, 2006).

Talib et al. (2012) upon critical review of literature found four main categories of service quality in the banking industry. They identified these four categories to include: customer service quality; banking service/product quality; online/e-service quality and automated service quality (Talib et al, 2012).Also Fransson et al (2011) identified two main types of service quality in banks. These include functional quality and technical service quality (Fransson et al, 2011). They found that the perceived quality in the banking industry is largely determined by the functional quality dimension than the technical dimension (Fransson et al, 2011). They explained that this is due to the fact that banking customers lack the needed knowledge and expertise to evaluate the technical aspects which are often complex, i.e. evaluating risks among others (Fransson et al, 2011). They however cautioned that not all customers will evaluate perceive quality using functional quality dimensions as some customers may substitute one for the other or use both (Fransson et al, 2011).

Nonetheless, many researchers Parasuranam et al (1985); Kotler (2002) and Kotler and Keller (2006) and Chakrabarty et al (2009) among others identified four main components of service quality. These include: tangibles; reliability; responsiveness; assurance; and empathy, often referred to as SERVQUAL construct. In addition, Othman and Owen (2001a), noted that SERVQUAL has proven to be the most popular instrument for measuring service quality because it affords technology techniques for measuring and managing service quality. Nevertheless, Shafie & Azmi (2004) opined that approaches to the measurement of service quality have typically been either a simple comparison of mean scores, extensive and detailed statistical model or more recently market research questionnaire.

In contrast, Omanukwue observed that contrary to the popular service quality dimensions identified by many scholars often referred to as the SERVIQUAL, few other scholars referred to as the Nordic European School identified three main dimensions of service quality. These dimensions include physical quality, interaction quality and output quality. Ekinci (2008) opined that service quality consists of primary and secondary dimensions. He categorized output and interaction quality as primary service quality (Ekinci, 2008). He noted that output quality consist of secondary dimensions which include output quality and product quality whilst interactive quality consist of staff behavior and responsiveness (Ekinci, 2008).

2.3 Service quality strategies

The section above reveals service quality as one of the most important drivers of customer loyalty in organisations. This suggests that organisations would put in place strategies to ensure that they deliver quality services that exceed the expectations of customers in order to engender customer loyalty. This section therefore reviews literature on service quality strategies adopted by organisations.

According to Kotler and Armstrong (2012), organisations employ the service profit chain strategy in delivering quality service to customers. They explained that this strategy focus attention on both customers and employees (Kotler and Armstrong, 2012). They reported that because customers and front-line service employees interact to create the service, the service profit chain strategy focus on recruiting quality employees in order to deliver quality services.

Heskett et al (1997) & (2003) opined that service companies that adopt service profit chain strategy must select and train superior employees; provide a quality work environment and provide a strong support for employees dealing with customers. They observed that once these are done, it will lead to satisfied and productive service employees that provide greater service value to customers; engender loyal and satisfied customers and hence generate healthy service profit and growth for the firm (Heskett et al, 1997; 2003).

They therefore opined that the aim of the service profit chain strategy is to treat employees as customers and customers as employees in order to deliver superior quality and achieve superior profit (Heskett et al, 1997; 2003). Kotler and Armstrong

(2012) cited the case of Four Seasons Hotels and Resorts and Zappos.com who adopted the service profit chain strategy/ approach by recognizing that 'happy customers begin with happy, dedicated, and energetic employees'.

Kotler (1999) and Bailey (1994) identified that many service organisations employ people strategies to improve service quality. They categorized service profit chain strategy, educations and training of employees, and employee empowerment as forms of people strategies geared toward improving service quality in firms (Annan, 2013: Kotler, 1999; Bailey 1994).

Annan (2013) reported that empowerment involves investing substantial responsibility and authority in the people closer to the work (providing the service). He opined that empowerment strategy makes individuals and teams to fell responsible, show initiative, unleash creativity and resourcefulness that is geared towards service quality improvement (Annan, 2013). He noted that service quality is greatly achieved if empowerment translates into forming quality circles, quality improvement teams and creation of opportunities for advancement (Annan, 2013).

Again, Kotler and Armstrong (2010) observed that organisations are adopting the total quality management (TQM) approach in order to deliver quality services to customers. They defined total quality management (TQM) as an approach in which all of the company's people are involved in constantly improving the quality of products, services, and business processes (Kotler & Armstrong, 2012).

Ferrel and Hartline (2011) observed that total quality approach is relevant if firms are to succeed in present market place. They reported that the present market place is characterized by high customer expectation about quality; products/services compete in mature markets; businesses compete in markets with very little differentiation among product/service offerings and products/services are becoming highly commoditized (Ferrel and Hartline, 2011). They reported that under the aforementioned market conditions, it is becoming increasingly difficult for firms to differentiate their product/service to achieve quality (Ferrel and Hartline, 2011).

They therefore recommended that firms understand customer expectations; translate customer expectations into quality standards; uphold quality standards; and avoid overpromise in order to deliver quality products/services (Ferrel and Hartline, 2011). They concluded that 'of these four issues, having a thorough understanding of customer expectations is the most critical because it sets the stage for the entire quality improvement effort' (Ferrel and Hartline, 2011. P.366).

Talib et al. (2012) expressed that in order for banks to survive and be profitable, it is mandatory for them to deliver quality services. To this end, Talib et al (2012) observed that Total Quality management (TQM) is essential. They reported that TQM is regarded by many banks as important in delivering quality services. They observed that many banks adopt TQM by conducting customer satisfaction surveys to evaluate their performance; benchmark themselves against competitors; motivate and empower employees in order to deliver complete quality services throughout the firm.

Johnson et al. (2008) opined that at business level, service organisations focused on how to provide best value services. They reported that service organisations focused on pricing strategy, innovation and distinctive distribution channels to deliver quality services to the customer (Johnson et al, 2008). They explained that for innovation choices, organisations focus on whether to be a market leader or simply a follower with much emphasis on how to listen to customers in developing better services/products than the competition (Johnson et al, 2008). Furthermore, Johnson et al (2008) observed that organisations use differentiation strategies in delivering quality services to clients by providing a service or product with higher perceived value than the competition.

Commenting on pricing strategies of improving service quality, Kotler (1999) proposed that an appropriate pricing strategy must be one that allows the firm to offer the service at a profit and at an affordable price to the customer.

Subsequently many researchers reported that organisations adopt benchmarking approach in order to develop and deliver quality services. Kotler (2002); Kotler and Keller (2006); and Johnson et al (2008) reported that organisations improve quality of their products/services through benchmarking. Kotler and Keller (2006) described benchmarking as the art of learning from companies that perform certain tasks better than other companies. Similarly, Kotler and Armstrong (2012) defined benchmarking as the process of comparing the company's products and processes to those of competitors or leading firms in other industries to identify best practices and find ways to improve quality and performance.

Kotler and Keller (2006) explained that the aim of benchmarking is to copy and improve on best practices either within or across industries (Kotler and Keller, 2006). Adopting benchmarking, service firms copy and improve upon the services of their competitors thereby delivering superior services to their clients. Kotler and Armstrong (2012) observed that organizations in addition to benchmarking conduct primary and secondary market research with customers, suppliers, and dealers in order to develop and deliver quality services to clients. Johnson et al. (2008) reported that benchmarking enables innovation to spread throughout the organisation thereby ensuring quality delivery of services.

Kay (2007) after critical review of literature on benchmarking observed that benchmarking provide organisations with enormous benefits. Notable among these benefits are that benchmarking:

- helps organizations to improve their competitive advantage by stimulating continuous improvement in order to maintain world class performance and increase competitive standards
- Helps to better satisfy the customers' needs for quality, cost, product and service by establishing new standards and goals
- Promotes changes and delivers improvements in quality, productivity and efficiency; which in turn bring innovation and competitive advantage

Bendell et al (1993) opined that though benchmarking offer so many benefits some barriers exist to militate against the use of benchmarking and the extent to which it can contribute to quality service delivery in organisations. They identified factors such as time constraints, competitive barriers, cost, lack of both management commitment and professional human resources, resistance to change, poor planning and short term expectations as the main problems affecting successful benchmarking research (Bendell et al., 1993 cited in Kay, 2007).

Kay (2007) on the other hand caution managers/organisations on the use of benchmarking approach to ensure quality improvement and overall competitive advantage. He reported that benchmarking studies or researches are perishable and time sensitive and that too much reliance on data from benchmarking data without review or update may cause organisations to lack behind in terms of improvement in products/services. He therefore recommended that organisations should undertake continuous measurement and regular benchmarking research or activities if they are to ensure consistent and continuous quality improvement and delivery.

The other flaw of benchmarking is that benchmarking promotes incremental improvement rather than radical improvement as proposed by many business process reengineering experts. The effect of this is that organisations are likely to automate non-value business processes rather than obliterate thereby limiting the extent to which quality service improvement could be achieved whilst incurring higher costs in the process.

Notwithstanding Fransson et al (2011) reported that in the banking sector, customers find it easier assessing the functional quality than the technical quality, as banking customers typically lack the knowledge to assess levels of risk, and whether their money could have been better invested elsewhere. They further stressed that perceived service quality is often influenced to a greater degree by the functional dimension than by the technical dimension, due to the high complexity of the financial services industry (Frasson et al, 2011).

This is suggestive that in order for banks to ensure service quality they must develop strategies that optimize the functional quality of their services whilst achieving appropriate balance between the functional and technical service qualities. Brady and Cronin (2001) referred to balancing functional quality and technical quality dimensions as interactive marketing strategy to improving service quality. They reported that interactive marketing strategy allows service organisations to recognize that perceived quality depends on the quality of service provider-customer interactions. Fitzsimmons and Fitzsimmons 1994 therefore advised that experts must not assume that they will satisfy the client by simply providing good technical service but rather focused on achieving a balance between providing technical and functional service.

Additionally, Moritz (2005) observed that many organisations are adopting service design as a strategy not only to improve service quality but also to value in these organisations.Moritz (2005) defined service design as is the design of the overall experience of a service as well as the design of the process and strategy to provide that service. He noted that service design is a process that involves discovering, defining, developing and delivering (Moritz, 2005). It also involves understanding client, organisation and market, develop ideas, translate them into feasible solution and helping implement them (Moritz, 2005).

He noted that organisations are adopting and adapting technology such as internet, telecommunications, and computer and wireless devices to enable service quality (Moritz, 2005).Moritz (2005) cited the example of banks who have adopted internet and mobile phones in transactions such as internet banking and mobile banking to improve service quality by offering speedy services at less costs to the customer. Moreover, Moritz (2005) found that the adoption and adaptation of technology in service design has revolutionize the relationship between modern clients and service providers. Authors such as Bose (2002) and Sin et al (2005) observed that the revolution of this relationship led to the development of customer relation management (CRM). Bose (2002 p.2) defined CRM as "an integration of technologies and business processes used to satisfy the needs of a customer during any interaction'. Sine et al (2005) found that CRM help achieve service quality by promoting greater customization, and better service at lower costs.

Besides, it is found that some organisations employ service management techniques as a service quality strategies. Lovelock et al (2001) and Carborne and Haekel (1999) opined that organisations employ flow chatting in managing and delivering service quality. Flowcharting is defined as a technique used to understand customer experiences (Lovelock et al 2001; Carborne and Haekel, 1999). Bitner (1993) pointed out that analysis of flowcharting assists in the identification of the problem steps prone to service failure thereby instituting corrective measures to ensure service quality at all times. Denhere et al (2011) noted that employing flow chatting techniques allows managers to evaluate, develop and deliver services based on customer perception of service quality rather than on the perception of managers or service providers on what constitute service quality. This suggests that flow chatting is customer centric and takes customer perspectives on service quality rather than the providers of quality.

Shostack (1984) extended the concept of flow chatting to include the interaction with the customer in the front stage, distinguished from the invisible back stage which he termed blueprinting. This suggests that customer experience and expectation regarding service quality starts even before the customer arrives and therefore focusing on analyzing only the service channels, queues, service phases and the service system by using flow chatting is an incomplete process.

Semans (2001) suggested that service mapping, sequential incident analysis and walkthrough audits are better strategies to improving service quality than flow chatting and blueprinting. Kingman and Brundage 1989 define service mapping as a management tool depicting the chronology of task and activities undertaken by consumers, front line and support teams in the performance of work.

Conversely sequential incident analysis congregates the positives blueprinting with the limitations of critical incident techniques, producing an account of a customers experience that is narrowed down to the transactions that the consumer remembers and finds worthy of note (Strauss and Weinlich 1997, Bitner and Tetreault 1990). This allows the service providers to identify activities or transactions that are critical to improving perceive quality of their services and concentrate on maintaining and improving them.

According to Fitzsimmons and Fitzsimmons (1994) the walk through audit is based on a questionnaire to customers allowing a systematic evaluation of selected issues of the service provided. The aim of the walk-through audit is to improve service quality by focusing and incorporating views expressed by customers.

Nevertheless, it is found that service organisations employ the zero defect technique or strategy with the view to improving service quality. Annan (2013) reported that the zero defect strategy aims at improving service quality beyond the level that might economically be achieved by statistical procedures, the ultimate being to reduce defects as far as imaginably possible.

2.4 The concept of customer loyalty

Customer loyalty, just like any concept, there exists many and varied definitions and explanations as there are authors or researchers in the field. Loyalty is generally regarded as a feeling of devotion, duty, or attachment to somebody or something (Encarta, 2009). Nevertheless, the definition of customer loyalty emanates from two main perspectives. These include; behavioral and attitudinal perspectives customer loyalty.

From the attitudinal perspective, Czepiel and Gilmore (1987) defined customer loyalty as a specific desire to continue a relationship with a service provider. Further,

Oliver (1997, p. 392) defines customer loyalty as ‘a deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future despite situational influence and marketing efforts having the potential to cause switching behaviour'.

On the other hand, Neal (1999) adopting the behavioral view, defined customer loyalty as repeat patronage, that is, the proportion of times a purchaser chooses the same product or service in a specific category compared to the total number of purchases made by the purchaser in that category. Similarly, Kotler (2002); Kotler and Keller (2009) expressed customer loyalty as the purchases from a company by its customers expressed as a percentage of their total purchases from all suppliers of the same products.

Furthermore, from a combined perspective, Loyalty is defined as deeply held commitment to re-buy or re-purchase a preferred product or service in the future, despite situational influences and marketing efforts having the potential to cause a switching behavior (Kotler, 2002; Kotler and Keller, 2009).Bennett and Bove (2002) defined Loyalty as the relationship between an individual's attitudinal predisposition towards an object and the repeat patronage of that object.

Hayes (2013) upon a critical review of the definitions of customer loyalty from two main perspectives, attitudinal and behavioral loyalty, postulated that 'customer loyalty is the degree to which customers experience positive feelings for and exhibit positive behaviors toward a company/brand'. This definition according to Hayes (2013) reflects an attribute or characteristic about the customer that supports both attitudinal and behavioral components of loyalty.

Kotler (2002) identified four types of customer loyalty. These include: hardcore brand loyals (who always buy one brand); split loyals (customers who are loyal to two or three brands); shifting loyals (customers who shift from brand to brand) and switchers (customers who are not committed and therefore do not show loyalty to any brand). Again, several authors identified two dimensions of loyalty. The dimensions identified include re-purchase behavior and attitudinal disposition towards the provider (Dick and Basu, 1994; Pritchard et al, 1999).Dick and Basu (1994) also found that there are four main conditions of customer loyalty, no loyalty, latent loyalty, spurious loyalty and loyalty. Using repeat patronage on the horizontal axis and relative attitude where both variables range between high and low, the developed a matrix that presents these four conditions (Dick and Basu, 1994). They explained that where repeat patronage is high, and relative attitude is high there is a condition of loyalty whereas where there exist low repeat patronage and low relative behavior there is a condition of no loyalty (Dick and Basu, 1994). On the other hand, where there exists high repeat patronage and low relative attitude the condition is termed spurious loyalty and where there exist low repeat patronage and high relative attitude then the condition is referred to as latent loyalty(Dick and Basu, 1994).

Further, authors such as Bloemer et al., (1998) and Gremler and Brown (1996) added cognitive component of loyalty thereby asserting that loyalty has three components; behavioral, attitudinal and cognitive components.

The behavioral component or dimension of loyalty may be engendered through the benefits sought or offered by products or services to customers. Customers whose product/service specific needs such as taste and preference; durability; reliability; quality; price and timeliness among others are met by the product are likely to demonstrate re-purchase behavioral loyalty.

On the other hand, customers whose interpersonal, relational, belonging and probably communication needs are met by the service provider are likely to engender loyalty that stems from attitudinal dispositions.Researchers such as Bove and Johnson (2001) ;

Gwinner et al., (1998) and Bendapudi and Berry (1997), found that relational variables such as commitment, closeness and relationship quality are empirically linked to a variety of service loyalty-related outcomes such as repurchase intention, advocacy and consumers' willingness to pay more.

More so, customers who are price sensitive or cost reduction oriented may demonstrate cognitive loyalty if prices are relatively low, product/service distribution are with reasonable distance and quality of the product is relatively high. These factors will help the customer in making easy buying decisions; reduce the rate of alternative analysis; reduce psychic, time and price costs and therefore will be loyal cognitively.

Henning et al, (2002) and Bove and Johnson (2001), have similar findings on relational and behavioral elements or variables of loyalty, and also found combined attitudinal/cognitive element (consisting of consumers strength of preference, advocacy, altruism, willingness to pay more, and identification with the service provider) that contribute to loyalty.

Peppers and Rogers (2009), commenting on the attitudinal definition of loyalty implied that loyalty is a state of mind. They opined that a customer is "loyal" to a brand or a company if they have a positive preferential attitude toward it (Peppers and Rogers, 2009). The assertion of Peppers and Rogers (2009) on attitudinal is suggestive of a combination of two types of loyalty-attitudinal and cognitive loyalty.

It is also found that many businesses adopt variety of loyalty programs (Beibei et al, 2013). According to Beibei et al (2013), there are two main forms of loyalty program, hard and soft rewards. Bridson et al (2008) noted that hard rewards can take the form of discounts and promotional sales whereas soft rewards can be preferential treatment.

Nonetheless, Bennett and Bove (2002) identified that achieving customer loyalty have certain benefits. They found that customer loyalty reduces costs and improves profitability of firms (Bennett and Bove, 2002). They explained that acquiring new customers cost more than retaining existing ones. This is because establishing contact with a customer, and achieving the first sales often costs so much that the net return on the transaction is minimal or even negative (Bennett and Bove, 2002). “When a company consistently delivers superior value and wins customer loyalty, market share and revenues go up, and the cost of acquiring and serving customers goes down” (Reichheld 1993, p64).

Grönroos (1990); Sheth and Parvatiyar (1995) noted that continuous relationship between a customer and a business engendered by customer loyalty, leads to more business and hence the customer becomes profitable to the seller. Customer loyalty leading to longer relationship lower the amortized cost of customer acquisition. Likewise, Heskett et al (1994) found that in the financial and banking industry particularly in the credit-card finance business, the break-even time for a new customer is often more than six years because of high marketing and bad debt costs in the first year of a relationship with a cardholder.

Moriarty et al (1983) found that because customers in long-term relationships with banks received significant intangible benefits, the demand for banking services by such customers was less sensitive to price than the demand by non-relationship customers. Goodwin and Gremler (1996) found that customer loyalty leads to customers developing personal relationship with the service providers. They noted that this helps continuous purchase of the firm’s services/products by not consider alternatives. Goodwin and Gremler (1996) noted when this happens customers are willing to override price or convenience attributes.

Bennett and Bove (2002) opined that loyal customers are likely to provide freewordof-mouth advertisement and referrals hencereduce the cost of adverts and the cost of acquiring new customers. They further noted that loyal customers tend to place frequent, similar orders and, therefore usually cost less to serve (Bennett and Bove, 2002).

Bennett and Bove (2002) further opined that customer loyalty provides other benefits. Some of which include: Increased knowledge of loyal customers can be used to improve the effectiveness of marketing activities and negotiations with customers

- Customer loyalty and employee loyalty tend to be positively correlated.
- Loyal customers are likely to purchase additional products with less marketing effort.
- Loyal customers allow a service provider to recover in the event of service failure.

2.5 Evaluation of customer loyalty

Loyalty generally is regarded as subjective. It is sometimes regarded as a feeling or an attitude, or a behavior. Nevertheless, there exists no consensus on what really constitute loyalty. This makes measuring loyalty extremely difficult. Gamera (2006) opined that the key to measuring loyalty relies on having a perfect depiction of the economic value one is attempting to create.Omanukwue (2012) observed that customer loyalty can be conceptualized as singular, additive and interactive as well as interpreted as an attitude, behavior and a combination of both. Bennett and Bove (2002) expressed similar sentiments as Omanukwue (2012) by noting that customer loyalty can be measured through the use of attitudinal and behavioral constructs. They observed that when there exist high switching costs or a perceived lack of choice or competitive differentiation, behavioural loyalty measures are best in explaining and predicting customer loyalty (2002). They also observed that in a fast moving consumer markets behavioural loyalty measures are better placed in predicting loyalty than attitudinal measures.

Bennett and Bove (2002) opined that attitudinal loyalty items or measures include issues bothering on customer commitment or intention to repurchase or remain a customer; attitude towards the object or service in question; preference for the object and the likelihood for word-of-mouth.

They subsequently reported that behavioural loyalty items often include 'self-reported behavior to drive or actual behavior' for example the number of times a particular customer makes a purchase of a product/service in a specified period of time (Bennett and Bove, 2002). Bennett and Bove (2002) provided three typology for behavioural loyalty items to include:

- High loyals -those with >50% probability of purchasing the brand
- Moderate loyals to the Brand - those with 10%-50% probability of purchasing the brand
- Low Loyals/non-buyers - those having 0% - 9% probability of purchasing the brand.

Nonetheless East et al (2005) recommended that the best way to measure customer loyalty is when measured as a singular concept.

Furthermore, Parasuraman et al (1996) through their loyalty scale, noted that customer loyalty can be measured by looking at customer propensity to switch, customer willingness to pay more, and external and internal response to problem. Similarly, De Ruyter et al (1998) adopted the loyalty scale developed by Parasuraman et al (1996) but identified customer preference, price indifference and dissatisfaction response as important dimensions for measuring loyalty (cited in Isa, 2005).

More so, Mellens et al (1996) propounded that customer loyalty can be measured by observing the number of purchases by customer(s) over certain period of time. They referred to this form of customer loyalty measurement as behavioral measures. Mellens et al (1996) noted that using behavioral measures of loyalty have the following advantages: it is based on actual sales which is directly related to the performance of existence of the firm. In addition behavioral loyalty measures are also not likely to be incidental as they are based on behavior over a period of time and is relatively easier to conduct.

Besides Bennett and Bove (2002) noted that in measuring loyalty there are key issues one must consider. They reported that key issues for loyalty measurement must include: specifying the object of loyalty; identifying the nature of consumer behaviour; determining the appropriate attitudinal and behavioural measures; and analyzing the data (Bennett and Bove, 2002).

2.6 Relationship between service quality and customer loyalty

Literature reviewed thus far identified service quality as one of the factors that optimizes customer loyalty in most organisations. This section review literature in order to identify the relationships that exist between service quality and customer loyalty.

Buell et al. (2013) in their study found that customers defect at a higher rate from incumbent organisations following increased service quality (price) competition only when the incumbent offers high (low) quality services relative to existing competitors in a local market.They also found that it is the high quality incumbent's most profitable customers who are the most attracted by superior quality alternatives (Buell et al., 2013). They explained that rational consumer will only defect from the incumbent if the competitor's price/quality bundle will improve his/her utility(Buell et al., 2013).

Furthermore, superior services are said to facilitate customer acquisition and customer retention (Dana, 2001; Ernest & Powell, 1995; Gans, 2002; Cohen and Wang, 1997), an important constructs of customer loyalty. Similarly, Malik et al (2011) in their study on public and private banks, found that tangibles; assurance; and empathy, important dimensions of service quality contributed to customer loyalty.

They however, reported that service quality dimension such as responsiveness and reliability do not contribute customer loyalty in both private and government owned banks in Pakistan used for their study (Malik et al, 2011). They explained the individual service constructs or dimensions as follows:

- Tangibles: Service environment including physical facilities, personnel, equipment, and marketing materials.
- Reliability: The consistent ability to perform the promised service in a perfect manner
- Responsiveness: Sensitivity to help customers and provide timely service
- Assurance: Courteousness and knowledge of the staff and the trust that they instill in their customers
- Empathy: Firm has individualized concern and cares for its customers (Malik et al, 2011).

Similarly, Kheng et al (2010) acknowledging that service quality contributes to customer loyalty, found that reliability; empathy and assurance played significant role in achieving customer loyalty among bank customers in Penang, Malaysia.

The findings of Kheng et al (2010) is similar to the findings of Malik et al (2011) with the only difference being that customers in the Malaysia banking sector consider reliability as one of the important factors contributing to their loyalty as against tangibles as specified by Pakistan bank customers. The reason for the difference in the findings may be cultural, geographical and to some extent the level of the banking industry development in the two countries.

Okoe et al (2013) found that gaps existed between customer expectations of service quality and perceive quality among most banks in Ghana. They however reported these gaps did not necessarily resulted in customers defecting from incumbent banks to competitors. Nevertheless they found that unlike in Malik et al (2011) and Kheng et al (2010) who reported three service constructs as being important in fostering customer loyalty, most Ghanaian bank customers remain loyal to their banks because of only the tangibility dimension of service quality.

Subsequently, there exist a strong association between service quality and customer loyalty (Velotsou et al, 2004; Cristobal et al., 2007; Caruana, 2002; Jamal & Anastasiadou, (2009); Kumar et al (2010). On the other hand researchers such as Keinigham, and Perkins-Munn (2003) noted that high level of customer satisfaction leads to customer loyalty (Annamalah et al, 2011). Their assumption is that unless service quality engenders high customer satisfaction it cannot contribute to customer loyalty in organisations. Also, Annamalah et al (2011) found that service quality engendered satisfaction contributes to customer loyalty. They also found that there exists a positive relationship between service quality engendered satisfaction and customer loyalty. They explained that the more customers are satisfied with the organisations services the long they will remain loyal to the firm.

2.7 Empirical studies of service quality and customer loyalty

This section of the literature review attempts to identify and summarize similar works done by other authors over the years. This will provide evidence of what has been done over the years and allow the researcher to identify gaps that needs to fill in the service quality-customer loyalty relation literature.

Saravanakumar & Jothijayakrishnan (2014) researched on the topic 'effect of service quality on customer loyalty: empirical evidence from co-operative bank'. The published their work in theinternational journal of business and administration research review. The objective of the firm is to 'examine the strength of relationship between service quality and customer loyalty towards the co-operative bank'(Saravanakumar & Jothijayakrishnan, 2014). They adopted tangibility, reliability, assurance, responsiveness and empathy dimensions of service quality as independent variables and loyalty dimensions as dependent variable (Saravanakumar & Jothijayakrishnan, 2014). A sample size of 415 respondents were selected for the study and data collected from this sample. Data was analyzed through the use of SPSS where analytic tools such as regression and correlation were used (Saravanakumar & Jothijayakrishnan, 2014). The study revealed that service quality has impact on customer loyalty. Nonetheless, it is revealed that only empathy and reliability dimensionshave significantly influenced customer loyalty(Saravanakumar & Jothijayakrishnan, 2014).

Similarly, Poku et al (2013) delve into the topic Impact of Service Quality on Customer Loyalty in the Hotel Industry: An Empirical Study from Ghana. They published their work in the International Review of Management and Business Research. Their study was conducted in 3 categories of hotels- 4 star hotel, 3 star hotel and a 2 star hotel. From these three hotels, a sample of 50 customers were selected for the study(Poku et al, 2013). They used questionnaires and interview in gathering data for the study. They also adopted the five known service quality dimensions(Poku et al, 2013). The used gap analysis to compare the means of customer expectation score and perception of score of respondents. They also used regression and descriptive analytic tools in data analysis. They found that customer satisfaction, a mediating variable, is not based solely on the rankings/classification of the hotels but on service quality that gives value for money which in turn produces customer loyalty (Poku et al, 2013).They also found that "responsiveness" service quality variable for Miklin, "empathy" and "assurance" variables made significant impact on customer loyalty for guests from Miklin and Golden Tulip hotels, while

"reliability" accounts for the loyalty of guests from Lizzie's Hotel (Poku et al, 2013). . They observed that this finding confirms the direct relationship between customer satisfaction and loyalty (Poku et al, 2013).. Nonetheless, they found that "Tangibility" does not play any significant role in developing customer loyalty for all the hotels because the guests were least satisfied with it and are likely to take it for granted in their quest for change (Poku et al, 2013).

Subsequently, Liao (2012) researched on the topic 'Service Quality, and Customer Satisfaction: Direct and Indirect Effects in a B2B Customer Loyalty Framework'. The study published in the Journal of Global Business Management focused on the steel industry in Taiwan. He selected a sample size of 218 participants to which he administered questionnaires to in order to collect primary data(Liao, 2012). Structural equation model was adopted to test the causal relationship between service quality and customer loyalty.He found that the service quality and customer satisfaction of the B2B steel industry is directly related to customer loyalty (Liao, 2012). He also found that service quality has an indirect effect on customer loyalty through customer satisfaction (Liao, 2012).

Besides, Shanka (2012) researching on the theme ‘Bank Service Quality, Customer Satisfaction and Loyalty in Ethiopian Banking Sector’, published in findings in the Journal of Business Administration and Management Sciences Research. The major aim of the research paper is to measure the quality of service offered by private banks operating in Ethiopia in order to evaluate its effect on customer loyalty (Shanka, 2012).He also used customer satisfaction as an antecedent to customer loyalty.Just like other studies cited by this research, Shanka (2012) used the well-known five dimensions of service quality as the independent variable and customer loyalty as the dependent variable. A sample size of 260 banking customers were conveniently drawn from the large pool of banking customers in Ethiopian city of Hawassa. From this sample of customers, Shanka (2012) administered questionnaires in order to collect relevant data for the study. He used correlation and multiple regression to analyze data. He found that there is a positive relationship between dimensions of service quality and customer satisfaction (Shanka, 2012). The research proves that empathy and responsiveness plays the most important role in customer satisfaction level followed by tangibility, assurance, and finally the bank reliability (Shanka, 2012). The research findings also indicate offering high quality service increase customer satisfaction, which in turn leads to high level of customer commitment and loyalty (Shanka, 2012).

Onditi et al (2012) published in the International Journal of Business and Social Science a study entitled 'Implications of Service Quality on Customer Loyalty in the Banking Sector. A Survey of Banks in Homabay County, Kenya'. The aim of the study is to test the hypothesis that there is no relationship between service quality and customer loyalty or its alternate hypothesis -service quality has effect on customer loyalty(Onditi et al, 2012). They selected a sample size of 400 banking customers drawn from four main banks located in town within the Homa bay County, Kenya (Onditi et al, 2012). Primary data for the study was collected through the administration of questionnaires (Onditi et al, 2012). The adopted customer loyalty as their dependent variable whereas service quality dimensions such as trustworthiness of the banks, character and habits of staff and efficiency of the banks' services are used as independent variables (Onditi et al, 2012). They analyzed data through the use of regression and correlation analytic tools (Onditi et al, 2012). They found that t service quality has a significant effect on customer loyalty (Onditi et al, 2012). They developed an equation for customers who have not change bank in the last two years using customer loyalty as the predictor, it emerged that it is possible for banks to increase customer loyalty by 4.6 percent by manipulating the quality of service (Onditi et al, 2012).

Likewise, Anand and Selvaraj (2012)published in the International Journal of Management and Business Research, a work titled 'the Impact of Service Quality on Customer Satisfaction and Loyalty in Indian Banking Sector: An Empirical Study through SERVPERF. The aim of the research is to examine the impact of service quality on customer satisfaction and Loyalty in Indian Banking sector by applying SERVPERF scale (Anand and Selvaraj, 2012). A total of 50 customers of State bank of India, Mohan Nagar Township branch of Salem District in Tamilnadu were interviewed on convenient basis for the above purpose (Anand and Selvaraj, 2012). Primary data was collected through the administration of questionnaires (Anand and Selvaraj, 2012). Data was analyzed using analytical tools such as exploratory factor analysis, Inter-Correlation, Analysis of variance, and Multiple Regression analysis (Anand and Selvaraj, 2012).The results revealed that out of the five service quality factors considered, Assurance is have the highest Mean score of SERVPERF (P) score and Reliability obtained the least mean score of SERVPERF (Anand and Selvaraj, 2012). They also found thatfactors such as Responsiveness, Reliability and Empathy significantly influenced Customer satisfaction and Loyalty (Anand and Selvaraj, 2012). Moreover, published in the International Research Journal of Applied and Basic

Sciences is a work done by Talebi et al (2012). This work is titled 'the Impact of Service Quality on Customer Loyalty: A Study of Bank Mali in Seakale City, Guilin, Iran. The aim of the study is to determine the relationship between service quality and customer loyalty.The sample size for the study is 60 customers drawn from the aforementioned bank. Primary data for their study was collected through the administration of questionnaires.Data was analyzed using correlation and regression analytic tools. The study reveals that there is a significant difference between the quality of banking services and customer loyalty to Bank Melli, Siahkal city.

Further, Malik et al (2011) published a work entitled 'impact of perceived quality on banking customers' loyalty' in the interdisciplinary journal of contemporary research in business. Their study was conducted in Pakistan using customers of private and public commercial banks as respondents (Malik et al, 2011). They selected a sample size of 244 for their study from which they administered questionnaires to gather data for the study (Malik et al, 2011). The five dimensions of service quality namely empathy, responsiveness, reliability, assurance and tangibles as independent variables as well as use attitudinal and behavioral dimensions of customer loyalty as dependent variables (Malik et al, 2011). They used statistical analytic tools such as regression, correlation and developed correlation matrix to analyzed data. They found that SERVQUAL dimensions such as tangibles, empathy and assurance, but not reliability and responsiveness, contributed to foster customer loyalty (Malik et al, 2011).

Siddiqi (2011) researched on the topic 'interrelationship between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh'. The objective of his study is to find the interrelationships between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh (Siddiqi, 2011). He adopted the survey approach of research design to the study. He gathered data from a sample of 100 customers drawn from different banks located in Bangladesh. He adopted correlation analytic tool to analyze data. He found that all the service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty in the retail banking settings in Bangladesh. This is indicative of the fact that service quality have and indirect positive effect on customer satisfaction because of customer satisfaction played a mediating role between the two variables (Siddiqi, 2011).

Annamalah et al (2011) researched on the topic 'Service Quality Transformation and its Impact on Customer Satisfaction and Loyalty in Malaysian Retail Banking Sector' and published this work in the World Applied Sciences Journal. They adopted customer satisfaction as an antecedent of customer loyalty and used the five revered service quality dimensions. They gathered data from a sample of 147 banking customers using questionnaires (Annamalah et al 2011).They adopted the structural equation modelling to analyzed data in order to determine customer satisfaction and customer loyalty (Annamalah et al 2011). They found that empathy and assurance are the key factors in delivering customer satisfaction, whereas, tangibility, reliability and responsiveness are found to least impact customer satisfaction (Annamalah et al 2011). The relationship between customer satisfaction and customer loyalty is also found to be very significant (Annamalah et al 2011).

Finally, Kheng et al (2010) researched and published on the topic 'The Impact of Service Quality on Customer Loyalty: A Study of Banks in Penang, Malaysia' in the International Journal of Marketing Studies. Like most other studies cited, Kheng et al (2010) adopted the five dimensions of service quality- empathy, assurance, responsiveness, reliability, and tangibles as independent variable, customer satisfaction as a mediating variable and customer loyalty dependent variable (Kheng et al, 2010). They draw from 10 banks, a total of 238 customers to form the sample for the study (Kheng et al, 2010). They self-administered questionnaires to customers in gathering data for the study. They further employed regression analytic tool to analyze data (Kheng et al, 2010). They found that tangibles dimension of service quality have no weighty effect on customer loyalty (Kheng et al, 2010). In addition they found that the reliability dimensions of service quality have positive effect on customer loyalty whereas the relationship between responsiveness and customer loyalty is highly insignificant (Kheng et al, 2010). Finally, they found that there exists significant positive relationship between empathy and assurance dimensions of service quality and customer loyalty (Kheng et al, 2010).

CHAPTER THREE

RESEARCH METHODOLOGY AND ORGANIZATIONAL PROFILE

3.1 Introduction

This chapter deals with research methodology for the study. Research methodology specifies the processes and procedures used in collecting and analyzing data. The outline of the chapter include: research design; population and sample size determination of the study; sampling technique; sources of data; data collection method; data analysis and research ethics.

3.2 Research design

Research design is a grand plan of approach to a research topic (Greener, 2008). The purpose of this study is a descriptive research. The study has adopted the survey approach in carrying out the study.The study used questionnaires with both qualitative and quantitative questions to elicit descriptive responses about the effect of service quality on customer loyalty.

This study has also adopted the cross-section approach. This approach allows the researcher to assess the phenomenon from the perspectives of more than one person (i.e. from the point of view of customers; management and staff of First allied bank). This is because of the limited time available for the completion of the study.

3.3 Population

All the items under consideration in any field of inquiry constitute a ‘**universe**’ or

'population'(Kothari, 2004).Osman (2007) assert that population is the ''aggregate of all cases that conform to some designated set of specifications. The population for the study includes the customers; staff and management of first Allied bank, Kumasi.

Table 3.0 population and sample size selection

Population	Total	Total selected to form sample	Percentage of selected respondents
customer	5000	50	1 percent
Staff and management	65	50	76 percent
Total	5065	100	1.97 percent

Source; field survey

From table 3.0, the total population of customers at First Allied bank is estimated to be approximately 5000 people whiles the total of managers and employees is pegged at 65 people. This gives a total of 5065 people at the total population for the study. 1 percent of customers representing 50 customers and 76 percent of managers and employee representing 50 people were selected to form the sample for the study.

3.3.1 Sample size determination

According to Kothari (2004) Sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample (Kothari, 2004). On the other hand Kothari (2004) described sample size as the number of items to be selected from the universe to constitute a sample. Osman (2007) define sample as any subset of sampling units from a population.

Due to lack of time and the cost involved in data collection, a sample size of 100 has been selected for the study. This comprises fifty (50) managers and employees and fifty

(50) customers of the bank. This sample size though relatively small according business research standard, has help achieve a balance between accuracy; quality and cost of data collection.

3.3.2 Sampling technique

In selecting customers to form a part of the sample, **convenience sampling**, a type of non-probability sampling method will be used. This gives all customers who transacted business with the bank at the time of data gathering equal chance to be a part of the sample. The convenience sampling method allows the researcher to select customers to form the sample based on the ease of access.

Purposive or deliberate sampling technique is used in selecting managers and staff to form part of the sample size. Managers and staff of the bank are insiders who have the needed and requisite data and information which is relevant to ensure the quality of the study.

3.4 Sources of data

Two main sources of data have been considered for the study. These include primary and secondary data sources. **Primary data** according to the Biyani group (2010) collected by the investigator through field survey and are in raw form and therefore must be refined before use. The source of this data includes the staff, managers and customers who are selected to be part of the sample for the study. Questionnaires are administered personally by the investigator to these groups of respondents in order to elicit primary data.

Secondary data includes data from published and unpolished sources are gathered from journals; articles; textbooks; internet sources; published and unpublished theses and lecture notes where appropriate. The secondary data form a larger part of the literature review section of this study and has helped in identifying gaps and trends based upon which primary data collection methods and instruments are developed to gather primary data to address the objectives of the study.

3.5 Data collection method

As pointed out earlier in the study, the study has adopted the survey approach and therefore will use questionnaires as data gathering instrument. Two main types of questionnaires are developed for the study. These include questionnaires for customers; and staff and management of the firm. The questionnaires contained four different parts.

The first part comprised questions regarding bio data of respondents. The second part contains questions on customer service quality, customer loyalty and drivers of customer loyalty. The third part of the questionnaire contains questions on customer service strategies whist the final part contains questions on the relationship between service quality and customer loyalty.

Furthermore, two types of questions-open ended and closed-ended questions are contained in the questionnaires. Opened ended question are included in the questions to elicit views; opinions and suggestions from the respondents as well as offer views to explain answers provided in the closed ended questions.

Closed ended questions are used because they can be easily translated in quantitative data to assist in identifying trends and patterns as well as help in providing descriptive inferences. Closed ended questions are easy to ask, easy to answer and the analyses of closed ended questions are easy and straight forward.

3.6 Data analysis

Data collected using questionnaire are edited; cleaned; coded and entered to statistical package for service solutions computer software program version sixteen. Coding of data is done by categorizing responses into meaningful classifications by numbering them. These numbers are then entered into the SPSS software in order for it to generate both quantitative and qualitative data.

Upon entering data into the software, verification of input is done by the researcher to ensure that the correct data is entered. Appropriate statistical and analytic tools such as frequencies, descriptive tools; regression and correlation analytic tools are used to analyze data. Regression and correlation analytic tools are used to help the research identify the relationships between service quality and customer loyalty in the First allied bank.

Analyzed data is then presented in tables and charts to allow for inferences and descriptions. The use of tabulation facilitates orderly arrangement of data into rows and columns to allow further analysis. Tabulation plays important roles by conserving space and reducing explanatory and descriptive statement to a minimum. It also facilitates the process of comparison; summation of items and the detection of errors and omissions; and provides a basis for various statistical computations (Kotheri, 2004).

3.7 Research ethical considerations

One important aspect of business research that is often neglected is ethical considerations. Greener (2008) described ethics as relating to moral choices affecting decisions, standards and behavior. This study upheld to all ethical standards throughout the study. To ensure that respondents are informed inductor letters stating the objectives of the study was sent to staff and management of the bank and permission was sought ahead of time before the day for data gathering. Customers on the other hand have been informed on the day of data gathering permission was sought from them to gain their cooperation. To this end no respondent has been forced or coerced into completing the survey.

Furthermore, the confidentiality of all respondents has been maintained, there was no disclosure of personal details which respondents have not been aware off. Data and information are presented in their accurate form as much as possible; there was no falsification of findings thereby ensuring honesty and proven integrity of the study. Respondents' anonymity has also been ensured to the extent that no names or specific description that may match a particular respondent or respondents have been included in the study.

Finally, though convenience sampling method was used in the selection of customers, there was no prior relationship between the researcher and the respondents and therefore the tendency of respondents providing responses to please the researcher is eliminated. Again all views presented by respondents no matter how unpleasant; wild; different the sound or look has been included in the study to ensure fair
representation.

3.8 Organizational profile of first Allied Savings and Loans Company Ltd First Allied Savings and Loans Company Ltd was licensed by the Bank of Ghana under PNDC Law 328 (1993) to provide banking services. It started operations on 25th September, 1996. First Allied has its headquarters at Adum, Kumasi. Set-up to accept deposits from the public and provide loans/credit services to businesses and consumers, First Allied has grown steadily over the years from a single branch in 1996 to over 20 branches in almost all the economic and commercial centers of the country.

The institution has earned its current enviable status as a leading Savings and Loans company in Ghana through its relentless pursuit of customer-centered services and the continuous introduction of innovative products which have become lifelines to many SMEs and individuals who hitherto were marginalized by the formal financial system. The First Allied Savings and Loans Company Ltd has many core values paramount among them is excellence. The company strives for excellence in product quality, productivity, customer service and in all that it does.

First Allied has created financial inclusion for these marginalized SMEs through the introduction of the SUSU concept into mainstream banking. This innovation caught the attention of the World Bank which conferred on First Allied the Most Innovative Product Award in 2002. Besides this, the institution has since its inception won many other awards and recognition from several prestigious institutions for its excellent costumer-centered products and services.

Some of these awards include: International Star for Leadership In Quality (ISLQ) award; Gold Wards: Ashanti Financial Services Excellence Awards in: 2004, 2005, 2006, 2007, 2008 & 2010; Gold Award Winner at Ghana Business & Financial

Services Excellence Awards in 2008 & 2011; The Most Innovative Product/Service Awards African – World Bank (African Project Development Facility) in 2002; The Most Outstanding Savings & Loans Company – Ashanti Industry, Trade & Technology Awards in 2000 & 2001; A prestigious member, Ghana Club 100. The effort towards excellence; the development of quality and innovative products/services as well as the development of customer centric strategies by the bank has made the company the received several awards listed above. The Company also has several objectives but the most important is to work closer with customers to create customized financial solutions on a convenient and sustainable basis to generate growth of their businesses through the satisfaction of their financial needs. These make the company the preferred study area to assess the extent to which these efforts have translated into high customer loyalty and retention.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter deals with data analysis, presentation and discussion. The chapter is presented according to the following subsections: service quality strategies at First Allied Bank; customer perception of service quality at First Allied Bank; customer loyalty at First Allied Bank and relationship between service quality and customer loyalty at First Allied Bank

4.2 Interview with management and staff on service quality strategies at First Allied Bank

Organisations the world over adopt carefully devise plans of action to achieve business goals. It is revealed that many organisations particularly service organisations develop and implement service quality strategies. The study found that at First Allied Bank, five main service strategies have been implemented. It is revealed that First Allied Bank adopts and implements service quality strategies such as good customer care strategy. This is reported by 16.0 percent of staff and management of the bank. The customer care service quality strategy at First Allied bank is a strategy concentrated on continuous and constant provision of information to customers, turning complaints into opportunities and sincerely listening to customers.

The customer care strategy allows the Bank to include customer views and complaints into its business activities such as planning, designing, production, and marketing as well as after sales service of products or service. This ensures that customer concerns, perception and expectations are fully taken care of throughout the business processes in order to ensure quality service delivery at each point of customer contact. The goals and objectives of the customer care strategy as well as the efforts at achieving good customer care is well understood and shared by all departments and employees within the bank. This is because the bank regard service quality delivery as total business effort as it is often advocated in total quality management. This strategy though different from strategies identified by Kotler (1999), Kotler and Armstrong (2012) among others contains similar views expressed by these authors.

The study found that First Allied bank adopts and implements a service quality strategy known as prompt responsiveness to customer needs. This is reported by 16.0 percent of staff and managers of the bank. According to staff and managers, the bank recognized responsiveness to be one of the most important service quality dimensions of the bank hence its resolve to improve this dimension as an effort toward the provision of service quality in the bank.

The prompt responsiveness customer needs strategy focused on improving the time taken to serve customers in order to provide services and products as and when needed by clients. The strategy led to the bank increasing the number of tellers in the banking hall and creating new branches that are fully networked and computerized to reduce congestion in the banking hall and reduce turnaround time. The bank also operate internet banking and mobile banking that allows customers irrespective of where they are to make customer enquiries, customer requests and transact business in real time without coming to the banking halls. The bank also send employees who go around attending to customer needs such as accepting deposits at customers' homes and places of work. This strategy also sees the bank reduce its loan processing time form fourteen working days to less than 72 hours in order to reduce service time and increase the banks responsiveness to customer needs whiles improving service quality. Finally as part of this strategy, it found that plans are far advance for the bank to secure and install Automated Teller Machines at vantage points to increase customer convenience and bank's responsiveness to customer needs such as cash withdrawals, deposits, account checking and cheque book as well as bank statement and debit card requests among others.

Table 4.1 service quality strategies at First Allied bank

Customer loyalty	**Frequency**	**Percent**
customers who stay in trying times at the bank such as service failures	7	14.0
customers who remain despite changes in bank charges	10	20.0
customers who offer good word-of-mouth advertisement	11	22.0
Preference towards the products/services of the bank	14	28.0
no response	8	16.0
Total	**50**	**100.0**
Customer loyalty strategies		
minimize customer switching to maximize customer retention	14	28.0
offering of discounts	14	28.0
customer loyalty rewards	22	44.0
Total	50	100.0

Source: field survey, 2014

4.2 Interview with management and staff on customer loyalty strategies at First Allied Bank

The study found that First Allied bank has varied meanings for customer loyalty. The study revealed that at First Allied bank, a loyal customer is the customers who stay with the bank even in trying times especially during service failures. This is reported by 14 percent of employees and managers of the bank. They explained that there are several types of customers as there are banks in the banking industry. Some of these customers only transact business with a particular if the bank is deemed to offer consistent and constant quality services. Due to this, First Allied bank considers a customer a loyal customer if they consistently transact business with the bank irrespective of consistency in of service delivery. To this end, it is indicative that First

Allied bank only considers customers as loyal if they are 'hardcore' loyals as defined by Kotler (2002).

Furthermore, at First Allied bank describe customers as loyal if they remain with the bank despite changes in bank charges. This is reported by 20.0 percent of employees and managers of First allied bank. They explained that customers must be willing and exhibit commitment towards building long lasting relationship with the bank and not be with the bank because of the seemingly lower charges at the bank.The type of customer loyalty described above is consistent with the customer loyalty defined by Czepiel and Gilmore (1987),Grönroos (1990) and Sheth and Parvatiyar (1995). It is estimated that achieving customer loyalty this way will help reduce amortized cost of customer acquisition. Moriarty et al (1983) reported that achieving customer loyalty this way will lead such customers in the banking industry to be less sensitive to price than the demand by non-relationship customers.

It is further revealed by 22.0 percent of staff and managers of First Allied bank that customer loyalty means customers who offer positive word-of-mouth advertisement about the bank. They noted that before a customer will offer positive word-of-mouth he/she may have been highly satisfied with the service quality offering of the bank and therefore intend to continue transacting business with the bank or has already established long-lasting and profitable business with the bank. In any of these ways, they noted, such customers can be referred to as loyal customers.

Finally, at First allied bank, customer loyalty is regarded as customers demonstrating positive preference towards the products and or services of the bank. This is reported by 28.0 percent of staff and managers of the bank. They explained that when customers demonstrate positive preference towards their products/services they tend to purchase and repurchase these products/services. This description of customer loyalty is consistent with the definition provided by Peppers and Rogers (2009). Nevertheless, the description of loyalty provided by incorporated the continued purchase or repurchase of products/services as championed in the definitions of Neal (1999), Kotler (2002),Bennett and Bove (2002), and Kotler and Keller (2009). Kotler and Keller (2009) noted that when customer loyalty is achieved this way, customers continue to purchase products/services of firms irrespective of changes in marketing and advertising efforts.

Finally the study revealed that First Allied Bank offers customer loyalty rewards as a customer loyalty strategy. This strategy is identified by 44.0 percent of staff and managers of the bank. They explained that this strategy focused on offering promotions, preferential treatments, giving loyalty cards and the forming loyal customer clubs where customers are allowed to have a say in the bank and therefore feel a part of the firm. This makes customers loyal to the bank.

4.3 Cronbach's Alpha test of reliability

In order to prove the reliability of the SERVIQUAL model used, Cronbach's alpa test of reliability test was performed. A test cut-of point of 0.6 as recommended by Garson (2002) is adopted to be an indicator of high internal reliability. Referring to table 4.3, it can be revealed that tangibles, responsiveness, assurance and empathy recorded Alpha scores that are greater than 0.6.This indicates that the dimensions are internally consistent and significant. It also indicates that these dimensions are highly reliable and that the items relating to each of these dimensions can be used to measure the constructs to which they relate.

Nevertheless, table 4.3 revealed that reliability dimension of service quality achieved a score of 0.58 which can be easily approximated to 0.6. Due to this, reliability service quality dimension can be said to be narrowly reliable and that it can be measured by the constructs relating to it, albeit cautiously.

Table 4.3.1 Cronbach's Alpha score of service quality dimensions

Service quality dimensions	**Cronbach's Alpha score**
Tangibles	0.826
Responsiveness	0.814
Reliability	0.584
Assurance	0.834
Empathy	0.802

Source: field survey, 2014

Table 4.4 customer perception of service quality dimensions at First Allied Bank

The study adopted the five main dimensions of SERVIQUAL model-assurance, responsiveness, reliability, empathy and tangibles upon which customer perceptions were measured. The study found that customers of First Allied bank perceives the overall service quality of the bank as below average. This is because on a five point scale with 1 being the lowest and 5 being the highest, the overall service quality score given by customers is 2.34 points and deviates by 0.82 below and above (see table 4.2 for statistics). This means that the highest the First Allied bank could score out of 5 points is 3.16 points with the lowest being 1.52 points. Nevertheless, the study measure service quality of the bank using the five dimensions identified in the SERVIQUAL model above. The findings are presented below.

Table 4.3.2

Service quality dimensions	**Mean**	**Std. deviation**
Tangibles	**3.56**	**0.82676**
The bank has modern equipment	3.48	0.76238
The bank have visually appealing facilities	3.48	.81416
Employees have neat and professional appearance	3.86	.90373
There are visually appealing materials associated with the services of the bank	3.50	.81441
Adequate number of service channels are available at the bank	3.50	0.83910
Responsiveness	**2.84**	**0.89156**
The bank keep customers informed as to when services will be performed	3.34	.79821
The bank provide prompt services	3.44	.90711
The bank is willing to help customers	3.82	.87342
The bank is always ready to respond to customer requests	3.62	.98747
Reliability	**3.57**	**0.877876**
the bank provides service as promised	3.48	.97395
they are dependable in handling customer problems	3.62	.80534
the staff perform service right the first time	3.74	.77749
the bank provide service at promised time	3.58	.85928
the bank maintains error free records	3.46	.97332
Assurance	**3.72**	**0.83578**
The bank's employees instill confidence in customers	3.44	.92934
The bank makes customers feel safe in their transactions	3.82	.84973
The bank's employees are consistently courteous	3.80	.75593
the bank's employees have adequate knowledge to answer customer questions	3.80	.80812
Empathy	**3.65**	**0.83250**
The bank gives customers individual attention	3.64	.89807
The bank's deal with customers in caring fashion	3.54	.83812
The bank have customers best interest at hearts	3.78	.78999
The bank's familiarity and reputation and image	3.76	.82214

The bank charges lower interests and other charges	3.52	.81416

Source: field, survey, 2014 On tangibles as a service quality dimension, 5 indicators were used to measure the perception of customers on the bank's service quality. Tangibles in this case include service environment including physical facilities, personnel, equipment, and marketing materials (Malik et al, 2011).With regards to tangibles, customers perceive service quality of the bank as almost excellent or above average. This is because on a five point scale, with regards to tangibles, the bank scored as high as 3.48 as the lowest and 3.86 as the highest. Customers ranked the efforts of the bank to provide modern equipment as above average with a score of 3.48. They explained that the bank has modern offices throughout its branches filled fully connected computers, printers, television telephone, intercom and all other basic banking equipment that help employees to deliver quality services. Customers also reported that the bank have intellectual and emotional resources to achieve success in quality delivery. Similarly, customers score the bank3.48 points which deviates by 0.81 points on the bank's efforts in providing facilities that are visually appealing. Customers noted that First Allied bank has clean and spacious banking halls filled with comfortable furniture, clean washrooms facilities and kitchen facilities as well as rest rooms. They reported that these facilities provide satisfaction of the sort as there are often little congestion due to the spacious banking halls and comfortable furniture to sit or write on whiles customers wait for their turn to be served. The also noted that the kitchen and other facilities help but managers and employees at easy and hence supports them in delivering quality service to customers.

The bank also scored 3.86 points which deviates by 0.90 with regards to the appearance of employees of the bank. Customers explained that the bank has code of dressing to which every employee complies. This makes employees look neat, professional and business-like. They also noted that the neat appearance of the employees can also be partly attributed to the dressing allowance which the bank offers to its employees. Customers further reported that most, if not all, employees of the bank are youthful, friendly, elegant and pleasant and therefore easily approachable. They explained that the friendly nature and the easy approachability of employees fulfill their social and belonging needs, hence ensuring high standard of service quality.

In addition, as part of tangibles, the study attempt to measure customers perception of the bank's ability to provide visually appealing materials associated with services of the bank. Customers perceived the service quality of the banks, with regards to the tangibility of its services, as above average by scoring it 3.50 which deviate by 0.81. Customers expressed that bank in making its services tangible offer customers' brochures, fliers, receipts and pay-in-slips as memento for services rendered and received. Some customers reported that the bank sometimes give customers stickers, T-shirts and polo caps bearing the banks logo and other items inscribed on these items. They explained that the appearances of these items are very appealing and deeply satisfying hence improving service quality of the bank.

Notwithstanding, customers perceived the bank's ability to provide adequate service channels as a dimension of service quality as very good or above average by giving a score of 3.5 points which deviates by 0.84 points. Customers reported that the bank provide four or more tellers in each branch that provide customers services such as deposit receiving and cash withdrawal among others. Customers also reported that the bank sends lots of employees to receive deposits from clients from their various homes and workplaces. Customers additionally found that there is at least an employee at every desk in the banking halls of the bank. They expressed that these channels help reduce congestion, delays and reduce turnaround or service time and hence increase service quality in the bank.

Subsequently, the study measured the perception of customers with regards to responsiveness as a dimension of service quality in the bank. Customers perceived the service quality in terms of the bank's responsiveness to customers as above average. On a five point scale, the bank scored 3.34 which deviates by 0.79 on the bank's ability to keep customers' informed as to when services will be performed. Customers reported that the bank have schedules to which they follow to serve customers. For example the bank opens its offices to customers between 7:30 am and 4:30 pm from Monday to Saturday. During this time customers are allowed to make deposits, make withdrawals. It is also reported that between 8:00 am to 12:00 pm each working day are for loan application and loan processing which are often ready to customers to take between 48 hour and 72 hours after application. Internet banking, mobile banking-SMS banking and SMS alert are available every time of the day.

The bank's ability to provide prompt services scored 3.44 points which deviates by 0.90 points by customers of the bank. Customers reported that the bank records impressive turnaround or service time. They noted that employees, especially tellers take between 3 minutes and 5 minutes to serve customers making deposits and withdrawals whilst internet banking, SMS alerts and SMS banking are often completed between 15 seconds and 1 minute. Customers also reported that loans are made available between 48 hours and 72 hours after request. All these are indicative of improve service quality in the bank.

More so, customers scored the bank 3.82 points out of 5 points which deviates by 0.87 points on the willingness of the bank's employees to help customers. Customers reported the bank have professional employees who offer expert advice customers on investment decision, business development, savings and capital mobilization, business and project financing among others. Customers reported that these advices have helped them develop, expand, and build successful and profitable businesses.

Customers also reported that the bank's employees are empathetic, supportive and helpful in many other ways. These they opined helped raised the bank's ratings on service quality offering.

Moreover, customers perceived the bank to be offering above satisfactory services when it comes to the bank's ability to always respond to customer requests. They scored the bank 3.62 points which deviates by 0.98 points. They explained that customers request are responded to promptly by the bank such that in cases where they bank has not gotten what the client wants, the bank manages to secure it elsewhere for the said client.

Similarly, customers perceive First Allied bank to be offering above satisfactory service quality in terms of reliability of its services. Customers reported that the bank provides service as promised with a score of 3.48 points whilst the bank ability to maintain error free records is scored 3.46 points by customers. Customers also regard the bank as dependable in handling customer problems with as score of 3.62 points which deviates by 0.80 points. In addition customers reported that employees of the bank perform services right at the first time with a score of 3.74 points whiles customers score the bank's employees ability to perform service at promised time,

3.58 points which deviates by 0.86 points (refer to table 4.2 for statistics).

These scores were recorded because of the Human Resource management systems of the bank that focused on employing only qualified candidates as employees, offer appropriate and regular training combine with empowerment and motivation of employees. These ensure that employees provide services that are constant and consistent with quality standards. The bank also implemented data and knowledge management systems that ensure that employees' and customers' data are stored appropriately. The installation of these systems ensure the reduction in manual work hence the reduction in service errors and an increase in service quality associated with reliability of services.

First Allied Bank scored a total mean score of 14.86 points. Customers perceived the bank as offering above satisfactory service quality in terms of providing assurance to customers. Customers reported that employees instill confidence in them with a score of 3.44 points which deviates by 0.93 points. Customers also expressed that employees are consistently courteous towards them with a score of 3.80 which deviates by 0.75 points whiles customers perceives employees as having adequate knowledge to answer their questions. Customers explained that the bank recruits and selects employees who are not only knowledgeable but versatile in almost every aspect of banking, business and general knowledge that they provide the most important advice and support to customers when ever needed. They explained that this level of intellectual superiority leads to high quality delivery by the employees is not found in any other bank. Customers also observed that clients are humble, courteous and respectful towards customers and living to the popular saying that 'the customer is king'.

Nevertheless, customers opined that the bank makes them feel safe in their transactions. They therefore score 3.82 points (the highest in assurance category) which deviates by

0.84 points. They explained that the bank developed systems that protects the security of clients' data, clients' resources and clients' identity thereby ensuring quality in customer transactions. They observed that these security systems are both physical and electronic such as building firewalls that are impenetrable by hackers among others (refer to table 4.2 for statistics).

Measuring the empathy level of First Allied Bank, it is found that customer rated the banks as delivering far above satisfactory level of service quality. Customers noted that the bank gives customers individual attention with a score of 3.64 points and also deal with customers in a caring fashion with a service quality score of 3.54 points. Treating customers in individualized and caring manner allows the bank to identify, categorize and analyze customer needs and wants thereby promoting personalization and customization of service/products to meet and exceed customer expectations thereby ensuring quality service delivery.

The bank is further thought of as having customers' best interests at hearts engendering service quality score of 3.78 points the highest point in the empathy category. Having customers' best interests at heart leads the bank into developing services that satisfy customer needs, provide quality services at reasonable costs. Customers reported that the ban having their interest at heart often offer service charges and interest rates on loans and other borrowings at lower rates than other banks within the industry which they scored 3.52 points. They also reported that the bank willingly extend loan payment periods if customers are not able to pay on time. They however noted that where customers are recalcitrant in the loan payment loan sharks and taskforces are recruited to recover the loans from customers. The bank though kind and empathetic towards clients is not weak and therefore has only one rule ‘business is business and must be treated as such’.

Customers score the bank 3.76 points on the bank’s familiarity, reputation and image. Customers explained that the bank has close and friendly relationship with them that creates satisfies not only their business need but also belonging needs. Furthermore they explained that the bank’s reputation and image creates a sense of pride in customers. They reported the bank has been existence for a relatively long time and its track record assures them that the bank will not fold up and run-away with their assets. These offer customers a sense of satisfaction that they cannot find in other banks in the industry. The bank image and reputation in providing quality services as reasonable cost to customers is also noted by the bank.

4.5 Evaluation of customer loyalty at First Allied Bank

The study adopted indicators of customer loyalty measures as identified by authors such as Bennett and Bove (2002), Parasuraman et al (1996) and Mellens et al (1996). They found that customers demonstrate the propensity to continue transacting business with the bank irrespective of changing situations. On this measure customer loyalty score of 3.56 points which deviates by 0.95 points. This therefore suggests that only the difference of 1.44 points representing 28.8 percent of customers of the bank may exhibit propensity to switch from the bank. This also indicates that an estimated 71.2 percent of customers of First Allied bank would remain loyal to the bank. This measure is similar to the customer propensity to switch identified by Parasuraman et al (1996).

The study further discovered that customer exhibited high probability to re-peat purchase of many services of offered at First Allied bank. On this measure customer loyalty score of 3.54 points is estimated which deviates from the midpoint by 0.88

points below and above.This score indicates that 29.2 percent of customers are likely to switch banks whilst 70.8 percent have high probability to remain with the bank. This measure is identical to the measure suggested by Mellens (1996). Mellens (1996) noted that using repeat purchase as a measure of customer loyalty produces the results that are more accurate and not incidental as it is based on customer behavior over extended period of time.

Similarly, the study estimated customer loyalty level at First Allied bank using customers' willingness to pay higher prices for the same services of the bank. Using this measure, the study recorded a customer loyalty score of 3.00 points which deviates by 1.1 points. This measure also estimates that 40 percent of customers are likely to switch to other banks whiles 60 percent will remain with the bank.This findings also revealed that 40 percent of customers of the bank are highly price sensitive whereas 60 percent are less price sensitive. This further suggest that if the bank adopts a low-price strategy only and estimated 40 percent of customers are likely to benefit or undertake a repeat purchase of the banks products/services.This measure was identified by Parasuraman et al (1996).

More so, adopting customer loyalty measures such as the desire of customers to continue their relationship with the bank, an estimated loyalty score of 3.50 is recorded which deviates by 0.97 points. This measure also estimated that about 30 percent of customers will not remain loyal to the bank whilst 70 percent of customer will remain loyal to the bank.

Using customers' propensity to remain with the bank even in service failures as customer loyalty measure, the loyalty score of 3.28 points which deviates by 1.1 points. The measure further revealed that an estimated 34.4 percent of customer are likely to switch to other banks whist 65.6 percent of customers will remain with the bank. This is indicative that in event that the bank experiences service failures an estimated 34.4 percent of clients are likely to switch to the banks competitors.

In addition, the study adopted customer positive preference towards the services or products of the bank as identified by Bennett and Bove (2002), Peppers and Rogers (2009). This measure yielded a customer loyalty score 3.40 points which deviates by 0.83 points. This proves that an estimated 68.0 percent of customers will remain loyal whilst 32.0 percent are likely to defect to the bank's competitors. This further indicated that 68.0 percent of customers will repeat purchase of the services/products of the bank.

Table 4.5 customer loyalty measures

Customer loyalty measures	**Mean**	**Std. Deviation**
I will like to always transact business with this bank	3.56	.95105
There exist a high probability that I will repurchase many services of this bank	3.54	.88548
I will willingly pay higher prices for the same services at the bank	3.00	1.08797
I desire to continue my relationship with first allied bank	3.50	.97416
I will never switch to any other bank even if there is service failure at the bank	3.28	1.10730
I have huge preference for the services of FAB	3.40	.83299
There exist high probability that I will spread a good word-wordof mouth about the bank	3.68	.68333
Total	**3.423**	**0.9318**

Source: field survey, 2014

Finally, the study adopted the probability of customers spreading positive word-ofmouth as suggested by Bennett and Bove (2002). The customer loyalty score recorded is 3.68 points which deviates by 0.68 points. This demonstrates that 73.6 percent of customers will remain loyal to the bank whilst 26.4 percent are likely to defect. The implication of this is that as customers are offered service by the bank that exceeds their expectation, an estimated 73.6 percent will provide good word-of-mouth advertisement whilst 26.4 will not.

Table 4.6 correlation analysis on service quality and customer loyalty

	Pearson Correlation	*Customer Loyalty*	*Service Quality*	*Tangibles*	*Responsiveness*	*Reliability*	*Assurance*	*Empathy*
Customer Loyalty	*R*	*1*						
Service Quality	*R*	*0.746**	*1*					
Tangibles	*R*	*0.614***	*0.746*	*1*				
Responsiveness	*R*	*0.624***	*0.819*	*0.755*	*1*			
Reliability	*R*	*0.492***	*0.802*	*0.456*	*0.576*	*1*		
Assurance	*R*	*0.534***	*0.792*	*0.498*	*0.692*	*0.643*	*1*	
Empathy	*R*	*0.542***	*0.661*	*0.220****	*0.242*	*0.462*	*0.324*	*1*

Correlation is significant at 0.000 level (two tail)

*correlation is significant at 0.01 level (two tail)

**Correlation is significant at 0.01 level (two tail) (Field survey, 2014).

***correlation significant at 0.124 (two tail) therefore can be regarded at not significant at 0.05 significance level.

Correlation analysis was run between service quality, service quality dimensions and customer loyalty at First Allied bank. The study revealed that there exists strong positive relationship between service quality and customer loyalty. This is given by a Pearson correlation value of 0.746 which is significant at 0.01 significant levels. This means that as service quality increases, customer loyalty at First Allied bank increases. A further correlation analysis revealed that there exist statistically significant positive relationships between all the service quality dimensions and customer loyalty at First Allied bank. These relationships are significant at 0.01 significance level. The study revealed that responsiveness dimension of service quality affects or influences customer loyalty greater than all other service quality dimensions. This is given by a Pearson correlation of 0.624. Service dimensions such as tangibles and empathy are the second and third most influential factors on customer loyalty recording a Pearson correlation of 0.614 and 0.542 respectively. Assurance service dimension serve as the fourth most influential factor promoting customer loyalty at first Allied bank with a Pearson Correlation of 0.534 whilst reliability provide the least influence on customer loyalty with Pearson correlation of 0.492 (refer to table 4.6.1 for statistics). The rest of the variable against each other revealed that there exist significant positive relationships between the independent variables and the dependents variable except in the case of empathy and tangibles who though produced positive relationships are not significant at the significance level of 0.05 adopted by this study.

The study found that there exist a strong positive and statistically significant relationship between service quality dimension-tangibles, responsiveness, reliability, assurance and empathy and customer loyalty at first allied bank. This relationship is depicted by a positive R value of 0.746 which is far above the 0.5 threshold set by many researchers. The R square value of 0.556 demonstrates that 55.6 percentage change in customer loyalty at First Allied bank can be attributed to changes service quality dimensions at the bank.

The establishing that positive relationship exist between service quality and customer loyalty is consistent with findings of Saravanakumar & Jothijayakrishnan (2014), Shanka (2012), Onditi et al(2012), Malik et al, 2011 and Siddiqi (2011) among others who found that positive relationship exist between service quality and customer loyalty. Siddiqi (2011) for instance found that service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty in the retail banking settings in Bangladesh.

Similarly, some studies found positive relationships between some service quality dimensions and customer loyalty but found inverse relationship between other dimensions and customer loyalty.Shanka (2012)found though service quality dimensions influence customer loyalty positively,there exist a stronger positive relationship between tangibles dimension of service quality and customer loyalty. Anand and Selvaraj, (2012) found that there exist a positive relationship between responsiveness and customer loyalty.Anand and Selvaraj (2012), also reported that reliability significantly influenced customer loyalty. In addition, Saravanakumar and Jothijayakrishnan (2014) found that whilst empathy and reliability significantly influenced customer loyalty, assurance, responsiveness and tangibles dimensions of service quality did not influence customer loyalty positively. Also, Kheng et al (2010) who found insignificant relationship between responsiveness, tangibles and customer loyalty. These studies though found positive relationships between some service quality dimensions and customer loyalty can be said to be inconsistent with the findings of this study which found that strong positive relationship exist between the five dimensions of service quality and customer loyalty.

At first Allied bank, the study found that the positive relationship between service quality and customer loyalty is no fluke as the bank provides tangibles such as modern equipment, visually appealing facilities, and adequate number of service channels contributes positively to customer loyalty especially on the ability of customers to recommend the bank to other potential customers through positive word of mouth advertisement.

Further, the positive relationship further signifies that as the bank serves customers in caring fashion, individualized attention is paid to each customer and as the bank's employees understand the needs of customers among others customer loyalty is greatly and positively increase especially in the form of high probability of positive word of mouth advertisement by customers. Yet, providing prompt services at the bank help improves service or turnaround time thereby engendering customer loyalty such that customers are willing to repeat purchase of the banks services and products.

Also, positive relationship between service quality and customer loyalty at First allied bank can be attributed to the bank's ability to make customers feel safe in their transaction, employees' knowledgeability in providing business solution to customers among others. It is not that if the bank is able to consistently provide the above mentioned things, customer will remain loyal by being willing to pay higher prices for the same or slightly improved services/products.

Table 4.7 regression model and coefficients on service quality and customer loyalty

Model Summary

Model	*R*	*R square*	*Adjusted R square*	*Std. Error of the Estimate*
1	*. '46[a]*	*0.556*	*0.547*	*3.77348*

a. Predictors: (Constant), ta gibles, responsiveness, reliability, assurance and empathy

Coefficients [b]

	Unstandardized Coefficients		*Standardized Coefficients*		
Model	*B*	*Std. Error*	*Beta*	*t*	*Sig.*
1 (Constant)	*-5.287*	*4.287*		*-1.233*	*0.020*

Tangibles	*1.082*	*0.201*	*0.614*	*5.390*	*0.000*
Responsiveness	*1.221*	*0.220*	*0.624*	*5.539*	*0.000*
Reliability	*1.022*	*0.261*	*0.492*	*3.919*	*0.000*
Assurance	*1.092*	*0.250*	*0.534*	*4.374*	*0.000*
Empathy	*0.697*	*0.156*	*0.542*	*4.474*	*0.000*

b. Dependent Variable: customer loyalty

Source: field survey, 2014

Finally, from table 4.6, a linear regression equation can be developed between service quality and customer loyalty. This equation can be depicted by y=a+bx, where y is customer loyalty, a= -5.287, b= 0.350 and x= service quality dimensions (see table 4.6 for details). Substituting values, customer loyalty= -5.287+0.350 (service quality). This means that without service quality, First allied bank records a negative score on customer loyalty, which is -5.287 points. This suggests that without ensuring service quality at the bank, not a single customer becomes loyal to the bank and as such about 5.287 customers may defect to other banks per any operations undertaken by the bank. But with every 100 Ghana cedis spent by the bank towards improving any of the service quality dimensionsat the bank increases customer loyalty score by 35 points. A simple regression analysis was also conducted on all the five dimensions of service quality and customer loyalty. The coefficients for all the five dimensions are positive (i.e 1.082, 1.221, 1.022 etc) thereby indicating that they engender positive influence on customer loyalty. it also means that as tangibles, responsiveness, reliability, assurance and empathy increases, customer loyalty increases (refer to table 4.7 for statistics)

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents summary of findings, conclusion, and recommendation provided to support decision making at First Allied bank.

5.1 Summary

This study aimed at assessing the effect of service quality on customer loyalty in banks. Specific objectives for the study include: Identification of service quality strategies at First Allied Bank; measurement of customer perception of service quality at First Allied Bank; measurement of customer loyalty at First Allied Bank and assessment of the relationship between service quality and customer loyalty at First Allied Bank.

A sample size of 100 was selected for the study comprising 9 managers, 41 staff/employees and 50 customers. Primary data was collected through the administration of questionnaires to respondents such as managers, employees and customers. Data was analyzed using frequencies, descriptive statistics, and reliability, correlation, and regression analytic tools in the statistical package for service solutions computer software. The following are the findings of the study.

5.11 Service quality strategies at First Allied Bank

The study found that First Allied bank implements five main service quality strategies. These strategies include: good customer care strategy; prompt responsiveness to customer needs; employing professionals as staff; Know your customer service quality strategy and customer relationship management strategy.

5.1.2 Customer perception of service quality at First Allied Bank

The study discovered that customers perceived the overall service quality of First Allied bank as below average. Nevertheless on various constructs under each service quality dimensions, customer perceptions are varied and different on each of the constructs. Under tangibles, customers perceived the service quality at the bank to be above average by scoring constructs under tangibles ranging from 3.48 points as the lowest to 3.86 points as the highest. The total mean score of the ban in terms of tangibles is 17.82 points.

Similarly, under responsiveness service quality dimensions, customers perceived the banking as offering above satisfactory service quality. On a five point scale with five being the highest the bank scored perception score between 3.34 as the lowest and 3.82 as the highest. It is found that though customers perception of responsiveness and tangibles are almost the same, on perception scores, tangibles seems to score higher points than responsiveness.The total mean score by the bank with regards to responsiveness is 14.22 points.

Furthermore, reliability service quality dimension, customers perceived the bank as offering above average service quality. They therefore scored the bank on a perception score of 3.46 points as lowest and 3.74 points as the highest. The total mean score recorded by the bank in terms of reliability is 17.86 points.

Besides, customers perceived assurance service quality dimension as above satisfactory. The total mean score for the bank with regards to assurance is 14.86 points. In addition customer scored the various constructs under assurance a perception score between 3.44 as the lowest and 3.80 as the highest.

Lastly, customers perceived the service quality of the bank in terms of empathy as far above average service quality offering. A total mean score of 18.24 points is scored by the bank in terms of empathy service quality dimension. On perception score, customers scored constructs under empathy between 3.52 points as the lowest and 3.78 points as the highest.

5.1.3 Customer loyalty at First Allied Bank

The study adopted customer loyalty measures propounded by various authors covered in this study. The study found that the bank score different loyalty scores on different loyalty measures. The study estimated customer loyalty scores to range from 3.00 points as the lowest to 3.68 points. The study further revealed that the bank achieved the lowest loyalty score on customer loyalty measure on the propensity of customers to pay higher prices for the same services (3.00 points) and the propensity of customers to remain with the bank even if there exist service failure at the bank. Whilst the bank score the highest loyalty score on a loyalty measure on the probability of customers to spread positive word-of-mouth about the bank.

5.1.4 The relationship between service quality and customer loyalty at First Allied Bank.

The study revealed that there exist strong positive and statistically significant relationships between the five service quality dimensions: tangibles, responsiveness, reliability, assurance and empathy and customer loyalty at First Allied bank. This means that as service quality increase customer loyalty increases. In fact the study estimated that service quality accounts for 55.6 percent of customer loyalty at First Allied Bank.

5.2 Conclusion

Increasing globalization of the world over the past few decades has brought in its stead several opportunities and challenges for countries and firms alike. One major challenge brought by globalization is intensive and extensive competition which it creates in every sector of every economy of the world. The banking sector of Ghana is not sparred by the intensive competition brought about by globalization. To compound this problem further, the banking industry in Ghana has witnessed liberalization and deregulation of the financial sector thereby further spurring competition between and among banks in the industry. This makes banks to search for new sources of competitive advantage and new ways of engendering customer loyalty in order to be profitable and survive in a competitive market place. This study therefore concludes that only those who deliver quality services on all the five service dimensions can achieve customer loyalty, profitability, cost reduction and survival in a competitive marketplace.

5.3 Recommendation

The study estimated customer loyalty level at First Allied bank using customers' willingness to pay higher prices for the same services of the bank. The customer loyalty score obtained from using this measure is 3.00 points. This measure also estimates that 40 percent of customers are likely to switch to other banks should the bank increase its charges whiles 60 percent will remain with the bank. Due to this the study recommends that First allied bank adopt and implement hybrid strategy as its competitive strategy in order to concurrently achieve differentiation and lower price relative to its rivals in order to achieve customer loyalty for both price sensitive and non-price sensitive customers of the bank. Adopting hybrid strategy will also help ensure service quality through differentiation.

The study further discovered that about 34.4 percent of customers of First Allied bank will switch to competitors with the slightest service failure experienced by the bank. In order to ameliorate this, the study recommends that the bank automate its business processes or adopt other forms of Business Process Reengineering strategies to ensure that service failures and service errors due to manual work processing are eliminated to promote customer loyalty. The study also recommends that the bank undertake regular and frequent maintenance of systems and regular training of employees to reduce service failures and errors.

Finally, the study recommends that extended research be conducted on the same topic but using multiple banks in order to provide the wider and more general findings on service quality and customer loyalty in the Ghanaian banking industry.

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APPENDICES

Questionnaire for customers

Section A: Personal Information

Please answer by ticking the appropriate answer

1. How long have you been patronizing the services of First Allied Bank? A. 1-3 years [ ] b. 4-5 years [ ] c. 6-8 years [ ] d. 9-11 years e. 12 years and above [ ]

Section B: Measurement of customer perception of service quality at First Allied

Bank

Kindly respond to all questions. For this section, please rate how strongly you agree or disagree with each of the following statements by ticking the appropriate boxes

2. Tangibles

Service quality measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
The bank has modern equipment					
The have visually appealing facilities					
Employees have neat and professional appearance					
Visually appealing materials associated the service of the bank					
adequate number of services channels are available at the bank					

3. Over all, how will you rate the service quality of First allied Bank limited? a. excellent [ ] b. very good [ ] c. good [ ] d. poor [ ] and e. very poor [ ]

4. Responsiveness

Kindly respond to all questions. For this section, please rate how strongly you agree or disagree with each of the following statements by ticking the appropriate boxes

Service quality measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
The bank keep customers informed as to when services will be performed					
The bank provide prompt services					

The bank is willing to help customers					
The bank is ready to respond to customer requests					

5. Reliability

Kindly respond to all questions. For this section, please rate how strongly you agree or disagree with each of the following statements by ticking the appropriate boxes

Service quality measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
The bank provides service as promised					
They are dependable in handling customer service problems					
The staff perform services right the first time					
The bank provides service at promised time					
The bank maintains error freerecords					

6. Assurance

Kindly respond to all questions. For this section, please rate how strongly you agree or disagree with each of the following statements by ticking the appropriate boxes

Service quality measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
The bank's employees instill confidence in customers					
The bank makes customers feel safe in their transactions					
The bank's employees are consistently courteous					

The bank's employees have adequate knowledge to answer customer questions					

7. Empathy

Service quality measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
The bank gives customers individual attention					
The bank's employees deal with customers in caring fashion					
The bank have customers' best interests at heart					
The bank's employees understand the needs of customers					
The bank have convenient working hours					
The bank's familiarity, reputation and image					
The bank maintains customers confidentiality					
The bank charges Lower interests and other charges					

Section D: Measurement of customer loyalty at First Allied Bank

8. On the five point likert scale where strongly disagree is the lowest and strongly agree is the highest rate your loyalty to First Allied Bank.

Customer loyalty measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
I will recommend this bank to other customers					

I will like to always transact business with this bank					
There exist a high probability that I will repurchase many services in this bank					
I will willingly pay higher prices for the same services at the First allied bank					
I desire to continue my relationship with first Allied bank					
I will never switch to any other bank even if there is service failure at first allied bank					
I have a huge preference for the services of First allied bank					
There exist a high probability that I will spread a good word-ofmouth about the bank					

9. Over all how loyal do think you are to First Allied Bank limited? a. highly loyal [ ] b. loyal [ ] c. moderately loyal d. lowly loyal [ ]

10. Briefly describe why you rate your loyalty this way?

....
....
....

QUESTIONNAIRES FOR STAFF AND MANAGEMENT

Section A: Personal Information

1. How long have you been working at First Allied Bank? A. 1-3 years [ ] b. 4-5 years [ ] c. 6-8 years [ ] d. 9-11 years e. 12 years and above [ ]

Section B: Service quality strategies at First Allied Bank

2. Which service quality strategies does this bank adopt? Please specify

....
....
....
....

Section B: Measurement of customer perception of service quality at First Allied Bank

Kindly respond to all questions. For this section, please rate how strongly you agree or disagree with each of the following statements by ticking the appropriate boxes

3. Tangibles

Service quality measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
The bank has modern equipment					
The have visually appealing facilities					
Employees have neat and professional appearance					
Visually appealing materials associated the service of the bank					
adequate number of services channels are available at the bank					

4. Over all, how will you rate the service quality of First allied Bank limited? a. excellent [ ] b. very good [ ] c. good [ ] d. poor [ ] and e. very poor [ ]

5. Responsiveness

Kindly respond to all questions. For this section, please rate how strongly you agree or disagree with each of the following statements by ticking the appropriate boxes

Service quality measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
The bank keep customers informed as to when services will be performed					

The bank provide prompt services					
The bank is willing to help customers					
The bank is ready to respond to customer requests					

6. Reliability

Kindly respond to all questions. For this section, please rate how strongly you agree or disagree with each of the following statements by ticking the appropriate boxes

Service quality measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
The bank provides service as promised					
They are dependable in handling customer service problems					
The staff perform services right the first time					
The bank provides service at promised time					
The bank maintains error freerecords					

7. Assurance

Kindly respond to all questions. For this section, please rate how strongly you agree or disagree with each of the following statements by ticking the appropriate boxes

Service quality measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
The bank's employees instill					
confidence in customers					
The bank makes customers feel safe in their transactions					
The bank's employees are consistently courteous					
The bank's employees have adequate knowledge to answer customer questions					

8. Empathy

Service quality measures	Strongly disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly agree 5
The bank gives customers individual attention					
The bank's employees deal with customers in caring fashion					
The bank have customers' best interests at heart					
The bank's employees understand the needs of customers					
The bank have convenient working hours					
The bank's familiarity, reputation and image					
The bank maintains customers confidentiality					
The bank charges Lower interests and other charges					

Measurement of customer loyalty at First Allied Bank

9. In which of the following ways is customer loyalty measured in First allied bank?

Customer loyalty measures	Tick (√)
Number of times a customer makes a purchase of products/services within a period of time	
Likelihood of customers spreading good word-of-mouth about the bank	
Commitment of purchasers to remain customers even during service failure periods	
Commitment of customers to pay more for the same or slightly improved services	
Customer response to service problem	
Others specify	

10. Why do you think customers choose your bank over others?

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11. What do loyal customers mean to First Allied bank?

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12. Which of the following strategies does First Allied Bank employ to keep customers loyal?

Customer loyalty strategies	**Tick (√)**
Minimize customer switching banks	
Maximize customer retention	
Offering of discounts	
Establishing customer clubs	
Developing loyalty cards	
Customer loyalty rewards	
Others specify	

Relationship between service quality strategies and customer loyalty

13. How will you rate the effect of service quality strategies on the level of customer loyalty at first Allied bank?

How will you relate service quality strategies on the level of customer loyalty at First Allied Bank using a scale of poor being the lowest and excellent being the highest?	Poor 1	Satisfactory 2	Good 3	Very good 4	Excellent 5