

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND
TECHNOLOGY, KUMASI**

INSTITUTE OF DISTANCE LEARNING

KNUST

**CUSTOMER SATISFACTION WITH SERVICE QUALITY OF
FRONT OFFICE STAFF IN SELECTED BRANCHES OF GHANA
COMMERCIAL BANK LTD, TAMALE**



**By
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JUNE, 2011

**CUSTOMER SATISFACTION WITH SERVICE QUALITY OF FRONT
OFFICE STAFF IN SELECTED BRANCHES OF GHANA COMMERCIAL
BANK LTD, TAMALE**

**Thesis submitted to the Institute of Distance Learning,
Kwame Nkrumah University of Science and Technology,
Kumasi in partial fulfilment of the requirements for the award of Degree in
Commonwealth Executive Masters in Business Administration (CEMBA)**



JUNE, 2011

DECLARATION

I hereby declare that this submission is my own work towards the Commonwealth Executive Masters of Business Administration (CEMBA) 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.

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(Supervisor) Signature Date

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.....
(Dean) Signature Date



ABSTRACT

The main objective of the study is to examine the relationship between various service quality dimensions and customer satisfaction. The study also contains suggestions and recommendations to address issues that hamper good service

delivery to make the customer satisfied. The method that was used for the study involves initial literature review on service quality and customer satisfaction and how it contributes to increased profitability. Data was collected from secondary sources including newspapers, magazines, internet and unpublished thesis. Primary data was collected from two sources; these were the staff and customers of Ghana Commercial Bank (GCB) Ltd in Tamale branches. In all eighty one staff and four hundred and eighty customers were randomly selected and questionnaire administered to them. Analysis of the data was carried out thereon with the help of Statistical Package for Social Sciences (SPSS) to come out with tables, graphs and charts to give an indication of how customer satisfaction is influenced to service quality of frontline staff of the Bank. From the analysis it came to light that the Bank has numerous customer service challenges such as difficulty in accessing information, unwillingness on the part of staff to assist customers and providing them with prompt service. Meanwhile, the Bank has enough staff in all three branches to handle customer complaints and other issues. It is therefore recommended that; the Bank put in place strategies to train staff on good practices in customer service and also to motivate them to give off their best. In conclusion, it is believed that if staff are motivated and trained on customer service issues they will be in a position to give off their best in order to satisfy and eventually delight the customer for high profitability.

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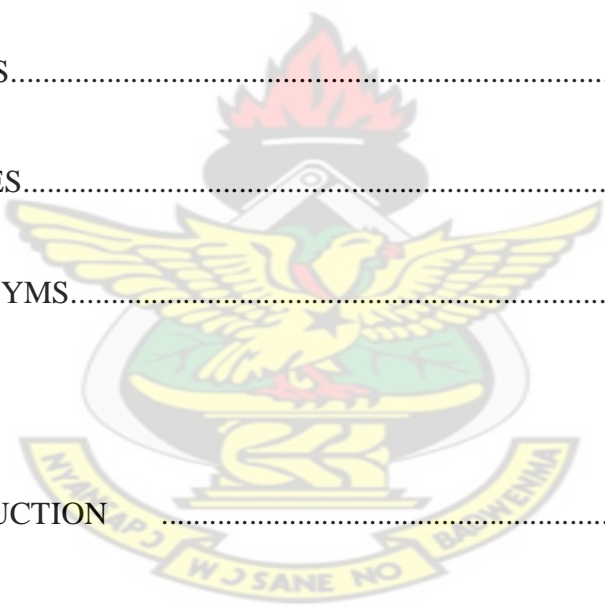
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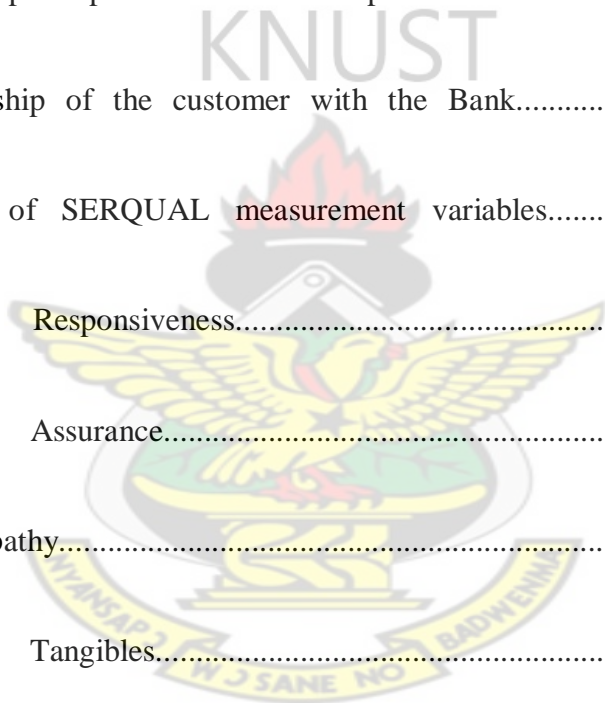
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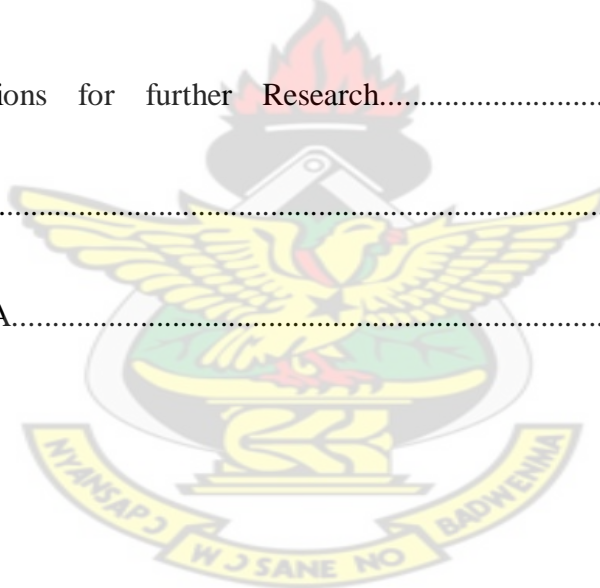
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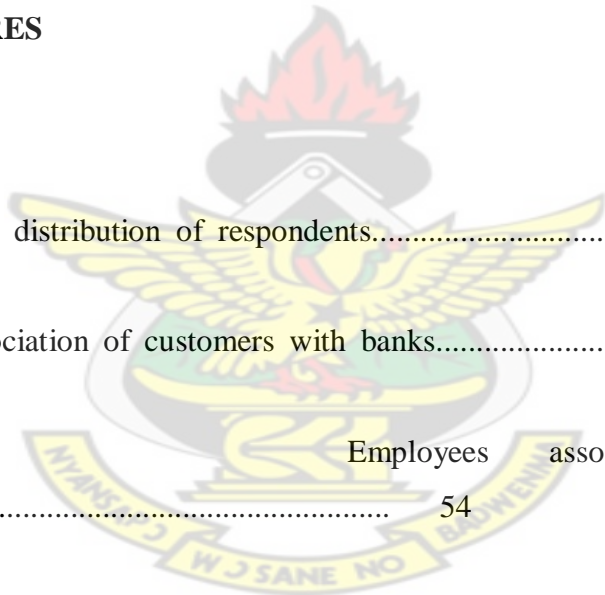
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LIST OF ACRONYMS

| | |
|----------|---|
| HR | Human Resources |
| ATM | Automated Teller Machine |
| GCB | Ghana Commercial Bank |
| SERVQUAL | Service Quality |
| PR | Public Relations |
| SPSS | Statistical Package for Social Sciences |

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CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Service quality is an attitude or global judgment about the superiority of a service (Robinson, 1999). To be globally competitive, service industries must achieve a quality service that exceeds customers' expectation. Service quality determines an organization's success or failure. Every industry employs customer satisfaction measures for the straightforward reason that satisfied customers are essential for a successful business. Service quality also determines a customer's satisfaction. However, the determinants of service quality are complicated with the dynamic business environment. Therefore, this measurement dimensions depend on the industry itself.

Service quality is influenced by expectation, process quality and output quality. In other words, the standard of service is defined by customers who have experienced that service and used their experience and feelings to form a judgment (Chen, Chen and Chen, 2001). In order to achieve a quality service organization, commitment from employees and support from all levels of management is necessary. Therefore, it is important for managers who provide goods or services constantly to keep track of information about the company's well being as far as meeting its customers' needs are concerned.

The banking industry, like many other financial service industries, is facing unprecedented set of challenges such as a rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers and the changing climate. Banking is a customer oriented service industry, therefore, the customer is the focus and customer service is the differentiating factors. Frontline employees must be in a position to understand the customers' requirements as they play a major role in satisfying their customers.

This study is intended to identify the service quality factors of the Ghana Commercial Bank Limited, a traditional banking institution, that influence customer satisfaction.

1.2 Problem statement

Providing excellent service quality is widely recognised as a critical business requirement. It is 'not just a corporate offering, but a competitive weapon' (Rosen et al, 2003) which is essential to corporate profitability and survival. However, service quality, particularly within the banking sector, remains a complex concept and there is little consensus as to the drivers for effective service delivery.

Within the service profit chain, service quality is driven, primarily, by employee satisfaction, which, in turn is influenced by HR practices. The overall chain sees service quality driving customer satisfaction, which creates customer loyalty leading to growth and profit. The specific relationship between employee satisfaction, service quality and customer satisfaction has been the subject of a number of empirical studies.

Perceived quality of service tends to play an important role in high involvement industries like banking services. Banks have traditionally placed a high value on customer relationships with both commercial and retail customers. In Ghana, the nature of customer relationships in banking has been changing, especially since the globalization, liberalization and the advent of ATMs and internet banking. Banks compete with each other to retain their customer base and in this process give more emphasis in improving the quality of their service.

In these situations the measurement of perceived service quality remains a challenge. In Ghana, there is little or no empirical study attempting to tackle the challenge. This study is, thus, intended to investigate the measurement of perceived service quality and customer satisfaction in Ghanaian context.

1.3 Objectives of the study

The main objective of the study is to examine the relationship between various service quality dimensions and customer satisfaction.

To achieve the main objective, the following specific objectives are considered:

1. To describe the various service quality dimensions
2. To determine the drivers of customer satisfaction
3. To establish the relationship between bank attributes and customer satisfaction
4. To examine the relationship between various demographic variables and satisfaction level of customers.

1.4 Research questions

Specifically, this study is designed to answer the following questions:

1. What are the various dimensions of service quality?
2. What are possible factors that may influence customer satisfaction?
3. Does improving the quality of bank attributes increase customer satisfaction?
4. Does bank service quality impact on customer satisfaction?

1.5 Significance of the study

Customer satisfaction is a critical business requirement. This study will lead to a better understanding of the influencing level of the attributes on customer satisfaction. The results of this study will not only contribute to the awareness of the relationship between the variables but it will also direct managers in areas for quality improvement to increase customer satisfaction. Through the statistical analysis, a conclusion on the existence of a relationship between qualities attributes of a bank and customer satisfaction will be more obvious.

1.6 Limitations to the study

As with all empirical research, there are a number of limitations anticipated. A robust longitudinal data is required to support the more prevalent cross sectional analyses and a desire for a greater understanding of sectors. Nevertheless, this study is based on a single case, within a specific, fast changing sector.

Again, operationalising the key constructs and developing relevant performance measures is both critical and challenging in this form of research. Two of the

constructs, customer satisfaction and staff satisfaction, are based on direct, specific questions supported by very large and frequent samples. Similarly, data for functional service quality is based on large samples, although the theoretical base and the use of a multi-item scale could be further developed. Measuring technical service quality is particularly challenging, given the limited amount of existing research and operational definitions. The researcher favoured consistency over depth and variety.

1.7 Overview of methodology

The simple random sampling method was used to collect primary data by the use of questionnaire. Two set of questionnaires were designed for both customers and staff of the bank. In all eighty one (81) questionnaire were administered to staff and four hundred and eighty (480) were administered to customers. The Special Package for Social Scientist was used to analyse the data in order to generate tables, charts and graphs.

1.8 Organisation of report

The study is divided into five chapters. Chapter one, the introduction, presents a succinct background to the study. The chapter also defines the research problem; the objectives, research questions, significance of the study, scope and limitation of the study.

Chapter two details a review of relevant literature in the area of service quality and customer satisfaction. The review in this chapter is categorised into theoretical and empirical literature.

The methodology adopted in gathering data to achieve the objectives of the study is presented in chapter three. The chapter vividly describe the research design, data requirements and data sources, and data collection instruments. All ethical issues regarding data collection and analysis are also discussed.

Chapter four present and discuss the findings of the study that is derived from the data gathered from the field. Finally, chapter five present summary of findings, recommendations and conclusions.

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CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers an extensive review of relevant theoretical and empirical literature related to customer satisfaction and service quality. It provides an overview of the major theoretical models and frameworks underpinning the constructs of customer satisfaction and service quality. The review also assesses the empirical findings from previous studies on the area.

2.2 Definition of Key Constructs

2.2.1 Service Quality

Service quality is key to the survival of all servicing companies and has been defined differently through the view of many researchers. Many of the definitions of service quality revolve around the identification and satisfaction of customer needs and requirements (Cronin and Taylor, 1992: 55-68; Parasuraman et al., 1988, 1985).

Bitner, Booms and Mohr (1994) defined service quality as 'the consumer's overall impression of the relative inferiority / superiority of the organization and its services'. Cronin and Taylor (1994) viewed service quality as a form of attitude representing a long-run overall evaluation. They assert that maintaining service quality at certain level and improving service quality must be life-time efforts to those companies who desire life-time prosperity in customers' heart. Parasuraman, Zeithaml and Berry (1985) also defined service quality as 'a function of the

differences between expectation and performance along the quality dimensions'. Likewise, Roest and Pieters' (1997) held similar view that service quality is a relativistic and cognitive discrepancy between experience-based norms and performances concerning service benefits.

2.2.2 Customer Satisfaction

Definitions of customer satisfaction have been widely discussed from the view of many researchers and organizations who increasingly desire to measure it. A group of researchers of the Center for the Study of Social Policy (2007)¹³ conceptualize that satisfaction is based on the customer's experience of both contact with the organization (the moment of truth) and personal outcomes. According to these researchers, satisfaction can be experienced in a variety of situations and connected to both goods and services. To another extent, these researchers defined satisfactions as a "highly personal assessment" that is greatly influenced by "individual expectations". This definition views "individual" element as powerful force to create satisfaction. Likewise, many researchers (Oliver, 1981; Brady and Robertson, 2001¹⁴) conceptualize customer satisfaction as an individual's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations.

Whereas, Boulding et al., (1993)¹⁶ and Yi and La (2004)¹⁷ conclude satisfaction into two general conceptualizations: transaction-specific satisfaction and cumulative satisfaction. Transaction-specific satisfaction is a customer's evaluation of his or her experience and reactions to a particular service encounter

(Cronin and Taylor, 1992; Boshoff and Gray, 2004). Cumulative satisfaction refers to the customer's overall evaluation of the consumption experience to date (Jones and Suh 2000)18.

Because customer satisfaction is highly variable assessment individuals do based on their experiences with specific features of products and services they receive, it makes sense for servicing organizations to involve customer satisfaction measurement as their meaningful benchmark for development.

2.3 Link between Service Quality and Customer Satisfaction

Many researchers have realized the interrelated values of service quality and customer satisfaction. Corrin and Taylor (1992) consider that service quality and customer satisfaction “share a close relationship”. Service quality is the key to measure user satisfaction (Pitt et al., 1995). Taylor and Baker (1994) and Rust and Olivier (1994) identified several factors that precede customer satisfaction. They argued that there are 5 antecedents that contribute to satisfaction: clear understanding of customer needs and expectations, perceived value, service quality, internal satisfaction and complaint management. This research showed that Service quality is one major attribute of satisfaction. It is said by Olivier (1993) that service quality is a casual antecedent of customer satisfaction, due to the fact that service quality is viewed at transactional level and satisfaction is viewed as an attitude. Dabholkar et al. (1996) reported that the service quality divisions are related to overall service quality and or customer satisfaction. Fornell et al., (1996) expressed that satisfaction is a consequence of service quality.

To another extent, other researchers suggested that in service field, service quality and customer satisfaction (also called the “constructs”) are separate but distinct constructs (Boulding et. al., 1993). They argued that service quality has specific dimensions judgments while customer satisfaction can be resulted from any dimension, whether or not it is quality related. They report that expectations for quality are based on ideals or perceptions of excellence, whereas customer satisfaction assessment comprise by non- quality issue such as needs, equity, perceptions of fairness etc.

From the review of literature it can be inferred that performance of service delivery can result in level of customer satisfaction. Most researchers recognise that customer satisfaction is a distinct construct from service quality, with service quality generally viewed as an antecedent to customer satisfaction.

2.4 Theoretical Framework

2.4.1 Measuring Service Quality

According to Johns and Howard (1998), quality measurements only have operational value if they are able to indicate the ways in which service was or was not satisfactory. For service providers, the assessment of service quality is made during the actual delivery of the service. Much current research on service quality is rooted in expectancy-disconfirmation theory, which holds that customers perceive service quality as the difference between when the actual service performances exceeds expectations and negative when the opposite is the case.

Parker and Mathews (2001) found that many studies supported the disconfirmation paradigm but others did not, for example, Churchill and Surprenant (1982) found that neither disconfirmation nor expectations had any effect on customer satisfaction with durable products.

2.4.1.1 SERVQUAL model

SERVQUAL model developed by extensive research by Parasuraman et al. (1985, 1988 and 1991) has been carried out widely to measure service quality in many sectors. Early research done by Parasuraman et al. realized that determinants of perceived service quality comprise of 2 elements of expected service and perceived service. This discrepancy is illustrated by Service Quality Gap. This gap is displayed in A “Gaps” Model in Service Quality as follows:

Gap 1: This gap appears when there is discrepancy between Customer Expectations and Management Perceptions of Customer Expectations.

Gap 2: appears when there is discrepancy between Management Perceptions of Customer Expectations and Service Quality Specifications.

Gap 3: occurs when there is differentiation between Service Quality Specifications and Service Delivery.

Gap 4: happens when there is discrepancy between Service Delivery and External Communications to Customers.

Gap 5: exists when there is distinction between Customers' Service Expectations and Customers' Service Expectations.

Initially, in their research, Parasuraman et.al. (1985) established a model based on dimensions of service quality that customers use to assess the service. There are 10 potentially overlapping dimensions: tangibles, reliabilities, responsiveness, communication, creditability, security, competence, courtesy, understanding/knowing the customer and access.

Tangibles: include the physical evidence of the service: physical facilities, appearance of personnel, tools or equipment used to provide the service, physical presentations of the service such as plastic ATM cards or bank statements.

Reliabilities: involve consistency of performance dependability. It means that the firm performs the service right the first time. It also means that the firm honors its promises. Especially it involves first call resolution, and following up ATM card delivery on designated time to customers.

Responsiveness: concerns the willingness or readiness of employees to provide service. It involves timeliness of service: calling the customer back quickly, or giving prompt service (cooperating with other personnel quickly to solve customers' problems).

Communication: means keeping customers informed in language they can understand and listen to them. It may mean that the company has to adjust its

language for different consumers – increasing the level of sophistication with a well-educated customer and speaking and plainly with a novice.

Creditability: involves trustworthiness, believability, and honesty. It involves having the customer's best interests at heart. Contributing to credibility includes company name, reputation, and personal characteristic of contact agents.

Security: is the freedom from danger, risk or doubt. It involves physical safety while doing transaction at ATM, or financial security and confidentiality (Are my dealings with the bank private?)

Competence: means possession of the required skills and knowledge to perform the service. It involves knowledge and skill of the agents, and research capabilities of the organization.

Courtesy: involves politeness, respect, consideration, and friendliness of agents, their sweet voices and helpful attitudes.

Understanding/knowing the customer: involves making the efforts to understand the customer's needs. It involves: learning the customer's specific requirements, providing individualized attention (say customer name while communicating) or recognizing the regular customers.

Access: involves approachability and ease of contact. It means: the service is easily accessible by telephone (lines are not busy and they do not put you on hold),

waiting time to receive service, convenient hours of operation, convenient location of service facility (location of bank branches, or ATM).

This model was applicable to any servicing organization in any industry. There were intensive debate regarding this model, as noted by Babakus and Boller (1992), there is a need to develop industry-specific measures of service quality. This is particularly important from a managerial perspective (Shemwell and Yavas, 1999). Because many of the questions in existing instruments (notably SERVQUAL batteries) intended to be applied across situations/services just do not apply in a specific context and force researchers to drastically alter the items (Babakus and Boller, 1992; Babakus and Mangold, 1992; Carman, 1990; McAlexander et al., 1994). Thus, instead of taking an existing instrument and trying to fit it to the context, a better approach is to develop an instrument specifically for the focal service (Parasuraman et. al., 1988, 1990).

Afterwards, the 10 dimensions were reduced to five by:

Tangibles: Appearance of physical facilities, equipment, personnel, and communication materials.

Reliability: Ability to perform the promised service dependably and accurately.

Responsiveness: Willingness to help customers and provide prompt service.

Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence.

Empathy: Caring, individualized attention the firm provides its customers.

Reliability

1. Providing service as promised
2. Dependability in handling customers' service problems
3. Performing services right the first time
4. Providing service at promised time
5. Keeping customers informed about when services will be performed

Responsiveness

6. Prompt service to customers
7. Willingness to help customers
8. Readiness to respond to customers' request

Assurance

9. Employees who instill confidence in customers
10. Making customers feel safe in their transactions
11. Employees who are consistently courteous
12. Employees who have the knowledge to answer customer questions

Empathy

13. Giving customer individual attention
14. Employees who deal with customers in a caring fashion
15. Having the customers' best interest at heart
16. Employees who understand the needs of their customers

Tangibles

17. Modern equipment
18. Visually appealing facilities
19. Employees who have a neat, professional appearance
20. Visually appealing materials associated with the service
21. Convenient business hours

2.4.1.2 Service Quality Model

According to Grönroos (1982), the quality of a service perceived by customers will differ depending on what strategy the company chooses to deliver and promote that service. The service quality model by Grönroos holds that the quality of a service, as it is perceived by the customer, can be divided into technical quality and functional quality dimensions. The former denotes what the customer receives as the output of a service production process and the latter how the technical quality is produced and transferred to the customer during buyer-seller interactions.

Grönroos posits that the technical quality is the “basic condition for a positively perceived total quality, but the functional quality is the one that adds competitive edge” (Gummesson and Grönroos, 1987). Furthermore, in the relationship marketing, the growth of the importance of functional quality in comparison to technical quality becomes a strategic one (Grönroos, 1993).

The distinction is also made in the model between perceived and expected service quality and it is suggested that the quality is perceived subjectively. Grönroos

(1988) further develops the model by positing that in the case of a company, which extends product offer with services, it is more appropriate to talk about total perceived quality. According to him, a high perceived quality is obtained when the experienced quality meets customer expectations, *i.e.* the expected quality. However, if the expectations are unrealistic, the total perceived quality will be below, even if high quality was experienced (Grönroos 1988).

The expected quality is heavily influenced by market communication (advertising, sales campaigns, PR and direct mail), word-of-mouth, company image, and customers' needs. While a company directly controls market communication, the word-of-mouth and company image are outside its immediate reach. Grönroos' conclusion is that the total perceived quality is not only defined by the level of technical and functional dimensions, but also by the gap between the expected and the experienced quality.

Whilst the conceptual separation of functional and technical service quality proposed by Gronroos (1984) has been widely supported, Kang & James (2004), highlight the difficulties faced when trying to operationalize these constructs. They note that some researchers have used SERVQUAL to measure functional quality (Powpaka, 1996; Richard and Allaway, 1993). However, two of the five items within SERVQUAL, reliability and tangibles, do not seem to fully align with the original concept of Functional Quality as outlined by Gronroos.

They also accord with the interpretations offered by Armistead (1990) regarding the 'soft' determinants of quality, for example, style (attitude of staff, accessibility

of staff and ambience); steering (the degree to which customers feel in control of their own destiny) and safety (trust, security and confidentiality) and Lassar et al's (2000) measures of functional quality including competence, availability, responsiveness and trustworthiness. Kang & James (2004) also note that technical quality measurement has typically been carried out using qualitative methods (Brady & Cronin, 2001). As such, few operational definitions have been developed. Indeed, the lack of attention to technical quality 'requires that researchers develop their own measures to assess the dimension'.

2.4.2 Frameworks for evaluating customer satisfaction

Different disciplines approach consumer research from different standpoints; however, they are all interested in identifying how an innovation - a new product or a service - is accepted by the consumers. Some disciplines use techniques for evaluating market response, others measure social influences on creating market acceptance, while yet others study personal characteristics of consumers and how these affect purchasing decision of each individual consumer. Each discipline also develops and uses specific methods as well. However, there are also general tools that are employed in many disciplines.

2.4.2.1 Kano Model of Customer Satisfaction

The Kano *et al.* (1996) model of customer satisfaction classifies product attributes based on how they are perceived by customers and their effect on customer satisfaction (Kano, Seraku et al. 1996). According to the model, there are three types of product attributes that fulfil customer satisfaction to a different degree: 1)

basic or expected attributes, 2) performance or spoken attributes, and 3) surprise and delight attributes.

A competitive product meets basic expected attributes, maximises performances attributes, and includes as many “excitement” attributes as financially feasible. In the model, the customer strives to move away from having unfulfilled requirements and being dissatisfied.

The *performance or spoken attributes* (the central line of the model) are those expressed by customers when asked what they want from the product. Depending on the level of their fulfilment by a product or a service these requirements can satisfy or dissatisfy consumers. The *basic or expected attributes* (lower curve in the model) are basic attributes, which customers take for granted and they are so obvious that they are not worth mentioning. While the presence of these attributes is not taken into account, their absence is very dissatisfying.

The *surprise and delight attributes* (upper curve in the model) lay beyond customer’s expectations. If they are present they excite the customer, but their absence does not dissatisfy, as customers do not expect them. A successful combination of expected and exciting attributes provides a company with an opportunity to achieve competitive advantage. A successful company will correctly identify the requirements and attributes and use them to document raw data, user characteristics, and important service or product attributes.

2.4.2.2 Innovation framework

The process of adopting new products has also been studied within innovation adoption literature, and in particular the Rogers' (1995) innovation framework. The framework suggests five steps, through which an adopter goes to the adoption of a new product or a service (Rogers 1995: 36):

First knowledge of an innovation → forming an attitude toward the innovation → decision to adopt or reject → implementation of the new idea → confirmation of this decision.

First knowledge of an innovation

The first knowledge is acquired when an individual is provided with the information about the innovation. The attitude is formed evaluating the features of innovation and a resolution on accepting or rejecting the product follows. Implementation corresponds to the consumption and confirmation refers to the need to reaffirm the decision about the innovation adoption.

Forming an attitude toward the innovation

Rogers also maintained that people accept innovation differently, depending on their personality, their innovativeness, and interpersonal communication, and according to this could be classified into innovators, early adopters, early majority, late majority, and laggards. Innovators seek newness and value the time period that is passed since the product launch. Laggards seek reassurance and confirmation about product or service qualities through interpersonal communication and word-of-mouth.

Decision to adopt or reject

A large number of studies have analysed the differences between earlier and later adopters based on socio-economic, demographic, cultural, or psychological criteria (Tornatsky, Eveland et al. 1983), (Gatignon and Robertson, 1985), (Frank, Sundqvist et al. 2001), (McMeekin and Tomlinson 1998), (Cestre and Darmon 1998).

Implementation of the new idea

Besides adopter categories, Rogers also identified a range of factors affecting the rate of adoption: Perceived attributes of the innovation; Relative advantage; Compatibility; Trialability; Complexity; Observability; Type of innovation-decision; Communication channels; Nature of the social system; Extent of change agents' promotion efforts. These factors are often used in many innovation studies as evaluation criteria, based on which questionnaires for consumer surveys are developed.

2.4.3 Frameworks for evaluating customer satisfaction with services

Many studies suggest that there is a fundamental difference between products and services, namely it is the way they are produced and consumed (Grönroos, 1990; Grönroos, 1998), (Edvardsson 1997; Edvardsson 2000), (Bateson and Hoffman 1999). The time period between service production and consumption is considerably shorter than for products. Most of the services are produced “on a spot” in an interactive process, in which customers and company employees meet.

Satisfaction with service quality depends on a large number of dimensions - both tangible and intangible attributes of the product-service offer. The impact of intangible dimensions on consumer satisfaction is of particular interest at this point.

Non-verbal behaviour

Many psychological studies even show that non-verbal behaviour by the service provider greatly affects service evaluation (Gabbott, 2000). For example, the quality of interaction between customer and service provider influences customers' perception of service quality. In services, a single employee may affect service efficiency and consequent customer satisfaction with the service (Barnard, 2002). Even customers own involvement and participation in the service delivery affect customer satisfaction (Kelly, Skinner et al. 1982).

Customers' own evaluation of quality

Due to the differences in production and provision of products and services, customers evaluate quality and attributes of material goods and services in different ways (Mathe and Shapiro, 1993). This realisation has initiated a discussion on the need for special tools for evaluating more diverse and less tangible services (de Brentani, 1989). Responding to the growing demands for developing specific and reliable ways to measure customer satisfaction in service industries, a number of studies have been conducted that suggested methodological frameworks for measuring customer satisfaction (Markovic and Horvat, 1999).

Measuring customer satisfaction

Other studies looked at what measures are used by service companies for measuring customer satisfaction. Studying how financial sector measures customer satisfaction Edgett and Snow (1997) showed that even though it is mostly traditional (financial) measures that are being used by the sector, they do not provide a sufficient basis for innovation in services and multidimensional approaches need to be devised.

Different measure of customer satisfaction

The two most often used types of measures in service companies are the increase in the number of customers and increase in portfolio dollars. However, the most useful types were direct personal interviews with customers and measure of customer expectations and perceptions. Surprisingly, companies use traditional quantitative measures, but perceive qualitative measures as the most useful. Authors concluded that financial institutions are not satisfied that the traditional accounting-type measures are presenting the full performance picture for new products (Edgett and Snow, 1997).

2.5 Toolbox for measuring customer satisfaction

In spite of various standpoints and theories of consumerism, different disciplines generally employ similar sets of approaches and tools for studying consumer satisfaction. The approaches can be exploratory, descriptive, comparative or interpretative, and the most common tools are consumer surveys/polls, interviews and focus group discussions.

Exploratory and descriptive approaches are usually employed for evaluating attitudes, opinions, and public understanding of various issues, i.e. health and environment, consumer attitudes towards specific instruments or coercive measures. Comparative and explanatory approaches are involved in studying particular consumer behaviours, i.e. recycling; and for development of predictions of specific factors that may affect values and attitudes, which in their turn may lead to changes in behaviour. Interpretative methods and envisioning are used for predicting the consequences of particular consumption patterns, i.e. dematerialised lifestyles.

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2.5.1 Surveys

Customer satisfaction surveys are a questionnaire based information collection tool to determine the level of satisfaction with various product or service features. Developing a good questionnaire is the key to collecting good quality information. Questions must be short and concise, well formulated, easy to interpret and answer, and facilitate unbiased responses.

Many methods are being used for gathering survey information. *Telephone surveys* are generally used to collect data from a large group of customers and to target segment markets. They are more effective in obtaining data than mail or e-mail questionnaires and can potentially provide a higher depth of data (Fetz, 1996). *Online surveys* offer an economical and fast alternative form of surveying. They can be utilised with current customers, or the entire on-line population to provide fast feedback on satisfaction and allow quick automatic information processing.

Mail surveys are the least expensive approach, but they often have a low response rate (20-30%), which becomes problematic for the statistical reliability of the data. These surveys also do not permit follow-up questions and do not offer the depth of a telephone survey (Dickey, 1998). *Return cards* allow getting customer response and certain possibility for measuring customer satisfaction. They proved to be especially useful if they are used in after-sale interaction with consumers, e.g. repair or service activity or warranty registration (Dickey, 1998).

Customer intercepts and exit surveys are two types of in-store information collection methods. They are especially useful in probing customer in their shopping environment. These surveys aim to intercept consumers in retail places and deliver a short structured questionnaire on their satisfaction with the delivered service, preferences, or behaviour. The intercept surveys can also incorporate limited product testing, which provides opportunity to appraise consumer opinion immediately after sampling a product.

Measurement scales in surveys

Along with the development of consumer research, the number of measurement scales used in customer satisfaction surveys is growing (Devlin, Dong et al. 1993), which complicates data analysis. Some studies, for example, may list over 40 different scales (Haddrell, 1994).

Two broad types of scales, however, could be distinguished: *single-* and *multi-item* scales. The single-item scales are simple, for example, many studies have used simple single-item scales such as “very dissatisfied” to “very satisfied” responses.

The problem is that these scales are hardly able to capture different nuances related to products and services, which reduces their reliability and the only possibility for assessment is a test-retest format (Yi, 1989).

The multi- item measures in this case a much offer a better capture of customer satisfaction. Here survey respondents are asked not only to provide an overall evaluation of their satisfaction with the product or service, but are also required to evaluate the key components or dimensions of the offer. The reliability of the result, therefore, is higher than when using single-item scales. The multi-item scales can be presented in a number of different ways: Likert, verbal, graphic, semantic differentials, and inferential scales. Some authors suggest that the semantic differential scale is probably most reliable (Westbrook and Oliver, 1981).

Even though the survey techniques are well developed and have a long history, they have benefits and drawbacks. The main ones are outlined below:

Benefits:

1. Access to many customers - broad sample;
2. Opportunity to see and describe variations and distributions of variables in population;
3. Possibility to gain general information about consumers' attitudes, intentions, and perceptions;
4. Amount of collected data allows use of statistical analysis for explaining and predicting certain behaviours.

Drawbacks:

1. Problematic to make consumers understand and interpret questions in the same way;
2. People tend to provide socially acceptable answers;
3. Time consuming and difficult to develop good questionnaire;
4. Difficult to get access to needed population/sample;
5. Questionnaires require testing, but once at use corrections are difficult to make.

2.5.2 Psychographic portrait of customers

A psychographic portrait of customers is part of psychographic research, which analyses the consumer's activities, interests, and opinions about products, services, and shopping experiences. The method is a descriptive research method identifying the detailed characteristics of potential or existing clients. It combines sociological methods of gathering consumer information (social and demographic characteristic, information on consumption patterns, etc.) with the methods originating from personality psychology.

The development of an exhaustive and accurate customer portrait requires extensive quantitative research. The typical variables included here are: type of work, income, size of family, place of residence, interests and hobbies, identification with cultural or behavioural patterns, expectations and requirements regarding the quality/brand of merchandise, quality of service, etc. Customers' purchasing habits would include such issues as: who do they usually go shopping with, how often, how long do they spend in a shop, etc. Psychographic portraits of

many customers allow customer segmentation in terms of purchase frequency, respondents' experience of various shopping centres or service organisations, as well as benchmarking against competitors.

The strength of a psychographic portrait is that by collecting information about consumption patterns and perceptions it combines both qualitative and quantitative data and thus provides extensive background information for market segmentation and potential customisation of products or services. The weaknesses are that the method is time consuming and relies on very extensive information. The reliability is likely to be medium as it relies on self-reporting of customers. An extensive experience is required to create a reliable psychographic portrait of customers.

2.6 Empirical Review

Many empirical studies have been conducted to test SERVQUAL model in specific industries. In the banking industry, many researches have been undertaken (Yavas et. al., 1997; Bahia and Nantel, 2000; Lassar et. al., 2000; Duncan and Elliott, 2002; Jabnoun and Al-Tamimi, 2002; and Arasli et. al., 2005).

Upal M. (2008) applied SERVQUAL approach in evaluating customer satisfaction in telecommunication industry in Bangladesh. The traditional SERVQUAL five dimension models were adjusted into four dimension model. These dimensions are responsiveness, assurance, communication and discipline. The research showed that front office employees are vital to the success of any service organization. Satisfied employees reinforce customer satisfaction, which in turn reinforce employee satisfaction. In addition to that, customers' education in the service

delivery process contributes to their satisfaction. Managerial orientation also is one of the major forces that drive customer satisfaction.

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the researcher process adopted, discusses the sampling technique used and continues with an explanation of the data collection and analysis methods employed by the researcher including a justification for the approach and methods. In order to choose the methods for this project, due consideration was given to information gathered from existing research already done in this field as obtained from the literature review and discussed earlier, as well as technical and practical constraints.

3.2 Research Design

Surveys may be used from descriptive, explanatory and exploratory research. A descriptive survey design is being adopted. A survey is used to collect original data for describing a population too large to observe directly. A survey obtains information from a sample of people by means of self-report; that is the people respond to a series of questions posed by the investigator. In this study, data was collected through self-administered questionnaires distributed personally to the customers and staff by the researcher.

A descriptive survey is selected because it provides an accurate portrayal or account of the characteristics; for example, behaviour, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group.

3.3 The Study Area

Ghana Commercial Bank Ltd. started in 1953 as the Bank of the Gold Coast to provide banking services to the emerging nation for socio-economic development. The Bank was to provide special attention to Ghanaian traders, business people and farmers who could not elicit support from the expatriate banks and other financial institutions.

In 1957, when Ghana attained independence, Bank of Ghana was established as the Central Bank while the Bank of the Gold Coast was renamed Ghana Commercial Bank to focus solely on commercial banking services. Since then Ghana Commercial Bank Limited (GCB) branches have been opened across the length and breadth of the nation tapping the potential of the ten (10) regions that make Ghana.

GCB provides a wide range of products and services for the benefit of its customers. From the traditional products of the Current/Savings Accounts, GCB now offers specialized products and services including Link2Home for Ghanaians resident abroad, doorstep cash collection, loans and overdrafts. There are also investment products like treasury bills as well as fixed and call deposits. These are cut to suit the individual needs of customers.

From the one branch of the 1950s, GCB now has over one hundred and fifty seven (157) branches including the three branches in Tamale under study. The Tamale Main Branch was opened in 1972, Tamale Market Branch in 1976 and lately the Hospital Road Branch in 2008. The mission of the Bank is to be the established leader in banking, satisfying the expectations of customers and shareholders, providing a full range of cost efficient and high quality services through the optimization of information technology and efficient branch network.

3.4 The Study Population and Sample

The population for this study consists of all the customers of Ghana Commercial Bank at the three branches (Tamale Main, Tamale Market and Hospital Road branches) within the Tamale metropolis of the Northern region during the period of the research.

The simple random sampling was used in drawing a sample frame from the population. A convenient sample of four hundred and eighty (480) customers would be selected from the three branches. A sample is defined as elements selected with the intention of finding out something about the total population from which they are taken. A convenient sample consists of subjects included in the study because they happen to be in the right place at the right time. The sample includes two hundred and sixty (260) customers from the main branch with a total of thirty thousand seven hundred and eight (30768) customers, one hundred and thirty (130) customers from the Tamale Market branch with a total of eleven thousand and ninety seven (11097) customers, the second largest in the metropolis, and ninety (90) customers from the most recent Hospital Road branch with a total of three thousand seven hundred and eighteen (3718) customers. Available subjects was entered into the study until the sample size of four hundred and eighty (480) was reached. Again questionnaire was administered to eighty one (81) staffs from the three branches; forty (40) from Tamale main out of forty five (45), twenty three (23) from Tamale market out of twenty five (25) and eighteen (18) from Hospital road branch out of twenty (20).

3.5 Sampling Techniques

Sampling refers to the selection of a subset of elements from a large group of objects, for the purpose of being able to draw general conclusion about the entire population. Non-probability sampling is intended for this research project due to the time and resource constraints, and also because of the population in question. As far as this study is concerned, the population extends to anyone who visits the banks identified to transact any form of

business, and it would be beyond the scope of this project to try and ensure that there is some degree of foreseen probability in selecting a sample systematically. As a result, those individuals who are regular and active customers have much higher chance of being included in the survey than those who are not. This constitutes a case of convenience sampling.

3.6 Data Collection and Instruments

Data collection is a precise, systematic method of gathering information relevant to the research purpose, or of addressing the research objectives, and research questions or hypothesis. The type and nature of the required data was identified and then, those collection methods which are best suited to the collection of the identified data types was selected.

Survey research has been the most common means by which researchers in any subject area collect data. While this approach lacks the scientific thoroughness of laboratory experiments, the data obtained permit inferences to be made about associations and relationships among variables. In addition, the survey method allows the investigation of intangible phenomena that cannot be observed directly by the researcher. Three major survey research methods are commonly suggested in the literature: the questionnaire, the personal interview, and the telephone survey. Each has its own advantages and disadvantages, which have to be evaluated in order to suit the context in which each method is employed.

In this research, a questionnaire was chosen as the data collection instrument because it offered a feasible solution to the problem of distance between subjects

and researcher. Beside, the questionnaire is self-administering, and easy to classify and analyse.

3.6.1 Primary data collection

In gathering primary data, the researcher employed the techniques of questionnaire administration and observation.

Questionnaire

Closed questions were used to help respondents make a choice of answer as soon as possible and also to aid coding at the end of the data collection. A 5-point Likert scale has been employed to measure the different constructs anchored from strongly disagree to strongly agree. The 5-point likert scale has been assigned points 1,2,3,4 and 5 to terms of strongly disagree, somehow disagree, neither agree nor disagree, agree and strongly agree as in the order of the numbers. As to service quality, nineteen (19) measurement variables are adapted from Parasuraman et al. (1988; 1991) SERVQUAL instrument was used to assess service quality of the bank. This led to five-factor dimension of service quality, consisting of tangibles, reliability, responsiveness, assurance and empathy.

The customer questionnaire does contain three parts: Section I does contain questions about the customers' general information/perception of their relationship with the bank. Sections II and III ask the customer to evaluate the bank in terms of various constructs.

Observation

To further obtain primary data, adherence to various service levels was also observed; for example, call waiting times, branch queuing times and time to delivery for consumables such as replacement of debit cards and cheque books, as well as the functioning of Automated Teller Machines (ATM).

3.6.2 Secondary data collection

For secondary data, a wide range of service performance data routinely generated by the branches was used. Volumes of complaints captured and reported consistently were also relied upon.

3.7 Data Analysis

The data collected through the questionnaires was analysed using the Statistical Package for Social Sciences (SPSS) to generate tables, pie chart, bar charts and other relevant graphs. Two major approaches of data analyses that were used are descriptive statistic and inferential statistic.

The researcher explored the interrelationship between dependent variable (customer satisfaction) and the independent variables (service quality and firm image).

3.8 Summary

This chapter focuses on the research design and methodology used to accomplish the study objectives. Firstly, the structure of the research methods employed in this study was discussed, and the considerations that were taken into account in

adopting the research methodology were presented. Secondly, detailed descriptions of the population of the study, data collection instrument, and the main survey procedures were given. Finally, the chapter ended by presenting the statistical analysis techniques used in this study. An analysis and interpretation of the empirical data collected through these methods is presented in the next chapter.

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CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The study aimed at examining the relationship between the dimensions of service quality and customer satisfaction. The relationship between bank attributes and customer satisfaction, among other specific objectives were considered. This chapter presents the data gathered from the study field, analyzes the data and then discuss the results thereof. This would permit sound inferences and conclusions based on which to offer well thought out recommendations. The chapter begins with an overview of the demographic profile of the respondents selected for the study, customers' association with the bank in terms of duration, frequency of visits, customers' banking and account history. It goes on to assess the service quality of the bank using the SERVQUAL model.

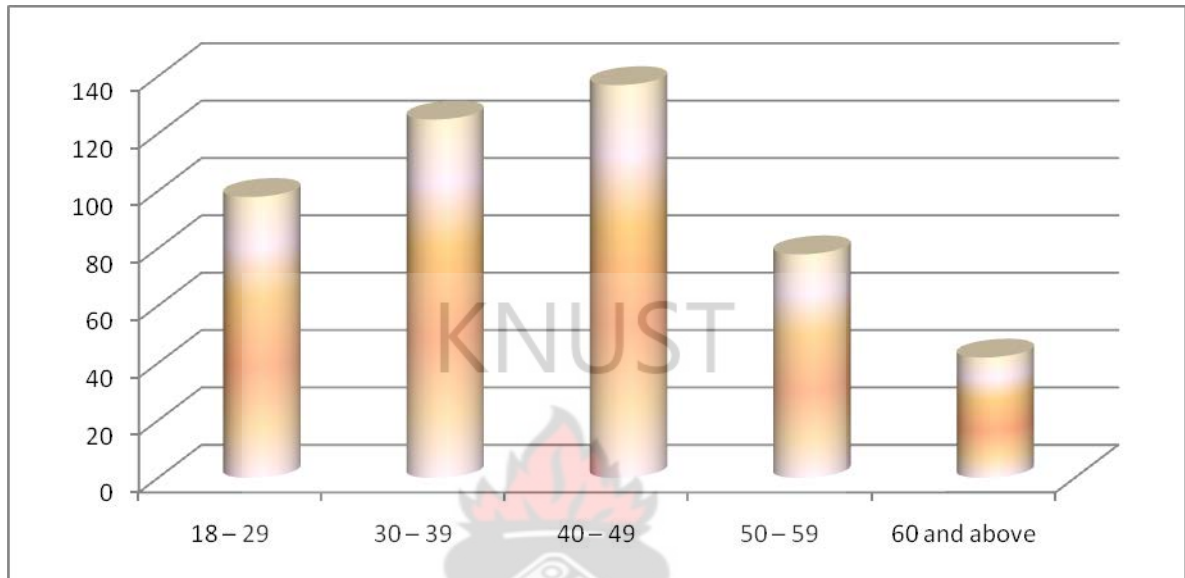
4.2 Demographic Profile of the Respondents

In all five hundred (500) questionnaires were randomly distributed to customers in all the three branches of Ghana Commercial Bank Limited in Tamale that were targeted. Out of the five hundred (500) questionnaires, four hundred and eighty (480) questionnaires were returned as well responded, yielding an approximately 96% response rate. The profile of the customers with respect to their age and gender is shown in Table 4.1 and 4.2 respectively.

Among the respondents 21.3 per cent are in the age group of 18 – 29, 27.1 per cent are in the age group of 30-39 years, and 29.7 per cent are in the age group of 40 – 49, 14.8

percent in the age group of 50 – 59, with 7.2 percent above 60 years as depicted by fig 4.1 below.

Figure 4.1: Age distribution of respondents



Source: Researcher's Field Data (May, 2011)

Of the total sample respondents 71.25 per cent are male respondents and 28.75 per cent are female respondents as shown by table 4.1 below. Further 78.0 per cent of the respondents are married and 31.8 per cent are unmarried. Further, with regard to the educational qualifications of the sample respondents it can be seen from the table that a majority (41.2 per cent) of the respondents are graduate holders and this is followed by post graduate respondents with 33.5 per cent.

Table 4.1: Gender Distribution of Respondents

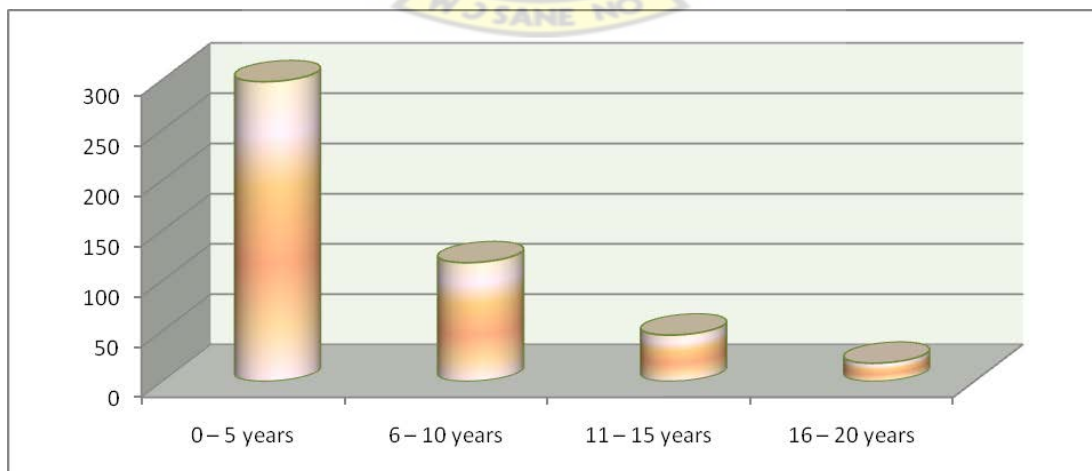
| | Frequency | Percentage |
|--------|-----------|------------|
| Male | 342 | 71.25% |
| Female | 138 | 28.75% |
| Total | 480 | 100 |

Source: Researcher's Field Data (May, 2011)

4.3 Relationship of the Customer with the Bank

Fig. 4.2 depicts the customer association with the bank, table 4.4 also shows how easy it is for customers to contact the bank, whereas table 4.2 exhibits the perception of the customers regarding whether the extent to which the bank puts the interest of customers first. 62 percent of the respondents have been with the bank for 5 years or less, 24.6 percent of them have associated with the bank for 6 to 10 years, 9.6 percent of the customers have also dealt with the bank for 11 to 15 years, with only 3.8 percent of customers who have done business with the bank for 16 to 20 years.

Figure 4.2: Association of customers with banks



Source: Researcher's Field Data (2011)

Table 4.2 below also depicts how easy it is for customers to contact the bank. Only 11.3 percent of the respondents find it very easy to contact the bank, while 16.7 percent find it easy to contact the bank. Most customers, however, complain bitterly about the very uneasiness regarding how to contact the bank for transactions. Thus, the bank has a lot to do with getting its customers to enjoy contact with the bank with ease. With 72% of respondents finding it not easy to contact the bank explains this.

Table 4.2: Contact with the bank

| | Frequency | Percentage |
|-----------|-----------|------------|
| Very easy | 54 | 11.3 |
| Easy | 80 | 16.7 |
| Not easy | 346 | 72 |
| Total | 480 | 100 |

Source: Researcher's Field Data (May, 2011)

To what extent do you feel the bank is putting your interest first? 7.5 percent of the respondents indicated "to a large extent", 25 percent said "to some extent" while 67.5 percent of the respondents feel "to a limited extent" that the bank is putting their interests first. This is depicted in table 4.3 below.

Table 4.3: Perception of bank's treatment

| | Frequency | Percentage |
|---------------------|-----------|------------|
| To a large extent | 36 | 7.5 |
| To some extent | 120 | 25 |
| To a limited extent | 324 | 67.5 |
| Total | 480 | 100 |

Source: Researcher's Field Data (May, 2011)

4.4 Results of SERVQUAL measurement variables

SERVQUAL model developed by extensive research by Parasuraman et. al. (1985, 1988 and 1991) has been carried out widely to measure service quality in many sectors. Like the most other recent studies, this study employed the five composite dimensions for the measurement of service quality as outlined in the SERVQUAL model. The perception of respondents were therefore measured based on these dimensions.

4.4.1 Responsiveness

This relates to the willingness of frontline staff to help customers and provide prompt services to them. Table 4.4 depicts the perception of customers on the bank's responsiveness.

Table 4.4: Customers' Perception of Bank's Responsiveness

| | 5 Strongly satisfied | 4 Somehow Satisfied | 3 Neither satisfied nor dissatisfied | 2 Somehow dissatisfied | 1 Strongly Dissati sified |
|--|----------------------------|---------------------------|--|------------------------------|------------------------------------|
| 1. Willingness to help customers | 15% (72) | 24% (115) | 23% (110) | 3% (15) | 35% (168) |
| 2. Prompt service to customers | 2% (9) | 3% (15) | 8% (38) | 25% (120) | 62% (298) |
| 3. Keeping customer informed about when services will be performed | 10% (48) | 18% (87) | 15% (72) | 19% (91) | 38% (182) |
| 4. Readiness to respond to customers' request | 15% (72) | 24% (115) | 23% (110) | 3% (15) | 35% (168) |

Source: Researcher's Field Data (May, 2011).

From the table, 15 percent of the respondents are strongly satisfied with frontline staff's willingness to help customers, 23 percent of them are neither satisfied nor dissatisfied that the bank's employees are willing to help customers, while 35% of them are strongly dissatisfied with staff willingness to help customers. This indicates that majority of customers perceive that frontline staff of the bank are mostly not willing to help them.

The situation is even worse when it comes to the rendering of prompt services. As low as 2 percent of respondents are strongly satisfied with prompt service the bank renders. 62% of them are strongly dissatisfied with the promptness of service received from the bank.

Regarding keeping customer informed about when services will be performed, 10% of the respondents said they are strongly satisfied, 18% of them are somehow satisfied, 15% of them were neither satisfied nor dissatisfied, 19% of them are somehow dissatisfied while 38% of the respondents are strongly dissatisfied. 15% of the respondents are also strongly satisfied with the readiness of frontline staff of the bank to respond to customers' requests, 24% somehow satisfied, 23% neither satisfied nor dissatisfied, 3% somehow dissatisfied and 35% of them being strongly dissatisfied with the readiness of the frontline staff of the bank to respond to customers' request.

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4.4.2 Assurance

Assurance relates to the knowledge and courtesy of employees and their ability to inspire trust and confidence. The perception of the customers based on four key variables of assurance was measured and all responses have been analyzed in table 4.5 below. On the satisfaction of customers concerning employees who instil confidence in customers, 8% of the respondents are strongly satisfied, 22% are somehow satisfied, 35% are neither satisfied nor dissatisfied, 5% are somehow dissatisfied while 30% of them are strongly dissatisfied.

On employees been consistently courteous, 21% of the respondents are strongly satisfied, 19% are neither satisfied nor dissatisfied, while 24% of them are strongly dissatisfied.

Table 4.5: Customers' Perception of Bank's Assurance

| | 5 Strongly satisfied | 4 Somehow Satisfied | 3 Neither satisfied nor dissatisfied | 2 Somehow dissatisfied | 1 Strongly Dissatisfied |
|--|----------------------------|---------------------------|--|------------------------------|-------------------------------|
| 1. Employees who instil confidence in customers | 8% (38) | 22% (106) | 35% (168) | 5% (24) | 30% (144) |
| 2. Employees who are consistently courteous | 21% (101) | 18% (86) | 19% (91) | 18% (87) | 24% (115) |
| 3. Employees who have the knowledge to answer customer questions | 32% (154) | 29% (139) | 19% (91) | 12% (58) | 8% (38) |
| 4. Making customers feel safe in their transactions | 31% (149) | 32% (154) | 13% (62) | 16% (77) | 8% (38) |

Source: Researcher's Field (May, 2011)

4.4.3 Empathy

Empathy involves caring, individualized attention the bank provides its customers. The elements of empathy as measured are depicted in table 4.6. Empathy relates to the banking hours convenient to customers, the kind of personal attention granted to customers, employees having the interest of customers at heart.

With regard to convenient business hours, 25% of the respondents were revealed to be strongly satisfied, 22% were neither satisfied nor dissatisfied while 22% are totally dissatisfied. However, in terms of giving customers personal attention, 28% are strongly satisfied, 24% are somehow satisfied but 25% are dissatisfied. On employees who

understand the customer's needs, only 12% are strongly satisfied against 20% and 54% who are somehow dissatisfied and totally dissatisfied respectively. Also, on having the customers' best interest at heart, only 8% are strongly satisfied 18% are neither satisfied nor dissatisfied while 33% are totally dissatisfied.

Table 4.6: Customers' Perception of Bank's Empathy

| | 5 Strongly satisfied | 4 Somehow Satisfied | 3 Neither satisfied nor dissatisfied | 2 Somehow dissatisfied | 1 Dissatisfied |
|--|----------------------------|---------------------------|--|------------------------------|-------------------|
| 1. Convenient business hours | 25% (120) | 27% (130) | 22% (106) | 4% (19) | 22% (105) |
| 2. Giving customers personal attention | 28% (135) | 24% (115) | 15% (72) | 8% (38) | 25% (120) |
| 3. Employees who understand the customer's needs | 12% (58) | 8% (38) | 6% (29) | 20% (96) | 54% (259) |
| 4. Having the customer's best interest at heart | 8% (38) | 12% (58) | 18% (86) | 29% (139) | 33% (159) |

Source: Researcher's Field Data (May, 2011)

4.4.4 Tangibles

Tangibles entail appearance of physical facilities, equipment, personnel, and communication materials. Tangibles cover the way frontline staff appear, the appealing nature of facilities, the availability of modern equipment at the bank.

Table 4.7 below depicts the perception of customers/respondents on the bank's tangibles. Considering employees who have a neat appearance, it has been revealed that

24% are strongly satisfied, 21% are somehow satisfied, 18% are neither satisfied nor dissatisfied, while 29% are totally dissatisfied. On visually appealing facilities, only 15% are satisfied while 15% and 35% are somehow dissatisfied and totally dissatisfied respectively. Meanwhile, on the use of modern equipment only 8% are strongly satisfied, 17% are neither satisfied nor dissatisfied but 34% are totally dissatisfied.

Table 4.7: Customers' Perception of Bank's Tangibles

| | 5 Strongly satisfied | 4 Somehow Satisfied | 3 Neither satisfied nor dissatisfied | 2 Somehow dissatisfied | 1 Dissatisfied |
|---|----------------------------|---------------------------|--|------------------------------|-------------------|
| 1. Employees who have a neat, professional appearance | 24% (115) | 21% (101) | 18% (87) | 8% (38) | 29% (139) |
| 2. Visually appealing facilities | 15% (72) | 18% (86) | 17% (82) | 15% (72) | 35% (168) |
| 3. Modern equipment | 8% (38) | 12% (58) | 17% (82) | 29% (139) | 34% (163) |

Source: Researcher's Field Data (May, 2011).

4.4.5 Reliability

Reliability refers to the ability of the bank to perform the promised service dependably and accurately. Providing services at the promised time, dependability in handling customer service problems and maintaining error-free records were the variables measured. The various variables measured under reliability have been outlined in table 4.8.

On providing services at the promised time, 45% are strongly satisfied, 23% are somehow satisfied, 8% are neither satisfied nor dissatisfied, and 9% are totally dissatisfied. In terms of dependability in handling customers' problems, only 9% are strongly satisfied, 12% are somehow satisfied, 69% are totally dissatisfied but none are somehow dissatisfied. On providing services as promised, 28% are strongly satisfied, 18% are neither satisfied nor dissatisfied but 10% are totally dissatisfied. Finally, on maintaining error-free records, 38% are satisfied, 24% are somehow satisfied, 26% are neither satisfied nor dissatisfied, 4% are somehow dissatisfied, while 8% are totally dissatisfied.

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Table 4.8: Customers' Perception of Bank's Reliability

| | 5 Strongly satisfied | 4 Somehow Satisfied | 3 Neither satisfied nor dissatisfied | 2 Somehow dissatisfied | 1 Dissatisfied |
|--|----------------------------|---------------------------|--|------------------------------|-------------------|
| 1. Providing services at the promised time | 45% (216) | 23% (111) | 8% (38) | 15% (72) | 9% (43) |
| 2. Dependability in handling customers' service problems | 9% (43) | 12% (58) | 10% (48) | | 69% (331) |
| 3. Providing services as promised | 28% (134) | 27% (130) | 18% (86) | 17% (82) | 10% (48) |
| 4. Maintaining error-free records | 38% (182) | 24% (115) | 26% (125) | 4% (19) | 8% (39) |

Source: Field Data (May, 2011).

In summary of the perception of customers regarding the five dimensions, it can be said that customers are strongly dissatisfied with the bank's service quality. Respondents perceive that the bank is not responsive in terms of the willingness of front line staff to provide prompt services. 87% of the respondents are not satisfied with the bank's promptness on service delivery. Even though customers are assured of the fact that employees of the bank are knowledgeable, they are still dissatisfied with the staff ability to instil confidence in them.

The respondents also indicated their dissatisfaction with the empathy of the bank; that is caring, individualized attention to customers; 74% of the respondents are dissatisfied with the behaviour of employees to the effect that they understand the personal needs of customers, whereas 62% of them are dissatisfied with the ability of employees to give personal attention. On tangibles, respondents are dissatisfied with the kind of equipment and facilities, but to some extent, satisfied with the professional appearance of staff.

4.5 Results of Customer Satisfaction Measurement

A group of researchers of the Centre for the Study of Social Policy (2007) conceptualize that satisfaction is based on the customer's experience of both contact with the organization (the moment of truth) and personal outcomes. To another extent, these researchers defined satisfactions as a "highly personal assessment" that is greatly influenced by "individual expectations". This definition views "individual" element as powerful force to create satisfaction.

4.5.1 Customer satisfaction

Because customer satisfaction is highly variable assessment individuals do based on their experiences with specific features of products and services they receive, it makes sense for servicing organizations to involve customer satisfaction measurement as their meaningful benchmark for development. The study thus, measured some customer satisfaction variables as well respondents' perception of the bank's corporate image. The measurement of customer satisfaction is depicted in table 4.9.

From the study, 89% of the respondents are strongly dissatisfied with the overall customer satisfaction of the bank, whereas 8% of the respondents are strongly satisfied, with 3% neither satisfied nor dissatisfied. There was no response regarding the expectancy disconfirmation variable. But 85% of the respondents were strongly dissatisfied with the performance of the bank against customer's ideal service provider in the category, 7% of them strongly satisfied, while 8% of them are neither satisfied nor dissatisfied.

Table 4.9: Customer satisfaction

| Measurement Variable | <i>Strongly satisfied</i> | <i>Somewhat satisfied</i> | <i>Neither satisfied nor dissatisfied</i> | <i>Somewhat dissatisfied</i> | <i>Strongly dissatisfied</i> |
|---|---------------------------|---------------------------|---|------------------------------|------------------------------|
| 1. Overall satisfaction | 8% (38) | | 3% (15) | | 89% (427) |
| 2. Performance that falls short of or exceeds expectations | -- | -- | -- | -- | -- |
| 3. Performance versus customer's ideal service provider in the category | 7% (34) | | 8% (38) | | 85% (408) |

Source: Researcher's Field Data (May, 2011)

4.5.2 Corporate image

Table 4.10 below depicts respondents' perception as regards the corporate image of the bank.

Table 4.10: Perception of customers on corporate image

| | <i>Strongly satisfied</i> | <i>Somehow satisfied</i> | <i>Neither satisfied nor dissatisfied</i> | <i>Somehow dissatisfied</i> | <i>Strongly dissatisfied</i> |
|--|---------------------------|--------------------------|---|-----------------------------|------------------------------|
| 1.Overall corporate image | 12% (58) | -- | 3% (14) | -- | 85% (408) |
| 2.Firm image compared to other Companies | 5% (24) | -- | | -- | 95% (456) |

Source: Researcher's Field Data (May, 2011)

On the overall corporate image of the bank, 85% of the respondents are strongly dissatisfied, 3% of them are neither satisfied nor dissatisfied while 12% of them are strongly satisfied with the image of the bank. This indicates that, the bank does not have a positive appealing in the corporate environment of Ghana.

4.6 Bank Attributes and Customer Satisfaction

From the study, a clear relationship has been depicted between bank attributes and customer satisfaction. Based on 480 respondents, majority of them who perceived the various attributes of the bank to be poor, also indicated strong dissatisfaction with the service quality of the bank. On average, 62% of respondents perceive that the bank's responsiveness to customers' needs is not the best, 30% are not satisfied with the kind of assurance provided by the bank to instil confidence in the customers, 54% of the respondents perceive the bank's empathy not to be the best, 70% perceive the tangibles

of the bank to be in very poor state, whereas, 30% of the customers do not perceive the bank to be reliable.

However, 87% of the respondents are strongly dissatisfied with the service quality of the bank. They indicate that the performance of the bank falls far below their expectation and customers' ideal service provider in the category. On overall corporate image of the bank, 85% of the respondents perceive the bank to be poorly positioned in the industry, 12% are strongly satisfied with the corporate image of the bank, whereas 3% of them are neither satisfied nor dissatisfied with the corporate image of the firm. 95% of the respondents also believe that the bank is poorly graded compared against many other banks in the industry, whereas 5% of the respondents also believe strongly that the bank is performing better than other banks in the industry.

In relating bank attributes to customer satisfaction, the study revealed that attributes of a bank is positively correlated with customer satisfaction and customer perception of corporate image. The perception of customers regarding the various attributes of the bank positively relate to the satisfaction of the customers regarding service quality. Thus, poor customer perception of an attribute of a bank results in customer dissatisfaction. If customers perceive bank attributes to be good, they become satisfied with the services of the bank. Similarly, if customers perceive bank attributes to be good, they perceive the bank to be of a good corporate image and seen well in comparison with other banks.

4.7 Discussion of Results from Employees' Survey

There are 90 employees working in the three branches of Ghana Commercial Bank Limited in the Tamale metropolis; 45 of them working with the Main branch, 25 of them with the Tamale market branch and 20 of them with the newly-opened hospital road branch. Out of the 90 employees, 81 of them were sampled for the study representing 90%; 40 from the main branch, 23 from the market branch and 18 from the hospital road branch. Employees sampled include a blend of both male and female staff.

Table 4.11: Gender distribution of employees

| | Frequency | Percentage |
|--------|-----------|------------|
| Male | 23 | 28.4 |
| Female | 58 | 71.6 |
| Total | 81 | 100 |

Source: Researcher's Field Data (May, 2011)

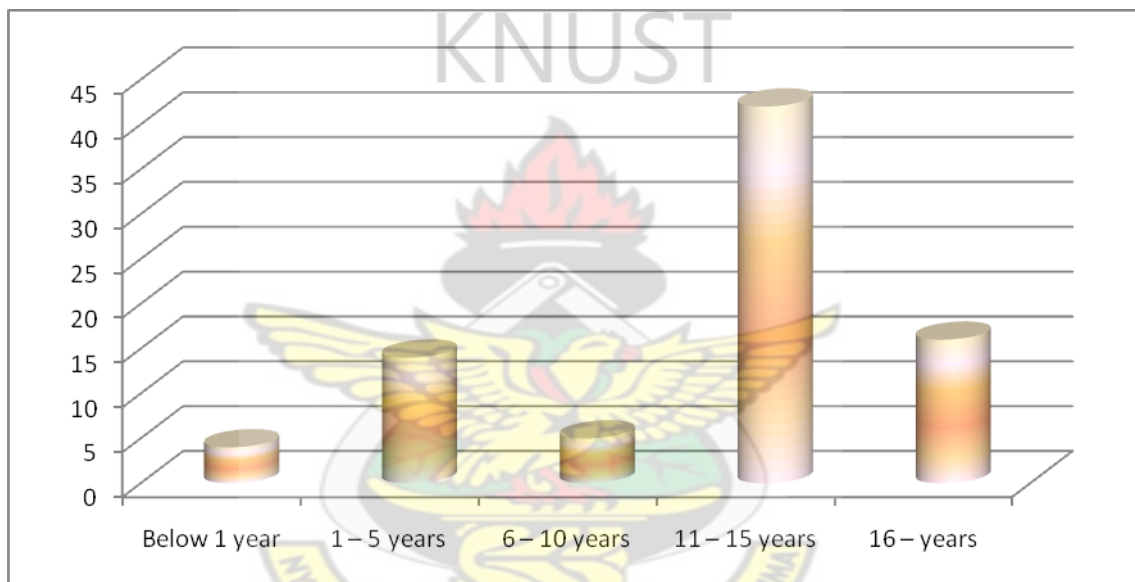
Table 4.11 above depicts the gender distribution of employee respondents. Out of the 81 employees sampled, 71.6% of them were females, whereas 28.4% were males.

4.7.1 Relationship with the bank

On the association of employees with the bank, 51.9% of them have served with the bank for 11 to 15 years, 19.8% of them have served the bank for over 16 years, 6.1% of them have been with them for 6 to 10 years, 17.3% of them have associated with the bank for 1 to 5 years, while less than 4.9% of them have worked with the bank in less than a year.

The association of staff with the bank is depicted in the fig. 4.3 below. This indicates that majority of the employees of the bank have served with the bank for over 10 years as depicted in the table. 71.7% of the employees have worked with the bank for over 10 years. This trend was also confirmed by some customers in their responses regarding the way customers are treated. Customers perceive that most employees are very old and not too smart to attend to their needs.

Figure 4.3: Employees' association with the bank



Source: Field Data (May, 2011)

4.7.2 Training of staff

Employees were asked about whether the bank provides training opportunities for staff to improve upon their skills, and the form of training it takes. 78% of the respondents of the respondents indicated 'No', whereas 22% said 'Yes'. It was deduced that the 22% was made up of the very old employees who have been with the bank for a very long time and have their 'ways and means' of being selected for such programmes. Majority of employees indicated that the bank should provide training opportunities for

employees to improve their skills. Forms of training mentioned include customer service training, ICT training, the use of some banking softwares, public relations programmes, and sensitization training on the bank's products.

4.7.3 Perception of staff on bank equipment

Employees were asked of the adequacy of efficient equipment used in the bank. 72% were of the view that the bank's equipment are not adequate, and more importantly, the existing equipment are obsolete. They were of the view that the bank should introduce modern equipment to enhance the efficiency of the employees to deliver quality service towards the satisfaction of employees. The employees also indicated most of the facilities of the bank are not visually appealing. This does not motivate the employees to give out their best, especially when they desire to work in a very conducive atmosphere.

4.8 Drivers of customer satisfaction

One of the research objectives sought to evaluate the drivers of customer satisfaction. The findings show that staff satisfaction is a significant factor in determining customer satisfaction. It was found out that most of the dimensions of service quality that customers perceived to be poor were confirmed by the staff of the bank as the factors that hinder their (employees) ability to render very satisfactory service to customers to ensure their strong satisfaction. Particularly, on tangibles, the results showed that employees are not happy with the physical facilities, equipment and other communication channels to enhance their performance. Related to that is the confirmation resulted from the perception of the customers regarding the inadequate and obsolete tangibles of the bank.

4.9 Bank Attributes and Customer satisfaction

Another research objective also sought to describe the relationship between bank attributes and customer satisfaction. The findings indicate that there is a significant relationship between bank attributes and customer satisfaction. The way customers perceive the corporate image of the bank results in the satisfaction of the customer or otherwise. A perceived satisfactory image of a bank is positively correlated with customer satisfaction. Thus, a highly perceived corporate image leads to a highly satisfied customer; and a lowly perceived corporate image also leads to a lowly satisfied customer. Again, when customers get the perception that the bank to be reliable, responsive, assuring, and empathic with good tangibles, It leads to high level satisfaction.



CHAPTER FIVE

SUMMARY OF FINDING, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This dissertation sought to examine the relationship between various service quality dimensions and customer satisfaction. It specifically attempted to describe the relationship between bank attributes and customer satisfaction, to find out the relationship between various demographic variables and satisfaction level of customers, to describe drivers of customer satisfaction. This chapter summarizes the main findings of the study, outlines concluded generalizations made from the findings, and makes recommendations to inform policy, practice and theory, and finally makes suggestions for further studies.

5.2 Summary of Main Findings

Although there is no consensus in the literature of which instrument is most appropriate for assessing service quality, SERVQUAL instrument was able to provide relevant results for the present study.

5.2.1 Customers' Perception of Bank's Responsiveness

Most customers perceive that frontline employees of the bank are mostly not willing to help them; thus, there is lack of responsiveness to the needs of customers. The bank seems not to be bothered about the promptness of service to customers, and respondents attribute this attitude of staff to the fact that the bank has the advantage of several branches all over the country and so many cannot do without dealing with the bank.

Again, it was revealed that customers are not assured of service quality because they do not have confidence in the way frontline staff of the bank receives and handle them and their requests. Nonetheless, the study revealed that the bank is reliable in terms of providing services at the promised time and maintaining error-free records.

5.2.2 Customers' Perception of Bank's Tangibles

The study also revealed that the bank is poorly placed in the industry when it comes to appearance of physical facilities, equipment and communication materials. Both employees and customers complained bitterly about the state of facilities of the bank. Most customers indicated that the physical appearance of facilities, and in some cases, personnel and communication materials, put them off from even visiting the bank.

5.2.3 Internal Customer Satisfaction

Further, the study disclosed that staff satisfaction (that is, internal customer satisfaction) and service quality are key drivers to customer satisfaction. When the employees of a bank are satisfied with other key attributes of the bank, it inspires them to get things done well in order to ensure quality service delivery.

5.2.4 Demographic Variables and Satisfaction level of Customers

Another critical issue the study revealed has to do with the relationship between demographic variables of banks and satisfaction level of customers. It was found out that majority of the staff of the bank had served for several years and have become old making them quite inactive in responding to pressures that arise from the rapidly increasing number of customers. Thus, the aging employee attribute of the bank results in the decline of level of customer satisfaction.

5.2.5 Bank Attributes and Customer Satisfaction

Finally, the perception of the attributes of a bank is significantly related to the satisfaction of customers. When customers perceive the services of a bank to be quality, they tend to be strongly satisfied with the bank and tend to prefer the bank to other banks in the category regarding performance of expected function.

5.3 Conclusions

This study is important since it throws light on the perceptions of customers of Ghana Commercial Bank Limited regarding the various services provided to them by the bank, and helps managers to design more customer centric strategies by improving the performance of the system according to the needs of their customers thus enhancing their customer relationship efforts while achieving customer satisfaction.

It can be concluded that the responses given to the SERVQUAL measurement variables appear to be important constructs in the satisfaction context. The variables have proven to be useful in assessing both staff satisfaction and customer satisfaction, and exhibited a crucial relationship between staff satisfaction and customer satisfaction as found in the literature.

5.4 Recommendations

The following recommendations are made;

5.4.1 Customers' Perception of Bank's Tangibles

First, the management of banks should re-examine their services strategy development, particularly in the context of improving the physical state of their building and machines to enhance customer satisfaction. The Bank must ensure that it has a formal strategy document detailing policies on improving customer satisfaction.

5.4.2 Internal Customer Satisfaction

Secondly, the bank must pay attention to their staff development strategy since staff satisfaction is a key driver to customer satisfaction. So far as banks would want to maintain a valuable relationship with customers, management must see staff as internal customers who must be satisfied first in order to achieve the ultimate goal of meeting the desires of external customers.

5.4.3 Demographic Variables and Satisfaction level of Customers

Another critical issue the study revealed that requires the attention of management of banks has to do with the relationship between demographic variables of banks and satisfaction level of customers. Banks must review their HR strategies to ensure that very energetic and young people are employed and tasked to deal with frontline operations.

5.4.4 Customers' Perception of Bank's Responsiveness

The bank should put a formal policy in place to reward staffs who provides prompt service to customers. The bank should also organise customer service training at least twice every year for front office staff in order to equip them with the necessary skills to deliver effectively.

5.4.5 Bank Attributes and Customer Satisfaction

The bank should run series of promotional activities in the form of radio and Television advertisements in order to position the bank so well in the minds of both existing and prospective customers. These adverts should emphasise on the core competencies of the bank the puts it ahead of its competitors.

5.5 Suggestions for Further Research

It is believed that the preliminary study's findings justifies further research to address additional measurement-related issues such as: increasing the sample size aiming at external validity, conducting a more robust statistical analysis with the available data, which was not possible in this present study.

Future studies can examine the individual effects of each of the five service quality dimensions on customer satisfaction with specific reference to public sector and private sector banks. A comparative analysis of service quality and customer satisfaction between the public sector banks and private banks may enhance the generalization of the findings.

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APPENDIX A

QUESTIONNAIRE

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
COMMONWEALTH EXECUTIVE MASTERS IN BUSINESS
ADMINISTRATION**

**QUESTIONNAIRE FOR CUSTOMERS OF GHANA COMMERCIAL BANK
LIMITED, TAMALE BRANCHES**

Customer Satisfaction with Service Quality of Front Office Staff of GCB Limited

KNUST

Dear Respondent,

Please respond to all questions below by checking the appropriate box. Your responses will be treated as confidential and will be used only as an academic exercise. Your anonymity is therefore assured.

Section 1 – Customers’ General Information/Perception

1. How long have you been dealing with the Ghana Commercial Bank?

**0 – 5 years [] 6 – 10 years [] 11 – 15 years [] 16 – 20 years
[]**

2. How easy is it for you to contact the bank?

Very easy [] Easy [] Not very easy []

3. Does the Bank consider your interests first?

**To a large extent [] To some extent [] To a limited
extent []**

Section 2 – SERVQUAL measurement variables

Please use the following table to rank your responses to situations 1 to 19.

| | | | | |
|---------------------------|--------------------------|---|-----------------------------|------------------------------|
| <i>Strongly satisfied</i> | <i>Somehow satisfied</i> | <i>Neither satisfied nor dissatisfied</i> | <i>Somehow dissatisfied</i> | <i>Strongly dissatisfied</i> |
| 5 | 4 | 3 | 2 | 1 |

| Latent Variable | Measurement Variable | 5 | 4 | 3 | 2 | 1 |
|-------------------------|--|---|---|---|---|---|
| 1. Responsiveness (RES) | 4. Willingness to help customers | | | | | |
| | 5. Prompt service to customers | | | | | |
| | 6. Keeping customer informed about when services will be performed | | | | | |
| | 4. Readiness to respond to customers' request | | | | | |
| 2. Assurance (ASS) | 5. Employees who instil confidence in customers | | | | | |
| | 6. Employees who are consistently courteous | | | | | |
| | 7. Employees who have the knowledge to answer customer questions | | | | | |
| | 8. Making customers feel safe in their transactions | | | | | |
| 3. Empathy (EMP) | 9. Convenient business hours | | | | | |
| | 10. Giving customers personal attention | | | | | |
| | 11. Employees who understand the customer's needs | | | | | |
| | 12. Having the customer's best interest at heart | | | | | |
| 4. Tangibles (TAN) | 13. Employees who have a neat, professional appearance | | | | | |
| | 14. Visually appealing facilities | | | | | |
| | 15. Modern equipment | | | | | |
| 5. Reliability (REL) | 16. Providing services at the promised time | | | | | |
| | 17. Dependability in handling customers' service problems | | | | | |
| | 18. Providing services as promised | | | | | |
| | 19. Maintaining error-free records | | | | | |

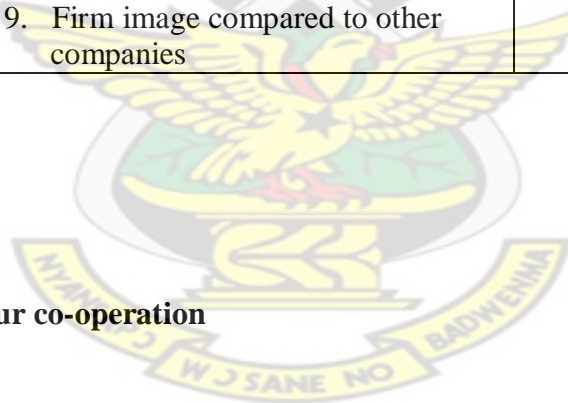
Section 3 – Variables for Customer Satisfaction and Corporate Image

Please use the following table to rank your responses to situations 1 to 5.

| | | | | |
|---------------------------|--------------------------|---|-----------------------------|------------------------------|
| <i>Strongly satisfied</i> | <i>Somehow satisfied</i> | <i>Neither satisfied nor dissatisfied</i> | <i>Somehow dissatisfied</i> | <i>Strongly dissatisfied</i> |
| 5 | 4 | 3 | 2 | 1 |

| Latent Variable | Measurement Variable | 5 | 4 | 3 | 2 | 1 |
|-----------------------|---|---|---|---|---|---|
| Customer satisfaction | 5. Overall satisfaction | | | | | |
| | 6. Expectancy disconfirmation (performance that falls short of or exceeds expectations) | | | | | |
| | 7. Performance versus customer's ideal service provider in the category | | | | | |
| Corporate image | 8. Overall corporate image | | | | | |
| | 9. Firm image compared to other companies | | | | | |

Thank you for your co-operation



**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
COMMONWEALTH EXECUTIVE MASTERS IN BUSINESS
ADMINISTRATION**

**QUESTIONNAIRE FOR STAFFS OF GHANA COMMERCIAL BANK
LIMITED, TAMALE BRANCHES**

Customer Satisfaction with Service Quality of Front Office Staff of GCB Limited

Dear Respondent,

Please respond to all questions below by checking the appropriate box. Your responses will be treated as confidential and will be used only as an academic exercise. Your anonymity is therefore assured.

1. How long have you been working for GCB?
Below 1yr [] 1-5yrs [] 6-10 [] 11-15yrs [] Above 16yrs
2. Do you have any training programme in place to improve the skills of staff?
Yes [] No []
 - i. If yes, how often? Once a year [] Once every two years [] Twice a year []

Other(s), specify.....

ii. If no, why?

3. In your opinion, what training programme is necessary to equip staff with the needed skills to enhance quality service delivery?

Customer service [] **Information Technology** [] **Management and Administration** []

Other(s), specify.....

4. Do you have enough knowledge on the products of the Bank?

Yes [] No []

5. If yes, how?.....

6. If No, why?.....

5. Do you have enough machines (computer and accessories) to support your daily official activities? Yes [] No []

6. In your opinion, what logistics and policies should be in place to ensure quality service delivery.

.....

.....

.....

.....

KNUST

Thank you for your co-operation

