Service delivery and business growth among banks in Ghana using the SPC.

1. Mr. Adu Gyamfi (Head Of Department - Marketing)
Accra Polytechnic
Accra

2. Mr. Isaac Acheampong (Lecturer - Marketing)
Accra Polytechnic
Accra

3. Mr. Kwabena Asiedu Asamoah (Lecturer - Marketing)
Accra Polytechnic
Accra

Abstract

The service-profit chain establishes relationships between a firm's profitability on one hand and their customer loyalty, employee satisfaction and loyalty on the other hand. The links in the chain are as follows: Profit and growth, stimulated by customer satisfaction and loyalty which results from employee satisfaction and loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is influenced by the value of services provided by employees and the value is created by satisfied and loyal employees. A growing number of banks in Ghana are getting to know that they have to place emphasis on employees and customers and make them their principal focus. The banks have realized that when they equip the employees well enough for quality service delivery, a drastic shift occurs in the management and success of their banks. With banks adopting these philosophies, there is a need to study the link between what they do and their successes. This paper studied employee satisfaction and loyalty on the delivery of services at the banks and its impact on customer satisfaction and loyalty. Customer surveys from five banks, with five branches of each bank. Twenty customers were sampled from each branch resulting in one hundred customers for each bank. In all five hundred customers were interviewed. Twenty five branch managers, one from each branch were also interviewed for management operational inputs. The paper further looked at how managers can build on both the customer and employee satisfaction and loyalty and assess the corresponding impact on profitability and growth.

Key words: Service-profit chain, satisfaction, loyalty, customers and employees

1.0. INTRODUCTION

According to Heskett et al. (1997), the service-profit chain is based on the principle that profitability to a firm is as a result of customer satisfaction and loyalty which, in turn, are as a result of a customer's sense of value received, and the capability, productivity, satisfaction and loyalty of employees. A customer's sense of value, according to this model is based on the perceived quality of service they receive and the perceived quality of how these have been delivered, balanced against the total costs to the customer of availing themselves of the service. This idea provided by the Service Profit Chain model is supported by the work of Parasuraman, Zeithaml and Berry (1985and 1988) which proposes that service quality is determined by the customer, not the service provider. In other words, service quality is an extrinsically perceived attribution based on the customer's experience in and through the service encounter or the Moment of Truth.
The new economies of quality service delivery as indicated by the Service Profit Chain Model are front line workers and customer needs to be the center of management concern. It continues that successful manager pay attention to the factors that drive profitability. These factors are investment in people and the Technology that supports them, revamp recruiting and training practices as well as linking compensation to performance. Studies show that when companies manage their employees and customers very well, a radical shift occurs for success occurs.
The Service Profit Chain establishes relationship between profitability, Customer loyalty and employee satisfaction, loyalty and productivity. The various propositions by Service Profit Chain are that, profitability and growth are stimulated by customer loyalty which results from customer satisfaction which is also influenced by the value of the service to the customer. Value is derived from satisfied, loyal and productive employees and the employees satisfaction also comes from high quality support systems and how their superiors interact with them.

Research Problem

The service industry has currently moved towards the use of technologies, mainly the internet, as an additional option for remote services to their customers instead of only traditional face-to-face service delivery (Curran et al., 2003). This has increases the service delivery outreach to geographically distant and previously remote parts of the world. Thus creating global competition and setting organizations at the verge of constant drive for more accurate, timely and relevant decisions.

While there is extensive research linking attribute-level performance perceptions to service quality (Parasuraman et al., 1988), service quality perceptions to customer behaviors (Bolton 1998) and customer behaviors to revenues (Carr, 1999), Soteriou et al (1999) noted that no study has comprehensively modeled the SPC and most studies have only tested the links among factors in isolation, giving inconsistent findings. Further, according to Kamakura et al (2002), these studies have been unable to identify the causal and mediating mechanisms that managers need to understand to implement the SPC. This paper however is concerned with studying the impact of the drivers service quality delivery on business growth in the Banking Industry. The investment decisions managers make on the service quality drivers have an impact on the bottom-line profits and the market penetration of the organization.
The Service-Profit Chain (SPC) as a theoretical approach brings together the drivers of the service delivery system to evaluate investments.

Some of the drivers are:
• Operational attributes like number of tellers in a bank;
• Customer perceptions like service quality, value, satisfaction;
• Customer behavioral intentions3 to refer/recommend and/or return;
• Customer loyalty including referrals/recommendations that were fruitful and actual behavior (e.g. returns) that indicate loyalty and finally,
• Financial component including expenses, revenue, surplus/profits.

According to Kamakura et al. (2002), the SPC approach appears to solve most of the problems associated with the evaluation of service operations. However some challenges still exist:

• Most of the strategic analyses of the factors that affect the bottom line emerge from the statistical analysis of the complex relationships in the chain at a given point in time. This approach does not address the issue of what will happen in subsequent time periods and in particular the long-term dynamic behavior of the organization and its customers.
• Other external factors such as market size, dispersion, competition, etc. that might influence the SPC are not considered.

2.0. LITERATURE REVIEW

The service profit chain

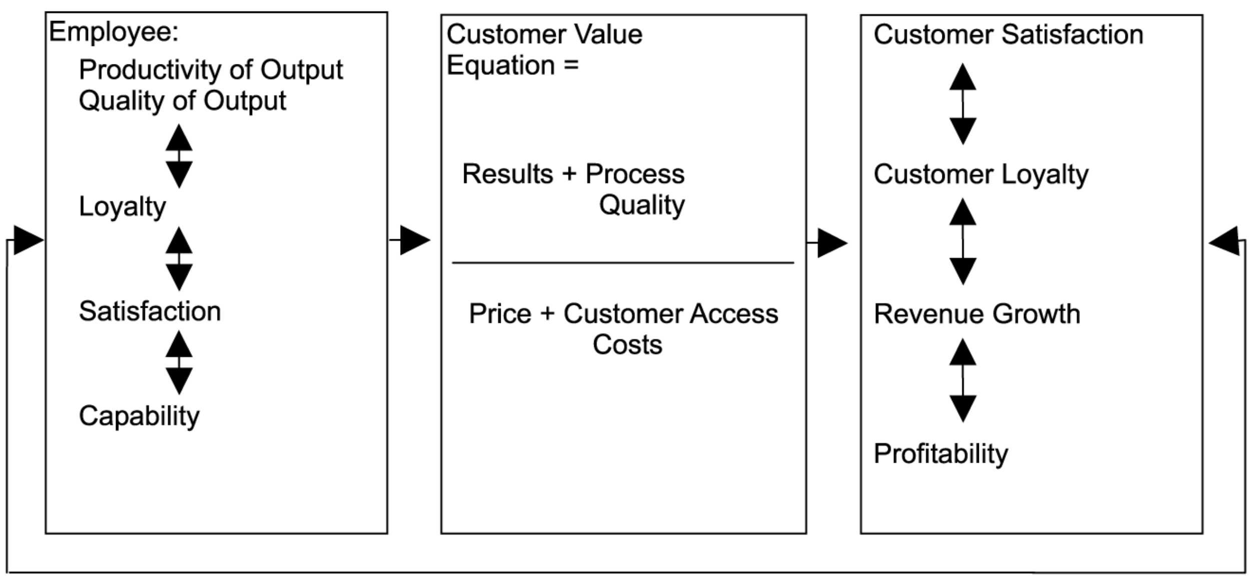
Heskett et al. (1994) in their original framework hypothesized that revenues are driven by service quality perceptions, which in turn are driven by operational inputs and employee efforts. Thus, the SPC is a framework for linking service operations to customer's assessments and in turn linking those customers' assessments to the organization's bottom line – profitability in most cases. The objective of the SPC is to provide an integrated framework for understanding how an organization's operational investments in service quality are linked to customer perceptions and behaviors, and how these translate into profits. Investments in operational inputs are categorized as any of the organization's interventions for improving the way services are delivered (i.e. investments in technology, additional points of delivery, more waiters in a restaurant, more cashiers in a supermarket, more ATMs in bank branches, etc.) Hence, the SPC framework can provide guidance about the complex interrelationships among operational infrastructure, customer perceptions, and the bottom line (Kamakura et al., 2002). Moreover, the SPC framework can become useful in helping organizations improve their operations.

Research indicates that the link between the employee's work experiences and financial performance holds that, in the service sector, customer satisfaction is a critical intervening variable. According to Management theorists, this view of organizational performance is referred to as the service profit chain (Heskett et al., 1997). The service profit chain asserts that satisfied and motivated employees produce satisfied customers and satisfied customers tend to purchase more, increasing the revenue and profits of the organization. It is defined the service profit chain as 'involving direct and strong relationships between profit; growth; customer loyalty; customer satisfaction; the value of goods and services delivered to customers; and employee capability, satisfaction, loyalty and productivity.' These authors recommend the service profit chain as a framework for constructing a strategic organizational vision, and suggest that, provided service profit chain concepts are carefully interpreted and adapted to an organization's specific situation, they are capable of delivering 'remarkable results'.

Allen and Grisaffe (2001) opined that, ideas like the service profit chain have had considerable influence in management circles, and it is, therefore, important for occupational and organizational psychologists to examine them critically.

Customer value in the service-profit chain framework

As shown below, the service-profit chain framework developed by Heskett et al. (1997) proposes that customer satisfaction (CS), loyalty (L) and profitability (P) to a firm derive from what they term the customer value equation. This, it is argued, is assessed by a customer with reference to results produced, process quality, and the price and other costs to the customer of acquiring this. For the sake of convenience here we represent this as: [Outcomes þ Process Quality (SQ)]/[Price + Costs] = CVCS → CL → P.



Source: Heskett *et al*. (1997, p.12)

This implies that Customer Value is an antecedent of customer satisfaction and loyalty, and that a customer's perception or assessment of value forms an equation that is comprised of three main elements: results produced and received, in relation to the price and other related costs incurred by the customer in acquiring the product or service. The concept of results produced implies the quality of processes employed to deliver these and, in the particular case of service provision, this implies the quality of service provision observable to, or capable of being perceived by, a customer.

This conceptualization rests on two key assumptions; the customer value and the investing in the employees. This paper is concerned with firstly exploring the factors with respect to employees which are investing in the employees, providing technology that will support them, revamp recruiting and training practices as well as linking their compensation to performance. Secondly, customer perceived value (CPV), that this perception of value is grounded in the customer's perception of the quality of what has been provided and how. We refer to this as customer perceived service quality (CPSQ). This is consistent with the position taken by Parasuraman et al. (1988) who argue that perceived service [process] quality is determined by five main factors (reliability, assurance, empathy, responsiveness and tangible evidence) experienced in the course of the personal service encounter.

The service profit chain and models of organizational functioning

We first consider how the service profit chain model fits within a more general framework of organizational theory. Our staring point is the conceptual model of organizational functioning proposed by Ostroff and Bowen (2000). In the Ostroff and Bowen model, contextual social factors and the human resource system lie at the start of a hypothesized causal chain. According to Ostroff and Bowen, a fair and consistent HR system communicates positive and clear signals to employees and fosters the development of positive perceptions of what the organization is like, and a favourable shared climate. Climate, in turn, influences employee attributes (referred to as collective attitudes by Ostroff & Bowen, 2000, and as cognitive and affective states by Kopleman et al.) such as commitment, motivation, and identification with the organization. Positive attitudes lead to salient employee behaviours such as attachment (attendance and staying with the organization), performance (execution of in-role tasks), and citizenship (discretionary pro-social behaviours), that increase organizational productivity (Kopelman et al., p 299). Empirical evidence for such linkages has been reported by Simons and Roberson (2003).

Within this framework, the service profit chain may be described as follows: climate influences employee commitment, and employee commitment influences both customer satisfaction and sales. Furthermore, because the service profit chain model claims that sales achievement results from increased customer satisfaction, it follows that customer satisfaction should mediate the relationship between commitment and sales.

Employee experiences and customer satisfaction

As usually conceived of by its proponents, the service profit chain is thought to involve an association between employee satisfaction and customer satisfaction (see e.g. Heskett et al., 1997; Wiley & Brooks, 2000; Rucci et al., 1998). Research supports such an association. Reported correlations between customer satisfaction and a wide range of employee perceptions provide ample evidence to suggest that favourable employee experiences, as reflected by attitudes such as satisfaction and commitment, and by positive evaluations of organizational climate, are associated with elevated levels of customer satisfaction. Citing the work of Wiley (1991), Tornow and Wiley (1991), and Ulrich, Halbrook, Meder, Stuchlik, and Thorpe (1991), Schneider et al (2000) state that 'job satisfaction and commitment surveys when aggregated to the unit level reveal significant relationships with customer satisfaction.

Furthermore, Ryan et al. (1996) and Koys (2001) have reported correlations between customer satisfaction and measures of employee satisfaction. Further evidence comes from research on climate by Schneider and others. Schneider and his co-workers (e.g. Schneider & Bowen, 1985;

Schneider & owen, 1992; Schneider, Parkington, & Buxton, 1980; Schneider, White, & Paul, 1998) have demonstrated that employees' perceptions of the climate for service predict levels of customer satisfaction. Studies by Schmit and Allscheid (1995), and Johnson (1996) also support the notion of a link between favourable climates and enhanced customer satisfaction at the business unit level. Although climate constructs are clearly to be distinguished from more affective attitudinal dimensions (such as job and company satisfaction and organizational commitment; La Follette & Sims, 1975; Parker, 1999), there is considerable evidence that favourable climates are associated with high levels of satisfaction and commitment (Gunter & Furnham, 1996; Muchinsky, 1977; Ostroff, Kinicki, & Clark, 2002).

Harter et al. (2002), also found their employee engagement measure was correlated with customer satisfaction. In general, it appears that favourable experiences in the workplace are frequently associated with favourable experiences for the customer. Consumer researchers have suggested that such results could be explained by the mechanism of emotional contagion (Hatfield, Cacioppo, & Rapson, 1993; Schoenewolf, 1990). This is a process whereby the expressed affect of a sender influences the affect of a receiver. According to this conception, employees who feel positive about their workplace radiate positive affect in the course of conducting their work. These emotions are perceived and absorbed by customers, who, as a result, experience pleasant service encounters. For example, Pugh (2001) demonstrated that the display of positive emotion by bank employees is positively related to customers' positive affect following service encounters, and to their evaluations of service quality. If employee behaviours within a business unit are correlated, such processes could account for correlations between collective attitudes and customer satisfaction at the business unit level of analysis. However, other mechanisms are equally plausible.

Customer satisfaction and financial performance

The second crucial element of the service profit chain is the link between customer satisfaction and financial performance. Management theorists and chief executives have often argued that superior business performance depends critically on satisfying the customer (e.g. Heskett et al., 1997; Peters & Waterman, 1982; Watson, 1963).

Additionally, consumer researchers have established that customers who are satisfied with a supplier report stronger intentions to purchase from that supplier than do dissatisfied customers (Mittal, Kumar, & Tsiros, 1999; Zeithaml, Berry, & Parasuraman, 1996). Service quality is often conceptualised as the comparison of service expectations with actual performance perceptions (Zeithaml and Bitner, 2003). Emphasis is placed on the combined attitudinal construct of service quality, highlighting constituents of both cognitive and affective components. Parasuraman et al. (1998) tend to delineate service quality using more cognitive items, whereas Edwards (1990) found that the affective attitudes exhibited more change under affective means of persuasion than under cognitive means of persuasion. Teas (1993), however, argues that service quality is a combination of transaction and overall attitude.

The Capabilities-Service-Quality-Performance (C-SQ-P) Triad

Rucci et al (1998) studied the employee-customer model, which emphasizes the optimization of employee skills to satisfy customers. The authors claim that this study brought about a change in the business culture at Sears, Roebuck and Company and brought the organization from big losses to big profits. The authors use total performance indicators to analyze, model and experiment on employee-customer relations. The authors talk about how employee attitudes affect employee retention, which affects the drivers of customer satisfaction, and finally how the financial performance is affected. The operational strategy evolves from the concept. For Sears to be a compelling place to invest, it had to be both – a compelling place to work and a compelling place to shop, not just one, or the other. The authors express that rule as the following formula: Work x Shop = Invest

Conceptually speaking, both Heskett et al. (1994) and Rucci et al. (1998) have the same theory behind the models and in fact, both the models are strikingly similar. Both capture aspects internal to the organization, like the job of the individual employees, the workplace, rewards and recognition, etc., and the effect of these on both employee satisfaction and the behavior that drives employee retention and productivity. Such a motivated employee in either model has high productivity and has increased service value to customers. This increased service value in turn drives customer satisfaction and prompts the customer to refer or recommend the service. Furthermore, this behavior can be translated into customer loyalty/retention, which is converted into revenue growth and profits. However speaking from a methodology standpoint, Heskett et al. (1994) do not explain how the various links are quantified or validated. Rucci et al. (1998) on the other hand, talk about causal pathway modeling which is used in analyzing the causal links. Causal pathway modeling also known as Path analysis as opposed to multiple regression analysis seeks causal pathways and not just correlations without causations.

Kamakura et al. (2002) built on the Service-Profit chain model proposed by Heskett et al. (1994) and came up with a model that has the following; operational inputs which include employee perceptions, attitudes, and satisfaction. Attribute performance perceptions are actually the perceived service quality. They included behavioral intentions between the perceived service quality and the actual behavior of the customers. Whereas other models look at just customer satisfaction driving the behavior, Kamakura et al. (2002) combine the overall evaluations (assumed to the equivalent of overall customer satisfaction) with behavioral intentions. Overall evaluations are measures of overall consumers' evaluations of the service (overall service quality rating, overall satisfaction rating, or an overall behavioral intent rating). Behavioral intent rating is the customers stated intention to come back for repeated business in the future.

The Conceptual Model

The Service Profit Chain (SPC) originally formulated by Heskett et al. (1994) has had several modifications (Roth and Jackson, 1995; Rust et al., 1995; Rucci et al., 1998; Kamakura et al., 2002). Although different researchers concentrated on various components of the chain, the essence is to look at how revenues are driven by service quality perceptions, which in turn are driven by investments in operational attributes or enhancements. The various components of the SPC are elaborated as follows:

Operational Attributes

These are features or characteristics of the internal operations of a service organization. This component of the SPC includes all the attributes of the internal operations that enable the organization to provide services to the customers. Kamakura et al. (2002) use the term “operational inputs” to refer to these attributes, e.g. number of employees, number of equipment, etc. Any interventions in these attributes are expected to enable the organization to provide better services. These interventions can be in the form of investments to hire more people, employee training, improving their quality of work, acquiring more tools or equipment, better workplace design, etc.

Other authors have looked at attributes inside the organization like employee satisfaction (Heskett et al., 1994), employee behavior (Rucci et al., 1998), employee retention (Heskett et al., 1994; Rucci et al., 1998). Roth and Jackson (1995) refer to operational attributes as operational capabilities. Rust et al. (1995) look specifically into service quality improvement efforts. Some operational attributes can be referred to as capacity or the capability or potential sitting within an organization to be used in providing services.

Customer Perceptions

Customers perceive the quality and the value of the services provided. This section discusses the literature in perceived service quality, perceived value and their relationship to customer satisfaction as it relates to the PC. Customer perceptions as it relates to the SPC could be seen as perceptions of the personnel and other attributes providing the service. Courteousness, helpfulness, knowledge, ability to answer questions are examples of perceptions a customer may have of the personnel. Rucci et al. (1998) look at the service helpfulness of the employees and the value gained from the service. These dimensions feed into what they call customer mpression which is more commonly known as “customer satisfaction” (Medina-Borja, 2002). Medina-Borja (2002) uses perceived service quality as a predictor of overall satisfaction (of customers). Kamakura et al. (2002) refer to it as “attribute performance perceptions.”

Interventions, and hence investments made in operational attributes will have no effect on the behavior of the customers and eventually on the revenues, if the customers do not perceive the changes in the operational attributes in the first place. Kamakura et al. (2002) reinforce this when they say that acquiring additional ATMs or more tellers and eventually achieving lesser waiting times should be perceived by the customer to have an effect on their satisfaction, and their positive intentions, etc. Hence, service quality is included as an important dimension of customer perceptions.

Customer Behavioral Intentions

Kamakura et al. (2002) add to the SPC a component on behavioral intentions. Based on the perceptions and the overall satisfaction levels, customers have certain intentions regarding their future relationship with the service, (Kamakura et al. 2002). However, these authors group the behavioral intentions with overall evaluations (which is the same as overall satisfaction). Several authors do not have this link in the SPC. Heskett et al. (1994), Rust et al. (1995) and Rucci et al. (1998) jump directly from perceptions to retention. A customer’s behavioral intention is an important component of the SPC because the time lag between the end of the provision of the service and the actual return of the customer makes likely that not all customers who had the intention to return actually would. The component customer behavioral intentions are a vital element of the SPC as it ties closely with customer perceptions. As Kamakura et al. (2002) explain, the behavioral intentions are the only way of determining if the positive perceptions end up in actual retentions. This element will remain in the conceptual model and defined as intentions that the customer forms about his/her future behavior based on the perceptions of the service received.

Customer Loyalty

This is a key component that ties what happens now to what can happen in the future. Customers that come back for more business and others that came because of referrals are measured by this component which ties to more revenues for the organization in the future. Reichheld (1996) study the relationship linking customer retention and profitability over a period of time. The author concludes that the ability of an organization to retain customers is what generates stronger cash flows.

According to Heskett et al., (1994) Customer loyalty can be captured as retentions rates and referrals Although, Edvardsson et al. (2000) define loyalty as a customer's predisposition to repurchase from the same organization again and retention as whether the customer has actually repurchased from the organization. However, the definition by Heskett et al. (1994) will be followed. In other words, how many people are coming back for repeat business or how many were referred by others that have used the service.
Heskett et al. (1994) look at both referrals and returns, while Rucci et al. (1998) restrict themselves to just customer retention. Customer loyalty remains in the conceptual model and is defined as the dependability or faithfulness of the customer to act in a manner that is beneficial to the organization.

Surplus

Having customer loyalty and attracting new customers will increase the revenue (Reichheld, 1996). Greater customer retention rates have been claimed to have a significant positive effect on profits (Rust et al. 1995). If the expenses are fixed, this will lead to a surplus (revenues-expenses) increase. The initial investments made in the operational attributes tend to decrease the surplus by increasing the expenses.

3. METHODOLOGY

As part of designing the methodology for this study, first insights from Academics who have experience in conducting surveys on banks in Ghana on various topics were sought. The research proposals and the sampling plan for gathering data were presented to them. These were critically examined and suggestions were made for us to improve on our work. The refined work included setting the parameters for the study clearly and also explaining further the means of data collection.

The study was carried in Accra the capital of Ghana using five reputable banks. For each of the banks, five branches were selected based on their locations and patronage by people. Twenty customers were selected and interviewed randomly at each branch. This resulted in interviewing one hundred customers from each of the five banks. In all a total of five hundred customers were surveyed. Data from management perspective was solicited from the various branch managers of each of the selected branches for this study. As a result, twenty five managers were interviewed on their operational inputs. Data analysis was done using the Statistical Package for Social Sciences (SPSS) tool. A frequency analysis was run and the various interpretations were made. The findings from the analysis were then juxtaposed with the financial performance of the five banks that were surveyed. The study looked at the grow trends in the banks profit for the years understudy as well as the growth trends in their total incomes and that of their total Assets. This made the researchers analyzed the linkages between the findings of the survey and the growth and profitability of the banks. This also would help in studying further into the impact of management operational inputs on customer satisfaction and loyalty and their eventual impact of the growth and profitability of the banks.

4.0 Analyzing and interpreting Data from Respondents

Analyzing the Operational Inputs of Management

As indicated in Table 1 (Appendix), Most of the branch managers indicated that they must do something about the cost of doing business with customers. Nine respondents (24%) mentioned Low cost on transactions as what will ensure loyalty from them. Eight of them (32%) also indicated competitive interest rates. Only two respondents (24%) stated the provision of innovative products with six respondents (24%) mentioning Promotional Offers.

As indicated in Table 2 (Appendix), generally management was of the view that, the resolution of employee grievances was good. Out of the twenty five branch managers, ten (40%) indicated that employee grievance resolution is very swift. Eight respondents (32%) indicated that it is systematically done and the remaining seven managers representing 28.0% also stated that they use ad hoc committees in resolving employee resolution.

Analyzing Employee Loyalty and Satisfaction

As indicated in Table 3 (Appendix), most of the employees were found to have been with the bank for at least three years. One hundred and thirty six employees (26.3%) indicated that they have worked with their banks for four years and above. One hundred and sixty one (31.1%) also said they have worked for three years. A smaller number of seventy six respondents had worked for one year and below with their banks.

As indicated in Table 4 (Appendix), how do you see the employee grievances resolution? Interestingly most of the employees did not know whether they were happy or not. As many as Two hundred and fifty two representing (48.7%) did not know whether they were happy or not. One hundred and forty six (28.2%) said they are happy. However, one hundred and two indicated that they are not really happy.

As indicated in Table 5 (Appendix), on the issue of what makes them happy, most of them indicated remuneration. One hundred and forty nine (28.8%) attested to this fact. One hundred and thirty respondents stated career Advancement as what makes them happy. Seventy eight employees (15.1%) mentioned Job security and another seventy two mentioned Motivation as what makes them happy.

As indicated in Table 6 (Appendix), majority of the employees indicated that management does not meet their expectations most of the times. Three hundred and eleven (60.2%) said they expectations are not really met by management. One hundred and thirty nine (26.9%) of them said their expectations are met most of the times. Only fifty employees (9.7%) were emphatic that their expectations are not met.

As indicated in Table 7 (Appendix), in suggesting what they would want the organisation to do, one hundred and eighty one (35.0%) mentioned remuneration. This was followed by one hundred and forty seven other respondents (28.4%) who also suggested Career Advancement. Seventy nine employees (15.3%) mentioned motivation as what will ensure loyalty.

As indicated in Table 8 (Appendix), majority of the employees not withstanding whatever they have indicated that they are likely to stay with their banks in times of difficulty. One hundred and fifty (29.0%) said they are likely to stay and another one hundred and nine said they are very likely to stay. However, a sizeable number of one hundred and sixty two (31.3%) were unlikely to stay and seventy nine (15.3%) said it is not likely they will stay in times of difficulty.

Analyzing Customer Satisfaction and Loyalty

As indicated in Table 9 (Appendix), the respondents gave their opinions in case of being disappointed by the bank. One hundred and eighty two respondents (35.2%) indicated that they will still transact business even if they are disappointed. Another One hundred and eighty eight respondents also were of the view that they didn’t know whether they will or not. However, one hundred and thirty (25.1%) emphatically said they will not transact business again when they are disappointed.

As indicated in Table 9.1 (Appendix), majority of them indicated that they access loans from their banks. However, the frequency of the access differed. Two hundred and three one of them (39.3%) said they do so sometimes whereas One hundred and seventy eight of them (34.4%) indicated that they do so often times.

As indicated in Table 9.2 (Appendix), on the issue of patronizing other financial instruments such as T-Bills, loans etc, majority of the respondents two hundred and fifty two which represents (48.7%) said they do and another two hundred and forty eight of them (48.0%) said they do not.

As indicated in Table 9.3 (Appendix), of the two hundred and fifty two respondents who indicated that they access T-Bills, eighty seven respondents representing 34.5% indicated that they access the T-Bills very often with another Ninety seven (38.5%) indicating that they do it often times. Sixty eight also said they do this less often.

As indicated in Table 9.4 (Appendix), the Two hundred and forty eight respondents who were not patronizing the T-Bills also intimated as to why they do not. One hundred and Thirty six respondents (54.8%) stated that they are not because of High Rates and another seventy seven respondents (31.0%) said because of cumbersome processes. The remaining thirty five respondents indicated they don't just access anything because they don't want it.

As indicated in Table 9.5 (Appendix), the study brought to the fore that most people stay with their banks based on security of their money. Majority of the respondents Two hundred and fifty four (49.1%) mentioned security as the reason for staying with their banks. One hundred and fifty seven respondents (30.4%) also indicated that they stay because of high interest rates on their money. A fewer number however stated prompt customer service.

5. SUMMARY OF FINDINGS FROM THE SURVEY

5.1. Findings from the Operational Inputs of Management

Management indicated what they are doing to ensure satisfaction and subsequent loyalty from customers. They mentioned the provision of low Cost on Transactions, instituting competitive interest rates on both loans and deposits. They also mentioned embarking on various promotional offers.

On employee's grievance resolution, some managers indicated that they are swiftly dealt with, other also indicated that they are systematically resolved with the remaining saying they put in place ad hoc committees to look at them.

5.2. Findings from Employee Satisfaction and Loyalty

Most of the employees were found to have stayed for longer periods with their banks. Additionally, majority of them indicated that they are happy at the banks. On this most of them said it is about their remunerations, this was followed by those who also mentioned Career Advancement programs at banks as what makes them happy. Others also mentioned motivational packages.

Majority of the employees also mentioned that most of their expectations are met by management. This is an indication that most of them are satisfied at their work. The employees further made some observations as to what management can put in place to ensure their loyalty. Most of them mentioned further adjustments in their remuneration. Others mentioned Career Advancement and motivation. In view of these positive responses, most of them indicated that they are likely to stay at their banks in times of difficulties.

5.3. Findings from Customer Satisfaction and Loyalty

On whether customers will still stay with the banks or not in case they are disappointed, there was a split in the responses. Some indicated they will stay whereas others also said they will not. Management must therefore put in place some plans to minimize this situation.

Majority of the customers were also found to be accessing T-Bills, Loans and other financial instruments at their banks more often. This indicates that they are satisfied and show loyalty towards their banks. Others however, indicated that they do not access financial instruments from their banks. They gave reasons such as high interest rates charged on them and cumbersome processes in accessing the facilities.

The satisfaction and subsequent loyalty of customers was further explained when most of them indicated that they are will be staying with their banks. This they said is because, their banks provide high rates on their monies, the provision of prompt services and security for investments.

6.0. ANALYSIS OF VARIOUS BANKS AND THEIR PERFORMANCE

Comparing the findings from the survey to the financial performance and growth of the banks.

The various findings from the survey were then compared to the financial performance of the banks. The financial reports of the five banks under study were analyzed for a three year period from 2008 – 2010. From the analysis of the survey data, it was found out that there are generally positive responses from customers in terms of their satisfaction and loyalty to their banks. The impact of these responses on the profitability and growth of the banks were determined by analyzing the banks financial reports. They are as follows:

As the first and only Ghanaian bank to be ISO certified in2010 for information protection, Fidelity bank has proven that they are serving and also preserving customer information in a trustworthy and secured manner. This has also resulted in the increase of the Bank's Branches from 25 to 45 over a period of two years reflected in the increase of their total Assets (Table 2.1 Appendix). The ultimate effect is exhibited by the increase in staff strength from 340 to 469 over the period under consideration. All this goes to show that the bank is providing satisfaction from quality service delivery and is being rewarded in terms of profits and is also attractive to prospective and existing customers and employees.

Coming out from a successful rebranding of corporate image, operations and name change from HOME FINANCE COMPANY to HFC BANK in 2008, this bank has come far. From the analysis, there are indicators of a successful company pursuing service quality in its operations for both customers and employees. As indicated in table 2.1 (Appendix), both Profit and total assets of this Bank have risen steadily from the period under consideration. This improvement can be attributed to exceptional service quality provided by the bank.

As indicated in Table 2.3 (Appendix), another bank that is a high riser in terms of its performance in the industry is UT BANK. Over the years under consideration the Bank has managed to increase its Assets and profitability through the increase of branches, and employees (346) as well as its profits and income. All the above operational activities suggest that UT BANK is also perfecting service quality, as this can also be manifested in the numerous awards ranging from the best company in Ghana, business and financial service excellence award (Gold award), Marketing man of the year (CEO) among others. These awards came from reputable institutions like the Chartered Institute of Marketing –Ghana (CIMG), Ghana Investment Promotion Council (GIPC). These reputable organizations also take their inputs from customers of the various Banks in the industry which goes to prove Zeithaml and Berry's (1985 and 1988) perspective that service quality is the preserve of customers whether internal (employees) or external (customers) as they are the ones who will experience the service.

As the bank with the highest number of branches (157) the national Bank is certainly on the right track with respect to providing service quality over the years. From 2008-2010 GCB has risen steadily in their operations and this is a result of the service they deliver to their customers. Reasons for their quality service delivery could be attributed to their product and service innovation coupled with improved customer service over the years. This is manifested in the enormous Assets and profitability they have garnered over the period under consideration as indicated in Table 2.4 (Appendix)

SG-SSB has also proved to be a force to reckon with in the banking industry. From the analytical standpoint, the bank has grown with superior customer service and, employee empowerment. This has expanded their Asset base –as indicated in Table 2.5 (Appendix) year on year. This goes to prove that they (SG-SSB) has been able to hold onto their customers by serving them well and this resulted in improved fortunes.

APPENDIX 1.

The Analysis of the Survey

Table 1.0 What are some of the things you do to ensure loyalty from customers?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Promotional Offers	6	24	24	24
	Innovative Products	2	8	8	32
	Low COTs	9	36	36	68
	Comprehensive Interest rates	8	32	32	100
	Total	25	100	100	

Table 2. How do you see the employee grievances resolution?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very swift	10	40.0	40.0	40.0
	Systematic	8	32.0	32.0	72.0
	Through Ad hoc Committees	7	28.0	28.0	100.0
	Total	25	100.0	100.0	

Table 3. Do you have a mechanism for measuring customer satisfaction?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	452	87.4	90.4	90.4
	Not Really	48	9.3	9.6	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

Analyzing Employee Loyalty And Satisfaction

Table 4 . Kindly indicate the number of years you have worked with the bank.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 year and below	76	14.7	15.2	15.2
	2yrs	127	24.6	25.4	40.6
	3yrs	161	31.1	32.2	72.8
	4yrs and Above	136	26.3	27.2	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

Table 5. Are you happy at your workplace?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	252	48.7	50.4	50.4
	Do not know	146	28.2	29.2	79.6
	Not Really	102	19.7	20.4	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

Table 6. What are some of the things that make you happy at your work place?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Career Advancement	130	25.1	26.0	26.0
	Remuneration	149	28.8	29.8	55.8
	Motivation	72	13.9	14.4	70.2
	Job Security	78	15.1	15.6	85.8
	Staff Interactions	71	13.7	14.2	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

Table 7. Does management meet your expectation most of the time?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	311	60.2	62.2	62.2
	Not Really	139	269	27.8	90.0
	No	50	9.7	10.0	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

Table 8. What do you expect the organization to put in place to ensure your loyalty?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Motivation	79	15.3	15.8	15.8
	Remuneration	181	35.0	36.2	52.0
	Career Advancement	147	28.4	29.4	81.4
	Job Security	43	8.3	8.6	90.0

	Staff Interaction	37	7.2	7.4	97.4
	33	13	2.5	2.6	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

Table 9. How likely are you to stay with the organization in times of difficulties?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very likely	109	21.1	21.8	21.8
	Likely	150	29.0	30.0	51.8
	Not Likely	79	15.3	15.8	67.6
	Unlikely	162	31.3	32.4	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

Table 9.1 Would you conduct business with the bank after you have been disappointed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	182	35.2	36.4	36.4
	Do not know	188	36.4	37.6	74.0
	No	130	25.1	26.0	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

Table 9.2. Do you access loans from the same bank?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Often	178	34.4	35.6	35.6
	Sometimes	203	39.3	40.6	76.2
	No	119	23.0	23.8	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

Table 9.3. Do you access T-bills or any financial instrument besides loans from your bank?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	252	48.7	50.4	50.4
	No	248	48.0	49.6	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

Table 9.4. If yes how often?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very often	87	34.5	34.5	34.5
	Often	97	38.5	38.5	73.0
	Less Often	68	27.0	27.0	100.0
	Total	252	100.0	100.0	
Total			100.0		

Table 9.5. If no why

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High Rates	136	54.8	54.8	54.8
	Cumbersome processes	77	31.0	31.0	85.8
	Just don't want it	35	14.2	14.2	100.0
	Total	248	100.0	100.0	
Total			100.0		

Table 9.6 What are some of the reasons you will give for staying with the bank?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High rates	157	30.4	31.4	31.4
	Security	254	49.1	50.8	82.2
	Prompt Service	89	17.2	17.8	100.0
	Total	500	96.7	100.0	
Missing	System	17	3.3		
Total		517	100.0		

APPENDIX 2

ANALYSIS OF VARIOUS BANKS AND THEIR PERFORMANCE

Comparing the findings from the survey to the financial performance and growth of the banks. All the figures are in thousands of Cedis. 1 Cedi = $1.8.

TABLE 2.1

	FIDELITY BANK LIMITED			FIDELITY BANK LIMITED	
		2008	2009	2009	10
Profit for the year		2,418,416	2,221,386	3,221,798	4,833,101
Total income for the year		14,903,112	25,951,513	25,951,513	46,903,235
Total assets		145,926,804	275,688,226	650,948,474	362,477,248

Source: Fidelity Bank Ghana.

TABLE 2.2

	HOME FINANCE CO. BANK		HOME FINANCE CO. BANK		
		2008-09		2009/10	
Profit for the year		5,707,395	5,525,355	5,414,802	8,264,913
Total income for the year		22,402,416	26,709,764	21,748,287	32,826,815
Total assets		376,460,881	258,845,415	261,101,557	364,492,660

Source: HFC Bank

TABLE 2.3

UNIQUE TRUST BANK			UNIQUE TRUST BANK				
		2008-09		2009/10			
Profit for the year		5,300	7,521	7,521	9,905		
Total income for the year		33,785	35,274	35,274	45,693		
Total assets		127,823	211,921	516,632	348,602		

Source: UT Bank

TABLE 2.4

GHANA COMMERCIAL BANK			GHANA COMMERCIAL BANK		
		2008	2009	2010	
Profit for the year		6,653,666	3,886,635	18,854,588	
Total income for the year		81,469,479	121,000,360	202,494,,684	
Total assets		1,650,220,348	1,797,459,614	1,922,666,249	

Source: Ghana Commercial Bank.

TABLE 2.5

SG-SSB	**SG-SSB**		**SG-SSB**	**SG-SSB**		
		2008	2009	20010		
Profit for the year		15,521,697	19,370,322	26,909,570		
Total comprehensive income for the year		19,293,069	21,049,836	23,044,552		
Total assets		436,765,302	576,694,386	685,912,663		

Source: SG-SSB Ghana.

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