ASSESSMENT OF CUSTOMER EXPECTATION AND PERCEPTION OF SERVICE QUALITY DELIVERY IN GHANA COMMERCIAL BANK

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ABSTRACT

The study is to determine customers' expectations and perception of quality of service delivery of Ghana Commercial Banks Limited. The study also aims at determining the gap between customers' expectation and perception of service quality delivery (customer satisfaction /dissatisfaction) of the banks. To achieve the main aim of the study, the following specific objectives have been set out; determine customers' expectations of the quality of service delivery of GCB, measure customers' perception of the quality of service delivery of GCB, determine the gap (customer satisfaction or dissatisfaction) between customers' perception and expectation of service quality delivery of the bank.

Keywords: Customer, Expectation, Perception of service, Quality delivery.

INTRODUCTION

Customers are viewed as champion in modern marketing as they seek to satisfy a set of needs and wants that are partly related to the essential services like banking services. Customers have their expectations on how these needs and wants are met and that consistently form impressions about the actual service offered them in comparing with their expectations. Arguably, the performance of every organization depends on how well it satisfies its sophisticated customers.

High patronage of services depends on the satisfaction customers derived from a service. Sales are directly related to customer satisfaction; sales increase requires improvement in the quality of service delivery to encourage continuous patronage. Generally, it is believed that services which continuously and consistently delight customers make them happy and satisfied. In such situation, they become loyal customers and will continue to demand the service which in turn will result in profit and growth of an organisation. As a consequence, there is a shift in quality focus from the original producers‟ point of view, which goes under different names such as "service-based quality" "objective and subjective quality" (Shewhart, 1931); cited in Summers (2005) and "operations management quality" (Steenkamp, 1990) towards the customers' base quality, recognizing quality as a subjective matter (Summers, 2005). Subjective quality has received much preference and attention, especially in free-market economies so as to win customers.

Service quality affects the repurchase intention of both existing and potential customers. Market research has shown that customers who are dissatisfied with a service will divulge their experiences to more than there other people. Thus, it is reasonable to conclude that poor service will reduce the potential customer base affecting the bottom line to business performance.

According to Saravanan and Rao (2007) service quality remains critical in the service industries, as businesses strive to maintain a competitive advantage in the marketplace and achieving customer satisfaction. The financial services, particularly banks, compete in the marketplace with generally undifferentiated products; therefore service quality becomes a primary competitive weapon. Literature has proven that providing quality service delivery to customers retains them, attracts new ones, enhances corporate image, lead to positive referral by word of mouth, and above all guarantees survival and profitability (Negi, 2009).

Though service quality has been perceived for a long time to be an outcome of customer cognitive assessment, recent studies confirm that service quality involves not only an outcome but emotions of customers. It is argued that "during the consumption experience, various types of emotions can be elicited, and these customer emotions convey important information on how the customer will ultimately assess the service encounter and subsequently, the overall relationship quality" (Wong, 2004). Measuring service quality poses difficulties to service providers, because of the unique characteristics of services: intangibility, heterogeneity, inseparability and perishability (Douglas and Connor, 2003). In view of this, services require a distinct framework for quality explication and measurement. Among the prominent frameworks, SERVQUAL model developed by Parasuraman (1985;1988) is most preferred and widely used model for measuring service quality in the service industry. The GAP model proposed by Parasuramann *et al.* (1985) presupposes that that service quality is the differences between expectation and performance relating to quality dimensions (perception).

Customer expectation is "a belief that something will happen because it is likely to happen" (Wehmeier, 2000). Expectations can be formed before or during the delivery of a service. They reflect beliefs as to what will or should happen. Customer perception is "the process by which an individual selects, organizes and interprets information inputs to create a meaningful picture of the world". Perceptions of a service are a complex series of judgments formed during or at the end of the experience (Williams and Buswell, 2003). Customer satisfaction therefore, is "the result of customers' assessment of a service based on a comparison of their perceptions of service delivery with their prior expectations (Johnston and Clark, 2005). The current study therefore examines customer expectation and perception of service delivery in the banking sector.

1.1. Concept of Service, Quality and Service Quality

A *service* is a process that leads to an outcome during partly simultaneous production and consumption processes (Gromoos, 2001). Many scholars such as Gromoos (2000); Kotler and Kelvin (2006); Lovelock and Wirtz (2007) agree on four attributes that characterize services: inseparability, Heterogeneity, intangibility and perishability. They further maintain that services involve a form of rental, and that service customers obtain benefits by renting the right to use a physical object, to hire the labour and expertise of personnel, or to pay for access to facilities and networks. In this way customers benefit without owning the property.

Basically, banking is a business that is registered to accept deposits from the public and make out loans. Technically, banks mobilise funds from the surplus units and channel it to the deficit units of the economy. The objective of this fund channelling is to earn profit. This function makes banks one of the most important financial intermediaries in every economy and also assists Central Banks in achieving their monetary policies. Banks earn money in servicing beyond selling money. Banking services are about the money in different types and attributes like lending, depositing and transferring procedures. These intangible services are shaped in contracts. The structure of banking services affects the success of institution in long term. Besides the basic attributes like speed, security and ease in banking services, the rights like consultancy for services to be compounded are also preferred.

The term "quality" means different things to different people, and is especially harder to define, judge or quantify the quality of a service than of a product. In as much as there is no consensus on a definition for quality, there are some key points that are common to almost all the definitions of quality, such as perceptions, expectations and the actual outcome experienced by the customer.

Johns and Tyas (1996) argues that service quality is growing in importance in the marketing literature. The early attempts to specify and measure hospitality quality were only concerned with tangibles such as food and physical facilities. However, during the past decades, the intangible services are recognised as being increasingly important in the advanced competitive market. Because of the four characteristics of services (intangibility, inseparability, homogeneity and perishability), the quality of services is more difficult for consumers to evaluate than that of physical products.

Service quality as perceived by the customer is the degree and direction of discrepancy between customer service perceptions and expectations (Parasuramann *et al.*, 1985). Gronroos (1984) defined service quality as a perceived judgment; resulting from an evaluation process where customers compare their expectations with the service they perceive to have received. Therefore, quality is the extent to which a customer or user believes the product or service surpasses the needs and expectations. Parasuraman 1988; Further, explained quality as the degree of discrepancy between customer's normative, expectations for the service, and the perceptions of the service performance. Customer expectations may be defined as the desires and wants of consumers and the feel what a service provider should offer rather than would offer. All the definitions of service quality focus on meeting customer's needs and requirements and how well the service delivered matches the customer's expectations.

The aim of every service sector is consciously to minimize the discrepancy between service delivery and customer satisfaction. The ability of an organization to determine the customer needs and to effectively meet the needs has a great impact on service quality. Storbacka (1993) pointed out that service quality and relationship quality are antecedents to customer retention, and in a direct relationship with profit, since the cost of attracting new customers is higher than to retain existing ones.

1.2. Significance and Drivers of Service Quality

Delivering excellent service quality is widely recognised as a critical business requirement. It is "not just a corporate offering, but a competitive weapon" which is "essential to corporate profitability and survival". Many authors agree that in today's dynamic market place and market space, organisation no longer compete only on cost but more importantly on service/product quality. In a competitive marketplace where businesses compete for customers, delivering quality service is seen as a key differentiator and has increasingly become a key element of business strategy.

On the drivers of service quality, the most widely used model is the Service-Profit Chain (SPC), first proposed by Heskett (1994). It provides one of the most powerful and widely supported perspectives on this issue. Overall, the SPC sees organisational internal features as driver of employee satisfaction, which drives service quality which is also identified as an antecedent of customer satisfaction which in turn drives customer loyalty and retention that eventually leads to profitability and growth.

1.3. Customer Expectations of Service Quality

Customers' satisfaction with services is related to both their prior expectation about the service and their perception of how well the service was provided. According to Zeithaml *et al.* (2006) customer expectations are "beliefs about a service delivery that serve as standard against which performance is done". Customers develop a certain set of expectations based on a variety of inputs. They consider their previous experiences with services in general and with each specific kind of service they have encountered. Customers also develop expectations when they hear about services from others. If you hear that your friend was delighted with her stay at a particular hotel, you are more likely to expect that same level of service if you stay there. Customers also form expectations based on service provider's advertisement and promotions.

1.4. Levels of Service Expectation

Customer expectations consist of five levels: ideal service level, desired service level, adequate service level, predicted service level, and zone of tolerance, as shown in Figure 1.1.

- **Ideal service level** is the highest level of service expectations defined as the 'wished-for' level of service, which customers hope to receive in an idealised way.
- **Desired service level** is lower than the ideal service level. However, it is the level of performance the customer wants to receive from the service and a blend of what customers believe can be and should be delivered.
- **Adequate service level** is the lowest level of service expectations defined as the minimum level of service the customer will tolerate and accept without being frustrated.
- **Zone of tolerance** (See Figure 1.1) refers to the gap between desired service and adequate service levels. Services performed in this zone will be accepted as heterogeneity by the customers. If the performance is above the ideal service level, customer will be very pleased. When the performance falls below the

adequate service level, customers will be dissatisfied and have a negative impression.

- **Predicted service level** is the level of service customers actually expect from the service organisation. The predicted service level can range from the ideal level of service to the adequate level of service by modifying the customers' expectations accordingly in all circumstances of service (Zeithaml and Bitner, 1996; Kurtz and Clow, 1998).

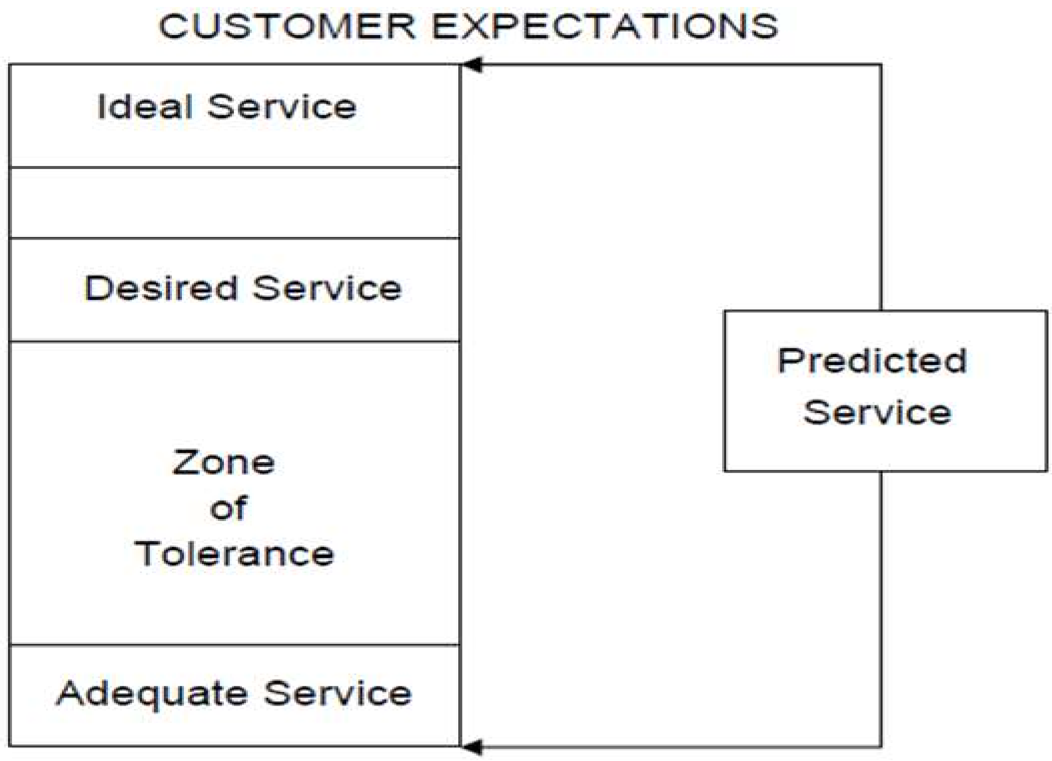

Figure-1.1. Levels of service expectation
Source: Adapted from Zeithaml and Bitner (1996)

1.5. Factors Influencing Customer's Service Expectations

According to Zeithaml and Bitner (1996) customers' service expectations play a vital role when evaluating service quality. Hence, management of a service organisation must understand and control these factors which can effectively influence customers' service expectations. The factors include

1.6. Factors Influencing Desired Service Expectations

As shown in Figure 1.2, the factors influencing the expectations of desired service are personal needs and enduring service intensifiers.

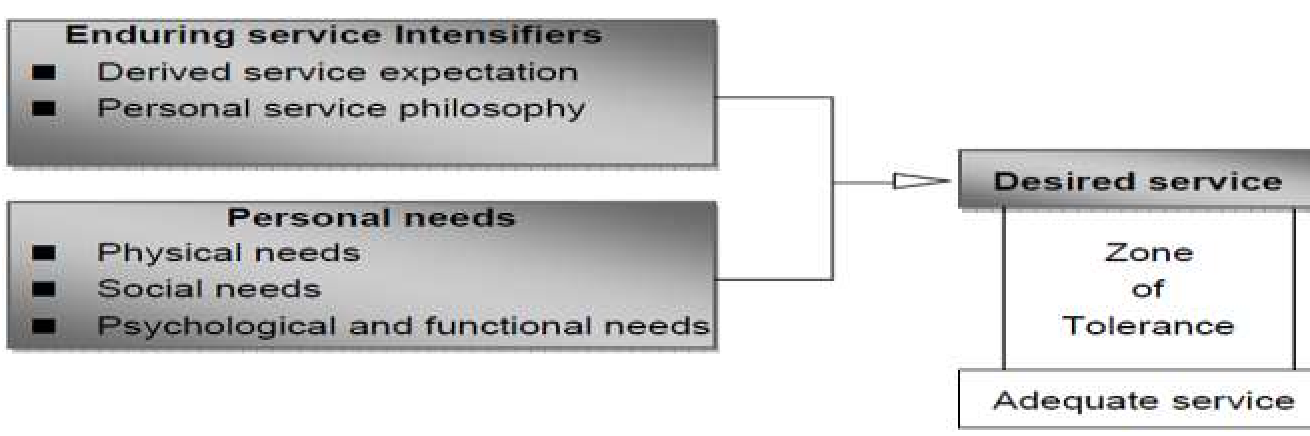

Figure-1.2. Factors influencing desired service expectations
Source: Adapted from Zeithaml and Bitner (1996)

(a) Enduring Service Intensifiers

Zeithaml and Bitner (1996) maintain that enduring service intensifiers are individual, stable factors that lead the customer to be more sensitive about service.

Thus, service intensifiers can be classified into two most important groups, including derived service expectations and personal service philosophy. Derived service expectations occur when customer expectations are influenced by another individual person or other social groups of people, such as parents choosing a travel destination and guest house for the family. These customers' individual expectations are intensified because their experience derived expectations from others who will receive and evaluate the service. Another factor of the enduring service intensifier is a personal service philosophy which reflects the customer's subliminal judgment about the meaning of service and the performance of service providers. Customers who themselves are in the service business or who have worked as service providers in the past, appear to have stronger service philosophies.

(b) Personal Needs

As Figure 2.2 shows, personal needs are the key factor in influencing and shaping the level of the customer's desired service expectations and consist of physical needs, social needs, psychological needs and functional needs (Zeithaml and Bitner, 1996). For example, a young couple with a baby may have special needs in a guest house, such as easy accessibility of a baby feeding chair offered by the service provider (Nicod *et al.*, 2007). Another example is a customer who has high social needs may have relatively high expectations of a hotel's décor and entertainment facilities offered.

i. Factors Influencing Adequate Service Expectations

According to Zeithaml and Bitner (1996) there are four factors that play a crucial role in influencing adequate service expectations. These include transitory service intensifiers, perceived service alternatives, a self-perceived service role and situational factors (shown in Figure 1.3).

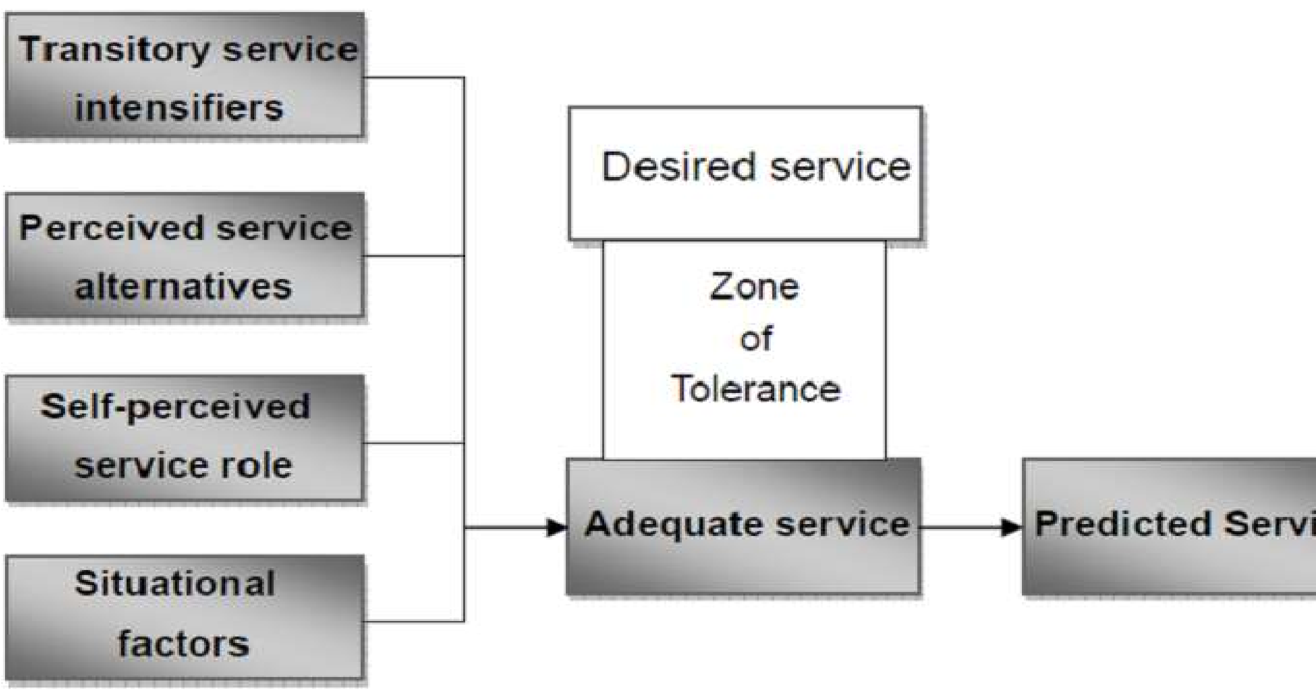

Figure-1.3. Factors influencing adequate service expectations
Source: Adapted from Zeithaml and Bitner (1996)

(a) Transitory Service Intensifiers

Transitory service intensifiers are the first set of determinants that refer to temporary and individual factors that make a customer more aware of the need for service. When a breakdown in office equipment during a deadline period is experienced, the level of adequate service expectation, particularly the level of responsiveness required and considered acceptable, is raised (Zeithaml and Bitner, 1996).

(b) Perceived Service Alternatives

Perceived service alternatives reflect whether more than one service provider can provide the same service to customers or whether customers have rare choices of selecting service providers (Zeithaml and Bitner, 1996).

(c) The Customer's Self-Perceived Service Role

The customer's self-perceived service role is the third factor affecting the level of adequate service expectations. This is defined as the customer's perceptions of the degree to which customers exert an influence on the level of service received. Customers' expectations are partly shaped by the level of their own roles performed in service delivery (Zeithaml and Bitner, 1996).

(d) Situational Factor

Levels of adequate service are also influenced by situational factors, which are defined as service performance conditions beyond the control of the service provider (Zeithaml and Bitner, 1996). For example, a sudden power shut-down can be tolerated by customer.

(e) Predicted Service

Predicted service is the final factor influencing the level of adequate service expectation. This is anticipated by customers from an objective point of view. In addition, predicted service is an estimate of service performance a customer received in an individual transaction rather than in the overall performance with the service provider (Zeithaml and Bitner, 1996).

ii. Factors Influencing both Desired and Predicted Service Expectations

Zeithaml and Bitner (1996) point out that when customers are interested in purchasing services, they may choose the needed service on the recommendation of friends or by tracking newspapers or television advertisements. In addition to the external search for information, the customer may exert an internal search by reviewing the information held in memory about the service. The one internal and three external factors that influence both desired and predicted service expectations are explicit service promises, implicit service promises, word-of-mouth communications and past experience (shown in Figure 1.4).

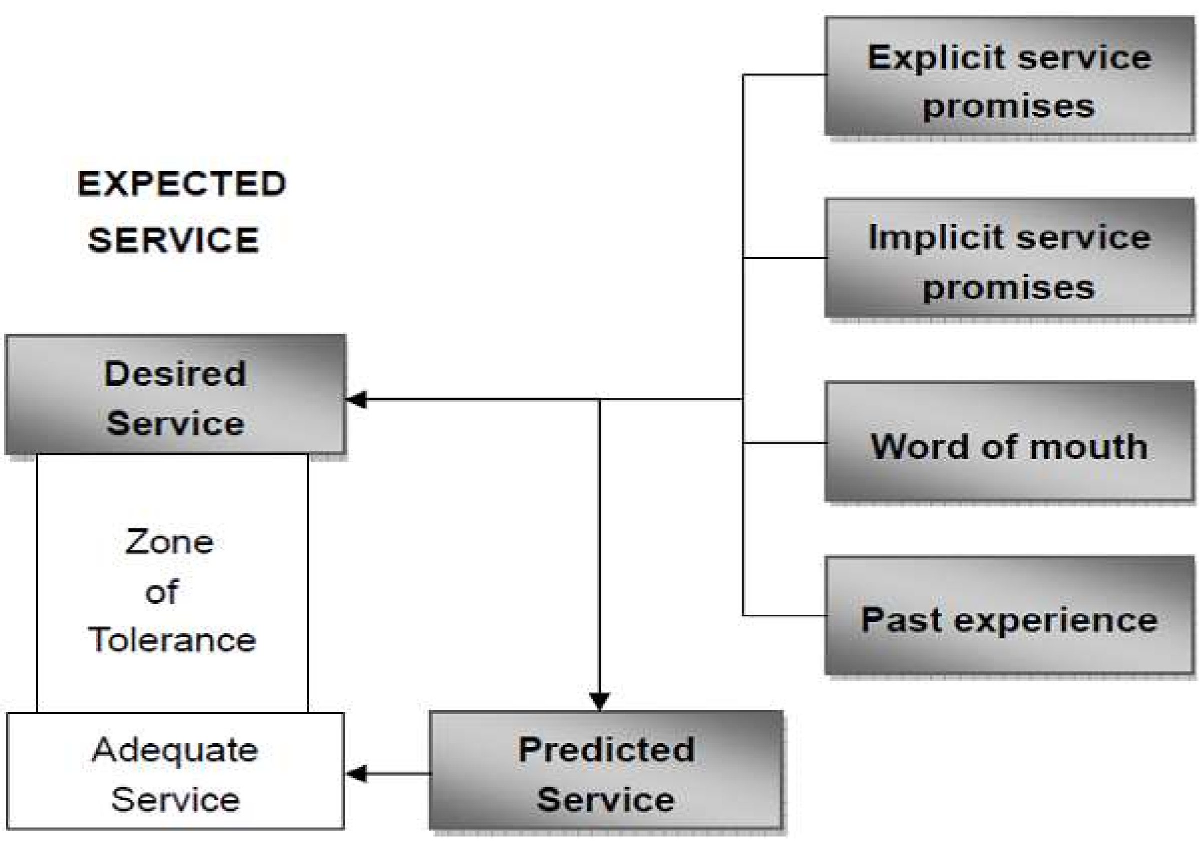

Figure-1.4. Factors influencing both desired and predicted service expectations
Source: Adapted from Zeithaml and Bitner (1996)

(a) Explicit Service Promises

Explicit service promises encompass statements about the service made by the organisation to customers. The statements are made by staff, or in advertising, brochures and other written publications. The service provider must ensure that service promises are not unrealistically promised, because explicit service promises are the only influence which can be completely controlled by the service provider (Zeithaml and Bitner, 1996).

(b) Implicit Service Promises

Implicit service promises are quality cues that are dominated by price and the tangibles associated with the service to help customers in inferences about what the service should and will be like. In general, the higher the price charged and the better the tangibles provided, the more a customer will expect from the service (Zeithaml and Bitner, 1996).

(c) Word-Of-Mouth Communication

Word-of-month communication plays an important role as an information source used by customers in forming expectations of both predicted and desired service because it is perceived as unbiased. The statements of word-of-month communication can be made to customers by friends, other customers, and experts (Zeithaml and Bitner, 1996).

(d) Past Experience

Past experience refers to the customer's previous exposure to the focal service and shaping their predictions and desires. In addition, the customer not only compares their service with previous service experience in the same place, but also compares the experienced service with other service providers in other places (Zeithaml and Bitner, 1996).

As explained by Parasuraman *et al.* (1990) the expected service quality may not be answered because of constraints, thus, the perceived service for customers can be different from what expected. They stated that "a variety of factors – resource constraints, market conditions, and/or management indifference may result in discrepancy between management perceptions of consumer expectations and the actual specifications established for a service. This discrepancy is predicted to affect quality perceptions of customers.

1.7. Customer Perception of Service Quality

Zeithaml and Bitner (1996) describe customer perceptions as the subjective assessments of actual service received or experienced and whether they are satisfied with the quality of the service. When customers evaluate whether the quality of service meets their expectations, they always consider their service perceptions relative to expectations.

1.8. Factors Influencing Customers' Service Perceptions

According to Zeithaml and Bitner (1996) four factors that influence customers' service perceptions are image, price, service encounters (moments of truth) and the evidence of service. These factors are explained below (shown in Figure 1.5).

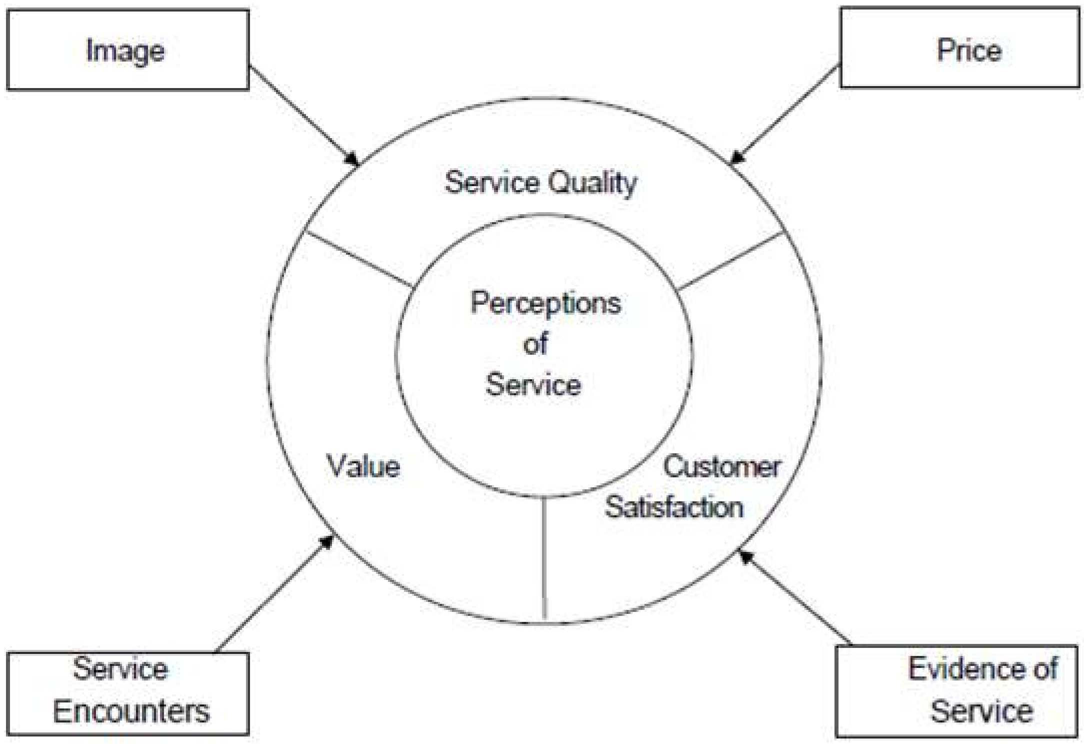

Figure-1.5. Factors Influencing Customer's Service Perceptions
Source: Adapted from Zeithaml and Bitner (1996)

(a) Image

Customer perceptions can be affected by the image or reputation of the organisation. Keller (1993) defines organisational image as "perceptions of an organisation reflected in the associations held in customer memory." The associations can be reflected through contacting with employees and even the service experience itself. Organisational image can assist an organisation to build positive customer perceptions of service. This positive image serves as a buffer against incidents of poor service (Zeithaml and Bitner, 1996).

(b) Price

The price of service can also influence customer perceptions. Because of the intangible nature of the service, customers rely on price as an indicator to judge whether the service can meet their expectations or not. If the price is higher than average price, customers are likely to expect higher quality than others; if price is too low, customers may doubt the ability of organisation to deliver the service appropriately. For both situations, the higher or lower expectations will greatly influence customer perceptions of service.

(c) Service Encounters (Moments Of Truth)

Service encounter refers to the interaction between the customer and the service provider during a period of time. According to Zeithaml and Bitner (1996) when customers have service transactions with a service organisation, they can judge the quality of service provided by this organisation, through evaluating the concrete service encounters. Zeithaml and Bitner (1996) mention three types of service encounters that can be managed by a service organisation to have interactions with customers, namely remote encounters, phone encounters and face-to-face encounters.
Remote Encounters: These take place when there is no direct human contact between the customer and the service provider.
Phone Encounters: This is extended to an electronic encounter responding to rapid information-technology. Electronic encounter refers to the interaction between customers and service providers that occur through the Internet and other multi-media.
Face-To-Face Encounter: This takes place between a customer and a service provider in direct contact, meeting in person.

(d) Evidence of Service

The last factor of influencing customer perceptions of service is regarded as the evidence of service. Because services are intangible, customers not only rely on price to evaluate service quality, but also seek for evidence of service in every interaction they have with an organisation to build an impression of service perceptions. Zeithaml and Bitner (1996) discover three elements of evidence experienced by the customer: people, process and physical evidence (shown in Figure 1.6).

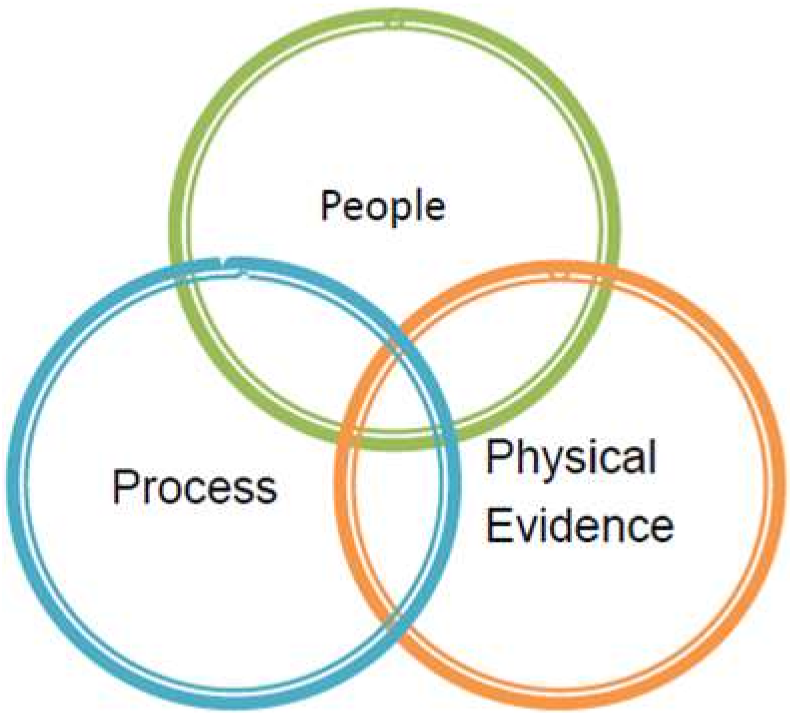

Figure-1.6. Evidence of service
Source: Adapted from Zeithaml and Bitner (1996)

1.9. Service Quality Model: The Gap Model

The GAP model was proposed by Parasuramann *et al.* (1985). The model presupposes that that service quality is the differences between expectation and performance relating to quality dimensions. These differences are referred to as gaps. The gaps model (figure 1.7) conceptualizes five gaps which are:

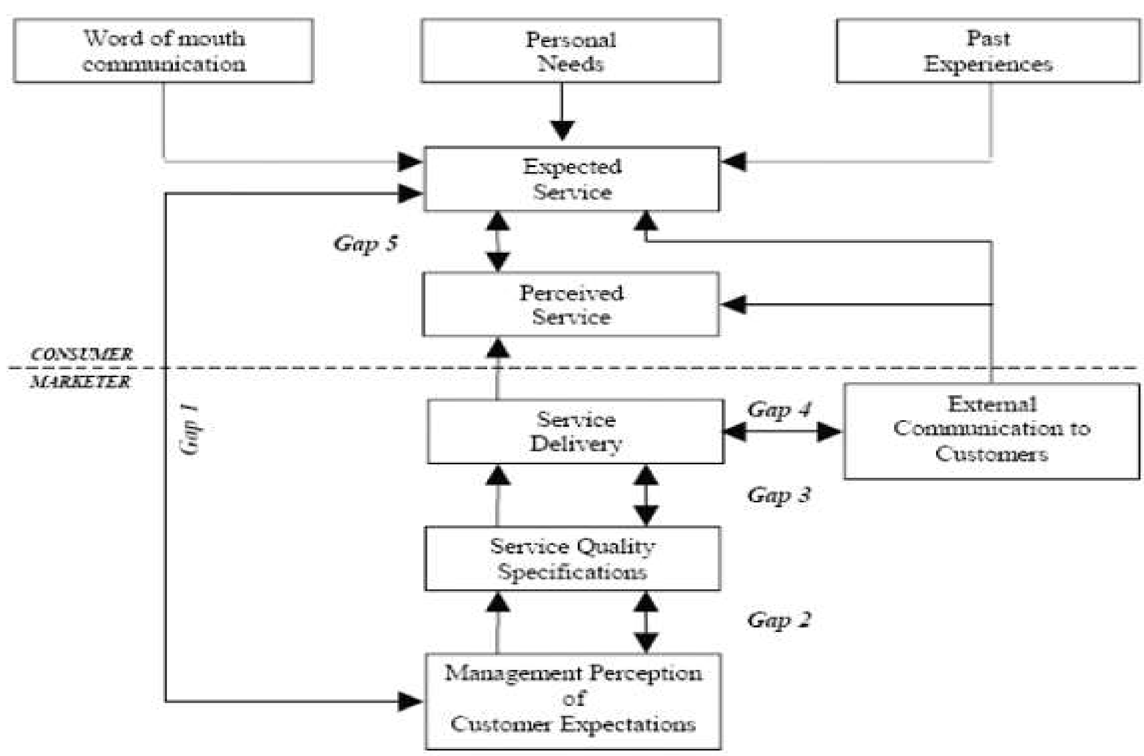

Figure-1.7. The Gap Model
Source: Parasuramann *et al.* (1985)

Gap 1: Difference between consumers' expectation and management's perceptions of consumers' expectations (not identifying what consumers expect);
Gap 2: Disparity between management's perceptions of consumer's expectations and service quality specifications (inappropriate service-quality standards);
Gap 3: variations between service quality specifications and service actually delivered (poor delivery of service quality);
Gap 4: Difference between service delivery and the communications to consumers about service delivery (promises mismatch delivery);

Gap 5: Difference between consumer's expectation and perceived service; this gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side. Based on this, the SERVQUAL instrument was developed.

Lovelock (1996) has suggested that the gap model is a diagnostic tool and if used properly will enable the management to identify systematically service quality shortfalls. In other words, the evaluation is facilitated by the identification of gaps between a numbers of variables affecting the offering and more importantly from the perspective of the customer. Zeithaml and Bitner (1996) also claim that the gap between customer perceptions and expectations plays a major role in services marketing.

1.9.1. Service Quality Measurement Approaches

Researchers have emphasized the distinct conceptualizations of quality (Holbrook, 1994). In operation management, reality and fitness of use define quality, whereas in marketing and economics, attributes of products constitute quality. In services, quality is concerned with the overall assessment of the services (Parasuraman, 1988) identified performance, features, conformance, reliability, durability, serviceability, aesthetics, and customer perception of quality based on service provider's image as the dimensions of quality.

Measuring service quality enables organization to know its position in the market and provides a strategic advantage to enhance its competitiveness. Measurement of service quality presents areas of strengths and weakness that offer opportunities to the organizations to initiate appropriate response to focus and improve salient attributes of customer perceived service quality. Through formal surveys of customers in different industries and focus group, Parasuraman (1988) developed a list of characteristics that define service quality in general. They combined these attributes into five major dimensions of service quality, namely; tangible, assurance, responsiveness, empathy, and responsiveness. These authors subsequently tested these dimensions through SERVQUAL; a 22-items scale measuring customer's expectations and perception on five dimensions to evaluate service quality. Berry *et al.* (1994) argued that SERVQUAL is an effective tool to steer organization in its pursuits of quality improvement by focusing on those areas that significantly contributes toward improvement.

Objective measurement of service quality is difficult because of unique characteristics of services (Zhu *et al.*, 2002). Researchers have used different instruments to measure service quality index. The most widely used instrument is SERVQUAL scale. Researchers have found this instrument valid and reliable in numerous studies (Cronin and Taylor, 1992;1994). Some of these studies did not support the five factor structure of the instrument. Some researchers have criticized the instrument because of "its use of gap scores, negative wording used instrument is SERVQUAL scale measurement of expectations, positively and negatively worded items, the ability to generalize its dimensions, and the defining of baseline standard for good quality (Lai *et al.*, 2007). SERQUAL primarily focuses on gap-based scale to measure service quality, whereas (Cronin and Taylor, 1992;1994) emphasized the use of performance index only (SERVPERF). The SERVPERF measure has also found support in the other studies (Babakus and Mangold, 1992; Brown *et al.*, 1993; Teas, 1993). The researchers have argued that cultural difference is an important aspect that affects customers' expectations of service of quality (Donthu and Yoo, 1998; Mattilda, 1999); hence the relevance of SERQUAL in different cultures is also an issue. To improve reliability and validity of SEQVUAL, some researchers have merged expectations and perceptions into a single measure and tested it and came out with excellent results (Dabholkar *et al.*, 2000).

The quality of service delivered; from the mobile phone user's perspective is to be studied with just a view of the user rated on a scale to facilitate its measurement. SERVQUAL has been widely used in telecommunication industries in different cultural context with high reliability and validity (Stafford *et al.*, 1998; Tyran and Ros s, 2006). In a study of mobile telecommunication in South Africa, Van Der Wal *et al.* (2002) used SERVQUAL with some modifications. The modified instrument resulted scale reliability of 0.95. In their study of service quality in telecommunication services, Ward and Mullee (1997) used reliability, availability, security, assurance, simplicity, and flexibility as criteria of service quality. They argued that, from customer's perspective, it is not appropriate to separate network quality from the other dimensions of quality.

Parasuraman (1988) suggest that the dimensions of SERQUAL instrument identified are transferable across industries. Therefore, this study intends to adapt this instrument to determine customer expectation and perception of service quality delivered by the selected banks.

The SERVQUAL dimensions: tangibles, reliability, responsiveness, assurance and empathy are the basis for service quality measurement.

1.10. Tangibles

The tangibles encompass the appearance of the company representatives, facilities, materials, and equipment as well as communication materials. The condition of the physical surroundings is seen as tangible evidence of care and attention to detail exhibited by the service provider summarize tangibles as the physical evidence of the service.

1.11. Reliability

The reliability and consistency of performance of service facilities, goods and staff is seen as important. This includes punctual service delivery and ability to keep to agreements made with the customer. According to Fitzsimmons and Fitzsimmons (2001) reliability is the ability to perform the promised service both dependably and accurately with error free.

1.12. Responsiveness

Johnston (1997) describes responsiveness as the speed and timeliness of service delivery. This includes the speed of throughput and the ability of the service to respond promptly to customer service requests, with minimal waiting and queuing time. Fitzsimmons and Fitzsimmons (2001) argue that when the customer is kept waiting for no apparent reason creates unnecessary negative perceptions of quality. Conversely, the ability for the bank to recover quickly when service fails and exhibit professionalism will also create very positive perceptions of quality.

1.13. Assurance

This considers the knowledge and courtesy of employees as well as their ability to convey trust and confidence. The assurance dimension includes the following features: competence to perform the service, politeness and respect for the customer, effective communication with the customer and the general attitude that the server has the customer's best interest at heart (Fitzsimmons & Fitzsimmons, 2001).

1.14. Empathy

Empathy is the provision of caring, individualized attention to customers. Fitzsimmons and Fitzsimmons (2001) posit that empathy includes approachability, sensitivity, and effort to understand the customer's needs. Johnston (1997) describes empathy as the ability to make the customer feel welcome, particularly by the contact staff.

1.14.1. Customer Satisfaction

Customer satisfaction is the outcome felt by buyers who have experienced a company performance that has fulfilled expectations. Customer satisfaction is the customer's perception that his or her expectations have been met or surpassed. A customer might experience various degrees of satisfaction. If the product or service performance falls short of expectation, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. if the performance exceeds expectations, the customer is highly satisfied or delighted.

Customer satisfaction is closely linked to quality. In recent years, many companies have adopted total quality management programs designed constantly to improve the quality of their products, services and marketing process. Quality has direct impact on product or service performance, and hence on customer satisfaction.

1.15. Dimensions of Customer Satisfaction

In the literature, many scholars have developed many models to explain the components of customer satisfaction. While some authors perceive satisfaction as an overall component, others, notably the disconfirmation school of thought, conceptualise satisfaction as a product of customers' comparison of the perceived performance of the product/service with some cognitive or affective standards like desire, expectation, perceived value or perceived service quality (Parasuraman, 1988; Gromoos, 2001; Kotler and Kelvin, 2006). These components are conceptualised and displayed in Figure 2.8.

These components are chosen because each of them is empirically validated to have significant impact on customer satisfaction (Parasuraman, 1988).

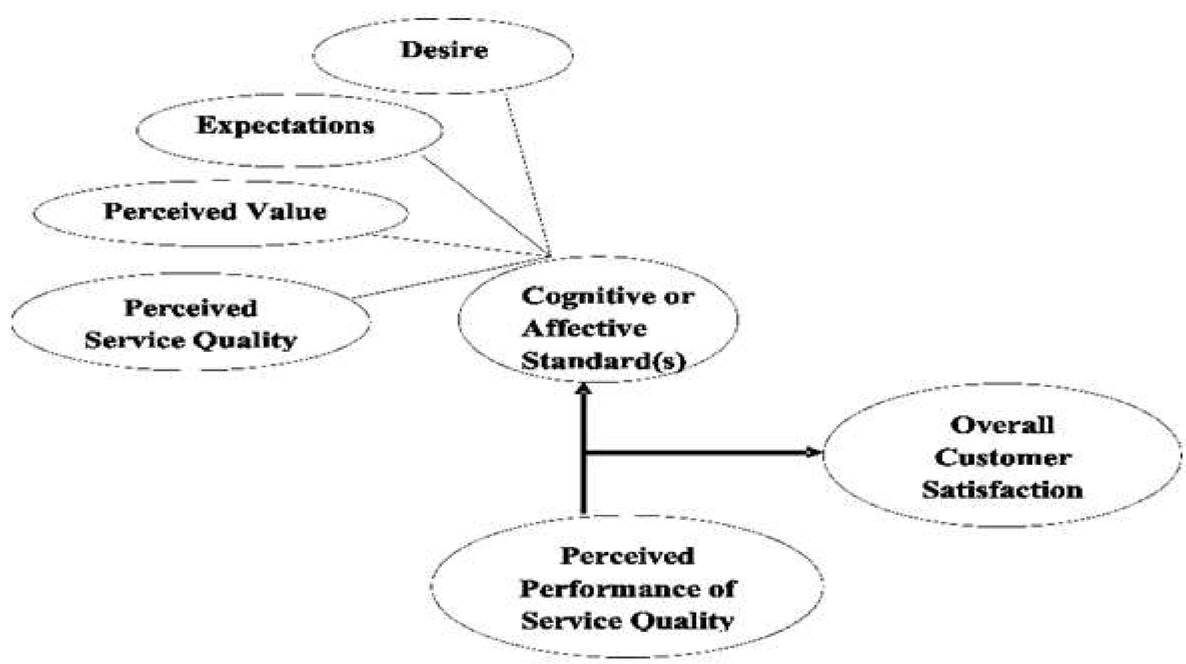

Figure-2.8. Components of Customer Satisfaction

2. Empirical Literature

Osei-Poku (2012) assessed the level of service quality delivery at Merchant Bank Ghana Limited. The focus was on the four branches of Merchant Bank located in the Kumasi Metropolis. The outcome of study will enhance the Bank’s competitive position in the banking industry and ensure its survival. Convenient sampling technique was employed in the study with Statistical Package for Social Scientist (SPSS) used in the analysis. The expectations and perceptions of Merchant Bank customers were assessed under the five dimensions of SEQUEl. It was found that all the five dimensions contributed to quality of service delivery in Merchant Bank. Comparison between the customer responses and service delivery revealed the need for Merchant bank management should work towards enhancing customer relationship management. Statistically using the Z test, there were no significant differences among the five service quality dimensions. However, assurance and tangibility dimensions recorded significant difference among the expectation and perception with a quality gap of 0.310 and 0.325 respectively. It can however be concluded from the analysis that customers were not satisfied with service delivery of Merchant Bank. To ensure customer retention and improve on competiveness, Merchant Bank should regularly assess service delivery.

Shanka (2012) measure the quality of service offered by private banks operating in Ethiopia. Moreover, it tries to investigate the relationship between service quality, customer satisfaction and loyalty. The five dimensions of SERVPERF model i.e. reliability, assurance; tangibility, empathy and responsiveness were used to measure the quality of service offered by the private banks. In order to achieve the aims, both primary and secondary sources of data were used. The primary data were collected through administrating questionnaire. Convenient sampling procedure was used to obtain 260 responses from customer of banking services in Hawassa city on the 22 item SERVPERF scale measure perception regarding their respective banks service. Correlation and multiple regressions were used to investigate the relationship between dependent and independent variables. The correlation results indicate that there is a positive correlation between the dimensions of service quality and customer satisfaction. The results of the regression test showed that offering quality service have positive impact on overall customer satisfaction. The research proves that empathy and responsiveness plays the most important role in customer satisfaction level followed by tangibility, assurance, and finally the bank reliability. The research findings also indicate offering high quality service increase customer satisfaction, which in turn leads to high level of customer commitment and loyalty.

Hinson *et al.* (2006) investigate service quality perception of three top banks in Ghana: Barclays bank, Standard Chartered bank and Ghana Commercial Bank. The purpose of the study is to compare service quality across these three banks and to determine the most important factors contributing to service quality. The study reveals that all the banks selected differ on the service quality dimensions. BBGL provides better services in terms of the level of service quality provided to client than the listed (GCB and SCB) banks. The study also reveals that the locally owned bank (GCB) provides social services rather than the multinational banks. Interestingly, the study reveals that clients expectation on all the service dimension have not been met by the Ghanaian banks. The study revealed that all the service quality dimensions contributed significantly to the prediction of service quality in Ghana with human element of service quality being highly predictive of perceived service quality. Tangibility is the least predictive of perceived service quality. The findings show that there is room for service quality improvement in Ghana's banking industry. Recommendations were provided in the main text.

CHAPTER THREE

3.1. Methodology

A research design is defined as the plan and structure of investigation and the way in which studies are put together. According to Eriksson & Wiedersheim-Paul (2001) the purpose of a research can be exploratory, descriptive or explanatory depending on the nature of the problem. The study used quantitative exploratory methodological approach to achieve its aims of determining customers' expectation and perception of service quality delivery of GCB. An exploratory research is conducted to find out what is happening; to seek new insights; to ask questions and to assess phenomena in a new light (Robson, 2002). The study therefore is exploratory because it sought to assess customers' expectation and perception of service quality delivered GCB and also sought to assess customer satisfaction of service quality delivery of the banks.

The study used a self-administered structured-questionnaire as the primary data collection instrument to gather information. Only customers GCB in Accra were included in the study. The data gathered was analysed quantitatively using both descriptive and inferential statistics.

3.1.1. Population and Sampling

3.1.1.1. Target Population

Population according to Cooper and Schindler (2003) is the total collection of elements which the researchers made some inferences. The study focused on individual customers of GCB in the Greater Accra region who have been patronizing the services of the bank for at least one year. Only customers with SHS level of education and beyond were considered for convenience sake.

3.1.2. Sample Size

The size of the sample determines the statistical precision of the findings. The size of the sample is a function of change in the population parameters under study and the estimation of the quality that is needed by the researcher (Wegner, 2000). Generally, larger samples result in more precise statistical findings (Terre-Blanche *et al.*, 2006). Only five branches of GCB in Accra were selected. The selected branches of the bank included those in 'Madina', Gulf House, Circle, 'Makola', and High Street. Owing to the fact that the target population of customers of the selected banks is very large, the study selected customers 40 customers from each branch totalling 200 respondents. The sample size was selected based on convenience.

3.1.3. Sampling Techniques

According to Neuman (2006) with sampling, the primary goal of researchers is to get a small collection of units from a much larger collection or population, such that the researcher can study the smaller group and produce accurate generalizations about the larger group. Non-probability sampling techniques were used in this study. Quota, purposive or judgmental and convenient sampling techniques (non-probability) were used to select the customers of the banks. Quota sampling technique was used to select equal proportion of customer from each of the five selected branches of the bank. Purposive sampling technique was used because only customers who had been patronizing the services of the bank for at least one year and understood the issues under investigation were selected. Convenient sampling technique was also used because only the target customers who were willing to participate in the study were included.

3.2. Sources of Data Collection

According to Burns and Grove (1999) data collection is a process of gathering information using questionnaires, interviews or observation. According to Walliman (2001) data may be collected from either primary or secondary sources. Primary data is a data originated by the researcher for the specific purpose of addressing the research problem". It is what the researcher originally collects from the sample or target population. According to many scholars, in the use of survey strategy, the main instruments used for gathering primary data are self-administered/interviewer administered or structured/unstructured interviews and questionnaire or a combination of both (Saunders *et al.*, 2007). They further agree that generally the questionnaire can be used for descriptive or explanatory study, and must have a good layout, unambiguous questions, complete items, non-offensive but relevant items, logical arrangements of items, and the ability to elicit willingness to answer in respondents.

The secondary data, on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical process (Neuman, 2006). Wilson (2003) defined secondary data as information that has previously been gathered for some purpose other than the current research project. Secondary data is very helpful in order to grasp knowledge about topic of the research. It helps the researcher to know the topic in detail and helps the researcher to confine his study and also guides to the core issues that are researchable.

For the purpose of this study, data were collected mainly from primary sources only. For the purpose of this study, data collection was done by using a structured questionnaire.

3.2.1. Primary Data Collection Instrument/ the Questionnaire

A structured questionnaire is the primary research instrument that was used in the study. A structured questionnaire consists of well-formulated questions and fixed response alternatives that are directly related to the research objectives (Wegner, 2000). The questionnaire was sectionalized into three sections outlined as follows.

The first section (section A) assessed the general demographic profile of the respondents which include items such as: gender, age, level of education, occupation, how long customer has been doing business with bank, frequency of doing banking etc.

Section B and C assessed customers' expectations and perceptions of service quality delivery by the selected banks. The study adapted a questionnaire format initiated by Parasuraman (1988) which has been psychometrically tested. The mentioned questionnaire is designed in accordance with the SERVQUAL Dimensions and Service Quality Gap. The SERVQUAL variables included: Tangibles, Assurance, Responsiveness, Empathy and Reliability, to determine the level of satisfaction derived from the services. Items in both sections were measured on a Five-Point Likert Scales (Likert, 1932); 1(strongly disagree), 2 (disagree), 3(Neutral), 4 (agree), 5 (strongly agree).

3.2.2. Data Collection Methods

First, an introduction letter from the University of ……………was first sent to the selected bank and their consent sought. The questionnaires were then distributed to the target customers of the selected branches of bank through personal contact. The customers were allowed enough time for to answer the questionnaire. The questionnaires were then retrieved through personal contact for sorting and data analysis.

DATA ANALYSIS METHODS

4.1. Descriptive Statistical Analysis

Descriptive statistics such as frequency distribution was used to assess the demographic profile of the respondents. Also, measures such as mean and standard deviation were used to depict the extent of customer expectation and perception of the various dimensions of service quality. The mean values represent the average response of all the respondents regarding a particular item on the scale.

4.2. Inferential Statistical Analysis

According to Sekaran (2003) inferential statistics allow researchers to infer from the data through analysis the relationship between two variables; differences in a variable amongst different subgroups; and how several independent variables might explain the variance in a dependent variable. A paired t- test was used to test for the significance difference between customers' expectation and customers' perception of service quality at 95% confidence level.

Data analysis was done with the help of the statistical software of Statistical Package for Social Sciences (Version, 18). Finding of the study were presented pictorially via frequency tables.

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