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Trust and customer engagement in the banking sector in Ghana

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ABSTRACT

Customer engagement has become a topical issue in the marketing literature in recent times. Many researchers have called for more research to be done on the antecedents of customer engagement. In response to this call, we examine the impact of trust on customer engagement. We used the survey research design to address the research question. We used the intercept approach to select the participants of the study. We collected the data from retail banking customers in Ghana. The hypotheses were tested using Structural Equation Modelling (SEM). The findings of this study show that trust in service providers and economy-based trust have a significant and positive effect on emotional engagement, cognitive engagement, and behavioural engagement. The implications of the findings have been discussed at the end of the paper.

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Trust; customer engagement; retail banking; Ghana; economy-based trust; service-based trust

Introduction

Although the concept of engagement has existed for a very long time in the management literature, the last decade has seen growth in research especially in marketing. At the same time, the last decade has seen a significant interest in engagement from practitioners (Brodie, Ilic, Jurić, & Hollebeek, 2013; Brodie, Hollebeek, Jurić, & Ilić, 2011; Zhang, Guo, Hu, & Liu, 2017). According to the existing literature, customer engagement plays a strategic role in organizations because it has a positive influence on customer value creation.
(Zhang et al., 2017), offers companies a competitive advantage (Sedley, 2008), and improves firm performance (Voyles, 2007). Customer engagement also produces new product development (Hoyer, Chandy, Dorotic, Krafft, & Singh, 2010). Brodie et al. (2011) provide the basis for these assertions. According to them, engaged customers normally take part in online marketing by referring brands to others and recommending products and services to others. Due to the strategic importance of customer engagement, many researchers have called for more research to be done on the drivers of customer engagement (Brodie et al., 2013). The social capital literature points out the impact of trust on engagement (Putnam, 1993). This assertion has been backed by Johnson and Grayson (2005). Trust is essential in relational exchanges between stakeholders (van Tonder & Petzer, 2018) and is also found to be central in buyer-seller relations (MacMillan, Money, & Downing, 2005; Morgan & Hunt, 1994; Verma, Sharma, & Sheth, 2016). Trust is believed to reduce perceived risk, thereby enhancing a customer’s commitment to service providers, and subsequently committed customers become engaged with service firms (So, King, & Sparks, 2014, p. 4). In a content analysis of 456 papers, Agariya and Singh (2011) revealed that in the banking, insurance, and health care sectors trust is amongst the six most often cited defining constructs in engaging relationships. Trust is the most defining constructs for the banking and insurance sectors (see in Agariya & Singh, 2011). This suggests that trust can impact positively on customer engagement.

However, the current literature provides little evidence on the impact of trust on customer engagement especially in the retail banking sector in many African economies. To address this void, we examine the effect of trust on customer engagement in the African context. To conduct our research, we used a dataset from the retail banking sector in Ghana. We chose this sector due to its competitive nature and the need for customer value creation in the sector. Following this, we conceptualized trust from two perspectives, trust in a service provider (retail bank) and economy-based trust. We define trust in service provider as customers’ belief that a retail bank will safeguard their personal information, and deposits. Similarly, we define economy-based trust as customers’ belief using a particular retail bank is time-saving, cost-saving, and economical. Our conceptualization of trust from these perspectives is critical especially when customers complain about delays in service delivery in the retail banking sector in Ghana as well as the collapse of some banks in recent times. This study makes some contributions to the existing literature. Firstly, we have established the relationship between trust and customer engagement in the retail banking sector in emerging economy context. It shows the extent to which trust in service providers and economy-based trust impact on the different dimensions of engagement. Secondly, our study offers an empirical basis for marketing strategies that can drive customer engagement in the retail banking sector. The rest of the paper is divided as follows; literature review, research model and hypotheses, methodology, structural model and results, discussions of findings and implications, and limitations and recommendations for future research.

Contextual framework: the Ghanaian banking industry

Ghana is a country situated in West Africa with a population of about 29.6 million (2018), a real GDP growth (annual %) rate of 3.6 as at 2016, GDP deflator (annual %) rate of 17.4 as at 2016, GDP (current US$) of 42,689,783,733 as at 2016, and a hub of commercial activities.