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MANAGING CUSTOMER RETENTION AND LOYALTY: THE MEDIATING ROLE OF CUSTOMER SATISFACTION.

BY

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JULY, 2021

DECLARATION

I declare this thesis is the outcome of my own research work, and that no part of this work has been presented by anyone, for any academic award in this or any other University. All references used in the work have been fully acknowledged. I fully accept responsibility for any shortcoming of this work.

I bear sole responsibility for any shortcomings.

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CERTIFICATION

I hereby certify that this thesis was supervised in accordance with procedures laid down by the University.

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DEDICATION

I dedicate this thesis to the glory of God Almighty whose unfailing love and unflinching support have sustained me and have successfully seen me through my studies. I am also grateful for the Lord's wisdom he granted me to produce this piece of work. Again, I dedicate this work to my late mother Madam Abena Frimpongmaa for giving me life but left me rather at an early age. Mum rest in perfect peace! The next dedication goes to my loving wife Christabel Otabil who has been a pillar throughout my academic journey. I also dedicate this work to all my MPHIL Marketing course mates. I could not have achieved this feat without you. I am most grateful.

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ABSTRACT

Customer relationship management has assumed critical importance, particularly in financial service marketing. Customers are increasingly becoming critical, demanding and less forgiving of firms. How to make customers become emotionally and psychologically attached to organizations have therefore become complex and complicated. Issues of customer loyalty, retention and satisfaction have risen to the top in both marketing research and practice. This has given rise to reconceptualization of the relationships between loyalty, retention and satisfaction. Much of previous research indicated that customer loyalty leads to retention. However, emerging theoretical arguments suggest that customer retention constitutes the starting point of loyalty, but there are limited empirical studies examining this claim. The current study therefore looks at how the mediating role of customer service affects the relationship between customer retention and customer loyalty. Data was gathered using cross-sectional survey, involving a sample size of 325 clients of National Investment Bank (NIB) in Accra, Ghana. The data gathered was analyzed using Partial Least Square Structural Equation Modelling (PLS_SEM). Findings from this study showed that customer retention positively predicted loyalty among the customers. It was also established that customer satisfaction partially mediated the effect of retention on loyalty. Taking together, these findings suggest that that getting customers to stay with an organization can lead to loyalty, but the effect can be quicker and stronger if the customers feel a sense of satisfaction. The practical, policy and theoretical essence of the findings are discussed within the context of building strong customer base of an organization.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Globally, the world of business is witnessing a very volatile business environment in the face of fierce competition among businesses, particularly for winning and retaining customers. The banking industry in Ghana for instance is experiencing its all-time competitiveness in history, and this trend is predicted to even increase in future (Boateng, 2019; Mireku, Sakyi & Agana, 2018). According to Deloitte (2018), the banking and financial industry in Ghana has witnessed remarkable changes over the past years following the collapse and mergers of some banks in the Ghanaian financial sector. Also, the fierce competitive pressures in the banking industry have raised the competitive bar to unimaginable heights (PwC, 2018). With all the banks set on expanding their branch networks, the competitive landscape is becoming more alarming every passing moment. With an influx of multinational banks in Ghana, the level of rivalry and competition in the banking sector has reached an all-time high (Baidoo, Bagina & Tobazza, 2019).

One of the key areas which have become extremely competitive among the banks in Ghana is how to win and retain customers (Tee & Tee, 2018). Apart from the fact that majority of the Ghanaian population is unbanked, the few customers who bank, especially in urban areas (such as Accra) are exposed to so many commercial banks to choose from (Mireku et al., 2018). The number of commercial banks keeps increasing, in addition to other financial institutions such as rural banks and microfinance companies, which all compete with commercial banks for the few banking customers in Ghana (Baidoo et al., 2019). Kotler and Keller (2011) for instance indicates that when several firms compete for few customers, the customers become harder to please, smarter in their choices, price conscious, extremely demanding, less forgiving of firms because these customers are approached by many more firms with equal or better offers. This is exactly what is happening within the Ghanaian banking industry. Customers are very demanding of improved services, require lower charges and prices for services and are constantly changing banks (Cudjoe, Anim & Nyanyofio, 2015).

The traditional way of marketing which involved the philosophy of providing essential products and services at the right place and at the right time is no longer serving businesses (YuSheng & Ibrahim, 2019). The old cliché that good products and services create market for itself no longer holds in this 21st century. In Ghana for instance, products and services are losing their significance as key differentiators in the Ghanaian banking industry (Tee & Tee, 2018). With the existence of perceived brand parity, increased competition in the global banking marketplace, changing trends in patterns of consumer demand, the advancement of space-age information technology and the internet, banks are moving to adopt relationship-based approach to marketing to increase customer loyalty and retention (Glavee-Geo, Shaikh, Karjaluoto & Hinson, 2019). The current study examined pathways of customer retention and loyalty among customers within the banking division in Ghana.

The role of customer relationship management in financial services marketing has increasingly gained research attention within the literature in the last decade. The reason is attributed to the evidence that suggests that customers develop peculiar relationship with financial services providers which is qualitatively different from other the relationships they [customers] have with other firms (Bazini et al., 2012). This is because wherever customers commit substantial amount of their financial resources to in anticipation for future benefits, they develop emotional attachment there (Barroso-Méndez, Galera-Casquet, & Valero-Amaro, 2015).

Thus, customer service orientation in financial service marketing has increased among financial firms in the last decade. This has been necessitated by the fierce competition in the financial service industry across the world which has forced them to adopt relationship marketing tactics to reach out to both existing and potential customers. Customer service orientation, through relationship marketing has been found to be successful in creating trust, loyalty and commitment among customers (Arli, Bauer, & Palmatier, 2017; Bazini, Elmazi, & Sinanaj, 2012). This requires banking firms to be able to generate high level of customer loyalty through creating quality relationship with customers. Several customer relationship management tactics have been reported including using both tangible and intangible rewards, preferential treatment and interpersonal communication. Some of these tactics have been found to work effectively while others have been found to fail miserably, depending on the context within which they are used (Gidhagen, Linden, & Wyss, 2004).

Now the success of commercial banks lies in its ability to create and retain customers so that they can grow in value over time (Hill & Alexander, 2017). This is based on the non-arguable fact that businesses cannot exist without customers to patronize their goods and services (Hill & Alexander, 2017). The competition among commercial banks, as well as focus on customer satisfaction and loyalty are therefore compelling banking firms to change their focus from customer acquisition to customer retention (Glavee-Geo et al., 2019). The approach has focused on building successful relationships with customers and adding more value to goods and services (Hill & Alexander, 2017).

Commercial banks in Ghana, therefore now face their toughest competition ever, and to survive, businesses have to win customers and more importantly persuade them to stay loyal and repurchase products and services (Glavee-Geo et al. 2019). In order for the banks to be ahead of competition, attain competitive leverage, as well as maintaining and retaining customers, they need to incorporate customer relationship management strategies as part of the organizational process (Hill & Alexander, 2017). Kotler (2011) for instance, has argued that business organizations should engage in planning especially when it comes to customer issues if they are to achieve a desired business outcome. Therefore, the need for business organizations to win customers and more importantly to retain them cannot be overemphasized especially in today's volatile business environment where firms are facing their toughest competition ever (Morgan, Whitler, Feng & Chari, 2019). Customers have now become the focal point of business success and are now treated with utmost care and attention. Most corporate organizations now pay particular attention to their customer service department to make sure their customers are satisfied (Blythe & Martin, 2019).

This has led to a lot of research interest into issues relating to customer management practices, particular within the service industry. Literature in business management and marketing is therefore full of research works on topics such as customer satisfaction, customer loyalty, and customer retention strategies among others. As claimed by Morgan et al. (2019), customer retention is essential for the survival, sustainability, profitability and general health and wellbeing of businesses in today's antagonistic and volatile business environment. Therefore, there is the need for businesses to be intentional about their customer management practices. In this regard, some researchers are of the opinion that marketing strategies should not only focus on attracting customers but also on retaining those they are able to attract (Kauppinen-Räisänen & Grönroos, 2015). However, there are expressed concern that it appears marketing strategies of commercial banks (in Ghana) places more emphasis on getting customers than keeping them (Blythe & Martin, 2019). However, it has been found that the cost of attracting a new customer may be five (5) times more than the cost of keeping an already existing customer (Morgan et al., 2019).

It is therefore critical for commercial banks to device deeper understanding of how best to safeguard their customers stay loyal with them, to create a lifetime value (Blythe & Martin, 2019; Rather, 2019). For them to be able to do this efficiently there is the need for evidence-based research into factors that promote customer loyalty, particular among clients of commercial banks in Ghana. In the past, there was the fundamental assumption that customer loyalty leads to customer satisfaction, which intends leads customer retention (Cudjoe, Anim & Nyanyofio, 2015). However, new emerging evidence indicate that there might be a bidirectional correlation between customer retention and loyalty (Tee & Tee, 2018), in a sense that customer retention can also bring about loyalty (Hill & Alexander, 2017). With these emerging evidences, it would require fundamental readjustment of customer relationship management practices among banks. This is because, conventional marketing wisdom postulates that better understanding of customers leads to customer satisfaction, retention, loyalty, and improved firm performance (Morgan et al., 2019).

1.2 Problem Statement

The proliferation of both domestic and foreign banks into the banking industry in Ghana has given customers within the industry a variety to choose from. Research suggests that whenever several varieties of goods or services compete for few customers, the customers become extremely powerful and harder to please (Greve & Schlüschen, 2018). In Ghana now, it is now difficult for banks to win customers, and even harder for the customers to stay with banks after they have been won (Adams, Bashiru & Abdulai, 2016). Banking institutions that are not able to win and retain customers are not able to survive the competition and risk collapsing (Tee & Tee, 2018). In the last five years in Ghana for instance, several commercial banks have collapsed, and others taken over by other commercial banks (Boateng, 2019). While several factors might have accounted for why these banks failed, and or had their licenses revoked (Charmler, Musah, Akomeah & Gakpetor, 2018), customer retention and loyalty were important elements of the failure factors (Tee & Tee, 2018). The NIB which is a state bank was used because a recent study by Amoako (2012) revealed that majority of customers of Ghanaian banks especially those with government banks are the least satisfied with the kind of services they receive.

Customer loyalty is not just about customers repurchasing services (El-Adly, 2019), but more importantly, about customers ensuring that they do their best to support the growth of the firms they are loyal to (Fu, Zhang & Chan, 2018; Joshi & Sankaranarayanan, 2019). In the banking sector for instance, customer loyalty ensures for instance that, they pay their loans on time to help the bank (Joshi & Sankaranarayanan, 2019; Hill, & Alexander, 2017). In Ghana however, non-performing loans among commercial banks in Ghana has reached an all-time high because of loan default among customers in Ghana (Mireku et al., 2018; Söylemez & Ahmed, 2019). These issues have been linked to limited loyalty among bank customers in Ghana (Baidoo et al., 2019; Razak, 2018; Tee & Tee, 2018). Research suggests further that decreasing customer loyalty is characteristic of industries or sectors where there is little disparity in the services offered by firms (Fu et al., 2018; Thakur, 2019; Vencataya, Pudaruth, Juwaheer, Dirpal & Sumodhee, 2019).

Over the years, there have been several studies into customer relationship management issues such as customer satisfaction, retention and loyalty. All previous studies have largely focused on a directional view on customer loyalty leading to customer retention (Adams et al., 2016; Vencataya et al., 2019). Some of the studies have focused on examining the influence of service quality dimension on customers' satisfaction perceptions in the financial industry (Hadi, Aslam & Gulzar, 2019). Others have also delved further into the role of banking service quality on customers’ satisfaction;

investigating the influence of financial service fairness and quality on banking customers' satisfaction (Cudjo et al., 2015; Tee & Tee, 2018). Some researchers even argue that these issues have been over-researched and reached saturation, and therefore no need for any new research (Fu et al., 2018).

However, in Ghana, the dynamism and complexities of customers' behaviours within the banking industry, calls for a revisit of these issues, not to look at them from the old framework, but to reconceptualized what has been overlooked and develop new perspectives. This is because; two fundamental issues have been overlooked in previous research, which has limited our understanding of how to manage complex bank customers in Ghana.

First, research suggests that both customer retention and loyalty does not come easily and cheaply in a competitive environment, particularly with the rapidly advancing innovation landscape in the banking industry (Thakur, 2019). Apart from that, some scholars also suggest that sometimes, customer retention can happen first, before leading to loyalty (Greve & Schlüschen, 2018). Notwithstanding this emerging evidence, there are limited studies examining the backwards direction of customer retention leading to customer loyalty.

Secondly, the role of customer satisfaction in managing both retention and loyalty are not adequately understood. For instance, despite the fact that there is a positive association between customer satisfaction and loyalty, some researches argue that there is no guarantee that customer satisfaction always creates loyalty. Boohene, Agyapong and Gonu (2013) for instance show within the telecommunication industry in Ghana that consumers can be dissatisfied with services and yet remain loyal to service providers. This suggests that just retaining customers can lead to loyalty, but that has not been empirically tested yet, of which this study addresses. Other studies have also failed to demonstrate a significant association between customer satisfaction and loyalty (Das & Mishra, 2019).

These issues which have been overlooked in research calls for the need for deeper understanding of customer retention, loyalty and satisfaction in a volatile yet competitive banking industry in a nation like Ghana. There is the need to examine whether customer retention can lead to customer loyalty among bank customers, and whether customer satisfaction mediates that association.

The current study therefore responds to these gaps which have been overlooked in customer relationship management research. This would provide a new perspective on how banks in Ghana can renegotiate their engagement and connections with their customers in order to ensure a win-win situation for both the banks and their customers.

1.3 Objectives of the Study

The main aim of this study was to ascertain how customer satisfaction mediates the relationship between customer loyalty and retention in the banking industry in Ghana, using customers of the National Investment Bank (NIB) as a case study. The key objectives of the study which were tested were:

i. To examine the causal association between customer retention and customer loyalty among the NIB customers

ii. To determine the mediating effect of customer satisfaction on the association between customer retention and customer loyalty among NIB customers.

1.4 Research Questions

Based on the definite objectives of the study, the following research questions were raised:

i. Does customer retention directly result in customer loyalty?

ii. What role does customer satisfaction play in the relationship between customer retention and customer loyalty?

1.5 Significance of the Study

The current study examined how to grow customer loyalty, through retention and customer satisfaction. The findings from the study thus have significance in three key areas. These are significance to practice, policy and research.

Regarding practice, findings from the study provide critical insights as guideline and inform best practices for commercial banks in Ghana to focus on and manage customer retention and customer loyalty in their marketing activities. This will go a long way to improve the Customer Relationship Management (CRM) practices of the banks which will yield both short- and long-term dividends to the banks.

In terms of policy relevance, findings from the current study also inform policy makers such as the regulatory bodies and marketing consultancy firms on how financial institutions can improve their relationship with customers.

In relation to research relevance, findings from this study transcend the current research on managing customer retention and loyalty for firm (banks) performance in developing country context. The findings contribute to broadening the theory and literature and improve knowledge on customer satisfaction, retention and customer loyalty.

1.6 Scope of the study

The current study investigated the effect that customer retention has on customer loyalty, and how that association is mediated by customer satisfaction within the banking sector in Ghana. The scope of this study therefore encompassed examining and measuring customer retention strategies, customer satisfaction and customer loyalty. These variables were measured among the customers to be able to draw a mediated-causal association between them. The study was carried out among customers of National Investment Bank (NIB) of Ghana in Accra.

1.7 Limitation of the Study

This study had some limitations which need to be looked at in the interpretations and applications of the findings within the banking sector or in other non-bank organizations. First of all, the study was limited to the customers at the head office of National Investment Bank in Accra. It is possible that customers of the bank outside Accra might have different characteristics and features which were not captured in the current study. Therefore, caution needs to be exercised in generalizing the findings. Also, this study only examined customer retention. The study did not examine the strategies used by the bank to retain the customers. Therefore, while the current study provides cognizance into how customer retention is associated with loyalty, it does not provide answers into how to retain customers.

1.8 Chapter Outline

This study is presented in six (6) main chapters. The details of each of the chapters are described below;

Chapter One discusses the introduction to the study. The sections discussed in the chapter are; background of the study, statement of the problem, objectives of the study and research questions. The hypotheses tested the significance of the study. Scope and limitations of the study are also discussed.

Chapter Two focused on the literature review. The chapter presents and discusses reviewing relevant literature concerning the study. Here theories were also reviewed to be able to conceptualize the relationship between managing customer satisfaction, retention and loyalty. The subsections discussed in the chapter two include; introduction, conceptual review, theoretical framework, and review of related empirical study. The conceptual framework explaining the associations between the variables in the study, and summary of the chapter are also presented.

Chapter Three addresses the contextual basis of the study. The chapter provides and discusses relevant information regarding the context and profile of the banking sector in Ghana and the National Investment Bank Limited.

Chapter Four discusses the research methodology of the study. The sections of the methodology discussed in the chapter include; research paradigm, research design, data collection method, source of data, target population, sample size and details sampling procedure, data collection instruments, procedures for data gathering, ethical consideration, data analysis techniques and summary of the chapter.

Chapter Five covered data analysis and discussion of findings. The subsections discussed in the chapter five include; demographic profiles of participants, descriptive statistics of scores, Structural Equation Modelling analysis, interpretation, data presentation and discussion of results, and chapter conclusion.

Chapter Six covered summary, conclusion and recommendations. The sections discussed in this chapter include; summary of the research findings, implications of the findings for increasing customer retention, suggestions for future research, conclusion and also providing recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter situates the current study within applicable theoretical, conceptual and empirical literature, particularly within the broader context of marketing and customer relationship management research. In this literature review chapter, conceptual bases of the study are first presented and discussed. After that, the theoretical basis of the study is then discussed. This provides theoretical argument of how to promote customer loyalty in particular, and customer relationship management in general. The chapter then proceeds with a review of related studies takes a censorious look at the relevant studies in the light of this study's objectives. Then a synopsis of the review of related studies is provided.

2.2 Conceptual Review

This section discusses the main notions of the study. Three main concepts are discussed here. These are customer retention, customer satisfaction and customer loyalty. These three concepts are situated within the broader context of CRM. Therefore, the concept of customer relationship management is discussed first to provide broader contexts for the concepts. After that, the concept of customer loyalty is discussed, followed by discussions of customer retention and customer satisfaction.

2.2.1 Customer Relationship Management (CRM)

The need to develop competitive advantage in the services subsector has provided the impetus for Customer Relationship Management (CRM) to become a subject of great interest to organizations the world over including banks (Arli et al., 2017). The goal of CRM is to deepen knowledge about customer activities, and use this knowledge to shape the interactions between the firms and clients in a bid to maximize customers' lifetime value (Barroso-Méndez, Galera-Casquet & Valero-Amaro, 2015). Customer relationship management has its origins in business markets where it is utilized as a way to recognize individual customers who are valuable to a firm and to allocate resources to them (Kumar & Reinartz, 2012).

The concept of Customer Relationship Management (CRM) dates back to the pre-industrial era, much of which stemmed from the direct interaction between producers of agricultural products and their customers (Bazini, Elmazi & Sinanaj, 2012). CRM has its roots in relationship marketing. The evolutionary path suggests that CRM has grown from a tactical marketing tool to a strategic decision element from the 1990s to date (Kumar & Reinartz, 2012). Though not a new concept, the relevance of CRM took a dramatic turn with the evolution and growth in information and software technology enterprises which resulted in the growth of the service sectors and competition among firms in organizational development processes due to saturation in today's marketing environment (Bazini et al., 2012). CRM developed from relationship marketing perspective, which had the objective of improving profits of firms in the long term by moving away from product-driven marketing to customer-centric marketing (Barroso-Méndez et al., 2015).

Customer Relationship Management (CRM) is defined as the switch from transaction-based marketing and builds on relationship-based marketing that seeks to create, develop and improve relationships with targeted customers to maximize customer satisfaction, corporate profits and shareholder value (Bazini et al., 2012). Blythe and Martin (2019) also defined CRM as "a combination of business processes and technology, which seeks to understand a company's customers from the perspective of who they are, what they do, and what they are like”. These definitions of CRM all coheres around putting emphasis on how organizations can use information on customers in their database to inform them of the behaviour of their customers and how they can strategically be targeted with specific products.

The goal of CRM is to improve customers’ experience of their interaction with the company which will in turn translate into more customer satisfaction and increased customer loyalty (Barroso-Méndez et al., 2015). In this regard, CRM seeks to treat each customer as an individual by identifying customer needs, understanding and impacting customer behavior through ongoing communication strategies with an effort to acquire, retain and satisfy customers (Blythe & Martin, 2019). CRM processes aims at building quality relationship and deep bonds with customers in a way that the customer can always count on for delivery and the company can always capitalize on for business. It values long term relationship with customers and therefore extends communication beyond intramural advertising and sales promotion campaigns to meeting customers at their comfort zone (Blythe & Martin, 2019).

CRM is established on three relationship-based principles (Blythe & Martin, 2019). The first tenet on which CRM was founded is that customers should be managed as salient assets of the organization since companies largely exist to serve a particular customer base. Haugland et al. (2011) in their study on Marketing Strategies and Customer Involvement in Product Development had their results showing that firms involving customers in new product development and investing in relation-specific assets report higher levels of relationship profitability. Furthermore, Gummesson et al, (2014) assert that enthusiastic customers are the best available asset to the organization.

The second tenet relates to customer value and expectations. In terms of relationship building, firms do not experience equal levels of outcomes in relating to customers. This can be attributed to the fact that different customers provide dissimilar levels of value to a firm in relationship to their volume business, frequency of purchase or the period they have been dealing with the firm (Anabila et al, 2012). According to Hinson (2012), it cost five times more to win a new customer than to maintain an existing one. This coupled with an array of alternatives products and services that customers have to choose from have made customer loyalty in recent times quite difficult to attain. Customers' expectations have risen sharply and it is becoming more and more challenging to satisfy them. Hence, there is the need for firms to have an in-depth understanding of their individual customer needs and expectations in order to tailor their product offerings to suit customer specifications.

The third and final tenet is that customers differ in their needs, preferences, buying behaviours and price responsiveness (Chiu, Wang, Fang, & Huang, 2014). By understanding customer drivers and customer profitability, companies can modify their offerings to maximize the overall value of their customer portfolio (Homburg, Wilczek, & Hahn, 2011). Organizations have found out that they must understand their customers better, and to respond to their wants and needs faster in order to succeed. The three tenets form the basis for three key pillars in CRM, which are customer retention, customer loyalty and customer satisfaction. These concepts are then discussed next.

2.2.2 Customer Retention

The concept of customer retention constitutes a critical component of customer relationship management among commercial organizations. Retaining customers in highly competitive business environments is critical to any company's survival (Blythe & Martin, 2019). It is therefore pivotal that firms maintain customers in order to prevent them switching to competitors (Das & Mishra, 2019). In fact, customer retention is seen as a mirror image of customer churn or defection (Fariz Abdullah et al., 2014). With increasing competition across various service industries, firms are realizing the essence of loyal customers and espousing strategies to create and sustain a loyal customer base (El-Adly, 2019).

The definition of customer retention has been a contested one. There have been numerous definitions of customer retentions within the literature. For instance, Blythe and Martin (2019) defines customer retention as an important sector of relationship marketing that is mainly concerned with keeping customers to stay with organizations in the long run. Other researchers have also defined customer retention as the longevity of clients' relationship and business association with product and/or service providers (El-Adly, 2019). However, these varied definitions cohere around the perspective of the enduring continuation of customer-organization- relationships. In quantitative terms, customer retention is viewed as the number of customers who keep doing business with a firm at the end of a financial year (Das & Mishra, 2019). This has led to the rise of the concept of customer retention rate, which looks at the percentage of customers who repeat purchases (El-Adly, 2019). Customer retention rate is expressed as a proportion of those who are active customers at the beginning of the year (Blythe & Martin, 2019).

Customer retention serves both economic and non-economic benefits to all commercial organizations (Fu, Zhang & Chan, 2018). For economic benefits, customer retention enables commercial organizations to forecast and reduce customer acquisition costs (Gidhagen, Linden & Wyss, 2004). As non-economic benefits, customer retention ensures customer willingness to provide feedback for the company to improve on its products and services, as well as forming quality relationship with other partners such as employers and suppliers (Fu et al., 2018). Evidence abounds in marketing literature on the importance of retaining customers. As a cost-effective and profitable business strategy, customer retention is the scheme a company or an organization undertakes to avert customers from switching to rival companies or organizations (Fariz Abdullah et al., 2014.). According to El-Adly (2019) the concept of customer retention as a business strategy has roots in Economics and the concept of Customer Lifetime Value (CLTV). By CLTV, retained customers serve as a lifetime value to a company through continuous future purchases, increased referrals, low customer acquisition costs, loyalty by avoiding negative word-of-mouth (Fu et al., 2018). Thus, in the arena of cost, customer retention decreases cost of doing business for both the company and the customer since it takes less time of the company to service the customer.

Theoretical perspectives to customer retention as a business strategy emerged from three main perspective; service marketing, industrial marketing and general marketing perspectives (Greve & Schlüschen, 2018). From service marketing perspective, the way to retain customers is by ensuring customer satisfaction through quality customer service (Gidhagen et al., 2004). From the industrial marketing perspective, customers are retained through multilevel financial, social and structural bonds (Fu et al., 2018). From the general marketing perspective, customers are retained through implementing measures to preventing customer defection, identifying and raising barriers to customer switching behaviors (Greve & Schlüschen, 2018). Customer retention is therefore critical to commercial banks for both their economic and non-economic costs.

From the discussions above, it can be observed that customer retention looks at a long-term view of commercial organizations maintaining their relationship with their existing customers in an attempt to reduce customer switching (Fu et al., 2018). In line with this and for the purposes of this study, the researcher operationalizes customer retention as customers' own assessment of their future propensity to stay with their service provider. Customer retention in the current study was therefore assessed based on the customers' own subjective evaluation of their likelihood of staying with the National Investment Bank.

2.2.3 Customer Satisfaction

Customer satisfaction has also received considerable attention and interest, particularly among both marketing practitioners, consultants and researchers (Greve & Schlüschen, 2018). This is due to the critical role it plays as one of the key elements of business action plan, and goal for all business activities especially in today's dynamic and competitive market (Fariz Abdullah et al., 2014). The notion of customer satisfaction has been looked at from different perspectives. Blythe and Martin (2019) for instance argue that "while everyone knows what satisfaction means, it clearly does not mean the same thing to everyone". In fundamental terms, the idea of customer satisfaction is defined as the level of customers' feeling of delight or dismay resulting from comparing the performance of products and services in relation to their prior supposition (Greve & Schlüschen, 2018; Hill & Alexander, 2017).

Customer satisfaction is therefore argued to be a psychological level construct (Hill & Alexander, 2017). For this reason, customer satisfaction can be conceptualized as either an emotional or cognitive response to products and services of organizations (Kauppinen-Räisänen & Grönroos, 2015), which involves an intrapersonal feeling of wellbeing and pleasure resulting from obtaining what one hopes for and expects from an appealing product and/or service (Blythe & Martin 2019). There are three main components of customer satisfaction. These include; an emotional or cognitive response, expectations and period (Fariz Abdullah et al., 2014). Thus, in assessing satisfaction among customers, it is essential to examine the emotional and cognitive response of customers in relation to their expectations within a specific period of time (Greve & Schlüschen, 2018.). it is hypothesized that customer satisfaction occupies a critical role in the association between customer retention and loyalty (Blythe & Martin, 2019)

2.2.4 Customer Loyalty

Customer loyalty is also another essential pillar in Customer Relationship Management (CRM). It is argued to be one of the most frequently discussed subjects in the marketing and service literature. Keeping long-term relationship with customers is one of the most important goals of all commercial organizations in the modern business world, including commercial banks. The concept of customer loyalty is defined as the formation and sustainability of a long-term relation with the customer that will augment revenue through the life time value of the customer (Greve & Schlüschen, 2018). Others also define customer loyalty as the preparedness of customers to continue with the patronage of firms' goods and services over a long period of time, and on a repeated and ideally exclusive basis, and voluntarily recommending the firms' products to close friends and associates (Fu et al., 2018).

There are two main dimensions of customer loyalty, which are behavioral loyalty and attitudinal loyalty (Fariz Abdullah et al., 2014). Behavioral loyalty encompasses the behaviors of customers such as repurchase (Gidhagen et al., 2004). Attitudinal loyalty encompasses the customers' predisposition towards an organization (Gidhagen et al., 2004). In recent times, there has been a third dimension, which merges both attitudinal and behavioral dimensions, into an attitudinal-behavioral loyalty (Fariz Abdullah et al., 2014). This third conceptualization is based on the argument that "the repeated purchasing of a brand over time by a consumer expresses their loyalty, while the attitudinal perspective assumes that consistent buying of a brand is a necessity but not a sufficient condition to true brand loyalty" (Greve & Schlüschen, 2018). Thus, a combination of behavior (in terms of repurchase) and attitudes (favorable disposition) is a stronger loyalty. In the current study, customer loyalty was assessed in its composite form.

The key relevance of customer loyalty is that it is closely tied to the continued survival and to strong future growth of firms (Fu et al., 2018). Customer loyalty, in fundamental terms serves as a platform for a company to sustain its competitive advantage over other firms (Fariz Abdullah et al., 2014). Thus, customer loyalty takes the concept of customer retention into a completely higher and deeper level by establishing an emotional and moral bond that binds customers to their organizations (Greve & Schlüschen, 2018). Loyalty in the banking sector is concerned with the length of time and the number of years with which customers remain and patronize a bank's product or service.

The longer the time a customer remains on; and the more frequently a customer patronizes a particular banking product, the more that customer becomes loyal. It is therefore the desire of all major banks in Ghana to retain large number of their customers of which NIB is part. From the above, it can be noted that a bank like NIB that promotes and ensures customer loyalty has a lot to benefit. In basic terms, the current saturated nature of the banking sector and the intense competition among commercial banks in Ghana have left the commercial banks with no option other than seeking to maintain the existing customers and make them loyal. The majority of the current marketing strategies of these banks with NIB inclusive are aimed at retaining and making customers loyal.

2.3 Theoretical Framework

This section discusses the theoretical framework for the study. Theoretical framework establishes and chronicles the theory that explains why the research problem under the study exists (Mackey & Jacobson, 2011). A theoretical framework plays an important part in research because it allows the researcher to conceptualize the study in a broader context or field of knowledge (Tewell, 2015). Theoretical framework thus incorporates all of the necessary knowledge components researchers' use within the context of the purpose of the research (Tewell, 2015)

The current study was based on the Commitment-Trust Relationship Marketing Theory as the framework (Greve & Schlüschen, 2018). The theory was developed by Morgan and Hunt (1994) and has been considered as one of the most influential relationship marketing theory to date. The theory rests on the assumption that satisfaction, commitment, loyalty and trust on the part of customers' are key resources that firms can leverage on to ensure their profitability and growth (Blythe & Martin, 2019). The theory basically proposes that customer loyalty and commitment act as the key mediating variables that link customer relationship management to firm-level performance outcomes (Morgan & Hunt, 1994).

This means that when firms manage the relationship between them and their customers very well, the customers develop high sense of loyalty and commitment to the firms. Thus, after customers develop loyalty, rewards accrue to the firms through customer marketing mechanisms such as returns on relationships and customer lifetime value (Arli et al., 2017; Ndubisi, 2007). Therefore, customer service in financial services marketing rests very much on CRM.

In applying the theory to the current study, it is assumed that customer service is a key to financial service marketing in Ghana where financial firms, particularly commercial banks place importance on customer relationship management. In effect, there should be relationship quality and high relationship management tactics. Therefore, relationship management strategies and relationship quality should have an effect on customer loyalty among the customers of the bank.

2.4 Review of Related Empirical Studies

Several studies have been conducted exploring the role of customer service on financial marketing. The studies have mainly sought to examine how customer relationship management shapes financial service marketing. Findings from across the studies show somehow inconsistent findings concerning how different customer relationship management tactics affect customer outcomes. This sub-section of the literature review looks at related empirical studies. Specifically, the studies are reviewed within the context of those that have examined the relationship between customer retention and the three main elements of customer relationship management; customer retention, customer satisfaction and customer loyalty.

2.4.1 Customer retention and customer loyalty

The first objective of the study examined the alliance between customer retention and customer loyalty. There have been increasing research interest into how the elements of customer relationship management interact and relate with one another (Joshi, & Sankaranarayanan, 2019). For instance, some studies (e.g. Arli et al., 2017; Oly Ndubisi, 2007; Robson, 2015) have reported that customer management tactics significantly increase customer loyalty and customer satisfaction. Other studies have also reported that some customer relationship management tactics have no effect on customer service or customer loyalty (Adjei & Clark, 2010; Suchitra, 2016). Some studies have even reported that wrong customer relationship management mechanisms can create customer dissatisfaction which increase customer attrition (Fariz Abdullah, Putit, & Boon Chui, 2014; Talwar & Ali, 2016).

In a study of the impact of relationship marketing strategy on customer loyalty within the banking sector, (Ndubisi, 2007) conveniently sampled 220 bank customers in Malaysia. The study sought to assess how four components of customer relationship management (commitment, conflict handling, trust and communication) affect customer loyalty. The findings form the study showed that communication and conflict management had significant positive effect on customer loyalty among the customers. This means that when banks managed complains from the customers very well and also put in place efficient communication systems, the customers reported being highly loyal to the banks.

In a similar study that examined the effect of customer relationship management on relationship quality within the telecommunication industry, Raza and Rehman, (2012) conveniently sampled 210 telecom customers in Pakistan to assess the most significant factors. The findings from the study showed that all the customer relationship management tactics significantly influenced relationship quality. Specifically, customer relationship management strategies increased relationship quality and relationship quality then led to customer loyalty.

Another study that was conducted by Eisingerich and Bell, (2006) also showed that communication and information provision has significant effect on client loyalty. The study was conducted among a conveniently sampled 1,268 clients of a global financial services firm within the banking sector. The study mainly sought to examine the relative individual contribution and importance of customer education, participation and problem management causing customer loyalty. Overall, the findings from the study showed that customer education was found to be the strongest predictor of client loyalty compared to the other factors.

In Ghana, a study was conducted among customers of an insurance firm, which showed more complex findings. Specifically, in order to examine customer management in the insurance industry, Abaidoo, (2015) conducted a qualitative study involving 12 managers from life insurance firms through semi-structured individual interviews. The findings from the study showed that four major thematic factors influenced their customer management activities; quality service delivery, public perception of insurance, education and awareness creation and business growth and sustainability. The findings showed further that feedback on life insurance policy, understanding of life insurance function and benefits, responsiveness, and operational efficiency as determinants of customer satisfaction.

A study by Anabila and Awunyo-Vitor (2013) on Ghana's banking industry found significant indication of CRM practices among banks in Ghana. The banks, according to the study assigned relationship managers to take care of individual customer's needs. A significant positive relation was found between CRM and customer loyalty. Similar result was reported by Anani (2013) in the airline industry and Amoako et al (2012) in Golden Tulip hotel in Accra. Because customer loyalty is a significant predictor of customer retention, Anani (2013) found a positive correlation between CRM and customer retention in the airline industry in Ghana.

Interestingly however, in Anabila and Awunyo-Vitor's study, they reported that customers' perception of CRM was significantly lower than that of the staff. The researchers explained this to mean that the banks may believe that they are practicing CRM but the customers may not be recognizing it. These findings attest to the importance of measuring CRM from the point of view of the customer and not the staff or management. This is because, how customers perceive CRM is what makes the difference and so at the end of the day customer perception defines the relationship. This study thus, assessed CRM of these firms from the perspective of the customer.

2.4.2 The role of customer satisfaction between customer retention and loyalty

With regards to the role of customer satisfaction within the customer relationship management among firms, the results have been largely inconsistent, particularly among studies from developing countries (Agudze-Tordzro et al., 2014; Talwar & Ali, \2016; YuSheng & Ibrahim, 2019). For instance, when it comes to whether customer satisfaction prevent customers from switching and thereby leading to loyalty, some studies in Ghana has reported seemingly contradicting findings. The studies largely suggest that customers can be satisfied but still not be loyal, or that customers might be dissatisfied but still stay with a firm (Anani, 2013; YuSheng & Ibrahim, 2019).

For instance, with regards to switching barriers and switching behaviours of customers, findings in the literature in Ghana have been inconsistent. For instance, Anani (2013) found a significant positive relation between switching barrier and customer switching behaviour in the airline industry. That when customers perceive a barrier, especially something positive, they are not likely to defect or switch airline services and intend to remain with the airline to keep enjoying the services.

This suggests that, the factors that lead to customer retention are more than just satisfaction (Söylemez, & Ahmed, 2019). More importantly, no matter how satisfied customers are, if there are no barriers to prevent them from switching, their loyalty to the firm will be low. Invariably, this gives implications that customer satisfaction, in itself may not be able to bring about customer loyalty (Schirmer, Ringle, Gudergan, & Feistel, 2018). Similar findings have been observed in other studies and systematic reviews (Tee& Tee, 2018; YuSheng & Ibrahim, 2019)

Several studies have reported a significant positive correlation between customers' perceived service quality and satisfaction in Ghana. Anani (2013) in a study of CRS among airline industry in Ghana found that customers who perceived the service rendered to them by an airline as quality were satisfied with the airline and intended maintaining doing business with the airline. Therefore, a significant positive correlation was found between service quality and customer retention within the airline industry.

Agudze-Tordzro et al., (2014) in a study of retention strategies of Ghanaian banking industry also reported in a regression analysis that perceived service quality of banks by customers had a significant positive effect on bank customer retention in Ghana. However, in a recent study among banks in Ghana, Agudze-Tordzro et al (2014) report that switching barriers have no significant effect on customer retention in the banking industry. Thus, it appears that switching barrier works well in some industries and does not work well in other industries in keeping customers in Ghana. This study therefore assessed what pertained to switching barrier and customer retention in the building material retail sector in Ghana.

2.5 Hypotheses Development and Conceptual Framework

Based on the studies reviewed, a proposed conceptual framework was generated predicting how customer satisfaction mediates the relationship between customer loyalty and customer retention is represented in Figure 3.1. The framework has these features; first and foremost, the main construct operates independently of each other variable and secondly, the framework also examines the degree of relationship of the three variables under the independent construct has on customer loyalty and retention.

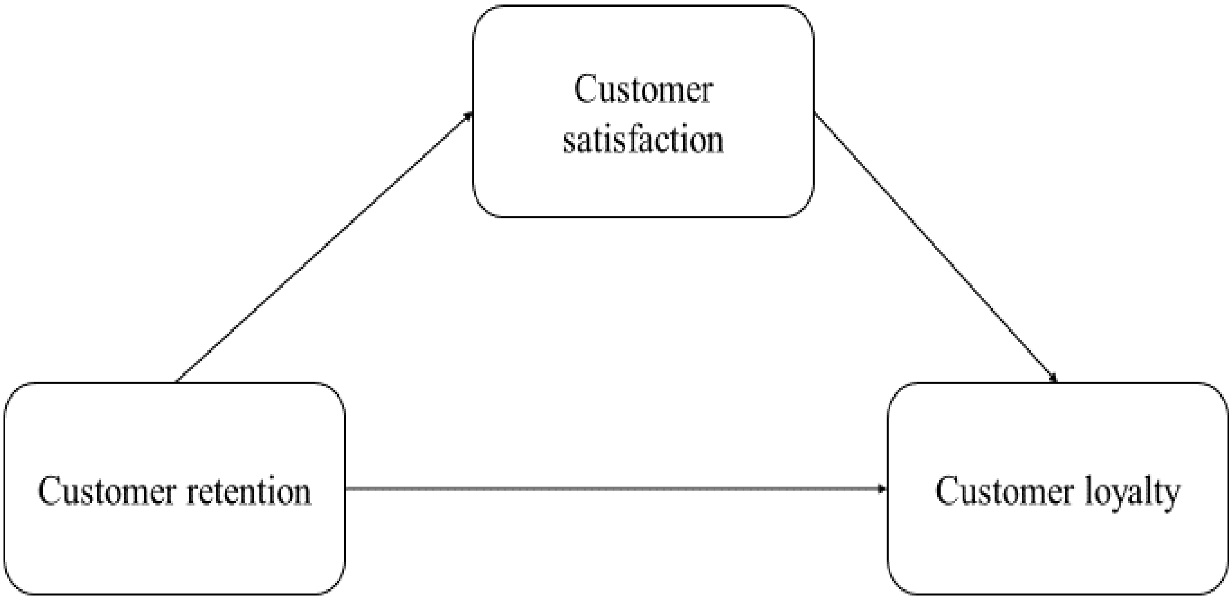

Figure 1: Conceptual model of customer retention, satisfaction and loyalty

As shown in Figure 1, customer retention is hypothesized to positively predict customer loyalty. The effect of customer retention on customer loyalty is then hypothesized to be also mediated by customer satisfaction. Based on the study objectives and the research questions, the ensuing hypotheses were formulated and tested:

H1: Customer retention will have a significant positive effect on customer loyalty

H2: Customer satisfaction will significantly mediate the positive association between customer retention and customer loyalty.

Two sub-hypotheses were developed from the mediation hypothesis, which were:

H2a: Customer retention will positively predict customer satisfaction

H2b: Customer satisfaction will positively predict customer loyalty

2.6 Chapter Summary

This chapter has provided a review of concepts, theory and literature within the broader context of customer relationship management. Specifically, the chapter has provided discussions of previous studies regarding customer retention, satisfaction and loyalty. Fundamental issues emanating from the review suggest that new empirical evidence is emerging regarding the bidirectional relationship, particularly between customer retention and loyalty. The role of customer satisfaction within the broader context of customer relationship management has also become contested, and needs further empirical investigations. Findings from the current study thus provide some empirical insights and clarity into these emerging issues in customer relationship management literature.

CHAPTER THREE

CONTEXT OF THE STUDY

3.1 Introduction

The chapter covers the context of the study. It first provides comprehensive historical perspectives of the Ghanaian banking sector. The chapter also looks at the evolution, trends and outlook of the banking industry. Moreover, it also deals with the emergence of the new banks, new culture of customer service and introduction of technology to serve as a premise to differentiate the transactional age from the relationship age of the Ghanaian banking sector.

3.2 Historical Background of Banking in Ghana

Ghana, formerly called Gold Coast gained her independence on 6th March, 1957. It has a total land area of approximately 92,099 sq. miles (238,535 km²) and about 24million people according to the projections of the 2010 population census. Ghana is bordered by the Gulf of Guinea, the Republic of Togo to the east, La Côte d'Ivoire to the west and Burkina Faso to the north. Like many African countries, Ghana has had its fair share of political and economic instabilities, and the banking system has not been spared during these difficult periods.

The first banking institution was set up in British West Africa in the 19th Century, called the Bank of British West Africa was opened in 1894 (Bank of Ghana, 2018). After independence, Ghana established its own banking institutions and introduced a new national currency called the Cedi (BOG, 2018). The Bank of Ghana was formally established by the Bank of Ghana (BOG) Ordinance (No. 34) of 1957, passed by the British Parliament, (BOG, 2018). The Bank of Ghana became the main banking institution in the country that managed issues of currency, business and personal banking.

Ghana experienced a serious economic crunch in the early 1960s due to its socialist policies programs, made up of exchange rate and control, import-export concerns and trade restrictions. The economic challenges continued until 1983 when a shift from different ideological economic socialism to a rather more critical market driven economic ideology was pursued. Ghana during this time had a structured and strong banking system that was vastly utilized by preceding government to finance the development of local economy. By the close of the 1980s, the bank had suffered significant losses from a number of bad loans on their books.

Further to this, the fall in the value of the local currency (the cedi) had increased external liabilities of the banks. Attempts at strengthening the banking sector led the then government to roll out series of comprehensive reforms in 1988. Specifically, the amended law of August 1989 made it a requirement for commercial banks to maintain a minimum capital base equivalent to 6% of net asset adjusted for risk, and also limited on risk exposure to single obligors. The measures strengthened the Central Bank’s supervision, improved the regulatory framework, and enhanced credit allocation and resource mobilization over time (BOG, 2018). Additionally, further measures were made to ease the increased cost of bad loans on the bank in the 1980s. In 1989, the Central Bank issued temporary promissory notes to replace non-performing loans and other government-guaranteed commitments to state-owned enterprises as of the end of 1988 and on private-sector loans in 1989. The latter was substituted with interest-bearing bonds from the Bank of Ghana or was offset against debts to the bank. In effect, the government stepped in and repaid the loans.

At the start of the 1990s, there were three (3) main commercial banks (i.e. Ghana Commercial Bank, Barclays Bank and the Standard Chartered Bank), seven secondary banks, and three merchant banks (i.e. Merchant Bank, Ecobank Ghana and Continental

Acceptance) in Ghana, apart from the Bank of Ghana. It was obligatory for all the banks to meet the new capital adequacy ratio at the time. In 1991, the First Finance Company was established (as a joint venture between Bank of Ghana and the Social Security and National Insurance Trust - SSNIT) to viable but distressed commercial banks to recapitalize.

By the year 2000, the Universal Banking License Act was passed to replace the three-pillar banking model – development, merchant and commercial banking. The new Act basically provided a levelled playing field, which opened up the banking sector to competition. With improved macroeconomic conditions and prospects, the industry has grown into about twenty-six (26) commercial banks. The licensing policy of the Bank of Ghana has continued to pursue the underlying objectives of establishing a unique and rich banking tradition in Ghana. The aim of the licensing regime of the BOG is to limit the entry of foreign banks to truly internationally active financial institutions (BOG, 2018).

Since the mid-2000s, the Ghanaian banking industry has experienced growth that is largely attributed to the influx of foreign banks into the Ghanaian market. Notable among these banks are banks that are of Nigerian origin, such as UBA, Zenith Bank, Access Bank, GT Bank and the defunct Energy Bank. The boom has brought about significant changes in product design, marketing and customer service in Ghana‘s banking industry (PWC, 2018). Gone are the days when banks were full of stereotypical ―bank managers. It is now the order of the day to see young people handling the affairs of big banks. Mother figures in customer service have given way to young crop of customer service executives. Old, restrictive buildings are now replaced by modern, attractive and spacious bank buildings and halls designed to attract customers. Such is the extent of change that can be observed in the Ghanaian banking industry over the past decade.

According to Asante (2012), investors both local and foreign, are now eager to establish banks in the country. By the end of 1998, the number of commercial banks licensed to operate in Ghana had increased to 16 with 277 branches and indications were that more privately-owned banks will be established before the year 2000. Moreover, while the number of local-private banks in the country seems to be on the rise, Pan African and Nigerian banks in particular are equally increasing. By the end of the year 2009, five Nigerian banks have been licensed to operate in Ghana and were actively and aggressively trying to carve out a sizable market share for themselves. These were: (1) United Bank for Africa formerly known as Standard Trust Bank, the first Nigerian bank to begin operations in Ghana in January 2005; (2) Zenith Bank, which entered in September 2005. (3) Guarantee Trust Bank (GTB) obtained approval for its license in February 2006; (4) Intercontinental Bank, which took over the Ghanaian Citi savings and loans Company after completing the merger of it four legacy banks into the Intercontinental bank Nigeria, which was eventually acquired by Access Bank, another Nigerian bank which had operated in Ghana since 2007; (5) Finally, Amalgamated Bank which was bought by the Ibru family of Nigeria.

3.3 Emergence of New Culture of Service

The consequences of increasing number of commercial banks in Ghana have resulted in fierce competition for customers. The banks are now constantly defining and re-defining service delivery through both innovative products and services and relational banking experiences. Traditionally, commercial banks in Ghana focused more on cost-effective ways of increasing their customer base. Their main concern was to serve clients more conveniently, and in the process increase profits and competitiveness (Abor, 2005). However, in view of the now competitive nature of the sector, commercial banks in Ghana now use cutting-edge strategies and technologies to improve services for their customers.

Furthermore, the Ghanaian banking sector is reasonably efficient, financially innovative, and profitable. Ghana's banking industry also had a branch network of over 1,483 in 2018 compared with 700 in 2013 (Myjoyonline, 2018).

The current level of capital adequacy of banks also suggests that the local industry is quite robust to external shocks. In the next section, the thesis moves to present brief discussion on how the introduction of technology is serving as a premise to differentiate the transactional age from the relationship age.

3.4 Technology Mediating Transactional and Relationship Banking.

As part of the efforts of surviving the competition, banking halls are housed in ultra-modern buildings, staffed with well-trained smart looking ladies and gentlemen. Technological innovations have been identified to contribute to the distribution channels of banks and with little surprise Automated Teller Machine (ATM), Telephone and internet banking are now common means by which Ghanaian can transact with banks.

Also, the unwelcome attitudes of bank officials has given way to a more professional and cordial relationship. Whereas a customer could come into the banking hall to do a transaction and go without being noticed, now the customer is greeted and welcomed with smiles at the entrance of the banking. Not only are banks having better relationship with their customers, but they are getting to know their customers' businesses so as to serve them better. Such is the extent of change that the Ghanaian banking industry has observed over the past decade.

Equally important to this transformation of the Ghanaian banking industry is the introduction of relationship marketing into the activities of banks which was hitherto not been the practice a decade ago. Relationship marketing became the strategy adopted by the so-called "Nigerian banks" to win customers. Today, some of the banks have gone a step further in employing (CRM) as a strategic tool to mine and retain customers (PWC, 2018).

Through CRM, banking has now been brought to the doorsteps of individuals and corporate bodies alike, making banks more accessible. Clients are no longer placed on hold when they call their bankers. One-on-One relationship banking has made it possible for clients to deal directly with their bank(s) via relationship managers. The reform of customer relationship in Ghana has taken a new dimension that is sending hitherto unreformed banks rushing to keep up with the new entrants, and the competition for customers on the market has been keener. Cutting edge technologies are being employed as a strategic tool by the National Investment Bank (NIB) to keep track of individual customers and to serve their clients better. NIB has brought banking not only to the door-steps of individuals but also to the rooms of corporate clients by designing products that make it possible for individuals and firms to do banking transaction in their own premises. NIB seeks to become a leading, technology-driven, global financial institution, providing distinctively unique range of financial services. The bank seeks to achieve this by employing and investing in the best people, technology and environment to underscore its commitment to achieving customer enthusiasm.

As a result, the management of NIB took certain decision that included the strengthening of the bank‘s systems, processes and procedures. As a strategy, the bank implemented fully the CRM to mine relationship and retain customers. This brought a turnaround in 2017 where the bank increased its deposit and profit as well as winning several awards as a result.

At NIB, speed, flexibility and efficiency are hallmarks. The bank's approach to customer service reinforces its value creation processes aimed at helping customers to develop strategies for excellence in all their endeavors. These values have culminated in the bank achieving some remarkable successes since its establishment in Ghana some 50 years ago. For instance, in 2017, NIB (Ghana) Limited was adjudged the first runner-up for corporate banking. In 2002, the bank was adjudged the outstanding bank in Short-Term Loan Financing. The bank was the leading bank in Long Term Loan Financing the following year. Two years on in 2004, NIB grabbed two awards – the topmost Bank in Competitive Pricing and the Most Socially Responsible Bank awards. The following year thus, 2005, the bank was adjudged the Best Growing Bank. In 2006 NIB came ahead as the leading Bank in Corporate Banking. NIB yet again won the Best Bank in Advisory Services and Best Bank in Retail Banking in 2010 and 2011. 2012 saw the bank grabbing the Best Bank in Information Technology and Electronic Banking. In 2015, NIB was adjudged first runner-up in retail banking.

Established in March 1963, NIB operated as a development bank with the directive to help grow and bolster industrialization in Ghana. In 1980, NIB broached into Commercial Banking as a supportive service to its primary mandate as a development bank.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

Research methodology is defined as the approach a researcher uses to conduct a study (Creswell & Creswell, 2017). Thus, a research methodology deals with the procedure or framework that directs a research. This chapter contains the detail description of methodological processes involved in gathering the data for the study. The sections captured here include; research design and approach, research setting, selection of participants (population, sample and sampling technique), measures for data collection, ethical consideration, data collection procedures and data analysis.

4.2 Research Setting

The study was conducted among customers of National Investment Bank (NIB). NIB was formally incorporated as a bank in March 22, 1963 by an Act of Parliament (Act 1963), when the government of Ghana transformed the Ghana Industrial Development Corporation (GIDC) after independence. Since 1965, the NIB has provided immense support to the agro-processing industry, which inspired the formation of Agricultural Development Bank.

In 1975, after the ratification of the NRCD 316, NIB acquired the mandate to start taking deposits only from the companies it had financed, but not from the general public. By 1980, NIB acquired clearance to become a full commercial bank, taking deposits from the general public.

The NIB is now a key lender to manufacturing, agro-processing, and building and construction sectors. Currently, NIB has forty-nine (49) branches and three (3) agencies across Ghana. The vision of NIB is "To be the most renowned Ghanaian bank for growth and efficiency". The mission of NIB is "to offer the highest-quality, customer-focused banking services to our clients and to create value for our shareholders". The core values of the bank cohere around capability, inventiveness, honesty, cooperation, unity, dedication and customer service excellence.

4.3 Research Paradigm

Research paradigm is defined as "set of common beliefs and agreements shared by researchers concerning how a problem should be understood and addressed" (Creswell, 2014). Bryman and Bell (2011) described research paradigms "as a collection of principles of what should be investigated, how investigation should be conducted and how the results should be interpreted". According to Burrell and Morgan (2017) research paradigms are "commonalities of perspectives which bind the work of a group of theorists together".

The choice of a research paradigm informs essential assumptions regarding how researchers view the issues being investigated. These assumptions affect the research design and methodology. Social scientists approach research in their fields by explicitly or implicitly indicating assumptions regarding social world and the manner in which it could be studied (Bryman & Bell, 2015). According to Guba and Lincoln (1994), paradigms are characterized by ontological, epistemological and methodological positions.

This study was steered by the positivist paradigm and the next section explains the chosen paradigm. The positivist research paradigm derives its origins from the natural sciences and it is generally connected with developing hypothesis from prevailing theories and testing those theories (Cartwright & Montuschi, 2014). The positivist paradigm also takes into consideration measurement of observable social realities. Positivist ontology is based on the existence of an external world (Plonsky, 2017) and a solitary unbiased truth in every research context irrespective of the scientist's viewpoint or convictions Creswell & Creswell, 2017). Hence, positivists use a structured method in undertaking research.

Positivists usually identify a research topic, develop suitable hypotheses and adopt a fitting research methodology (Bryman & Bell, 2015). Positivists remain detached from respondents through the creation of a space as this is significant in being neutral in order to distinguish between reason and feeling (Plonsky, 2017). They also keep a dichotomy concerning science and subjective experiences and fact and value judgment. The positivist paradigm was chosen for this study to reduce researcher bias as the positivists assume social reality is external to individuals (Creswell & Creswell, 2017). Thus, the current study was interested in facts and this requires research to be conducted in a value free manner (Cartwright & Montuschi, 2014).

4.4 Research Approach

A research approach is defined as the overall strategy that is chosen to merge different parts of a study in a reasonable manner to dissert a research question (Bryman & Bell, 2015). Creswell (2014) also defined a research approach as the specific ways and process or techniques that a researcher follows in gathering and analyzing data. There are two main categories of research approaches, which are quantitative and qualitative research approaches (Creswell & Creswell, 2017).

Quantitative research is the kind of research approach that is usually undertaken with data collect in the form of numbers from large sample of participants (Bryman & Bell, 2015).

Qualitative research on the other hand is undertaken with data collected in the form of narratives or observation using small sample of participants (Bryman & Bell, 2015; Creswell & Creswell, 2017). There are instances where, both quantitative and qualitative approaches are used. In such instances, the research design is referred to as mixed-method. The decision as to which research approach to adopt, among other things is influenced by several factors including the research question and the extent of research conducted on the subject matter within the context of the study (Creswell & Creswell, 2017).

In the current study, quantitative research approach was used. The quantitative approach was used because the study sought to test the association between customer retention, customer loyalty and customer satisfaction. The quantitative approach allows that to be gathered from large sample size, and test hypotheses so that the findings can be generalized (Bryman & Bell, 2015; Creswell & Creswell, 2017). The approach chosen for this study therefore helped to collect data from large sample of customers of the bank to be able to test hypotheses, with the possibility of generalizing to other customers.

4.5 Research Design

A research design is defined as the specific techniques and strategies used to gather data for a study (Gravetter & Forano, 2018). There are diverse designs and methods for collecting and analyzing data for a research study. These include experiments, surveys, archival analysis, historical facts and case studies (Creswell & Creswell, 2017). The current study used survey design for collecting the data.

Survey designs draw large participants from a target population and makes inferences about the population (Bell, Bryman & Harley, 2018). A survey elicits information about the attributes, actions and ideas of a large number of respondents normally referred to as the population (Malhotra & Birks, 2007). Two main methods are employed in collecting survey data i.e. the cross-sectional survey and longitudinal survey (Gravetter & Forano, 2018). A cross-sectional survey design was used, because it was aimed at collecting data at a particular point in time from a sample selected to represent the population. A longitudinal survey collects data from a specific sample a couple of times over a period of time (Creswell, 2014).

Specifically, the cross-sectional survey design was used to gather the data. Cross-sectional survey is defined as a data collection method where a researcher collects data from a representative cross section of the population of interest in order to understand the situation (Creswell & Creswell, 2017). The cross-sectional survey design was chosen because it is appropriate for descriptive, explanatory and exploratory purposes. They are mostly used in studies that have the individual as the unit of analysis (Creswell, 2014). The adoption of the cross-sectional quantitative survey design allowed for data to be collected on a large number of customers of the bank within a short time so that results can be generalized (Creswell & Creswell, 2017).

4.6 Source of Data

Two main sources of data are usually employed in social science research i.e. primary and secondary data (Gravetter & Forano, 2018). Primary data is usually gathered for the purpose of the current research work (Creswell & Creswell, 2017). Secondary data is on the other hand is using an already existing data collected by institutions but might be useful to the current study (Bryman & Bell, 2015). Secondary data is readily available, costs less and can be acquired often with less stress. In the current study, a primary data was used. The rationale for using primary data for this research stems from the fact that primary data helps in providing specific information depending on how the researcher is conceptualizing and measuring the variables in the current study.

4.7 Target Population for the Study

A research population is a well-defined collection of individuals who share similar characteristics based on what a researcher is interested in and therefore qualify to be included in the study (Gravetter & Forano, 2018). Within the context of research, a population is defined as a group of individuals taken from the general population who share a common characteristic, such as age, sex, or work conditions who are researched on because of their relevance to a research question (Bryman & Bell, 2015).

In terms of research about consumer behavior, the population is defined to include all individuals who patronize a particular goods and or services, depending on the researcher's interest (Bryman & Bell, 2015). In the current study, the interest was to examine consumer-related issues of National Investment Bank. The target population for the current study therefore comprised of customers of the National Investment Bank in the Greater Accra Region of Ghana, where the head office of NIB is located.

4.8 Sample Size

Sample is defined as the proportion of a population that is selected for research (Bryman & Bell, 2015). Thus, within the context of research, a sample size is defined as a section of accessible population that is selected and studied (Creswell & Creswell, 2017). Two reasons account for why a sample is selected and studied. One is that, in most cases, especially in social science research, it is impossible or impractical to study the entire population (Creswell & Creswell, 2017).

The second reason is that, it is possible to select a portion of the population to study and inferences made about the entire population of interest (Bryman & Bell, 2015). Sample size determination is therefore an important component of research. Sampling the right sample size ensures that a true picture is gained about the entire population of interest. As Nardi (2018) explains, both under-sampled and over-sampled studies all constitute a waste of resources for not having the capability to produce useful results. Because of this, sample size determination is very important, especially in survey research. Therefore, for the purposes of practicality, a sample size is always selected from the population and used for the research. However, the sample size should be large enough so that the findings from the study can be generalized to the entire population (Bryman & Bell, 2015).

In the current study, three hundred and twenty-five (325) customers were used. A total of four hundred (400) questionnaires were distributed to the customers. However, a total of three-hundred and forty-three (343) were returned, out of which eighteen (18) questionnaires were removed because they were not correctly filled. A total of 325 were therefore used for the analysis. This sample size was determined to be an adequate sample size using different strategies for calculating sample size. For instance, some researchers recommend using power analysis to sample participants in studies that use inferential statistics to test hypothesis (Nardi, 2018). For instance, according to Tabachnick and Fidell, (2007), using power of 0.80 and alpha (α) value of 0.01, the minimum sample size required to detect a medium effect in large population is two hundred and fifty-seven (257) participants.

Nardi (2018) also recommends that there is the need to increase the minimum estimated sample size both to account for cases of non-response and to increases the likelihood that the sample statistic was representative of its corresponding population parameter. Therefore, the sample size of 325 customers is adequate sample for inferential statistical analysis for testing hypotheses to aid in generalization of findings. The demographic characteristics of the respondents are provided in chapter five.

4.9 Sampling Technique

Sampling technique is defined as the processes involved in selecting part of a population for research is called sampling technique (Bryman & Bell, 2015). Sampling technique thus refers to the processes and procedures involved in the selection of participants from portion of population to study. The main goal of sampling is to get a sample that is fairly representative or a smaller collection of units from a much larger collection or population, study the smaller group and produce accurate generalizability about a larger group. The right sample size depends on the nature of a population and the purpose of the study.

There are two broad categorizations of sampling techniques. These include probability sampling and non-probability sampling techniques (Creswell & Creswell, 2017). Probability sampling is the type of sampling procedures where each member of the population has equal chance of being selected for the study. When it comes to probability sampling, researchers do not have control over who is selected and it allows for representative cross sections, or particular groups to be identified or targeted (Patten & Newhart, 2017). Probability sampling includes simple random sampling, systematic sampling, cluster sampling and stratified sampling.

Non-probability sampling on the other hand is a sampling procedure where the members of a population do not have equal chances of being selected (Gravetter & Forzano, 2018). The defining feature between these two sampling strategies or techniques is the extent or chance by which each member of the population has for being part of the study. There are different techniques that are used in the selection samples using non-probability sampling.

This include purposive sampling, convenience sampling, snow balling, quota sampling etc. (Bryman & Bell, 2015).

In the current study, the non-probability sampling procedure was used. Specifically, the customers were selected using convenience sampling technique. A convenience sampling technique has an element of flexibility in the selection of research participants such that participants who are available at the time of data collection and are ready to take in the study are used (Patten & Newhart, 2017). The customers were therefore selected based on their availability and voluntary participation.

4.10 Data Collection Instrument

In the social sciences, primary data can be collected through interviews, focus group discussions, observation and self-administered questionnaires (Bryman & Bell, 2015). A self-administered questionnaire was used to gather data for this research. This data collection instrument was chosen because, according to Nardi (2018), questionnaires are the most widely used research tool because it is practical. Large amounts of information can be collected from a large sample size in a short period of time and it is also cost effective.

Therefore, in the current study, the data was collected using an already developed questionnaires but was adapted to suit the Ghanaian context. The questionnaire had different sections with each of the sections measuring different aspects of the customers. The sections are described below:

Demographic Information: this section of the questionnaire elicited information such as gender, age and marital status activities and educational level.

Customer retention: Customer retention scale developed by Roy, Padmavathy, Balaji, and Sivakumar, (2012) was used to measure customer retention. This section elicited information on the customers' willingness to stay with National Investment Bank (NIB). The participants were required to respond on a 5-point Likert scale ranging from 1 – 5, where *1= Strongly Disagree, 2 = Disagree, 3 = Somehow, 4 = Agree, 5 = Strongly Disagree.* The original customer retention scale has high reliability, with Cronbach alpha of α = .83.

Customer satisfaction: this section elicited information on the participants' satisfaction with the products and services of National Investment Bank (NIB). This was measured using the customer satisfaction scale, developed by Wong et al., (2007). The participants were required to respond on a 5-point Likert scale ranging from 1 – 5, interpreted as follows; *1= Strongly Disagree, 2 = Disagree, 3 = Somehow, 4 = Agree, 5 = Strongly Disagree.* The original customer satisfaction scale has high reliability, with Cronbach alpha of α = .86

Customer loyalty: this section elicited information regarding the participants' evaluation of loyalty they feel towards the National Investment Bank (NIB). Customer loyalty will be measured by adapting the SERVLOYAL Scale, which was developed by Sudhahar, Israel, Britto & Selvam (2006). The SERVLOYAL is a 26-item scale that measures seven domains of customer loyalty to service providers which are behavioral domain, attitudinal domain, cognitive domain, conative domain, affective domain, trust domain and commitment domain. The participants were required to respond on a 5-point Likert scale ranging from 1 – 5, where *1= Strongly Disagree, 2 = Disagree, 3 = Somehow, 4 = Agree, 5 = Strongly Disagree.* The scale is highly reliable with Cronbach alpha ranging between α = .86 - .91.

4.11 Procedures for Data Collection

The study began by first obtaining an introductory letter was taken from the Department. After that, a pilot study was firs conducted. To check the suitability of the survey instrument, it is essential to pretest the instrument before the commencement of main data gathering. The pilot study served the purpose of making sure that the items in the questionnaire made sense to the sampled respondents before the main data was collected. After the pilot study, the scales were found to be useful for the study which gave the researcher the power to collect the main data. Minor modifications were made to the questionnaire and it was pilot tested with 30 selected customers. The pilot test revealed that the questionnaire had a sufficient level of reliability.

After the conduct of the pilot test, the next step was to administer the survey instrument. The questionnaires were self-administered to customers who had long standing banking relationship with NIB. Some of the questionnaires were also administered to respondents who were relatively new customers of NIB. The questionnaires were administered to the respondents by approaching them at the exit points at the Head office of NIB in the Greater Accra region of Ghana. Some of the questionnaires were also administered at the workplaces of known customers. Thus, only customers who were willing to take part in the survey were given questionnaires to fill. The survey was conducted over a period of six (6) weeks.

4.12 Ethical Consideration

Ethical issues are important in social science research. Ethics are standards of conduct that differentiate between conventional and unacceptable behavior (Creswell & Crewell, 2017). According to Vara and Patel (2012) researchers are obliged to explain the motive of the research and to ensure confidentiality of respondents. Explaining these to respondents ensures they do not feel exploited. The current study ensured anonymity and confidentiality by not taking the names of respondents. The aim of the study was explained in the questionnaire and the respondents were allowed to part take in the study voluntarily.

In view of this, higher standards of moral considerations were strictly adhered to in conformity with the ethical principles guiding the use of human participants for research purpose. Consent was first sought from all customers contacted before data was collected. In the consent seeking process, the aims and scope of the study were explained to them. The researcher also ensured high sense of confidentiality and discreetness by making sure the data collected is managed in such a way that the identities of the respondents were protected at all times and that no information were directly tracked or associated with any individual participant. With this, no names or codes traceable to the respondents were used. Those who agreed to be part of the study were given the questionnaire to fill.

4.13 Data Analysis Techniques

Diverse data analysis techniques were used to achieve the research objectives. Descriptive statistics, confirmatory factor analysis and structural equation modelling were used to analyses the data collected. The Statistical Package for Social Sciences (SPSS) version 22 was used to generate the descriptive statistics. Details on the analytical procedures are provided in chapter five.

4.14 Chapter Summary

This chapter discussed the research methodology. It also explained the research paradigm guiding this study. The sampling technique and size, research design, data collection instrument and data analysis tools and techniques were also discussed in this chapter

CHAPTER FIVE

DATA ANALYSES AND DISCUSSION

5.1 Introduction

This study examined how customer satisfaction mediates the relationship between customer retention and loyalty among customers of National Investment Bank (NIB). Two main objectives were tested. The first objective examined the effect of customer retention of customer loyalty. The second objective assessed the mediating role of customer satisfaction between the effects of customer retention on customer loyalty.

This chapter presents analysis and findings based on the objectives of the study. The chapter is presented as follows. First, the demographic characteristics of the participant are presented. After that, the descriptive statistics of scores among the participants are provided afterwards. Model testing procedures using Structural Equation Modelling (SEM) for testing the hypotheses are then presented. The hypotheses testing is then presented and discussed. A summary of the findings is also presented and discussed.

5.2 Demographic Profiles of Participants

This section presents the demographic characteristics of the customers used for the study. In all, a total of three hundred and twenty-five (325) customers took part in the study. Their demographic characteristics are presented on Table 1.

Table 1: Demographic characteristics of the participants (N = 325)

	Frequency	***Percentage (%)***
Gender		
Male	206	63.4
Female	119	36.6
Age		
20-29 years	197	60.6
30-39 years	74	22.8
40-49 years	41	12.6
>50 years	13	4.0
Education		
SSCE/WASCE	62	19.1
Diploma	93	28.6
Bachelors' Degree	111	34.2
Post graduate	47	14.5
Others	12	3.7

Years of doing business		
1 – 5 years	210	64.6
6 – 10 years	74	22.8
> 10 years	41	12.6

Source: Field Data (2019)

The sample size was 325 customers. Majority of them (63.4%) were female customers, with the remaining 36.6% being female customers. Their ages ranged between 23 – 58 years, with a mean age of 33.4 years (SD = 8.84). The participants were relatively young, with majority (60.6%) of them falling within the ages of 20 – 29 years, and 22.8% falling between the ages of 30 – 39 years. Their educational levels were relatively high. The minimum educational qualification among the participants was high school (19.1%). Majority of them indicated having bachelors' degree (34.2%), followed by those with diploma (28.6%). The number of years of engagement with the bank ranged from 1 – 12 years. Majority (64.6%) of the customers had been doing business with the bank for up to 5 years, followed by those between 6 – 10 years (22.8%), and 12.6% for more than 10 years. The mean years of doing business with the bank is 5.66 years (SD = 2.01).

5.3 Descriptive Statistics

This section presents the descriptive statistics of the scores of the participants on the various items that were included in the questionnaire which was used for the survey. The descriptive statistics helps in visualizing distribution of scores of the participants, which serves critical relevance in inferential statistical analysis (Pallant, 2013; Tabachnick & Fidel, 2007). Descriptive statistics are used to measure the central tendency of data, particularly through the mean and mode (Tabachnick & Fidel, 2007). Descriptive statistics can also be used to quantify dispersion using the range, standard deviation and the coefficient of variation (Pallant, 2013). Descriptive statistics was used to explain how respondents approve or disapprove of the items in the survey and how each item was scored by the respondents. Pallant (2013) asserts that, it is very essential to subject data to descriptive analysis prior to any validity checks and further analysis. The results are summarized on Table 2.

Table 2: Descriptive statistics of scores on items

Table 5.2: Descriptive analysis of construct

	Min.	Max.	Mean	Std. Dev.
Customer Retention			**3.7104**	**1.0193**
This bank keeps their promise	1.00	5.00	3.4923	1.05003
You trust NIB's analysis of their financial statements	1.00	5.00	3.4462	1.06038
This bank put your interest before theirs when preparing a new product/service	1.00	5.00	3.7938	.98003
This bank keeps you well informed about the performance of your financial products (e.g. quarterly investment statements)	1.00	5.00	3.9323	.95341
This bank explains financial concepts and recommendations in a meaningful way	1.00	5.00	3.9138	1.00552
This bank never hesitate to provide you enough information as	1.00	5.00	3.9908	.90433

you wish				
This bank does not hesitate to provide the benefits and/or otherwise of the financial product/services available	1.00	5.00	3.4369	1.13033
Overall, you and your bank interacts frequently	1.00	5.00	3.6769	1.07019
Customer Satisfaction			**3.5945**	**1.0361**
The banking service charges of NIB is moderate	1.00	5.00	3.5785	1.06175
This bank usually notify me ahead of changes in bank tariffs	1.00	5.00	3.8154	1.11516
The bank's service delivery is highly standardized and simple	1.00	5.00	3.6862	1.09430
The bank provides a wide range of banking products (bancassurance, investments etc.)	1.00	5.00	3.7785	1.04829
The bank does ensure confidentiality of its clients	1.00	5.00	3.7969	1.03428
The company never fails to fulfill your expectations	1.00	5.00	3.8677	.96435
In general, you are satisfied with the NIB's after service follow-up performance	2.00	5.00	3.6185	.88312
You are contented with your decision of choosing NIB	1.00	5.00	3.6615	.99810
Overall, you are satisfied with NIB	1.00	5.00	2.5477	1.12561
Customer Loyalty			**3.6251**	**0.9341**
You are willing to provide other prospective customers' information to this bank	1.00	5.00	3.2985	.80517
This bank will be your first choice of contact whenever you want to purchase any banking products/services	1.00	5.00	3.4092	.96637
Would you recommend NIB to a relative or friend due to the actual performance of the bank	1.00	5.00	3.4492	.99134

Would you provide positive remarks and recommendations of NIB based on your experience with them	1.00	5.00	3.7692	.99333
You are willing to interact with this bank in restructuring existing products/services that best suits your progress	1.00	5.00	3.7815	.96783
You expect your relationship with NIB to exist for a long time to come	1.00	5.00	4.0431	.88086

	Min.	*Max.*	*Mean*	*Std. Dev.*
Customer Retention			*3.7104*	*1.0193*
This bank keeps their promise	*1.00*	*5.00*	*3.4923*	*1.05003*
You trust NIB's analysis of their financial statements	*1.00*	*5.00*	*3.4462*	*1.06038*
This bank put your interest before theirs when preparing a new product/service	*1.00*	*5.00*	*3.7938*	*.98003*
This bank keeps you well informed about the performance of your financial products (e.g. quarterly investment statements)	*1.00*	*5.00*	*3.9323*	*.95341*
This bank explains financial concepts and recommendations in a meaningful way	*1.00*	*5.00*	*3.9138*	*1.00552*
This bank never hesitate to provide you enough information as you wish	*1.00*	*5.00*	*3.9908*	*.90433*

This bank does not hesitate to provide the benefits and/or otherwise of the financial product/services available	*1.00*	*5.00*	*3.4369*	*1.13033*
Overall, you and your bank interacts frequently	*1.00*	*5.00*	*3.6769*	*1.07019*
Customer Satisfaction			*3.5945*	*1.0361*
The banking service charges of NIB is moderate	*1.00*	*5.00*	*3.5785*	*1.06175*
This bank usually notify me ahead of changes in bank tariffs	*1.00*	*5.00*	*3.8154*	*1.11516*
The bank's service delivery is highly standardized and simple	*1.00*	*5.00*	*3.6862*	*1.09430*
The bank provides a wide range of banking products (bancassurance, investments etc.)	*1.00*	*5.00*	*3.7785*	*1.04829*
The bank does ensure confidentiality of its clients	*1.00*	*5.00*	*3.7969*	*1.03428*
The company never fails to fulfill your expectations	*1.00*	*5.00*	*3.8677*	*.96435*
In general, you are satisfied with the NIB's after service follow-up performance	*2.00*	*5.00*	*3.6185*	*.88312*
You are contented with your decision of choosing NIB	*1.00*	*5.00*	*3.6615*	*.99810*
Overall, you are satisfied with NIB	*1.00*	*5.00*	*2.5477*	*1.12561*
Customer Loyalty			*3.6251*	*0.9341*
You are willing to provide other prospective customers'	*1.00*	*5.00*	*3.2985*	*.80517*

information to this bank				
This bank will be your first choice of contact whenever you want to purchase any banking products/services	*1.00*	*5.00*	*3.4092*	*.96637*
Would you recommend NIB to a relative or friend due to the actual performance of the bank	*1.00*	*5.00*	*3.4492*	*.99134*
Would you provide positive remarks and recommendations of NIB based on your experience with them	*1.00*	*5.00*	*3.7692*	*.99333*
You are willing to interact with this bank in restructuring existing products/services that best suits your progress	*1.00*	*5.00*	*3.7815*	*.96783*
You expect your relationship with NIB to exist for a long time to come	*1.00*	*5.00*	*4.0431*	*.88086*

Source: Field Data (2019)

The descriptive statistics presented above are mainly means and standard deviations of each of the items. In all, there were twenty-three (23) items in the questionnaire, measuring three (3) different constructs or variables, which are customer retention, customer satisfaction and customer loyalty.

From Table 1, the mean scores on the items measuring customer retention ranged from 3.44 (SD = 1.13) to 3.99 (SD = .99). The mean scores on the items measuring customer satisfaction ranged from 2.55 (SD = 1.13) to 3.87 (SD = .96). The mean scores on the items measuring customer loyalty ranged from 3.29 (SD = 81) to 4.04 (SD = .88). The overall means of the variables show that customer retention had highest mean score (M =

3.71, SD = 1.02), followed by customer loyalty (M = 3.63, SD = .93) and then customer satisfaction (M = 3.59, SD = 1.04).

5.4 Structural Equation Modelling Procedures

This section discusses the detailed analytical processes and procedures in testing the hypotheses in the study. The data was analyzed using Partial Least Squares Structural Equation Modelling (PLS_SEM).

5.4.1 Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) is used to assess the extent to which a variable was measured (Pallant, 2013). Confirmatory factor analysis demonstrates how well the specified model matches the actual data and it can be used to confirm or disconfirm an underlying theory (Tabachnick & Fidell, 2007). Confirmatory factor analysis was used to extract the variables that best explain each construct.

The PLS-SEM model assessment initially focused on assessing the measurement models. Examination of PLS-SEM estimates enabled the researcher to evaluate both the reliability and validity of the items measuring the variables or constructs (Byrne, 2016). Basically, the internal consistency, indicator reliability, convergent validity and discriminant validity of the items measuring the constructs were assessed. The results from the internal consistency are summarized on Table 3.

Table 3: Item loadings, Average Variance Extracted and Composite

Construct	**Item**	**Loadings**	**A**	**AVE**
Customer retention	CR4	0.735	0.769	0.526

	CR6	0.731		
	CR8	0.709		
Customer loyalty	CL4	0.746	0.800	0.571
	CL5	0.750		
	CL6	0.770		
Customer satisfaction	CS4	*0.693	0.744	0.594
	CS5	0.841		

Source: Field Data (2019)

*Below the threshold of 0.70 but maintained because its elimination affects the composite reliability and average variance extracted.

5.4.1.1 Internal consistency

Internal consistency in the items was first evaluated to assess the internal consistency reliability. Cronbach alpha (α) was used to assess the internal consistency reliability. The Cronbach alpha (α) provides estimate of the internal reliability based on the inter-correlations of the observed indicator variables (Tabachnick & Fidell, 2007). The fundamental assumption of the Cronbach alpha (α) is that all the items have equal outer loadings on the construct, and therefore internally reliable (Pallant, 2013).

PLS-SEM prioritizes item loadings according to their individual reliability. Also, Cronbach's alpha is sensitive to the number of items in the scale and generally tends to underestimate the internal consistency reliability. As such, it may be used as a more conservative measure of internal consistency reliability. Due to the limitations of Cronbach's alpha, it is technically advisable to apply another rigorous measure of internal consistency reliability, called composite reliability (Byrne, 2016). In this study, a composite reliability was also computed to assess the internal consistency of the indicator.

A construct is said to have composite reliability when its composite reliability is above 0.700 (Tabachnick & Fidell, 2007).

As shown on Table 3, all the constructs are reliable as they obtained composite reliability value above 0.70. The composite reliability for customer retention was $\alpha = 0.77$, customer loyalty was $\alpha = 0.80$ and customer satisfaction was $\alpha = 0.74$.

5.4.1.2 Indicator reliability

Indicator reliability estimates the outer loadings of the items measuring the constructs, which assess the communalities within the items (Tabachnik & Fidell, 2007). For outer loadings to be statistically significant, the items should achieve a minimum loading of 0.70 (Pallant, 2013). The square of a standardized indicator's outer loading represents how much of the variation in an item is explained by the construct and is described as the variance extracted from the item. As a rule of thumb, latent variables should explain a substantial part of each indicator's variance, usually at least 50% (Tabachnik & Fidell, 2007).

As shown on Table 3, the indicators of this constructs loaded above 0.708 with the exception of some few ones (CR1 = 0.540, CR2 = 0.453, CR3 CR5 CR7). However, CS4 loaded 0.693 and it was maintained due to content validity (Pallant, 2013; Tabachnik & Fidell, 2007).

5.4.1.3 Convergent validity

Convergent validity measures the extent to which variables significantly correlates positively with alternative measures of the same constructs (Tabachnik & Fidell, 2007). Convergent validity at the construct level is established using the average variance extracted (AVE). The AVE is defined as the overall mean value of the squared loadings of the indicators associated with the construct (Byrne, 2016).

Using the domain sampling model, indicators of a reflective construct are treated as different approaches to measure the same construct (Byrne, 2016). Thus, items that are indicators of a specific reflective construct should converge or share a high proportion of variance (Byrne, 2016). According to Hair et al (2017), an average variance extracted should be above 0.500. The results are shown on Table 3.

As shown on Table 3, AVE for customer retention = 0.526, customer loyalty = 0.571 and customer satisfaction = 0.594. Therefore, it can be judged that all the constructs have achieved acceptable levels of convergent validity.

5.4.1.4 Discriminant validity

Discriminant validity is defined as the extent to which a variable is distinct from other constructs that measure different things (Henseler et al., 2015). Discriminant validity there shows that the variable is unique and captures different phenomena which are not measured by other constructs within the same model (Voorhees, Brady, Calantone, & Ramirez, 2016). There are two main measures of discriminant validity, which are cross-loadings and and Fornell – Larcker Criterion (Pallant, 2013). In recent years, a new measure - Heterotrait-Monotrait (HTMT) Ratio is also used to assess discriminant validity (Byrne, 2016). In this study, all three measures - cross-loadings, Fornell – Larcker and HTMT were estimated and reported.

Cross Loadings as indicator of discriminant validity

Cross loading is the first approach to estimate in assessing discriminant validity of the variable items (Pallant, 2013). As a rule of thumb, items' outer loadings on the associated construct should be greater than any of its cross-loadings on other constructs (Voorhees et al., 2016). The best way to assess and report cross-loadings is in a table with rows for the indicators and columns for the latent variable. The results from the cross loadings are provided o Table 4.

As shown on Table 4, all items that loaded onto all the three variables (customer retention, customer loyalty and customer satisfaction) are higher than their outer loadings. This suggests that there is discriminant validity based on the cross loadings (bolded on Table 4).

Table 4: Cross loadings for discriminant validity

	Retention	**Loyalty**	**Satisfaction**
CR4	**0.746**	0.190	0.275
CR6	**0.750**	0.189	0.267
CR8	**0.770**	0.324	0.240
CL4	0.216	**0.735**	0.230
CL5	0.263	**0.731**	0.268
CL6	0.207	**0.709**	0.286
CS4	0.217	0.244	**0.693**
CS5	0.304	0.311	**0.841**

Source: Field Data (2019)

Fornell – Larcker as indicator of discriminant validity

The Fornell-Larcker criterion assesses discriminant validity by comparing the square root of the AVE values with the latent variable correlations (Henseler et al., 2015). In very specific terms, square root of a variable's AVE should be greater than its highest correlation with any other variables (Pallant, 2013). Alternatively, the Fornell-Larcker can be assessed by determining whether the AVE is larger than the squared correlation with all the other variables (Voorhees et al., 2016). The logic of the Fornell- Larcker method is based on the idea that a construct shares more variance with its associated indicators than with any other construct. The results are provided on Table 5.

As shown on Table 5, the boldened diagonal indicates square correlations of all the three constructs are higher than the highest correlations with any of the variables. This suggests discriminant validity among the variables.

Table 5: Fornell - Larcker for discriminant validity

	Loyalty	Retention	Satisfaction
Customer Loyalty	**0.755**		
Customer Retention	0.317	**0.725**	
Customer Satisfaction	0.343	0.362	**0.771**

Source: Field Data (2019)

Heterotrait – Monotrait Ratio – HTMT as indicator of discriminant validity

HTMT is defined the ratio of between-trait correlations to within-trait correlations among variables (Tabachnik & Fidell, 2007). HTMT estimates the means of all correlations of the items across items that measure different variables in relation to the mean of the average correlations of indicators measuring the same construct (Henseler, Ringle & Sarstedt, 2015). The HTMT approach therefore constitutes an estimate of what the true correlation between two constructs would be, if they were perfectly measured (Tabachnik & Fidell, 2007). The results are summarized on table 6.

Table 6: Heterotrait – Monotrait Ratio of constructs

	Loyalty	**Retention**	**Satisfaction**
Loyalty			
Retention	0.524		
Satisfaction	0.752	0.845	

Source: Field Data (2019)

As shown on Table 6, the HTMT values among the three constructs show discriminant validity among the variables.

5.4.1.5 Test of multicollinearity assumption

Before estimating the model, the assumption of multicollinearity was first tested to ensure that it is not violated. In assessing the collinearity of constructs, the variance inflation factor (VIF) is used. Each predictor construct's value which is the VIF should be higher than 0.20 and lower than 5. The results are summarized on Table 7.

Table 7: Variance Inflation Factor of Constructs

Constructs	Variance inflation factor	
	Loyalty	Satisfaction
Loyalty		
Retention	1.151	1.000
Satisfaction	1.151	

Source: Field Data (2019)

As shown on Table 7 the all VIF values fall within 0.20 and 5, which suggests that there are no multicollinear associations among the variables.

5.4.2 Model Path Estimation: Testing Hypothesized Relationships

After estimating the reliability, validity and multicollinearity, the structural model was estimated. The structural model assesses the inner model. The most important aspects the structural model assesses are collinearity, significance path, coefficient of determination, effect size, predictive relevance and discussion of hypothesized relationships. Model estimation delivers empirical measures of the relationships between the indicators and the constructs (measurement models), as well as between the constructs (structural model). The empirical measures enable us to compare the theoretically established measurement and structural models with reality, as represented by the sample data. In other words, we can determine how well the theory fits the data. The hypothesized relationships were tested. The direct effect was tested first, before testing the mediation hypothesis.

The direct hypothesis tested was:

H1: Customer retention will positively predict customer loyalty

The mediation hypothesis tested was:

H2: Customer satisfaction will significantly mediate the association between customer retention and customer loyalty

Two sub-hypotheses were developed from the mediation model, which were:

H2a: Customer retention will positively predict customer satisfaction

H2b: Customer satisfaction will positively predict customer loyalty

The final model based was where the hypothesized relationships were estimated. Model fit was assessed using the commonly use model fit indices; adjusted goodness-of-fit index (AGFI), Root Mean Square Error of Approximations (RMSEA), Goodness-of-fit index (GFI), Chi Square Degree of Freedom Rotation (CMIN/DF), comparative Fit Index (CFI), Tucker Lewis Index (TLI) and Chi Square goodness of fit ($\chi 2$).

The model fit indices examine different aspects of model testing procedures. For instance, the CFI examines whether the final model being considered is better than other competing models in the observed data (Pallant, 2013). The RMSEA for instance also assess the extent by which the model being considered is the best fit for the population under study (Byrne, 2016). The GFI also examined the fit between the hypothesized model and the observed covariance matrix (Tabachnick & Fidell, 2007). The sufficiency of the model is evaluated using $\chi 2$ goodness of fit, which also estimates the coefficients compared with the covariance matrix (Kline, 2015). Given that the $\chi 2$ is influenced by sample size, care needs to be taken when assessing the model fit since a large sample size can cause the $\chi 2$ to be inflated (Marsh, Morin, Parker & Kaur, 2014). Based on this, some scholars argue that the $\chi 2$ needs to be divided by the degree of freedom to take care of the possibility of being inflated by large sample size. In this sense, CMIN/DF is also provided for assessing model fit (Marsh et al. 2014).

The model fit indices have their threshold parameter estimates for evaluating a model. The estimates are summarized on Table 8.

Table 8: Parameter estimate threshold for model fit indices

Fit Index	**Parameters**
RMSEA	$< .06$
CMIN/DF	Between 1 and 3

χ^2/df	< 2
TLI	> .95
SRMR	< .08
CFI	> .95
PCLOSE	Should not be significant (> .05)

Source: (Kline, 2015; Marsh et al. 2014, Tabachnick & Fidell, 2007)

Table 9: Fit indices for final hypothesized model

Fit indices	**Parameters**	**Final model estimates**	**Interpretation**
CMIN		674.443	
DF		321	
RMSEA	< .06	0.037	Acceptable
CMIN/DF (χ^2/df)	1 – 3	1.923	Acceptable
CFI	> .95	0.977	Acceptable
TLI	> .95	0.968	Acceptable
SRMR	< .08	0.033	Acceptable
PCLOSE	> .05	0.206	Acceptable

Source: Field Data (2018)

As shown on Table 9, all the fit indices show that the final model was valid for interpretation. Other fit indices generated included AGFI = 0.954, GFI = 0.960 and IFI = 0.971. All these indices are consistent with acceptable levels of model fit (Kline, 2015; Marsh et al. 2014, Tabachnick & Fidell, 2007).

Evaluation of model properties

The properties of the final model were evaluated using coefficient of determination (R^2), effect size (*f^2*) and predictive relevance (Stone-Geisser's *Q*2). The results of the evaluations are provided on Table 10.

As shown on Table 10, the model explained 56% variance (R^2 = 0.56), which is a large variance the model explained in customer loyalty. The model also had a large effect size in customer loyalty (*ƒ*2 = 0.43), with high predictive relevance (*Q*2 = 3.12).

Table 10: Model properties of final model

Model property	Preferred range	Model Estimates	Interpretation
R^2	0.25 – 0.75	0.56	Large variance
*ƒ*2	0.02 – small effect		
	0.15 – medium effect		
	0.35 – large effect	0.43	Large effect size
*Q*2	> 0	3.12	High predictive relevance

Source: Field Data (2019)

After assessing the model properties, the hypotheses were examined. The estimated from the hypothesized relationships are summarized on Table 11.

Table 11: Assessment of significance of path analyses

Hypotheses	Regression Path	B	T	p	Decision
Without mediator (H1)	Retention ← Loyalty	.331	7.403	.000	Supported

With mediator (H2)	Retention ← Loyalty	.222	4.143	.000	Supported
$H2_a$	Retention ← Satisfaction	.362	7.564	.000	Supported
$H2_b$	Satisfaction ← Loyalty	.263	4.537	.000	Supported

Source: Field Data (2019)

5.4.2.1 Direct Hypothesis: Customer Retention and Customer Loyalty

The first objective of the study was to test the efficacy of customer retention in positively predicting customer loyalty among the customers of National Investment Bank (NIB). The first hypothesis therefore predicted positive effect of customer retention on customer loyalty. Findings from the study showed that customer retention significantly predicted customer loyalty. As shown on Table 11, without the mediator, customer retention had significant effect on customer loyalty ($\beta = .331$, $t = 7.403$, $p < .001$). This means that we fail to reject H1 of the study. Specifically, a unit increase in customer retention is associated with a 33.1% increase in customer loyalty ($\beta = .331$).

What this means is that being able to retain customers increases the loyalty among the customers. In order words, loyalty among customers begins to develop when they stay with an organization. This is a critical insight because loyalty is a psychological state among customers (Morgan, Whitler, Feng & Chari, 2019), which develops overtime (Hill & Alexander, 2017; Mahmoud et al., 2018). For this reason, there is the need to first and foremost, ensure that customers are retained or made to stay with the firm first (Tee & Tee, 2018; Vencataya et al., 2019), before they would be fully available to develop loyalty.

Thus, within the banking sector, if customers are retained, they (customers) are significantly likely to stay and do business with the company, which increases their loyalty. The findings are in line with the new emerging evidence that it is not only loyalty that leads to customer retention but that retention can be a baseline requirement for the development of loyalty (Morgan et al., 2019; Vencataya et al., 2019). Some previous studies suggest that getting customers to stay is very difficult, and that when they are made to stay, several positive psychological states can be developed within them overtime (Sudhahar et al., 2006; Thakur, 2019), particularly within the service sector (YuSheng & Ibrahim, 2019). It is therefore not surprising that in other sectors such as the banking sector as reported by Anabila and Awunyo-Vitor (2013), special departments are set up to handle customer complaints in managing customer relationship so that they can stay. Thus, aggrieved customers are likely to leave the company so when relationships are managed well, they are more likely to stay with their organizations, after which they can begin to develop loyalty.

This is in line with the emerging evidence that suggests that being able to retain customers can lead to loyalty among the customers. According to Khan (2013), customer retention is the eventual intention of every organization. It is the final concern of relationship marketing strategies to engage customers for a longer time period within the organization. From the study, most retained customers of NIB are highly committed to the bank and their loyalty levels were very high. This finding is in correlation with existing literature by Molapo and Mukwada (2011) which claimed that it is vital to advance the retention level of customers to make them loyal for longer time within the organization.

5.4.2.2 Mediation: Customer Retention, Customer Satisfaction and Customer Loyalty

The second hypothesis predicted that customer satisfaction will significantly mediate the association between customer retention and customer loyalty. However, before mediation can take place, three conditions need to me met. First, there should be a direct baseline significant effect. This can be confirmed on Table 11. As the relationship between Retention ← Loyalty was significant ($\beta = .331$, $t = 7.403$, $p < .001$) without the mediator.

Secondly, there should also be a significant relationship between the mediator and the dependent variable (Satisfaction ← Loyalty) and the mediator and the independent variable (Retention ← Satisfaction). From Table 11, there is a significant relationship between Retention ← Satisfaction and there is also a significant relation between Satisfaction ← Loyalty.

The last condition deals with the computation of Variance Accounted For (VAF). This measures the strength of the mediation effect. According to Preacher and Hayes (2008), VAF between 20% - 80% is known as partial mediation while VAF above 80% denotes full mediation. However, VAF below 20% indicates no mediation.

Formula of VAF;

$$\text{VAF} \quad = \frac{Coefficient\ of\ indirect\ path}{Total\ effect}$$

For the current study, the imputations are as follows;

$$\text{VAF} \quad = \frac{0.362 * 0.263}{(0.362 * 0.263) + 0.222}$$

$$\text{VAF} \quad = \frac{0.095}{0.317}$$

$$\text{VAF} \quad = 0.299\ (100\%)$$

$$\text{VAF} \quad = \ 30\%$$

In this study, the VAF falls between 20% - 80%. Hence, it can be concluded based on Preacher and Hayes (2008) criterion that satisfaction mediates the relationship between retention and loyalty. The researcher therefore fails to reject hypothesis 2. However, the mediation was a partial one. According to Hayes (2008), full mediation is achieved when, after including the mediator, the significance of the baseline effect disappears. In the current study however, after including the mediator (customer satisfaction), customer retention still maintained its significant effect on customer loyalty ($\beta = .222$, $t = 4.143$, $p < .001$). However, the effect reduced (from $\beta = .331$ to $\beta = .222$), with the inclusion of the mediator. This suggests partial mediation, according to Hayes (2008).

Two sub-hypotheses were then developed that; customer retention will positively predict customer satisfaction (H2a), and customer satisfaction will positively predict customer loyalty (H2b). In the estimated model, both sub-hypotheses were supported.

Customer retention and customer satisfaction

As part of the hypothesized mediated model, the first sub-hypothesis predicted a positive association between customer retention and customer satisfaction. Thus, customer retention was hypothesized to positively predict satisfaction. Findings from the study showed that the hypothesis was supported. As shown on Table 11, customer retention had significant positive effect on customer satisfaction ($\beta = .362$, $t = 7.5643$, $p < .001$). This means that we fail to reject H2a of the study. Specifically, a unit increase in customer retention is associated with a 36.2 increase in customer satisfaction ($\beta = .362$).

Studies have shown that improvement in quality of products and services for customers induces customers to remain satisfied with their organizations (YuSheng & Ibrahim, 2019). In the same vein, poor products and services arouses dissatisfaction among customers (Abaidoo,, 2015; Ahmed & Buttle, 2001; Arli et al., 2017). Hence, customers are expected to achieve higher levels of satisfaction (Henderson & Tulloch, 2008). This is obvious as the path analysis revealed a positive relationship between customer retention and satisfaction.

The key strategy of keeping customers of a firm is to make the customers satisfied and when they get extremely ecstatic, they get to be retained (Bazini, Elmazi & Sinanaj, 2012). This means that, when organizations are able to make their customers stay with them, they are more likely to achieve satisfaction among the customers who have stayed (Arli et al., 2017). This means that though customers perceive that they are receiving quality services; they are likely to stay with the company, and also more likely to be satisfied. This finding comes to support findings by Anani (2013) who found a significantly positive relationship in the airline industry and Agudze Tordzro et al (2014) who also found a positive and significant relationship between customer satisfaction and customer retention in the banking sector.

Customer satisfaction and customer loyalty

The second sub-hypothesis of the mediated model predicted a significant association between customer satisfaction and customer loyalty. Findings from the study supported this hypothesis as well. As shown on Table 11, customer satisfaction in turn had significant positive effect on customer loyalty ($\beta = .263$, $t = 4.537$, $p < .001$). This means that we fail to reject H2b of the study. Specifically, a unit increase in customer satisfaction is associated with a 26.3 increase in customer loyalty ($\beta = .263$).

The finding means that the route from customer retention to loyalty is partly explained by customer satisfaction. In customer relationship management, there is no point keeping customers if the organization cannot make them satisfied (Barroso-Méndez, Galera-Casquet & Valero-Amaro, 2015; Greve, & Schlüschen, 2018). This suggests that, as has been shown in the current study, while customer retention might be a precursor to loyalty, it is not a sufficient condition. Thus, what happens after the customers have been successfully retained is critical, to developing loyalty amongst them.

Several researchers have argued that when customers stay, it is because they expect something (Blythe & Martin, 2019; El-Adly, 2019; Gong & Yi, 2018); therefore, it becomes impetus on the organizations to ensure those customers' expectations are met, after which their satisfaction increases. When their satisfaction increases, then their loyalty to the organization also increases (Cai & Chi, 2018; Das & Mishra, 2019; Greve, & Schlüschen, 2018). This is in line with the findings from this study which revealed a positive and significant relationship between satisfaction and customer loyalty. This finding is in support of Anani (2013) who reported similar findings among customers in the airline industry. It however contradicts recent findings by Agudze-Tordzro et al (2014) who reported from the banking sector that switching barrier has no significant relationship with customer retention.

5.5 Observed Model

The final model observed from the study is provided in Figure 5.1. The final model suggested a partial mediation of customer satisfaction between customer retention and customer loyalty. Thus, without the mediator (customer satisfaction), customer retention had significant independent positive effect on customer loyalty. When the mediator was introduced, the independent effect of retention on loyalty reduced, but was still significant. Customer satisfaction then carried part of the positive effect from satisfaction, onto loyalty among the customers.

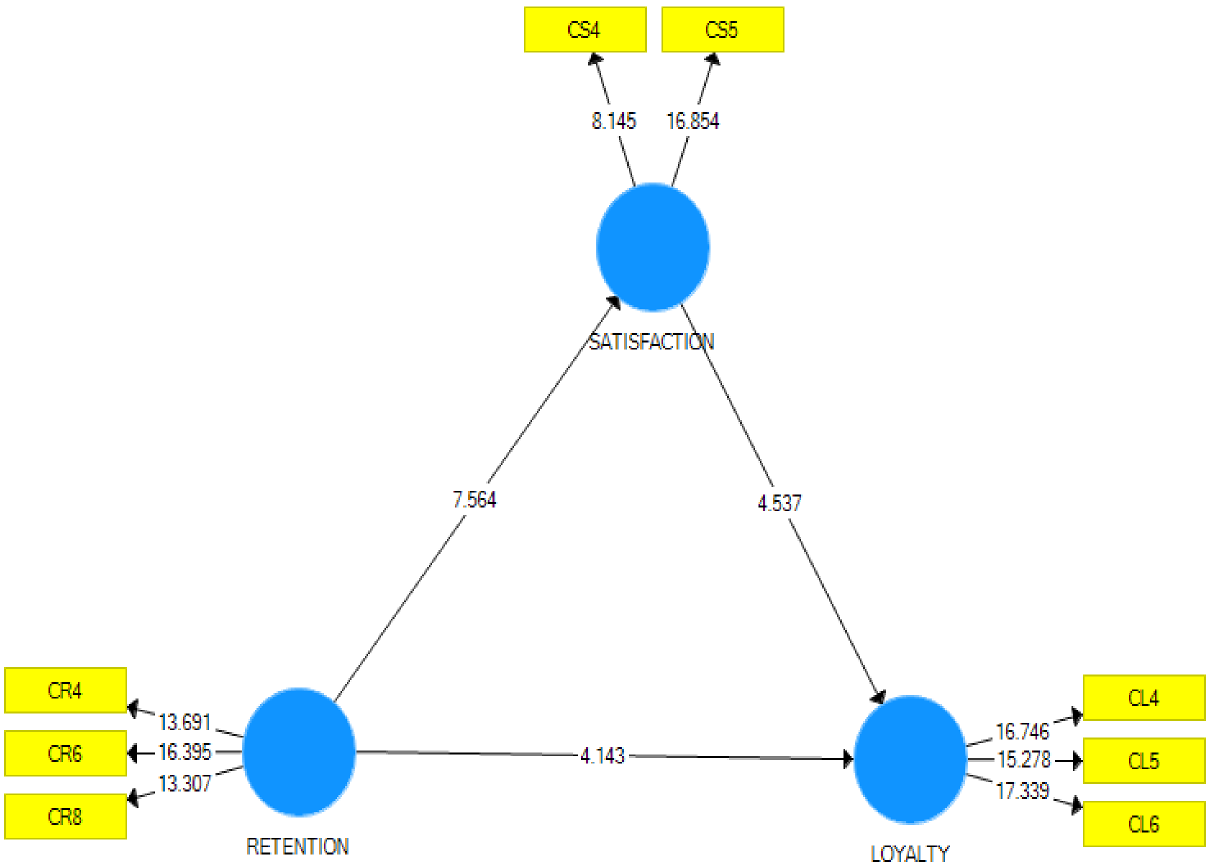

Figure 5.1: Partial mediated model of customer satisfaction between retention and loyalty

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

In the current global business competitiveness, customers have become the engine of growth for commercial organizations. Customer relationship management has therefore become critical component of marketing, particularly in financial services. Customers are constantly becoming more critical, demanding and unforgiving towards commercial organizations. Within the banking industry in low and middle-income countries for instance, there are high levels of customer switching behaviors, which puts banks at a disadvantage. Issues of how to make customers become emotionally and psychologically attached to organizations have therefore received astronomical interest, among both marketing practitioners and researchers.

These have made issues of customer loyalty, customer retention and customer satisfaction the key pillars in customer relationship marketing research and practice. Much of the past evidence saw customer loyalty as the starting point of customer relationship management. The fundamental argument is that when customers are loyal, they remain with their organizations for a very long time. Fundamentally, customer loyalty was seen to lead to customer retention. The path between loyalty and retention was found to be mediated by customer satisfaction. In short, when loyal customers are made to feel satisfied, then they stay with the organization.

However, some empirical evidence in emerging economies, especially within the banking and telecommunication industries provides emerging counter perspective to these dominant conceptualizations. The emerging theoretical evidence suggests a bidirectional relationship between customer loyalty and retention. In other words, sometimes the best way to ensure loyalty among customers is to get them to stay first. Thus, in essence, customer retention could also lead to customer loyalty. There is however limited empirical studies that has examined the reversed relationship.

The current study therefore examined ways of ensuring customer loyalty, starting from retention and satisfaction. This chapter gives a summary of the entire research and draws conclusions by highlighting the key results of the dissertation. It further discusses the constraints of the study and gives recommendations for policy and practice, as well as for future study.

6.2 Summary Findings

Two main objectives were addressed in the study. The objective of the study fundamentally tested the causal effect of customer retention on customer loyalty within the banking sector in Ghana. The second objective tested the mediation effect of customer satisfaction between customer retention and customer loyalty. Data was gathered from a sample of 325 customers from National Invest Bank (NIB) in Accra. The Partial Least Square Structural Equation Modelling (PLS_SEM) was used to test the hypothesized mediated mode. The findings from the study are summarized below:

i. The first hypothesis predicted a positive association between customer retention on customer loyalty. The findings showed that customer retention had a significant positive effect on customer loyalty. This means that getting customers to stay with an organization alone can increase their loyalty for that organization. The results supported the first hypothesis.

ii. The second hypothesis predicted that customer satisfaction will significantly mediate the association between customer retention and customer loyalty. The findings showed a statistically significant mediation role of customer satisfaction between retention and loyalty. However, the mediation effect was partial, rather than full. This means that the positive effect of customer retention on loyalty is partly direct, and partly through customer satisfaction.

iii. Two sub-hypotheses were developed from the mediation hypotheses. The first sub-hypothesis predicted a significance positive association between customer retention and satisfaction. The second sub-hypothesis also predicted a significant positive association between customer satisfaction and loyalty. Both hypotheses were supported by the findings. Together, this suggest that getting customers to stay with an organization can lead to loyalty, but the effect can be quicker and stronger if the customers feel a sense of satisfaction.

6.3 Implications of the Study

This section discusses the implications of the findings in the current study. The findings from the study have implications for practice, policy and theory. These implications are better understood within the context redesigning customer relationship management strategies to reflect the changing complexities of customers in the modern world.

6.3.1 Implications for Improving Customer Loyalty

The practical implications of the findings from the study discussed within the context of how customer relationship strategies of National Investment Bank (NIB) in particular, and other similar banks in Ghana in general should be targeted.

i. First of all, customer management strategies of the bank should focus on seeing loyalty among their customers as a long-term end in itself. This is important because, loyalty is very difficult to detect and takes a long time to identify. Therefore, seeing it as a long-term goal puts the bank in a better position to put measures and strategies in place to inculcate loyalty among its customers.

ii. Secondly, the current study has showed that retention is an entry route to loyalty. The bank should therefore focus on strategies that allow or encourage their customers to stay with them. Customer retention is relatively easier to detect compared to loyalty. Therefore, it is imperative that the bank assesses its customer retention rate annually to be able to identify whether they are retaining old customers more than they are winning new ones or not.

iii. Lastly, the findings show further that customer satisfaction partially mediates the positive effect of retention on loyalty. It is therefore recommended that the bank puts measures and strategies in place to ensure that customers who stay with them experience satisfaction with their products and services. This will help develop loyalty among them quickly.

6.3.2 Policy Implications of the Findings

The policy implications of the study are discussed within the context of expanding policies, both at the institutional level, and at the structural level.

i. At the institutional level, it is recommended that National Investment Bank (NIB) updates and expands the boundaries of its performance review criteria, to include customer retention index. Since, customer retention has been found to possibly lead to loyalty, the higher their retention index, the more customers they would be retaining and the more they get to be loyal.

ii. At the structural level, it is recommended that the Bank of Ghana (BoG) as their annual audit and review of commercial bank in Ghana, include customer retention index (CRI) in their proxies for non-financial performance indicators. This would provide in-depth understanding of how individual banks in Ghana are gaining, retaining and/or losing customers.

6.3.3 Theoretical Implication of the Findings

The theoretical implication of the findings is discussed within the context of reconceptualization of the customer retention-loyalty relation. The findings from this study make empirical contribution to the fact that the relationship is not only unidirectional, thus from loyalty to retention. This study also shows that the causal link can also be from retention to loyalty. As a matter of fact, the researcher argues strongly that conceptualizing the association from retention to loyalty makes it easier for developing customer relationship management strategies. This is because, loyalty is a psychological state of mind, which is very difficult to determine. Retention on the other hand can be eventful, which is relatively easier to assess and detect, using the indicator of whether a customer stayed or switched with or from an organization. Therefore, starting from retention to loyalty gives theoretical parsimony, compared to from loyalty to retention.

6.4 Suggestions for Future Research

Based on the findings from the current study, the following suggestions are made for considerations for future studies;

i. The findings have shown that customer retention significantly lead to customer loyalty. The findings nonetheless, do not provide insight into which strategies are more effective and efficient at retaining customers. It is therefore recommended that future studies should focus on comparative examination of customer retention strategies of commercial banks. This would provide the needed insight into the effectiveness and efficiency of the various factors that lead to customer stay with their banks, or other organizations.

ii. Future studies should consider using qualitative research methods, focusing on both existing and customers who have left. This would ensure that the customers are given enough room to explain the issues they have with retention, satisfaction and loyalty issues where their responses have to fit within a response scale.

6.5 Conclusion

The current study has provided empirical evidence to support to the fact that customer retention significantly increases customer loyalty. The positive effect of retention on loyalty is partially mediated by customer satisfaction. This suggests that getting customers to stay with their bank constitutes an important starting point towards developing loyalty among the customers. Customer satisfaction was found to partially mediate the association between retention and loyalty. This means that getting customers stay in itself is not all that is required. There is the need to ensure that when customers stay, they get satisfaction with products and services. When there are high levels of customer satisfaction, it makes it easier and quicker for retained customers to become loyal.

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APPENDIX

DEPARTMENT OF MARKETING AND ENTREPRENEURSHIP

QUESTIONNAIRE

Dear Respondent: This questionnaire is designed to understand; managing customer retention and customer loyalty, the moderating role of customer satisfaction in the banking sector in Ghana. This questionnaire is purely for academic purpose and as such any information provided would be treated with UTMOST confidentiality. **NOTE:** There is no right or wrong answers

Section A: Personal Data

Age range

10-19years [ ] 20-29years [ ] 30-39years [ ] 40-49years [ ] 50years and above [ ]

Gender

Male [ ]   Female [ ]

Educational Level

SSCE/WASCE [ ] Diploma [ ] Degree [ ] Post Graduate [ ] Others [ ]

Years of Doing Business with NIB

A. 1 to 5 years

B. 2 to 6 years ☐

C. Above 10 years ☐

SECTION B

Kindly indicate your level of agreement or disagreement with the following statements below, ranking it from the lowest 1 – *slightly strongly disagree* (SSD), 2 – *slightly disagree* (SD), 3 – *Moderately Agree* (MA), 4 – *Agree* (A), *and to the highest* 5- *Strongly agree* (SA).

Customer Retention (Padmavathy et al., 2012)	**SSD (1)**	**SD (2)**	**MA (3)**	**A (4)**	**SA (5)**
This bank keeps their promise					
You trust NIB's analysis of their financial statements					
This bank put your interest before theirs when preparing a new product/service					
This bank keeps you well informed about the performance of your financial products (e.g. quarterly investment statements)					
This bank explains financial concepts and recommendations in a meaningful way					
This bank never hesitate to provide you enough information as you wish					
This bank does not hesitate to provide the benefits and/or otherwise of the financial product/services available					

Overall, you and your bank interacts frequently					
Customer Satisfaction (Wong et al., 2007)					
The banking service charges of NIB is moderate					
This bank usually notify me ahead of changes in bank tariffs					
The bank's service delivery is highly standardized and simple					
The bank provides a wide range of banking products (bancassurance, investments etc.)					
The bank does ensure confidentiality of its clients					
The company never fails to fulfill your expectations					
In general, you are satisfied with the NIB's after service follow-up performance					
You are contented with your decision of choosing NIB					
Overall, you are satisfied with NIB					
Customer Loyalty (Sudhahar, Israel, Britto & Selvam (2006)					
You are willing to provide other prospective customers' information to this bank					
This bank will be your first choice of contact whenever you want to purchase any banking products/services					
Would you recommend NIB to a relative or friend due to the actual performance of the bank					
Would you provide positive remarks and recommendations					

of NIB based on your experience with them					
You are willing to interact with this bank in restructuring existing products/services that best suits your progress					
You expect your relationship with NIB to exist for a long time to come					