

The Effect of Perceived Customer Service Quality on Customer Satisfaction in Commercial Banks in Bamenda-Cameroon: Amidst of COVID-19

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Abstract

The objective of this study is to analyse the effect of perceived customer service quality dimensions, namely reliability, tangibility, empathy, responsiveness and assurance on customer satisfaction in commercial banks in Bamenda, Cameroon during the COVID19 pandemic period. The researchers randomly distributed 600 self-administered survey questionnaires online among private banks' customers in Bamenda and obtained 468 useable responses with a 78% valid response rate. The research data were analysed using the multiple correspondence analyses (MCA), ordinary least square (OLS) technique and the structural equation modelling (SEM) approaches. The findings of the study from the OLS indicate that the five dimensions of service quality considered that is reliability, tangibility, empathy, responsiveness and assurance all enhance customer's satisfaction of commercial banks in Bamenda Cameroon. These outcomes were found to be robust to analyses obtained from the SEM approach. With regards to the demographic variables used, only gender have a significant effect on customer's satisfaction. These current research outcomes are anticipated to provide basic tenants of enhancing the satisfaction of commercial bank clients in Cameroon as well other countries. The study can equally serve as a tool for evaluating the client's satisfaction with bank service amidst the COVID19 crisis given the time the data was collected. A key limitation of the study is that is focus only on customers of commercial banks of Bamenda city in Cameroon.

Keywords: service quality, customer satisfaction

1. Introduction

Quality is a vital source of competitive advantage among firms. Service quality is usually used to add value as well as to differentiate the services offered by an institution among its competitors. Therefore, improving on the Service quality of firms is a way to have strategic competitive advantage over other firms. Innovative management methods within the recent years take quality as the ultimate cause of customer satisfaction. For that motive all institutions have to identify quick service and high-quality offering obstacles and solve them (Kuhzady & Ghasemi, 2019). Within the recent years, service quality has become a foremost area of attention to researchers, practitioners and managers due to its strong impact on customer loyalty, business performance, profitability as well as customer satisfaction (Guru, 2003). Service quality is therefore vital concepts to practitioners given that it is a major way of creating customer loyalty and competitive. Many institutions are nowadays paying greater attention to service quality and customer satisfaction, for reasons such as increased

competition and deregulation (Kuhzady & Ghasemi, 2019). Providing high service quality and outstanding customer satisfaction is the main challenge meeting the service industry nowadays (Hung et al., 2003).

Generally, the service sector is primordial for the development and growth of every economy (Yalley & Agyapong, 2017; Islam et al., 2020). Among other activities in the service sector, Banks play an important and active role in this context. The banking sector also ensures creditable contribution in the poverty reduction of a country and forms the central point of the money market in every economy. Banks therefore have the responsibility to provide the best services to their customers in order to continue as stimulants of growth in the economy and also to maintain a sustainable competitive advantage over their competitors as well as with micro financial institutions. It is important for banks to better understand the changing customer requirements and adopt the latest information technology system to be more competitive (Lau et al., 2013). Reconciling the desire of banks within a given nation to increase their customers share so as to increase profit within the financial market and equally meeting the desires or expectations of their customers remains a key preoccupation to banks in the world in general and emerging economies like Cameroon in particular. Hence customer's satisfaction is and remains a major preoccupation of banks (Silvestri et al., 2017).

The move by the government of Cameroon to modernise and digitise the banking sector has been critical since the financial partnership agreement signed with the African Development Bank for the construction of over 916 km of optical fibre cables to enhance e-banking experience in the country. This has resulted to an increase in the number of mainstream commercial banks from ten (10) in the 1990s to fifteen (15) in 2019. Therefore, the banking sector in Cameroon faces stiff competition due to the influx of new commercial banks and microfinance agencies like cooperative societies not living out telecommunication companies like MTN and ORANGE which offer some few related banking services. For banks to cope with these competitive pressures, they need to secure reasonable profits that will ensure their sustainability through the creation of a larger customer base. Understanding the role played by services quality on customer's satisfactions within the banking sector remains vital for both developed and developing countries. Quality and satisfaction relation in the banking sector of Cameroon have been given little within the Cameroon context.

Based on its importance in the development strive, this study seeks to examine the effect of services quality on customer's satisfaction in Bamenda, Cameroon within the banking sector. Given that service quality is multifaceted, and in a bit to examine key components of service quality the research was based on the following hypothesis.

H1: Reliability has no significant effect on customer's satisfaction within commercials banks in Bamenda, Cameroon.

H2: Accessibility has no significant effect on customer's satisfaction within commercials banks in Bamenda, Cameroon.

H3: Responsiveness has no significant effect on customer's satisfaction within commercials banks in Bamenda, Cameroon.

H4: Assurance has no significant effect on customer's satisfaction within commercials banks in Bamenda, Cameroon.

H5: Empathy has no significant effect on customer's satisfaction within commercials banks in Bamenda, Cameroon.

Based on the aforementioned hypothesis that this study seeks to address, the following research framework is proposed.

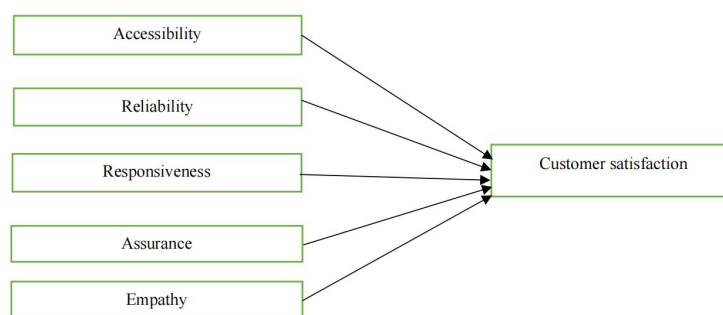


Figure 1. Service quality and customer satisfaction

Source: By author from Literature

In a bit to examine the role of responsiveness, assurance, tangibles and empathy on customer satisfaction for commercial banks in Bamenda, we collect primary data from customers of commercial banks in Bamenda, Cameroon and analyse using techniques like multiple correspondence analyses, ordinary least square and path analyses.

2. Literature Review

Dissonance theory postulates that consumers make some kind of perceptive comparison between expectations about the product and the perceived product performance (Peyton, Pitts, & Kamery, 2003) which was later introduced into the satisfaction literature in the form of assimilation theory (Anderson, 1973). Anderson (1973) posited consumers seek to avoid disagreement by adjusting perceptions about a given product to bring it more in line with expectations (Peyton, Pitts, & Kamery, 2003). Consumers can also reduce the tension resulting from a divergence between expectations and product performance either by distorting expectations so that they coincide with perceived product performance or by raising the level of satisfaction by minimizing the relative importance of the disconfirmation experienced (Olson & Dover, 1979).

Jayawardhena and Farrell (2009) tested a conceptual model of the effects of customer and service orientation behaviours of individual retail employees on individual customers' perceptions of service encounter quality, service quality, value, satisfaction, and behavioural intentions. The findings were: Service and customer orientation behaviours are positively related to service encounter quality and service quality; Service encounter quality is positively related to service quality and customer satisfaction; Service quality is positively related to value perceptions and customer satisfaction; and Customer satisfaction is positively related to retail customers' behavioural intentions. Lee (2013) examined some major variables moderating the relationships of service quality, customer satisfaction, and customer loyalty in mobile phone services. The results of the study reveal that service quality and customer satisfaction positively affect customer loyalty. More so, based on a study on the impact of Service Quality on Purchase Intention with the moderating role of corporate social responsibility (CSR) in the Quick Service Restaurant Industry, Hassan et al. (2014) found that, service quality has a significant and direct impact on the purchase intention, CSR moderates between Service Quality and Purchase Intentions.

Al-Tit (2015) investigated the relationships between service quality, food quality, customer satisfaction and customer retention in a limited service restaurant in Jordan. Based on a survey on 400 students served at 10 limited service restaurants, the findings of the study revealed that service quality and food quality have a positive influence on customer satisfaction and customer satisfaction mediates the relationship between service quality and customer retention.

Roy and Saha (2015) investigate customer perception of service quality of a private bank, Jamuna Bank Limited in Sylhet City. In their study five dimensions are used namely responsiveness, reliability, assurance, empathy and tangibles based on SERVPERF (Service Performance) model to investigate the service quality perceptions of customers of a commercial bank. The study found that Tangibility had a highest mean score of SERVPERF score and the bank should concentrate on Empathy which had the lowest mean score of SERVPERF as well as Reliability. Regarding the association between the demographic variables and the service quality factors, it is seen that there is a significant association. The research provided valuable insights to manager of the bank on the need to continuously enhance service quality.

Gong and Yi (2018) also found that service quality has a positive influence on customer satisfaction, which in turn leads to customer loyalty and customer happiness. Yusup (2019) found from a study on the effect of service quality on customer satisfaction in Islamic banking that the Service Quality variables proxies with tangible, reliability, responsiveness, assurance, and empathy simultaneously influence the level of customer satisfaction in Islamic Banking. Fida et al. (2020) studied the effect of service quality on customer's loyalty and customer satisfaction using a structured questionnaire based on a convenience sampling method gathering data from 120 customers of Islamic banks in Oman. The findings of the study revealed that empathy and responsiveness dimensions have a significant positive impact on customer satisfaction. (Andalas, 2020) from a study on Influences of Internal Service Quality, Employee Satisfaction, External Service Satisfaction and Customer Satisfaction Toward Customer Loyalty of Gojek Service Users in Malang found that internal service quality has influences toward external service quality and employee satisfaction by the values of CR and Employee satisfaction does not have influences toward external service quality by the value of CR.

It can be realised from the above that many research works have been carried out in different service industries such as education, restaurants, banking, health care, among others, but limited empirical study has been conducted on service quality and perceived customer satisfaction in the banking industry of Cameroon.

3. Methodological Issues

3.1 Data and Validity

This study employ questionnaire consists of 35 items to measure the different variables of interest, and all the different components are adapted based on different empirical studies. The research instruments are partition into three main parts, namely A, B and D. Part A consist of the demographic information's of the respondents which compose of the age, gender, marital status and education of each respondent. Section B gives information on different dimensions of service quality (reliability, empathy, responsiveness, assurance and accessibility) employ in this study. These different subsections are basically adapted from studies like Islam et al. (2020), Nazeri et al. (2019), Kumar et al. (2013), Allen and Grisaffe (2001).

The present study handled the common method bias by keeping the survey questionnaire short, and all independent and dependent variables are placed in separate sections of the questionnaire according to Podsakoff et al. (2003) and Spector (2006) recommendations. The questionnaires where random send online to clients of commercial banks in Bamenda Cameroon, and a total of 465 questionnaires where retain. In line with the views of Hair et al. (2010), a research of this nature should have a sample size which is five times the number of items in the questionnaire. Since the current study has 35 items, as the minimum size of the sample should 175. With the sample of 465, this condition is highly satisfied. The data was collected principally in the regional headquarters of the north west region of Cameroon, that is Bamenda (Mezam division).

It was essential to do pilot test of the questionnaire prior to its use within this study in order to examine the validity and reliability of the questionnaire and to improve the questions, format and scales (Creswell, 2008). To ensure content and face validity, the questionnaire was well constructed to ensure that it's content ties with the research objectives. Pre-testing is considered to be critical and essential part of the questionnaire design in order to provide valid, reliable and unbiased results and to detect any potential problems in the questionnaire such as difficulty, time, wording and also see how it works and whether changes are necessary before the start of the actual survey (Sekaran & Bougie, 2011; Creswell, 2008). In this study, producing the final version of the questionnaire, a pre-test was done with potential respondents. This stage was also critical in order to avoid collecting useless data (Saunders et al., 2009).

3.2 The Model

In order to attain the objective of this work, which was to analyse the effect of perceived customer service quality on customer satisfaction in commercial banks in Bamenda. The model of our study will be specified as follows.

$$Cus_i = \alpha_0 + \alpha_1 Acc_i + \alpha_2 Rel_i + \alpha_3 Res_i + \alpha_4 Ass_i + \alpha_5 Emp_i + \alpha_6 Male + \alpha_7 Age45 + \alpha_8 University + \alpha_9 Marriage + \epsilon_i \quad (1)$$

Where, Cus denote Customer Satisfaction, Acc stands for Accessibility, Rel denote Reliability, Res stands for Responsiveness, Ass denote Assurance, Emp stand for Empathy, α_i 's are parameters to be estimated and ϵ =Error term.

Table 1. Demographic information on gender, age, educational background and occupation

Demographic variable	Frequency	Percentage
Gender Male	210	44.9
Female	258	55.1
Age		
<=25	78	16.7
26-35	102	21.8
36-45	120	25.6
46-55	81	17.3
56-65	66	14.1
>=65	21	4.5
Marital Status		
Single	99	21.2
Married	324	69.2
Divorced	39	8.3
Educational Background		

Primary	45	9.6
Secondary	93	19.9
Diploma	147	31.4
Bachelor's	108	23.1
Masters	72	15.4
Occupation		
Unemployed	24	5.1
Self-employed	75	16.0
Businessman	54	11.5
Civil servant	171	36.5
Professional	135	28.8

Source: Field data (2022)

In order to attain the aforementioned objectives of this study, we employ two estimation approaches to ensure robustness of outcome and exploit different avenues of the outcome. In this light, we employ the ordinary least square technique and path analyses in order to examine the direct effects and the indirect effect of the independent variables on the dependent variable. Before proceeding with the analyses, we first start by, constructing different index from the different subsections of the questionnaires using multiple correspondence analyses. After formulation of the different indexes, we proceed to examine the different sub sections for reliability.

Reliability is the quality of a measurement procedure to provide repeatability and accuracy. A construct is said to be reliable if it brings the same result when we use it multiple times (Bhattacharjee, 2012). Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of a test or scale.

Table 2. Cronbach's Alpha (Reliability analysis)

Dimensions	Cronbach's Alpha value	Number of items
Accessibility	0.703	4
Reliability	0.829	4
Responsiveness	0.88	4
Assurance	0.742	4
Empathy	0.817	4
Customer satisfaction	0.73	20

Source: Field data (2022)

For internal reliability (consistency of the research instrument), reliability test for all service quality dimensions was done. Therefore, the overall reliability of the scale was found to be 0.73 (table 2) which indicates the acceptability of the items. Moreover, the scale consistency of each dimension adapted from the combination of service quality dimensions of Parasuraman (1985) and Anton (1997) namely accessibility, reliability, responsiveness, assurance and empathy were also computed with the value of 0.703, 0.738, 0.817, 0.742 and 0.817 respectively as table 2 shows.

After affirming the reliability of the different subsections of the questionnaires, we proceed in this study by employing the multiple correspondence analyses technique to construct an index for the dependent variable (customer's satisfaction) and the independent variables (different dimensions of service quality). After establishment of the different indices, we proceed with the established of correlation between the variables to have an apriori relation between regression analyses. In order to investigate the effect of the different dimension of service quality on customer's satisfaction, we first employ the ordinary least regression technique with the inclusion of other control variables. To account for problems of heteroscedasticity, multi-collinearity, we make of the Huber white whitening technique to produces robust standard errors for the estimates which will be good for

inferencing.

4. Results and Discussions

4.1 Results

After doing the above descriptive statistic, we will therefore proceed to the regression analysis proper. The table below presents the regression result of our work. The table shows the effect of perceived service quality and customer satisfaction.

Table 3. The effect of perceived service quality on customer satisfaction

Customer Satisfaction	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
Empathy	.316	.048	6.51	0.000	.22	.411	***
Assurance	.18	.069	2.61	0.009	.044	.315	***
Responsiveness	-.003	.074	-0.04	0.964	-.149	.143	
Reliability	.054	.073	0.74	0.458	-.089	.198	
Tangibility	.165	.062	2.65	0.008	.042	.288	***
Constant	.795	.165	4.81	0.000	.47	1.12	***
Mean dependent var	3.372		SD dependent var	0.925			
R-squared	0.386		Number of obs	465.000			
F-test	57.663		Prob > F	0.000			
Akaike crit. (AIC)	1031.233		Bayesian crit. (BIC)	1056.086			

*** $p < .01$, ** $p < .05$, * $p < .1$

Source: Field data (2022)

The coefficient of empathy is 0.316 and significant at 1% critical value since its p-value is 0.000 which is less than 1%. Therefore, if empathy increases by 1 unit, customer satisfaction will increase by 0.316 units. In addition, the coefficient of assurance is 0.18 and significant at 1% critical value since its p-value is 0.009 which is less than 1%. Therefore, if assurance increases by 1 unit, customer satisfaction will increase by 0.008 units.

From the table above the coefficient of tangibility is 0.165 and significant at 1% critical value since its p-value is 0.009 which is less than 1%. Meaning that, if tangibility increases by 1 unit, customer satisfaction will increase by 0.165 units.

On the other hand, the coefficient of Responsiveness and Reliability are -.003 and .054 respectively but insignificant even at 10% critical value. since their p-values are 0.964 and 0.458 which are all less than 10%. This therefore mean that Responsiveness and Reliability Does not have a significant effect on customer satisfaction.

5. Discussion of Results

In this analysis the five dimensions of service quality were tested against overall service quality as the dependent variable. A multiple regression analysis was done to determine this relationship. The following five hypotheses were tested; H1: Reliability has a positive influence on customer satisfaction. H2: Responsiveness has a positive influence on customer satisfaction. H3: Assurance has a positive influence on customer satisfaction. H4: Tangibles has a positive influence on customer satisfaction. H5: Empathy has a positive influence on customer satisfaction.

Based on the results obtained from testing hypotheses H1, H2, H3, H4, and H5 it was found that, assurance, tangible and empathy has a positive effect on customer satisfaction. On the other hand, reliability and responsiveness do not have a significant effect on customer satisfaction. We therefore rejected H1 and H2 and accepted H3, H4, and H5. Therefore, assurance, tangible and empathy dimensions of service quality have a positive effect on customer satisfaction while reliability and responsiveness dimensions of service quality does not have a significant effect on customer satisfaction.

6. Conclusion

The answer to research hypotheses above is that the quality of service plays a key role in determining customer satisfaction. The findings of the study have important implications for managers of the banks in Bamenda in terms of the quality of services that could be provided; and its significant effect on the customer's satisfaction. In

particular, managers should be aware that, among the various dimensions of service quality, assurance, tangible and empathy are especially significant in fostering satisfaction for the customers of banks in Bamenda.

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