

# Customer- Care: Is it really impactful on Service Organizations?

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## Abstract

*The purpose of the study is to investigate the impact of customer care on the profitability of service firms in the Banking Sector in Ghana. The study adopted a mixed method approach to establish whether or not customer care program has had any impact on the operations of service organizations; where the moment of truth encounter is highly evident. An interview guide and a questionnaire were used to interview the bank manager and the customer relationship officer of Bongo Rural Bank Ltd and administered the questions on two hundred and fifty (250) customers including eight (8) employees of the bank. The books of the bank were also examined to assess the number of people who had benefited from the bank's loan scheme. The study found that the bank was doing an excellent work since almost all the customers were satisfied with the services of the bank; and the attitudes of its employees. The satisfied customers recommended the bank to others and hence increased the customer base and profitability. The research was limited to Bongo Rural Bank Ltd. Though the study was limited to the bank, the findings are applicable to all service financial institutions and non financial institutions in Ghana since the needs of the bank's customers and the customers of other banks are homogeneous. The employees and other important stakeholders of banks think that customer care is the sole responsibility of the marketing department rather than all members of the entire organization. The present study encourages all organizational members to systematically think of the customer in their respective area of service since customers can call on anyone of the firm at anytime. The current empirical study makes an original contribution to the extant literature by adding knowledge of customer care in the context of service organizations, where the moment of truth is highly evident.*

**Keywords:** customer care; customer service; service organization; bank; profitability

**Paper Type:** Research paper

## 1. INTRODUCTION

Services generally continue to control the ever-increasing world economy in truly remarkable ways (Hinson, 2012). The contribution of the service sector to the Gross Domestic Product (GDP) of developed countries across the world has always been profound (GSS report, 2011).

Alternatively, developing countries such as Ghana, where agriculture has predominantly been the biggest contributor to GDP, the service sector has managed to overtake Agriculture and is now the largest contributor to GDP in Ghana (GSS report, 2011). According to the Ghana Statistical Service (GSS) report (2016), the contributions of a service sector have increased from 4.7% in the year 2015 to 6% in the second quarter of the year 2016. According to the Business and Financial Times (2017), the service sector contributes 53.4% in the year 2017, being the leading contributor to GDP, followed by the Agriculture sector with 23%. The service sector is expected to increase by 10% by the end of the year 2020 (GSS report, 2016).

Customers have become more informed about what to expect from a service due to information technology and increasing expectations from service providers and are becoming prone to switching in pursuit of higher value for money they pay for different kinds of services (Hinson, 2012)[11]. The ever increasing desire for service

alternatives brings into louder focus and the need for service providers to progress on their service delivery standard in order to gain competitive advantage (Hinson and Kodua, 2012)[11]. In Ghana, the service sector has been growing since the beginning of the Millennium (GSS report, 2011). More importantly, the service sector contributed 32.2% to GDP in 2000 and had continuously increased to 48.8% in 2006 and again 49.47 in 2009 (Hinson, 2012). Alternatively, the total GDP generated from services over the same period increased five times from the year 2000 to 2009. According to Zeithaml and Bitner (2000) services are said to be deeds, processes and performances. Because of its intangibility and inseparability, customers expect the best from service providers simply because they are standing in front of the service provider watching them with their measuring amount of experience (Hinson, 2012[11]; Lovelock, 2011). As the moment of truth is evident, customers are expected to see the service providers spending few minutes to deliver the service of high quality without strugle (Lovelock, 2011).

The dynamism of customers can force down the profitability of the firm and hence they are life wires of every business organization that strives for growth. Is that the case in Bongo Rural Bank Limited as a maiden bank in the area? This therefore needs to be investigated. The intangibility nature of services, together with their

concomitant production and consumption, poses a challenge for service marketing managers (Hinson, 2004). Because of the intangible nature of services, customers cannot see or touch them before buying them (Kotler, 2003)[14]. Also, the buyers are not able to conceptualize and evaluate a service beforehand (CIM, 2003)[4]. The customers or buyers are therefore unsure about the quantity of service to consume and always feel that they are taking a risk of buying a service (Kotler, 2003[14]; Keller, 2008).

Defining and improving service quality in the service industry is a major hurdle (Hinson, 2012)[11]. Unlike products, services are produced and consumed together simultaneously at the same time. As a result, service quality managers in service firms face a number of challenges that a quality manager in a pure Fast Moving Consumer Goods (FMCG) sector might not encounter (Hinson, 2012)[11]. The manufacturer in a pure goods sector gets many opportunities to test his/her products before they reach the market (Kotler, 2003)[14] and if there is a quality issue, the problem is taken care of during the quality checks and customer satisfaction is subsequently not compromised (CIM, 2003)[4]. However, during service production, the customer is always right in front of the service provider, where the moments of truth is evident and the moment of margin is necessitated by the service provider (organization) and service receiver (customer) respectively (Hinson, 2012)[11]. The service firms such as Omnibus Services Limited; Kingdom Transport Services Limited; the Great Life Insurance Company Limited among others suffered some setbacks and virtually collapsed in the past (GSS report, 2001). This has raised a number of questions and concerns such as: what accounts for service organizations' profitability? What impact has customer care on service organizations?; and what attitudes have the service employees expressed toward customers?, which indeed need to be addressed. In this regard, an empirical studies exploring the role of customers care in service organizations' profitability: the case of Bongo Rural Bank Ltd remained the focus of the study.

## **2. REVIEW OF RELEVANT LITERATURE**

### **2.1 Concept and Definition of Customer Care**

Customer Care simply means caring for the customer. Customer care emphasizes on the importance of attitudes and covers every aspect of an organization's relationship with its customers (CIM, 2012)[5] and therefore, entails all the organizations' efforts to make the customer feel important, value and satisfied (Kotler and Keller, 2013). According to Clutter-Buck (2015)[6], Customer care is the fundamental approach to the standard of service quality. It closes the gap between the customer expectations and experiences (Kotler, 2013). Clutter-buck (2015)[6] saw customer care as the processes, performances and deeds of an organization that covers

every aspect of a service to how it is packaged, delivered and/or serviced. Further down the line, customer care implies that; making the customers feel satisfied and meeting their needs even before they (customers) realize that they have them (needs) (CIM,2009; Kotler and Keller, 2012). It also involves a service offers to the customer before, during and after the sale of goods particularly in a service or software industry (Kotler, 2008; CIM, 2009; Clutter-Buck, 2011). Adding to this, customer care is the organization's anticipation of the customer's possible lack of knowledge by having easy systems, processes, performances and documents that are self-explanatory (CIM, 2012[5]; Kotler and Keller, 2013) and that it is the act of preparing to meet all complaints, enquiries of customers including outrageous and/or recalcitrant customers' demands because it realizes that without the customer there is no business (CIM,2012[5]; Hinson, 2012[11]; Clutter-Buck, 2011 and Kotler and Keller, 2013). Customer care helps the organizations deploy a loyal customer base and improve relationship with their customers (Kotler, 1998).

In a competitive Market, it can be tempting to chase new business. However, to boast revenue and profitability in business, the best bet is to focus on customer retention and build up customer loyalty (Kotler, 2003[14]; Keller, 2008).

Loyal customers come back on time to continue with their transaction and again, they will promote the business through the word of mouth recommendations (Kotler, 1988). By building a long-run customer base, the costs of looking for new customers will be reduced and improve the bottom-line of the business (Aaker, 1991). Good customer service helps turn customers into brand advocates and ambassadors for the business and thus they will buy the business (products or services) regularly and provide valuable feedback on the performance of the business as well as supporting it through good and bad times (CIM, 2003)[4].

To turn a satisfied customer into an enthusiast, one needs to offer great service based on a deep understanding of the customer's needs (Kotler, 1988). The price and product are important but it is rather service that gives the business an advantage over the competitors. According to Stuarts, Mark and Ling, J. (2002 CIM Companion series, pp. 107) "all Companies in all market sectors who effectively care for their customers tend to grow faster than those of their competitors and gain market share significantly faster than those competitors who do not pay attention to this exercise". They are also able to charge more premium price because the customer service component adds value (Stuarts, Mark and Ling, 2002). Extant literature shows that it costs at least five times as much to gain a new customer than it does to retain an existing customer (Kotler, 2012). Adding to this, the longer a customer remains with the firm, the higher the average yearly spends. It is clear from this submission why Companies choose to invest in designing and developing effective customer care program internally

and externally (Kotler, 2003[14]; Zeithaml and Bitner, 2000).

According to CIM (2002), research conducted by Xerox indicates that customers who rated themselves as delighted (7 on a scale of 1-7, where 4 was neutral) were 5 times more likely to remain loyal than customers scoring themselves as 6. In other words, satisfied customers are 5 times more likely to move to a competitor than the delighted. This is quite worrying for those organizations whose customers consider themselves satisfied rather than delighted, thus, satisfaction is not enough (CIM, 2002).

Effective “customer care is about delighting the customer, by meeting their expectations and then exceeding them” (expectations) (CIM Companion, 2002, pp. 108). This involves getting to know the customer and confining to communicate so that on-going satisfaction can be monitored and changing needs anticipated and met accordingly. This way of working with organizations must be part of the culture so that internal and external customer needs are met (Kotler, 2003)[14]. In organizations, quality management overlaps considerably with customer care in the sense that the company seeks to identify standards that are required to meet customer expectations and puts in systems and procedures to ensure that these are delivered consistently (CIM, 2002; Kotler, 2003). Turning this the other way round, organizations must ensure that the customers get it right the first time. Quality assurance guarantees consistency of standards. Quality management means managing and ensuring quality throughout the organization and continuous improvement means looking for ways to improve customer needs. Each organization has its own definition of customer care that is understood and delivered consistently by everyone in the organization at all times (Falck and Heblich, 2007). It must be effectively managed within the organization and measured so that it can be improved (Kotler, 2003)[14] indicating that improvement should be what the customer wants, so the data to inform this process should be gathered from customers and staff who deal with customers (Fosberg, 1989). The benefits of happy, satisfied customers should be happy staff and greater rewards for all (Kotler, 1988). To achieve a competitive advantage through excellence customer care, means paying attention to detail customer information and looking for continuous improvement in order to stay ahead of competition (CIM, 2002). For organizations which do not care, there will always be another supplier waiting to pick up their customers (CIM, 2002). Customer care simply entails all the organization’s efforts to make the customer feel important and value. It has to do with the organization’s preparation to meet all complaints, enquiries and objections of customers including the outrageous or recalcitrant customers demand because it is recognized that without the customer, there is no business. The steps of improving customer service (CIM, 2002) are among other things include measuring standards by finding out the level of customer satisfaction through

satisfaction survey; analyzing the feedback in order to be able to respond to their problems and complaints appropriately relating to late delivery, giving wrong information (Kotler, 1988) and poor quality services; acting upon the information and develop what the customer wants; and considering how much further to go in terms of exceeding customer expectations (CIM, 2002).

## **2.2 Planning Effective Customer Care**

Many organizations set up customer care program to encourage employees to provide excellent service to customers. According to the Chartered Institute of Marketing (2002), when planning to create excellence in customer care, it is important to: recruit and select people with the right attitude and skills; train and motivate staff to care for the internal and external customers; taking care of staff so that they feel able to take care of the customer; encourage people to question existing policies and procedures if they feel there are better ways of doing things; recognizing and rewarding good customer services (Kotler, 2003; CIM, 2003). The rest are encouraging staff to use their initiative to solve customer problems; empowering front-line staff to make decisions about how to resolve customers’ problems; and establishing clear, concise, observable, measurable, and realistic standards of service that people understand how to implement, gather and act on customer feedback; involving relevant people in looking for solutions to customer care, and coordination among employees (Kotler, 1988; CIM, 2002).

## **2.3 Quality and Customer Care**

Quality means the degree of excellence of a team that the service is performed; how well it serves its purpose and how well it measures up against its rivals (Pintensis, 2002)[21]. It is therefore, largely subjective in nature. That is, what is seen to be quality is defined by the beholder; requires care on the part of the service provider (Methram, 1995). “Quality means different things to different people—both a sausage and steak can be quality products” (CIM Companion, 2002, pp 112). The focal point is the customer; quality is what the customer thinks it is if you were buying sausages you would be buying them for different purpose to a steak (Kotler, 2012).

Both products would meet your needs in each case as long as they were “fit for purpose”. According to CIM (2002), quality may be defined as: fully satisfying agreed customers’ requirements at the lowest internal price, meeting customer’s needs, and fitness for purpose, and conformance to specifications or standards.

In a nutshell, quality means giving complete satisfaction, providing the customers with exactly what they want, when they want it, at a price they can afford, making sure the product or service possesses all the fundamental features (Kano, 2001). It matters because if customers are disappointed they will go elsewhere with a consequent loss of orders and jobs (Koys, 2001)[15]. According to Stonehouse and Snowdon (2007) competitiveness no longer depends simply on low prices. It is increasingly



dependent on whole range of non-price factors, including good design, technical innovation, reliability, on-time delivery and after sales service--in other words quality (Kano, 2001). The more the product or service features can be improved along, the better it is for the firm (Kano, 2001). A reputation for providing goods and services of high quality performance that will attract and retain business is the challenge for today's organizations and managers (Waddock and Graves, 1997)[27]. A Company can reduce price to increase market share (volume) but that is high risk strategy (Sani, 2012) and competitors will quickly follow so the company is back to where it started--worse off, having started a price war (Stonehouse and Snowdon, 2007)[25].

A concentration on service quality means looking for greater returns on investment (profits) by "increasing market shares through consistent demonstration to customers that their needs and expectations can be met thus, at the right price" (CIM Companion, 2002, PP 113). It is about Companies establishing positive relationships with their customers and leading them to expect more thus which only they can provide (Koys, 2001)[15]. Quality has to be managed since it will not just happen (Kotler, 2003) and must involve everyone in the organization at all levels (CIM, 2003). In order to provide quality products/services, at each customer/supplier interface the marketer must be innovative, interactive, determined and open-minded (Koys, 2001[15]; Kotler, 2003[14]; CIM, 2003)[4].

## **2.4 Ensuring Quality**

To ensure quality, the firm must establish standards of quality for a product or service; establish or develop procedures; production measures and service criteria which need to ensure that these require standards of quality are met on suitable high proportion of cases; monitoring actual quality to ensure its sustainability and taking control action when actual quality falls below standard (Kano, 2001). This will help the firm to be able to measure the performance of its businesses, compared to the competition (Quartey, 2012)[22].

## **2.5 Customer Loyalty**

Every customer who deals with an organization should live with a feeling of satisfaction. The customer should be handled delicately like an "egg" in order to make him or her (the customer) loyal and regular to the organization (Kotler, 2003)[14]. According to Kotler (2012), when the customer becomes loyal to the firm, it can lead to an astronomical increase in sales, the customer's willingness to pay higher prices and hence leads to higher profits. The satisfied or loyal customer may buy again and again from the same supplier; buy more of the same or more expensive products/services (up-buying); (Kotler, 1988) and recommend the organization and its products/services to friends, relatives and others. It also gives valuable and reliable information to the organization for improvement and development of products or services (CIM, 2003; Kotler, 2003). People want "the value of money" anytime

they buy a product or service (Methram, 1995)[17] and there is therefore a high risk of dissatisfaction when buying a new product or service or from the supplier for the first time (Kwenin, Muathe and Nzulwa, 2013)[16]. It is therefore necessary for all marketing management firms to reduce this risk for new customers so that they can become regular customers (Kotler, 1988; Koys, 2001)[15]. This can be achieved through repeat adverts (both institutional and prestigious).

According to Kwenin, Muathe and Nzulwa (2013)[16], the dissatisfaction of customers leads to customer disloyalty, disparte established goodwill, bad recommendations of the service firm and (CIM, 2003) [4]can adversely affect the image of the firm and hence the profitability level. Customer loyalty is enhanced, achieved or promoted in several different ways:

First, the launch of specific initiatives aimed at engaging the customer into schemes which guarantees loyalty such as the ADB Western Union Money Transfer, GCB Sika Card, SG Ghana Sika Text and the Stand Chart Money Link (CIM, 2002).

Second, creating a customer proposition by offering something that the customer finds it very difficult to reject such as the Unilever Ghana's Omo buy one get one free promo and finally (CIM, 2002), engaging the customer in a dialogue i.e creating a feeling of customer affiliation with the product or service on offer such as using the private FM stations in Ghana, peak milk's promotion of writing the key attribute of the product on the label at the back of an envelope (Kotler, 1988).

## **2.6 Customer Focus**

This is a major shift in marketing emphasis for many marketing oriented firms (Kotler, 1988) and Customer satisfaction or delight is the only route to a long-term sustainable competitive advantage (Pintensis, 2002)[21]. A marketing oriented firm must therefore focus on the needs of the customer so as to enjoy competitive differential advantage (Stonehouse and Snowdon, 2007). Putting customers at the centre of the firm's operation is the right step to achieving customer care objectives (CIM, 2002).

## **2.7 Planning and Establishing Customer Care Program**

Before an organization can create and establish a vibrant, active and effective customer care program and practice good customer service, it must ensure the following: The identification of customer needs and perceptions; that the organization should determine the needs of the customer and design appropriate customer care program to meet those needs; evaluate the perception of current and potential customer with regard to the company and its standard of customer care (Sani, 2012)[23].

The establishment of a mission statement; that is setting the statement to include the customer care program approach and establish a widely accepted mission statement in the approach of the program itself (CIM, 2003)[4]. This will help both existing and would-be

customers to know what the firm exists to achieve and where it wants to be in future (Kotler, 2003). It will also transpire the internal customers to put up their best towards the achievement of the objectives spelt out in the mission and/or vision statements (Koys, 2001[15]; Quartey, 2012)[22].

Thirdly, setting service level standards and specifications; here, the firm defines the standards of the level of customer care and also the key element to be included such as courtesy, credibility, communication, responsiveness, empathize with the customers and confidentiality (CIM, 2003; Kotler, 2003). More importantly, establishing management processes and communicating this to all customers is yet another planning step for customer care program (Kotler, 2003; CIM, 2003), that is, how to manage the program. This can be achieved through a clear specification of how the jobs should be done with regards to achieving customer care program objectives, thus, what should be done is well defined (CIM, 2002). This should include who does what and when-formal allocation of tasks and progress reviewed; information flow and system required to implementing the program (Kotler, 2003)[14]; the innovation, monitoring and controlling of people in the customer care program; and responsibilities, information on processes and procedures to be followed; must be communicated to all staff. That is providing line of responsibility, process and procedure to be followed (CIM, 2002).

Besides that, define task towards time factors. These factors include timing of recurrent work, seasonal factors among others (Metrick and Ishii, 2002)[18]. The process must be accurately and comprehensively catalogued; customer care program must create a system by which work can be handled according to the objectives of satisfying the customer needs; and using resources efficiently and cost effectively (Kotler, 2003)[14]. Those apart, establish a basic minimum level for which customer care program should be implemented (Kotler, 2003; Huang, 1998)[12]. That is, setting a baseline for standards of customer care below which the level of customer care should not drop or fall (CIM, 2003). Also, setting systems for effective response to customers' complaints is a good step to implementing customer care system (Sani, 2012). Though, customer care program is purported to reduce complaints and satisfy customer needs, it is likely that all the complaints cannot be avoided or addressed in this direction (Kotler, 2003; Koys, 2001). As a result, the firm must put in place systems and procedures for ensuring effective responses to customer complaints (CIM, 2002). Moreover, securing management commitment is another important planning step (CIM, 2002). It is necessary to secure management commitment to the program and this should be done throughout all the levels of management especially the heads of the organization (Kotler, 1988). Management's support of the program is paramount to its successful implementation and sustainability (CIM, 2002).

Finally, implementing effective and continuous management control systems is also a right planning step to implementing customer care program (Kotler, 2003; CIM, 2003). The program needs to be measured and controlled (CIM, 2002) and must therefore be supported by objectives and rigorously enforced measurement and control to adequately evaluate the objectives against the performance of the firm in terms of meeting or exceeding customer needs (Kotler, 2003).

## **2.8 Reasons for Customer Care Systems Failure**

First, the allocation of a specific department for customer care. Organizations often assigned customer care responsibilities to a specific department within the firm such as marketing department to influence customer care program (Kotler, 2003). For (CIM, 2003), it is wrong for firms to allow marketing department alone to influence or implement customer care activities. This is because a customer can talk to anyone he/she meets in the organization; not necessarily someone in the marketing department and can be offended at this first point of contact (Kotler, 2003; CIM, 2003). In other words, if it is only the marketing department of the firm which deals with the customer, the customer may not be well spoken to by any of the staff in different departments of the firm. Customer care system must involve all the employees at all levels of the firm because it is quite unknown as whom the customer will meet and talk to during the enquiry stage (CIM, 2003; Kotler, 2003).

Second, the companies often impose customer care program on staff without explaining the reasons behind it and/or do not allow day-to-day customer contact employees who have frequent interaction with the customers to implement customer care policies (CIM, 2002). This indeed does not prepare them (employees) well to deal with customer issues personally and independently and can lead to customer care system failure (Koys, 2001; Kwenin et al, 2013)[16]. Furthermore, CIM (2003) posits that customer care system can fail when companies have organized purposely for customers' centered systems and processes designed to enable staff assist customers. However, when the prospective customers still ask so many irrelevant questions to them (the staff), the actual query is that they (potential customers) are being put off from doing business with the organization (CIM, 2003). This is because the organizations usually do not give customer care training to the staff who are made to occupy these call centers or are often assigned the short-term employees to those call centers (Koys, 2001). Interestingly, customers do not want a situation where a relationship is established with a staff of the firm only to be noticed that the person is no longer there (Kotler, 1988). For customer care systems to succeed, the organizations must allow only the well-trained, permanent employees to occupy the customer call centers either than that it bounds to fail (CIM, 2003).

Also, Kotler (2003) argued that lack of available resources; no reward or recognition systems aimed at customer care standards; and the problem of poor quality in terms of service failures, wrong service performed, couple with bad attitudinal lifestyles of the employees; no amount of apologies or discounts will change the situation (Kotler, 2003).

### **2.9 Customer Service**

Customer Service is the service provided to the customer before, during and after the sale of the product or service particularly in a software industry (Kotler, 2003[14]; Clutter-Buck 2000). According to Clutter-Buck (1999) customer service is the kind of treatment the customer receives at the point of delivery. The institute of Customer Service (ICS) UK saw customer service as the actual and expected reception and handling of the customer before, during and after the sale of the product or offer. Gronroos (1990) views service as an activity or series of activities, more or less intangible in nature that normally but not necessarily take place in the interaction between the customer and the service provider, which is seen as a solution to customers' problems. In this vein, Whiteley (1991) views customer service as a key competitive difference between successful organization and unsuccessful ones.

Some experts argued that the quality and level of customer service had decreased in recent times (Gronroos, 1990; Huang, 1998). This could be attributed to lack of support or understanding at the executive and middle management levels of a company and for a customer service policy (CIM, 2002; Kotler, 2003). To solve this problem, many organizations have employed a variety of methods to improve their customer satisfaction levels and other key performance indicators (Kotler, 2003), and the importance of customer service may vary by product or service, industry and customer (CIM, 2003). However, the perception of success of such interactions is dependent on employees who can adjust themselves to the personality of the guests" (Koys, 2001; Quartey, 2012)

## **3. MATERIALS AND METHODS**

### **3.1 Research Design**

The study adopts a mixed method approach to collect and analyze data. This enables the researcher to explore an in-depth understanding of the role of customer care in service organizations. Qualitative researchers emphasize on the socially constructed nature of reality. Open-ended questions in a semi structured interviews were held with the bank manager and the project officer of Bongo rural bank limited. Questionnaires were also administered on 250 customers including 8 employees of the bank. This enables the researcher to obtain an in-depth knowledge of the phenomenon under investigation and analyze the

results qualitatively and also use descriptive statistics to describe the results quantitatively.

### **3.2 The Study Population**

The study draws from the in-depth experience of the bank manager and the project officer of Bongo rural bank limited and insightful information of its 250 customers including 8 employees, where open-ended, semi-structured interviews questions and questionnaire designed was administered respectively. A non-random sampling was adopted, of which a convenient sampling approach was specifically used to select the respondents to answer the questions. Bongo rural bank was selected because it was the only rural bank at the area competing with the well established commercial banks in Bolgatanga Municipality.

### **3.3 Data Collection**

The study used primary data. The primary data was information obtained through qualitative interviews with the bank manager and project officer of Bongo Rural Bank limited and the questionnaire administered on the number of 250 customers and employees of the bank through a convenient sampling approach. The interviews were recorded and transcribed while notes were taken during the interviews too and was duly cross-checked for reliability and validity purposes. The respondents were pre-informed ahead of the interviews.

### **3.4 Data Analysis**

The data was analyzed both qualitatively and quantitatively using interviews and questionnaires respectively. The qualitative data was captured by audio devices where the interviews were recorded and transcribed. Note taking was also done in order to compare with the taped information. However, the questionnaire designed for the customers of the bank was also analyzed quantitatively using statistical devices such as bar charts, pie charts, and tables. Descriptive statistics was also used to analyze the data.

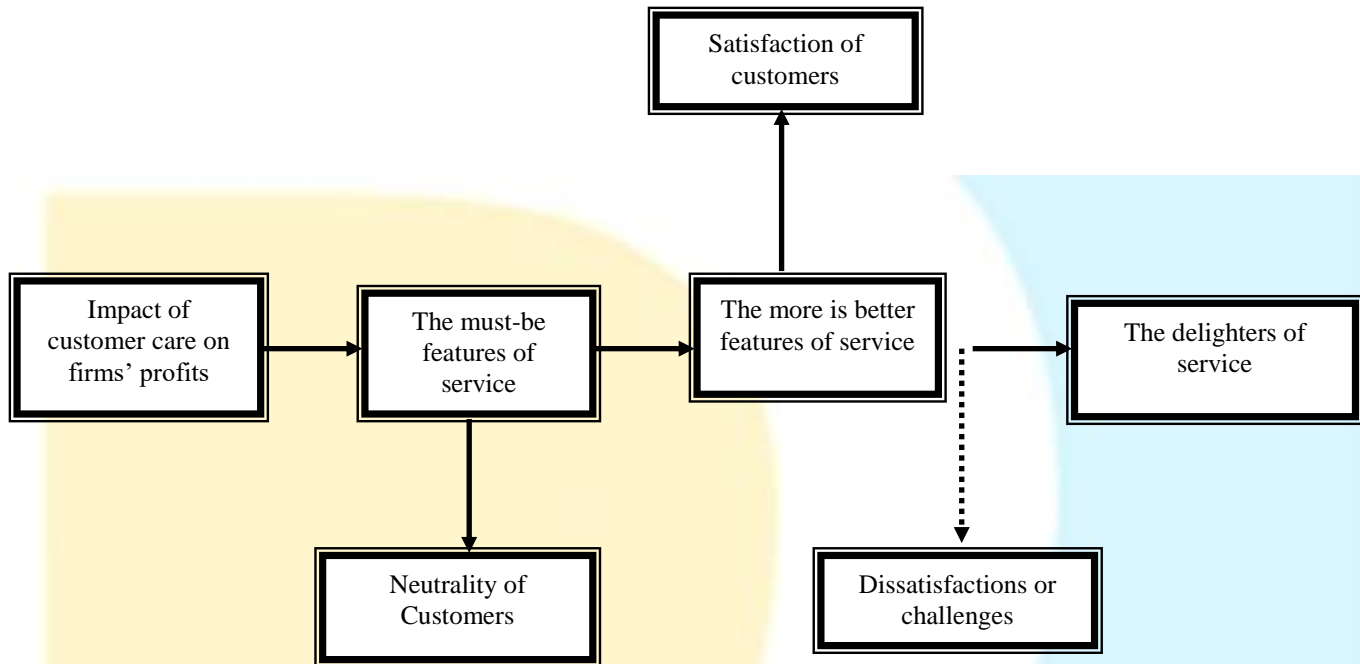
## **4. CONCEPTUAL FRAMEWORK**

The conceptual framework was developed to pre-empt the outcome of the research and to probably together with the literature review set the bases for the rest of the research to follow. On a whole four (4) constructs are used to underpin the research. These constructs are:

1. The impact of customer care or quality customer services on firms profits;
2. The must-be features of a service; which makes customers either satisfied or remain Neutral
3. The more is better features of a service; which makes the customer either satisfied or dissatisfied; and
4. The delighter features of a service.



Figure 1: Conceptual Framework



**Source:** Developed by the researcher from literature

A conceptual framework must adequately set the basis for the rest of the research to follow and hence, pre-empt the outcome of the research. This framework was adapted and developed by the researcher from Kano model of customer perception on service quality. This could lead to the satisfaction and delight of the customer. All things being equal, the customer could equally be dissatisfied or being neutral with the service based on this model.

#### 4.1 Impact of Customer Care on Organizations' Profits

That is how customer cares translates or manifests itself on profits of the organization and its services in relation to other services provided. The customer rates the service receive as satisfactory, delightful, dissatisfactory or choose to remain neutral based on his feelings, emotions, understanding and philosophies of quality regarding the features of the service components.

Kano (2001) developed three (3) basic service delivery elements namely: must-be features, the more is better and delighters. These three service delivery elements must all be met at all times as perceived by the customer.

#### 4.2 The Must-Be Features of the Service Elements

These are the features or elements of the service firm's offerings that customers do not take for granted such as checking of account balances, regular branch networks, conducive banking halls and apologizing to the customer when a mistake is realized. The absence of these must-be features creates annoyance from the customer point of view and their presence will only bring them (customers) up to neutral. The absence of an ATM machine in the bank can create annoyance but its presence does not add

anything tangible to their expectations of the bank. Similarly, smiling while providing service to the customer at the point of contact can creates good impression and satisfaction to the customer but does not add anything valuable to the service. Alternatively, frowning face can also create bad impression, annoyance and feeling of dissatisfaction about the service provided. According to Kano (2001), marketers must make sure that all their offerings are up-to-date and contain all the must-be features.

#### 4.3 The More is better

These are elements of service which provide disappointment when they are missing, absent or in short supply. However, they generate satisfaction if the need is met. A slow response to a customer enquiry may be quite disappointing but a quick response could be delightful (Kano, 2001). Something in between the two will not revoke any reaction at all; that is either surprised or dissatisfaction.

#### 4.4 The Delighters

These are features of the service elements or components that generate surprises by the customer (Kano, 2001). That is the same need which the customer does not know the company or service provider can provide or solve has actually been met. Since these needs are not expected by the customer, there is no negative tendency if they are absent or not met. All things being equal, when these features are present or met, they have a positive impact. The effect is that customers in this regard will eventually take that delight for granted and their expectations will rise further as they keenly anticipate the next source of delight (Kano, 2001).

## 5. ANALYSIS AND INTERPRETATION OF THE RESULTS

Table 1: The demographic characteristics of respondents

Case	Variable	Frequency	Percentage(%)Y
1	<b>Gender</b>		
	- Male	140	56%
	- Female	110	44%
2	<b>Age Group</b>		
	- Below 30-35	50	20%
	- 36-40	70	28%
	- 41 -45	30	12%
	- 46 -50	40	16%
	- 51-55	35	14%
	- 56-60	25	10%
3	<b>Occupation</b>		
	- Educational workers	50	20%
	- Health workers	40	16%
	- Security services	10	4%
	- Civil servants	20	8%
	- Agricultural workers	10	4%
	- Others	120	48%
4	<b>Business type</b>		
	- Retailers	50	20%
	- Petty traders	75	30%
	- Vocations	50	20%
	- Others specify	75	30%

**Source:** Field study (July, 2017)

From the Table 1 above, 140 of male respondents, representing 56% answered the questions while 110 of them, representing 44% were female of the total sample of 250 respondents.

In the table, the below 30-35 year group who answered the questions were 50, representing 20% of the total sample of 250. The 36-40 age group constituted 70 respondents, representing 28% while the 41 -45 age group were 30 respondents, representing 12%; the 46-50 year group were 40, representing 16%; and those who are in the 51-55 and 56-60 age brackets were 35 and 25 in number, representing 14% and 10% of the total respondents sampled respectively.

For the case 3 in the Table above, were respondents in various occupations who answered the questions. These are 50 educational workers, representing 20%, 40 health workers, representing 16%, 10 security service workers, representing 4%, 20 civil servants, representing 8%, 10 Agricultural workers, representing 4% and 120 other workers, representing 48%.

The case 4 in the table is the type of business of the respondents. Those who are in retail business were 50 in number, representing 20% of the sample, 75 of them were petty traders, representing 30%, 50 vocational business, representing 20% while another 75 of them, representing 30% came from other businesses. However, the bank

manager and the project officer of the bank were interviewed using semi-structured questions. This enables the researcher to obtain the hidden information and capture qualitative data from the respondents for an in-depth exploration of the phenomenon under investigation. The selected responses of the interviews are quoted for illustrations purposes.

### 6. THE EFFECT OF CUSTOMER CARE ON PROFITABILITY OF THE SERVICE FIRMS

The study found that providing quality services or caring for customers has a positive impact on the profitability of service firms. The responses of all the two hundred and fifty (250) customers including 8 employees sampled, strongly agreed that good customer services can lead to an astronomical increase in profit of service firms. A table below shows a statistical framework of the various age groups who were strongly agreed that quality services or customer care can impact positively on service organizations' profitability.

A statistical table 2 showing the various age groups who strongly agreed that the provision of quality services or customer care can impact positively on service organizations' profitability.

	No. of	The Average			
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Age Group	Respondent (F)	Age of Respondent (X)	FX	Mid Points	X <sup>2</sup>	FX <sup>2</sup>
Below 30– 35	50	32.5	1,625	35.5	1,056.25	2,640,625
36 – 40	70	38	2,660	40.5	1,444	7,075,600
41 – 45	30	43	1,290	45.5	1,849	1,664,100
46 – 50	40	48	1,920	50.5	2,304	3,686,400
51 – 55	35	53	1,855	55.5	2,809	3,441,025
56 – 60	25	58	1,450	60.5	3,364	2,102,500
	$\Sigma f=250$		$\Sigma fx=10,800$			$\Sigma fx^2=20,610,250$

Source: from field work (2017)

$$\text{Mean} = \frac{\Sigma fx}{\Sigma f} = \frac{10,800}{250} \quad \text{Mean} = 43.2$$

$$S.D = \sqrt{\frac{\Sigma fx^2}{\Sigma f} - X^2}$$

$$= \sqrt{\frac{20,610,250}{250} - (43.2)^2}$$

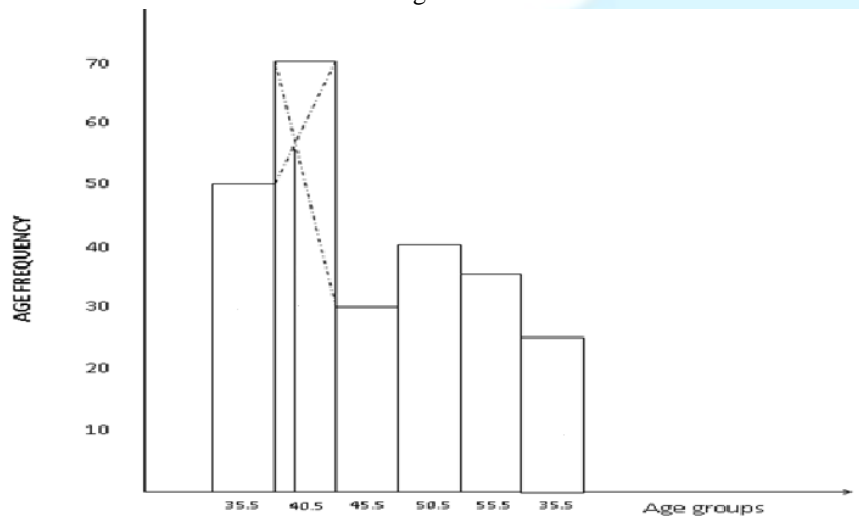
$$= \sqrt{82,441 - 1,866.24}$$

$$= \sqrt{80,552.76} = S.D = 2,837.65$$

S.D= 2,838

Fig. 2: A histogram showing the various age groups who strongly agreed that customer care or quality services can impact positively on service firms' profitability.

Figure 2



The Modal age = 36-40 since it has the highest frequency of 70

The Median age = 42.5

Customer care is critical to the performance of Bongo rural bank limited since the actions and inactions of customers can negatively affect the performance of the bank. If the bank fails to satisfy its customers accordingly

they will (customers) run away from it. This became clear in the words of Kotler (2003), where he explained that consumers often vote with their feet and do not return to the firm if they are dissatisfied with the services offered by it. This assertion was confirmed by the manager of the bank in the following words:

*“Caring for customers is an integral part of our operations. They are the “life wire” of the business. That is why I am using my personal phone to create links with other rural banks in the country to assist our customers to withdraw their monies anywhere they found themselves in the country since rural banks are not networked. This move has actually helped those of our customers who are students in other regions and needed to pay their fees. Customers are dynamic in the sense that if you do not handle them well, they will run away from you to another bank”.*

Second to this, was the increased in customer base. Customer care really leads to an increased in the number of customers since the satisfied customers in turn recommend the services of the firm to others. This became evident in the works of Kotler (1998) that a satisfied customer often gives good recommendations about the firm to his friends, relatives and others and hence are brand advocates. Again, the project officer of the bank confirmed this view in the following words:

*“Customer care is very crucial in this competitive time. We are doing everything possible to make sure that our customers are satisfied. As a field worker I realized that some of our customers are far away from the bank and as a result feel reluctant to bring their money to the bank for saving. To arrest this problem, as a caring organization, the bank’s cashiers rather go to them at their premises to pick up their monies for saving purposes. Because of this service, the customers themselves have recommended the bank’s services to their counterparts who are not customers to join the bank. This has led to a significant increase in the number of our customers we have before”.*

In effect, customer care is a major contributor to the growth of any business entity especially a service firm

like Bongo rural bank. Kotler (1998) backed these views by linking them to the attitudes of the service provider and the quality of the service. Kotler (2003) further asserted that, customer care is a collective responsibility of all the employees within the firm. According to him, all the employees within the service firm need to be trained on how to care for the customer especially those in the frontline. If this is not done customers will easily be offended by the employees’ actions and inactions and will never return.

### **6.1 The Profitability of the Firm**

The study found that offering good customer services and caring for customers could lead to increased profitability of service firms. This is in line with extant literature that customer care turns customer to brand ambassadors and loyal to the firm (Kotler, 1988). A loyal customer tends to buy more and more from the firm and also willing to pay premium prices thereby increasing the profit margin of the firm. The manager of the bank affirmed this submission as follows:

*“Once our customers are satisfied with our services, they do the promotion of the bank for us.*

*When the number of customers is increased, the bank’s profit levels will also increase since the Bank’s charge per unit goes up. The willingness of our customers to pay premium prices has also led to an increased in our profit margin. I cannot give you a figure because the bank is yet to call for an annual general meeting and dividends will be declared and pay to shareholders. What I can only say now is that the bank is doing well in terms of profitability and this is attributed to our quality services and the care we have for our customers”*

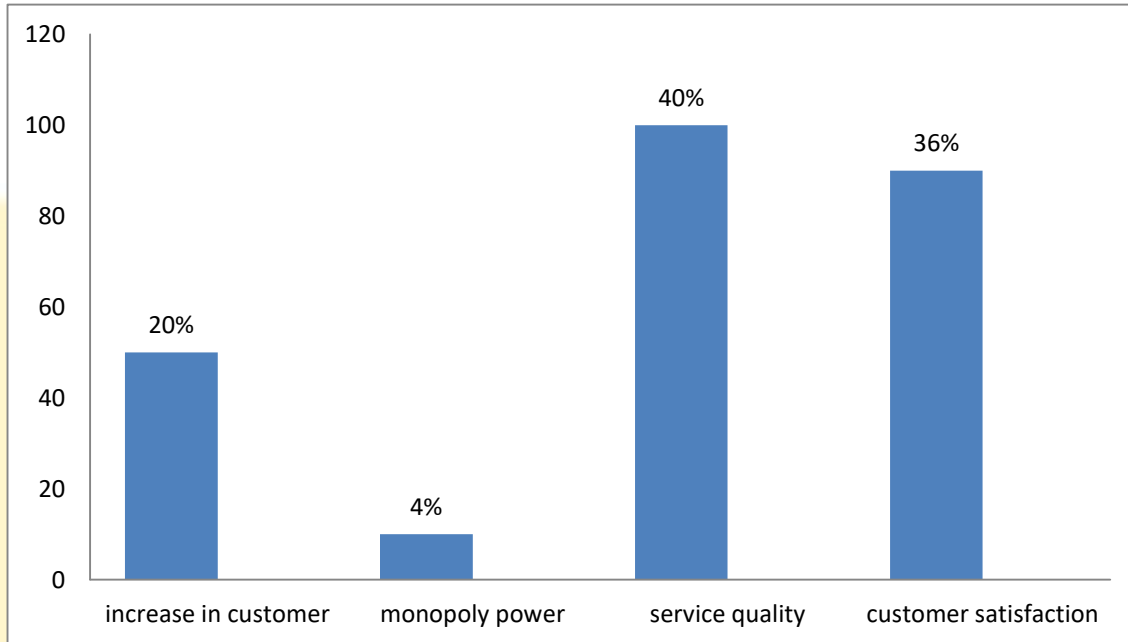
Table 3: to what extent do you think customer care can impact on profitability?

Responses	Frequency	Percentage (%)
Very strongly	160	64%
Strongly	90	36%
No opinion	0	0%
Very weak	0	0%
Total	250	100%

**Source:** field study (July, 2017)

160 respondents, representing 64% were very strongly agreed that customer care can impact very strongly on profitability of service organizations. 90 of them, representing 36% said customer care strongly impact on the profitability of service organizations. While none of them, representing 0% said no opinion and very weak impact on profitability respectively. The factors that account for the increase of profits of the bank are illustrated on the Bar chart below.

Fig. 3: A Single Bar Chart showing what accounted for an increment of organizations profits?

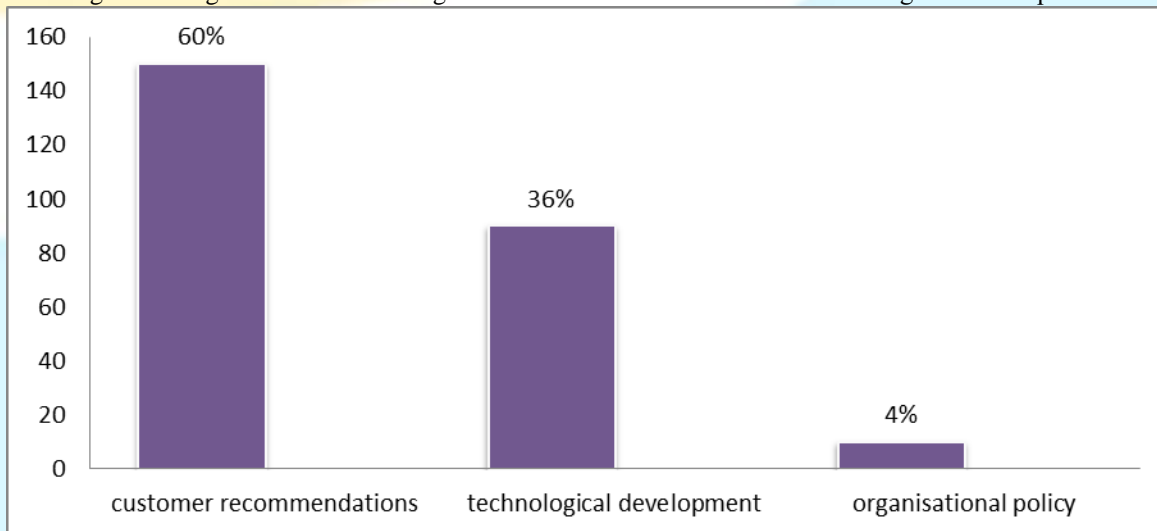


Source: Field study (July, 2017)

Careful analyzes of the responses indicate that, 50 of the respondents, representing 20% said that an increase in the number of customers leads to an increment of the organization' profits. 10 of them (respondents), representing 4% saw monopoly power as the main factor.

Also, 100 of them, representing 40% were of the view that service quality accounted for an increment for organization profits while 90 of the respondents, representing 36% said it is rather the satisfaction of customers.

Fig. 4: A Single Bar Chart showing the factors that lead to the increment of organizations' profits



Source: Field study (July, 2017)

150 respondents which represent 60% of the total sample of 250 respondents said organizations' profits increase due to customer recommendations while 90 of them representing 36% were of the view that organization profits increase due to the technological development and only 12 of them representing 4% said it is rather the organization's policies.

## 6.2 Customer Care and Quality

The study found that customer care is one of the areas of providing quality services to their customers. Making sure that the service is up-to-date and highly standardized; are paramount in the provision of services. This is in agreement with (CIM, 2002) definition of quality as



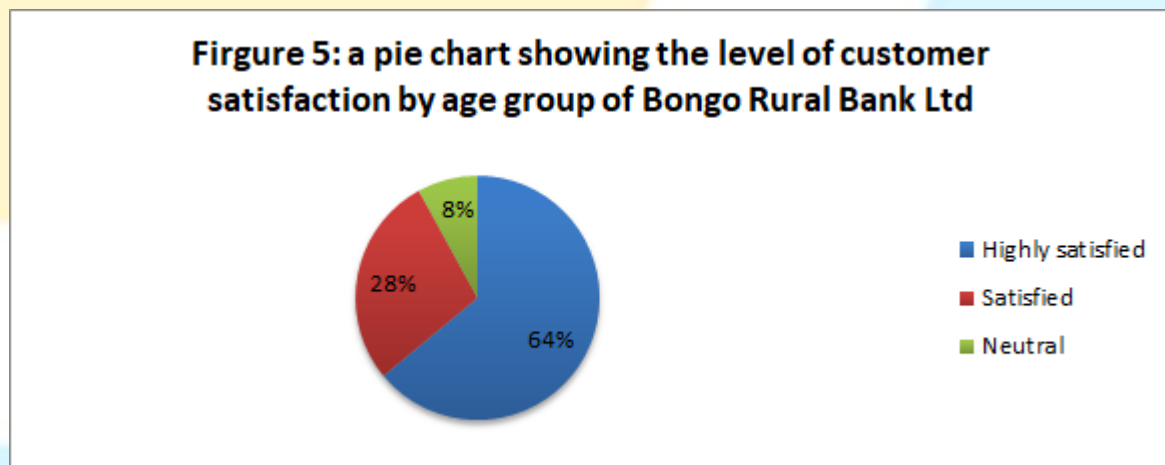
meeting customers' needs, fitness for purpose, conformity to specifications and fully satisfying agreed customers' requirements at a lowest possible costs. The study also found that the must-be elements of services are crucial to the bank. This is in line with the theoretical framework which states that the must-be features of a service components should be met first. This view was affirmed by the bank manager and the project officer. These were their words:

*"Though we are young, we make sure that all the necessary things expected of us as a bank are met. Services such as the opening time, comfortable banking hall, having access to account balances, providing assistant to customers in the banking hall, not allowing our phones to ring more than three times before we pick are some of the basic things we must always endeavor to meet. As a young institution, we cannot provide the innovative services like other banks such as ATM services and internet services".*

### 6.3 Customer Satisfaction

The study found that customer satisfaction comes as a result of the firm's provision of quality services and its

The fig. 5 below summarizes the level of customer satisfaction by age group of the total respondents sampled.



Source: Field study (July, 2017)

Inferring from figure 5 above; 160 of the respondents representing 64% were highly satisfied with the bank's services while 70 respondents, representing 28% were satisfied with the services of the bank. The remaining 20 respondents, representing 8% remained neutral that is neither satisfied nor dissatisfied.

### 6.4 Challenges of Implementing Customer Service Strategy

The bank agreed that the execution of customer care policies and the provision of good customer services is a collective responsibility of the whole organization. Everyone with the framework of the organizational settings must understand what the service firm is poised to offer and also the channels of communication within the firm. This was consistent with the (CIM, 2002), which stated that for an organization to be able to implement customer care program effectively and efficiently, it must

un-measuring care for the customers. Satisfaction is measured based on the kind of service the customer receives from the firm before, during and after the delivery of the service. This is in line with (Hinson, 2012)[11], who stated that satisfaction is something abstract. It can be measured based on the perception of the customer of any if not all of the elements of the firm's service offerings (CIM, 2002). A satisfied customer does not complain or show any feelings of regret at the point of service delivery. This view was confirmed by the project officer of the bank. These were his words:

*"Well I can confidently say our customers are satisfied with our services since we have not received a lot of complaints from them regarding our services. Though satisfaction is a perceptual issue, it is often justified by the number of customers who come to complain bitterly about the poor nature of services they received from you. A satisfied customer will never complain but will rather recommend the services of the firm to others and that is what we are experiencing now. So for now our customers are highly satisfied rather than delighted".*

involve all the employees on the program by training them on how to deal with customer issues. It is hoped that, the firm does not know whom the customer comes to meet as his first point of contact. Again, this assertion was confirmed by the manager of the bank in the following words:

*"The problem we have now regarding the implementation of customer care is that our employees need to be trained on how to talk to customers, need to have specify standard of service they should provide to the customers and also need to get someone to be in charge of customer problems. All these need resources in order to be able to do that. Moreover, the bank needs to put in place a mission statement to show our customers and the important stakeholders the direction of the firm. That is who we are; where we want to be in future and what we can offer. The absence of all these things means that the*

*implementation of customer care program within our midst is not an easy one”*

## **7 DISCUSSIONS**

### **7.1 The Impact of Service on Profitability of the Bank**

The study found that customer care or good customer services makes customers highly satisfied and hence, impact positively on the profitability of service organizations. It was discovered that almost all the customers (92%) patronized the services of the bank or became customers of the bank because of its quality services rendered to them. As a result, these customers in turn recommend the banks to their friends, relatives, co-workers and others. It was also found that the bank's profit-level has increased significantly as a result of the increased in the number of customers. Though, the figure was not given by the bank concerning the amount of profits of the bank; for the sake of confidentiality, it was made known that the profit level of the bank saw a tremendous increase over the past six years; thus 52% in 2011; 68% in 2012; 62% in 2013; 71% in 2014; 76% in 2015; and 83% in 2015. Most of the customers of the bank fall in 36-40 age brackets. Also, following the discussions with the bank manager and the customer service officer and the questionnaire administered on the 250 customers and employees, it was revealed that quality customer services or caring for the customer has a positive impact on the profitability of the bank.

### **7.2 Customer Care and Satisfaction**

The study found that the bank was really caring for its customers. All the must-be features of a banking service such as a conducive banking hall; early opening times; a customer reception desk; a waiting lounge were put in place. The more is better features of service elements were also found in the bank such as a quick response to a customer enquiry; not allowing a phone to ring more than four times before picking up; offering advises to customers concerning their savings; and exceeding customers expectations by giving them surprise services at the counter such as using a personal cell phone to link customers with other rural banks outside the region to enable them pay their fees. The study found the customers were really satisfied with the services of the bank in this regard.

### **7.3 Challenges of Implementing Customer Care**

The study found that there were some challenges of training the internal customer and standardizing the service offerings for each and every employee. Some of these challenges were lack of internal marketing concept; the absent of a mission statement; failure to communicate the rationale behind customer care to the employees and allowing only the customer service officer to influence customer care program within the bank. However, there were other notable findings emerged out of the study such

as the increase in customer base as a result of quality service and the promotion of service friendly systems concept in the bank. This is critical to all service firms as far as the moments of truth are concerned. The findings of the study revealed that meeting and exceeding customer needs are of paramount important to Bongo rural bank limited and other service institutions in the banking industry.

## **8 CONCLUSION**

The purpose of the study is to increase the development of knowledge of customer care or service in the banking industry in Ghana. The method adopted was a mixed approach.

The study contributes to organizations for them to put in place customer care programs in order to exceed the needs of customers and make profits. The study also provides recommendations for further studies as emerged from the study and the possible limitations of the study.

## **9 LIMITATIONS AND FUTURE RESEARCH**

### **9.1 Limitations of the Research**

The study is limited to Bongo Rural Bank limited in the banking sector of Ghana. Any attempt to apply the findings of this study in different contexts rather than banking would therefore be misleading. In a similar vein, the study found itself only in the service sector, where specifically the banking industry was used and hence limits itself to such industry only. As a result, it would also be quite misleading if future researchers and scholars make an attempt to use these findings in other industries or sectors in Ghana rather than the banking industry in the service sector.

### **9.2 Future Research**

Future studies can look at the role of customer care in the manufacturing sector in Ghana or in different countries in order to make the findings contextualized. Another interesting area of research gap that need to be closed by the future researchers is the service organizations in different contexts or countries. Future researchers can also look at other issues such as customers' dynamism; customers service strategies; and customer care systems failure and success in the banking or other industries of the service sector. Different methods can be employed to fully explore the understanding of the phenomenon or describe it since the sample size of the current study is relatively small.

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