

## An Empirical Evaluation of the Influence of Customer Service and Gender on Satisfaction Among Bank Customers in Ile-Ife

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### Abstract

This paper examined the influence of customer care services on customer satisfaction among undergraduates in selected banks in Obafemi Awolowo University, Ile-Ife. It ascertained the significance of gender on customer satisfaction. Primary data were used for the study. The data was collected through a self-designed questionnaire which was administered on a sample size of 200 students consisting of 116 males and 84 females. Data collected was subjected to statistical analysis using Pearson Moment correlation and Chi-square tests. Results showed a significant relationship between customer services and customer satisfaction [ $r(198) = 0.448$ ;  $P < 0.001$ ]. Also a significant difference between gender and customer satisfaction [ $\chi^2(5,120) = 0.024 < 0.05$ ] was found. The study concluded that customer services determined the level of customer satisfaction. However, gender was also found to moderate customer's satisfaction. The study suggested that more efforts are required on the parts of both the managements of the banks as well as their customer services employees to improve their services so that more satisfaction could be derived.

**Key words:** Pearson Moment; Customer satisfaction; Chi-square test; Customer services

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### INTRODUCTION

In the marketplace, businesses compete for people to patronize their products and services, and this has made customer satisfaction a key factor and element in business strategies today. From the beginning of customer service revolution, almost twenty years ago, a body of business research has focused on customer satisfaction and customer-focused organizations (Zemke & Schaaf, 1989). The issue of customer satisfaction has become of such great importance to organisations that they employ the services of consultants are often employed to help identify the characteristics of organisations that consistently please their customers. They also want to be able to develop tools to monitor customer satisfaction and to build a continuous, quality improvement system that responds to consumer feedback.

Customer satisfaction is a transaction-specific attribute that is defined as the company's ability to fulfil the business, emotional and psychological needs of its customers (Pairot, 2008). It includes organisation's efforts to meet consumers' expectations. However, satisfaction is based on the customer's experience of both contact with the organizations and personal outcomes. Simply put, a customer is satisfied based on his/her high personal assessment, which is largely influenced by individual expectations. When these expectations are met, a customer is said to be satisfied but when the opposite is the case, dissatisfaction is the result. This is the rationale for monitoring customer satisfaction.

Organisations monitor customer satisfaction in order to determine how to increase their customer base, customer loyalty, market share and survival. Although greater profit is the primary driver, exemplary business owners focus on the customer and his/her experience with the organization. They work to make their customers happy and see customer satisfaction as the key to survival and profit. Customer satisfaction in turn hinges on the quality and effects of their experiences and the goods

or services they receive (Centre for the Study of Social Policy Report, 2010).

Apart from improving quality, consumers may reward firms for extra effort to follow the norm of reciprocity (Gouldner, 1960). The idea of giving benefits to people who give us benefits has been called a universal principle. People seem to have an innate desire to repay favours that others provide for them, even in cases where favours are unwanted (Regan, 1971). The idea being that when customers see that their service providers are going the extra mile to make sure they get the best services possible, they tend to remain faithful to such service providers. Customer satisfaction differs depending on the situation, the product, or the services. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, service provider, or an attribute or any of these (Padilla, 1996).

Recently, there has been an influx of banks into the OAU campus, and the monopoly of the previously existing ones suddenly becomes a thing of history. Just as it is in the larger society, banks on campus now scramble for customers from both staff and students of the university. With the increase in banks and competition, there is also an increase in added incentives and quality service by these banks to so as to attract more customers.

Customer service is considered to be a vital concept with the potential to bridging the gap between the ever-expanding customer demands for flexibility (faster, more customised, more reliable, and more choice) and, at the same time, the need to reduce production and distribution costs. By bridging this gap a sustainable competitive advantage can be achieved. This suggests that customer service is viewed upon as a competitive strategy instrument. Strategy in this respect refers to all policies and key decisions that significantly affect performance and subsequently the competitive position (in terms of profitability or market share) of a company (Buzzell & Gale, 1987). In this respect customer service effectiveness is seen as the relationship between customer service performance and market response (Wouters, 2000). In fact, good customer service is the lifeblood of any business.

Service delivery is another aspect of customer service that is very paramount to the satisfaction of the customer of a bank. Banking transactions must be stress-free i.e. no long queues without cogent reasons, no time-consuming protocols to receive services and no unnecessary requirements for services to be rendered. While the customer is happy about the brand name of his bank, he will be frustrated if their services do not match up with the hype of the bank. Also, organisations can offer promotions, slash prices to bring many new customers, unless they can get those customers to come back, the business would not be profitable for long. Simply because, customer service is all about bringing customers back.

Basically past research effort has focused on the customer satisfaction of products and services of other

business corporation and firms like the telecommunication industries, the food and beverage-processing industries, eateries and hotels with little attention paid to the banking sector especially among a diversified population such as institutions of higher learning. This paper fills that gap of knowledge by examining the relationship between customer care services rendered by banks and how satisfied their customers are.

This study provides insight to banks in Nigeria that are interested in positively influencing their customers' opinions about their services especially undergraduate customers. In the long run they will be able to not only attract more customers to themselves, but also keep them irrespective of the competition going on around them. Furthermore, the study provides a better platform for further research investigation in the area of customer Psychology. It will increase the attention given to the organisational aspect of psychology and the customer behavioural studies in a larger scale.

However the specific questions this intends to answer are:

a. is there any correlation between customer care services and customer satisfaction?

b. are female customers more satisfied than male undergraduate customers? The specific objectives of this study are to:

a. determine whether there exist a significant relationship between bank customer care services and customer satisfaction.

b. ascertain whether there will be any significant difference between gender and customer satisfaction

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## 1. LITERATURE REVIEW

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Literature is replete with mixed findings regarding what actually determine customer satisfaction. For example, it has been found that poor customer satisfaction can lead to a decreased level of customer satisfaction (Levesque & McDougall, 1996). Past studies have shown strong relationship between service quality dimensions and overall customer satisfaction (Anderson & Sullivan, 1993). There has also been a debate on whether customer satisfaction is an antecedent to service quality judgement (Parasuraman, et al., 1985; Bitner et al., 1990) or vice versa (Anderson & Sullivan, 1993). But then, Jamal and Nasser (2002) put it straight that core and relational dimensions of service quality are causal antecedents of customer satisfaction. Yet several other studies have posited that separating service quality from the concept of customer satisfaction may not be possible. This is because customer satisfaction is not only influenced by perceptions of service quality but also by a combination of other factors such as perceptions of product quality, product pricing as well as situational and personal factors (Zeithaml & Bitner, 2000).

In the relationship-marketing literature, the outcome of customer satisfaction is strongly associated with

customer loyalty. Guliberg and Rojsek (2010) explored the service quality in a retail bank and its influence on customer satisfaction. They found that service quality had significant influence on customer satisfaction. In a related manner, Chavan and Ahmad (2013) found that customer satisfaction is dependent on nine factors, one of which is service quality. Odeyemi (1998) found that male customer's perception of service quality were higher than their female counterparts; there was no significant main effect of sex on customer perception of service. In a related study, Adebayo and Ufodiama (2003) found no significant main effect of gender on customer satisfaction as well as joint influence of gender of customers and bank-type on customer's perception of quality service. They also found out that customers of second-generation banks had more favourable perceptions of service quality than customers of first generation banks. Ogunnaike (2010) assessed the relationship between customer gender and customer satisfaction in the Nigerian banking industry. He found a significant positive relationship between customer gender and customer satisfaction.

Islam, Kuma and Biswas, (2007) examined the level of satisfaction of ATM card holders of a leading bank (HBSC) in Bangladesh. The study found significant relationship of ATM service quality with customers' satisfaction. The study identified that location, personnel response, quality of currency notes, promptness of card delivery and performance of ATM were positively and significantly related to customer' satisfaction. The security, frequent breakdown of machine, and insufficient number of ATM were major contributors of customers' dissatisfaction. In a related study, Joseph and Stone (2003), also through focus group study in the United States, found that easy access to location, user-friendly ATM, and security are important factors that influence majority of bank customers' perception of ATM service quality.

Among the three empirical studies highlighted above, there is a significant similarity between their results or findings; improved quality customer services will result in increased customer satisfaction. These empirical studies were carried out in different business corporations (the bank – ATM services, and the Airline industries) and they have proved to support the alternative hypothesis that there is a significant relationship between customer care services and customer satisfaction. Organizations have realized that service quality is an increasingly important determinant of success and survival in the banking sector. Researchers that focus on the retail banking sector have established this link. Aldlaigan and Buttle, (2002); Bath, (2005); Sharma and Mehta, (2004); Bahia and Nantel, (2000) found that high service quality results in customer satisfaction and loyalty. This result was also confirmed by Levesque & McDougall, 1996; Magi & Julander, 1996; Danaher, 1997. Furthermore, Reichheld (1996) also found that customer loyalty is significantly related to long-term financial performance of firms.

In an attempt to delimitate service quality, scholars have proposed two schools of thoughts. These are the Nordic and the American schools of thought. The Nordic explains service quality on image model, which is functional, technical and image quality (Gronroos, 1984). The American school of thought defines service quality on a five-dimension SERVQUAL model (Parasuraman et al., 1988). Studies on retail bank service quality have adopted the SERVQUAL model. Siddiqi (2010) also used SERVQUAL in his study on the service quality of commercial banks in Bangladesh. The model had been criticized severally. For instance, Cronin & Taylor (1992) argued that SERVQUAL scale measures customer satisfaction on perception-expectation model and not on attitude model. They in turn developed the SERVPERF model which measures customer perceptions dimension. The present study, however, is based upon the Nordic perspective and the image model used by Gronroos, 1984; Aldlaigan & Buttle, 2002; and Davila et al., 2010. This paper further expands current knowledge by empirically testing the service quality, gender, and satisfaction, relationship within the Nigerian banking industry.

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## 2. THEORETICAL FRAMEWORK

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### Vroom's Expectancy Theory

Vroom was the first person to propose an expectancy theory aimed specifically at work motivation. The theory is founded on the assumption that people prefer certain outcomes from their behaviour over others. They anticipate that feelings of satisfaction should be the preferred outcome. It accentuates cognitive abilities to foresee the probable results of behaviour. Principle of hedonism dominates the expectations theory – people try to maximize their relish and minimize their pain and suffering. If generalized, the expectations theory can be used to foresee people's behaviour in any situation, where they have to choose between two and more alternatives. Expectancy theory holds that people are motivated to behave in ways that produce desired combinations of expected outcomes. Perception plays a central role in expectancy theory because it emphasizes cognitive ability to anticipate likely consequences of behaviour. Embedded in expectancy theory is the principle of hedonism. Hedonistic people strive to maximize their pleasure and minimize their pain. Generally, expectancy theory can be used to predict behaviour in any situation in which a choice between two or more alternatives must be made (Kreitner & Kimicki, 1998). Vroom (1964) argued that motivational drives are the result of rational calculations made by people between anticipated rewards, the value of the reward and the costs effort involved in achieving the reward. He called this expectancy theory and it can be applied to almost everything we do in both our working and non-working time (Ray, 2006).

### 3. INSTRUMENT

The research instruments used for this study was a self designed questionnaire and a structured interview. The questions in the questionnaire were directed to the undergraduates, who consisted of majorly close ended questions, and were divided into three sections: socio-demographic characteristics, the customer services section and the customer satisfaction section. While the structured interview (consisting of a predetermined list of questions) was directed to the customer care service personnel of the bank to determine the customer care services they offer their customers and the general statistics of their undergraduate customers. In order to correctly capture the objectives of the study, a five point Likert rating scale was used to measure the variables. The Likert scale was employed to show the degree of agreement or disagreement with a variety of statements. The scale is rated thus: Strongly Agree (SA) = 1; Agree (A) = 2; Undecided (UD) = 3; Disagree (D) = 4; Strongly Disagree (SD) = 5.

The reliability of the self-designed questionnaire was determined by conducting a pilot study on about twenty people (with similar characteristics to the target population). The method of reliability used was test re-test reliability method with a two-week interval period. The result showed a strong positive correlation score ( $r$ ) of 0.83. The purpose of reliability testing is to determine the consistency and internal stability with which the test scores can measure customer satisfaction. Also both content and face validity were carried out on the instrument to determine if the contents of the test corresponds with the objective of the study. The purpose of validity of the test is to determine if the test actually measure what it purposes to measure and to make the test free of all ambiguities.

### 4. RESULT ANALYSES

The analysis of the data for this study was done using a statistical package, SPSS (statistical package for social sciences). The techniques employed for the data analysis was both the inferential method and the descriptive method. The descriptive method was used to analyze data on the socio-demographic variables, while the other section was subjected to inferential statistical analysis. Specifically Chi-square and correlation ( $r$ ) techniques were used. The results are presented in the tables 1-3:

**Table 1**  
**Frequency Distribution of Respondents' Gender**

	Frequency	Percent	Cumulative percentage
Male	116	58.0	58.0
Female	84	42.0	100.0
Total	200	100.0	

Table 1 shows that a total of 200 (two hundred) respondents participated in the study. 116 participants representing 58% were males, while 84 participants representing 42.0% were female.

**Hypothesis One:** the hypothesis states that there is no significant relationship between customer care services and customer satisfaction. In testing the above stated null hypothesis, the Pearson moment correlation statistical tool was adopted. The result is presented in Table 2:

**Table 2**  
**Coefficient of Correlation Between Customer Service and Customer Satisfaction**

Correlation	$r$	$df$	$p$
Customer service and customer satisfaction	.448**	200	.000

The result of the analysis as presented above indicates that there is a statistically significant relationship between Customer service and Customer Satisfaction ( $r$  (198) = 0.448;  $P < 0.01$ ). Although there is a weak positive correlation, the null hypothesis is rejected and thus the alternate hypothesis which states that there is a significant relationship between Customer Care Services and Customer Satisfaction is accepted.

**Hypothesis Two:** the hypothesis states that there is no significant difference between gender and Customer Satisfaction.

In testing the above stated null hypothesis, the Chi Square Test statistics was adopted where respondents sampled are either male or female. Table 3 showing the  $\chi^2$  test Statistics:

**Table 3**  
**Chi-Square Test of the Influence of Gender on Customer Satisfaction**

	Chi-square tests		
	Value	$df$	Asymp. Sig. (2-sided)
Pearson chi-square	25.082 <sup>a</sup>	23	.346
Likelihood ratio	29.004	23	.180
Linear-by-linear association	5.473	1	.019
N of valid cases	200		

Results from the Table 3, through a Chi-Square Statistical analysis showed that the respondents' gender is classified into male and female with  $\chi^2$  value of 5.47 at 1 degree of freedom. (0.019) is less than the sigma value (0.05) showing that there is a significant relationship between gender and Customer Satisfaction. Hence, we reject the null hypothesis that says that there is no significant difference between Gender and Customer Satisfaction and accept the alternate hypothesis. Hence, gender has a significant influence on customer satisfaction.

### 5. DISCUSSION AND CONCLUSION

The results of this study show that there is a significant relationship between customer care service and customer

satisfaction. The finding is in line with those of Islam, Kuma and Biswas (2007) who examined the satisfaction level of ATM card holders with the services of a leading bank in Bangladesh. The study found good significant relationship of ATM service quality with customers' satisfaction. In a related manner, the finding also agrees with that of Ogunnaiké (2010) who assessed the relationship between service quality and customer satisfaction in the Nigerian banking industry and found out that service quality contributes significantly to customer satisfaction.

Hypothesis two which states that there is no significant difference between gender and customer satisfaction was tested using the Chi-Square Test analysis. Consequently, the null hypothesis was rejected and the alternative hypothesis was accepted, implying that there is a significant difference between gender and customer satisfaction. The result is in agreement with results from other studies. For example Fleming, Ross, Fabes and Frankl (1999) administered a customer satisfaction survey yielding 1,393 responses from individuals who applied for employment and training services from the New Jersey Employment Service. It was found that women generally have higher expectations regarding the importance of service delivery issues than their male counterparts. However, no differences were found between men and women reporting their actual satisfaction of the service received. Ogunnaiké (2010) who assessed the relationship between customer gender and customer satisfaction in the Nigerian banking industry tested his second hypothesis using the correlation method for the relationship between customer gender and customer satisfaction.

- there is a significant relationship between customer care services and customer satisfaction.

- there is a significant difference between gender and customer satisfaction.

From the analysis of the data collected and interpretation of results, it may be concluded that there is a significant relationship between customer care services and customer care satisfaction. It may also be concluded that other variable like gender may have a predictable influence on customer satisfaction.

## 6. RECOMMENDATIONS

Based on the findings from the study, the following recommendations were made:

- organisations should always see to it that their customer relation officers do not make promises unless they are capable of making them. This is because reliability is one of the keys to good customer service,

- employees must be encouraged to always listen to customers. It is exasperating telling someone what your problem is and suddenly discover that the person has not been paying attention and need to explain again,

- organisations should deal with complaints. Although complaints could be boring so much that people have developed a reflex shrug against it. Notwithstanding, customers often complaints when they desire better service,

- staff should be trained to be courteous, helpful and knowledgeable. They should be equipped with good staff-customer relation skills. It is pertinent to state that every member of staff be given enough information and power to make small customer-pleasing decisions,

- organisations through their staff should always be ready to take the extra step. Customers may be asked if there are other things they would want the organisations to offer them. They may not have any further request but will surely tell other people.

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