

A Study on Customer Satisfaction in Commercial Banks in Botswana

Douglas Chiguvi¹, Lovemore Muchingami², Roselight Chuma³

¹Marketing Management Lecturer & PhD Candidate, Department of Entrepreneurship, BA ISAGO University, P. Bag 149, Gaborone, Botswana

²Banking & Finance Lecturer, Department of Accounting and Finance, BA ISAGO University, P. Bag 149, Gaborone, Botswana

³Business Management Lecturer, Department of Business Management, Imperial School of Business and Science, P.O. Box 80348, Gaborone, Botswana

ABSTRACT: The main objective of this paper was to determine the satisfaction level of customers in commercial banks in Botswana using the SERVQUAL model. To meet the objective of the paper, SERVQUAL model was used to determine the level of customer satisfaction in commercial banks customers in Botswana. Descriptive research design was used for this study, where the data was collected through the questionnaire. The results show that customers were not completely satisfied with the assurance, responsiveness, tangibles and reliability of commercial banks in Botswana. It was therefore recommended that the banks must improve on service quality to increase customer satisfaction. It is very essential that commercial banks should put in place the right kind of systems to further cut down on service time and render instantaneous services to the customer.

KEYWORDS: Customer Satisfaction, Service quality, SERVQUAL model, Banks

I. INTRODUCTION

In the last decade, many studies were done on observing and understanding the customer needs and their satisfaction. Each and every banking industry has identified two important versions which help in improving their performance in all respects. One is customer satisfaction and the other is service quality. In this paper, we made an attempt to use the SERVQUAL dimensions of empathy, assurance, responsiveness, tangibles and reliability to measure customer satisfaction in commercial banks in Botswana. Businesses need to attract and establish a customer market and would need to retain it through satisfaction. That is the key to its business performance (Johnson et al., 1991). In order to attain this goal, a company should have a high satisfaction rate from its clients. The increasing competition, whether for profit and non-profit purposes, is forcing the business sectors to pay much and more attention to satisfying customers (Chiguvi, 2016). Researchers suggest that increased levels of customer satisfaction and loyalty are frequently attributed or linked to positive outcomes for a firm (Colgate, et al 2001). Customer satisfaction is a significant subject for most marketers. It becomes imperative for service providers to meet or exceed the target customers' satisfaction with quality of services expected by them. The service quality has been regarded as the key factor in order to succeed and have endurance in banking industry, especially when there has been continuously growing pressure from other institutions working in the same industry and demanding customer requirements (Karatepe, 2005). Industries are beginning to understand the concept that their customers, the ones who purchase their products and use their services, are the primary drivers of their position on the profitability ladder. Satisfaction is a multidimensional construct which has been conceptualized as a prerequisite for building relationships and is generally described as the full meeting of one's expectations (Oliver, 1980), and is a feeling or attitude of a customer towards a product or service after it has been used.

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 4, April 2017

Banking operations are becoming increasingly customer oriented. The demand for 'banking supermalls' offering one-stop integrated financial services is well on the rise. The ability of banks to offer clients access to several products for different classes of financial instruments has become a valuable competitive edge. Convergence in the industry to cater to the changing demographic expectations is now more than evident. Bank assurance and other forms of cross selling and strategic alliances will soon alter the business dynamics of banks and fuel the process of consolidation for increased scope of business and revenue. One of the most important resources a business organization has is its customers. This supported by the idea of Peter Drucker who said 'the aim of every business organisation should be the creation and retention of customers.' Drucker (1973) believes that even though businesses are to make profit for survival, profit making is a necessity and not a purpose. Competitors that are prospering in the new global economy recognize that measuring customer satisfaction is a key. It has been a growing trend today, for banks to move away from a transactional based marketing approach to a relationship-based approach that has its core the recognition of the lifetime value of the customer. Satisfaction with banking services has been an area of growing interests to researchers and managers (Chiguvi, 2016). With the phenomenal increase in the country's population and the increased demand for banking services; speed, service quality and customer satisfaction are going to be key differentiators for each bank's future success. Thus, it is imperative for commercial banks in Botswana to get useful feedback on their actual response time and customer service quality aspects of retail banking, which in turn will help them take positive steps to maintain a competitive edge.

II. LITERATURE REVIEW

Customer

A customer is defined as a person or organizational unit that plays a role in the consummation of a transaction with the marketer or an entity (Sheth et al, 1999). From this definition, bank customers could be individuals, households and organisations. Satisfied customers are central to optimal performance and financial returns. Customers are viewed as a group whose satisfaction with the enterprise must be incorporated in strategic planning efforts. Forward-looking commercial banks are finding value in directly measuring and tracking customer satisfaction as an important strategic success indicator. Evidence is mounting that placing a high priority on customer satisfaction is critical to improved organizational performance in a global market place (Chiguvi 2016). With better understanding of customers' perceptions, companies can determine the actions required to meet the customers' needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out the path of future progress and improvement. Customer satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the company (Gupta et al., 2004).

Customer Satisfaction

Having known who a customer is, it is important at this juncture to also know what satisfaction is all about. Perreault, et al., (2000), view customer satisfaction as 'the extent to which a firm fulfils customers' needs desires and expectations'. Kotler (2003) also defines satisfaction as 'a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations'. These two definitions all point to the fact that every bank customer has in one way or the other something he/she expects from his/her bankers. These expectations have come into play because a need that has to be satisfied. These expectations are not the same as there are many customers. Kotler et al. (2002), goes on to say that the customer gets dissatisfied if performance is below expectation and vice versa. If performance goes beyond the expectation of the customer, the customer is highly satisfied and delighted. Motley, (2003), corroborates the idea of matching service performance with customers' expectations. He notes that the mission of a bank is the creation of satisfied clients who tend to favour the organization through time by patronising the financial services being delivered by the bank. He goes ahead to mention that banks can achieve this aim by understanding what satisfies and dissatisfies their customers or clients.

Clegg (2000), has hinted that, however good products and/or service, however strong the brand, customer satisfaction is the only way to keep the gap between an organization and the opposition wide and to keep customers coming back all the time. Clegg (2000) explained that satisfied customers are the most profitable customers in any business and the driving force behind sales and profit growth rate. Winstanley and Martha (1997) outlined a number of factors which

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 4, April 2017

account for the importance of customer satisfaction. They perceive customer satisfaction as having a major pay off for banks both in the short and the long run. They also see satisfaction as having a link to revenue generation in a number of ways: customer referrals, willingness on the part of the customer to pay a premium price for services, the tendency to move more services into the bank by the customer and to have a long standing relationship with the bank. Customer referrals is the process by which satisfied customer provide recommendation for the bank. In their study, Winstanley and Martha (1997) found out that although this varies by segments, highly satisfied customers are almost seven times more likely to recommend a bank as those who are dissatisfied or highly dissatisfied. Very satisfied customers move more services into the bank. They are more likely to establish a strong relationship with the bank by moving more businesses into the bank. They are 2.5 times as likely to move more businesses to the bank as dissatisfied customers and twice as likely to move services into the bank as customers who are neutral about their satisfaction. They also found in their studies that dissatisfied customers are more than 8 times as likely to move services out as very satisfied customers (Winstanley and Martha 1997).

Service Quality and Customer Satisfaction

There is a great deal of discussion and disagreement in the literature about the distinction between service quality and satisfaction. The service quality school view satisfaction as an antecedent of service quality – satisfaction with a number of individual transactions “decay” into an overall attitude towards service quality (Hunt 1997). The satisfaction school holds the opposite view that assessments of service quality lead to an overall attitude towards the service they call satisfaction and customer retention – customer’s perception of Service and Quality of product will determine the success of the product or service in the market (Hunt 1997). If experience of the client from the previous services, greatly exceeds the expectations then satisfaction will be high, and vice versa. In the service quality literature, perceptions of the service delivery are measured separately from customer expectations, and the gap between the two provides a measure of service quality.

SERVQUAL model of measuring customer satisfaction

Parasuraman et al., (1988, 1991) developed SERVQUAL instrument to measure the dimensions of service quality that is frequently used by researchers. It consists of 24 items that are compiled into five dimensions: tangibility; reliability; responsiveness; assurance and empathy. This study applied five dimensions of service quality that are explained as under:

- **Reliability:** This dimension shows the consistency of services towards performance and dependability. It is ability to perform the promised service dependably and accurately.
- **Assurance:** This dimension indicates the employees’ knowledge, courtesy and their ability to incorporate trust and confidence. It is the knowledge and courtesy of employees and their ability to inspire trust and confidence.
- **Tangibles:** It shows the physical aspects of the services as physical facilities, appearance of personnel and tools & equipment used for provision of services.
- **Empathy:** This dimension shows the magnitude of caring and individual attention given to customers. It is the service firm’s readiness to provide each customer with personal Service.
- **Responsiveness:** It reflects the willingness or readiness of employees to provide quick services to customers. Thus willingness to help customers and provide prompt service.

The importance of SERVQUAL is that it offers managers a systematic approach to measuring and managing service quality (Jain et al., 2004). It emphasizes the importance of understanding customer expectations and of developing internal procedures that align company processes to customer expectations. The model identifies five core components of service quality: reliability, assurance, tangibles, empathy and responsiveness. Statements are formulated and, based on those statements, the respondent is able to indicate both the expectation and the perception that they have of the specific dimension. The difference between the perceptions and expectations indicates the existence of a gap. In total there are a minimum of 21 statements that cover these five service quality dimensions. This may vary depending on the industry in which the service quality is evaluated. Despite the criticisms that have been leveled against SERVQUAL, it remains an instrument that is used in all areas of business and industry, including the non-profit sector, so much so that its use has largely been ‘institutionalized’.

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 4, April 2017

III. RESEARCH METHODOLOGY

Descriptive research design has been used for this study and data was collected through questionnaire and personal contact approaches. The respondents were approached personally in order to seek fair and frank responses on quality of service. The targeted population was the customers of six commercial banks (Barclays, FNB, Bank of Baroda, Stanbic, Standard Chartered and Banc ABC) in Gaborone Botswana were used. Simple random sampling technique was employed where each and every member of population has a chance of being selected. A sample of 30 respondents was used, 5 respondents were selected from each bank to have an equal representation from the targeted population. Data was collected through self-administered questionnaires. Data analysis and presentation was conducted using Statistical Package for Social Sciences (SPSS) version 16.0.

IV. DATA ANALYSIS AND FINDINGS

Empathy: The bank's readiness to provide each customer with personal service.

Table 1 show how respondents, respond to whether the bank consider empathy element in carrying out its services to customers.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	5	17.8	17.8	17.8
Agree	19	67.9	67.9	85.7
Neutral	1	3.6	3.6	89.3
Disagree	1	3.6	3.6	92.9
Strongly disagree	2	7.1	7.1	100.0
Total	28	100.0	100.0	

Source: *Primary data*

Table 1 shows that 19 respondents which are about 67.9 percent agreed, 5 respondents, which constitutes about 17.8 percent strongly agreed, 2 respondents which makes 7.1 percent strongly disagreed, 1 respondent which is about 3.6 percent disagreed and 1 respondent which constitutes about 3.6 percent was neutral. Overall, the results show that 85.3 percent of the respondents strongly agreed and agreed respectively that the commercial banks in Botswana consider empathy element in carrying out its services to customers. This result shows that commercial banks in Botswana are customer oriented and this result is evidenced by positive financial results of all six commercial banks in Botswana for year 2015. This shows that customers are content with the services provided by the commercial banks in Botswana.

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 4, April 2017

Responsiveness: Willingness to help customers and provide prompt service.

Table 2 shows the responses of the willingness of commercial banks to help customers and provide prompt service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	1	3.6	3.6	3.6
Agree	5	17.9	17.9	21.5
Neutral	2	7.1	7.1	28.6
Disagree	9	32.1	32.1	60.7
Strongly disagree	11	39.3	39.3	100.0
Total	28	100.0	100.0	

Source: *Primary data*

The results on table 2 shows that 5 respondents which are about 17.9 percent agreed, 2 respondents which constitute about 7.1 percent were neutral, 9 respondents making about 32.1 percent disagreed, 11 respondents which are about 39.3 percent strongly disagreed and only 1 respondent which makes 3.6 percent strongly agreed. The results show that 20 of the respondents which constitute 71.4 percent were of the opinion that commercial banks in Botswana disagreed and strongly disagreed that commercial banks in Botswana are willing to help customers and provide prompt service. Inefficiency of employees seems to be the contributing factor as most employees were found to be naturally slothful. Resources are there but the workers are not willing to help customers on time.

Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence.

Table 3 shows the responses of knowledge and courtesy of commercial banks employees and their ability to inspire trust and confidence of customers.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	3	10.7	10.7	10.7
Agree	5	17.9	17.9	28.6
Neutral	1	3.6	32.1	60.7
Disagree	10	35.7	35.7	96.4
Strongly disagree	9	32.1	3.6	100.0
Total	28	100.0	100.0	

Source: *Primary data*

The results on table 3 shows that 10 respondents which makes 35.7 percent disagreed, 9 respondents which constitutes about 32.1 percent strongly disagreed, 5 respondents making about 17.9 percent agreed, only 3 respondents which is about 10.7 percent strongly agreed and 1 respondent which was about 3.6 percent was neutral. Again, this result shows that majority of the respondents which was about 67.8 percent were of the opinion that commercial banks employees does not have the ability to inspire trust and confidence of customers. This assentation seems to be contributed by lack of training on modern banking systems.

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 4, April 2017

Tangibles: physical facilities, equipment and appearance of personnel.

Table 4 shows responses of the respondents on commercial banks' physical facilities, equipment and appearance of personnel.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	3	10.7	10.7	10.7
	Agree	4	14.3	14.3	25.0
	Neutral	7	25.0	25.0	50.0
	Disagree	7	25.0	25.0	75.0
	Strongly disagree	7	25.0	25.0	100.0
Total		28	100.0	100.0	

Source: *Primary data*

The result above shows that 7 respondents which makes about 25 percent strongly disagreed, 7 respondents which constitutes about 25 percent disagreed, 7 respondents which makes about 25 percent were neutral, 4 respondents which makes about 14.3 percent agreed and 3 respondents which makes about 10.7 percent strongly agreed. The results show that about half of the respondents are not satisfied with the tangible cues of the commercial banks in Botswana. This might be contributed by lack of modern building structures in Botswana.

Reliability: ability to perform the promised service dependably and accurately.

Table 5 shows responses on Commercial banks' reliability:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	2	7.1	7.1	7.1
	Agree	4	14.3	14.3	21.4
	Neutral	5	17.9	17.9	39.3
	Disagree	11	39.3	39.3	78.6
	Strongly disagree	6	21.4	21.4	100.0
Total		28	100.0	100.0	

Source: *Primary data*

The table 5 shows how respondents rated the commercial banks' reliability. 11 respondents which constitutes about 39.3 percent disagreed, 6 respondents which makes about 21.4 percent strongly disagreed, 5 respondents which makes about 17.9 percent were neutral, 4 respondents which was about 14.3 percent agreed and 2 respondents which makes about 7.1 percent strongly agreed. The result shows that respondents are skeptical and they feel unsecured. This was evidenced by few customers who are using e-banking services.

V. CONCLUSIONS AND RECOMMENDATIONS

The study was based on investigating customer satisfaction in commercial banks in Botswana. With the use of SERVQUAL, it is indeed proven that most customers showed that commercial banks in Botswana have empathy in

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 4, April 2017

conducting their services. However, majority of the respondents were not happy with the assurance, tangibles, responsiveness and reliability of commercial banks in Botswana. The result in table 2, 3, 4 and 5 respectively shows that the level of customer satisfaction and perception towards commercial banks' tangibles, responsiveness, reliability and assurance was poor in Botswana. It was therefore, recommended that commercial banks need to revive their infrastructure to constantly adapt to competing environment. They also need to provide services which are reliable in order to meet customers' expectations. The staff should be adequately trained, putting more emphasis on-the-job training so that they will able to deal with customers from different backgrounds. Clearly defined customer policy should be adopted by the commercial banks. Customer's needs and expectations should be anticipated in advance so that proper measures would be put in place and be helped out in a better way. Commercial banks should also improve their tangible cues especially buildings. Modern building structures are needed and bank employees need to be trained on customer service and positive attitude towards their work and customers. Commercial banks should make sure that employees are more informed on electronic services such as mobile banking, internet banking and other materials which aid them to deliver quality services to customers. Commercial banks must formulate stringent policies in respect of security regarding their banking services. Issues of security embrace non-reliability and non-tangible factors. They should make sure that customers use service confidently by providing adequate security of transaction, back-up of critical data files and alternative means of processing information. Commercial banks should also ensure that no time should service cease as a result of network problem. Commercial banks should conduct periodic marketing research studies on customer satisfaction in order to remain competitive in the industry and to be always in touch with their customers. The researchers suggest that further research could be done on factors determining the overall customer satisfaction in commercial banks by embracing EbankQual model (Kumbhar 2012).

REFERENCES

1. Chiguvi, D. (2016). "Effectiveness of Cellphone Banking on Service Quality in Commercial Banks in Botswana", International Journal of Science and Research (IJSR), Vol.5, Issue 8; pp1334 -1345
2. Clegg, B. (2000). *The Invisible Customer: Strategies for Successful Customer Service Down the Wire*, London: Kogan Page.
3. Colgate, M. and Lang, B. (2001) Switching Barriers in consumer Markets: an investigation of the Financial Services Industry, *Journal of Consumer Marketing*, 18 (4), 323-347.
4. Drucker, P. (1973) *Management: Tasks, Responsibilities and Practices*, Harper and Row, New York.
5. Gupta, S., Donald, R., and Jennifer, A. (2004). 'Valuing Customers'; *Journal of Marketing Research*; Vol 41(1): 7-18.
6. Hunt, K. H. (1997). *Customers Satisfaction /Dissatisfaction- Overview and Future Directions: Conceptualization and Measurement of Customer Satisfaction and Dissatisfaction*; Marketing Science Institute, Cambridge, MA, pp.71-109.
7. Jain, S.K., and Gupta, G. (2004). "Measuring Service Quality: SERVQUAL vs. SERVPERF Scales", *VIKALPA*, Vol. 29 (2): pp. 25 – 37.
8. Johnson, M. and Fornell, C. (1991). 'A framework for comparing customer satisfaction across individual and product categories'; *Journal of Economic psychology*, Vol 12(2): 267-86.
9. Karatepe, O. M., Avci, T. and Tekinkus, M. (2005). "Measuring service quality of banks: scale development and validation", *Journal of Retailing and Consumer Services*, Vol. 12 No. 5, pp. 373-83.
10. Kotler, P., and Armstrong, G. (2002). *Principles of Marketing*; Prentice Hall: New Jersey
11. Kotler, P., (2003). *Marketing Management, International Edition*; Prentice Hall: New York
12. Kumar, M., Kee, F.T. and Manshor, A.T. (2009), "Determining the relative importance of critical factors in delivering service quality of banks: an application of dominance analysis in SERVQUAL model", *Managing Service Quality*, Vol. 19 No. 2, pp. 211-28.
13. Kumbhar, V. M, (2012) 'Reliability of the EBANKQUAL scale: Retesting in internet banking' *Journal of Business Excellence and Management* Vol 2 (2)19-40.
14. Motley, B. L. (2003), *Banks Scoring Better in Customer Satisfaction*, *Journal of Marketing*, Vol 45, 109-115.
15. Oliver, R. L. (1980). *Whence Consumer Loyalty*, *Journal of Marketing*; Vol. 63, Special Issue. South Africa.
16. Parasuraman, A., Zeithaml, A., and Berry, L. L. (1988). *SERVQUAL: A multi-item scale for measuring consumer perceptions of service quality*. *Journal of Retailing*, Vol. 64(1), 12-40.
17. Perreault, E. J., Crago PE, Kirsch RF (2000) Estimation of intrinsic and reflex contributions to muscle dynamics: a modeling study. *IEEE Trans Biomed Eng* 47:1413-1421.
18. Sheth, J., Mittal, B. and B. Newman. (1999). *Consumer Behavior and Beyond*; NY: Harcourt Brace.
19. Winstanley and Martha (1997), *What Drives Customer Satisfaction in Commercial Banking*, 12, 36.