

Relationship Marketing Practices and Customer Loyalty: Evidence from the Banking Industry in Ghana

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Abstract

The present competitive landscape in Ghana's banking industry has accentuated the need for effective management of relationships as a customer retention strategy. The objective of this study is to explore the relationship between Relationship Marketing (RM) and customer loyalty in Ghana's banking industry. In order to achieve the objective of the study, data was collected using questionnaires from 247 relationship marketing staff of universal banks in Ghana. Reliability test and multiple regression analysis were carried out using Statistical Package for Social Sciences (SPSS). The study found that the six RM constructs cumulatively had significant positive effect on customer loyalty. Individually, competence, commitment and communication were found to be significant drivers of customer loyalty. The study recommends that banks desirous of achieving customer loyalty and retention should consider RM as a strategy since it effective practice leads to customer loyalty. In addition, top management must demonstrate genuine commitment and active involvement in relationship marketing issues.

Key words: Banking industry, Customer loyalty, Ghana, Relationship marketing

1. Introduction

Banks are increasingly adopting a relationship-based approach to marketing to increase customer loyalty and retention due to increased competition, changing trends of customer demand and advancement in Information Technology (Gronroos, 1997; Chen & Popovich (2003). The basic philosophy underlying this move is that it costs more to attract new customers than to nurture and develop existing ones. Numerous studies have confirmed this assertion. For example, (Ndubisi, 2003; Rosenberg and Czepiel, 1983) have shown that the cost of serving one loyal customer is five to six times less than the cost of attracting and serving one new customer. Also, Reichheld and Sasser (1990) found that when a company retains just 5 per cent more of its customers, profits could increase by 25 per cent to 125 per cent. Furthermore, Kim and Cha (2002) assert that by reducing customer defections by 15 per cent firms can improve their profitability by 25 to 85 per cent.

Relationship marketing strategy often gives rise to the development of IT systems or applications often referred to Customer Relationship Management (CRM) systems which act as an enabler, synthesizing relevant customer information and making them readily available to various touch points (Chen & Popovich, 2003). This promotes closer targeting for the effective delivery of customer value (Bose, 2002). From a customer's perspective, well-implemented CRM can offer a greater opportunity for effective customer interface that enables customization and personalization (Chen & Popovich, 2003). This means the firm can track the flow of interactions in that at each transaction, relevant account details, knowledge of customer preferences, past transaction and history of a service problem are at the disposal of the person serving or managing the customer (Chen & Popovich (2003). This can result in tremendous service improvement and increased customer value culminating in win-win or positive reciprocal exchanges (Gronroos, 1994; Gronroos, 1997). Relationship marketing aims to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met (Gronroos, 1994). From a company's perspective, RM allows a company to better understand customer value, segment and tier its customer base, better target promotions and cross-selling and even implement alert systems that signal danger of customer defection (Lovelock & Wirtz, 2007).

The financial services sector has often been touted as a fertile ground for the adoption of relationship marketing strategy because most financial services are classified as high-risk and long-term purchases require relationship participation for effective service delivery (Ennew & Binks, 1996). Colgate and Stewart (1998) posit that financial decisions persist throughout life hence customers prefer to remain with their service providers over a long time. One major reason frequently mentioned for the adoption of relationship marketing in the banking sector is competition resulting in the need for the effective management of relationships to ensure long-term beneficial relationships and thereby promote competitive advantage on sustainable basis (Ndubisi, 2003).

1.1 Background Information

The banking industry in Ghana has witnessed significant changes over the past two decades due to liberalization of the financial services sector in 1988 and the progressive transformation of the financial system over the years through legal, financial and institutional reforms (Aryeetey, 2008). The number of major banks with universal banking licence as at

December, 2011 stood at twenty-seven with extensive branch networking as a strategy leading to stiff competition within the industry (BoG, 2011).

Following the liberalization of the banking industry in Ghana, competition has assumed such intensity that the very survival of individual banks has come under serious threat. Evidence of mergers and acquisitions in the past two years attests to this fact. What is more, with growing customer acquisition costs, increased customer expectations and high rate of customer defection, banks have realised the need to foster closer relationships with their customers in order to ensure customer loyalty and retention (Ndubisi, 2003; Rosenberg & Czepiel, 1983).

Against this backdrop, staying ahead of the competition and achieving competitive advantage appear to be one of the critical challenges facing many a bank in Ghana today. RM has, therefore, emerged as a key business strategic option for banks in their bid to hold on to their customers. The lure for RM adoption has been bolstered by the fact that, RM has been a subject of academic research and practice in recent times.

In view of the fact that there are various constructs of relationship marketing practices and their implementations involve cost, it is important to find out which of the constructs have the most influence on customer loyalty. The understanding of the effect of various constructs as well as key mediating variables between RM and customer loyalty would assist banks in reducing cost by concentrating on the most important constructs and mediation variables. However, most of the studies on RM have tended to focus on opinions of customers in order to determine customer loyalty (Cadotte & Turgeon, 1988; Ndubisi, 2003, Ndubisi & Wah, 2005; Narteh, 2009; Dominici & Guzzo, 2010). This study, therefore, sought to explore the relationship between RM and customer loyalty in the Ghanaian banking industry from the banks' own perspective by sampling the views of relationship officers and managers. Specifically to evaluate the effect of Relationship Management constructs and key mediating variables on customer loyalty.

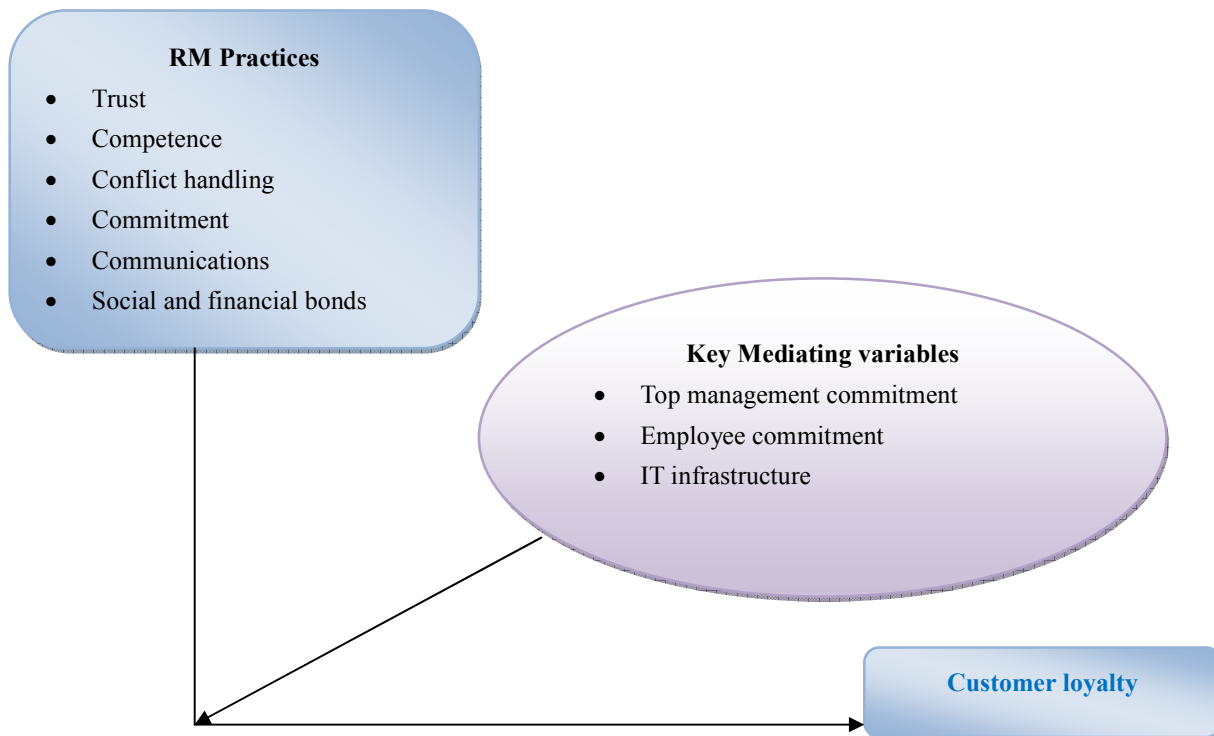
2. Literature Review

A review of extant literature has clearly established that there is a consensus that relationship marketing practice is multi-dimensional (Claycomb & Martin, 2002). Scholars have identified key principles that have been theorized in the relationship marketing literature. For example, trust (Moorman et al., 1993; Morgan & Hunt, 1994), commitment (Morgan & Hunt, 1994; Ndubisi, 2004), competence (Anderson & Weitz, 1989; Chan, 2004), equity (Gundlach & Murphy, 1993), benevolence (Buttle, 1996), empathy (Ndubisi, 2004), conflict handling (Dwyer et al., 1987; Chan, 2004), and communication or sharing of secrets (Crosby et al., 1990; Morgan & Hunt, 1994). However, Ndubisi and Wah, (2005) synthesised the various elements of RM constructs into five key variables to provide a blueprint for the implementation of RM strategy. According to them, the framework for relationship marketing underscores the fact that RM has certain core underpinnings or practices which are clearly delineated by trust, commitment, communication, conflict handling and competence. The study adopts the framework proposed by Ndubisi and Wah (2005) with the inclusion of 'social and financial bonds' to provide a blueprint for the implementation of RM in the Ghanaian setting. The study proceeds to link the resultant RM practices with key mediating variables to determine customer loyalty in Ghana's banking industry.

2.1 Relationship Marketing Practices, Key Mediating Variables and Customer Loyalty

The conceptual framework was developed based on the precepts of relationship marketing, strategic marketing and services marketing literature. These concepts delineate the likely relationships among the components or constructs of relationship marketing. In this regard, the framework assumes that relationship marketing comprises of six dimensional constructs namely trust, competence, conflict handling, commitment, communication and 'social and financial bonds', which are referred to as 'relationship marketing practices'. This study includes 'social and financial bonds' and seeks to establish the mediating effect of top management commitment, employee motivation and IT infrastructure on customer loyalty. Therefore, relationship marketing practices and mediating variables are hypothesised to lead to customer loyalty. Customer loyalty component of this framework focuses more on the behavioural dimensions of loyalty such as relationship longevity or repeat purchase, Share of customer (wallet), Up-Selling, Word-of-Mouth, Cross-selling opportunities and Referrals. Figure 1 depicts the relationships between the constructs of relationship marketing practices coupled with the effect of mediating variables to derive customer loyalty. These relationships are hypothesized to provide a broader framework for understanding the dimensions of RM and how relationship marketing practices can be effectively leveraged by firms to reduce customer defection and increase customer loyalty.

Figure 1: Conceptual Model



Source: Developed for the study

This section integrates the discussions in the previous sections to provide a broader perspective of Relationship Marketing and Customer Loyalty given the effect of mediating variables. In this direction relationship marketing practices and mediating variables are first discussed followed by customer loyalty which is the dependant variable.

2.1.1 Relationship Marketing Practices

A review of current literature on relationship marketing has clearly established that trust has often been mentioned as one of the important underpinnings of relationship marketing. Morgan and Hunt (1994) conceptualised trust as a partner's confidence in an exchange partner's reliability and integrity. It is frequently argued that an abuse of this trust by a service provider will result in customer dissatisfaction and defection (Ndubisi & Wah, 2005). Thus, trust is expected to have positive effect on customer loyalty.

Like trust, commitment is another important variable for determining the strength of a marketing relationship. Hence, it a useful construct for measuring the likelihood of customer loyalty and predicting future purchase frequency (Dwyer, Schur, & Oh,1987; Gundlach, Achrol, & Mentzer ,1995; Morgan & Hunt, 1994). Wilson (1995) observed that commitment was the most common dependent variable used in buyer-seller relationship studies. Since, commitment is higher among individuals who believe that they receive more value from a relationship; highly committed customers are willing to demonstrate higher levels of commitment due to the value they placed on the existing relationship derived from past positive experience. Thus, committed customers are expected to be loyal to the organisation resulting in positive relationship between commitment and customer loyalty (Mowday, Porter, & Steers, 1982). Consequently, highly committed firms are expected to continue to enjoy the benefits of such reciprocal exchanges.

The role of communication in business has been demonstrated over the years to have positive effect on customer acquisition and retention (Schiffman & Kanuk, 2007). The frequency of communication between the parties indicates the strength of the relationship and this is expected to have positive effect on customer loyalty.

Dwyer et al. (1987) viewed conflict handling as a supplier's ability to avoid potential conflict, solve manifest conflicts before they create problems, and discuss solutions openly when problems do arise. Poorly-handled conflicts could also lead to negative word-of-mouth and eventually customer exit. Conflict handling, therefore, is hypothesised to have positive effect on customer loyalty.

Competence is defined as the buyer's (customer's) perception of the supplier's technological and commercial competence (Anderson & Weitz, 1989). Once customers perceive the organisation to be competent, they are more likely to stay with them. Thus, it is assumed that competence as a relationship marketing construct would have positive effect on customer loyalty.

Social bonds refers to the 'the degree of mutual personal friendship and liking shared by the buyer and seller' (Wilson 1995). In relationship management, the root of this type of bond is derived from business-to-business literature, where it was used to indicate good personal relations (Smith, 1998; Williams, Han, & Qualls, 1998). Hsieh, Chiu, and Chiang (2005) argued that organisations which exhibit good social and financial bonds are more likely to retain their customers. On the other hand, financial bonds have been described as frequency marketing or retention marketing, where the service provider uses economic benefits, such as price, discount or other financial incentives to secure customer loyalty (Berry & Parasuraman, 1991). Thus, 'social and financial bonds' is hypothesised to have positive effect on customer loyalty.

2.1.2 Key Mediating Variables

Top management commitment is an essential element for bringing an innovation online and ensuring delivery of promised benefits. Dickie (1999) warns against starting a CRM project if senior management does not fundamentally believe in re-engineering a customer-centric business model. This is because without top management commitment, such initiatives are bound to fail because momentum quickly dies down with negative consequences on customers. Thus, top management commitment or support is expected to have positive effect on customer loyalty.

Additionally, employee motivation is critical in relationship marketing programmes. This is done to reduce employee resistance (Chen and Popovich, 2003) to the implementation of RM. Through employee motivation RM can be successfully implemented to influence customer loyalty positively. Thus, employee motivation is expected to positively influence customer loyalty.

Information technology (IT) has long been recognized as an enabler to radically redesign business processes in order to achieve dramatic improvements in organizational performance (Davenport & Short, 1990; Porter, 1987). CRM applications take full advantage of technology innovations with their ability to collect and analyze data on customer patterns, interpret customer behaviour, develop predictive models, respond with timely and effective customized communications, and deliver product and service value to individual customers. Therefore, IT infrastructure is expected to have positive effect on customer loyalty.

2.1.3 Customer Loyalty

Customer loyalty is defined as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1999). Lovelock, Lewis, and Vandermerve (1999) argue that in business context, loyalty is used to describe the willingness of a customer to continue patronising a firm's goods and services over a long period of time and voluntarily recommending the firm's products to friends and associates. In their view, customers will continue to be loyal to a particular firm if they feel and realise that better value is being offered. Kotler (2000) asserts that the most important consideration to attain high customer loyalty is for firms to deliver high customer value. He further states that it has been the practice by firms to devote much attention and effort to attracting new customers rather than maintaining existing ones, adding that traditionally, firms emphasise more on making sales rather than building relationships. Customer loyalty is seen as one of the major drivers of success. This is acknowledged by Pullman and Gross (2004) who argue that loyal customers are the key to success for many service organizations. Bowen and Shoemaker (1998) indicate that a small increase in loyal customers can result in a considerable increase in profitability.

Loyalty has both an attitudinal and behavioural dimension (Dick & Basu, 1994). Customers who are behaviourally loyal to a firm display more favourable disposition towards the firm relative to competitors (Leverin & Liljander, 2006). However, numerous studies such as (Aldlaigan & Buttle, 2005; Liljander & Roos, 2002; Reinartz & Kumar, 2002) have shown that in

some cases behavioural loyalty such as repeat purchase does not necessarily represent attitudinal loyalty, since other underlying limiting factors, such as distance and monopoly power, might serve as barriers to customer defection.

The link between customer relationship, customer loyalty and profitability has been established (Reichheld & Sasser, 1990). The increased profit from loyalty comes from reduced marketing costs, increased sales and reduced operational costs (Reichheld & Sasser, 1990). Loyal customers are less likely to switch because of price and make more purchases than non-loyal customers (Reichheld & Sasser, 1990). Loyal customers provide strong word-of-mouth, create business referrals, provide references, and serve on advisory boards (Raman, 1999). Raman (1999) states that loyal customers serve as a "fantastic marketing force" by providing recommendations and spreading positive word-of-mouth, increase sales by purchasing a wider variety of the bank's products, make more frequent purchases and cost less to serve, in part, because they know the product and require less attention.

3. Methodology

This study used cross-sectional data collected from 247 Relationship officers and Managers of 15 Banks with universal banking license in Ghana in 2010. This study adopted the survey strategy because it is cross-sectional in nature and cross-sectional studies usually employ the survey strategy (Robson, 1993). The choice for this research design became necessary because it has been found to be suitable for analyzing issues by considering a cross-section of the population at one point in time (Robson, 1993).

Based on a five-point Likert scale ranging from 1 for 'strongly disagree' to 5 for 'strongly agree', one set of questionnaire was developed for relationship officers and relationship managers of the selected banks in the Greater Accra region in 2010. The questions sought to establish the extent of RM practices and customer loyalty, and also to identify the factors that may impact on bank expectations, experiences and perceptions of the quality of relationships built and developed by Ghanaian banks. Fifteen (15) out of the twenty-six (26) banks approached for participation agreed to participate in the study. Purposive sampling technique was used to select the respondents for the study since the study only targeted relationship staff of the respective banks. The population consist of 400 relationship officers and managers of universal banks in Ghana. A total of 247 questionnaires were returned, giving a response rate of 63.75%. The overall response rate is considered quite high when compared to similar research of relationship marketing (Nor & Badriyah 2009). Data was collected through the use of fully structured questionnaires. The questionnaire consisted of both open-ended and close-ended questions. The close-ended questions were developed on a five-point Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree), which sought to elicit information on RM practices, key mediating variables and customer loyalty. The open-ended questions elicited background information of respondents.

Descriptive statistics and multiple regression analysis were used to report results of findings. The Multiple regression analysis was made using the RM practices and mediating variables as the independent (predictor) variables and customer loyalty as the dependent (outcome) variable. Reliability of the measures was assessed by the use of Cronbach's coefficient α . This is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. As a general rule, a coefficient greater than or equal to 0.7 is considered acceptable and a good indication of construct reliability (Nunnally, 1978). The lower limit of acceptability was 0.6 (Sekaran, 2003). The Statistical Package for Social Science (SPSS) software was used in analysing the data.

Quantitative analysis was also done to test the relationship between customer loyalty and customer relationship marketing constructs as well as mediating variables. The model is stated as follows:

$$Cloyal_i = \alpha + \beta_1 TR_i + \beta_2 COM_i + \beta_3 CONF_i + \beta_4 SFBON_i + \beta_5 COMMIT_i + \beta_6 COMPET_i + \beta_7 TMAN_i + \beta_8 EMPLOY_i + \beta_9 ITISSU_i + \epsilon$$

Where:

Cloyal is the dependent variable and is the mean of the construct used to measure customers' loyalty while independent variables are

- TR = Trust
- COM_i = Communication
- CONF = Conflict handling
- SFBON = Social and financial bond
- COMMIT = Communication
- COMPET = Competence
- TMAN = Top Management commitment
- EMPLOY = Employee motivation
- ITISSU = IT Infrastructure
- ϵ = error term

4. Data Analysis and Results

4.1 Extent of Practice of Relationship Marketing

A mean of approximately 4 was obtained for Trust, Communication, Conflict Handling, ‘Social and Financial Bonds’, Commitment and Competence (see table 1). This suggests that on the average, the respondents “agree” that trust, communication, conflict handling, ‘social and financial bonds’, commitment and competence are factored in the RM practices of the banks. The least standard deviation of 0.55 was obtained for Social and Financial Bonds. This means the respondents (irrespective of the bank) have the most related views as far as Social and Financial Bonds as a component of their RM practices are concerned. The highest standard deviation of 0.703 was obtained for commitment. This means the respondents have more diverse views with regards to the issue of commitment (perhaps, commitment depends on the type of bank). These responses were found to be very reliable with Cronbach Alpha value of at least 0.70. (See Table 1). Comparatively, the banks pay the biggest attention to trust in their RM practice. This is followed by conflict handling, communication, commitment, competence and social and financial bonds respectively.

Table 1: Extent of RM Practices by Banks in Ghana

RM practices	N	Cronbach Alpha	Mean	Std. De.
Trust	235	0.79	4.1515	.57426
Communication	244	0.79	3.8514	.68547
Social and Financial Bonds	229	0.75	3.6479	.55014
Conflict Handling	244	0.80	3.9139	.67531
Commitment	229	0.84	3.8046	.70343
Competence	234	0.85	3.7590	.70170

4.1.1 Extent of Practice Mediating Variables

In Table 2, a mean of approximately 4 was obtained for top management commitment and I.T. infrastructure. This means on the average, the respondents “agree” that top management commitment and I.T. infrastructure are among the mediating variables that moderate the relationship with RM practices of banks in Ghana to produce customer loyalty. A mean of approximately 3 was obtained for employee motivation. This means on the average, the respondents “are neutral” as to whether Employee motivation is necessarily addressed by the various banks in their practice of RM. The least standard deviation of 0.62 was obtained for employee motivation. This means the respondents (irrespective the bank) have the most similar views as far as Employee motivation as a component of the mediating variables is concerned. The highest standard deviation of 0.708 was obtained for I.T. infrastructure. This means the respondents have more diverse views with regards to the issue of I.T infrastructure. Comparatively, the mediating variable the banks are most concerned about is Top Management Commitment. This is followed by I.T. infrastructure and Employee Motivation, respectively.

Table 2: Perceived State of Mediating Variables

Practices of the antecedents	N	Cronbach Alpha	Mean	Std. Dev
I.T. Infrastructure	226	0.79	3.9991	.70842
Top Management Commitment	226	0.79	4.0243	.63637
Employee Motivation	223	0.75	3.4234	.62076

4.3 Regression Results

The regression model was used to determine how the six RM practices and the three mediating variables impact on customers’ decision to remain loyal to their banks (see Table 3). The results showed that there is a significant relationship between RM and customer loyalty ($p < 0.05$). This means competence, communication, conflict handling, commitment, ‘social and financial’, and trust jointly determine customer loyalty. An R-Square of 0.563 was obtained indicating that all six relationship marketing practices jointly determine 56.3 % of customer loyalty. An attempt made to estimate how the individual variables contribute to customer loyalty revealed that amongst the six practices of RM, competence is the chief driver of customer loyalty, followed by commitment, communication, ‘social and financial bonds’, conflict handling and trust respectively. The findings also revealed that competence, commitment and communication have significant relationship with customer loyalty with ($p < 0.05$) hence they constitute the major determinants of customer loyalty in Ghana’s banking industry. On the other hand, ‘social and financial bonds’, trust and conflict handling were not significant in their relationship to customer loyalty.

Table 3: Customer loyalty with regards to RM practices (Coefficients)

	Unstandardized Coefficients		Standardized Coefficients	t-statistics	p-Values
	Beta	Std. Error	Beta		
(Constant)	1.074	0.215		4.998	0.000
Trust	-0.035	0.069	-0.038	-0.516	0.607
Communication	0.127	0.062	0.161	2.034	0.043
Social and Financial Bonds	0.077	0.066	0.079	1.166	0.245
Conflict Handling	0.055	0.053	0.070	1.036	0.301
Commitment	0.174	0.059	0.235	2.941	0.004
Competence	0.276	0.059	0.364	4.692	0.000
Top Management Commitment	0.162	0.058	0.195	2.779	0.006
I.T. Infrastructure	0.033	0.048	0.045	0.676	0.500
Employee Motivation	0.212	0.049	0.250	4.361	0.000
R-Square	0.563				
F-Value	40.106				
P-probability	0.000				
No of observation	247				

4.2.1 Mediator Test

Mediator test was conducted to evaluate the strength of mediation between the mediators being top management commitment, IT infrastructure and employee motivation on customer loyalty. Table 4 shows evidence of mediation using the mediator tests of Sobel, Aroian and Goodman with their respective Z-values and associated p-values. The results indicate strong evidence of mediation for top management commitment and employee motivation with p-values of 0.006 and 0.000 respectively. In the case of IT infrastructure, the result indicates weak evidence of mediation with the resultant p-value of about 0.500.

Table 4: Mediation Tests Results

		Tests	Z-value	P-value
Top management commitment	Sobel	2.731		0.006
	Aroian	2.725		0.006
	Goodman	2.737		0.006
I.T. Infrastructure	Sobel		0.674	0.499
	Aroian		0.673	0.501
	Goodman		0.677	0.498
Employee motivation	Sobel		3.905	0.000
	Aroian		3.886	0.000
	Goodman		3.926	0.000

5. Discussion of Results

Customer retention in Ghana’s banking industry has become a central issue to bank managers in their deposit mobilization efforts. In an era of mounting competition, the need to maintain mutually beneficial lasting relationship with valued clients cannot be underestimated.

In the light of this, the study provides managerial implications for bank managers as well as relationship marketers. The theoretical implication of this research is that the study provides empirical evidence within the Ghanaian context that the six practices of RM namely: competence, trust, commitment, communication, ‘social and financial bonds’, and conflict handling collectively have positive impact on customer loyalty. This is evidenced by the fact that 56.3% explains the contribution of relationship marketing practices to customer loyalty in the resultant regression. It, therefore, builds on earlier

works in the area of relationship marketing and customer satisfaction and loyalty (Ndubisi, 2007; Ndubisi, 2004; Lee-Kelley et al., 2003; Leverin and Liljander, 2006; Guenzi and Pelloni, 2004) which linked RM practices to customer loyalty. This study, thus, adds value to the literature by empirically linking RM practices and mediating variables to customer loyalty in Ghana's context.

The findings showed that, if a bank wants to achieve a high rate of customer loyalty, then RM has to be considered as a strategy. In other words, banks must make continuous efforts to effectively manage their relationships with their customers because the manner in which they build and maintain these relationships will affect their loyalty. Specifically, banks must take the necessary steps to improve upon their competence since competence has been found in this study to be a chief driver of customer loyalty. This confirms prior studies of Parasuraman et al. (1988) and Ndubisi and Wah (2005) who identified competence as a key variable influencing customer satisfaction/loyalty in service offerings. In this regard, managers must have a greater understanding of the needs of their customers and see a customer's experience as crucial to the long term survival of the firm. In improving competence levels, managers should take the necessary steps to deploy knowledgeable staff and equip them with the requisite skills in relationship management to enable them provide stellar services whilst being passionate about service quality. Therefore, intensive technical training programmes are required to deliver services that are satisfactory and delightful. Continuous training and investment in customer service are needed to ensure consistency in quality service delivery. Employees in turn must display a strong and enduring desire to provide first class service to the customers to win their confidence. These factors in combination drive customer loyalty and increased customer retention.

Trust, as revealed by the findings, showed a rather negative relationship with customer loyalty but the relationship is insignificant. This means that respondents do not consider trust as a primary factor in determining customer loyalty. A possible explanation to this is that banks in Ghana are, generally, trustworthy perhaps due the sound regulatory framework in the country that ensures that banks adopt sound banking practices in conformity to regulatory standards; hence customers have no reasons to worry about trust. Trust then should be viewed as a 'hygiene' factor, which is not readily recognised by customers but its absence could have negative consequences. Therefore, while banks seeking to enhance customer loyalty should not focus too much on trust as a primary determinant of customer loyalty in Ghanaian banking industry, they should nonetheless pay heed to issues of trust since a breach of trust can lead to lack of confidence in the bank. Managers must, therefore, put in place measures that will lead to trusting relationships. Managers must thus, make efforts to keep promises made to customers, keep customers information confidential and provide quality service that will win the confidence of their customers.

Commitment proved to be a strong determinant of customer loyalty. This confirms earlier findings by Ndubisi and Wah (2005), Ndubisi et al. (2007), and Ndubisi (2006). The practical implication to managers is that, managers must show keen enthusiasm and commitment in making frequent changes to meet the ever-changing customer needs and requirements. By this, banks must be committed to the needs of the customers by making adjustments to suit customers' needs, offering personalized services to meet customers' personal needs, showing genuine commitment to customer relations by clearly understanding customers' needs and innovatively serving them.

Furthermore, if banks want to increase customer loyalty, they must encourage the building of strong relational ties in the form of social bonds between their employees and customers. While this was not found to be significant in generating customer loyalty or satisfaction as in Hofstede (1980) and Narteh (2009), it would be prudent not to disregard the value of social bonds altogether since Ghana is a collectivist society, while not emphasising it as a key factor contributing to customer loyalty. Employees must, therefore, periodically check on their customers, send customers special gifts on special occasions such as 'surprise' birthday cards and flowers. Not only must banks show concern for customer needs, they must take steps to also involve customers in their social functions and treat them as real friends and partners, not just customers. If possible, banks should go the extra mile to participate in family events of their customers. In a collectivist society such as Ghana, a high premium is place on such social events such as funerals. Also, with respect to financial bonds, banks must offer more discounts to customers and design special financial packages for their customers to help bolster customer loyalty.

It is imperative to understand that while the RM practices are crucially important for the success of any RM programme or strategy, concentrating on the RM practices without the critical complementary role of the key mediating variables could potentially undermine success. Two mediating variables (top management commitment, employee motivation) showed strong evidence of mediation between RM practices and customer loyalty. As regards top management commitment, there is indication that top management commitment effectively mediated the relationship between RM and customer loyalty. The existence of stiff competition in Ghana's banking industry could probably explain the growing emphasis of top management commitment. Hence, when top management is keenly involved in relationship building efforts with banks having senior managers to oversee and champion the entire process; ensuring effective supervision; shaping values and re-engineering customer-centric focus; these issues together will enhance the potential of RM to achieving increased customer loyalty.

Underlying top management commitment is the growing realization that relationship management and service quality issues offer a sustainable competitive advantage.

Also, when employees are well trained and given the necessary tools to serve customers, given extra incentive and adequate remuneration, and employee appraisal is based on customer-centric criteria; there is a greater chance that RM will achieve the desired result of attaining increased customer loyalty.

It is worthy of note that IT infrastructure did not effectively mediate the relationship between RM practices and customer loyal in this study. The likely explanation to this is that banks in Ghana do not effectively harness the full potential of IT to manage relationships so its significance did not readily come to the fore in the estimation of respondents. It is not uncommon to find banks in Ghana still addressing letters to their customers in a generic form such as 'Dear Valued Customer' instead of the specific names of the customers which shows that the bank knows and connects well with its customers. It is also significant to note that the benefit of IT is diffused. Consequently, IT contributes directly and indirectly to the output of nearly all the variables of RM practices and the other mediating variable (top management commitment and employee motivation) since they depend largely on IT to function effectively. It stands to reason, therefore, that the pervasive influence of IT as an enabler makes it an indispensable force in any RM strategy notwithstanding the fact that it did not effectively mediate the relationship.

6. Managerial Implications

This study focused mainly on RM practices and customer loyalty and proceeds to establish the effect of mediating variables between RM practices and customer loyalty in the banking industry. The empirical results of this study clearly underscore the following.

- Customer loyalty would increase with the implementation of RM as strategy.
- There is greater chance of achieving customer loyalty if the 3 RM constructs (competence, conflict handling, communication) plus the two (2) mediating variables (top management commitment, employee motivation) are emphasised while not overlooking the pervasive influence of IT as a critical success factor .

The finding implies that if a bank wants to achieve a high rate of customer loyalty, then RM has to be considered as a strategy. An investment in RM skills is likely to provide the bank with a reasonable return (Narteh, 2009).

Specifically, banks must take the necessary steps to improve upon their competence through technical training programmes. Continuous training and investment in customer service as well as technical training are needed to ensure consistency in quality service delivery. Employees in turn must display a desire to provide first class service to customers to win their confidence. These factors in combination lead to customer loyalty.

Banks must also design effective service recovery scheme that will promptly respond to occasional service failures and empower frontline staff to be able to handle customer complaints on the spot without undue delays.

Banks must also communicate frequently with their customers using integrated communications approach which harnesses and harmonises the potential of the multiple communications platforms at their disposal to derive synergistic value from its total communications efforts. A combination of direct marketing tools such as telephone, emails, and direct mail, as well as mass media platforms will help maximise the overall communication experience of the customer and thereby contribute to customer loyalty since communication came out as a significant driver of customer loyalty.

7. Limitations and Future Research

This study is limited to the extent that it interviewed only 15 banks out of the twenty-six banks within the Greater Accra region of Ghana. The study recommends that future research should include more banks so that the findings could be more generally applicable to the entire banking industry. The study also excluded the rural banks and banks performing regulatory functions such as ARP Apex bank and the Bank of Ghana. The study again was only limited to the banking industry which is only an aspect of the financial services industry. Future research on the topic could go beyond the banking industry and look at the financial services industry as a whole.

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