IMPACT OF CUSTOMERS' RETENTION ON ORGANIZATIONAL PRODUCTIVITY IN NIGERIAN MONEY DEPOSIT BANK

(A CASE STUDY GURANTTEE TRUST BANK UNITY ROAD ILORIN)

BY

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CERTIFICATION

This is to certify that this project was carried out by HND/23/BAM/FT/318. This project has been read and approved as meeting part of the requirement for the award of Higher National Diploma in Business Administration and Management Kwara State Polytechnic, Ilorin.

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DEDICATION

This project work is dedicated to Almighty GOD for his blessings bestow on me and to my dearest parents

ACKNOWLEDGEMENT

I want to appreciate God almighty for giving me the opportunity to complete my HND,I thank God for the strength, knowledge and unfailing love toward me all through this period. I would like to express my gratitude and appreciation to all those who gave me the possibility to complete this program. Special thanks is to my project supervisor Mr Alakoso I.K for his support towards the sustenance of this project. My profound gratitude goes to every life-shaper in the forms of my lecturers that all through the years have instilled good knowledge in me and for their continuous guidance and advice given from time to time. My heartfelt appreciation goes to my parents Mr & Mrs ABDULLAHI AJIBADE (may both eat the fruit of their labor) My profound gratitude goes to OLADIRAN OLAWUMI for rigid support during my HND program thanks for the love, care and shelter. i want you to know how much I love, cherish and appreciate you. You're the best. Lastly my appreciation goes to my friends thanks for your support in one way other I appreciate you guys, thank you for always been there for me ,through the good times and the bad time. May God reward you, Amen

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CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Business organizations have been increasingly concerned about how to achieve and improve upon their performance level. Though organizational performance is a measure of a number of factors such as financial, non-financial and operational on a wide spectrum but specifically profitability, growth, increased sales turnover, are some of the common measures in the existing literature. The identified measures might become impossible task if customers are not properly reckoned with and that is why efficient Customer Relationship Management (CRM) must been seen as a strategy by contemporary managers.

An efficient CRM will not ensure attracting customers but will ensure their retention with the organization. A business entity retains its customers by satisfying them for instance with value and good feeling. Business organizations wishing to remain competitive in a treacherous business environment have to ensure customer satisfaction in order to establish an appropriate customer retention strategy in order to enjoy excellent organizational performance. A somewhat more consistent finding is that organizational performance and characteristics are related to customer satisfaction (Han, Back and Barrett, 2009). Thus, when an organization is experiencing poor performance, there is pressure to reposition the customers mind set about the organization. To achieve this, organizations need to continuously investigate customer needs and meet them (Rootman, 2006). Therefore there is need for reliability, credibility, and attractiveness and having empathy in order for business to retain its customers.

However, Nigerian banking industry has been unable to retain customers due to customers' lack of confidence following the experiences of the loss of savings in some banks that folded up. Cases of multiple account running, neglected accounts and rate at which customer.

From service quality compromise to poor organization representatives attitude (customer care personnel poor attitude), it is highly regrettable that banks performances continue to drop as customers defect in thousands. Research has shown that the cost of attracting a new customer is estimated to be five times the cost of keeping a current customer happy. This suggest that banking industry in the country, to a great extent, is responsible for customers defection and must be ready to develop appropriate CRM in order to achieve desired level of organizational performance.

Based on these existing issues, this study intends to establish the implication of this scenario on the performance of the organization and to other stakeholders as the study contributes significantly to the relevance of efficient customer relationship management in the banking sector as a way to ensuring customer retention and overcome mass customer defection.

Also, the study will be of a great importance to the policy makers as they seek to improve the policies concerning customer retention and help researchers as the study contributes to theoretical and empirical knowledge on Customer Relations Management (CRM)**.**

1.2 Statements of Problem

In the world of business, there are plenty of bridges to cross and battles to fight. The crowded market space has only become more crowded over the past few years making it harder for brands and easier for customers with the range of choices at their disposal. Brands are left to ask: How do we attract more customers? How do we make sure these new customers like us enough to come back again? How can we then guarantee them an experience that will motivate them to keep coming back? How much do we spend on marketing, there for? What about maintaining the existing customer base? All of this boils down to Customer Retention.

Service sector is therefore, one of the important segments for the global economic growth. Its global Gross Domestic Product (GDP) has been rapidly expanding and has accounted for about two thirds of the world’s trade (Lo et al. 2007). At present, knowledge cum labor-intensive service industries such as information and communication technology, financial, healthcare, entertainment, biotechnology and education are the world’s crucial fortune initiating industries (MITI, 2011). As such, the Nigerian economy has involved in a structural transformation from the manufacturing to services sector.

1.3 Research Questions

The following research questions are raised to aid the study.

- What are the effects of customers’ retention on organizational productivity?
- Does customers’ retention enhance organizational growth?
- What is the relationship between customers’ retention and profitability index?

1.4 Objective of the Study

The general objective of this study is to examine the effect of customer retention on organizational productivity. The specific objectives include:

- To examine the effects of customers’ retention on organizational productivity
- To examine the extent to which customers’ retention enhance organizational growth

- To examine the relationship between customers' retention and profitability index

1.5 Research of Hypotheses

Ho1: Customers' retention does not have effect on organizational productivity

Ho2: Customers' retention does not enhance organizational growth

Ho3: There are no relationship between customers' retention and profitability index

1.6 Scope of the Study

The study covers all the business organizations in Kwara State State. However, due to time and financial constraint, the researcher limited the study only to Guaranty Trust Bank Plc, Unity Branch. Therefore this study seeks to empirically investigate on the effect of customer retention on organizational productivity

1.7 Significance of the Study

This study explores the impact of customer retention towards customer satisfaction which is treated as a key measurement of the firm's non-financial performance. The findings of this study are expected to provide several useful and meaningful implications for both academics and practitioners alike. However, this research work will go a long way in helping an business organization in the following ways:

Business firms will understand that customer retention is indeed a highly reliable measurement of non-financial performance for service-oriented firms, in general and retailers, in particular.

A research into the effect of customer retention will help a business organization to identity the factors influencing customer retention.

Data generated from the study will help an organization to evaluate their performance on quality service delivery as an aspect of customer retention.

The study will go a long way to boost the database of existing literature pertaining to customer retention within the retailing sector.

The study shall provide information on what strategies similar organizations can adopt to achieve customer

1.8 Definition of Terms

Customer: in sales, commerce and economics, a customer is the recipient of a good, service, product or an idea – obtained from a seller, vendor, or supplier via a financial transaction or exchange for money or some other valuable consideration.

Customer retention: customer retention refers to the ability of a company or product to retain its customers over some specified period.

Organizational productivity: This a set of performance management and analytic processes that enables the management of an organization's performance to achieve one or more pre-selected goals

Compensation: compensation refers to all forms of financial and non financial returns and benefits employees receive as part of employment reward.

Productivity: it is an economic measure of output per unit of input. Inputs includelabour and capital, while output is typically measured in revenues and other gross domestic product (GDP).

Employees: An individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties.

CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter is a review of existing literatures by other researchers which are relevant to the area of the research being conducted on the effect of outsourcing on organizational productivity. More specifically, it is a documentation of available knowledge on some issues concerning the dependent and independent variables being discussed in this research. It is made up of: the conceptual framework which includes definitions, concepts, and terminologies related to the research study, the theoretical framework which includes a review of various theories related to this research, and the empirical framework made up of the conclusions drawn by researchers in the area of interest concerning this research study.

2.1.1 Conceptual Framework

Organization has been conceptualized in a number of ways: as a process, as a structure of relationship, as a group of persons and as a system. Muo, (2015) observed that an organization is 'a legal entity established to achieve specified objectives through the optimal utilization of resources and management of the input-output processes'. He described the central objective of any organization as performance. Robbins, (2013) defines Organization as ' a consciously coordinated social unit, composed of two or more people that functions as a relatively continuous basis to achieve common goals or set of goals.' Therefore, organization is a social unit of people that is structured and managed to meet a need or to pursue collective goals. An organization is already formed when there is cooperation between or among people to achieve some objectives in a synergistic form. Weber, (2017) looks at the concept of organization from a wider perspective as he distinguished between corporate and social organizations.

From the above views, a business organization is based on the following assumptions: Large structure which does not permit face-to-face leadership; it is a complex whole; it is an attempt of conscious rationality; it has objectives; and It is universal. Objectives of organizations vary with the underlying objective of performance cutting across the board; it could be broadly classified as financial and non-financial objectives: profitability, product quality, customer satisfaction, survival, continuity, etc. That is why performance' is a multifaceted phenomenon. Therefore, organizational performance encapsulates financial, non-financial and operational performance.

Like organizational performance, customer retention has been discussed extensively too by notable authors (Zineldin, 2010; Swift, 2011; Fill, 2005 & Ramakrishmani, 2006). It evolves from two concepts 'customer' and 'retention'. A customer is an individual who engages in business transaction with an organization while in the words of Dawes, (2009); retention simply means 'a number of customers who stay with the service during the set period of time'. In their opinion, Heskett, Sasser & Schlesinger, (1997) described retention as 'an active relationships between customer and service provider which create revenue from the sale of the initial product or service'. Zineldin, (2000) defines customer retention as a rate – percentage of the customers at the beginning of the period which are still remaining customers at the end of the period. Swift, (2001) in his definition highlights that the retained customers has to be also loyal and profitable. Thus one can rightly describe customer retention as the activity that a selling organization undertakes in order to reduce customer defections.

According to Fill, (2005), customer retention is the phase where deep relationships have been established and parts meet individual and joint goals. Ramakrishmani, (2006) described customer retention as ‘the marketing goal of keeping your customers from going to the competitor’. It entails keeping customers active with the firms and involves the optimal allocation of marketing resources (Kotelnikov, 2006). Achieving customer satisfaction is the ultimate goal here and so many things determine customer satisfaction among which is specific product or service features, perceptions of the product or the service, service quality, price, attitude of customer care personnel, customers personal factors, mood and emotional state (Kotler and Keller, 2006; Zeithaml., 2006). From the perspective of customer service all of those are to be adequately managed. To get customers satisfied encapsulate how they have been treated during the service delivery, they are more likely to come back and make additional purchases, implicating that they will become loyal customers (Berndt, 2009). Satisfied customers are the only true assets of an organization, and customer satisfaction is the only justification for an organization’s existence. Organizations like bank should therefore ensure customers satisfaction in order to ensure their retention.

Banks as a provider of financial services, financial intermediaries and key participants in a nation's payment system cannot afford to be losing customers at random. In order to achieve customer retention, banks must operate in a strategic manner by ensuring that their financial service activities, whether it is canvassing of deposits, extending credit line or in selling ancillary services address customers changing needs. A number of reasons have been advanced for customer retention in the banking industry. One of such is the need for sound financial objective. Research has shown that the cost of attracting a new customer is estimated to be five times the cost of keeping a current customer happy. The key factors influencing customers' selection of a bank include the range of services, rates, fees and prices charged (Nyasha, 2013). Therefore, service excellence, meeting client needs, and providing innovative products are essential to succeed in the banking industry. All these are embedded in efficient CRM which guarantee customer satisfaction and retention. Previous studies such as Kotler and Armstrong, (1995), Viriri, Muzividzi, Chinoda, Marufu and Muzuwa, (2013), Nwankwo and Ajemunigbohun, (2013) have identified this stand. It will not be out of place for banks especially Union Bank of Nigeria Plc to adopt this best approach. Observed current rebranding of the bank might not provide answers to the reasons why customers have defected to new generation banks. Therefore, this study have considered inefficient customer relationship management as one of the big challenge which desire empirical findings in order to establish it or otherwise. Although some claim exists however, this study is specific in nature as it looks into Union bank of Nigeria.

Reichheld, (1996) resource- based view provide a satisfactory explanation on customer retention and organizational performance (Keramati, Mehrabi and Mojir, 2010; Rapp, Trainor and Agnihotri, 2010). Reichheld cited a three-track approach in a study of service companies by Bain & Co. According to Reichheld, firms should strive to find and attract the right customers, employees and investors. His idea is based on the fact that loyal employees and investors who share the same vision of long-time relationship will be able to grow a crop of loyal customers for the firm. In attracting new customers, he urged firms to be aware of the different "loyal coefficient" which is the amount of economic forces required to switch customers from provider to the other. The easiest customer to win is likely to be the quickest to leave. In his own words, Reichheld commented: “The customers who glide into your arms for a minimal price are the same customers who dance away with someone else at the slightest enticement”. Reichheld argues that there are some customers who do not desire a long-term relationship with the firm. In contrast, there are others who desire long-term relationship with the firm and as a result buy frequently, ready to pay premium and promptly and cost less to serve them. There are little empirical researches that investigate the reasons result in customer retention and organizational performance in Nigeria banking sector. Previous surveys focused on identifying factors which causing customer retention. Others researches have focused on developing measures of customer satisfaction, customer value and customer loyalty (Dawkins and Reichheld, 1990; Fisher, 2001; Marple and Zimmerman, 1999; Page, Pitt, and Berthon, 1996; Reichheld and Kenny, 1990), without specifically looking into the extent to which customer retention affect organizational performance from the perspective of customers and management in Nigeria banking sector. Studies have shown that a dissatisfied customer will tell 5 to 10 people about their experience while a positive customer will tell 1 to 5 people about their experience.

For years it has been known that customer retention was a cheaper option to acquisition. Early research suggested it to costs 10 times to acquire a new customer but it ranges from 2 to 20 times depending on the industry (Kemp, 2003). In another research, Beckett, Hewer and Howcroft, (2000) found interesting conclusions as to why consumers appear to remain loyal to the same financial provider such as banks, in spite of in many factors they hold less favorable views toward these service providers. For example, many consumers appear to perceive little differentiation between banks, because according to their opinion, the change of banks essentially is useless. Secondly, consumers appear motivated by convenience. Finally, consumers associate changing banks with high switching costs in terms of the potential sacrifice and effort involved. Furthermore, it is necessary for bank management to be carefully considering the factors that might increase customer loyalty and retention rates. A business entity retains its customers by satisfying them for instance with value and good feeling. A satisfied customer will tell 1 to 5 people about his experience and is likely to remain loyal to the business. The customer will continuously seek out the business product at whatever price. Therefore there is need for reliability, credibility, and attractiveness and having empathy in order for business to retain its customers.

Customer retention can also have a direct influence upon profitability. Carroll and Rose, (1993) take an economic view of customer retention noting that all customers' do not generate value and suggest that financial institutions should focus retention strategies on the value producing segment. Czepiel and Reddy, (1993) use the concepts of relationship strength and relative perceived performance as mediating variables as they attempted to predict future usage of bank services using past usage, knowledge of the business, bank seeks the business and price. It is clear that there are compelling arguments for bank management to carefully consider the factors that might increase customer retention rates, with research providing ample justification for customer retention efforts by banks (Fisher, 2001). However, there has been little empirical research that investigates the constructs leading to customer retention in the Nigeria banking industry.

Therefore, Customer retention affects both revenues and cost in the equation of profitability which is a factor of performance. This equation equates profitability to be equal to revenue less cost. Revenue is enhanced due to increased sales and costs are lowered one to lesser generation and marketing costs of such revenues (Carrier and Povel, 2003). When service quality is poor, dissatisfaction will arise and affect the switching intentions of the customers in industry. According to Lemon, White and Winer, (2002) customers decide whether or not to come back they consider not only current and past evaluations of organization's performance (service quality, satisfaction) they also evaluate future expectations (future benefits and future regret).

2.1.2 Effect of Customer Retention on organization

Customer satisfaction is defined as a sense of comfort and attachment that results from achieving customer's expectation and anticipation (Mulindwa, 2015). Customer satisfaction can be also described as a pleasant experience that creates an emotional bond between a customer and the firm (Seiders, Voss, Grewal & Godfrey, 2015; Yee, Yeung & Edwin, 2018). However, level of satisfaction differs across individual customers despite their experience with similar service providers (Mulindwa, 2015). Customers with greater satisfaction level would frequently buy in larger volume besides acquiring new products from the same provider (Burke Incorporated, 2013; Mulindwa, 2015). They are also known for spreading news about their favorable experiences among their social circles. According to Senge, (2013), most marketing theory and practice centers are on the art of attracting new customers rather than on retaining and cultivating existing ones, the emphasis traditionally has been on making sales rather than building relationships. A company would be wise to measure customer satisfaction regularly because the key to customer retention is customer satisfaction. A highly satisfied customer stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favorably about the company and its product, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the company and cost less to serve than new customers because transactions are routine. Some companies think that, getting a sense of customer satisfaction is by tallying customer complaints, but 96% of unsatisfied customers do not complain but many just stop buying. In addition, reasonable price, efficient customer service and good handling of customers' dissatisfaction are essential ways to create and maintain a satisfied customer (Burke Incorporated, 2013; Yee, Yeung & Edwin, 2012). Customer's perception towards firm's performance is also seen as a catalyst in satisfying customers as it is believed that customers who are satisfied and contended with the firm's performance would be loyalists of the firm (Gustafsson, Johnson, & Roos, 2015; Seo, Ranganathan, & Babad, 2018). On the other hand, satisfied customers are patrons who will probably recommend and continue purchasing from the provider due to their satisfaction with the firm. Meanwhile, dissatisfied customers are believed to discontinue their purchases with firms besides not recommending firm to others due to their dissatisfaction level. However, the attitude of vulnerable customers towards the firm is susceptible due to their marginal satisfaction with the firm. Firm's loyalty program that rewards customers based on their cumulative purchases is an essential way to enhance customer loyalty besides being an indirect effort to enhance customer retention practice (Lewis, 2013). Customer loyalty denotes as the sense of bonding that a customer has towards a firm and its offerings which enhances their stay with the firm. Attitude of loyal customers certainly favor the firm as the loyal customers will stay longer and increase their purchases besides being customer evangelists (Oyeniyi & Joachim, 2018). Loyal customers can be grouped into four segments namely secured, satisfied, vulnerable and dissatisfied (Burke Incorporated, 2013).

2.1.3 Customer Retention Strategies

A starting point for the development of relationships and, hence, bonding is to create interdependencies between supplier and customer (Turnbull & Wilson, 2014). These interdependencies are built upon the resources that these firms possess, the activities that they perform or the actors that represent them (Håkansson & Snehota, 2013). From the service marketing perspective, customer retention has been conceptualized as a consequence of customer-perceived service quality and customer satisfaction (Berry & Parasuraman, 2013; Zeithaml & Bitner, 2014). A provider of services, based on such a cause-and-effect model, could therefore focus on progressively closing the gaps between customer expectations and experiences of service quality. Based on a survey of service providers, Payne and Frow, (2014), offered a four-step framework: define the market structure, segment the customer base and determine segment value, identify segments' service needs and implement a segmented service strategy. They claimed that the framework enables firms to allocate appropriate budgets to various segments of customers according to their projected lifetime profitability from the industrial marketing perspective, core products are often of little significance to potential buyers. Augmented products such as technical advice and long-term costs of maintenance and operation tend to be more important than functional features and selling price. Turnbull and Wilson, (2015), argued that firms should protect their profitable customer relationships through not only social but also structural bonds. Social bonds, according to Turnbull and Wilson, (2015), refer to positive interpersonal relationships between employees in the buyer and seller organizations. Although they did not provide an explicit definition of structural bonds they implied through their illustrations that structural bonds are built upon joint investments which cannot be retrieved when the relationship ends. Structural bonds therefore help create value for customers by saving the costs of retraining or making a new investment with a new supplier. Resources may be in the form of financial, network position and skills or a set of technologies. Activities refer to what they jointly do such as research and development. While the industrial marketing perspective acknowledges the nature of the product to be an important determinant of the process of buying, the business-to-business (B2B) marketing perspective recognizes the nature of customers, i.e. that businesses have multiple and interconnected relationships (Ford, Gadde, Håkansson, Lundgren, Shehota, Turnbull & Wilson, 2018). Potential strategies that reflect best practices in industry were drawn primarily from consulting experience. According to Reichheld, (2014), head of Bain & Co.'s customer retention practice, `successful' firms retain their customers, not just by focusing on customer retention, but also employee and investor retention. He proposed a three-pronged approach to managing customer retention which involves finding and acquiring the right customers, employees and investors (Reichheld, 2014). Reichheld, (2014), idea rests on the notion that disloyal employees are probably not able to build an inventory of loyal customers and disloyal investors do not support long-term relationship programmes. He emphasized the need for maintaining a team of customers, employees and investors that share the same vision of a long-term relationship. In acquiring new customers, he reminded firms to be aware of the different `loyalty coefficients.

2.1.4 Factors affecting customer retention strategies

Most challenges faced by the organization in retaining their customers are high expectation of customers, competitors' products, services, and customers' loyalty to the organization. Customers were questioned to find out how satisfied they were with the retention strategies used by the organization. The findings show that, customers are not satisfied with the response to customer complaints and are not sure of the quality products assurance (Lake, 2018).

2.1.5 Organizational Productivity

Though financial productivity (FP) metrics are the generic tool to assess firm's productivity, recent studies claim that non-financial productivity (NFP) metrics are of equal importance in measuring productivity of firms particularly within the service sector (Gupta and Zeithaml, 2006; Ryals and Knox, 2005; Larivie're and Poel, 2005; Avci, 2010; Kaplan and Norton, 2001; Reichel and Haber, 2005). Accordingly, firms operating within the retailing sector, a key component of the service sector, are also increasingly utilizing NFP metrics to evaluate their productivity (Ryals and Knox, 2005; Avci, 2010; Reichel and Haber, 2005). This is because NFP metrics center on the long-term success of firms by concentrating on customer satisfaction, internal business process efficiency, innovation and employee satisfaction (Reichheld and Schefter, 2000; Avci, 2010; Laitini, 2002).

Furthermore, NFP plays a major role in assessing the productivity of service firms and due to the nature of the service firms which provide mostly intangible services, depending on manpower and customer centric (Stengel, 2003; Avci, 2010). Besides that, it is also very challenging to collect financial information from companies due to confidentiality concern unless they are public listed companies. Customer satisfaction is believed to be a vital element in evaluating the non-financial productivity of firms particularly service oriented firms (Trasorras, 2009; Avci, 2010; Zeithaml, 1996; Eggert and Ulaga, 2002). This is in line with the past researches which discovered a linear relationship between customer retention and customer satisfaction (Kumar, 2007; Gomez, 2004; Lopez, 2007). It is learnt that firm productivity can be enhanced with the customers who are delighted when the service provided is above their expectations (Trasorras, 2009; Zeithaml, 1996; Eggert and Ulaga, 2002; Bowen and Chen, 2001). As such, it is vital for both academics and practitioners alike to comprehend the forerunners and effects of customer satisfaction. Since the last decade, numerous researchers have identified service quality, customer expectations, disconfirmation, productivity, desires, affect and equity as attributes of customer satisfaction (Gupta and Zeithaml, 2006; Trasorras, 2009; Stengel, 2003; Kumar, 2007; Ahmad Jamal and Kamal Naser, 2002).

Satisfied customers always make repeat purchases by buying again and again from the current firm or service provider because customers feel that their needs are fulfilled by shopping at these firms and they tend to stay loyal with the firms (Buttle, 2004; Honts and Hanson, 2011; Ahmad Jamal and Kamal Naser, 2002). These customers will also prefer to shop at the current firm and consider them as part of their consideration set when they intend to purchase in the future probably because there is no contractual obligation between them (Honts and Hanson, 2011; Cho, 2006). As a consequence, customers feel comfortable to shop with the firm and this in turn improves firm productivity (Avci, 2010; Zeithaml, 1996). Besides, they would be delighted to continue the purchasing relationship with the current firm and regard it as a pleasure to maintain the said relationship (Bowen and Chen, 2001; Fornell and Wernerfelt, 1987). According to (Lope, 2007), perception of great service quality by customers, results in extraordinary customer satisfaction. When services provided by service organizations exceed the anticipation of customers, it satisfies the customers tremendously (Singh, 2006; Trasorras, 2009; Ghavami and Olyaei, 2006; Lopez, 2007). Accordingly, it contributes towards acceleration in the customer lifetime value which will in turn improve the productivity of firms (Ang and Buttle, 2006; Stengel, 2003; San Marti'n, 2003).

To conclude, this study utilizes customer retention practices as a tool to evaluate customer satisfaction which is regarded as a key component of the firm's non-financial productivity. This study considers repeat purchases, price insensitivity, word-of-mouth communications and non-complaining-behavior are the key measures of customer retention practice. In addition, the impact of the customer's demographic profiles towards firm's retention practice and subsequently on the resultant firm productivity is also measured. Figure 1 exhibits the association among the discussed research variables.

2.2 Theoretical Framework

2.2.1 Customer Satisfaction Theory

Customers may express high satisfaction levels with a company in a survey, but satisfaction does not equal loyalty. Loyalty is demonstrated by the actions of the customer; customers can be very satisfied and still not be loyal. Peter (2013), states that loyalty does not result from monopoly because when there is a new entrant into the market most customers will jump ship the novelty wears off, then the customers looks elsewhere. It also does not come about because of discounting. True loyalty results from the relationship between the suppliers and the customer and the brand is a vital vehicle for defining and managing that relationship. The most dominant theory of customer satisfaction is the expectancy disconfirmation model. According to this theory, satisfaction outcomes are a function of perceived performance and perceived disconfirmation. Perceived disconfirmation depends on perceived performance and standard for comparison. Standards of comparison may include expectations, ideals, competitors, other service categories, marketer promises and industry norms. If perceived performance is significantly worse than the comparison standard (more than the customer is indifferent to), a customer will experience negative disconfirmation (service did not meet the comparison standard). It does not matter how the service provider believed the service was performed. It is especially important for managers of business services to recognize negative disconfirmation, as it presents the largest threat to customer loyalty, word-of-mouth recommendation, repeat purchases, and other desirable customer responses.

2.2.2 Product Life Cycle Theory

Product Life cycle is a major component in customer retention for manufacturing industry. Vernon (2013), focused on the product (rather than the country and the technology of its manufacture), not its factor proportions. He noted that products have a life cycle and hence there is need to understand this cycle for the purpose of designing a product and putting it in the market. This is the time for high investment and show uptake. Growth - If it takes off with resultant volumes bringing costs down so fuelling more growth. Maturity- The product success brings in competitors to share the spoils during which the sales curve again flattens, and revenue is generated predominantly by sales to existing customers rather than to new customers. Saturation- Too many players lead to crowding. Decline- Suppliers lose interest and the product declines towards death. The knowledge of the above cycle serves to enable the commercial banks to comparative use, advisory use, and the dynamic use. Hence there is need to understand the major stages that product is undergoing in order to determine where it has reached (Kinnear, 2015). Therefore, the best practices for each stage in the customer experience life cycle are: target the right customers with the right value proposition, start a positive relationship through acquisition, incorporate customer advocacy into day-to-day service and develop relationships to increase stickiness. The theory will inform the study by allowing analysis of how new products innovation will play a role in contributing towards improved performance of the businesses.

2.2.3 Social Exchange Theory

Thibaut (2015), suggested long term relationships go through four stages: sampling - costs and rewards are explored; Bargaining - negotiation of rewards and costs are agreed; Commitment - exchange of rewards and acceptance of costs stabilize, there is now focus on relationship; and Institutionalization - norms and expectance are firmly determined. The main idea behind social exchange is everyone tries to maximise the rewards they obtain from a relationship and try to minimize the costs. If the relationship is to be successful then both parties are expected to give and take in equal proportions, (Kelley, 2012). Social exchange theory is a major component in customer retention for businesses in that they benefit from successful relationships with their customers. This study dwelled on social exchange theory, the reason for chosen this theory is because the study deals with customer retention and this particular theory deals with how businesses can retain their customers by putting much commitment to exchange of rewards and acceptance of costs stabilize and also focus on building customers relationship to guarantee retention of their customers.

2.3 Empirical Review

Choudhury's (2016), study explored the dimensions of customer perceived service quality in the context of the Indian retail banking industry. Service quality parameters were being used in the context of 4 of the largest banks in India to identify the underlying dimensions of service quality using factor analysis. The study suggested that customers distinguish four dimensions of service quality, namely: attitude, competence, tangibles and convenience. The findings revealed that 40% of the respondents can spread a positive Word of Mouth. The results show strong support for intuitive notion that improving service quality can increase favourable behavioural intentions namely, WOM (word of mouth) communication and purchase intentions, and decrease unfavourable intentions, like complaining behaviour. The results provide evidence of the usefulness of service quality research, since WOM communication and purchase intentions have been suggested as important dimensions of the concept of service loyalty (Choudhury, 2016).

Anderson and Sullivan (2012), found that intentions were positively influenced by the level of satisfaction. Those firms with higher satisfaction levels tended to have lower retention elasticity. This conclusion is based on strong evidence in the literature of a relationship between satisfaction levels and behavioural intention. Chong, Chang and Leck (2016) found that both customer satisfaction and customer perception of service quality were important predictors of attitude loyalty, but that satisfaction had the strongest relationship with the loyalty construct.

Adio (2020), customer retention has become the buzzword among both practitioners and academics due to its significant impact towards the improvement in firm performance. Though firm performance is normally evaluated using financial measures, this paper has utilized non-financial measure i.e. customer satisfaction. This is due to the appropriateness of its application to measure performance of service-oriented (retail) firms. This study was conducted using mall-intercept surveys at AEON Perak, Malaysia whereby, it collected 200 completed questionnaires. Hierarchical regression analysis was employed to examine the impact of customer retention towards firm performance alongside with the demographic profiles as the moderator. Four dimensions of customer retention namely word-of-mouth, price insensitivity, repeat purchase and non-complaining behavior as well as demographic profiles are found to significantly influence firm performance (customer satisfaction). Hence, it is recommended that practitioners should be more considerate towards enriching the said dimensions of customer retention in order to leverage its promising potential.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter discusses the method and procedures that will be used in carrying out the research and it will also discuss the research design, population of study, sampling procedures, research instruments, validity and reliability of the instrument and method that will be employed for data analysis.

3.2 Research Design

The design that was considered for the research was survey. The case study approach that was adopted took place at GTBank. The case study method was chosen because; case study is suitable for practical problems. It is often seen as being problem – centered, small scaled and manageable. Again, case study method has the uniqueness ability to use and apply differently a lot of different empirical evidence, Yin (1994). The aim of this research was to identify the extent to which GTB have been using planned and systematic Training to motivate and improve the performance of its employees and therefore the choice of case study.

3.3 Population of the study

The case study focused on senior staff of the Company. This was based on the assumption that, this group of employees within the administrative set up were the fulcrum around which all administrative activities in the Company revolves. They assume the roles of heads of department and supervisors in the absence of substantive heads of departments and supervisors in the administration of the GTB, implementing the policies of management and ensuring that work in the organization progresses smoothly.

The total population of the study is 50. Therefore the simple random was used to select from the population those who do not matter in the research.

3.4 Sample Size and Sampling Technique

A sample was determined to obtain a broad view on the topic from the company under study. Based on this, the population of fifty (50) was targeted. Thus, from the target population, the sample size was determined, using the formulae below:

$$n = \frac{N}{1+n(e)^2}$$

Where n = sample size

N = the target population (50)

e = margin of error (5%)

$$\therefore n = \frac{50}{1+50(0.05)^2}$$

$$= \frac{50}{1+0.125}$$

$$= \frac{50}{1.125}$$

$$= 44$$

This implies that a sample size of 44 will be required in this study to achieve a 95% precision from utilizing information and data collected from the sample.

3.5 Method of Data Collection

With the source of information been the sampled senior staff, the data collection procedure adapted was the self-administered questionnaire by the respondents (selected senior staff). The respondents to this questionnaires were free to answer the questions according to their own conscience without been compelled to satisfy the researcher. Information from these questionnaires constituted the primary data for the research. Additionally interviews were conducted with the selected executive members and heads of departments.

The interviews were conducted because; it is an important source of gathering data for case studies. The kind of interview used was what is called by Merriam (1998), semi-structured interview. Because of the presence of pitfalls in the use of interviews by way of response bias and reflexivity Yin (1994), though questions are predetermined, the questions for the interview were not asked in any specific order. The interview was designed to allow respondents bring up other issues they felt were of interest to the subject matter. This created the needed friendly and cordial atmosphere which enabled researcher to ask follow-up questions freely.

The questionnaires were pretested on a smaller size of the sampled respondents for the research. This was to ensure that the questionnaires designed solicited the appropriate responses from the respondents to answer the research question for the achievement of research stated objectives. The use of closed end as well as opened ended questions allowed the researcher to make easy categorization and analysis.

3.6 Instrument of Data Collection

Primary data will be obtained from the GTBank staffs, customers and general public. Using questionnaire constituting of closed ended questionnaire targeted to GTBank, staffs customers and general public.

This will consists of structural items to elicit information from the respondents; this is adopted because it allows a systematic collection of information about the object of the study.

3.7 Method of Data Analysis

This study shall employ descriptive method on the first part of data analysis. The descriptive analysis involves the use of frequency tables and percentage in presenting the data collected from the questionnaire administered to the respondent. The second part of the data analysis shall involve the use of correlation and regression analysis using SPSS version 23. The rational for using Regression Analysis was because it is a statistical tool that does not only explore the relationship between two or more variables but also assessing the contribution of individual predictors in a given model.

3.8 Historical Background Of The Case Study

Guaranty Trust Bank plc was incorporated as Limited Liability Company licensed to provide commercial and other banking services to the Nigerian public in 1990.

The Bank commenced operations in February 1991, and has since then grow to become one of the most respected and services focused banks in Nigeria.

In September 1996, Guaranty Trust Bank plc became a publicly quoted company and won the Nigeria Stock Exchange president's Merit award that same year and subsequently in the years 2000, 2003, 2005, 2006, 2007, 2008 and 2009. In February 2002, the Bank was granted a universal banking license and later appointed a settlement bank by the Central Bank of Nigeria (CBN) in 2003.

Guaranty Trust Bank undertook its second share offering in 2004 and successfully raised over #11 billion from Nigeria investors to expand its operations and favourably compete with other global financial institutions. The development ensured the Bank was satisfactory poised to meet the #25 billion minimum capital base for banks introduced by the Central Bank of Nigeria in 2005, as parts of the regulating body's efforts to sanitize and strengthen Nigeria banks.

Post-consolidations, Guaranty Trust Bank plc made a strategic decision to actively pursue retail banking. A major rebranding exercise followed in June 2005, which saw the Bank emerge with improved service offerings, an aggressive expansion strategy and its vibrant orange identity.

In 2007, the Bank entered the history books as the first Nigerian financial institution to undertake a US$350 million regulation. S Eurobond issue and a US$750 million.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter deals with the data presentation, data analysis and interpretation where proper analysis and interpretation of data is done. The first section presents the general information about respondents, while the second section deals with the analysis of the questions.

4.2 Data Presentation and Analysis

SECTION A

Bio data of Respondents

Table 1: Distribution of respondents by Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	21	47.7	47.7	47.7
	Female	23	52.3	52.3	100.0
	Total	44	100.0	100.0	

Source: Field survey, 2025

Table 1 show that 21 respondents representing 47.7% of the population are males, while 23 respondents representing 52.3% of the population are females.

Table 2: Distribution of respondents by Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	16-20 years	12	27.3	27.3	27.3
	21-30 years	18	40.9	40.9	68.2
	31-40 years	6	13.6	13.6	81.8
	41 years and above	8	18.2	18.2	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 2 shows that 12 respondents representing 27.3% of the population are between the age of 16-20 years, 18 respondents representing 40.9% of the population are between the age of 21-30 years, 6 respondents representing 13.6% are between the age of 31-40 years, while 8 respondents representing 18.2% of the population are 41 years and above.

Table 3: Distribution of respondents by Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	15	34.1	34.1	34.1
	Single	29	65.9	65.9	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 3 show that 15 respondents representing 34.1% of the population are singles, while 29 respondents representing 65.9% of the population are married.

Table 4: Distribution of respondents by Educational Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	GCE/SSCE	13	29.5	29.5	29.5
	OND/NCE	19	43.2	43.2	72.7
	HND/Bsc	10	22.7	22.7	95.5
	MSc/MA	2	4.5	4.5	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2024

Table 4 shows that 13 respondents representing 29.5% of the population are GCE/SSCE Certificate holders, 19 respondents representing 43.2% of the population are OND/NCE Certificate holders, 10 respondents representing 22.7% of the population are HND/Bsc Certificate holders, while 2 respondents representing 4.5% of the population are with Msc/MA certificate.

Table 5: Distribution of respondents by Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Civil Servant	13	29.5	29.5	29.5
	Self Employed	18	40.9	40.9	70.5
	Others	13	29.5	29.5	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 5 shows that 13 respondents representing 29.5% of the population are Civil servants, 18 respondents representing 40.9% of the population are Self-employed, while 13 respondents representing 29.5% of the population are others.

Section B

Table 6: The bank ensures that transactions of the bank are accurate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	11	25.0	25.0	25.0
	Agree	19	43.2	43.2	68.2
	Strongly Disagree	10	22.7	22.7	90.9
	Disagree	2	4.5	4.5	95.5
	Undecided	2	4.5	4.5	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 6 shows that 11 respondents representing 25.0% of the population strongly agreed with the statement, 19 respondents representing 43.2% of the population agreed with the statement, 10 respondents representing 22.7% of the population strongly disagreed with the statement, 2 respondents representing 4.5% of the population disagreed with the statement, while 2 (4.5%) of the respondents are undecided.

Table 7: Banks services are tailored to meet customer needs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	27.3	27.3	27.3
	Agree	20	45.5	45.5	72.7
	Strongly Disagree	10	22.7	22.7	95.5
	Undecided	2	4.5	4.5	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2024

Table 7 shows that 12 respondents representing 27.3% of the population strongly agreed with the statement, 20 respondents representing 45.5% of the population agreed with the statement, 10 respondents representing 22.7% of the population strongly disagreed with the statement, 2 respondents representing 4.5% of the population disagreed with the statement, while 2 (4.5%) of the respondents are undecided.

Table 8: The bank put effort to inform customers about new products and services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	27.3	27.3	27.3
	Agree	19	43.2	43.2	70.5
	Strongly Disagree	10	22.7	22.7	93.2
	Disagree	2	4.5	4.5	97.7
	Undecided	1	2.3	2.3	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 8 shows that 12 respondents representing 27.3% of the population strongly agreed with the statement, 19 respondents representing 43.2% of the population agreed with the statement, 10 respondents representing 22.7% of the population strongly disagreed with the statement, 2 respondents representing 4.5% of the population disagreed with the statement, while 1 (2.3%) of the respondents are undecided.

Table 9: The bank foresees customer changing needs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	13	29.5	29.5	29.5
	Agree	15	34.1	34.1	63.6
	Strongly Disagree	8	18.2	18.2	81.8
	Disagree	1	2.3	2.3	84.1
	Undecided	7	15.9	15.9	100.0
	Total	44	100.0	100.0	

Source:Researcher's Field Survey, 2025

Table 9 shows that 13 respondents representing 29.5% of the population strongly agreed with the statement, 15 respondents representing 34.1% of the population agreed with the statement, 8 respondents representing 18.2% of the population strongly disagreed with the statement, 1 respondents representing 2.3% of the population disagreed with the statement, while 7 (15.9%) of the respondents are undecided.

Table 10: The bank customizes products and services to meet customers' needs.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	7	15.9	15.9	15.9
	Agree	21	47.7	47.7	63.6
	Strongly Disagree	9	20.5	20.5	84.1
	Disagree	2	4.5	4.5	88.6
	Undecided	5	11.4	11.4	100.0
	Total	44	100.0	100.0	

Source:Researcher's Field Survey, 2025

Table 10 shows that 7 respondents representing 15.9% of the population strongly agreed with the statement, 21 respondents representing 47.7% of the population agreed with the statement, 9 respondents representing 20.5% of the population strongly disagreed with the statement, 2 respondents representing 4.5% of the population disagreed with the statement, while 2 (4.5%) of the respondents are undecided.

Table 11: The bank provides customer tailored products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	10	22.7	22.7	22.7
	Agree	16	36.4	36.4	59.1
	Strongly Disagree	7	15.9	15.9	75.0
	Undecided	11	25.0	25.0	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 11 shows that 10 respondents representing 22.7% of the population strongly agreed with the statement, 16 respondents representing 36.4% of the population agreed with the statement, 7 respondents representing 15.9% of the population strongly disagreed with the statement, 11 respondents representing 25.0% of the respondents are undecided.

Table 12: The bank communicates products available to customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	27.3	27.3	27.3
	Agree	18	40.9	40.9	68.2
	Strongly Disagree	12	27.3	27.3	95.5
	Disagree	2	4.5	4.5	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 12 shows that 12 respondents representing 27.3% of the population strongly agreed with the statement, 18 respondents representing 40.9% of the population agreed with the statement, 12 respondents representing 27.3% of the population strongly disagreed with the statement, 2 respondents representing 4.5% of the population disagreed with the statement.

Table 13: Customer service officers use customer relationship management system to understand customers profile and provide instant responses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	27.3	27.3	27.3
	Agree	22	50.0	50.0	77.3
	Strongly Disagree	8	18.2	18.2	95.5
	Disagree	2	4.5	4.5	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2024

Table 13 shows that 12 respondents representing 27.3% of the population strongly agreed with the statement, 22 respondents representing 50.0% of the population agreed with the statement, 8 respondents representing 18.2% of the population strongly disagreed with the statement, 2 respondents representing 4.5% of the population disagreed with the statement.

Table 14: Customers call customer care centers for assistance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	27.3	27.3	27.3
	Agree	22	50.0	50.0	77.3
	Strongly Disagree	8	18.2	18.2	95.5
	Disagree	2	4.5	4.5	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 14 shows that 12 respondents representing 27.3% of the population strongly agreed with the statement, 22 respondents representing 50.0% of the population agreed with the statement, 8 respondents representing 18.2% of the population strongly disagreed with the statement, 2 respondents representing 4.5% of the population disagreed with the statement.

Table 15: The bank has set customer care section for all customer assistance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	27.3	27.3	27.3
	Agree	21	47.7	47.7	75.0
	Strongly Disagree	9	20.5	20.5	95.5
	Disagree	2	4.5	4.5	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 15 shows that 12 respondents representing 27.3% of the population strongly agreed with the statement, 21 respondents representing 47.7% of the population agreed with the statement, 9 respondents representing 20.5% of the population strongly disagreed with the statement, 2 respondents representing 4.5% of the population disagreed with the statement.

Table 16: Complaints are handled immediately

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	21	47.7	47.7	47.7
	Agree	10	22.7	22.7	70.5
	Strongly Disagree	6	13.6	13.6	84.1
	Disagree	7	15.9	15.9	100.0
	Total	44	100.0	100.0	

Source: Researcher’s Field Survey, 2025

Table 16 shows that 21 respondents representing 47.7% of the population strongly agreed with the statement, 10 respondents representing 22.7% of the population agreed with the statement, 6 respondents representing 13.6% of the population strongly disagreed with the statement, 7 respondents representing 15.9% of the population disagreed with the statement.

Table 17: Follow up is made to seek whether complaints were handled effectively and customer is satisfied

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	9	20.5	20.5	20.5
	Agree	23	52.3	52.3	72.7
	Strongly Disagree	9	20.5	20.5	93.2
	Disagree	3	6.8	6.8	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 17 shows that 9 respondents representing 20.5% of the population strongly agreed with the statement, 23 respondents representing 52.3% of the population agreed with the statement, 9 respondents representing 20.5% of the population strongly disagreed with the statement, 3 respondents representing 6.8% of the population disagreed with the statement.

Table 18: Implementation of customer retention strategies contribute to our improved market share

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	18	40.9	40.9	40.9
	Agree	14	31.8	31.8	72.7
	Strongly Disagree	6	13.6	13.6	86.4
	Disagree	6	13.6	13.6	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 18 shows that 18 respondents representing 40.9% of the population strongly agreed with the statement, 14 respondents representing 31.8% of the population agreed with the statement, 6 respondents representing 13.6% of the population strongly disagreed with the statement, 6 respondents representing 13.6% of the population disagreed with the statement.

Table 19: The implementation of customer retention strategies contributes to increased new customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	11	25.0	25.0	25.0
	Agree	21	47.7	47.7	72.7
	Strongly Disagree	7	15.9	15.9	88.6
	Disagree	5	11.4	11.4	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2024

Table 19 shows that 11 respondents representing 25.0% of the population strongly agreed with the statement, 21 respondents representing 47.7% of the population agreed with the statement, 7 respondents representing 15.9% of the population strongly disagreed with the statement, 5 respondents representing 11.4% of the population disagreed with the statement.

Table 20: We have retained customers who had complained before

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	20	45.5	45.5	45.5
	Agree	14	31.8	31.8	77.3
	Strongly Disagree	6	13.6	13.6	90.9
	Disagree	4	9.1	9.1	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2024

Table 20 shows that 20 respondents representing 45.5% of the population strongly agreed with the statement, 14 respondents representing 31.8% of the population agreed with the statement, 6 respondents representing 13.6% of the population strongly disagreed with the statement, 4 respondents representing 9.1% of the population disagreed with the statement.

Table 21: Customer retention strategies helps to retain our customers longer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	21	47.7	47.7	47.7
	Agree	10	22.7	22.7	70.5
	Strongly Disagree	6	13.6	13.6	84.1
	Disagree	7	15.9	15.9	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 21 shows that 21 respondents representing 47.7% of the population strongly agreed with the statement, 10 respondents representing 22.7% of the population agreed with the statement, 6 respondents representing 13.6% of the population strongly disagreed with the statement, 7 respondents representing 15.9% of the population disagreed with the statement.

Table 22: Retention strategies have created a good reputation for the bank in the market

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	9	20.5	20.5	20.5
	Agree	23	52.3	52.3	72.7
	Strongly Disagree	9	20.5	20.5	93.2
	Disagree	3	6.8	6.8	100.0
	Total	44	100.0	100.0	

Source: Researcher's Field Survey, 2025

Table 22 shows that 9 respondents representing 20.5% of the population strongly agreed with the statement, 23 respondents representing 52.3% of the population agreed with the statement, 9 respondents representing 20.5% of the population strongly disagreed with the statement, 3 respondents representing 6.8% of the population disagreed with the statement.

4.3 Test of Hypotheses

Hypothesis One

Ho1: Customers' retention does not have effect on organizational productivity

The Model Equation

$Y = f(X)$

$Y = \boldsymbol{\beta_0} + \boldsymbol{\beta_1} X + U_r$

Where:

Y = Dependent Variable: **Customer Retention *(CR)***

X = Independent Variable: **Customer Satisfaction *(CS)***

$\boldsymbol{\beta_0}$ **=** Constant Term,

$\boldsymbol{\beta_1}$ is the coefficient of X.

$\mathbf{U_r}$= Error Term

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	CS[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: CR

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.587[a]	.237	-.017	.07727	2.859

a. Predictors: (Constant), CS

b. Dependent Variable: CR

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.006	1	.006	19.933	.000[a]
	Residual	.018	3	.006		
	Total	.023	4			

a. Predictors: (Constant), CS

b. Dependent Variable: CR

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.664	.147		11.349	.001
	CS	.932	.044	.487	.966	.000

a. Dependent Variable: CR

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.7392	1.8284	1.8020	.03731	5
Residual	-.09603	.08663	.00000	.06692	5
Std. Predicted Value	-1.682	.708	.000	1.000	5
Std. Residual	-1.243	1.121	.000	.866	5

a. Dependent Variable: CR

Interpretation of Results

The tables above give an R square value of 0.587, Durbin Watson (DW) 2.859, F value of 19.933 with degree of freedom of 1 and 2, and *p*-value of 0.000. The analysis leaves us with the conclusion that the relationship among the variables is very significant even at 1% level of significance. More so, the equation has a good fit as R-square (R^2) accounts for 59% of the total variation in the model, while Prob (F-statistic) reveals that the variables of the model are highly significant at both 5% and 1% significance levels, since the *p*-value (0.000) is less than 0.01 and 0.05. Durbin Watson (DW) statistic of 2.859 also suggests the presence of negative auto correlation problem. Hence, I therefore accept the alternative hypothesis and conclude that there is a significant relationship between customer satisfaction and customer retention.

Hypothesis Two

Ho2: Customers' retention does not enhance organizational growth

The Model Equation

$Y = f(X)$

$Y = \beta_0 + \beta_1 X + U_r$

Where:

Y = Dependent Variable: **Organizational performance *(OP)***

X = Independent Variable**: Customer Retention *(CR)***

β_0 **=** Constant Term,

β_1 is the coefficient of X,

U_r= Error Term.

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	CR[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: OP

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.717[a]	.531	.453	.07711	2.562

a. Predictors: (Constant), CR

b. Dependent Variable: OP

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.000	1	.000	22.065	.003[a]
	Residual	.012	2	.006		
	Total	.012	3			

a. Predictors: (Constant), CR

b. Dependent Variable: OP

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.924	.913		2.107	.170
	CR	.929	.508	-.177	-.254	.003

a. Dependent Variable: OP

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.6780	1.7051	1.6925	.01131	4
Residual	-.05605	.08911	.00000	.06296	4
Std. Predicted Value	-1.283	1.112	.000	1.000	4
Std. Residual	-.727	1.156	.000	.816	4

a. Dependent Variable: OP

Interpretation of Results

The tables above give an R square value of 0.717, Durbin Watson (DW) 2.562, F value of 22.065 with degree of freedom of 1 and 2, and *p*-value of 0.003. The analysis leaves us with the conclusion that the relationship among the variables is very significant even at 1% level of significance. More so, the equation has a good fit as R-square (R^2) accounts for 71% of the total variation in the model, while Prob

(F-statistic) reveals that the variables of the model are highly significant at both 5% and 1% significance levels, since the *p*-value (0.003) is less than 0.01 and 0.05. Durbin Watson (DW) statistic of 2.562 also suggests the presence of negative auto correlation problem. Hence, I therefore accept the alternative hypothesis and conclude that there is a significant relationship between customer retention and organizational performance.

Hypothesis Three

Ho3: There are no relationship between customers' retention and profitability index

The Model Equation

Y = f(X)

$Y = \boldsymbol{\beta_0} + \boldsymbol{\beta_1} X + U_r$

Where:

Y = Dependent Variable: **Customer Retention *(CR)***

X = Independent Variable: **Customer Satisfaction *(CS)***

$\boldsymbol{\beta_0}$ **=** Constant Term,

$\boldsymbol{\beta_1}$ is the coefficient of X.

$\mathbf{U_r}$= Error Term

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	CS[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: CR

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.587[a]	.237	-.017	.07727	2.859

a. Predictors: (Constant), CS

b. Dependent Variable: CR

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.006	1	.006	19.933	.000[a]
	Residual	.018	3	.006		

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	CS[a]	.	Enter

a. All requested variables entered.

Total	.023	4				

a. Predictors: (Constant), CS

b. Dependent Variable: CR

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.664	.147		11.349	.001
	CS	.932	.044	.487	.966	.000

a. Dependent Variable: CR

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.7392	1.8284	1.8020	.03731	5
Residual	-.09603	.08663	.00000	.06692	5

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.664	.147		11.349	.001
CS	.932	.044	.487	.966	.000
Std. Predicted Value	-1.682	.708	.000	1.000	5
Std. Residual	-1.243	1.121	.000	.866	5

a. Dependent Variable: CR

Interpretation of Results

The tables above give an R square value of 0.587, Durbin Watson (DW) 2.859, F value of 19.933 with degree of freedom of 1 and 2, and *p*-value of 0.000. The analysis leaves us with the conclusion that the relationship among the variables is very significant even at 1% level of significance. More so, the equation has a good fit as R-square (R^2) accounts for 59% of the total variation in the model, while Prob (F-statistic) reveals that the variables of the model are highly significant at both 5% and 1% significance levels, since the *p*-value (0.000) is less than 0.01 and 0.05. Durbin Watson (DW) statistic of 2.859 also suggests the presence of negative auto correlation problem. Hence, I therefore accept the alternative hypothesis and conclude that there is a significant relationship between customer satisfaction and customer retention.

4.4 Discussion of Findings

Findings from the survey results arising from the factors that contribute to customer retention as evident revealed by the Head of department and managers admitted that customers' satisfaction as a leading factor that has contributed to their customer retention over the years meaning that those customers of the bank are satisfied with services offered to them and they have put up pleasant quality service to customers. Also, customers have 24hours access to the bank services.

The results arising from what constitute quality service in banking industry indicates that the bank and workers have a clear understanding of what constitute quality service. Available data from respondents as portrayed suggested the reliability of the bank service, responsiveness of bank to customers, reliable service assurance and gives value to customers.

Furthermore, on the impact of customer retention on organizational performance under objective 3, bank workers admitted that there has been a significant impact of customer retention of the organizational performance. It was revealed that majority of the new customers were based on the satisfactory service rendered to the existing customer and customer complaints are minimal in the bank a reason for continued commitment of the customers. Also, data base of customers is characterized with active customers and the bank has met targets over the years.

On the relationship between customer satisfaction and customer retention, workers admitted that there is a relationship between customer satisfaction and customer retention. It was revealed that bank staffs were extremely willing to help customers; banking environment is highly conducive for banking operations, bank has enough branches to meet the needs and proximity of customers and bank has been able to meet the varieties of financial services required by their customers thereby ensuring their retention.

Evidence from number of studies in the past have attributed organizational performance to the ability of organization and its team to retain customers (Marple & Zimmerman, 1999; Fisher, 2001; Viriri, Muzividzi, Chinoda, Marufu, & Muzuwa, 2013; Ocloo & Tsetse, 2013).While in Nigeria, no study could be found in this area hence the need to explore this research ground and how customer retention affects both revenues and cost in the equation of profitability which is a factor of performance in organization. Banks as an organization is also affected in this regard and as noted by Viriri, Muzividzi, Chinoda, Marufu, & Muzuwa, (2013) the longer a bank can retain a customer, the greater the revenue and cost savings from that customer. The empirical evidence from this result will go a long way in especially in the area of customer retention which is new area of knowledge in Nigeria banking sector to improve the organization performance

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the findings

In line with the first objective, the study revealed that mobile banking, internet banking, agency banking, and POS Terminals are the most preferred banking channels that banks can employ to enhance customer retention. The findings revealed that clients are influenced by the mode of service deployed by the firm. The study also showed that distribution channels enable organizations to satisfy the tastes and preferences of clients and that managing customers according to their channel preference is essential.

On the usage of service distribution channels, the study established that they had a positive effect on customer retention. According to the findings of the study, a unit increase in service distribution channels while holding other factors constant will positively enhance the performance of commercial banks in Nigeria.

Additionally, banks in Nigeria use various services distribution channels, including internet banking, agency banking, Automatic Teller Machines, Mobile banking, and POS Terminals. The findings on service quality showed that most of the financial institutions often addressed these issues raised by their customers regarding their service.

The study revealed that turn-around-time and first call resolution were very effective in most of the banks in Nigeria. The results further revealed that excellent service quality had enhanced success in most of the commercial banks. The study revealed that customers evaluate service quality based on personal favouritism such that the higher the level of quality of service, the higher the level of customer retention in commercial banks.

The study revealed that loyalty and rewards programs have a significant effect on customer retention in the banking industry. Banks use various reward programs, including recognition of customers with the oldest relationship, redeemable loyalty points, and cash and merchandize rewards. Loyalty programs create a bond between customers and the commercial banks, thus improving customer retention. Customers who value recognition and unique rewards are deemed loyal.

Loyalty programs were also found to increase sales and revenues and therefore, to increase the profitability of commercial banks. The study, on corporate image, established that the effectiveness of communication to organization's clients is essential in enhancing bank's competitive advantage. It further revealed that branding, as an image tool, is critical in the banking sector. Creation of high-quality products and services was found to be important in enhancing the bank's competitive advantage.

In addition, the study revealed that corporate social responsibility is vital as a potential strategy to improve the competitive advantage of commercial banks. The results also show that the most powerful means of creating a strong corporate image relies on the effectiveness of communication to the organization's clients. The study established that there was an increase in the profitability of commercial banks in Nigeria, a growth of market share and an increase in the percentage of retained customers to total customers as a result of the employment of customer retention strategies. Customer retention is, therefore, a great indicator of performance in banks.

5.2 Conclusion

In view of this study, empirically based insight has been provided for on the impact of customer retention on organizational performance. The following major conclusions were arrived at: It needs be admitted that customer retention is crucial to the performance of banks in Nigeria. This is evident in the opinion of respondents in this study. Quality service delivery has brought about customer satisfaction in the banking industry. It is evident that Union Bank Plc has been a leading bank due to her ability to retain her growing customer base as a result of improved quality service delivery to her teeming customers over the years.

This study has contributed to the growing literature on the problems of inability of bank to retain customers due to customers' lack of confidence following the experiences of the loss of savings in some banks that folded up others are customer defection as a result of unresolved issues, service quality compromise to poor organization representatives attitude (customer care personnel poor attitude) and handling matter of customer retention with no serious attention. Beyond banking industry customer retention is very vital for other business organization to move beyond existing satisfying both new and existing customer with improved quality of service remains vital tool to improve organization performance especially non-financial aspect as empirically verified in the work of Gengeswari, Padmashantini &Sharmeela-Banu (2013).

5.3 Recommendations

The following recommendations were put forward:

1. Management of the bank should always emphasis the place of quality service delivery to all workers of the bank.

2. Effective customer relationship management should be put in place in order to promote customer satisfaction.

3. For the bank to boost her performance level, customer retention strategies should be worked on

4. Customer satisfaction is crucial to the bank survival through reliability of the bank service, responsiveness of bank to customers, reliable service assurance and gives value to customers as a veritable factor for sustaining customer retention strategy.

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QUESTIONNAIRE

SECTION A:

BIO DATA OF RESPONDENTS

1. Gender: Male ( ) Female ( )
2. Marital Status: Single ( ) Married ( )
3. Age:18 – 29 years ( ) 30 – 39 years ( ) 40 – 49 years ( ) 50 and above ( )
4. Academic Qualification: WAEC ( ) NCE/OND ( ) HND/BSC ( ) Postgraduate ( ) Other ( )

SECTION B

5. The bank ensures that transactions of the bank are accurate. Agree ( ) Strongly Agree ( ) Neutral ( ) Disagree ( ) Strongly Disagree ( )
6. Banks services are tailored to meet customer needs Agree ( ) Strongly Agree ( ) Neutral ( ) Disagree ( ) Strongly Disagree ( )
7. The bank put effort to inform customers about new products and services Agree ( ) Strongly Agree ( ) Neutral ( ) Disagree ( ) Strongly Disagree ( )
8. The bank foresees customer changing needs Agree ( ) Strongly Agree ( ) Neutral ( ) Disagree ( ) Strongly Disagree ( )
9. The bank customizes products and services to meet customers' needs. Agree ( ) Strongly Agree ( ) Neutral ( ) Disagree ( ) Strongly Disagree ( )
10. The bank provides customer tailored products Agree ( ) Strongly Agree ( ) Neutral ( ) Disagree ( ) Strongly Disagree ( )
11. The bank communicates products available to customers Agree ( ) Strongly

Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )

12. Customer service officers use customer relationship management system to understand customers profile and provide instant responses Agree (   ) Strongly Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )

13. Customers call customer care centers for assistance Agree (   ) Strongly Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )

14. The bank has set customer care section for all customer assistance Agree (   ) Strongly Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )

15. Complaints are handled immediately Agree (   ) Strongly Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )

16. Follow up is made to seek whether complaints were handled effectively and customer is satisfied Agree (   ) Strongly Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )

17. Implementation of customer retention strategies contribute to our improved market share Agree (   ) Strongly Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )

18. The implementation of customer retention strategies contributes to increased new customers Agree (   ) Strongly Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )

19. We have retained customers who had complains before Agree (   ) Strongly Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )

20. Customer retention strategies helps to retain our customers longer Agree (   ) Strongly Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )

21. Retention strategies have created a good reputation for the bank in the market Agree (   ) Strongly Agree (   ) Neutral (   ) Disagree (   ) Strongly Disagree (   )