

UNIVERSITY OF CAPE COAST

**EFFECT OF CUSTOMER SATISFACTION ON CUSTOMER LOYALTY  
AT MOBILE TELECOMMUNICATION NETWORK (MTN) GHANA**

**LIMITED**

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UNIVERSITY OF CAPE COAST

EFFECT OF CUSTOMER SATISFACTION ON CUSTOMER LOYALTY AT  
MOBILE TELECOMMUNICATION NETWORK (MTN) GHANA LIMITED



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Business Administration degree in Marketing

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## DECLARATION

### Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this University or elsewhere.

Candidate's signature : ..... Date: .....

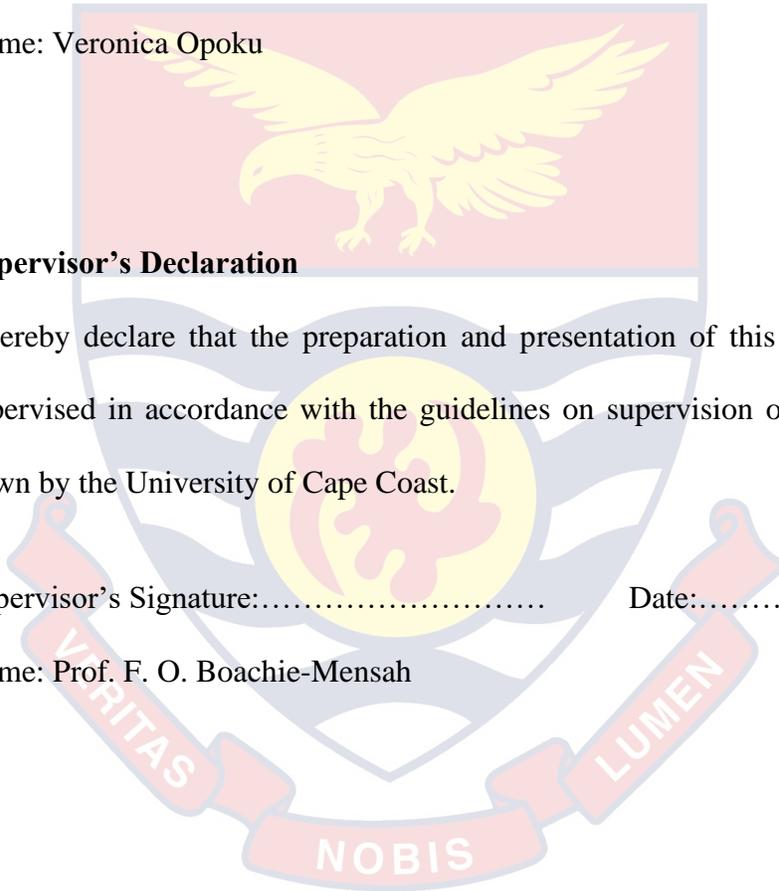
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### Supervisor's Declaration

I hereby declare that the preparation and presentation of this dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature:..... Date:.....

Name: Prof. F. O. Boachie-Mensah

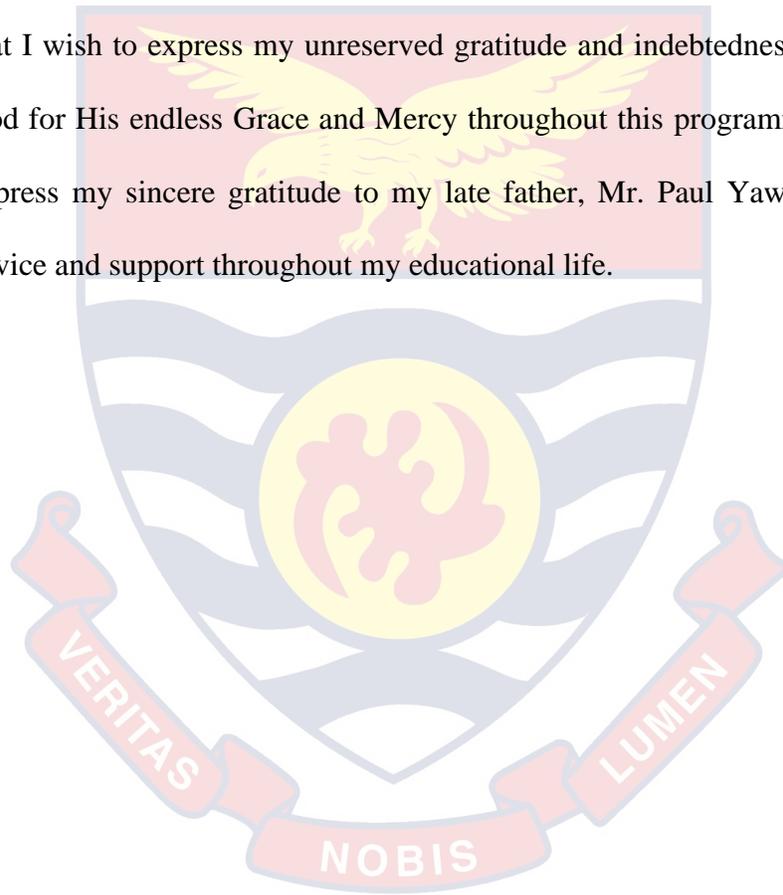


## ABSTRACT

In today's volatile dynamic environment, top performing telecommunication companies are looking into the demands of their customers avidly in order to survive and compete successfully. Researchers have relentlessly emphasized on the utmost importance of customer satisfaction and customer loyalty as part of survival of most organisation. The aim of this study was to examine the effect of customer satisfaction on customer loyalty within MTN Ghana and the moderating effect of switching cost on the customer satisfaction and customer loyalty relationship. The study also sought to also determine factors that influence the purchasing decision of MTN customers. A quantitative method and self-administered questionnaire was used to investigate the problem. The study sampled 450 respondents by using a simple random sampling technique. Descriptive, Bivariate and standard multiple regression models were used for the analysis of the study. The analysis of the study clearly revealed call rates, widest coverage, quality of network and the use of the MTN network by family and friends are part of the factors that influenced the purchasing decisions of MTN customers for the choice of their network. The study also revealed that customer satisfaction is significantly and positively associated with customer loyalty. Despite limitations such as generalizability, the findings of this study provides evidence MTN Ghana needs to pay close attention to these strategies and fine-tuning them to reflect the existence of the time and also to measure their continued use and adaptation for an improved Customer Life Value.

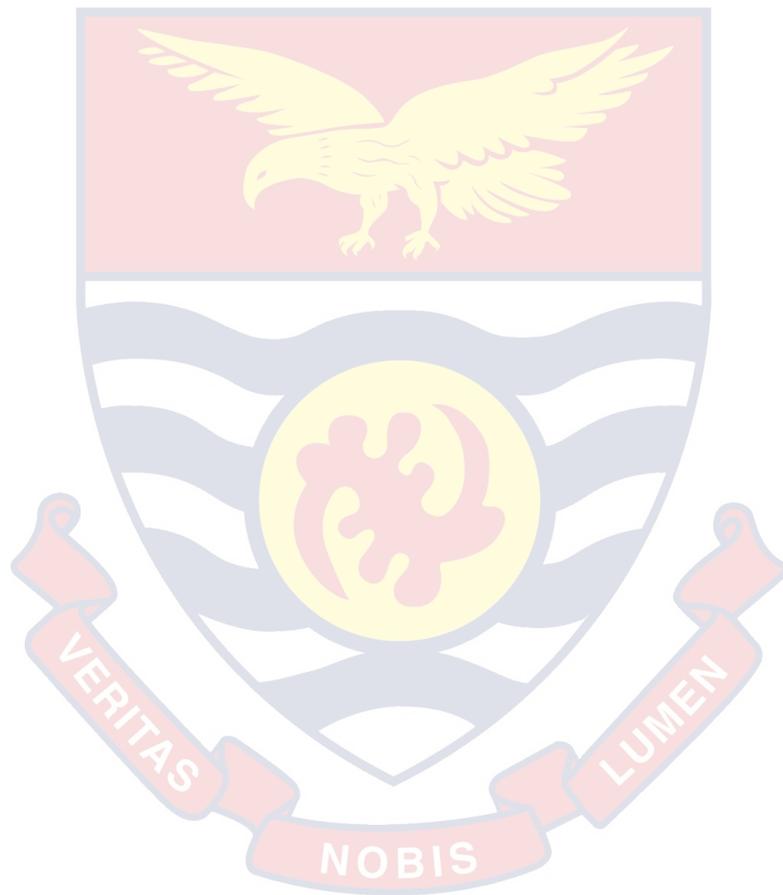
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## DEDICATION

To my brother, Mr. Daniel Osei Yeboah



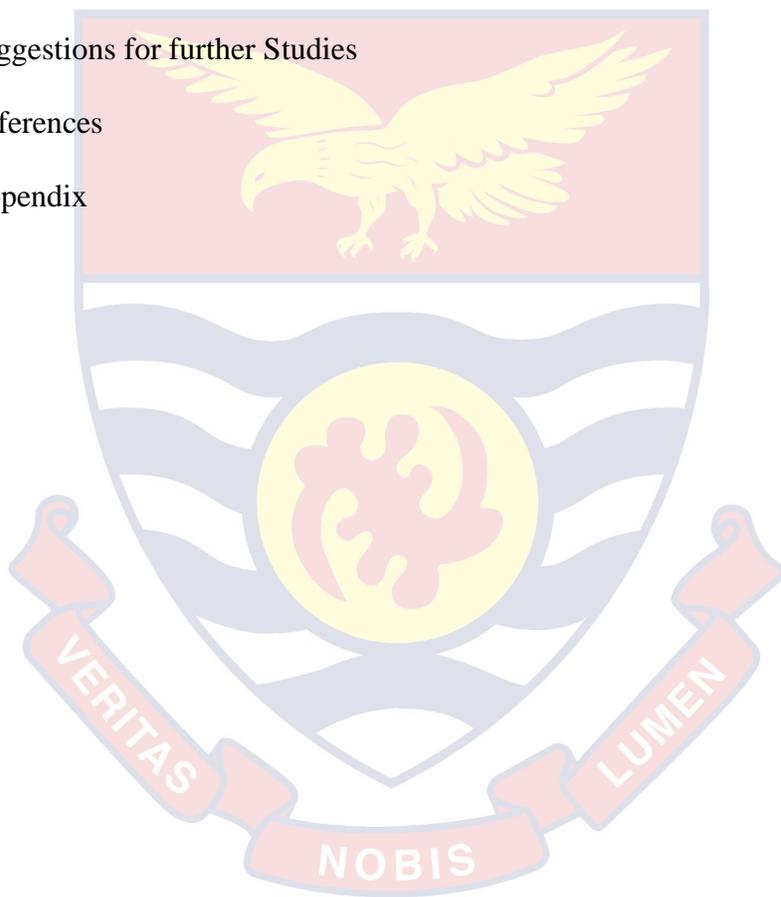
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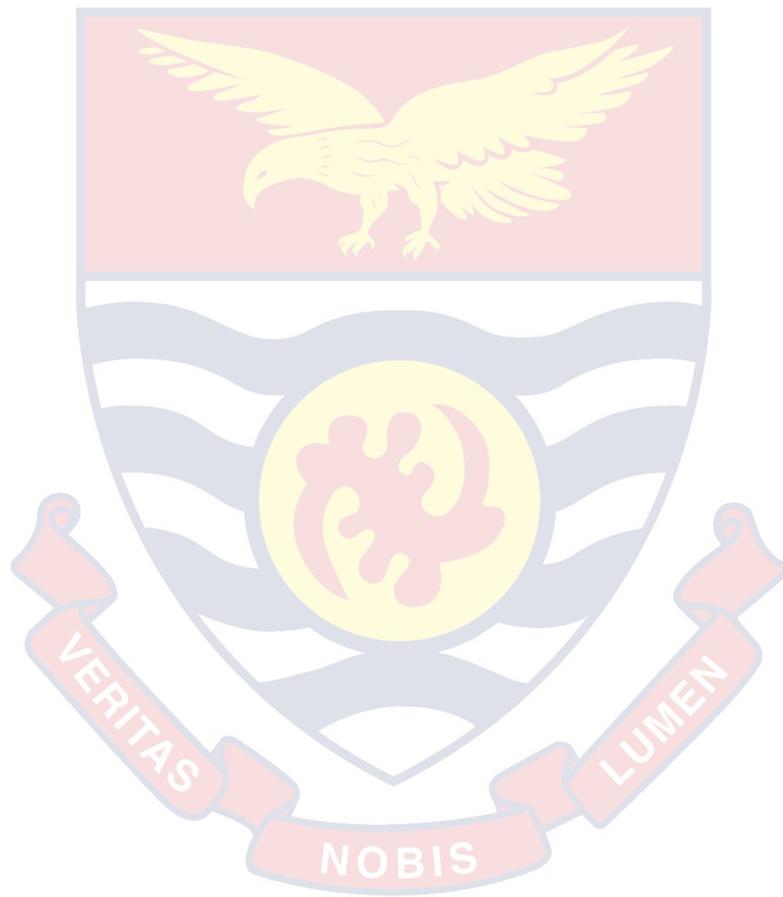


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## ABBREVIATION

MTN	Mobile Telecommunication Network
GDP	Gross Domestic Product
P & T	Post and Telecommunication
NCA	National Communication Authority
OCS	Overall Customer Satisfaction
WTO	World Trade Organisation
ITU	International Telecommunication Union
HND	Higher National Diploma
CS	Customer Satisfaction
CL	Customer Loyalty



## CHAPTER ONE

### INTRODUCTION

Customer loyalty is a top priority for firms in light of the fact that repeat purchase of products and services is critical to organizational success, and firm profitability (Silvestro & Cross, 2000). For this reason, it is extremely important to understand the antecedents of customer loyalty (CL). There is strong empirical evidence to suggest that customer satisfaction (CS) is an antecedent of CL (Mittal & Kamakura, 2011; Alegre & Cladera, 2019) and that there is a positive link between these two constructs (Anderson & Mittal, 2013; Streukens & Ruyter, 2014).

However, some research has offered contradictory results with regard to the CS-CL link, such as the studies by Jones and Sasser (1995) and Verhoef (2003), who found no effect of CS on CL. Several authors attribute the observed inconsistencies and weak values to a variety of factors. Conclusions on this relationship can differ significantly depending on the use of different CL measures. The objective of this research is to analyze the CS-CL relationship in Mobile Telecommunication Network (MTN) Ghana considering: considering the moderating effect of switching cost.

#### **Background to the Study**

The telecommunication industry is one of the fastest growing industries worldwide. There are about 6 billion mobile customers across the globe with growth of around 20% per annum over the last three years (Vodafone Group Plc

(2015). The majority of customers are emerging in markets such as India and China (Vodafone Group Plc, 2015). Mobile networks, particularly 4G communication networks, are becoming critical infrastructure and major factor in driving substantial economic growth in developing countries across Africa. A 2009 World Bank Information and Communications for Development report showed that wireless connectivity matters: a 10% increase in mobile phone penetration results in an increase of 0.81% in per capita GDP; and a 10% increase in Internet/broadband penetration results in an increase of 1.38% in GDP (Wang, 2010).

The story of the world is not different from Ghana's mobile telecommunication industry as it has been noted to be one of the fastest growing sectors of the Ghanaian economy (Osei, 2016). The competition within the telecommunication sector is severe as all the five telecommunication companies, MTN, AirtelTigo, Vodafone, Expresso and Glo, compete for the same customers. The Ghanaian telecommunication industry had been monopolized by a single national operator, the Ghana Post & Telecommunications (P&T) prior to the decentralization of the sector in 1990 (Frempong & Henten, 2004). The deregulation exercise was made because the sector, as dominated by P&T, was characterized by deficient telecommunications infrastructure, operational inefficiencies, poor service and low penetration rates (Frempong & Henten, 2004).

However, this trend has partly been mitigated by the deregulation exercise, which has no doubt encouraged new entrants into the industry promoting a stable

operating environment for all participants as well as promoting fair competition and efficiency (Boohene & Agyapong, 2011). In accordance with this program, licenses were issued to private operators in the field of cellular communication and data networks. As a result, the level of competition among the service providers has now become intense as the number of operators swell-up to contend for market shares. This has brought innovation and introduction of several services like international roaming, mobile money, internet facilities, and teleconferencing facilities giving customers a range of choices apart from merely making and receiving calls (Mahmoud & Hinson, 2012). Service providers are engaging different marketing tactics to retain and attract new customers. Variety of relationship marketing strategies has now become the market norm, leading to strong scramble for market share.

In spite of all these efforts, customers seem not to be satisfied as regulators and telecommunication experts have express worry about the fact that the intense competition is not yielding any improvement in service quality (Boohene & Agyapong, 2011). The National Communications Authority has threatened to crack down on mobile service providers if they fail to tackle the chronic problem of poor quality service (Frempong & Henten, 2016). In October, 2007, the severity of the problem was accentuated when the National Communications Authority (NCA) ordered two of Ghana's most popular mobile network providers, MTN and Onetouch (now Vodafone Ghana) to halt the activation of new access lines until they increase their networks capacity for new subscribers.

## Statement of the Problem

The Mobile Telecommunication Industry of Ghana is one of the fastest growing sectors within the Ghanaian economy and the competition within this sector is noted to be fierce among the four main telecom operators namely, MTN, AirtelTigo, Vodafone and Glo. Despite the high number of Mobile Telecommunication service providers in Ghana, complaints from customers on the services provided by these companies have increased in recent times. In spite of all the efforts to increase satisfaction and loyalty, the service providers, regulators and telecommunication experts have expressed worry about how the intense competition is not being matched by the necessary improvements in the services provided to customers (Frempong & Henteng, 2004).

The National Communications Authority (NCA), the country's telecom watchdog, has threatened to crack reprimand mobile network providers if they fail to tackle the chronic problem of poor quality service ([www.bizcommunity.com](http://www.bizcommunity.com)). This has been attributed to the fact that the goals set by government have only partly been met and the quality of service is still low and has even deteriorated on some indicators (Frempong & Henten, 2004). There seems to be a gap between what the service providers and service consumers perceive to be of value and satisfaction within this industry.

A number of studies have been conducted within this area of study. However, most of the studies have suggested some areas of to be considered by future researchers, some of which have been attended to within this study. Tung (2010) in his study, customer satisfaction, perceived value and customer loyalty in

the mobile services industry in China suggested a comprehensive study in other developing countries as his findings may differ internationally. Setiowati & Putri (2012) also conducted a study on the impact of customer perceived value on customer satisfaction, loyalty, recommendation and repurchase. However, the study area for this research was on the Spa Industry in Indonesia. In their study, they suggested a further study within other industries and countries.

In Ghana, Adams & Lamptey (2009) also did a study on customer perceived value and customer satisfaction but concentrated on internet banking in Ghana. It is against this background that this study seeks to assess the impact of customer satisfaction on customer loyalty in the telecommunication industry of Ghana.

### **Purpose of the Study**

The purpose of the study is to examine the effect of customer satisfaction on customer loyalty within Mobile Telecommunication Network (MTN) Ghana.

### **Research Objectives**

To achieve the purpose of the study, the following objectives were set:

1. To determine the factors considered by customers in choosing MTN mobile network;
2. To determine the relationship between customer satisfaction and customer loyalty within MTN Ghana;
3. To analyze how customer switching costs moderates the relationship between customer satisfaction and customer loyalty.

## Research Questions

To achieve the first objective of the study, the research question below was set:

1. What factors were considered by customers before choosing MTN mobile network?

## Hypotheses

- H<sub>1</sub>:** There is a positive relationship between customer satisfaction and customer loyalty within MTN Ghana Ltd
- H<sub>2</sub>:** Customer switching cost moderates the relationship between customer satisfaction and customer loyalty within MTN Ghana Limited

## Significance of the Study

This study is immeasurably significant in diverse ways to policy makers, marketing practitioners, and stakeholders. The findings and results reported in this study will provide the management of the Mobile Telecommunication Network (MTN) Ghana and other telecommunication companies in Ghana a more reliable scientific measure and perspective for describing and evaluating the overall customer satisfaction with the services they deliver to their customers. Thus the findings of this study can help managers to know what customers expect and value from network organizations.

This will enable managers to turn these expectation and perceived value into competitive advantage. It will also help companies to improve and reallocate their current resources and human resource practices to create value and to achieve organizational objectives. The findings and results of this study will

provide policy makers like government agencies such as the Ministry of Communications and the National Communications Authority, an invaluable insights and a more reliable guide to monitoring the impact of the operations of the companies within the telecommunication sector of Ghana and measuring their respective policy goals and objectives.

The study will finally help increase the limited literature base in the subject area. It will give deeper understanding of the meaning of customer perceived value, build upon the knowledge on customer satisfaction and customer loyalty in reference to studies with similar purview. This will help future researchers in the same area of research in their quest for information to do other research on the subject area.

#### **Delimitation of the Study**

There are about five telecommunication companies within the telecommunication industry. However, within the context of this study the focus will be on the examination of the relationship that exist between customer satisfaction and customer loyalty within the Mobile Telecommunication Network (MTN) Ghana.

#### **Limitations of the Study**

The scope of the study was restricted to the study of only consumers within Mobile Telecommunication Network (MTN) Ghana. As such, the findings may change if the study were to be applied to a different area or sector within Ghana or outside Ghana. To reduce this limitation however, the researcher widely

reviewed literature works to make references to issues being discussed which are of relevance to the other areas of the country where the various networks were operating.

Most of the respondents required a longer time to answer the questionnaire. In certain instances, some of the respondents misplaced the questionnaires that were given to them and they had to be replaced. Some other respondents were busy to fill in the questionnaires issued to them. As a result, it was difficult to get some important information these respondents which could have enriched the findings or otherwise influence the findings of the study. However, in spite of this difficulty, the researcher was able to gather the data and analyze them within the stipulated time period for the research.

Finally, the issue of consumers' perceptions could be questioned because the sample size consisted of respondents that have different physical and psychological background. However, the above limitations are less significant compared to the importance of carrying out this type of study. Such a study should be carried out often in order to monitor perceived value and find out satisfaction levels of customers and hence make necessary adjustments in case of any weaknesses or strengths.

## Definition of Terms

**Customer Satisfaction:** measurement that determines how happy customers are with a company's products, services, and capabilities.

**Customer Loyalty:** the act of choosing one company's products and services consistently over their competitors.

## Organisation of the Study

The study was organised into five chapters. Chapter One, the introduction of the study, looked at the background to the study, the problem statement, the objectives of the study, research questions, delimitations of the study, significance of the study and the organisation of the study. Chapter Two, the literature review, reviewed extant literature related to the study. Specifically, the Chapter Two reviewed literature on theories underpinning the research, the concept of customer satisfaction, the concept of customer loyalty, drivers of customer satisfaction, drivers of customer loyalty, the relationship between customer satisfaction and customer loyalty, and the introduction of customer visits as a moderator between the customer satisfaction and customer loyalty.

Chapter Three looked at the research methods used in conducting the research. The research design, the study area, the population of the study, sample size and sampling technique, data collection procedure, research instruments, and data analyses were all explained in the research methods. Chapter Four looked at the data analyses and discussions. Chapter Five looked at the summary, conclusion and recommendations.

## CHAPTER TWO

### LITERATURE REVIEW

#### Introduction

This chapter review extant literature related to the study. Specifically, this chapter reviewed literature on the theory underpinning the research work, meaning of customer satisfaction, the determinants of customer satisfaction like service recovery, service quality, price, brand image. The chapter also reviewed literature on the concept of customer loyalty, relationship between customer satisfaction and loyalty, and moderators of the relationship between customer satisfaction and customer loyalty such as switching cost, gender, income, age, knowledge and expertise.

#### Theoretical Framework of the Study

Researchers have employed variety of theories and conceptual perspectives to explain the adoption of customer perceived value, customer satisfaction and loyalty as strategy for organizational success and profitability. Prominent among these studies include those highlighted in this study. The researcher adopted the customer disconfirmation theory as the main theory underpinning this research work.

#### Expectation Disconfirmation Model

Disconfirmation models are models that suggest that customer satisfaction/dissatisfaction is the disparity that exist between the performance of a product/service and some cognitive or emotional standards of the customer.

Oliver (1986) was the first to propound and develop the expectancy disconfirmation theory. The theory has been tested and confirmed in several studies (Sattari, 2007).

According to expectation disconfirmation theory, customers after consuming a product/service(s) compare their perception of the product/service(s) performance against their expectation before the service encounter. When outcome or perceived performance is equal to expectation, confirmation occurs. Negative disconfirmation occurs when perceived performance of product/service is less than expected. Customer satisfaction occurs by confirmation of consumer expectation and dissatisfaction is caused by disconfirmation of consumer expectations.

Within the disconfirmation school of thought, more recent researches revealed that desire instead of expectation in comparison with perceived performance should be used in determining customer satisfaction (Sattari, 2007). Therefore, desire disconfirmation has been suggested as a better substitute. Desire and expectation are both cognitive standards and it is not clear which one provides a better explanation of customer satisfaction. Khalifa & Liu (2002) propose an empirical justified study, a contingency theory that incorporates both expectation and desire disconfirmation. They conclude that both desire and expectation simultaneously affect overall customer satisfaction (OCS). This view was also supported by Dunn (1999).

## Concept of Customer Satisfaction

In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy (Gitman & McDaniel, 2005). According to Kotler and Armstrong (2009), customer satisfaction is the extent to which a product's perceived performance matches a buyer's expectations. Caruana (2002) also defined customer satisfaction as an experienced-based assessment made by the customer of how far his or her own expectations about the individual characteristics or overall functionality of the product obtained from the provider have been fulfilled. These definitions were supported by Kotler and Kelvin (2006) who defined customer satisfaction as a person's feeling of pleasure or disappointment resulting from comparing a product's performance (outcome) in relation to the customer's expectation.

One of the common variables found in all the definitions given by the scholars is "expectation". Customer expectations are beliefs about service delivery that serve as standards or reference points against which performance is judged (Kim et al., 2007). This implies that before every customer purchase a product, he or she set a certain standard about what the product is supposed to achieve. These standards serve as a reference point upon which the actual performance of the product is compared with. Customers compare their perceptions of performance (actual performance) with these reference points (standards) when evaluating service quality upon which satisfaction is derived from (Lovelock & Wright, 2002).

The World Trade Organization also viewed customer satisfaction as a psychological concept that involves the feeling of well-being and pleasure that results from obtaining what one hopes for and expects from appealing product and/or service (WTO, 1985). It is an attitude-like judgment following a purchase act or a series of consumer product interactions (Lovelock & Wright, 2002). The implication about these definitions is that satisfaction resides in the minds of the consumer. It is subjective. The taste, preference, and the expectation that the customer has for the product are likely to have some amount of influence on his or her satisfaction.

Customer satisfaction can be defined using the transaction-specific perspective and cumulative perspective. The transaction-specific perspective indicates that customer satisfaction is the evaluation based on the recent purchase experiences (Srinuan, 2011). Compared with the transaction-specific perspective, the cumulative perspective stresses overall evaluations, indicating that evaluations of customer satisfaction should be based on all the purchase experiences of the customer, disregarding any specific purchase experience (Johnson & Fornell, 1991). Parasuraman, Zeithaml and Berry (1985) argued that the cumulative perspective is more capable of evaluating the service performance of firms and more effective in predicting consumers' post purchase behaviors (Wang et al., 2004). In this study, customer satisfaction is defined as the total consumption perception of consumers when using mobile telephone services.

One area that has generated extensive debate in customer satisfaction literature is whether customer satisfaction should be described as an outcome or a

process. Many early definitions conceptualized satisfaction as a process, which is currently the central view of most scholars (Oliver 1996; Parasuraman et al., 1988). The process perspective suggests that customer satisfaction is a feeling of satisfaction that results from the process of comparing perceived performance and one or more predictive standards, such as expectations or desires (Khalifa & Liu, 2002). This perspective is rooted in the expectancy disconfirmation theory suggested by Oliver (1996). The customer is satisfied if the performance of the product is equal or greater than the expectation he or she has set for the product (positive disconfirmation), and dissatisfied if the performance of the product is below the customer's expectations. Taking satisfaction as a process, these definitions do not focus only on satisfaction itself but things that cause satisfaction, the antecedents to satisfaction, which occur primarily during the service delivery process (Vavra, 1997).

More recent studies also viewed satisfaction as an outcome or end result during the process of consumption of a product; satisfaction is viewed as a post-purchase experience (Vavra, 1997). This definition has its roots in motivation theories that assume that people are driven by the desire to satisfy their needs (Maslow, 1943) or that their behavior is directed at the achievement of relevant goals (Neuman (2007). In this way, satisfaction is viewed as a goal to be attained and can be defined as consumer fulfillment response (Rust & Oliver, 1994). In the context of this study, customer satisfaction is viewed from the process perspective because the researcher believes that in, customers evaluation of a service in the Ghana's Telecommunication market takes place primarily during the service

delivery process and continues, but not just an outcome that customers struggle to achieve.

Another divisive issue in customer satisfaction literature is whether satisfaction is a cognitive or affective. Although many researchers especially the advocates of the expectancy disconfirmation theories, viewed satisfaction as a process, but the nature of the satisfaction process remains unknown. Some authors opine that satisfaction is a cognitive assessment involving a comparison of a product offering from a provider against expectations (Lovelock & Wright, 2007; Zelalem, Negi & Eyob, 2010; Kotler & Armstrong, 2009). Other scholars maintain that feelings of satisfaction represent an emotional or affective state of the mind that is achieved, through the process of service delivery where customers encounter service experiences that affect their emotions (Harter, 2000; Swanson & Kelley, 2001).

More recent researchers have found that satisfaction is both cognitive and affective (Oliver, 1993; Gronroos, 2001; Wong, 2004; Edvardsson et al., 2005). This view holds that customers do not only consume an offering by a provider for which they cognitively evaluate, but their involvement in the service production and delivery process allows them to emotionally evaluate the service quality. They argue that satisfaction is naturally tied to cognitive judgments and to affective reactions elicited in consumption. This study conceptualizes customer satisfaction as cognitive and affective since the researcher believes customers express their satisfaction with the service quality cognitively and emotionally.

## Determinants of Customer Satisfaction

Given the importance attached to customer satisfaction by marketing theory and practice, understanding the determinants of customer satisfaction have long been a subject of study for consumer research. In reviewing the existing literature (Anderson & Sulbyan, 1993; Michel & Meuter, 2008; Nimako et al., 2010; Herrmann et al., 2007; Minkiewicz et al., 2011), a number of factors have been identified as antecedents of customer satisfaction. These factors include, but not limited to, (1), service recovery (2) service quality, (3) price, (4) brand image, and (5) customer orientation. In this section, these factors are explored to build up a framework of the potential determinants of customer satisfaction in mobile telecommunications industry of Ghana.

### *Service Recovery*

According to Zeithaml and Bitner (2003), Service recovery refers to the measures taken by an organization or service provider in response to a service failure. This definition was supported by Karmarkar (2003) and Johnston (1995) that Service recovery refers to the actions a service supplier takes in order to seek out dissatisfaction and as a reaction to poor service quality i.e. service failure. Zemke and Connellan (2001) defined service recovery as a thought-out, planned process for returning aggrieved customers to a state of satisfaction with the firm after a service has failed to meet customers' expectation.

According to Maxham (2001), a service failure is any service-related mishaps or problems (real and/or perceived) that occur during a customer's experience with the firm. Service recovery thus refers to the actions of service

provider in response to service failure. There is a service failure when customers perceptions of the service received do not match their expectations. Michel and Meuter (2008) argue that though appropriate service recovery efforts may restore a dissatisfied customer to a state of satisfaction, service failures can lead to negative disconfirmation and eventually dissatisfaction. Although some researchers have argued that the best strategy is to guarantee the original service delivery, it is nearly not possible to get rid of all failures. Thus, organizations with the capacity to respond to service failures successfully and implement some form of service recovery will be in a much better position to retain profitable customers (Michel & Meuter, 2008).

The objective is to maintain the business relationship with the customer. Effective service recovery leads to enhanced perceptions of the quality of the products and services already purchased, enhanced perceptions of the firm's competence, and a favorable image in terms of perceived quality and value (Kerr, 1995; Boshoff & Allen, 2000). Service recovery also addresses the firm's ability to react immediately to a failed service encounter, pleasing the customer before he or she finds it necessary to complain (Michel, 2004).

### *Service Quality*

Service quality is a concept that has generated considerable attention and debate in the research literature because of its difficulty in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001). There are a number of different definitions as to what is meant by service quality. Service quality in the management and marketing literature is the extent to which

customers' perceptions of service meet and/or exceed their expectations (Bowen & David, 2005). Service quality has been defined as the overall assessment of a service by the customers (Eshghi et al., 2008). Nitecki et al., (2000) defined service quality in terms of meeting or exceeding customer expectations, or as the difference between customer perceptions and expectations of service.

Service quality can thus be defined as the disparity between customer expectations of service and perceived service. If expectations are greater than performance, then quality is less than satisfactory and hence customer dissatisfaction occurs. Thus service quality can intend to be the way in which customers are served in an organization which could be good or poor. Some researchers have agreed to the fact that service quality determines customer satisfaction (Saravana & Rao, 2007; Lee et al., 2000). Parasuraman et al. (1985) proposed that customer satisfaction will increase when perceived service quality is high. Some other authors did comprehend with the idea brought up by Parasuraman et al. (1985) and they acknowledged that Customer satisfaction is based upon the level of service quality that is provided by the service providers (Saravana & Rao, 2007; Lee et al., 2000). Relating it to these researchers' views, it is evident that definition of customer satisfaction involves predicted and perceived service; since service quality acted as one of the factors that influence satisfaction.

Since customer satisfaction has been considered to be foundation on the customer's experience on a particular service encounter (Cronin & Taylor, 1992), it is in line with the fact that service quality is a determinant of customer

satisfaction. This is because service quality comes from outcome of the services provided by service providers in organizations. Regarding the relationship between customer satisfaction and service quality, Oliver (1999) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. In linking customer satisfaction and service quality, researchers have been more specific about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in common, but service quality focuses specifically on dimensions of service whereas, satisfaction is generally a broader concept (Wilson et al., 2008). Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml et al., 2000).

### *Price*

As a key factor in the marketing mix, the position of service price in the formation of customer satisfaction has not been studied expansively in previous customer satisfaction research (Khalifa & Liu, 2002). When price has been included, it has been one of several product/service attributes considered relevant (Fornell et al., 1996; Voss, 2003); however, the exclusive influence of product/service price on satisfaction judgments remains unclear. From the customer's view point, price is what is given up or sacrificed to obtain a product or service (Morgan & Hunt, 1994). According to Anderson and Sulbvan (1993), perceived price is one psychological element that plays an important role in customers' reactions to prices.

They opined that price can be used as a resource to increase both profits and customer satisfaction. Price is a vital factor for customers when selecting products or services (Hartl, 2006). Price fairness may well be seen as representing a direct attempt to establish consumers' willingness to buy a product/service due to a perception that price equals product/service's performance. Thus, it corresponds to the maximum price which a consumer should forfeit for the product, given the benefits that come with the product. In this study, consumers' price perception is included as an important factor determining overall satisfaction judgments.

According to Saravana and Rao (2007), this influence on customer satisfaction is both direct and indirect via price fairness perceptions. According to Voss (2003), satisfaction is a function of price, proposing that perceived price fairness might be the main determinant of satisfaction. Their empirical results propose that when there was a perceived price performance inconsistency, it had a stronger effect (negative) on satisfaction judgments. Some researches in marketing and psychology have opined that satisfaction is positively correlated with fairness perceptions (Bowen & David, 2005; Hougaard & Bjerre, 2002).

Oliver and Swan (1989) also found that customers' fairness perceptions depended on a product or a service supplier's commitment and the quality of the goods and services relative to the price paid by consumer. When customers believe that a product's price is fair, the purchase behavior tends to be repeated. In contrast, if customers feel that a certain product or services doesn't deserve its price, they will not repeat purchase behavior. To this end, this research study

would posit that price perceptions influence customer overall satisfaction judgments directly and indirectly through price fairness perceptions. Accordingly, it is alleged that price fairness perceptions of mobile telecommunications consumers in Ghana would influence their satisfaction with the services that are being retailed by mobile telecommunications providers in the country.

### ***Brand Image***

Ballantyne et al. (2005) defined brand image as the material property associated with the brand, such as the name of the product and the packing, which could make profits or sense for customers and help or increase describing the characteristics. To Magid and Cox (2006), brand image included customer responses to brand name, sign, or impression and also represented the symbol of the product quality. To Barich and Kotler (1991), corporate image is the overall impression made on the minds of the public about a firm and its products and services. This was supported by Keller (2003) that brand image is the set of beliefs, ideas and impression that a person holds regarding to an object. In addition, Koo (2003) added that brand image is useful to drive satisfaction, loyalty, and purchasing habits of customers. Thus reputable brand image enables the customers to differentiate their needs that the brand fulfils and it distinguishes the company from others and enhances the customer performance over the brand (Lapierre, 2000).

Many scholars, such as Rory (2000), Lin (2005), Chen (2008), and Xu (2006), have proposed that there is positive relationship between brand image and customer satisfaction. Rory (2000) argued that, with the creation of good brand

image, customers were likely to increase the satisfaction of usage, and would like to recommend to others.

### **Concept of Customer Loyalty**

Keeping a long-term relationship with customers is one of the most important goals of many companies in the modern business world. According to Romaniuk and Sharp (2013), the cost of keeping an existing customer is less than one sixth of winning a new customer. Customer loyalty is one of the key elements that will help a company sustains its long-term success (Lim et al, 2016). Customer loyalty is defined as a customer who over time engages one company to satisfy entirely, or a significant part, of her needs by using the company's products or services (Xu, 2010). In the words of Bowen and Shoemaker (2013), customer loyalty occurs when the customer feels so strongly that you can best meet his or her relevant needs that your competition is virtually excluded from the consideration set and the customer buys almost exclusively from you.

Lim et al (2016) described customer loyalty as consumers' overall attachment or commitment to a mobile service provider. Keller (2013) defined customer loyalty as a tendency of a customer to choose a particular brand of business or product to fulfill their needs. This implies that a customer can be described to be loyal to a product of a company only when he or she does not turn to a product or service of a competitor in exceptional cases. We can explain this state as 'brand loyalty' because customers tend to choose a certain brand more often than others. The choices and purchase action of a customer is evidence that shows customer loyalty to a certain brand. Customer loyalty is a result of

customer retention programs that are always implemented to give encouragement to the consumer to remain active in choosing their brand as exclusive brand.

Hallowell (2016) defines customer loyalty as the relationship a customer maintains with the seller after the first transaction. Andreassen and Lindestad (2018) have proposed that the general feeling of satisfaction felt by a customer is a result of purchase encounters; it need not be based on previous transactional experience. However, it is worth noting that customer satisfaction is not the only one in building relationship strength but environmental factors such as market concentration can also affect the longevity of the relationship (Storbacka, Strandvick & Gronroos, 2008). The service management literature shows increasing interest in relationship strategies where the focus is evidently on building customer satisfaction and loyalty.

Another important input in the literature regarding customer loyalty measurement is according to (Kumar & Shah, 2014), the priority goal of every firm is profitability and one way to achieve this for a company is to gain and maintain loyal customers. If a firm invests resources to enhance customer loyalty without focusing on profitability, it may lead to failure in the long run. Customer loyalty becomes important to a company when it results in purchase behavior. Firstly, it is much less expensive to retain current customer than it is to hire new ones (Kotler & Keller, 2016). Secondly, loyal customers are more likely to mention past service experiences positively than non-loyal customers, creating a potential for word-of-mouth advertising at no extra cost to the service providers (Shoemaker & Lewis, 2009).

According to Oliver (1999), customer loyalty can be classified into proactive loyalty and situational loyalty. Proactive loyalty occurs when a consumer is often bought the brand and settles for no other substitute. Thus in proactive loyalty, the customers frequently and regularly purchase products or services from the same company or brand. Situational loyalty, on the other hand, occurs when a special or particular situation is needed for customers to consider certain products or services. In either case, the consumer is focused and considers no alternatives (Verhoef, 2013; Webster, 2014). Some scholars have also classified customer loyalty into behaviour loyalty and attitude loyalty (Ulaga & Chacour, 2001; Petrick, 2002). Behaviour loyalty centers on the long-term choice probability for a brand, for example, repeat purchase probability. Attitudinal loyalty on the other hand focuses on brand recommendations, resistance to superior products, repurchase intention.

Measuring loyalty from the perspective of the literature is mostly used using behaviour and attitude (Srivastava & Rai, 2013). Behavioural loyalty is measured using a customer's behaviour on repeat purchasing, which is expressed as a continued preference that a customer has for a company's brand or service. In life insurance, behavioural loyalty is expressed through the customer's intention to keep/renew an existing and /or to purchase a new policy from the same supplier (Tsoukatos & Rand, 2006). These measures are good indicators of a loyal customer.

Attitudinal loyalty is assessed by the customer's attitude such as their beliefs and feelings as well as their repurchase intention and likelihood to

recommend the company (Boshoff, 2014). Using the attitudinal approach to loyalty can assist managers to understand what needs to be done to build high levels of commitment as such a customer is very likely to remain with a company (Du Plessis, 2010; Buttle, 2004). Word of mouth captures the likelihood that a customer will refer a seller positively to another potential customer and therefore, indicates both attitudinal and behavioural dimensions of loyalty (Palmatier et al., 2006).

Lovelock and Wirtz (2011) believe customer loyalty expresses an intended behaviour related to the service or the provider. This includes the likelihood of future renewal of service contracts, the likelihood of change of patronage, the likelihood of positive word of mouth, or the likelihood of customer complaints. Lovelock and Wirtz (2011) propose that a customer's discernment of face-to-face interaction with the service employee is taken as a significant determinant of customer loyalty. Word of mouth even takes place during service encounters (Lovelock & Wirtz, 2011). Durvusula et al.'s (2004) claimed when customer's exhibit high levels of both behavioural and attitudinal loyalty they were 44% more likely to be active marketers and 26% more likely to be passive word of mouth marketing.

### **Customer Satisfaction and Customer Loyalty**

Apart from directly determining the state of loyalty among customers, satisfaction also influences the relationship between customer loyalty and other cognitive, affective and conative variables as well as the customer's evaluative

judgment such as service quality, which is a major antecedent of loyalty (Srivastava & Rai, 2013). Many other factors have been demonstrated to influence the satisfaction that a customer experiences with a service. These include affective or emotional attachments with the service, self-esteem or self-concept concerns or even social norms (Murray & Howat, 2012).

Mittal, Katrichis and Kumar (2011) believe customer satisfaction influences the factors that link to the long-term orientation of a relationship and that it is as an essential factor responsible for the long-term association between suppliers and buyers. Mittal et al. (2011) argue that it has often been declared that the affect component of satisfaction could stimulate a satisfied customer to patronize the service provider as well as referring its services to others.

Jones and Suh (2010) in a study of the services of hairstylist argue that overall satisfaction has a direct influence on repurchase intentions as well as a moderating influence on the transaction-specific satisfaction/repurchase intention relationship. When overall satisfaction is high, transaction-specific satisfaction has little impact on repurchase intention, but when overall satisfaction is low, transaction-specific satisfaction has a positive influence on repurchase intention. Akbar and Parvez (2016) propose perceived service quality, customer satisfaction and trust to have a positive effect on customer loyalty among telecommunications clients in Bangladesh. Overall, it can be concluded that research has illustrated that customer satisfaction has significant effects on both behavioural and attitudinal aspects of loyalty (Santouridis & Trivellas, 2010). Cronin et al. (2010) suggest most studies indicate that service quality influences customer loyalty only

through value and satisfaction, others, such as Zeithaml et al. (2016) consider customer loyalty to be a direct effect of service quality perceptions.

The customers who are unsatisfied with the received services would not be expected to have long run relationships with the company (Lin & Wu, 2011). Anderson (1996), in his research work, found that customer satisfaction has significant impact on customer loyalty. Similarly, Kim et al. (2007) give evidence that the source of customer loyalty is customer satisfaction. Yoo and Park (2007) found that satisfaction has positive and significant effect on customer loyalty. Lin and Wang (2006) also supported that satisfaction has significant and positive impact on loyalty.

According to Rust and Oliver (1995) customer satisfaction has direct impact on customer loyalty. Auh and Johnson (2005) argued that there are strong relationships between satisfaction and loyalty. Similarly, Bodet (2008) confirmed the relationship between customer satisfaction and customer loyalty. Shankar, Smith and Rangaswamy (2003) also provide evidence that there is positive relationship between satisfaction and loyalty. As Kim, Jeong, Park, Park, Kim and Kim (2007) stated, customer satisfaction has impact on customer loyalty. Vesel and Zabkar (2009) provide evidence that customer satisfaction is one of the significant determinants of customer loyalty. Hallowell (1996) also support that satisfaction and loyalty are related. An empirical research conducted by Ball, Coelho and Vilares (2006) on Effective customer service: A tool for client retention among stock broking firms in Nigeria revealed that satisfied customer

would promote more loyalty behavior, and opined amongst others that customer satisfaction has direct impact on loyalty.

On the contrary, several studies indicate that this positive association between customer satisfaction and loyalty fails to be generalizable (Seiders et al., 2005; Kamakura et al., 2002; Oliver, 1999). Customer satisfaction does not always translate into customer loyalty. More specifically, some studies fail to fully explain the number of satisfied customers who bolt and unsatisfied customers who stay loyal (Ganesh, Arnold and Reynolds 2000; Bendapudi & Berry 1997; Keaveney, 1995). Researchers (Oliver, 1999; Seiders et al., 2005) note that high customer satisfaction does not always indicate high loyalty. In a similar vein, increasingly more recent evidence shows that merely keeping customers satisfied is not enough to guarantee loyalty (Deming 1986; Jones & Sasser, 1995). The reason for this is because even if customers are satisfied, they may defect (Reichheld, 1993).

Customer satisfaction, by itself, does not unconditionally guarantee customers' actual repeated purchase behavior; as a result, managers must try to both achieve exceptional customer satisfaction and convert this attitude – satisfaction – into accordingly relevant repurchase behavior or attitude, behavioral or attitudinal loyalty (Kamakura et al., 2002; Reichheld, 1996). Simply speaking, the positive relationship between customer satisfaction and loyalty applies in some situations, but not for others (Deming, 1986; Jones & Sasser, 1995; Kamakura et al., 2002; Oliver, 1999; Seiders et al., 2005).

## **Moderators of the Relationship between Customer Satisfaction and Customer Loyalty**

Tuu et al. (2011) reviewed many studies (Bloemer & de Ruyter, 2008; Mittal & Kamakura, 2011; Szymanski & Henard, 2011) and asserted that the relationship between customer satisfaction and customer loyalty can be categorized as a moderate one with former accounting for only 35.9 percent of variance in latter. It has been argued that inclusion of other variables in addition to customer satisfaction is called for in order to uncover the hurdles and reasons of explaining variance in customer loyalty (Seiders et al., 2015; Cooil et al., 2017; Olsen, 2017). Various studies investigated the possible moderating effects on the relationship between customer satisfaction and customer loyalty (Chiou et al., 2012; Evanschitzky & Wunderlich, 2016; Chandrashekar et al., 2017; Cooil et al., 2017; Tuu & Olsen, 2009). On the basis of these studies, Tuu et al. (2011) examined the collective moderating effects of perceived risk, objective knowledge and certainty on the aforementioned relationship and found that taking these factors along with customer satisfaction into consideration explained around 50 percent of the variance in customer loyalty. Following is an account of some moderating variables which have been tested in varied contexts and were found to be exercising significant moderating influences over the customer satisfaction - customer loyalty relationship:

### *Switching Cost*

Fornell (2012) posited that the effect of customer satisfaction on customer loyalty differs in different industries and industry specific switching costs can be one of the factors that affect this association. Jones and Sasser (2015) pointed that switching costs may result in inducing fake loyalty instead of commitment based loyalty as customers are more likely to keep relationship with their service provider due to sizeable amount of costs involved in switching.

Empirical evidences have been found in support of the moderating role of switching costs in customer satisfaction - customer loyalty relationship (Jones et al., 2010; Lee et al., 2011; Yang & Peterson, 2014; Lam et al., 2014; Aydin et al., 2015). Lee et al. (2011) studied the effect of switching costs on customer satisfaction - customer loyalty relationship and found that the relationship weakens when switching costs heightens as customers are likely to ignore their level of satisfaction while deciding to continue with their service provider when they estimate the amount of time and efforts in searching for a new service provider to be higher.

Studies empirically investigating the moderating effects of switching costs on the customer satisfaction – customer loyalty relationship, revealed motley findings (Lee et al., 2011; Yang & Peterson, 2014; Aydin & Ozer, 2015). Nielson (2016) reasoned that the contradictory findings in respect of moderating role of switching costs may be attributed to the contingent influences of various situational elements such as nature of products, forms of businesses, types of consumers, etc. He et al. (2009) pointed that most of the studies conceptualized

loyalty as a one-dimensional construct collectively measuring repurchase intention and recommendation leading to possible equivocal fallouts. They employed canonical correlations to examine the moderating role of switching costs between the three antecedents and consumer loyalty via four loyalty dimensions, i.e. repurchase intentions, appreciating behavior, complaining behavior, and price-increase tolerance and found significant evidence for the moderating effects on repurchase preference and partial support on account of other three dimensions.

### ***Gender***

Slama and Tashchian (2015) suggested that women get more involved while purchasing as, according to, Fournier (2008), they form an association with the brands. Fournier (2008); and Mittal and Kamakura (2011) opined that buying behaviours of men differ from that of women. Moreover, Mittal and Kamakura (2011) found women to be more tolerant with relatively fewer psychological barriers. Saad and Gill (2010) noted that gender has been considered as a moderator in marketing literature. They posited that though several studies (Fournier, 2008; Korgaonkar et al., 2015; Odekerken-Schroöder et al., 2010) examined the potential direct effects of gender on customer loyalty, gender also acts as a moderating variable in marketing and consumer behaviour. Mittal and

Kamakura (2011); and Homburg and Giering (2011) indicated that men who are satisfied with a product show higher probabilities of repurchasing it in comparison to women satisfied with the product. Walsh et al. (2018) empirically supported the moderating role of gender in the relationship between different

facets of satisfaction and certain measures of loyalty. However, they could not find any support for the moderating role of gender in customer satisfaction - customer loyalty relationship.

### ***Income***

Studies have found that income and customer loyalty are related (Crask & Reynolds, 2008; Korgaonkar et al., 2015; Zeithaml, 2015). Zeithaml (2015) suggested that consumption related decisions bear large impact of income as higher income allows more choices to the consumers making them less loyal compared to consumers in lower income category. Homburg and Giering (2011) noted that lower income positively moderates the customer satisfaction – repurchase behaviour relationship as it tends to be stronger when consumers earn less. This can be explained with the findings of Farley (2014); and Walsh and Mitchell (2015) who pointed that higher income is generally related to higher educational levels and higher ability to process information which play an important role in this context as suggested by Spence and Brucks (2017) who argued that consumers with greater cognitive aptitudes handle new information with better ease.

Consumers in lower income groups are more likely to escape the “cost of thinking” (Shugan, 2010) by resorting to fewer information cues such as their own satisfaction while evaluating and buying. Coilet al. (2017) found income as a negative moderator; an increase in income diminishes the impact of changing satisfaction on change in expenses. Others also established income as a moderating variable in the customer satisfaction - customer loyalty relationship

(Evanschitzky & Wunderlich, 2016; Walsh et al., 2008). Walsh et al. (2008) stated that higher incomes provide flexibility to the consumers in case of dissatisfaction or boredom with usual service provider.

Quite the reverse, consumers with relatively lower income level choose to stay with a service firm even if satisfaction levels drops down in order to avoid search costs. They further compared low-income group with high-income group and asserted that low income group face relatively higher opportunity costs while switching and thus, sustaining an unsatisfactory relationship seems preferable to searching for and shifting to a new service provider as that brings in the possibility of even poorer consumption experience.

### *Age*

The information processing theory asserts that older customers are unlikely to engage in new information search and tend to resort to heuristic or schema-based forms of processing (Wilkes, 2012; Yoon, 2017). Gilly and Zeithaml (2015) opined that information processing ability deteriorates with age. Wakefield and Baker (2008) proposed age as a moderator variable in relation to customer satisfaction - customer loyalty relationship.

Various studies established the difference between repurchase behaviours of older and younger consumers empirically (Evanschitzky & Wunderlich, 2016; Homburg & Giering, 2011; Lambert-Paudraud et al., 2015; Mittal & Kamakura, 2011). Homburg and Giering (2011) pointed that younger customers' repurchase behaviour is strongly influenced by satisfaction and age moderates the relationship between customer satisfaction and customer loyalty where older

customers are more apt to be loyal. Mittal and Kamakura (2011) suggested that retention of older customer gets less affected with the changes in customer satisfaction. Older consumers tend to be more loyal to a product in comparison to younger ones as they evaluate their experience with the product while making purchase decisions (Homburg & Giering, 2011; Lambert-Paudraud et al., 2015).

Lambert-Paudraud et al. (2015) argued that older customers have narrow set of consideration and they tend to select long established brands. Evanschitzky and Wunderlich (2016) reviewed Oliver's (2009) study involving four stage loyalty model which considered age as a moderating variable. Walsh et al. (2008) proposed that the relationship between customer satisfaction and customer loyalty is stronger in case of older customers as they would have fewer decision criteria and proceeded to test the moderating effect of age which offered contradictory results as no moderating effect of age could be established.

### ***Knowledge and Expertise***

Alba and Hutchinson (2017) defined expertise as the skill that enables successful performance of product related responsibilities. Previous research shows that expertise influences brand evaluations and strength of attitude (Alba & Hutchinson, 2017; Bettman & Sujan, 2017; Mitchell & Dacin, 2016). Walsh et al. (2008) referred to information processing theory while arguing that customers with higher expertise take a number of information cues into consideration for evaluation of a service. Thus, their buying behaviour gets more objective with more importance given to quality and availability of a product. They argued that expertise tends to sensitize to disparities in satisfaction, especially in case of range

or variety and enables the adjustments in attitudinal loyalty when lower satisfaction levels are reached.

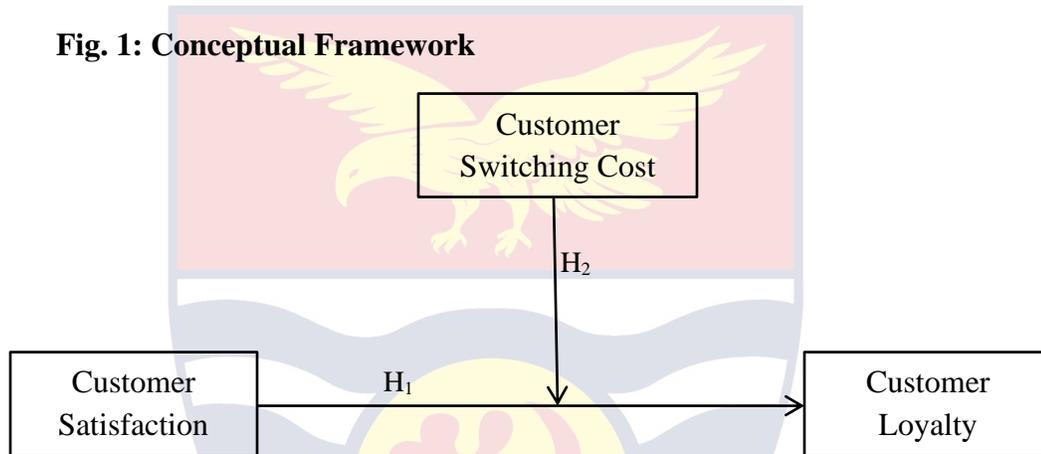
On the contrary, neophytes most likely are focused on discrete product information cues, such as level of satisfaction during earlier encounters. Clarifying this further, Walsh et al. (2008) explained that once novices experience satisfaction with a product, they choose to stay due to lesser reliability, inferior quality of available alternatives and the efforts required for acquiring and processing information to ensure new satisfactory alternatives.

It has been proposed that market expertise as a moderating variable in the customer satisfaction - customer loyalty relationship and greater knowledge of customer lessens the predictive power of customer satisfaction on customer loyalty (Cooil et al., 2017; Evanschitzky & Wunderlich, 2016; Tuu & Olsen, 2009). It has also been pointed that the moderating role of knowledge may differ due to the nature, level, content of knowledge and its measurement as a construct (Cordell, 2017; Fabrigar et al., 2016). Researchers found expertise to be negatively moderating the relationship of customer satisfaction with customer loyalty (Capraro et al., 2013; Evanschitzky & Wunderlich, 2016; Coilet al., 2017; Tuu & Olsen, 2009). However, Tuu et al. (2011) asserted that objective knowledge positively moderates the aforementioned relationship, which implies that the “true” knowledge of consumers bridges the gap between satisfaction and loyalty as it influences their evaluations and decision making process regarding continued consumption of products.

## Conceptual Framework

This research was conducted to examine the effect of customer satisfaction on customer loyalty in Mobile Telecommunication Network (MTN) Ghana. It was therefore meant to develop a framework that can be used to study the relationship between customer satisfaction and customer loyalty; and the moderation effect on the relationship between these two constructs.

**Fig. 1: Conceptual Framework**

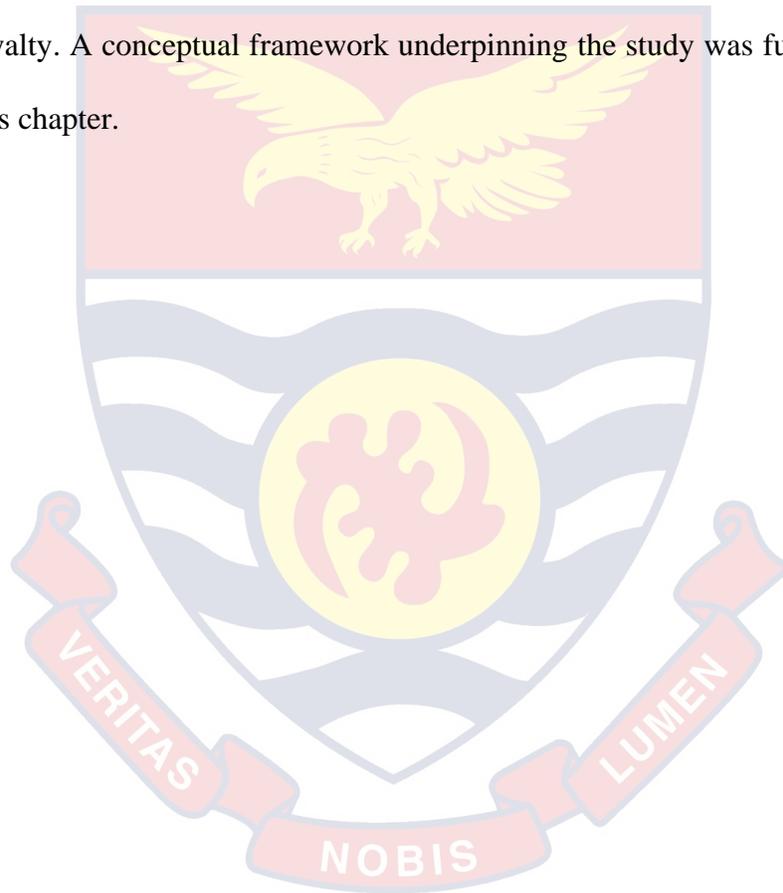


Source: Researcher's Own Construct (2020)

Based on the review of the literature, the researcher developed a conceptual framework describing the link that exists between the independent variable and the dependent variable. The framework has these main features; first, the framework examines the degree of relationship between customer satisfaction and customer loyalty within MTN. Secondly, the framework also examines moderation role on the relationship between customer satisfaction and customer loyalty as presented in Figure 1.

## Chapter Summary

Extant literature through explanation of the customer disconfirmation theory has been discussed. The study considered definitions of the variables by different writers and also revealed the relationship between customer satisfaction and customer loyalty as discussed in the literature. Also considered is the moderation effect on the relationship between customer satisfaction and customer loyalty. A conceptual framework underpinning the study was further presented in this chapter.



## CHAPTER THREE

### RESEARCH METHODS

#### Introduction

The main aim of the study was to examine the effect of customer satisfaction and customer loyalty in telecommunication industry in Ghana. This chapter explains the research methods that were used in gathering and analysis of data that are relevant to the study. Specifically, this chapter discussed the research design, the study area, the population of the study, sampling technique and sample size, research instrument, validity, reliability, data collection procedure and the data analysis.

#### Research Design

According to Lipsey and Wilson (2001), a research design is the general plan of how the research questions would be answered. It is a framework for conducting marketing research (Lipsey & Wilson, 2001). A good research design will ensure that the information collected will be consistent with the purpose of the study and that the procedures regarding data collection is accurate and efficient (Burns, 2000). The study adopted a cross-sectional survey which was suitable for seeking the opinion of the target population about the phenomenon, with a researcher designed questionnaire for data collection to answer the research questions (Cohen et al., 2003). A survey is a method of collecting data in which people are asked to answer a number of questions (usually in the form of a questionnaire).

This study is under the quantitative research paradigm. Under the quantitative paradigm there are various research designs or approaches such as the

experimental design, quasi-experimental design, correlational design and descriptive designs (Creswell, 2013). The descriptive survey design was employed for this study. Gay (1992) states that descriptive research involves the collection of data in order to test hypotheses, or answer research questions concerning the current status of the participants of the study. Descriptive survey design has the potential to provide a lot of information from quite large sample of individuals (Fraenkel & Wallen, 1990).

The descriptive survey design has an advantage of producing a good amount of responses from a wide range of people. It is relatively convenient, cheap and takes up little time to conduct the study. It describes issues or phenomena as seen or viewed in their natural setting and reported on as they were in their natural setting (Yin, 2014). It involves asking the same set of questions to many individuals either by mail, by telephone or in person. In addition, the design was convenient for the study considering the time constraints used to carry out the research and ensured maximum and efficient use of limited and scarce resources. It also provides a more accurate picture of events and seeks to explain customer satisfaction and customer loyalty based on data gathered at a point in time.

Neuman (2003) also claims that the method may produce unreliable results because questions asked may eat into private matters that people may not be willing to talk about. There is the difficulty however of ensuring that the questions to be answered using descriptive survey design are clear and not misleading because survey results can vary significantly depending on the wording of questions. In addition to the demerits, Seifert and Hoffnung (1994)

opines that it is difficult in getting a sufficient number of the questionnaire completed and returned so that meaningful analysis can be made.

Despite the above shortcomings, the descriptive survey design was considered the most appropriate for this study, since the researcher could draw meaningful conclusion from the data obtained and that accounted for the choice of the design. Also, data are fairly easy to obtain and interpret by the use of simple descriptive statistics (Sarantakos, 2006). Again, the descriptive survey was found to be most appropriate, because the researcher collected data and reported it as it was without necessarily manipulating any variable. In order to minimize the shortcomings, the researcher intended to the design by stating the questions clear and not delving into the private matters of the respondents that might prevent them from answering it.

### **Research Approach**

The two most important approaches used in conducting a research are the inductive and deductive approaches (Saunders et al, 2007; Amaratunga et al, 2002; Creswell, 2008). The inductive approach is when data is collected first and after analyzing the data, a theory is developed consequently. On the other hand, if a theory or hypothesis is first developed and then later a research strategy is designed to test the hypothesis, then the approach is of deductive nature. In this research therefore, the data collected was analyzed based on existing literature on the topic, hence adopting the deductive approach. Some scholars refer the deductive approach to mean quantitative and the inductive as qualitative.

The quantitative research is seen as an extreme of empiricism in which theories are not only justified by the extent to which they can be verified, but also by an application of facts acquired (Amaratunga et al., 2002). This research method tries to quantitatively explain and apply statistical analysis, which is often formalized, well-structured and data is usually obtained from larger sample (Ross, 1989).

### **Study Area**

The MTN Group formally took over Ghana's leading mobile telecommunications service provider, Areeba, a year after it purchased Investcom LLC, Areeba's parent company. Areeba Ghana is thus now to be known as MTN Ghana. MTN acquired Investcom in July 2006. Investcom's takeover added five million more customers to MTN and increased the number of countries where the Group operates mobile networks to 21.

Until August 2005 when Investcom bought into Scancom Ghana Limited, the original owners, Areeba Ghana was known as Spacefon. After the takeover, it maintained the combined name of Spacefon Areeba for several months before Spacefon was dropped. Since its incorporation into the MTN Group, Areeba Ghana has focused on a previous roll out backlog, commissioning more than 280 base stations during the last three months of 2006, improving service and call quality and strengthening network infrastructure. The company has launched several innovative services into the Ghanaian market, a trend the company executives say will continue.

Market penetration of mobile telecommunications services in Ghana is growing exponentially. As at December 2005, Areeba's total subscription was 955,000. Currently, the network commands a clientele well over fifteen million spread across the 16 regions of the country. The increase in mobile phone use in Ghana is a reflection of the growing trend of the industry in Africa. A recent survey by the International Telecommunications Union (ITU) found that Africa has become the world's fastest mobile phone market. The report indicated that over the last five years, the continent's mobile phone use increased at an annual rate of 65 percent, twice the global average. Africa gained more than 13 million new subscribers in 2003 alone.

Established in Johannesburg, South Africa in 1993, MTN has grown from a local to a global mobile service company. In 1998 it had 4.1 million subscribers in South Africa but as at 2009 it had 50 million subscribers in 21 countries in Africa and the Middle East. It has 25 million subscribers in Nigeria, its largest market on the continent: nine million in South Africa and 15 million in Ghana, its third largest market in Africa (NigeriaDailyNews.com, 2019).

### **Population of the Study**

The target population of the study comprised of all customers of MTN Ghana. For the purpose of this study, the target population comprised all the customers of Mobile Telecommunication Network (MTN). According to the National Communication Authority (NCA), MTN has a total of 15,641,800 customers in Ghana ([www.nca.org](http://www.nca.org)). Population of a research is any group of individuals that have common characteristics that are of interest to the researcher

(Saunders & Thornhill, 2007). According to Saunders and Thornhill (2007), all the individuals or objects within a certain population usually have a common, binding characteristics or traits. Sometimes the description of the population and the common binding characteristics are the same.

According to Fraenkel, Warren and Hyun (2011), population refers to the complete set of individuals (subjects or events) having common characteristics in which the researcher is interested. The study focused on the customers of Mobile Telecommunication Network (MTN) Ghana to be precise who are within the age range of below 20 and above 35 years. These target group for the study may fall within the following educational qualification, WASSCE, diploma, first degree, postgraduate, professional and any other related field. The study focused on male and female customers of MTN Ghana with an estimated size of the population 15,641,800.

Thus, the target population defines those units for which the findings of the survey are meant to generalize (Cohen et al., 2011). The accessible population on the other hand is the population in research to which the researchers can apply the conclusions of the study. The accessible population of the study was estimated to be 450. This population is a subset of the target population (Cohen et al., 2011). It is from the accessible population that the sample for the study is drawn and generalization can be made with few limitations.

### **Sampling Procedure**

One cannot study everyone, everywhere, doing everything and so sampling decisions are required not only about which people to interview or

which events to observe, but also about settings and processes (Punch, 1998). This was done by grouping the population into six sectors. Stratified random sampling technique was used to identify respondents under investigation. This helps the researcher represents all the categories in the population. As a result of this, simple random sampling technique was further used in gathering the data from the respondents. The researcher chose this sampling technique because it is fast, cost effective, and suitable for the study (Saunders & Thornhill, 2007).

A sample size of 500 respondents was selected for the study. The sample size was fixed at 500 on the bases of the verification of Saunders et al. (2009) that a sample size of over 450 is enough for a population of over 30,000,000 at 95% level of certainty. Studying the factors influencing customer loyalty within the Banking sector of Ghana, Bernard (2012) used a sample of about 450. In the light of these related studies, in relation to the sample size used, it was the researcher's view that a sample size of 450 was sufficient for this study. Table 1 below gives a summary on how the sampling size and procedure was obtained using the simple random sampling.

#### **Data Collection Instrument**

The study used close-ended questionnaires. According to Orodho (2014), a questionnaire is a necessary tool useful in gathering data because it allows a measurement for or against a particular viewpoint. Close-ended questions were used because they specify all the possible answers and provide answers that are easier to interpret and tabulate. Gall (2007) also explains questionnaires as written forms that ask exact questions of all individuals in the sample group, and which

respondents can answer at their own convenience. That is, to say, each person responds to the same questions because standard instructions are given to the respondents.

Therefore, using questionnaires helped give greater uniformity across measurement. And this made the questionnaires collected to be more easily analysed and interpreted than the data obtained from verbal responses.

It is for this reason that questionnaire design is relatively easy (Haines, Neumark-Sztainer & Thiel, 2015) and as such the most widely used type of instrument in research. Orodho (2014) further highlights the fact that the use of questionnaire cannot be underrated, because it can collect a large amount of information in a reasonably quick space of time. The researcher was able to explain the purpose of the study and to give meaning to the items that may not be clear during the questionnaire administration. The questionnaire comprised 22 items grouped under four main sections (i.e. Sections A-D).

Section A consisted of five statements determining the demographic information of the respondents. Section B comprised 7 items were used in measuring customer satisfaction, Section C comprised 7 items that were used in determining customer loyalty and in Section D, 3 items were used in measuring switching cost. Section B, C and D were assessed using a five Likert Scale type (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree). The questionnaire tends to be more reliable since its anonymity encourages greater honesty than interview (Cohen, Manion & Morrison, 2007). Based on the following strengths, the questionnaire helped give greater uniformity across

measurement. It may also be adapted to collect generalised information from any human population.

Questionnaire also have high amounts of data standardisation (Cohen et al., 2007). The questionnaire was chosen because it is less expensive and offer greater anonymity or confidentiality especially when sensitive issues are involved. It is also useful when studying a large sample (Cohen et al., 2011). Notwithstanding the strengths stated above, the questionnaire has several weaknesses which includes, low response rate, lack of opportunity on the path of the researcher to clarify issues that respondents are not clear about (Howitt, 2010). Yet, it is believed to be a good instrument to be used to undertake the study.

### **Pilot testing**

To ascertain the reliability of the research instrument, the research instrument was subjected to pilot-testing. The aim was to ascertain the relevance of the questions, their clarity and sensitivity. Pilot-testing is a small-scale trial, where a few respondents answer a research instrument and comment on the feasibility and mechanics of the test research instrument (Creswell, 2013). The questionnaire was pilot studied through its convenient distribution to 23 customers of telecommunication network in Ghana. A minimum value of 0.7 should be achieved for Cronbach's Alpha to ensure reliability of a study instrument (DeVellis, 2016). The comments and results from the pilot-testing exercise were used to improve the instrument for the actual data collection exercise that really contributed positively to the finalization of the instrument.

## Data Sources

This study basically made use of primary data. The primary sources of data include information that was gathered from the questionnaires that were administered to the respondents. A structured survey questionnaire with clear-cut questions was used to limit and ease the analysis of response-variation among respondents. A proper question formats were used by the researcher in designing questionnaires so as to obtain the appropriate information needed from the respondents. Close-ended questions and multiple-choice questions were mostly used to limit the choices of the respondents. The researcher used primary data because they are reliable since they come from the original sources and they were collected for the purpose of the study. The researcher was able to retrieve only 450 questionnaires out of the total of 480.

## Data Collection Procedure

Before data were collected, 23 of the questionnaires were printed and delivered to some respondents to read. This was to ensure whether the questions were understandable by the ordinary person and the questions were free from ambiguity. The respondents requested for corrections on some of the questions. The researcher after considering them made some changes on the questionnaires.

The researcher had established that the number of respondents were too large as it might take a lot of time to distribute and receive the research instruments from all the respondents. As a result, the researcher engaged about five (5) assistants who were within the research area and were a bit known to the respondents to enable them to disclose the needed information. The researcher

trained the respondents before the questionnaires were given to them for distribution. The researcher used a period of three (3) weeks to travel and move around to administer the questionnaire. This started on 20<sup>th</sup> August, 2019 and ended 10<sup>th</sup> September, 2019. Respondents were given a period of one (1) week to respond to the questionnaire after which the researcher travelled again to the sectors for collection in order not to put pressure on the respondents.

The researcher, considering the respondents busy schedule, decided to visit and administer questionnaires during the late afternoon, during that time respondents seem less busy. The participants were assured of confidentiality and voluntary participation was elicited. The acquired data were kept confidential. There was no identification information on the questionnaire thus the questionnaires, filled in anonymously by the participants. Some participants took about 25 to 35 minutes to complete the questionnaire and were not willing to wait for one week. The problem that the researcher encountered in collecting data was basically the busy schedules of the respondents.

### **Reliability of Data**

Reliability is concerned with consistency of responses with which repeated measures produce the same result across time and across observers (Saunders et al., 2003). The Cronbach's alpha coefficient is commonly used to test the manner reliable measure and instruments were used (Katanda, 2004). A 95 % confidence interval was set during the planning stage in order to achieve accepted levels of data reliability.

## **Validity**

Validity is concerned with whether the findings are really about what they appear to be about (Sounder, 2003). During the planning stage an expert was consulted to check the schedule before the actual data collection. All questions were pre-tested in the relevant study areas. Modifications were made before actual data collection was made.

## **Data Processing and Analysis**

Data processing operations carried out included data editing, cleaning and classification. Data collected from the respondents were processed and analyzed for discussion. The raw data obtained from a research are useless unless they are transformed into information for the purpose of decision making (Emery & Couper, 2003). Appropriate computer software was used to analyze data. Consequently, the following steps were taken to analyze the data for the study. The data were edited to detect and correct possible errors and omissions that were likely to occur, to ensure consistency across respondents. The data were then coded to enable the respondents to be grouped into limited number of categories. Both Excel and Statistical Package for Social Sciences (SPSS) computer software were employed to analyze descriptive statistics to see the extent of effectiveness. Similarly, through the aid of cross tabulations and ordinary frequency tables and figures, the outcome showed the true picture of whether customer satisfaction would lead to customer loyalty within the Mobile Telecommunication Network (MTN).

Data classification is the arranging of the collected data in classes or groups with common characteristics. Editing was done by validating and checking the completeness of the data. This was done by the researcher. The researcher verified validity by making sure that there was absence of non-numerical answers in the fields assigned to numerical answers and vice versa. The use of range was adopted to help the researcher edit the data collected. With this type of editing, the items on the questionnaire were individually checked to verify that data in a field were within the boundaries specified for that field. Abbreviations were used to code each section of the questionnaire's heading. The data were analysed, using descriptive (mean and standard deviation) and inferential statistics. The three research objectives of the study were analysed, using descriptive statistics and comparing means.

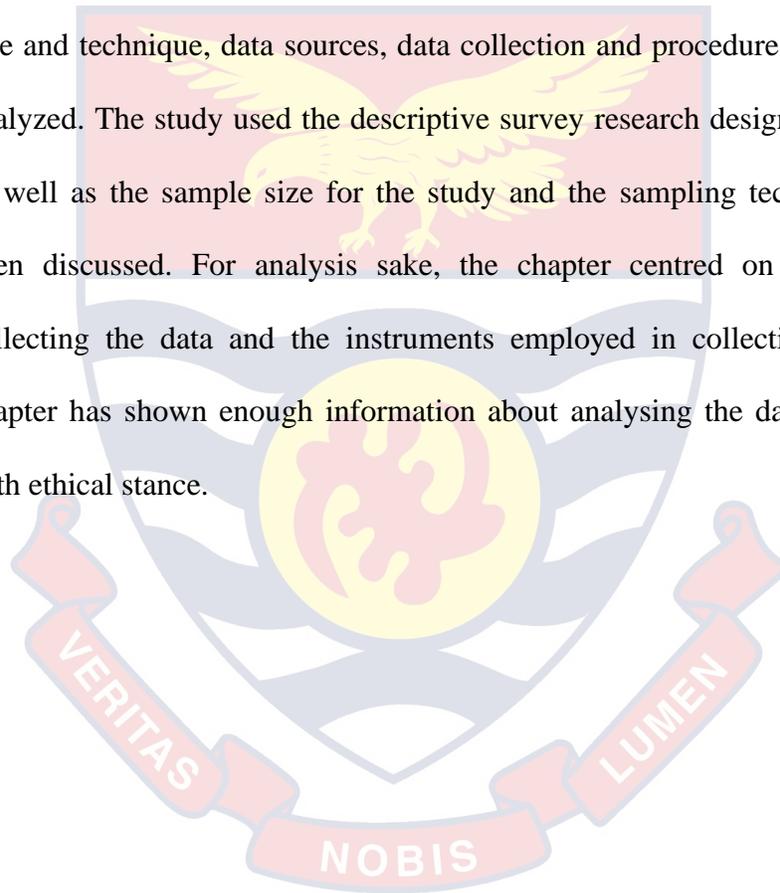
### **Ethical consideration**

For the sake of ethical issues, the researcher educated the participants concerning the details needed for the study. The basic ethical consideration for research as; respondents being fully informed about the aims, methods and benefits of the research, granting voluntary consent and maintaining the right of withdrawal and guaranteeing the participants of confidentiality (Edginton et al., 2012). One other ethical measure exercised by researcher is treating the respondents with respect and courtesy (Leary, 2004). This was done so that the respondents were at ease and more likely to give honest responses to the questionnaire also respondents anonymity and confidentiality were guaranteed, and the researcher did not cause harm or mental stress to those who choose to

participate. There were also ethical measures that have been followed in the data analysis.

### **Chapter Summary**

This chapter discussed the research methods used in collecting and analyzing data and the rationale for making such choices in order to achieve the aim of the study. Issues discussed included the population of the study, the sample size and technique, data sources, data collection and procedure, and the data was analyzed. The study used the descriptive survey research design. The population, as well as the sample size for the study and the sampling techniques used had been discussed. For analysis sake, the chapter centred on the methods for collecting the data and the instruments employed in collecting the data. The chapter has shown enough information about analysing the data and complying with ethical stance.



## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### Introduction

The purpose of this research work was to examine the effect of customer satisfaction on customer loyalty within Mobile Telecommunication Network (MTN) Ghana. This chapter begins with the presentation of the demographic characteristics of the study and follows up with the discussion of the descriptive and correlation results of the analysis conducted. The last aspect of this chapter focuses on testing the study hypotheses which establish relationship between the variables.

#### Demographic Characteristics

This study uses a sample of 450 respondents who were selected customers of MTN Ghana Limited. A descriptive summary of the respondents shows that 365 of them are females representing 81.1% of the total sample. This indicates that MTN Ghana Limited has more female customers than male. The results also show that most of the respondents (representing 31.1%) fall within 21-30 years age bracket. This is followed by respondents whose age were between 31-40 years. A total of 102 respondents representing 22.7% were 31-40 years. A total of 85 respondents (representing 18.9%) were between 41-50 years old. The results show that 74 of the respondents (representing 16.4%) were 51-60 years. The results on age further show that 30 (representing 6.7%) and 19 (representing 4.2%) were above 60 years and below 20 years respectfully. The results indicate that most MTN Ghana Limited customers were within the labour force of Ghana.

In respect of the level of education of the respondents, the results indicate that most of the respondents were First degree holders specifically made up of 172 respondents (representing 38.2%). The remaining results were WASSCE 101 respondents (22.4%); Postgraduate degree holders, 82 respondents (18.2%); HND holders, 53 respondents (11.8%), and others, 42 respondents (9.4%). 'Others' as stated in the instruments represents respondents with no formal education, holders of professional certificates, and BECE certificate holders.

Respondents were also asked of the number of years they have used the MTN network in Ghana. The result of the survey shows that most of the respondents had used MTN network between 4-6 years. Specifically, 150 respondents representing about 33.3% have used their network between 4-6 years. It was found that 130 respondents (28.9%), 98 respondents (21.8%) and 72 respondents (16%) have used MTN network for less than 3 years, 7-9 years and 10 years and above respectively. This implies that that most of MTN customers have relatively used their network for a while. Summary of results on the demographic characteristics of the respondents have been provided in Table 1.

**Table 1: Demographic Characteristics of Respondents**

	Categories	Frequency	Per Cent
Gender	Male	85	18.9
	Female	365	81.1
	<b>Total</b>	<b>450</b>	<b>100</b>
Age	Below 20 years	19	4.2
	21-30	140	31.1
	31-40	102	22.7
	41-50	85	18.9
	51-60	74	16.4
	60 years and above	30	6.7
	<b>Total</b>	<b>450</b>	<b>100</b>
Qualification	WASSCE	101	22.4
	HND	53	11.8
	First Degree	172	38.2
	Postgraduate	82	18.2
	Others	42	9.4
	<b>Total</b>	<b>450</b>	<b>100</b>
Length of Time	Less than 3 years	130	28.9
	4 – 6 years	150	33.3
	7 – 9 years	98	21.8
	10 years and above	72	16.0
	<b>Total</b>	<b>450</b>	<b>100</b>

Source: Field survey (May, 2020)

**Objective 1: Factors considered by MTN customers in the selection of a mobile network**

The first objective of the study sought to determine the factors considered by MTN customers in the selection of network. To achieve this objective, customers were asked to choose from a list of factors considered by customers according to literature when selecting a product in the market. Thus, customers

were asked to choose which of the following factors influenced their decision to select MTN mobile network.

Results of the field data showed that most of the respondents chose MTN network based on low call rates. Specifically, 212 respondents represented by 47.1% chose MTN network based on its low call rates. 126 respondents representing 28% chose MTN network on the bases MTN’s widest network coverage while 58 respondents represented by 12.9% chose MTN network on the bases of quality of its network. 40 respondents representing 8.9% chose MTN network on the bases of other reasons while 14 respondents representing 3.1% chose MTN network on the basis of family and friends. Summary of this information has been provided in Table 2.

**Table 2: Basis for the Choice of Network**

Basis for Choice of MTN	Frequency	Percent
Widest Network Coverage	126	28
Quality of Network	58	12.9
Family and Friends	14	3.1
Low call rates	212	47.1
Other factors	40	8.9

Source: Field Survey, May, 2020

The findings of this part of the study is line with other research works conducted by scholars like Hougaard and Bjerre, 2002; Voss, 2003; Bowen and David, 2005; Hartl, 2006; Saravana and Rao, 2007 who also suggested price is one of the factors that influences customer satisfaction and as such factors most

people consider before selecting a product from the market. Thus, price is one of the factors that many buyers and customers consider most when they want to make any purchasing decision in the market. Other researchers like Lee et al., 2000; Nitecki et al., 2000; Zeithaml et al., 2000; Wisniewski, 2001; Bowen and David, 2005; Saravana and Rao, 2007; Eshghi et al., 2008 Wilson et al., 2008 also found service quality as one of the factors that could influence customer satisfaction and such may be considered as a standard for a choice of network.

Authors like Rory, 2000; Lapierre, 2000; Rory, 2000; Keller, 2003; Koo, 2003; Keller, 2003; Lin, 2005; Ballantyne et al., 2005; Ballantyne et al., 2005; Xu, 2006; Magid and Cox, 2006; Chen, 2008; Michel and Meuter, 2008 also found that other factors like brand image and service recovery as factors that can influence also influence the purchasing decisions of customers and subsequently lead to customer satisfaction once they meet the expectation of customers.

### **Descriptive Characteristics as Measured By Customer Satisfaction**

The descriptive statistics in Table 3 for variables in customer satisfaction (CS) construct showing the sample size (N), the mean (M) and the standard deviation (SD) on 4 items namely; service quality, professional competence, comfort, and performance of employees. The sample size (N=450) remains the same.

**Table 3 Descriptive Characteristics as measured by Customer Satisfaction**

Description of Variables	N	M	SD
I am satisfied with the overall service quality offered by network provider	450	3.19	1.114
I am satisfied with the professional competence of my network provider	450	3.50	1.009
I am comfortable about the relationship with network provider	450	3.42	1.015
I am satisfied with the performance of the frontline employees of my network provider	450	3.64	1.079

Source: Field Data, March, 2020

**Descriptive Characteristics As Measured By Customer Loyalty**

The descriptive statistics in Table 4 for variables in customer loyalty (CL) construct showing the sample size (N), the mean (M) and the standard deviation (SD) on 5 items namely; continual to use the network for a long time, continual to use the network when price of other networks is lower, encouraging friends to use the network, positive confession about the network, and perception on operator’s service. The sample size (N=450) remains the same.

**Table 4 Descriptive Characteristics as measured by Customer Loyalty**

Description of Variables	N	M	SD
I intend to continue using mobile services from network provider for a long time	450	3.94	1.053
Even if another operator's price is lower, I will go on using MTN	450	3.45	1.301
I will encourage friends and relatives to use the services offered by network provider	450	3.76	0.969
I am willing to say positive things about my network to other	450	3.90	0.795

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people			
To me, my network provider clearly is able to provide the best services	450	3.71	0.951

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Source: Field Data, March, 2020

**Assessment of Normality**

This aspect of the analysis also known as the summated scale examines the normality of the constructs for the regression using the skewness and kurtosis test to ensure that there is no violation whatsoever of any regression rule before proceeding. As depicted on table 5, the two constructs, Customer Satisfaction and Customer Loyalty, met the assumption as far as the skewness and kurtosis criteria is concerned as of  $\pm 1$  and  $\pm 3$  as stated by DeCarlo (1997).

**Table 5 Skewness and Kurtosis Test for Normality**

Constructs	Skewness	Kurtosis
Customer Satisfaction	0.233	0.110
CL	0.133	0.190

Source: Field Data, March, 2020

**Reliability of the Constructs**

The most popular measure of reliability assesses the Cronbach’s Alpha. In testing for reliability, the researcher is performing an assessment of the degree of consistency between the variables (Hair et al., 2006). It measures reliability coefficient of the level of consistency of the entire scale. The generally agreed lower limit for the alpha value is 0.70 or 70% degree of consistency of reliability (Robinson, Shave & Wrightsman, 1991). According to Nunnally (1978), a lower limit of 0.60 is also acceptable.

In this study, all the two constructs have alpha values more than 0.70 with customer satisfaction having the highest alpha value and customer loyalty having the lowest value. Based on the acceptable limits proposed by Robinson, Shaver & Wrightsman (1991) and Nunnally (1978), the researcher can confidently conclude that the constructs used for the study are all reliable. Summary of this information has been provided in Table 6.

**Tables 6 Reliability Test with the Cronbach’s Alpha**

Construct	Cronbach’s Alpha	No. of Items
Customer Satisfaction	0.79	4
Customer Loyalty	0.72	5

Source: Field Data, March, 2020

### Regression Analysis

A standard multiple regression is a multivariate data analysis tool that allows a researcher to relate one or more variables (independent) in a study to another variable (dependent) in order to establish the relationship that exist between them. It also assists a researcher to know how well a predictor variable contributes to the dependent variable. Considering this study, the researcher sought to investigate the causal inter-relationships between CS and customer loyalty within the MTN Ghana. Summary of this information has been provided in Table 7.

**Table 7 Regression Table**

Variable	Coef.	Std. Error	t Calculated	t Tabulated
CS	0.131	0.024	6.35	0000***

Note: CL is the dependent variable, \*\*\*denotes significance level at 0.01,  $R^2 = 0.65$

Source: Field Data, March, 2020

From table 7, the independent variable (CS) is statistically significant in explaining the customer loyalty rate in the MTN at 0.01 significance level (p-value =0.01). From the table 8, it can be infer that a unit increase in CS will result in 0.13 unit increase in CL. To assess the model fit, the  $R^2$  value from the regression model was used. This explains the extent of variation that exists between the dependent variable (CL) and the independent variable (CS), therefore in this case our  $R^2$  value is 0.65. This can also be interpreted as 65% of the variation in CL is being explained by the independent variable. Based on the fact that the independent variable significantly contributes to customer loyalty, the CL equation model can be written as:

$$CL = 0.13CS$$

**Objective 2: Relationship between Customer Satisfaction and Customer Loyalty**

The second objective of this research work sought to determine the relationship between customer satisfaction and customer loyalty within MTN Ghana. To do achieve this objective, the researcher tested a hypothesis with Pearson product-moment correlation coefficient. Details on how this objective was achieved have been explained below.

### Analysis of Data to Test Hypothesis

In order to determine whether the results of the analysis support the first priori hypothesis, a bivariate correlation (with Pearson product-moment correlation coefficient) was conducted to determine the relationship between customer satisfaction and customer loyalty. Preliminary analyses were performed to ensure no violation of the assumption of normality, linearity and homoscedasticity. Summary of the results has been provided in Table 8.

Table 8 Relationship between Customer Satisfaction and Customer Loyalty

Correlation		Customer Satisfaction
	Pearson Correlation	0.553
Customer Loyalty	Sig. (2-tailed)	0.000
	Sample Size (N)	450

\*\*Correlation is significant at the 0.01 level (2-tailed)

Source: Field Data, March, 2020

With regard to the relationship between customer satisfaction and customer loyalty in MTN Ghana, the result shows a positive relationship between customer satisfaction and customer loyalty. Therefore customer loyalty in the MTN Ghana is dependent on the level of customer satisfaction. The result illustrates a direct relationship between customer satisfaction and customer loyalty. That is the higher customers are satisfied, the higher the rate at which customers remain loyal to the service provided by MTN Ghana.

This finding appears to be a confirmation of existing and empirical studies found in literature. Research conducted by Vesel and Zabkar (2009); Shankar,

Smith and Rangaswamy (2003); Auh and Johnson (2005); Rust, Zahorik and Keiningham (1995); Seiders et al. (2005); Kamakura et al. (2002); and Oliver (1999) all tested and confirmed the positive effect of customer satisfaction on customer loyalty. In line with this study, Customer satisfaction is statistically significant construct variable for customer loyalty in MTN Ghana. It presupposes that, telecommunication industry professionals should consider focusing more attention on erecting more packages that will boost customer satisfaction and retain customers for their products offered to the market.

**Objective 3: Moderation Role of Switching Cost on Customer Satisfaction – Customer Loyalty Relationship**

Hypothesis 2 states that “*switching cost moderates the relationship between customer satisfaction and customer loyalty*”. To test for this hypothesis, a moderation analysis was conducted to examine the interaction effect of switching cost on the strength of the relationship between customer satisfaction and customer loyalty. Z-scores were generated in SPSS and computed for the interaction variable. These variables were then transported into AMOS for the model development. Summary of these information has been provided in Table 9

**Table 9: Summary of Moderation Effects of uncertainty**

Path	Unstandardized Path Coefficient $\gamma$	SE	T- value	Standardized Path Coefficient $\beta$	R <sup>2</sup>
CS → CL	0.830	0.058	14.214	0.778 ***	0.64
SC → CL	-0.166	0.105	-1.572	-0.093	
CS_X_SC → CL	-0.199	0.049	-4.055	-0.183***	

Model fit indices

$\chi^2 = 147.268$

df = 68

chi sq/df = 2.166

P = 0.000

GFI = 0.940

AGFI = 0.907

CFI = 0.972

RMSEA = 0.060

PCLOSE = 0.111

\*\*\*  $p < .001$

From the table 10, it may be observed that the relationship between customer satisfaction and customer loyalty is significant. The interaction effect of switching cost had a significant effect on the relationship between customer

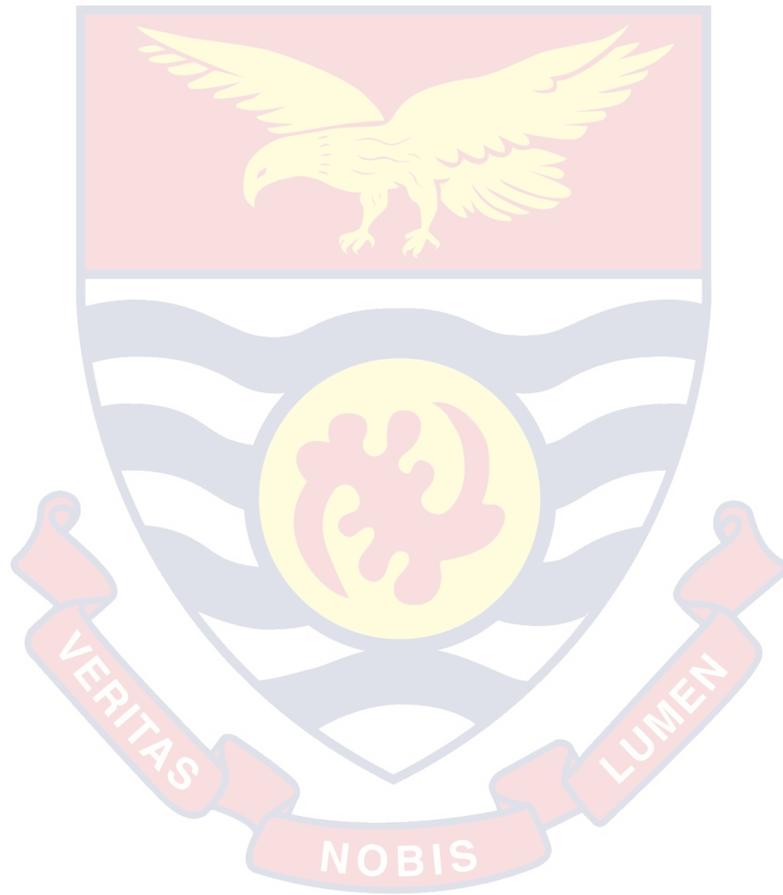
satisfaction and customer loyalty. With regard to this hypothesis, Jones et al., 2010; Lee et al., 2011; Yang and Peterson, 2014; Lam et al., 2014; Aydin et al., 2015 found empirical evidences that is in support of the moderation role of switching costs in customer satisfaction – customer loyalty relationship. For example, Jones et al. (2010) argued that in case of lower perceived switching costs, an unsatisfied customer is less likely to stay with his service provider than a satisfied customer whereas the possibility of staying with the current service provider increases even in the event of dissatisfaction when switching costs are perceived to be higher.

Lee et al. (2011) studied the effect of switching costs on customer satisfaction - customer loyalty relationship and found that the relationship weakens when switching costs heightens as customers are likely to ignore their level of satisfaction while deciding to continue with their service provider when they estimate the amount of time and efforts in searching for a new service provider to be higher. Lee (2013) noted that the interaction of customer satisfaction and perceived switching cost has a positive and significant effect on customer loyalty which implies that an increase in perceived switching costs leads to stronger relationship between customer satisfaction and customer loyalty.

### **Chapter Summary**

This chapter presented the results from the data collected and the discussions of the findings as per the research objectives. It included the demographic data of respondents, factors considered by customers of MTN when

choosing the products of MTN; the relationship between customer satisfaction and customer loyalty within MTN Ghana; and the moderation effect on the customer satisfaction – customer loyalty relationship. Furthermore, the chapter comprised discussion on the analysis of the data collected.



## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### Introduction

This study employs quantitative research method to explain the extent of relationship that exists between customer satisfaction and customer loyalty within MTN Ghana. The study identifies a set of two proximate customer loyalty strategies known in this study as constructs in MTN Ghana that potentially affect the level of customer loyalty and repurchase intention of customers. Specifically, this study sought to achieve three objectives:

1. To determine the factors considered by customers in choosing MTN mobile network;
2. To determine the relationship between customer satisfaction and customer loyalty within MTN Ghana;
3. To analyze the moderators of the relationship between customer satisfaction and customer loyalty within MTN Ghana.

This last chapter summarizes the major findings and implications of the study and also highlights striking revelations and lessons drawn from the research work which will guide the conclusions which would be drawn based on the interpretation of output result of the study and related literature reviewed. This chapter concludes by giving suggestions and recommendations for further studies.

#### Summary of Findings

This paper sought to find out if customer satisfaction can impact on customer loyalty within MTN Ghana. A sample of 450 was selected and

questionnaires were administered to them. The study found out that factors like low call rates, quality of network, low call rates, and widespread use by family and friends influenced most customers for the choice of MTN Ghana. Specifically, 47.1% of the respondents chose their networks as a result of its low cost rate.

The study found that if customers are satisfied, it will lead to the chance of creation of customer loyalty within MTN Ghana. Specifically, an improvement in customer satisfaction by 1 utils will lead to the chance of customer loyalty by 0.13 within MTN Ghana, all other things being equal. This implies that in their opinion, there is a direct relationship between customer satisfaction and customer loyalty within MTN Ghana. Finally, the study found that switching cost has a moderation effect on the relationship between customer satisfaction and customer loyalty at MTN.

### **Conclusions**

Extant literature is replete with research that emphasizes the importance of customer loyalty in the survival of any organization. This study has built a comprehensive but integrative framework which works independently or collectively to influence customer loyalty in MTN Ghana. The study also formulated hypothesis based on literature reviewed. The study developed the constructs, customer satisfaction that has a positive statistical significance with customer loyalty.

Consistent with existing findings, the study revealed that this construct is an antecedent or a necessary condition for customer loyalty to occur in MTN

Ghana. MTN Ghana must therefore give more attention and investments on issues that will increase customers level of satisfaction as well erecting more barriers to prevent customers from switching to their competitors. From the foregoing discussion and analysis so far, it is reasonable to conclude that, MTN Ghana can only survive in today's competitive but volatile business environment when they pay particular attention to the effective implementation and monitoring of these strategies to ensure their continued use and application to guarantee customer loyalty and overall profitability.

### **Recommendations**

In view of the findings that evolved from the study, the following recommendations have been made for policy considerations in improving on customer satisfaction of the customers of MTN Ghana.

To increase the number of customers within MTN Ghana and subsequently increase their market share, MTN must pay more attention to factors like low call rates, and quality of their network. This is because, according to this study, most of its potential customers are likely to be attracted by these factors when selecting a network within the telecommunication industry of Ghana. Thus, these factors influence the purchasing decisions of customers within the MTN Ghana.

The study's findings also revealed that MTN Ghana take knowledge of their customer's dissatisfaction and work hard to improve the situation. Management of MTN Ghana must understand that their customer satisfaction is only equal to and not better than expected, and that they ought to work towards

exceeding the expectation and desired service quality of their customers. This is with respect to charges on products and services as well as network stability and reliability in the network when people are travelling from one region to the other.

These findings also imply that recruiting competent staff may be a critical aspect for customers in judging the quality of MTN Ghana's services. There is a positive relationship between customer loyalty and customer satisfaction. Obtaining customer satisfaction depends to a large extent on ensuring that the firm maintains high service quality standards. Putting in place quality mechanisms has significant effect on the level of customer satisfaction. The management of these companies must understand that generally their customer satisfaction is only equal to and not better than expected, and that they ought to work towards exceeding customer expectation and desired service quality.

There is the need for management to work at their marketing strategies in order to exceed customer expectation. Again, network providers within this industry should consider as very important, the likelihood of customers switching to other networks due to dissatisfaction with certain services especially the internet service which is popularly alleged by many users. It is thus recommended that, these companies in addition to its current introduction of the 4G network should aim at securing its customers by offering not only a high speed and reliable internet service but an affordable one as well.

Finally, in the event of taking decisions, it is best that the views of all categories of workers and department be taken into consideration within these companies. Encouraging a much participatory form of decision-making which

considers the views of all persons especially that of those within the customer service departments and sales departments will help companies address the plights raised by consumers of their products.

It is recommended that in spite of the level of satisfaction expressed by customers of the MTN Ghana, industry regulators such as the Ministry of Communication and the National Communications Authority should be awakened to take realistic steps to ensure that customers get value for their money spent on the services offered by telecommunication companies. The above can be done by encouraging and sensitizing mobile companies to focus their attention and resources on service quality dimensions for which customers are not satisfied while paying little attention on other trivial dimensions. Efforts in this regard should be channeled towards technical efficiency, empathy, reliability and economy of service quality delivered.

#### **Suggestion for Further Studies**

Future researchers may also consider this study using other networks like Airtel Tigo, Vodafone, and Glo. Future researchers may also consider breaking customer satisfaction into various components to know the differential effect of its components on customer loyalty to know where much attention needs to be given to.

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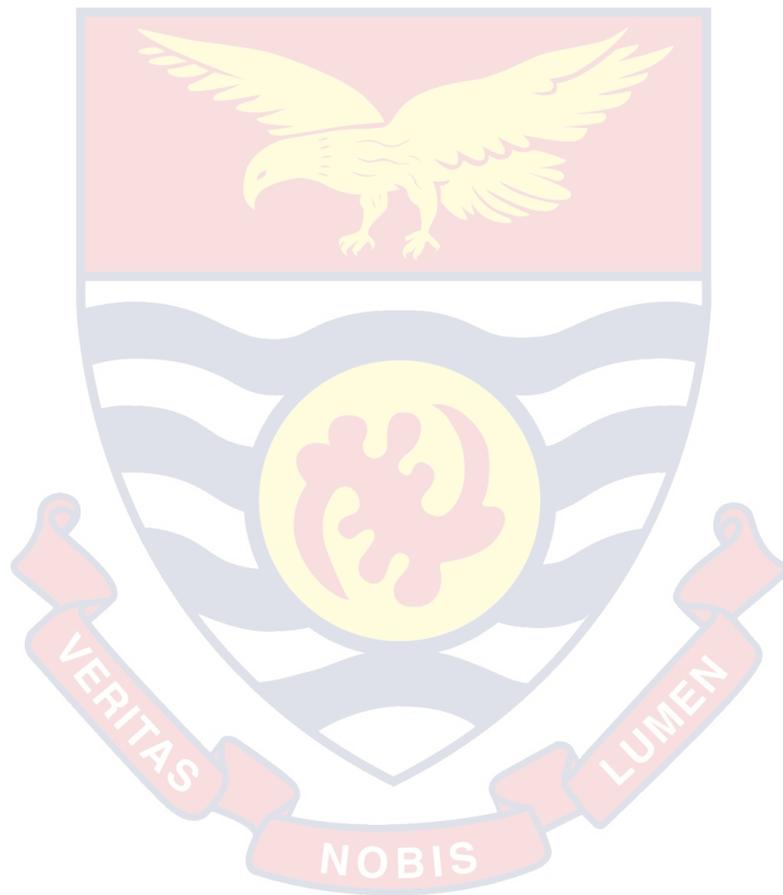
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## Appendix

### QUESTIONNAIRES FOR RESPONDENTS

#### EFFECT OF CUSTOMER SATISFACTION ON CUSTOMER LOYALTY

I am a student of the University of Cape Coast pursuing an MBA in Marketing. As part of the requirement for the award of the degree, I am undertaking a research into the topic, the effect of customer satisfaction on customer loyalty at MTN Ghana Ltd. This questionnaire is designed to solicit information on the above topic. I should be grateful if you could spare few minutes to complete this questionnaire to help me obtain my degree. You are rest assured that the information you will provide shall be used for academic purpose only and nothing else.

#### SECTION A: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

1. Gender Male ( ) Female ( )
2. Age Group of Respondents
  - a. Less than 20 years ( )
  - b. 21 – 30 years ( )
  - c. 31 – 40 years ( )
  - d. 41 – 50 years ( )
  - e. 51 years and above ( )
3. Educational Background
  - a. HND Holder ( )
  - b. First Degree ( )
  - c. Masters Degree ( )
  - d. Other ( )
  - e. Other Specify.....

4. How many years have you been using this mobile network?
- a. Less 3 years ( )      d. 7 – 9 years ( )
- b. 4 – 6 years ( )      e. 10 years and above ( )
- c. 7 – 9 years ( )
5. Please indicate three factors that you considered in choosing MTN network
- a. Widest network coverage
- b. Quality of service
- c. Low call rates
- d. Widespread use by my family and friends

**SECTION B: CUSTOMER SATISFACTION**

Please In this selection, you are given series of statement in the affirmative.

Please rank each statement by ticking (√) using the scale given below:

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Please show the extent to which you agree or disagree with the statements as indicated by the scale below. Please tick within the columns under your preferred position.

No.	Item	1	2	3	4	5
CS1	I am satisfied with the overall service quality offered by MTN					
CS2	I am satisfied with the professional competence of MTN					
CS3	I am comfortable about the relationship with MTN					
CS4	I am satisfied with the performance of the frontline employees of MTN					
CS5	When using MTN network, I sometimes feel angry					
CS6	I continue to use MTN network because it is the best network					
CS7	I think I did the wrong thing when I chose MTN network					

**SECTION C: CUSTOMER LOYALTY**

Please In this selection, you are given series of statement in the affirmative.

Please rank each statement by ticking (√) using the scale given below:

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly

Agree

Please show the extent to which you agree or disagree with the statements as indicated by the scale below. Please tick within the columns under your preferred position.

No.	Item	1	2	3	4	5
CL1	I intend to continue using mobile services from MTN for a long time					
CL2	Even if another operator’s price is lower; I will go on using MTN network					
CL3	I will encourage friends and relatives to use the services offered by MTN					
CL4	I am willing to say positive things about MTN network to other people					
CL5	I believe that MTN has the best offers at the moment					
CL6	I prefer the service of MTN to the service of other network operators					
CL7	To me, this operator clearly is able to provide the best Service					

**SECTION D: SWITCHING COST**

Please In this selection, you are given series of statement in the affirmative.

Please rank each statement by ticking (√) using the scale given below:

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Please show the extent to which you agree or disagree with the statements as indicated by the scale below. Please tick within the columns under your preferred position.

No.	Item	1	2	3	4	5
SC1	It takes me a great deal of time and effort to get used to a new company.					
SC2	It costs me too much to switch to another company.					
SC3	In general it would be a hassle switching to another company.					

