The Effect of Customer Service on the Client Perceived Performance of Barclays Bank Uganda

Kaziba Abdul Mpaata[1], Bumali Lubogoyi[2], John Charles Okiria[2]

[1] Islamic University in Uganda

[2] Makerere University Business School

[2] International Health Sciences University   Kampala -Uganda
Correspondence: Associate Professor, John Charles Okiria

Abstract: *The study examined the effect of customer service on the perceived performance of Barclays Bank Jinja Uganda. It was guided by the following objectives; (1) to establish the relationship between a sustainable customer service culture and the perceived performance of Barclays Bank Uganda; (2) to determine the effect of applied banking technology on the perceived bank performance; (3) to determine the relationship between customer service relations and the perceived bank performance; and (4) to determine the moderating effect of demographic variables of age of the respondent, gender, and education on the perceived performance of the Bank. A sample comprised 58 respondents who had bank accounts and used the bank services on a routine basis. Correlation results reveal that; (1) there is a strong relationship between sustainable customer service and the perceived performance of the bank (.425**, p<0.001) and the regression results support this relationship (β = .397, t = 3.170, p<0.003); (2) there was a significant effect of applied banking technology on the perceived bank performance (β = .501, !, t = 4.436, p<0.001); (3) on the contrary, it is also revealed that there is a negative and insignificant relationship between customer service relations and perceived bank performance (r = .202, p > .128). Concerning the moderating effect of the demographic variables, only age moderated the effect of customer service on the perceived bank performance. It was concluded therefore that while Barclays Bank has maintained its competitive edge in customer service, it has significantly improve on its relationship service marketing strategies in order to preserve its core competence of an international outlook already created.*

Keywords: Sustainable customer service, perceived performance, marketing, effect

1. Introduction

In a service industry, customer service is at the centre stage of creating the company's corocompetitive advantage. Thus, for Banks to remain competitive and establish a culture which can attract customers to return, they ought to have an excellent customer service. This is because customer service when done properly can create synergy that can enable a bank expand its operations throughout not only the country but the region as well. According to Kotler (2003), customer service is the ability to identify the needs of customers and meeting those needs beyond their expectation within the shortest possible time. The focus here is to address the customers' needs, wants, preference and attitudes. Employees are expected to have the training and customer service culture to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business. Customers expect services that are realistic, understandable, measurable, believable and attainable.

A customer therefore is someone who has a direct relationship with, or is directly affected by, an agency and/or who receives, or relies on, one or more of a bank's services or products. Therefore in the banking service culture, employees are expected to have the following qualities in their day to day service; (1) broad knowledge of the service, (2) interpersonal communication skills; (3) technical expertise related to the service offered; (4) positive, customer-focus, "can -do" attitude; (5) initiative; (6) motivation; (7) integrity; (8) loyalty to the organization and to the customer; (9) team spirit; (10) ethical behavior and time management skills ; (11) problem solving capability and conflict resolution skills.

Moreover, many principles form the basis of customer service. These include: (1) Integrity which is related to the intent or meaning behind your actions. It requires service delivery that is impartial and professional, and advice that is frank, apolitical and based on comprehensive research that allows for objective decision making; (2) Respect for customers which is demonstrated by treating them with dignity, fairness and sensitivity, according to their circumstances and specific needs; and (3) Accountability which is about fair and consistent decision making, where innovative solutions are sought and issues of confidentiality are respected.

Quality customer service holds the potential for increasing an organization's customer base,   which in turn results into customer satisfaction. To achieve customer satisfaction which is key and crucial to the survival of the organization, attention needs to be focused on the lifestyle and needs of the customer. That's why in some organizations, customer service involves the provision of services to customers, before, during and after a purchase (Levesque and McDaugall, 1996).

Quality customer service organizations have leaders who empower their employees to meet the needs of customers through a clear sense of direction and purpose. They instill

courage and develop in their staff competencies to act in the public interest. This means that in a customer oriented environment, it is important to constantly gauge service effectiveness.

Therefore, bank managers, superiors and all employees who influence service delivery have the have a responsibility of ensuring that:

- The community has confidence and trust in public agencies and services;
- Customer needs are addressed, as these are directly related to the degree of customer satisfaction with a service;
- Unnecessary barriers to accessing services and information and to doing business are removed;
- Customers feel they are listened to and have a voice in providing feedback on the services they receive;
- Customers are at the heart of planning and policy setting;
- Staff are competent and adequately trained and supported to deliver high-quality services.

2. Literature Review

According to Zaithaml (1993), a customer is a person to whom you deliver service. Depending on the type of business, customer is called a client, a buyer or a shopper.

Other experts such as Gan et al (2006) concluded that retaining a customer becomes a priority for most enterprises and there are compelling arguments for managers to carefully consider the factor that might increase customer's retention rate. According to Reichheld (1996), the cost of creating a new customer has been estimated to be five times the cost of retaining an existing customer.

Turban et al (2002) concluded that good customer service is the lifeblood of any business. You can offer promotions and slash prices to bring in as many new customers as you want, but unless you can get some of those customers to come back, your business won't be profitable for long. Good customer service is all about bringing customers back. And about sending them away happy – happy enough to pass positive feedback about your business along to others, who may then try the product or service you offer for themselves and in their turn become repeat customers.

According to Oyeniyi and Abiodun (2008), customer service varies by product, industry and customer. It however, assumes important dimension in service delivery and sales of products. This is because service firms such as banks have to retain their customers and win new ones if they are to remain in the market. Nevertheless, it is a requirement for corporation survival, profitability and growth if that service organization wants to hold its own in competition. Customer care as a customer service seeks to acquire new customers, provide superior customer satisfaction and build customer loyalty. A customer care system is a customer service system that helps telecommunications service providers acquire and retain loyal customers. The customer care system provides many means

for service providers to achieve these goals with the help of technology.

Consequently, Looy et al (1998) observed that it is important to listen to what customers have to say about your company's customer service and to consider any improvements they might suggest which the company may have overlooked. It's also important to listen to any complaints as it's often by these being made that a company can be made aware of a particular problem and can take steps to put that right before customers decide to desert them and shop with a competitor instead.

Customer care is a crucial element of business success. Every time you have contact with your customers you have an opportunity to improve your reputation with them and increase the likelihood of further sales. Customer care is a customer service that seeks to acquire new customers, provide superior customer satisfaction, and build customer loyalty. A customer care system is a customer service system that helps telecommunications service providers acquire and retain loyal customers. The customer care system provides many means for service providers to achieve these goals with the help of technology (Steneker, 2008). Customer service can be expressed in personal and interpersonal skills such as communication skills, listening skills, language, gestures and posture, telephone techniques. Those who are successful in customer service rank their customers experience as the top priority (Kurtenbach, 2000).

In a competitive market place, understanding customer needs becomes crucial, therefore companies and banks in this case, have moved from product-centric to customer-centric positions. Customer satisfaction is influenced by the type of service provided. Satisfaction is a challenge particularly in the bank based service as customers can easily switch from one bank to another of a better service.

Customer satisfaction is when the outcome of the service matches the expectations of the service. As pointed out by Looy et al (2003), even though they differ one is a component of the other. Zeithaml et al (2006) defines it as the customer's evaluation of a product or service in terms of whether the product or service has met his needs or expectations. Failure to meet needs results in dissatisfaction, or a poor perception of the service quality. Satisfaction can be acknowledged in various senses depending on what needs the customer had before the service; it ranges from feelings of fulfillment, contentment, pleasure, delight, relief, and ambivalence. The level of customer satisfaction is the result of the customers comparison of the service quality expected in a given service encounter, with the perceived service quality. In addition, the distinction is that in measuring customer satisfaction, the actual experience of the customer is the basis of assessments. Satisfaction or dissatisfaction is a measure or evaluation of a product or service's ability to meet a customer's need or expectations.

Kondo (2001) argues that customers value satisfaction and quality in many different ways. Therefore, the expression "no

customer dissatisfaction", does not necessarily go hand-in-hand with "customer satisfaction".

3. Methodology

The study used some descriptive approach and thereafter applied correlation and regression analyses to establish the effect of customer service on the perceived performance of Barclays Bank.

Purposive sampling was used in this study and it was only those who had bank accounts and interested in participating in this study who were chosen. Using this method, a sample of 58 respondents who had bank accounts with Barclays Bank at the investigated Branch returned completed questionnaires.

The questionnaire was filled by the selected respondents and it was aimed at getting responses from the respondents about their views about customer service and the perceived bank performance rated on a Likert Scale. A five point Likert Scale was used for rating the items of the opinion survey ranging from (5 = Strongly Agree to 1 = Strongly Disagree).

Correlation and regression analyses were performed using SPSS package version 20 to test the relationship and the general effect of customer service on the perceived bank performance. The overall reliability of the questionnaire using Conbach Alpha stood at 0.9099 implying that the questionnaire registered the highest form of reliability.

4. Data Analysis

4.1 Sustainable service culture and the perceived performance of Barclays Bank

Data was analyzed using both descriptive and correlation analysis. Therefore before testing the relationship between sustainable service culture, descriptive statistics was analyzed as indicated in table 1. It is indicated from the table that 89.7% of the respondents agreed that Barclays Bank understand what the customer wants and in addition 91.4% also agreed that the bank handles customers' complaints, provides feedback to customers' complaints (77.5%), the bank works to minimize long queues (67.2%) and above all appreciates after customer service (89.6%).

Table 1: Sustainable service culture aspects

Response	A & SA	N	D & SD
Understanding customer's wants	89.7	5.2	5.2
Handling customers' complaints	91.4	3.4	5.1
Feedback to customers' complaints	77.5	17.2	5.2
Awareness of bank products	63.8	27.6	8.6
Minimizing long queues	67.2	8.6	24.1
Thanking a customer after service	89.6	3.4	6.9
Exercising empathy	65.5	27.6	7.0
Visiting customers	58.6	13.8	27.6

Testing the effect of sustainable service culture on perceived bank performance

After the descriptive analysis, a correlation analysis was performed to establish the relationship between sustainable service culture and the perceived performance of Barclays Bank. As indicated in table 4, there was a positive and significant correlation between sustainable customer service culture and the perceive bank performance (r = 0.425, p<0.0001) implying that the more the Barclays bank cultivates a sustainable customer service culture, the higher the perceived performance the bank registers amongst its clients.

4.2 The effect of applied of banking technology on perceived bank performance

Before determining the effect applied banking has on bank performed, descriptive statistics was first analyzed as indicated in table 2. The results reveal that Barclays bank is using a number of technological advances not only to satisfy its customer but also to ease bank transactions with its customers. For example, 67.2% reported that the bank is using touch pads and answering customers' calls (74.1%), provide reminder messages to the customers through the phone (61.9%) and above all using ATM to withdraw (96.5%) and deposit (50%) money. One of the most appreciated service was online banking which registered agreement from 83.7% of the respondents. This analysis is summarized in table 2.

Table 2: Responses on the application of banking technology by Barclays Bank

Response	S.A & A	N	D & S.D
1. Using touch pads	67.2	27.6	5.2
2. Answering customers' calls	74.1	22.4	3.4
3. Receiving reminder messages	61.9	31.0	6.8
4. Using the ATM to withdraw money	96.5	1.7	1.7
5. Using the ATM to deposit money	50	19.0	31.1
6. Online banking	83.7	13.8	3.4

Testing the effect of applied of banking technology on perceived bank performance

Consequently, a correlation analysis was performed to determine the relationship between applied banking technology and the perceived bank performance. Results reveal that there is a positive and significant relationship between applied banking technology and perceived bank performance (r = 0.537, p<0.001) as indicated in table 4. In addition, the regression results also show that applying banking technology has a strong effect on the perceived bank performance (β = .501, t = 4.436, p<0.0001) as indicated in table 5. This implies that the more the Banks apply and update their technology to ease customer service, the higher the perceived performance from their customers.

4.3 The relationship between customer service relations and perceived bank performance

In order to analyze the relationship between customer service relations and perceived bank performance, a correlation analysis was first performed before the final regression

analysis. As indicated in table 4, there is a negative and insignificant relationship between customer service relations and perceived bank performance (r = .202, p > .128). To support this, the regression analysis also indicates an insignificant and negative effect of customer service relations on the perceived bank performance with (β = -.185, t = -1.433, p > 0.158). As indicated, the existing customer relationship is insignificant and negative which implies that Barclays bank has to work on the relationship marketing which has the potential of not only bringing the customer closer to the bank but also bring in more customers to open up bank accounts. This involves communicating positively, greeting customers warmly and sincerely, using eye contacts effectively, listening carefully and responding appropriately, paraphrasing to ensure that the bank employees get the message that the customer intends to communicate and take time to ask for feedback.

Table 4: Correlation matrix between customer service variables and bank performance

	Service	Technology	Relation	Performance
Service	-			
Technology	.254	-		
Relation	.535**	.350**	-	
Performance	.425**	.537**	.202	-

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

Analyzing the moderating effect of demographic variables on Bank perceived performance
To determine the moderating effect of demographic variables of age, gender, education, it implies that the age is a significant moderator in Bank performance. In other words, it is perceived that young people use and trust Barclays Bank and appreciate its performance more than the old people (β = -.306, t = -1.870, p <0.067). The summary can be seen in the table 3. Put another way, Barclays Bank has the opportunity to survive for generations given that the young people significantly perceive higher bank performance.

Table 3: Moderating effects

Model	Unstandardized Coefficients		Standardized coefficients	t	Sig.
	B	STD. Error	Beta		
(Constant)	6.202	.561		11.064	.000
Age	-.204	.109	-.306	-1.870	.067
Gender	6.801E-02	.225	.044	-.303	.763
Highest level of education	-4.42E-02	.088	-.081	-.504	.616
Relationship with customers	-.184	.454	.053	-.406	.686

Analyzing the overall effect of customer service on the perceived performance of Barclays Bank
As already noted above, a multiple regression analysis was also performed. The major aim was to ascertain how customer services of; sustainable service culture, applied banking technology and relationship building impact on performance. The results show that there is a consistent and positive significant influence of sustainable service culture (β = .397, t = 3.170, p<0.003) and applied banking technology (β = .501, t

= 4.436, p<0.001) on the perceived bank performance. However, it is also revealed that there is a negative and insignificant effect of customer service relations and perceived bank performance (β = -.185, t = -1.433, p > 0.158) as summarized in table 8 below;

Table 8: The results of the regression of the four (3) variables against performance as a dependent variable

Variable	Predicted sign	β	t – value	p – value
Intercept	+-	.366	.414	.681
Sustainable service culture	+	.397	3.170	.003
Applied banking technology	+	.501	4.436	.000
Customer service relations	+	-.185	-1.433	.158

5. Discussion

The present study was an attempt to provide some data regarding the overall customer service and perceived performance of Barclays Bank. It examined three aspects of customer service which include; sustainable customer service culture, applied banking technology and customer service relations. While Barclays Bank has significantly performed in sustaining the service culture and modern banking technology through the use of online banking, ATM machines etc, it has to focus on customer service relations which has been found to be insignificant at present, in order to propel its legacy that it started way back in 1927. Without strong customer relations that the present times demand, the bank may not be able to compete favorably given the current proliferation of other commercial banks in Uganda and elsewhere. Therefore the bank public relations staff should spend time with customers and the bank in general should train its frontline service providers to do their work diligently and regularly ask customers for feedback. Therefore a competitive marketing strategy that can create strong partnership with the customers should be emphasized. According to Kanagal (2009), competitive marketing strategy is one of the key functionalities in enhancing business performance through relationship marketing. Relationship marketing here involves the identification, establishment, maintenance and enhancement, of customer value which later creates profit for an organization. In such a relationship the exchange of goods and services takes place not only for money but also for non-monetary benefits such as esteem, affection and approval. The results therefore demonstrate that customer service in the banking industry is deserving of the most courteous and attentive treatment and it is the lifeblood of this sector among others. The bank should take this service cardinal because it is the reason they do their work. The culture should be that customer service is part of the bank business and not interruption of it.

6. Conclusion

In conclusion, the findings here demonstrate that for Barclays Bank to remain a valid asset, it should be able to go beyond the normal paradigms by not only introducing modern technology but by building a strong customer service culture

as well. By doing so, the bank will be focusing on excellence. It should become versatile enough to reach out on the potential other customers to come on board. Barclays bank should th3erefore train its staff more in customer care and customer relations though the advancement of hands on skills and knowledge as well as reshaping on attitudes and opinions. Training pays off in increased revenues and lower expenditure per customer served well. Put another way, by being aware of changes, and challenges beyond technology, the bank can better prepare itself to service customers are present and in the future, for there is nothing permanent except change. Even the young generation perceives that the bank performance is significant.

References

[1] Bart Van Looy, Paul Gemmel, Roland Van Dierdonck, (2003). Services management; an integrated approach. Great Britain: Pearson education limited. 2nd edition.

[2] Gan, Christopher, David Cohen, Mike Clemes, Esther Chong (2006). "A survey of customer retention in the New Zealand banking industry", Banks and Bank Systems, Volume 1, Issue 4.

[3] Kanagal Nagasimha (2009). Role of Relationship Marketing in Competitive Marketing Strategy. Journal of Management & Marketing Research; Vol. 2, p1

[4] Kondo, Y. (2001), *Customer satisfaction: how can I measure it? Total Quality Management*. 12(7/8):867-872.

[5] Kotler, P. (2003). Marketing Management: (11th ed.). New Jersey: Prentice- Hall, Inc., Eaglewood Cliff, pp. 22-75.

[6] Kurtenbach, J. (2000). Focusing on customer service. Health Forum Journal, Sep/Oct, 43(5), 35-37.

[7] Levesque, Terrence and Gordon H. G. McDougall (1996), "Determinants of Customer Satisfaction in Retail Banking," International Journal of Bank Marketing, 14(7), 12-20.

[8] Oyeniyi, O., & Abiodun A. J. (2008). Customer service in the retention of mobile phone users in Nigeria. African Journal of Business Management, 2 (2), 026-031. [Online]   Available: http://www.academicjournals.org/AJBM

[9] Reichheld FF, (1996), The Loyalty Effect, Harvard Business School Press, Boston, Massachusetts.

[10] Steneker, Erwin (2008). Customer service is dead. Customer servings, Vol. 47. Prieiga per internetą: http://www.customerservicepoint.com/Customer_Serving s_Newsletter-customer_service_is_dead.html.

[11] Turban, E., D. King, J. Lee, M. Warkentin, and H.M. Chung, (2002). Electronic Commerce: A Managerial Perspective, New York: Prentice Hall.

[12] Valarie A. Zeithaml, Mary Jo Bitner, Dwanyne D.Gremler, (2006). Services marketing; integrating customer focus across the firm. Singapore: Mc-Graw hill. 4th edition.

[13] Zeithaml, V. A., Berry, L. L., and Parasuraman, A. (1993). Delivering quality service: Balancing customer perceptions and expectations. New York: New York Free Press.

Author Profile

Kaziba Abdul Mpaata is a Professor of Management Studies at Islamic University in Uganda

Bumali Lubogoyi is a campus Director at Makerere University Business School

John Charles Okiria is a Professor of Management a International Health Sciences University