

**“AN EMPIRICAL STUDY ON THE EFFECT OF RELATIONSHIP  
MARKETING (RM) ON SERVICE QUALITY (SQ), CUSTOMER  
SATISFACTION (CS) AND CUSTOMER LOYALTY (CL)”  
A STRUCTURAL FRAMEWORK APPROACH**

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**Abstract**

*This paper examines the effect of relationship marketing, service quality and customer satisfaction on customer loyalty. A quantitative research approach is used in this paper. The study employs 384 relationship marketing officers and customers of 20 randomly selected banks in Ghana. Stepwise layered regression is used to analyse data and to present results. Findings indicate that the relationship between RM and SQ is positively strong ( $r = .859$ ,  $p < .05$ ). Similarly, the relationship between RM and CS ( $r = .852$ ,  $p < .05$ ), and RM and CL ( $r = .629$ ,  $p < .05$ ) are positively strong at 5% significance level. SQ and CS ( $r = .804$ ,  $p < .05$ ), and SQ and CL ( $r = .673$ ,  $p < .05$ ) are positively strong, likewise the relationship between CS and CL ( $r = .827$ ,  $p < .05$ ). CS contributes the highest amount of variability (78.4%) in customer loyalty. RM alone accounts for 2.1% of the variability, and SQ alone accounts for 1.4% of the variation on CL. When CS serves as an outcome variable, RM contributes the largest amount of variability, which is 72.7%. In this regard, SQ alone accounts for a variation of 1.9% in CS. Also, customer satisfaction accounts for about 73.7% of the variation in customer loyalty. Though CS*

*is the strongest predictor of CL, it receives much of its influence from RM. Banks would therefore need to give priority to improving the effectiveness of their RM to maximise customer satisfaction and loyalty.*

*Keywords: Relationship marketing, service quality, customer satisfaction, customer loyalty, structure framework*

## **INTRODUCTION**

Customers are the most valuable asset a business could have. This is owing to the fact that business sales, revenues and financial performance are basically driven by customers' product or service patronage. This implies that a business cannot achieve its short and long term growth objectives without customers' sustainable service or product patronage. Businesses therefore give utmost priority to the deploying of much of their resources towards service/product quality, customer satisfaction and customer loyalty. In service organisations, these resources are more often deployed in building effective and satisfactory organisation-customer relationship (Osman, 2013; Gan, Cohen, Clemes & Chong, 2006), which provides a platform for reacting to the needs and suggestions of customers. According to Gan et al. (2006), Relationship marketing is a framework of strategies and procedures for ensuring an effective and satisfactory organisation-customer relationship.

Though Relationship marketing has been defined from different perspectives, all its definitions converge at a common meaning. One of the most popular definitions is that of Gronroos (1994). He defines Relationship marketing as the process of "establishing, maintaining and enhancing relationships with customers and other partners in an effort to sustain and improve an organisation's customer base and profitability" (p. 347). A similar definition is given by Yaghoubi et al. (2011:901), who defines Relationship marketing as a marketing mechanism for creating a satisfactory interactive link between customers and the firm. Other definitions of relationship marketing are similar to these definitions and convey a common understanding: Relationship marketing provides a framework of strategies and activities for serving customers or reacting to their needs in an effective and satisfactory organisation-customer relationship. In this relationship, service providers represent the service organisation and are expected to serve customers in a relationship that meets their quality expectations.

In every relationship marketing endeavour, the firm's basic goal is to impress customers as a basis of taking advantage of their positive service quality perceptions. Kesuma et al. (2013)

and Koi-Akrofi et al. (2013) posit that satisfaction is the result of customers' service quality perceptions and is the means by which the service firm takes advantage of Relationship marketing. This means that customers are dissatisfied or are not impressed when Relationship marketing is not well carried out. In this situation, customers' quality perception makes no desired relationship with Relationship marketing and customer satisfaction (Siddiqi, 2011; Shpëtim, 2012). While a short term result of poor Relationship marketing is poor service quality and customer satisfaction, Cohen et al. (2006) argue that the service organisation's customer loyalty suffers as a long-term effect. This argument is in harmony with the assertion that service quality, customer satisfaction and customer loyalty are driven by the nature of the firm's Relationship marketing (Cohen et al., 2006; Siddiqi, 2011; Velnampy & Sivesan, 2012).

Many empirical studies (e.g. Cohen et al., 2006; Siddiqi, 2011; Velnampy & Sivesan, 2012; Koi-Akrofi et al., 2013, etc.) have shown that customer loyalty is driven by customer satisfaction in the sense that there is no loyalty in the absence of satisfaction. These studies also confirm that customer satisfaction is dependent on service quality. Thus customer satisfaction falls in the face of falling service quality. Empirical evidence (e.g. Cohen et al., 2006; Koi-Akrofi et al., 2013; etc.) also exists on the fact that service quality is dependent on the effectiveness of Relationship marketing in a service firm. Evidently, the link between relationship marketing, service quality, customer satisfaction and customer loyalty indicates that short and long-term patronage of customers depends on the nature of the firm's Relationship marketing practice. This means that service quality, customer satisfaction and customer loyalty would only improve when the firm's Relationship marketing improves.

Though much empirical evidence exists on the relationships among these variables, a personal survey of the literature indicates that very few studies could assess the relationship between relationship marketing and service quality, customer satisfaction and customer loyalty at the same time. In most cases, researchers examine these relationships in part. For instance; some studies only examined the relationship between relationship marketing and service quality (e.g. Shahin et al. 2011; Kesuma et al., 2013); some only assessed the relationship between service quality and satisfaction (e.g. Shahin et al. 2011); some only evaluated the relationship between customer satisfaction and loyalty (e.g. Adoyo et al., 2012; Ganiyu et al., 2012); some identified the relationship between relationship marketing and customer loyalty (e.g. Amoako et al. 2012). There are other studies that examined the relationships among these variables in varying combinations.

The problem is that studies examining these relationships in all their necessary combinations are scarce. In Ghana, the problem is more alarming. Though a small number of studies (e.g. Mosahab et al., 2010; Jahanshahi et al. 2011; Osman, 2013) could examine these

relationships completely, no resulting conceptual model is evident in them; hence it is difficult to understand the detail of the relationship between relationship marketing and service quality, customer satisfaction and customer loyalty. This implies that academic debate on the subject is weak generally, especially from the standpoint of Ghana.

In view of this gap in the literature, this paper assesses the effect of Relationship marketing (RM) on service quality (SQ), customer satisfaction (CS) and customer loyalty (CL), with the relationships among SQ, CS and CL well examined. The unique contribution of this study to academic debate is that these relationships are examined simultaneously in all possible combinations. Also, a path diagram of Structural Equation Modelling (SEM) is used to conceptualise the resulting relationships, revealing their details. The study focuses on the banking sector of Ghana for two reasons. Firstly, this sector is the most vibrant and dominant in the services sector; hence the measurement of RM, SQ, CS and CL would be more robust and justifiable relative to when other service sectors are used. Secondly, the resources deployed in the study were not sufficient to incorporate other service sectors. The main objective of the paper is stated as follows.

### **Objective of the Study**

This paper assesses the effect of Relationship marketing on service quality, customer satisfaction and customer loyalty in the banking sector in Ghana. The paper comes with a framework that expresses the interrelationship among RM, SQ, CS and CL, where the primary predictor is RM. The study makes a unique contribution to academic debate on the subject by examining the relationships among the variables in all combinations and conceptualising them for easy utilisation in the academic environment and industry.

### **LITERATURE REVIEW AND HYPOTHESES**

Over the years, a large part of marketing studies have been focused on the link between Relationship marketing and market performance, with market performance mostly measured in terms of customer patronage on the basis of service quality, customer satisfaction and customer loyalty (Siddiqi, 2011; Poku et al., 2013). Moreover, empirical studies on the subject of Relationship marketing and its effect on service quality, customer satisfaction and customer loyalty are increasing in number owing to firms' priority for customer value enhancement and market superiority (Velnampy & Sivesan, 2012). Since the global economic recession, there has been the need to enhance the contribution of researches based on these variables to industrial success and marketing practice (Gronroos, 1994). In this paper therefore, attention is focused on the interrelationships among RM, SQ, CS and CL, with RM treated as the primary predictor.

But before these interrelationships are put into the study's context, it is important to define SQ, CS and CL, recognising the fact that RM has been defined in the introductory section of this study.

Service quality is simply defined as “a measure of customers' perception about a service delivered to them” (Osman, 2013: 125). Similarly, Adoyo et al. (2013) define service quality as a measure of the degree to which services are perceived by customers to meet their expectations and preferences. Practically, customers become satisfied when they perceive services to have the desired standard or quality features. Customer satisfaction is therefore a result of service quality (Mosahab et al. 2010; Kesuma et al., 2013), and is a measure of the tendency of the customer making a repurchase or coming back to the firm to patronise its service (Kesuma et al., 2013). Based on these definitions, customer loyalty is seen as a long term effect of Relationship marketing and service quality. In practice, each of the variables is critical to firm success because it plays a significant role in defining the firm's market success and revenue base (Mosahab et al. 2010; Osman, 2013). There are several empirical backings to this argument.

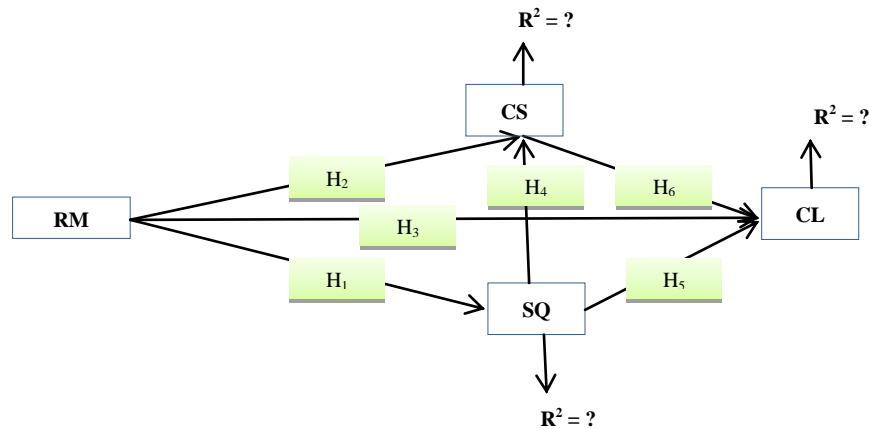
A survey of related studies (e.g. Ranaweera & Neely, 2003; Cohen et al., 2006; Siddiqi, 2011; Velnampy & Sivesan, 2012; Koi-Akrofi et al., 2013; Osman, 2013; etc.) indicates that Relationship marketing, service quality, customer satisfaction and customer loyalty constitute a network of much correlated variables. In this network, Relationship marketing serves as a primary predictor while customer loyalty serves as the target outcome variable. This implies that service firms aim at customer loyalty in their RM endeavours, since it forms the platform for long-term financial performance and, practically, market superiority (Ranaweera & Neely, 2003; Shahin et al., 2011).

In the network of their relationships (i.e. RM, SQ, CS and CL), RM serves as the primary predictor; thus the variable on which SQ, CS and CL depend. In all empirical studies, the relationship between RM and SQ, CS and CL is positive. This implies that SQ, CS and CL are enhanced as the effectiveness of RM improves. There is a school of thought that outcome variables closer to RM in the framework (see Figure 1) such as SQ has a stronger correlation with RM. This argument is made based on some empirical evidences in the literature and practical reasons. In practice, SQ is a measure of customers' direct experience with service delivery; hence the effect of RM is more concentrated on it. On the basis of this argument, the strength of the effect of RM decreases moving down to CL.

The next predictor variable in the framework is SQ, on which CS and CL depend. This evidence is much enshrined in a greater part of related studies on the subject. Moreover, customer satisfaction is also a driver of CL. From Figure 1, customer loyalty is seen as an

outcome variable of RM, SQ and CS, but whatever effect SQ and CS make on CL comes from RM. This means that RM is a driver of CL directly and indirectly through SQ and CS. This phenomenon forms a basis of the argument that market performance is driven by Relationship marketing. According to Osman (2013), the framework shown in Figure 1 becomes relevant to relationship marketing practice when the size of the various effects are estimated and shown.

Figure 1. Conceptual Framework of Study



The problem in the current body of the literature is that very few studies (e.g. Ranaweera & Neely, 2003; Mosahab et al. 2010; Osman, 2013) could assess these relationships with respect to all possible combinations. Moreover, these studies could not conceptualise these relationships as shown in the framework. Moreover, the number of studies examining these relationships in a Ghanaian context is abysmally small. This means that academic debate on the subject from a Ghanaian point of view is very weak. In this paper, we remedy these gaps in the literature by examining the relationship conceptualised in Figure 1. This is done using data from Ghana's most vibrant and dominant services sector, the banking sector. Based on this framework, the alternative hypotheses of this study are as follows:

H<sub>1</sub>: Relationship marketing significantly affects service quality in the banking sector in Ghana.

H<sub>2</sub>: Relationship marketing significantly affects customer satisfaction in the banking sector in Ghana.

H<sub>3</sub>: Relationship marketing significantly affects customer loyalty in the banking sector in Ghana.

H<sub>4</sub>: Service quality significantly influences customer satisfaction in the banking sector in Ghana.

H<sub>5</sub>: There is a significant relationship between service quality and customer loyalty in the banking sector in Ghana

H<sub>6</sub>: Customer satisfaction significantly influences customer loyalty in the banking sector in Ghana.

## METHODOLOGY

In this study, we used a quantitative research approach as a basis of employing inferential statistical tools in testing the research hypotheses stated. By employing this research technique, we could also use robust probability sampling methods to make findings representative of the population of customers and service personnel. Also, a quantitative research technique provides justifiable ground for ensuring data reliability and validity (Crewell, 2003), which form an aspect of research credibility (Creswell, 2003).

The population of this study was service providers or relationship officers and customers in 20 randomly selected banks in Accra. Customers were used in this study to measure service quality, customer satisfaction and customer loyalty, whereas service providers were needed to measure Relationship marketing in the banks. In this study, the researcher used employees who had worked in their respective banks for at least 2 years as relationship personnel. This criterion was used as a basis of selecting relationship officers to ensure that they provided information based on their ample experience with customers and service delivery. Since nothing was known about participating customers before data was collected, their population was considered to be infinite. It is worth noting that customers and relationship officers at the head office branches of the selected banks were used. This is because incorporating other branches of the banks was not supported by the financial resources of the researchers.

According to Krejcie & Morgan (1970), a sample size of 384 is appropriate for an infinite population. Therefore, 384 customers were selected across the 20 head office branches of the banks. This sample size was deemed appropriate since the sampling procedure used to determine it makes room for nonresponse and missing questionnaires. In view of the need to have equal observations of data for customers and relationship officers, a sample of 384 relationship officers was also determined. The selection of relationship officers was done using simple random sampling. The same sampling method was used in selecting the 20 banks. This sampling method was used to ensure that the samples reached were representative of the banking sector in Ghana.

Self-administered questionnaires for customers and employees were used to collect data from respondents. By using a self-administered questionnaire, respondents could easily respond with the researcher's limited aid. The use of this kind of questionnaire also facilitated data collection. Items in the questionnaire were measured using a five-point likert scale (Strongly agree, agree, not sure, disagree; and strongly disagree). Relationship marketing was measured using the standard manifest variables proposed by Bennet (2005). Moreover, service quality, customer satisfaction and customer loyalty were measured using the construct items proposed by Zeithml et al. (1990).

Questionnaires were administered by hand delivery over a period of 5 working days. The reliability coefficient obtained for customers' questionnaire was 0.892 and that of relationship officers was 0.901. Since the reliability coefficient for each questionnaire is more than 0.70, this implies that the instruments used were adequately reliable. A response rate of about 43% was achieved in data collection. This means that about 57% of respondents did not respond. This does not dent the validity of results since the sampling procedure used makes extensive room for non-response.

Data was analysed using the Statistical Package for the Social Sciences (SPSS), Version 21. The hypotheses of this study were tested using Pearson's correlation coefficient and ordinary least squares regression, precisely the layered regression analysis technique. These tools were used owing to the fact that the distribution of data was normal. Moreover, they come with statistical estimates needed for building the framework shown in Figure 1.

## EMPIRICAL RESULTS

To start with, this paper assesses the relationship between RM, SC, CS and CL. In this section, results of the study are presented. Yet, results are presented based on the assumption that data associated with each variable is normally distributed or approximately normally distributed. We want this assumption to be satisfied as a basis of reaching valid conclusions. In Table 1, this assumption is tested for.

Table 1. Normality Test

Variable	Statistic	P value
RM	0.213	0.298
SQ	0.146	0.564
CS	0.432	0.203
CL	0.209	0.321

Table 1 shows results of the Shapiro-Wilk's test of normality. The default null hypothesis of this test states that data associated with each variable is normally distributed, or approximately normally distributed. This verification is done at 5% significance level. For the assumption to be satisfied, each variable in the table must have a p-value greater than the chosen level of significance, 5%. From the table, data of each variable is normally distributed at the chosen level of significance ( $p > .05$ ). Once this result is reached, it implies that the normality assumption is satisfied, providing a basis for making valid conclusions. Table 2 shows the correlation matrix of the variables.



Table 2. Correlation Matrix

Variables	RM	SQ	CS	CL
RM	<b>1.000</b>	0.859	0.852	0.629
SQ	0.859	<b>1.000</b>	0.804	0.673
CS	0.852	0.804	<b>1.000</b>	0.827
CL	0.629	0.673	0.827	<b>1.000</b>

Table 2 shows the correlation matrix of variables of interest. With respect to our hypotheses, we are interested in the relationship between RM and SQ, CS and CL; the relationship between SQ and CS, and CL; and the relationship between CS and CL. At 5% significance level, the relationship between RM and SQ is positively strong ( $r = .859$ ,  $p < .05$ ). Also, the relationship between RM and CS ( $r = .852$ ,  $p < .05$ ) and CL ( $r = .629$ ,  $p < .05$ ) are positively strong at 5% significance level. Also, the relationship between SQ and CS ( $r = .804$ ,  $p < .05$ ) and CL ( $r = .673$ ,  $p < .05$ ) are positively strong, likewise the relationship between CS and CL ( $r = .827$ ,  $p < .05$ ). Impressively, all relationships identified are positive and strong. This provides a good condition for going through the layered regression analysis. The rest of the results are on this layered regression analysis.

Table 3. Collinearity Diagnostics

Statistic	RM	SQ	CS
Tolerance	0.188	0.244	0.254
VIF	11.311	15.100	15.942

Since the layered regression analysis involves multiple predictors, there is the need to test for collinearity. We are using this test to verify whether predictors of CL are highly correlated. If the predictors are highly correlated, each of the variables would have a VIF value greater than 10. From the table, this is exactly what is seen.

Therefore the collinearity assumption is not satisfied. Under normal circumstances, this violates rules of using regression analysis to reach valid results. But with a layered regression that seeks to identify correlations among predictors, the presence of collinearity is acceptable. Of course, we have already seen such high relationships among predictors in Table 2, and this is what is expected.

Table 4. Table Models Extracted

Model	Variables	Variable IN/OUT	Status	MSE	R <sup>2</sup>
1	CS	CS	IN	0.984	0.784
2	RM / CS	RM	IN	0.923	0.805
3	RM / SQ / CS	SQ	IN	0.887	0.919

Table 4 shows results of the first layer of regression analysis. In this layer, we use the stepwise regression option, with the goal of eliminating variables that make too weak effects on customer loyalty. From the table, three models are retrieved. In the first model, CS contributes the highest amount of variability in customer loyalty, with the variability being 78.4%. In the second model, RM and CS account for about 80.5% of the variation in CL. If CS alone accounts for 78.4% of the variability, this means that RM accounts for 2.1% of the variability. In the third model, SQ is added as a predictor, with a total of 91.9% of the variation accounted. This means that SQ alone accounts for about 1.4% of the variation on CL. Though CS contributes the largest variability, it is seen in Table 2 that it is highly correlated to RM and SQ. This means that much of its influence is sourced to RM. Table 5 shows coefficients of the first layer of regression analysis.

Table 5. Coefficients

Source	B	Standard error	t	P value	Lower bound 95%)	Upper bound (95%)
Intercept	-0.586	0.401	-1.463	.145	-1.377	0.205
RM	-0.567	0.127	-4.483	.000	-0.817	-0.318
SQ	0.328	0.118	2.779	.006	0.095	0.561
CS	1.223	0.100	12.216	.000	1.025	1.420

Table 5 shows the coefficients of the prediction of CL from RM, SQ and CS. As seen in Table 4, CS ( $t = 12.22$ ,  $p = .00$ ) predicts CL better relative to RM ( $t = -4.48$ ,  $p = .000$ ) and SQ ( $t = 2.78$ ,  $p = .006$ ). In the first model of the regression analysis, Relationship marketing, service quality and customer satisfaction significantly predict customer loyalty. In the next layer of the regression analysis, CS become an outcome variable to RM and SQ.

Table 6. Models Extracted (CS as outcome Variable)

Model	Variables	Variable IN/OUT	Status	MSE	R <sup>2</sup>
1	RM	RM	IN	0.574	0.727
2	RM / SQ	SQ	IN	0.536	0.746

In Table 6, two models are formed in predicting customer satisfaction. In the first model, RM contributes the largest amount of variability, which is 72.7%. In the second model, SQ is added to RM, with a total of 74.6% of the variation accounted. This means that SQ alone accounts for about 1.9% of the variability. This also implies that RM sheds much of its influence directly on CS instead of shedding it through SQ. In Table 7, the coefficients of the predictors in this second layer of regression analysis are shown.

Table 7. Coefficients (CS as outcome Variable)

Source	B	Standard error	t	P value	Lower bound (95%)	Upper bound (95%)
Intercept	0.278	0.311	0.893	.373	-0.336	0.891
RM	0.673	0.083	8.079	.000	0.509	0.838
SQ	0.316	0.088	3.570	.000	0.141	0.490

Table 7 shows the coefficients of RM and SQ in their prediction of CS. From the table, RM significantly predicts CS at 5% significance level ( $t = 8.08$ ,  $p = .000$ ). Also, SQ significantly predicts CS at the same level of significance ( $t = 3.57$ ,  $p = .000$ ). Comparatively, RM predicts customer satisfaction better relative to SQ. Table 8 shows the model summary of the third layer of the regression analysis.

Table 8. Model Summary (SQ as outcome Variable)

Observations	168.000
Df	166.000
R <sup>2</sup>	0.737
Adjusted R <sup>2</sup>	0.736

Table 8 shows the model summary of the prediction of CL by customer satisfaction. From the table, customer satisfaction accounts for about 73.7% of the variation in customer loyalty. This means that CS makes a large effect on CL. This situation corroborates the relationship between the two variables in Table 2. Table 9 shows coefficients of this third layer of the regression analysis.

Table 9. Coefficients (CS as outcome Variable)

Source	B	Standard error	t	P value	Lower bound (95%)	Upper bound (95%)
Intercept	2.214	0.212	10.436	.000	1.795	2.633
CS	0.810	0.038	21.582	.000	0.735	0.884

Table 9 shows the coefficient of customer satisfaction in its prediction of CL. From the table, customer satisfaction significantly predicts customer loyalty at 5% significance level ( $t = 21.58$ ,  $p = .000$ ). Moreover, a unit change in customer satisfaction changes the conditional mean of customer loyalty by a unit of 0.81 within a confidence level of 0.73 and 0.88. Basically, CS predicts customer loyalty. Results in the three layers of the regression analysis are conceptualised in Figure 2.

Figure 2. Path Diagram Showing the Relationship between RM, SQ, CS and CL

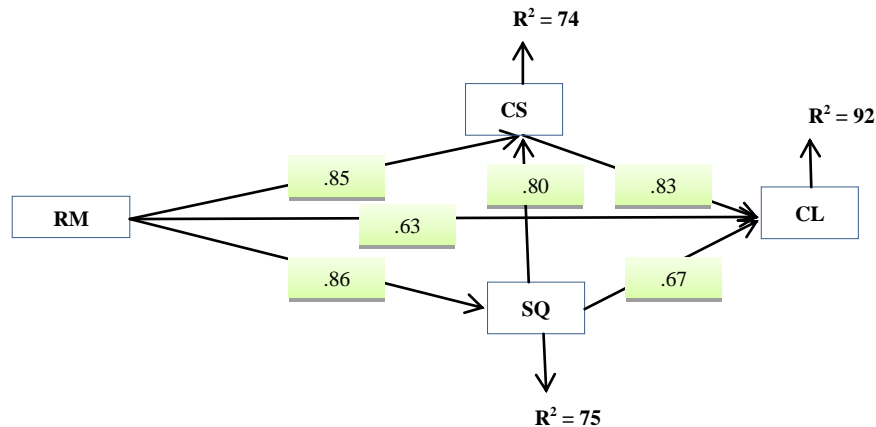


Figure 2 shows the resulting framework of the relationship between RM, SQ, CS and CL. It can be seen that SQ ( $r = .86$ ), CS ( $r = .85$ ) and CL ( $r = .63$ ) are largely positively related to RM. This means that the effects of SQ and CS on CL are largely contributed by RM. RM must have also empowered SQ in its strong relationship with CS ( $r = .80$ ) and CL ( $r = .67$ ). CS must also be dependent on RM to strongly relate to CL ( $r = .83$ ). The largest amount of variation of CL (92%) comes from the three variables, RM, SQ and CS. In essence, the influence on CL is based on RM. In view of these strong correlations and effects, all alternative hypotheses stated are confirmed. In the next section is a discussion of findings.

## DISCUSSION

It is observed that this study's results are largely supported by previous literature, especially the empirical literature and follows a trend of marketing practice. To better discuss this, it is worthwhile to first disclose the main result of the study.

According to this paper's results, the relationship between RM and SQ is positively strong ( $r = .859$ ,  $p < .05$ ). Similarly, the relationship between RM and CS ( $r = .852$ ,  $p < .05$ ), and RM and CL ( $r = .629$ ,  $p < .05$ ) are positively strong at 5% significance level. SQ and CS ( $r = .804$ ,  $p < .05$ ), and SQ and CL ( $r = .673$ ,  $p < .05$ ) are positively strong, likewise the relationship

between CS and CL ( $r = .827, p < .05$ ). CS contributes the highest amount of variability (78.4%) in customer loyalty. RM alone accounts for 2.1% of the variability, and SQ alone accounts for 1.4% of the variation on CL. When CS serves as an outcome variable, RM contributes the largest amount of variability, which is 72.7%. In this regard, SQ alone accounts for a variation of 1.9% in CS. Also, customer satisfaction accounts for about 73.7% of the variation in customer loyalty. These results are conceptualised in Figure 2. It is seen that the proposed structural framework (see Figure 1) is supported owing to presence of its arms in Figure 2. Moreover, all the correlations in the model are strong and positive.

The fact is that this dimension of the study harmonises previous literature. For instance the strong positive relationship is acknowledged in several conceptual works (Mosahab et al., 2010; Jahanshahi, et al., 2011; Osman, 2013; Poku et al. 2013; etc.), though not empirically justified. Moreover, several empirical studies (e.g. Mosahab et al., 2010; Jahanshahi, et al., 2011; Osman, 2013; etc.) have confirmed the strong positive links in the structural framework, thereby establishing that RM strongly affects CL through SQ and CS. In some situations, the correlations of the structural framework become weak moving up towards customer loyalty (Gan et al., 2006; Ganiyu et al., 2012). This evidence is also supported in our resulting structural framework.

A more impressive aspect of results is the fact that CS is the best predictor of CL. Practically, customer loyalty cannot be attained without customer satisfaction (Jahanshahi, et al., 2011; Osman, 2013; Ganiyu et al., 2012), and this reality backs the evidence that CS is the best predictor of CL relative to RM and SQ. In the study of Ganiyu et al. (2012), this evidence is also provided. Yet, the effect of CS on loyalty is practically and empirically linked to Relationship marketing and service quality (Ganiyu et al. 2012; Ocloo & Tsetse, 2013; Osman, 2013). Since SQ is also dependent on RM (Jahanshahi, et al., 2011; Osman, 2013; Ganiyu et al., 2012), a greater part of the effect on customer loyalty is traced to RM. It is in view of this evidences that RM is upheld as a marketing strategy for achieving desired market performance objectives.

## CONCLUSIONS AND RECOMMENDATIONS

It is made obvious from results that the relationship between RM and SQ is positively strong ( $r = .859, p < .05$ ). Similarly, the relationship between RM and CS ( $r = .852, p < .05$ ), and RM and CL ( $r = .629, p < .05$ ) are positively strong at 5% significance level. SQ and CS ( $r = .804, p < .05$ ), and SQ and CL ( $r = .673, p < .05$ ) are positively strong, likewise the relationship between CS and CL ( $r = .827, p < .05$ ).

Based on the above correlations, CS contributes the highest amount of variability in customer loyalty, with the variability being 78.4%. RM alone accounts for 2.1% of the variability,

and SQ alone accounts for 1.4% of the variation on CL. When CS serves as an outcome variable, RM contributes the largest amount of variability, which is 72.7%. In this regard, SQ alone accounts for a variation of 1.9% in CS. Also, customer satisfaction accounts for about 73.7% of the variation in customer loyalty. This means that CS makes a large effect on CL.

With reference to Figure 1 and Figure 2, the proposed conceptual framework is supported in the sense that all the effects expected prevail significantly. It is even impressive to note that all the effects are positive as expected. CS makes the largest effect on customer loyalty. This is practicable, since RM and SQ must have shed a greater part of their effects on CS, so could not have been the strongest predictors of CL. Yet, we would consider the effect on CL to originate from RM, regardless of when it passes through SQ or CS. The confirmation of the effects implies that RM in the banks is effective. The specific conclusions of this study are therefore outlined as follows:

1. Relationship marketing significantly affects service quality in the banking sector in Ghana.
2. Relationship marketing significantly affects customer satisfaction in the banking sector in Ghana.
3. Relationship marketing significantly affects customer loyalty in the banking sector in Ghana.
4. Service quality significantly influences customer satisfaction in the banking sector in Ghana.
5. There is a significant relationship between service quality and customer loyalty in the banking sector in Ghana.
6. Customer satisfaction significantly influences customer loyalty in the banking sector in Ghana.

Based on this evidence, it is made evident that banks and other service firms would need to invest more in relationship marketing. By doing this, they would be able to maximise the effectiveness of RM and its effect on customer loyalty and long-term firm performance.

## LIMITATIONS

As with most researches, this study has some limitations. The research did not measure the impact of new technologies in the banking sector on relationship marketing and its attendant effect on customer loyalty. Furthermore, the research did not analyse the effect of customer demographic characteristics and culture on customer loyalty. Future researchers could analyse the impact of the above variables on customer loyalty. In addition, more related studies are needed in a Ghanaian context. This requires that other researchers replicate this study using data from other service sectors such as telecommunication, insurance and healthcare.

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