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THESIS

THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND AN EFFECTIVE COMPLAINT HANDLING SYSTEM: A CASE OF COMMERCIAL BANKS IN SOLWEZI.

Ernest Banda

(Student ID: 20900152)

Directorate of Distance Education and Open Learning

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Dr. Charito Wui

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DEDICATION

I would like to dedicate this work to the immediate members of my family: my guardians

Mr and Mrs Kapindula. May you live out the rest of your life in happiness. Finally, I want to

dedicate this achievement to my late mother Rosemary Kapindula. For without your influence of

hard work, proper ethics, and a God fearing life from my childhood, it is possible I would not be in

the place I am today. R.I.P. my dear mother.

ACKNOWLEDGEMENTS

ABSTRACT

With about twenty (20) commercial banks operating in the financial system in Zambia, commercial banks are faced with firm competition amongst themselves.

Therefore, keeping and developing relationships with current customers is a key business strategy for commercial banks. However, product and service problems as well as complaints are likely to occur over the lifetime of the bank. Designing an effective customer complaint system can go a long way towards turning dissatisfied customers who have had a negative experience with the bank into ones who are likely to remain loyal to the bank.

The main aim of this study was to investigate the relationship between customer satisfaction and an effective complaint handling system in commercial banks. The data for this research was

collected mainly through questionnaires which were administered to commercial banks in Solwezi as well as to their customers.

The findings show that the effectiveness of the customer complaint system in commercial banks in terms of their responsiveness to customer problems is low. This is mainly because factors that make complaint handling a success are given little attention to.

CHAPTER I

Background of the Study

This chapter introduces the topic "the relationship between customer satisfaction and an effective complaint handling system. A case study of commercial banks in Solwezi". In order to survive in this highly competitive market, keeping and developing relationships with customers is a key business strategy. It is a well-known fact that customer satisfaction and loyalty are directly related to a company's sales. Therefore, in this highly competitive market where banks compete for customers, customer satisfaction is seen or regarded as a key differentiator and has increasingly become a key business strategy.

1.0 Introduction

To deliver the best service to the customer the first time and all the time is the desire of every business organisation. It is however observed that this ideal is not always achieved due to some service, service personnel, service provider or customer related factors (Jean and Chopi, 2012). Discrepancies often occur between the firm's promises, expectation of customers and the actual service delivered. This is service failure in the assessment and evaluation of the customer, and often triggers complaint behaviours. It takes excellent customer service and other organisational initiatives to bring a customer from the brink of dissatisfaction to the altitudes of satisfaction and delight when service failures occur. The expertise with which customer complaints or objections are handled largely determines how well or poorly a conflict situation is resolved in the event of service failure. Thus, the efforts of the customer service personnel to assuage dissatisfied customers must be prompt, appropriate and professional; and must be adorned with social grace (Rahim, Ignatius, and Adeoti, 2012).

Often, what stands a firm out in this fast-paced business landscape is the ability of its customer service personnel to resolve customer issues quickly and satisfactorily. Excellent customer service therefore handles customer complaints in a manner that benefits both the customer and the firm (Cambra-Fierro, Melero-Polo, and Sese, 2016). Customer service thus, plays strategic roles in cultivating, managing, improving, retaining and maintaining mutually satisfying seller-buyer relationships (Gelbrich and Roschk, 2011); and have a significant effect on the success or failure of a business (Rahim et al., 2012).

The purpose of this project is to determine the relationship between customer satisfaction and an effective complaint handling system. As a sample reference, the study will consider commercial banks in Solwezi, the provincial capital of North-Western province in Zambia.

1.1 Background

Customer complaint is a customer's expression of dissatisfaction towards a product, service or purchasing situation (Kurdi, Alshurideh, and Alnaser, 2020). Andreassen (2011) calls it a formal or informal customer report regarding a problem with a product or service. Research has shown that, the way a company handles company complaints can affect its business success in the long term (Hamzah and Shamsudin, 2020). Adejoke and Adekemi (2010) assert that poor complaint handling procedures could damage company-customer relationship and cause customer dissatisfaction. It could also encourage negative word of mouth advertising causing possible customers to refrain from doing business with the company. Poor complaint handling could as well cause low customer loyalty and significantly chances of customer retention. According to (Kurdi et al., 2020), poor customer complaints handling ultimately cause companies to lose customers thereby losing market share, whilst the recruiting of new customers through marketing promotions cost money, effectively reducing company profitability.

When companies retain effective customer complaint handling procedures, customer attrition is reduced, customer satisfaction is increased, sales figures are boosted and customer loyalty and retention assured (Gelbrich and Roschk, 2011). Several studies have put forward various lists of procedures to guide the customer complaint handling process. Kurdi et al. (2020) conducted a meta-analysis of company complaint handling procedures and how they affect future customer response. The study indicated that listening to customer complaints, being understanding, and taking note of salient points to gather relevant facts, discussing the complaint and following up with effective resolutions was a very effective complaint handling process or practice. Ang and Buttle (2016) however rejects a stationary procedure, insisting that complaint handling procedures are different in various companies, reaping varying levels of success. Adejoke and Adekemi (2010) advocates for a comprehensive customer complaints management system, complete with complaint handling

procedures, customer satisfaction checks, customer feedback acquisition and customer retention measures.

Every business organization`s success depends on the satisfaction of its customers. Whenever a business is about to commence, customers always come "first" and then the profit. Those firms that are succeeding to satisfy the customers or clients accordingly will remain in the top position in a market or their respective industries. Today's business company has known that customer satisfaction is the key element for the success of the business and at the same time it plays a vital role to expand the market value. In general, customers are those people who buy goods and services from the market or business that meet their needs and wants. Customers purchase products to meet their expectations in terms of money (Hill and Alexander, 2017). It is therefore important for companies to determine their pricing with the quality of the product that attracts the customer and maintains the long-term relationship.

The business organization should ensure that they are providing full service, corresponding to their monetary value. This will increase the number of customers and holds the long-term relationship between the customer and the organization (Leninkumar, 2017). This as well means that the existing customer will help to entice the new customers by providing or sharing the information about the products and services of the firms. Satisfaction means to feel content after what the person desired or wanted. It is difficult to know whether the customers are satisfied with the availability of the product or services. So, giving satisfaction to the customers is not an easy task, for this different factor is needed to be taken into consideration. Today, competition can be noticed between the business organizations and marketplaces everywhere and has been one of the puzzling tasks for the competitors. Though it seems to be tough in the growing market, competitors are developing their marketing channels effectively (Hill and Alexander, 2017).

Globalization has enlarged competitiveness in the marketing or business environment, hence giving rise to the need for companies to adopt various strategies in order to remain competitive. Rahim et al. (2012) posits that market competitiveness demands that companies employ measures to influence potential customers and retain existing customers, thereby increasing market share and profitability. To increase market share, Jean and Choi (2012) assert that companies must ensure customer satisfaction through counter-measures before sales, during sales and after sales. According to Hassan, Nawaz, Lashari, and Zafar, (2015) one of the most significant counter-measures companies can adopt is customer service, for which customer complaints management is a critical component.

Even when companies put forth their best efforts to serve their customers, customer complaints are inevitable and are a regular part of doing business (Cambra-Fierro et al., 2016). Complaint handling systems are the final test for a company's customer orientation as they strive to create reasonable resolutions to customer needs. A company may risk losing previously loyal customers when their grievances are poorly handled. This entails that existing levels of customer satisfaction do not offer full protection against the consequences of ineffective complaint handling. Looking at the issue from the other angle, satisfactory handling of customer complaints may likely improve customer loyalty.

Studies have shown high returns on investment in effective complaint handling systems (Cambra-Fierro et al., 2016; Sohail, 2012). It is for this reason that many companies are seeking to develop such systems to foster loyalty among their customers. In doing so, two distinct approaches have been cited, the first of which involves setting standard procedures to program complaint handling employees on how to deal with customers in specific situations. The second approach takes a more open stance and consists of training and motivating employees to adopt a set of shared values

that would likely lead to the desired behaviours (Kurdi et al., 2020). Therefore, this study focuses on the role of effective complaints handling systems in enhancing customer satisfaction, a case study of commercial banks in Solwezi.

1.2 Statement of the Problem

There is an increasingly fast-paced competition for excellent customer service amongst banks, handling customer complaints effectively has become a real point for competitiveness. When companies show lack of ability to deal with customer complaints, customer allegiance could be affected, resulting in high customer turnover and low customer retention. Ateke and Ishmael (2013) posited that, when companies fail to effectively handle customer complaints, that particular customer could be lost in the process, sparking a chain reaction involving the customer telling at least 27 others, who might also continue to spread negative news about the company involved. Consequently, the loss of one customer could cause a chain reaction where a good number of customers are lost hence reducing market share, reducing bank profitability and increasing negative perceptions about the bank.

In light of these assertions, it is imperative that banks perfect their customer handling procedures to avoid the depressing consequences that come with failure. It is essential to determine the existence and effectiveness of customer complaints departments among banks and to establish the relationship that exists between customer satisfaction and an effective customer complaint handling system (Hamzah and Shamsudin, 2020). The challenge in this case is that, most banks hardly, if not never, assess their customer complaint procedures to find out if it is delivering in terms of handling customer complaints effectively. Due to this, some banks adopt a nonchalant approach to customer complaints, especially if it is related to customer service, oblivious of the latent harm being caused to the bank (Leninkumar, 2017).

Consequently, this study necessitates the need to carry out a study on the role of effective complaints handling systems in enhancing customer satisfaction, a case study of commercial banks in Solwezi.

1.3 Research Questions

The purpose of this study is to provide answers to these questions.

(1) Do banks have an effective customer complaint system?

(2) What specific activities have banks put in place to provide customers with easy opportunities to register their complaints?

1.4 Purpose of the Study

According to Hassan et al. (2015) and Jean and Choi (2012) an effective complaint handling is a crucial factor in the success of commercial banks. With the increase in demand for commercial banks, it is imperative that managers and policy makers understand how to increase customer satisfaction through effective complaint handling. There is also a large research gap on this subject in Zambia, hence this study will attempt to fill in that gap.

1.5 Research Aim

The aim of this project is to determine the relationship between customer satisfaction and an effective complaint handling system. The project will achieve this aim by considering commercial banks in Solwezi.

1.6 Specific Objectives

(1) To determine the existence and effectiveness of customer complaints departments in banks.
(2) To highlight the general effects of the complaint handling system on the commercial bank and its customers.

1.7 Conceptual Framework

Figure 1 presents the conceptual framework that proposes that customer satisfaction is related to complaint handling systems through building customer trust and enabling customer commitment. The arrows in Figure one indicate that the receiving variable is depend on the other variable at the base of the arrow. In this framework customer satisfaction is dependent on customer trust and customer commitment which are created and dependent on an effective complaint handling system. Henceforth, complaint handling system, customer trust and customer commitment are the independent variables while customer satisfaction is the dependent variable in this study.
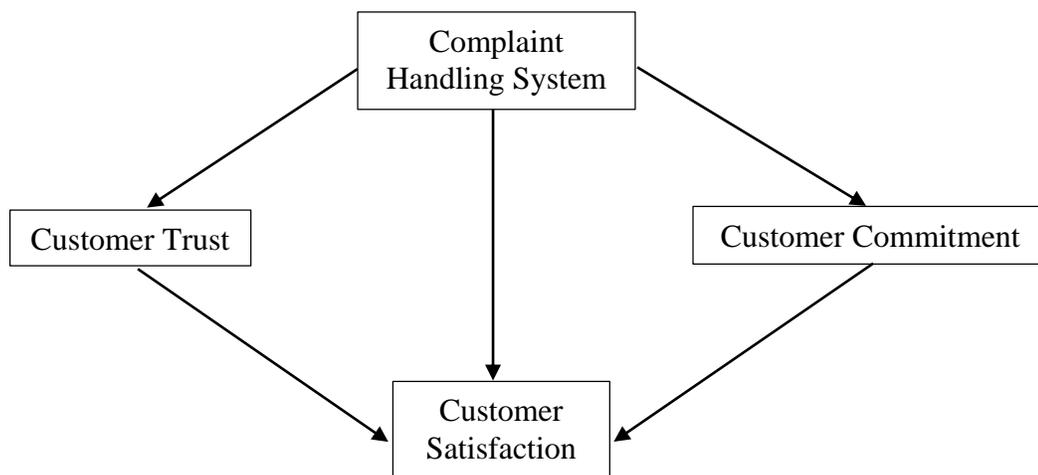
Figure 1. Framework for understanding the relationship between an effective complaint handling system and customer satisfaction

Source: Elaborated by author

1.8 Research Hypothesis

Complaint handling according to Cambra-Fierro et al. (2016) is one organisational activity that helps relationship maintenance. It is an initiative aimed at maintaining and strengthening seller buyer relationships through conflict resolution, trust building and restitution. Also, Gelbrich and Roschk (2011) suggest that one of the major causes of customer defection is inability of service providers to handle customer complaints satisfactorily. In the current study therefore, effort will be made to determine the link between customer satisfaction and an effective customer handling system in order to provide empirical evidence on the relationship between the variables. Hence, the following hypotheses are made:

Ho1: There is no significant relationship between complaint handling and customer trust.

Ho2: There is no significant relationship between complaint handling and customer commitment.

Ho3: There is no significant relationship between complaint handling and customer satisfaction.

1.9 Significance of the Study

As at now there is strong competition among commercial banks in Zambia. Local banks are facing strong competition from foreign banks, especially with the coming of various investors. The results of this study will help commercial banks in increasing their customer base in order to sustain their market share and growth. The study will bring more insight to service failures which result in customer dissatisfaction and complaints but do not lead to a loss of customers. Commercial banks must take steps to ensure that dissatisfied customers, who may have had a negative experience with the bank are turned into loyal customers. Therefore, this study seeks to highlight the extent to which superior customer satisfaction can be achieved through a well handled customer complaint process

and an effective service recovery that will keep customers satisfied while keeping them committed to their commercial banks.

This study will create value to marketing, sales and customer relations managers of banks as it will help them focus on the value of a well handled customer complaint system in relation to customer satisfaction, thereby, helping retain their clientele and increase growth. In addition, Andreassen (2011) and Hassan et al. (2015) point out that a firm which expects to stay in business or to continue to sell a given product or service must be able to seize the opportunity of a service failure by performing the task to exceed customer expectation. As a result, it is expected that through this research banks will consider customer complaints satisfaction in their company strategies in order to stay in business. Such a response is likely to provide a significant boost to customer confidence and this will in turn result into increased customer loyalty and repeat purchases and ultimately a large customer base.

2.0 Scope of the Study

The study focused on examining the effect of an effective compliant handling system on customer satisfaction. To achieve this overall objective, the study used primary data collected through questionnaires administered to employees at various commercial banks in Solwezi, the researcher also collected information from customers of these banks through physical and digital questionnaires. Due to the Covid-19 pandemic and the timeframe in which the study was conducted, the sample size had to be decreased to just commercial banks in Solwezi.

2.1 Research Approach and Method

The first step of the research determined the problem at hand and then research objectives and research questions were formulated to guide the study. The second part of the research approach was a review of what other researchers have discovered about customer satisfaction and complaint

handling systems. From there, a method of collecting data (qualitatively) will be developed as recommended by previous studies on this subject. The fourth step will be analysing the data collected and then finally interpreting it to conclude and make recommendations.

2.2 Data Collection and Analysis Techniques

Primary data through interviews and questionnaires were used in line with secondary data from other studies and published information about commercial banks, customer satisfaction and complaint handling systems. The methods of data collection employed in the research project were questionnaires, observations and secondary data from literature. It is maintained that interviews and questionnaires generate useful information about lived experiences and their meanings (Jean and Chopi, 2012).

2.3 Operational Definition of Terms

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

Customer Trust - The confidence and belief among customers that companies will do what they say they will and that they will not deliberately harm consumers.

Customer Commitment - Engagement or continuous obligation to buy the same product or use the same company for current and other services. The customer's desire and effort to maintain a relationship with the company.

Customer complaint – An event in which a customer expresses dissatisfaction with a business not delivering on its commitment and not meeting the customer's expectations in terms of the product or services.

Complaint handling system – A system that sets out in its procedures on how to address the comments, concerns, and complaints of the people who use a company's products and/or services.

Commercial bank – A financial institution that accepts deposits, offers checking account services, makes various loans, and offers basic financial products like certificates of deposit (CDs) and savings accounts to individuals and small businesses.

Solwezi - A town in Zambia. It is the provincial capital of the North-Western Province and the

2.4 Chapter Summary

This chapter defines the key terms in the research project, it discusses the background behind this research and also argues the problem discovered by the researcher on this subject and presented the conceptual framework guiding the study. The next chapter is the Literature Review which presents the knowledge and ideas that have already been established by other researchers. It will also present the foundation of this study through the review of literature relevant to the customer satisfaction and complaint handling systems.

CHAPTER II

REVIEW OF RELATED LITERATURE

The previous chapter introduced the discussion on customer satisfaction and customer complaint handling systems. It highlighted the problem at hand, the guiding research questions and the hypotheses for this research. This chapter critically analyses both empirical and theoretical literature related to this study. It defines the key concepts of the research and evaluates theories related

to customer satisfaction and customer complaint handling systems. It also deliberates conclusions of related researches and the knowledge difference to be covered by this study.

2.1 Complaint Handling

A complaint is an expression of discontent by a customer/consumer, addressed to a service provider, in the event of service failure. Consumers complain when they experience a service performance that falls below their expectation, and the consequent dissatisfaction they feel. Thus, dissatisfied customers are more likely to complain than satisfied ones (Keiningham, Frennea, Aksoy, Buoye and Mittal, 2015; Singh and Roberts, 1996). Complaint handling involves the actions and activities of suppliers and their ability to avoid potential complaints, solve manifest ones before they create problems and discuss solutions openly when problems arise (Sohail, 2012).

Complaints are integral parts of relationships and of any service activity because mistakes are unavoidable features of human interactions and also of service delivery (Boshoff, 2007), yet firms consider consumer complaints of any kind to be indispensable indicators of unsatisfactory performance (Hassan et al., 2015). Complaints thus serve as feedback and help firms to become aware of problems (Adejoke and Adekemi, 2010). Dissatisfied consumers who complain have a higher level of repurchase intention than those who do not complain (Andreassen, 2011; Ang and Buttle, 2016). Hence firms do not only devise initiatives to forestall service failures that may trigger complaint behaviours; they also devise ways of handling consumer complaint issues resulting from service failures when they arise.

Complaints handling is a planned and controlled way of receiving, recording, processing, responding to and reporting on complaints as well as using them to improve services and decision-making (Ateke and Ishmael, 2013). It includes the receipt, investigation, settlement and prevention of customer complaints and recovery of the customers (Sohail, 2012). Consumers have various means

to express their dissatisfactions (Leninkumar, 2017), and several typologies have been proposed to differentiate complainers from non-complainers (Adejoke and Adekemi, 2010).

Adejoke and Adekemi (2010) state that the unavoidable outcome of ignoring customer issues is that it will expose poor service deliveries of firms to the world, compound otherwise minor issues that could be addressed quickly and decisively to slip through the cracks and allow hasty and often inappropriate decisions to be made. Thus, the manner in which a complaint is handled in a buyer-seller relationship can have either constructive or destructive outcomes (Sohail, 2012). Hence, the contingency perspective of complaint handling (Leninkumar, 2017) reasoned that the seller must determine the right complaint management approach, after analysing a particular situation. In general, complaint handling strategies aim to minimize negative outcomes and maximize positive consequences (Sohail, 2012). The ability of the seller to effectively handle complaints in the service delivery process facilitates seamless service delivery/recovery, and returns a customer from the verge of dejection and defection to a state of satisfaction and loyalty.

Set standards and guidelines exist for complaint handling in organizations, which can be taken as starting point for assessing good practice in complaint handling schemes (Ang and Buttle, 2016). Jean and Choi (2012) suggest that these standards and guidelines for effective complaint handling include visibility, accessibility, responsiveness, objectivity, no charges for complaint handling, confidentiality, customer-focused approach, accountability (within the organization) and continual improvement. Rahim et al. (2012) on the other hand suggests that these standards and guidelines are commitment, communication, visibility and access, responsiveness and fairness, resources, personnel and training, assessment and investigation, remedies, business improvement, internal and external review systems; while Hassan et al. (2015) identify highly visible procedures, easy and free access, effective company protocols, fairness and organisational ownership and commitment as standards and guidelines for effective complaint handling.

Nevertheless, looking at it from an operational perspective, the complaint handling process can be summarized in three sub-dimensions; complaint accessibility, customer-firm interaction and compensation policy (Jean and Chopi, 2012; Hassan et al., 2015; Ang and Buttle, 2016). However, the current study dwells only on customer-firm interaction, and treats complaints handling and customer-firm interaction synonymously. Customer-firm interaction is a critical aspect of complaint management (Hamzah and Shamsudin, 2020) because studies suggest that customers make separate determinations between the fairness of the complaint handling process and the actual outcome (Kurdi et al., 2020 and are more concerned with obtaining a fair and serious treatment than a specific result (Gelbrich and Roschk, 2011).

2.2 Customer Satisfaction

There is consensus among academicians and practitioners that customer satisfaction which refers to a judgment that a product feature or the product itself provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment (Kurdi et al., 2020) is essential and critical to individual's wellbeing and company's revenues (Gelbrich and Roschk, 2011). Customer satisfaction with a firm's product is often seen as key to success and long-term competiveness (Leninkumar, 2017). Customer satisfaction is also viewed as a central determinant of Customer retention. It measures how well a firm's product meet or exceed customer expectation (Ang and Buttle, 2016), enhances the quality of relationship between customers and service providers and increases repeat purchase behaviour (Kurdi et al., 2020).

The importance of customer satisfaction as a predictor of customer retention is embedded in the fact that customer dissatisfaction has the potential to diminish an organisation's customer base, require the firm to rely on a more volatile customer mix and erode the firm's reputation (Cambra-Fierro et al., 2016). In relationship marketing literature, customer satisfaction has been thought of as

a key performance indicator for evaluating the quality of relationships between service providers and customers (Kurdi et al., 2020). Expectations of customers regarding costs and benefits of the relationship mainly depend on past experience, even as satisfying experiences increases the motivation and the likelihood that an individual will desire future purchases and stay in the relationship (Hamzah and Shamsudin, 2020; Hill and Alexander, 2017).

2.3 Customer Trust

The concept of trust has been defined by several scholars from various fields of learning. Ateke and Ishmael (2013) and Ang and Buttle (2016) view trust as the extent to which a party believes that its exchange partner is credible, benevolent and honest. Andreassen (2011) on their part define trust as the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trust or, irrespective of the ability to monitor or control the other party. Trust is therefore, a human characteristic and depends on the assessment of one another's personality traits, motives and behaviours (Sohail, 2012).

Trust typically refers to situation where a party willingly relies on the actions of another party believing that this other party will always act in the best interest of the first party (Andreassen, 2011). It is the willingness to rely on an exchange partner in whom another has confidence (Hamzah and Shamsudin, 2020; Hill and Alexander, 2017). Adejoke and Adekemi (2010) emphasized the element of reliability and the intention of the party to fulfil his/her obligations. Trust is a generalized expectancy held by an individual or group that the word, promise, verbal or written statement of another individual or group could be relied upon (Leninkumar, 2017).

2.4 Customer Commitment

The focus of relationship marketing is on building long-term arrangement in which both seller and buyer participate in the interest of providing more satisfying exchanges because of the economic

and marketing benefits associated with developing long-term buyer-seller relationships (Sohail, 2012). Relationship marketing is about retaining customers by establishing, maintaining and enhancing relationships with them (Hamzah and Shamsudin, 2020). Extant literature show that a firm's level of relationship marketing activities positively correlates with its performance (Hamzah and Shamsudin, 2020; Hill and Alexander, 2017) as well as the level of strategic competitive advantage that is achieved in the marketplace (Hassan et al., 2015; Andreassen, 2011)

However, the objective of relationship marketing can only be achieved when parties involved are committed to the relationship. Commitment is the relative strength of an individual's identification with, and involvement in a particular organization, including the sacrifices made by the parties to maintain the relationship. Ateke and Ishmael (2013) define commitment as an enduring desire to maintain a valued relationship. Jean and Choi (2012) indicate that commitment is central in relationship marketing theory. Mutual commitment is very essential in building a long-term relationship. Hassan et al. (2015) observe that commitment is the most common dependent variable used in buyer-seller relationships, and is higher among buyers who believe that they receive more value from a relationship. The importance of retaining existing customers and initiating activities to improve customer loyalty has received attention, as markets become more competitive (Jean and Chopi, 2012).

2.5 Research Gaps

As much as researchers worldwide have studied the impact of complaint handling systems on the customer satisfaction, there is a lot of information lacking on commercial banks. In addition, such studies have either not been carried out in Zambia or their information is unavailable.

2.6 Chapter Summary

This chapter defined the key concepts of this study. It also highlighted other studies conducted by other researchers on this subject while highlighting the research gaps that exist on this matter. The next chapter defines the research methodology to be used in this study and explains how the research data will be collected and analysed.

CHAPTER III

RESEARCH DESIGN AND METHODOLOGY

The previous chapter reviewed studies conducted by other researchers, it defined the key concepts of the study and presented the conceptual framework. This chapter defines the research methodology used in this study, and it explains how the data was collected and analysed.

3.1 Research Design

This research utilised a 'case study' method to collect data. "A case study is a comprehensive investigation of a specific case being a subject or a condition for clarifying concepts and variables or clarifying ways for to measure those for obtaining detailed appreciative of problems being examined" (Leninkumar, 2017, p56). Jean and Choi (2012, p23) adds that "a case study is a very common form of qualitative exploration that analyses connections between the factors that explain present status or that influence change or growth."

All things considered this study used a qualitative study method and a quantitative exploration technique. A qualitative research design was used to run across how employees of commercial banks in Solwezi interact with customers and handle complaints. It also collected information from customers detailing their feelings, experiences, trust and commitment towards their banks.

3.2 Study Sample

The targeted sample size for the commercial banks was the entire population i.e. different age groups with different types of backgrounds, whilst the sample size for the banks consumers consisted of 10 consumers from each bank so as to ensure adequate representation.

3.3 Sampling Technique

The researcher also used a non-probabilistic sampling method namely: - judgmental sampling. The researcher used judgmental sampling to select the banks customers based on the researcher's personal judgment about some appropriate characteristic of customers.

3.4 Data Collection

Both primary and secondary data was used in collecting information for this research. Secondary data was collected using books, journals, as well as the internet. Primary data was collected by the administration of questionnaires to both the banks and their customers.

3.5 Questionnaires

Multiple copies of the same questionnaire was developed for the bank employees and customers to provide information on the issues enumerated by the researcher. The questionnaire was made up of both closed and opened questions. With regards to the closed ended questions, alternatives choices were provided for respondents to choose from. In the case of the opened questions, the respondents had the opportunity to express their views and suggest ways and indicate opinions and challenges.

3.6 Data Analysis

The study used a combination of Statistical Package for Social Science (SPSS) and Microsoft Excel to analyse and visualise the data collected. This data is presented in frequency distributions, correlation tables, bar charts and percentage in. order to determine the proportion of respondents choosing particular responses. All the qualitative data is grouped, quantified and coded to facilitate counting of frequencies of responses that were given by respondents.

3.7 Ethical Considerations

Ethical issues in qualitative and quantitative research include issues such as informing participants of the purpose of the study, refraining from deceptive practices, sharing information with participants (including the role of a researcher), being respectful of the research site, reciprocity, using ethical interview practices, maintaining confidentiality, and collaborating with participants (Jean and Chopi, 2012). Each questionnaire stated the objectives of the study; level of confidentiality and ethical standards were explained explicitly and clearly. The individuals themselves answered the questionnaires with full knowledge of their right to withdraw or completely desist from answering to ensure that none of the employees was harmed in any way possible.

3.8 Limitations of the Study

Time and the covid-19 pandemic affected the course of this study. These affected the number of respondents in the study and how long the respondents took to respond to the questionnaires.

3.9 Chapter Summary

This chapter explained the approach of this study detailing its research design, data collection and data analysis to be applied. It also discussed the ethical considerations of the study, and the limitations of the study.

CHAPTER IV

FINDINGS AND DATA ANALYSIS

Chapter 3 presented the methodology used to execute the research and generate the data reported in this study. It discussed the research strategy, sample size, data collection, research design and the method of data processing and analysis used in the research. This chapter presents the analysis of the research findings. The research utilised structured interviews and questionnaire survey to collect primary data. Utilising a combination of quantitative and qualitative methods made the research more reliable and more useful. Structured interviews allowed the collection of qualitative information that ensured an in-depth probe of the subject matter.

4.1 Questionnaire data and Analysis

The study targeted the entire population of banks in Solwezi consisting of 10 consumers from each bank so as to ensure adequate representation giving a total population of 80. This resulted in 75 completed questionnaires. The questionnaires were delivered in face-to-face interviews in which questions from the questionnaires were asked to the respondents and their responses were recorded. The 75 completed questionnaires, made up 93.7% % of the sample size. According to Qiu et al., (2017) an acceptable response rate can be determined by the how the survey was administered, 50% response rate is good for questionnaires administered through email and 80% is good for those administered face to face. This study's response rate was in the acceptable range.

In responding to the questionnaire, respondents were required to answer according to the instructions. Data analysis was done using frequencies, percentages and mean scores, while the Spearman Rank Order Correlation Coefficient (rho) was used to test the hypotheses. All analyses were done using SPSS version 26.

4.20 Profiles of Respondents

4.21 Demographic Characteristics

The ages of the bank customers and bank employees in the sample ranged from 26 – 52 years. The age range of 30 – 45 years was the largest age range with 46% of the respondents falling in this interval, 33% were between 41 - 50 and 21% were between age of 21 and 30.

50 (66.7%) of the 75 respondents were male while the females accounted for 33.33% (25).

4.22 Work Experience

The respondents in this study had different years of working experience as bank workers. 40% of the respondents had been workers at different companies prior to being bank workers while 60% worked as bankers from the onset. Figure 2 illustrates the distribution of the number of years that the respondents spent working as bank workers.
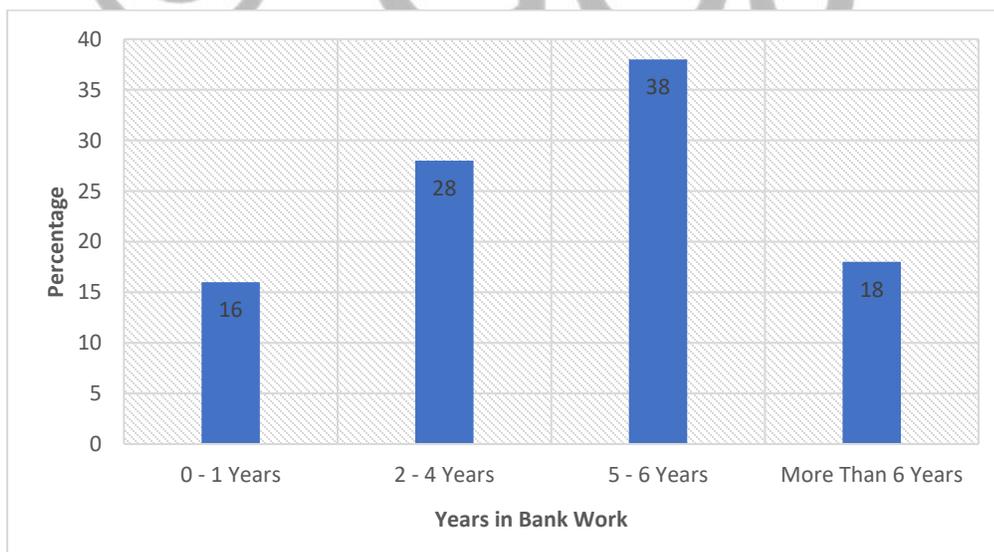
Figure 2: Years in Casual Work

Figure 2 shows that 38% (29) of the respondents had spent 5 - 6 years casual work, 28% (21) had spent 2 – 4 years in casual work, 18% (14) had spent more than 6 years in casual work and 16% (11) had spent not more than 1 year in bank work.

These results also show that on average bank workers spent 4 – 5 years doing bank work with 5 – 6 years being the most common amongst the respondents.

4.23 Customer Commitment to Current Bank

Figure 3 below shows the number of years' customers committed to using their current main bank. 40% (30/75) spent less than a year committed to a bank, 29% (22/75) spent between 1-2 years committed to their main bank and 30.67% (23/75) committed to their current bank for more than 2 years. Figure 3 illustrates this information.
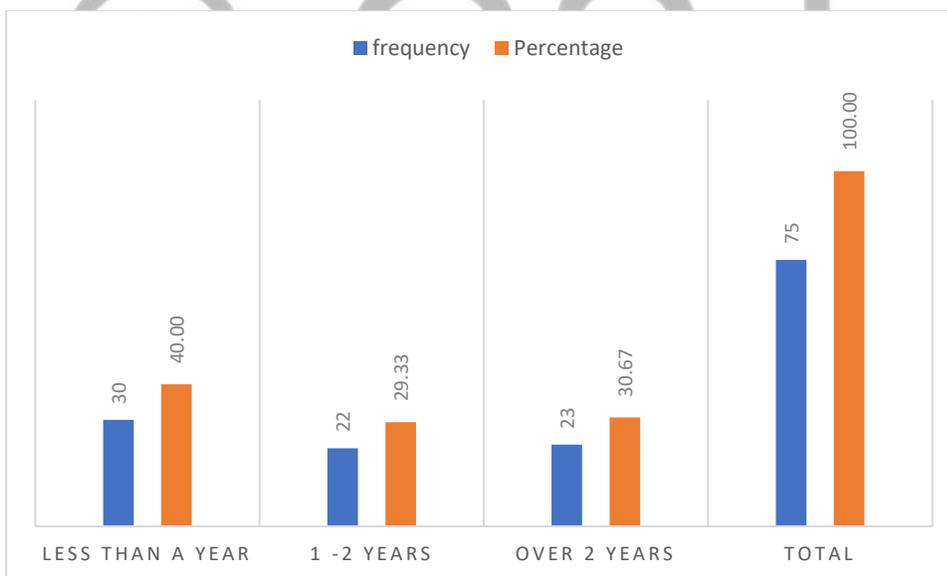
Figure 3: Commitment to current bank

4.24 Sources of Customer Dissatisfaction and Complaints

Customers cited four main reasons for dissatisfaction and complaints, these were: loss of money; loss of time; poor service; and poor treatment from bank employees. Their responses are illustrated in Figure 4 below.
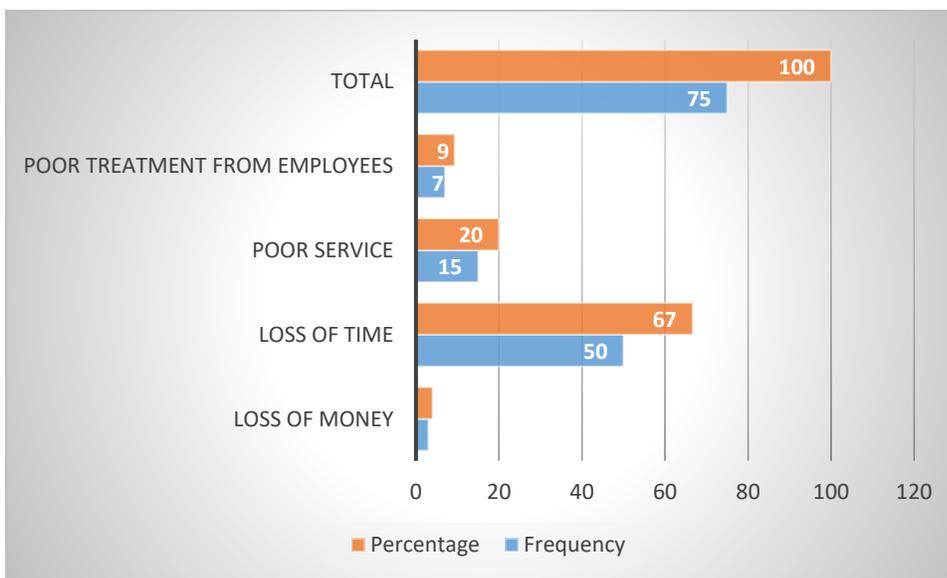
Figure 4: Sources of Customer Dissatisfaction

As seen from the Figure 4, the highest number of complaints were due to loss of time (67%) followed by poor service delivery (20%) while poor treatment from employees (9%) and loss of money (4%) were the least contributing factors to customer dissatisfaction.

4.25 Bank Response Rate

Correlating with loss of time is the combination of the time taken to respond to customer complaints. 42% of the customers in the study said they received immediate response on their complaints whereas, 33% said it took hours to a day and 25% said it took more than a day to get a response. This gives a combined 58% for complaints that either took hours to a day or more than a day to get a response. Consequently, it highlights the 67% that complained about loss of time. Figure 5 illustrates this information.
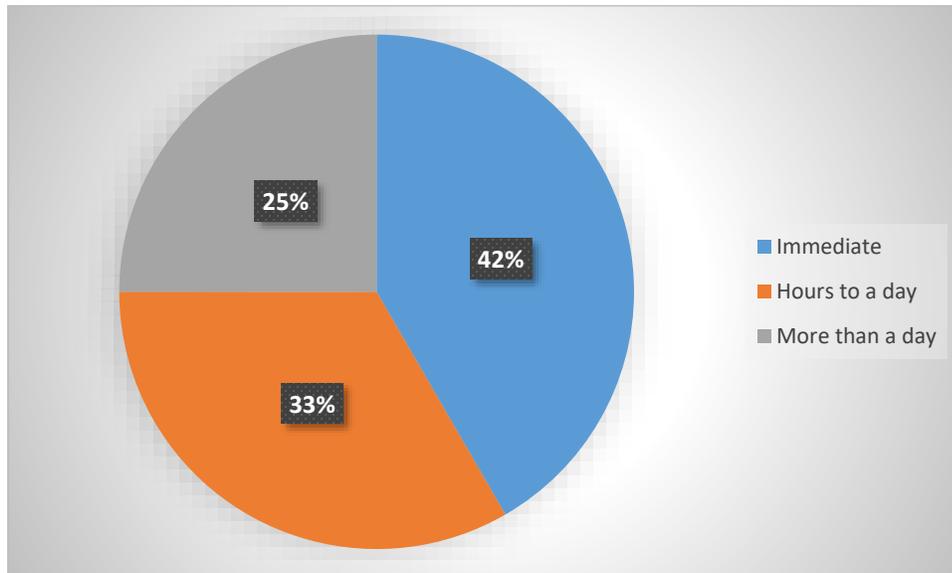
Figure 5: Complaint Response Rate

4.26 Customer Trust: General Rating of Complaint Handling System

On a scale of 1-5 ranging from 1-very poor, 2-poor, 3-good, 4-very good and 5-excellent, 33% of the customers believe that their banks' complaint handling system is good. 52% found their banks to be poor at handling their complaints and 5% found them very poor. This is shown in Figure 6 below.
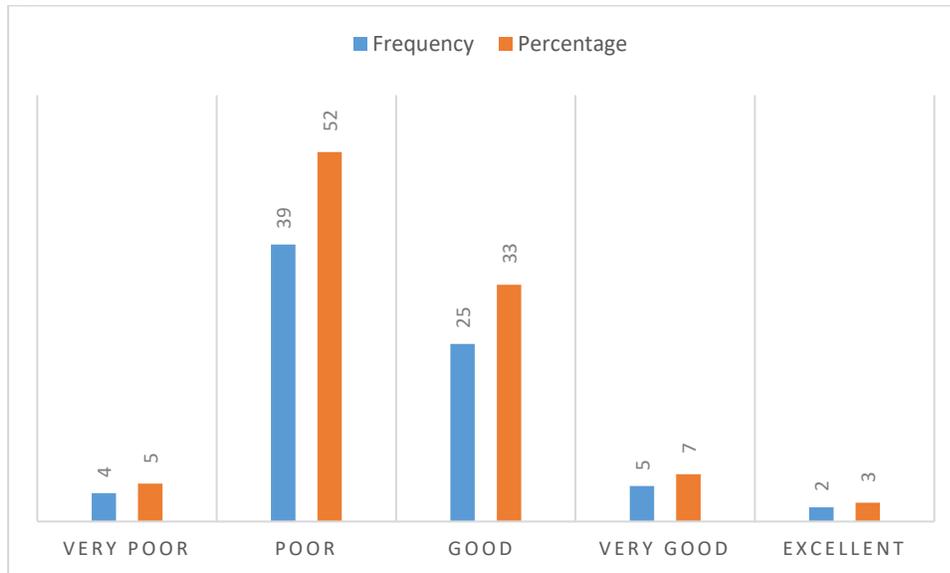
Figure 6: General Rating of Complaint Handling System

As shown in Figure 6, an overall 57% of the respondents did not trust their bank with handling their complaints to satisfaction while 43% were either just okay or very satisfied with their banks' complaint handling system.

4.27 Capturing Customer Complaints

Many banks design methods of ensuring effective capture of all problems related to their services. This subsequently aids them in measuring the levels of their mistakes and following them up.

In this research, all the banks that were assessed view customer complaints as an opportunity to serve the customer better and some have put in place specific activities in order to provide customers with easy opportunities to register their complaints. These include:

    i.   Complaints register.

   ii.   Suggestion boxes.

iii. Feedback cards.

iv. Questionnaires administered to customers.

4.28 Benefits from Customer Complaints.

On the question of whether the banks in this research have ever benefited by satisfying their customers through effective complaint handling. The findings showed that all the banks benefited from effective complaint handling. The benefits put forward by the banks were that complaints helped the banks to identify service gaps. They stated that these service gaps when closed made the banks to run more efficiently. Other benefits that came as a result of satisfying customers through effective complaint handling skills by the banks staff and management were customer retention, increased customer loyalty and growth of the commercial bank.

4.3 Assessment of Validity

Using the Pearson Correlation analysis in SPSS version 26, a correlation between each question in the questionnaire and its total value was assessed to determine validity. According to Theron (2015), if the significance is less than 0.05 then the question/instrument is valid but if the significance is greater than 0.05 then the question/instrument in not valid and it has to be deleted/removed. The results of this assessment found that all the questions scored a significance value less than 0.05.

4.4 Assessment of Reliability

Reliability was assessed in SPSS by clicking "Analyse", choosing "Scale" and then selecting "Reliability Analysis". This was followed by a section of the questionnaire items to be assessed. Table 1 shows the results of this assessment.

Table 1: Assessment of Reliability Results

	Reliability Statistics	
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items[a]	N of Items
.803	.796	75

From Table 1, the Cronbach's alpha is 0.803, which is greater than 0.6 indicating a high level of internal consistency for a scale with this specific sample (Oludele, 2015).

4.5 Results of Test of Hypothesis

In Chapter 1 the study developed the following hypotheses:

Ho1: There is no significant relationship between complaint handling and customer trust.

Ho2: There is no significant relationship between complaint handling and customer commitment.

Ho3: There is no significant relationship between complaint handling and customer satisfaction.

The Spearman Rank Order Correlation Coefficient (rho) was used to test the hypotheses in SPSS and the results are as shown in Table 2 below.

Table 2: Summary of Result of Test of Hypotheses

Correlations

		Customer Satisfaction	Customer Trust	Customer Commitment
Spearman's rho	Complaint Handling System	.642**	.573**	.321**

See Appendix 3 for details

As Table 2 indicates, the result of the test of relationship between complaint handling and customer satisfaction shows a rho coefficient of .642. This result means that a positive and strong relationship exists between the variables. Hence, the study rejected the null hypothesis and accepted the alternate hypothesis.

On the test of relationship between complaint handling and trust, Table 2 shows that a positive correlation exist between the variables. The test generated a correlation coefficient of .573 which indicates a positive and strong relationship between complaint handling and trust. Consequently, the alternate hypothesis is accepted while the null hypothesis is rejected.

The result of test of relationship between complaint handling and commitment as displayed on Table 2 indicates that a weak but positive correlation exists between the variables. This averment is based on the rho coefficient of .321 generated by the test. The study therefore, accepts the null hypothesis, and postulates that there is no significant relationship between complaint handling and commitment.

4.6 Chapter Summary

In this chapter, the results obtained from interviews and the questionnaire survey were presented. The analysis of the data elaborated some of the impacts of an effective complaint handling system on customer satisfaction. It also presented the results of the tests for validity and reliability. The next chapter presents a discussion, conclusion and recommendations.

CHAPTER V

DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Discussion

This study was focused on determining the relationship between customer satisfaction and an effective complaint handling system using customer satisfaction, customer trust and customer commitment as measures of relationship quality. The result of test of hypotheses conducted in the study reveals that complaint handling and relationship quality are positively correlated, as the test generated a score of 0.642 between complaint handling and customer satisfaction, 0.573 between complaint handling and trust, 0.321 between complaint handling and commitment.

The distribution of responses on customer satisfaction based on complaint handling discussed in Chapter 4 showed loss of time (67%) and poor service delivery (20%) as the main contributors to customer dissatisfaction. 67% cited loss of time as a major dissatisfaction was accompanied by a combined 58% for complaints that either took hours to a day or more than a day to get a response. This led to an overall 57% of the respondents not trusting their bank with handling their complaints to satisfaction while 43% were either just okay or very satisfied with their banks' complaint handling system. These responses and the results of the correlation test imply that complaint handling drives relationship quality and customer satisfaction.

These findings are in agreement with the view of Mansfield and Warwick (2000) who discovered that that complaint handling as an organizational activity helps relationship maintenance through conflict resolution, trust building and restitution. Through complaint handling, firms can understand and serve the customers better, and improve the efficiency and productivity of the firm. The significant role of complaint handling in affecting customer satisfaction is supported by fair

treatment of customer complaints that are important in putting smiles on the faces of customers (Ateke, Ogonu, and Ishmael, 2015).

Chang, Lee, and Tseng, (2008) who found that service failure may annoy customers, but that what causes customer dissatisfaction and defection is failure to immediately and effectively address customer complaints also agrees with the results of this study. These results imply that when customer complaint is affectively managed and addressed, then defection may not occur, rather, customers, having achieved post complaint satisfaction through conflict resolution, will trust the firm and be committed to it. Hence, ensuring that customers get fair treatment when they complain do not only bring about post complaint satisfaction, but also induces loyalty behaviours (Maxham and Netemeyer, 2002).

Complaints handling must thus be constructive, positive and professional (Zairi, 2000) mainly because it generates information for quality improvements and have impact on customer retention (Stauss and Schoeler, 2004). The findings of this study also confirm that the benefits of regaining the confidence of customers through effective complaint handling outweigh the cost of doing so (Stauss and Seidel, 2004), since effective complaint handling provides a major opportunity for organizations to generate satisfied customers. Mistakes and failures seem to be inevitable parts of service delivery, consequently, every opportunity an organization gets to create satisfied customers must be utilized optimally (Johnston, 2001).

Furthermore, the findings of this study confirm the statement of Etzel and Silverman (1981) that customers who experience gracious and efficient handling of a complaint often become a company's best customer, since excellent complaint handling may turn angry, frustrated customers into loyal ones (Maxham and Netemeyer, 2002; Maxham, 2001; McCollough et al, 2000). It can also create more goodwill than if things had gone smoothly in the first place (Hart, Heskett, and Sasser,

1990). Understanding the customers and addressing their complaint satisfactorily through listening and honest interaction induces patronage intention and other loyalty behaviors.

5.2 Conclusion

From the research findings the following conclusions are drawn

(i)   Customer Complaints Departments and their Effectiveness

Even if all the banks have customer affairs units or customer service departments, the overall results of the study shows a rather bleak picture in terms of the commercial banks effectiveness to customer grievances. At its full potential a customer affairs unit or customer service department strives to improve relations with customers. It additionally represents customer's interests in a firm. However, in this study it was found that the customer affairs units or customer service departments were not effective in the following areas:

(a) Soliciting Complaints

Complaints help firms to improve their service delivery and eliminate wastage and re-work. Unfortunately, most customer affairs units in banks do not encourage or solicit their customers to bring forward any grievance. According to the data gathered most aggrieved customers do not complain.

(b) Response Rate and Complaint Procedures

Customers have their own perception of what constitutes a reasonable waiting time. In this research it was found that in most cases the response to customer complaints was not immediate and the complaint procedures were long and time consuming. The level of customer satisfaction is likely to be greater if complaints are handled and resolved as soon as possible. In this study most customers

rated as poor the overall effectiveness and response to complaints. Delayed responses and procedures have the following impacts:

1.   Loss of time which may result into substantial financial loss.

2.   Loss in customer loyalty and confidence and may ultimately result in customer defection.

From the above it is evident that the level of effectiveness of the customer complaints department does not wholly meet or answer customer grievances to their expectations.

(ii)   Effects of the Complaint Handling System on the Commercial Bank and its Customers

From the research findings it was evident that some banks have benefited from effective complaint handling in that complaint handling led to the identification of service gaps, these service gaps once worked on made the banks to run more efficiently and effectively. Other benefits included were customer retention and loyalty and this ultimately led to the growth of the commercial bank.

On the other hand, it was found in this study that one of the greatest punishments that commercial banks receive when their customers are not satisfied with the complaint handling system is the negative publicity spread by their customers. Most bank customers indicated that they discourage others from joining the bank if dissatisfied with the banks complaint resolution.

Finally, the above findings clearly show that banks in Solwezi do not have an effective customer complaint system and they have not put adequate activities in place to register customer's complaints.

5.3 Recommendations

In this competitive liberalized banking sector, a commercial bank has to strive hard to improve and maintain its market share. To be able to do this a commercial bank should tailor its services according to the needs of its target customers.

From the conclusions above the following recommendations are made:

1.   To ensure that customer problems are solved adequately, customer service departments must ensure that their employees undertake customer care training were employees will learn how to handle and respond to different customer complaints on time.

2.   Customer service departments should open a 24-hour telephone line just for customers to lodge their complaints. This will ensure speedy resolution to customer problems and will be an efficient way of lodging complaints and will save customers time.

3.   Customer service departments need to develop a complaint system that encourages dissatisfied customers to voice their complaints. If customers refrain from complaining, the bank is deprived of valuable customer feedback about a service or the overall performance of the bank.

4.   Customer service departments should improve service delivery performance by responding to customer queries swiftly. In order to respond quickly to any customer complaints, every customer should be treated in the same way.

5. Customer service departments should improve customer service relations to avoid their customers leaving their respective banks and spreading negative publicity about the perceived poor bank services which might discourage other potential customers.

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APPENDICES

Appendix 1: Questionnaire for Bank Customers

THE COPPERBELT UNIVERSITY

SCHOOL OF BUSINESS

Directorate of Distance Education and Open Learning

RESEARCH TOPIC

THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND AN EFFECTIVE COMPLAINT HANDLING SYSTEM: A CASE OF COMMERCIAL BANKS IN SOLWEZI.

Dear Respondent,

I am a Masters of Business Administration (MBA) General student at the Copperbelt University undertaking a research.

The research is undertaken in partial fulfillment of the requirements of the Masters of Business Administration.

I would be grateful if you could kindly spare some time to provide some information for the research. All information collected will be treated confidential, in adherence to the provisions of the UK Data Protection Act 1998.

The information that will be gathered in the course of the research will not be used for anything else except for strict academic purposes.

PLEASE TICK THE CORRECT ANSWER(S) WHERE APPLICABLE

1. Gender
   Male   Female

2. Which commercial bank do you have an account with?

   ……………………………….

3. How long have you had your account(s) with the bank?

   0-1 years

   1-2 years

   Over 2 years

4. During this period have you ever been dissatisfied with any of the banks services or operations?
   YES   NO

☐ ☐

5. If yes to the above question, what caused the dissatisfaction?

   A. Loss of money

   B. Loss of time

   C. Poor service

   D. poor treatment from employees

   E. Other (specify) ………………………………………………….

6. Did you register your complaint with the bank?

   Yes   No

   ☐   ☐

If Yes answer the next question, if N0 answer question 8

7. How rapid was the response from the bank?

   A. Response was immediate

   B. Took a few hours to a full day

   C. Took more than a day

      Other (specify) …………………………….

8. Why did you not register your complaint?

   A. Did not know where to complain

B. Complaining was not worth the effort

C. Other (specify) ……………………………….

9. What is your reaction if dissatisfied with your banks response to your complaint?

A. Switch to other banks

B. Discourage others from joining the bank

C. Wait and hope things will get better

D. Other (specify) …………………………………………

10. Does your bank encourage you to complain whenever there is a service failure?

Yes   No

11. How do you judge the complaint procedures of your bank?

A. Fairly long but response is good

B. Easy and clear but response is poor

C. Easy and response is quick

D. Other (specify) …………………………………………

12. How do you rate the overall effectiveness and response to complaints by your bank?

Very poor ☐   Poor ☐   Good ☐ Very good ☐   Excellent ☐

13. What would you recommend to improve customer complaints handling in commercial banks?
…………………………………………………………………………………………………
…………………

Appendix 2: Questionnaire for Bank Employees

THE COPPERBELT UNIVERSITY

SCHOOL OF BUSINESS

Directorate of Distance Education and Open Learning

RESEARCH TOPIC

THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND AN EFFECTIVE COMPLAINT HANDLING SYSTEM: A CASE OF COMMERCIAL BANKS IN SOLWEZI.

Dear Respondent,

I am a Masters of Business Administration (MBA) General student at the Copperbelt University undertaking a research.

The research is undertaken in partial fulfillment of the requirements of the Masters of Business Administration.

I would be grateful if you could kindly spare some time to provide some information for the research. All information collected will be treated confidential, in adherence to the provisions of the UK Data Protection Act 1998.

The information that will be gathered in the course of the research will not be used for anything else except for strict academic purposes.

PLEASE TICK THE CORRECT ANSWER(S) WHERE APPLICABLE

1. Name of commercial bank…………………………………………………………………

2. What is your job title? …………………………………………………………………..

3. What is your mission as a bank? ....

4. Do you have a customer affairs or complaint department?

   Yes   No
   ☐   ☐

5. How does the bank view customer complaints?

   A. Negative information about the banks unsatisfactory performance

   B. An opportunity to serve the customer better

   C. Other (specify) …………………………………………………………….

6. On average how many customer complaints are reported at your bank per day, per week, or per month? …………………………………………………………

7. What specific activities has your bank put in place to provide customers with easy

opportunities to register their complaints?

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
………………….

8. What immediate actions do you take when complaints are reported from customers?

…………………………………………………………………………………………………
………………………………….

9. Has the bank ever benefited by satisfying its customers through effective complaint

handling? Please elaborate your answer

…………………………………………………………………………………………………
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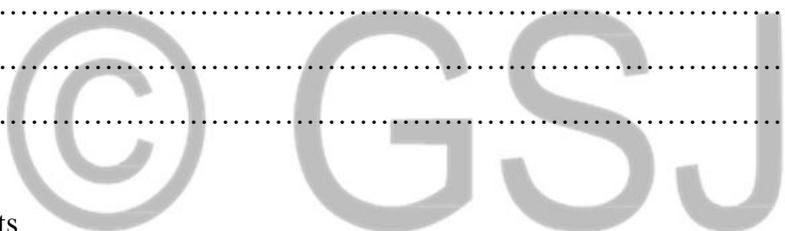
Comments

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## Appendix 3: SPSS Correlation Tests

Correlation analysis of the relationship between Complaint Management and Customer Satisfaction

Correlations

			Complaint Management	Customer Satisfaction
Spearman's rho	Complaint Management	Correlation Coefficient	1.000	.642**
		Sig. (2-tailed)	.	.000
		N	185	185
	Customer Satisfaction	Correlation Coefficient	.642**	1.000
		Sig. (2-tailed)	.000	.
		N	185	185

**. Correlation is significant at the 0.01 level (2-tailed).
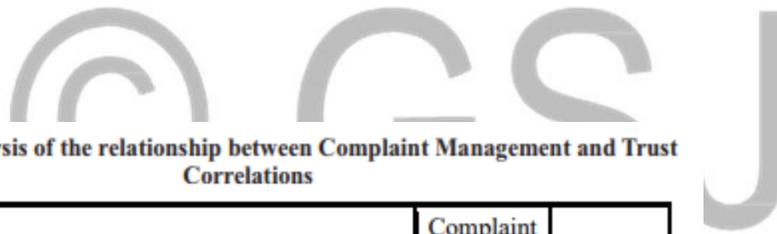
Correlation analysis of the relationship between Complaint Management and Trust

Correlations

			Complaint Management	Trust
Spearman's rho	Complaint Management	Correlation Coefficient	1.000	.573**
		Sig. (2-tailed)	.	.000
		N	1020	1020
	Trust	Correlation Coefficient	.573**	1.000
		Sig. (2-tailed)	.000	.
		N	1020	1020

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

Correlation analysis of the relationship between complaint management and commitment

Correlations

			Complaint Management	Commitment
Spearman's rho	Complaint Management	Correlation Coefficient	1.000	.321[**]
		Sig. (2-tailed)	.	.000
		N	1020	1020
	Commitment	Correlation Coefficient	.321[**]	1.000
		Sig. (2-tailed)	.000	.
		N	1020	1020

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