

# DETERMINANTS OF CUSTOMER SATISFACTION AND CUSTOMER LOYALTY IN AMHARA CREDIT AND SAVING INSTITUTE (ACSI): THE CASE OF WAGHIMERA ZONE SEKOTA TOWN

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**Abstract :** The main objective of the study was to assess and analyze customer satisfaction and customer loyalty of ACSI in Sekota town. Accordingly this study was used explanatory research design to examine the effect of independent variables on dependent variable. The study used mixed research approach. The study used both primary and secondary data type and sources. By using simple random sample technique total of 400 closed and open-ended self-administered questionnaires was distributed to the customers. The collected data was analyzed by descriptive and multiple regression analysis method by using SPSS version20. Overall findings from this study revealed the dimensions of service quality vary in the degree to which they drive customer satisfaction and customer loyalty. The results depicted that service quality; corporate image & Price were found to have positive and significant association with customer satisfaction & customer loyalty. The ACSI should continuously monitor the environment for changes with a motive of addressing the pricing policies of the rival FI and it should differentiate its service offerings in a way that could enable the ACSI to gain a competitive advantage. The ACSI is, thus, recommended to devise operations and marketing strategies that focus on the dominant service quality dimensions in order to enhance customer satisfaction and, in turn, foster positive customer loyalty.

**Key words:** customer satisfaction, loyalty, price, service quality, Multiple Regressions

## 1. Introduction

### 1.1 Background of the study

The financial sector plays an important role in economic growth and development of country. In recent years, those financial institutions are moving into a more competitive financial atmosphere with a wide variety of financial products and services (Deksios B., 2015). In response to this volatile market environment, credit institutions have shown a keen interest in marketing their products and services to their customers more effectively. Doing efficient product and service delivery effort, therefore, credit institutions can increase their customers base and attract new customers and mainly by retaining the existing

customers for long. According to Ilieska (2016) Understanding customer satisfaction can provide companies with information to streamline their operations and focus improvement programs on achieving cost efficiency to ultimately achieve better performance.

According to Lam, Shun, and Sanker (2004), customer loyalty has a powerful impact on firm's performance and is considered by many companies as an important source of competitive advantage. Consistently high level of customer loyalty not only creates tremendous competitive advantage but also enhance employee morale and productivity. Further, the benefit of customer loyalty to provider of either service or products include

lower customer price sensitivity, reduced expenditure on attracting new customers, improved organizational profitability.

ACSI also had assign if I cant impact on asset creation,improving employment,as well as backward and forward link ageat macro level.

Therefore the aim of this research is to examine determinants of customer satisfaction and loyalty by defining conceptual framework within which to analyze the factors that influences customer satisfaction and customer loyalty of ACSI Sekota Branch.

## 1.2 Statement of the Problem

It is imperative that service companies' measure and monitor service quality and Satisfaction with a view of influencing the behavioral intentions of their customers (Saha and Theingi, 2009). Satisfying customers is the first major mission and purpose of any business organization.

However, there are a number of problems hindering the smooth delivery of the banking services. There is customer's dissatisfaction over the service offered and the available services don't match the expectation of the customer (Mesay, 2012). Research suggests that customer dissatisfaction is still the major reason of bank customers' switch to other banks (Manrai, 2007). This dissatisfaction could be because of a variety of reasons. The causes of dissatisfaction are not well known empirically however from rational point of view; the probable factors may include network problem and temporary failures in the electronic banking services.

As far as services provided by ACSI its effort to increase customer base and their loyalty it is facing stiff competition from private banks. Almost half of customers are dissatisfied by services provided by services sectors including banking industry (Potluri and Mangnale, 2011). Dissatisfied customers are in turn less loyal and switchers (Zeithaml and Bitner, 2003).

As per researchers knowledge Literatures on Micro credit and saving institution is still on vacuum. The study is focus only on banks customer and loyalty such Goiteom W/Mariam (2011) Bank selection decision and Deksios B(2015) Determinants of Credit Customers Loyalty, buy they are not examine the

determinants of customer satisfaction and loyalty of micro finance intuitions.

HabtamuMekonnen(2015) indicate about customer satisfaction of bank that customers were satisfied with tangibility and assurance dimensions of service quality; however, they were dissatisfied with reliability, responsiveness and empathy service quality dimensions of the bank .Inproviding micro-finance services to the civil servant, small holder farmers, Small and medium enterprise. Amhara Credit and Saving Institution (ACSI) have been encourage in g all clients. However socio-demo graphic factors that determinecustomer satisfaction and loyalty in MFI are still studied poorly in the worda.And hence this study aims to identifying, understanding, describing those factors which determine customer satisfaction and loyalty in micro finance.

Researchundertakingsinsuchissuesattheworedaslevelareessentialsincetheresultsmay give spot of light to development planners in order to poverty situation at the worda level.

The researcher undertook preliminary investigation in some of the ACSI Micro Financial Institution as to what has been done with regards to satisfaction and loyalty of financial institution customers in sekota branch.

## 1.3 Research Questions

The study has carrying out to answer the questions below:

- ✓ What are the impacts of customer satisfaction and loyalty on ACSI?
- ✓ Does customer satisfaction mediate the relationship among service quality, corporate image and price towards customer loyalty?
- ✓ What are the main Service Quality Dimensions and their prioritization as perceived by ACSI?

## 1.4. Objectives

### 1.4.1 General objective

The main objective of the study was to assessed and analyzed determinants of customer satisfaction and customer loyalty in ACSI Micro Financial Institution Waghimera Zone SekotaBranch.

### 1.4.2 Specific objectives

- ✓ To investigate the determinants of customer satisfaction and customer loyalty.

- ✓ To investigate the effect of customer satisfaction and loyalty on ACSI.
- ✓ To determine whether customer satisfaction mediates the relationship between service quality, corporate image, and price towards customer loyalty.

### 1.5 Research Hypothesis

In this study the researcher was tested the following hypotheses:

- H<sub>01</sub>- The five dimensions of service quality (tangibility, reliability, responsiveness, assurance and empathy) not vary in the degree to which they instigate customer satisfaction and loyalty.
- H<sub>02</sub>- Service quality has no a positive effect on customer satisfaction.
- H<sub>03</sub>- Corporate image is not significantly related to customer satisfaction.
- H<sub>04</sub>- Price is not significantly related to customer satisfaction.
- H<sub>05</sub>- service quality, corporate image and price has no a positive effect on customer loyalty.

## 2. LITERATURE REVIEW

### 2.1 Customer satisfaction

Customer satisfaction is defined as an overall evaluation based on the total purchase and consumption experience with the good or service over time (Fornell, Johnson, Anderson, Cha & Bryant 1996).

### 2.2 Customer satisfaction and service quality

The interest in studying satisfaction and service quality as the antecedents of customer behavioral intentions in this paper has been stimulated, firstly, by the recognition that customer satisfaction does not, on its own, produce customer lifetime value (AppiahAdu, 1999). Secondly, satisfaction and quality are closely linked to market share and customer retention (Fornell, 1992). There are overwhelming arguments that it is more expensive to win new customers than to keep existing ones (Hormozi and Giles, 2004).

This view is supported by Caruana (2002) and it is crucial to study the effect of other constructs such as quality on behavioral intentions in addition to customer satisfaction. Hence, this study incorporated service quality into the model in examining customer's patronage.

### 2.4 Customers' loyalty

Thomas (2013) emphasize that "loyalty is more profitable." The expenses to gain a new customer is much more than retaining existing one. Loyal customers will encourage others to buy from you and think more than twice before changing their mind to buy other services. Customer loyalty is not gained by an accident; they are constructed through the sourcing and design decisions. Designing for customer loyalty requires customer-centered approaches that recognize the want and interest of service receiver. Customer loyalty is built over time across multiple transactions.

### 2.5 Factors influencing customer satisfaction and loyalty

Generally, customer loyalty is a behavior while customer satisfaction is an attitude. Therefore, there are certain differences between the factors which influence customer satisfaction and customer loyalty (Gajjar 2013.) Generally, price, quality, reliability, empathy, responsiveness are the main factors that influence the customer satisfaction and loyalty. Some of the detail factors that influence customer satisfaction and loyalty are discussed separately below.

### 2.6 Factors influences customer satisfaction

There are different phases involved in consumer behavior. Initially, the consumer finds the needs and then goes for the selection and budgets the commodities and takes the decision to consume. Product quality, price, service, consumer emotion, personal factors, situational factors, a perception of equity or fairness, product features are some of the factors that influence the customer satisfaction. On the other hand, several factors like, Cultural, Social, Personal, Psychological factorare the major ones

### 2.7 Factors influences customer loyalty

Customer loyalty is another important factor in customer satisfaction. The impact of the satisfaction in loyalty has been the most popular subject in study of the marketing theory. Therefore, several studies have proved that satisfaction and loyalty have the direct connection between one another. As satisfied customers are loyal and dissatisfied customers are a vendor (Heskett 2011.)

Finding the loyal customer is not accessible even the customers seem to be satisfied with the products and the services. In fact, the behavior and attitude of the customers towards the particular



Table 1 sample size

Center	Loan	Saving	Total	Proportion	Sample size in each center
Number-1	610	8185	8795	35.2%	141
Micro bank	1322	11965	13287	53.15%	213
Number-2	381	2535	2916	11.65%	46
Total	2313	22685	24998	100%	400

Source: ACSI Sekota town (2019)

Therefore sample size from the above data based on the formula will as follow:

$$n = \frac{24998}{1+24998(0.05)^2}=400$$

### 3.7 Instruments of Data Collections

In this study the researcher was used different data collection methods. According to Saunders et al., (2009) the use of two or more independent sources of data or data collection methods helps to confirm findings in the study. Therefore, primary sources of data were collected through the in-depth interviews and questionnaires. The questionnaires consist of both open and closed ended questions. Secondary data was obtained from different documents of the intuition like service strategy documents.

### 3.8 Data Analysis and interpretation

After collecting the data, the data was analyzed using descriptive analysis reliability test, Pearson correlation, multiple regression, and one-way ANOVA. The researcher was used Statistical Package for Social Sciences (SPSS) version 20 software.

## 4. RESULTS AND DISCUSSION

### 4.1 Pearson's Correlation matrix

Correlation analysis was conducted to measure the strength of the association between service quality, corporate image & price; and customer satisfaction and loyalty. After the scale typed questionnaire entered to the SPSS software version 20, the following correlation analysis was made and interpreted based on R value greater than 0.5 which indicated a strong correlation. R value around 0.3 indicates moderate correlation and R value less than 0.2 indicate weak correlation as per (Gray & Kinnear, 2012).

Table 14 correlation matrix between dependent and independent variables

	Corporate image	Service quality	Pricing	Customer satisfaction	Customer loyalty
Corporate image	1				
Service quality	.707**	1			
Pricing	.642**	.557**	1		
Customer satisfaction	.726**	.813**	.608**	1	
Customer loyalty	.706**	.711**	.575**	.792**	1

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

Pearson correlation test was conducted to know the degree of relationship between the independent variable i.e. (service quality, corporate image and price) and the dependent variable (customer satisfaction and loyalty). Thus, these relations are statistically significant at 1 (one) percent level. The results of the correlation between these variables were shown in table 14. As indicated in the table, there was significant correlation between corporate image and customer satisfaction. In other words corporate image and customer satisfaction had strong relationship (r=0.707 with p<0.01). The results of the correlation between these variables are shown in table 4.13. As indicated in the table there was significant correlation between service quality and customers satisfaction. In other words service quality and customers satisfaction had strong relationship (r=0.642 with p<0.01). As shown in the table there was significant correlation between price and customer satisfaction. Price and customers satisfaction had strong relationship (r=0.726 with p<0.01). The correlation coefficient (r), which showed the different relationship between variables, like strong, moderate and weak relation also showed that there was no relationship between variables because they were not correlated each other. In this case the value of relationship between corporate image, service quality and price, were 0.707, 0.642, and 0.726 respectively and they were strongly correlated with dependent variable of customer satisfaction. Therefore the above analysis shows that corporate image, service quality and price had strong relationship with customer satisfaction. Furthermore to test relationship between the independent variable i.e.(service quality, corporate image and price) and the dependent variable (customer loyalty).Thus, these relations are statistically significant at 1 (one) percent level. The results of the correlation between these variables were shown in table 4.13. As indicated

in the table, there was significant correlation between corporate image and customer loyalty. In other words corporate image and customer loyalty had strong relationship ( $r=0.706$  with  $p<0.01$ ). The results of the correlation between these variables are shown in table 4.13as indicated in the table there was significant correlation between service quality and customers loyalty. In other words service quality and customers loyalty had strong relationship ( $r=0.711$  with  $p<0.01$ ). As shown in the table13 there was significant correlation between price and customer loyalty. Price and customers loyalty had strong relationship ( $r=0.575$  with  $p<0.01$ ).

The correlation coefficient ( $r$ ), which showed the different relationship between variables, like strong, moderate and weak relation also showed that there was no relationship between variables because they were not correlated each other. In this case the value of relationship between corporate image, service quality and price, were 0.706, 0.711, and 0.575 respectively and they were strongly correlated with dependent variable of customer loyalty. Therefore the above analysis shows that corporate image, service quality and price had strong relationship with customer loyalty.

correlation coefficients. The correlation coefficient between tangibility and customer satisfaction is 0.514 and that between reliability, responsiveness, assurance and empathy on the one hand and customer satisfaction is respectively 0.772, 0.788, 0.624 and 0.814.

Further, the correlation coefficient between tangibility and customer loyalty is 0.483 and that between reliability, responsiveness, assurance and empathy on the one hand and service loyalty on the other hand is respectively 0.700, 0.709, 0.599 and 0.719 respectively. Although all these correlations show relatively strong relationships it is found out that the strengths of the relationships vary. Thus the five service quality dimensions vary in the degree to which they drive customer satisfaction and loyalty. Thus, in ACSI Sekota Branch, the most important drivers of customer satisfaction and loyalty are empathy, responsiveness, reliability, assurance, and tangibility (in descending order based on the strength of their correlation coefficients). Tangibility is the least important driver of both customer satisfaction and customer loyalty.

In terms of service delivery what has prevailed at the ACSI was produced in the descriptive statistics Table 16 from the table the mean rankings indicate the evaluation of the dimensions of service quality from customers' perspective. The ACSI placed more emphasis on assurance, 3.50, and least on reliability 3.004.

Table 15 correlation matrix of the various constructs measured in the study.

	1	2	3	4	5	6	7	8
Tangible	1							
Reliability	.615**	1						
Responsiveness	.523**	.763**	1					
Empathy	.490**	.648**	.638**	1				
Assurance	.484**	.756**	.793**	.634**	1			
Service quality	.534**	.755**	.765**	.685**	.777**	1		
Customer satisfaction	.514**	.772**	.788**	.624**	.814**	.813**	1	
Customer loyalty	.483**	.700**	.709**	.599**	.719**	.711**	.792**	1

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

**Note:** Numbers 1 to 8 on first row are as follows 1=Tangible,2=Reliability,3=Responsiveness, 4= Assurance, 5= empathy, 6= Overall service quality, 7=Overall customer satisfaction,8 = Overall customer loyalty.

The five dimensions of service quality (tangibility, reliability, responsiveness, assurance and empathy) not vary in the degree to which they drive customer satisfaction and customer loyalty. From the Table 15 it is imperative to test and analyze hypothesis 1. In the table, the 5 dimensions of service quality which serve as antecedent to overall service quality shows different

Table 16 Descriptive Statistics

	N	Mean	Std. Deviation
tangible	380	3.385	1.562
reliability	380	3.004	1.636
responsiveness	380	3.1675	1.711
assurance	380	3.50	1.539
empathy	380	3.01	1.611

From the above analysis it is clear that five dimensions of service quality vary in the degree to which they drive customer satisfaction and loyalty. Therefore, the analysis of, hypothesis 1, “the five dimensions of service quality namely tangibility, reliability, responsiveness, assurance and empathy not varies in the degree to which they drive customer satisfaction and loyalty” is rejected.

## 4.2 Regression Analysis

Multiple regressions were conducted to examine the objectives as framed in the form of hypotheses. First, the relationships between the independent variables (service quality, corporate image, and price) and dependent (mediator) variable, customer satisfaction was examined.

### 4.2.1 Testing Assumptions of Classical Linear Regression Model (CLRM)

Before conducting regression model diagnostic tests were carried out to ensure that the data fits the basic assumptions of classical linear regression model. Consequently, the results diagnostic tests of Classical Linear Regression Model are presented as follows:

#### 1. Ramsay rest test

Ramsey Regression Equation Specification Error Test (RESET) test is a general specification test for the linear regression model. More specifically, it tests whether non-linear combinations of the fitted values help explain the response variable. The intuition behind the test is that if non-linear combinations of the explanatory variables have any power in explaining the response variable, the model is misspecified in the sense that the data generating process might be better approximated by a polynomial or another non-linear functional form.

#### 2. Test for Heteroscedasticity

To check the presence of heteroscedasticity the researcher was used Breusch-Pagan test. As shown appendix II Breusch-Pagan test probability is greater than 0.05 it gives conclusion that there is no heteroscedasticity problem in this particular study, since the p-values were insignificant at 5% significant levels. Therefore, the null hypothesis that the variance of the errors is constant (homoscedasticity) should accept.

#### 3. Test for Multicollinearity

Variance inflation factor (VIF) which is considered as standard statistical technique for testing data for multicollinearity was run (Gujarati, 2004). According to this test, multicollinearity problem exist when the variance inflation factor is in excess of 10 score. As shown in appendix II, there is no variance inflation factor that exceeds 10 score. As shown in appendix II the VIF mean value is 2.435,

therefore, it can be concluded that there is nomulticollinearity problem in this particular study.

## 4. Testing for Normality Assumption

To check whether the residuals are normally distributed or not, Shapiro-Wilk test is used. According to Güner B., Frankford M.T.& Johnson J. T. ( ) it can be shown that W is bounded by 0 and 1, and that the expected value of W converges to 1 for Gaussian input data as the sample size is increased. The expected value of W becomes smaller as the input signal becomes non-Gaussian. The 95% critical values of V which depend on the sample size are between 1.2 and 2.4 Royston (1991b). The Shapiro-Wilk score of probability, W and V are 0.26215, 0.97921 and 1.339 respectively. This indicated that the residuals are normally distributed (details see Appendix II).

### 4.2.2 Determinants of Customer satisfaction

As can be seen in table 19 the R square model summary box, which is the degree to explain the variation in the dependent variable (customer loyalty in this case) by the independent variables which include the model. Thus, the value of R square was 0.717, which is all independent variables included the model explained 71.7 percent of the total variance in business-owned business performance and the remaining 29.3% is because of other unknown variables which is not included in this study.

Table 17: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.847 <sup>a</sup>	.717	.715	2.54019

a. Predictors: (Constant), service quality, price and corporate image

Furthermore, the ANOVA analysis box in table 20 which indicates the F- test of the overall significance of the model. Therefore, in this study, the value of F-test was (F= 317.825, df1= 3, df2= 376, p <0.01), which is the model is a significant fit of the data overall

Table 18 ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6152.352	3	2050.784	317.825	.000 <sup>b</sup>
	Residual	2426.158	376	6.453		
	Total	8578.510	379			

a. Dependent Variable: customer satisfaction

b. independent variable service quality, price and corporate image

Table 19 Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.470	.325		1.443	.150		
Service quality	.799	.055	.570	14.412	.000	.481	2.078
Pricing	.148	.038	.141	3.873	.000	.567	1.764
Corporate image	.194	.036	.232	5.424	.000	.411	2.435

a. Dependent Variable: customer satisfaction

The b-values express to what degree each predictor affects the result if the effects of all other predictors are held constant. The standardized beta coefficient column shows that, the contribution of an individual variable to the model or the dependent variable. Therefore, the major effect on the customer satisfaction of ACSI is service quality (.799) when compared with the other explanatory variables in this study. The result is supported by the findings of Parasuraman and Grewal (2000), Grepott et al. (2001), Chang et al. (2009) and KibromAregawi(2010) that there is a positive relationship between service quality and customer satisfaction. This shows that ACSI users want quality service such as superior service over other saving and credit institutions. This indicates ACSI customers will satisfied if the service provided by ACSI is quality.

Price has the least impact on customer satisfaction after corporate image. This indicates that corporate image and price are not the main sources of satisfaction in the Saving and credit institution's. This result is supported with the result of Biruk Teshome(2018).

### 1.2.2 Determinants of Customer loyalty

As can be seen in table 22 the R square model summary box, which is the degree to explain the variation in the dependent variable (customer loyalty) by the independent variables which include the model. Thus, the value of R square was 0.598, which is all independent variables included the model explained 59.8 percent of the total variance in business-owned business performance and the remaining 40.5 % is because of other unknown variables which is not included in this study.

Table 20 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.774 <sup>a</sup>	.598	.595	4.08947

a. Predictors: (Constant), corporate image , pricing,

Furthermore, the ANOVA analysis box, which indicates the F-test of the overall significance of the model. Therefore, in this study, the value of F-test was (F= 186.717, df1= 3, df2= 376, p <0.01), which is the model is a significant fit of the data overall.

Table 21 ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	9371.151	3	3123.717	186.783	.000 <sup>b</sup>
Residual	6288.151	376	16.724		
Total	15659.302	379			

a. Dependent Variable: customer loyalty

b. independent variable service quality, price and corporate image

Table 22 Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.755	.524		3.351	.001		
Service quality	.749	.089	.395	8.395	.000	.481	2.078
Pricing	.196	.061	.138	3.188	.002	.567	1.764
Corporate image	.380	.057	.337	6.606	.000	.411	2.435

a. Dependent Variable: customer loyalty

b. independent variable service quality, price and corporate image

The above Table 24 shows that, the result of the multiple regressions of customer loyalty against its variables for the sample of 380 ACSI customers. Results of regression analysis revealed that service quality has a positive significant effect on customer loyalty (P= 0.000, P < 0.05). Hence the null hypothesis which stated as service quality has no a positive effect on customer loyalty in ACSI Sekota town was rejected. Findings also indicate that corporate image has a positive significant

effect on customer loyalty ( $P= 0.000, P < 0.05$ ). Hence the null hypothesis which stated as corporate image is not significantly related to customer of ACSI Sekota town was rejected. In addition, Findings indicate that price has a significant effect on customer loyalty ( $P= 0.000, P < 0.05$ ). Therefore the null hypothesis which stated as access Price is not significantly related to customer loyalty in Sekota town was rejected.

The researcher formulates multiple regression function indicated below.

$$\text{Predicted customer loyalty} = 1.755 + .749 (\text{service quality}) + .196 (\text{pricing}) + .380 (\text{corporate image})$$

The b-values express to what degree each predictor affects the result if the effects of all other predictors are held constant. The standardized beta coefficient column shows that, the contribution of an individual variable to the model or the dependent variable. Therefore, the major effect on the customer satisfaction of ACSI is service quality (.749) when compared with the other explanatory variables in this study.

Next to customer satisfaction the next determinant of customer loyalty service quality and this is study supported by the prewise study such as Mohsin et.al (2012), Rahm et.al.(2010), Bilal et al, (2010), Daniel et.al (2013) Perceived service quality and customer loyalty.

Which means if the company has provided quality service the customer will loyal to the corporation.

These findings imply that as any of the independent variables increases, customer loyalty increases and vice versa. The results show corporate image has positive relationship with the customer loyalty this is consistent with previous similar studies by Agyei Paul Mensah and James M. Kilika (2014) and Agyei and Kilika (2013) But the customers are not care about the price of the product for loyalty.

### 4.3. The relationship between customer satisfaction and customer loyalty

As can be seen in table 25 the R square model summary box, which is the degree to explain the variation in the dependent variable (customer's loyalty in this case) by the mediating variables which include the model. Thus, the value of R square was 0.627, which explained 62.7 percent of the total variance in

customer's loyalty and the remaining 37.3 % is because of other unknown variables which is not included in this study.

Table 23 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792 <sup>a</sup>	.627	.626	3.93278

a. Predictors: (Constant), customer satisfaction

Furthermore, the ANOVA analysis box in table 26 which indicates the F- tests of the overall significance of the model. Therefore, in this study, the value of F-test was ( $F= 634.447, df1= 1, df2= 378, p < 0.01$ ), which is the model is a significant fit of the data overall.

Table 24 ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	9812.854	1	9812.854	634.447	.000 <sup>b</sup>
Residual	5846.448	378	15.467		
Total	15659.302	379			

Table 25 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.862	.454		6.309	.000
Customer satisfaction	1.070	.042	.792	25.188	.000

a. Dependent Variable: customer loyalty

b. Predictors: (Constant), customersatisfaction

From the above table 27 customer satisfactions have a positive significant effect on customer loyalty. Several studies have identified a significant positive relationship between customer satisfaction and customer loyalty (Cronin and Taylor, 1992; Zeithaml et al., 1996; Oliver 1999; Cronin et al., 2000; Aminu and Hartini, 2008; Chang et al., 2009; Oyeniyi and Abiodun, 2010). The finding of this study that customer satisfaction is the major determinant of customer loyalty supports Zeithaml et al. (1996) view that when customers are satisfied, they tend to have favorable behavior and remain with the current service provider but when consumers are dissatisfied; they have unfavorable behavior and defect. However, as observed by (Anderson and Sullivan, 1993; Lee and Cunningham, 2001; Jones and Farquhar, 2003; Irit and Barak, 2011) that customer satisfaction is not enough to explain customer loyalty despite the fact that it is an important factor, trust was also found to be important. Trust which can be referred to as the belief that a partner's word or promise is reliable and that a party will fulfill his/her obligation in an exchange relationship can

significantly determine customer loyalty. The finding of the study of Irit and Barak (2011) that customer's direct personal social network affects customer's willingness to remain loyal with current service provider is also sustained in this study. The last model to see the effect of customer satisfaction on customer loyalty as mediated variable. The regression analysis result show customer satisfaction has positive significant effect on customer loyalty over other variables which are as follow.

⊕

Table 26 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.818 <sup>a</sup>	.669	.666	3.71568

a. Predictors: (Constant), customer satisfaction, pricing, corporate image, service quality

Table 27 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10481.957	4	2620.489	189.805	.000 <sup>b</sup>
	Residual	5177.345	375	13.806		
	Total	15659.302	379			

a. Dependent Variable: customer loyalty

b. Predictors: (Constant), customer satisfaction, pricing, corporate image, service quality

□

Table 28 Coefficients <sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.438	.477		3.012	.003
	Service quality	.209	.101	.110	2.065	.040
	Pricing	.096	.057	.068	1.684	.043
	Corporate image	.249	.054	.221	4.586	.000
	Customer satisfaction	.677	.075	.501	8.970	.000

a. Dependent Variable: customer loyalty

This study reveals that if the customers are satisfied then they will be loyal to the institution. Therefore customer satisfaction is best mediating variable for customer loyalty.

The fourth predicted model is as follow: Predicted customer loyalty = 1.438 + 0.677(customer satisfaction) + .249 (service quality) + .096(pricing) + .249 (corporate image)

S/N	Hypotheses	Result
1	H <sub>01</sub> - The five dimensions of service quality (tangibility, reliability, responsiveness, assurance and empathy) not vary in the degree to which they instigate customer satisfaction and loyalty	Reject
2	H <sub>02</sub> - Service quality has no a positive effect on customer satisfaction	Reject
3	H <sub>03</sub> - Corporate image is not significantly related to customer satisfaction.	Reject
4	H <sub>04</sub> - Price is not significantly related to customer satisfaction.	Reject
5	H <sub>05</sub> - service quality, corporate image and price has no a positive effect on customer loyalty.	Reject

Source: researcher own survey 2020

## 5. CONCLUSION AND RECOMMENDATIONS

### 5.1 Conclusions

Quality service delivery is not an optional competitive strategy which may, or may not, be adopted to differentiate one ACSI from another: today it is essential to corporate profitability and survival. The major concern of the study was to empirically assess the relationship between service quality, corporate image, price, customer satisfaction and customer loyalty in ACSI, sekota town. To achieve the stipulated objectives, the study used both primary and secondary data collected through self-administered questionnaire from 380 subjects.

Pearson's customer satisfaction correlation Coefficient was also used to determine the relationship between independent variables with the customer satisfaction. The findings from the correlations shows that, there is a strong and positive significant correlation between independent variables (service quality, corporate image & price) with customer satisfaction (r=.726, 813, .608 p< .01 respectively) which are statistically significant at 99% confidence level of customers of ACSI in Sekota town.

Furthermore, the relationship between independent variables with the customer loyalty, the findings from the correlations shows that: There is a strong and positive significant correlation between independent variables (service quality, corporate image & price) with customer loyalty ( $r=.706, 711, .575$   $p < .01$  respectively) which are statistically significant at 99% confidence level of customers of ACSI in Sekota town.

The study examined the relationship among service quality, corporate image, price, customer satisfaction, and customer loyalty. Further, it is worth noting that the findings of this study reveal that the five dimensions of service quality to varying degrees are important determinants of customer satisfaction and loyalty in ACSI, sekota town.

The result of the multiple regression of customer's satisfaction against its variables revealed that all independent variables (service quality, corporate image & price) have a significant effect on customer satisfaction. Similarly, the result of the multiple regression of customer's loyalty against its variables revealed that all independent variables service quality, corporate image & price) has a significant effect on customer loyalty.

Hence, null hypotheses are rejected. 71.5% variation on customer satisfaction is caused by independent variables and the remaining 23.5% is because of other unknown variables and 60% variation on customers loyalty is caused by independent variables and the remaining 40 % is because of other unknown variables which is not included in this study

One Way ANOVA test was used to find out the demographic aspect that has an impact on customer satisfaction and customer loyalty.

The study examined the relationship among service quality, corporate image, price, customer satisfaction, and customer loyalty. Further, it is worth noting that the findings of this study reveal that the five dimensions of service quality to varying degrees are important determinants of customer satisfaction and loyalty in ACSI, sekota town.

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