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Original Article

## Factors Influencing Customer Retention in Community Banks in Tanzania: A Case of MUCOBA Bank PLC

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**Keywords:**

*Tangibility,  
Assurances and  
Customer  
Retention.*

The purpose of this study was to examine factors influencing customer retention in Community Banks in Tanzania, a case of MUCOBA Bank PLC in Mafinga Town in Iringa region. Specifically, the study sought to examine the influence of tangibility and assurances on customer retention. The study used a mixed method (qualitative and quantitative) approach, adopting a cross-sectional research design. The population involved was customers and senior staff of MUCOBA Bank PLC. The convenience sampling technique was used in selecting customers, while purposive sampling was used to select senior staff and a few customers who were heads of group loan beneficiaries. The sample size of 382 comprised 377 customers and five senior staff. The response rate was 88.2%, whereby 337 responses were obtained through questionnaires and in-depth interviews. Quantitative data were analysed by using multiple regression analysis, while qualitative data were analysed using content analysis technique. The findings revealed that tangibility had a significant influence on customer retention with ( $\beta = .110$ ,  $p = .036$ ). Also, assurance was found having a significant relationship with customer retention on customer retention at MUCOBA Bank PLC with ( $\beta = .176$ ,  $p = .002$ ). The study recommends that tangibility and assurance should be used to the maximum to influence customer retention.

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## INTRODUCTION

Customer retention is the process of maintaining existing customers based on establishing policies and strategies of the organisation (Magasi, 2016). Customer retention also depends on a good relationship between the services or goods sellers and the customers themselves. Thus, retention of customers in business organisations depends on several factors, which include marketing factors, motivational factors, resources factors and digital factors, as well as the satisfaction of customers factors (Ahmed *et al.*, 2019). In banking industries, customer retention is crucial to enhance banks' growth and development. Banks and various organisations normally use various factors to retain customers (Mugambi & Kagiri, 2015). Retained customers buy more may generate positive word of mouth for the organisation and are less sensitive to price changes compared to new customers (Kotler, 2012). Realising the importance of customer retention, banks use different strategies to retain customers. Empirical evidence confirms various factors that contribute to customer retention. For instance, Adebis and Lawal (2017) found that all service quality dimensions have a positive significant effect on customer loyalty. This argument is related to Alketbi *et al.* (2020), who explored the main factors that positively affect customer retention and loyalty in the hospitality industry, in particular, the hotel sector in the United Arab Emirates.

According to Alketbi *et al.* (2020), providing service quality, customer satisfaction, trust, and commitment in the hotel sector in the United Arab Emirates were required to enhance customer retention. Banks and other organisations have to use various factors to retain existing customers (Korobov, 2019). When customers get quality service and become satisfied, they become good ambassadors of the brand, and finally, they choose to stay with that company.

In addition, Michelle *et al.* (2017) pointed out that customer retention, in other words, refers to various strategies and actions taken by banks to reduce the number of customers who find options

for services in other banks. Alketbi *et al.* (2020) elucidated that customers all over the world have become more quality-conscious; therefore, the need for high-quality services has been increased to retain and attract customers. Service sectors such as banks are demanded to provide excellent quality services to their customers and even exceed their expectations. Customer retention is the key to business success because a high level of customer retention can increase the range of performance and improve yearly profit (Lay *et al.*, 2018). Most of the bank products and services are easy to duplicate, and thus, when banks are offering nearly identical services, competition for customers is high; winning customers depends on quality of service, customer satisfaction, continuous marketing and improving services by digital adoptions (Shrestha, 2018).

In Tanzania, Community banks such as MUCOBA Bank PLC have been using different service quality strategies to retain customers. Despite the use of the service quality model, such as tangibility and assurances, MUCOBA Bank PLC is facing the challenge of customer fluctuation. This challenge is not healthy for running a banking business. The reason behind this is that customers in Tanzania have been switching from one bank to another because customers are sensitive to quality in their access to and use of banking services (Nzowa *et al.*, 2022). The aim of the bank is to address the needs of the community in which it operates with the intention of providing financial services such as loans to small businesses, group loans and individual loans (BOT Act 2006), BOT (Capital Adequacy Regulation 2014). of having these factors for retaining customers, there are limited research findings related to the significant contribution of service quality dimensions on customer retention at MUCOBA Bank PLC.

### General Objective

The main objective of this study was to examine factors influencing customer retention at MUCOBA Bank PLC in Mafinga.

### Specific Objectives

The specific objectives of this study were;

- To examine the influence of tangibility on customer retention at MUCOBA Bank PLC.
- To examine the influence of assurance on customer retention at MUCOBA Bank PLC.

### Hypotheses

**Null Hypothesis:** Tangibility has no significant influence on customer retention at MUCOBA Bank PLC.

**Alternative Hypothesis:** Tangibility has a significant influence on customer retention at MUCOBA Bank PLC

**Alternative Hypothesis:** Assurance has a significant influence on customer retention at MUCOBA Bank PLC.

**Null Hypothesis:** Assurance has no significant influence on customer retention at MUCOBA Bank PLC.

## LITERATURE REVIEW

### Theoretical Literature Review

#### *The Service Quality Model (SERVQUAL)*

The service quality model is a set of guidelines used by organisations to measure and eventually use to improve the quality of their services offered. The concept of service quality has been considered since the 1980s by Churchill and Surprenant (1982), together with Parasuraman *et al.* (1985), who popularised the customer satisfaction theory by measuring the firm's actual service delivery in conformity with the expectations of customers, as defined by the attainment of perceived quality, and that is meeting the customers' wants and needs beyond their aspirations. The model also includes a method of gathering customer feedback and uses it to identify areas for improvement. In later years, there was an evolution of the model spelled as the RATER model of service quality by Parasuraman *et al.* (1988), where the concept of service quality involves five dimensions of service quality: tangibles, reliability, responsiveness, assurance,

and empathy. It is a method for capturing and measuring service quality experienced by customers. Parasuraman *et al.* (1988) introduced the service quality model known as SERVQUAL, which was first applied in the service industry specifically for restaurants using the five quality dimensions. Service quality is considered to be an essential factor for the success of companies McAlexander *et al.* (1994). The presence of high-quality service in the organisation increases reputation, improves customer retention, attracts new customers through word of mouth, improves achievement of financial performance, and raises profits (Alketbi *et al.*, 2020). The improved quality of services could give an organisation a competitive edge (Daniel, 2016). The five dimensions/factors of service quality models spell different meanings. The tangibles dimension, as well as assurance, has been referred to by Alhkami and Alarussi (2016) as the physical features of a service or the physical factors that influence service delivery, such as facilities and equipment used by the company to deliver services and the appearance of their employees (Mashene *et al.*, 2019). Service quality and customer satisfaction have a positive significant influence on customer loyalty in higher education. In addition, the reliability dimension encompasses the ability of the enterprise or the business to deliver what was promised (Parasuraman *et al.*, 1988). According to Idrees *et al.* (2017), every dimension of service quality has a significant positive relationship with customer retention in the presence of customer relationship characteristics to banks and the private sectors. However, in view of customer retention, there are limited research findings at MUCOBA Bank PLC. This study adopted these two dimensions to determine its influence on customer retention in MUCOBA Bank PLC.

### Empirical Literature Review

#### *Influence of Tangibility on Customer Retention*

Iddrisu *et al.* (2015) conducted a study titled "Assessing the Impact of Service Quality on Customer Loyalty: A Case Study of the Cellular Industry of Ghana". The research adopted a survey design relying on quantitative data to test

the hypotheses. A survey questionnaire was used to collect data from 311 mobile users who are subscribers of 5 of the major cellular firms in the Accra Metropolis of Ghana. The data was analysed using correlation and multiple regression analysis. The results of the study found that service quality variables such as Tangibles, Responsiveness, Reliability, Assurance and Empathy have a positive influence on customer loyalty through customer satisfaction.

Daniel (2016) examined “The Effect of Service Quality on Customer Retention among Commercial Banks in Kenya”. The research used a descriptive cross-sectional research design. Primary data was collected from 42 licensed bank customers using a Likert-type scale questionnaire. Demographic data was analysed by descriptive statistics, while the relationship between service quality and customer retention was analysed using a regression model. The study found that there was a significant relationship between SERVQUAL dimensions and customer retention. Despite these findings, it was important to conduct a study in the banking sector in Tanzania to find how tangibility influences customer retention.

In addition, Ngaliman *et al.* (2019) conducted a study titled “The Effect of Tangibles, Responsiveness, and Reliability on Customer Satisfaction of Delivery Services in Indonesia”. The study used a quantitative approach with survey methods. The sampling technique used was accidental sampling, and the binomial proportion formula was used to obtain a sample of 70 respondents. The data was analysed using SEM (Structural Equation Modeling). The study found that tangibles have no direct effect on consumer satisfaction, responsiveness has a direct effect on consumer satisfaction, and reliability has a direct effect on consumer satisfaction. Despite these findings, it was important to conduct a study in the banking sector in Tanzania to find how tangibility influences customer retention.

### ***Influence of Assurance on Customer Retention***

Abdul-Qadir *et al.* (2021) conducted a study titled “Effect of Service Quality on Customer Retention of Listed Food and Beverages Companies in Kaduna State in Nigeria”. Published in Gusau International Journal of Management and Social Sciences, Federal University. The study used an explanatory research design, also known as causal research. The sample size of the study was 343, where the primary data was collected. Data were analysed using multiple regressions. The study found that service quality was positive and significantly associated with customer retention. The study recommends that the management should also give equal opportunities to all employees to enable them to feel the need to improve services, which would maximise customer retention.

Likewise, Alketbi *et al.* (2020) explored the “Influence of Service Quality on Customers’ Retention and Loyalty in the United Arab Emirates (UAE) Hotel Sector with Respect to the Impact of Customer Satisfaction, Trust, and Commitment”. Published in International Journal of Innovation, Creativity and Change. A qualitative method targeted 542, whereby interviews were handled among hotel customers in the United Arab Emirates to collect primary data. The data was analysed through various steps involving the coding process and the categorising process. The findings indicated that assurance was important to enhance service quality on satisfaction, trust, and commitment, which effectively influence, in return, the retention and loyalty of customers. In spite of these findings, it is important to conduct this study to find out the influence of assurance dimensions on customer retention in the banking sector in Tanzania.

### **Knowledge Gap**

A knowledge gap is defined as the missing element in the existing research literature; in other words, it indicates what is not known from a research review in which a key question has not been answered (Magigi, 2015). Most studies concerning factors influencing customer retention



have been tested much more on different organisations inside and outside Tanzania by adopting various variables. For example, Bahadur et al. (2018) conducted a study on the effect of employee empathy on customer loyalty and loyalty in China; meanwhile, Fida *et al.*(2020) examined the impact of service quality on customer loyalty and customer satisfaction using the SERVQUAL model for four main Islamic banks in the Sultanate of Oman. In these areas where the study was done, factors influencing customer retention were explored and documented. In addition, most scholars have examined the relationship between service quality and customer satisfaction, customer retention and royalty. For example, Daniel (2016) conducted a study on the effects of service quality on customer retention among commercial banks in Kenya. Ngaliman et al. (2019) determined the effect of tangibles on customer satisfaction with delivery services in Indonesia. Nzowa (2022) examined the influence of service quality on influence of service quality on customer switching behaviour in commercial banks in Tanzania. This study

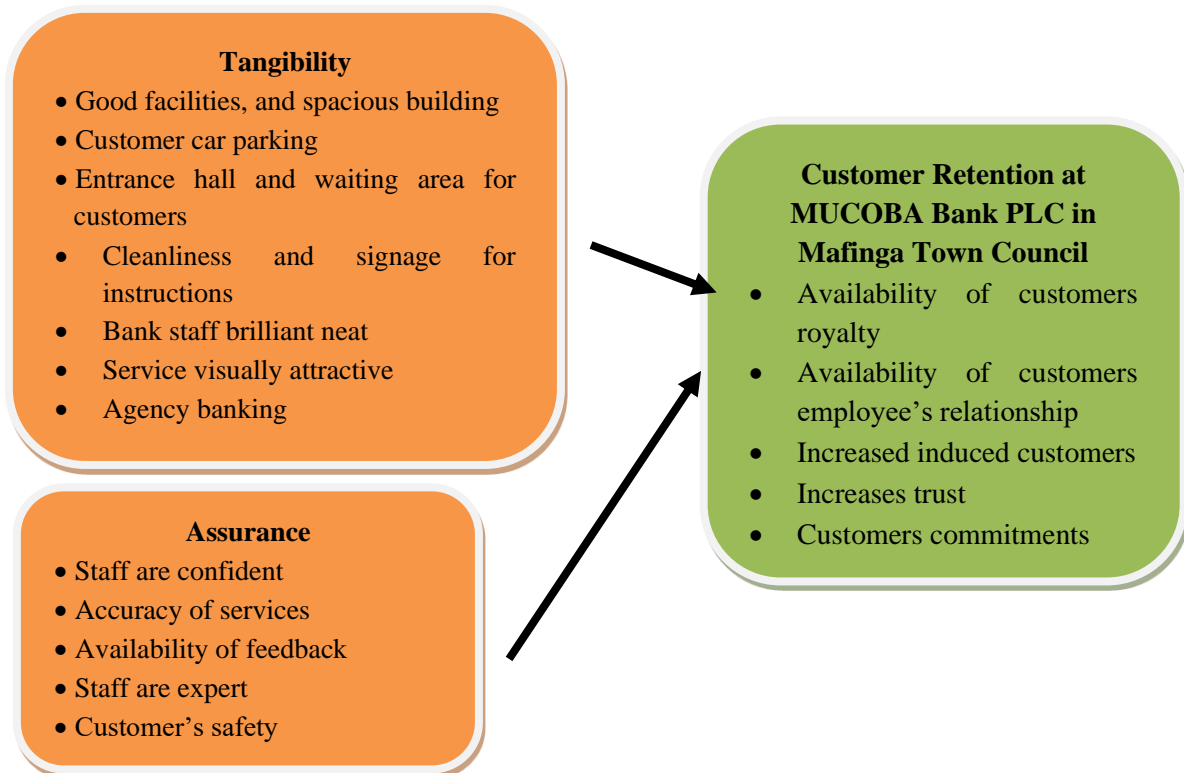
examined the relationship between service quality using two dimensions of customer retention in MUCOBA Bank PLC. Knowing the significant relationship assists in improving quality of services and, hence, the retention of customers.

**Conceptual Framework**

The conceptual framework expresses the direction of the study by relating the required variables to be studied. The conceptual framework is an end result of bringing together a number of related concepts to explain or predict a given event or give a broader understanding of the phenomenon of interest or simply of the research problem (Magigi, 2015). The conceptual framework is a linkage between independent and dependent variables derived from the theories. In this study, the independent variables that were adopted were tangibility and assurance, while the dependent variable was customer retention. Therefore, these independent variables influencing customer retention were taken as the case study. Figure 1 shows the conceptual framework of this study.

**Figure 1: Conceptual Framework of Variables**  
Independent Variable

Dependent Variable



Source: Researcher, (2023).

## MATERIALS AND METHODS

### Study Area

The study was conducted at MUCOBA Bank PLC in Mafinga Town Council. The main reason for selecting this bank is due to the availability and accessibility of data. Also, the other reason for selecting this study area is due to awareness and familiarity with a researcher to get suitable information timely so as to accomplish the study.

### Research Approaches

This study used mixed methods, which were quantitative research approach as well as qualitative, to accomplish the objectives of the study. The use of mixed methods assisted in expanding and strengthening the findings and conclusion of the study.

### Research Design

In the context of this study, the cross-sectional research design was employed. According to Adam and Kamuzora (2008), a cross-sectional research design is a type of study that gathers data from a sample of individuals or entities at a specific point in time. In this design, researchers collect information from participants once, often

through surveys, observations, or other data collection methods.

### Population

The study population involved were customers, head of group loans customers, and senior staff of MUCOBA Bank PLC. The target population of this study was 61,292.

### Sampling Techniques

This study adapted the convenience sampling technique for selecting customers of MUCOBA Bank PLC at the quantitative phase, while purposive sampling was employed for the qualitative party to select a few customers who were head of group loans because of their experiences in using bank services and senior staff of MUCOBA Bank PLC due to their working experience at the bank.

### Sample Size

The sample size was 382, comprising 367 customers of the bank, 10 heads of group loans and 5 senior staff. In this study, 382 respondents were determined using the table of determining sample size according to Krejcie and Morgan (1970). Table 1 below shows the sample size.

**Table 1: Proportional Sampling**

S/N	Category	Population	Sample Size
1	Customers	61,167	367
2	Head of group loans	125	10
3	Senior Staff	5	5
Total		61,297	382

Source: Researcher (2023)

### Data Collection Methods

#### Questionnaires

Self-administered questionnaires were given to 367 customers immediately after getting services from the bank. A five-point Likert scale was used ranging from 1-5 where 1 strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree.

#### In-Depth Interview

In-depth interview was administered to 10 head of group loans and 5 senior staff of the bank.

#### Linear Regression Model

The study employed a linear regression analysis model to assess the significant relationship that might exist between independent variables, which are tangibility and assurance, and dependent variables, which was customer retention. The function model is expressed as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where; Y = dependent variable,  $a$  = constant ( $y$ -intercept),  $\beta_1$  = regression coefficient of the variable  $X_1$ ,  $\beta_2$  = regression coefficient of the

variable  $X_2$ ,  $X_1$ ,  $X_2$ , are independent variables, that is  $X_1 = \text{Tangibility}$ ,  $X_2 = \text{Assurance}$ ,  $\varepsilon = \text{Error term}$

### Validity

Magigi (2015) defined validity as the extent to which a measurement is done as expected. To ensure validity, the study used multiple sources of

evidence documentation and questionnaires. Moreover, the questionnaire, which was the main instrument for collecting primary data in this study, contained the key variables for the purpose of maintaining construct validity. Construct validity was examined using statistical computation and Kaiser-Meyer-Olkin (KMO). The KMO was 0.664, which is within accepted values, as shown in *Table 2*.

**Table 2: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.664
Bartlett's Test of Sphericity	Approx. Chi-Square	1.421E3
	Df	561
	Sig.	.000

Source: Researcher, (2023)

### Reliability

Reliability is the extent to which findings are consistent over time. If the results of the study can be reproduced under a similar methodology, then the research instrument is considered to be reliable (Magigi, 2015). The reliability was evaluated

using the Cronbach coefficient. Cronbach's Alpha ranged between 0.5 and 0.89, as shown in *Table 3*. For the case of this study, reliability was the extent to which the research results were consistent over the period of time using the same methodology.

**Table 3: Reliability of Variables**

Items	No of Item	Cronbach's Alpha
Tangibility	7	0.500
Assurance	5	0.680
Customers retention	5	0.558

Source: Researcher, (2023)

### Ethical Consideration

Research ethics are norms or standards of behaviours that guide individual moral choices while conducting research activities (Ndunguru, 2007). Since customer banking information is personal and confidential, a researcher made sure that at the very beginning, consent was obtained from the customer, and a statement giving the assurance of not using that information for any other business except academic was provided. Not only that but also, exploration of sensitive issues before establishing a good relationship with the research subjects' respondents was observed.

## FINDINGS AND DISCUSSION

### Demographic Characteristics of the Respondents

The study contacted 337 (88.22%) respondents out of 382. 48.1% were males and 51.9% were females as shown in *Table 4*. These results implied that MUCOBA Bank PLC has both male and female customers who receive services and products from the bank; however, the composition of females was higher. This implies that the perception of females may be different from men in utilising banking services, MUCOBA Bank PLC Board reports (2022).

*Table 4* shows respondents' distribution by level of education. Among 337 respondents who were consulted, 47.2% had a primary level of education, 28.2% had a secondary level of

education, and 11.6% had a certificate level of education. In addition, 6.5% had a diploma, 5.0% had a degree level and 1.5% had a master's level who were senior staff. The study entailed that the majority of respondents who are using and enjoying banking services were primary-level holders followed by secondary-level holders (a large group of small and medium entrepreneurs).

A descriptive analysis of age revealed that 9.2% were aged between 18-24 years, 40.9% were aged between 25-34 years, and 27.9% were aged

between 35-44 years. In addition, 12.5% were aged between 45-55 years, 7.7% were aged between 55-64 years, and 1.8% their age was above 65 (see *Table 4*). The results indicate that most of the respondents were of middle age, between 25-34 years; people of this age have families and are self-employed. The bank had a significant number of customers and youth who needed to be protected for the future prospects of the bank. *Table 4* shows the distribution of customers based on age.

**Table 4: Demographic characteristics of the respondents**

Demographic Factor		Frequency	Per cent
Gender	Male	162	48.1
	Female	175	51.9
	Total	337	100.0
Education Level	Primary Level	159	47.2
	Secondary Level	95	28.2
	Certificate	39	11.6
	Diploma	22	6.5
	Degree	17	5.0
	Masters	05	1.5
	Total	337	100.0
Age	18-24	31	9.2
	25-34	138	40.9
	35-44	94	27.9
	45-54	42	12.5
	55-64	26	7.7
	>65	6	1.8
	Total	337	100.0

**Source:** Researcher (2023)

### Factors Influencing Customer Retention

The mean, standard deviation (SD), maximum and minimum values of variables are shown in *Table 5*. The study used a 5-point Likert scale ranging from 1 = strongly disagree (minimum) to 5= strongly agree (maximum) over 322 observations (n = 322). In tangibility, the results indicate that the mean values were above the scale's centre point (3 = moderate), and the standard deviation was below one, which indicates that the response is well. For instance, the mean value of bank staff brilliant neat (TG6) was found to be 4.47, followed by banking work with agency, which got 4.46. Since the standard

deviation was less than one and the mean value was above 3.0, according to Field (2009), the higher the mean value, the more impacts and when the SD is above zero, and equal or less than one shows that responses are valid. Hence, the response on tangibility was well captured. Assurance and customer retention scored the mean value above 3, as expressed in *Table 5*. The score from independent and dependent variables indicates that the greater the mean, the higher the take-offs on customer retention in MUCOBA Bank PLC. However, the mean values scored are not the final score for making a conclusion on the cause-to-effect relationship of variables in this study.



**Table 5: Factors influencing customer retention**

	Variable Name	N	Min	Max	Mean	Std. Dev
<b>Independent Variables</b>						
Tangibility	Customer parking (TG2)	322	1	5	4.33	.662
	Entrance hall and waiting area (TG3)	322	1	5	4.33	.848
	Cleanliness and signage (TG4)	322	1	5	4.36	.835
	Agency banking (TG5)	322	1	5	4.46	.651
	Bank staff is brilliant and neat (TG6)	322	1	5	4.47	.761
	Service visually attractive (TG7)	322	1	5	4.44	.819
	Assurance	<b>Staff are confident (AS1)</b>	322	1	5	4.31
<b>Accuracy of services (AS2)</b>		322	1	5	4.35	.788
<b>Availability of feedback (AS3)</b>		322	1	5	4.27	.839
<b>Staff are expert (AS4)</b>		322	1	5	4.10	1.038
<b>Customer's safety (AS5)</b>		322	1	5	4.03	1.114
<b>Dependent Variable</b>						
Customers	Availability of customers royalty (CR1)	322	2	5	4.51	.587
Retentions	Customers employee's relationship (CR2)	322	2	5	4.45	.626
	Increased induced customers (CR3)	322	1	5	4.38	.801
	Increases trust (CR4)	322	1	5	4.41	.824
	Customers commitments (CR5)	322	1	5	4.39	.810

Source: Researcher, (2023)

### Multivariate Analysis: Correlation Analysis

#### *Relationship between Tangibility and Customer Retention at MUCOBA Bank PLC*

The analysis of the relationship between tangibility and customer retention at MUCOBA Bank PLC was conducted by using the partial correlation. The findings revealed that all measurements of tangibility had a positive, strong association/correlation with customer retention at MUCOBA Bank PLC. The stronger association between variables of tangibility and customer retention was found at TG3 and CR with ( $r = .188^{**}$ ,  $p < 0.05$ ). However, the least association was found between TG6 and CR with ( $r = .119^{*}$ ,  $p < 0.05$ ). All measurements of tangibility were found to have a positive association with measurements of customer retention except TG4 and CR2, and TG5 and CR1 were found to have a negative relationship. However, tangibility itself has a positive association with all measurements of customer retention. For example, for TG and CR5, the association was strong with ( $r = .241^{**}$ ,  $p < 0.05$ ), while the least was the association between TG and CR2 with ( $r = .103$ ,  $p < 0.05$ ). Generally, the relationship between tangibility and customer retention at MUCOBA Bank PLC

was positive with ( $r = .285^{**}$ ,  $p < 0.05$ ), as described in Table 6.

#### **Relationship between Assurance and Customer Retention at MUCOBA Bank PLC**

The analysis of the relationship between assurance as the independent variable and customer retention as the dependent variable was conducted by using the partial correlation. The findings revealed that all measurement variables of assurance have a strong association with customer retention at MUCOBA Bank PLC. A stronger association between variables of assurance and customer retention was found between AS2 and CR with ( $r = .267^{**}$ ,  $p < 0.05$ ). Additionally, the least association was found between AS4 and CR with ( $r = .077$ ). Likewise, assurance itself has a positive association with measurements of customer retention; for example, in AS and CR1, the association was strong with ( $r = .243^{**}$ ,  $p < 0.05$ ), while the least was the association between AS and CR5 with ( $r = .149^{**}$ ,  $p < 0.05$ ). Generally, the relationship between assurance and customer retention at MUCOBA Bank PLC was positive with ( $r = .321^{**}$ ,  $p < 0.05$ ), as described in Table 7.

**Table 6: Relationship between tangibility and customer retention at MUCOBA**

Item	TG2	TG3	TG4	TG5	TG6	TG7	TG	CR1	CR2	CR3	CR4	CR5	CR
TG2	1												
TG3	.354**	1											
TG4	.194**	.200**	1										
TG5	.157**	.083	.173**	1									
TG6	.081	.029	.105	.157**	1								
TG7	.029	.139*	.126*	.171**	.181**	1							
TG	.533**	.585**	.581**	.500**	.479**	.533**	1						
CR1	.122*	.114*	.039	-.039	.106	.050	.124*	1					
CR2	.096	.022	-.023	.072	.121*	.064	.103	.388**	1				
CR3	.070	.114*	.107	.128*	.050	.153**	.195**	.199**	.389**	1			
CR4	.139*	.166**	.141*	.092	.025	.049	.191**	.109	.248**	.278**	1		
CR5	.121*	.145**	.078	.142*	.087	.201**	.241**	.082	.198**	.244**	.167**	1	
CR	.177**	.188**	.121*	.139*	.119*	.175**	.285**	.506**	.676**	.702**	.619**	.581**	1

*Key Note:* Customer parking (TG2), Entrance Hall and waiting area (TG3), Cleanliness and signage (TG4), Agency banking (TG5), Bank staff brilliant neat (TG6), Service visually attractive (TG7), Availability of customers royalty (CR1), Customers employee's relationship (CR2), increased induced customers (CR3), Increases trust (CR4), Customers commitments (CR)

**Table 7: Relationship between assurance and customer retention at MUCOBA**

Item	AS1	AS2	AS3	AS4	AS5	AS	CR1	CR2	CR3	CR4	CR5	CR
AS1	1											
AS2	.386**	1										
AS3	.171**	.213**	1									
AS4	-.011	.040	-.032	1								
AS5	-.024	-.035	.013	.005	1							
AS	.555**	.563**	.490**	.446**	.466**	1						
CR1	.155**	.183**	.145**	.062	.088	.243**	1					
CR2	.090	.133*	.038	.106	.067	.173**	.388**	1				
CR3	.132*	.202**	.067	.035	.156**	.233**	.199**	.389**	1			
CR4	.117*	.106	.123*	.079	.097	.206**	.109	.248**	.278**	1		
CR5	.087	.204**	.085	-.026	.058	.149**	.082	.198**	.244**	.167**	1	
CR	.186**	.267**	.147**	.077	.152**	.321**	.506**	.676**	.702**	.619**	.581**	1

*Key Note:* Staff are confident (AS1), Accuracy of services (AS2), availability of feedback (AS3), staff are expert (AS4), Customer's safety (AS5), availability of customers royalty (CR1), Customer employee's relationship (CR2), Increased induced customers (CR3), Increases trust (CR4), Customers commitments (CR5)

## Multivariate Analysis: Multiple Regression Analysis

### Influence of Tangibility on Customer Retention in MUCOBA Bank PLC

Multiple regression analysis was carried out, and the results were as follows: TG2, TG3 and TG7 have significant relationships with customer retention at MUCOBA Bank PLC, while TG4, TG5 and TG6 had insignificant relationships with customer retention. For example, the influence of TG2 on CR was significant with ( $\beta = .365, p = .030$ ), TG3 was found with ( $\beta = .313, p = .044$ ), and TG7 was found to have ( $\beta = .346, p = .026$ ) respectively show positive and significant influence on customers retention at MUCOBA Bank PLC since *p-value was less than 0.05*. to the

significant relationship, other measurements were found to have an insignificant influence on customer retention at MUCOBA Bank PLC. For instance, TG4 had had ( $\beta = .113, p = .461$ ), TG5 had ( $\beta = .256, p = .191$ ), and TG6 had ( $\beta = .202, p = .222$ ), respectively, indicating the positive but insignificant influence on customers retention at MUCOBA Bank PLC since the *p-value* was above 0.05 as shown in *Table 8*. These findings justify that other elements of tangibility do influence customer retention; these elements include TG2, TG3 and TG7, while other factors such as TG4, TG5, and TG6 have a positive influence but are not significant. This means that there are factors that affect their elements to be significant.

**Table 8: Influence of tangibility on customers retention**

Variable	Regression coefficient	Sig
1 (Constant)	15.151	.000
TG2	.365	.030
TG3	.313	.044
TG4	.113	.461
TG5	.256	.191
TG6	.202	.222
TG7	.346	.026
TG	.110	.036

*a. Dependent Variable: CR*

Source: Researcher, (2023)

The findings in *Table 8* show that tangibility had a positive and significant influence on customer retention with ( $\beta = .110, p = .036$ ). Therefore, the attribute of tangibility has a positive influence on tangibility towards customer retention, even though some variables were affected. Tangibility (TG) was found to have a *p-value* less than 0.05, which was 0.036. This means that tangibility contributes significantly to customer retention at MUCOBA Bank PLC. Therefore, the Null hypothesis, which states that tangibility has no significant influence on customer retention at MUCOBA Bank PLC, was rejected, and the alternative hypothesis was therefore accepted. These findings indicate that customer retention at MUCOBA Bank PLC was influenced by tangibility. This is due to the fact that tangibility through its measurements has a positive contribution to customer retention. This means

that elements that build tangibility have enough explanatory power to influence customer retention at MUCOBA Bank PLC. Thus, the use of customer parking (TG2 having a good entrance hall and waiting area (TG3) and the availability of service visually attractive (TG7) have significant influence on customer retention. Also, availability of cleanliness and signage (TG4), Agency banking (TG5), and Bank staff being brilliant and neat (TG6) were found to be positive but affected by other factors. Those factors that hinder the effectiveness of these attributes should be resolved to increase their effectiveness. These findings were supported by interview results from one of the heads of group loans who was a customer of MUCOBA bank and asserted as follows,

*“I have been receiving financial services from MUCOBA Bank since 2008, and their banking services have been improved. We also receive good services such as parking, waiting area, and good care from brilliant staff. Having parking spaces and quality services with attractive customer care, I am comfortable with the bank”. Also, the availability of clean environment and clear signage make us feel glad to keep on getting financial services from MUCOBA Bank...”* (Head of group loans on 24/4/2023 at 10:00 hrs).

In addition to that, another customer who is the head of group loans cemented that,

*“MUCOBA bank has tried its level best to give out good services since its initial stage. The bank provides free parking to customers to make them comfortable coming with their vehicles and also provides a good waiting hall during all times when customers need services. In addition, the customer care staff assists us in a very good way, and I have been assisted during the utilisation of the ATM machine. So actually, the growth of the bank is always seen in terms of giving us good customer services...”* (Head of group loans on 24/4/2023 at 10:40 hrs).

Furthermore, A senior staff from MUCOBA Bank PLC explained that

*“We struggle to provide good services to attract and maintain our customers. Among the services offered is an attractive waiting hall with sitting places and helpful customer care desk staff. The frontline desk staff are trained to help our customers by providing clarity related to different services offered by the bank. We also provide good parking, we maintain our environments clean, and currently, we provide our services using an agency. By doing so, we maintain our customers and make them feel happy like and coming back to our bank...”* (Senior Staff on 25/4/2023 at 11:00 hrs)”

The result from this study corroborates with previous studies such as Daniel (2016), who examined “The Effect of Service Quality on Customer Retention among Commercial Banks in Kenya”. The study found that there was a significant relationship between tangibility and customer retention. The findings are also concurrent with Iddrisu et al. (2015), who conducted a study titled “Assessing the Impact of Service Quality on Customer Loyalty. The results of the study found that tangibility had a positive influence on customer loyalty through customer satisfaction. Moreover, these findings come in agreement with the study conducted by Ivanauskienė and Volungėnaitė (2016), who conducted a study on Relations between Service Quality and Customer Loyalty; the study revealed that tangibility has a great and positive impact on customer loyalty.

Likewise, the results in this study are concurrent with the study conducted by Zebrga and Zaveri (2020), a study of hotels in Ethiopia. The findings of the study found that tangibility has a positive and statistically significant association with hotel customer loyalty.

### **Influence of Assurance on Customer Retention in MUCOBA Bank PLC**

Multiple regression analysis was conducted to examine the significant relationship between assurance and customer retention. Findings indicated that AS2 and AS5 had a positive and significant relationship with customer retention at MUCOBA Bank PLC. The influence of AS2 on customer retention scored ( $\beta = .621, p = .000$ ), which shows a positive and significant influence on customer retention. Also, AS5 was found with ( $\beta = .326, p = .003$ ), indicating a positive and significant influence on customer retention at MUCOBA Bank PLC. These two elements of assurance had a positive and significant influence on customer retention since the p-value was found to be less than 0.05. to this element, which was found to have significant results, while other elements of assurance had insignificant results. For example,

AS1 had ( $\beta = .239, p = .113$ ), AS3 had ( $\beta = .230, p = .119$ ), and AS4 had ( $\beta = .156, p = .117$ ), which indicates a positive but insignificant influence on customer retention. These elements had little power to influence customer retention despite being positive, as shown in *Table 9*.

**Table 9: Effects of Assurance on Customer Retention at MUCOBA**

Variable	Regression coefficient	Sig
(Constant)	15.481	.000
AS1	.239	.113
AS2	.621	.000
AS3	.230	.119
AS4	.156	.117
AS5	.326	.003
AS	.176	.002

*Dependent Variable: CR*

Source: Researcher, (2023)

The study confirmed that assurance had a significant influence on customer retention because the regression analysis score was ( $\beta = .176, p = .002$ ), whereby the p-value was found to be less than 0.05. This means that the assurances have an influence on customer retention. Variable influencing customer retention, namely **staff are confident (AS1), Accuracy of services (AS2), availability of feedback (AS3), staff are expert (AS4), and customer's safety (AS5) having the power to influence retention of customers**. The element of assurance has high explanatory power in influencing customer retention at MUCOBA Bank PLC. This study, therefore, concludes that the null hypothesis, which states that assurance has no significant influence on customer retention at MUCOBA Bank PLC, was rejected. In addition to quantitative findings, one customer who is the head of group loans asserted as follows;

*"I am a financial stakeholder at MUCOBA Bank PLC, and I have enjoyed bank services for more than ten years. I like working with MUCOBA bank because the staff are good experts and are confident also, I trust this bank. They work very hard and are committed to assisting those who need services at MUCOBA Bank. I also get answers on feedback provided to the bank. They are effective in providing services to the community, and I am very happy,*

*and I will continue getting services..."* (Head of group loans on 26/4/2023 at 15:00 hrs).

Moreover, another customer who is the head of group loans emphasised;

*"I know MUCOBA Bank, and I usually work with them to deposit and withdraw my money. The bank has staff who are competent and knowledgeable enough to assist us in the financial area, especially on group loans, because we were not aware of issues of savings and loans. I really enjoyed and became very comfortable and confident with the services and clarifications I received from their staff..."* (Head of group loans on 28/4/2023 at 9:30 hrs).

Not only had that, but also one senior staff from MUCOBA Bank PLC argued that;

*"MUCOBA offers its services through staff who are competent and experienced. During employment, staff are deeply trained so as to be knowledgeable enough during service provision to meet customer's needs. In addition, MUCOBA Bank PLC receives feedback from customers via different ways to improve services, and normally, we attract them again to come and receive services. Also, we ensure safety, we have safety gear, and we corroborate with other stakeholders. All these assure our*



*services at MUCOBA bank PLC...*". (Senior staff on 29/4/2023 at 11:00 hrs).

Findings from this study related to Alketbi et al. (2020), who explored the influence of service quality on customer retention and loyalty in the United Arab Emirates (UAE) hotel sector. The study found that assurance was important to enhance service quality on satisfaction, trust, and commitment, which effectively influence, in return, the retention and loyalty of customers. These findings are consistent with past studies done by Mahmood et al. (2020), who conducted a study on the relationship between service quality and customer loyalty in Pakistan. The study findings provided strong and empirical evidence that all dimensions of service quality, including assurance, significantly and positively enhance customer loyalty in those selected banks in Pakistan.

These findings relate to the study done by Ashraf and Venugopalan (2016), who examined the "Impact of Service Quality Dimensions on Customers' Satisfaction, Retention and Loyalty: An Empirical Evidence from Commercial Banks in Kerala in India." The study found that assurance had a direct and significant impact on customer retention in commercial banks in Kerala.

## CONCLUSION

The result revealed that tangibility has a positive and significant influence on customer retention. This study concludes that the use of tangibility elements influenced customer retention at MUCOBA Bank PLC. Also, results demonstrate that assurance has a significant relationship with customer retention. This finding concludes that assurance has a significant contribution to customer retention,

## Recommendations

This study found that tangibility has a significant influence on customer retention; therefore, bank management should promote the use of all tangibility elements to retain their customers and

increase the number of customers. The study found that assurance had a significant influence on customer retention; thus, bank management should capitalise on assurance elements to influence customer retention. In addition, there are some items of tangibility and assurance which does not work to influence customer retention; therefore, bank management should take the initiatives to address all obstacles hindering the effectiveness of these items.

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