
Customer Satisfaction And Its Impact On Sales Performance Of An Organization. A Case Study Of Centenary Bank.

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Abstract

This study focused on customer satisfaction and sales performance in Centenary bank. In this study the customer satisfaction (measured by perceived quality, perceived value and service delivery attributes) was the independent variable and sales performance (measured by profit margin, sales targets and average purchase value attributes) was the dependent variable. The study used cross sectional design which enabled the researcher to draw the samples from the population over a short period of time. Primary data and secondary data collection methods were used. Quantitative methods were used to collect and analyze the data. The research findings shown by correlation analysis generally indicated that there was a significant positive relationship between the customer satisfaction measured by perceived quality, perceived value and service delivery) and the sales performance measures (profit margin, sales targets average purchase value). The study showed that there existed a high positive and significant correlation between service delivery and sales performance with $r=.527$ and $p=.000<.01$. The significant value $p = .000 < .01$, implied that the relationship between service delivery and sales performance was of high importance. Therefore, the bank management needs to put effort on service delivery.

Keywords: Customer, Satisfaction, Sales, Performance and Organization

Background to the Study

Customer satisfaction can be defined as one of the most important factors in business. When it comes to commercial banks such as Centenary Bank, the level of customer satisfaction varies from one bank to another and therefore measuring customer satisfaction is very essential (Faridah et al., 2023). This is why banks take the time to listen to customer requests and complaints. Profitable businesses usually cannot function without satisfied customers, especially in service-oriented industries (Nelson, Christopher, Teddy, et al., 2022).

Centenary Rural Development Bank is a commercial bank in Uganda that provides deposit, credit and money transfer services to lower income men and women without distinction (Damasus et al., 2023). By insisting on credit recovery and cost recovery, it has reached more customers in rural areas than any other institution in Uganda. With minimum deposits of \$5 and minimum loans of \$58, barriers to entry are low. 73% of its deposits and 82% of its loans are in rural areas. Established by the Catholic Church of Uganda as a trust fund in 1983, it developed into savings mobilization but performed poorly as a financial intermediary (Gracious, 2023). With the support of donors, the bank introduced a highly effective individual lending technology based on the analysis of the total activities of households; an incentive-based loan repeat system; flexible but comprehensive loan collateral requirements; and strict enforcement of timely repayment (David et al., 2023). This was supported by a computerized daily loan monitoring system, prompt enforcement and employee performance incentives with an emphasis on portfolio quality

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rather than productivity. This has made the bank the African flagship of rural and agricultural banking, combining sustainability with outreach to the rural poor and demonstrating the feasibility of agricultural lending (Kazaara & Christopher, 2023). By December 2002, total assets were \$61.3 million, total deposits \$48.7 million (316,650 depositors), and outstanding loans \$23.05 million (31,500 borrowers) (Polycarp et al., 2023). The bank earned 4% on average assets and 27% on average equity.

Statement of the Problem

Organizations are becoming increasingly dependent on customer satisfaction, which is made up of a variety of factors, including perceived quality, value and service. Customer satisfaction influenced customers to make purchase decisions immediately rather than waiting later (Nelson, Christopher, Teddy et al., 2022).

The pressure of competition and competition has recently increased the demands of customer satisfaction (Turyatamba et al., 2022). Increased competition has allowed companies to differentiate their services and products based on price rather than the opposite features of the service or product. A firm may also feel obliged to come up with its own consumer satisfaction strategies to increase its sales. Despite continuous attempts by organizations to implement customer satisfaction strategies, more often than not, many organizations continue to underperform (Akankwasa et al., 2022). Even though the management of the organizations make special efforts to solve this problem, there seems to be no significant improvement in their sales performance (Musaibah et al., 2023). It is not clear whether this is due to a lack of perceived quality, value or service. Hence the need for study.

Research Objectives

1. To establish the relationship between perceived quality and sales performance.
2. To evaluate the relationship between perceived value and sales performance.
3. To assess the relationship between service delivery and sales performance.

Methodology

The study used a cross-sectional and quantitative research design. A cross-sectional design was used, which allowed the study to draw one or more samples from the population at a time, and was used to examine the relationship between variables in detail (A & Ahmed, 2019). Both qualitative and quantitative approaches were used interdependently. A qualitative approach was used to obtain an in-depth study of the study variables (Jallow et al., 2022). Conversely, a quantitative approach was used to analyze numerical data obtained through questionnaires. It was an exploration of an identified problem based on theory testing measured by numbers and analyzed using statistical techniques (Jallow et al., 2022). The objective of the quantitative approach was to determine whether the predictive generation of the theory is valid. This approach was a process of inquiry aimed at understanding a social or human problem (Olanrewaju & Abiodun, 2021). Qualitative research was conducted in a customer satisfaction environment and involved the process of building a comprehensive and holistic picture of customer satisfaction at Centenary Bank. The study population consisted of 1,000 employees of the Centennial Bank. Sample sizes smaller than 10 are not normally recommended. In a simple experimental research with strict controls, a successful research

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can be done with samples from 10 to 20. Therefore, a sample size of 280 respondents was considered in this study during data collection. Simple random sampling was used to obtain data from a homogeneous sample population (Nafiu et al., 2013). Due to their huge number, the researcher used the use of clusters to obtain data from relatively large subgroups in a short time frame. Simple random sampling was also used to eliminate the possibility of bias from the available population. The collected data were entered into a computer program (specifically using the Statistical Package for Social Scientists (SPSS) version 20 (Nelson, Christopher, & Milton, 2022). The data were analyzed using both statistical and narrative methods. The latter were analyzed using descriptive frequencies and percentages using a 5-point Likert scale ranging from strongly agree to 5. After data collection and cleaning, data were coded and then entered into the computer using Statistical Package for Social Scientists (SPSS) version 20. For data analysis, they were various statistical tests were performed Data collected in the research were edited, coded, classified based on similarity and then tabulated to allow for quantitative analysis, the data were converted to numerical codes representing attributes or measures of variables (Nelson et al., 2023) To summarize and descriptive statistics such as frequency distributions, percentages and frequency tables were used to relate the variables obtained from the study. Correlations were conducted to determine the relationship between the independent variable factors and the dependent variable.

RESULTS

Table 1: Pearson Correlations Matrix

		Correlations			
		SALES PERFORMANC E	Perceived Quality	Perceived Value	Service delivery
SALES PERFORMANCE	Pearson Correlation	1	.701**	.357**	.527**
	Sig. (2-tailed)		.000	.000	.000
	N	280	280	280	280
Perceived Quality	Pearson Correlation	.701**	1	.309**	.397**
	Sig. (2-tailed)	.000		.000	.000
	N	280	280	280	280
Perceived Value	Pearson Correlation	.357**	.309**	1	.610**
	Sig. (2-tailed)	.000	.000		.000
	N	280	280	280	280
Service delivery	Pearson Correlation	.527**	.397**	.610**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	280	280	280	280

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

Source: primary data

To establish the relationship between perceived quality and sales performance.

Table 1 indicated that there was a significant positive relationship between perceived quality and sales performance, $r = .701^{**}$; $p = .000 < .01$ (Nelson et al., 2023). This implied that a change in perceived quality leads to a change in sales performance in the same direction. Therefore, to enhance sales performance, the bank needs to ensure that perceived quality is given attention. It is important to note that the diagonal correlation values are such that $r = 1$, because the relationship between a variable and itself is perfect.

To evaluate the relationship between perceived value and sales performance.

Table 1 showed that there was a significant positive relationship between perceived value and sales performance since $r = .357$, $p = .000 < .01$. As perceived value changes, sales performance changes in the same direction. Thus, to enhance sales performance in the view of respondents during sales performance, there is need for the bank management to ensure improved perceived value. Therefore, bank management should ensure that the perceived value is also given serious consideration (Ivan et al., 2023).

To assess the relationship between service delivery and sales performance.

Table 1 showed that there existed a high positive and significant correlation between service delivery and sales performance with $r = .527$ and $p = .000 < .01$.

The significant value $p = .000 < .01$, implied that the relationship between service delivery and sales performance was of high importance. Therefore, the bank management needs to put effort on service delivery.

Table 2: Regression Model for the study variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-43.560	8.896		-4.897	.000
Perceived Quality	1.145	.085	.584	13.445	.000
Perceived Value	-.008	.074	-.006	-.112	.911
Service delivery	1.185	.207	.298	5.724	.000

a. Dependent Variable: SALES PERFORMANCE

R Square =.565

F Statistic =119.334

Adjusted R Square =.560

Sig. F Statistic =.000

Predictors in the Model: (Constant).(perceived quality, perceived value and service delivery). $Y = -43.560 + B_i X_i$
 $i = 1, 2, 3, 4$

Source: Primary Data

Table 2 showed that R Square =.565 was adjusted to .560 to provide for the potential errors in the raw data. This means that a combination of perceived quality, perceived value and service delivery accounted for only 56.0% variation in sales performance. The other 43.5% variation in sales performance was explained by other factors. This implies there are other factors other than the ones under study that affect sales performance. From Table 2, it was observed that all factors were good and significant predictors, with perceived quality being the best predictor because it had the highest Beta value (.584) (Winny et al., 2023).

Conclusions

The research focused on analyzing the relationship between customer satisfaction and sales performance as the main purpose.

It is important to note that of all the three factors of customer satisfaction, perceived quality exhibited more significant and positive relationship with sales performance compared to perceived value and service delivery and therefore, priority should be given as to perceived quality, service delivery and perceived value.

Recommendations

The researcher therefore wishes to recommend to the bank that perceived quality should be given consideration as evidenced by the values of r, p and Beta values in the correlation.

In Regression analysis, it was evidenced by Table 2, that the contribution of perceived quality to the variation in sales performance was more significant than for others. This implies that perceived quality contributed more significantly to the variation in sales performance; hence should be given first priority.

Regression analysis further indicated in Tables 2, that next to perceived quality, service delivery contributed more significantly than perceived value to the explanation of the variation in sales performance. Therefore, it is recommended that service delivery should be considered after giving consideration to perceived quality if high sales performance is to be achieved.

Regression analysis in regard to the third objective, in Table 2, it was found out that all the three factors of customer satisfaction under study contributed significantly to the prediction of overall 56.0.0% variation in sales performance. It is therefore recommended that the bank should provide all the necessary support in regard to the three factors so as to improve on sales performance though with less emphasis on perceived value.

From the Regression Table 2, it was observed that, perceived quality, perceived value and service delivery, contributed 56.0% variation in sales performance. However, of the three, it is recommended that perceived quality be given priority, compared to perceived value and service delivery.

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