ASSESSMENT OF CUSTOMER SERVICE STRATEGIES ON CUSTOMER RETENTION IN LOCAL COMMERCIAL BANKS: A CASE STUDY OF INVESTRUST BANK PLC

By

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DECLARATION

I, Rajeshvary Joshi do solemnly declare that this dissertation represents my own work and it has not been previously submitted for a degree at this or any other university. All the work of other people has been duly acknowledged.

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CERTIFICATE OF APPROVAL

This dissertation of Rajeshvary Joshi (computer number 715809897) is approved as fulfilling part of the requirements for the award of the degree of Masters of Business Administration by the University of Zambia in collaboration of Zimbabwean Open University.

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DEDICATION

This project is dedicated to my late mother, Mrs. Sharda Devi Joshi. She was a pillar of strength for me throughout my life. Although you are not here to see me finish the race I will always value the motivation you gave me, you kept me going at all times even though you were battling for your life.

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TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF APPENDICES

ABSTRACT

The study sought to examine the effect of customer service strategies on customer retention in a local commercial bank using Investrust Bank PLC as a case study being the only indigenous bank in Zambia. Primary data was collected from bank customers using a likert type scale questionnaire adapted from the ServQual dimensions of Service Quality for banks. The sample size was of 106 respondents of the Industrial Branch of Investrust Bank PLC Data presentation and discussion were supported with bar graphs , pie charts and tables and simple correlation analysis using the Microsoft excel and SPSS (21.0) version. The study established that Investrust Bank Plc do have customer retention strategies and these included " digital channels of service delivery to reduce physical banking, ATM network, innovation of new products, prompt service delivery, efficiency in handling customer complaints. The findings further revealed that customers were generally satisfied with the bank's customer service strategies in terms of the five dimensions of the SERVQUAL model, i.e. Tangibility ($r = 0.64$), Reliability ($r = 0.61$), Empathy ($r = 0.68$), Responsiveness ($r = 0.58$) and Assurance ($r = 0.52$). The association ranges from moderate positive to strong positive in the areas where employee based services were offered which are statistically large enough to shows that the bank's customer services are within the expectations of their customers. However there were complaints on tangibles such as frequent downtime of systems, internet banking and ATMs resulting in dissatisfaction as well as some areas of reliability and responsiveness. The study recommends that these areas of concern be addressed urgently and also that periodically customer feedback on desired service quality be sought to provide satisfaction. The bank must also train and motivate their staff to ensure that service delivery is of excellent quality. Thus Investrust Bank Plc needs to ensure that their service quality is frequently reviewed by obtaining customer feedback to identify gap areas and remedy them. This way the bank will match its service delivery to customer expectations which will enhance customer satisfaction, loyalty and retention.

CHAPTER ONE

INTRODUCTION

1.0 OVERVIEW

This chapter states the background of the study and the problem statement, it then outlines the research objectives, research questions, purpose of the study, delimitation and limitations of the study, significance of research, the conceptual framework and conceptual model followed by scope of the study, operational definition of terms and ends with a summary of the salient points.

1.1 BACKGROUND

The current economic recession in our country has tremendously impacted all the sectors of the economy and is a downturn of the rapid phenomenal economic growth of the first two decades post liberalization of the economy in 1991 which culminated in the proliferation of banks from eight (8) in 1990 to nineteen (19) banks by end of 1994 (Lune, 2006). However this number reduced to 16 as at 2009, due to deterioration of the financial situation of some banks from a variety of reasons; risky lending exposures, shortages of liquidity, limitations to raise capital and competition from other non-bank financial institutions, thereby resulting in the collapse of about 9 local banks between 1994 and 2000 (Mwenda, 2002). This resulted in lasting negative perceptions from customers who preferred the international banks. Though much stricter supervision and substantial capital adequacy requirements have brought the financial sector to credence, however over the last decade, some local banks have either merged with or have been sold off to the foreign investors. One recent example is the Finance Bank which was sold to the Atlas Mara Group of British Virgin Islands, leaving only two banks today that still maintain the local ownership structure and have to compete with their stronger competitors in a very challenging economic environment whilst dealing with the precarious history associated with the 'local' reputation.

There seems to be a growing trend of foreign dominated banking sectors especially in the developing economies (Stijn, et al., 2012), which poses threat for survival of domestic banks. According to World Bank report, aggressive competition with foreign banks does threaten the survival of the domestic banks. Though the services of foreign banks are exemplary, they are not altruistic and are driven by a higher profit motive so may not always provide financial inclusivity to all. They have been found to cause reduced access to finance for a majority of

domestic companies, if they solely focus on a high and elite section of the market (World Bank, 2006). This is reiterated by another study that found that in low income countries; foreign banks usually reduced their domestic credit … more than domestic banks did (Stijn, et al., 2012). Thus the importance of local banks to a developing economy can never be over emphasised.

In Zambia, the foreign direct investments do hold a substantial stake in the economy but these can pull out if conditions or profitability are no longer enticing which in turn can have adverse effects on the economy thus it is crucial that local businesses are given due encouragement to operate and thrive successfully. Therefore, domestic banks are not only a lifeline for local business generation but they are also employers and corporate citizens themselves who can engage in meaningful corporate social responsibility to uplift their society.

Customer loyalty is seen as a very important lifeline of any business activity because the relationship of the customer which is built on trust, confidence and reliability is what retains that customer to the business especially in the cut throat competition that prevails today in any business. Therefore, a bank must strategize to retain its customers. And three aspects that bring about a continued relationship between a bank and its customers are customer satisfaction, customer loyalty and customer retention. Only a satisfied customer will be loyal enough to be retained. Heffernan, et al., (2008) state that since banks offer the financial products offered by banks cannot be distinguished, bank customers cannot make objective evaluations between banks hence the importance of the intangible asset of customer trust displayed through their loyalty. Ferguson & Havinka, (2007) indicate that the competition in retail banking coupled with very low levels of differentiation urges on banking marketers to look into ways of understanding the foundations of customer loyalty to help them expand on programs geared towards building longstanding relationships with customers.

Therefore customer retention is an important factor to investigate within the context of the domestic banks given the negative local bank history of the 90s, as it fights for its share of the market from strong foreign competition. Beerli, Martin and Quintana, (2004) highlight customer retention to be a key consideration as one of the various factors seen to increase income in retail banking. Alam and Khokar, (2006) admit that several strategies have been developed by banks all aimed at customer retention including novelty offerings.

Customer retention is the key to the continued existence and profitability of a business, there are numerous benefits that accrue to a bank that manages to retain its customers. Rowley and Dawes (2000) states that the financial implications of attracting new customers may be five

times as costly as keeping existing customers. According to Cannon and Cannon (2005), it normally costs more to attract a new customer than to retain current ones and the best way to keep customers is to satisfy them. The other implication of retaining your customers is that satisfied customers do not only repeat purchases but propagate favourable 'Word of Mouth' (WOM) to others about the company and product and pay less attention to the competing brands and advertising. What are the factors of successful retention? Customer retention is an assessment of the product and service quality provided by a business that measures the level of loyal its customers (Dawes, 2009).Customer retention statistics are typically expressed as a percentage of long term clients and they are important to a business since satisfied customers tend to spend more, cost less and make valuable reference to new potential customers (Gee et al., 2008). Thus in the banking industry wherein products are quite homogenous, it is all about the strategies related to service quality that are adopted to bring out the competitive advantages that keep customer loyalty.

Competition between banks is quite aggressive as customers easily compare offers provided by different banks and hence there is quite an effortless and easy switching of customer loyalties because the customers' expectations about the services and products are quite high and makes them want to obtain the best. Thus in order to minimize the threats and optimize their business, banks should be proactive in customer retention by striving to continually improve and develop their products and technology to match others. Recent studies identify that the switching cost, the interpersonal relationship, the attractiveness of the alternatives and the recovery of the service are establishing the switching barrier and have a large effect on the customer retention (Gefen, 2010). Thus for a local bank, it is of utmost importance to ensure their customers remain content with their services and this study will look at how a particular local bank strategizes to gain its competitive advantage and strive towards customer retention.

1.1.2 BANKING HISTORY OF ZAMBIA

Before independence, there were just three foreign commercial banks in the banking sector, namely Standard Chartered Bank and Barclays Bank with Grindlays Bank providing fringe competition (Kalima, 2001). Just after independence in 1965, ZANACO which was established in 1965 and Non-Bank Financial Institutions such as the Zambia National Building Society, the Zambia National Provident Fund and the Zambia State Insurance Corporation by 1968. A few more banks established in the period from 70s to 90s such that the total number at 1990 was 8. By 1990 more local and international banks were established by the private sector taking

the number to 19. Regrettably, most of the local banks closed down due to bad credit procedures that resulted from risky lending to attract new customers, lower revenue in foreign exchange operations, lower treasury-bill yields, periodic shortages of liquidity, limitations to raise capital and additional competition from small banks and from emerging non-bank financial institutions led to many banks to collapse between 1994 and 2000. According to the cited report, the number of banks reduced to 16 as at December 2009 (Simpasa, 2013). Therefore, presently foreign banks continue to dominate in terms of market share.

1.1.3 REGULATORY FRAMEWORK

The Bank of Zambia supervises and regulates the banking industry using the following legal framework:

Table 1: Regulatory Framework

Banking and Financial Services Act, Chapter 387 of the Laws of Zambia;
The Bank of Zambia Act, Chapter 360 of the Laws of Zambia;
The Prohibition and Prevention of Money Laundering Act;
The Bank of Zambia Anti-Money Laundering Directives;
Bank of Zambia Corporate Governance Guidelines.

Source: https://www.bis.org/review/r110307f.pdf

1.1.4 LIST OF COMMERCIAL BANKS IN ZAMBIA AS AT 30TH APRIL, 2018.

Table 2: List of Commercial Banks

1.Access Bank Zambia Limited	2.Atlas Mara Bank Zambia Limited
3.Bank of China Zambia Limited	4.Barclays Bank of Zambia
5.Cavmont Bank Limited	6.Citibank Zambia Limited
7.Ecobank Zambia Limited	8.First Alliance Bank Zambia Limited
9.First Capital Bank Zambia Limited	10.First National Bank of Zambia Limited
11.Indo-Zambia Bank Limited	12.Investrust Bank Zambia Limited
13.Stanbic Bank Zambia Limited	14.Standard Chartered Bank Zambia PLC
15.United Bank for Africa Zambia Limited	16.Zambia National Commercial Bank PLC

Source: Bank of Zambia (30 April 2018). "Bank of Zambia: List of Licensed Commercial Banks". Lusaka: Bank of Zambia. Retrieved 5th July, 2018.

1.1.5 PROFILE OF INVESTRUST BANK PLC

Investrust Bank PLC is a wholly owned Zambian bank. The bank incorporated under the Companies Act of 1994 in 1996 as Investrust Merchant Bank Ltd. From the humble start with only three branches, in 2002, Investrust Merchant Bank then changed its name to Investrust Commercial Bank Ltd so that it could conduct commercial and retail banking services. In 2004 it became Public Limited Liability Company officially known as Investrust Bank PLC and since 2007; the bank has a full primary listing at the Lusaka Stock Exchange (Wikipedia). The bank has been in existence for 19 years and has 23 branches around Zambia. From its web page, the following are some of prominent milestones achieved so far (www.zccm-ih.com.zm/investrust-bank):

Table 3: List of Achievements

Year- Achievement
2007 – Bank fully listed on the Lusaka Stock Exchange
2007 - Roll out of upgraded banking system and real time banking across branch network
2007 - Launch of ATM product through ZAMLINK

2008 - Completed upgraded banking system, credit module, treasury dealing modules and AutoMIS reporting modules
2009 - Launch of MoneyGram service
2010 - Launched Kantemba SME Business Account, Internet Banking and VISA Green Card
2011 - Launched off-site ATMs; Launched Invest Net (Online Banking
2012 - Launched Invest Mobile (Mobile Banking)
2014 - Launched the Invest Mobile (mobile banking) App and enhanced USSD (mobile banking) Mode; Acquired own ATM Switch; Launched Agency Banking

1.1.5.1 SERVICES PROVIDED

Investrust Bank PLC provides commercial banking services as well as mortgage financing. The Bank operates through two segments: Retail banking and corporate banking. The Retail banking segment offers private banking services, private customer current accounts, savings, deposits, investment savings products, safe custody, credit and debit cards, consumer loans and mortgages. The Corporate banking segment offers direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities and foreign currency. The Bank sells and buys government securities on both the primary and secondary markets. The Bank provides treasury services, such as treasury bills and government bonds trading, commercial paper, banker's acceptances, treasury call account, information and advisory services, and foreign exchange. The Bank's subsidiary is Zambian Home Loans Limited (Internet Source: Investrust Bank Zambia Limited). Investrust bank is a public company whose stock is publicly traded on the Lusaka Stock Exchange. The detailed shareholding in the bank is was as depicted in the table below, as of 31 December 2016.

1.1.5.2 INVESTRUST BANK PLC STOCK OWNERSHIP AS AT 2016

Table 4: Investrust Bank Shareholding

Rank	Name of Owner	Percentage Ownership
1	ZCCM Investments Holdings PLC	45.0
2	Meanwood Venture Capital Limited	18.0
3	Lupande Family Trust Limited	6.0
4	Jacob Lameck Shuma	5.0
5	Daka Timothy	4.0
6	Workers' Compensation Fund Control Board	4.0
7	Stanbic Bank Zambia Pension Scheme	4.0
8	Justin Bevin Zulu	3.0
9	Others	7.0
		Total 100.00

Source: Investrust Bank Final Audited Annual Report for the Year Ended 31 December 2016, PDF

1.2 PROBLEM STATEMENT

There has been tremendous growth in the Zambian banking sector from 1991 when economy was liberalized and globalisation brought in foreign direct investments to almost all the sectors in the economy causing a proliferation of retail banks (Sichinsambwe, et al., 2017). Presently most of them are foreign owned or foreign collaborated with only two local banks competing for market share that has shrunk due to the recession currently underway. The latter also face the stigma and apprehension that was created as a result of the collapse of many local banks within the 90s leaving the customers with the perception that foreign banks are more stable that local ones. Therefore the survival of Zambian banks is being threatened and the only way to remain competitive is to have the ability to retain its customers in a sector. Financial services

in general, particularly banks; compete in marketplace with generally undifferentiated services and products, thereby service quality becomes a key competitive weapon (Stafford, 1996). Therefore the survival, profitability and growth of a local bank depends on the ability of the latter to offer excellent service quality that will please its customers and keep them retained.

Globally the focus on customer loyalty and retention is becoming a dominant factor in retail banking these days because competition continues to stiffen in this industry, it becomes even more compelling to understand these drivers of customer loyalty in the retail banking sector in Zambia given the present dominance of foreign banks. Locally, research on the subject is quite scanty. Sichinsambwe et al, (2017) conducted study which compared service quality in the banking sector in Kitwe only and concluded that service quality was better in foreign banks than local, while Machayi J and Ahmed EM (2016) studied Customers' Perceptions of Service Quality in Finance Bank and found no association between gender and service quality perceptions. Thus a knowledge gap still exists because none of the studies focused on effect of customer service strategies on customer retention for a wholly owned domestic bank in Zambia. This research, therefore aimed to study Investrust Bank PLC, an indigenous bank that has been in existence since 1995. The recommendations will most likely help the bank to improve areas of the service strategies based on customer feedback and help the bank in its customer retention, profitability and growth.

1.3 RESEARCH OBJECTIVES

The study will be guided by the following objectives:

1. To identify the customer service strategies adopted by Investrust Bank PLC to enhance Customer retention

2. To establish customer perception about the quality of customer service strategies used by Investrust Bank PLC

3. To assess the association between customer service quality strategies and customer retention at Investrust Bank PLC

1.4 RESEARCH QUESTIONS

1. What are the customer service strategies adopted by the Investrust Bank PLC?
2. How do the customers perceive the quality of the customer service strategies that are adopted and used by the Investrust Bank PLC?
3. Do these customer service quality strategies have an association on customer retention at the Investrust Bank PLC?

1.5 PURPOSE OF THE STUDY

The purpose of this study was to investigate the customer service strategies that assist a local bank to maintain customer loyalty and retention in Zambia.

1.6 DELIMITATION OF THE STUDY

The study was conducted at Investrust Bank Zambia PLC, Industrial Branch at Chandwe Musonda Branch. They facilitated the process of data collection with minimum difficulty in terms of data collection and accessing these financial institutions.

1.7 LIMITATIONS OF THE STUDY

Being a Bank whose nature of information is confidential, there were restrictions on the extent of information that could be provided and was at the professional discretion of the Branch Manager. Further the bank's staff had busy daily operations and hence the data collection was subject to their convenience and therefore, the researcher was permitted to personally be present in the bank to interact with the customers and obtain their feedback for this study over a period of one week.

1.8 SIGNIFICANCE OF RESEARCH

This study will help banks to improve their customer retention strategies and the avoidance of switching to competitors. The conclusions and recommendations that were arrived at can be a useful theoretical foundation on the basic factors that enable customer retention .The customer service strategies that were studied and gaps found provides vital information to facilitate the management of Investrust Bank PLC and indeed other local commercial banks to come up with strategies that will be useful in retaining customers. The manager of the Industrial branch can also understand the factors that need to be put in place to be able to deliver quality services to their customers in order to please them. Therefore the information provided here is an important

feedback from the bank's customers and staff on what strategies need to be adopted by any local bank to achieve good customer retention strategies and gain competitive advantage.

1.9 CONCEPTUAL FRAMEWORK

This study looks at the relationship between customer service strategies and customer retention for a local bank. Thus the service quality that the local bank adopts to remain in the industry is the very basis for selecting the theoretical foundations for the study. While the SERVQUAL has been slated as the best model to measure service quality in the banking industry (Angur et al., 1999), and hence is the selected framework for discernment of service quality constructs that enhance loyalty, satisfaction and consequently retention. SERVQUAL is a proper assessment tool to measure service quality in the retail banking industry. The figure below provides the conceptual framework for the study.

1.91 FIGURE 1: CONCEPTUAL MODEL

Quality Dimensions	Definition
Reliability	Delivering the promised performance dependably and accurately
Assurance (combination of Competence, Courtesy, Credibility, Security)	Ability of the organization's employees to inspire trust and confidence in the organization through their knowledge and courtesy
Tangibles	Appearances of the organization's facilities, employees, equipment, and communication materials
Empathy(combination of Access, Communication, Understanding the customer)	Personalized attention given to customers
Responsiveness	Willingness of the organization to provide prompt service and help customers

CUSTOMER RETENTION

Source: Lovelock and Wirtz (2007, p. 420)

1.10. SCOPE OF THE STUDY

The study will focus on the effect of customer service strategy on customer retention and aims to study Investrust Bank Plc, Lusaka being a wholly owned local bank in Zambia. This concentration of study ensures easy access to information given the time constraint. The research is limited to the bank's service strategies and customer retention in retail banking departments and not extended to other areas of the bank's operations.

1.11. OPERATIONAL DEFINITION OF TERMS

Strategy: An attempt to alter a company's strength relative to that of its competitors in the most efficient way and also to mould actions and decisions of managers and employees in a coordinated, company-wide game plan (Ohmae, 1983).

Loyalty: "Refers to customer behaviour characterized by a positive buying pattern during an extended period and driven by positive attitude towards the company and its products or services" (Van Looy,et al, 2003).

Customer Satisfaction: Kotler (2000:78) defined customer satisfaction as "a person's feelings of pleasure or disappointment resulting from comparing a product are perceived performance (or outcome) in relation to his or her expectations".

Service Quality: Service quality is defined as "the difference between customers' expectations for service performance prior to the service encounter and their perceptions of the service received" (Asubonteng, et al., 1996).

Customer Retention: Waterfield (2006) defines Customer Retention as keeping customers coming back and Nirmala (2009) says that a substantial time exceeding five years is regarded as a successful effort of customer retention.

Commercial Bank: A financial institution providing services for businesses, organisations and individuals. Services include offering current, deposit and savings accounts as well as giving out loans to businesses (lexicon.ft.com).

1.12. SUMMARY

Being a wholly owned Zambian bank in the foreign dominated banking sector, Investrust Bank PLC, has to maintain its position in the market by providing excellent service delivery of the products that are generally undifferentiated across the sector. Customer retention is the key to continued profitability and the bank must avoid customer switching at all costs. The purpose of this study was to investigate the customer service strategies that assisted a local bank to maintain customer loyalty and retention in Zambia. And it was achieved by assessing its present customer service strategies in terms of the servqual model which is slated to be the best model for this purpose for the banking sector and is the conceptual framework to this study. The next

chapter will look at the literature review of the concepts and paradigms that have guided this study.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The study will review relevant literature derived from research objectives and study questions. The current focus is on the customer service strategies that result in customer loyalty and retention. This study looks the service quality as the most significant strategy for customer service improvement and its correlation to customer retention.

Several researchers attempt to find the interrelationships between service quality, customer satisfaction and customer loyalty in the retail banking sector. Researchers argue that service quality and customer satisfaction are the predictors of customer loyalty (Tariq and Moussaoui, 2009; Han et al., 2008; Ehigie, 2006). Veloutsou et al. (2004) found the positive relationship among service quality, customer satisfaction and customer loyalty in the banking sector in Greece. Caruana (2000) proposed a meditational model that links the service quality to the service loyalty via customer satisfaction. Whereas Srinivasan (2007) says that these are two main categories of loyal customers. The first category is of loyal customers. Within the loyal category there are satisfied and un-satisfied customers.

2.1 RELATIONSHIP MARKETING

Customer relationship is essential for any successful business. Customer Service is an important strategy that helps companies to build a sound relationship with their customers who in turn remain loyal and retained with the company. When customers feel a personal connection with the organisation they will stay with that organisation because they feel at home and comfortable in their transactions and hence they will not switch so easily to a competitor they do not have a relationship even if there are lucrative offerings.

Grönroos (1991) defined the term of relationship marketing as "establishing relationships with customers and other parties at a profit, by mutual exchange and fulfilment of promises". Gummesson (1994a) put forward that relationship marketing emphasizes a long-term interactive relationship between the provider and the customer, as well as long term profitability. Morgan and Hunt (1994) proposed the following: "Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges" (p. 22). Buttle (1996) proposed that relationship marketing is concerned

with the development and maintenance of mutually beneficial relationships with strategically significant markets. It is obvious then that good relationship with customers will yield to loyalty as Woodruff (1997) argues that the concept of customer value suggests a strong link to customer satisfaction and the opposite is also true as Siles et al. (1994) argued that customers will be driven away by impersonal and unfriendly service.

According to Tumi (2005), in any customer service interaction, the perception of customers is crucial to one's ability to ensure that they are satisfied beyond expectation. This helps to give customers not what is obvious but also fulfil a multitude of less obvious customer needs (Tumi 2005). He further went on to propose four steps to determine the characteristics of service standards:

- Set service standards that are clear, concise, observable and realistic.
- Establish a target towards which all employees can focus their effort and strive for.
- Communicate expectations depicting what an excellent service is all about as this helps to eliminate any form of doubt about what one expects.
- Create a valuable management tool for recruiting profile, job descriptions and appointing decisions.

From the above, it is evident that employees are an integral part of excellent service delivery and thus must be treated as a valuable resource to the organisation. They are the front runners of the organisation and it is their interaction with the customers that will determine the kind of customer perception with regards to the services offered by the bank. And thus the creation of relationship or lack thereof is a consequence of this quality of interaction between employees and customers.

2.2 CUSTOMER SATISFACTION, RETENTION AND CUSTOMER LOYALTY

It is stated that quality of service is paramount to re-purchase decisions of customers as Gan et al. (2006) further argue that most banks in the financial service sector choose not to engage in price but rather make use of service as an effective competitive tool. Seconded by, Colgate and Varki (2001) argued that nothing can replace quality service. Quality service as perceived by the customer has an effect on the perceived value of the service rendered (Gan et al., 2006). A satisfied customer, who is content and happy with the service of a particular organization, has the inclination to stay on and may pull other potential customers. Today 'Word of Mouth'

publicity is the best form of advertisement as it provides potential customers with genuine review of a product or service unlike the glossy campaigns that businesses pay marketing companies to do (Spreng et al., 1996). This is further exacerbated by existence of social media which allows people from diverse geographical, cultural and social backgrounds to interact without physical or personally meeting anyone. It is a medium that connects people far and wide and hence bad publicity about a business posted on one's social media account like Facebook can create a snowball effect and literally ruin that organisation's image.

Customers normally set objectives in respects to measuring a desired value (Spreng et al., 1996).The customer value hierarchy suggests that desired value is composed of a preference for specific and measurable dimensions, the attribute performances, and consequences linked to goals for use situations. Desired values, in turn, guides customers when they form perceptions of how well or poorly a product has performed in the use situation (Oyeniyi and Abiodun 2008) .Chong et al. (1997) found that both customer satisfaction and customer perception of service quality were important predictors of attitude loyalty, but that satisfaction had the strongest relationship with the loyalty construct.

It is understood that that service organization employees form particularly close relationship with customers because employees and customers often work together in the creation of many services. This is so true of the banking sector because every service is borne from the interaction between the two parties. This is so where services are produced by employees and consumed by customers simultaneously (Lovelock, 1980). In addition, because of the intangibility of services, customers often rely on employee's behaviours in forming opinion about the service offering (Gronroos, 1984). Hence employees are an important part of the service in the customers' eyes and must be treated as internal customers of the banks where strategic decisions of training and motivation investments are necessary to yield the results of quality customer services. Oliver states that repurchase intentions were positively influenced by satisfaction across product categories and that customer was more likely to be retained as satisfied. So to achieve customer satisfaction and loyalty, the interaction of employees with customers offer an opportunity to provide superior service quality and distinguish the firm from its competitors across the service industry (1999).

Riggall (1980) confirmed that the convenience factor is the most important for bank customers, followed by friend's suggestions and low service charges. This means that 'Word of Mouth' publicity is important for acquiring new customers hence if the present customers are satisfied

then they will spread positive reviews, this is supported by Lewis (1991) who indicated that convenience and recommendation by friends and family were the most decisive bank selection criteria. In the face of high levels of competition among the various banks necessitate adoption of different customer service techniques to satisfy and retain the customer (Oyeniyi and Biodun 2008). Evidently, the efficacy of the level of customer service will enhance customer retention; reduce switching between and among service providers and serve as the comparative edge over other competitors. In the past customer retention strategy was just one weapon to use against competitors and was downplayed because marketing professionals focused primarily on attracting new customers. However, firms that continue to acquire new customers but are unable to retain them are unlikely to see positive results and customer retention has become essential to survival. Indeed, the relationship between the customers and the banks seems to be built around two different types of factors: social bonds, namely relational components that result in direct relationships, and structural bonds, namely structural components which provide knowledge about the parties involved (ibid).

According to Patterson and Spreng, (1998) the services market is becoming ever more competitive, as price competition intensifies and the shifting of loyalty becomes an acceptable practice. Many industries have already experienced a rearrangement of marketing budgets in order to devote more resources to defensive marketing, namely customer retention. Several initiatives have been undertaken to improve retention, including value chain analysis, customer satisfaction and loyalty programmes (Gummerson, 1998). The customer satisfaction-retention link has received more attention among marketing and management practitioners and academics. Customer satisfaction has long been regarded as a "proxy" for firm success since it is inextricably linked to customer loyalty and retention. Several authors (Bloemer and Lemmink, 1992; Bloemer and Kasper, 1995; Sharma and Patterson, 2000) highlighted, however, that the link between customer satisfaction and customer retention is reliant, to some extent, upon other factors such as the level of competition, switching barriers, proprietary technology and the features of individual customers. The relationship between these two key constructs is considered to be far more complex than it might first seem (Fournier and Mick, 1999).

Satisfaction has a significant impact on customer loyalty (Sharma and Patterson, 2000) and, as a direct antecedent, leads to commitment in business relationships (Burnham et al., 2003), thus greatly influencing customer repurchase intention (Morgan and Hunt, 1994). Even though Jones suggests that the impact of satisfaction on commitment and retention varies in relation

to the industry, product or service, environment, etc. Customer satisfaction is usually the key element in securing repeat patronage; this outcome may be dependent on switching barriers in the context of service provision (Jones et al., 2000) but it is a given that no matter how excellent, superior, technologically advanced and accurate services or products might be, the service delivery is responsible for the efficiency with which these products and services are provided to the customer and this is where organisations can achieve or lose comparative advantage . As stated by some scholars that sometimes a customer might be less than satisfied with a service supplier, but still continue to deal with it because the costs of leaving are perceived to be too high or he has established long term relationships with the staff and finds the comfort outweigh efficiency levels that he might experience elsewhere. The longer the relationship, the more the two parties gain experience and learn to trust each other (Dwyer et al., 1987). Consequently, they may gradually increase their commitment through investments in products, processes, or people dedicated to that particular relationship. This can be evidenced in Zambia's banking sector, even though local banks may not boast of all the high tech facilities that their foreign competitors have, customers still find satisfaction and comfort in dealing with their 'own' bank because of the relationships that are built over time with employees.

2.3 MEASURE OF SERVICE QUALITY AND CUSTOMER SATISFACTION

This research employed the SERVQUAL scale to measure customer satisfaction and loyalty in the banking industry (Parasuraman et al., 1988). There is a crucial relationship between the two which leads to customer retention. SERVQUAL Dimensions in Relation to the banking sector has five dimensions that have been developed for the service sectors: tangibility, reliability, assurance, responsiveness, and empathy (Van Iwaarden et al., 2003).

In an industry where product differentiation is very minimal, there are no switching barriers thus banks must understand the importance of service quality and its impact on customer satisfaction because firms tend to rely on service quality for gaining sustainable competitive advantage. Several studies found that satisfaction affects customer loyalty, retention and organizational profitability (Angelova & Zekiri, 2011).

A consumer experiences satisfaction while utilizing the services, therefore, firms ensure that their customers have a memorable and delightful experience while consuming the services. While some studies have argued that since satisfaction depends on transactions, attitudes towards a product will have more enduring effect on the image of firms (Arokiasamy & Tat, 2014). Others believe that service quality has a greater impact on consumer satisfaction than

17

product and price. One study has found that improved service quality by banks helps in developing attitudinal loyalty which is a prerequisite for customer retention and thus service quality has a strong influence on customer satisfaction (Bharwana et al., 2013). In addition, service quality is also considered an important tool for developing and maintaining sustaining relationship with customers. It is more important for banks and financial institutions as they have few options for creating product differentiation (Al-Azzam 2015). Banking sector thus makes deliberate efforts for providing premium services to its customers. Firms perpetually measure and monitor their services quality for ensuring that their customers are highly satisfied and loyal to them. If banks meet customer demands and expectations then they would not have any problem in having a high-level customer base (Sureshbab, Devasenathipathi, & Vijay, 2014). If the overall experience of customers is positive it is an indication that they are highly satisfied.

Banks have little margin to play with because of competition and statutory regulations. Therefore, they are highly dependent on service quality for retention of customers, developing brand loyalty and earning higher profits (Khan & Fasih, 2014). Although, satisfaction and services are highly correlated but they are different concepts, the former is a broader concept, whereas the latter mainly focuses on dimensions of service quality. Factors such as product and price influence satisfaction but their effects are not as strong as service quality (Arokiasamy & Tat, 2014). Thus the main antecedents of retention are found in the service quality dimensions which measure the customer's perception of services provided by the bank against the expected service quality. These dimensions are explained below.

2.3.1 TANGIBILITY

Tangibility represents the physical facilities, equipment and appearance of personnel. Examples of the tangible factor related to banks include comfortable store designs, up-to-date equipment for customer use and sufficient staff to provide service (Arokiasamy & Tat, 2014). These aspects are important for retail banks, because of the interaction between a customer and an employee. Therefore, maintaining a professional and comfortable environment can increase customer satisfaction. Tangibility refers to things that have a physical existence, which could be seen, felt and touched. From a banking perspective it included the technological equipment and ambience of branches including employees (Khan & Fasih, 2014). Tangibility is a significant aspect of customer satisfaction in the service industry especially banks. As the products of banks and service industry are intangible, they have to rely heavily on the tangible

aspects for satisfying customers. Customers tend to extensively switch from one bank to another (Iberahim, Taufik, Adzmir, & Saharuddin, 2016), because banks are not giving due importance to tangible aspects. Customer satisfaction and retention strongly depends on tangibles including modern equipment, ambience and staff. Therefore, banks must improve these tangible aspects.

Tangibles are significant for creating differentiation, customer satisfaction and sustainable growth (Arokiasamy & Tat, 2014). Customer satisfaction and retention in banking significantly depends on both tangible and intangible aspects. Therefore, combining both tangible and intangible aspects in the value proposition can lead to greater satisfaction among customers and sustained relationships (Khan & Fasih, 2014). Some studies argue that service quality positively influence the profitability of an entity (Irfan et al., 2014). For example, recognizing the importance of service quality, General Electric (GE) was able to earn large profits by making huge investments on various service quality aspects. It made drastic changes in branches that made them more noticeable and appealing to customers. Banks must also improve its tangible and non-tangible aspects. These improvements will enhance customers' satisfaction and help foster a long term relationship between banks and clients (Khan & Fasih, 2014).

2.3.2 RESPONSIVENESS

Responsiveness represents the willingness to help customers and provide prompt service, for example, some banks provide a prompt mobile SMS alert on debits made on the ATM cards or bank deposits have cleared and alerts are made to advise customers. This personal service aims to enhance customer satisfaction. Responsiveness indicates how efficiently a firm addresses customer queries and provides solutions to their problems. In this context, it is important for firms to understand customer needs in terms of their daily operations and make these operations safe and efficient (Parasuraman & Zeithaml, 1988). Studies have found that responsiveness is not only an important component of service quality model but it also has a positive effect on customer satisfaction (Al-Azzam 2015). This dimension really needs the adeptness of the employees because the more efficient they are at answering to customer queries the higher level of customer satisfaction (Al-Azzam 2015). The responsiveness level is strongly dependent on the attitude and behaviour of employees. Thus, it is important for firms to give required orientation to their employees on customer dealings on a regular basis.

Consequently, this will lead to higher customer satisfaction and better relationship with firms (Loke et al., 2011).

2.3.3 RELIABILITY

Reliability refers to the ability to perform the promised service dependably and accurately. The major reason for customers to choose banks for deposits is because of the confidence and reputation of banks. Banks always promise customers a high level of security during transactions. Banking service can increase customers' confidence and trust if employees are able to provide appropriate service to each customer. For instance, today each service is categorised in terms of the customer base, the services are becoming more customer centric than before, understanding the needs of each individual customer, such as knowing the customers' expected retirement age, annual income, and hobbies are required to help provide a good match of insurance and fund products for customers. From a consumer perspective, reliability refers to how efficiently firms are addressing their problems and how accurately they maintain customer records (Parasuraman & Zeithaml, 1988). Customers prefer those firms that keep their promises and communicate the same to them. In the banking industry, reliability can be interpreted as on time delivery of services (Hussain et al., 2014).

Reliability has been found to be an important aspect that promotes high level of customer relationships (Parasuraman & Zeithaml, 1988). Several studies found that reliability is an important component of SERVQUAL and it positively effects customer satisfaction. Various studies found that service quality affects customer satisfaction including reliability (Kashif et al., 2015). Adoption of technology will also give an edge to firms and will help in providing reliable services. Consequently, this will make the customers highly satisfied (Khan & Fasih, 2014).

2.3.4 ASSURANCE

Assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence. Bank commitments are important, as customers may save a large sum of money in banks. Assurance refers to the customer trust and confidence in the firm to give the best possible services to them (Arsanam & Yousapronpaiboon, 2014). When employees extend courtesy while providing services, they are indirectly giving assurance to customers that they will solve all their problems (Khan & Fasih, 2014). Factors such as employee knowledge and courtesy also help in extending trust (Parasuraman & Zeithaml, 1988). Prior studies suggest

that trust positively affects customer satisfaction. Customer trust on employees leads to a higher satisfaction level and positively affects purchase intention (Khan & Fasih, 2014).

2.3.5 EMPATHY

Empathy represents the individualized attention that firms provide to its customers. Employees who show understanding of customer needs and are knowledgeable to solve customer problems are success factors for the service industry. Friendly customer service pleases customers when they walk into a bank. The purpose of this dimension is to retain customers to keep using the bank service (Van Iwaarden et al., 2003). Empathy refers to how firms understand and solve customer problems and issues (Parasuraman & Zeithaml, 1988). Thus, it is important for banks to be empathic with their customers while addressing their queries and problems. If they are able to do that they will not only have a competitive edge but will have highly satisfied customers. Studies have found that empathy positively affects customer satisfaction (Flick, 2015). Other studies have concluded that customers will not be satisfied with service quality if employees lacking empathy (Loke et al., 2011).Therefore, empathetic behaviour from employees leads to a positive attitude towards firms which in long run improves their financial health (Khan & Fasih, 2014).

Banks must pay individual attention to customers and their specific needs (Al-Azzam 2015). Banks that are able to give efficient services to customers and are able to resolve their conflicts effectively will have a pool of highly satisfied customers (Khan & Mariam, 2014). It has also been reported that if employees are empathetic to customers they will ignore minor errors and mistakes (Khan & Fasih, 2014). Studies have validated that empathy affects service quality and helps in building a loyal customer base (Al-Azzam 2015). The applicability of the service quality measure was tested in the retail banking industry in India (Angur et al., 1999). The research was conducted to measure the overall service quality perceived by customers of two major banks in India using the SERVQUAL model. The data indicated that dimensions were not equally important in explaining variances in the overall service quality. Responsiveness and reliability were the most important dimensions, followed by the empathy and tangible dimensions; assurance appeared to be the least important. It was concluded that SERVQUAL is the best model to measure service quality in the banking industry (Angur et al., 1999). In summary, according to Angur et al, (1999), SERVQUAL is a proper assessment tool to measure service quality in the retail banking industry.

2.4. CUSTOMER RETENTION

Waterfield (2006) defines customer retention as keeping customers coming back and Nirmala (2009) says that a substantial time exceeding five years is regarded as a successful effort of customer retention. It indicates a stable and positive growth in the monetary financial institutions as well as the national economy of a country. Customer retention is the most contemporary goal of preventing customers from going to the competitor today. It is the way in which firms focus their efforts on existing customers in an effort to continue doing business with them. Today the business is customer centric and tries to work out products and services that appeal to the customer. Therefore customer service strategies have a direct impact on how much and for how long a company is able to retain its customers. Competitive advantage is advantage gained over competitors through competitive strategies by offering customers greater value either through lower pricing or providing additional benefits and services that justify similar or possibly high prices (Cole Ehmke 2008) .

In today's competitive environment banks need to keep up with current and potential customers if they are to survive, grow and continue to prosper (Mohebi and Hechter, 1993).The banking industry is vulnerable to a changing environment e.g. loyal customers can be stolen away through aggressive marketing campaigns   (Holliday,1996). Today banks are focusing most of their competitive efforts on physical presence such as branch network development in very attractive locations and promotions as well as offering supplementary services to differentiate themselves from other competitors (Mylonokis et al 1998). Retaining an existing bank customer costs less than creating a new one. The cost of creating a new customer has been estimated to be 5 times more than that of retaining an existing one (Reichheld, 1996). Banks are seeking to achieve a zero defection rate of profitable customers to minimize the customer defection and subsequent loss of customers (Farquhar,2004) in addition long term customers buy more and if satisfied may generate positive word of mouth promotion for the bank (Reichheld and Kennedy,1990) long term customers also take less of bank's time and are less sensitive to price (Healy,1999) as a result retaining customers becomes a priority and banks must more carefully consider the factors that might increase customer retention rate. According to Porter (1985), it has been demonstrated that it is up to 20 times more expensive to acquire a new customer than it is to keep an existing one.

2.4.1 INFLUENTIAL FACTORS OF CUSTOMER RETENTION

Given the increased competitiveness in the financial service industry, a bank is compelled to place deeper emphasis on building and establishing valuable e customer relationship. The expanding global competition, the emergence of new technology and improved communication has increased customers expectation for fuller satisfaction on their investment. Kotler (1998) posits that a company's ability to attract and retain new customers is not only related to its product or service, but strongly related to the way it services existing customers and the reputation it creates within and across the market place. Thus two most crucial aspects that should be delicately handled are the customer service quality and the service quality.

2.4.2 CUSTOMER SERVICE STRATEGY

This is a very important aspect of relationship marketing today. Customer service is the key in retention of customers and influencing customers' positive word of mouth publicity so that new customers can be acquired. Word of mouth publicity is much more effective than any other advertising deliberately done by a business because people would rather believe others' first-hand experience than glossy adverts to woo customers. Thus excellent customer service is the key to attaining competitive edge. Thus bank services also get evaluated on the basis of how polite, quick and efficient their service was rendered. Though a bank is a formal place that has rules and systems of delivery of service and employees cannot bend the rules to please, as such the training and facilities department of the bank must be able to produce an efficient staff that can handle customers professionally. This is a major challenge for many companies, the area of customer service and service delivery, both internally and externally. Kotler (1998) says that the constant change in demographics coupled with high customer expectations is making organizations rethink its customer service strategies. He adds that strategies and tactics that worked in the past are less effective and require more effort to execute. In an era where service has become a defining factor for customers, organizations of all types struggle to find the unique balance between delivery of a service, the cost of the delivery and customer expectations.

Lions (2010) argued that customer service is one of the surest ways of retaining customers. It means that your customers feel that you understand them and their needs outstanding service is what customers require and if this is offered then the customers feel worth of the relationship

.A successful business is defined by the relationship it has with its customers. Relationships with customers should be caring and on-going (Jill & Lowenstein, 2007).

2.4.3. SERVICE QUALITY

According to Julie Mohr (2005), there are some variables in the service quality factor that can influence the customer's selection of a bank and these include the range of services, rates, fees, interest and prices charged. Thus customer service, that is the interaction between customer and staff, is not a complete decider of customer satisfaction, the cost of banking services are essential, if not more important than service and relationship quality. It is important for banks to accept that creating and maintaining customer relationships are important to them and they are aware of the positive values that relationships provide. Many banks today provide loyalty and prestige programmes that try to reward customers for their continued custom, for example sometimes banks come up with products targeted for specific sectors like accounts specially designed for retirees that attracted minimum charges or student accounts that attracted an interest on their minimum savings balances that were higher than normal. The banks have to strive to provide services that satisfy the needs of the customers. Phelps and Graham (2004) says that an organisation building customer retention should enable customers to receive what they want, when they want it and deliver on their promise to provide customer centric services.

On the whole the aspect of service quality and interaction has been the influencer of customer retention or mobility. Especially in banking sector where services require a high degree of personal interaction and by the absence of an exchange of tangible goods, the client comes away from service interaction with feelings of contentment or annoyance. Service encounter is an interpersonal association between the firm's staff and customers (Potluri & Mangnale, 2011). Therefore staff must be adequately trained to provide the best customer services to create the niche for that bank. Research has also indicated that service quality has been increasingly recognized as a critical factor in the success of any business (Parasuraman et al., 1988), and the banking industry in this case is not exceptional (Hossain & Leo, 2009). Service quality has been widely used to evaluate the performance of banking services (Cowling & Newman, 1995). The banks understand that customers will be loyal if they provide greater value (quality services) than their competitors (Dawes & Swailes, 1999), and on other hand, banks can only earn high profits if they are able to position themselves better than competitor within specific market (Davies et al., 1995). Consequently, banks need to focus on service quality as a core competitive strategy (Chaoprasert & Elsey, 2004).

Banks are using service quality as a means gaining competitive advantage this practice has been perceived to be a basis for achieving differentiation and retaining customers in a highly competitive and homogenous industry (Loanna, 2002). Banks must look into the quality aspects of their products and to establish quality control systems for providing services that are consistent and at levels exceeding customer expectation banks should extend their product quality beyond the core service and expected service with additional and potential service features to be remembered and distinguished by customers (Chang et al, 1997).

2.5. INTEGRATED MARKETING AND THE BANKING SECTOR

2.5.1 INTRODUCTION

Due to the fierce competition for market share in this proliferated industry, banks need to invent new and effective approaches to improve its reputation on service quality and brand image. One important strategy is by using marketing as a means to reach out to its customers using the Integrated Marketing Communication (IMC) approach. Many banks have already implemented an IMC plan to improve and modernize their businesses by integrating various strategies to enhance their reputation. For instance Kasikorn Bank (KBank) introduced a new brand image by re-engineering its information technology process to become a leader in innovation (Kasikorn Bank, 2005). Siam Commercial Bank (SCB) has increased public relations and advertising, and are continually establishing more branches to serve customers' demands with greater efficiently (Saengruang (2007).

Integrated marketing communication (IMC) has gained popularity in the service sector as a means to profitability resulting from customer satisfaction and retention. Several studies have explored the use of IMC tools for improved service quality. Lee (2007) studied the attempt of retails banks to increase customers' lifetime value through service innovations such as integrated banking. It was discovered that adoption of the plan enhanced the effectiveness of customer segmentation and targeting efforts. Grove, et al., (2002) found that Technology, advertising and service are three IMC tools that Thai commercial banks use in customer services to enhance their brand images. KBank designed re-engineering process technology and banking service (Kasikorn Bank, 2005) so that *K-Excellence* logos at branches assure customers they will receive the services they expect and the branch will serve as a one-stop venue to meet all of their financial service needs.

Saengruang (2007) found that IMC greatly influenced SCB customers through employee expertise, corporate media, sales promotion, Internet and outdoor media that increased the bank's image and brand loyalty.   In summary, IMC integrates many marketing activities. It can be a valuable tools for banks to cope with high competition. The effectiveness of an IMC plan can help an organization remain profitable and vibrant as it can communicate more effectively with   target customers to achieve the goals of the organization.

2.5.2 DEFINITION OF IMC

Schultz (2008) defined IMC during his meeting with The American Marketing Association as a planning process designed to assure that all brand contacts received by a customer or prospect for a product, service or organizations are relevant to that particular person and remain consistent over time. This process includes many online (e-marketing, affiliates, e-bay) and offline (newspapers, brochures, magazines, radio, and television, etc,) marketing channels. Lake (2004) defined IMC as a marketing plan designed to make all aspects of marketing communication (such as advertising, sales promotion and public relations) work in unison, rather than permitting each to work in isolation.

Overall, IMC is a marketing plan that is advantageous for effective management on-line and off-line communications channels. Many organizations carefully integrate and coordinate many communication channels to deliver a clear, consistent, and compelling message concerning the organization and their products. IMC begins with the development and coordination of a marketing mix. Many organizations adopt an IMC plan to integrate many communication channels with a clear, consistent and compelling message delivered to customers (Lesinski, 2007).

The plan coordinates all components of the marketing mix: prices, products, distribution methods, and promotions as shown in figure 1.

| Product | Price | Promotion | Distribution |

Advertising   Consumer Promotions   Direct Marketing   Personal Selling   Public Relations
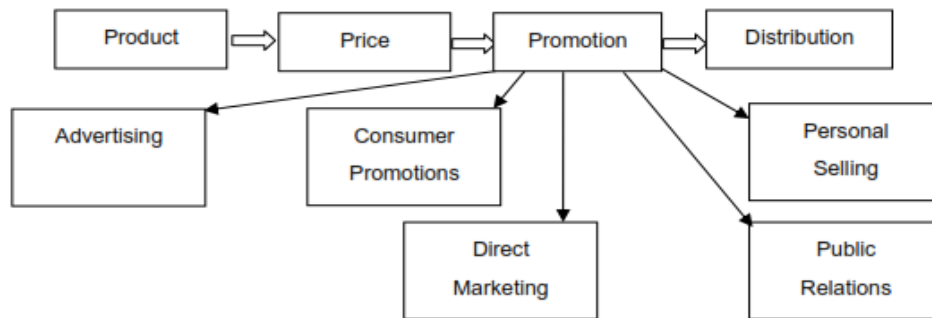
Figure 1:Traditional Marketing Mix

Source: Clow and Baack. (2002). Integrated Advertising, Promotion, and Marketing Communications: Integrated Marketing Communication. p. 9.

The marketing mix is the starting point of IMC planning. Promotion is the first component of the marketing mix containing series of five other marketing functions namely: advertising, consumer promotions, personal selling, direct marketing and public relations. Traditionally, promotional activities included advertising, sales promotions and personal sales. However, the four components of the marketing mix must blend together (ibid).

2.5.3 APPLICATION OF IMC IN BANKING OPERATION

In service operation, effectiveness relates to how well marketers achieve an organization's marketing goal and how satisfied the customers are with the service. Baker, the strategic marketing plan auditor (2008), defined marketing effectiveness as an integral component of corporate strategy encompassed customers, prospects, and competitors in the marketing arena. Marketing effectiveness concentrates on marketing actions that can be taken to improve both short and long term outcomes. Short term result improvements are measured in terms of revenue gains. Long term improvements are typically measured in terms of gains in brand equity in the customers' mind.

Gronroos (2004) studied the relationship marketing process in interaction communication. The researcher found that effective communication process may have a positive impact on marketing outcomes by integrating customers' value and building customer relationship. The Integrated Marketing Communication tools are also improved in the commercial internet

website. Bell and Tang, 1998, studied the effectiveness of commercial internet website in a user's perspective and discovered internet facilities conduct transaction online effectively. Moreover, service industry sectors provide highly performance by giving information service which can be easily accessed.

In summary, effectiveness marketing communication involves marketing activities to reach customer satisfaction. The effectiveness of IMC is the most important part of customer service because understanding the need of customers may help marketers improve their marketing activities. This understanding of customers' needs helps to build brand value, reputation, customer relations, and consequently revenue increase.

2.5.4. PREVIOUS STUDIES ON THE EFFECTIVENESS OF USING IMC TOOLS IN BANKING SERVICE

In recent times, marketing managers have developed some new marketing communication strategies. Both private and public sectors in organizations have planned to communicate effectively and efficiently with their target customer. Lesinski (2001) noted that marketers were shifting away from mass-marketing and developing focused marketing programs, designed to use information technology and micromarketing. He also defined an applicable IMC strategy to commercial banks' service based on the relevant research (ibid).

Tantisaowaphap (2001) studied the effectiveness of IMC programs in service businesses, and discovered that commercial banking was the representative of service directed to people's minds, and intangible assets. The results also showed that consumers' awareness of IMC was significantly and positively related to their attitude toward IMC. It considered that the positive attitude toward a brand could be able to jointly predict purchasing behaviour of the consumers.

Bena (2006) explored IMC in the client-bank relationship in the Romanian banking sector. The Romanian banking was obliged to the globalization and on-going evolution towards the new economy. The research presented the management of the communication process in a client-friendly manner, and that played a vital role in the marketing of banking services. The results also revealed that the missing information can make the customers shifting away to use service with another bank. Lee (2007) pointed out that the service organizations like retail banks have attempted to increase their customers' lifetime value by using service innovations. This study showed that the retail banks have offered new products and services online and which banks were most successful in attracting trade via this channel. The researcher added that customers received various benefits which were provided online banking.

Saengruang (2007) studied the application of IMC strategy on consumer demand by using the services of Siam Commercial Bank Public Company Limited. The researcher found that marketing tools and information technology can have influence customer's attitude toward customer relationships and customer decisions regarding the purchase of bank products. Lertthongpaiboon (2007) explored the influence of brand image and the service marketing mix on customer purchasing decisions regarding Thai banking services. The researcher discovered that the older and larger banks (e.g. Bangkok Bank, Siam Commercial Bank, Kasikorn Bank) have the strongest brand image. These banks have their own personality, colours, logos and symbols. The image leads customers to easily remember these banks.

In conclusion, the effectiveness of IMC has an influence on customer attitude towards brand and purchasing behaviour. Consumers are being exposed to a greater variety of marketing communication tools. With IMC concepts, service businesses (e.g. theatres, hotels, banks, tour agencies, and hospitals) carefully deliver clear, consistent, and compelling messages about their organizations and products.

2.6. TOTAL QUALITY MANAGEMENT (TQM)

2.6.1. INTRODUCTION

Total Quality Management is defined as a comprehensive and structured approach to organizational management that seeks to improve the quality of products and services through on-going refinements in response to continuous feedback. Total Quality Management requirements may be defined separately for a particular organization or may be in adherence to established standards, such as the International Organization for Standardization's ISO 9000 series (Selvaraj, 2009). Total quality management (TQM) is a set of management practices which originated in the 1950s in Japan, as its name suggests, it pervades throughout the organization systems to ensure that the organization consistently meets or exceeds customer requirements. TQM places strong focus on process measurement and controls as a means of continuous improvement and has been a strong influence on the manufacturing sector in the 1980s because it reduced defects and promoted quality in mass productions. It was especially adopted by American firms that were facing stiff competition from Japanese production. Total Quality management increases customer satisfaction by boosting quality by motivating the workforce and improving the way the company operates. In an increasingly competitive market, firms with a continuous improvement culture and external focus are more likely to survive and prosper (ibid). Total Quality is now widely recognized and accepted as an effective

management tool for improving organizational performance which in return offers benefits to customers, employees and other stakeholders (Ejumudo, 2012). It is a way of managing people and business processes to ensure complete customer satisfaction at every stage, internally and externally. TQM, combined with effective leadership, results in an organisation doing the right things right, first time (ibid).

2.6.2. TQM AND THE BANKING SECTOR

In the era post liberalization and globalisation, every sector of business has become fiercely competitive as customers have a wider choice of selection. Banks too have to compete for their market share and can only do so effectively if they provide better customer service, quality, costs, and innovation (Cowling et al. 1995). Today, customers will only opt for the best service providers in terms of quality, reliability, and meeting with international standards. Therefore, service quality plays a leading role and is a primary factor in ensuring customer retention and profitability of the bank in an industry that has a number of players offering similar services which eliminates the possibility of product differentiation. The whole focus is now concentrated on providing services to customer beyond his expectations and has given birth to the concept of TQM in the service sector (Saravanan et al, 2006).

The service industry has been encouraged by the success and popularity of TQM in the manufacturing sector to view its benefits and effect on organization performance. Several research papers have investigated the framework of successful TQM implementation (Kayis, et al. 2003). The service quality, especially perceived service, plays an important role in high-involvement industries like banks (Selvaraj, 2009). Therefore, academicians and researchers today strongly believe that providing quality service to customers is not only the most important and effective factor for customer satisfaction but also the essential criterion that measures the competitiveness of a service organization like banks (ibid). For survival and successful growth of the service industry like banks, it is obligatory to provide best service quality because it will promote perpetual patronage and loyalty to the bank (Roger, et al, 1996). This has been affirmed by many studies that have proved that the performance of banks is significantly and positively linked with the service quality and to service quality in the banking sector, the TQM is highly essential (Al-Marri et al, 2007).

The TQM approach in the banking is a recent trend and is showing better performance after its implementation according to many studies all around the world (Kayis et al., 2003), some are reviewed here. A paper published in Total Quality Management Journal examines six case studies and concludes with key factors that led to successful TQM implementation in the Turkish banking sector (Mellahi, 2001). The results showed that successful TQM implementation requires: management's unwavering commitment to TQM and enthusiasm; formal national bodies to introduce organizations to TQM and provide assistance during and after TQM implementation; and a highly educated and competent management team. Another study proposes a model linking perceived service quality, customer satisfaction, customer loyalty and employee satisfaction while implementing TQM amongst Australian and Korean banking industries (Kayis et al.,2003). The study further tested the developed model by using several measure and found significant relationships and path-links between perceived service quality, customer satisfaction, and customer loyalty as well as between TQM practices and employee satisfaction.

A South African study discusses the importance of training and education for TQM in banks of South Africa wherein management commitment and managers understanding of TQM principles and methods was also found to be critical (Vermeulen et al., 2000). Another study published in 2009 presents the important total quality service factors in Indian commercial banks and examines the level of implementation of TQM practices in three groups of Indian banks (Selvaraj, 2009). The study reveals that the important TQM factors are:

- Top-management commitment.
- Human resource management.
- Technical and important systems.
- Customer focus.
- Employee satisfaction.
- Service culture.
- Social responsibility.

Literature review further shows that measuring service quality is not an easy task and faces many challenges and opposing views in the correct way of measuring it. While most forms of measurement of service quality focuses on customer satisfaction, Cronin and Taylor (1992), argue that measuring service quality using a performance-minus-expectations (SERVQUAL)

basis is inappropriate and suggest that performance only (SERVPERF) measurement is a better method. However Parasuraman et al. (1985), have defended the SERVQUAL scale because they state that using the expectations/performance gaps method is a much richer approach to measuring service quality and augment their earlier assertion (1994) that service quality is a multidimensional rather a one-dimensional construct.

Some banks have indeed reported that TQM leads to improvement of service quality as according to the study by Mellahi (2001), though while it was difficult to measure service quality and effect of TQM in service sector, they regularly conducted a customer satisfaction survey to evaluate their performance against past performance and benchmark themselves against their main competitors. In this way they continuously improve their service quality, involve and motivate their employees and empower them in decision making, thus leading to perfect implementation of TQM program in their organization (ibid).

2.6.3. SERVICE QUALITY IN BANKING

A bank must not just meet customer expectations but exceed it if it is to be successful. It is evident that over the years, bank customers' perception of service quality has been changed tremendously due to the proliferation of banks in the sector and the growing awareness of the customer through the explosion of information available on the internet. Thus today, quality includes a commitment towards continuous improvement and service relationships with customers (ibid). There is also the need for technology based services, new and improved product services, and e-services are also viewed as important aspects of banking service quality that supports improved and superior quality services provided to customer. Hence, these are the areas where banks have to focus upon in order to satisfy their customers. Based on the literature review, the authors have identified the following four broad conceptual categories related to banking service quality: (Kayis et al., 2003, Newman K, 2001, Gounaris SP, et al., 2003, Heskett JL, et al., 1997, Wang Y, et al 2003).

- Customer service quality.
- Banking service product quality.
- Online/e-service quality.
- Automated service quality.

In summary, it is clear that TQM principles are a popular management tool in the service industry as well. From the review of literature it is clear that several dimensions are critical inputs for the success of TQM in the banking sector. Firstly, to ensure a successful implementation of TQM in the banks, there is a need to motivate employees to improve the level of services provided by them. Secondly, the appointment of qualified and competent managers will successfully contribute to the management of the banks coupled with provision of requisite training to the employees to enable them comprehend and appreciate TQM strategy. Thirdly, and most importantly regularly monitoring the customer satisfaction through frequent feedbacks would further improve the performance of the bank. Finally there is a need of top-management commitment towards TQM and giving full support for its successful implementation (Kayis et al., 2003, Newman K, 2001, Gounaris SP, et al., 2003, Heskett JL, et al., 1997, Wang Y, et al 2003).

2.7. EMPIRICAL STUDIES

The SERVQUAL model is seen as the most important and reliable measure of testing customer perceptions of service quality in industry where intangibles are more prominent than tangibility of a service. In developing SERVQUAL, Parasuraman Zeithaml, and Berry followed a general procedure of qualitative research (interviews and focus groups) to develop the initial scale and then performed quantitative surveys to refine and empirically test the scale. These interviews and surveys included retail consumers of appliance repair or maintenance, retail banking, long-distance telephone service, securities brokers, and credit card services. Additional research has expanded the use of SERVQUAL to include retail consumers of health care, residential utilities, job placement, pest control, dry cleaning, financial services, and fast-food services, and the resultant dimensions have ranged from one to eight (e.g. Babakus and Boller 1992;Cronin and Taylor 1992; Parasuraman et al., 1985).

Customer satisfaction is generally defined as the full meeting of one's expectations (Oliver, 1980) and can be described as the feeling or attitude of a customer towards a product or service after it has been used. There have been various from different service sectors of the economy and different regions of the world that have investigated the relationship between service quality and customer satisfaction. Although researchers have agreed that there is a relationship between the two constructs, there has been no consensus regarding the direction of this relationship. Some researchers have proposed a causal link from customer satisfaction to

service quality (Bitner et al., 1990), whereas others researchers have proposed a causal link in the opposite direction (Bolton and Drew, 1991).

There have been substantial amount of global research that has reported a causal link between service quality and customer satisfaction (e.g. Anderson and Sullivan, 1993; Bolton and Drew, 1991; Cronin and Taylor, 1992), few have investigated the link between each of the service quality dimensions and satisfaction and have reported some mixed results (Johnston, 1995; Lassar et al., 2000; Zhou, 2004; Arasli et al., 2005). For example, Arasli et al. (2005) reported that assurance, reliability, empathy and tangibles dimensions of service quality were predictors of customer satisfaction in the Cyprus banking sector. Additional support comes from Zhou (2004), who reported that reliability and assurance were important predictors of satisfaction for bank customers in China.

It has been proven empirically time and again that service quality is an important tool to measure customer satisfaction and that the quality of service offered is related to overall satisfaction of the customer. Jamal and Naser (2002), found that reliability, tangibility and empathy are positively related with customer satisfaction while Joshua and Moli (2005), in their study on 'expectation and perception of service quality in old and new generation banks', observed that the performance of the new generation banks across all the service quality dimensions are better than those of old generation banks. Al-Fazwan (2005) in his study found that the bank should concentrate on the accessibility dimension. He stated that the particular bank should make maximum efforts to raise the level of services to meet the customer expectations.

Sudesh (2007) in conducting study on Indian banking sector, revealed that poor service quality in public sector banks is mainly because of deficiencies in tangibility, lack of responsiveness and empathy. Private sector banks, on the other hand, were found to be more reformed in this respect. Above all, foreign banks were relatively close to the expectations of their customers with regard to various dimensions of service quality. Further, the study revealed that there existed service quality variations across demographic variables and suggested that the management of banks should pay attention to potential failure points and responsive to customer problems.

Another study in the same country done by Koushiki (2007) suggests that customers perceive four dimensions of service quality in the case of the retail banking industry in India, namely, attitude, competence, tangibles and convenience. Hence these findings of the service quality

dimensions led to determine the initiatives that bank managers can take to enhance their employees' skills and attitudes and instil a customer-service culture.

Regionally, in Kenya, Musyoka (2010) in his study implied that service quality accounted for 73.9% of library user satisfaction among universities in Kenya. The findings further revealed that reliability dimension contributed most towards user satisfaction while empathy dimension contributed the least. The results also indicate that the libraries cannot afford to ignore any of these other dimensions since they all appear to influence customer satisfaction although at different degrees. While Mugambi (2009) in his study concluded that the e-banking customers seem to be quite satisfied in the following areas: security, efficiency, accurate records, convenience and accurate transactions.

Locally, in Zambia not much research has been conducted on the association between customer retention and service quality in the banking sector but the following studies done have provided a basis for more local research to be conducted on this subject. Machayi J, Ahmed EM (2016) found that while there is a significant relationship between perceived service quality and customer satisfaction, there is no difference in perception of service quality based on gender. Sichinsambwe et al, (2017) found that service quality was perceived better in foreign banks as compared to local banks based in Kitwe only.

Therefore this research aimed to study in depth about the customer service strategies adopted by an indigenous bank and how effective they are in retaining customers. The findings will undoubtedly assist Investrust Bank PLC in finding sustainable solutions on improvement of areas that have been emphasised as gap areas in the bank's service quality. The study revealed invaluable feedback from the customers and employees of the branch under study which if used to effectively will definitely aid the bank in retaining its customers.

2.8. SUMMARY

This chapter has reviewed the literature, theories and research studies and findings that were relevant to the study. The present marketing strategy for profitability is about customer retention strategies because research has shown more cost benefits of customer retention than customer acquisition. Hence relationship marketing is the key to establishing a long term relationship between banks and their customers. The determinants of customer retention are found in the subject of service quality. The SERVQUAL model has been discussed in depth in terms of the five dimensions of service quality and there has been adequate literature that found this model to be the best for assessing the banking sector. The influence of service quality on

customer retention has been widely studied globally, regionally and indeed locally. There has been a discussion on the concepts of Integrated Marketing Communication and Total Quality Management as important considerations in building the brand image and improving the service quality to enhance profitability. However local studies are still quite scanty and thus the present study will add value to this subject. The next chapter looks at the research methodology.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter presents research design, population, sampling techniques, data collection instruments, data analysis techniques, procedure of data collection and ethical consideration.

3.1 RESEARCH DESIGN

This study adopted a descriptive survey approach. A descriptive study attempts to describe the state of affairs as it exists then (Kothari, 2004). The major purpose of descriptive research is description of state of affairs, as it exists at present. It is also concerned with the relationships, practices, beliefs that exists and the trends that are developing. According to Mugenda and Mugenda (1999), a descriptive study ensures that the observer eliminates subjectivity by administering a standard stimulus to all respondents.

3.2 TARGET POPULATION

Cooper and Schindler (2000) define population as the total collection of elements on which the researcher wishes to make inferences. The target population of this study includes 8 employees and 14,000 retail customers in the Industrial Branch of Investrust Bank PLC in Lusaka only.

3.3 SAMPLE SIZE

The study applied Yamane (1967) formula to calculate a representative sample size for any given population. The formula used to calculate the sample size for this study is described below.

n=N/(1+(N*(0.01))

Whereby n = Sample Size, N = Total Population, e = Precision Level (taken as 10% at 95% confidence level)

Thus considering total population of 14000 customers and 8 staff members, the sample size is computed as follows:

n= 14000/ (1+ (14000*(0.01))

n is thus 99 customers.

n= 8/(1+(8*(0.01)

n is thus 7 staff members.

Total sample size is 106.

3.4 SAMPLING TECHNIQUE

The study used a simple random sampling to select the sample size from the population. Mugenda and Mugenda (2003) argue that if well selected, a sample of 10-30% of the target population is adequate for generalization of the findings to the whole population provided the target population is highly homogeneous and hence the questionnaires for customers were obtained at random from a size representative of the total number of customers of this branch. The entire population of the banking staff that are relevant to customer service and front management were targeted to ensure that the data collected was representative of all employees in the Bank.

3.5 DATA COLLECTION METHOD

Primary data was collected using two sets of questionnaires containing both open and closed ended questions and interview with the Business Manager of the bank. The questionnaires are exclusively designed for customers and employees and thus structured in accordance with research questions to ensure that it achieves the research objectives.

3.6 PROCEDURE FOR DATA COLLECTION

The sample number of questionnaires will be distributed to the participants. A period of two weeks will be allocated to allow the distribution and collection of the research instruments from the respondents.

3.7 DATA ANALYSIS

Data was analysed with SPSS version 21.0 and excel to obtain frequencies and percentages of closed end responses. This was to identify trends that appeared from responses. Correlation calculated using Microsoft Excel was employed to measure the association between the service dimensions and customer retention. Qualitative responses were analysed using thematic survey.

3.8 VALIDITY AND RELIABILITY

Reliability is an indicator of a measure`s internal consistency. Consistency is the key to understanding reliability (Zikmund, et al, 2013; Cox and Tait, 1998). A measure is reliable when different attempts at measuring something converge on the same result. The study tested for reliability using Cronbach's alpha internal reliability technique.

3.9. ETHICAL CONSIDERATIONS

Permission from the management of Investrust Bank PLC was sought and purpose of the study explained. The names of the respondents were not included in the Report so as to ensure confidentiality and anonymity. The information obtained in this research would be used only for academic purpose. In addition ethical clearance has been obtained from the Directorate of Research and Graduate Studies offices at University of Zambia.

3.10 SUMMARY

This chapter has described in detail the research design and methodology that was used to conduct this study. This study will adopt a descriptive survey approach. The target population of this study included the employees and retail customers in the Industrial Branch of Investrust Bank PLC in Lusaka only. The sample size was based on the Yamane (1967) formula and arrived at 106 respondents for the study based on the population of 14,007 people. Primary data was collected by interview and using structured questionnaires with open and closed ended questions which were adapted from the SERVQUAL model developed by Parasuraman (1984). The sampling method was random selection which gave an opportunity for all in the population to be selected without bias. Ethical considerations have been taken into account and procedures have been duly followed.

CHAPTER 4

PRESENTATION OF FINDINGS

4.0 INTRODUCTION

This chapter presents, interprets and analyses the research findings. The study was an assessment of customer service strategies and customer retention in local commercial banks, a case of Investrust Bank PLC Lusaka. Among the research findings that have been presented, interpreted and analysed in this chapter are the background characteristics of the research participants namely gender, age and the type of service which they access from the bank. In addition, the participants' perception of customer service delivery by the bank as well as participant's perception on the bank's customer service strategies and customer retention have also been presented, interpreted and analysed. Moreover, it is important to note that tables and figures have been used to present data for easy reading. Raw data that was collected through questionnaires have been calculated and presented as either frequencies and percentages or just one of the two.

4.1 LEVEL OF RESPONSE

This research study had targeted a sample size of 106 comprising of customers and bank management staff and the same number of questionnaires was distributed. Out of the 106 questionnaires distributed, 80 were successfully completed by the bank customers while 5 were successfully completed by the bank staff making the total to be 85 representing 80 %. 21 questionnaires were not answered representing 20 % of non-response. Thus, the valid sample size for the research study remained at 80 for customers and 5 for bank management staff.

4.2 BACKGROUND CHARACTERISTICS OF THE PARTICIPANTS

The background characteristics which were taken into consideration and which will be presented and interpreted hereunder included the following: Gender of the participants (customers); the participants' age distribution; type of service which participants access from the bank; bank management staffs' positions, and bank's branch age as compared to the age of the bank in Zambia.

4.2.1 GENDER DISTRIBUTION OF PARTICIPANTS

Gender was considered as a very important variable in this research study. The distribution of participants by their gender is shown in the figure that follows.
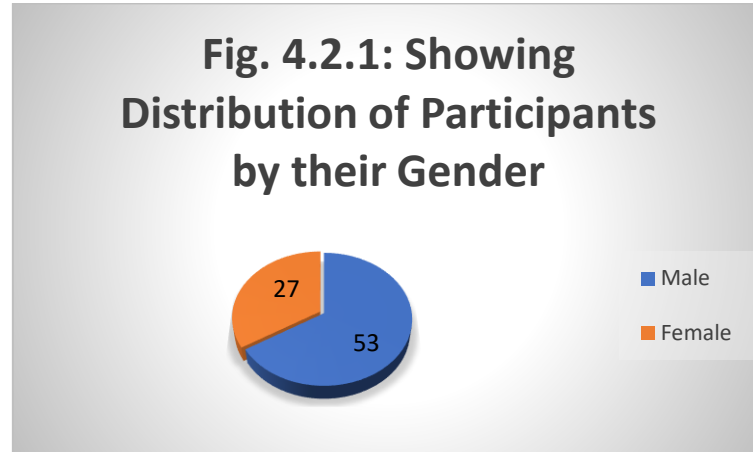
Source: Field Research Data, 2018

The figure above shows that there were 80 altogether valid participants (customers) in this study. There were 53 males which constitutes of 66% and 27 females constituting of 34%.

4.2.2 AGE DISTRIBUTION OF RESPONDENTS

In this research study, respondents were asked to indicate their age group and the results are as shown in the table and figure below:

Table 4.2.1: Showing the Distribution of Participants by their Age

Respondents' Age Group	Frequency	Percent
25 Years and below	7	8.8%
26 - 35 Years	18	22.5%
36 - 45 Years	21	26.3%
46 - 55 Years	20	25.0%
Above 55 Years	14	17.5%
Total	**80**	**100.0%**

Out of the total of 80 customers interviewed, 21 or 26.3% are in the age group between 36 - 45 years as shown in the table above showing that they were slightly in the majority. These were followed by those in the age group of 46 – 55 years represented by 25%. The age group of 26-35 was represented by 22%, while over 55 years were represented by 17%. Customers in the age-group 25 years and below were the minority representing 8.8% of the total number of participants in the research. This demonstrates that the respondents selected represented customers from all the age groups thereby yielding in an unbiased data collection.

4.2.3 DISTRIBUTION OF PARTICIPANTS BY TYPE OF SERVICE TYPE

Customers were asked to indicate the type of service which they access from the bank. The results are as shown in the figure below:

FIG. 4.2.2: SHOWING THE TYPE OF SERVICE WHICH CUSTOMERS ACCESS FROM THE BANK
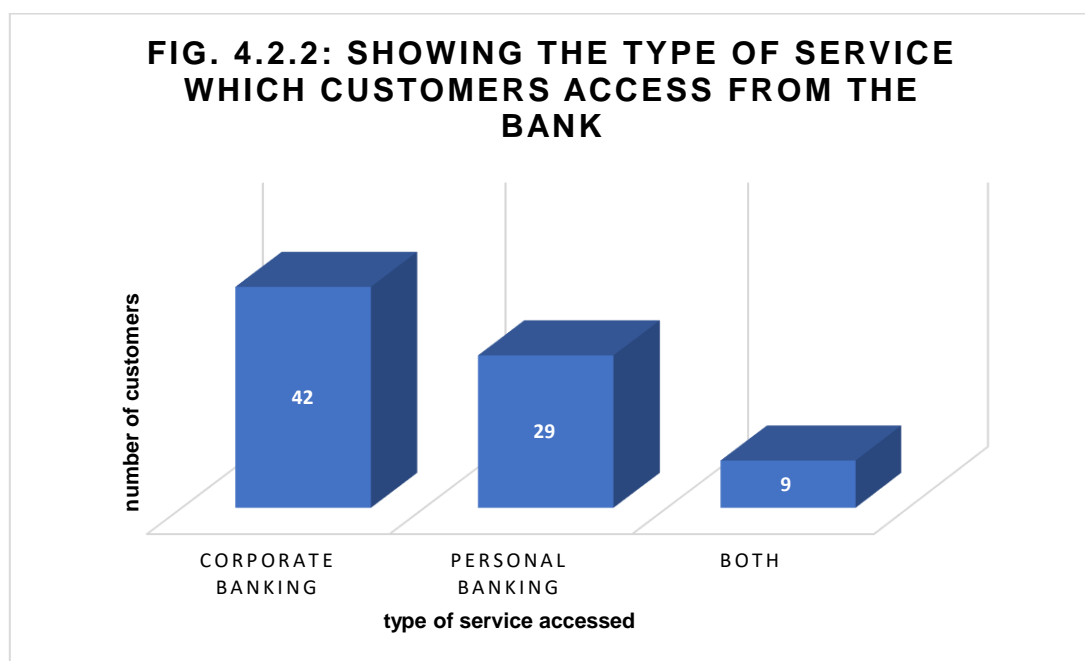
Figure 4.2 above show that the majority of the participants, 42, representing 53% were those accessing corporate services from the bank. These were followed by those who were accessing personal banking services from the bank who were 29 representing 36%. The least of the customers were those who were accessing both services from the bank, 9, representing 11% of the total number of the participants.

This research study also did endeavour to get demographic data from the bank management staff and the results are as shown in the tables and figures that follow:

4.2.4 DISTRIBUTION OF BANK STAFF BY THEIR POSITIONS

In this study, the bank's staff was asked to indicate their positions. Their responses were as shown in the table below:

Table 4.2.2: Showing Bank's Staff Positions or Areas of Specialisation

Position	Frequency	Percent
Branch Manager	1	14.3%
Business Banker	1	14.3%
Bank Clerk	2	28.6 %
Cashier	1	14.3 %
Total participated	5	71%
Employees on leave	2	28.6%

Source: Field Research Data, 2018

From the above table, it shows that there were 5 bank staff altogether who participated in this research study. These were as followed: 2 Bank Clerks representing 28.6% of the total bank staff. In addition, there were 1 Branch Manager, 1 Business Banker and 1 Cashier altogether representing 42.7% in total. Two members did not participate as they were on leave.

4.2.5 BANK EMPLOYEES BY THEIR PROFESSIONAL QUALIFICATIONS

In this research study, qualifications of the bank employees were considered as very important variable. This is because performance of an institution can sometimes be affected by the qualifications of its employees. Thus, staffs from the bank were asked to indicate their qualifications.

The results are as shown below:

Table 4.2.3: Showing Bank Staffs' Professional Qualifications

Bank Staffs' Qualifications	Frequency	Percent
University Bachelor's Degree	5	71%

Source: Field Research Data, 2018

From Table 4.2.3 shows that all the 5 out of possible 7 Bank employees, representing 71%, that took part in this research study indicated that they had a Bachelor's degree from a university.

4.3. CUSTOMER SERVICE STRATEGIES ADOPTED BY INVESTRUST BANK PLC

It was achieved by interviewing the Business Banker and solicited answers from questionnaire survey to all the staff respondents.

The bank has customer retention strategies that are formulated by the top level of management and communicated down through the departmental heads and line managers.

The question on what customer service strategies were employed by the bank to retain customers received the following responses:

Table: 4.2.4 List of Customer Service Strategies Adopted By the Bank

1. Improving customer experience by knowing what the customers want.
2. Introducing new products and services
3. Ensuring prompt service delivery
4. Efficient channels of addressing customer complaints,
5. Offering reliable online services to avoid queues at the banking hall as customers have ease of banking by using their digital devices.
6. Establishment of call centres that follow up on dormant accounts in a bid to revive them.
7. Personal visitation to account holders of inactive accounts to encourage revival.
8. Customer acknowledgement and treating all customers with equality.

This demonstrates that the bank does acknowledge that there is an empirical relationship between service quality and customer loyalty and retention. Beryl and Brodeur (2007) who pointed out that the interrelationships between service quality, customer satisfaction and customer loyalty provide creative ideas for improving services in order to gain a competitive advantage in the retail banking sector. Thus the strategies that are selected by the bank will provide services that are customer centric.

4.4 CUSTOMER PERCEPTION ABOUT QUALITY OF SERVICE DELIVERY BY INVESTRUST BANK PLC

This research study tried to establish customer perception about the quality of customer service strategies used by Invest rust Bank PLC, Zambia. Thus, we now wish to analyse and present perceptions of bank customers in terms of quality of service delivery by Investrust Bank PLC, according to each question in the research instrument that was given to customers.

In evaluating the above objective, there were five possible answers which customers were supposed to choose from. Thus, each customer was requested to indicate the extent to which they agreed or disagreed in terms of the following SERVQUAL dimensions:

- Tangibility;
- Reliability;
- Responsiveness;
- Assurance;
- Empathy.

4.4.1 CUSTOMER PERCEPTIONS ABOUT TANGIBILITY OF THE BANK'S SERVICES/PRODUCTS

In terms of tangibility, customers were asked to indicate the extent to which they agreed or disagreed that:

(i)   the bank has up to date equipment;
(ii)   the bank's physical representation of service attracted them; and
(iii)   Whether the bank's employees appeared neat all the time.

The results from this question are as shown in the tables and figures that follow:

Table 4.2.5: To What Extent Do You Agree That The Bank Has Up To Date Equipment?

Customer Responses	Frequency	Percent
Strongly Agree	19	23.8%
Agree	18	22.5%
Neutral	14	17.5%
Disagree	27	33.8%
Strongly Disagree	2	2.5%
Total	**80**	**100.0%**

Source: Field Research Data, 2018

Out of total 80 respondents, there were 27, representing about 34% of the total customers sampled who disagreed that the bank had up to date equipment. However, 19 and 18 customers representing about 24% and 23% respectively were of the opinion that the bank had up-to-date equipment. 14 customers decided to be neutral when they were asked whether equipment of the bank were up-to-date. 2 customers strongly disagreed about the bank having up-to-date equipment. Taking into consideration about the numbers of customers who disagreed and those that remained neutral, it can be concluded that most customers felt that Investrust Bank PLC did not have up-to-date equipment.

On the question of whether customers were attracted by the bank's physical representation, the results of the customers were as follows:

Fig. 4.2.3: Showing to What Extent Customers Agreed that the Bank's Physical Representation is of Service Attractive to Them

Disagree 1%

Neautral 11%

Strongly Agree 42%

Agree 46%
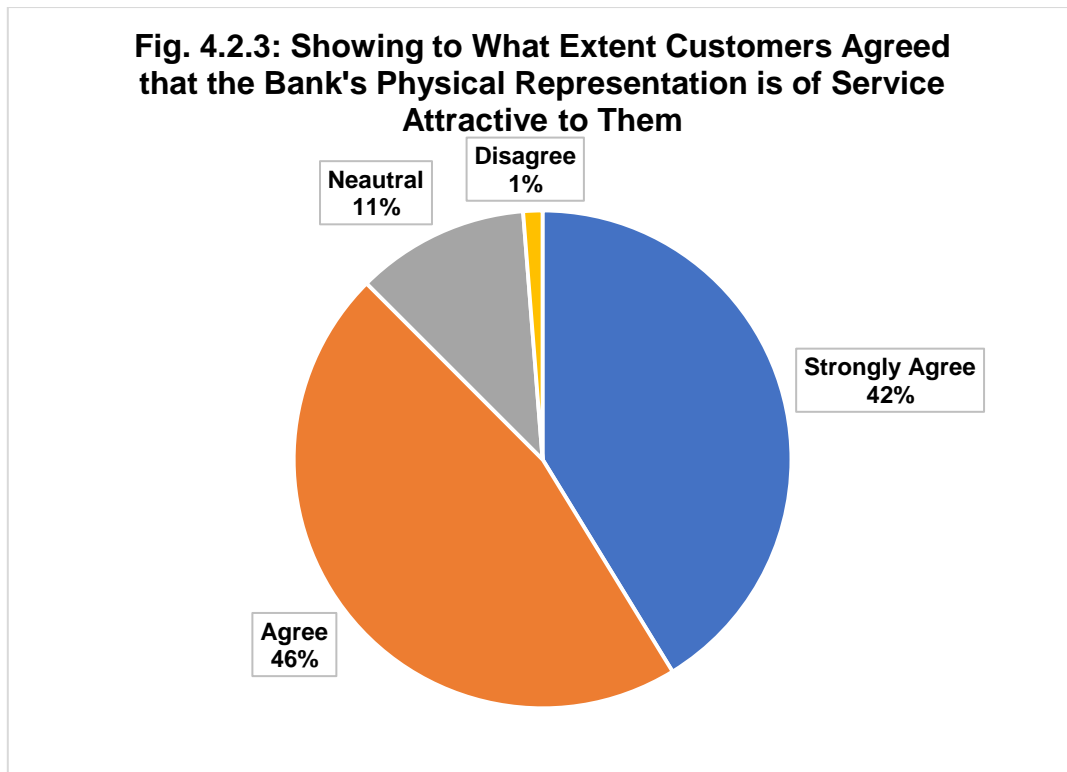
Source: Field Research Data, 2018

Figure 4.2.4 above depicts that most of the customers that took part in this research study believed and they agree that that the bank's physical representation was of service attractive to them. It can be seen that 88% of the total customers agree that the bank's physical appearance was attractive. There is 42% and 46% of opinions between the options Strongly Agree and Agree respectively. To conclude, it seems the bank has an attractive physical representation image in the minds of its customers in bringing security to the lives to its customers.

On the question of the bank's employees being neat in appearance, the results are as shown in the figure below:

Fig. 4.2.4: In terms of tangibility, to what extent do you agree that the bank's employees appear neat?

	Strongly Agree	Agree	Neautral	Disagree	Strongly Disagree
Percentage	51.3	43.8	1.3	2.5	1.3
Frequency	41	35	1	2	1
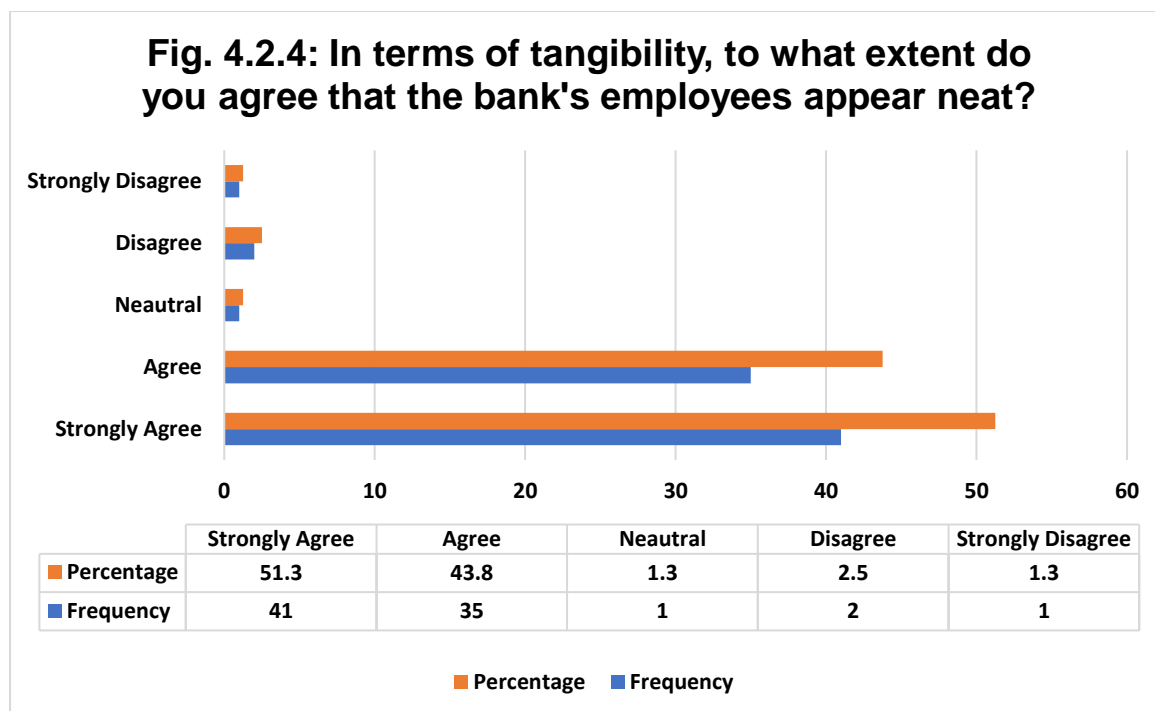
Source: Research Field Data, 2018

As depicted from the figure above, it can be seen that most of the customers that took part in this research study agreed that that the bank's employees were neat. This is seen by 41 and 35 customers who strongly agreed and agreed that employees of the bank were neat. This represents an outstanding 95.1% of the total respondents. Thus, it can be concluded that employees of the bank are neat, hence, helping in attracting customers.

4.4.2 CUSTOMER PERCEPTIONS ABOUT RELIABILITY OF THE BANK IN ITS SERVICES

Moreover, this research study also went further to evaluate customer perception about the quality of customer service strategies used by Investrust Bank PLC by asking to what extent customers agreed in the reliability of the bank's products and services in terms of the following:

(i)   whether the bank was honouring its deadlines;

(ii)   whether the bank shows a sincere interest in solving customers' problems;

(iii)   whether the bank provided error free services to customers; as well as

(iv)   Whether the bank's service delivery was slow. Results on reliability about the bank's services are as shown below:

Equally, there were five possible responses to the above questions. The responses are as shown in the figures and tables that follow:

Fig. 4.2.5: Showing the results of Customers when asked to what extent they agreed that the bank honours its deadline commitment to you?
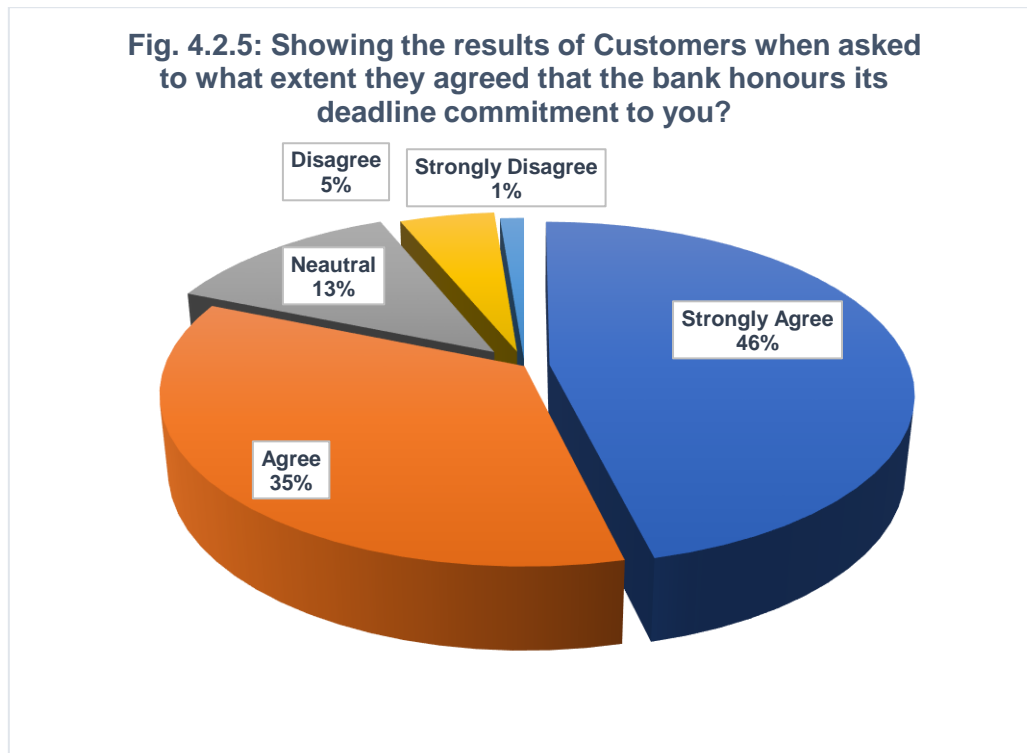
Source: Research Field Data, 2018

From the above figure, it can be seen that most of the customers that took part in this research study agreed that that the bank honoured its deadline commitment to them in terms of provision of bank's services and products. This is represented by 46% and 35% of customers who strongly agreed and agreed respectively that honoured its deadlines in meeting their needs. This represents an outstanding 81% of the total respondents. Thus, it can be concluded that the bank was honouring its deadlines to the clients. Furthermore, in terms of whether the bank was reliable by showing a sincere interest in solving the customers' problems, the results were as shown in below:

Table 4.2.6: In terms of reliability, to what extent do you agree that the bank shows a sincere interest in solving your problems?

Customers' Responses	Frequency	Percent
Strongly Agree	35	43.8%
Agree	22	27.5%
Neutral	15	18.8%
Disagree	7	8.8%
Strongly Disagree	1	1.3%
Total	**80**	**100.0%**

Source: Field Research Data, 2018

The above table shows that the majority of the customers, that is, 35 and 22, representing 44% and 28% respectively of the total respondents agreed that the bank shows a sincere interest in solving customers' problems. However, 15 respondents, representing about 19% of the total respondents decided to be neutral when they were asked about this question. Consequently, it can be concluded that the bank shows a sincere interest in solving the problems of its customers.

On whether the bank provided error free services, the figure below shows the results of the respondents in this research study.
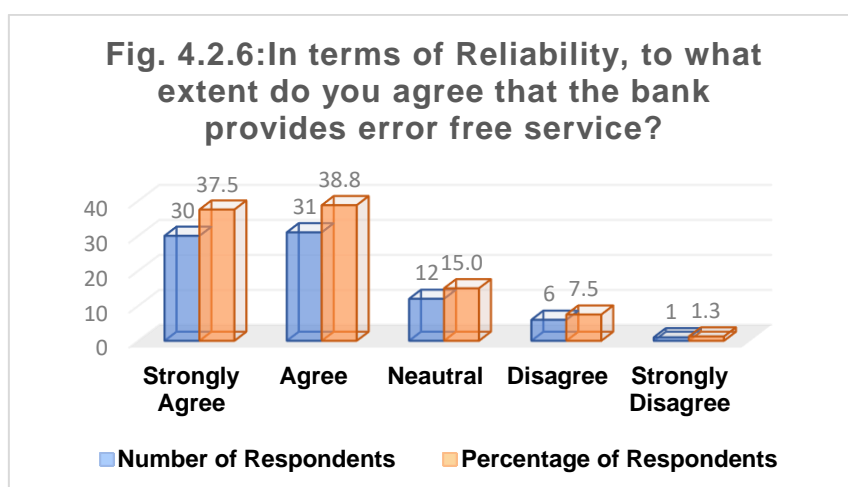
Fig. 4.2.6:In terms of Reliability, to what extent do you agree that the bank provides error free service?

Source: Field Research Data, 2018

The figure above shows that the majority of the customers, that is, 30 and 31, representing 37.5% and 38.8% respectively of the total respondents agreed that the bank provides error free services to its clients. However, 12 respondents, representing about 15% of the total respondents decided to remain neutral when they were asked whether the bank provided an error free service to its customers. 6 and 1 respondents representing 7.5% and 1.3% respectively disagreed to this question.

On the bank's reliability, respondents were also asked to what extent they agreed with the assertion that the bank's service delivery was slow. The responses from the respondents were as shown in the diagram below.

Fig. 4.2.7: In terms of the bank's reliability, to what extent do you agree that the bank's service delivery is slow?
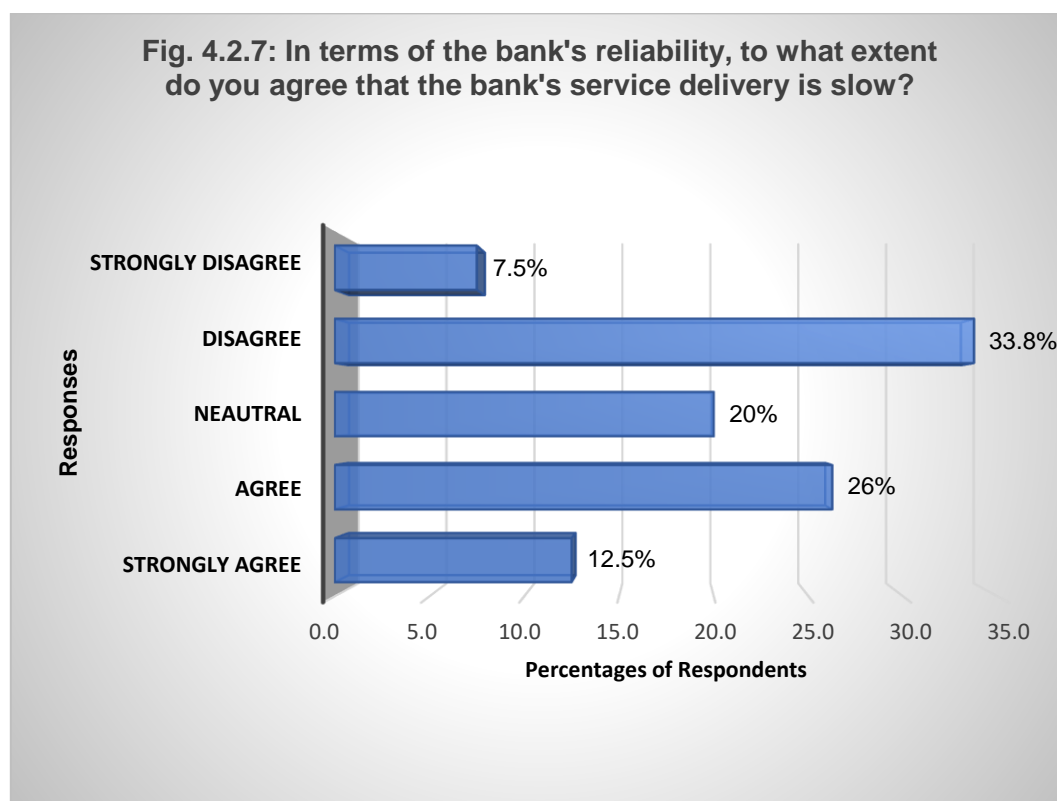
Source: Field Research Data, 2018

From the figure above, it shows that participants in this research study had mixed feelings about whether the bank service delivery is slow. Nevertheless, slightly above 40% (that is, 41.3%) disagreed when they were asked whether the bank's service delivery was slow. However, 38.8% of the respondents agreed that the bank service delivery was slow. 20% of the respondents chose to remain neutral when they were asked about the question. It can be concluded that more respondents were of the view that the bank's service delivery was okay.

4.4.3 CUSTOMER PERCEPTIONS ABOUT THE BANK'S RESPONSIVENESS IN ITS SERVICES.

Similarly, in trying to find out about customer perception about the quality of customer service strategies used by Investrust Bank PLC this research study endeavoured to go further and find out how responsive the bank was to its clients. It achieved this by asking to what extent customers agreed in the responsiveness of the bank in line with the following:

(i)   whether employees of the bank always responded to customers' requests;

(ii)   whether the bank keep customers informed about its products and delivery time;

(iii)   whether employees of the bank give prompt service; and

(iv)   Whether the bank's offering attracted the customers.

There were four possible answers provided to answer the above questions.

Table 4.2.7: To what extent do you agree that employees of the bank always respond to your requests?

Participants' Responses	Frequency	Percent
Strongly Agree	38	47.5%
Agree	26	32.5%
Neutral	10	12.5%
Disagree	5	6.3%
Strongly Disagree	1	1.3%
Total	**80**	**100.0%**

Source: Field Research Data, 2018

From the above table, it shows that majority respondents, that 38 and 26. Representing 48% and 33% respectively agreed that employees of the bank always responded to their requests. This shows approximately 81% of the total respondents agreeing to being always responded to whenever they had concerns. Only about 7% of the respondents disagreed when they were asked about the above question. About 13% of the respondents decided to remain neutral. Thus,

it can be concluded that customers were happy with how employees of the bank treated them whenever they presented their concerns.

On whether the bank kept its customers informed about the products and the delivery time, the results are as shown in the diagram below:

Fig.4.2.8: Showing Respondents' Responses when they were asked whether the bank keeps customers informed about delivery time

- 11.3%
- 33.8%
- 44.2%
- 7.5%
- 3.8%[
- 11.3%

■ Strongly Agree   ■ Agree   ■ Neautral   ■ Disagree   ■ Strongly Disagree
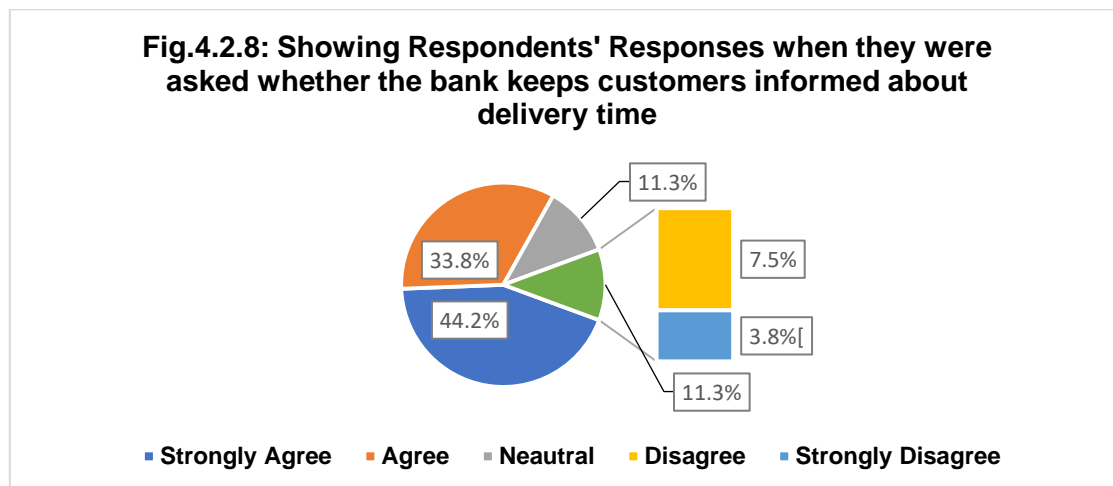
Source: Field Research Data, 2018

From the above figure, it shows that majority of the respondents, that is, about 78% of the total respondents, agreed when they were asked whether the bank kept customers informed about its products and delivery time. The minority 11.3% of total respondents disagreed when they were asked whether the bank kept its customers informed about the delivery time. 11.3% of the total respondents decided to remain neutral about the same question.

In addition, the results for the question on the bank's employees giving prompt service to customers are shown in the below figure.

Fig.4.2.9: Showing Numbers and Percentages of Respondents on the extent they agreed that employees of the Bank Give Prompt Service
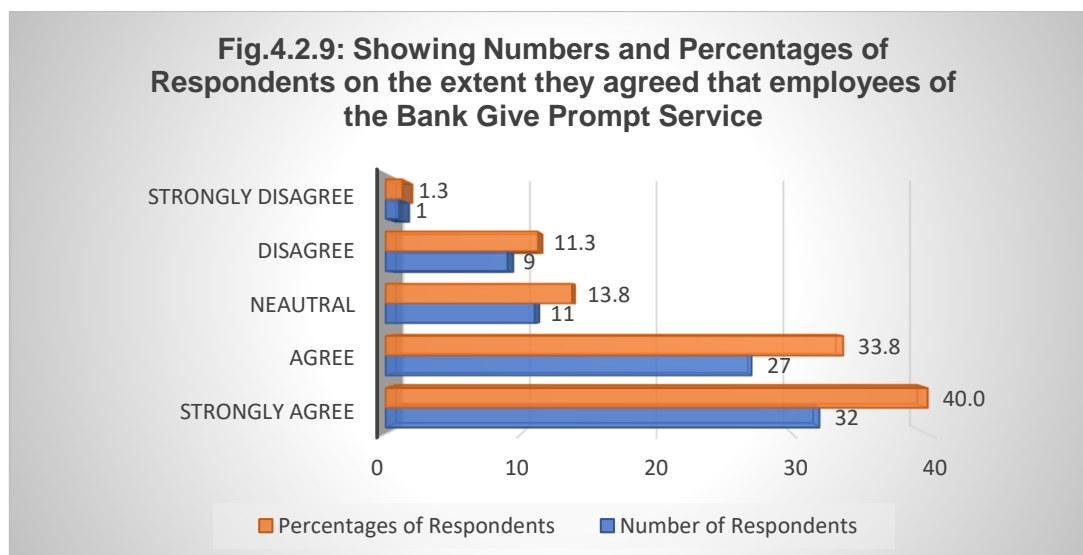
Source: Field Research Data, 2018

From Figure above, more respondents (that is, 59, representing 74%) agreed when asked whether bank employees gave them a prompt service whenever they were in the bank. However, the minority (10 respondents representing 13%) disagreed when asked whether they were given a prompt service by bank employees. 11 respondents representing 14% decided to remain neutral about the bank employees' provision of prompt services. Likewise, respondents were asked whether the bank's offering attracted them and the results are as shown in the table below:

Table 4.2.8: To what extent do you agree that the bank's offering attracts you?

Extent of Agreeing	Frequency	Percent
Strongly Agree	33	41.3%
Agree	27	33.8%
Neutral	9	11.3%
Disagree	10	12.5%
Strongly Disagree	1	1.3%
Total	**80**	**100.0%**

Source: Field Research Data, 2018

From the above table, it shows that majority of the respondents, totalling to 60, representing 75% of the total respondents were in agreement when they were asked whether the bank's offering attracted them to the bank. The minority 11 respondents representing 14% disagreed to the question of whether the bank's offering attracted them to the bank. However, 9 respondents remained neutral to the question.

4.4.4 CUSTOMER PERCEPTIONS ABOUT THE BANK'S ASSURANCE IN ITS SERVICES.

In trying to find out about customer perceptions as regards to the quality of customer service strategies used by Investrust Bank PLC, this research study also attempted to go further and find out how much assurance the bank extended to its clients. It achieved this by asking to what extent customers agreed in the assurance of the bank in line with the following:

(i)   whether employees of the bank are courteous with customers;
(ii)   whether customers feel safe when transacting with the bank;
(iii)   whether employees of the bank are very knowledgeable; and
(iv)   Whether customers have a good experience of the bank's services and products.

The above questions like the preceding questions had five responses: strongly agree, agree, neutral, disagree and strongly disagree. The figures and tables that follow show the respondents perceptions.

Table 4.2.9: To what extent do you agree that employees of the bank are courteous with you?

Extent to which You Agree	Frequency	Percent
Strongly Agree	63	78.8%
Agree	11	13.8%
Neutral	6	7.5%
Total	**80**	**100.0%**

Source: Field Research Data, 2018

Fig. 4.2.10: Showing the Extent to which Respondents Agreed on whether Bank Employees were Courteous

7%

14%

79%

■ Strongly Agree ■ Agree ■ Neutral
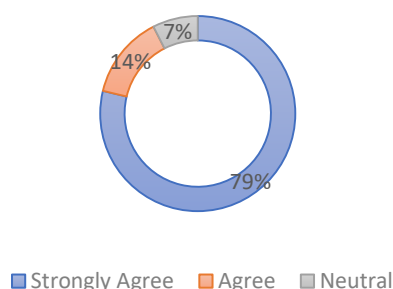
Source: Table 4.3.5

The table and figure above show that the majority 93% of the respondents agreed that bank employees were courteous to them. There were no respondents who disagreed with this assertion. However, 7% of the total respondents decided to remain neutral regarding whether they were treated with courtesy by bank employees.

Additionally, respondents were asked to what extent they agreed to the assertion that they felt safe in all their transactions with the bank. The results are shown in the diagram below:

Fig. 4.2.11: Showing Respondents Level of Agreement that they felt Safe in all their Transactions with the Bank

■ Strongly Agree ■ Agree ■ Disagree

Disagree
1%

Ag...
6%

Strongly Agree
93%
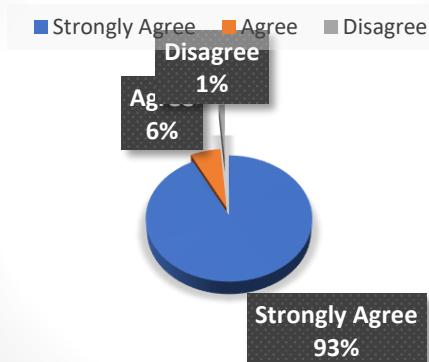
Source: Field Research Data, 2018

From the above pie chart, it can be seen that 99% of the total respondents agreed that they felt safe when transacting with the bank. Only 1% of the respondents disagreed in terms of them feeling safe whenever they were transacting with the bank. There were no respondents who remained neutral as regards to this question. Further, respondents were asked whether they

regarded employees of the bank as being very knowledgeable. Their responses are as shown in the table and figure below:

Table 4.2.10.: To what extent do you agree that employees of this bank are very knowledgeable?

The Extent to Which you Agree	Frequency	Percent
Strongly Agree	48	60.0%
Agree	18	22.5%
Neutral	9	11.3%
Disagree	5	6.3%
Total	**80**	**100.0%**

Source: Field Research Data, 2018

Fig. 4.2.12: Showing the Extent to which Respondents Agreed that Bank Employees were Very Knowlegeable

	Strongly Agree	Agree	Neutral	Disagree
Number of Respondents	48	18	9	5
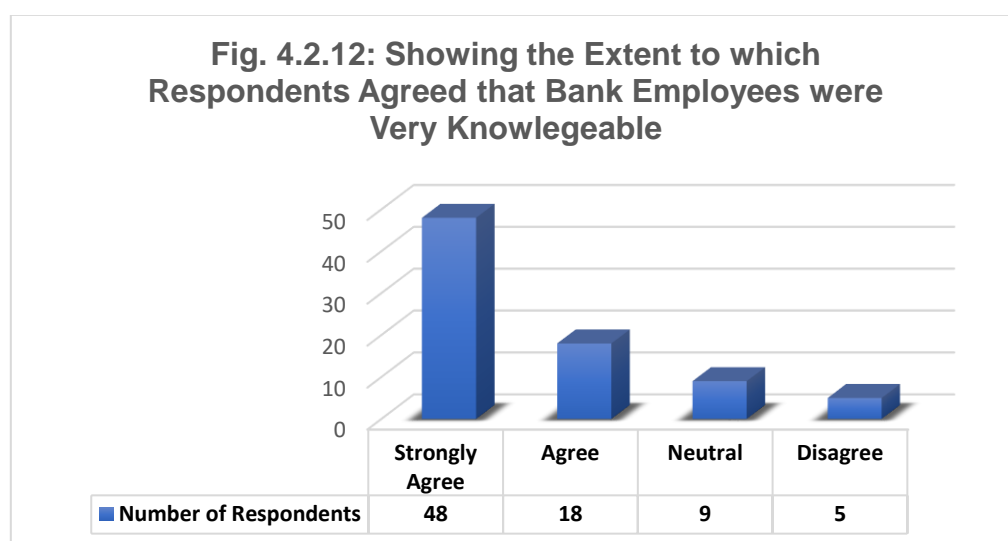
Source: Field Research Data, 2018

From the table and figure above, it shows that the most, that is, 66 representing 83% of the total respondents agreed that employees of the bank were very knowledgeable. 9 respondents decided to be neutral while the minority 6% of the respondents disagreed that employees of the bank were very knowledgeable.

4.45 In terms of whether respondents had a good experience with the bank's service, they were asked to indicate the extent to which they agreed with this. The results are as shown in the figure below:

Fig. 4.2.13: To what extent do you agree that you have a good Experience With the Bank's Service?
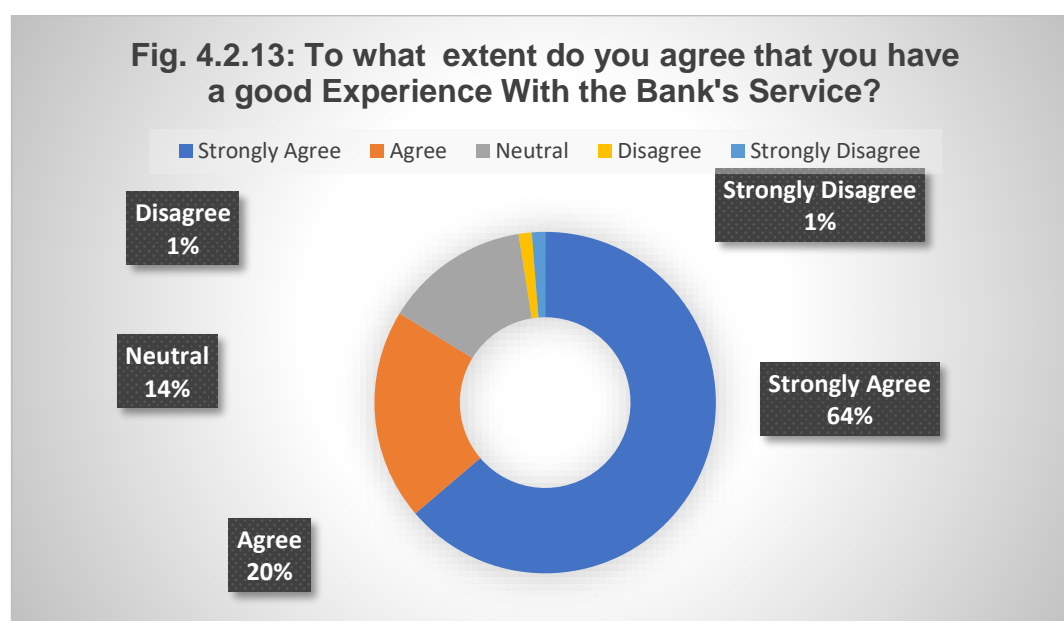
Source: Field Research Data, 2018

From the above figure, the majority 84% of the respondents agreed that they had a good experience with the bank's service. 14% of the respondents chose to be neutral when they asked to what extent they agreed that they had a good experience with the bank's service. Only 2% of the respondents disagreed that they had a good experience with the bank's service. This, therefore, shows that customers had a good experience with the bank's service.

4.4.5 CUSTOMER PERCEPTIONS ABOUT THE BANK'S EMPATHY IN ITS SERVICES.

In trying to find out about customer perceptions as regards to the quality of customer service strategies used by Investrust Bank PLC this research study did also attempt to go further and find out how empathetic the bank was to its clients. We achieved this by asking to what extent customers agreed in the bank's empathetic with its clients in line with the following:

    (i)   whether employees of the bank gave individual attention to customers;

    (ii)   whether bank employees provided prompt information to customers;

    (iii)   whether the bank's customer care service is satisfactory;

    (iv)   whether customers were satisfied with the cash disbursement service of the bank;

(v)   whether quality of the branch is satisfactory;

(vi)   whether customers always expected good service from the bank; and

(vii) Whether customers would recommend the bank to other people.

The results of the above questions are as shown in the tables and figures that follow hereunder.

Table 4.2.11: To what extent do you agree that employees of the bank give their individual attention to you?

Extent of Agreement	Frequency	Percent
Strongly Agree	55	68.8%
Agree	14	17.5%
Neutral	6	7.5%
Disagree	4	5.0%
Strongly Disagree	1	1.3%
Total	**80**	**100.0%**

Source: Field Research Data, 2018

From the table above, the majority, 69, representing slightly above 86% of the total respondents indicated that they were in agreement that employees of the bank gave them individual attention. 5 respondents representing slightly over 6% disagreed to the assertion that they were given individual attention by the bank's employees. However, 6 respondents representing about 8% decided to remain neutral in their responses on whether they were given individual attention by the bank's employees. This shows that most customers were of the view that the bank's employees were giving individual attention to the clients.

On the question of whether customers were of the view that employees of the bank provided prompt information to them, the responses from the participants in this research study were as shown in the figure below:

FIG. 4.2.14: TO WHAT EXTENT DO YOU AGREE THAT EMPLOYEES OF THE BANK PROVIDE PROMPT INFORMATION TO CUSTOMERS?

- Strongly Disagree 1%
- Disagree 11%
- Neutral 9%
- Agree 15%
- Strongly Agree 64%
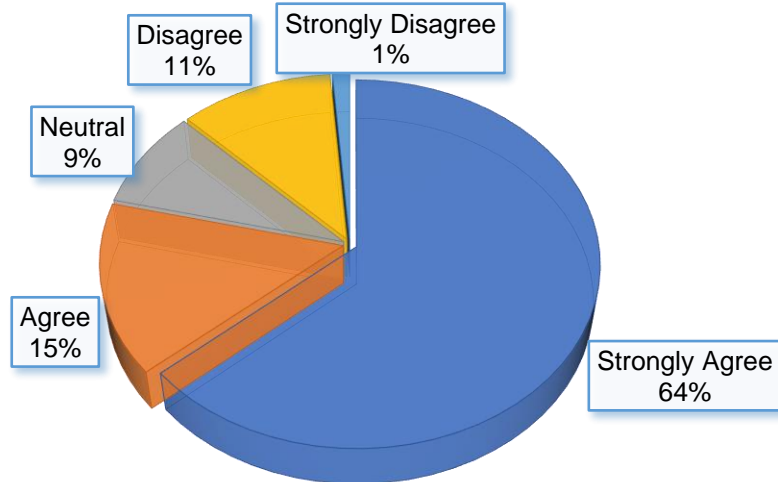
Source: Field Research Data, 2018

From the figure above, it shows that 79% of the total respondents agreed that employees of the bank provided prompt information to customers. 12% of the respondents disagreed when asked whether employees of the bank gave prompt information to customers. 9% of the respondents chose to remain neutral regarding this question. This therefore shows that the majority of the customers agreed that bank employees provided prompt information to customers.

Likewise, respondents in this research study were asked to what extent they agreed with the assertion that the bank's customer care service is satisfactory. The results are as shown in the figure below:

Fig.4.2.15: To what extent do you agree that the bank's customer care service is satisfactory?

Legend: ■ Percentage of Respondents ■ Number of Respondents

The Extent of Agreement (Y-axis)
- Strongly Disagree: 2.5, 5, 6.3
- Neutral: 14, 17.5
- Strongly Agree: 15, 18.8, 44, 55.0

Number and Percentages of Respondents (X-axis): 0 to 60
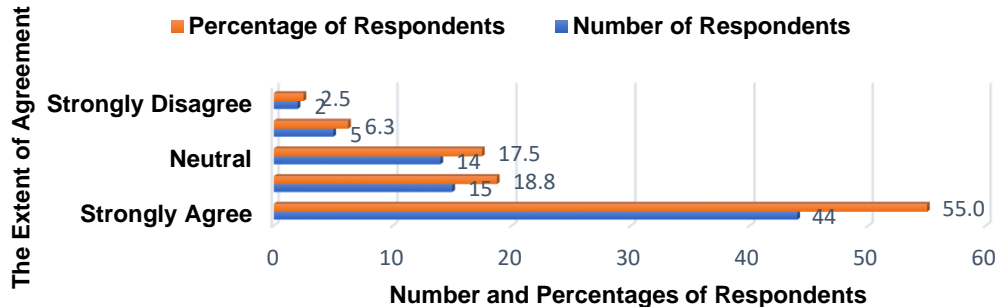
Source: Field Research Data, 2018

From the above figure, we can see that the majority of the respondents, that is, 59 representing about 74% were in agreement that the bank's customer care service is satisfactory. 14 respondents representing about 18% decided to be neutral when the same question was asked to them. However, only 7 respondents, representing about 9% disagreed that the bank's customer care service was satisfactory. From these results, we can conclude that most customers were in agreement that the bank's customer care system was satisfactory.

Moreover, participants in this research study were asked to what extent they agreed that they were satisfied with the cash disbursement service of the bank. The table below gives us the responses from the participants.

Table 4.2.12: To what extent do you agree that you are satisfied with the cash disbursement service of the bank?

Extent of Agreement	Frequency	Percent
Strongly Agree	39	48.8%
Agree	10	12.5%
Neutral	16	20.0%
Disagree	14	17.5%
Strongly Disagree	1	1.3%
Total	**80**	**100.0%**

Source: Field Research Data, 2018

The above table shows that the majority of the respondents that is 49 respondents representing slightly above 61% were in agreement that they were satisfied with the cash disbursement service of the bank. 20% of the respondents decided to remain neutral on the question of them being satisfied with the cash disbursement service of the bank. However, the minority 19% of the respondents disagreed when asked whether they were satisfied with the cash disbursement service of the bank. Thus, we can conclude that more customers were generally satisfied with the bank's cash disbursement service.

Moreover, regarding the quality of branch service being of satisfactory, research participants were also required to indicate the extent to which they agreed with the assertion of the bank's

quality branch quality being satisfactory. The following table and figure shows the results we got:

Table 4.2.13: To what extent do you agree that quality of branch service is satisfactory?

Extent of Agreement	Frequency	Percent
Strongly Agree	44	55.0%
Agree	19	23.8%
Neutral	12	15.0%
Disagree	5	6.3%
Total	**80**	**100.0%**

Source: Field Research Data, 2018
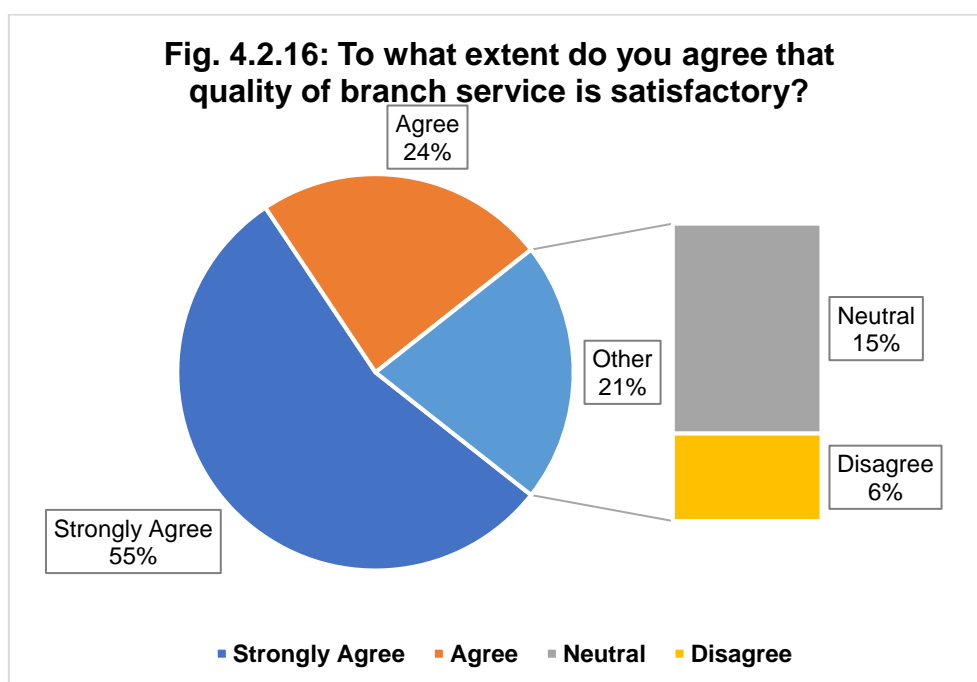
Source: Field Research Data, 2018

Table 4.3.9 and Figure 4.5.3 above show that the majority of the respondents, 63, representing 79% of total respondents who participated in this research study agreed that the quality of branch service at Investrust Bank PLC was satisfactory. The other 21% of the respondents were

those who decided to remain neutral, 15% and those who disagreed that the quality of branch service at Investrust Bank PLC was satisfactory, 6%. From these results, we can therefore conclude that the majority of the respondents agreed that the quality of branch service at Investrust Bank PLC was satisfactory.

However, respondents were also asked to what extent they agreed that they always expected good service from the bank. The responses which research participants gave are as shown in the figure below:

Fig. 4.2.17: To what extent do you agree that you always expect good service from the bank?

Source: Field Research Data, 2018

From the above figure, the majority 71% of the respondents agreed that they always expected good service from the bank. However, 20% of the respondents decided not to take sides but remained neutral. The minority 9% disagreed that they always expected good service from the bank. From the results, we can conclude that most respondents in this research study always expected a good service from the bank whenever they went there.

The research went, moreover, went further to find out from the participants whether they were in a position to recommend the bank to other would be clients and the figure below shows the results.

Fig. 4.2.18: To what extent do you agree that you would recommend this bank to other people?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Frequency	52	16	3	8	1
Percent	65.0	20.0	3.8	10.0	1.3
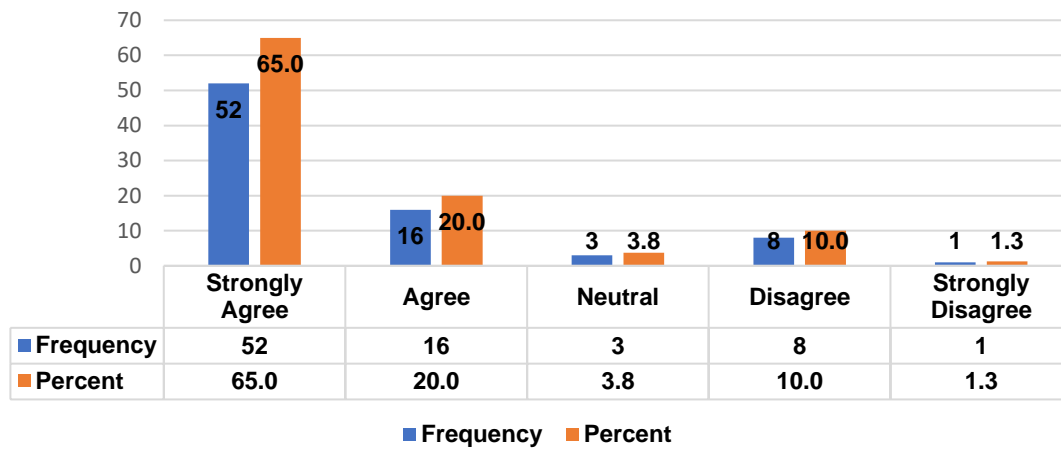
Source: Field Research Data, 2018

From the above figure, the majority, 68, representing 85% of the total respondents agreed that they would recommend the bank to other people. 9 respondents, representing 11% disagreed that they would not recommend the bank to other people. 3 respondents, representing 4% of the total respondents decided to remain neutral. From the results, it can be concluded that the majority respondents were happy with the bank, hence, agreed that they would recommend the bank to would-be future clients.

Figure 4.2.19: Chart of Consolidated Ratings Of The 5 Dimensions Of Service Quality.
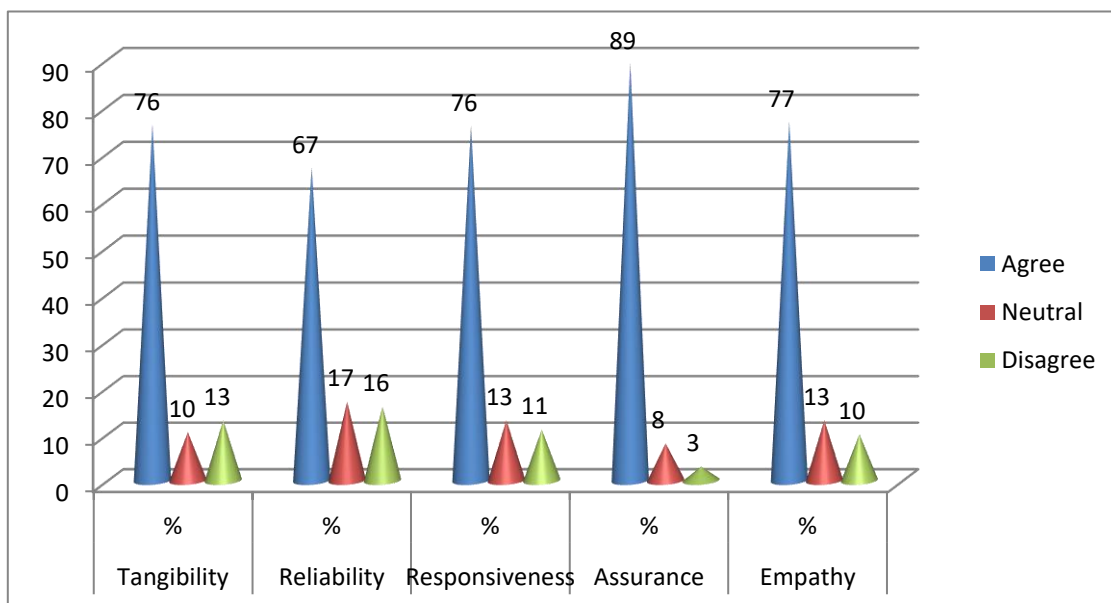
Source: Field Research Data, 2018

Customers aggregate ratings on the 5 Dimensions of Servqual shows 67% to 77% are in agreement that the bank's service quality is good and thus positively perceived by the customers while 3 % to 17% are dissatisfied and 3% to 17% remained neutral.

From the above figure it can be seen that all the service dimensions are perceived positively by the customers of the bank. The highest scoring dimension is Assurance at 89% while the Reliability has scored lowest at 67%.

4.5 ASSOCIATION BETWEEN CUSTOMER SERVICE QUALITY STRATEGIES AND CUSTOMER RETENTION AT INVESTRUST BANK PLC

The last objective which was considered in this research study was to assess the association of the service quality strategies adopted by Investrust Bank PLC with customer retention. In so doing thus, respondents were requested to indicate the extent to which they agreed, using the five-point scale, with the following:

(i)   whether they were generally satisfied with the banks' services;
(ii)   whether they would stay with the bank for the next 10 years;
(iii)   whether they were considering leaving the bank;
(iv)   whether current quality of service has kept them with the bank;
(v)   whether they intend patronizing other products of the bank; and
(vi)   Whether their loyalty to the bank has increased because of the bank's service delivery.

To all the above questions, respondents were given five possible answers: I strongly agree, I agree, I am neutral, I disagree, and I strongly disagree.

4.5.1 ARE CUSTOMERS GENERALLY SATISFIED WITH INVESTRUST BANK PLC'S SERVICES?

In evaluating this above question, respondents were requested to indicate the extent to which they agreed or disagreed on whether they were generally satisfied with the bank. The table below shows the results:

Table 4.2.14: Showing the extent to which respondents agreed of being generally satisfied with the bank

Extent of Agreement	Frequency	Percent
Strongly Agree	51	63.8%
Agree	12	15.0%
Neutral	7	8.8%
Disagree	10	12.5%
Total	**80**	**100.0%**

Source: Field Research Data, 2018

From the above table, it shows that majority of the respondents, 63, representing 79% of the total respondents agreed that they were generally satisfied with the bank. 10 respondents representing 13% of the total respondents disagreed being generally satisfied with the bank. 7 respondents, representing 9% of the total respondents decided to remain neutral about whether they were generally satisfied with the bank or not. From these statistics, it can be concluded that the majority of the customers were generally satisfied with the bank.

4.5.2 ARE THE CUSTOMERS LIKELY TO STAY WITH INVESTRUST BANK PLC'S FOR THE NEXT 10 YEARS?

The figure below gives the statistics about how respondents answered this question.

Fig. 4.2.20: To what extent do you agree that you will stay with the bank for the next 10 years?

Disagree 15%
Strongly Disagree 1%
Neutral 21%
Strongly Agree 52%
Agree 11%
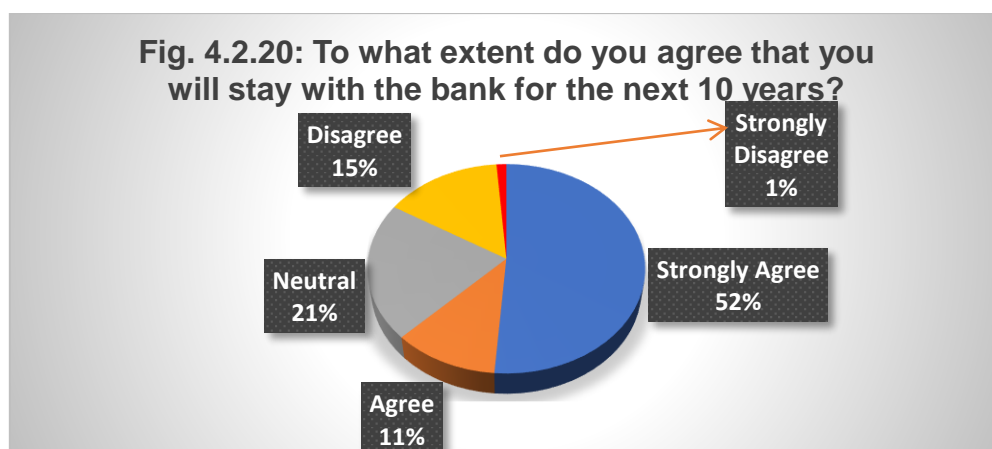
Source: Field Research Data, 2018

The figure above shows that the majority 63% of the total number of respondents agreed that they would stay with the bank for the next ten (10) years. 21% of the respondents decided to remain neutral. However, 16% of the respondents disagreed with the assertion that they would stay with the bank for the next ten (10) years. It can therefore be concluded that most customers were of the view that they would stay with the bank for the next ten (10) years.

4.5.3 HAVE THE CUSTOMERS EVER CONSIDERED LEAVING INVESTRUST BANK PLC?

The results for this question are as shown in the table below:

Table 4.2.15: Showing Whether Customers Have Ever Considered Leaving the Bank

Extent to which they Agreed	Frequency	Percent
Strongly Agree	13	16.3
Agree	15	18.8
Neutral	5	6.3
Disagree	29	36.3
Strongly Disagree	18	22.5
Total	**80**	**100.0**

Source: Field Research Data, 2018

The above table shows that the majority respondents, 47, representing 59% disagreed to 'considering leaving the bank'. 28 respondents, representing 35% agreed of having considered leaving the bank. 5 respondents representing 6% of the total respondents decided to remain neutral. It can be concluded that the while a reasonable majority of the customers never considered leaving the bank there is however a significant percentage that would depart if they are not appeased.

4.5.4 DID CURRENT QUALITY OF SERVICE KEEP CUSTOMERS WITH INVESTRUST BANK PLC?

In answering the above question, the figure below shows the ratings.

Fig. 4.2.21: To what extent do you agree that current quality service of the bank has kept you with the bank?

■ Percent   ■ Frequency

Category	Values
STRONGLY DISAGREE	
	15.0 / 12
NEUTRAL	13.8 / 11
	17.5 / 14
STRONGLY AGREE	52.5 / 42

(Axis: 0, 10, 20, 30, 40, 50, 60)
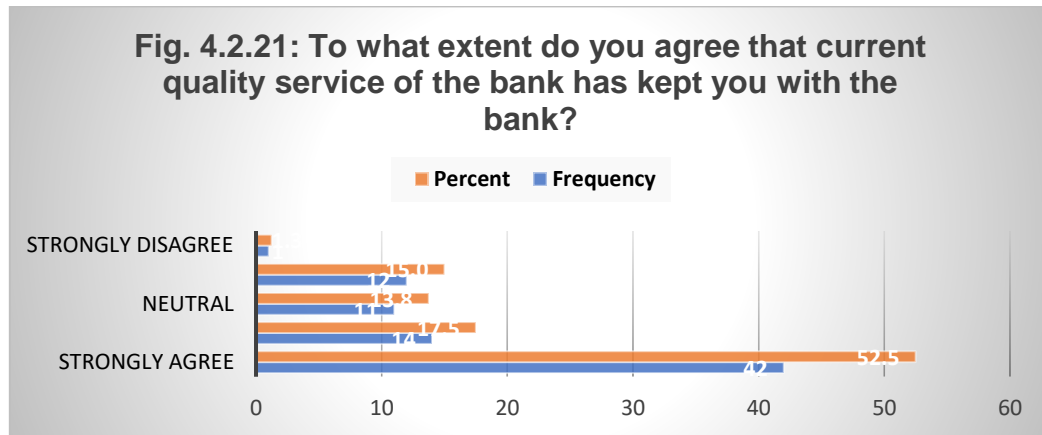
Source: Field Research Data, 2018

From the figure above, the majority 70% of the total respondents agreed that current quality service of the bank kept them with the bank. However, 16% of the respondents disagreed that the current quality service of the bank is the reason as to why they were still with the bank. 14% of the respondents who took part in the survey decided to remain neutral. It can be concluded, thus, that the majority of the customers were still with the bank owing to its current quality services it offered to its clients.

4.5.5 ARE INVESTRUST CUSTOMERS INTENDING TO PATRONISE OTHER PRODUCTS IT OFFERS?

In answering the above question, we will use the statistics provided in the diagram below:

Fig.4.2.22: To what extent do you agree that you intend to patronise other products offered by the bank?

- Disagree 4%
- Strongly Disagree 2%
- Neutral 5%
- Strongly Agree 79%
- Agree 10%
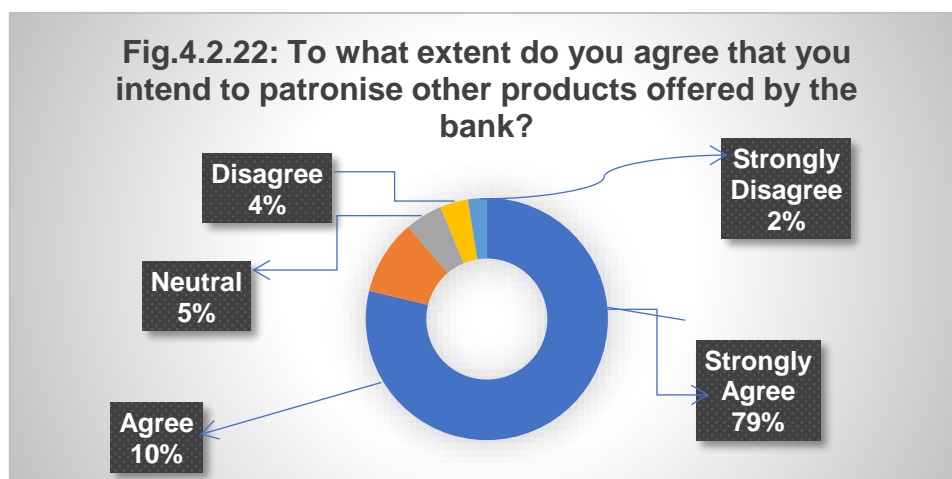
The above figure shows that majority of the respondents (that is, 89%) were intending to patronise other products offered by the bank. However, 6% of the respondents disagreed about their intention of patronising other bank products. 5% of the respondents of the respondents decided to be neutral on whether they intended to patronise other products from the bank. It can therefore be concluded that the majority of customers at Investrust Bank PLC are intending of patronising other products offered by the bank.

4.5.6 HAS THE LOYALTY OF INVESTRUST BANK PLC CUSTOMERS INCREASED BECAUSE OF THE BANK'S SERVICE DELIVERY?

The figure below will be used to answer this question.

Fig. 4.2.23: To what extent do you agree that your loyalty to the bank has increased because of its service delivery?
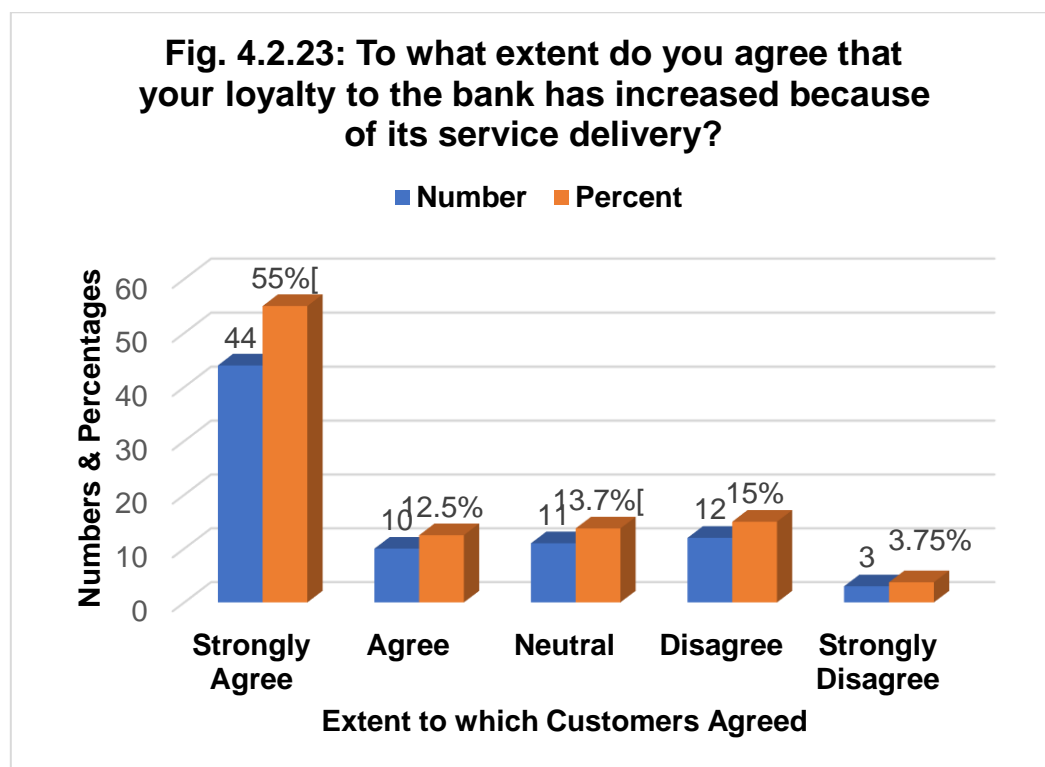
From the figure above, it can be seen that the majority of the respondents, 54, representing slightly above 67% were in agreement that their loyalty to the bank had increased due to the service delivery. However, 15 respondents, representing about 19% of the total respondents disagreed that their loyalty to the bank had increased because of the delivery of its services. 11 respondents translating to almost 14% of the total respondents decided to be neutral as regards

whether their loyalty had increased because of the bank's service delivery. It can be concluded that most customers at Investrust Bank PLC had their loyalty increased due to service delivery.

4.5.7. EFFECTIVENESS OF THE ADOPTED CUSTOMER SERVICE STRATEGIES

The employees were asked to rate the effectiveness of the adopted competitive strategies to enable the study to assess the association between the strategies and customer retention.

4.2.24. EFFECTIVENESS OF THE CUSTOMER STRATEGIES ADOPTED BY THE BANK

- moderate extent
- great extent
- very great extent
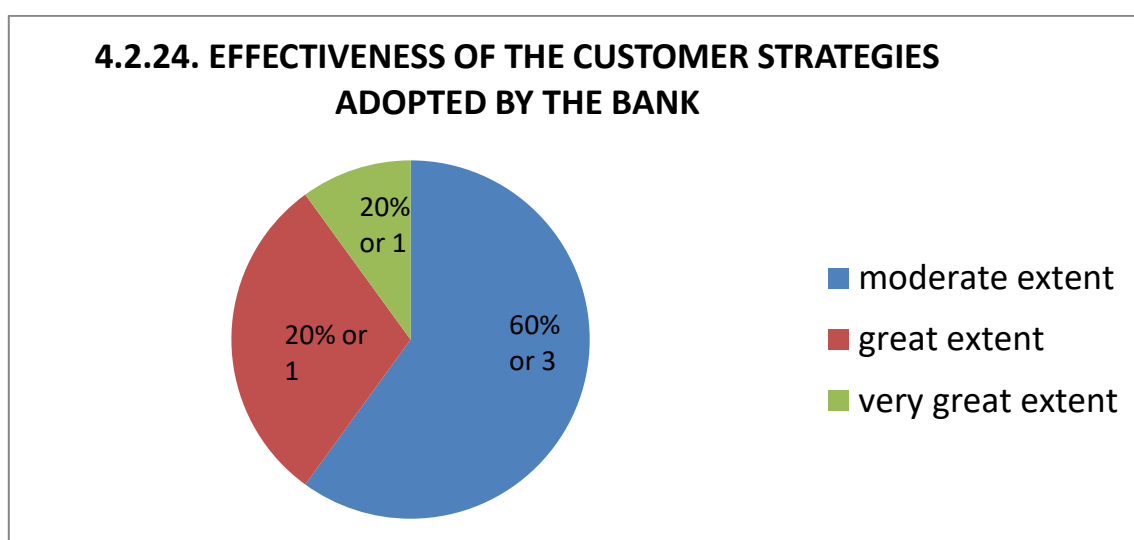
Source: Field Research Data, 2018

This shows that out of 5 employees, 3 or 60% thought the customer retention strategies adopted by the bank were effective to a moderate extent, while 10% or 1 employee thought that they were effective to great extent and the other felt to a very great extent. This shows that more employees thought that the strategies had a moderate effect.

4.5.8 EMPLOYEE RATING OF THE SERVICE QUALITY OF THEIR BANK?

Table 4.2.16: Rating Of Service Quality The Bank

Respondents	Low	moderate	high
5 (100%)		✓	

The above shows that 100% or 5 of them rated it moderate, which means that there is a consensus that service quality is average, thus there is room for improvement.

4.5.9 SERVICE QUALITY DIMENSIONS AND CUSTOMER RETENTION TESTED FOR DEGREE OF ASSOCIATION.

The study sought to assess whether there is an association between quality of service and customer retention by using the statistical measure of correlation which helps to indicate the extent to which two or more variables fluctuate together.

Table 4.2.17: Shows The Degree Of Association Between And Servqual Model Of Services At Investrust Bank PLC

Association of Service Quality Dimensions to Customer Retention		
Dimension:	Correlation Coefficient (r)	Degree of association
Tangibility	0.64	moderate uphill positive
Relaibility	0.61	moderate uphill positive
Empathy	0.68	strong uphill positive
Responisiveness	0.58	moderate uphill positive
Assurance	0.52	moderate uphill positive

The above table shows the correlation of service quality dimensions with the bank's customer retention results. All the 5 dimensions of service quality have recorded a positive correlation to customer retention and in the range between 0.52 to 0.68. However, tangibility, reliability and empathy have recorded stronger association to customer retention than responsiveness and assurance in this study.

4.5.10 EMPLOYEE RATING ON LEVEL OF CUSTOMER SATISFACTION AT INVESTRUST BANK PLC

The survey amongst employees about the customer satisfaction based on 9 statements that were adapted from the SERVQUAL MODEL were as follows:

Table 4.2.18: Showing Employee Rating Of Customer Satisfaction On The Factors Outlined Below:

	strongly disagree	disagree	neutral	strongly agree	agree
customer satisfaction is due to:					
accuracy of banking records			20%	40%	40%
accuracy of transactions			20%	40%	40%
access to electronic transactions				60%	40%
staff who deliver services			40%	40%	20%
efficiency of customer service			40%	40%	20%
physical appearance of branch	20%	40%		20%	20%
convenience of the branch location				60%	40%
promptly informs customers about its new services	20%	20%	20%	20%	20%
prices (charges, fees, interest)				60%	40%

Source: Field Research Data, 2018

The above table shows that employees do not select the 'disagree' or 'strongly disagree' on 7 items. The only two statements where the employees are distributed in terms of ratings are on the physical appearance of the branch where 60% have not agreed that it brings customer satisfaction and 40% have disagreed that the bank is prompt in informing customers about its new services thus demonstrating that some employees have negative opinions about these two areas of services and thus should be reviewed for further improvement.

The above table is further simplified in the following chart where the staff ratings are grouped in terms of whether they 'agree', 'disagree' or remain 'neutral'.

Figure 4.2.25: Consolidated Chart On The Above That Shows The Staff Rating In Terms Of Agree, Neutral And Disagree Shows The Following Trend.
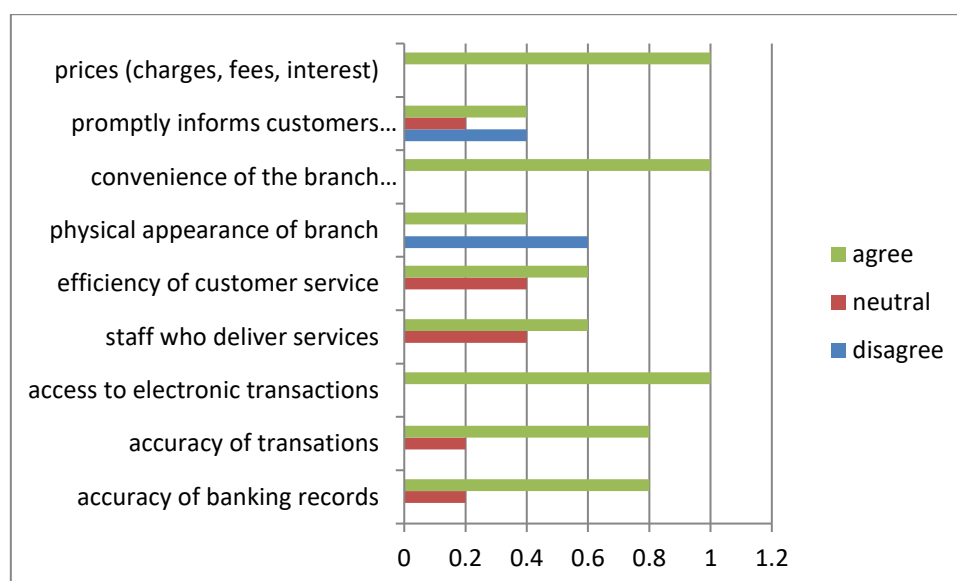
Source: Field Research Data, 2018

From the above consolidated chart, it can be seen that employees have unanimously agreed that customer satisfaction is due to price, convenience of branch and access to electronic transactions, while 80% agreement comes on statements of accuracy of banking records and transactions. Followed by 60% agreement on efficiency of customer service and staff who deliver services. Thus it can be surmised that the staff are satisfied about their bank's service delivery on most areas except in the areas of physical appearance of the bank and promptness of information delivery to customers about service delivery.

4.6. EMPLOYEE PERCEPTIONS OF THE IMAGE OF THEIR BANK

Table 4.2.19: Showing Staff Perceptions about What Customers Think about the Bank's Corporate Image.

Staff perceive that their bank's image is					
	strongly	disagree	neutral	strongly	agree

	disagree			agree		
Widely-known			40%	20%	40%	
Stable	20%		40%	40%		
Reliable			40%	60%		
Trustworthy	40%		20%	40%		
Involved in the community	40%			20%	40%	

Source: Field Research Data, 2018

Figure 4.2.26: Shows Consolidated Ratings In Terms Of Agree, Disagree And Neutral Show The Following Results:

Staff perceive that their bank's image is:
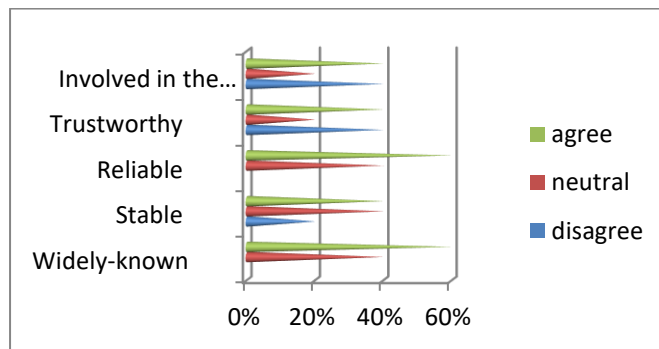
Source: Field Research Data, 2018

From the above consolidated findings it can be observed that the employees of the bank have mixed reviews about the bank's image. 40% feel the bank does not have a corporate social responsibility image, while the 40% agree that it does and 20% remained neutral. Similar trend is observed on the bank's image in terms of being trustworthy. In the area of reliability, 60% feel that it is reliable while the rest remained neutral. Interestingly 20% feel that it is not perceived as stable, while 40% agree to its stability and 40% remained neutral. Lastly, in terms of being well known, 60% have agreed while 40% remained neutral. From these findings it can be seen that the employees do not agree unanimously on any of the factors that promote the bank's image. Therefore these factors need to be explored further.

4.6.1 EMPLOYEE RATINGS ON THE FACTORS THAT MAKE CUSTOMERS STAY WITH THE INVESTRUST BANK

Figure 4.2.27: Shows The Factors That Make Customers Stay With The Investrust Bank.
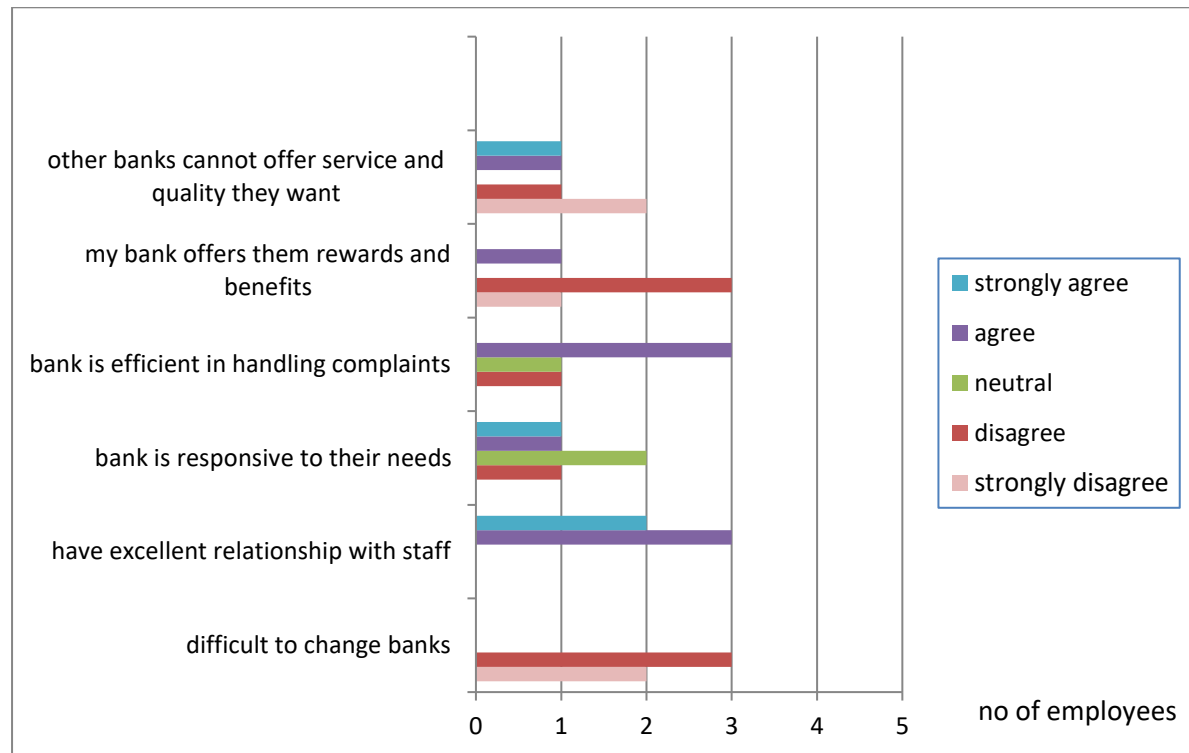
Source: Field Research Data, 2018

The above bar chart illustrates the employees' ratings on questions asked in relation to factors that have contributed to customer retention at Investrust Bank PLC 100% or all five split only in terms of strongly agree or disagree that retention was due to difficulty of customers to switch banks, thus showing that switching barriers are very low in the industry. What they do agree strongly and agree in unanimity is that retention is because customers enjoy an excellent rapport with the staff. However on statement that retention is because bank is responsive to their needs, there are 2 that strongly agree and agree to this notion while 1 disagrees while 2 remained neutral. In terms of retention due to effective handling of customer complaints, 3 agreed to this while 1 remained neutral whereas 1 disagreed. On the statement that retention of customers is because the bank offers them rewards and benefits to stay, 3 strongly disagreed while 1 disagreed, whereas 1 agreed. On whether retention is because other banks cannot provide the service quality these customers want, 3 disagreed to this assertion while 2 felt it

was true. This demonstrates that the employees also have asserted that retention is mainly due to the quality customer service and rapport experienced by customers at the bank otherwise there would be easy switching to others.

4.6.2 THE EMPLOYEES WERE ASKED WHETHER CUSTOMERS HAVE TRANSFERRED FROM INVESTRUST BANK IN THE LAST ONE YEAR.

- ❖ 80% of the respondent employees agreed that customers have moved from their bank in the last year
- ❖ 20% of the respondents disagreed that customers moved from the bank in the last year.

FIGURE 4.2.28: Employee Perceptions Of Reasons For Customer Switching.

Apprehension due to shutting down of intermarket banking corporation, another local financial institution.
(Respondent 1)

-ATMs needed attention,
-Debit/credit/visa cards, cheque books etc take 4 months to be issued to the customers
(Respondent 2)

-Stiff competition from other banks. -Dissatisfaction makes customers leave.(Respondent 3)
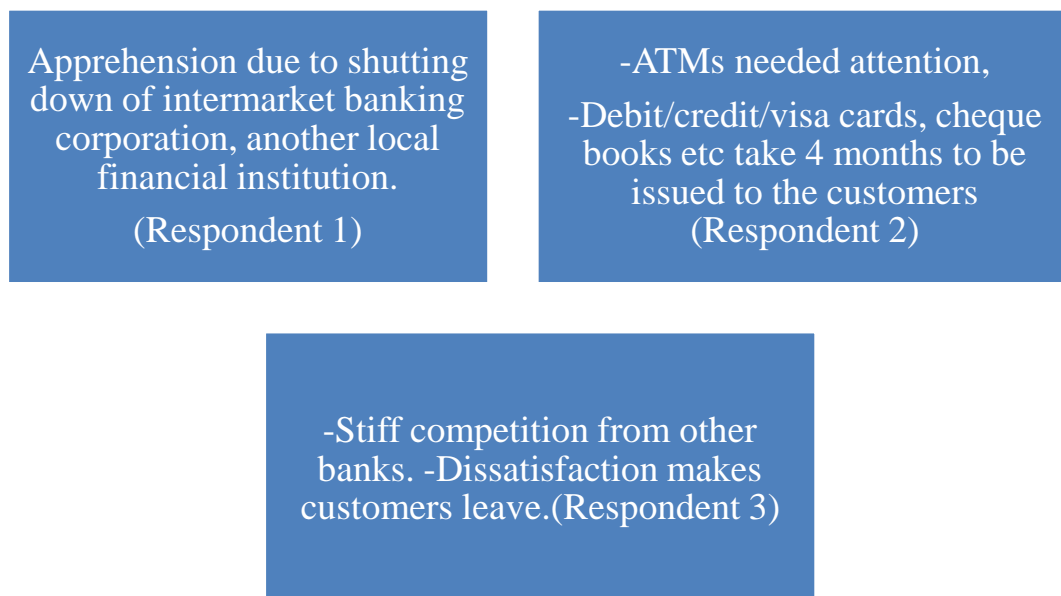
From the above figure, three staff members representing 60 % gave the above reasons for customer exits whilst 2 or 40% did not comment.

4.6.3 EMPLOYEE PERCEPTIONS ON CUSTOMER RETENTION FOR THE LAST 3 YEARS.

The following responses were recorded:

- ❖ 4 or 80% stated that retention had improved

❖ 20% or 1 stated it was decreasing.

❖ Thus showing that majority felt the retention trend had improved in the last 3 years.

4.7 AREAS OF DISATISFACTION AS PERCEIVED BY CUSTOMERS

The Customers were further asked to comment on any other areas of dissatisfaction regarding service quality that would add qualitative value to the study. And the following were their responses based on the frequency of the complaints grouped according to the SERVQUAL dimensions.

TABLE 4.2.20: Feedback Obtained Through Open Ended Survey From Customers On Areas Of Dissatisfaction.

Respondents	Feedback about services	Service dimension
17	ATMS frequently down; run out of cash; debit account without physically dispensing the cash.	TANGIBILITY
18	Bank system is outdated; online banking systems not efficient. Network is poor.	TANGIBILITY
4	Issuance of bank cards and cheque books takes long (sometimes 3 months). And Account holders still get charged over the counter charges for not using ATMs which is an inconvenience caused by bank's slow processing system.	TANGIBILITY
4	Loans systems are very inefficient, even long term account holders cannot access the loan facilities. Application process too stringent.	RELIABILITY
16	Long queues at the tills in the bank; need more tellers especially at peak times like month-ends.	RESPONSIVENESS
2	Service delivery is slow and the staff do not inform the customers about new products and services.	RELIABILITY
19	Did not provide additional comments	
80	TOTAL RESPONDENTS	

Source: Field Research Data, 2018

This shows that tangibility records the highest number of complaints with a total of 48% of the respondents, followed by responsiveness which scored 20% and reliability that scored 7.5%.

4.7 VERBATIM FEEDBACK OF CUSTOMERS REGARDING INVESTRUST BANK PLC

Respondent 1 stated, "The bank is very good but the ATMS and system are a let-down".

Respondent 2 stated, "The staff in this bank are very helpful and efficient, the only thing that I detest is being charged and debited for using ATM and not physical cash coming out of it."

Respondent 3 stated, "I want the bank to increase the tellers at month-ends when there are long queues at the counter."

Source: Field Research Data, 2018.

4.8 EMPLOYEE SUGGESTIONS ON CUSTOMER RETENTION STRATEGIES.

Bank staff was asked to suggest what strategies can be taken by their bank to achieve maximum customer satisfaction thereby retention.

TABLE 4.2.21: What Strategies Must Be Adopted To Enhance Customer Retention?

Respondents	Feedback
1	Set up high quality internet systems and provide quick response to customer's needs.
2	Motivate staff and train staff.
3	Improving customer experience by getting feedback from customers.
4	Improve feedback, flexibility.
5	ATM machines should be working throughout the day and systems should not be down during banking hours.

Source: Field Research Data, 2018

From the above table, improvements to systems, network, ATMs are prominent areas of remedial action while staff motivation and service delivery have also been mentioned as areas that can enhance customer satisfaction and retention.

4.9 SUMMARY

This chapter has presented the findings of the primary data collected in terms of the three objectives, corresponding questions and from the perspectives of the customers and staff of Investrust Bank PLC Tables and charts were used to present trends from respondents based on a 5 point likert scale, while responses elicited from additional comments and interview that provided qualitative information that can express the attitude and feelings of the respondents. The association between service quality dimensions and customer retention was also tested using correlation. The findings also highlighted employee perceptions of their service quality, customer perceptions of bank image, has there been customer switching in the last year? Areas of customer dissatisfaction as provided by customers and finally what measures can be taken to enhance customer satisfaction according to employees. Finally the association between service quality dimensions and customer retention was also tested using correlation and it has been observed that there is a positive correlation between the SERVQUAL dimensions and customer retention at Investrust Bank PLC.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 INTRODUCTION

This chapter presents the discussion and analysis of the findings based on the set objectives which were; customer service strategies used by Investrust Bank Plc, customer perception of customer service strategies used at the branch, and the association of customer service strategies on customer retention.

5.1 THE CUSTOMER SERVICE AND RETENTION STRATEGIES ADOPTED BY INVESTRUST BANK PLC INDUSTRIAL BRANCH.

❖ TIMELY SERVICE DELIVERY: This is an important aspect of the reliability dimension of the SERVQUAL. The findings are also supported by the views of Beryl and Brodeur (2007) that reliability is a critical dimension that influences the competitiveness; and that a bank can differentiate itself from competitors by providing high quality reliable services.

❖ INNOVATION OF NEW PRODUCTS AND SERVICES: At Investrust Bank another product innovation has been to deliver appropriate services to different customer segments; the Bank uses market segmentation strategies to improve customer service and satisfaction. The bank separates its market broadly as personal, business and corporate and in terms of rural or urban. For instance, the Invest Farmer, InvestGo, SME Kantemba, Eaze Save are products among others that target the specific sections of the society and these accounts attract minimal or no fees, low minimum balances whilst providing interest on credit balances. This is consistent with the findings of Mazrui (2003), he established that banks used several strategies including segmentation and targeting, customer service improvement and product development and market penetration for customer satisfaction and retention over the broad spectrum of clientele.

❖ PROVISION OF ONLINE SERVICES: Investrust Bank continued to invest in technology which gave customers an opportunity to access their bank accounts through mobile phones and computers via the internet. This created a lot of convenience for customers as they did not need to physically visit the bank's physical branch offices to transact. This also gave the Bank's staff amble time to give ample individual attention to customers walking into the banking halls. This is consistent with the findings of

Machayi and Ahmed who suggest that another technique to improve quality is to provide additional automated equipment. It is very common now that service providers have websites, toll free phone lines, 24 hour automatic access to account data for this allows greater customization of service (2016). The opinion is seconded by Gerrard & Cunningham (2000) who conclude that service products combined with high technology can attract the customers because they appreciate a quick, convenient, and higher quality service. Alternatively, the less innovated banks which cannot offer these types of delivery method effectively may cause customers to switch banks.

- ❖ EFFECTIVE HANDLING OF COMPLAINTS: This is a very important strategy as many studies have found for instance, Lovelock & Wirtz (2011) said that complaint handling efforts should be regarded as investments which help to retain customers and protect long-term stream of profit. This is seconded by the argument that effective complaint handling is able to enhance customer satisfaction higher than if no failure has occurred in the first place, so called "service recovery paradox" (Smith & Bolton, 1998; Hansen & Danaher, 1999).

- ❖ IMPROVING CUSTOMER EXPERIENCE BY UNDERSTANDING THEIR REQUIREMENTS: This is consistent with the findings of Machayi and Ahmed (2016) who state that to manage service quality successfully, there is need to know the level of service customers expect. The bank should run surveys. Once what customers expect is known the position to deliver is solid.

- ❖ PRICE COMPETITIVENESS: The bank also endeavours to offer low costs on services than others. The bank also offers its customers reasonable exchange rates for their foreign exchange transactions in order to increase the customer retention, as it also promptly responds to changes in the base lending rates upon revision of these by Bank of Zambia. This aspect of relationship marketing is consistent with the findings of Jamal and Nasser (2002) as they point out that an increase in a retail bank's quality in terms of product, price and service quality are essential for customer satisfaction and retention.

Thus it can be said that Investrust Bank PLC has effective customer retention strategies on paper, whether they translate into the desired results are revealed in the findings to the second objective of the study. However providing high quality of services and products to customers can retain customers as has been found in a study by Elizabeth Ogongo (2014) concluded that the commercial banks working in Kenya were indeed providing high quality of service and other facilities and thus retained their customers.

5.2 CUSTOMER PERCEPTION ABOUT THE QUALITY OF CUSTOMER SERVICE STRATEGIES USED BY INVESTRUST BANK PLC ZAMBIA.

Customer perceptions of Investrust Bank's quality of services were analysed through their responses based on the 22 statements of various bank specific services that were grouped into the five dimensions of service quality. These are discussed below:

5.2.1 TANGIBILITY

In terms of tangibility, the total percentage of positive perceptions from customers was 76%. This was more than the combined total of disagreement which stood at 13%. Thus it can be said that most customers are satisfied with the physical aspects of the bank. Looy et al (2003) described tangibles as the tools or equipment used to provide the service and communication material, in other words every material that is used to give tangibility to service. There was overwhelming appreciation of the bank's physical appearance and the employees' neatness, both aspects help to attract customers, however on the up to date technology, there was considerable agreement that the bank needs to upgrade its technology especially the ATMs and internet network as these hinder the service quality in terms of, speed and overall efficiency.

This is consistent with findings of Kingman-Brundage (1991) who emphasizes the need to provide technology to support the services. He asserts the importance of provision of reliable technology being a necessity with the service policies, so as not to induce customer frustration. Schlesinger and Heskett (1991a) state that a system dynamics model must be developed to nurture the feedback relationships between organizational tangible variables that cause poor service culture and result in service failures.

5.2.2 RELIABILITY

In terms of reliability, the responses from Investrust Bank Plc customer survey shows that the bank is considered reliable in its service delivery by more than 75% of the population with a small number that disagree and hence some level of improvement is necessary. In summary, when asked whether they were attracted to the bank's offerings, 75% agreed thus showing that customers are quite happy with the level of commitment shown by the bank employees. However on the consolidated ratings on the reliability dimension, the bank scored lowest rating of 67% as compared to others. This was a discovery that requires to be further investigated because a bank must be perceived well in terms of reliability. Customer confidence is a product

of how reliable the services are perceived. This is consistent with the findings that Reliability is considered the essential core of service quality. Other dimensions will matter to customers only if a service is reliable, because those dimensions cannot compensate for unreliable service delivery (Berry et al., 1994). Therefore this dimension needs to be reviewed.

5.2.3 ASSURANCE

Assurance pulled the highest percentage of 89%, the responses from customers on their perceptions of the bank's assurance to them, there was a majority positive consensus in terms of courtesy, safety in banking transactions, knowledge of employees as they serve the customers, and more respondents felt that their experiences at the bank have been good. The customers feel very safe and assured with Investrust Bank PLC this is a very strong indication of customer confidence in the bank.

5.2.4 EMPATHY

The bank scored equally above average for responses on how empathetic the employees were to customers' needs in terms of individual attention to customers; provision of prompt information to customers; satisfactory customer care services like with the cash disbursement service of the bank thereby giving the bank's employees kudos for their exemplary efforts in service delivery strategy which is clearly successful. And the customers also agreed in majority that they found the quality of the branch is satisfactory as they always expected good service from the bank; and would recommend the bank to other people. This is a quality of the employee care to the customer and individualized attention given to them. According to Wilson et al., positive perception of empathy shows that customers feel valued and that their needs are cared by the organization, so they would like to stay along with this firm (Wilson et al., 2008).

5.2.5 RESPONSIVENESS

In terms of Responsiveness, 76% of customers have rated the staff's responsive attitude as positive in terms of their promptness of service, response to requests and information about delivery time. This shows that a majority of the customers feel that the staff attends to them efficiently and that is why they are loyal to the bank. This is consistent with the findings of another study in Hong Kong which established that Responsiveness is also a key success factor in the Hong Kong banking sector (Lau et al., 2013). They added that willingness of service providers to assist and provide prompt services to customers is very important to customer

evaluation of banks and their results show that responsiveness has a positive influence on customer satisfaction because customers are satisfied with the personal services provided and service personnel who understand their needs (ibid).

In summary it can be said that the customers' perceptions about the services at Investrust Bank are generally positive.

5.2.6 AREAS OF DISATISFACTION

Being a mixed study, customers were further asked to state their opinions on the present quality of services at Investrust Bank that dissatisfied them. Most respondents complained about systems, network and ATM failures as there were also complaints about the delays of three to four months in delays to issue bank instruments like cheque books and debit cards. These are consistent with the tangibility perception in the findings. There were also some who mentioned that loans were very hard to access at the bank despite being a long-time customer with the bank. While others complained that service delivery is slow, there were long queues at the banking hall during peak times like month-end. These reflect that the bank is not efficiently providing the services that it is in business for.

5.3 ASSESS THE ASSOCIATION BETWEEN THE CUSTOMER SERVICE STRATEGIES AND CUSTOMER RETENTION.

The bank's customer service strategies has been found to have an impact on the customer retention and this was found by the positive responses given to the questions posed to customers on their present and future with the bank. Firstly, about three quarters of the respondents were generally satisfied with the banks' services and more than half stated that would stay with the bank for the next 10 years, more than half of the respondents disagreed that they were considering leaving the bank. An overwhelming agreement was established to the quality of the service as being the reason for staying with the bank and almost 90% want to patronize other products of the bank, while it was generally agreed the loyalty to the bank has increased because of the bank's service delivery. The human touch of the customer services offered have provided the comfort that has been hard to leave even though the there is a common perception that technological based services are not that efficient. Some customers went on to mention that they were happy to deal with a Zambian bank as opposed to the other international banks because the environment has made them feel at home and they felt that more branches need to be established.

This shows that there is a positive association between the competitive service strategies adopted and implemented at Investrust Bank Plc and its customer loyalty and retention. Thus these strategies must be improved on periodically to enhance the service delivery. Ladhari confirms that these dimensions mainly focus on the human aspects of service delivery (responsiveness, reliability, assurance, and empathy) and the tangibles of service (2009). Oyeniyi and Abiodun (2008) state that Service quality is critical to the heart of organisation if they want to survive in the competitive business environment and make customers loyal. In assessing the effect of service quality on customer retention in the banking industry in Ghana, he found that Service quality had a strong relationship with customer retention in the banking industry

In a nutshell, 67% of the respondents totally agreed that they are loyal and retained in the bank while 10% remained neutral while 23% totally disagreed with this notion. This means that even though retention is being achieved, there are also a significant number of the respondents that are dissatisfied and could leave the bank. This shows that there is a gap in the banks services that needs to be filled.

The information solicited from bank staff have provided that although there has been customer migration in the last one year but the customer retention rates have in fact improved in the last three years which is consistent with the bank's innovative services like ATMs, Mobile and internet banking thereby making them competitive within the banking sector. There is further comparative edge in terms of reasonable prices and tailor made products in accordance with market segmentation that makes their services affordable and accessible by all the sectors as information provided by the interviewee.

5.31 SERVICE QUALITY DIMENSIONS AND CUSTOMER RETENTION AT INVESTRUST BANK PLC WAS TESTED FOR DEGREE OF ASSOCIATION.

The correlation result shows that the bank's competitive customer service strategies have been found to have a positive impact on customer retention. All the 5 dimensions of service quality have recorded a positive correlation coefficient of over 0. 52 to 0.68 which is within the moderate positive range to customer retention. However, tangibility, reliability and empathy have recorded stronger association to customer retention than responsiveness and assurance. The five SERVQUAL dimensions show positive relationships with retention.

This study also suggests that SERVQUAL is a suitable instrument for measuring the retail banking service quality in local banks because it covers comprehensively all the areas of service delivery in the banking sector. In previous studies, Zaim, Bayyurt and Zaim (2010) found that tangibility, reliability and empathy are important for customer satisfaction, whereas Mengi (2009) found that responsiveness and assurance are more important. Siddiqi (2010) examined the applicability of service quality of retail banking industry in Bangladesh and found that service quality is positively correlated with customer satisfaction; empathy had the highest positive correlation with customer satisfaction, followed by assurance and tangibility. This is consistent with the study because Empathy has the highest correlation rate of 0.68 to customer retention. Since empathy has more to do with the staff's interaction with the customers thus staff attitudes directly influence customer experience, and happy employees can help to improve customer satisfaction (Cook, 2008). Staff performance can be strengthened by treating them as an asset to increase intimacy with customers (ibid). According to Ndubisi (2006), customer satisfaction can be achieved by offering personalized, flexible and adjustable services to suit the needs of customers. Bilateral communication is another essential element to satisfy customers and retain loyalty.

The conclusion on the correlation between service quality and customer retention is that the quality of service is a good predictor of customer retention. Therefore Investrust Bank PLC must go flat out into improving the areas where there are flaws to obtain optimum results by churning out customer-centric strategies. Fogli (2006), states that companies have adopted customer focus as a strategy to link themselves more closely with their changing environment in recent years. Banks must identify potential customers, determine their needs, and then develop and deliver products and services to meet their needs effectively.

5.32 EMPLOYEES' SUGGESTIONS ON WHAT STRATEGIES CAN BE ADOPTED.

The bank staff the following information on what strategies can be employed to enhance customer satisfaction and retention.

Table 5.1: Customer Retention Strategies By Employees

STRATEGY
❖ Set up high quality internet service system to speed up service delivery
❖ Conduct a customer survey in order to improve customer experience
❖ Train and motivate staff
❖ ATMs must be functioning efficiently

The above factors are consistent with another study conducted by Machayi and Ahmed (2016) who concluded the bank should run surveys. Once what customers expect is known the position to deliver is solid. Frequently the easiest way to improve service quality is by providing front-line staff with more training. This gives customer contact a more solid background in solving problems and completing transactions more quickly.

Thus the findings are concluded by stating that from the entire report, it is clearly evident that customer service strategies though effective at the bank where services are staff oriented as the staff have proved to be quite responsive and empathic, however the services that require the use of technology such as internet, ATM, systems encounter challenges emanating from the quality if technology thus it needs to be upgraded urgently as this will eventually reduce the number of customers to the banking hall and make customer service faster and efficient thereby enhance retention. Feedback from customer is crucial also in attaining comparative edge as research suggests that involvement of the customer in decision making has great implication for both customer and service provider. (Farquahar, 2004; Ennew & Binks 1996).

5.4 SUMMARY

This chapter has discussed comprehensively the findings based on the three objectives that the study set out to achieve. It is evident that Investrust bank PLC has customer service strategies that are formulated by top level management and communicated down to line managers and finally to the service staff, the customer's perceptions have been recorded and interesting trends have been observed. It is quite evident that the tangibility dimension evoked mixed reviews from both customers and staff as did the reliability dimension. However, the customer retention trend has improved in the last three years though switching did occur in the last year. Significant percentage of customers would like to stay with the bank as a result of its customer

retention strategies but there is a small percentage that has expressed the desire to leave based on their ratings of the service delivery. There is a positive correlation between the service quality and customer retention which means that customer centric improvements to the services will further enhance the retention trends of the customers. The staff has also provided the specific areas that they feel can promote customer satisfaction and aspects of customer feedback, technology, training and motivation have been highlighted. Therefore these will be dealt with in the next chapter under recommendations.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.0 INTRODUCTION

This is the final chapter which looks at the conclusion of the study and provides recommendations that Investrust Bank PLC can adopt to remedy the areas that have been stated.

6.1 CONCLUSION

Based on the research findings, it is concluded that using the methodology and theories employed in this study, it has been established that that effective customer retention strategies can create impact on customer retention. From the data collected the customers of Investrust Bank PLC the result and the analyses shows the bank has created a safe and secure banking perception from the customers and also satisfies its customer by the service quality it provides. The study therefore finds a positive association of service quality strategies over the customer retention through the analysis i.e. Tangibility ($r = 0.64$), Reliability ($r = 0.61$), Empathy ($r = 0.68$), Responsiveness ($r = 0.58$) and Assurance ($r = 0.52$). The empirical findings do suggest that 67% of customers from the sample size are satisfied with the services they are provided and are ready to recommend the bank to others. However, 23% of the respondents are not satisfied and would like to exit. The latter section is representative of the entire customer population that might not be happy with the existing services and thus should be seriously considered. This study has shown that effective customer relationship management that is to say, the relationship with staff can differentiate a bank from the others even though some areas of service quality are hindered by technological and other tangible challenges. The customers at Investrust Bank PLC find it hard to switch from their bank because of the comfort that they experience at this bank given the physical location, relationship with the staff and the customer service strategies. Therefore Investrust Bank PLC needs to periodically conduct customer satisfaction surveys and improve on all the dimensions especially and very urgently the tangibility and reliability dimensions in order to remain competitive and enhance customer retention.

6.2 RECOMMENDATIONS

The study has found that though the bank has formulated practical service quality strategies, however there are challenges that have caused impediments to extending benefits to their customers. The SERVQUAL model has assisted the study in determining what the customers' perceptions of service quality at Investrust Bank PLC are and based on these findings and subsequent discussions, the study would now like to make the following recommendations to the bank with the aim of assisting them achieve higher degree of customer satisfaction and retention.

❖ Investrust Bank PLC should urgently address the Tangibility dimension of service quality in terms of internet banking, faulty ATM systems, delays in issuance of banking instruments like cards, cheque books etc. This is causing customer dissatisfaction and movements to other banks.

❖ Investrust Bank PLC should review reliability dimension to remedy areas of improvement especially in-terms of slow service delivery like long queues in the bank during peak times. More tellers must be employed to ease the congestion.

❖ Investrust Bank PLC should also review its loan processing time and criteria, financial inclusion is a catalyst to national growth and also the profitability of the banks since that is their core business activity. Hence as a Zambian bank, it needs to open its doors to local upcoming businesses to help them achieve growth.

❖ Investrust Bank PLC should further improve its overall service operations to match up with customer expectation by getting feedback from their customers and implement these in service quality because the correlation shows a positive relationship to retention, and hence shows that improvement to service quality will enhance retention.

❖ Investrust Bank Plc should also periodically train and reward staff especially Front liners at the bank, regular guidance like workshops, training and appreciation of commitment leads to motivation and retention of employees which can improve their competency on customer service and effective handling of complaints. Today these areas require expertise and cannot be adequately learnt by merely putting employees at the front desk to interact with customers. This must be supported by training on soft skills, for instance, handling customer objections, service recovery, and effective communication skills. This will result in improvements to customer service and retention.

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8.0 APPENDICES

APPENDIX 1

TIME PLAN

MONTH	RESEARCH ACTIVITIES
May- 2017	Topic development.
DECEMBER - 2017	Writing a proposal, questionnaire development
JANUARY - 2018	Collection of Data
February-2018	Analysis of Data
March-2018	Discussion
June-2018	Completion of Draft Report
July -2018	Ethical Clearance and Presentation
August-2018	Editing and preparation of final report, binding and submission

APPENDIX 2

BUDGET

S/N	Description	Qty	Unit Cost (ZMW)	Total Cost ZMW
1	Stationary	3 Reams of paper	60.00	180.00
2	Binding	10 copies	250	2,500.00
3	Printing	10 copies	100	1,000.00
4	Transport	100 litres	13.00	1,300.00
5	Miscellaneous costs			800.00
	ESTIMATED TOTAL COST			K5,780.00

APPENDIX 3

QUESTONNAIRES FOR CUSTOMERS AT INVESTRUST BANK PLC

Research Questionnaire for Customers   **Serial No: ....**

THE UNIVERSITY OF ZAMBIA IN COLLEBORATION WITH ZIMBABWE OPEN UNIVERSITY

INSTITUTE OF DISTANCE EDUCATION

Dear Respondent,

I am a final year post graduate student at the University of Zambia undertaking the course Master of Business Administration. I am conducting a research on the topic: "AN ASSESSMENT OF CUSTOMER STRATEGIES AND CUSTOMER RETENTION IN LOCAL COMMERCIAL BANKS: A CASE OF INVESTRUST BANK PLC LUSAKA**".**

 With reference to the above topic, kindly indicate your preference among alternative answers for each question by ticking in the appropriate box. When alternative answers are not provided, fill in the gaps provided. Thank you for your contribution. Respondents are assured of the confidentiality of this exercise because it will be solely used for academic purpose.

1. Background Information

 Gender: Male   …………………………………………….Female…………………………………………………….

b. Age: 25 and below ☐   26-35yrs ☐   36-45yrs ☐   46- ☐   55yrs ☐
       above 55

2. Perception of Customer Service Delivery by INVEST TRUST BANK PLC

To what extent do you agree with the following pertaining to the above bank.

Key: 1-Strongly Agree 2-Agree 3-Neutral 4-Disagree 5-Strongly Disagree

Tangibility	1	2	3	4	5
Has up to date equipment					
The bank's physical representation of services attractive					
Employees appear neat					
Reliability					
When the bank promises to do something by a certain time, they do					
The bank shows a sincere interest in solving your problems					
The bank provides error free service					
Service delivery is slow					
Responsiveness					
Employees always respond to your request					
The bank keeps customers informed about delivery time					
Employees give prompt service					
The bank's offering attracts you					
Assurance					
Employees of the bank are courteous with you					
You feel safe in your transactions					
Employees are very knowledgeable					
I have a good experience of the bank's service					
Empathy					
Employees give individual attention to you					
Employees provide prompt information to customers					
Customer care service is satisfactory					
I am satisfied with the cash disbursement service					
Quality of branch service is satisfactory					
I always expect good service from the bank					
I recommend this bank to other people					

3. EFFECT OF CUSTOMER SERVICE STRATEGIES ON CUSTOMER RETENTION

Statement	1	2	3	4	5
I am generally satisfied with the bank					
I will stay with the bank for the next 10 years					
I have considered leaving the bank					
Current quality of service has kept me with the bank					
I intend patronizing other products of the bank					
My loyalty to the bank has increased because of service delivery					

Any other comment

……

……

……

THANK YOU SO VERY MUCH !!

APPENDIX 4

QUESTONNAIRES FOR BANK STAFF AT INVESTRUST BANK PLC

Research Questionnaire for Bank Staff   Serial No: ....

THE UNIVERSITY OF ZAMBIA IN COLLEBORATION WITH ZIMBABWE OPEN UNIVERSITY

INSTITUTE OF DISTANCE EDUCATION

Dear Respondent,

I am a final year post graduate student at the University of Zambia undertaking the course Master of Business Administration. I am conducting a research on the topic: "AN ASSESSMENT OF CUSTOMER STRATEGIES AND CUSTOMER RETENTION IN LOCAL COMMERCIAL BANKS: A CASE OF INVESTRUST BANK PLC LUSAKA**".**

 With reference to the above topic, kindly indicate your preference among alternative answers for each question by ticking in the appropriate box. When alternative answers are not provided, fill in the gaps provided. Thank you for your contribution. Respondents are assured of the confidentiality of this exercise because it will be solely used for academic purpose.

Please DO **NOT** indicate your name on the questionnaire.

P**art A. Demographic Information**

1. A. Position…….

B. What is your service area to customers by virtue if your Position?...

…….

2. Please tick your highest education level?

Primary ……………   Secondary …………………….   Diploma……………….

University Bachelors Degrees ………………………. Postgraduate Degree………………….

Others…………………

3. Age of the branch?...4. Age of the Bank?.......................

PART B. Customers Satisfaction

5. How would you rate the level of service quality in your bank?

High ………………. ……..   Moderate …………………………   Low ……………………..

6. Based on the nine item index provided below on a 5-point scale, state the level of customer satisfaction with the following factors?

(1-Strongly Disagree, 2-Disagree, 3-Neither Agree nor Disagree, 4-Agree and 5-Strongly Agree)

Customer satisfaction is due to……………….	1	2	3	4
Accuracy of banking records				
Accuracy of transactions				
Access to electronic transactions				
The staff who deliver the services				
The efficiency of customer service				
The physical appearance of the branch				
Convenience of branch location				
The bank promptly informs customers about its new services				
Prices (charges/fees/interest)				

7. Based on the SEVEN item index provided below on a 5-point scale, state the level of customer satisfaction with the following factors?

(1-Strongly Disagree, 2-Disagree, 3-Neither Agree nor Disagree, 4-Agree and 5-Strongly Agree)

I perceive the image of my bank is…	1	2	3	4
Widely-known				
Stable				
Reliable				
Trustworthy				
Involved in the community				
Well-liked				
Distinctive/Unique compared to others				

8. Based on the nine item index provided below on a 5-point scale, state the level of satisfaction with the following factors?

(1-Strongly Disagree, 2-Disagree, 3-Neither Agree nor Disagree, 4-Agree and 5-Strongly Agree)

Customers perceive that my bank has competitive advantage because it…	1	2	3	4
Has excellent service quality				
Uses latest technology				
Has memorable advertisement				
Offers unique and distinctive products				
Has competitive pricing compared to others				

12.Customer Retention

What is your level of agreement with the following statements?

(1-Strongly Disagree, 2-Disagree, 3-Neither Agree nor Disagree, 4-Agree and 5-Strongly Agree)

Customers stay with my bank because…	1	2	3	4
It is difficult to change banks				
They have excellent relationship with staff				
The bank is responsive to their changing needs				
My bank is efficient in handling complaints				
My bank offers them reward and benefits				
Other banks cannot offer service and quality they want				

13. Customer Retention Results:

a. Have customers ever transferred from your bank in the last one year?

Yes …………………………   No…………………….

If yes, what factors do you think have made them transfer from your bank?...

……….

.

b. What is the trend of customer retention in your bank for the last 3 years?

Greatly Improved   [   ]

Improved   [   ]

Constant   [   ]

Decreasing   [   ]

Greatly decreased   [   ]

14. What factors make them dissatisfied with your bank?...

……

………

15. What strategies do you think should be employed by your bank to achieve maximum customer satisfaction?

……

…….

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 THANK YOU SO MUCH FOR YOUR TIME AND INFORMATION!!!

APPENDIX 5

INTERVIEW GUIDE

Interview guide

This survey will assist in objectives 1 and 3 of the study. First to identify what customer service strategies have been put in place by Investrust Bank, Plc and secondly to assess the effect of customer service strategies on customer retention from the Business Development Manager's perspective. Thank you for your contribution.

The Respondent is assured of the confidentiality of this exercise as it will be solely used for academic purpose.

<u>Customer service strategies</u>

<u>Questions</u>

1. Does the bank have customer service strategies?

   YES……………..NO……….UNSURE……….

2. What level of management is responsible for the formulation of customer service strategies?

   Top……………. Middle……………… Unspecified……………….

3. What type of unique customer retention strategies are adopted by the bank?

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

3.1 Are the following part of the strategy on customer retention?

strategy	Yes	No	Unsure
Timely service delivery			
Effective handling of complaints			
Customer acknowledgement			
Reliable technology			

4. How do the customer service strategies get communicated to all employees?

……………………………………………………………………………………

…………………………………………………………………………………

…………………………………………………………………………………

5. In terms of priority, how will you rank the strategies?

strategy	Low	high	average
Timely service delivery			
Effective handling of complaints			
Customer acknowledgement			
Reliable technology			

6. How would you rate the customer service strategies employed by the bank.

Less effective ………………….   Effective…………………………………

7. Have the good customer SERVICE strategies led to customer retention?

   YES…………….NO……….UNSURE……….

8 . Has Customer base has reduced? ………………………………….

   Or   Customer base has remained the same……………… …………………..

 9. Any other comment

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

APPENDIX 6

LETTER OF APPROVAL OF STUDY FROM RESEARCH ETHICS COMMITTEE

THE UNIVERSITY OF ZAMBIA

DIRECTORATE OF RESEARCH AND GRADUATE STUDIES

Great East Road | P.O. Box 32379 | Lusaka 10101 | **Tel:** +260-211-290 258/291 777
Fax: +260-1-290 258/253 952 | **Email:** director@drgs.unza.zm | **Website:** www.unza.zm

Approval of Study

9th August, 2018

REF. NO. HSSEREC: 2018-JULY-005

Mr. Rajeshvary Joshi
Plot 29 Mutandwa Road
Roma
LUSAKA

Dear Mr. Joshi,

RE: "ASSESSMENT OF COMPETITIVE STRATEGIES AND CUSTOMER RETENTION IN LOCAL COMMERCIAL BANKS: A CASE OF INVESTRUST BANK PLC, LUSAKA"

Reference is made to your request for waiver of ethical approval of the study. The University of Zambia Humanities and Social Sciences Research Ethics Committee IRB has approved the study noting that there are no ethical concerns.

On behalf of The University of Zambia Humanities and Social Sciences Research Ethics Committee IRB, we would like to wish you all the success as you carry out your study. In future ensure that you submit an application for ethical approval early enough.

Yours faithfully,

Dr. Jason Mwanza

BA, MSoc, Sc., PhD
CHAIRPERSON
THE UNIVERSITY OF ZAMBIA HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE IRB

cc: Assistant Director (Research), Directorate of Research and Graduate Studies
Assistant Registrar (Research), Directorate of Research and Graduate Studies

Excellence in Teaching, Research and Community Service

APPENDIX 7

LETTER OF INTRODUCTION FROM UNZA/ZOU OF RESEARCHER AND THE CONFIRMATION OF STUDY TO INVESTRUST BANK, INDUSTRIAL BRANCH, LUSAKA.

UNIVERSITY OF ZAMBIA – ZIMBABWE OPEN UNIVERSITY
(UNZA-ZOU)

Telephone: 26021-1-291777-78 Ext. 3500 0978772249
Telegrams: UNZA LUSAKA
Telex: UNZALU ZA 44370
Fax: 26021-1-290719
Your Ref:
Our Ref:

P.O. Box 32379
LUSAKA, ZAMBIA

Date: 21st December 2017

The Bank Manager
InvestTrust Bank Plc (Main + Industrial)
Lusaka

THE UNIVERSITY OF ZAMBIA
DIRECTOR
21 DEC 2017
INSTITUTE
OF DISTANCE EDUCATION

RE: CONFIRMATION OF STUDY

Reference is made to the above subject.

This serves to confirm that _Rajeshvary Joshi_ of NRC Number _546600/11/1_ and computer number _715809897_ is a bonafide student of the University of Zambia in collaboration with the Zimbabwe Open University (UNZA-ZOU).

The student is pursuing a Master degree of Business Administration programme and that he/she will be carrying out a research on _ASSESSMENT OF COMPETITIVE STRATEGIES AND CUSTOMER RETENTION IN LOCAL COMMERCIAL BANKS: A CASE OF INVESTTRUST BANK, PLC. LUSAKA_

Any assistance rendered to him/her will be greatly appreciated.

Dr. Daniel Ndhlovu
ASSISTANT DIRECTOR (PG)
INSTITUTE OF DISTANCE EDUCATION

InvestTrust
LUSAKA INDUSTRIAL BRANCH
P.O. BOX 32344, LUSAKA

APPENDIX 8

LETTER FROM RESEARCHER TO INVESTRUST BANK, INDUSTRIAL BRANCH, LUSAKA REQUESTING FOR PERMISSION TO COLLECT PRIMARY DATA.

<div align="right">

RAJESHVARY JOSHI (Ms.)

29 MUTANDWA ROAD

ROMA

LUSAKA

Cell: 0955 777091

Email: rjoshi24@yahoo.com

</div>

27TH DECEMBER, 2017

THE MANAGER

INVEST TRUST BANK PLC

INDUSTRIAL BRANCH

CHANDWE MUSONDA ROAD

LUSAKA

Dear Madam,

RE: request for assistance in data collection for a case study of the Esteemed Bank as partial fulfilment of the MBA Degree program.

Thank you very much for giving me your valuable time today. I am very grateful to receive your kind assistance in my study of the bank. In this regard please find enclosed the following for your kind action:

1. Questionnaires for the employees on the service quality and competitive strategies (…..7…..)
2. Questionnaires for the customers on service quality and their perceived satisfaction (…95…)

I would be most grateful if the questionnaires are equally distributed amongst the corporate and personal account holders. I would be most grateful to be given the contact of one official from the bank from whom I can collect the questionnaires once they are filled out. I am meekly requesting for the completion of this data collection by Tuesday 9th of January to enable me analyse the data as my defence presentation is scheduled to take place on the 24th of January, 2017.

1

I take this opportunity to give my seasonal greetings to all the customers and management of the bank and further to thank everyone sincerely for their act of kindness in helping me achieve my dream of graduating with the MBA Degree.

Thanking you,

Yours faithfully,

R.Joshi (Ms.)

Encls.