

AN ASSESSMENT OF THE QUALITY OF SERVICE DELIVERY IN MICRO-FINANCE COMPANIES IN ZAMBIA. CASE STUDY OF TOTTENGRAM FIN SERVICES

By

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721000100

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The University of Zambia

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DECLARATION

I Tinotenda Hugh Hompa declare that this dissertation is my own work and that it has not been presented to any other university for a similar or any other degree award. I further declare that all other people used in fulfillment of this dissertation in the research have been acknowledged.

Signed.....

Date

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CERTIFICATION OF APPROVAL

This dissertation of Tinotenda Hugh Hompa is approved as fulfilling the requirements for the award of the degree of Master of Business Administration (MBA) offered at the University of Zambia in collaboration with Zimbabwe Open University.

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DEDICATIONS

This dissertation is dedicated to Family. My wife Shylock Mapindu and children Hugh and Heine Homba for their love, support and encouragement throughout this educational journey, and for being the motivation behind wanting to achieve greatness.

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ABSTRACT

This study aimed to assess the quality of service delivery in Microfinance Companies (MFIs) in Zambia, using Tottengram Fin Services as a case study. The microfinance sector in Zambia faces challenges such as donor dependence, rising operational costs, low client retention, high staff turnover, and a decline in service quality, leading to suboptimal MFI performance. The study analysed customer perceptions of service quality in Zambian MFIs and its link to client retention, evaluated operational challenges, and identified measures for enhancing service quality and sustainable performance. The SERVQUAL model was used as the theoretical framework, with independent variables including organizational factors, regulatory environment, and customer expectations, and dependent variables like quality of service delivery. A qualitative research approach was adopted, with data collected from 3800 customers and 150 employees from Tottengram Fin Services' five branches. The major findings revealed that responsiveness, professionalism, transparency, personalized approach, continuous improvement, and feedback mechanisms were key factors in customer perceptions of service quality. Operational challenges included limited access to financial infrastructure, insufficient technological capabilities, inadequate human resources, limited financial resources, and regulatory constraints. Measures to enhance service quality and sustainable performance included customer-centric approach, technology adoption, skilled workforce, continuous training, strategic partnerships, and monitoring and feedback mechanisms. Recommendations include conducting regular customer satisfaction surveys, addressing operational challenges, investing in technology infrastructure, providing comprehensive staff training programs, and fostering strategic partnerships with NGOs, government agencies, and technology providers. These recommendations can guide MFIs in Zambia to improve service quality, overcome operational challenges, and achieve sustainable performance.

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ABBREVIATIONS

BoZ- Bank of Zambia

CCPC- Competition and Consumer Protection Commission

MFIs- Microfinance institutions

NGOs- Non-governmental organisations

SERVQUAL- Service Quality

SMEs- Small and medium enterprises

Chapter 1:

Introductory Chapter

1.0 Introduction

The accessibility of credit plays a pivotal role in fostering economic expansion, particularly within developing nations. This array of services empowers consumers to utilise and invest in readily available resources and assets, consequently exerting a positive influence that fortifies the economy (Kitenge & Kingombe, 2012). In light of this, microfinance institutions (MFIs) have emerged as essential intermediaries, offering micro-credit and a spectrum of financial services that hold immense value for individuals and small business proprietors alike. These services provide small businesses with indispensable tools to initiate, cultivate, and advance their enterprises. Beyond financial offerings, MFIs also provide non-financial services (Abraham & Balogum, 2015).

Given the undeniable role of MFIs in the economic progress of developing economies, Zambia included, it becomes apparent that the calibre of their service delivery profoundly mirrors the nature of their contributions to this advancement. Pertinent studies have highlighted a surge in customer grievances, eroding overall customer satisfaction. Consequently, this study endeavours to scrutinise customer perceptions regarding the quality of service delivery, while also ascertaining the efficacy of MFIs in Zambia in dispensing these services. The pivotal role of quality delivery is meticulously evaluated, particularly concerning its impact on customer retention.

1.1 Background

The microfinance sector, established in the 1970s, saw the emergence of most Zambian MFIs by the late 1990s (Siwale, 2006). Primarily, the sector's establishment aimed at empowering the world's economically disadvantaged population, ensuring they could avail loans tailored to their repayment capacity (Antwi, 2015). Subsequently, innovations led to the creation of strategies to assist those with limited income. Many of these institutions have evolved beyond just credit provisions, branching into insurance and payment services (Johannsen & Zeller, 2006). Initially, the evaluation of

MFIs gravitated towards their impact on social matters, inadvertently side lining the financial health of these institutions. This oversight soon manifested in the quality of their services, with rising customer grievances marking their operations (Abraham & Balogum, 2015).

Numerous obstacles are attributed to the subpar performance of Zambian MFIs. Mukama et al., (2015) and Chiumya (2020) pinpointed a "donor dependence syndrome" in Zambian MFIs, leading to significant operational issues such as heightened operating costs, diminished client loyalty, significant staff attrition, and ultimately a decline in the quality of service.

Research predominantly focuses on the performance metrics of MFIs, evaluating their resource management proficiency, goal achievement, profitability, and sustained quantitative growth (Micro Save, 2008; Ganka, 2010). Additionally, scholars like Kitenge & Kingombe (2012) identify profitability, sustainability, efficiency, productivity, asset/liability management, and portfolio quality as the essential determinants of financial performance.

With approximately 40 MFIs vying for clientele, as per the Bank of Zambia's records, and contributing 3% to Zambia's economy, the industry experiences intense competition. Chisenga (2016) highlights this competition, emphasising that many MFIs grapple over the same potential clients, leading to reduced client acquisition and retention. This sentiment finds corroboration in Siwale and Ritchie's (2011) work, citing prevalent issues in financial institutions like client acquisition and retention challenges, potential fraud risks, high staff turnover, and administrative and governance hurdles.

The Competition and Consumer Protection Commission (CCPC) of Zambia reported a 20% increase in customer complaint cases within the past three years from 2020 to 2023 (CCPC, 2023). The CCPC has attributed these challenges to the failure of MFIs to adjust to the changing consumer needs and expectations. Zambia's Financial Sector Supervision Unit under the Bank of Zambia has also expressed concerns over the behaviour of some MFI's citing a 15% increase in service quality cases from 2021 to 2022.

Tottengram Fin Services has not been immune to some of these challenges. The imperative for this study, therefore, is to evaluate Tottengram's service quality with a

keen focus on client retention. Several client complaints have been lodged with the CCPC, adversely impacting customer loyalty in institutions such as Tottengram. Chisenga (2016) posits that MFIs often emphasise loan repayment rates and clients' loan progression, overlooking the tangible socioeconomic improvements or detriments their loans might bring to borrowers.

1.2 Statement of the problem

Microfinance institutions (MFIs) are pivotal in promoting economic empowerment and financial inclusion. However, the microfinance sector in Zambia, including major players like Tottengram Fin Services, faces various challenges that hinder their effective service delivery. These challenges include donor dependence, rising operational costs, low client retention, high staff turnover, and a decline in service quality. These issues collectively lead to suboptimal MFI performance. The competition among approximately 40 registered microfinance companies vying for the same client base exacerbates these challenges, resulting in decreased customer acquisition and retention rates.

Current research primarily focuses on financial performance metrics of MFIs, such as resource management, goal achievement, and profitability, often overlooking the real impact of these institutions on clients' socioeconomic status. This raises concerns about the comprehensive evaluation of MFIs' contributions to clients' economic well-being and overall service quality.

Furthermore, customer complaints, reported through authoritative channels like the CCPC, highlight a significant gap between client expectations and MFI services. This gap negatively affects customer loyalty and retention. It is crucial to address the complex challenges affecting service quality in Zambian MFIs, particularly through an in-depth investigation into Tottengram Fin Services, to understand the nature and extent of these challenges and propose informed solutions for sustainable improvement.

The researcher will focus on assessing the quality of service delivery in Microfinance Companies in Zambia.

1.3 Research Objectives

1.3.1 General objective

To assess the quality of service delivery in Microfinance Companies in Zambia.

1.3.2 Specific objectives

The study seeks to achieve the following objectives:

- (i) To analyse customer perceptions of service quality in Zambian MFIs and its link to client retention.
- (ii) To evaluate the operational challenges of Zambian MFIs and their impact on service quality.
- (iii) To determine measures that can be implemented to enhance service quality and sustainable performance in Zambian MFIs.

1.4 Research questions

The study seeks to answer the following questions

- (i) What are the customer perceptions of service quality in Zambian MFIs its link to client retention?
- (ii) Why is service quality in Zambian MFIs declining?
- (iii) How can the quality of service quality and sustainable performance be enhanced in Zambian MFIs?

1.5 Significance of the study

The proposed study, which focuses on assessing the quality of service delivery in microfinance companies in Zambia with a specific case study of Tottengram Fin Services, holds substantial significance for multiple stakeholders and fields of interest:

1.5.1 Academic Contribution

This study contributes to the academic domain by shedding light on the intricacies of microfinance institutions' operational challenges and their impact on service quality. The research adds to the existing body of knowledge in microfinance, bridging the gap between financial performance metrics and the holistic assessment of MFIs' contributions to clients' economic well-being. Through delving into the specific case of

Tottengram, the study provides a comprehensive understanding of the challenges and potential solutions, offering a valuable resource for future researchers and scholars in related fields.

1.5.2 Practical Insights for Microfinance Institutions

The findings of this study provide practical insights for microfinance companies operating in Zambia, particularly Tottengram Fin Services. By identifying the challenges that impede service quality, the study offers actionable recommendations to enhance operational efficiency, mitigate donor dependence, reduce operational costs, and improve client retention. These insights can assist MFIs in refining their strategies and enhancing their service offerings, ultimately contributing to their long-term sustainability and effectiveness.

1.5.3 Policy Formulation and Government Initiatives

The study's outcomes can contribute to the formulation of policies and regulatory frameworks governing the microfinance sector in Zambia. A comprehensive understanding of the challenges faced by MFIs and their implications for clients' economic outcomes can inform policy decisions that promote a healthier operating environment, better risk management practices, and improved consumer protection mechanisms. Additionally, the research can align with government initiatives aimed at fostering financial inclusion and sustainable economic growth.

1.5.4 Enhanced Customer Protection and Consumer Awareness

Through its examination of customer perception of service quality and its link to client retention, the study addresses the critical aspect of customer protection and empowerment. The insights gained can influence the development of mechanisms to resolve customer grievances, thereby enhancing consumer awareness and protection. Through promoting more transparent and accountable service delivery, the study aligns with efforts to create a more trustworthy and sustainable microfinance ecosystem.

1.5.5. Contribution to Economic Growth and Development

Improved service quality in microfinance institutions translates to better access to financial resources for individuals and small businesses. Enhanced access to credit and

other financial services enables entrepreneurial ventures to thrive, thus contributing to local economic development and poverty alleviation. The study's findings can underscore the importance of effective microfinance services as catalysts for economic growth within developing nations like Zambia.

1.6 Scope of the Study

(i) Theoretical Framework

The Service Quality Theory, often associated with the SERVQUAL model, can serve as a robust theoretical framework for the study. This theory is particularly relevant because it focuses on the dimensions of service quality and how they relate to customer perceptions and retention.

Service Quality Theory, as per the SERVQUAL model, identifies five key dimensions of service quality. The first dimension is Tangibility. This dimension relates to the physical evidence of service quality, such as the appearance of facilities, staff, and communication materials (Ali et al., 2020). In the context of Zambian MFIs, it involves involve assessing the physical presence of branch offices, the professionalism of staff, and the quality of information provided to clients.

The second dimension is Reliability. Reliability signifies the consistency and dependability of services (Siwale & Godfroid, 2022). The study therefore investigates the extent to which Zambian MFIs deliver their services consistently and meet client expectations consistently. This includes factors like loan disbursement accuracy and timely repayment processing.

The third dimension is Responsiveness. Responsiveness involves the willingness and ability of the MFIs to assist clients promptly. The study examines how quickly and effectively MFIs respond to client inquiries, complaints, or service requests, and how this affects client retention.

The fourth dimension is Assurance. Assurance pertains to the competence, courtesy, credibility, and trustworthiness of MFIs and their staff. The study analyses how the professionalism of MFIs' employees and the credibility of the institution influence client perceptions and, consequently, retention.

The fifth and final dimension is Empathy. Empathy involves the level of care and attention that MFIs provide to individual client needs. In this study, it can be assessed how well MFIs understand and address the specific financial needs and aspirations of their clients.

Service Quality Theory, through the SERVQUAL model, offers a structured and widely recognised framework to assess, analyse, and enhance service quality in Zambian MFIs. It helps the study link customer perceptions, operational challenges, and proposed strategies, thereby providing valuable insights into how to improve service quality and achieve sustainable performance in microfinance institutions in Zambia.

The study is centred on Zambia, a developing nation in southern Africa, where the microfinance sector plays a significant role in economic development and financial inclusion. The research specifically concentrates on microfinance institutions (MFIs) operating within Zambia, with a spotlight on Tottengram Fin Services as the primary case study. The Five branches of Tottengram Fin Services in Zambia that are currently registered and in full operation are being targeted. The branches are located in Lusaka and Chongwe for easy accessibility, mobility and cost minimisation.

1.7 Definition of terms

1.7.1 Microfinances (MFIs)

According to (Wrenn, 2005), MFIs are financial institutions that provide financial services to the underprivileged, lower-income and small businesses while microfinance is the provision of financial services to the poor and disadvantaged in society in order to empower them by promoting community self-employment. These services include savings, credit, insurance, leasing, and insurance (Nelson, 2011).

1.7.2 Service Quality

Service quality refers to the overall excellence and effectiveness of the services provided by an organisation or entity to its customers or clients (Basu et al., 2012). It encompasses the extent to which the delivered services meet or exceed customer expectations, needs, and requirements.

1.7.3 Assessment

While the new English dictionary and thesaurus (2005, p19) defines assessment as the process of evaluating the value of something, the oxford dictionary (2003, p20) defines assessment as the evaluation or the estimation of the value of an item or property at a certain level.

1.8 Ethical considerations

Ethics are integral in any research. This study was conducted complying with the academic ethics and principles. The following research ethics were upheld

1.8.1 Informed Consent

Flick (2016) defines informed consent as the ability of the researcher to ensure that all respondents have given their consent to be part of the study. Informed consent was enhanced through sending letters of request to the targeted population. To obtain consent, the study sample was given letters informing them of the research objectives and the nature of their participation. The respondents were also be informed that participation in the study is voluntary and that they can withdraw from the study any time before the submission of the results.

1.8.2 Protection from harm

The researcher ensured no foreseeable physical or emotional harm is caused to participants. This was ensured by using language that is non-offensive and that the respondents complete the questionnaires at their convenience.

1.8.3 Right to Privacy

The study ensured that confidentiality and anonymity are upheld throughout the study. Pseudonyms were used instead of the real names of the respondents. Moreover, data that can identify the participants such as identity numbers or addresses were not collected.

1.8.4 Ensuring that permission is obtained

The researcher ensured that permission is obtained from Tottengram Fin Services management prior to conducting the study.

1.9 Conclusion

The study aimed to evaluate the quality of service delivery in Zambian Microfinance Companies, using Tottengram Fin Services as a case study. The microfinance sector faces challenges such as donor dependence, rising operational costs, low client retention, high staff turnover, and declining service quality, leading to suboptimal performance. The study aimed to analyse customer perceptions of service quality, evaluate operational challenges, and determine measures to enhance service quality and sustainable performance. It added knowledge about the intricacies of microfinance institutions' operational challenges and their impact on service quality. The next chapter reviews literature related to the study.

Chapter 2:

Literature Review

2.1 Introduction

This chapter provides a comprehensive review of the existing literature on the quality of service delivery in micro-finance companies, with a specific focus on the Zambian context. Through an in-depth examination of relevant academic research, industry reports, and theoretical frameworks, this chapter aims to establish a solid foundation for understanding the key factors that influence service quality in the micro-finance sector. Additionally, it explores the specific case of Tottengram Fin Services, a prominent micro-finance company in Zambia, to gain insights into its service delivery practices and identify potential areas for improvement. By synthesising and analysing the available literature, this chapter seeks to contribute to the existing body of knowledge on enhancing service quality in micro-finance institutions, ultimately paving the way for the development of effective strategies and recommendations for Tottengram Fin Services and other similar entities in Zambia.

2.2 Global perspective

Lwesya and Mwakalobo (2023) emphasised that numerous studies have addressed service quality in microfinance entities, especially concerning small and medium enterprises (SMEs) and microfinance institutions (MFIs). The researchers identified eight main themes in recent microfinance research related to SMEs and MFIs, including microcredit access and limitations for SMEs, microfinance's impact on economic empowerment, MFIs' sustainability, microcredit-related factors such as technology and financing patterns, Islamic financial inclusion, models for microcredit assessment, innovative business approaches in microfinance, and gender and equity crowdfunding.

Although the researchers identified eight main themes in recent microfinance research, it is unclear whether these themes adequately cover all aspects of service quality in microfinance companies in Zambia. Further research could explore additional relevant themes specific to the Zambian context. The study does not explicitly mention the specific gaps or limitations in existing research on service quality in microfinance

entities. Future studies could address these gaps by providing a comprehensive analysis of the existing literature and identifying areas that require further investigation

Zheng and Zhang (2021) delved into the influence of the COVID-19 pandemic on MFIs' efficiency. They found that the distinctive business models of MFIs, such as group lending techniques, render them less vulnerable to economic shocks and more cost-effective than conventional banks. The study indicated that the pandemic lowered financial efficiency but heightened social efficiency of MFIs. Lending rates were found to mediate the relationship between COVID-19's impact and MFI efficiency, while the role of funding rates was minimal.

While the study focuses on the influence of the COVID-19 pandemic on MFIs' efficiency, it does not address the specific implications for service quality in microfinance companies. Further research could investigate how the pandemic affected the quality of service delivery in such companies, particularly in the case of Tottengram Fin Services in Zambia. The study highlights the role of lending rates in mediating the relationship between COVID-19's impact and MFI efficiency, but it does not delve into the specific mechanisms through which lending rates influence service quality. Future studies could explore the link between lending rates, service quality, and customer satisfaction to provide a more comprehensive understanding

Ali, Khalid, and Bilal (2020) surveyed 623 MFI clients to probe the link between service quality aspects and customer satisfaction. Their findings demonstrated that service quality dimensions are distinct yet positively associated with customer satisfaction. The research established a direct and favourable impact of service quality on customer satisfaction, especially highlighting the effect of higher service quality degrees on customer contentment and loyalty towards the organisation.

The study establishes a positive relationship between service quality dimensions and customer satisfaction. However, it does not delve into the specific dimensions of service quality that are most critical for customer satisfaction in the context of microfinance companies in Zambia. Further research could identify and prioritize the key service quality dimensions that have the most significant impact on customer satisfaction in this specific context. Furthermore, the study focuses on the direct impact of service quality on customer satisfaction but does not explore potential mediators or moderators

of this relationship. Future studies could investigate the underlying mechanisms, such as the role of customer expectations, trust, or perceived value, to provide a more nuanced understanding of the relationship between service quality and customer satisfaction in microfinance companies

Ribeiro, Duarte, and Gama (2022) performed a bibliometric analysis and systematic literature review, uncovering trends in microfinance outcomes. Scholars expressed uncertainty about the actual effects of microfinance on beneficiaries, emphasising the need for a comprehensive approach to enhance outcomes by better understanding beneficiaries. This highlights the distinct nature of microfinance within development thinking.

The study highlights scholars' uncertainty about the effects of microfinance on beneficiaries and the need for a comprehensive approach to enhance outcomes. However, it does not provide specific recommendations or strategies to address this gap. Future research could propose practical interventions or approaches that microfinance companies can adopt to better understand and improve outcomes for beneficiaries.

Moreover, the study emphasizes the distinct nature of microfinance within development thinking, but it does not explore the implications of this distinctiveness for service quality in microfinance companies. Further research could investigate how the unique characteristics of microfinance influence the delivery of quality services and the potential challenges or opportunities that arise from this distinctiveness

Meagher (2020) focused on addressing solvency risks faced by smaller microfinance providers during the COVID-19 pandemic, underscoring the significance of customer-centric considerations. In 2020, the global microfinance sector was valued at \$178.84 billion, with projections to reach \$496.90 billion by 2030, growing at a 10.8% CAGR from 2021 to 2030. Specific examples included Bangladesh with a gross loan portfolio of Tk787.6 billion (\$9.3 billion) and 25.8 million borrowers, Cambodia with KR27.5 trillion (\$6.8 billion) and 1.9 million borrowers, India with a gross loan portfolio of ₹2.4 trillion (\$32 billion) and 56.8 million borrowers, and Indonesia with a gross loan portfolio of Rp28.9 trillion (\$2.1 billion) and 12.9 million borrowers.

The study focuses on addressing solvency risks faced by smaller microfinance providers during the COVID-19 pandemic. While this is an important topic, it does not directly assess the quality of service delivery in microfinance companies. Future research could examine how customer-centric considerations and strategies adopted during the pandemic affect service quality and customer satisfaction in microfinance companies, specifically in the case of Tottengram Fin Services in Zambia.

Moreover, the study provides global and regional data on the microfinance sector's size and growth but does not offer specific insights into the Zambian microfinance market. Further research could investigate the current state of the microfinance sector in Zambia, including its size, growth, and challenges, to provide a more localized perspective on the research topic

Overall, international research underscores the significance of studying service quality in microfinance institutions, particularly concerning economic shocks and their potential impact on vulnerable borrowers.

2.3 African Perspective

Recent research on service delivery quality in African microfinance companies is sparse. Nonetheless, a few studies have delved into closely related themes.

Alhassan et al. (2022) emphasise that microfinance's evolution in Africa spans across the financial system's micro, meso, and macro levels. They further note its vital role in poverty alleviation in developing nations. While the study emphasizes the vital role of microfinance in poverty alleviation in developing nations, it does not provide specific insights into the quality of service delivery in microfinance institutions in Africa. Further research could focus on assessing the quality of service delivery in African microfinance institutions and its impact on poverty alleviation.

Furthermore, the study mentions microfinance's evolution across different levels of the financial system, but it does not delve into the specific challenges or opportunities associated with this evolution. Future research could explore the implications of microfinance's evolution at the micro, meso, and macro levels and its impact on service quality and poverty alleviation

Adams and Tewari (2021) underscored the growth of client protection and regulation within Africa's financial inclusion policies. However, they also observed prevalent information disparities that unfavourably affect microfinance clients. Areas like client complaint resolutions, privacy, transparency in pricing, and equitable client treatment need considerable enhancements. Their research advocates for stringent client protection adherence, regulatory enforcement, financial literacy promotion, and a cultural shift towards safeguarding microfinance clientele.

While the study highlights the growth of client protection and regulation within Africa's financial inclusion policies, it does not specifically address the gaps in service quality or identify areas for improvement within microfinance companies. Future research could investigate the specific challenges and gaps in client protection, privacy, transparency, and equitable client treatment in microfinance institutions in Africa.

Additionally, the study advocates for stringent client protection adherence, regulatory enforcement, and financial literacy promotion. However, it does not explore the potential strategies or interventions that could effectively enhance these aspects in microfinance institutions. Further research could provide practical recommendations for improving client protection measures and regulatory enforcement in the context of microfinance in Africa

In their study spanning 40 sub-Saharan African nations from 1999-2014, di Magliano and Vaccaro (2020) analysed microfinance's economic and societal implications. Their results indicated a positive correlation between microfinance and GDP per capita and human capital, although the impact was somewhat marginal.

The study analyses the economic and societal implications of microfinance in sub-Saharan African nations but notes that the impact is somewhat marginal. However, it does not delve into the underlying reasons for this marginal impact or identify specific areas for improvement. Future research could investigate the factors that limit the effectiveness of microfinance in generating substantial economic and societal outcomes in the African context.

Moreover, the study covers a broad time frame from 1999 to 2014 but does not provide insights into the recent developments and trends in microfinance in sub-Saharan Africa.

Further research could focus on the current state of microfinance in the region and explore the potential changes or advancements that have occurred since 2014

Banna et al. (2022) spotlighted Fintech's potential in augmenting efficiency and minimising operational costs in microfinance. Their research led to the creation of a new index called FinFI to gauge its influence on moderating the risk appetite of MFIs.

The study highlights the potential of Fintech in augmenting efficiency and reducing operational costs in microfinance. However, it does not provide a comprehensive analysis of the specific mechanisms through which Fintech influences service delivery and risk management in microfinance institutions. Future research could investigate the adoption and impact of Fintech solutions on service quality, operational efficiency, and risk mitigation in microfinance.

Furthermore, the study introduces the FinFI index to gauge the influence of Fintech on moderating the risk appetite of MFIs. However, it does not evaluate the effectiveness and applicability of this index in practice. Further research could assess the validity and reliability of the FinFI index and explore alternative metrics or frameworks to measure the impact of Fintech in microfinance

Drawing data from 47 African countries, Arouri et al. (2022) reported that prominent development banks and institutions dominate microfinance service provisioning. Despite challenges like infrastructural deficiencies, unstable currencies, and rampant inflation, Sub-Saharan Africa witnessed a significant surge in microcredit, outpacing South Asia for the first time since 2006. The region appears poised for rapid growth in the foreseeable future.

The study reports on the dominance of prominent development banks and institutions in microfinance service provision in African countries. However, it does not address the implications of this dominance for service quality or the experiences of clients in accessing microfinance services. Future research could investigate the quality of services provided by different types of microfinance providers, including development banks, and assess the impact on financial inclusion and client satisfaction.

Additionally, the study highlights the challenges faced by Sub-Saharan Africa, such as infrastructural deficiencies, unstable currencies, and rampant inflation. However, it

does not explore how these challenges specifically affect the quality of service delivery in microfinance institutions. Further research could investigate the strategies and interventions that microfinance institutions adopt to overcome these challenges and maintain service quality in challenging environments.

Blavy, Yulek, and Basu (2014) extracted insights from specific countries, noting hurdles such as exorbitant transactional expenses, frail institutional capacities, and constrained funding accessibility plaguing African microfinance. They endorsed the perspective that MFIs, particularly those deeply involved in comprehensive financial intermediation, effectively enhance the banking sector's reach. The growth of connections between MFIs, the banking ecosystem, the proliferation of best practices by NGOs, and localised regulatory interventions underpin the sector's robust development.

The study identifies hurdles such as high transactional expenses, institutional capacities, and funding constraints in African microfinance. However, it does not delve into the specific strategies or interventions that can address these hurdles and enhance service quality. Future research could explore the best practices, regulatory interventions, and innovations that effectively address the challenges faced by microfinance institutions in Africa and improve service delivery.

Furthermore, the study endorses the perspective that MFIs enhance the banking sector's reach, but it does not provide a comprehensive analysis of the mechanisms or models through which this enhancement occurs. Further research could investigate the linkages and partnerships between MFIs and the banking sector, and explore the impact on financial inclusion, service quality, and overall sector development in Africa.

In summary, even though specialized research on African microfinance service quality remains limited, it's evident that themes like client protection, fintech's role, and the broader expanse of microfinance services are garnering attention in the region.

2.4 Zambian Perspective

Microfinance's introduction into developing economies primarily aims to foster financial inclusion among the most marginalised and disadvantaged groups, with an

emphasis on women. Since its inception, the growth of the microfinance sector has been noteworthy (Ayayi & Sene, 2012).

Previously, the Zambian credit finance landscape was dominated by substantial public sector entities until the banking system's liberalisation in the 1990s. However, unsustainable business practices during that decade led to many company closures, paving the way for the slow emergence of MFIs (Bayeh et al., 2016). Unlike in other countries where donor support played a pivotal role in the growth of microfinance, Zambia's MFIs missed out on this boost. Although Zambia later received donor aid, it was largely directed towards combating HIV/AIDS and managing national debt, rather than bolstering the microfinance sector. Most of the focus on the financial sphere revolved around establishing regulatory standards and nurturing the formal banking sector (Ayayi & Sene, 2012).

While the study by Ayayi and Sene (2012) provides an overview of the growth of the microfinance sector in Zambia, it does not specifically address the impact of microfinance on financial inclusion among marginalized and disadvantaged groups, particularly women. Future research could focus on assessing the effectiveness of microfinance in Zambia in reaching and empowering these target groups and promoting their financial inclusion.

The study mentions the role of donor support in the growth of microfinance in other countries but notes that Zambia missed out on this boost. However, it does not explore the specific implications of this lack of donor support on the development and sustainability of the microfinance sector in Zambia. Further research could investigate the challenges faced by Zambian MFIs due to the absence of significant donor support and identify alternative strategies for their growth and development.

In Zambia, the Bank of Zambia (BoZ) provides regulatory oversight for the microfinance sector. BoZ sets the regulatory standards for MFIs, supervising both deposit and non-deposit entities to maintain their financial stability and ensure adherence to customer protection initiatives.

Siwale and Godfroid (2022) suggest that the digitisation of financial services in the microfinance sector offers a promising route to enhance financial inclusion and service quality. Their research advocates for a harmonised approach, merging digital

technologies with human interaction. This combination is crucial if MFIs are to maintain their competitive edge and amplify the generation and quality of soft information for better financial inclusion in emerging markets.

The study suggests that the digitization of financial services in the microfinance sector can enhance financial inclusion and service quality. However, it does not provide a comprehensive analysis of the specific digital technologies or platforms that are most effective in achieving these outcomes in the Zambian context. Future research could explore the impact of different digital technologies, such as mobile banking or agent banking, on financial inclusion and service quality in Zambian microfinance institutions.

Moreover, the study advocates for a harmonized approach that combines digital technologies with human interaction. However, it does not delve into the specific challenges or strategies for achieving this harmonization. Further research could investigate the integration of digital technologies and human touchpoints in the delivery of microfinance services in Zambia and explore the factors that contribute to successful implementation

Malambo (2022) critically analysed the challenges posed by digital innovations on customer satisfaction in Zambia's financial institutions. The research identified that customers of Stanbic Bank, Zambia, had reservations regarding frequent system outages on the bank's digital platforms. Moreover, network issues when accessing these platforms posed a significant challenge, especially for male customers, resulting in dissatisfaction. Among female customers, delays in processing reversals were a prominent concern, leading to increased dissatisfaction. Such hurdles fuelled a general sentiment that online banking platforms lacked reliability. Malambo concluded that to enhance customer experiences, banks should consistently harness data and behavioural analytics to refine the customer onboarding process.

The study analyses the challenges posed by digital innovations on customer satisfaction in Zambia's financial institutions, focusing on Stanbic Bank. However, it does not provide a broader perspective on the impact of digital innovations on customer satisfaction in the Zambian microfinance sector as a whole. Future research could investigate the experiences and perceptions of customers in multiple microfinance

institutions regarding the use of digital platforms and identify common challenges and areas for improvement.

Furthermore, the study highlights specific concerns raised by male and female customers regarding system outages, network issues, and delays in processing reversals. However, it does not explore the underlying causes of these issues or propose potential solutions. Further research could investigate the technical, operational, and customer-related factors that contribute to these challenges and provide recommendations for addressing them to enhance customer satisfaction in digital microfinance services.

Moreover, the study suggests that banks should harness data and behavioral analytics to refine the customer onboarding process. However, it does not provide specific insights into how this can be effectively implemented in the Zambian microfinance context. Future research could explore the potential use of data analytics and behavioral insights in the design and improvement of customer onboarding processes in Zambian microfinance institutions, considering the unique characteristics and challenges of the local context.

2.5 Customer perceptions of service quality in MFIs and its impact on customer retention

Customer perceptions of service quality in microfinance institutions (MFIs) are crucial in shaping their overall experiences and determining whether they choose to remain as clients (Bateman, 2014). These perceptions are closely linked to client retention, as they influence customers' decisions to continue using the services of a particular MFI.

2.5.1 Service Quality and Customer Perceptions

Customer perceptions of service quality encompass their subjective evaluations of the services provided by an MFI (Ribeiro et al., 2022). These perceptions are influenced by various factors, including the MFIs' ability to meet client needs, responsiveness, reliability, and the overall value provided. Customers assess their interactions with the MFI's staff, the convenience of accessing services, the transparency of processes, and the effectiveness of problem resolution (Antwi, 2015).

2.5.2 Dimensions of Service Quality

Service quality is a multidimensional concept that encompasses various aspects, including reliability, responsiveness, tangibles, assurance, and empathy, often referred to as the SERVQUAL model.

The reliability dimension assesses the ability of the service provider to consistently deliver accurate and dependable services (Abraham & Balogum, 2015). It involves performing promised services reliably and accurately, meeting deadlines, and minimising errors or disruptions.

Responsiveness evaluates how promptly and effectively the service provider addresses customer inquiries, requests, or concerns (Ali et al., 2020). It reflects the willingness of the provider to assist and meet customer needs in a timely manner.

Tangibles refer to the physical appearance and condition of facilities, equipment, personnel, and any other tangible elements that contribute to the service experience (di Magliano & Vaccaro, 2020). These elements play a role in forming customers' perceptions of service quality.

Assurance relates to the competence, courtesy, credibility, and professionalism of service providers (Abraham & Balogum, 2015). It involves instilling confidence in customers by demonstrating knowledge, expertise, and a commitment to fulfilling promises.

Empathy pertains to the service provider's ability to understand and address customers' individual needs and concerns (Bateman, 2014). It involves showing genuine care and concern for customers' well-being and tailoring services to meet their specific requirements.

In essence, service quality is about meeting or exceeding customer expectations at every interaction point, ensuring that customers perceive the services as valuable, dependable, and aligned with their needs (Bayeh et al., 2016). High service quality fosters customer satisfaction, loyalty, and positive word-of-mouth, contributing to an organisation's long-term success and reputation. Each of the above dimensions contributes to customers' overall perceptions of the MFI's service quality.

2.5.3 Impact on Client Retention

Positive customer perceptions of service quality play a significant role in client retention (Ali et al., 2020). When customers have favourable experiences and perceive the services as meeting or exceeding their expectations, they are more likely to continue using the MFI's services. Satisfied customers are less likely to switch to competing MFIs or seek alternatives (Armrndariz & Labie, 2013).

Alhassa et al. (2022) posits that positive customer perceptions foster loyalty. Loyal clients are more likely to maintain long-term relationships with the MFI, leading to consistent revenue streams for the institution. These clients might also become advocates, referring others to the MFI's services based on their positive experiences (Bayeh et al., 2016).

According to Meagher (2020), customer perceptions of service quality can influence word-of-mouth communication. Clients who have positive experiences are more likely to share these experiences with friends, family, and peers (Ali et al., 2020). On the other hand, negative perceptions can lead to negative word-of-mouth, potentially damaging the MFI's reputation and affecting its ability to attract new clients (Zheng & Zhang, 2021).

Banna et al. (2022) attests that customers' perceptions of service quality, whether positive or negative, provide valuable feedback to MFIs. Positive feedback reinforces practices that work well, while negative feedback highlights areas needing improvement. MFIs can use this feedback to enhance their services, address shortcomings, and ultimately improve client retention (Zheng & Zhang, 2021). Clear communication is key in shaping customer perceptions (di Magliano & Vaccaro, 2020). MFIs that communicate effectively with their clients about their services, terms, and processes are more likely to create positive perceptions of transparency and reliability.

Customer perceptions of service quality therefore have a direct impact on client retention in microfinance institutions. Positive perceptions lead to greater loyalty, while negative perceptions can lead to client attrition. Therefore, MFIs must continually focus on delivering excellent service, meeting client needs, and addressing concerns to maintain high levels of customer satisfaction and retention (Bayeh et al., 2016).

2.6 The operational challenges of MFIs and their impact on service quality

MFIs often face a range of operational challenges that can have a significant impact on the quality of services they provide to their clients (Bi & Pandey, 2015). These challenges can affect various aspects of an MFI's operations and ultimately influence customer perceptions and satisfaction.

2.6.1 High Operational Costs

Operational costs can include expenses related to infrastructure, personnel, technology, and compliance (Adams & Tewari, 2021). If operational costs are high, MFIs might face difficulties in maintaining reasonable interest rates for clients. High costs might also lead to resource constraints, impacting staff training, technological advancements, and other factors that contribute to overall service quality (Zheng & Zhang, 2021). Some MFIs rely heavily on donor funding or external sources of financing (Bi & Pandey, 2015). This dependence can lead to uncertainty in funding availability, affecting the stability of operations. When funding is insufficient or unpredictable, MFIs might struggle to maintain consistent service levels, which can result in delayed loan disbursements, reduced client support, and decreased service quality (Lwesya & Mwakalobo, 2023).

2.6.2 Limited Technological Infrastructure

Lack of access to modern technology and digital platforms can hinder MFIs' ability to provide efficient and convenient services to clients (Siwale & Godfroid, 2022). This might result in manual processes, longer processing times, and challenges in delivering services in a timely manner. Effective data management is crucial for assessing client needs, tracking repayment patterns, and improving services (Siwale & Godfroid, 2022). If MFIs lack proper data management systems, it can result in inefficiencies, inaccuracies, and challenges in making informed decisions to enhance service quality.

2.6.3 Staff Turnover and Training

High staff turnover can negatively impact service quality (Adams & Tewari, 2021). New staff members might require time to become familiar with MFI processes and client needs. If MFIs struggle to provide adequate training and professional

development opportunities for their employees, it can result in inconsistent service delivery and decreased customer satisfaction (di Magliano & Vaccaro, 2020).

2.6.4 Regulatory Compliance and Documentation

MFIs must adhere to regulatory requirements, which can be complex and time-consuming. If MFIs struggle to meet compliance standards, it can lead to delays, errors, and additional administrative burdens. These challenges might affect the speed and accuracy of service delivery, potentially frustrating clients.

2.6.5 Lack of Financial Literacy

Banna et al. (2022) argue that inadequate financial literacy among clients can hinder their understanding of financial products, terms, and processes. This might lead to misinterpretation of loan terms, challenges in repayment, and misunderstandings regarding the benefits of various services (Siwale & Godfroid, 2022). Ensuring the soundness of lending practices is essential to maintaining MFI sustainability. If MFIs struggle with risk assessment and credit evaluation, it might lead to loan defaults, affecting the MFI's ability to provide ongoing services and impacting overall service quality (Adams & Tewari, 2021).

2.7 Strategies for enhancing service quality and sustainable performance in MFIs

Enhancing service quality and ensuring sustainable performance in (MFIs) requires a comprehensive approach that addresses operational challenges, client needs, and organisational development (di Magliano & Vaccaro, 2020). Discussed below are some of the strategies that MFIs can consider to achieve these goals.

2.7.1 Diversified Funding Sources

Siwale and Godfroid (2022) recommend that MFIs must reduce donor dependence by diversifying funding sources. They should explore avenues for accessing funding from various stakeholders, including commercial banks, impact investors, and local capital markets. A diversified funding base increases financial stability and minimises vulnerability to fluctuations in donor support (Adams & Tewari, 2021).

2.7.2 Investing in technology

According to Lwesya and Mwakalobo (2023), MFIs should invest in technological solutions to streamline operations, improve efficiency, and enhance customer experience. Digital platforms can enable faster loan processing, convenient account management, and mobile banking services, contributing to higher service quality and client satisfaction (Meagher, 2020). Furthermore, Siwale and Godfroid (2022) suggest that MFIs should foster a culture of innovation within the MFI. They should regularly assess the market landscape, identify emerging trends, and adapt products and services to meet evolving client needs.

2.7.3 Staff Training and Development

Meagher (2020) commends MFIs to prioritise continuous training and professional development for staff. Well-trained employees are more equipped to provide accurate information, assist clients effectively, and contribute to overall service excellence. Staff engagement and satisfaction also positively impact customer interactions (Bi & Pandey, 2015).

Ribeiro et al. (2022) acclaim that MFIs must implement robust performance monitoring and reporting systems. Regularly assessing key performance indicators (KPIs) related to loan portfolio quality, client satisfaction, and operational efficiency can be helpful in enhancing service quality. MFIs should also analyse data to identify trends and make informed strategic decisions (Bogan et al., 2012).

2.7.4 Risk Management and Credit Assessment

Banna et al. (2022) recommend that MFIs must implement robust risk management practices to ensure prudent lending decisions. MFIs should conduct thorough credit assessments, monitor repayment patterns, and establish clear criteria for loan approvals (Lwesya & Mwakalobo, 2023). Effective risk management contributes to sustainable performance and minimises loan defaults. Maintaining strong governance practices and ensuring compliance with regulatory requirements is also important for the sustainable performance of MFIs (Kipsha, 2013). Effective governance enhances institutional credibility and supports long-term sustainability (Siwale & Godfroid, 2022).

2.7.5 Client-Centric Approach

Ribeiro et al. (2022) recommend that MFIs must adopt a client-centric mind set by understanding and addressing client needs. They should offer a range of relevant financial products and services that cater to diverse customer requirements. Regularly seeking client feedback to identify areas for improvement and innovation is also important in enhancing service quality (Kipsha, 2013).

According to Lwesya and Mwakalobo (2023) MFIs should maintain transparent and open communication with clients. Clearly explaining the terms, conditions, and implications of financial products is important in building sustainable relations. Transparency builds trust, reduces misunderstandings, and contributes to positive customer perceptions (Antwi, 2015).

MFIs should implement robust client protection mechanisms, including clear terms and conditions, data privacy measures, and fair collection practices (Kitenge & Kingombe, 2012). Protecting clients' rights and interests enhances trust and contributes to sustainable performance. Moreover, promoting financial literacy among clients to enhance their understanding of financial products and responsible borrowing practices is important as part of building relations with clients (Kipsha, 2013). Educated clients are more likely to make informed decisions, improving loan repayment rates and overall service quality.

Through implementing these strategies, microfinance institutions can enhance service quality, strengthen their operational performance, and contribute to sustainable development while fulfilling their mission of financial inclusion and empowerment.

2.8 Critique of the Existing Literature

The literature presented in this section provides valuable insights into service quality in microfinance institutions (MFIs) from a global, African, and Zambian perspective, and it offers strategies for enhancing service quality and sustainable performance in MFIs. However, its applicability to the Zambian environment requires careful consideration.

Firstly, the definitions and dimensions of service quality outlined in the literature are universally relevant and can be applied to the Zambian context. Service quality in MFIs should indeed involve dimensions such as reliability, responsiveness, tangibles,

assurance, and empathy, as described in the SERVQUAL model. These dimensions are applicable in Zambia as well, where clients expect consistent and dependable services with a personal touch.

The challenges faced by MFIs in the global context, including high operational costs, limited technological infrastructure, staff turnover, and regulatory compliance, are also relevant to Zambia. The Zambian microfinance sector has its unique challenges, but these global insights can help in identifying areas that require attention. For instance, the literature highlights the importance of diversifying funding sources to reduce donor dependence, which could be especially relevant in Zambia, given the historical lack of donor support in the microfinance sector.

The global perspective on the impact of COVID-19 on MFIs' efficiency and sustainability is crucial for the Zambian context, considering the pandemic's global implications. This insight can be applied to the Zambian scenario to understand the challenges and opportunities that the pandemic posed for the local microfinance sector.

The African perspective, particularly research on client protection and the role of fintech, also holds relevance in Zambia. Client protection and regulatory compliance are essential in ensuring the well-being of clients, and the potential of fintech in enhancing efficiency aligns with the broader trend in the financial sector in Zambia.

The Zambian perspective provided in the literature is particularly relevant for local stakeholders. It highlights the historical development of the microfinance sector in Zambia, the role of regulatory authorities like the Bank of Zambia, and the potential of digitalisation in enhancing financial inclusion. The challenges and recommendations specific to Zambia, such as the impact of digital innovations on customer satisfaction, resonate with local realities.

The strategies for enhancing service quality and sustainable performance in MFIs, such as diversified funding sources, investment in technology, staff training, and a client-centric approach, are universal in their applicability. However, implementing these strategies in Zambia may require adaptation to the local context and specific challenges facing the Zambian microfinance sector. For example, the digitisation of financial services should consider the accessibility and infrastructure limitations in rural areas of Zambia.

Therefore, while the literature provides a valuable foundation for understanding service quality in microfinance institutions globally, in Africa, and in Zambia, it is essential to adapt the strategies and insights to the specific circumstances and challenges of the Zambian environment. The applicability of these insights to Zambia depends on local factors, regulatory frameworks, and the socio-economic context, and adjustments may be necessary to ensure their effective implementation in the Zambian microfinance sector.

2.9 Research Gap

The study intends to address the following research gaps identified in the literature review related to the evaluation of service quality in microfinance companies in Zambia, using Tottengram Fin Services as a case study.

2.9.1 Limited Focus on Service Quality

While there have been studies on microfinance in Zambia, there is a research gap regarding the assessment of service quality specifically in microfinance companies. Existing research often focuses on broader topics such as financial inclusion (Banna et al. 2022), impact assessment (Zheng & Zhang, 2021), or regulatory frameworks (Adams & Tewari, 2021). This study aimed to fill this gap by specifically examining the quality of service delivery.

2.9.2 Lack of Case Studies

There is a lack of detailed case studies that specifically analyse the quality of service delivery in microfinance companies in Zambia. Case studies provide an in-depth understanding of a specific organisation's practices, challenges, and successes. By choosing Tottengram Fin Services as a case study, the research intends to provide valuable insights into the service quality practices of a specific microfinance company in Zambia.

2.9.3 Contextualisation to Zambia

The study intends to contextualise the assessment of service quality within the Zambian microfinance landscape. Microfinance practices can vary across countries and regions due to differences in regulatory frameworks, client needs, and socio-economic factors.

By focusing on Zambia, the research aimed to provide insights that are relevant and applicable to the local microfinance context.

Through filling the research gap in assessing service quality in microfinance companies, particularly in Zambia, this study can contribute to the existing knowledge base and provide valuable insights for microfinance practitioners, policymakers, and researchers in the field.

2.10 Theoretical Framework

The SERVQUAL model is a widely recognised theoretical framework for assessing service quality. It was developed by Parasuraman, Zeithaml, and Berry in the 1980s and has been extensively used in various service industries, including microfinance (Maghsoodi et al., 2019). The SERVQUAL model identifies five dimensions of service quality:

2.10.1 Reliability

This dimension refers to the ability of microfinance companies to deliver services accurately, dependably, and consistently (Jebraeily et al., 2019). It involves aspects such as keeping promises, delivering services on time, and providing reliable information to clients (Goula et al., 2021).

2.10.2 Responsiveness

Responsiveness measures the willingness of microfinance companies to help and provide prompt assistance to clients (Goula et al., 2021). It involves factors such as timely responses to inquiries, addressing customer concerns, and proactive communication.

2.10.3 Assurance

Assurance relates to the knowledge, competence, and professionalism of microfinance company staff (Maghsoodi et al., 2019). It includes aspects such as the expertise of employees, their ability to instil trust and confidence in clients, and the provision of accurate and reliable information.

2.10.4. Empathy

Empathy refers to the caring, individualised attention, and personalised service provided by microfinance companies (Jebraeily et al., 2019). It involves understanding and addressing the specific needs and circumstances of clients, treating them with respect, and offering tailored solutions.

2.10.5. Tangibles

Tangibles represent the physical aspects and appearance of microfinance company facilities, equipment, and communication materials (Maghsoodi et al., 2019). It includes factors such as the office environment, the visual presentation of documents, and the overall physical representation of the organisation (Jebraeily et al., 2019).

The SERVQUAL model offers a comprehensive and well-established theoretical framework for assessing the quality of service delivery in microfinance companies. It provides a systematic approach to understanding and measuring service quality and can guide the evaluation and improvement of service delivery practices in the microfinance sector in Zambia.

Furthermore, the SERVQUAL model provides a standardised framework that allows for comparisons across different microfinance companies in Zambia or even across different regions and time periods. It enables benchmarking and performance tracking, contributing to the continuous improvement of service quality.

2.11 Conclusion

This section has reviewed literature related to the study. The empirical review was conducted, focusing on the Global, African and Zambian perspectives. Literature related to the research objectives was also reviewed. It looked at the customer perceptions of service quality in MFIs and its impact on customer retention; the operational challenges of MFIs and their impact on service quality; and lastly the strategies for enhancing service quality and sustainable performance in MFIs. The next section discusses the research methodology that was adopted in the study.

Chapter 3

Methodology

3.1 Introduction

The preceding section examines the literature pertinent to the study's subject. In this chapter, the research methodology adopted for this study takes centre stage. Research methods encompass the structures, strategies, approaches, and instruments utilised to carry out investigations (Cassell et al., 2017). Flick (2016) underscores that methodology entails the actual execution of research, necessitating the adept utilisation of suitable protocols, tools, and techniques to translate research objectives into meaningful findings. This chapter outlines the research design, research approach, target population, sample size, sampling strategy, data collection tools, data analysis and the ethical considerations.

3.2 Research Philosophy

The study followed the interpretivism research philosophy. Interpretivism is a research philosophy that emphasises understanding and interpreting the social world through the subjective meanings and interpretations of individuals (Cohen et al., 2017). It recognizes that human actions and behaviours are shaped by social and cultural contexts, and seeks to explore the complexities and nuances of these contexts. Interpretivists believe that social phenomena cannot be fully understood by relying solely on positivist methods, such as quantitative data analysis, but require a more holistic and qualitative approach that captures the richness of human experiences and perspectives (Cypress, 2018). They argue that knowledge is socially constructed and that researchers should actively engage with participants to uncover the meanings they attach to their experiences (Litosseliti, 2018).

In this study, the use of the interpretivist research philosophy was justified because the study aimed to assess the quality of service delivery, which involves understanding the subjective experiences and perceptions of clients and employees within the microfinance company. Interpretivism allowed the researcher to explore these subjective meanings, uncovering the factors that influence service quality and identifying areas for improvement from the perspectives of the individuals involved.

Second, the study focused on a specific microfinance company in Zambia, Tottengram Fin Services. By adopting an interpretivist approach, the researcher managed to explore the unique organizational culture, social dynamics, and contextual factors that shape the service delivery within this particular company. Therefore, the interpretivist research philosophy was suitable for this study as it aligned with the goals of understanding subjective experiences and uncovering the social and cultural factors that influence service quality in microfinance institutions. It allowed the researchers to capture the rich and contextualized data necessary to provide meaningful insights and recommendations for improving service delivery in Tottengram Fin Services and potentially inform practices in other microfinance companies in Zambia.

3.3 Research Design

The study adopted the descriptive research design. Descriptive research aims to accurately and systematically describe a population, situation or phenomenon (Walliman, 2017). Some of the researchers who looked at the financial performance and quality of service delivery of MFIs in developing countries they utilised a descriptive research design [(Imani et al., 2011); (Aemiro, 2012), (Mekonnen 2012)].

Descriptive research design has been used in similar researches because it determines the nature of the existing variables and how they change over time structured around the specific objectives for the research. This research's main goal is to assess the quality of service provision in MFIs in Zambia and how that affects customer retention and affect business growth.

3.4 Research Approach

For the purposes of this research, the qualitative research approach was adopted. According to Thanem and Knights (2019), qualitative research aims to understand and interpret the subjective experiences, perceptions, and behaviours of individuals in their natural settings. In this study, the focus is on assessing the quality of service delivery in micro-finance companies, which involves exploring the perspectives, opinions, and experiences of both the clients and employees of Tottengram Fin Services. A qualitative approach would allow for in-depth exploration and understanding of the underlying

factors influencing service quality, including the unique context, dynamics, and complexities of the micro-finance industry in Zambia.

Qualitative research methods, such as interviews, focus groups, and observations, can be employed to gather rich, detailed, and context-specific data (Cypress, 2018). Interviews and open ended questionnaires with the participants would provide insights into their perceptions of service quality, the challenges they face, and their suggestions for improvement. Through utilising a qualitative research approach, this study can capture the nuanced aspects of service quality, uncover underlying issues, and generate rich data that can inform practical recommendations for improving the quality of service delivery in micro-finance companies like Tottengram Fin Services.

3.5 Research Population

The research population refers to a group of subjects upon which a study seeks to draw inferences (Litosseliti, 2018). The research population for this study were the 3800 customers and 150 Employees from the five branches of Tottengram Fin Services in Zambia that are currently registered and in full operation. The branches are located in Lusaka and Chongwe for easy accessibility, mobility and cost minimisation. In total the population size was therefore 3950.

3.6 Sample Size

Sampling is described by Walliman (2017) as the process of selecting a portion of subjects from the population, in order to make the study manageable. The sample size is calculated using the Taro Yamane (1967) method for sample size calculation. The formula is as follows

$$n = N / (1 + N (e^2))$$

Where:

n = sample size

N = population size

e = desired level of precision (expressed as a proportion)

In this case, the population size is 3950 and the desired level of precision is 10% or 0.1.

Using the formula:

$$n = 3950 / (1 + 3950(0.1^2))$$

$$n = 3950 / (1 + 3950(0.01))$$

$$n = 3950 / (1 + 39.5)$$

$$n = 3950 / 40.5$$

$$n = 97.53$$

According to the Taro Yamane model, a sample size of approximately 98 would be required to achieve a 10% level of confidence for the given population of 3950.

The total sample size was therefore 98, encompassing both customers and employees from the five branches of Tottengram Fin Services. The sample was stratified as follows, to ensure representation

Table 3.1: Population and Sampling

Population Group	Population	Sample
Employees	150	8
Customers	3800	90
Total	3950	98

3.7 Sampling Technique

Since the study was qualitative in nature, Quota sampling, which is a non-probability sampling technique was used in the study. Quota sampling involves dividing the research population into homogeneous segments in order to ensure the representation of all the sub groups of the research population (Thanem & Knights, 2019). The sub groups in this case are the employees and customers of Tottengram Fin Services.

After dividing the population into the two subgroups, convenience sampling was then used to select elements from each sub-group. For the employees, the HR database of

the company was used as a sample framework. For the customers, the researcher approached them as they come to receive service at Tottengram Fin Services branches, and ask for their participation in the study.

3.8 Data collection techniques

The data that was collected from the primary source. Primary data is when data is collected for the first time, which means the data collected would not have been used anywhere else before (Cypress, 2018). The data was collected through Open-ended questionnaires for customers and semi-structured interviews for employees.

3.8.1 Open-ended questionnaires

A questionnaire is a set of prepared questions aimed at gathering data that answers the research questions (Litosseliti, 2018). Queirós et al. (2017) posit that questionnaires are advantageous because the respondents can complete them at their convenience, which improves the responds rate. Open-ended questionnaires are used to collect qualitative data because they give the participant room to explain their answers, unlike a closed-ended questionnaire where respondents have to use the answers provided. The questionnaires were used to gather data from both the customers. This method was used because there are 90 customers in the sample, which makes it difficult and time consuming to gather data using interviewees.

The questionnaires were both personally and electronically distributed depending on the preferences of the respondents. They were also collected through the same channels.

3.8.2 Semi structured interviews

A semi-structured interview is a qualitative research method that combines open-ended questions with a flexible interview structure (Cohen et al., 2017). In a semi-structured interview, the researcher has a predetermined list of topics or questions to guide the conversation but allows for the exploration of additional relevant topics as they arise. This approach provides a balance between structure and flexibility, allowing participants to freely express their thoughts and experiences while ensuring that key areas of inquiry are covered (Flick, 2016).

In the context of gathering data from the 8 employees who make up the sample, a semi-structured interview would be appropriate as it allows for a deeper understanding of

their perspectives on the quality of service delivery in Tottengram Fin Services. The interviews were conducted face to face or telephonically based on the preferences of the participants, ensuring their comfort and convenience. This approach would enable the researcher to gather rich and detailed data, capturing the nuances of the employees' experiences, opinions, and suggestions related to service quality, while also allowing for the exploration of emerging themes that may not have been anticipated in advance.

3.9 Data Analysis

The data collected was analysed qualitatively, using thematic analysis. Thematic data analysis is a qualitative research technique that involves identifying and analyzing patterns, themes, and meanings within a dataset (Litosseliti, 2018). It aims to organize and interpret qualitative data in a systematic and rigorous manner. In this study on assessing the quality of service delivery in micro-finance companies, thematic analysis was employed to identify key themes and patterns related to service quality based on the data collected from the semi-structured interviews.

The following steps were followed in the thematic data analysis process. First, the researcher familiarised with the interview transcripts and other relevant data to gain an overview of the content. Then, he generated initial codes by systematically labelling and categorising segments of data that represent important aspects related to service quality. These codes were reviewed and organised into potential themes, which capture meaningful patterns across the dataset. The researcher then refined and defined these themes, ensuring that they accurately represent the data and address the research objectives. Finally, the themes were interpreted and analysed in relation to the research questions, providing insights into the quality of service delivery in micro-finance companies.

Thematic data analysis is well-suited for this study as it allows for a comprehensive exploration and understanding of the participants' perceptions and experiences of service quality. Through systematically analyzing the qualitative data, the researchers can identify recurring themes and patterns, providing a nuanced understanding of the factors that influence service delivery in micro-finance companies. Thematic analysis offers a flexible and iterative approach, enabling the exploration of emerging themes and capturing the richness and complexity of the participants' perspectives (Thanem &

2019). The use of this technique enhanced the study's credibility and rigor, ensuring that the findings are grounded in the participants' voices and experiences.

3.10 Conclusion

This chapter has discussed how the study to assess the quality of service delivery in MFIs in Zambia was conducted. The chapter outlined the research design, research approach, target population, sample size, sampling strategy, data collection tools, data analysis and the ethical considerations.

Chapter 4:

Data Presentation, Interpretation and Analysis

4.1 Introduction

The previous chapter outlined, discussed and justified the research methods and techniques that were adopted in conducting this study. This chapter presents, interprets and analyses the data that was gathered through semi-structured interviews and open-ended questionnaires. Data was collected from 90 people who included eighty two (82) customers and eight (8) employees from the five branches of Tottengram Fin Services in Zambia that were registered and in full operation. Thematic analysis was used in analysing the data.

4.2 Demographic details

The participants had the following demographic details

4.2.1 Gender

The gender distribution of the participants is shown in Figure 4.1 below

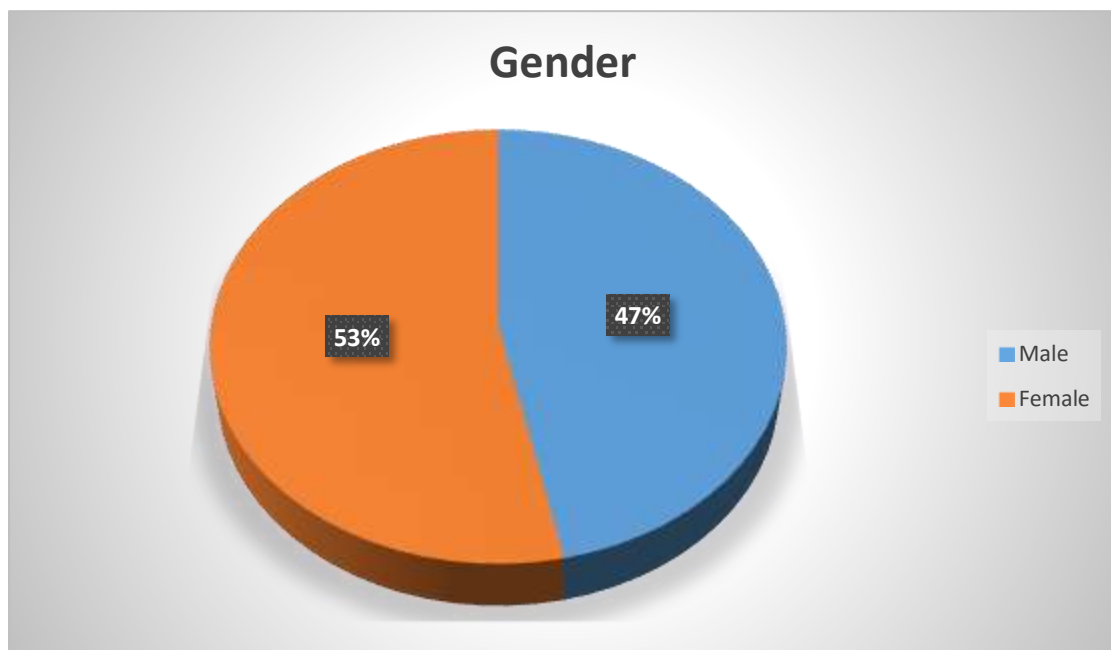


Figure 4.1: Gender Distribution

In the study, the gender distribution of participants was 42 males and 48 females. This distribution suggests a relatively balanced representation of both genders within the employees and customers of Tottengram Fin Services. The implications of this distribution could be double. Firstly, it indicates that both men and women are actively engaged with and benefiting from the micro-finance services provided by the company. This suggests that Tottengram Fin Services is successful in reaching and serving a diverse customer base. Secondly, the gender distribution could potentially reflect the effectiveness of the company's recruitment and employment practices, indicating equal opportunities for men and women to work in the micro-finance sector in Zambia. This balanced representation may also contribute to a more inclusive and diverse work environment, potentially fostering creativity, innovation, and improved service delivery.

4.2.2 Highest Educational Qualifications

The highest educational qualifications distribution of the participants is shown in Figure 4.2 below

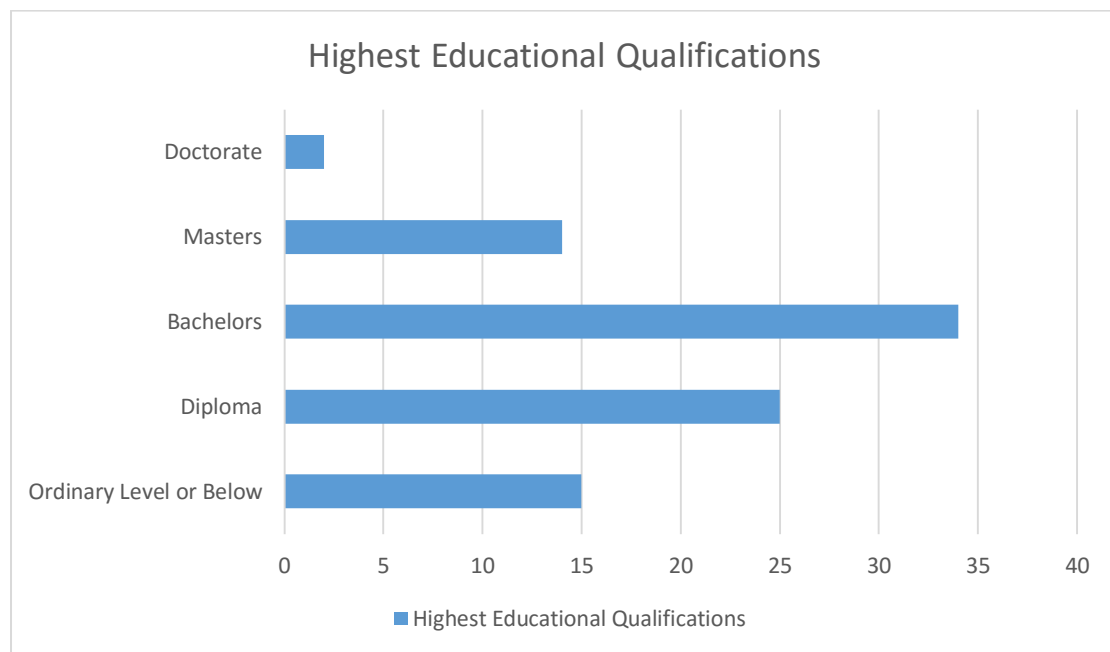


Figure 4.2: Highest educational qualifications distribution

In the study, the highest education qualification distribution among participants was as follows: 15 individuals had an Ordinary Level or below qualification, 25 had a

Diploma, 34 had a Bachelor's degree, 14 had a Master's degree, and 2 had a Doctorate. This distribution suggests a diverse range of educational backgrounds among the employees and customers of Tottengram Fin Services. The implications of this distribution are significant as it indicates that the company employs individuals with various levels of educational attainment, which can contribute to a well-rounded and skilled workforce. The presence of a significant number of individuals with Bachelor's and Master's degrees suggests that the company places value on higher education and seeks to employ individuals with advanced knowledge and expertise. This may have positive implications for the quality of service delivery, as employees with higher educational qualifications are often equipped with the necessary skills and knowledge to provide efficient and effective financial services to customers. Additionally, the presence of individuals with diverse educational backgrounds can foster a collaborative and innovative work environment, enabling the company to adapt to changing market dynamics and offer tailored solutions to meet the needs of their customers.

4.2.3 Number of years as a customer/employee

The number of years as a customer/employee distribution of the participants is shown in Figure 4.3 below

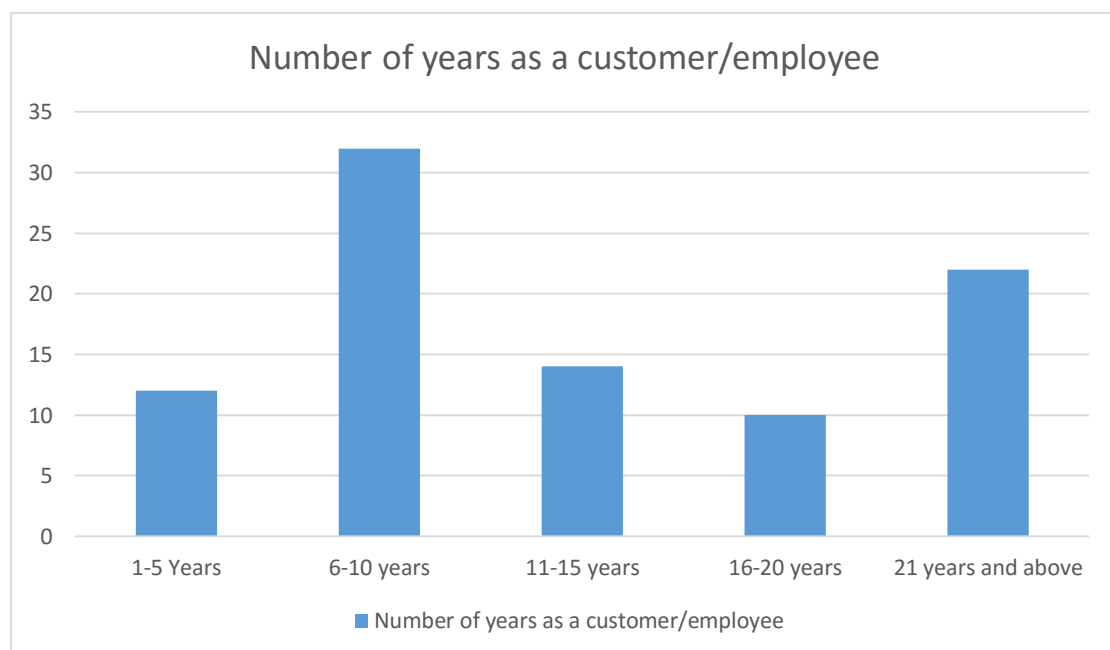


Figure 4.3: Number of years as a customer/employee distribution

In the study, the distribution of the number of years as a customer/employee among participants was as follows: 12 individuals had been associated with Tottengram Fin Services for 1-5 years, 32 for 6-10 years, 14 for 11-15 years, 10 for 16-20 years, and 22 for 21 years and above. This distribution indicates a wide range of experience and tenure within the company. The implications of this distribution are significant as it suggests that a considerable portion of the participants have had long-term relationships with Tottengram Fin Services, spanning over a decade or more. This indicates a sense of loyalty and trust among both employees and customers, which can positively impact the quality of service delivery. Long-term customers are likely to have a deep understanding of the company's offerings and processes, enabling them to provide valuable feedback and insights for the study. Similarly, long-term employees are likely to have accumulated substantial knowledge and expertise, contributing to the overall competence and effectiveness of the workforce. Overall, this distribution adds depth and credibility to the study, capturing insights from individuals with extensive experience and a deep connection to Tottengram Fin Services.

4.2.4 Age Group

The age groups distribution of the participants is shown in Figure 4.4 below

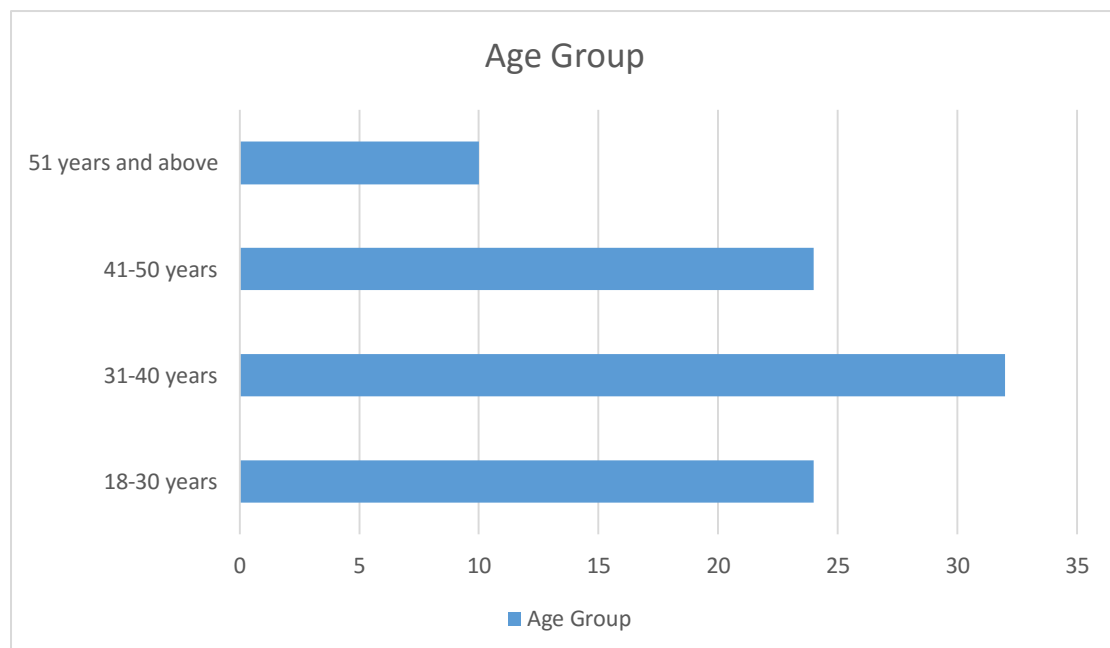


Figure 4.4: Age group distribution of the participants

In the study, the age group distribution among participants was as follows: 24 individuals were between 18-30 years old, 32 were between 31-40 years old, 24 were between 41-50 years old, and 10 were 51 years and above. This distribution indicates a diverse representation of age groups within the employees and customers of Tottenham Fin Services. The implications of this distribution are significant as it suggests that the company caters to a wide range of age demographics. This diversity can contribute to a more comprehensive understanding of the quality of service delivery, as perspectives and experiences may vary across different age groups. Younger participants may bring fresh ideas and insights, while older participants may offer wisdom and a long-term perspective. Additionally, the distribution may shed light on the company's ability to adapt and meet the needs of different age groups, which is crucial in the micro-finance industry where customers' financial goals and requirements can vary across different life stages. Overall, this distribution provides a multi-generational perspective to the study, enhancing its comprehensiveness and relevance to Tottenham Fin Services and its customers.

4.3 Theme 1: Customer perceptions of service quality in Zambian MFIs and its link to client retention

The study sought to analyse the customer perceptions of service quality in Zambian MFIs and its link to client retention. The following subthemes emerged from the findings

4.3.1 Sub-theme 1.1: Responsiveness and Timeliness of Service

The customers' perception of the responsiveness and timeliness of service provided by Tottenham Fin Services is a crucial aspect of their overall experience. The direct quotations from the customers highlight their appreciation for the institution's quick response and efficient handling of their financial needs.

Participant 9: "I have been with Tottenham Fin Services for five years, and one thing that stands out to me is how responsive they are to my needs. Whenever I have a question or need assistance, their staff is quick to respond and provide the necessary support."

Participant 28: *"Timeliness is crucial for me when it comes to financial services. Tottengram Fin Services has consistently delivered on time, whether it's processing my loan applications or handling my transactions. Their efficiency in providing timely services has definitely contributed to my decision to stay with them."*

Participant 72: *"There was one instance where I had an urgent financial need, and Tottengram Fin Services went above and beyond to process my request quickly. Their responsiveness and timely service saved me during a challenging time, and I appreciate their dedication to their customers."*

The findings show that the customers value the responsiveness and timeliness of service provided by Tottengram Fin Services. They appreciate the quick response from staff members and the efficiency in meeting their financial needs. The promptness in addressing customer inquiries and processing transactions has positively influenced their decision to continue using the services of Tottengram Fin Services. These findings are supported by Medberg and Grönroos (2020), who posit that responsiveness and timeliness create a sense of reliability, trust, and customer satisfaction. Zheng and Zhang (2021) also support the findings saying that by consistently meeting or exceeding customer expectations in terms of response times and service delivery, organisations can establish a strong foundation for customer retention and loyalty.

4.3.2 Sub-theme 1.2: Professionalism and Knowledge of Staff

The customers' perception of the professionalism and knowledge of the staff at Tottengram Fin Services is another important aspect of their evaluation of service quality. The direct quotations provided by the customers highlight their appreciation for the staff's professionalism, expertise, and personalised interactions.

Participant 21: *"The staff at Tottengram Fin Services are very professional and knowledgeable. They have a good understanding of the financial products they offer and provide clear explanations. I feel confident in their expertise and trust their advice."*

Participant 46: *"I've interacted with several employees at Tottengram Fin Services, and they have always been courteous and professional. They take the*

time to listen to my concerns and provide personalised recommendations based on my financial goals."

Participant 53: *"I appreciate the professionalism of the staff at Tottengram Fin Services. They have a deep understanding of the microfinance industry and are able to guide me through the various options available. Their knowledge and expertise have been instrumental in my decision to remain a loyal customer."*

The customers value the professionalism and knowledge of the staff at Tottengram Fin Services. They appreciate the staff's expertise in explaining financial products and providing relevant recommendations. The courteous and personalised interactions have contributed to their trust and confidence in the services provided. The customers believe that the professionalism and knowledge of the staff are key factors in their decision to continue using Tottengram Fin Services. These findings are in line with Malambo (2022) who revealed that the professionalism of the staff contributes to the customers' trust, confidence, and satisfaction with the services provided. According to Lwesya and Mwakalobo (2023), by demonstrating professionalism and expertise, an MFI can reinforce its image as a reliable and knowledgeable financial institution, which in turn fosters customer retention and loyalty. The findings suggest that Tottengram Fin Services should continue to prioritise the training and development of its staff members to enhance their professionalism and knowledge

4.3.3 Sub-theme 1.3: Transparency and Clarity in Communication

Transparency and clarity in communication play a significant role in shaping customers' perception of service quality at Tottengram Fin Services. The direct quotations provided by the customers highlight their appreciation for the institution's transparent and clear communication practices.

Participant 17: *"Transparency is important to me when it comes to financial services. Tottengram Fin Services has always been transparent in their communication regarding interest rates, fees, and terms of loans. I appreciate knowing exactly what I'm getting into."*

Participant 22: *"I've never had any surprises or hidden charges with Tottengram Fin Services. They are upfront about all the costs involved, and their*

communication is always clear and straightforward. It's refreshing to have such transparent dealings with a financial institution."

Participant 88: *"Clarity in communication is crucial for me, and Tottengram Fin Services excels in this aspect. They explain everything in simple terms, ensuring that I understand the terms and conditions of my loans. This transparency builds trust and makes me feel valued as a customer."*

The customers value the transparency and clarity in communication provided by Tottengram Fin Services. They appreciate the institution's transparency in disclosing interest rates, fees, and loan terms. The clear and straightforward communication has helped the customers avoid surprises and build trust. The customers believe that the transparency and clarity in communication contribute to their decision to continue using Tottengram Fin Services. These findings are aligned to Sikuulu (2021), who postulates that transparent communication regarding fees, charges, and terms and conditions helps customers make informed decisions and builds trust. Furthermore, Adams and Tewari (2021) also agree with these findings citing that clear explanations of complex financial concepts enable customers to understand the products and services offered, empowering them to make better financial choices. Responsive and timely communication therefore creates a positive customer experience and enhances the Tottengram Fin Services' reputation for reliability.

4.3.4 Sub-theme 1.4: Personalised Approach and Customer-centric Services

The customers' perception of Tottengram Fin Services' personalised approach and customer-centric services is a crucial aspect of their evaluation of service quality. The direct quotations provided by the customers highlight their appreciation for the institution's focus on meeting individual needs and providing tailored solutions.

Participant 15: *"Tottengram Fin Services takes a personalised approach to their services. They understand my financial needs and offer tailored solutions. This personalised attention makes me feel valued as a customer."*

Participant 69: *"I've had experiences with other financial institutions where I felt like just another number. Tottengram Fin Services, on the other hand, treats*

me as an individual. They take the time to understand my goals and provide recommendations that align with my needs."

Participant 78: *"One thing I appreciate about Tottengram Fin Services is their customer-centric approach. They genuinely care about my financial well-being and are always available to answer my questions or provide guidance. This level of personalised service has made me a loyal customer."*

The customers value the personalised approach and customer-centric services provided by Tottengram Fin Services. They appreciate the institution's understanding of their individual financial needs and the tailored solutions offered. The customers feel valued and cared for, which has contributed to their loyalty. The personalised approach and customer-centric services have influenced their decision to continue using Tottengram Fin Services. These findings are supported by Meagher (2020), who posits that a personalised approach makes customers feel valued and understood, enhancing their overall experience and fostering trust and loyalty towards the institution. Chibbonta and Chishimba (2023) assert that to further enhance the personalised approach and customer-centric services, organisations can invest in customer relationship management systems that capture and track customer preferences and interactions. This data can enable Tottengram Fin Services to provide more targeted and personalised recommendations and services. Through consistently delivering personalised and customer-centric services, Tottengram Fin Services can differentiate itself from competitors, build strong customer relationships, and cultivate customer loyalty.

4.3.5 Sub-theme 1.5: Continuous Improvement and Feedback Mechanisms

Continuous improvement and feedback mechanisms are vital for Tottengram Fin Services to enhance its service quality. The direct quotations provided by the customers highlight their appreciation for the institution's commitment to improvement and the value placed on customer feedback.

Participant 40: *"I noticed that Tottengram Fin Services regularly introduces new features and services based on customer feedback. It shows that they are actively listening to our needs and striving to improve."*

Participant 53: *"I appreciate that Tottengram Fin Services values my opinion. They often reach out to me for feedback on my experience, which makes me feel like my voice matters."*

Participant 76: *"I noticed that Tottengram Fin Services has made changes to their website and mobile app based on customer feedback. It's great to see that they take our suggestions seriously and take action to improve our digital experience."*

Participant 84: *"Tottengram Fin Services encourages us to provide feedback after each interaction. It shows that they are committed to learning from their mistakes and constantly improving their service delivery."*

These findings indicate that Tottengram Fin Services actively seeks customer feedback and takes it into account when making improvements. The institution's willingness to adapt and introduce new features and services based on customer input demonstrates a customer-centric approach and a commitment to continuous improvement. The findings also reveal that continuous improvement and feedback mechanisms are highly valued by customers. Tottengram Fin Services' commitment to listening to customer feedback, making meaningful changes based on suggestions, and actively seeking input creates a customer-centric culture.

These findings agree with di Magliano and Vaccaro (2020), who articulate that actively seeking input from customers leads to enhanced service quality and customer satisfaction. Zheng and Zhang (2021) also support these findings asserting that MFIs need to implement formal feedback channels, such as surveys or suggestion boxes, as well as utilising technology to gather real-time feedback through digital platforms. Regularly analysing and acting upon customer feedback should therefore be a priority for Tottengram Fin Services, with dedicated resources allocated to tracking and addressing customer concerns and suggestions. Through integrating customer feedback into its operations, Tottengram Fin Services can enhance its service quality, build stronger customer relationships, and foster loyalty. Continuously striving for improvement based on customer input demonstrates a commitment to meeting and exceeding customer expectations.

4.4 Theme 2: The operational challenges of Zambian MFIs and their impact on service quality

The study sought to evaluate the operational challenges of Zambian MFIs and their impact on service quality. The following sub-themes emerged from the data

4.4.1 Sub-theme 2.1: Limited Access to Financial Infrastructure

Limited access to financial infrastructure is a significant operational challenge faced by Zambian MFIs, including Tottengram Fin Services. This challenge encompasses inadequate physical infrastructure, such as branches and ATMs, as well as limited access to digital banking services. This is shown by the following quotations

Participant 3: *"We often face challenges in reaching customers in remote areas due to the lack of physical branches and ATMs nearby."*

Participant 5: *"Many of our customers rely on cash transactions because they don't have access to digital banking services, which limits their convenience and increases the risk of carrying large amounts of cash."*

Participant 6: *"Some customers have to travel long distances to access banking services, which is not only time-consuming but also expensive, especially for those with limited means."*

These quotations reveal the impact of limited access to financial infrastructure on service quality. In remote areas, where physical branches and ATMs are scarce, customers face challenges in accessing banking services conveniently. The lack of nearby branches and ATMs hinders their ability to deposit and withdraw funds easily, making it inconvenient and time-consuming for them to manage their finances. Furthermore, the limited availability of digital banking services restricts customers' ability to perform transactions electronically. These findings are aligned to Lwesya and Mwakalobo (2023), who posit that reliance on cash transactions not only reduces convenience but also increases the risk associated with carrying large amounts of cash. Customers may feel less secure and face potential financial losses due to theft or loss of cash.

The findings highlight the importance of expanding financial infrastructure, both physical and digital, to enhance service quality. Chibbonta and Chishimba (2023) assert that MFIs can invest in establishing branches and ATMs in remote areas to improve accessibility for customers. Additionally, they can focus on expanding digital banking services, such as mobile banking, to provide more convenient and secure options for customers to manage their finances. Through addressing the issue of limited access to financial infrastructure, Tottengram Fin Services can enhance its service quality by providing customers with greater convenience, security, and accessibility.

4.4.2 Sub-theme 2.2: Insufficient Technological Capabilities

Insufficient technological capabilities present a significant operational challenge for Zambian MFIs like Tottengram Fin Services. This challenge encompasses various aspects, including outdated software systems, limited digital banking services, and insufficient IT infrastructure. This is shown by the following quotations

Participant 1: *"Our system often slows down our operations and affects our ability to serve customers efficiently."*

Participant 2: *"We receive frequent complaints from customers about the limited functionality of our mobile banking app, which hampers their ability to perform transactions easily."*

Participant 8: *"Due to the lack of proper IT infrastructure, we often experience connectivity issues, which disrupt our ability to provide timely and accurate services to customers."*

These quotations highlight the impact of insufficient technological capabilities on service quality. These findings agree with Meagher (2020), who posit that outdated software systems can slow down operations and hinder the efficiency of customer service. This can lead to delays in processing transactions, longer wait times for customers, and an overall less satisfactory experience. Furthermore, the findings show that limited functionality of digital banking services, such as mobile apps, can further contribute to a decline in service quality. Customers rely on these platforms for convenient and seamless transactions. As shown by Bi and Pandey (2015), if the

functionality is limited or unreliable, it can frustrate customers and impair their ability to perform transactions smoothly.

Insufficient IT infrastructure can also result in connectivity issues, leading to disruptions in service delivery. This is supported by Siwale and Kimmitt (2019), who argue that inconsistent or unreliable connectivity can prevent staff from accessing necessary information or processing transactions in a timely manner. This can lead to delays, errors, and customer dissatisfaction.

Through addressing the challenge of insufficient technological capabilities, Tottengram Fin Services can enhance service quality by improving operational efficiency, offering more robust digital banking services, and ensuring a reliable and seamless customer experience. Embracing technology as a strategic priority can enable MFIs to meet evolving customer expectations and remain competitive in the digital age (Sikuulu, 2021).

4.4.3 Sub-theme 2.3: Inadequate Human Resources

Inadequate human resources, including a shortage of skilled staff, insufficient training programs, and high employee turnover, present operational challenges for Zambian MFIs like Tottengram Fin Services. This challenge directly impacts the ability to deliver quality services to customers. This is shown by the following quotations.

Participant 5: *"With the high turnover of staff, it becomes challenging to maintain consistent customer service quality and build lasting relationships."*

Participant 6: *"We often struggle to find qualified staff who possess the necessary skills and knowledge to handle complex financial transactions and provide accurate advice to customers."*

Participant 7: *"Due to limited training programs, staff members may not be fully equipped to handle customer inquiries or resolve issues efficiently, leading to customer dissatisfaction."*

These quotations shed light on the impact of inadequate human resources on service quality. High employee turnover can lead to a lack of consistency in customer service, as new staff members need time to familiarise themselves with customers' needs and

preferences. As supported by di Magliano and Vaccaro (2020), this can result in mixed experiences for customers and hinder the development of strong, long-term relationships. The shortage of qualified staff with the necessary skills and knowledge can also affect service quality. Financial transactions can be complex, requiring expertise in areas such as lending, investment, and risk management. According to Kasumpa (2022), without adequately skilled staff, MFIs may struggle to provide accurate advice and guidance to customers, potentially leading to suboptimal financial decisions.

Insufficient training programs have also been shown to exacerbate the challenges associated with inadequate human resources. Malambo (2022) supports this notion, arguing that without proper training, staff members may lack the necessary knowledge and skills to handle customer inquiries or resolve issues efficiently. This can result in delays, errors, and customer dissatisfaction. By addressing the challenge of inadequate human resources, Tottengram Fin Services can improve service quality by providing consistent, knowledgeable, and efficient customer service. Strengthening the workforce through recruitment, training, and retention efforts can enhance the overall customer experience, build trust, and contribute to long-term customer satisfaction and loyalty.

4.4.4 Sub-theme 2.4: Limited Financial Resources

Limited financial resources pose a significant operational challenge for Zambian MFIs, including Tottengram Fin Services. This challenge encompasses inadequate capital, limited funding sources, and constraints on investment in infrastructure and technology. This is shown by the following quotations.

Participant 2: *"The lack of sufficient capital hampers our ability to expand our operations and reach underserved areas."*

Participant 3: *"We face challenges in accessing financing from external sources, which limits our capacity to offer affordable loans to a larger customer base."*

Participant 4: *"Due to limited financial resources, we struggle to invest in modern infrastructure and technology, which affects the efficiency and competitiveness of our services."*

These quotations highlight the impact of limited financial resources on the operational capabilities and service quality of MFIs. Insufficient capital restricts the ability of MFIs to expand their operations and reach underserved areas. This limitation has also been described by Ribeiro et al. (2022), as one that hampers financial inclusion efforts, as it becomes challenging to provide services to those in remote or economically disadvantaged regions.

Accessing financing from external sources is crucial for MFIs to sustain and expand their lending activities. However, like Siwale and Kimmitt (2019) say, limited funding sources can impede their ability to offer affordable loans to a larger customer base. This limitation may result in higher interest rates or stricter eligibility criteria, making it difficult for some individuals and businesses to access much-needed financial services. Inadequate financial resources also impact investment in infrastructure and technology. Without sufficient funds, MFIs may struggle to upgrade their systems, implement modern technology, and improve operational efficiency. According to Bi and Pandey (2015), this can lead to inefficiencies, longer processing times, and potential service quality issues.

Through addressing the challenge of limited financial resources, Tottengram Fin Services can enhance its operational capabilities and service quality. Increased access to capital enables the MFI to expand its reach, offer affordable financial products, and invest in infrastructure and technology. These enhancements contribute to improved efficiency, competitiveness, and ultimately, better customer service and financial inclusion outcomes.

4.4.5 Sub-theme 2.5: Regulatory Constraints

Regulatory constraints present significant operational challenges for Zambian MFIs like Tottengram Fin Services. These challenges include burdensome regulations, compliance requirements, and limited flexibility in product offerings. This is supported by the following quotations.

Participant 5: *"The regulatory framework imposes complex and time-consuming compliance requirements, which divert resources from serving customers."*

Participant 6: *"Regulatory restrictions limit our ability to launch innovative financial products that cater to the specific needs of our customer segments."*

Participant 7: *"Adhering to regulatory guidelines often necessitates additional staff training and investing in compliance systems, adding to our operational costs."*

These quotations shed light on the impact of regulatory constraints on the operational capabilities and service quality of MFIs. Burdensome regulations can impose significant administrative burdens on MFIs, diverting resources and attention away from serving customers. Lwesya and Mwakalobo (2023) support this perspective saying that compliance requirements, such as reporting obligations and documentation processes, can be complex and time-consuming, hindering operational efficiency.

Chibbonta and Chishimba (2023) also support the notion that regulatory restrictions may limit the ability of MFIs to offer innovative financial products that cater to the specific needs of their customer segments. This limitation can prevent MFIs from adapting to evolving market demands and effectively addressing the unique financial needs of underserved populations. As a result, customers may not have access to tailored financial solutions that could empower them economically.

Malambo (2022) posits that complying with regulatory guidelines often requires additional staff training and investment in compliance systems. This adds to the operational costs of MFIs, potentially straining their financial resources. The costs associated with compliance can affect the affordability and accessibility of financial services, indirectly impacting customer experience.

Through addressing the challenge of regulatory constraints, Tottengram Fin Services can enhance operational efficiency and improve service quality. Balancing regulatory compliance with operational flexibility can enable MFIs to better serve their customers, offer innovative solutions, and contribute to financial inclusion goals. Collaborative efforts between MFIs, regulatory authorities, and other stakeholders are crucial for fostering an enabling regulatory environment that supports the growth and impact of MFIs in Zambia.

4.5 Theme 3: Measures to enhance service quality and sustainable performance in Zambian MFIs

The study also sought to determine measures that can be implemented to enhance service quality and sustainable performance in Zambian MFIs. The following sub-themes emerged from the data.

4.5.1 Sub-theme 3.1: Customer-Centric Approach

The participants described a customer-centric approach as involving placing the needs and preferences of customers at the forefront of decision-making and service delivery. This strategy focuses on understanding and meeting the unique financial needs of customers, ultimately leading to enhanced service quality.

Participant 10: "By implementing a customer-centric approach, we can better understand and meet the unique financial needs of our customers, leading to enhanced service quality."

Participant 48: "Taking the time to listen to our customers and understand their financial goals enables us to provide tailored solutions and personalised service, improving their overall experience."

Participant 72: "A customer-centric approach fosters stronger relationships with our clients, increasing their trust in our institution and encouraging long-term loyalty."

These quotations highlight the importance of a customer-centric approach in improving service quality. By focusing on understanding and meeting the unique financial needs of customers, Tottengram Fin Services can create a more personalised and satisfying experience for its clients.

These findings are supported by Bayeh et al. (2016), who posit that implementing a customer-centric approach involves actively listening to customers, engaging in meaningful conversations, and conducting thorough needs assessments. This process allows the MFI to gain insights into customers' financial goals, challenges, and aspirations. Armed with this knowledge, Tottengram Fin Services can provide tailored

solutions that address specific customer needs, whether it's offering appropriate loan products, providing financial education, or customising repayment plans.

Through prioritising personalised service, Tottengram Fin Services can enhance the overall customer experience. This aligns with Siwale and Godfroid (2022), who note that when customers feel heard, valued, and understood, they are more likely to have a positive perception of the institution and its services. This can lead to increased customer satisfaction, improved word-of-mouth referrals, and ultimately, long-term loyalty.

Furthermore, a customer-centric approach builds stronger relationships between the MFI and its clients. By consistently delivering personalised and attentive service, Tottengram Fin Services can establish trust and foster a sense of partnership with its customers. This trust is crucial in the microfinance sector, where many clients may be accessing formal financial services for the first time or have had negative experiences with other providers. According to Ribeiro et al. (2022), building trust through a customer-centric approach helps create a supportive environment where clients feel comfortable seeking financial assistance and advice.

To implement a customer-centric approach effectively, the participants highlighted that Tottengram Fin Services can invest in staff training that emphasises customer service skills, active listening, and empathy. It is also important to establish channels for customer feedback and regularly assess customer satisfaction to identify areas for improvement. Through continuously refining their understanding of customer needs and preferences, Tottengram Fin Services can adapt and optimise their service offerings to better serve their target market.

4.5.2 Sub-theme 3.2: Technology Adoption

The findings suggest that technology adoption can play a crucial role in enhancing service quality in microfinance institutions. By leveraging technology, such as digital solutions and modern infrastructure, Tottengram Fin Services can improve operational efficiency, streamline processes, and deliver services in a more timely and convenient manner. This is shown by the following quotations

Participant 22: *"Leveraging technology can streamline processes, improve efficiency, and enable us to deliver services in a more timely and convenient manner."*

Participant 47: *"Digital platforms and mobile banking solutions provide our customers with convenient access to financial services, even in remote areas where physical branches are limited."*

Participant 89: *"Automated transaction processing reduces errors and speeds up the loan disbursement process, ensuring a smoother experience for both our customers and staff."*

The above quotations highlight the transformative impact of technology adoption on service quality in microfinance institutions. By embracing digital solutions and modern infrastructure, Tottengram Fin Services can enhance operational efficiency, customer experience, and accessibility.

According to Bi and Pandey (2015), one of the key benefits of technology adoption is the streamlining of processes and improved efficiency. Digital platforms and software systems can automate various manual tasks, such as data entry, document processing, and loan application reviews. This automation reduces the likelihood of errors, shortens processing times, and frees up staff to focus on more value-added activities, such as personalised customer interactions and financial advisory services (Kasumpa, 2022). As a result, Tottengram Fin Services can deliver services in a more timely and efficient manner, improving overall service quality.

To effectively adopt technology, the participants suggest that Tottengram Fin Services can invest in infrastructure upgrades, such as reliable internet connectivity and digital banking platforms. Lwesya and Mwakalobo (2023) propose that training staff on the use of technology systems is crucial to ensure their proficiency and maximise the benefits of technology adoption. Additionally, continuous monitoring and evaluation of technology systems are necessary to identify areas for improvement and address any technical issues promptly.

Through streamlining processes, improving efficiency, and providing convenient access to financial services, Tottengram Fin Services can deliver a better customer

experience, increase operational efficiency, and contribute to financial inclusion. Embracing technology enables the MFI to stay competitive, adapt to evolving customer preferences, and ultimately achieve sustainable performance in the long run.

4.5.3 Sub-theme 3.3: Skilled Workforce and Continuous Training

The findings also show that a skilled and knowledgeable workforce is vital for improving service quality in microfinance institutions. Employee training and development play a significant role in enhancing service quality, as they enhance staff knowledge, skills, and professionalism. This is supported by the following quotations

Participant 17: *"Employee training and development are vital for improving service quality. Ongoing training programs can enhance staff knowledge, skills, and professionalism, resulting in better customer interactions."*

Participant 33: *"Continuous training ensures that employees stay updated with industry trends, regulations, and best practices, enabling them to provide accurate advice, resolve issues efficiently, and build strong customer relationships."*

Participant 90: *"Investing in staff training shows our commitment to our employees' growth and development, which, in turn, motivates them to deliver exceptional service to our customers."*

These findings emphasise the importance of employee training and development in improving service quality. Through ongoing training programs, Tottengram Fin Services can enhance staff knowledge, skills, and professionalism, ultimately leading to better customer interactions and service delivery.

Medberg and Grönroos (2020) concur with these findings citing that employee training and development programs provide opportunities for staff to acquire and refine the necessary skills and knowledge to excel in their roles. These programs can cover a range of topics, including technical skills related to financial products, customer service skills, and soft skills like communication and problem-solving. By equipping employees with a diverse skill set, Tottengram Fin Services ensures that they are well-prepared to meet the complex needs of their customers.

Siwale and Godfroid (2022) also support these findings asserting that continuous training is crucial for keeping employees updated with industry trends, regulations, and best practices. The microfinance landscape is constantly evolving, and staying abreast of these changes is essential for providing accurate advice and guidance to customers. By investing in ongoing training, Tottengram Fin Services ensures that its workforce remains knowledgeable and capable of delivering high-quality service in a rapidly changing environment.

A skilled workforce and continuous training are therefore essential for enhancing service quality in microfinance institutions. Through investing in employee training and development, Tottengram Fin Services can improve staff knowledge, skills, and professionalism, resulting in better customer interactions, accurate advice, and efficient issue resolution. Furthermore, a well-trained and motivated workforce contributes to a positive work environment and a culture of exceptional service delivery.

4.5.4 Sub-theme 3.4: Strategic Partnerships

The findings further show that strategic partnerships play a crucial role in enhancing service quality in microfinance institutions. Collaborating with external organisations, such as NGOs, government agencies, and technology providers, allows Tottengram Fin Services to leverage their expertise, resources, and networks to deliver comprehensive and impactful services to their customers. This is shown by the following quotations

Participant 13: *"Strategic partnerships enable us to expand our reach, access new markets, and offer a wider range of financial products and services to our customers."*

Participant 53: *"Partnering with NGOs and community organisations helps us better understand the specific needs of our target market, tailoring our services to their requirements."*

Participant 76: *"Collaborating with technology providers allows us to leverage innovative solutions, such as digital platforms and data analytics, to enhance our service delivery and customer experience."*

These quotations emphasises the benefits of strategic partnerships in improving service quality. By collaborating with external organisations, Tottengram Fin Services can

expand their reach, gain insights into customer needs, and leverage innovative solutions to enhance service delivery.

These findings are supported by Malambo (2022), who asserts that strategic partnerships provide opportunities for microfinance institutions to expand their reach and access new markets. By partnering with organisations that have established networks and expertise in specific regions or communities, Tottengram Fin Services can extend its services to underserved areas. This expansion allows the institution to reach a broader customer base and provide financial products and services to individuals who may not have had access previously.

Di Magliano and Vaccaro (2020) are also of the opinion that collaborating with technology providers offers microfinance institutions the opportunity to leverage innovative solutions to enhance service delivery and customer experience. Bayeh et al. (2016) also say that digital platforms, mobile banking solutions, and data analytics tools can streamline processes, improve efficiency, and provide customers with convenient access to financial services. By partnering with technology providers, Tottengram Fin Services can access these solutions and stay at the forefront of technological advancements in the financial services industry.

To effectively establish strategic partnerships, the participants suggest that Tottengram Fin Services can conduct thorough research and due diligence to identify potential partners that align with their mission and target market. Sikuulu (2021) support this by noting that clear communication and shared objectives are crucial in building successful collaborations. Regular communication and feedback mechanisms should be established to ensure that the partnership remains mutually beneficial and aligned with the goals of both organisations. Through fostering successful partnerships, Tottengram Fin Services can enhance its service quality and achieve sustainable performance.

4.5.5 Sub-theme 3.5: Monitoring and Feedback Mechanisms

The findings also show that effective monitoring and feedback mechanisms are essential for improving service quality in microfinance institutions. By implementing robust systems to track performance and gather feedback from customers, Tottengram Fin Services can identify areas for improvement, address customer concerns, and continuously enhance their services. This is shown by the following quotations

Participant 21: *"Regular monitoring of key performance indicators allows us to assess our service quality, identify bottlenecks, and take proactive measures to enhance customer satisfaction."*

Participant 38: *"Collecting feedback from our customers helps us understand their needs, preferences, and expectations, enabling us to tailor our services and deliver a more personalised experience."*

Participant 67: *"Monitoring and feedback mechanisms provide valuable insights for decision-making and strategic planning, helping us stay responsive to customer needs and market dynamics."*

These quotations show the importance of monitoring and feedback mechanisms in improving service quality. By regularly tracking performance indicators, collecting customer feedback, and utilising the insights gained, Tottengram Fin Services can proactively enhance their services and meet customer expectations.

Chibbonta and Chishimba (2023) support these findings by asserting that monitoring key performance indicators (KPIs) allows microfinance institutions to assess their service quality and identify areas for improvement. KPIs can include metrics such as loan disbursement time, customer satisfaction ratings, loan repayment rates, and the efficiency of internal processes. By monitoring these indicators, Tottengram Fin Services can identify bottlenecks or areas where service delivery can be optimised. This enables the institution to take proactive measures to enhance customer satisfaction and overall service quality.

To effectively implement monitoring and feedback mechanisms, the participants suggest that Tottengram Fin Services can establish clear objectives and performance targets, develop standardised feedback collection processes, and utilise technology for efficient data collection and analysis. As suggested by Kasumpa (2022), regular review meetings and reporting systems can facilitate data-driven decision-making and ensure accountability for service quality improvements. Through continuously monitoring and gathering feedback, Tottengram Fin Services can enhance its service quality and maintain a competitive edge in the industry.

4.6 Chapter Summary

In this chapter, data was presented, interpreted and analysed. Data was collected from 90 people who included eighty two (82) customers and eight (8) employees from the five branches of Tottengram Fin Services in Zambia that were registered and in full operation. Thematic analysis was used in analysing the data. The major findings were as follows. Firstly, for the theme on customer perceptions of service quality in Zambian MFIs and its link to client retention, the subthemes that emerged include responsiveness and timeliness of service, professionalism and knowledge of staff, transparency and clarity in communication, personalised approach and customer-centric services, as well as continuous improvement and feedback mechanisms. Secondly, for the theme on the operational challenges of Zambian MFIs and their impact on service quality, the subthemes that emerged include limited access to financial infrastructure, insufficient technological capabilities, inadequate human resources, limited financial resources, and regulatory constraints. Lastly, on the theme of measures to enhance service quality and sustainable performance in Zambian MFIs, the subthemes that emerged include customer-centric approach, technology adoption, skilled workforce and continuous training, strategic partnerships, and monitoring and feedback mechanisms.

Chapter 5:

Discussion of Findings

5.1 Introduction

The previous chapter presented, interpreted and analyses the findings of the study. This chapter will discuss the findings.

5.2 Discussion

The findings of the study revealed various insights that were categorized in three main themes. These findings are discussed below:

5.2.1 Customer perceptions of service quality in Zambian MFIs and its link to client retention

The research findings on customer perceptions of service quality in Zambian MFIs and their link to client retention provide valuable insights into the factors that influence customer satisfaction and loyalty. The study highlights the importance of responsiveness, professionalism, transparency, and personalisation in shaping customer perceptions of service quality at Tottengram Fin Services.

The findings emphasise the significance of responsiveness and timeliness in service delivery. Customers value the institution's quick response and efficient handling of their financial needs. This aligns with existing literature by Malambo (2022), which indicates that the responsiveness of staff contributes to customers' trust, confidence, and satisfaction. The SERVQUAL model also emphasises responsiveness as a critical dimension of service quality, as it reflects the institution's ability to promptly meet customer needs.

The professionalism and knowledge of staff members at Tottengram Fin Services are identified as key factors in evaluating service quality. Customers appreciate the expertise of the staff in explaining financial products and providing relevant recommendations. This finding is consistent with previous research by Lwesya and Mwakalobo (2023), who suggest that professionalism and expertise contribute to customer retention and loyalty. The SERVQUAL model also incorporates

professionalism as an important dimension of service quality, as it reflects the competence and courtesy of the staff.

Transparency and clarity in communication emerge as vital components of service quality at Tottengram Fin Services. Customers value the institution's transparent communication practices, particularly in disclosing interest rates, fees, and loan terms. This finding aligns with the research of Sikuulu (2021) and Adams and Tewari (2021), who highlight the importance of transparent communication in building trust and enabling customers to make informed decisions. The SERVQUAL model includes tangibility as a dimension of service quality, which encompasses communication and the physical appearance of facilities.

The study also emphasises the significance of Tottengram Fin Services' personalised approach and customer-centric services. Customers appreciate the institution's focus on understanding their financial needs and providing tailored solutions. This finding suggests that a customer-centric approach contributes to customer loyalty. To further enhance this personalised approach, Tottengram Fin Services can invest in customer relationship management systems to capture and track customer preferences and interactions, aligning with the literature on customer-centricity.

The findings also highlight the importance of continuous improvement and feedback mechanisms. Tottengram Fin Services' commitment to listening to customer feedback, making meaningful changes based on suggestions, and actively seeking input creates a customer-centric culture. This finding is supported by di Magliano and Vaccaro (2020), who argue that actively seeking input leads to enhanced service quality and customer satisfaction. Zheng and Zhang (2021) also emphasise the need for formal feedback channels and real-time feedback gathering through technology in the context of MFIs.

To leverage these findings and bridge the knowledge gap, Tottengram Fin Services should prioritise staff training and development to improve responsiveness and professionalism. Additionally, the institution should invest in customer relationship management systems to enhance personalisation. Implementing formal feedback channels and utilising technology for real-time feedback collection is crucial for continuous improvement. By integrating customer feedback into its operations,

Tottengram Fin Services can enhance service quality, build stronger customer relationships, and ultimately foster loyalty.

The practical implications of these findings are significant for Tottengram Fin Services and other MFIs. By aligning their practices with the principles and dimensions of service quality outlined in the SERVQUAL model, MFIs can enhance customer satisfaction and retention. The findings also highlight the need for ongoing monitoring, analysis, and action based on customer feedback to drive continuous improvement. Overall, the study contributes to the existing literature on service quality in MFIs and provides valuable insights for practitioners seeking to enhance their service delivery.

5.2.2 The operational challenges of Zambian MFIs and their impact on service quality

The findings of the study on the operational challenges of Zambian MFIs and their impact on service quality reveal important insights into the barriers faced by MFIs like Tottengram Fin Services. Limited access to financial infrastructure, insufficient technological capabilities, inadequate human resources, and regulatory constraints all pose significant challenges to delivering high-quality services to customers.

The limited access to financial infrastructure, including physical branches and ATMs, as well as digital banking services, hinders the convenience and accessibility of financial services for customers. This aligns with the findings of Meagher (2020), who highlight the impact of inadequate infrastructure on service efficiency. The reliance on cash transactions due to the lack of digital banking services also increases the risks associated with carrying large amounts of cash.

Insufficient technological capabilities, such as outdated software systems and limited digital banking services, contribute to operational inefficiencies and can negatively impact service quality. Meagher's (2020) research supports this notion, emphasising the importance of up-to-date technology in delivering efficient customer service. The lack of functionality in digital banking services, such as mobile apps, can further limit the convenience and accessibility of services for customers.

Inadequate human resources, including a shortage of skilled staff, insufficient training programs, and high employee turnover, directly affect service quality. The turnover of

staff members can lead to inconsistent customer service experiences, hindering the development of strong relationships with customers. The lack of qualified staff with the necessary skills and knowledge can also impact service quality, particularly in complex financial transactions. Malambo (2022) highlights the importance of training in addressing these challenges and enhancing staff competence.

Regulatory constraints, including burdensome regulations, compliance requirements, and limited flexibility in product offerings, pose significant challenges for MFIs. These constraints divert resources from serving customers and can limit the ability to offer innovative financial products. The costs associated with compliance and staff training further strain the financial resources of MFIs. To address these challenges, collaborative efforts between MFIs, regulatory authorities, and stakeholders are crucial in fostering an enabling regulatory environment.

These findings highlight the need for MFIs like Tottengram Fin Services to address the operational challenges they face in order to improve service quality. By investing in financial infrastructure and technology, strengthening human resources through recruitment and training, and advocating for a supportive regulatory environment, MFIs can enhance their operational capabilities and deliver higher-quality services to customers.

The findings of the study align with existing literature, such as Meagher (2020) and Malambo (2022), which emphasise the importance of technology and human resources in service quality. They also highlight the need to balance regulatory compliance with operational flexibility, as advocated by regulatory authorities and stakeholders.

The practical implications of these findings are significant for MFIs like Tottengram Fin Services. By addressing the operational challenges identified in the study, MFIs can enhance their service quality, improve customer experiences, and contribute to financial inclusion efforts. This may involve investing in infrastructure and technology, implementing training programs to enhance staff skills, and advocating for regulatory reforms that support the growth and impact of MFIs.

The study therefore provides valuable insights into the operational challenges faced by Zambian MFIs and their impact on service quality. By addressing these challenges, MFIs can improve their operational capabilities, deliver higher-quality services to

customers, and contribute to the broader objective of financial inclusion. The findings align with existing literature and highlight the need for practical measures to address the identified issues.

5.2.3 Measures to enhance service quality and sustainable performance in Zambian MFIs

The findings of the study on enhancing service quality and sustainable performance in Zambian MFIs highlight several important principles, relationships, knowledge gaps, and generalisations. The study emphasises the significance of adopting a customer-centric approach, leveraging technology, investing in a skilled workforce and continuous training, establishing strategic partnerships, and implementing effective monitoring and feedback mechanisms to enhance service quality in MFIs.

The customer-centric approach emerged as a key strategy to improve service quality. This approach involves understanding and meeting the unique financial needs of customers, actively listening to them, and building stronger relationships. The findings align with existing literature, as Meagher (2020) emphasises the importance of customer-centricity in delivering efficient and personalised service. However, the study does not explore potential exceptions or lack of correlation between customer-centric strategies and service quality, which could be an area for further research.

Technology adoption was found to be crucial in enhancing service quality in MFIs. By leveraging technology, such as digital solutions and infrastructure upgrades, MFIs can improve operational efficiency, streamline processes, and deliver services in a more timely and convenient manner. This finding is supported by Lwesya and Mwakalobo (2023), who emphasise the role of technology in improving efficiency and effectiveness in MFIs. However, the study does not explore any potential limitations or challenges related to technology adoption, which could be a knowledge gap to address in future research.

The importance of a skilled workforce and continuous training in improving service quality was highlighted. Ongoing training programs can enhance staff knowledge, skills, and professionalism, resulting in better customer interactions. This finding aligns with the literature, as continuous staff training is essential for staying updated with

industry trends and providing accurate advice to customers (Malambo, 2022). However, the study does not discuss any exceptions or situations where training may not have a direct impact on service quality, which could be an area for further investigation.

The study also emphasises the role of strategic partnerships in enhancing service quality. Collaborating with external organisations, such as NGOs, government agencies, and technology providers, allows MFIs to leverage their expertise, resources, and networks. This finding is in line with the literature, as strategic partnerships can provide access to innovative solutions and expand the customer base (Di Magliano & Vaccaro, 2020). However, the study does not explore potential challenges or limitations in establishing and maintaining strategic partnerships, which could be an area for future research.

Effective monitoring and feedback mechanisms were identified as essential for improving service quality in MFIs. By tracking performance and gathering feedback from customers, MFIs can identify areas for improvement and take proactive measures. This finding is supported by Chibbonta and Chishimba (2023), who highlight the importance of monitoring key performance indicators to assess service quality. However, the study does not discuss potential exceptions or situations where monitoring and feedback mechanisms may not result in significant improvements in service quality, which could be an area for further exploration.

The findings of the study have practical implications for MFIs like Tottengram Fin Services. By implementing a customer-centric approach, leveraging technology, investing in staff training, establishing strategic partnerships, and implementing effective monitoring and feedback mechanisms, MFIs can enhance their service quality and achieve sustainable performance. These findings emphasise the need to align theory and the SERVQUAL model with practical implications, as they provide guidance for MFIs to improve their operational capabilities and deliver higher-quality services to customers.

The study's findings therefore highlight the importance of a customer-centric approach, technology adoption, a skilled workforce and continuous training, strategic partnerships, and effective monitoring and feedback mechanisms in enhancing service quality in Zambian MFIs. The findings align with existing literature, but also point out

potential knowledge gaps and areas for further research. By implementing the suggested measures, MFIs like Tottengram Fin Services can improve their service quality and contribute to the broader goal of financial inclusion.

Chapter 6

Conclusions and Recommendations

6.1 Conclusions

This study aimed to assess the quality of service delivery in order to enhance quality of service and ensure sustainable in Microfinance Companies in Zambia, using Tottengram Fin Services as a case study. The study made the following conclusions

6.1.1 Objective 1: To analyse customer perceptions of service quality in Zambian MFIs and its link to client retention

In conclusion, the findings on customer perceptions of service quality in Zambian MFIs and its link to client retention reveals important findings. The responsiveness and timeliness of service provided by Tottengram Fin Services are crucial aspects of customer experience, positively influencing their decision to continue using the services. The professionalism and knowledge of the staff at Tottengram Fin Services also play a significant role in shaping customer evaluations of service quality. Transparency and clarity in communication further contribute to positive customer perceptions. Additionally, the personalised approach and customer-centric services of Tottengram Fin Services are highly valued by customers, fostering loyalty. These findings highlight the importance of responsiveness, professionalism, transparency, and personalisation in customer perceptions of service quality in Zambian MFIs, and emphasise the need for continuous improvement and feedback mechanisms to enhance service quality and retain clients.

6.1.2 Objective 2: To evaluate the operational challenges of Zambian MFIs and their impact on service quality

In conclusion, the findings on the operational challenges of Zambian MFIs and their impact on service quality reveals significant insights. The findings indicate that limited access to financial infrastructure, insufficient technological capabilities, inadequate human resources, and regulatory constraints pose substantial challenges to delivering high-quality services in Zambian MFIs. These challenges negatively affect service quality and hinder the ability of MFIs to provide convenient, efficient, and customer-centric financial services. Addressing these operational challenges is crucial for enhancing service quality, improving customer experiences, and contributing to the broader goals of financial inclusion. This study highlights the need for MFIs to invest in financial infrastructure, upgrade technological capabilities, strengthen human resources, and advocate for enabling regulatory environments to overcome these challenges and deliver higher-quality services to their customers.

6.1.3 Objective 3: To determine measures that can be implemented to enhance service quality and sustainable performance in Zambian MFIs

In conclusion, the findings on measures to enhance service quality and sustainable performance in Zambian MFIs highlights several key findings. First, adopting a customer-centric approach is crucial, as it involves placing the needs and preferences of customers at the forefront of decision-making and service delivery. Second, technology adoption plays a crucial role in improving service quality by improving operational efficiency and streamlining processes. Third, investing in a skilled workforce and continuous training is essential for improving customer interactions and staying updated with industry trends. Fourth, establishing strategic partnerships allows MFIs to leverage external expertise and resources to deliver comprehensive services. Finally, implementing effective monitoring and feedback mechanisms enables MFIs to identify areas for improvement and take proactive measures. These conclusions provide valuable insights for MFIs like Tottengram Fin Services to enhance their service quality and achieve sustainable performance.

6.2 Recommendations

Based on the conclusions made in the study, the following recommendations can be made:

1. MFI's should conduct regular customer satisfaction surveys to continually assess and improve service quality, considering the link between customer perceptions and client retention.
2. MFI's should address operational challenges in Zambian MFIs, such as infrastructure limitations and regulatory constraints, to enhance service quality.
3. MFI's should invest in technology infrastructure and digital solutions to streamline processes, improve efficiency, and enhance service delivery in Zambian MFIs.
4. MFI's should provide comprehensive training programs for staff to enhance their knowledge, skills, and professionalism, leading to improved service quality.

5. MFI's should foster strategic partnerships with NGOs, government agencies, and technology providers to leverage their expertise, resources, and networks for enhanced service quality and sustainable performance.

These recommendations can guide MFIs in Zambia to improve their service quality, overcome operational challenges, and achieve sustainable performance. It is also important for the MFI's to conduct a longitudinal study to explore the long-term impact of customer-centric approaches on service quality and client retention in Zambian MFIs.

6.3 Limitations of the study

1. Small sample size

One limitation of the study was the small sample size, which could limit the generalizability of the findings. To mitigate this limitation, the study employed quota sampling to ensure that the selected participants represented a diverse range of perspectives within the microfinance company. Additionally, qualitative data triangulation was used by collecting data from multiple sources, such as clients, employees, and management, to enhance the richness and validity of the findings.

2. Bias and subjectivity

Another limitation was the presence of bias and subjectivity in qualitative research. To address this, the study employed member checking, which involved sharing the preliminary findings with participants to ensure accuracy and validity. By maintaining transparency and rigor in the entire research approach, the study mitigated the impact of bias.

6.4 Areas for future research

1. Comparative analysis

Future research could compare the quality of service delivery across multiple microfinance companies in Zambia to identify common challenges and best practices. This would provide a broader perspective on service delivery in the microfinance sector and offer insights into the factors that contribute to successful service delivery.

2. Client perspectives

While the study focused on service delivery from the perspective of both clients and employees, future research could delve deeper into the experiences and satisfaction levels of microfinance clients. This would help to identify specific areas where clients perceive room for improvement and inform strategies for enhancing customer satisfaction and financial inclusion.

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APPENDICES

Appendix A: Interview Guide

Dear Respondent

You are herewith invited to participate in an academic research study conducted by Tinotenda Hugh Hompa, a student in the Master of Business Administration at The

University of Zambia, Lusaka. The purpose of the study is to assess the quality of service delivery in order to enhance quality of service and ensure sustainable in Microfinance Companies in Zambia.

All your answers will be treated as confidential, and you will not be identified in any of the research reports emanating from this research. Your participation in this study is very important to us. You may however choose not to participate and you may also withdraw from the study at any time without any negative consequences.

Please answer the questions during the interview as completely and honestly as possible. This should not take more than 30-45 minutes of your time. The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.

Please contact my supervisor, romeoyohane@gmail.com if you have any questions or comments regarding the study. Please sign below to indicate your willingness to participate in the study.

Yours sincerely

Tinotenda Hugh Hompa

I, [RESPONDENT NAME], herewith give my consent to participate in the study. I have read the letter and understand my rights with regard to participating in the research.

Respondent's signature

Date

SECTION A – DEMOGRAPHIC INFORMATION

1. Gender

Male	Female

2 Highest Educational qualification

Ordinary Level or Below	Diploma	Bachelors	Masters	Doctorate

3. Work experience

1 -5 years	6-10 years	11-15years	16-20years	21 years and above

4. Age group

18-30years	31-40years	41-50years	51 years and above

SECTION A: The operational challenges of Zambian MFIs and their impact on service quality

1. From your perspective, what are some of the challenges that Tottengram Fin Services faces in its day-to-day operations?
2. How do you think these operational challenges might impact the quality of services provided by Tottengram Fin Services?
3. Have you experienced any instances where operational challenges led to a decline in the quality of services you received from Tottengram Fin Services?
4. Are there specific areas within Tottengram Fin Services' operations that you believe require improvement? How do these areas relate to service quality?

SECTION B: Strategies for enhancing service quality and sustainable performance in Zambian MFIs

1. Based on your experience, what strategies do you believe Tottengram Fin Services could implement to enhance the quality of its services?

2. Are there any innovative approaches or best practices from other industries that could be adapted to improve service quality in micro-finance?
3. How can Tottengram Fin Services balance the need for service quality with the challenges it faces in its operations?
4. In your opinion, what role does employee training and development play in improving service quality? Are there any areas where you believe Tottengram Fin Services' staff could benefit from further training?
5. Beyond service quality, what other factors do you consider important for the sustainable performance of Tottengram Fin Services in the long run?

Thank you for your insights. Your input is very important in contributing to the improvement of service quality and sustainable performance of Tottengram Fin Services and similar micro-finance companies in Zambia.

Appendix B: Open-Ended Questionnaire for Customers

Dear Respondent

You are herewith invited to participate in an academic research study conducted by Tinotenda Hugh Hompa, a student in the Master of Business Administration at The University of Zambia, Lusaka. The purpose of the study is to assess the quality of service delivery in order to enhance quality of service and ensure sustainable in Microfinance Companies in Zambia.

All your answers will be treated as confidential, and you will not be identified in any of the research reports emanating from this research. Your participation in this study is very important to us. You may however choose not to participate and you may also withdraw from the study at any time without any negative consequences.

Please answer the questions in the questionnaire as completely and honestly as possible. This should not take more than 30-45 minutes of your time. The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.

Please contact my supervisor, ... on [@gmail.com](mailto:) if you have any questions or comments regarding the study. Please sign below to indicate your willingness to participate in the study.

Yours sincerely

Tinotenda Hugh Hompa

I, [RESPONDENT NAME], herewith give my consent to participate in the study. I have read the letter and understand my rights with regard to participating in the research.

Respondent's signature

Date

SECTION A – DEMOGRAPHIC INFORMATION

1. Gender

Male	Female

2. Highest Educational qualification

Ordinary Level or Below	Diploma	Bachelors	Masters	Doctorate

3. Duration as a customer of Tottengram Fin Services

1 -5 years	6-10 years	11-15years	16-20years	21 years and above

4. Age group

18-30years	31-40years	41-50years	51 years and above

SECTION B: Customer perceptions of service quality in Zambian MFIs and its link to client retention

1. Can you describe your overall experience with Tottengram Fin Services?

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2. What factors do you consider when evaluating the quality of services provided by Tottengram Fin Services?

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3. How do you believe the quality of services influences your decision to continue using Tottengram Fin Services?

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4. Have there been instances where you were dissatisfied with the services provided? Could you elaborate on those instances?

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5. What improvements or changes would you suggest to enhance the quality of services provided by Tottengram Fin Services?

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SECTION C: Strategies for enhancing service quality and sustainable performance in Zambian MFIs

1. Based on your experience, what strategies do you believe Tottengram Fin Services could implement to enhance the quality of its services?

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2. Are there any innovative approaches or best practices from other industries that could be adapted to improve service quality in micro-finance?

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3. In your opinion, what role does employee training and development play in improving service quality? Are there any areas where you believe Tottengram Fin Services' staff could benefit from further training?

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4. Beyond service quality, what other factors do you consider important for the sustainable performance of Tottengram Fin Services in the long run?

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Thank you for your insights. Your input is very important in contributing to the improvement of service quality and sustainable performance of Tottengram Fin Services and similar micro-finance companies in Zambia.

Appendix C: Ethical Clearance



THE UNIVERSITY OF ZAMBIA

DIRECTORATE OF RESEARCH AND GRADUATE STUDIES

Great East Road Campus | P.O. Box 32379 | Lusaka10101 | Tel: +260-211-290 258/291 777 Fax:
(+260)-211-290 258/253 952 | E-mail: director.drgs@unza.zm | Website:
www.unza.zm

APPROVAL OF STUDY

IORG

No.

0005376

HSSREC

IRB No.

00006464

REF NO. HSSREC-2023-NOV-030

11th
December,
2023 Hugh
Homba

The University of Zambia

P.O. Box 32379

LUSAKA

Dear Hugh

**RE: “AN ASSESSMENT OF THE QUALITY OF SERVICE DELIVERY IN
MICRO FINANCE COMPANIES IN ZAMBIA: CASE STUDY OF
TOTTENGRAM FINANCIAL SERVICES.”**

Reference is made to your submission of the protocol captioned above.

The HSSREC resolved to approve this study and your participation as Principal Investigator for one year.

Specific conditions will apply to this approval. As Principal Investigator it is your responsibility to ensure that the contents of this letter are adhered to. If these are not adhered to, the approval may be suspended. Should the study be suspended, study sponsors and other regulatory authorities will be informed.

REVIEW TYPE	ORDINARY REVIEW	APPROVAL NO. HSSREC-2023- JULY-009
Approval and Expiry Date	Approval Date: 11 th December, 2023	Expiry Date: 10 th December, 2024
Protocol Version and Date	Version - Nil.	10 December, 2024
Information Sheet, Consent Forms and Dates	<input type="checkbox"/> English.	To be provided
Consent form ID and Date	Version - Nil	To be provided
Recruitment Materials	Nil	Nil
Other Study Documents	- Questionnaire - Interview Guide	
Number of Participants Approved for Study		

Conditions of Approval

- No participant may be involved in any study procedure prior to the study approval or after the expiration date.
- All unanticipated or Serious Adverse Events (SAEs) must be reported to HSSREC within 5 days.
- All protocol modifications must be approved by HSSREC prior to implementation unless they are intended to reduce risk (but must still be reported for approval). Modifications will include any change of investigator/s or site address.
- All protocol deviations must be reported to HSSREC within 5 working days.
- All recruitment materials must be approved by HSSREC prior to being used.
- Principal investigators are responsible for initiating Continuing Review proceedings. HSSREC will only approve a study for a period of 12 months.
- It is the responsibility of the PI to renew his/her ethics approval through a renewal application to HSSREC.

Where the PI desires to extend the study after expiry of the study period, documents for study extension must be received by HSSREC at least 30 days before the expiry date. This is for the purpose of facilitating the review process. Documents received within 30 days after expiry will be labelled “late submissions” and will incur a penalty fee of K500.00. No study shall be renewed whose documents are submitted for renewal 30 days after expiry of the certificate.

- Every 6 (six) months a progress report form supplied by The University of Zambia Humanities and Social Sciences Research Ethics Committee as an IRB must be filled in and submitted to us. There is a penalty of K500.00 for failure to submit the report.
- When closing a project, the PI is responsible for notifying, in writing or using the Research Ethics and Management Online (REMO), both HSSREC and the National Health Research Authority (NHRA) when ethics certification is no longer required for a project.
- In order to close an approved study, a Closing Report must be submitted in writing or through the REMO system. A Closing Report should be filed when data collection has ended and the study team will no longer be using human participants or animals or secondary data or have any direct or indirect contact with the research participants or animals for the study.
- Filing a closing report (rather than just letting your approval lapse) is important as it assists HSSREC in efficiently tracking and reporting on projects. Note that

some funding agencies and sponsors require a notice of closure from the IRB which had approved the study and can only be generated after the Closing Report has been filed.

- A reprint of this letter shall be done at a fee.
- All protocol modifications must be approved by HSSREC by way of an application for an amendment prior to implementation unless they are intended to reduce risk (but must still be reported for approval). Modifications will include any change of investigator/s or site address or methodology and methods. Many modifications entail minimal risk adjustments to a protocol and/or consent form and can be made on an Expedited basis (via the IRB Chair). Some examples are: format changes, correcting spelling errors, adding key personnel, minor changes to questionnaires, recruiting and changes, and so forth. Other, more substantive changes, especially those that may alter the risk-benefit ratio, may require Full Board review. In all cases, except where noted above regarding subject safety, any changes to any protocol document or procedure must first be approved by HSSREC before they can be implemented.

Yours faithfully,



Dr. J.I. Ziwa

DR. J. I. Ziwa
CHAIRPERSON

THE UNIVERSITY OF ZAMBIA HUMANITIES AND

SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE - IRB

cc: Director, Directorate of Research and Graduate Studies

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

Appendix D: Grand Chart

Activity	23/02/2023	30/06/2023	1/09/2023	1/10/2023	1/11/2023	12/12/2023	13/12/2023	30/12/2023	1/12/2024	1/12/2024	10/2/2024	17/2/2024	20/02/2024	25/03/2024	30/03/2024	5/4/2024
PROPOSAL																
CORRECTIONS DEFENDING OF PROPOSAL																
ETHICAL CLEARANCE																
SUBMISSION OF CHAPTER 1-3																
DATA COLLECTION																
SUBMISSION OF FIRST DRAFT AND SECOND DRAFTS																
DISERTATION MARKING AND CORRECTION																
FINAL DRAFT																

Appendix E Budget

ITEM	DESCRIPTION	COST (ZMK)
Airtime	Phone calls and data bundles	1300
Stationary	Books, Bond paper, pens, envelopes, Printing and photocopying	1200
Transport	Fuel and Bus Fairs around Lusaka	1000
Personal and Miscellaneous	Appreciation to interviewed people and any other expenses	800
Food	Food consumed during the research	1500
Totals		6800