

**Effects of Customer Retention strategies on Organisational performance: The Case of
First National Bank Zambia**

By

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requirements for the award of the Degree of Master of Business Administration Finance**

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DECLARATION

I, **Nelson Shawa**, do hereby declare that this work is my original work achieved through personal reading and research. This work has never been submitted to the University of Zambia or any other universities. All sources of data used and literature on related works previously done by others, used in the production of this dissertation have been dully acknowledged. If any omission has been made, it is not by choice but by error.

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ABSTRACT

As the competitive environment of the banking industry becomes increasingly fierce, it is important for industry players to nurture and keep customers loyal who will contribute to their long-term growth and profitability. Customer retention is critical for sustaining organisational existence and profitability. Both practitioners and scholars have discovered that it is much cheaper to retain existing customers than investing on the potential customers. A decent customer retention level is believed to be a significant contributor towards improvement in the overall performance of the firm. Given the importance of customers as an organization's primary revenue generator, understanding how customer retention affects business performance is expected to provide constructive implications for both academics and practitioners. Furthermore, Customer retention is an important aspect of organisational performance as cost reduces in servicing existing customers. This study intended to investigate how customer retention practices affect organisational performance in the banking sector with a particular focus on First National Bank Zambia. The study specifically, examined how customer service quality, Effective Pricing and customer communication affects organisational performance in the Zambian banking industry. The respondents were FNB customers across the entire branch network. A quantitative research design was adopted for this study due to its ability to be objective and produce generalizable results. A sample size of 150 customers was selected for the study using a questionnaire from the base of customers who consented to be contacted by the bank for marketing communications, using a simple random sampling method. The response rate was 91% (136 out of 150). A linear regression model was then developed from the data analysis to ascertain the impact of customer retention strategies on organisational performance. Findings of the study indicated that attributes of customer retention i.e., Effective pricing, customer service and customer communication individually and collectively had a positive and statistically significant effect organisational performance. The study recommends that Banks in Zambia should invest more in managing customer relationships as a way of retaining them and attracting them and also to implement robust customer value management programs to improve customer life time value. Customer retention will give them an advantage over their competitors and contribute to overall profitability.

Keywords: *Organizational performance, Customer retention strategies, Customer Retention, Profitability, Communication, Financial sector, Effective pricing, customer service, customer communication, First National Bank*

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ACRONYMS

ABSA	ABSA Bank Zambia Limited
ATLASMARA	African Banking Corporation Zambia Limited
ATM	Automated Teller Machine
BOC	Bank of China (Zambia) Limited
CITIBANK	Citibank Zambia Limited
CRM	Customer Relationship Management
ECOBANK	Ecobank Zambia Limited
FAB	First Alliance Bank Limited
FCB	First Capital Bank Zambia
FNB	First National Bank Zambia Limited
FNBZ	First National Bank Zambia
FSDP	Financial Sector Development Programme
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
ICT	Information and Communication Technology
INDO-ZAMBIA	Indo-Zambia Bank Limited
KPI	Key Performance Indicator
MBA	Master of Business Administration
OP	Organisational Performance
SERVQUAL	Service Quality Model (Service + Quality)
STANCHART	Standard Chartered Bank PLC
UBA	United Bank for Africa
ZANACO	Zambia National Commercial Bank
ZICB	Zambia Industrial Commercial Bank
ZMW	Zambian Kwacha

CHAPTER ONE

INTRODUCTION

1.0 introduction

Most top business executives argue that customers are a fortress for a firm's sustainability, this is because firms would not be able to sustain and improve their performance without a stable and profitable customer base. A survey conducted by the economist (2022) highlighted that 65% of executives of top multinational companies admitted to customer relationships as being key to enable them to achieve their performance objectives. The survey further posits that the firm's primary purpose should be to create advantageous relationships with its customers.

Customers retention is a prospective operational apparatus that Banks can utilise in advancing a strategic gain and endure in an ever-increasing competitive environment thus enhancing their overall performance (Richard, 2020). The supporting argument on retaining customers is comparatively forthright, longstanding consumers purchase in large quantities and quite frequently and when motivated might promote positive word of mouth.

A successful business strategy today is not only about developing cost-effective and highly targeted ways to reach out to new customers, but also more about keeping the existing customers engaged in the company. It has been acknowledged that bringing in new customers is expensive. Investment in the acquisition of new customers is six times higher than investing in existing customers. (Boadu & Achiaa, 2019).). This implies that it is less costly to hold on to a customer than to acquire a new one, hence effective customer retention has become a key objective for many companies.

The intense competition being faced by companies in the banking industry has activated the need to implement effective customer retention strategies for companies to withstand competition thus remaining profitable. Customer retention has emerged to be a yardstick for many companies. Also, to be borne in mind is the issue of customer attrition which is a result of failure to retain customers.

A long lasting and strong relationship with a customer is critical to achieve and maintain competitive advantages as this improves earnings since loyal customers have huge values because they are likely to spend/buy more. In addition, long lasting and loyal customers are a great foundation for return business and may also bring in their friends and associates (positive word of mouth).

1.1 Background of the Study.

Today's customers are a significant factor in the company management with the power to change cooperate short term and long-term strategies. Conquering markets and achieving market leadership is no longer the company's primary concern. Instead, activities within the organization have to be coordinated to ensure that they contributed to the development of mutually profitable relationships with the right customers. (Otto et al., 2020, 4-5).

Many companies are increasingly adopting customer retention and relationship management as a means to take their competitive advantages. The firms are under tremendous pressure to adjust quickly to rapid changes in a marketplace. Customers are not only becoming more value conscious but also less loyal and more service level oriented and less tolerant. Consequently, markets are becoming more fragmented, making differentiation more difficult. This change is driving companies to become customer centric and shifting their marketing function from product based to customer based. (Kumar, 2012)

Customer retention is an outcome of well-executed strategies that directly relate to the practice of Customer Relationship Management (Dick & Basu, 1994). A strong relationship with the customer supplemented by customer-centric standards and a frictionless customer experience has proved to enhance loyalty and competitive advantage (Verhoef et al., 2017; Roberts Lombard & Nyadzayo, 2014).

Customer retention practices have been necessitated due to higher competition in the market. Customers have the luxury to choose between many providers. The increasing number of actors in the market have caused a rise in the significance and relevance of customer retention (Raab et al., 2010).

Further, with the improvement of building societies into banking institutions and Micro Financial Institutions offering services and products that were predominantly offered by the

Banking Institutions, telecommunications offering payments and transfers that were predominantly offered by the Banks; there has been frequent switching of customers from one bank to another due to low switching costs. Customer awareness and knowledge levels have appreciated dramatically with some of them raising doubts about the ability of banks to look out for their financial wellness. This has increased competitiveness amongst Banks and with other financial institutions, resulting in increased pressure for banks to maintain and gain market share. (Paul and Rosenbaum, 2020).

1.1.1 Zambian Banking Sector

There is a general understanding among economists that an efficient financial system is vital for economic growth and improved living standards. Financial liberalization seeks to reduce the imperfections of financial markets through increased competition. This was the case in Zambia, Zambia like most other African countries experienced drastic economic decline, high levels of inflation and unemployment in the 1970s.

The Zambian financial sector has undergone tremendous development since the country's independence in 1964 and especially in the last 20 years. During the colonial period and up until the 1990s there were three major banks namely: Barclays, Standard chartered and ANZ Grindlays Finance that dominated the industry. Other foreign banks that set up subsidiaries in Zambia in the early 1980s included BCCI and Citibank which to date has concentrated on corporate banking.

After more than two decades of financial repression, financial liberalisation offered an opportunity for a revival of the Zambian banking industry. As part of the broader economic reform package, financial reforms were in recognition that a well-functioning and competitive financial system was critical to the country's overall economic development. Accordingly, major obstacles in the banking sector were eliminated, creating a platform for open bank entry into the sector in order to foster competition and infuse efficiency among financial intermediaries.

In 2004, the Government embarked on the Financial Sector Development Programme (FSDP), a comprehensive strategy aimed at building and strengthening financial sector infrastructure to enable it support economic diversification and sustainable growth (GRZ, 2004). The

implementation of the FSDP has helped address key bottlenecks in the financial system, including improving the governance of the banking sector, after the crisis of the mid-1990s as well as competitiveness in the industry.

In 2006 there were thirteen (13) commercial banks. Out of these, seven were subsidiaries of foreign banks; one joint venture with majority foreign ownership, four domestic private banks and a public-sector bank. From 2008, six (6) more subsidiaries of foreign banks have been registered, bringing the total number of banks with foreign ownership to fourteen (14) and a total of nineteen (19) banks for the whole industry.

The Zambian banking industry is highly competitive, with banks not only competing amongst each other; but also, with other financial institutions and telecommunication companies. Furthermore, most Zambian banking products and services are not very diversified and nearly identical. This suggests that the industry has reached the maturity phase of the product lifecycle and has become commoditized (GRZ, 2004).

The issue of sustaining sufficient profitability within the banking environment where products and services have become homogeneous and commoditized could not be overemphasized. Commoditization of products and services brings with it downward pressure on prices to fight for customer share and remain profitable. In fact, without having a wider customer base, the prospects of making profit for a bank are dim. One strategic focus that banks are implementing to remain competitive is customer retention.

TABLE 1 LIST OF BANKS IN ZAMBIA AND SHORT NAME.

	BANK NAME	SHORT NAME
1	ZAMBIA NATIONAL COMMERCIAL BANK	ZANACO
2	STANBIC BANK ZAMBIA LIMITED	STANBIC
3	ABSA BANK ZAMBIA LIMITED	ABSA
4	STANDARD CHARTERED BANK PLC	STANCHART

5	BANK OF CHINA(ZAMBIA) LIMITED	BOC
6	AFRICAN BANKING CORPORATION ZAMBIA LIMITED	ATLASMARA
7	INDO-ZAMBIA BANK LIMITED	INDO-ZAMBIA
8	CITI BANK ZAMBIA LIMITED	CITIBANK
9	FIRST NATIONAL BANK ZAMBIA LIMITED	FNB
10	INVESTTRUST BANK PLC	INVESTTRUST
11	ECOBANK ZAMBIA LIMITED	ECOBANK
12	ZAMBIA INDUSTRIAL COMMERCIAL BANK	ZICB
13	CAVMONT BANK LIMITED	CAVMONT
14	ACCESS BANK ZAMBIA LIMITED	ACCESS
15	FIRST ALLIANCE BANK LIMITED	FAB
16	UNITED BANK FOR AFRICA	UBA
17	FIRST CAPITAL BANK ZAMBIA	FCB
18	AB BANK ZAMBIA LIMITED	AB BANK

Source: Bank of Zambia 2022

1.2.2 First National Bank in Zambia.

First National Bank Zambia (FNB) is a subsidiary of the South African banking group First Rands Merchant Bank Group (RMB), with operations in Botswana, Lesotho, Mozambique, Namibia, and Swaziland. It was established in 2009 in Zambia and has since established its footprint in the market and moving among the top five banks in the country in performance KPIs such as profitability, deposits, and asset base. It offers a wide range of banking products, including cheque and savings accounts, personal Loans, student loans, mortgage loans, business loans and debit cards, vehicle finance, investments, online and mobile banking, corporate finance among others.

1.2 Statement of the Problem.

The issue of sustaining sufficient profitability within the banking sector in the global business environment could not be overemphasized. In fact, without having a wider customer base the prospects of making profit in a bank are dim. The banking industry is highly competitive, with banks not only competing against each other; but also, against non-banking financial institutions (Maisiba and Jeremiah 2019).

Most bank product developments are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality. Therefore, customer retention is an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment.

However, the last decade has ushered in tremendous changes and challenges for businesses especially those in the services industry that have made it more difficult to retain customers. Customers are more informed, they have more options, and they have higher expectations. What is more, with increased choices and access, they have become mobile, this has prompted many firms to adopt customer retention strategies to achieve advantageous Organisational Performance.

Research has found a positive correlation between customer retention strategies and performance and duration of the customer relationship (Chikazhe et al., 2022). Dawkins and Reichheld (2013) established that retaining customers by 5% can cause between 25% and 83%

increase of customers' life time value. The issue of sustaining sufficient profitability within the banking sector in the global business environment could not be overemphasized.

Customer retention has more impact on profit than market share, economies of scale and other variables that are considered to provide competitive advantages for the firm. While acquisition strategies are necessary to fill the pipeline with customers to counter inevitable attrition, it should be remembered that customer equity is more dependent on customer retention than customer acquisition. For most firms, improving customer retention can lead to very significant increases in profitability.

In fact, without having a wider customer base the prospects of making profit in a bank are dim. That's why several studies have been undertaken in various parts of the world to establish a link between customer retention and bank profitability. The banking industry is highly competitive, with banks not only competing against each other; but also, against non-banking financial institutions (Hull, 2016).

The Zambian banking industry has been facing challenges in customer retention because banks are offering identical products and service and also because the products and service that were traditionally offered by the banks are not being offered by the telecommunication companies as well as micro financial institutions. This has handed over power to the customers who are hopping from one bank to another in the hope of finding the one that fit their needs.

Despite the strategic effort to build and promote good customer relationship, customer retention still remains a vital managerial issue. Numerous studies recommend that banks enhance the implementation of customer retention strategies that are most effective in order remain competitive.

Since its establishment in 2009, FNBZ has grown its customer's base to 250,000 and its Branch network to 26 Branches. It also operates a robust Contact Centre. Furthermore, to increase its footprint on the market as well as bringing banking services closer to the community, it operates a Cash Plus agency system that enables customers the convenience to perform deposit and withdraw transactions.

The banks' entry strategy into the market can be said as that of client acquisition. While this strategy has helped the bank to increase its customer base, over the years, this model has shown its weaknesses as customer attrition is currently at 42.15% - that is 42.15% of customers acquired are lost in a years' time. (FNB Management Report, 2023).

Table 2 Customer Attrition Summary

Year-Month	Attrition
201506	40.50%
201606	42.08%
201706	41.06%
201806	40.89%
201906	45.08%
202006	44.23%
202106	43.58%
202206	45.05%
202306	42.15%

Source FNB Management Report 2023

Customer leakages are a loss to the bank through foregone monthly service fees and other transactional fees. Jandaghi et al. (2011) demonstrated that losing a customer represents a loss of future profit from that customer, and an additional cost of attracting a new customer as a replacement (Flint et al., 2011). Karam (2019) further argued that customer attrition has severe effects on profitability because it leads to reduced market share.

This study sought to investigate the impact of customer retention strategies on Organisational Performance using FNB as the case study.

1.3 Objective of the Study

The overall objective of the study was to investigate the effects of customer retention strategies on organizational performance.

1.3.1 Specific Objectives.

1. To identify factors affecting Customer retention.
2. To assess the effect of customer retention strategies on Organizational Performance.
3. To address strategies to customer retention.

1.4 Research Questions.

The study answered the following research questions:

1. What are the factors that affect customer retention?
2. Does customer retention affect Organizational Performance?
3. What are the recommendations on how companies develop effective customer retention strategies?

1.5 Statement of Hypotheses.

The following statements of hypothesis were projected to establish the likelihood of the impact of Customer retention strategies on organizational performance.

1.5.1 Hypothesis Statement One

H01: Effective Pricing does not have any effect on the Organisational performance.

HA1: Effective Pricing have an effect on Organisational Performance.

1.5.2 Hypothesis Statement Two

H02: Service quality does not affect Organisational Performance.

HA2: Service quality affects Organisational Performance.

1.5.3 Hypothesis Statement Three

H04: Customer communication does not affect Organisational Performance.

HA4: Customer communication affects Organisational Performance.

1.6 Value of the Study

This study was valuable from a theoretical standpoint in that it provided information in the field of customer retention. The conclusions and recommendations arrived at were useful theoretical underpinnings on Customer retention practices and its impact on organizational performance. Scholars in this area used this study as a form of reference.

From a practical perspective, the findings of this research provided vital information to facilitate the management of commercial banks in relation to the issues that need to be addressed with respect to retaining customers. This enabled them to beat the competition experienced from other banks by designing appropriate strategies geared towards business sustainability.

The managers were able to understand the factors that need to be put in place to provide adequate and quality services to their customers. Furthermore, the study provided managers with knowledge on the value of Customer retention on Organizational Performance.

Commercial banks benefited from this study as they were adequately informed on what strategies to be adopted by the bank to achieve good customer retention strategies. The findings were of great importance in strategic planning on customer retention.

This study was also significant to policy makers in realizing the importance of customer retention on organisational performance. This meant customer retention worked on ensuring company maintenance of strategically important clients as a customer retention strategy.

This study also assisted policy makers of service companies to give due importance to marketing decisions and thus realize the importance of customer retention. Policy Makers appreciated the expected results of the customer retention strategies.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the literature review on the impact of customer retention on organisational performance. Specifically, the literature review provides theoretical perspectives informing the study and discusses the themes of the study, benefits of retention on organisational performance and the attributes of customer retention. A conceptual framework will be developed from the literature reviews.

2.1 Customer Retention

Customer retention is increasingly being seen as an important managerial issue, especially in the context of saturated market resulting in lower growth in new customers. It has also been acknowledged as a key objective of relationship marketing, primarily because of its potential in delivering superior relationship economics, i.e., it costs less to retain than to acquire new customers.

A business can pursue several other objectives, but the very survival of any business depends on how best it can capture and retain its market in order to improve its revenues. Customers are the driving force behind the success of any company. Customer retention is therefore a major concern for any business in the competitive environment of today.

Firms are under tremendous pressure to adjust quickly to rapid changes in consumer culture and technology. Customers are not only becoming more value conscious but also less loyal and less tolerant to sub-standard services and products. Consequently, markets are becoming more homogeneous, making differentiation more difficult. This change is driving companies to become more customer centric and shifting their marketing function from product based to customer based. (Maladi et al. ,2019).

Competition is inevitable and because customers have more choice and more control, long lasting and strong relationship with them are even more critical to achieve and maintain competitive advantage. This has resulted in a shift in emphasis among marketers from a

traditional transactional approach, to one that seeks a more long-term relationship (Baran & Galka, 2013). The differentiation is that transactional marketing is supplier focused, whereas relationship marketing is customer-focused. This has resulted in organizations moving away from merely attracting business to attempting to retain and sustain it for the long-term.

Customer retention is a strategy whose objective is to retain a company's customers and to retain the revenue contribution. Primarily, it aims at preventing customers from defecting to alternative brands or going to competition.

Customer retention refers to customer's stated continuation of a business relationship with the firm, (Timothy, 2016). Customer retention strategies involves the steps taken by a selling organisation in order to reduce customer defection. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. Customer retention is important to most companies because the cost of acquiring a new customer is far greater than the cost of maintaining a relationship with a current customer (Ro King, 2015).

The argument for customer retention is relatively straightforward. It is more economical to keep customers than to acquire new ones. The costs of acquiring customers to "replace" those who have been lost are high. This is because the expense of acquiring customers is incurred only in the beginning stages of the commercial relationship (Reichheld & Kenny, 2012). In addition, longer term customers buy more and if satisfied may generate positive word-of mouth promotion for the company. Additionally, long-term customers are less sensitive to price changes.

Subrahmanyan and Arif (2022) indicated that in order to retain customers over time, professional service providers need to place more efforts on the creation of personal relationships with the clients, as it is a strong bond tying customer to the firm. Customer satisfaction and switching barriers are the main strategies employed by firms, for retaining customers.

Today, customers are exceptionally valuing for what they experience in the company throughout the service points in the company. The success of the companies depends on their customer's experiences during the lifetime of the customer in that particular organization. The focus of great service organizations today is on the total customer experience. They recognize

that the customer's experience of the organization is based on its communication/marketing efforts, its branding and interaction with employees as well as its products or services (Artha et al. (2022).

A good customer retention strategy encourages and rewards long term association with clients rather than blocking the firm relationship with its customers. Some positive customer retention strategies may involve, creating customer delight, creating social and structural bonds, and adding of value that customer desires.

2.1.1 The Importance of Customer Retention Strategies

Firms incur a lot of benefits from implementing effective customer retention strategies. These benefits include brand loyalty, direct referrals, increased number of purchases, increased profit, less marketing costs and survival under stiff competition. Any organization that has satisfied customers is bound to increase customer base and hence profitability. Satisfied customers may sell your organization either consciously or unconsciously. It is therefore important that service industries provide quality service to customers so as to satisfy them, make them loyal and retain them at the end.

According to Kotler & Armstrong argument, wise firms measure customer satisfaction regularly, because it is one of the key factors to retain the existing customer. A highly satisfied customer generally stays loyal longer, buys more as the company introduces new and upgraded products, talks favourably to others about the company and its products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the company, and costs less to serve than new customers because transactions can become routine.

2.1.2 Brand Loyalty

Brand loyalty occurs when customers love a company's brand to the extent of continuously purchasing a company's product. Lovelock et al (2007) pointed out that when satisfied with a product, customers become loyal to that product, leading to repeat purchasing. Despite stiff competition from rival firms, firms which implement customer retention strategies increase chances for the customers to continue doing business with the same service provider

(McCarthy et al 2009). Loyal customers tend to be insensitive to marketing efforts of rival firms and as a result they cannot afford to abandon their usual brand for that of competitors.

2.1.3 Direct Referrals

Direct referrals refer to new customers who would have been encouraged by existing customers to purchase a company's product. Research shows that customers who persistently buy from the service provider use positive word of mouth to lure others to the organization and the referred customers are usually easy to retain (Kotler et al 2009). Direct referrals are a cheaper way of increasing market share because the customer base will increase without much marketing efforts from the company.

2.1.4 Increased Revenue

It is worth mentioning that customer retention is based on the belief that building a sustainable relationship with customers is the cornerstone for attaining loyal customers who are much more profitable (Dowling, 2002). In this regard, the successful implementation of customer retention strategies will be advantageous to the organizations adopting it, such organizations can reap the benefit of increased revenue generation from continuous purchases of their products (Stockdale 2007). Moreover, loyal customers often recommend the product to their friends and relatives who also increase profit by purchasing a firm's product.

2.1.5 Enhances Survival under Stiff Competition

With the ever-increasing competition that is prevailing in the business environment, firms ensure that they create switching barriers through the implementation of customer retention strategies (Stockdale 2007). Customers are always faced with a wide range of choices from other firms which provide similar services.

Once customers are retained by a company, they become less sensitive to competitors' marketing efforts such that they will not see any significance of switching to competitors. It can therefore be concluded that the ability to retain customers enable firms to remain profitable despite the stringent environment in which they will be operating under (Levy and Weitz 2009).

2.1.6 Reduction in Marketing Costs

The ability to retain customers' entails that a company will not incur an increase in sales costs and marketing efforts (Kotler et al 2009). Direct referrals who are invited by a positive word of mouth from existing customers are lured without any promotional activities. As a result, customer acquisition and retention costs are significantly reduced. Firms will end up incurring less advertising and promotional costs.

2.1.7 Reduced Operational Cost

A lower operational cost resulting from a stable customer base is another tangible advantage of having loyal customers. Attracting new customers involves high start-up costs; and turning them into profitable customers takes an extensive period of time (Zeithaml, Berry & Parasuraman, 2019). Start-up costs involve promotion costs and time costs for relationship development. The profit generated from new customers invariably does not cover the high start-up costs. Only by developing long-term relationships with customers can optimum profits be made. It costs between four and ten times more to acquire a new customer than it does to keep an existing one. Some sources say cost of acquiring a new customer is over 30 times that of keeping an existing one. A key element in the cost is probably the industry or market sector your customers are in (The Chartered Institute of Marketing 2010).

2.2 Concept of Customer Retention

Recent environmental changes, especially the rapid growth of competition and the changing consumer landscape, increased customer choice has prompted businesses to change their strategic focus away from "offensive marketing" aimed mostly at getting new customers to "defensive marketing" focused on customer retention (Lee-Kelley et al., 2012). Several studies have indicated that retaining customers is relatively less expensive and perhaps a more sustainable competitive advantage than acquiring new customers. Marketers are realizing that it costs less to retain customers than to compete for new ones (Adzhigalieva, et al., 2021)).

According to Harrison, 2002, customer retention has been defined as a process of focusing on existing customers with an intention to develop a long-term relationship with them which will lead to the generation of further business. This definition was supported by Ramakrishna

(2016) who described customer retention as the marketing goal of keeping a firm's customers from going to competitors. Frederick, 1996 further defined customer retention as a set of activities that a selling organization undertakes in order to reduce customer defections.

Recent studies on the topic have shown that Customer retention is critical for the success of a company. (Grönroos, 1994; Nemati et al., 2010). When there are high customer defection rates, businesses are required to spend large amounts of money in order to attract new customers. Jandaghi et al. (2011) demonstrated that losing a customer represents a loss of future profit from that customer, and an additional cost of attracting a new customer as a replacement (Zietsman et al. (2019).

Further studies have shown that it costs as much as 5 to 10 times more to acquire a new customer than to retain an existing customer, (Reichheld and Sasser, 1990). Hence, customer retention is extremely important to businesses as it is an excellent approach to create competitive advantage. As a result, the company is more likely to survive and be profitable in the long run (Jing et al., 2020)

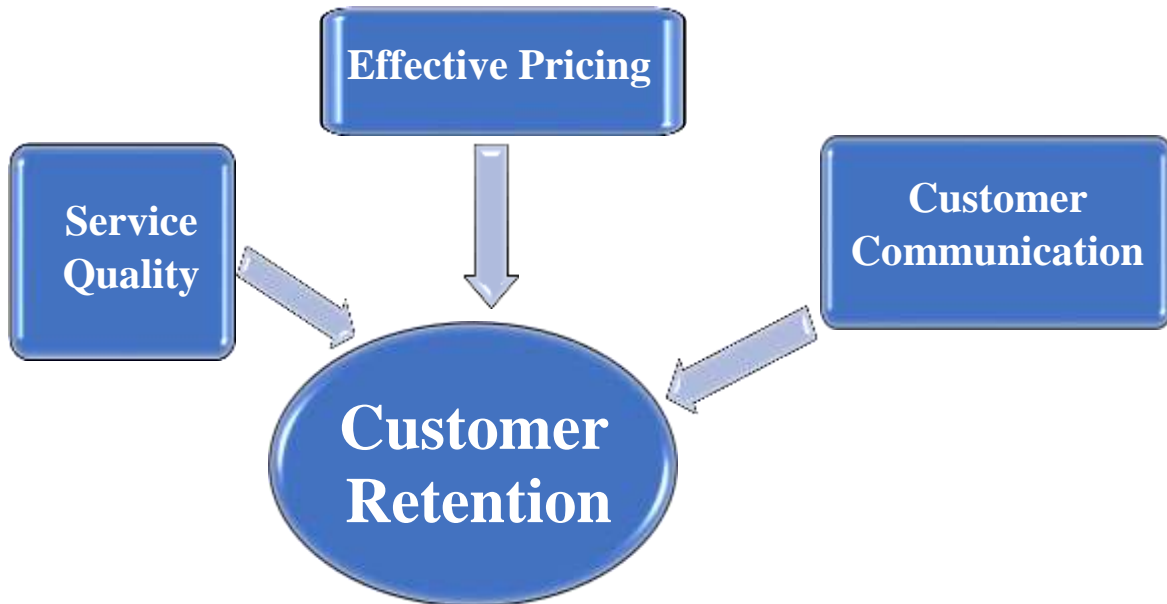
2.2.1 Customer Attrition Defined.

Christina et al. (2019) defined customer attrition as losing a business to rival firms when a dissatisfied customer decides to reduce or stop purchasing from the company. Users of a service usually communicate their dissatisfaction by reducing their purchases and moving their business to competition. Therefore, customer attrition as claimed by Reichheld et al (2003) is a major threat to the company whilst retaining customers is an opportunity.

Shokeen et al., (2022) pointed out that if customer needs are not met in service delivery, customers simply attrite and shift their business to rival firms. Karam (2009) argued that customer attrition has severe effects on profitability because it leads to reduced market share. It can therefore be concluded that customer attrition is the reduction in a company's market share as customers shift to competitors.

2.3 Attributes of Customer Retention.

There are different attributes of customer retention. This study will focus on three aspects of customer retention namely, Effective pricing, customer service quality and customer communication.



2.3.1 Communication

It is generally agreed by all societies that the strengthening of any relationship requires effective communication (Gummesson 2019). Partners in a relationship need to decide on the way of communication and the quantity and quality of information to be disseminated. The frequency of communicating must also be decided. Communication must be a two-way process in which the organization can disseminate information to inform customers of new products, promotions, advice on product usage or service recovery messages. On the other hand, the customers must be reciprocal by forwarding their complaints and requests to the company.

Communication is the heart of business, the most important of all entrepreneurial skills. An organization's ability to transmit information helps both clients and employees feel they can communicate with and ultimately trust the company. Communication is more important today than in previous years partly because the business and market conditions are more complex.

The development of a strategic communication and its implementation can provide a number of benefits to organizations.

Kurtz (2015) agreed with Jobber (2004) who proposed that marketing communication channels such as public relations, advertising, sales promotion, and personal selling strengthen customer trust in the company. The organization must also gather and analyse customer information for the improvement of their marketing effort decisions. Consumer's desired level of service and zone of tolerance can be modified by advertising (Zeithaml and Parasuraman 2013).

The greater the communication, the greater the trust and the relationship commitment (Oiku & Adeyeye, 2023). Customer communication is defined as a continuous and persistence process, implementation, and follow-up with the customer, it plays a key role in business planning in different ways. Customer value creation is the key integrant in the communication formula for success. The broad purpose of customer communication is to bring the right products into contact with the right customers, and to make certain that ownership transfer take place.

Customer communication is defined as establishing, developing, and maintaining successful relational exchanges which imply attracting, maintaining, and enhancing customer relationships (Mariani & Wamba, 2020).

Boone & Kurtz (1999:34) further defined communication as the establishment, "growth and maintenance of long-term cost-effective relationships" between stakeholders for mutual benefit. Attraction of new customers should be viewed as an intermediary step in the marketing process, with the key components to the whole marketing process being consolidating customer relationships, transforming indifferent customers into loyal ones, and serving customers as clients through exchange of information Berry.

The primary objective of customer communication is to create a long-term interactive relationship between the organisation and customers, with an understanding that both the customer and the organisation will benefit in the relationship (Ogunyemi, 2019; Obiekwe et al, 2019). Given the importance of relational exchanges between the organisation and its

customers in enhancing customer relationships thereby creating loyal customers, a mutually stable, profitable, and long-term relationship would be enhanced (Ravald & Grönroos, 1996:19).

The continuous communication with the customer should lead to an increase in the customer's loyalty to the organisation. Classic elements here include personal contacts with the customers in the form of customer's forums, field service, direct mailing efforts, telephone contact and complaint management system. Companies are more active using the internet, email, and voice over IP technology.

For example, the internet-based company; Amazon.com has recently got success in achieving repeat purchases by tracking not only what individual customer purchases, but also what other customers who also purchased the same item have purchased in the past. Through email communication, customers of Amazon.com can view similar items based on purchases made by other customers. If customer has an interest in a certain topic, certain form of music or certain hobby reviewing items of interest as determined by Amazon.com can be very helpful. If there is lack of such communication efforts, then customers may choose their purchasing requirement elsewhere. (Raab 2008, 84-89)

Lack of personalized communication from company's side isolates customer from the company. This causes dissatisfaction among customers and leads to a higher risk of churning. (Oiku & Adeyeye, 2023) The wrong type or unordered communication as well as service errors, lowers the level of customer satisfaction by pulling company and its customer widely apart leading to exit, because of the close personal contact between customers, employees, and management, communication and interaction are critical in businesses.

2.4 Transactional communication vs. relationship communication.

For many years, companies based their communication activities on the transactional model of marketing. However, with the passage of time, organizations realized the importance of bringing change in their marketing activities, and thus this is the inception of another model of communication, that is, relationship communication. Now the marketing activities focus more on customer retention, rather than customer acquisition. Thus, in relationship communication, customers became the centre of attraction (Oiku & Adeyeye, 2023).

Table 3.1 discusses the main differences between the transactional communication and relationship communication:

Table 3: Comparison between Transactional Communication and Relationship Communication.

Transactional Communication	Relationship Communication
Focuses on single point of sale transactions	Focuses on establishing long-term relationship with the customers
Emphasis is on maximizing the volume of individual sales and efficiency	Emphasis is on all the stakeholders
It is product features oriented	It is product benefits as well as system solutions oriented
It has short time horizon	It has long-term horizon
It has little customer focus	It has higher customer focus
Information is content of communication	Information is product of communication
Low contact with customers	High contact with customers

Murphy et al. (2017) stresses the important role that transparency plays in a relationship; relationships should occur with transparency of communication and action. Transparency is an important development in the field of marketing and is directly related to the ethical basis of relationship marketing. Transparency is reflected in the openness and clarity of a relationship, and it is very important for relationship marketing to occur and flourish. Customer loyalty is strongly dependent on the customers' trust in the vendor (Enzmann and Schneider, 2015). Thus, if customers are convinced that vendors will not harm their privacy their loyalty may even increase. This is particularly important to attract privacy sensitive customers.

Communication strategies, systems, and practices do play a central role in high-performance. Information, understanding, and knowledge are the lifeblood of the organizational body. A thoughtful and comprehensive communication strategy is a vital component to any successful

change and improvement. The communication strategy sets the tone and direction of improvement efforts. Effective strategy links to organizational goals. Aligned strategies tend to enhance organizational performance. Communication strategies influence the energy levels for change and improvement. Strong communications keep everyone focused on goals and priorities while providing feedback on progress. Effective communication strategies, systems, and practices have a huge and direct effect on organization learning and innovation.

2.3.2 Service Quality.

“Great service is about attitude. And a service attitude leads to a richer quality of life, not only in the commercial sector” (Kaushal & Yadav, 2023).

The shift from transactional marketing to relationship marketing places service at the centre of business efforts to improve competitive advantage and profitability (Tohidinia and Haghghi, 2011). Service providers offer and compete on the basis of providing first-rate services in order to maintain their profitability in a competitive marketplace (Bernarto et al., 2020).

The concept of service quality has been acknowledged as an important factor of competitiveness in the development and maintenance of satisfying relationships with customers (Ojo,2015:89). The main strategy of survival and success for contemporary organisations in the highly competitive and dynamic environment is to deliver higher levels of service quality (Kaushal & Yadav, 2023).

This has been influenced by the rise of informed consumers who have moved from just accepting services without a question to demanding higher levels of service quality than before (Parasuraman, Zeithaml & Berry, 1985:41).

Customer service is the provision of service to customers before, during and after a purchase. It also means serving the customer, and involves all contact with the customer, be it face-to-face, or indirect contact (i.e., dealing with complaint letters).

According to Turban et al (2020), service quality is a series of activities designed to enhance the level of customer satisfaction - that is, the feeling that a product or service has met the customer expectation.

According to Gronröos (1984) quality in service is defined as a construct composed of what is delivered by the company to the customer (technical aspect), and the way the service is performed (functional or relational aspect). A number of empirical studies have validated this definition and indicated a strong relation between these two quality dimensions and customer's satisfaction (Cronin and Taylor, 1992; Lassar, et al., 2000; Maddern et al., 2007; Tontini and Silveira, 2007).

In addition to technical aspects, on the other hand studies have shown that functional quality (the way the service is performed) contributes significantly to customers' satisfaction. For example, Lassar et al., (2000) have shown that bank clients do not overlook how the service was performed (functional quality) even when asked specifically about their satisfaction towards service technical aspects. This suggests that the functional dimension also influences clients' satisfaction significantly.

Service quality is an indicator of the performance of a delivered service in comparison to customers' expectations (Oliver, 1980; Parasuraman et al., 1985). In line with this thinking, Crosby (1979); Oliver (1993) and Spreng and Mackoy (1996) state that service quality is a company's compliance with customers' requirements, including both the delivery process and outcome. Following their method, service quality can be defined as the consumers' overall impression of customer on the business and its services (Butt and de Run, 2009; Oliver, 1980; Parasuraman et al., 1985).

Customer service is one of the organizational processes which companies perform in considering the growing competition for attracting entrepreneurial opportunities for increasing profitability and better access to the market and increasing the customer satisfaction level. According to Gummesson (2002), customer service has importance because it ends in increasing product quality, gaining competitive advantage, gaining profitable opportunities, and as a result increasing sales and income. The domain of the activities related to customer service is vast.

In addition, Ojo (2010) and Oliver (1980) pointed out that customers evaluate the quality of a service based on their previous experience with the service or with similar services. In other words, the new service is perceived to be of high quality if it performs at the same or higher level than the old one, especially when customers were dissatisfied with their previous

experience and they expect a better outcome by switching to a service provider (Lee et al., 2001). For this reason, customers' expectations provide the foundation on which service quality is evaluated (Oliver, 1980). Quality is considered to be low if performance does not meet customers' expectations; in contrast, high quality refers to a performance that corresponds to or exceeds their expectations.

2.3.2.1 Service Quality Model

There is a growing knowledge base studying how service customers conceptualize, perceive, and evaluate services. Researchers and practitioners are now better informed on how service quality is evaluated (Brady and Cronin, 2001; Parasuraman et al., 1988), how customers derive value from a service offering (Fornell et al., 1996; Ostrom and Iacobucci, 1995), what drives customer satisfaction (Choi et al., 2005; Fournier and Mick, 1999), and which factors influence loyalty to a service provider (Gupta and Zeithaml, 2006).

In terms of measurement, service quality frequently has been conceptualized as the difference between the perceived and expected service (Zeithaml et al., 1996; Kara et al., 2005). Measurement of service quality has been a major issue since the past several years and while a group of authors argue that it should be the difference between the perception and expectation (Bolton and Drew, 1991; Babakus and Boller, 1992; Zhang et al., 2014 and Rauch, 2015) another group argues that perception includes expectation, and hence, perception alone can be a measure of service quality (Cronin and Taylor, 1992 and Brown et al., 1993).

Parasuraman et al., (1988) introduced the SERVQUAL model to measure service quality including 22 items in five dimensions: reliability, tangible, responsiveness, assurance, and empathy. These dimensions have specific service characteristic link to the expectation of customers. The SERVQUAL (Parasuraman et al., 1986) scale was basically developed for the service marketing environment first and then extended to other service sectors. Even though this model as an instrument has been used in various studies across industries, the SERVQUAL has received many criticisms from other scholars (e.g., Cronin and Taylor, 1992; Brown et al., 1993).

2.3.3 Effective Pricing

Effective Price is an important part of customer retention and has an enormous effect on customers. Basically, all of the customers favour the lower prices when the product or service is otherwise similar. The price of the product or the service is linked to its quality. The higher the price, the more qualitative the product or the service is perceived to be. (Bolton, 2016.)

The customer considers the fairness of the price and what the price holds within. The quality of the product and the price are compared with the subjective idea of the volume of the effort, such as manufacturing or designing that have used when making the product. In other words, the premium price is accepted when the service itself includes value-additional elements and the price is seen as a fair compensation of the usage of the product or the service. Discounts in price are considered as appropriate and suitable when the purchase is seen as a notable expression of trust to purchase in such a high volume or to pre-pay the purchase. (Bolton, 2016.)

Unsatisfied customers are more price sensitive than satisfied customers. If the customer feels that the product or the service does not match the price he pays, price and issue. Hereby, it can be summarized that in order not to end up discussing the price with the customer, the price needs to match with the service or product the customers expect from the company. (Raab et al., 2010.) For the satisfied customer, the satisfaction works as an insulator against the price-competitive competitors (Bolton, 2016).

Price is the key element in the reaching the customer satisfied. Price plays an important role in the functioning of economic system. Giving discount and bonus on purchasing will attract customers towards the products. Customers can also be made loyal by satisfaction dependent pricing systems and money back guarantees in case of dissatisfaction. In this case, special contracts and standard customers pay different prices, which are graded according to purchase quantity. A potential customer, who is granted better conditions with the growing length of the business relationship or with increased purchase quantity, will carefully consider whether they will choose another supplier, and thereby pay with this benefit. On the other hand, possibility consists of contracts that vary in the level of basic amounts and in price per unit. (Rowley, 2006).

The theoretical formation of price perception in services remains largely unexplored (Varki and Colgate, 2001). This study suggests that the perception of price fairness plays an important role in any exchange transaction. The feeling of fairness depends on the gain-loss ratio felt by both partners in the exchange. From the consumer's perspective, the gain is the product to be received, whereas the loss is the money to be paid.

When a consumer pays a higher price than others do, or when a consumer receives a lesser product than anticipated (either in terms of quantity or quality), perceived negative price inequity occurs. On the other hand, perceived positive price inequity may result from either receiving a larger or better product than others, who paid the same price or paying a lower price but receiving the same product. Price fairness have an influence on customer satisfaction (Parasuraman, Zeithaml, and Berry, 1994) as well as on behavioural intentions (Varki and Colgate, 2001).

The product or service should at all times be viewed as fostering value for money. By this it doesn't mean that the product should be the cheapest one available in the market, that customers are readily happy to pay extra for a product that really satisfy their needs is among the major principal of the concept of marketing. There are several pricing strategies available to marketers: Penetration pricing is where the firm price their products lowly so as to have a larger market share, after securing a large market they may then start increasing their prices.

When a firm first quotes a high price for their products and after some time, they start reducing their prices to make the commodity readily available in the country, it is referred to as price skimming. The goal of the firm in skimming is to layer by layer skim market profits. Price setting by comparing with rivals is referred to as competitive pricing. When prices are set to symbolize the uniqueness of the commodity it is called premium pricing. When an organization adds a percentage to the initial cost as profit margin it is referred to as the Cost based (Kotler, 2011).

According to Ranaweera and Neely (2003) there is a direct relationship between price perceptions and customer behavioural intentions thus the better the perceived price, the greater the level of repurchase intentions. Price satisfaction enhances customer value perception and there is a direct relationship between price and value (Ralston 2003). Price is a key factor in

inducing rebuying behaviour depending on how price sensitive the customer is (Hidalgo et al.2008).

Customers always want to obtain a higher value for money; thus, customers tend to bargain for cheaper prices but of course without compromising on quality (Murad 2011). Firms which charge unreasonably exorbitant prices for their goods may encounter customer loss. If competitors are offering the same products and services at relatively lower prices, then customers can switch to competitors (Berry 2001).

From the consumer's perspective, the monetary cost of something is what is given up or sacrificed to obtain a product. Thus, price has often been conceptualized and defined as a sacrifice. There are three components to the concept of price: objective price, perceived non-monetary price, and sacrifice. The objective monetary price (simply put, the amount of money paid for product) is not equivalent to the perceived price (that is, the price as understood and recorded in the mind of consumer) since consumers do not always know or remember the actual price paid for a product. Instead, they encode the price in a way that it is meaningful to them (Zeithaml et al, 2009).

2.5 Theoretical Review.

This section provides theories on customer retention, the findings will highlight meaningful insights on the concept of customer retention.

2.5.1 The Preminent Theory

This theory suggests that the level of customer satisfaction may be established by comparing previously held expectations with perceived product performance. If performance exceeds expectations, a customer experiences positive confirmation and is satisfied, reinforcing his or her willingness to use the product or service again (Cannon and Cannon, 2015). On the contrary, if performance fails to meet a customer's expectations, negative satisfaction occurs. Thus, the theory suggests that customer experience in relation to their expectations determine their levels of satisfaction hence their staying or leaving.

The process of expectation confirmation is key to customer loyalty. Customers who are loyal to a company develop a certain idea of quality and service that they expect to be confirmed.

If their expectations continue to be confirmed, they will be loyal. Companies lose long-term customers when they cease to meet the expectations that they have built up over time. As a result, reliability and consistency are necessary to maintain loyalty. The emphasis is always to meet the expectations of the customer.

This theory is important to this study because the understanding of the how customers form their expectations by comparing with past experience will enlighten the banking on the customer life journey with the Bank.

2.5.2 Social Exchange Theory

This theory states that human relationships are formed by the use of comparison of alternatives and the use of cost-benefit analysis. According to Homans (1958), a person will choose to cut ties when he or she perceives that the cost of the relationship is far bigger and outweighs the benefits the person accrues from such relationship. The exchange theory further explains that people who are given much by the other party in the relationship are under pressure to replicate by giving much too, and that human beings strive to give much to others to in turn get much from them. Through a series of mutual exchanges that develop a pattern of reciprocal duties to the parties, a social exchange between the parties involved in the relationship is developed.

This theory further indicates that because of the expectations that being in relationships is rewarding many human beings are willing to maintain these relationships. The Individuals are ready to provide benefits to the other parties in the relationship as they expect to get more gains in the future thus, they tend to sacrifice their own self-interest voluntarily.

This is applicable in this study for the bank customers will maintain relationship with the bank after they are offered services that are reliable, prompt, and timely services.

2.5.3 Equity Theory

This theory is built upon the argument that a “man’s rewards in exchange with others should be proportional to his investments” (Oliver and Hanming, 1994). According to this theory equity or relative deprivation is the reaction to an imbalance or disparity between what an individual perceives to be the actuality and what he believes should be the case (Oliver and

Hanming, 1994). As applied to customer satisfaction research, satisfaction is thought to exist when the customer believes that his outcomes to input ratio is equal to that of the exchange person (Adee, 2004).

This theory is important to this study because it points to the reason why Customers may discontinue the relationship with the organisation if the actual performance of the product or service falls short of the perceived performance.

2.6 The Concept of Organisational Performance

The term performance emerged in the mid-nineteenth century and was first used in defining the results of a sporting contest. In the twentieth century, the concept has evolved and developed a series of definitions that are meant to encompass the widest sense of what is perceived through performance.

Organizational performance can be judged as one of the main concepts in management and around which most managerial tasks are centred on. According to Cascio, 2006, Organizational performance determines the degree of effectiveness and efficiency against the stipulated performance indicators of an organization (Rogers, 2016).

The concept of performance, as defined in the dictionaries of French, English and Romanian, defines more the idea of outcome, achieved goal, quality, and less the economic aspects of efficiency and effectiveness.

The Explanatory Dictionary of the Romanian Language defines performance as "a result particularly good) obtained by someone in a sporting contest; a special achievement in a field of activity; the best result obtained by a technical system, a machine, a device, etc." the definition shows that the term performance was originally taken from the mechanics and sports fields.

In the research of performance in business, the definition of performance led Folan (2007) to highlight three priorities or objectives of governance of performance: firstly, performance should be analysed by each entity within the limits of the environment in which they decide to operate. For example, a company's performance needs to be analysed in the markets in which it operates and not those that are not relevant to its operations. Secondly, performance

is always linked to one or several objectives set by the entity whose performance is analysed. Therefore, a company measures its performance against objectives and targets established and accepted internally rather than on those used by external bodies. Thirdly, performance is reduced to the relevant and recognizable features.

According to Folan's theory, performance is influenced by the environment, the objectives to be achieved and the relevant and recognizable features. Folan uses several definitions for the concept of performance as it should be analysed and quantified from several points of view.

According to Griffin (2013), OP is defined as the extent to which the organization is capable of meeting the needs of its stakeholders and its own needs for success and survival. Accordingly, performance is not suitably equated with a high market share, a certain profit margin, or having the best products, although these things may result from entirely achieving description of performance. To him, Organisational performance is influenced by multitude elements that are combined in unique ways to both enhance and detract performance. Albadvi et al. (2007) defined Organisational performance from the angle of customer results, people result, operational results and growth results. Organisational performance is comparing the expected results with the actual ones, investigating deviations from plans, evaluating individual performance and examining progress made towards meeting the targeted objectives (Iqbal et al., 2018).

2.6.1 Organizational Performance Measurement.

The nature of organizational performance and its measurement has been a topic for both scholars and practitioners since organizations were first formed. How to determine if the efforts of the organization are being put to their best use and are achieving the desired outcomes is at the heart of several disciplines.

Accountants devote their attention to fairly presenting the historical financial performance of organizations, while the management disciplines focus on how to improve current and future organizational performance. More specifically, for the purposes of management research, and in particular entrepreneurship and strategic management research. Performance must be measured to determine the effectiveness of the managerial decisions.

The “Balanced Scorecard” approach developed by Kaplan (1984) combines both historical accounting perspectives as well as operational measures that capture information about expected future organizational performance. The following sections briefly examine organizational performance measurement from the accounting, balanced scorecard, and microeconomic perspectives.

2.6.2 The Accounting Literature Perspective

In measuring organizational performance, accounting scholars focus on the information content of the organization’s financial statements and measures. In fact, the motivation for the accounting profession is to present the past financial performance of an organization both fairly and consistently. To this end, volumes of accounting rules and procedures have been developed over the years to make the information contained in organizational financial statements both meaningful and comparable over time and across organizations development (Kaplan 1984).

2.6.2 The Balanced Scorecard Perspective.

To bridge the gap between theory and practice, Kaplan (1984) proposed that effective organizational performance should be measured using a “balanced scorecard”. They suggested that organizational performance measurement requires measures that are not purely financial in nature, because many of the financial indicators are a result of critical operational measures. For example, accounting measures only report what has happened in the past, and not the investments in future opportunities. Therefore, they argue that a combination of financial and operational measures is necessary for measuring overall organizational performance.

Accordingly, the balanced scorecard is a multi-disciplinary view of organizational performance. Balanced scorecard measures include market share, changes in intangible assets such as patents or human resources skills and abilities, customer satisfaction, product innovation, productivity, quality, and stakeholder performance.

The primary advantage of using operational measures in conjunction with financial performance measures is they provide information about opportunities that have been created, but not yet financially realized. Since Generally accepted accounting principles (GAAP) does not permit companies to recognize the expected value of new discoveries until the benefits are

realized, accounting-based measures do not capture this information on organizational performance.

One critical weakness of the balanced scorecard approach is that it utilizes operational measures that are unique to each organization. While practical for implementation by organization insiders, this limits the utility to researchers since it is situationally specific, and not situationally generic. Accordingly, generalization across companies is only possible when the balanced scorecard variables utilized are applicable to the entire population of interest.

2.6.3 The Microeconomics Perspective

Many scholars have argued that owners of productive assets engage in an organization for the purpose of gaining economic advantage (Barney, 2002; Jensen & Meckling, 1976; and Simon, 1976). The owners of the assets will contribute to the organization so long as the return they receive or expect to receive is satisfactory relative to the risk they take. Satisfaction is in part determined by the alternate uses that the owner has for the assets. In other words, the value that an organization creates for the owners of contributed assets must be at least as large as the expected value.

When the value created is less than the expected or required return, owners of assets will, if possible, withdraw their support for the organization and put their assets to alternative uses where they can achieve the required return. Barney (2002) argues that the linkage between the required value sought for the use of the assets and the actual value created by the use of these assets is organizational performance.

Normal performance is when the value created is exactly equal to the value consumed in using the assets. This does not mean that there is no profit. Quite the contrary is true. At this level of performance, profit is just equal to the organization's weighted average cost of capital. Since the weighted average cost of capital is, by definition, based upon the risk adjusted returns required by debt and equity providers, the profit of the organization is equal to the value increase necessary to satisfy the demands of equity investors.

Above-normal performance occurs when the organization produces more value than that required by those who provide resources. For example, when resource owners cumulatively

require a \$10 increase in value for providing their resources and the organization produces a \$15 increase in value, the organization would produce an “extra” amount of value than its expected performance. Below-normal performance occurs when the organization produces less value than that required by resource providers. The difference between expected and actual value created is known as economic rent (Peteraf, 1993). Above-normal returns result in economic profits, while below-normal returns result in economic losses.

Transactional theory, in microeconomics, proposes that under conditions of perfect competition, the value a firm creates is just sufficient to meet the demands of resource providers. Economic profits and losses occur because competition among firms is not perfect. Organizations experiencing economic profits typically have a competitive advantage, while those experiencing economic losses are usually at a competitive disadvantage.

Organizations that earn “normal” returns are in competitive parity with other organizations in their industry.

Organizations that persist in earning less than acceptable returns will find that resource-providers will withdraw their assets. And, if and when all resources are withdrawn, these organizations will cease to exist. By contrast, organizations that generate more than acceptable returns will be able to attract additional resources necessary to meet increased demand resulting from their competitive advantage.

2.7 Factors Affecting Customer Retention.

There are several factors that affect customer retention, for example: complaints-handling process, customer service, service recovery, service quality, the interpersonal relationship, customer satisfaction, product mix and perceived price fairness. These factors are discussed in the following subsections.

There are indications that a well-executed complaints-handling process is of strategic relevance because it can have a positive effect on customer retention (Stauss and Seidel, 2004). Indeed, customers who complain and are well recovered can be more satisfied and less likely to switch than customers who had no cause for complaint at all (Khin and Ho (2018)).

Customers who enjoy high standards of complaints handling experience the service quality attributes of empathy and responsiveness, which are not routinely on display when services are delivered, or products function, right first time (Buttle, 2004). Despite the strategic relevance of complaints handling, it is a process which it appears to be accorded little importance in many companies Faith (2018).

Given the competitive nature of the banking industry, Customer service is an important factor for sustaining profitability increased market share and increasing the customer satisfaction levels. Haripersad and Sookdeo, (2018), argued that customer service results in increased product quality, gaining competitive advantage, gaining profitable opportunities, and as a result increasing sales and income. The domain of the activities related to customer service is vast.

Presenting informational services is about informing customers about new products, information regarding service centres. Presenting communicational services is directly related to customer satisfaction. Customers after purchasing products from the company may have doubts in their decision making; the only way to manage this uncertainty is to establish a long-term relationship with customers (Vallery et al. (2020)).

One of the strategies of presenting better customer services is to provide proper trainings to personnel and customers. Presenting suitable training services create possibility for increasing the level of customer service and hence the customer satisfaction. Using trained staff also, increases the accountability of the company. Discovery services are also important in retaining customers. Discovery services refer to the services that company do for detecting defects in the product and rectifying them without causing any loss for the customers (Kruse et al, 2010).

Detecting defects in the product and rectifying them ensures that customers' satisfaction with the quality of services they receive. In the case of banking industry discovery services can enhance efficiency of electronic banking or instance use of visa cards, mobile banking, and automated teller machines (ATMs). Discovery services have also been used for discovering new needs and creating new entrepreneurial opportunities. For implementing this type of services, company tests its products in some markets and with utilizing benchmarking mechanisms satisfaction of the product will be analysed (Kruse et al, 2019).

The service recovery means the ability of the service provider to solve the problem such as the customer dissatisfaction and the service failure. This research adopts the definition of the service recovery as described. The active effort of the company to solve the problem helps customer have credit on the service provider. And appropriate effort for the service recovery can protect customers from switching the service provider (Colgate & Lang, 2001). The service recovery at the service encounter is a foundation to develop the customer relationship into a long-term friendship. Therefore, the service recovery can be a component for the switching barrier (Chikwere et al., 2022).

Service recovery can be regarded as a passive strategy for the improvement of customer satisfaction. Service recovery refers to the actions taken by a firm in response to a service failure (Zeithaml and Bitner, 2003). Service failure often occurs when the customer's perceived service quality falls below customer expectations.

For example, delivery and Web site design problems are two major types of service failure in online retailing (Holloway and Beatty, 2003). Such failures may cause significant costs to the firm, such as lost customers and negative word of mouth (Rodrigues et al., 2016).

From the consumer's perspective, the monetary cost of something is what is given up or sacrificed to obtain a product (Zeithaml, 1988). Thus, in studies on related topics, price has often been conceptualized and defined as a sacrifice (Anderson, Fornell and Lehmann, 1994; Sweeney, Soutar, and Johnson, 1999). There are three components to the concept of price: objective price, perceived non-monetary price, and sacrifice (Zeithaml, 1988).

Price fairness should have an influence on customer satisfaction (Parasuraman, Zeithaml, and Berry, 1994) as well as on behavioural intentions (Varki and Colgate, 2001). This study, then, proposes that the perceived fairness of price should directly affect customer loyalty, and should also affect it indirectly via customer satisfaction.

2.8 Customer Retention and Organisational Performance (Theoretical Review).

Saturated markets and high levels of competition within the banking industry has necessitated the practice of customer retention strategies among firms (Honts and Hanson, 2011) as a tool for defending and growing market share hence profitability. Customer retention has proved to be an effective cost reduction strategy because the cost of acquiring a

new customer is far greater than the cost of maintaining the existing customer (Ro-King, 2005). This notion is supported by Kotler (2006) who observed that acquiring new customers can cost five times more than the costs involved in satisfying and retaining the current customers and that the customer profit rate tends to grow over the life of the retained customer (Noorbehbahani et al., 2019).

DeSouza (1992), further observed that customer retention is not only a cost-effective measure but also affects profitability in that a 5% increase in customer retention has the potential to improve profits by about 25% to 85%. This implies that good customer retention is vital to any organization because a slight reduction in the customer defection rate has a disproportionately positive effect on profitability.

Moreover, customers with a strong relationship with the business are more likely to recommend to others in comparison to new customers and are considered valuable advocates of the brand or company (Mousavi, 2012). As a result, they are more forgiving when they have a less than satisfactory experience and are more likely to provide constructive feedback on areas that the company can improve on.

Miller (1993) observed that customer retention affects both sides of the profitability equation as follows. Where ***Profit = Revenue - Expenses or Cost.***

The assumption is that the bank seeks to maximize revenue through increased sales and minimize costs of generating those revenues. Customer retention helps increase revenue through increases in sales volume and/or premium prices as well as reducing the expenses or costs of generating those revenues.

Similarly, customer retention is positively linked to loyalty, revenue, and profitability. Logically, highly satisfied customers will be more loyal and, hence, stay longer and spend more. Over this longer customer life expectancy, customers will increase their expenditures annually as highly satisfied customers should have a higher annual revenue and profitability than less satisfied customers ((Krekel et al., 2019).

Reichheld (1996) further identified four economic benefits of retaining customers:

(1) savings on customers' acquisition or replacement costs,

- (2) a guarantee of base profits as existing customers is likely to have a minimum spend per period,
- (3) growth in per-customer revenue as, over a period of time, existing customers are likely to earn more, have more varied needs and spend more
- (4) Price premiums as existing customers do not usually wait for promotions or price reductions before deciding to purchase, in particular with new models or versions of existing products.

Studies have shown that a dissatisfied customer will tell 5 to 10 people about their experience while a positive customer will tell 1 to 5 people about their experience.

2.8.1 Customer Lifetime Value

Hwang et al. (2004) relate the knowledge of customers to the efficiency of retention and Kiff (2000) found a correlation between length of time a customer remains loyalty and the profitability of that customer to the dealership. The Sales Manager implied that the cost of obtaining a customer's business is spread out over the number of years that the customer is retained which in turn improves cost efficiency and promotes the expansion of the business. The findings from both the literature and the case study suggest that the stronger the relationship, the lower the cost to retain a customer. Without a strategic outlook for retaining existing customers, car dealers will lose customers faster than they can gain new customers, having a negative impact on customer base growth and ultimately profits.

2.9 Empirical Studies on the Impact Customer Retention on Organisational

Performance.

Empirical studies have consistently reported that customer retention affects performance positively.

Chand et al (2010) conducted a study on the impact of customer retention on Organisational Performance in the Indian Hotel industry, they found that customer retention is positively and significantly related to performance.

Tuli and Bharadwaj (2009) used a panel data sample of publicly traded U.S. firms and satisfaction data from the American Customer Satisfaction Index to investigate the impacts of customer satisfaction on various measures of performance. The results of their study indicated that investment in customer retention has positive impact on firm performance.

Anderson, and Mansi (2009) in their study on the impact of customer satisfaction on Organisational Performance observed that customer satisfaction influence performance positively through bigger repeated purchases, positive recommendations, and reduced costs of complaints.

Nouman et al. (2015) conducted a study on the impact of Customer Relationship Management (CRM) capabilities on organizational performance: moderating role of competition intensity. They measured CRM capabilities through customer interaction management and customer relationship upgrading in the presence of competition. The research was conducted in the field of telecom sector in Pakistan. Questionnaire was circulated among 300 employees of telecom sector for the collection of data. Multiple regression analysis tests were used for further analysis. They tested the hypothesis that CRM capabilities had positive impact on organizational performance. They observed that customer interaction management and customer relationship upgrading capability had positive impact on organizational performance (Vallery et al. ,2020).

Shafique et al. (2015) investigated the influence of customer relationship management on organization performance by utilizing multiple logistic regression technique to obtain his findings for analysis. The study sample consisted of 300 telecommunication employees. The researcher collected his data through questionnaires for the study. His robust findings suggest that customer relationship management positively influence organization performance.

The author recommended for all telecommunication companies to positively affect the organizational performance through adopting the CRM principle and eventually increased their profit: All telecommunication companies must instruct and teach their employee to offer and provide better and quick services to their customers.

Coltman et al (2010) scrutinized customer's relation management and its impact on the firm's performance. Hierarchical constructed model was utilized to obtain the results. The result of

the study shows that CRM capability is positively associated with firm's performance. CRM is suffering when it is poorly understood, improperly applied, and incorrectly measured and managed. The study explains that organization can create the superior CRM capability when they combine investment commitment in human, technology, and business capabilities.

Dubihlela and Molise-Khosa (2014) used a sample of managers of hotels to test the relationship between Customer Relationship Management, customer loyalty, customer retention, and customer profitability. Their results accept the hypothesis that customer profitability is significantly associated to customer retention.

Kiff (2000) found a correlation between length of time a customer remains loyalty and the profitability of that customer to the dealership. The study observed that the cost of obtaining a customer's business is spread out over the number of years that the customer is retained which in turn improves cost efficiency and promotes the expansion of the business. The findings from both the literature and the case study suggest that the stronger the relationship, the lower the cost to retain a customer. Without a strategic outlook for retaining existing customers, car dealers will lose customers faster than they can gain new customers, having a negative impact on customer base growth and ultimately profits.

Nafuna et al. (2019) conducted a study on Pricing Strategies and Financial Performance: The Mediating Effect of Competitive Advantage. Empirical Evidence from Uganda, a Study of Private Primary Schools. The study population comprised of a total of 184 private primary schools' projects in Kampala district Rubaga Division, Urban Council, 2017. The study adopted a cross-sectional descriptive and analytical research design. The findings from the correlation analysis indicated a significant perfect positive relationship between price strategy and financial performance as revealed by the correlation coefficient ($r = .554, p < .5$).

This implied that price strategy with its dimensions such as cost based, competitive based and perceived value positively influenced the financial performance of the private primary schools in the context of Uganda entities. These results also signified that appropriate pricing strategies were associated with high levels of financial performance in the study population. Similarly, poor pricing strategies are associated with low levels of financial performance.

The predictive power of the regression model was found to be 30.3% (Adjusted R Square =.303) indicating that the pricing strategy accounted for 30.3% variation in enhancing

financial performance of private primary schools in Uganda, hence predicting the financial performance.

Sije and Oloko (2015) carried out a study on penetration pricing strategy and performance of small and medium enterprises in Kenya. The population for their study consisted of members of staff of selected food industry SMEs in Kenya. Stratified random sampling was used in the study where members of staff from various SMEs were selected with the questionnaire acting as the primary data collection instrument. The researchers found out that there was a strong positive correlation between penetration pricing strategy and firm performance.

The researchers, therefore, concluded that the enterprises should focus more of their effort on penetration pricing strategy because there was a significant level of effect of penetration pricing strategy on the number of customers, customer loyalty and quality of food and service all leading to better firm performance.

Jangeta et al. (2015) researched on strategic pricing and firm success: A study of SMEs in Zimbabwe. The relationship between strategic pricing and firm performance was measured using various business perspectives, namely, profit maximization, sales maximization, customer satisfaction, survival, liquidity achievement, price differentiation and cost coverage. The questionnaire approach was used to collect data from a convenient sample of 50 SMEs drawn from all sectors of the economy. The study was conducted in Gokwe district in the Midlands Province. The results of the study show that there is a positive relationship between strategic pricing and firm performance ($r = 0,654$, $p = 0.01$).

Kibe (2021) investigated the effects of communication strategies on organizational performance. A descriptive research design was used in this study. 132 questionnaires were distributed employees. The findings of this research showed the importance of both the theoretical level and practical level. It concluded that for any organizational performance to be effective, an open communication environment should be encouraged. Once members of the organization feel free to share feedback, ideas and even criticism at every level it increases performance.

Lorcu, 2020; Chikazhe and Nyakunuwa, 2022; Feng et al., 2021, explored the effect of employee communication on organization performance in Kenya's horticultural sector. This

study was carried out in flower farms in Kenya. The population of this study was all flower farms in Kenya which were the 14 flower farms registered in the KFC directory (2013) and based in Naivasha. A total of 2460 respondents were targeted by the study out of which 1888 responded giving a response rate of 76.7%. Correlation and regression analysis were used to test on the relationship between the variables of the study.

The study found that communication facilitates exchange of information and opinion with the organization, that communication helps in improving operational efficiency thus improving organization performance. It concluded that communication is a major determinant of organization performance. The study recommended that organizations should develop effective communication strategies since it will facilitate passing of information both within and outside the organization thus improving performance.

Sarah W (2019) conducted a study to investigate the impact of customer service on customer retention and profitability on insurance companies in Ethiopia. She observed that customer service directly affects customer retention of the insurance companies. She further described the situation that the ability that a company has to gain and retain new clients does not only rely on the quality of goods and services that they have, but also to the way it treats the existing customers, what value or benefits they obtain from the company's solutions, and the reputation it has across the marketplace. Customer retention not only helps to make the insurance company increase profits, but also helps to reduce new customer recruitment and marketing costs.

She further observed that offering greater service quality results in higher costs. However, investments usually pay off because greater customer satisfaction leads to increased customer retention and sales. Customer retention is, perhaps, the best measure of quality and reflects the firm's ability to hang on to its customers by consistently delivering value to them.

2.10 Summary on Key Issues.

The literature related to customer retention and its impact on organisational performance has been examined. Three main themes in retention have been established. These are customer service, customer communication and effective pricing. For an industry where products are essentially undifferentiated, the focus on customer service, customer communication and

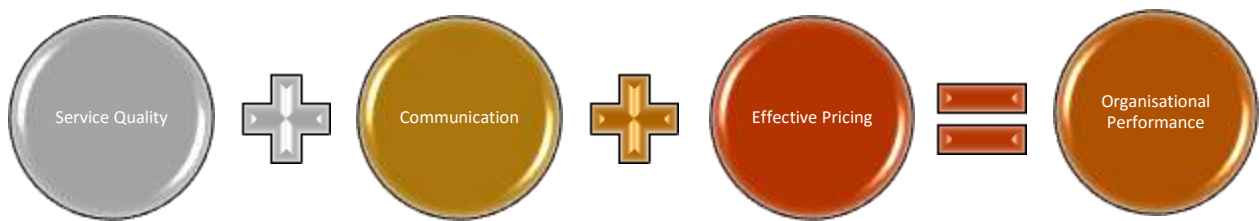
effective pricing have become increasingly important as institutions compete in order to retain and not lose existing customers to competition (Osention, 2015).

2.11 Conceptual Framework.

The following model is adopted to develop the conceptual linkage between customer retention and Organisational Performance.

This conceptual framework is guided by existing knowledge from the literature presented in the study. The resulting equation is a linear function with Organisational Performance as the dependant variable and service quality, Pricing and communication was dependant variables.

$$\text{Organizational performance} = F(\text{Pricing, Communication, Service quality})$$



2.12 Operational Definition of Concepts.

ORGANISATIONAL PERFORMANCE- Organizational performance is defined as the degree of effectiveness and efficiency against the stipulated organisation performance indicators of an organization.

CUSTOMER RETENTION- Customer retention is defined as a process of developing long-term relationship with customers. This is done by reducing the number of customer defections from the company.

SERVICE QUALITY-Service quality is a comparison of perceived expectations of a service with the perceived performance of that service. Service is said to be of high quality if the perceived performance exceeds perceived expectations.

CUSTOMER COMMUNICATION- Customer communication is defined as a continuous and persistence process, implementation, and follow-up with the customer so as to keep them engaged with the company. The broad purpose of customer communication is to bring the right products into contact with the right customers, and to make certain that transfer of ownership takes place.

Table 4: Operation Definition of Concepts.

Operationally the concepts are defined along the below lines.

Service Quality	Communication	Effective Pricing	Organisational Performance
The banks offer reliable services	Distinctive/Unique compared to others	The banks disclosure of fees and prices	Improved market Share
Customer's perceptions are well considered	Offers latest electronic products	The Bank has a reward program	Innovative products on the market
Endeavours to resolve customer complaints	Listens and is sensitive to customers' needs	Accuracy of banking records	Improved effectiveness in the organization's operations
It offers quality products	Convenient branch location	The banks disclosure of fees and prices	Increase in our customer base.
It has a reputation of superior service quality	Flexible banking policy	Fair method of setting fees	Improved profitability over the last two or three years
Offers services in a conducive environment	Effective communication about new products and services.		

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents research methodology that was adopted in carrying out the study. It covers the following aspects: research design, population of the study, sample and sampling method, instruments for collecting data, procedure for collecting, analysing, and presenting data.

3.1 Research Philosophy

Research Philosophy is defined as the beliefs about how knowledge can be developed (Saunders et al., 2012).

The outermost layer of the 'Research Onion' identifies five philosophies relevant to business and management research. The aim of this study is to understand experiences and perspectives on the phenomenon of customer retention within a car dealership. To obtain this insight, data collected from various departments in the dealership needs to be interpreted in order to identify what strategies are effective in retaining customers for informing best practices in customer retention.

Lin (1998) posits that interpretivist methodology is supportive of qualitative data collection and relies on naturalistic methods including interviewing, observing, and analysing existing texts (Saunders et al., 2015). Interpretivism is one philosophy which is considered the most appropriate for this study due to its subjective standpoint (Bryman, 2014). In contrast to the positivistic approach, which involves adopting a scientific method of generating accurate information on a physical reality, the interpretivist approach argues that human information offers meaning (Saunders et al, 2012).

3.2 Research Design

According to Hair et al. (2007, pp. 151–153), there are two types of research approaches (designs) available to researchers, namely quantitative and qualitative. The data in quantitative approach are numbers and lends itself to statistical analysis in order to imply the characteristics

of something. An important point to consider is that structure, representativeness, and providing objectivity are important strengths of quantitative research.

This approach provides objectivity because the respondents are the ones who provide the numbers; therefore, researcher's opinion does not have any impact on testing the hypothesis. In a general sense, this approach is used in explanatory research. This method also allows for generalization and enables the researcher to predict the future.

Qualitative methods of research such as case study provide data which is primarily descriptive as opposed to statistical and allows for interpretation to develop a deep understanding of the processes of the problem area and perceptions of a related sample (Wahyuni, 2012). Relying on the quality and depth of insight from qualitative data, the key events can be identified that result in specific outcomes which contribute to the development of explanations of behaviour (Miles & Huberman, 1994). Particularly for complex situations, this approach facilitates exploration and organisation of ideas for creating models relevant to the topic (Baker, 2006).

From the above discussion, quantitative research was chosen as an appropriate method for the thesis. The usage of quantitative research method allowed for focusing on the cause and effect on Customer retention on Organisational Performance. Particularly, quantitative study allows the researcher to identify the correlations and relationships between the independent and dependant variables as well as testing for hypotheses as well as make predictions for the future.

Table 5. Fundamental Differences between Quantitative and Qualitative Research Strategies.

QUANTITATIVE	QUALITATIVE
Deductive: Testing of hypothesis or specific Research questions.	Induction: Discovers ideas, used in exploratory research with general research objectives (generation of theory)
Researcher is an uninvolved observer. Results are objective. (Objectivism)	Researcher is intimately involved as such results are subjective (Constructionism/ Subjectivism)
Descriptive and causal research designs	Exploratory research designs.
Measure and Test	Observe and interpret
Large samples to produce generalizable results (results that apply to population)	Small samples-often in natural settings.

Source: Bryman, 2011.

3.2.1 Area of the Study

The research was undertaken in Zambia, covering all the provinces where FNB has representation.

3.2.2 Data Sources.

3.2.2.1 Primary Data.

Primary data was obtained through the use of questionnaire to collect empirical data in order to investigate the impact of customer retention and its attributes on organizational performance. This data was collected from FNB Zambia customers who consented to participate the study.

3.2.2.2 Secondary Data

Secondary data used for this research were collected from various sources including relevant books, previous studies, journals, scientific articles, and other sources on internet such as marketing and customer retention journals, annual report, forums, and blogs and so on. The researcher used this source because the information was already there hence there were no hassles of collecting data. Moreover, the method is cheaper and more convenient because information is already available for use.

3.2.2.3 Population

The study population for this research was all retail customers of the First National Bank irrespective of the type of bank account which they own who gave consent to be contacted by the Bank. Thus, the results of this study allowed for generalization to all customers of the FNB in Zambia.

3.2.2.4 Sample and Sampling Techniques.

According to Bryman and Bell (2007) sampling is a process of segmenting a group of people from a mass population for the purpose of research investigations. There are two types of sampling techniques which are probability and non-probability sampling. For the purpose of this study the researcher used both probability and non-probability sampling.

According to Hair et al. (2007, p. 175) and Saunders et al. (2009, p. 214), drawing a probability sample is based on the premise that each element in the population has a known and nonzero probability of being selected. Also, in this method selected samples are usually large to be representative of the population; therefore, with a specified level of confidence, the findings can be generalized to the population under investigation.

3.3 Simple Random Sampling

Simple random sampling (sometimes called just random sampling) is a method used to select a smaller sample from the population. This method is used to research about the population and generalize. All the elements in the population under simple random sampling have equal chances of being selected.

In this method, the resulting sample is representative of the population. It is also an appropriate method for a geographically dispersed area if the researcher uses an alternative data collection technique such as telephone interviewing or online questionnaires (Hair et al., 2007, pp. 175–176; Saunders et al., 2009, p. 222) and because it is also easy to implement.

3.4 Sample Size

The sample size for this study was calculated by using the following formula: $N = (z^2 * Q * P) / D^2$

Were.

N= the desired sample size

Z=1.96 which is the standard normal deviation at required normal confidence level

P= the portion in target population

Q= 1 – p

D= the level of statistical significance

Therefore,

$N = ((1.96)^2 * (1 - 0.09) * 0.09) / (0.05)^2$

N= 125.8532

However, the final sample is increased by 20% so as to provide a buffer for nonresponse and some dropouts.

Thus, the final sample had 150 respondents.

Data was collected via emails sent to customers on the database across the entire branch network who gave consent to be contacted by the bank for marketing purposes.

3.4.1 Survey Questionnaire Design

Saunders et al. (2009, p. 360) state that questionnaire is one of the most widely used techniques to collect data within the survey strategy and since each respondent answers the same set of questions, it is an efficient technique of gathering responses from a large sample. For this study, primary data seems to be the most suitable one and because our research strategy is

survey and also the sample is large, the questionnaire was used as the instrument to collect primary data in this research.

The questionnaires were sent to all the respondents received the questionnaires by e-mail along with an explanation letter.

3.4.2 Measurement Development.

A Likert scale measurement were selected in this study because of their extensive use to measure similar constructs in previous studies. The Likert scale is an ordinal scale that includes a range of objects ranging from “least” to “most” of a specific aspect (Nunnally and Bernstein, 1994). In this research, the Likert scale has “strongly disagree (1), disagree (2), neither agree nor disagree (3), agree (4), strongly agree (5)” as the objects.

3.5 Data Analysis.

The quantitative data was analysed through coding and entry into Statistical Analysis Software (SAS). The software generated descriptive statistics such as frequencies, percentages, mean and standard deviation. Regression analysis was used for the prediction of behaviour of the dependent variable in response to the explanatory variables. The impact of Customer Retention on organizational performance is examined in the study. The independent variables are customer communication, service quality and customer satisfaction y variables, whereas performance of bank is measured as a dependent variable. The dependent variables were regressed on the independent variable to ascertain the strength of the relationship. In general, linear regression model took the form illustrated below was used:

$$\beta_0 + \beta_1 X_{i1} + \beta_2 X_{i2} + \beta_3 X_{i3} + \epsilon_i$$

Where:

Y_i = Organisational Performance

X_{i1} = Communication

X_{i2} = Customer service X_{i3} = Pricing, ϵ_i = Is the error

term β_0 = intercept β_i = Are the unknown parameters

(regression coefficients).

The model helped in determining if there is a relationship between customer retention strategies and performance of commercial banks in Zambia.

In this research, correlation analysis was used to determine the strength of relation between the performance of commercial banks in Zambia. Chi-square test of independence is a test used to determine whether one variable is independent of the other.

3.6 Ethical Considerations.

Ethical considerations played a significant role in the selection of the research methodology. Research ethics refers to the analysis of issues raised when human participants are involved (Saunders et al., 2009). The following two sections will explain the actions taken to ensure ethical compliance for this study. All data was collected and analysed exclusively by the researcher.

The researcher prepared a letter to request permission to conduct the study with relevant authorities the First National Bank. This study carried no risk on the part of the respondents. The respondents were not identified by their name. The respondents' views and responses were confidentially treated and the self-administered questionnaires were filled in a privacy environment.

The participation to this study was voluntary. The respondents were requested to provide their consent to participate in the study. The typology of consent however was verbal. During the course of the filling in the questionnaires, the participants were free to skip any question which they deem sensitive. There was no any direct and immediate benefit of participating in this study. However, in the future, findings from this study will benefit customers of the First National Bank in Tanzania because they might be used to effect policy change as well as undertaking measures to improve services and customer care practices.

3.7 Data Privacy.

Privacy is a fundamental principal to protect participant identity (Collis & Hussey, 2008) as such the participants in the survey. Participants were assured of the confidentiality of the data collection process and were also offered the option to access, approve and withdraw themselves or any data from the study at any point. Permission to contact customer for survey purposes was obtained from the Bank.

3.8 Data Storage.

All data in relation to this study was kept in password-protected folder requiring login password.

3.9 Confidentiality.

The respondents were not identified by their name. The respondents' views and responses were treated with the utmost confidentiality and were filled in a privacy environment.

3.10 Limitations of the Study

The major limitation of the study was turnaround time for collecting data. Frequent follow ups were necessary to gather the required data. The data collection process therefore took a long time to complete.

3.11 Summary.

The aim of this chapter was to set out and justify the rationale for conducting a quantitative study design and the sources of data which include structured questionnaires. This chapter discussed the research design, including justifications for the use of quantitative methods, a survey data collection method. The chapter began with a discussion of research type of research and sampling. It then presented a discussion on data collection procedures including sample selection.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION.

4.0 Introduction

This chapter presents the data analysis of the findings on the impact of customer retention strategies on organizational performance. It also gives an analysis about factors that affects customer retention.

4.1 Results Presentation, Analysis and Discussions.

4.1.2 Descriptive Statistics

Table 6 RESPONSE RATE

RESPONSE STATUS	FREQUENCY	PERCENT DISTRIBUTION
SUCCESSFUL	136	91%
UNSUCCESSFUL	14	9%
TOTAL	150	100%

Source: Author (2023)

Table 8 shows the response rate of participants. The total number of questionnaires distributed was 150, out of the which, 136 (91%) questionnaires were successfully filled. 14 were not successful (9%). According to Mugenda & Mugenda (2003) a response rate of 50% is sufficient for analysis, 60% is good and 70% is excellent. Thus, this response rate was considered appropriate for the study.

4.2 Demographic Information

The study sought to find out demographic information of the respondents including their level of education and age band and gender, the findings are as follows.

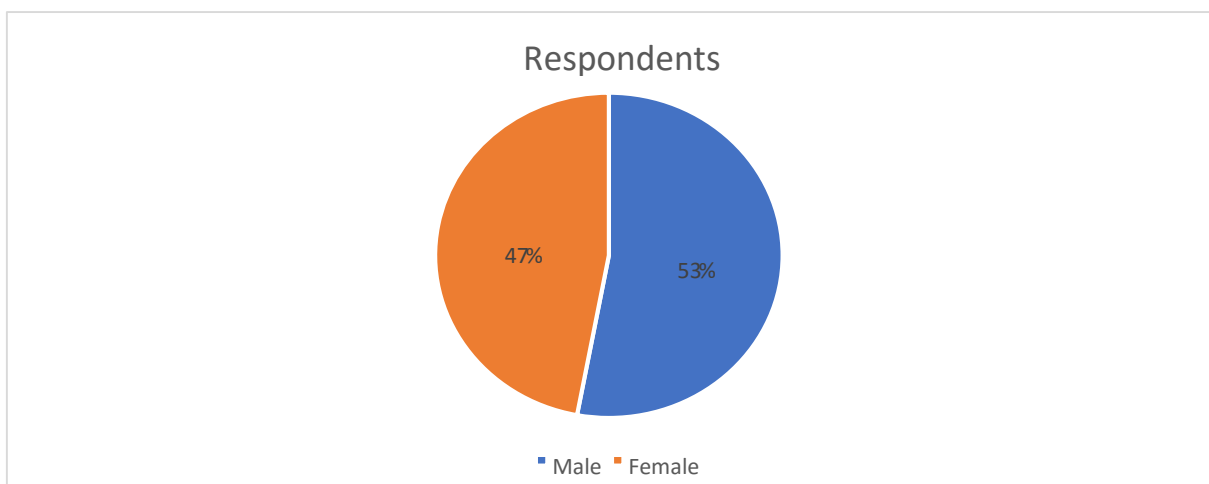
Table 7 AGE BAND

Age Category	Frequency	Percent
<35	29	21%
36-40	55	40%
41-50	26	19%
51-60	17	13%
>60	9	7%
Total	136	100%

Source: Author (2023)

The table above aimed at establishing the composition of respondents by Age Bands. Those below 35 years accounted for 21% of the respondents. Those between 36 and 40 years were 40% of the respondents, 41 and 50 years were 19% of the respondents, 51 and 60 years were 13% and those above 60 years were 7% of the respondents.

Figure 1: Gender Split



Source: Author (2023)

According to the findings, 47% of the respondents were female while 53% were male.

Table 8 Level of Education.

Level of Education	Frequency	Percentage
Primary	9	7%
secondary	12	9%
Diploma	22	16%
University bachelor’s Degrees	62	46%
Postgraduate Degree	31	23%
Total	136	100%

Source: Author (2023)

According to the findings, majority of the respondents (46%) had a university degree, followed by post graduate degree holders at 23%. Diploma holders were 16% while primary and secondary school certificates holders were 7% and 9% respectively.

4.2.2 Factors Affecting Customer Retention

The study sought to examine the respondent’s level of agreement or disagreement on the various measures of factors affecting customer retention. The table below presents the results.

Table 9 Customer Retention Strategies.

MEASUREMENT	MEAN	STD. DEV
The Bank has good reputation in the market	3.45	0.88
The Bank is Widely known	3.37	1.08
The banks offer reliable services	3.87	1.24
The bank is Trustworthy	3.56	1.15
The Bank is involved in social and corporate responsibility	4.46	0.95
The bank provides custom tailored products	4.12	1.16
There is an increased level of successful and innovative products and services provided by the Bank	4.33	1.14

There has been improved effectiveness in the organization's operations	4.21	1.23
The Bank endeavours to resolve customer complaints	3.19	0.98
The Bank offers quality products	4.21	0.81
The Bank is fair in complaints management	3.56	1.11
The Bank has a reward program	4.32	1.05
The Bank has a reputation of superior service quality	3.43	0.93
The Bank resolves customer complaints within promised turnaround times.	3.87	1.09
The Bank has accurate of banking transactions	2.56	1.28
The Bank offers latest electronic products	4.32	0.95
The Bank has a distinctive/Unique corporate brand	3.56	1.03
The Bank has many branch locations	2.38	0.89
The Bank disclosure of fees	2.54	1.21
The Bank has extended banking hours	2.31	0.94
Communicates promptly whenever system is down	3.24	1.00
The banks effort to inform customers about new products and services	2.89	1.54

Source: Author (2023)

Table 9 shows the response on various factors that affect customer retention. The responses were collected using Likert scale of five (5) units. According to the scale 1 stand for “Strongly Disagree”, 2 for “Disagree”, 3 for neither “Neither Agree nor Disagree, 4 for “Agree” and 5 for “Strongly Agree”.

The responses were analysed using descriptive statistics (mean and standard deviation). According to the scale, variables with a mean close to 4.0 were agreed by the respondents, the respondents were neutral to variables with a mean close to 3.0. The respondents disagreed with variables with a mean close to 2.0. Meanwhile standard deviation was used to indicate the level of dispersion of the responses.

- From the findings, The Bank has good reputation in the market had a mean score of 3.45 and a standard deviation of 0.88.

- The Bank is widely known had a mean score of 3.37 and a standard deviation of 1.08.
- The banks offer reliable services had a mean score of 3.87 and a standard deviation of 1.24.
- The bank is Trustworthy had a mean score of 3.56 and a standard deviation of 1.15.
- The bank is Trustworthy had a mean score of 3.56 and a standard deviation of 1.15.
- The Bank is involved in social and corporate responsibility had a mean score of 4.46 and a standard deviation of 0.95.
- The bank provides custom tailored products had a mean score of 4.12 and a standard deviation of 1.16.
- There is an increased level of successful and innovative products and services provided by the Bank had a mean score of 4.33 and a standard deviation of 1.14.
There has been improved effectiveness in the organization's operations had a mean score of 4.21 and standard deviation of 1.23.
- The Bank endeavours to resolve customer complaints had a mean score of 3.19 and a standard deviation of 0.98.
- The Bank offers quality products had a mean score of 4.21 and a standard deviation of 0.81.
- The Bank is fair in complaints management had a mean score of 3.56 and a standard deviation of 1.11.
- The Bank has a reward program had a means score of 4.32 and a standard deviation of 1.05.
- The Bank has a reputation of superior service quality had a mean score of 3.43 and a standard deviation of 0.93.
- The Bank resolves customer complaints within promised turnaround times had a mean score of 3.87 and a standard deviation of 1.09.
- The Bank has accurate of banking transactions had a mean score of 2.56 and a standard deviation of 1.28.
- The Bank offers latest electronic products had a mean score of 4.32 and a standard deviation of 0.95.
- The Bank has many branch locations had a mean score of 2.38 and a standard deviation of 0.89.
- The Bank disclosure of fees had a mean score of 2.54 and a standard deviation of 1.21.

- The Bank has extended banking hours had a mean score of 2.31 and a standard deviation of 0.94.
- Communicates promptly whenever system is down had a mean score of 3.24 and a standard deviation of 1.00.
- The banks effort to inform customers about new products and services had a mean score of 2.89 and a standard deviation of 1.54.

4.2.2 Customer Retention and Organisational Performance.

The study sought to examine the respondent’s level of agreement or disagreement on the impact of customer retention strategies on Organisational Performance.

The findings in table 4.2.2 shows that 123 agreed that service quality affects organizational Performance while 13 disagreed. 109 agreed that customer communication affects organizational Performance while 27 disagreed. 117 agreed that customer satisfaction affects organizational Performance while 19 disagreed.

Table 10: Does Customer Retention Strategies Affect Organisational

DOES CUSTOMER RETENTION STRATEGIES AFFECT ORGANISATIONAL PERFORMANCE			
	YES	NO	TOTAL
SERVICE QUALITY	123	13	136
CUSTOMER COMMUNICATION	109	27	136
PRICING	117	19	136

Source: Author (2023)

4.3 Inferential Statistics Analysis.

4.3.1. Hypothesis Testing.

4.3.1.2 Pricing and Organisational Performance.

Table 11 Pricing and Organisational Performance.

t-Test: Paired Two Sample for Means		
	<i>Organisational Performance</i>	<i>Pricing</i>
Mean	3.2317692	4.65728342
Variance	0.0623265	0.23417621
Observations	136	136
Pearson Correlation	0.321713	
Hypothesized Mean Difference	0.0000000000000000	
Df	135	
t Stat	5.2141872397	
P(T<=t) one-tail	0.0134175	
t Critical one-tail	1.735218234	
P(T<=t) two-tail	0.0239125	
t Critical two-tail	1.0888543	

Source: Author (2023)

HYPOTHESIS 1.

H01: Pricing has no impact on the Banks' performance.

HA1: Pricing impacts Banks' Performance.

The two-way t statistic of 0.0239125 (2.39%), against a p-value of 5% indicates that Pricing exerts a positive and statistically significant effect on organizational performance. Therefore, the null hypothesis is rejected, and the alternative hypothesis accepted, and hence it can be concluded that Pricing has a significant effect on organizational performance.

Service Quality VS Organisational Performance.

Table 12 Service Quality VS Organisational Performance

t-Test: Paired Two Sample for Means		
	<i>Organisational Performance</i>	<i>Service Quality</i>
Mean	4.018382353	3.913101604
Variance	0.081835512	0.071364267
Observations	136	136
Pearson Correlation	0.33173653	
Hypothesized Mean Difference	0	
Df	135	
t Stat	3.190051452	
P(T<=t) one-tail	0.000884469	
t Critical one-tail	1.656219133	
P(T<=t) two-tail	0.001768939	
t Critical two-tail	1.977692277	

Source: Author (2023)

HYPOTHESIS 2.

H02: Service quality does not affect Organisational Performance.

HA2: Service quality affects Organisational Performance.

Based on the results of the two-way T-test, a T-Values of 0.001768939 (0.176%) against the P-value of 5% indicates that a statistically significant number of customers of the FNB Zambia agree that service quality does have an impact on Organisational Performance.

The t statistic, and p-value for the model show that service quality exerts a positive and statistically significant effect on organizational performance. Therefore, the null hypothesis is rejected, and alternative hypothesis accepted, and hence it can be concluded that service quality has a significant effect on organizational performance.

4.3.1.2 Customer Communication Vs Organisational Performance

t-Test: Paired Two Sample for Means		
	<i>Business Performance</i>	<i>Customer_Communication</i>
Mean	4.018382353	3.529411765
Variance	0.081835512	0.198717018
Observations	136	136
Pearson Correlation	-0.023633374	
Hypothesized Mean Difference	0	
df	135	
t Stat	10.65195092	
P(T<=t) one-tail	6.5869636150E-20	
t Critical one-tail	1.656219133	
P(T<=t) two-tail	0.0000000000	
t Critical two-tail	1.977692277	

Table 13 Customer Communication Vs Organisational Performance

Source: Author (2023)

HYPOTHESIS 4.

H04: Customer communication does not affect Organisational Performance.

HA4: Customer communication affects Organisational Performance.

Based on the results of the two-way T-test, a T-Values of 0.00000 against the P-value of 5% indicates that a statistically significant number of customers of the FNB Zambia agree that customer communication does have an impact on Organisational Performance.

The t statistic, and p-value for the model show that customer communication exerts a positive and statistically significant effect on organizational performance. Therefore, the null hypothesis is rejected, and the alternative hypothesis accepted, and hence it can be concluded that customer satisfaction has a significant effect on organizational performance.

4.4 Coefficient of Determination.

Table 14 Coefficient of Determination

SUMMARY OUTPUT	
<i>Regression Statistics</i>	
Multiple R	0.73769504
R Square	0.70544194
Adjusted R Square	0.69161653
Standard Error	0.288513335
Observations	136

Source Author (2023)

The R Square value is 0.7054 or equal to 70.54%. Implies that Service Quality, Customer Communication and Pricing explain about 70.54% of variations in Organisational Performance and the remaining 29.46% is explained by other variables not considered in this research.

As can be seen from the data, a coefficient determination of about 71% based on the linear regression model analysis is quite high, implying that the model describes the data quite well and cannot be rejected therefore the null hypothesis that model is not fit for is rejected and the alternative hypothesis is accepted.

4.5 Regressions Analysis.

4.5.1 Test of Assumptions of Study Variables.

4.5.1.1 Multicollinearity

Table 15 Multicollinearity

Model	Tolerance (1-R ²)	VIF (1/(1-R ²))
(Constant) TI	.607	1.647
SQ	.858	1.166
PE	.622	1.608
CO	.717	1.395

Source: Author (2023)

This study tested for Multicollinearity using the tolerance values and Variance Inflation Factor (VIF). The tolerance values should be greater than 0.1 and the VIF values should not exceed 10.0 (Pallant, 2010).

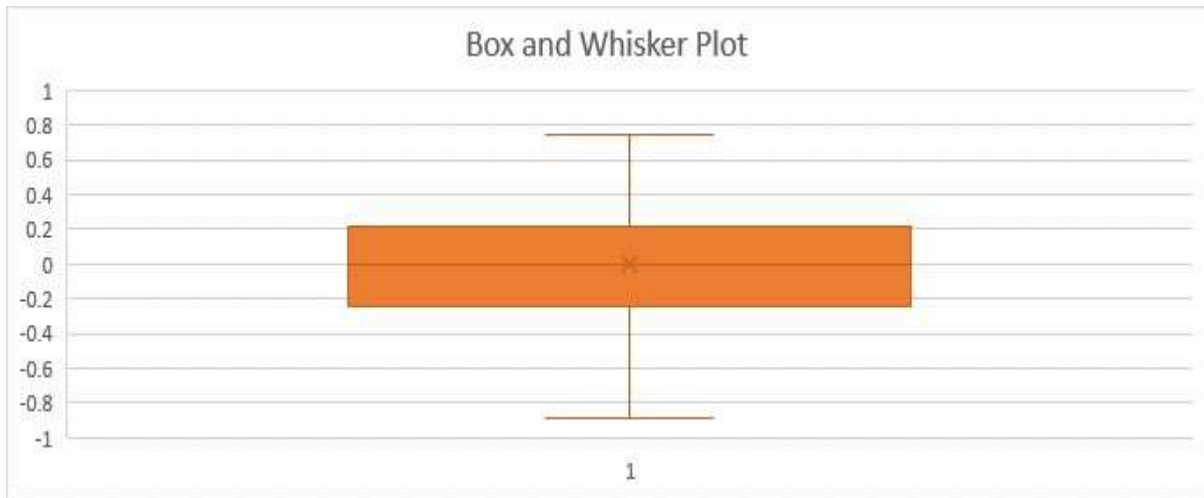
Multicollinearity is the existence of a perfect linear relationship among some or all of the independent variables. Whenever some of the independent variables are correlated, it would be impossible to isolate the effect of each one of the independent variables on the dependent variable and only the combined effect will be measured (Elebiary, 2012).

The tolerance was calculated as (1-R²). Both values were acceptable (highest tolerance value = 0.858 and the highest VIF =1.647). The tolerance value and VIF among all independent variables are more than 0.10 and less than 10 respectively, the threshold beyond which multicollinearity is a problem (Malhotra, 2008).

This shows that there is no multicollinearity among independent variables.

4.5.2 Testing For Outliers.

Figure: Box and Whisker Plot



Source: Author (2023)

The test for outliers in the study were examined by use of boxplots. The results indicated that the study did not have extreme values/outliers as indicated by the figure as the observations in the study were within the boxplot.

4.5.2 Normality Test

Table 17: Normality Test

The table below shows the results of normality test based on the Shapiro wilk model.

	Shapiro -Wilk		
	Statistic	Df	Sig.
<u>Unstandardized Residual</u>	.993	135	.908

Source Author (2023)

The statistic of Shapiro-Wilk is 0.993 with a significance of 0.908. If the Significant value of the Shapiro-Wilk Test is greater than 0.05 then the data is normal, if it is below 0.05 then the data is not normally distributed. This shows that the data is normally distributed.

4.5.3 Heteroscedasticity Test.

The table below shows results of heteroscedasticity based on the Breusch Pagan test model.

ESS (Regression SS)= 8.0947		
RSS (Residual SS)= 162.3937		
TSS (Total ESS)= 170.4884		
R-squared (.475)		
<u>Breusch-Pagan test for Heteroscedasticity: CHI-SQUARE (Df=4.047)</u>		
Significance level of Chi- Koenker test for Significance level of Chisquare Df=P Heteroscedasticity square Df=P		
(H0: homoscedasticity)	(CHI-SQUARE Df=P)	(H0: homoscedasticity)
=0.3996	4.795	.3089

Source Author (2023)

The results of the Breusch-pagan test for Heteroscedasticity. Breusch-pagan test shows a chi-square value and a significance value for the tested variables. A p-value < 0.05 indicates that there is heteroscedasticity while a p-value greater than 0.05 indicates heteroscedasticity does not exist. The Breusch-pagan test value above has a p-value greater than 0.05 (0.39956 >0.05) indicating that heteroscedasticity does not exist.

4.5.5 Linear Regression Equation

Table 17. Linear Regression Equation

The table below shows the results of the linear equation.

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	4.122	0.515	7.993	5.77219E-13	3.102	5.142
Customer Communication	0.014	0.056	-0.242	0.008	-0.125	0.098
Service Quality	0.033	0.094	0.355	0.007	-0.152	0.219
Pricing	0.684	0.108	0.959	0.042	2.672	0.124

Source: Author (2023)

The resulting linear equation is ***Organisational Performance=0.033*Service quality+0.014*Customer Communication+0.684*Pricing +4.12247.***

The above linear equation implies that there exists a positive linear relationship between the dependent variable and independent variables. An increase or decrease in any one or all the independent variables will result in an increase or decrease in the dependent variable.

The findings presented also show that overall, Pricing had the greatest on the organisational performance ($\beta = 0.684$), followed by service quality with $\beta = 0.033$, and communication at $\beta = 0.014$. All the variables were significant ($p < 0.05$).

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS.

5.0 Introduction

This chapter provides a summary of key findings, conclusions, recommendations, and areas of further studies.

5.1 Discussion of Findings.

The general objective of the study was to determine the impact of customer retention attributes on organisational performance. It was established that service quality, effective Pricing and customer communication individually and collectively positively impact organisational performance.

5.2 The Role of Pricing on Organization Performance.

The study findings indicated that there was a positive relationship between pricing and organizational performance with a mean estimate of 4.65, a standard error of 0.23 and a p-value statistic of 0.023. The null hypothesis was thus rejected, and the alternative hypothesis accepted since pricing was found to be statistically significant in explaining organizational performance. Implying that pricing does have an impact on organizational performance.

The results are similar to the findings of Khin and Ho (2018) who conducted a study on the impact of insurance premiums on customer retention in Tanzania. He observed that premium has a negative correlation with retention, implying that the higher the perceived premium the less customers retained. He further observed that lower retention negatively affected revenue.

The findings are further confirmed by earlier researchers such as (Murad, 2011; Varki and Colgate 2001). Who observed that perceived prices of insurance policies had a negative impact on customer retention. This implies that as customers perceive price of insurance policy is reasonable, they stay with their respective insurance companies. Thus, charging economical price brings about improved customer retention hence sustainable flow of revenue.

5.3 The Role of Service Quality on Organization Performance.

The study findings indicated that there was a positive relationship between service quality and organizational performance with a mean estimate of 4.01, a standard error of 0.08 and a p-value statistic of 0.001768. The null hypothesis was thus rejected since the p-value is less than 5%, and the alternative hypothesis accepted implying that service quality does have an impact on organizational performance.

The results are in line with a study conducted by Chikazhe et al. (2022) on managing customer service in the hotel industry in Malaysia. The study measured service quality and customer's consumption emotions and found out that fulfilling customer expectations through excellent service quality improved the hotels' financial performance.

5.4 The Role of Customer Communication on Organisational Performance.

The study findings indicated that there was a positive relationship between customer communication and organizational performance with a mean estimate of 4.01, a standard error of 0.08 and a p-value statistic of 0.00006. The null hypothesis was thus rejected since the p-value is less than 5%, and the alternative hypothesis accepted implying that customer communication has an impact on organization performance.

These findings are in line with the study conducted by Denner et al. (2022) Salamova et al. (2021) on the impact of Customer communication in enhancing customer loyalty and customer lifetime value. He observed that communication improves customer loyalty hence customer lifetime value over time. He also observed that customer behaviour and activities have an impact on the enterprise's profit.

Further, the findings in this study are supported by Chikazhe et al. (2022) in his study about how Amazon.com has recently got successful in achieving repeat purchases by tracking not only what individual customer purchases, but also what other customers who also purchased the same item have purchased in the past. Through email communication, customers of Amazon.com can view similar items based on purchases made by other customers. If customer has an interest in a certain topic, certain form of music or certain hobby reviewing items of interest as determined by Amazon.com can be very helpful. He concluded that in the absence

of such communication the customer purchases from somewhere else and Amazon lost out on revenue.

5.5 Conclusion.

Generally, the study concluded that organisational performance was influenced by effective pricing, customer communication, and service quality.

5.6 Recommendations

Based on the findings, the following recommendations were made.

- Management of the bank should pay more attention and invest more resources into training sympathetic and competent staff and convenient operating.
- Both management and employees of the banks at should create enabling environment for customers to feel safe and relaxed.
- Management should enhance kindergarten programs aimed at guiding and growing the customers throughout their lifetime journey. This will improve customer lifetime value which impacts the organisations profitability positively and enhances competitive advantage.
- The Bank need to address issues of customer satisfaction through implementing motivational and customer care practices of their staffers. This needs to go hand in hand with promotion of performance improvement assessment and monitoring system for bank staffers to maintain a high level of professionalism.
- There should be vibrant and robust customer service unit specifically designed for handling customer complaint and dissatisfactions. Both management and employees must endeavour to respond efficiently effectively to customer needs.
- It is further recommended that measures and mechanisms should be put in place to avoid any delay in service delivery to avoid customer complaints. Any complaint emanating from a dissatisfied customer should be embraced or handled by sympathetic staffs.

5.6.1 Suggestions for Further Study

- This study is limited to only three independent factors that contribute to the customer retention in the banking sector. Based on this study result only to 70.54% of the variance in customer retention is predicted by these factors.
- Future studies should consider other additional factors to have a better understanding about customer retention in the Ethiopian life insurance sector which will accounts for 29%.
- This study further laid emphasis on the customer retention strategies adopted by FNB in Zambia. Research should also be conducted on factors affecting implementation of customer retention strategies adopted by other commercial banks in Zambia to get a more comprehensive conclusion of the impact of customer retention on Organizational performance.

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APPENDICES

Appendix I: Introductory Letter

Dear Sir/Madam,

RE: PARTICIPATION IN RESEARCH

I am a master's degree student pursuing my master's degree in business administration with Finance at the University of Zambia, Graduate School of Business and conducting research entitled "**Effects of Customer Retention strategies on Organisational performance: The Case of First National Bank Zambia.**"

In this regard, you have been selected to take part in this study as a respondent. Kindly respond to all items to reflect your opinion and experience. Please answer all the questions freely and accurately. You will not be identified from the information you provide and no information about individuals will be given to any organization. The data collected will be used for this academic research only and kept confidential.

I am kindly requesting to fill in the following questionnaire.

Yours Sincerely,

Nelson Shawa

Appendix II: Questionnaire for Customers

DEFINATIONS OF CONCEPTS.

ORGANISATIONAL PERFORMANCE- Organizational performance is defined as the degree of effectiveness and efficiency against the stipulated organisation performance indicators of an organization.

CUSTOMER RETENTION- Customer retention is defined as a process of developing long-term relationship with customers. This is done by reducing the number of customer defections from the company.

SERVICE QUALITY-Service quality is a comparison of perceived expectations of a service with the perceived performance of that service. Service is said to be of high quality if the perceived performance exceeds perceived expectations.

CUSTOMER COMMUNICATION- Customer communication is defined as a continuous and persistence process, implementation, and follow-up with the customer so as to keep then engaged with the company. The broad purpose of customer communication is to bring the right products into contact with the right customers, and to make certain that transfer of ownership takes place.

EFFECTIVE PRICING- This is defined as the monetary cost of something that given up or sacrificed to obtain a product.

PART A: GENERAL INFORMATION

1. Please provide responses to the questions below.

a.	Sex:	Male <input type="checkbox"/> Female <input type="checkbox"/>
b.	Age bracket (Years)	18-30 years <input type="checkbox"/> 31-40years <input type="checkbox"/> 41-50years <input type="checkbox"/> Above 50 years <input type="checkbox"/>
d.	Work duration (Years)	Less than 1 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> 5-10years <input type="checkbox"/> Above 10 years <input type="checkbox"/>
e.	Years Banking with FNB	Less than 1 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> 5-10years <input type="checkbox"/>
f.	Level of Education	PHD or Above <input type="checkbox"/> Masters <input type="checkbox"/> Degree <input type="checkbox"/> Diploma <input type="checkbox"/> Secondary Education <input type="checkbox"/>
g.	Occupation	Formal Employment <input type="checkbox"/> Informal Employment <input type="checkbox"/> Student <input type="checkbox"/>

PART B: IMPACT OF CUSTOMER RETENTION AND ITS ATTRIBUTES ON ORGANISATIONAL PERFORMANCE.

Do you think Customer retention has an impact on Organisational Performance?

[YES,] [NO]

1. Do you think Customer communication has an impact on Organisational Performance?

[YES,] [NO]

2. Do you think service quality has an impact on Organisational Performance?

[YES,] [NO]

3. Do you think Effective Pricing has an impact on Organisational Performance?

[YES,] [NO]

PART C ORGANISATIONAL PERFORMANCE.

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

I am satisfied with...	1	2	3	4	5
In my organization, new product development has improved over the last three years.					
There is an increased level of successful and innovative products and services provided by my organization					
There has been improved effectiveness in the organization's operations					
In my organization, there has been increase in our customer base.					
There has been improved profitability over the last two or three years					
In my organization, there has been increased growth in market share.					
Our revenue has improved significantly					
My organization's values have contributed to the attraction and retention of customers					

2. EFFECTIVE PRICING

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

I am satisfied with...	1	2	3	4	5
Accuracy of banking records					
Accuracy of transactions					
The Banks products and services					
The Bank has a reward program					
The banks disclosure of fees and prices					
Fair method of setting fees					

3. CUSTOMER COMMUNICATION

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

I value my bank because it has...	1	2	3	4	5
Distinctive/Unique compared to others					
Offers latest electronic products					
Listens and is sensitive to customers' needs					
Convenient branch location					
Flexible banking policy					
Many branch locations					
The bank's effort to inform customers about new products and services					
Extended banking hours					

SERVICE QUALITY

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

To what extent do you think?	1	2	3	4	5
The banks offer reliable services					
Customer's perceptions are well considered					
Endeavours to resolve customer complaints					
It offers quality products					
It has a reputation of superior service quality					
Offers services in a conducive environment					
Resolves customer complaints within promised turnaround times.					
Fair in complaints management					
The Bank has a reward program					