**NEAR EAST UNIVERSITY**

**GRADUATE SCHOOL OF SOCIAL SCIENCES**

**BUSINESS ADMINISTRATION DEPARTMENT**

**MASTER PROGRAMME**

**MASTER’S THESIS**

**ANTECEDENTS OF CUSTOMER SATISFACTION AND THE MODERATING ROLE GENDER. A STUDY OF THE ZIMBABWEAN BANKING SECTOR**

**Lincon Nyasha Chirikuutsi**

**NICOSIA**

**2017**

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**PREPARED BY**

**Lincon Nyasha Chirikuutsi**

**20155656**

**SUPERVISOR**

**DR BERNA SERENER**

**NICOSIA**

**2017**

**NEAR EAST UNIVERSITY**

**GRADUATE SCHOOL OF SOCIAL SCIENCES**

**Business Administration Master’s Program**

**Thesis Defence**

**Antecedents of customer satısfactıon and the moderatıng role gender. A study of the Zımbabwean bankıng sector**

**We certify the thesis is satisfactory for the award of degree of**

**Master of Business Administration**

**Prepared by**

**Lincon Nyasha Chirikuutsi**

**Examining Committee in Charge**

**Dr. Berna Serener Near East University**

**Department of Human Resources**

**Dr. Behiye Tüzel Çavuşoğlu Near East University**

**Department of Economics**

**Assoc. Prof. Dr. Şerife Zihni Eyüpoğlu Near East University**

**Department of Business Administration**

**Approval of the Graduate School of Social Sciences**

**Assoc. Prof. Dr.Mustafa Sağsan**

**Acting Director**

**NICOSIA**

**2017**

# 

# ABSTRACT

**Purpose:** The research study aims to determine the antecedents of customer satisfaction and the effect they have on customer satisfaction. The antecedents used in the study are perceived price and fairness and the servqual dimensions of employee behaviour, tangibility and information technology. The study also examines the moderating role of gender on each of our predictor variables on customer satisfaction. The dimensions used for service quality in the study were employee behaviour, tangibility and information technology.

**Design/methodology/approach:** The study carried used a cross-sectional research on 304 banking customers in Zimbabwe and data was collected using questionnaires. Regression analysis is used to analyse the responses. The study also uses different statistical analysis including factor analysis, reliability tests, normality tests, correlation analysis and also analysis of variance to help analyse and interpret data.

**Findings:** The results in the study showed that all the aspects of service quality with the exception of tangibility had a significant and positive impact on customer satisfaction. The study also shows that perceived price and fairness had a positive impact on customer satisfaction. The study also examined that gender had a significant interaction effect on our predictor variables except for tangibility, on their impact on customer satisfaction.

**Limitations/Implications:** The study is narrowed to only three dimensions of service quality and yet the study could have included other dimensions of service quality like empathy responsiveness and service convenience. This study points out the significance of service quality and price fairness in sustaining the bank customers’ needs. Management can therefore focus on such factors so as to satisfy their customers.

**Keywords:** Service quality, Customer satisfaction, Employee behaviour, Information technology Tangibility, Perceived price and fairness,

**Paper type:** Research paper

# 

# OZ

**Amaç:** Araştırmanın amacı algılanan fiyatın ve adaletin, ve servis kalitesi ölçeğinden çalışan davranışlarının, dokunurluluğun ve bilişim teknolojisinin müşteri memnuniyetine olan etkisini ölçmektir. Çalışmada ayrıca, öngörülen bağımlı değişkenlerinin her birinde cinsiyet moderatörünün müşteri memnuniyeti üzerindeki rolü araştırılmaktadır. Çalışmada servis kalitesi için kullanılan boyutlar, çalışanların davranışları, dokunurluk ve bilişim teknolojisidir.

**Dizayn/metodoloji/yaklaşım:** Çalışma Zimbabwe'de bulunan 304 perakende bankacılık müşterisine yönelik bir kesit araştırmasıdır. Cevapların analiınde regrasyonmetodu kullanılmıştır. Çalışmada ayrıca, faktör analizi,güvenilirlik testleri, normalite testleri, korelasyon analizi ve varyans analizi gibi farklı istatistiksel analizler kullanılmıştır.

**Bulgular:** Çalışmada elde edilen sonuçlar, hizmet kalitesi ölçeğinden dokunurluk dışındaki tüm bağımlı değişkenlerin müşteri memnuniyeti üzerinde önemli ve olumlu bir etkisi olduğunu gösteriyor. Algılanan fiyat ve adaletin de müşteri memnuniyeti üzerinde olumlu bir etkisi olduğu görülmektedir. Cinsiyetin dokunurluk dışında tüm bağımlı değişkenlerin müşteri memnuniyeti ile olan ilişkisini etkilediği görülmektedir.

**Sınırlamalar/Etkileri:** Çalışmada, hizmet kalitesinin sadece üç boyutu kullanıldı. Çalışmada servis kalitesini belirleyici empati, hizmet kolaylığı ve haveslilik gibi diğer boyutları da içerebilirdi. Bu çalışma, banka müşterilerinin ihtiyaçlarını karşılamada hizmet kalitesinin ve fiyat adaletinin önemini göstermektedir. Yöneticiler bu nedenle müşterilerini tatmin etmek için yukarıda adı geçen faktörlere odaklanabilir.

**Anahtar kelimeler:** Hizmet kalitesi, müşteri memnuniyeti, çalışan davranışı, bilişim teknolojisi

nitelikleri, algılanan fiyat ve adalet.

**Çalışmanın türü:** Araştırma

# ACKNOWLEDGEMENTS

First of all I would like to show my appreciation to everyone who assisted me in the accomplishment of this thesis. Without the help of all these individuals who helped and assisted me both directly and indirectly, it would have been difficult to accomplish this work.

I thank the almighty God for giving me the strength and zeal to accomplish this work, my friends and family for being supportive during my period of study.

Finally, I want to express my sincere gratitude to my thesis supervisor Dr Berna Serener (PhD) for her constant support and advice for me to refine and improve my work. She gave her all to this work and I appreciate all her efforts.

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# CHAPTER ONE

# INTRODUCTION

## 1.0 Introduction

Swan et al. (1982) describes satisfaction as a mindful evaluation or perceptive judgment that a product has done relatively well or in poor manner or that the product was appropriate or inappropriate for its intended use/purpose. Satisfaction of a customer satisfaction is considered a significant result of the experience of the customer in the banking sector (Seiler et al., 2013; Keisidoy et al., 2013). Because of its economic and strategic importance, understanding customer satisfaction in the banking sector has drawn the attention of a wide range of researchers across the world. As awareness increases among consumers, they start to demand more and therefore bank managers need to analyse the factors leading to customer satisfaction so as to retain customers and continue to be profitable in the competitive market.

The financial sector has become the backbone of a country’s economy, the most contributing factor in the industry being the banking sector. In this global economic and competitive environment, the banking sector are thoroughly searching for ways to satisfy customer needs and wants so as to stay competitive in the market. Because of this, service quality has become a vital instrument which continuously draws the attention of banking and other financial institutions across the global market so as to stay competitive (Angur et al., 1999; Yavas et al., 2004). Managers in the banking industry across the world appreciate that delivering high quality of service is a vital tool to stay competitive in the global market. This is not a surprise in today’s sophisticated and sensitive consumers who continue to demand superior service quality wherever they go.

Bank managers have also opted to device their pricing policies in the best interest of their customers so as to retain them and to attract potential customers. Retail banking has acknowledged the importance of right pricing strategy as a major influence in customer satisfaction. As suggested by Colgate and Hedge (2001), issues concerning pricing of products or services have the greatest impact on defection rates in the retail banking. The issue of perceived price and fairness becomes a vital weapon which also differentiates banks from others and to gain a competitive age.

## 1.1 Background of the study

The Banking Act, 2015 (CHAPTER 24:20) defines banking as acceptable deposits of money from the public, repayable on demand or otherwise and withdrawn by cheque, draft, orders or any other means, whether in part or in whole by way of short, medium or long term loans or advance, of trade, industry, commerce or agriculture, and performing any other business activities that the Reserve Bank of Zimbabwe (RBZ) may prescribe or recognize as being part of banking business (Tsumba, 2001).

The financial sector at the present moment in Zimbabwe is somewhat complicated, comprising of the Reserve Bank of Zimbabwe (RBZ), commercial banks, pension funds, discount houses, finance houses, insurance companies, merchant banks, building societies, the Peoples Own Savings Bank, asset management companies, developmental financial institutions, venture capital companies, money lenders and microfinance institutions. In 1991, the Zimbabwean government instituted financial sector reforms which were aimed at enhancing the role of market forces in the allocation of both the financial and non-financial resources.

The reforms were directed mainly on the conversion of the financial sector into a resourceful instrument to mobilize and channel investments and savings into the productive sectors of the economy. They have embraced the exclusion of administrative involvements in the structure of interest rates, initiating the capital and money market to small savers, deregulating financial sector credit allocation, soothing of controls on international capital markets, enlargement of the range of activities acceptable to different banks and any other financial institutions. The main reason for the reforms was to foster competition within the financial sector so as to encourage efficiency within the sector. Competition within the financial sector would lead to reduced cost of funds available to the most productive sectors and this would help increase economic growth with the country.

Following the liberalization of the financial sector in the year 1991, the number of local banks in the country has been growing each year. The Reserve Bank of Zimbabwe expects that this might increase expansion in the range of products offered in the financial services sector. Currently, there are low entry barriers meaning that market differentiation is not made mainly on price but rather on segmentation of customers. This resulted to products and services being tailored towards the rather wealthy personal sector, the high earning individuals and also the top end of the corporate markets. Whilst almost all of the commercial banks available compete for the business of the transnational corporations, it appears that there is fairly little servicing of the lower end of the corporate market. For example the country does not have a venture capital house which will consider funding start up situations (Tsumba, 2001).

At the beginning of the liberalization exercise, the banking system consisted of five (5) banks. By 1999, there were a total of nine (9) banks operating in the country whilst a total of fifteen (15) were recorded by the end of 2010 (Akoena et al., 2015 ). This development is expected to result in competition in the banking sector by reducing monopoly cost and inefficiencies (Sarkar, 2010). However progress was once hindered because of the great fall of the United Merchant Bank in 1998. This lead to a great stress in the Zimbabwean financial sector and this led to an increase in the capital adequacy requirement for commercial banks by the Reserve Bank of Zimbabwe, as compared with the previously internationally accepted minimum ratio of 8%.

According to the 2016 Zimbabwean banking survey annual report, around 51 financial institutions are operating in the country with the following being the major contributors in the banking sector and their type of funding:

Table 1 Survey on Zimbabwean banks

|  |  |
| --- | --- |
| *Name of Bank* | *Type of funding* |
| BancAbc | * Term loans |
| Barclays | * Term loans * Equity finance |
| Central Africa Bulding Society (CABS) | * Term loans |
| Commercial Bank of Zimbabwe (CBZ) | * Leasing * Equity finance |
| Ecobank | * Working capital |
| First Banking Corporation (FBC) | * Leasing |
| Merchant Bank of Central Africa (MBCA) | * Working capital * Project finance * Overdraft |
| National Merchant Bank (NMB) | * Leasing * Equity finance |
| People's Own Savings Bank (POSB) | * Project finance * Equity finance |
| Stanbic Bank | * Trade finance * Project finance |
| Standard Chartered | * Project finance * Equity finance |
| Steward Bank | * Leasing |
| ZimBank (ZB Bank) | * Equity finance |

Short to medium term funding is considered as the majority of finance which is available within the country. The length of investment usually ranges from 1 to 5 years and the average size of investment is generally very small suggesting that long-term finance is unavailable within the country. This relatively small amount of investment is made usually through leasing instruments such as plant and machinery and normally ranges from USD 20 000 and below (Tsoukatos, 2006). The level of foreign exchange earnings throughout the country is the one that determiners the need for larger finance requirements.

However a number of commercial banks and other financial institutions in the country are performing very well. Examples of such banks include Commercial Bank of Zimbabwe, Standard Chartered bank and the People’s Own Savings Bank. The banks have managed to offer equity finance, leasing and project finance to cater for the needs of various investments by different companies. The prospects of borrowing are however less commercially viable because of the interest rates charged by these financial institutions.

## 1.2 Statement of the problem

As commonly known that banks are crucial in the financial sector as they help save funds for investments and economic growth (Godspeed, 2011). The banking sector finances most of the government, individuals and corporate investments to help further develop their projects. Globally banks are entering a new dispensation. There is now increased competition amongst banks because of the financial liberalization and the increased growth of markets throughout the world has exacerbated competition intensity.

In order to successfully compete in the global market, banks must develop customer-oriented strategies so that they remain firm and in competition (Harvey, 2010). Banks are now prioritizing customer retention so as foster greater revenue because the more they lose customers the more they incur losses. In the financial sector market where banks are offering undifferentiated products, service quality has become a vital weapon to attract new customers and to retain old customers. Similarly, customers are also more susceptible to changing their banking behaviour when they purchase almost identical products or receive the same service rendered by different retail banks.

Although the Zimbabwean banking sector is recovering and slowly growing, it is still haunted by corporate governance problems, extensive costs of operation, crisis in funding investment operations and also unavailability of skilled manpower. The increase in technology which has brought about new products in the banking sector has also worsened the situation (Tsoukatos, 2006). For example, mobile banking has led to strategic alliances between network service providers and banking institutions which makes network service providers players within the sector. (Falkena et al., 2001).

Because of these various economic problems faced in the Zimbabwean banking sector, it is of great importance to study ways in which bank managers can retain customers and attract potential consumers so as to stay competitive in the market. The aspect of service quality dimensions and perceived price and fairness are taken into account as ways in which banks can survive in the growing competitive global market. The significance of customer satisfaction has been emphasized by several studies as a way to retain customers in a global competitive environment. However, for companies to retain these customers, emphasis should be drawn on aspects that increase their satisfaction in order to gain consumer loyalty.

## 1.3 Objectives of the study

With this background, the research study will develop and then test a model to investigate the relationship among service quality dimensions, perceived price and fairness and customer satisfaction. The study uses a three service quality dimension model of employee behavior, tangibility and information technology. These aspects are tested on whether they influence customer satisfaction in the Zimbabwean banking sector. (Gordhan, 2011) studied the various mechanisms by which customers develop their trust in service providers and also examined the effect of consumer's perceptions of trustworthiness on their loyalty intentions for Zimbabwean retail banking. (Tsumba, 2001) studied the effect of service quality dimensions and service convenience dimensions on customer satisfaction with reference to the Zimbabwean retail banking. However very few have studied the impact of perceived price and fairness on customer satisfaction in the Zimbabwean banking sector. The study also tests gender as a moderator variable in the relationship between the servqual dimensions used in this study, perceived price and fairness and customer satisfaction.

This study contributes a lot to marketing literature. This is so because this study is a dearth of empirical research about the role of gender as a moderator which influences the relationship between customer satisfaction and its antecedents under study (Matzler et al., 2008). By this we can gain an understanding how male and females behave on different aspects of service quality and pricing of products. Also investigating such relationship is very significant in modern day management, because without proper guidelines and sound evidence, bank managers run the risk of making bad decisions in managing an organization (Jenkins, 2007).On the other hand we may have to bear in mind that a gender sensitive approach may cause problems in our study if there are no casual differences between female and male customers.

Also this study is very helpful to Zimbabwean banking management in developing ways to stay competitive in the global market. The bulk of the existing research concerning the relationship between the service quality dimensions, perceived price and fairness and customer satisfaction is centered on samples which were taken from established western countries, such as Canada, USA and the United Kingdom ( Tsoukatos, 2006). The management of the Zimbabwean banking sector can make use of this information and try to methods and strategies used by western countries to stay competitive in the global market.

With this understanding, the objectives of our research studies are as follow:

1. To study the effect of perceived price and fairness and service quality dimensions of behaviour, tangibility and information technology on customer satisfaction in the Zimbabwean banking sector,
2. To investigate the moderating role of gender in influencing the relationship between the customer satisfaction and its antecedents under study.

The section to be discussed next in this research article is the theoretical background, hypothesis and conceptual framework of the study. Study will then discuss the research methodology used by the author and then conclude with the implications to management and channels for further research.

## 1.4 Definition of terms

Service quality

It is an assessment of how well a delivered service will conform to the expectations of customers. It is a broad phase hence it is measured in different dimensions such as employee behaviour, tangibility, reliability, information technology, responsiveness, assurance and empathy just to mention a few.

Employee behaviour

It is a dimension of service quality which refers to the way employees responds to different circumstances in the work place. Customers tend to be satisfied with the services of an organization if they receive proper treatment with the employees of an organization.

Tangibility

It is the appearance of physical facilities, communication material, the equipment and personnel in an organisation. The status of the physical surroundings such as cleanliness is a tangible sign of the care and attention to detail displayed by an organization.

Information technology

It is the use of computers and the internet to assist customers in doing their transactions and services. It encompasses aspects such as mobile banking, ATM facility, remote banking, electronic banking, and tele-banking, just to mention a few.

Perceived price and fairness

It is the customers’ assessment on whether the price charged on a particle product or service is transparent, just and reasonable.

# 

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 Introduction

The economic history has enhanced a rapid development towards privatization and nationalization in many sectors of Zimbabwe. It demonstrated to be more effective and efficient for banks to be more customer oriented so as to continue to progress in the local and global market. It appears that the presence of a dual relationship between the bank itself and its customers in the banking sector (Khan, 2006). Banks often have a role to attract savings from its customers whilst lending and advancing money to these customers at the same time. In each of these concepts they need to have progress in each other. This also means the success of a bank depends on its relationship with its customers. This further implies that banks have to take measure to lure its customers and to retain them as best as possible to remain competitive in the market.

The concept of privatization in a similar view resulted in a rapid increase in competition in the financial sector. This means that every bank and other financial institutions are now providing high quality services to its customers so as to retain its customers and stay competitive in the market. As competition continues to increase among banks it becomes a mandatory for them to consider the perception of their customers by offering quality services and pricing their products and services fairly so as to gain customer satisfaction and consumer loyalty (Rehman, 2012).

Satisfaction of customers is considered an essential result of the consumer experience in the banking sector (Seiler et al., 2013; Keisidoy et al., 2013). Due to its economic and strategic significance, it has attracted the attention of many researchers in the banking sector. Therefore, satisfaction studies in the financial services sector are taken from different multidisciplinary areas made up of the following: economics, finance, computer science, consumer behaviour, marketing, and cognitive psychology, among others.

The aspect of satisfaction contains cognitive and affective concepts (Westbrook and Oliver, 1991 Mano and Oliver, 1993). Therefore over the past decades many researchers have prompted to increase an understanding of customer satisfaction within the banking sector. Some researchers have continued struggling to find the clear relationship between customer satisfaction and its drivers in the financial sector. Several studies have tried to simultaneously identify these relationships and to measure their magnitude (Keisidoy et al., 2013, Jan and Abdullah,

2014).

Despite so many publications about customer satisfaction, the results observed seem to be heterogeneous. The results vary in magnitude, direction and also statistical significance. Despite some remarkable progress, in the literature, satisfaction in the banking and financial sector seems to be divided comparing its conceptual aspect and its empirical results, given the various quantitative and qualitative approaches used. This division reveals the need for a model that generalizes the relationship between satisfaction and it antecedents.

By only relying on the knowledge of various scholars, we cannot fully understand the impact of customer satisfaction on the organisations goals and objectives. Based on this scenario, the research study gives a meta-analytical approach to differentiate the different types of antecedents and their effect on customer satisfaction. By reviewing substantial contribution to the field by various researchers, this article aims at developing a model with a quantitative meta-analysis of existing research to clearly understand the relationship between customer satisfaction and its antecedents.

## 2.1 Customer Satisfaction

According to Kotler (2000) satisfaction is expressed as a person's feelings of joy or displeasure which results from equating a product’s perceived performance, attributes or outcome compared to his or her anticipations. It is a feeling the attitude or feeling of a consumer towards a service or product after its use. Customer satisfaction is regarded to be a vital aspect in the marketing field at the same time serving as a connection between various stages of the buying behaviour of customers. For example, if a customer is impressed with a product or service, he or she is likely to be involved in repeat purchase because of the benefit he derived after using the product (East, 1997).

Customer satisfaction act as an important aspect in influencing a customer’s future buying behaviour (Taylor and Baker, 1994). Customers satisfied by the services of the bank are likely to spread the news about the good service or product thus creating a form of advertisement for the product or service, (Richens, 1983). This optimistic word of mouth advertising is quite useful in the Zimbabwean culture where there are strong social ties between individuals. The news can spread so fast that each and every individual would want to try the product or service. So many banks in Zimbabwe have been growing so rapidly through this word of mouth advertisement because of their ability to satisfy the needs of their customers. Dissatisfied customers are also likely to spread negative word about the product or service and end up engaging in other brands. Levesque and McDougall (1996) did a study and concluded that an unsatisfactory consumer service may result in a drop in customer satisfaction and therefore result in unwillingness to applaud the product or service to others.

Parasuraman et al., (1994) and Oliver (1997) identified two different conceptualization of customer satisfaction which are cumulative and transaction-specific. Transaction-specific satisfaction is related with the assessment of a particular service encounter whilst cumulative satisfaction is allied with the overall assessment of service provider. Parasuraman et al., (1994) examined satisfaction on a transaction level, signifying that customer satisfaction in overall is a function of transactions. According to (Oliver, 1997), cumulative transactions suggest that individual decisions are united together forming an evaluation of pleasurable contentment of needs.

Overall customer satisfaction is a mixture of all previous transaction-specific evaluations and is modernized after each and every specific transaction (Jones and Suh, 2000). (Harris and Goode 2004) argues that the satisfaction construct in loyalty research is theorized as cumulative satisfaction, rather than a transaction-specific satisfaction judgment. However according to Parasuraman et al. (1994), overall customer satisfaction is thus relatively more stable than transaction-specific satisfaction. On the basis of reviewed literature this research article uses cumulative satisfaction in which satisfaction is viewed as an overall assessment of a service provider rather than transaction-specific satisfaction which only focuses on a particular service.

### 2.1.1 Some key antecedents to the formation of overall customer satisfaction

Customer satisfaction encompasses as many antecedents as possible (Taylor and Baker, 1994). Research on customer satisfaction has mostly been dependent on the disconfirmation paradigm, which observes satisfaction with brands and products as an outcome of two cognitive variables namely disconfirmation and pre-purchase expectations (Oliver, 1989). (Peter and Olson, 1996) states that disconfirmation is viewed as the difference between pre-purchase expectations and post-purchase perceptions while pre-purchase expectations are regarded to be opinions on anticipated or expected performance of a product or service.

Hence it can be concluded that if perceived performance surpasses customer expectation, there is a positive disconfirmation which means the customer is impressed. If perceived performance on is below the expectations of the customer then it is a negative disconfirmation and it means the customer is dissatisfied. There is a relative huge amount of researchers who also agree with the disconfirmation paradigm. For instance, Churchill and Surprenant (1982) also stated that disconfirmation affected customer satisfaction positively. This means that when consumers perceived the service or product to be performing better than what they actually expected, they become impressed (Churchill and Surprenant, 1982).

Some other research studies support the concept that customer satisfaction is influenced by the expectation of customer that is whether or not the product meets their expectations (Bearden and Teel, 1983). On the other hand other researchers argue that customers develop some form of norms on the performance of a product or service based on their product experience. Therefore it is these norms that define the confirmation/disconfirmation process rather than expectactions on product performance (Cadotte et al., 1987).

Some earlier research similarly highlight that there is a direct link which occurs between the actual performance of a product and satisfaction levels (Bolton and Drew, 1991). Other recent researchers also disputed that in addition to cognitive components, judgments towards satisfaction levels are also reliant upon affective components as the two coexist and contribute to independent judgments on customer satisfaction. Some researchers have also confirmed a positive relationship between customer satisfaction and equity. In this case equity was vied as fairness rightness or judgments that made different customers in reference to what other consumers receive (Oliver, 1997).

### 2.1.2 Antecedents of satisfaction in banking concepts.

Overall, studies carried about antecedents of satisfaction in banking concept are aimed to examine atmospheric aspects of the banking context. These aspects include time saving features, relational benefits, special treatment, the determinants and dimensions of service quality, customers’ overall perceptions of service quality, service recovery, end-user computing and external factors. All these comprise of efforts made to ensure a pleasant environment for customers (Kotler, 1973). Researches made by Al-Hawari (2014) have also proved that all these dimensions are positively related to customer satisfaction.

Hunt (1993) says that special treatment is very vital in retaining customers in the world market. In addition, some several researches have also concluded some significant positive relationship between special treatment and customer satisfaction (Dimitriadis, 2010). When customers feel they have received the right treatment in purchasing their product or service, they are likely to come back and over and over again. In the banking sector special treatment plays a vital role and not only as an antecedent of customer satisfaction but its impact on enhancing the company’s image.

Time saving features which is one of the customer satisfaction antecedents which most researchers have mentioned about, refers to the customers’ perception of doing their banking activities and transactions with flexibility and within the time expected. This dimension is thought to be associated with transaction speed, service convenience, availability of service and accessibility attributes (Kaura, 2013). Time saving features have been seen as an important factor in the banking sector and play a signification positive relationship with customer satisfaction.

Another critical factor in achieving customer satisfaction is investment in the dimensions and determinants of service quality, (Zeithaml et al. 1996). As such, the determinants and dimensions of service quality prove to be correlated with customer satisfaction positively. This dimension includes tangibility, reliability, service convenience, information technology, responsiveness, perceive service quality and assurance, (Dwivedi, 2014). When all these are put in effect, they are likely to add a great impact to retain customers in the competitive world market.

End-user computing also plays a significant role in satisfying customers. It refers to the aspects related or associated to customer-bank interactivity via digital platforms, (Al-Hawari, 2014). Academic research in end-user computing has increased significantly over the past decade, (Rompho, 2014). This dimension comprises of service accuracy and security, perceived usefulness, the constructs of informant contents and web assistance. This dimension proved to be correlated positively with customer satisfaction (Rompho, 2014). More favourable assessments of security and conditions that enable connectivity will mean better reviews for the bank (Iran, 2010).

However despite the different antecedents of customer satisfaction that we mention about our article is going to focus on perceived price and fairness and the service quality dimensions of employee behaviour, tangibility and information technology. A lot of research was done about these factors and we are going to explore each one of them in our article to see what researchers viewed about these factors.

## 2.2 Service quality

Service quality especially in the banking sector has become an important topic often studied by researchers. Gefen (2000) defines it as “the independent assessment made by consumers or customers between the quality of the service expected and the quality of service that they actually get. According to Sudesh (2007) poor service quality in the public sector in mainly caused by lack of responsiveness, empathy and deficiency in tangibility. On the other hand, the private sector seemed to be more refined in this cause. In his study he discovered that foreign banks were somewhat close to the anticipations of their customers in terms of various service quality dimensions.

Sudesh (2007) also revealed the presence of variations in service quality across demographic variables. The study suggests that top management should focus on potential failure points and respond to problems faced by customers as immediately as possible. He also mentioned that service quality should be rated as a top priority so as to increase customer satisfaction, loyalty, customer commitment and also their trust. Therefore, there is a need to emphasize the understanding of multidimensional constructs of service quality and the implications it has in a competitive environment. Customer does not necessarily become loyal even though he is satisfied, so there is need for that extra attachment with customers in order to earn their loyalty. (Matos et al., 2013).

A huge range of studies on service quality have been carried in developing countries even though emerging countries have been experiencing a rapid growth in the service sector industry. (Herbig

and Genestre, 1996). Similarly, it has been figured that the bulk of research on service quality in the financial sector has been done in countries in the European union and US. Most studies are often done on performance comparison between private banks and public banks using performance measures of financial management, productivity and profitability (Bolton and Myers, 2003). The studies concluded that private sector banks performed very well in all measure as compared to public sector banks.

(Parasuraman et al., 1985; Curry, 1999; Luk and Layton, 2002) suggests that seven gaps appear in service quality. The first gap is one that occurs between the expectations of customers and perceptions of management. This gap is expected to ride due to an excess of layers in management, lack of market research orientation and poor communication. The second gap appears between perceptions of management and service specifications. The gap occurs and is expected to rise due to absence of goal setting, inadequate commitment to quality of service and a perception of infeasibility.

The third gap occurs between service delivery and service specifications. This gap occurs due to poor employee-job fit, unsuitable supervisory control systems, deficiency in teamwork, poor technology-job fit and lack of perceived control. The forth gap is the one between service delivery and communication. This gap is occurs due to the outcome of insufficient horizontal communications and the organization’s tendency to over-promise. The fifth gap is the difference between expectations of customer’s and the perceptions of the service rendered. This gap take place as a result of influences employed from the customers’ side and underperformances of the provider of the service. In the case of this fifth gap, expectations of customers are mainly influenced to the extent of individual needs, service experiences they encountered in the past.

The sixth gap occurs between expectations of the customer and employee insights. This gap occurs as an outcome of the difference in understanding the expectations of customer by front-line service providers. The seventh, and final gap, occurs between employee and management perception. This gap is a result of the difference in understanding the hopes and customer expectations between management and service providers. The principle of the gap model is regarded as one of the most vital and valuable additions to literature in service quality. Identifying the gaps occurring between parties involved will help to counter problems faced within an organization and how best management may improve all aspects of service quality in the organization.

### 2.2.1 Dimensions of service quality

Gronroos (1984) identifies technical, functional and corporate images as dimensions of service quality. However Parasuraman et al. (1988) focus on the servqual dimensions of assurance, responsiveness, tangibility, reliability and empathy. In the banking sector Sureshchandar et al. (2001), Dutta and Dutta (2009), Lenka et al. (2009), Bedi (2010) and Kaura and Datta (2012) have also used service quality dimensions different from other researchers. Five dimensions of service quality were suggested by Sureshchandar et al. (2001) which are tangibles, core service, social responsibility, human element and non-human element. Dutta and Dutta (2009) used SERVQUAL dimensions whilst Lenka et al. (2009) suggested human aspect, tangible aspect of service quality and technical aspect. Bedi (2010) suggested the dimensions; reliability, assurance, responsiveness, tangibility, empathy, product convenience and product availability.

Bedi (2010) indicates that responsiveness, reliability, empathy and assurance are part of the human aspect of service quality. Furthermore, he adds on to say that the behaviour of individuals at work plays a vital role in service delivery. Kaura and Datta (2012) suggested people, procedures and physical indications as service quality domensions. Other significant empirical studies believe that service quality is made up of service environment, service product and service delivery (Oliver, 1994). (Cronin, 2001) also supports the same view of Oliver (1994) and he also mentions that interaction quality has a significant role in enhancing customer satisfaction.

Though researchers often use the SERVQUAL scale to measure quality of service, there are some limitations in using the scale (Nantel, 2000; Fullerton, 2005). (Imrie et al. 2002; Winsted, 1997) therefore suggested that there is need to improve industry and country/culture measures of service quality. Very few studies have highlighted the new approaches or models to service quality measurement (Karetepe et al. 2005). Avkiran (1994) identified the dimensions; communication, credibility staff conduct and access to teller services via the implementation of the SERVQUAL scale as a beginning point.

He also made use of the findings taken from a different studies aimed at establishing quality service standards in an organisation. Bahia and Nantel (2000) both constructed a scale to for measuring the customers’ service quality perceptions and issued that it comprised of six dimensions which are assurance and effectiveness, price, tangibles, access, reliability and services portfolio. Kaura (2013) considered the servqual dimensions as employee behaviour, tangibility and information technology and so is our research study.

### 2.2.2 Relationship between Customer Satisfaction and Service Quality

The link between quality of service and customer satisfaction has increased over the past few decades. In terms of the marketing theory, customer satisfaction is considered as the main category. Dubrovski (2001) states that profits are made through the process of satisfying customers. Increased satisfaction levels reduce the probability that consumers will be indicating poor quality of service (Anderson et al., 1997). In services settings it would give a more appropriate view to determine models which help explain the effect of service quality on customer satisfaction (Anderson et al., 1997).

Hurley and Estelami (1998) state that customer satisfaction and service quality are distinctive constructs and they also highlight the existence of a casual relationship between the two. They also highlight that impression about service quality can also affect future purchase behaviour. Spreng and Mackoy (1996) also state that customer satisfaction and service quality has made customers to equate the performance of product and services on different standards. Literature has also reviewed that the difference between service quality and customer satisfaction is due to the fact that different standards of comparison are used (Zeithaml et al., 1993). Some authors also say the standard of comparison forming customer satisfaction depends on the customer’s predictive expectations (McDougall and Levesque, 2000). Overall, in order to clearly understand the relationship that occurs between customer satisfaction and service quality, some authors have developed models to help explain this concept.

### 2.2.3 Service quality models with customer satisfaction

Oliver (1993) developed a specific model which helps clarify the casual relationship that occurs between customer satisfaction and service. He suggests that service quality is established by equating performance perceptions and principles associated to servqual dimensions. His model also states that anticipations do not affect the opinions of performance and Spreng and Mackoy (1996) later tested his model.

Figure 1 Oliver's service quality model with customer satisfaction

**Source: Spreng and Mackoy (1996-p203)**

The figure above shows the research by Spreng and Mackoy which was based on Oliver’s Satisfaction Quality Model. The research they conducted suggested that service quality and satisfaction are both different constructs. They add on to say that expectations and customer satisfaction are negatively related, although perceived performance, expectations are related to perceived service quality and customer satisfaction in a positive way. Managers should therefore try by all means to reduce expectation levels so as to provide services much better that what customers expect (Peters, 1987).

The research they conducted further illustrates that management should strike to stabilize the positive and negative aspects of customer satisfaction. They said so due to the fact that if firms reduce the expectations level, the customer’s perceptions of performance will eventually fall and this will reduce the level of customer satisfaction as well. Spreng and Maackoy (1996) research also mentioned something about desires and their research illustrates that desires are compatible with customer satisfaction as they come before satisfaction.

Figure 2 McDougall & Levesque (2000) Customer satisfaction with service quality model

**Source: McDougall & Levesque (2000-p393)**

Figure 2 also illustrate Mcdougall and Levesque’s model and it basically defines customer satisfaction in the services sector. The main and most vital part of their model is the addition of perceived value and its significance along with service quality and its influence on satisfaction which leads to impending intensions. The model shows that perceived service quality and value have an effect on satisfaction which will also influence future intentions. Overall it can be concluded that the overall evaluation of service quality can be measured in terms of customer satisfaction and also future intentions as well as the intentions of customers to return back to the service provider.

### 2.2.4 Effect of service quality dimensions on customer satisfaction

Our research as also highlighted by Kaura (2013) will focus on the service quality dimensions; employee behaviour, tangibility and information technology. Kaura (2013) defines employee behaviour as a way in which employees of an organization respond to specific circumstances at the work place. He also adds on to say that it the way they conduct their business with customers and how they treat their customers during the course of their business. A Zimbabwean researcher Hanke (2008) also highlighted that employee behaviour have a significant positive impact on customer satisfaction in the Zimbabwean banking sector.

Studies conducted by Lenka et al. (2009), Kaura and Datta (2012 suggested that better tangibles of service quality of different bank branches enhance the satisfaction of their customers. Tangibles as defined by Gefen (2000) are the physical appearances of the exterior and interior of the bank facilities in their different branches as well as the appearance of the service providers. These include furniture, the structure of the bank, operational ATMs the office layout and the appearance of the bank as a whole.

Bedi (2010) mentions that the service quality technical aspect is of great importance in enhancing customer satisfaction. He says technology aided services will offer reliable and constant service quality and enhanced technical features of service quality have a significant positive impact on customer satisfaction. This research therefore argues that the servqual dimensions of employee behaviour, tangibility and information technology have a significant positive effect on customer satisfaction.

Therefore, the following hypotheses are proposed:

**H1** Employee behaviour has a significant positive effect on customer satisfaction

**H2** Tangibility has a significant positive effect on customer satisfaction.

**H3** Information technology has a significant positive effect on customer satisfaction.

## 2.3 Perceived price and fairness

Perceived price and fairness comprises of perceived price and price fairness and the writer is going to explain the two terms separately.

### 2.3.1 Perceived price

Many studies have often suggested that the variability of service/product performance across various consumption experiences increases consumer uncertainty. This uncertainty may result in decreased reliance on prior product/service expectations. From a consumer’s point of view, in this situation, price is often used as a guide towards their expectations on a service or product. (Mattila and O’Neill, 2003) Furthermore, consumers often use price to evaluate their experiences with the service or product and in also shaping their attitude with the service providers (Varki & Colgate, 2001) The role of price in influencing customer satisfaction would be more salient to the banking industry because customers have different experiences and therefore different perceptions on pricing.

Zeithaml (1988) has defined price as what is sacrificed or given up to obtain a certain service or product. Price is regarded as an important antecedent of customer satisfaction as customers depend upon the price of goods or services because it is an extrinsic signal of quality. Mishra (2010) distinguishes price as perceived price and objective price. Oliver (1980) defines price as the real price of a product or service. Zeithaml (1988) views perceived price as the price that is encrypted by the customer. Because customers may not remember the definate price of a product or service but rather encodes the price in ways that are useful or meaningful to them, perceived price was used rather than actual price in this study.

### 2.3.2 Price fairness

Fairness can be defined as judgments of whether the results of an event or process are reasonable and just (Bolton et al., 2003). When we define perceive price fairness, it is the customer’s assessment on whether the price charged on a particle product or service is just and reasonable. Customers often depend on different reference points like competitor prices, previous prices and also cost of goods sold to make comparison of the seller’s different prices of goods or services.

The concept of fair pricing has been one of the major topics of research which has continued to be researched about even from so many years ago. Price offered for a good or service and the rationale for offering the certain price always give a perception of unfairness in the modern day era (Zale, 2011). Perception of price unfairness often leads to consumers spreading negative information about the service provider or seller hence resulting in negative consequences to the seller (Cox, 2004). Consequently, the perception of fairness should be managed very well by modern day marketers in order to conduct business in the best interests of customers.

Fairness in pricing can be a difficult concept to illustrate because one mighty really ask, “What is fair?” Naturally assumptions about a service provider’s profitability may influence perceived fairness but it is not always the case (Campbell, 1999). Several theories were researched which helps describe fairness and the dimensions of price fairness. Some of the theories include, Equity theory, Interactional fairness, Attribution theory, Distributive fairness, Dual Entitlement Principle, Prospect Theory and Procedural Fairness (Sheikhzadeh, Atrianfar, Valiloo, and Fahimi, 2012). Eight dimensions are taken from the theories and are illustrated in figure below:

Figure 3 dimensions of price fairness extracted from related theories

**Source: (Sheikhzadeh, Atrianfar, Valiloo, and Fahimi, 2012)**

### 2.3.3 The multi-dimensional nature of price satisfaction

Perception of consumers and processing of price information has continued to be wide research in modern day studies. (Oh, 2003) suggests that buyers embrace an internal reference price which acts as a measure or standard against which freshly encoded prices are equated. A price paid by a customer is meaningful to them only after they evaluate the service or product. Such evaluations result them in making comparisons with past prices or past standard which is also called internal reference price (Campell, 1999).

Research on relationship marketing suggests that companies that offer high value to their customers are mostly likey to earn their loyalty. Some scholars in Germany customer satisfaction research have recently advised that price satisfaction should be measured as a multidimensional construct (Matzler et al., 2003). They argue that several dimensions effect overall customer satisfaction with price and also that customers’ price needs differ within different stages of the decision making process. Diller (1997, 2000) gives reference to the various stages of consumers’ decision making processes so as to investigate which price dimensions has an effect on global price satisfaction within the various respective stages. From the buyer’s point of view, problems with pricing differ within the different stages.

Figure 4 Phases in customers' decision process

Repurchase

Product or service use

Decision

Evaluation

Search

Price-quality ratio, price fairness

Price reliability

Price confidence, price fairness

Price transparency

Relative price & price-quality ratio

**Customer needs related to pricing**

**Source: Adapted from Diller (1997)**

In the search phase, consumers need to know the information about the quality of the service or product and the price they have to pay for it. Customers will have to endure searching costs hence price transparency will prove to be an important dimension. When price offers are compared and evaluated, the relative price together with the price-quality ratio will be important. Customers will decide whether the price is fair and will use the service or purchase the product. After service use or purchase of product, customers will compare the price they paid with the price expected , especially when the price is known only after service use or consumption, which is often the case in the banking sector. At this stage price promises are kept and also communicated properly and customers will decide whether to continue doing business with the supplier or service provider.

### 2.3.4 Perceived price and fairness and customer satisfaction

Using empirical data from the United States and New Zealand banking industry, Valki and Colgate (2001) tested the effect of price perception on customer satisfaction. Data observed from the US industry showed that absolute price perceptions did not show some significant effect on the overall satisfaction. However in the New Zealand, it showed that price perception has an influence on the overall satisfaction of customers. Singh and Sirdeshmukh (2000) also studied that perceived price and fairness price has a significantly impact on customer satisfaction in the service industry. Han and Ryu (2009) identify this relationship between perceived price and satisfaction in restaurant industry. If consumers that the benefit derived by the service or product relative to the price they paid for is favourable, then they will probably perceive that the price is just or fair.

This study therefore poses the fact that perceived price and fairness has a significant positive effect on customer satisfaction. The following hypothesis is proposed:

**H4** Perceived price and fairness has a positive effect on customer satisfaction.

## 2.4 The moderating role of gender

The interests in differences in gender in the view of managers and market research have been studied by several researchers and have continued to prove to be a vital study in social science research (Ergeneli, Arikan 2002). This study has been conducted especially in working environments where by researchers try to figure out how males and females respond to different situations in the working environment. Some observation emerging from several studies examined the role of male and female in marketing and management concepts and the studies concluded that men are more goal or task oriented while women are relationship oriented (Ostrom, 1993; Karatepe et al., 2006). The distinction between male and female has different implications on how each gender observes the environment, gains information, processes and make evaluations and judgments (Yavas, 2008).

It has also been studied that women process information in detail fashion as compared to male but however men can use simple heuristics and get information they want to even from the fewest of details (Babakus, Yavas 2008). It can also be argued that women usually put much emphasis on accuracy of information and dependability of the service provide. As we recently discussed that our study focuses on three different dimensions of quality which are employee behaviour, tangibility and information technology, the way in which gender interacts the relationship between our SERVQUAL dimensions with customer satisfaction is different.

Ostrom (1993) suggests that women have a very solid desire for association and that they put much emphasis on interacting with employees who in turn give them the appropriate information they need pertaining to a good or service. This is very familiar in the banking sector where you usually see females interacting with employees of the bank seeking assistance on how to do their transactions. This is very familiar with males who do not even take too much time when conducting their transactions in a bank. This shows that relationship between employee behaviour and satisfaction is moderated by the way the difference in gender as both male and females perceive employee behaviour in different views.

When it comes to tangibility, various studies have proved that males are mostly attached to the tangible part of service quality (Noble et al., 2006). Males are mostly convinced by how an organization appears its branches and its status as a whole whilst women mostly pay attention on actual service provided. Technology is now a global aspect and is continuing to improve as years pass by. The gender gap in technology has become so narrow over the past few years as the dominance of male over female in information technology is quickly fading out (Zale, 2011). However it still remains the fact that males are more internet users and therefore prioritize the technical service quality element in influencing satisfaction. In the Zimbabwean banking sector it was discovered that males want to do bank transactions online rather than having to go to the bank (Hanke, 2008).

Herrmann et al., (2007) suggested that price perception differs on how males or females react in each case. The way females perceive price fairness and how males view it differs because of their different judgments. Females perceive fairness of prices of goods or services when they are satisfied with their service or product whilst men tend to figure out if the benefit derived is worth the cost incurred (Kaura, 2013). In this way it can be concluded that also perceived price and fairness has an impact on satisfaction the interaction of gender can further help analyse this relationship.

Based on the literature reviewed above, the following hypotheses on the moderating role of gender are purposed:

**H5** The effect of employee behaviour on customer satisfaction will be stronger for female customers than it is on male customers.

**H6** The effect of tangibility on customer satisfaction will be stronger for male customers than it is on female customers.

**H7** The effect of information technology on customer satisfaction will be stronger for male customers than it is on female customers

**H8** The effect of perceived price and fairness on customer satisfaction will be stronger for female customers than it is on male customers

## 2.5 Conceptual framework

The figure below shows our conceptual framework with our four independent variables; employee behaviour, tangibility, information technology and perceived price and fairness influencing our dependent variable customer satisfaction. Our model also shows the impact of gender as an interacting variable on each of our four independent variables on customer satisfaction.

Figure 5 Conceptual framework

|  |
| --- |
| Perceived price and fairness    Service quality dimensions  Employee behaviour (BEV)  (H1) (H4)  Customer satisfaction  Tangibility (TANG)    (H2)  Information technology (INFORTECH)  (H3) |
|  |

Moderator variable (Gender)

Summary of hypotheses

**H1** Employee behaviour has a significant positive effect on customer satisfaction.

**H2** Tangibility has a significant positive effect on customer satisfaction.

**H3** Information technology has a significant positive effect on customer satisfaction.

**H4** Perceived price and fairness has a significant positive effect on customer satisfaction.

**H5** The effect employee behaviour on customer satisfaction will be stronger for female customers than it is on male customers

**H6** The effect of tangibility on customer satisfaction will be stronger for male customers than it is on female customers.

**H7** The effect of information technology on customer satisfaction will be stronger for male customers than it is on female customers.

**H8** The effect of perceived price and fairness on customer satisfaction will be stronger for female customers than it is on male customers.

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# CHAPTER 3

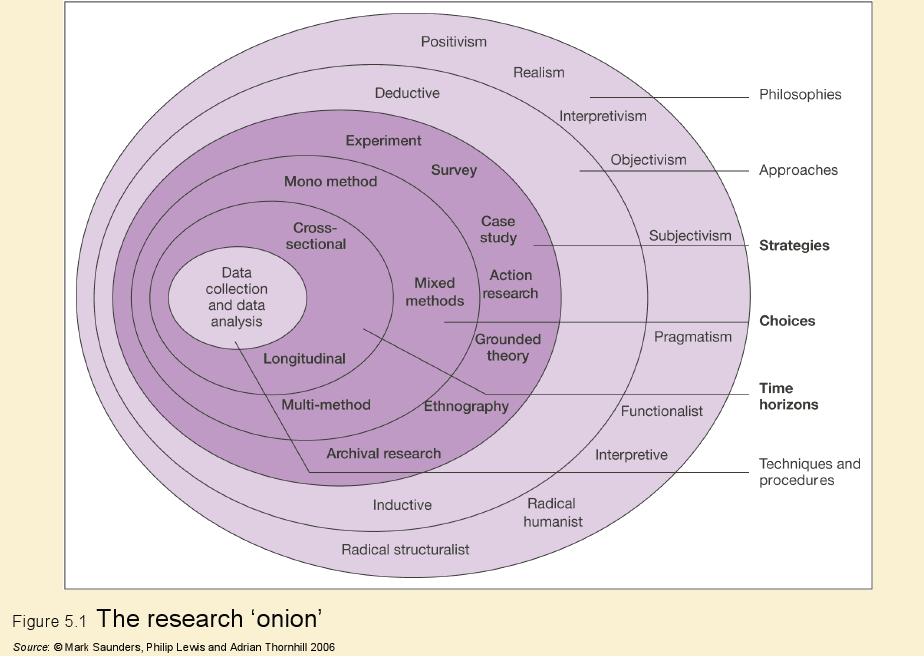
# METHODOLOGY

## 3.0 Introduction

The main goal of this chapter is to deliberate the research methodologies that were adopted and also the research instruments applied in order to obtain the data needed for analysis. A research methodology describes, explains and defends the chronological steps chosen by the researcher and uses them to study an issue bearing in mind the objectives of the study. A research philosophy may be used to understand the way in which a research is conducted. The research philosophy comprises of the research strategy used and the instruments of research applied so as to achieve the objectives of the research study. This will help us figure out a solution to the recognized problem or issue as highlighted in the research objectives.

Different research paradigms and philosophies have been used in different studies and the writer chose to use the research literature written by Saunders, Lewis, & Thornhill (2012) and Fisher (2010). The research onion shown in the figure below shows the main layers of research which are; research philosophies, research approaches, research strategies, choices, time horizons as well as research techniques and procedures. The author will discuss the research instruments as well as the merits and demerits of tools used for gathering the research information.

Figure 6 The research onion



***Source*: of Saunders, Lewis, & Thornhill (2012)**

## 3.1 Research Approach

Saunders et al, (2012) suggested the two commonly known research approaches which are discussed below.

### 3.1.1 Inductive Approach

An inductive approach to a research is whereby a researcher starts by assembling data appropriate to his or her topic of choice. The researcher will then look for patterns within the data as well as trying to develop some theory which could clarify those patterns. We can therefore say that an inductive approach moves from facts or data to theory or from precise to general as indicated below:

Figure 7 Inductive research

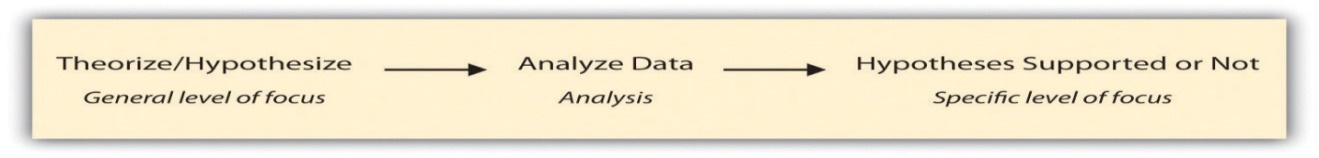


**Adapted from Saunders et al., (2012**

### 3.1.2 Deductive Approach

A deductive approach to a research study is generally the one that individuals normally relate with scientific explorations. In this research approach, a study is carried on what other scholars have prepared. The researcher reads existing philosophies of whatever topic he or she is studying about. He or she will then test hypotheses that emerge from the theories he or she has studied. The approach can be shown as follows:

Figure 8 Deductive research



**Adapted from Saunders et al., (2012**

Followers of the inductive approach criticize the deductive approach for its perceived rigid methodology which does not permit alternative justifications of findings. However, although the two approaches are different, they can actually be used together in conducting a research study. One can strategize for their study to include multiple components, both inductive and deductive. The writer however adopted the deductive approach to carry out his research.

## 3.2 Research Method

The research onion indicated two research methods of social science. The qualitative research method is applied so as to increase an understanding of causal opinions, explanations and motives and it also offers insights into the problem or assists to improve ideas or hypotheses for possible quantitative research (Fisher, 2010). However our study was based on a quantitative research method whereby data is obtained and used to calculate and interpret the analysis by using various statistical approaches (Saunders et al, 2012).

## 3.3 Research Strategy

This is a general plan on how we will go about in answering our research questions and reaching our objectives. Saunders et al (2012) in the study of the research onion indicated that a strategy comprises of experiments, surveys, action research, case study, ethnography and archival research. He adds on to say that each choice of strategy must be accompanied by the research questions and objectives as well as the resources available which include time and monetary resources. This research was done through a survey in the Zimbabwean banking sector and a data was obtained to help us analyze and interprets the results from the study.

## 3.4 Sampling Theory and Sample Determination

Saunders et al (2012) argued because of financial constraints and a limited time scope it would not be necessary to conduct a thesis on the entire population of a country community or society. However sampling which is the assortment of some representative portions of the whole population and from which we can draw up conclusions, was seen to be an effective way to conduct social science research (Cooper & Schindler, 2003).

### 3.4.1 Sampling techniques

Sampling can be defined as the techniques or processes of selecting suitable representative parts of the entire population so as to determine characteristics or attributes of the entire population (Fisher, 2010). Saunders et al (2012) identifies two methods of sampling which are probability sampling and non-probability sampling. Probability sampling is the one in whereby the chance of each case to be nominated as part of the sample is well-known and equal for each element or case (Fisher, 2010). Examples of probability sampling techniques comprise of stratified random sampling, simple random sampling and also cluster sampling. Non probability sampling is whereby the chance of any case or element being nominated from the entire population in not known due to a hap hazard collection of cases by the researcher. This study uses the simple probability sampling technique in which each case has an equal chance of being selected as part of the sample so as to target the specified business customers.

### 3.4.2 Sample population

Population is defined as is defined as any individual group, an organization, social interactions and even events (DuPlossy, 1997). It can also be the inhabitants of a particulary town, city or a specific area or community. Our study is based on Zimbabwean population from students, enterprenuers, business consultants and every single customer who maintains a bank account. \since we used simple random sampling, there was an equal chance of each element to be selected and our sample size was 304.

## 3.5 Sources of data

There are basically two types of data sources used in this research.

### 3.5.1 Primary data

This is original data which has been gathered or collected for the main purpose in mind (Gefen, 2000). This is also known as first hand information in which data is collected direclty from the original source. Examples of primary sources of data include surveys, questionnaires interviews and also observations. This research made use of primary data in which a survey was done in the Zimbabwean banking sector where questionnaires were issued to gather data for analysis and interpretation. Primary source of data was seen as a vital source in this research because it has some of the following advantages listed below:

* Data intepretation is better
* There is less manupulation or alteration of original data
* It addresses the specific issue under research
* Targeted issues are the adressed.

However there are some disadvantages which the writer faced in using the primary source of data. Some of the demerits faced include:

* Time consumption
* Inaccurate feedbacks

The most notable disadvantage during the course of this research was inaccurate feedbakcks where other questions will be returned blank and some not fully completed.

### 3.5.2 Secondary data

This is data which has already been collected by othe sources and is normally or readily available for us by others (Sudesh, 2007). Secondary data can be obtained from several sources such as websites, literature, some indusrty surverys and even computerised databases. Our reserach was not only done with primary sources of data buit with also secondary data. There are other useful information which might not be available in primary sources or difficult to obtain with primary sources which can be obtained by using secondary sources of data. This research used of several information from published books and journals and also fromZimabwean government websites to identify the current distribution of banks in Zimbabwe as well as their share of market amoungst each other.

Some of the benefits obtained by the writer from using using secondary data sources asre as follows:

* Easily accessible information.
* Inexpnsive source of data collection.
* Other secondary data sources provided useful research alternatives.

However the challenges faced with our secondary souce of data collection was that other critical information not easily available and other information was incomplete. Challenges were faced from other Zimbabwean banking sites which could not give full details pertaining to some particular banks.

## 3.6 Data collection instruments

These are the instruments and techniques uses by the author to collect data for the research. Both our primary data and secondary data are collected from these uniques tools of data collection.

### 3.6.1 Questionnaires

The instrument of research used in this study is a structured questionnaire. This method was used and it proved to be useful in data collection as it permitted the researcher to gather data systematically and direct the research concepts in a more standardized and economical way. 350 questionnaires were distributed in various parts of Zimbabwe and 304 questionnaires were responded. Since the researcher was not in Zimbabwe during the period of study, a google docs questionnaire was designed and sent to individuals in Zimbabwe via the email, facebook, whatsapp and also skype. Some hard copy questionnaires were also distributed to fellow Zimbabweans who were also residing in North Cyprus, where the researcher was residing during his period of research.

Fisher (2010) suggested the guidelines below which are necessary to obtain a credible questionnaire. The research also including these guidelines so that data obtained can be reliable and relevant. The guidelines include;

* Inclusion of all variable used for the study in the questionnaire.
* Fully structured and well-designed questions to avoid ambiguous answers.
* Addition of some descriptive notes to the questionnaire for justification and explanation of the study.
* The necessity for obedience to timely responses given the specified time limits.

### 3.6.2 Pilot testing

Cooper & Schindler (2003) suggested that research instruments must be pilot tested before the issuing out begins so as to identify if there are any faults in the instrument. The pilot test must be done using subjects from the population under study and simulate the actions and protocols that have been selected for data collection. The study will also permit the researcher to attain first hand appreciation of legitimacy of the questionnaire (Saunders et al., 2012). Five questionnaires were issued to Zimbabweans in North Cyprus where the researcher was residing during his research. Another sample of five questionnaires were also sent by emails to individuals in Zimbabwe using google docs and the response turned out to be well. This gave the researcher the zeal to rely of his research instrument and to distribute there rest of the questionnaires.

### 3.6.3 Measure

The items used to measure our variables were as follows:

Table 2 Measure of variables

|  |  |  |
| --- | --- | --- |
| Construct | Measurement Items | Related Studies |
| Employee behaviour | 1.This bank’s employees give me individual attention. | Kaura (2015) |
| 2.The behavior of employees of this bank instills confidence in me. | Levesque (1996) |
| 3.Employees of this bank are always willing to help me. | Kashif (2015) |
| 4.This bank has employees who give me personal attention. | Drakel (1998) |
| Tangibility | 5.This bank has modern looking equipments. | Saleem (2016) |
| 6.This bank's employees are neat appearing. | Dauda (2016) |
| 7.This bank itself is visually appealing (ATMs, Outside appearance) | Ehigie (2006) |
| Information technology | 8.IT banking services enables me to make multiple transactions in a short space of time. | Zameer (2015) |
| 9.I can make funds transfers and payments with IT banking services | Sayani (2015) |
| 10.IT banking services save my time. | Kaura (2013) |
| 11.IT banking services satisfy most of my banking needs. | Paul (2016) |
| 12.The service provider is accessible through various ways (online, telephone, in person, ATM). | Grönroos (2000) |
| Perceived price and fairness | 13.This bank charges reasonable service fees. | Thakur (2014) |
| 14.This bank pays reasonable interest rates on deposits. | Ladeira (2016) |
| 15.This bank charges reasonable interest rates on loans. | Jones (2007) |
| 16.This bank took effective ways to help us know its pricing policies of products and services. | Cheng et al. (2008) |
| 17.The pricing policies of products and services from this bank are attractive. | Peng and Wang (2006) |
| Customer satisfaction | 18.I recommend this bank to others. | Oliver (1997); |
| 19.I encourage friends and relatives to do business with this bank. | Jones (2007) |
| 20.I will do more business with this bank in future also. |  |
| 21.I consider this bank my first choice to avail banking services. |  |
| 22.I say positive things about this bank to other people. | N’Goala (2007) |
| 23.I did the right thing when I chose this bank for its services. | Matos (2009) |
| 24.I am comfortable about the relationship with this bank. | Chu (2009) |
| 25.My choice to avail this bank service is a wise one. | Jamal (2002) |
| 26.I am satisfied with the overall service quality offered by this bank. | Mouri (2005) |

The research study questionnaire was designed using a 7 likert style in to measure our variables, ranging from strongly disagree to strongly agree. Employee behaviour was measured using the questions numbered from one (1) to four (4) and the sources were taken from the reference listed in the figure above. Tangibility was measured with the questions from number five (5) to seven (7). Questions numberered six (8) to twelve (12) were used to measure information technology. Perceived price and fairness was measured using items from number thirteen (13) to seventeen (17) whilst our dependent variable customer satisfaction was measure with items ranging from question eighteen (18) to twenty six (26). The study used Statistical Package for Social Sciences (SPSS) version twenty three to help analyse the data and some statistical analysis were carried to help interpret the results.

## 3.7 Data analysis procedures

Questionnaires were reviewed and out of a total of three hundred and fifty questionnaires, three hundred and four were fully completed and proved to be reliable. Data was entered into SPSS so as to help analyse our data. Our Statistical package produced the results and statistical tests were carried to analyse if the results were feasible and reliable for use. The Statistical package helped us draw some graphs and models were done to interpret the results obtained. This analysis helped us to draw conclusions basing on our research objective and also to give the implications to management based on our study.

# 

# CHAPTER 4

# DATA PRESENTATION AND ANALYSIS

## 4.0 Introduction

This chapter will show the outcomes obtained by the researcher from the examination of responses assembled from the questionnaires. Data is analysed so as to produce results of the research study. Analysis of data is the process of inspecting, transforming and remodeling data with a view to draw conclusions for a certain given condition. The purpose of this chapter is to help us structure findings which the researcher obtained from different sources. In addition analysis our data will help in keeping human bias away from the conclusions of our research with the help of proper statistical treatment. The research introduction, literature review and methodology have already been discussed in the previous chapters and they have laid a path for the researcher to analysis and draw conclusions from the information gathered.

## 4.1 Demographic profile of respondents

There was nearly an equivalent distribution in the responses from the questionnaires distributed between male and female respondents. This is statistically substantial due to the fact that the answers are possibly free from gender bias. Out of three hundred and fifty distributed questionnaires, only three hundred and four were completed in full.

Table 3 Demographic characteristics

|  |  |  |
| --- | --- | --- |
| Demographic Characteristics |  |  |
| n = 304 |  |  |
| *Age* | Frequency | Percent (%) |
| 20 and below | 22 | 7.2 |
| 21 - 25 | 63 | 20.7 |
| 26 - 30 | 127 | 41.8 |
| 31 - 35 | 25 | 8.2 |
| > 35 | 67 | 22.0 |
| *Gender* |  |  |
| Male | 169 | 55.6 |
| Female | 135 | 44.4 |
| *Nationality* |  |  |
| Zimbabwean | 304 | 100.0 |
| *Income* |  |  |
| $0 - $300 | 106 | 34.9 |
| $301 - $600 | 73 | 24.0 |
| $601 - $1000 | 43 | 14.1 |
| $1001 - $1300 | 15 | 4.9 |
| > $1301 | 67 | 22.0 |
| *Marital Status* |  |  |
| Single | 187 | 61.5 |
| Married | 115 | 37.8 |
| Widowed | 2 | 0.7 |
| *Education* |  |  |
| Masters | 98 | 35.6 |
| Undergraduate | 175 | 53.1 |
| High School | 26 | 9.5 |
| Secondary School | 5 | 1.8 |
| Masters | 98 | 35.6 |
| *Profession* |  |  |
| Government Employee | 33 | 10.9 |
| Private Employee | 137 | 45.1 |
| Self Employed | 29 | 9.5 |
| Student | 98 | 32.2 |
| Retired | 6 | 2.0 |
| Housewife | 1 | 0.3 |

### 4.1.1 Gender and Age

The table above shows the demographic characteristics of the data that was gathered. Male respondents were 169 whilst female respondents were 135. It can therefore be concluded that there was an almost equal distribution of responses in gender in our research study. It can also be noted that the data is skewed towards the age group of 26 to 30 who make up the highest frequency of responses from the distributed questionnaires.

### 4.1.2 Income

Majority of the respondents earn an average income of $0 to $300. The minimum wage rate in Zimbabwe is $300 and this shows that most of the respondents lay within the minimum wage group. We can also conclude that most of these respondents are students who are still pursuing their undergraduate degrees or other professional qualifications and have not started working. We can conclude this because most of our respondents lay between 26 to 30 years of age and in Zimbabwe students normally graduate from their degrees at around 26 years and may start working at around 27 years of age.

### 4.1.3 Level of education and profession

Most of our respondents seem to have attained their undergraduate degrees with a number of 127 respondents having attained their undergraduate degree. This does not really surprise us because of the Zimbabwean perfect educational system. The economic situation might not be going on so well as once highlighted in chapter one of this study, but a lot of people are educated in the country and have the potential of excelling if there is an economic boom. Most of the respondents in this study are private employees ranging to 137 higher than government employees who seat at 33. From the studies carried in Zimbabwe it can be concluded that most individuals are more flexible in working in the private sector where they can earn much more than in the government sector which is currently struggling to pay its civil servants.

Table 4 Banking usage of respondents

|  |  |  |
| --- | --- | --- |
| Banking Usage of Respondents (n=304) |  |  |
| Items | No. of Respondents | Percent (%) |
| *Name of Bank* |  |  |
| BancAbc | 4 | 1.3 |
| Barclays Bank | 40 | 12.5 |
| Central Africa Building Society (CABS) | 41 | 12.8 |
| Commercial Bank of Zimbabwe (CBZ) | 55 | 17.2 |
| Ecobank | 14 | 4.4 |
| First Banking Corporation (FBC) | 25 | 7.8 |
| Merchant Bank of Central Africa (MBCA) | 4 | 1.3 |
| National Merchant Bank (NMB) | 8 | 2.5 |
| People's Own Savings Bank (POSB) | 4 | 1.3 |
| Stanbic Bank | 22 | 6.9 |
| Standard Chartered Bank | 13 | 4.1 |
| Steward Bank | 62 | 19.4 |
| Zim Bank (ZB) | 12 | 3.8 |
| *Account type* |  |  |
| Current account | 112 | 36.8 |
| Savings account | 169 | 55.6 |
| Loan account | 1 | .3 |
| Credit card account | 22 | 7.2 |
| *Time frame with bank* |  |  |
| < 5 years | 235 | 73.4 |
| 6 - 10 years | 20 | 6.3 |
| 11 - 15 years | 12 | 3.8 |
| > 15 years | 37 | 11.6 |
| *Does the bank offer competitive interest rates* |  |  |
| Yes | 150 | 49.3 |
| No | 154 | 50.7 |
| *Does the bank charge unnecessarily for not maintaining minimum account balances* |  |  |
| Yes | 155 | 51.0 |
| No | 149 | 49.0 |
| *Other Bank accounts* |  |  |
| Yes | 182 | 59.8 |
| No | 122 | 40.2 |

## 4.2 Classification of bank customers

The figure above shows the distribution of the banks in Zimbabwe and the customers therein. A fair share of customers appears to be visibly seen among the banks; Barclays bank and Central Africa Building Society (CABS) each with 40 and 41 customers respectively. However Steward bank and the Commercial Bank of Zimbabwe (CBZ) seem to have most of the customers in the research study each having 62 and 55 customers respectively. In the Zimbabwean banking sector, these are the mostly reliable banks according to Hanke (2008).

### 4.2.1 Time frame with bank

Most of our respondents have less than five years in operation with their banks. Our demographic tables showed that most of the respondents were ranging from 26 to 30 years and most will have finished their educational programs a year before and probably start to work at around 27 years of age. In Zimbabwe normally individuals open their bank accounts when they have secured a proper employment job. This shows that probably a huge number of the respondents have recently started working or have fewer years working. We can therefore conclude that most of the customers in the banks are new customers who have just opened their accounts or opened their accounts some few years ago not later than five years..

### 4.2.2 Competitive rates and other bank charges

The table shows that almost half of the respondents believe that their bank offers competitive interest rates and also about half argue the fact. The percentages of 49.3 and 50.7 for and against the bank respectively shows that others believe their bank is fair enough in its pricing while others do not believe that the prices charged are fair enough. The table also shows that it is also a fair share of whether the customers bank charges unnecessarily for not maintaining minimum balances or not. This might not seem to be clear and we believe gender has a role to play in influencing the decisions made by the respondents. Our literature review mentioned the moderating role of gender and we believe that as we continue with our analysis we will conclude how gender affects decisions made by our respondents in terms of pricing policies.

## 4.3 Kolmogorov-Smirnov and Shapiro-Wilk tests

The responses received were analysed in SPSS. However before the analysis, data is checked for normality so that it can be useful. If the test is non-significant that is if (p > 0.5), it can be conclude that the distribution is not significantly different from that of a normal distribution hence it is probably normal. If the test proves to be significant (p < 0.5) then it suggests that the distribution is significantly different from that of a normal distribution hence the data will be probably not normally distributed. The tested data proved to be significant at p = 0.00 which proved that the data was not normally distributed. Our data was transformed to logarithms using SPSS and then retested for normality. In this case it proved to be normally distributed at p = 0.57 which satisfies the probability of (p > 0.5) for data to be normally distributed. The table below shows the Normality test.

Table 5 Normality Test

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Kolmogorov-Smirnova | | | Shapiro-Wilk | | |
| Statistic | df | Sig. | Statistic | df | Sig. |
| Customer satisfaction | 0.197 | 304 | 0.050 | 0.858 | 304 | 0.075 |
| Service Quality behaviour | 0.178 | 304 | 0.060 | 0.899 | 304 | 0.051 |
| Service Quality tangibility | 0.256 | 304 | 0.051 | 0.783 | 304 | 0.060 |
| Service Quality IT | 0.188 | 304 | 0.052 | 0.902 | 304 | 0.055 |
| Perceived price & fairness | 0.162 | 304 | 0.060 | 0.907 | 304 | 0.057 |
| KS, SW test significant at p < 0.5 | | | | | | |

## 4.4 Exploratory factor analysis

Construct validity (convergent and discriminant) is tested through exploratory factor analysis. This is a process whereby observed data is expressed as functions on several number of causes in order to find out the ones which are important and correlated. Running this analysis result in variables having most factors on those that are important and low factors on those that are not important. However a technique of factor rotation was applied when running the analysis so as to discriminate between factors and to reduce potential multi-collinearity among the items.

In the analysis factor analysis was performed on seven items scale of employee behaviour, six items of tangibility, eight items of information technology, seven items of perceived price and fairness and ten items of customer satisfaction. The principal component factor analysis method is used to extract factors which have an initial setting for eigen values greater that 1.0 (> 1.0) (Field, 2005). This was done in the running of the analysis and items which were appearing on more than one factor and those with low communal value had to be removed. The results of the rotated component matrix are shown on the figure below:

Table 6 Exploratory Factor Analysis

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| The Factor Analysis |  |  |  |  |  |
| Variable | Customer Satisfaction | Information Technology | Perceived Price & Fairness | Employee  Behaviour | Tangibility |
| I recommend my bank to others | 0.870 |  |  |  |  |
| I encourage friends and relatives to do business with my bank | 0.864 |  |  |  |  |
| I will do more business with my bank in future also. | 0.846 |  |  |  |  |
| I consider my bank my first choice to avail banking services. | 0.841 |  |  |  |  |
| I say positive things about my bank to other people. | 0.795 |  |  |  |  |
| I did the right thing when I chose my bank for its services. | 0.788 |  |  |  |  |
| I am comfortable about the relationship with my bank. | 0.749 |  |  |  |  |
| My choice to avail my bank service is a wise one. | 0.731 |  |  |  |  |
| I am satisfied with the overall service quality offered by my bank. | 0.708 |  |  |  |  |
| IT services of my bank services enable me to make multiple transactions in a short space of time. |  | 0.825 |  |  |  |
| I can make funds transfers and payments with IT services of my bank. |  | 0.763 |  |  |  |
| IT services of my bank save my time. |  | 0.760 |  |  |  |
| IT services of my bank satisfy most of my banking needs. |  | 0.744 |  |  |  |
| Service for my bank is accessible through various ways (online, telephone, in person). |  | 0.727 |  |  |  |
| My bank charges reasonable service fees. |  |  | 0.852 |  |  |
| My bank pays reasonable interest rates on deposits. |  |  | 0.780 |  |  |
| My bank charges reasonable interest rates on loans. |  |  | 0.767 |  |  |
| My bank takes effective ways to help us know its pricing policies of products and services. |  |  | 0.696 |  |  |
| The pricing policies of products and services from my bank are attractive. |  |  | 0.622 |  |  |
| My bank’s employees give me individual attention. |  |  |  | 0.781 |  |
| The behaviour of employees in my bank installs confidence in me. |  |  |  | 0.745 |  |
| Employees of my bank are always willing to help me. |  |  |  | 0.736 |  |
| My bank has employees who give me personal attention. |  |  |  | 0.680 |  |
| My bank has modern looking equipments. |  |  |  |  | 0.855 |
| My bank's employees are neat appearing. |  |  |  |  | 0.834 |
| My bank itself is visually appealing (ATMs, Outside appearance) |  |  |  |  | 0.759 |
| Eigen value | 15.730 | 2.074 | 1.632 | 1.405 | 1.000 |
| Cronbach’s alpha | 0.980 | 0.908 | 0.915 | 0.929 | 0.938 |
| Percentage of total variance explained (%) | 60.501 | 7.978 | 6.275 | 5.405 | 3.847 |
| **Notes:** Extraction method: Principal Component Analysis; Rotation method: Varimax with Kaiser  Normalization. Rotation converged in five iterations. | | | | |  |

The factor loadings classified our factors into five categories which are: customer satisfaction, information technology, perceived price and fairness, behaviour and tangibility. The loadings in the columns represent the extent to which each item has an impact on the variable. Factors loadings greater than 0.7 mean that they probably have a high impact on the variable.

### 4.4.1 Results of factor loadings

Customer satisfaction

Our first factor as extracted by SPSS was customer satisfaction. Out of ten items which were used to measure customer satisfaction, only nine were extracted from the factor analysis and the remaining item was removed because it had a low communal value. The nine items making our factor includes some of the following items; I am satisfied with the overall service quality offered by my bank, I am comfortable about the relationship with my bank, just to mention a few. From the nine items, the item which had the greatest impact on our variable was; I recommend my bank to others, with a factor loading of 0.870. This shows that respondents many respondents strongly agreed with the fact that they recommend their bank to others and they are much satisfied with the services of their bank. The least item in this factor had a factor loading of 0.708 which is higher than 0.70 showing that all our nine items had a great impact in explain our variable customer satisfaction. We can therefore safely run our regression model knowing that the items used are significantly explaining our variable.

Information technology

The second factor as extracted by SPSS was information technology. Out of eight items used to measure information technology, only five were seen by SPSS to be useful in explaining our variable. From the five items extracted the highest factor loading had a value of 0.825 and the lowest having a factor loading of 0.727. The highest value if significantly good and better explains our variable and the lowest value is also above 0.70 meaning all our five items were useful in explaining our variable. The highest factor loading had an item of measure which said; IT services of my bank services enable me to make multiple transactions in a short space of time. Most of the respondents to this item were probably strongly agreeing with the fact that they can do their transactions with IT services of their bank in a short space of time. The factor loading of 0.825 is significantly good and better explains our variable.

Perceived price and fairness

SPSS extracted our third factor as perceived price and fairness. From the seven items of measure only five were seen to be useful in explaining our variable. The other two items appeared in other factors and they were distorting information, hence the writer had to remove them to avoid duplication of factor results. The highest factor loading was 0.852 which was significantly good and the lowest factor loading was 0.622 which was not very good enough in explaining our variable. The results from the analysis in this factor showed that two items were below the value of 0.70 and these items were; “My bank takes effective ways to help us know its pricing policies of products and services” and “The pricing policies of products and services from my bank are attractive”. Although SPSS realized these items as possible explanations of our variable because there eigen value was greater than 1, respondents seemed to somehow agree with these items. Respondents are not really convinced if their banks take effective ways to alert them on price polices and also if the pricing policies of the bank services are attractive.

Employee behaviour

The forth factor as extracted by SPSS was employee behaviour. Out of the seven items of measure that were included in our analysis, only four items were extracted by SPSS to explain our variable in question. The highest factor loading value in this factor was 0.781 and the lowest was 0.680. The lowest value is the only item slightly below 0.7 and it is not a really bad factor loading value. The lowest value had an item which said, “My bank has employees who give me personal attention”. Respondents to this measure item seemed to somewhat agree with the fact that they are given personal attention when using their bank services. The other three items had loadings of 0.736. 0745 and 0.781 which is significantly good in explaining our variable in question.

Tangibility

Our last and final factor extracted from SPSS was tangibility. From the six items of measure only three were seen to be useful and significantly good to explain our variable. The factor loadings for this factor appear to be above 0.70 with the values being 0.855, 0.834 and 0.759 from highest to the lowest. The values are significantly good and will help us generate reliable models from the analysis are carried in this chapter.

## 4.5 KMO and Bartlett’s Test

This is a test done to identify how suitable the gathered data is for factor analysis. The test measures the sampling adequacy for each specific variable which used in the model and also for the complete model. The statistical test is a measure of the amount of variance among the variables which might appear to be mutual variance (Bedi, 2010). The lower the proportion, the more suitable the gathered data is for factor analysis. KMO values between 0.8 to 1 shows that the sampling is adequate and for the test to be significant the probability should be less than 0.05

(p < 0.05). The results obtained from SPSS for the statistical test show a value of 0.888 which signifies that the sample is adequate and that the data was suitable enough for factor analysis. Our test was also significant with a p = 0.000 which is less than 0.05. The table below shows results of the statistical test.

Table 7 KMO and Bartlett's test

|  |  |  |
| --- | --- | --- |
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | 0.881 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 11208.914 |
| df | 325 |
| Sig. | 0.000\* |
| Sampling adequacy is significant at \*p < 0.05 | | |

## 4.6 Reliability analysis

This is a test that is done to measure the internal consistency of data which we can also say reliability of data It is familiarly used in cases whether items were measures using multiple likert questions in a survey/questionnaire which form a scale and to determine if the scale is consistent or reliable. The higher the cronbach's alpha the more it indicates the level of reliability of our data. Our factor analysis table above shows cronbach's alpha values of 0.980, 0.908, 0.915, 0.929 and 0.938 for all our five factors respectively indicating a high level of internal consistency for our scale with the sample selected.

## 4.7 Assumptions of regression

1. Variable types

Berry (1993) suggests that all predictor or independent variables must be categorical or quantitative and also the outcome must be quantitative. By quantitative the researcher means that the variables should be measured and there must be no constraints on the variability of the outcome. Our variables in this research are measured using different items which were analysed in factor analysis to become reliable and quantifiable.

2. No perfect multi-collinearity

The assumption states that there must not be a perfect linear relationship between two or more independent variables in our regression model. Multi-collinearity occurs when correlation between one or two variables values appears to be 0.8 or above. Collinearity was tested with collinearity diagnostics in SPSS which gives the VIF and tolerance values. VIF values should be below 10 and our tolerance statistics should be above 0.2, we can therefore safely say that there is no collinearity within our variables as was the case with our variables (See appendix for VIF and tolerance values). The figure below will show us a Pearson correlation analysis to check if our independent variables are correlated or not.

3. Homoscedastity

The assumption states that at each level of the independent value or predictor value, the variables of the residual terms must always be persistent (Berry, 1993). This suggests that the residuals at each and every level of the independent variable should be constant and therefore the variance will be said to be homogeneous. Heterogeneity of variance is when the variance is said to be unequal. The researcher did a Levenes test which tests the hypothesis that the variances in the groups appear to be equal. If the Levenes test is significant at (p < 0.05), there is inequality of variance and hence the assumption of homogeneity of variance will be violated. Our test was non-significant at p = 0.07 which showed that there was equality of variance and our assumption of homogeneity of variance is tenable.

4. Independent errors

The assumption of checking for independent errors is verified using the Durban Watson test. The test is done so as to ascertain the serial correlation between independent errors. In any observation, the residual terms should not be correlated and the test statistic varies from 0 to 4 with a value of around 2 means that the residuals are uncorrelated. A value lower than 2 indicates a positive correlation between residuals whilst a value which by far greater than 2 indicates negative correlation between residuals. The Durban Watson test carried by the researcher showed a value of 2.197 which was significant at p = 0.000 which satisfies our assumption.

## 4.8 Pearson correlation analysis

This is a test to determine correlation between our variable and is very useful in determining our regression model. There should not be multi-collinearity between our independent values so as to satisfy our regression model assumption. Correlation values ranges from -1 to 1 according to Berry (1993) and multi-collinearity appears when correlation values are greater or equal to 0.8.

Table 8 Pearson correlation analysis

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Pearson Correlations  N = 304 |  |  |  |  |  |
|  | Customer Satisfaction | Behaviour | Tangibility | Information Technology | Perceived price & fairness |
| Customer Satisfaction | 1.000 |  |  |  |  |
| Employee Behaviour | 0.692\*  Sig (0.000) | 1.000 |  |  |  |
| Tangibility | 0.540\*  Sig (0.000) | 0.622\*  Sig (0.000) | 1.000 |  |  |
| Information Technology | 0.674\*  Sig (0.000) | 0.586\*  Sig (0.000) | 0.604\*  Sig (0.000) | 1.000 |  |
| Perceived price & fairness | 0.725\*  Sig (0.000) | 0.657\*  Sig (0.000) | 0.543\*  Sig (0.000) | 0.616\*  Sig (0.000) | 1.000 |
| **Notes :** \*Correlation is significant at the 0.01 level ( 2 tailed ) | | | | | |

The table above shows results of our correlation analysis and the table shows that there is no value greater than 0.8 hence there is no multi-collinearity between our variables. We can then safely conclude that the variables can be useful to predict our results when they are entered in our regression model. The variables are also significant as the probabilities are less than 0.01.

The table shows that the highest correlation was 0.725 which was between customer satisfaction and perceived price and fairness whilst the lowest correlation was between customer satisfaction and tangibility with a value of 0.540. This suggests that there is a strong relationship between customer satisfaction and perceived price and fairness whilst the relationship between customer satisfaction and tangibility is not that strong. Correlation below 0.30 shows weak relationship which is not the case with our variables. It is more advisable to have independent variable being correlated to our dependent variable to show that there is a relationship between our predictor variables and our outcome. However for the independent variables themselves, there should not be perfectly correlated as this might jeopardise our regression model.

## 4.9 Regression analysis

Regression analysis was done so as to show the effect our predictor variables on our outcome variable as well as to test our research hypothesis whether to accept or reject. The regression table below shows a hierarchical regression model consisting of three models. Model 1 indicated the regression of our independent variables with our dependent variable whilst Model 2 and 3 indicates the interaction effects of gender in our regression model.

Table 9 Regression analysis

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | | | |
| Hierarchical multiple standardized regression results with moderating effects  Dependent variable: Customer satisfaction | | | | |
| Independent Variable | Mode1  Sig Beta | Model 2  Sig Beta | Model 3  Sig Beta | Model 4  Sig Beta |
| Gender | 0.356 0.053 |  |  |  |
| Employee Behaviour |  | 0.000 (0.294)\* | 0.000 (0.279)\* | 0.000 (0.228)\* |
| Tangibility |  | 0.765 (-0.014) | 0.863 (0.009) | 0.630 (-0.023) |
| Information Technology |  | 0.000 (0.287)\* | 0.000 (0.292)\* | 0.000 (0.384)\* |
| Perceived price & fairness |  | 0.000 (0.363)\* | 0.000 (0.379)\* | 0.000 (0.380)\* |
| Behaviour\*gender |  |  | 0.035 (-0.093)\* | 0.000 (-0.183)\* |
| Tangibility\*gender |  |  | 0.661 (-0.034) | 0.813 (-0.011) |
| Information technology\*gender |  |  |  | 0.000 (-0.202)\* |
| Perceived price & fairness\* gender |  |  |  | 0.000 (0.276)\* |
| R2 | 0.003 | 0.653 | 0.666 | 0.704 |
| Adjusted R2 | 0.000 | 0.648 | 0.659 | 0.696 |
| R2  Change | 0.003 | 0.65 | 0.013 | 0.038 |
| F | 0.855 | 140.53\*\*\* | 98.631\*\*\* | 87.565\*\*\* |
| **Notes :** β coefficients shown within brackets ; \*p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001 | | | | |

## 4.10 Discussion and test of research hypothesis

The writer will discuss the results from each of the models presented in the table and to test whether our research hypotheses have been met.

### 4.10.1 Model 1

The model represents the effect of gender as an individual predictor on customer satisfaction. The model wishes to test if gender differences will have an effect on the satisfaction of customers. The results show that an insignificant t statistic value (β = 0.053, p > 0.05). This means that gender on its own does not predict the satisfaction of customers in the Zimbabwean banking sector. The R2 which explains the amount of variance in the outcome explained by the model is 0.003 and the adjusted R2 is 0.000. This means that the model explains 0% of the changes in the outcome variable customer satisfaction hence gender itself does not explain changes in customer satisfaction. The writer decided to analysis the effect of our independent variables on customer satisfaction to see if there in any significance in the model. The results on model 2 are explained below.

### 4.10.2 Model 2

Model 2 represents the effect of our independent variables; employee behaviour, tangibility, information technology and perceived price and fairness on our outcome variable customer satisfaction. The model gives the regression equation which is then used to analyse the effect of the predictor variables on our outcome variable. The regression equation is given by the formulae:

The regression equation is given by the formulae:

*Y* = α + β1*X*1+ β2*X*2 + β3*X*3 + β4*X*4  + where:

*Y =* customer satisfaction

α = constant/intercept

*X*1 = employee behaviour

*X*2 = tangibility

*X*3 = information technology

*X*4 = perceived price and fairness

β1 = regression coefficient of employee behaviour

β2 = regression coefficient of tangibility

β3 = regression coefficient of information technology

β4 = regression coefficient of perceived price and fairness

Using unstandardized values to interpret the model, the equation is as follows:

Y = 0.497 + 0.319 *X*1 - 0.016 *X*2  + 0.297 *X*3  + 0.345 *X*4

The t-statistics in the table show that all the independent variables are making a significant contribution to our model with the exception of tangibility. The unstandardized beta coefficient values in the model show that tangibility is not statistically significant in predicting customer satisfaction with (β2 = -0.016, p > 0.05). The probability (p = 0.765) is higher than 0.05 which proves the variable to be insignificant and the researcher will carry further analysis to see if any moderation effects can prove tangibility to be statistically significant. There is no significant relationship between tangibility and customer satisfaction hence we reject our hypothesis H2. This shows that the material and tangible aspects of the bank does not have a significant effect in enhancing satisfaction of customers.

The unstandardized beta coefficients of our variables represent the change in the outcome variable resulting from a change in unit of our predictor variable. The constant coefficient of (α = 0.497, p < 0.05) represents that our outcome variable customer satisfaction will be 0.497 when all other variables are zero values. The regression coefficient of employee behaviour (β1 = 0.319, p < 0.05) shows that a unit increase in employee behaviour will result in a 0.319 unit increase in customer satisfaction. The coefficient shows that there is a significantly positive relationship between employee behaviour and customer satisfaction and hence we accept our hypothesis H1.This shows that the more employees are willing to help, assist and pay attention to customers, the more the customers are satisfied with the services of their bank.

Our predictor variable Information technology had a regression coefficient (β3 = 0.297, p < 0.05). The results suggest that a unit increase in information technology results in a 0.297 unit increase in customer satisfaction. The positive beta coefficient shows that information technology has a significant positive relationship with customer satisfaction hence we accept our hypothesis H3.We can conclude that customers attach importance to information technology services in conducting their bank transaction, and this increases their satisfaction with the services of the bank. The predictor variable perceived price and fairness had a beta coefficient (β4 = 0.345, p < 0.05). The coefficient is positive and it signifies that there is a significant positive effect of perceived price and fairness towards customer satisfaction hence we accept our hypothesis H4. The results show that a unit increase in perceived price and fairness results in a 0.345 unit increase in customer satisfaction. When customers perceive prices to be fair, they are satisfied with the services offered by the bank.

The model also shows the standardized values of the predictor variables; employee behaviour (β1 = 0.294, p < 0.05), tangibility (β2 = -0.014, p > 0.05), information technology (β3 = 0.287, p < 0.05) and perceived price and fairness (β4 = 0.363, p < 0.05). The standardized beta values compares the strength of the effect each individual predictor variable to the outcome variable (Andale, 2016). The standardized values show that perceived price and fairness is the most determinate of customer satisfaction (β4 = 0.363, p < 0.05) followed by employee behaviour (β1 = 0.294, p < 0.05) and information technology (β3 = 0.287, p < 0.05). This means that the issue of fairness and transparency in pricing polies of a bank play a significant role in the satisfaction of customers.

The standardized beta values are measured in units on standard deviations which represent the amount of variation on a given set of data values. The standardized beta coefficient of employee behaviour (β1 = 0.294, p < 0.05) implies that with every increase of one standard deviation in employee behaviour, customer satisfaction increases by 0.294 standard deviation. The beta coefficient of information technology (β3 = 0.287, p < 0.05) implies that with every increase of one standard deviation in information technology, customer satisfaction increases by 0.287 standard deviations. The standardized beta coefficient of perceived price and fairness (β4 = 0.363, p < 0.05) suggests that as for every one standard deviation increase in perceived price and fairness increases, customer satisfaction increases 0.363 standard deviations.

Figure 9 Research model

|  |
| --- |
| Perceived price and fairness    Service quality dimensions  Employee behaviour (BEV)  β4 = 0.345  β1 = 0.319  Customer satisfaction  Tangibility (TANG)  β2 = -0.016    β3 = 0.297  Information technology (INFORTECH) |

Moderator variable

(Gender)

#### 4.10.2.1 Coefficient of determination

Our R2 for model 2 also known as the coefficient of determination in model 2 was 0.653 explains the quantity of variance in the outcome described by the regression model. The adjusted R2  is a improved version of R2  which is attuned for the number of independent variables included in the model. Our R2  adjusted in the model was 0.648 which is close to the R2 value of 0.653. The figure explains that our predictor variables which are employee behaviour, tangibility, information and perceived price and fairness account for 65.3% of the variation in customer satisfaction. We can safely conclude that our model is good and does not give a biased prediction. Seiler et al, (2013) suggests that a coefficient of determination above 55% shows that our model gives a good prediction of the outcome produced. There was a very huge change in R2 of 0.65 from model 1 to model hence suggesting that model two explains better the changes in our outcome variable.

#### 4.10.2.2 Analysis of variance (ANOVA)

The researcher did an analysis of variance (ANOVA) on model 1 which explains if the complete model explains a significantly good degree of predicting our outcome variable. The analysis of variance is explained by the F-ratio which is significant at (p < 0.001). Lenka et al (2009) suggests that the higher the F-ratio, the more significant our model is. The results for model 2 showed an F-ratio of 140.53 significant at p = 0.000. This is a higher figure and suggests that our regression model results in significantly better predictions of the outcome variable than if we had used mean values in predicting our model.

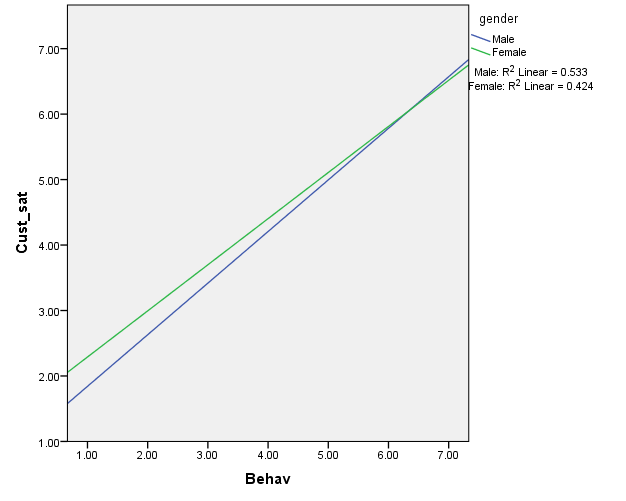
### 4.10.3 Model 3

The model includes the interaction or moderation effects of gender on employee behaviour and tangibility. The model resulted in a higher R2  value of 0.666 higher than in model 2, 0.653. There was a change in R2 of 0.013 from model 2 to model 3. This shows that the inclusion of the moderation effects increased the effect of our independent variables in explaining the variation in our outcome variable customer satisfaction. All the predictor values remained significant except for tangibility which remained insignificant at (β = 0.661, p > 0.05). The interaction effects of gender on employee behaviour and tangibility resulted in a significant negative relationship between employee behaviour customer satisfaction at (β = -0.093, p < 0.05). The standardized beta coefficient means that for every standard deviation increase in employee behaviour, customer satisfaction decreases by -0.093 standard deviations.

### 4.10.4 Model 4

The model includes the interaction of gender on all our four predictor variables in our regression model. The results show an R2 value of 0.704 higher than the value in model 1, 2 and 3 of 0.003, 0.653 and 0.666 respectively. There was an R2 change of 0.038 from model 3 to model 4. The fourth model seems to be explaining better, the variation in customer satisfaction. Comparing with the previous models this suggests that the interaction effects of gender on all our predictor variables further increased the effect of our variables, in explaining the changes in our outcome variable customer satisfaction. The table in model 4 shows that the moderation of gender on employee behaviour was significant at (β = -0.183, p < 0.05) meaning that gender moderates the effect of employee behaviour on customer satisfaction as shown in the table below. The standardized beta coefficients suggest that for every one standard deviation increase in employee behaviour, customer satisfaction decreases by 0.183 standard deviations.

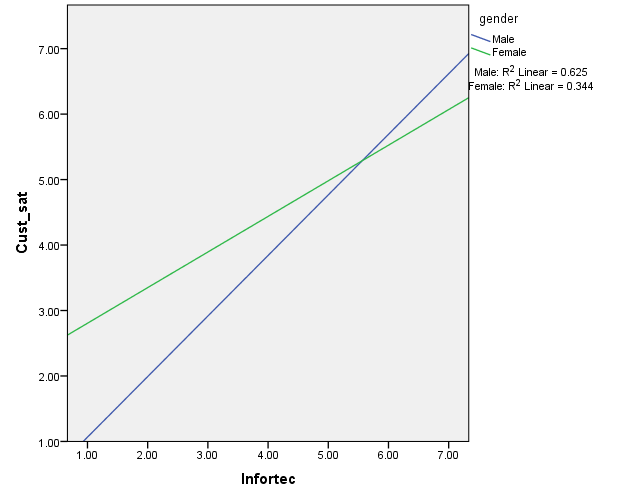
Figure 10 Gender moderating the effect of employee behaviour (Behav) on customer satisfaction (Cust\_sat)



The figure above shows the interaction effect of gender on the relationship between employee behaviour and customer satisfaction. The figure shows two linear equation lines for males and females which explain the relationship between employee behaviour and customer satisfaction. The R2 for the males is 0.533 and for females it is 0.424 as shown in the graph. If we square the R2 for males that is √0.533 we get 0.733 which is the correlation between employee behaviour and customer satisfaction for males. If we square the R2 for females that is √0.424 we get 0.651 which is the correlation between employee behaviour and customer satisfaction for females. The relationship between employee behaviour and customer satisfaction is that employee behaviour positively affects customer satisfaction meaning the higher the strength of the relationship, the higher the effect. This results shows that the effect of employee behaviour on customer satisfaction is slightly stronger for males than for females hence we reject our hypothesis H5. The correlation of 0.733 for males signifies a very strong relationship between employee behaviour and customer satisfaction but however for females 0.651 also signifies a strong correlation although it is lower than that for males. We can clearly tell from the graph that the two linear lines are slightly closer to each other meaning both females and males have a strong impact on the effect of employee behaviour on customer satisfaction with the influence of males slightly above that of females.

The table in model 4 also shows that moderation effect of tangibility on customer satisfaction was insignificant at (β = -0.011, p > 0.05) meaning that there is no moderating effect of gender hence we reject hypothesis H6. This did not surprise the researcher as we also noticed that our variable tangibility was insignificant on its effect on customer satisfaction and the hypothesis H2 was also rejected. The moderation effect of information technology on customer satisfaction was significant at (β = -0.202, p < 0.05) and the interaction effect of gender resulted in a negative relationship between information technology and customer satisfaction. The standardized beta coefficient suggests that for every standard deviation increase in information technology, customer satisfaction decreases by 0.202 standard deviation. The figure below highlights the moderating effect of gender on the effect of information technology on customer satisfaction.

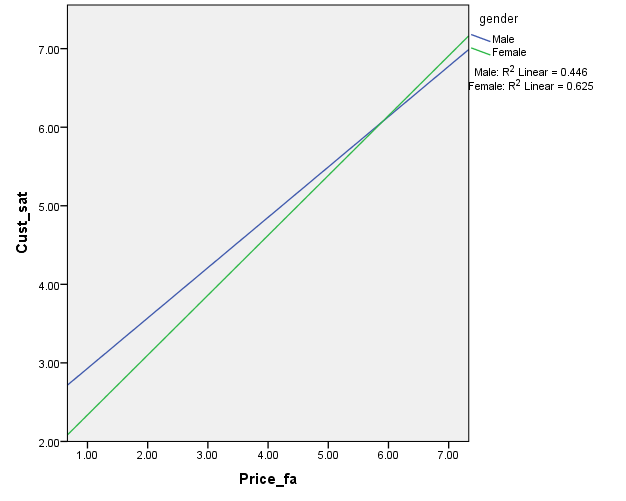
Figure 11 Gender moderating the effect of information technology (Infortec) on customer satisfaction (Cust\_sat)



The graph shows a significant interaction effect of gender on the relationship between information technology and customer satisfaction. The R2 for males is 0.625 and its square (√0.625) which is R is equal to 0.79. On the other hand the R2 for females is 0.344 and its square (√0.344) is 0.587. R represent the correlation between our variables and the results illustrate that the relationship between information technology and customer satisfaction is higher for males than for females with males influencing a correlation of 0.79 higher that that of females 0.587. We can therefore accept our hypothesis H7 which stated that the effect of information technology on customer satisfaction is higher for males than females. This suggests that as the level of information technology increases on the services offered by a bank, males tend to be more satisfied with bank services than females. As also suggested by Zale (2011) that males are more satisfied in using the information technology services of the banks in carrying out their transactions as this saves time and resources.

The table in model 4 also indicates that the moderation effect of gender on perceived price and fairness is significant at (β = 0.276, p < 0.001). This shows that gender moderates the effect of perceived price and fairness and the standardized beta coefficient suggests that with every standard deviation increase in perceived price and fairness customer satisfaction increases buy 0.276 standard deviations. The fig below shows the summary of results of our hypotheses. The figure below shows the interaction effect of gender.

Figure 12 Gender moderating the effect of perceived price and fairness (Price\_fa) on customer satisfaction (Cust\_sat)



The figure above shows that there is an interaction effect of gender on the effect of perceived price and fairness on customer satisfaction. Herrmann et al., (2007) suggested that price perception differs on how males or females react in each case. The figure above shows an R2 value for males of 0.446 and for females 0.625. The square of R2 which represent R is 0.67 (√0.446) and 0.79 (√0.625) for males and females respectively. The two linear lines are closer to each other showing that the influence of both males and females is not that different. Both the R values of 0.67 and 0.79 shows a strong correlation however the figures show that the positive relationship between perceived price and fairness and customer satisfaction is stronger for females than males as the influence of females show a higher correlation of 0.79 between customer satisfaction and perceived price and fairness compared to that of males 0.67. We can therefore strongly accept our hypothesis H8 which agreed that the effect of perceived price and fairness on customer satisfaction is higher for females than males. We can conclude that women tend to be more satisfied with the services of their banks as compared to males if they believe that the bank offers prices which are fair and transparent.

Table 10 Results of research hypothesis

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Summary of results on test of research hypothesis | | | | |
|  | Path | β | P | Result |
| H1 | Employee behaviour →Customer satisfaction | 0.319 | 0.000\*\*\* | Accepted |
| H2 | Tangibility→ Customer satisfaction | -0.016 | 0.765\*\*\* | Rejected |
| H3 | Information technology → Customer satisfaction | 0.297 | 0.000\*\*\* | Accepted |
| H4 | Perceived price and fairness → Customer satisfaction | 0.345 | 0.000\*\*\* | Accepted |
| H5 | Gender\*Employee behaviour → Customer satisfaction | -0.280 | 0.000\*\*\* | Rejected |
| H6 | Gender\*Tangibility→ Customer satisfaction | -0.017 | 0.813\*\*\* | Rejected |
| H7 | Gender\*Information technology → Customer satisfaction | -0.302 | 0.000\*\*\* | Accepted |
| H8 | Gender\*Perceived price and fairness → Customer satisfaction | 0.427 | 0.000\*\*\* | Accepted |
| **Notes :** β coefficients shown within brackets ; \*p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001 | | | | |

# CHAPTER 5

# CONCLUSION AND MANAGERIAL IMPLICATIONS

## 5.0 Conclusion

The study showed the results that our service quality dimensions with the exception of tangibility have significant positive effects on customer satisfaction which is persistent with the studies of Karatepe et al., (2005). The study also proves that perceived price and fairness had a significant positive impact on customer satisfaction which is also consistent with the works Yavas et al., 91997). There appeared to be a number of similarities when the outcomes of this study are equated to previously studied researches. For example a study conducted in in the indian banking industry by Kaura (2013) indicated that perceived price and fairness were the most determinates of customer satisfaction in the Indian banking sector. Our results are similar and consistent with the study of Kaura (2013) as we noticed in our research that perceived price and fairness was the most contributing factor influencing customer satisfaction followed by employee behaviour and information technology.

The study concluded that employee behaviour has a significant positive impact on customer satisfaction which is also consistent with the studies of Bedi (2010). The personalized care, consideration and politeness of bank employees towards their customers add to their satisfaction (Aagja et al., 2011). We can conclude that customers in the Zimbabwean banking sector are satisfied with the services of their banks because of their private contact and good relations with the staffs of the bank. Employee behaviour had a significant regression coefficient of (β= 0.319) and was second in ranking for contributing to customer satisfaction amount our predictor variables. We can therefore believe that if employees of a bank shift to other banks, the customers may also shift their business to other banks as well. This is so because of the culture consciousness of the Zimbabwean customers who believe social tires with each other enhance business relations. They depend more on social attachment and this proves to be a contributing factor in customer satisfaction.

We also noticed during this study that tangibility was not a significant determinate of customer satisfaction. It shows that customers in the Zimbabwean banking do not focus on the graphic appearance and also the material aspects related with the service they are receiving. However the bank customers in Zimbabwe tend to focus on other aspects of service quality including transparency in pricing and the behaviour of employees in the banks. The results of the study are also similar with prior research on the Indian financial sector by Bedi (2010) and Hazra and Srivastava (2009) which established that tangibility did not display any significant effect on the satisfaction of customers in both private and public banks.

This study also examined information technology to be a significant positive determinate of customer satisfaction which is also persistent with the discoveries of Lenka et al.,(2009). We can therefore conclude that technological innovations such as core banking, ATM facility, internet and mobile banking, contribute much towards customer satisfaction in the Zimbabwean banking industry. Technology is one of the things which have been rapidly growing in Zimbabwe and customers enjoy the use of technological innovations to yield their satisfaction of banking services. Lenka et al., (2009) states that high levels of profession and education can facilitate the use of technology in the modern day era. We have seen on our demographic analysis of respondents that most of our respondents have attained their undergraduate degrees and are more familiar with the use of technology. As also stated in the background of the study that, the level of education in Zimbabwe is very high, hence the use of technological gadgets is common and flexible to the majority of the population hence customers find satisfaction in using this technology in conduction their banking transactions and services.

The results of this study also indicated that perceive price and fairness have a significant positive effect on satisfaction of customers which is also consistent with studies by Colwell et al., (2008). Our regression model showed that perceived priced and fairness contributed most to customer satisfaction with a regression coefficient of (β= 0.345). The Zimbabwean cultural norm is that price has a significant effect on purchase intensions on individuals. The majority of individuals would rather go for cheaper products or services other that expensive ones as long as they derive the same benefit. If individual deem that the service in worth it but is very costly, they usually bargain for lower prices because the bargaining power of buyers is high in most industrial sectors. We can therefore conclude that customers are satisfied with bank services when they are guaranteed that the bank charges are realistic, fair and transparent regardless of the nature of bank.

The study also observed gender as a moderator of the impact of employee behaviour on satisfaction of customers. Theoretically women are relationship oriented and assign much significance to social relations with bank employees as compared to men. However this was not the case with our results as males appeared to have a slightly stronger effect over females on the impact of employee behaviour on customer satisfaction. We can also conclude that males in Zimbabwe now have a tendency of attaching personal relationships and communication with bank employees and have a habit of offering positive word of mouth communication.

The study also identified that gender has a moderating effect on the impact of information technology on customer satisfaction. In the study of retail bank customers in Nertherlands. Bloemer et al., (1998) suggest that males are flexible in using the internet and other technological innovation in conducting their business. This is consistent with our results which showed that the impact of information technology on customer satisfaction is stronger for males than females.

The study also examined the interaction effect of gender on the impact of perceived price and fairness on customer satisfaction. The study concluded that women in Zimbabwean banking sector are price sensitive and tend to be more satisfied with services of their banks if they deem the charges they are being offered are fair, transparent and reasonable. Although this maybe the case with males, our study concluded that the effect is stronger for females than for males.

## 5.1 Managerial implications

The research study delivers various insights convenient to a management point of view on the role played by the dimensions of service quality discussed in this study, the role of perceived price and fairness and the effect of gender differences in influencing the satisfaction of customers. First it would be very useful for bank managers to use both industry and culture measures of service quality. By achieving this, management may have the chance to measure service quality and the effects it has on satisfaction of customers. The bank managers in Zimbabwe should use the three SERVQUAL dimensions of employee behaviour, tangibility and information technology to measure the quality of service it offers to their customers so as to assess perceptions of customers on service quality in their various branches and also to track performances from each of the branches regularly (Karatepe et al., 2005). As a result, this would help bank managers to detect the strengths and weaknesses of the organization and to take corrective action so as to retain customers and reduce customer defection rate.

Second, the organizational structures of Zimbabwean banks are not structured in a way that provides individualized service quality. The structures are not organized in a way that views things from a customer’s perspective (Hanke, 2008). Bank managers should make efforts to establish a customer-oriented environment which would make their employees deliver superior service quality to their customers (Dash et al., 2009). For the managers to achieve this, they should set up an effective training programming consisting of studies on effective customer complaint management, product knowledge, empowerment, all of which must focus on interpersonal skills. They should also include studies based on gender –differentiated approach on issues of service quality. Most banks offer employees with technical training programs but these are insufficient as customers employees need to develop interpersonal skills which seem to be a significant part in luring customers to their bank. Customers need to be valued and their perceptions need to be valued as well for the organization to perform well and increase satisfaction and loyalty among customers.

As noticed from the study that perceived price and fairness is the most contributing factor in customer satisfaction. Managers of the bank should by all means try to maintain transparency in its pricing policy. Many banks in Zimbabwe have a tendency of increasing charges and prices of their services without proper notification to their customers. This action may lead to a significant loss of customers due to lack of price commitment by the banks. The managers should clearly indicate charges and pricing policies of their banks to their customers with no hidden charges in the services they offer. Fliers containing proper pricing policies should be available everywhere, on the office tables, on billboards and information should properly be communicated to customers. Promotional packages such as holiday loans should be offered mostly on holidays like Christmas so as to appreciate the value of customers in an organization.

Third, bank managers should make effort to see that their frontline staff spend adequate time with female customer, listen to their needs and offer them the service they required. As discussed earlier in literature review, Ostrom (1993) suggests that women have a very strong aspiration for association and that they place much importance on interacting with workers who provide them the appropriate information they need pertaining to a good or service. However the results in our model suggested that males have a slightly stronger effect over females on the impact of employee behavior on customer satisfaction. The researcher would love to suggest the studies of Ostrom (1993) and argue that if females receive the attention they want, they are more likely to be satisfied with the bank services as compared to men. Females by nature attach more importance to social interactions and managers in Zimbabwean banks should make sure frontline employees attend to female customers’ requests and complaints effectively.

Fourth, management should place more emphasis on technological innovations in improving the quality of service it offers. From the table of allocation of banks in Zimbabwe based on our respondents, it shows that steward bank had the highest proportion of bank customers with a share of 19.4% out of a total of 13 banks in the study. One significant feature about steward bank is its technological advancements in service delivery. Technology is improving each and every year especially in developing African countries and management should place emphasis on the technological aspect of service delivery. They also need to improve main visual, aural and tactile atmosphere dimensions because modern day discerning and sophisticated customers pay attention to such dimensions. Although customers in Zimbabwe might be faced by challenges in poor electrical infrastructure, bank managers should invest in internet and technological services so that customers may make their transactions via these services thus increasing their satisfaction.

## 5.2 Limitations and avenues for future research

As with any other empirical researches, there are numerous limits to this study and also views for further research. This study was carried using the three dimensions of service quality; employee behaviour, tangibility and customer satisfaction. However there are other dimensions of service quality which might have been used such as reliability, empathy, responsiveness, assurance, service convenience and also service environment just to mention a few. The study was also done on customers who had at least two different bank accounts but the study required customers to give information pertaining to one bank. These customers may have different views different views and opinions depending on the type of bank they chose to respond to. However it would have come out well if customers had responded to all the banks accounts they have.

Some possible future strategies can be implemented to this study. The researcher could use demographic variables such as age, education and marital status as control variables. In addition a comparison between private banks and public banks can be carried so because their difference in nature and organizational structure. It would be very interesting to see how customers compare service delivery between private and public banks. Also this research was carried in Zimbabwe and it can open doors for such a research to be carried anywhere else across the global world.

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# 

# APPENDIX

|  |  |  |
| --- | --- | --- |
| Appendix 1 KMO and Bartlett's Test | | |
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | 0.881 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 11208.914 |
| df | 325 |
| Sig. | 0.000\* |
| Sampling adequacy is significant at \*p < 0.05 | | |

Appendix 2 KMO Interpretation

|  |  |
| --- | --- |
| KMO | Interpretation |
| 0.9 and above  0.8 – 0.9  0.7 – 0.8  0.6 – 0.7  0.5 – 0.6  Under 0.5 | Marvellous  Meritorious  Middling  Mediocre  Miserable  unacceptable |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Appendix 3 ANOVAa  Model 1 | | | | | | |
| Model 1 | | Sum of Squares | df | Mean Square | F | Sig. |
|  | Regression | 468.933 | 4 | 117.233 | 140.530 | 0.000 |
| Residual | 249.432 | 299 | 0.834 |  |  |
| Total | 718.366 | 303 |  |  |  |
| a. Dependent Variable: Customer satisfaction | | | | | | |
| b. Predictors: (Constant), Perceived price & fairness, Service Quality tangibility, Service quality IT, Service Quality behaviour | | | | | | |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Appendix 4 Tests of Normality | | | | | | |
|  | Kolmogorov-Smirnova | | | Shapiro-Wilk | | |
| Statistic | df | Sig. | Statistic | df | Sig. |
| Customer satisfaction | 0.197 | 304 | 0.050 | 0.858 | 304 | 0.075 |
| Service Quality behaviour | 0.178 | 304 | 0.060 | 0.899 | 304 | 0.051 |
| Service Quality tangibility | 0.256 | 304 | 0.051 | 0.783 | 304 | 0.060 |
| Service Quality IT | 0.188 | 304 | 0.052 | 0.902 | 304 | 0.055 |
| Perceived price & fairness | 0.162 | 304 | 0.060 | 0.907 | 304 | 0.057 |
| a. Lilliefors Significance Correction | | | | | | |

Appendix 5 Regression Coefficients Model 1

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Model 1 | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| (Constant) | 4.691 | 0.271 |  | 17.278 | 0.000 |
| gender | 0.164 | 0.178 | 0.053 | 0.925 | 0.356 |

Appendix 6 Regression Coefficients Model 2

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Mode 2 | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| (Constant) | 0.497 | 0.223 |  | 2.228 | 0.027 |
| Service Quality behaviour | 0.319 | 0.055 | 0.294 | 5.839 | 0.000 |
| Service Quality tangibility | -.0016 | 0.052 | -0.014 | -0.300 | 0.765 |
| Service quality IT | 0.297 | 0.050 | 0.287 | 5.984 | 0.000 |
| Perceived price & fairness | 0.345 | 0.047 | 0.363 | 7.393 | 0.000 |

Appendix 7 Regression Coefficients Model 3

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Model 3 | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
|  | (Constant) | 0.362 | 0.229 |  | 1.581 | 0.115 |
| Service Quality behaviour | 0.301 | 0.054 | 0.279 | 5.586 | 0.000 |
| Service Quality tangibility | 0.009 | 0.055 | 0.009 | 0.173 | 0.863 |
| Service Quality IT | 0.301 | 0.049 | 0.292 | 6.148 | 0.000 |
| Perceived price & fairness | 0.360 | 0.046 | 0.379 | 7.775 | 0.000 |
| behaviour\*gender | -0.143 | 0.067 | -0.093 | -2.119 | 0.035 |
| tangibility\*gender | -0.051 | 0.068 | -0.034 | -0.738 | 0.461 |
|  |  |  |  |  |  |  |

Appendix 8 Regression Coefficients Model 4

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Model 4 | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
|  | (Constant) | 0.250 | 0.218 |  | 1.147 | 0.252 |
| Service Quality behaviour | 0.247 | 0.053 | 0.228 | 4.677 | 0.000 |
| Service Quality tangibility | -0.025 | 0.053 | -0.023 | -0.482 | 0.630 |
| Service Quality IT | 0.397 | 0.051 | 0.384 | 7.859 | 0.000 |
| Perceived price & fairness | 0.361 | 0.045 | 0.380 | 7.991 | 0.000 |
| behaviour\*gender | -0.280 | 0.077 | -0.183 | -3.647 | 0.000 |
| tangibility\*gender | -0.017 | 0.071 | -0.011 | -0.237 | 0.813 |
| infortech\*gender | -0.302 | 0.072 | -0.202 | -4.177 | 0.000 |
| price & fairness\*gender | 0.427 | 0.076 | 0.276 | 5.584 | 0.000 |

Appendix 9 Factor Analysis

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| The Factor Analysis |  |  |  |  |  |
| Variable | Customer Satisfaction | Information Technology | Perceived Price & Fairness | Employee  Behaviour | Tangibility |
| I recommend my bank to others | 0.870 |  |  |  |  |
| I encourage friends and relatives to do business with my bank | 0.864 |  |  |  |  |
| I will do more business with my bank in future also. | 0.846 |  |  |  |  |
| I consider my bank my first choice to avail banking services. | 0.841 |  |  |  |  |
| I say positive things about my bank to other people. | 0.795 |  |  |  |  |
| I did the right thing when I chose my bank for its services. | 0.788 |  |  |  |  |
| I am comfortable about the relationship with my bank. | 0.749 |  |  |  |  |
| My choice to avail my bank service is a wise one. | 0.731 |  |  |  |  |
| I am satisfied with the overall service quality offered by my bank. | 0.708 |  |  |  |  |
| IT services of my bank services enable me to make multiple transactions in a short space of time. |  | 0.825 |  |  |  |
| I can make funds transfers and payments with IT services of my bank. |  | 0.763 |  |  |  |
| IT services of my bank save my time. |  | 0.760 |  |  |  |
| IT services of my bank satisfy most of my banking needs. |  | 0.744 |  |  |  |
| Service for my bank is accessible through various ways (online, telephone, in person). |  | 0.727 |  |  |  |
| My bank charges reasonable service fees. |  |  | 0.852 |  |  |
| My bank pays reasonable interest rates on deposits. |  |  | 0.780 |  |  |
| My bank charges reasonable interest rates on loans. |  |  | 0.767 |  |  |
| My bank takes effective ways to help us know its pricing policies of products and services. |  |  | 0.696 |  |  |
| The pricing policies of products and services from my bank are attractive. |  |  | 0.622 |  |  |
| My bank’s employees give me individual attention. |  |  |  | 0.781 |  |
| The behaviour of employees in my bank installs confidence in me. |  |  |  | 0.745 |  |
| Employees of my bank are always willing to help me. |  |  |  | 0.736 |  |
| My bank has employees who give me personal attention. |  |  |  | 0.680 |  |
| My bank has modern looking equipments. |  |  |  |  | 0.855 |
| My bank's employees are neat appearing. |  |  |  |  | 0.834 |
| My bank itself is visually appealing (ATMs, Outside appearance) |  |  |  |  | 0.759 |
| Eigen value | 15.730 | 2.074 | 1.632 | 1.405 | 1.000 |
| Cronbach’s alpha | 0.980 | 0.908 | 0.915 | 0.929 | 0.938 |
| Percentage of total variance explained (%) | 60.501 | 7.978 | 6.275 | 5.405 | 3.847 |
| **Notes:** Extraction method: Principal Component Analysis; Rotation method: Varimax with Kaiser  Normalization. Rotation converged in five iterations. | | | | |  |

Appendix 10 Questionnaire

**SERVICE QUALITY, SERVICE CONVENIENCE, PRICE AND FAIRNESS, CUSTOMER LOYALTY, AND THE MEDIATING ROLE OF CUSTOMER SATISFACTION. A CASE OF ZIMBABWEAN BANKING SECTOR**.

**Faculty of Social Sciences: Department of Business Administration**

*This survey is a part of the MSc study in Customer satisfaction and Consumer Loyalty This study*

*makes an attempt to address impact of service quality dimensions, perceived price and fairness, and service convenience dimensions on customer satisfaction and loyalty in the Zimbabwean banking sector. Please feel free to respond as your responses will be kept completely confidential and anonymous.*

**Section 1.**

Gender? Male Female

Your age? ...................

Nationality? ..........................................

Status? Single Married Divorced Widowed

Educational Level? PhD Masters Undergraduate High School Secondary school

Primary school Others (please specify..........................

Profession? Government employee Private employee Self Employed Student

Retired Housewife Others (please specify) .......................................

Average monthly income (USD) $0 – $300 $301 – $600 $601 – $1000 $1001 - $1300

$1301 and above

Name of your bank ......................................................

Which category of the banks do you consider as most technologically advanced?

Privately owned Government owned

Which attribute of the bank do you value the most?

Quality of Service Technology used Trust Location Type of the bank

What kind of account do you maintain in this bank (tick the boxes applicable if you maintain at least on account) ? Current account Savings account Loan account Credit card account

For the past how many years are you using your bank’s services? ..............Years

Do you think that your bank caters all your banking needs? Yes No

Do they charge unnecessarily for not maintaining minimum balance in your account? Yes No

Do you think your bank offers competitive interest rate? Yes No

Do you have other bank account/(s) besides this one? Yes No

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Section 2.**

**Please indicate your level of agreement with the following statements:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| **Strongly Disagree** | **Disagree** | **Somewhat Disagree** | **Neither Agree or Disagree** | **Somewhat Agree** | **Agree** | **Strongly Agree** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | |
| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| 1. Employees of my bank are always willing to help me. | |  | | --- | |  | |  |  |  |  |  |  |
| 2. The behaviour of employees in my bank installs confidence in me. |  |  |  |  |  |  |  |
| 3. Employees of my bank are consistently courteous with me. |  |  |  |  |  |  |  |
| 4. My bank’s employees give me individual attention. |  |  |  |  |  |  |  |
| 5. My bank’s employees have my best interest at heart. |  |  |  |  |  |  |  |
| 6. My bank has employees who give me personal attention. |  |  |  |  |  |  |  |
| 7. My bank has modern looking equipments. |  |  |  |  |  |  |  |
| 8. My bank's employees are neat appearing. |  |  |  |  |  |  |  |
| 9. My bank has updated technology and equipment |  |  |  |  |  |  |  |
| 10. My bank itself is visually appealing (ATMs, Outside appearance) |  |  |  |  |  |  |  |
| 11. IT services of my bank save my time. |  |  |  |  |  |  |  |
| 12. IT services of my bank provide privacy in my banking transactions. |  |  |  |  |  |  |  |
| 13. IT services of my bank provide accurate account information. |  |  |  |  |  |  |  |
| 14. IT services of my bank satisfy most of my banking needs. |  |  |  |  |  |  |  |
| 15. I can make funds transfers and payments with IT services of my bank. |  |  |  |  |  |  |  |
| 16. IT services of my bank services enable me to make multiple transactions in a short space of time. |  |  |  |  |  |  |  |
| 17. The information I receive from my bank makes it easy for me to choose what to buy |  |  |  |  |  |  |  |
| 18. The information that I receive from my bank is clear and easy to understand. |  |  |  |  |  |  |  |
| 19. My bank lets me know the exact interest rate or service charges or special offer. |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| **Strongly Disagree** | **Disagree** | **Somewhat Disagree** | **Neither Agree or Disagree** | **Somewhat Agree** | **Agree** | **Strongly Agree** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| 20. Service for my bank is accessible through various ways (online, telephone, in person). |  |  |  |  |  |  |  |
| 21. It takes little effort to deal with my bank to do my transactions. |  |  |  |  |  |  |  |
| 22. It is easy for me to obtain follow up service from my bank after I complete my transactions. |  |  |  |  |  |  |  |
| 23. When I have questions about my service, my bank is able to resolve my problem |  |  |  |  |  |  |  |
| 24. My bank pays reasonable interest rates on deposits. |  |  |  |  |  |  |  |
| 25. My bank charges reasonable service fees. |  |  |  |  |  |  |  |
| 26. My bank charges reasonable interest rates on loans. |  |  |  |  |  |  |  |
| 27. My bank has transparency in its service charges. |  |  |  |  |  |  |  |
| 28. There are no hidden charges in the services offered by my bank. |  |  |  |  |  |  |  |
| 29. My bank keeps customers informed of any change in prices. |  |  |  |  |  |  |  |
| 30. My bank takes effective ways to help us know its pricing policies of products and services. |  |  |  |  |  |  |  |
| 31. The pricing policies of products and services from my bank are attractive. |  |  |  |  |  |  |  |
| 32. I was greeted with a smile |  |  |  |  |  |  |  |
| 33. The service I need was attended quickly |  |  |  |  |  |  |  |
| 34. The attendant knew what he/she was doing |  |  |  |  |  |  |  |
| 35. My problem was resolved easily and quickly |  |  |  |  |  |  |  |
| 36. I am leaving the bank with smiles |  |  |  |  |  |  |  |
| 37. My choice to avail my bank service is a wise one. |  |  |  |  |  |  |  |
| 38. I did the right thing when I chose my bank for its services. |  |  |  |  |  |  |  |
| 39. Services of my bank are exactly same what I need. |  |  |  |  |  |  |  |
| 40. I am comfortable about the relationship with my bank. |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| **Strongly Disagree** | **Disagree** | **Somewhat Disagree** | **Neither Agree or Disagree** | **Somewhat Agree** | **Agree** | **Strongly Agree** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| 41. I am satisfied with the overall service quality offered by my bank. |  |  |  |  |  |  |  |
| 42. I am satisfied with the professional competence of my bank. |  |  |  |  |  |  |  |
| 43. I am satisfied with the performance of the frontline employees of my bank. |  |  |  |  |  |  |  |
| 44. I say positive things about my bank to other people. |  |  |  |  |  |  |  |
| 45. I recommend my bank to others. |  |  |  |  |  |  |  |
| 46. I encourage friends and relatives to do business with my bank. |  |  |  |  |  |  |  |
| 47. I consider my bank my first choice to avail banking services. |  |  |  |  |  |  |  |
| 48. I will do more business with my bank in future also. |  |  |  |  |  |  |  |
| 49. Even if another bank’s price is lower, I will go on using my bank. |  |  |  |  |  |  |  |