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DEDICATION

This research project is dedicated to my family for their support in completion of this research.

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I would like to express my sincere gratitude to my supervisor Dr. D.D Madzikanda for his consistent support and guidance. He was always willing and enthusiastic to assist throughout the research project. Furthermore, I would also like to thank Dr M. Nyakudya and Kudzai for providing advice. I would also like to acknowledge the institutions who permitted me to carry out the research without any hinderance. To conclude I cannot forget to give special thanks to my family and friends for the unconditional support during this tense academic period.

ABSTRACT

This study has examined the impact of service quality on the performance of firms in the banking sector. The study sought to determine the performance of firms in the banking sector, determine the relationship between service quality and bank performance and to establish ways of enhancing quality service and performance of firms in the banking sector. The study used a quantitative research approach. The research adopted the descriptive research design. Convenience sampling was used to select 381 respondents who made up the sample for the study. Data was collected using semi structured questionnaires. The study revealed that most of the participants agree that the Banks have up - to - date equipment and technology as regards tangibles. The study also found that banks show great concern in solving problems or complaints. It was also found that firms in the banking sector ensure privacy and confidentiality of customer's information. The study found out that the five service dimensions tangibles, responsiveness, reliability, assurance and empathy enhance performance of banks. The effect of service quality dimensions on bank perfomance was estimated using descriptive statistics, correlation and regression analysis techniques. The findings also indicate that Pearson correlation coefficient for customer perception is significant ($p < .001$ for a two-tailed test) with the service quality dimensions. However, the study established that customers were satisfied with their current service provider and most have thought of changing their current banks to other banks due to dissatisfaction of services. In conclusion, the study showed that (1) there is a positive relationship between service quality and bank performance, (2) firms in the banking sector offer a wide range of products and services and (3) all the service quality dimensions (tangibles, responsiveness, reliability, assurance and empathy) are important with responsiveness, assurance and empathy having more emphasis. The research advises that firms in the banking sector should continuously address their customer's needs. Firms in the banking sector should pay much attention to the customer complaints in order satisfy customers' expectations. In competitive environments, the banks can have a competitive edge by providing superior quality services to enhance customer perception and improve bank performance. It is hoped that future studies will be conducted on service quality practices adopted by other service-oriented organisations such as hotels and hospitals.

Key Words: Service Quality- tangibles, responsiveness, reliability, assurance and empathy, Performance of banking sector.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

Service quality is an achievement in customer service. It is what every organisation should endeavour to deliver to their customers and clients. It is what will bring about repeat business should clients be satisfied Magida (2017). Consumers all over the world have become more quality conscious hence there has been an increase in customer demand for higher quality services. Quality and productivity are twin paths for the creation of value for the customer and the firm. While service quality focuses on the benefits created for the customers, productivity affects the financial performance of the firm. For banks, profits are used to strengthen the institution's capital position. Diebold and Yilmaz, (2013) postulated that accumulated profits over time are used to cushion banks from the effects of potential losses and its continued existence.

This research study aimed to critically evaluate as well as measure the performance of firms in the banking sector of Zimbabwe as a dependent variable that is influenced by service quality. The research focused on a number of banks while seeking possible generalisability of other firms that are also in this sector. The remainder of this chapter will discuss the background, problem statement, research objectives, research hypotheses, rationale of the study, scope and dissertation outline. The background will follow a funnel approach to bring into perspective banks performance starting at a global level, to regional level and finally scale down to Zimbabwe. The problem statement will briefly describe the issues to be addressed. It will identify the gap between the current problem and the desired state of affairs. The rationale will outline the importance of the study.

1.1 Background of the study

Banks play a pivotal role in stimulating economic growth of countries, as such there is a greater need for continually monitoring their activities, as they are to a greater extent an economic enabler, especially in Africa where the majority of market fundamentals are bank-based. Beck et al. (2009) pronounced that financial institutions account for a sizeable number of African development programmes, as such there is need to maintain stability within the banking sector and to maintain economic balance within our countries. Maintaining bank stability means avoiding or reducing the chances of bank failures through loss-making.

A bank failure is synonymous with economic instability and poor performance of firms in the banking sector. There are several bank crises at the end of the day that resulted in macroeconomic imbalances. According to Conroy (2013), he analysed the causes of the Asian financial crisis and postulated that it all started with the Thailand banking systems which then spilled over to other Asian financial systems which then ended up affecting all other sectors in Asia. As such the effects of bank failures are not only confined to the banking sector alone, but have spill overs, or contagion effects that have far-reaching consequences. Bank losses started in Thailand, then Malaysia, Indonesia, Philippines then South Korea and then causing the collapse of the entire Asian continent. This is why drivers of bank performance and profitability need to be studied more, and if possible avoid such spiralling of events in economies.

The Zimbabwean economy has been through a lot of phases, some which have provided firms with opportunities to grow and others which have led to the collapse of some industries. In the period 2000-2008 the Zimbabwean economy contracted by about 40%, this period was characterised by high social costs, economic disruptions, decreased output (GDP per- capita), constrained economic growth. According to the Global and Monetary Policy Institutions (2011) Zimbabwe's inflation was at 66 000%. This same period was characterized by dwindling of depositor's funds and non-payment of loans by borrowers; the population lost confidence in its banking system, the same period also saw the closure of many banks due to incapacitation. RBZ even withdrew its lender of last resort functionality in 2003, and about 13 banks collapsed.

Katuka (2015) stipulated that Zimbabwean banks underwent many changes which saw the country changing currencies from Zimbabwean dollar era to multiple currency regime, this had the impact of reshaping the structure of banks' balance sheet. The operating environment for Zimbabwean banks has been changing, posing a threat for business planning and continuity. In 2009, Zimbabwe suspended the use of its currency the Zimbabwe dollar and adopted a multicurrency regime, with the USD dollar as its base currency. This period saw the end of inflation and brought back not only banks functionality, but the whole economy was revived. This period witnessed growth in GDP per capita and growth in bank deposits. From 2009-2016 banks had been operating well under a basket of multiple currencies and from 2016 to 2018 the period was characterized by liquidity and currency crisis, which caused a lot of panic in depositors. A lot of depositors shunned the banking system by buying shares on the stock market to protect their bank balances against fear of the repeat of the Zimbabwean dollar era.

In Zimbabwe most banks have the same packages regarding services like, e-banking services, debit card services, internet banking services among others. Banks compete with generally undifferentiated products and service quality becomes inevitably a formidable competitive weapon Viriri et al (2013). Over the years, the banks have invested in technology in order to foster innovation in all areas including the development and distribution of new electronic product lines, expansion into new geographies, improved efficiency, better risk management, as well as increased data volumes and proliferation. However, bank performance remains unmeasured and undocumented largely due to the little effort directed toward assessing its contribution to key business performance metrics.

Sakarombe and Marabada (2017) state that early January 2016, the Zimbabwean economy was hit by a cash crisis, which affected the social and economic wellbeing of the general populace. Mambo (2010) confirms that firms in the banking sector in Zimbabwe were having challenges adapting to the dollarization era. In November 2016, the Reserve Bank of Zimbabwe officially introduced the bond notes in to the Zimbabwean economy in an effort to ease the cash crisis in the country. Kufa (2017) argues that Banks in Zimbabwe experience severe cash shortages. Banking institutions including The Reserve Bank of Zimbabwe (RBZ) started to implement various strategies to curb cash shortages. Some of the alleged causes of the current cash shortages are low levels of exports, low foreign direct investments and high imports of consumable goods. This has had a negative effect on the consumer, long queues have surfaced at banking halls as they struggle to get cash for use. Banks have resorted to limiting the little amounts of cash available such that customers feel they are not being very empathetic towards them. An outside market of selling cash on the parallel market has surfaced and ripping consumers but with little options available the general populace has resorted to seeking their services to cover the gap left by banks who are unable to provide cash fully to meet their needs. Generally, customers now question their perceived expectations of what banks should be delivering to them.

The products and services offered by firms in the banking sector include retail banking, electronic banking, corporate and investment banking, treasury as well as home loans. However, banks have faced stiff competition, stressed profits plus with the emergence of mobile banking, the bank has emerged on a wholly e-banking strategy. As the global banking environment increasingly becomes highly competitive with stressed profits plus the emergence of e-banking strategy, it has become a priority for banks to use customer loyalty as a tool to achieve competitive advantage. It is therefore against this background that this study seeks to analyse the impact of service quality on the performance of firms in the banking sector. The research study seeks to consider aspects of service quality (tangibility, responsiveness, reliability, assurance and empathy) that can improve service delivery and lead to performance.

1.2 Research Problem

There is poor service being offered by firms in the banking sector. Makanyeza and Chikazhe (2017) argues that Zimbabwe banking sector is tainted by high failure. Whereas, Jena (2014) states that the banking sector has been associated with poor service delivery and weak management. This problem has resulted in the customers being frustrated and ultimately giving an advantage to parallel money markets, while having debilitating effects on businesses and revenue loss. A key aspect is that people are not banking their money wherever possible as a result of poor service and the economic situation. Providing excellent quality of service is important in creating and sustaining competitive advantage in the banking industry. Banks need to identify core competencies that will give them a competitive advantage which is sustainable such that they remain profitable. A customers' choice of a bank over another is based on several factors such as the tangibility, assurance, reliability and the bank's reputation. Zekiri and Angelova (2011) states that if a company's representatives provide genuine and caring service, customers would want to do business with them. Therefore, it is imperative for this study to analyse the impact of service quality on the performance of firms in the banking sector.

1.3 Research Objectives

1.3.1 To determine the performance of firms in the banking sector.

1.3.2 To determine the relationship between service quality and bank performance.

1.3.3 To establish ways of enhancing quality service and performance of firms in the banking sector.

1.4 Research Questions

1.4.1 What is the performance of firms in the banking sector?

1.4.2 What is the relationship between service quality and bank performance?

1.4.3 What are the ways of enhancing quality service and performance of firms in the banking sector?

1.5 Research Hypothesis

H_O There is a positive association between high service quality and the performance of firms in the banking sector.

H_1 There is a positive relationship between tangibility and how people perceive quality in banks

H_2 There is a positive relationship between responsiveness and how people perceive quality in banks in the banking sector.

H_3 There is a positive relationship between reliability and how people perceive quality in banks in the banking sector.

H_4 There is a positive relationship between empathy and how people perceive quality in banks in the banking sector.

H_5 There is a positive relationship between assurance and how people perceive quality in banks in the banking sector.

H_6 The strategies employed on service quality positively impact a bank's performance.

H_7 The way customers perceive service quality positively impacts a bank's performance.

1.6 Rationale of the Study

The study has two forms of justification, the theoretical and practical significance. Since the banking sector is a practical field, it is worthwhile to investigate service delivery as a concept that affects organisational performance since it determines the customer base of the firm. The value in this research study is that it links service quality to overall performance in a context where most studies have concentrated on the impact of service on customer satisfaction. Though these are closely related, this study takes a practical shift to investigate the overall impact on banking firm's performance. Conducting this study is important because it helps to provide relevant information for decision makers in the Banks and helps the management understand how several dimensions of their services/products affects the overall organisational performance. The study will provide deeper insights into what is needed to enhance the bank's performance thereby allowing for improvement in bank strategies to attract and retain their customers.

This study will be important for researchers and academics by increasing to the body of knowledge. The outcome of this study will be an invaluable empirical study and also act as a local reference for future research.

1.7 Scope of the Study

The study will mainly focus on commercial banks that are operational in Zimbabwe . Data collection was concentrated on branches around Harare.

1.8 Dissertation Outline

Chapter One: Research Overview

This chapter gives an overview of the whole research. It gives the background of the study and the research problem. The objectives, questions and the hypotheses of the study are also outlined. Furthermore, the chapter gives a justification of the importance of the study as well as its scope.

Chapter Two: Literature Review

This chapter will cover the literature previously introduced to the field of study by other researchers. Both the theoretical and empirical literature on the study of service quality and bank performance will be given in detail. Review of the existing literature will enable the researcher to establish a research gap that needs to be covered. The existence of such a gap will justify why there is need to carry out the study.

Chapter Three: Methodology

This chapter will focus on the research methodology. Under the methodology explanations with regards to research philosophies/beliefs, research paradigms, methods, research strategies, population and sampling will be given. The chapter will also highlight the data collection instruments and data analysis techniques that the researcher will use.

Chapter Four: Data Presentation and Analysis

This chapter contains presentation and analysis of the primary data collected through questionnaires. The data will be presented in the form of tables and bar graphs with brief discussions on each table and bar graph to explain findings. Findings from the literature review will be compared to the primary results obtained from the study. The chapter will play a pivotal role in establishing whether hypotheses will be accepted or rejected. This is of paramount importance in the achievement of research aims and objectives.

Chapter Five: Conclusion and Recommendations

This chapter gives a summary of whether the research objectives have been achieved by the researcher or not. It also provides recommendations to solve the problem at hand that motivated the researcher to conduct the study in the first place. It is in this chapter where other areas related to the subject

t are highlighted which could still be open for future research. It also expresses the limitations that were encountered during the entire course of the study.

1.9 Chapter Summary

This chapter has introduced the study on the impact of service quality on the performance of firms in the banking sector. Background of the study, research problem research questions and chapter outline are some of the discussed issues in this chapter. The next chapter (chapter two) provides the literature review of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The purpose of this chapter is to review literature related to this study on the impact of service quality on the performance of firms in the banking sector. As a concept, service quality has been widely debated within the academic literature and the banking sector has attempted to operationalise the concept of service quality as a strategy for improved performance. Some of the discussed issues in this chapter include the concept of service quality and the drivers of service quality. SERVQUAL framework and theory of attractive quality were adopted in this study.

2.2 Definition of the Phenomenon

2.2.1 The concept of service quality

Keller and Kotler (2009) define a service as any intangible performance or work that one party provides to another. Chakrabarty, Whitten and Green (2008) argue that the satisfaction of customers' needs in the service delivery defines quality of service. It can therefore be noted from the above definitions that the capability of the organisation to meet the demands of customers determines the quality of service. Hasnain (2010) argues improvement of service quality also enhances customers' satisfaction. Hence it can be noted that once customers are satisfied with a service or product, they get committed with the service provider. However, it seems most organisations are failing to improve service quality.

Service quality can be explained as how well the services are delivered to the consumer's expectations. The quality of service is thought to be the core criterion for overall customer service Parasuraman, Zeithamal and Berry, (1985) cited in Adjei and Denanyoh, (2014). Haedie and Walsh (1994) cited in Temba, (2013) stated that quality is product performance which results in customer or end-user satisfaction freedom from product deficiencies, which avoids end-user dissatisfaction. Literature indicates that quality is, therefore, the extent to which the customers or end-users believe the product or service surpasses their needs and expectations. From a service receiver perspective, the service quality delivered by the service provider may contribute to outsourcing success (Iqbal and Dad, 2013). Parasuraman, Zeithamal and Malhotra (2000) argued that service quality is defined by the customer evaluation of service outcome and service process as well as a comparison of customer expectations with service performance. Hence, service quality can be thought of like the fit between the current service level and customer expectations and in this case, this study seeks to assess the impact of service quality on the performance of firms in the banking sector.

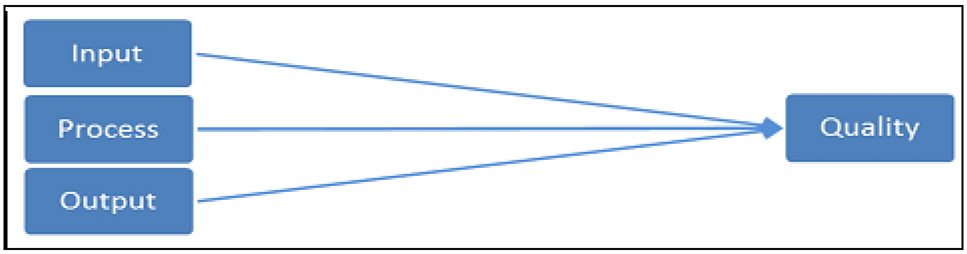


Figure 2.1. Systems approach to service quality.

Source: Johnson et al., (1995)

Johnson et al. (1995) cited in Ayieko, (2015) suggest that service quality depends on the quality of each of the three dimensions which are , quality of inputs, quality of processes and quality of outputs. Input quality, for example, refers to equipment that is up to date, service personnel with skills and knowledge. Process quality is a quality of interaction between provider and customer. This includes accessibility, availability and service provider’s willingness to help. Output quality refers to the results of service provision, and it includes both tangible results and intangible benefits. However, Qadeer, (2013) stated that the identification of other elements besides quality is critical. The other factors that are critical can be value, corporate reputation, customer satisfaction and image.

2.2.2 Drivers of service quality

Parasuraman, Zeithaml, and Berry, (1985) identified three key characteristics of quality that are intangibility, heterogeneity and inseparability. Zhang, and Chau (2012); Parasuraman (1985) used the disconfirmation model by Oliver's (1980) to measure service quality. However, Parasuman (1988) reformed the determinants. Zeithaml (2001) states that the five elements were included in a tool for measuring quality that is referred to as SERVQUAL. The five elements are;

- Assurance - Knowledge and courtesy of employees and their ability to inspire trust and confidence.
- Empathy - Caring, individualized attention the firm provides its customers.
- Reliability - Ability to perform the promised service dependably and accurately.
- Responsiveness - Willingness to help customers and provide prompt service.
- Tangibles -Appearance of physical facilities, equipment, personnel, and communication materials.

Zekiri and Angelova (2011) states that if a company's representatives provide genuine and caring services, customers would want to do business with them. Hence, an organisation ought to have assurance, provide confidence and trust to its customers to ensure quality service. Parasuraman et al. (1985) states that tangibility can be characterized as the presence of physical offices, staff, and equipment and composed materials. Customers will stay with a service provider once they are getting key services. Additionally, an organisation should show support to its customers as Armstrong (2012) argues that an organisation is supposed to provide care to its customers. Gbadeyan and Gbonda (2011) proposed that to attract customers through caring is a key determinant. Armstrong (2012) defines responsiveness as quick service and willingness to assist customers without delay. Hence, literature indicates that service quality is driven by the pace employees' serve or assist customers. However, this study seeks to assess the impact of service quality on the performance of firms in the banking sector.

2.2.3 Business Performance

Performance can be expressed as the successful achievement of tasks based on a previously established standard that defines the expected outcomes (Ndungi, 2016). Performance in organisations can be seen both as individual and organisational performance. A high-performance organisation is characterised by highly energised employees who are confident in the organisation's strategy and they are clear about their tasks. James (2012) states that performance is related to how a particular group that is organized in a pre-defined manner and with a pre-defined purpose successfully carries out a specified task. Performance could be in terms of profitability, market share, growth, or overall business performance that includes non-financial factors.

Ham (2009) argues that performance is the economic acquisition of resources by an organisation in achieving the purpose of the organisation. Different organisations can give different meanings to performance, and meanings can vary over time. Performance has become a requirement of social sector management and although improving performance and accountability are significant, they are inherently difficult and ambiguous because the nature of the social sector is different from the private sector. Smith and Reece (1999) defined business performance as the operational ability to satisfy the desires of the company's major shareholders. The most common indicators used in measuring business performance are profit, return on investment (ROI), turnover or number of customers Wood (2006). Kraus *et al*. (2012) indicated that other growth indicators which can be used to measure performance include changes in an enterprise's market share or enhanced venture capital funding and growth in revenue. It can be noted that the above literature indicates that performance of organisations is measured by profit, thus the benefits ought to outweigh the risks and limitations to ensure performance of a company.

The performance of banking institutions has become a major issue in developing countries and the success of these enterprises depends on how they are managed (Eccles et al., 2014). Organisational performance is considered to be the sum of accomplishments that have been achieved by all departments at an organisation. Lo and Fu (2016), noted organisational performance is the product of interactions of different parts or units in the organisation. The idea of organisational performance is affiliated to the survival and success of an organisation Ahmed, (2014). Raluca-Elena (2015) defined organisational performance as the ability of an organisation to achieve its set goals and objectives and fulfil its mission by use of strong governance, sound management and persistent rededication of achieving results in terms of efficiency, profitability and customer satisfaction. The major areas of study on organisational performance to date have concentrated on aspects of growth of companies Bavik, (2016). Zerayehu et al., (2013) also argued that survival in today's competitive environment totally depends on performance and growth.

2.3 Underpinning Theories and models

In order to assess the impact of service quality on the performance of firms in the banking sector, this study adopts SERVQUAL framework and theory of attractive quality.

2.3.1 SERVQUAL Framework

SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions The use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction Parusaraman, Zeithamal. and Berry, (1985). The difference between expectations and perceptions is called the gap which is the determinant of customers' perception of service quality as shown on Figure 2.2.

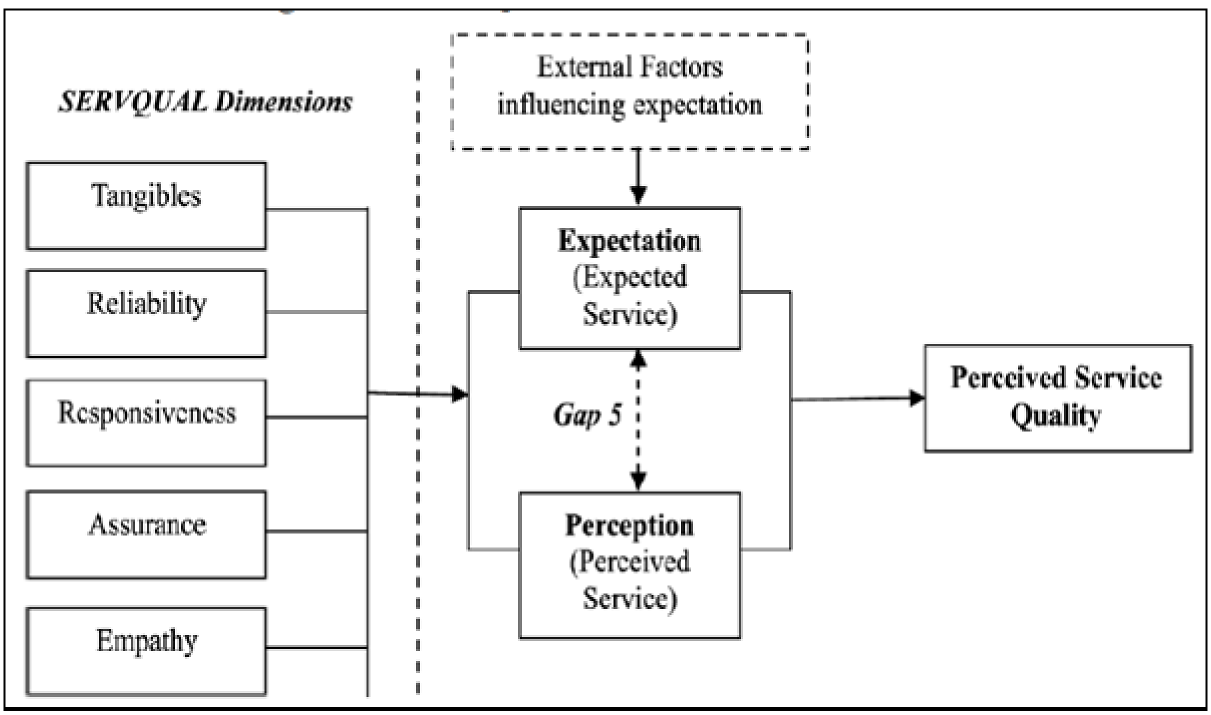


Figure 2.2 SERVQUAL model

Source: Kumar; Manshor, and Kee (2009)

Gap 5 indicates the gap between customer expectation of services and their perceptions of service quality delivered by an organisation. Kassim and Abdullah (2010) argued that the SERVQUAL model has been the most widely and effectively used evaluation of service quality. Hence, this study adopted SERVQUAL framework in order to assess the impact of service quality on the performance of firms in the banking sector.

2.3.2 Theory of Attractive Quality

Kano et al (1984) introduced the theory of Attractive Quality to assist organisations in comprehending the degree of adequacy of a product or service's quality and how customers gauge that quality. Through customer evaluation of the quality of a product or service, organisations will be capable of discerning the significance of each quality to customers. Furthermore, matters that are most important to customers will get essential attention. According to this concept, customers classify the quality of a product or service using five different classifications. These categories include; attractive quality, one-dimensional quality, must-be quality, indifferent quality, and reverse quality Grigoroudis and Siskos, (2010);

- Attractive quality delivers satisfaction to customers when it is wholly attained but does not affect displeasure when it is not being achieved. Merely put, the existence thereof brings pleasure while the absence is tolerable.
- One-dimensional quality narrates intimately to customer gratification. Satisfaction is realised when it is being fulfilled, but if not fulfilled, it results in frustration.
- Extra fulfilment of this quality results in extra satisfaction for the customers.
- Must-be quality is that quality which by default is anticipated and as such customers take for granted. Its existence does not have any influence on satisfaction. However, its absence will bring disappointment mostly because customers assume vendors should comprehend and include all essentials they would want in a product or service.
- Indifferent quality is neither the best nor the worst. Accordingly, the outcome does not affect customer satisfaction or displeasure. The reason why customers are indifferent to value is that they do not require or are unaware of the quality. It is conceivable that an indifferent quality will translate to an attractive quality once customers are exposed to it.

- Reverse quality is adversely associated with customer satisfaction. The increased presence of this quality in a product or service brings about increased customer frustration, i.e. some customers who desire to have specific essential characteristics of a product or service may show unhappiness when they are presented with sophisticated features that are overwhelming.

Kano et al (1984) further states that the quality of a product or service is dynamic, meaning it is prone to transformation over a period. An efficacious quality habitually traces a sequence from being indifferent to being attractive, then being one-dimensional, and eventually to being a must-be item. It is at this point where the quality of the product or service is believed to have an attractive characteristic to end-users. After unvarying usage, the opinion concerning the quality of the product or service becomes one-dimensional where customer gratification and disappointment exclusively count on an unambiguous component of achievement of that quality. As time passes and the customer develops affection for that quality; it becomes the established norm anticipated of that product or service. This is articulated as the must-be state, where customers will not radiate happiness with the manifestation of the quality. Nevertheless, they will show displeasure if that quality vanishes. AL-Ababneh (2013) states that delivering high quality services is closely linked to profits, cost savings and market share.

2.4 Factors affecting Organisational Performance

The level of organisational performance is determined by a number of contributing factors that include service quality, operational efficiencies, levels of diversification, organisational structures, top management team composition, human resource management, political and or social influences interfering upon the market conformity Mafini, (2015). Organisational performance denotes the outcomes of various organisational practices and procedures which occur in the course of its day to day operations.

Gamage (2014) argues that enrolment and determination are basic capacities endowed to the branch of the human asset administration. For a business association to work easily, enlistment and choice processes must be done following the correct system so as to choose the correct possibility for the correct occupations. Enrolment is a procedure that includes pulling in a contender for work while determination is the way toward picking the most qualified and very equipped people for arrangement. The nature of human resources in a firm to a great extent affects organisational performance. Sisson (2015), stresses that the initial phase in making focused quality in a firm is through enlistment and choice. Perceived quality drives financial performance. Studies carried out by Anderson et al (1994) of 77 Swedish companies showed perceived quality having a major impact on a company's return on investment. Aaker and Jacobson (1994) also support this notion after their study of 33 public traded firms showing it had an impact on stock return which is the ultimate financial measure. A study was carried out by Odeny (2016) focusing on banks in Kenya. It emphasised that service quality had an effect on the performance of commercial banks in Kenya.

According to Nyamao (2016) the business world has been swiftly changing more than ever before. Factors such as competition, globalisation and technology have reshaped the environment which modern businesses thrive. In Jantunen's (2005) research, he states that knowledge is posited in an organisation as a strategic asset which can help the firm maintain its competitive ability in a turbulent environment. In fact, knowledge-based assets and organisational learning (OL) capabilities are critical for a firm's innovation activities Jantunen (2005). It is very important for organisations to identify, balance, integrate and align all of the external and internal variables that are likely to have an impact on the organisation's capacity to perform well and fulfil customer satisfaction.

According to Mabvure, Gwangwava, Manuere, Mutibvu, and Kamoyo (2012) financial institutions act as intermediaries by matching supply and demand of funds. Interestingly, Barongo (2013) observed that banks especially commercial banks constitute the bulk of these financial intermediaries. Skarica (2014) and Rahji (2017) concur that commercial banks play a critical role in an economy as they have the capacity to finance production and stimulate economic activities in turn. For instance, Skarica (2014) surveyed Western and Eastern European banks during 2007/2008 world economic crisis and noted that instability in the financial sector is reflected throughout the economy and leads to slowing down of industries, employment and the economic growth. Commercial banks are financial institutions whose main role is to accept deposits from depositors with excess funds and lend at an interest to borrowers Rajha, (2016).

The Reserve Bank of Zimbabwe provides direct supervision of the financial Institutions. The banking sector is regulated under the Banking Act. The banking sector in Zimbabwe is composed of commercial banks, Building societies, Merchant Banks and the Savings Banks. There are 13 commercial banks, 5 building societies, and 1 savings bank giving 19 banking institutions. There are also other financial institutions, which are under the supervision of the Reserve Bank of Zimbabwe namely two development financial institutions, six deposit taking microfinance and 195 credit only microfinance. Reserve Bank of Zimbabwe, (2018).

In the changing banking scenario of the 21st century, the banks need to have a vital identity to provide excellent services. Kozlinskis (2007) assessed that the evaluation of the business macro environment has become crucial to making correct management decisions and forecasting the future situation in conditions of the current economic slowdown. Trifu, Girneata and Potcovaru, (2015) on the other hand evaluated that to have a successful economic activity that drives performance, organisations must analyse both their internal and external environment. According to Kotler, Wong, Saunders, and Armstrong (2005), an external or marketing environment audit explores the macro-environmental forces relevant to business performance. Using the PESTEL Framework, an interrogation of the macro-environmental factors affecting commercial public sector enterprises was chronicled with significant contributors being Political, Economic, Social, Technological, Ecological and Legal Factor.

2.4.1 Political Analysis

Factors, such as politics, the increasing size and globalisation of the industry, questions about the industry's marketing practices are increasing public and political hostility to the commercial public sector enterprises in Zimbabwe. Since the resignation of Robert Mugabe as the president of Zimbabwe on the 21st of November 2017, the new administration has been supporting the mantra Zimbabwe is "open for business" to the world (Tlhabi, 2019). Ndimande and Moyo, (2018) state that the intonation 'Zimbabwe is open for business' is a strategy to be relevant to the international community, and a call towards business and capital to invest in Zimbabwe. 'Zimbabwe is open for business' has led to optimism and expectation that the country could be on the path to economic reform, economic prosperity with the West.

2.4.2 Economic Analysis

Mhotseka (2019) indicated that there is lack of confidence in the market, driven by high currency exchange rates, consumers resorting to hoarding and business viability has remained low. According to World Bank (2018), Zimbabwe Gross Domestic Product has been declining since 2014 due various reasons including shortages of foreign currency, and a fall in commodity prices. World Bank (2018) further indicates that Zimbabwe is faced with economic challenges that include fiscal consolidation. Sakarombe and Marabada (2017) states that early January 2016, the Zimbabwean economy was hit by a cash crisis, which affected the social and economic wellbeing of the general populace. Mambo (2010) confirms that companies in Zimbabwe are having challenges adapting to the dollarization era. According to World Bank, (2018), in November 2016, the Reserve Bank of Zimbabwe officially introduced the bond notes in to the Zimbabwean economy in an effort to ease the cash crisis in the country. Research by the RBZ (2016) as cited by Dhlamini and Mbira (2017) shows that there has been a lot of illicit financial flows that have exacerbated the liquidity situation as funds have been transferred out of the economy with rampant externalisation of funds mainly by individuals and companies in the extractive sectors.

Kuwaza (2018) highlighted that whilst presenting the 2018 budget, Former Finance minister Patrick Chinamasa said that the country's fiscal deficit stood at US$672 billion. The current account deficit has continued to widen from an estimated US$552, 8 million in 2016 to about US$617 million, which shows the impact of the widening trade imbalance on the economic crisis. The Minister of Finance underscored that Zimbabwe was suffering from low business and investor confidence. The Minister attributed the low confidence levels as a reflection of unsustainable fiscal deficits, current account deficits, debt overhang, low business competitiveness and low production across almost all the economic sectors thereby causing the country to experience high levels of unemployment, de-industrialisation, rising informal sector activities as well as foreign currency and cash shortages. Invariably, low economic activity affects companies' productivity with some firms closing shop or operating at break-even point to remain afloat. The economic challenges in the country have a huge effect on the performance of commercial banks. The Reserve Bank of Zimbabwe announced a rise in the inflation rate from 2.91% in June 2018 to 4.29% in July 2018

Reserve Bank of Zimbabwe, (2018). With an underperforming economy and a rise in inflation, banks seem to underperform by providing poor service to customers.

2.4.3 Social Analysis

Changes in social trends can impact on the demand for organisational products and the availability and willingness of individuals to work. The World Bank in Zimbabwe (2018) states that "The country faces challenges relating to fiscal consolidation and financial sector stabilization; stimulating growth and investment to increase revenue collection and foreign exchange generation; protecting social gains; and improving governance outcomes through continued legislative and institutional reforms." The World Bank in Zimbabwe (2018) further states that Zimbabwe's economy began a downward trend that saw a decline in gross domestic product growth due to a drought and an expansionary fiscal policy and financial shocks. Despite initiatives by the Zimbabwe Government to improve business performance, Commercial banks underperform and provide poor services to customers due to social challenges in the country.

2.4.4 Technological Analysis

Technological advancements are an important aspect towards the growth and performance of businesses. According to Ruvinga and Zhou (2014) effective utilization of technology ensures business success. Mhlanga (2006) states that Zimbabwe continues to face challenges in technology integration into the country's economic development strategies. Technological advancements requires focus, training, and investment in new technology and software to aid in the development of value-adding business performance. The existing variation in economic performance between countries is significantly affected by the level, diffusion and use of different types of information and communication technology with the last several years of economic competitiveness increasingly depending on how quickly countries adapt to new technologies Mitrovic, (2015). Nyamadzawo (2011) states that there still exists need for organisations to incorporate information communication technology.

2.5 Empirical Research

Huang and Lin (2006) examined the performance system of five commercial banks in China. Through investigations and evaluations of the current performance systems of the sample banks, the authors were able to design a new performance evaluation system based on the Balanced Score Card (BSC). Zhang and Li (2009) believe that performance management is an important aspect of banking business management. In their study they proposed the BSC as a tool to improve the performance of commercial banks in China. The authors proposed a mechanism and a strategy for application along with the limitations of the BSC. Zaman (2004) investigated the current state of BSC use in Australian corporations. The author surveyed the top 50 Australian companies. The survey results revealed that only 33% of companies use the BSC and that 25% are planning to implement it in the future. The author argues that Australian companies are at the edge of adopting a strategic posture or intention to implement the BSC in the near future.

Agyei and Kilika (2013) conducted a research on the relationship between service quality and customer loyalty in the Kenyan Mobile Telecommunication Service Industry. The study sought to examine the relationship between service quality and customer loyalty in the Kenyan Mobile Telecommunication Service Sector. The study found a significant relationship between service quality and customer loyalty ($r(313) = 0.47$, $p<0.05$).

Kheng (2010) carried out a research on the impact of service quality on customer loyalty with specific reference to Banks in Penang, Malaysia. The research findings indicate that improvement in service quality (reliability, empathy, and assurance) can enhance customer loyalty.

In Zimbabwe, Makayeza and Chikaze (2017) conducted a research titled "Mediators of the relationship between service quality and customer loyalty: Evidence from the banking sector in Zimbabwe". The study sought to investigate the mediators of the effect of service quality on loyalty among bank customers in Zimbabwe. The study found that service quality, satisfaction and corporate image all have positive direct effects on customer loyalty.

Odeny (2016) conducted a research on the influence of service quality on performance of Barclays Bank of Kenya limited. The researcher sought to determine the influence of service quality on performance of Barclays Bank of Kenya limited. The study found out that dimensions of service quality considered most important by customers were reliability and responsiveness while Tangibles was considered the least important dimension.

Literature indicates that there is not much research that has been conducted on service quality and business performance. Hence, this study seeks to fill in this gap by assessing the impact of service quality on the performance of firms in the banking sector.

2.6 Conceptual Framework

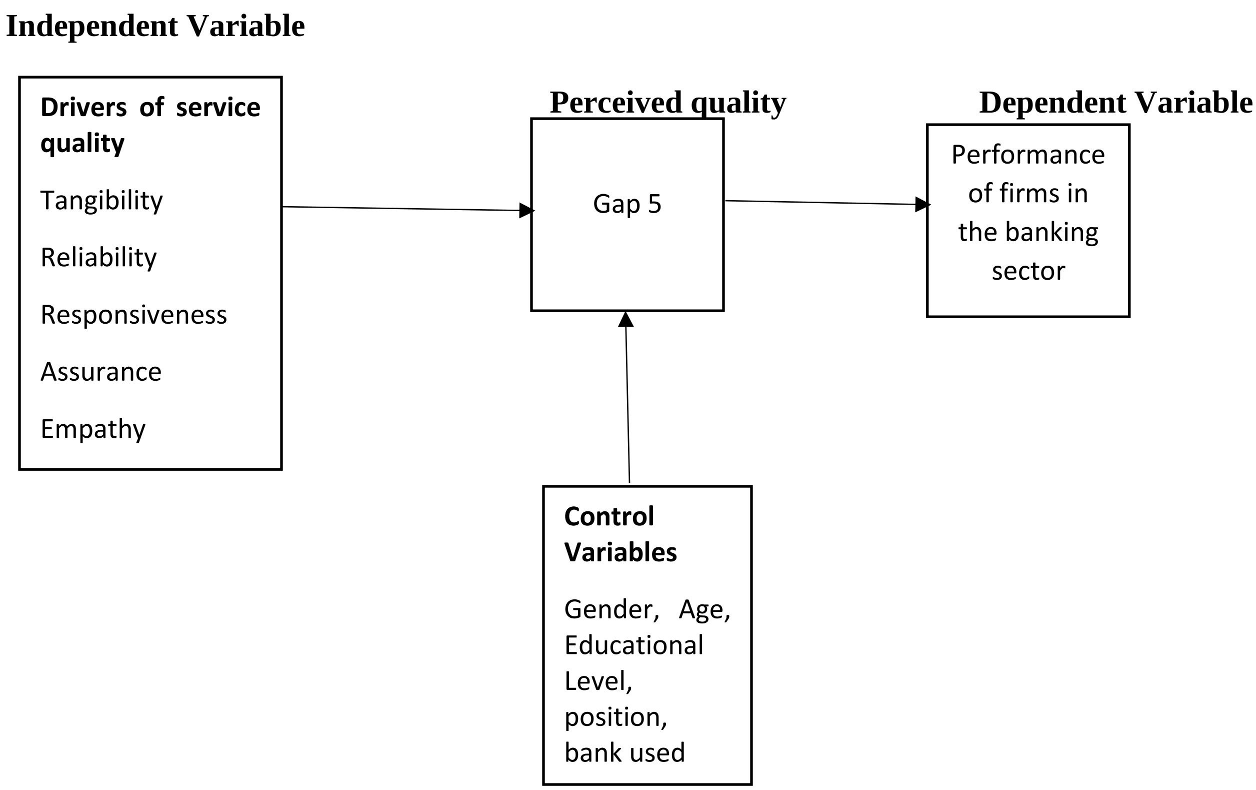


Figure 2.3 Conceptual framework for service quality on the performance of firms in the banking sector

Source: Compiled by the researcher (2019)

Figure 2.3 shows conceptual framework for service quality on the performance of firms in the banking sector. Conceptual framework shows that service quality leads to improved performance. Gender, age and educational level are the control variables that also determine the performance of firms in the banking sector.

2.7 Chapter Summary

This chapter has reviewed relevant literature to this study on the impact of service quality on the performance of firms in the banking sector. Some of the discussed issues in this chapter include the concept of service quality and the drivers of service quality. This was followed by a discussion on the business performance and factors affecting organisational performance. A review of SERVQUAL model and theory of attractive quality was then presented. Thereafter empirical literature was reviewed. The next chapter (chapter three) discusses the methodology of the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out to give a description of how the research was executed, embracing all the activities and procedures undertaken during the study. This study seeks to analyse the impact of service quality on performance of firms in the banking sector. Research design, research philosophy, sample size and sampling techniques are some of the discussed issues in this chapter. The chapter begins by discussing the recap of the research, and research design. Thereafter methods of data collection, research instruments, population and sampling techniques is discussed followed by a discussion of questionnaire administration, data gathering, processing and analysis, and research limitations. In addition, the chapter presents validity and reliability. This is followed by ethical considerations and ends with a chapter conclusion. This discussion is relevant to the study as it provides a description of how the study was completed.

3.2 Recap of research aim

From the literature review, a number of factors were identified on the impact of service quality on the performance of firms in the banking sector. It seems that performance of firms in the banking sector is influenced by quality of service. However, it must be noted that the main objective of the research is to investigate the impact of service quality on the performance of firms in the banking sector. The main research question is how does service quality influence performance of firms in the banking sector. The study seeks to understand the relationship between service quality and bank performance. In order to achieve this, the research was conducted as follows;

3.3 Research Design

This research adopted descriptive research design because it allows the researcher to collect a large amount of data from a sizable population of customers and employees in the banking sector in Zimbabwe. Bishop, Richard and. Boyle, (2017) states that descriptive research is resultant of non-experimental studies with the purpose of describing characteristics of a phenomenon. This design was appropriate for this study because it described what is happening at the present moment and this is in alignment with the study objective of investigating the performance of firms in the banking sector. The researcher adopted descriptive research design because it provided accurate and valid representation of the factors relevant to the research. The approach further allowed the researcher to collect primary and secondary data which were used to come up with meaningful conclusions and recommendations.

3.3.1 Research Philosophy

There are three major schools of thought regarding research philosophy. Ontology is mainly concerned with researchers view on the nature of reality. Axiology is veered towards judgements about value that is the roles of values in research, Epistemology is focused on that which constitutes acceptable knowledge in a field of study. The research is aligned to an ontological perspective as it is more objective and independent of social factors.

According to Saunders et al (2009) a research paradigm is a form of examination of social phenomena and from which understanding of these phenomena can be gained and explanations formulated. The researcher adopted a positivist (quantitative) research philosophy. According to Van Wyk (2012) quantitative research methods are usually associated with deductive approaches (based on logic), while qualitative research methods are usually associated with inductive approaches (based on empirical evidence). Hence, this study adopted the qualitative methodology for this study.

3.3.2 Research Approach

This study adopted deductive research approach in order to analyse the impact of service quality to bank performance. According to Greene (2007) a deductive approach can improve an evaluation by ensuring that the limitations of one type of data are balanced by the strengths of another.

3.3.3 Research Strategy

For the purposes of this study, the researcher adopted survey research strategy. According to Egan et al (2015), a survey is a method of gathering data in a reliable method from participant. Survey research is therefore used to answer questions that have been raised, to solve problems that have been posed or observed, to assess needs and set goals, to determine whether or not specific objectives have been met, to establish baselines. The survey method was used as it helps the researcher to investigate how service quality can be utilized as a strategy for improving performance of firms in the banking sector.

3.4 Methods of Data Collection

Data can either be primary or secondary. Bryman and Bell (2007) distinguish between primary and secondary data. Primary data originates directly from respondents who answer questionnaires and interviews whilst secondary research comes from other published researches that are already in the body of knowledge. This study used both primary and secondary data as depicted in Table 3.1.

Table 3.1: Sources of information for the study

Primary sources	**Secondary sources**
Questionnaires	Media (Internet, newspapers etc.)
	Journals, books, articles

3.4.1 Primary Data

Primary data is collected when the researcher notes what actually happened or what was actually said at the time. Aggarwal and Jorion (2009) postulate that primary data is gathered by the researcher from start to finish, directly from respondents.

The researcher used primary data because it can be described as first-hand information and is original in nature. Aggarwal et al. (2009) also states the advantages of primary data which include less likelihood of error because the researcher is gathering from original sources. Data is also unbiased, and it provides the researcher more control in data collection.

3.4.2 Secondary Data

This is data acquired from various literatures that is already in the body of knowledge (Burns and Bush, 2006). Textbooks, journals, and newspapers are some examples of where secondary data is gathered.

The researcher used secondary data because it enables the researcher to gain knowledge by viewing the research problem through the eyes of past and present scholars. Low cost is its main advantage whilst the ability to acquire information easily is another. This however can also be a problem as certain knowledge may become irrelevant over time. The validity of data has to be analysed where possible to ensure it is still applicable at this time. With this mind, the researcher aims at collecting secondary data that contributes in solving the research problem adequately.

3.5 Research Instruments

Questionnaires: The researcher used questionnaires for the purposes of this study. A questionnaire can be defined as a document containing questions and other types of items designed to solicit information appropriate to analysis Acharya, (2010). Questionnaires can either be open ended or close ended. An open-ended question is one which permits a free response for an individual while close ended questions also referred to as fixed alternatives, provides a set to which the respondent has to choose the answer from the provided alternatives, Mathers et al. (2009). Closed ended questions were used in this study. Moreover, questions from the questionnaire were designed in such a way that they met the demands of this research which aims at assessing the impact of service quality on the performance of firms in the banking sector. Questionnaires were distributed to customers in the banking sector and they had to collected once the participants were done.

The researcher used questionnaires because they enable the researcher to explain in person, the purpose of the study and the importance of the potential respondent’s participation when administering the questionnaires. Another advantage of questionnaires is that they allow a large number of people to be reached easily and economically. Responses in a questionnaire are relatively easy to analyse.

3.5.1 Questionnaire developments

The questionnaire that was administered by the researcher in this study consisted of two sections that is Section A and Section B. Section A covers the demographic information of respondents. Demographic characteristics such as age, gender and educational level were asked. Section B was structured in alignment to research questions in order to examine the impact of service quality on firms in the banking sector. The first objective sought to determine the performance of firms in the banking sector. The second objective sought to determine the relationship between service quality and bank performance. The third objective sought to look at ways of enhancing quality service and performance of firms in the banking sector.

Sections B of the questionnaire consisted of items that respondents were asked to rate their responses. The responses on these items where be measured on a 5-point Likert Scale. The ratings that were as follows: 1 indicate “Strongly Disagree”, 2 indicate “Disagree”, 3 indicate “Neutral”, 4 indicate “Agree” and 5 indicate “Strongly Agree”.

3.5.2 Pilot Testing

According to Arain (2010) a pilot study is a mini-version of a full-scale study or a trial run done in preparation of the complete study. Thus, the pilot study of the current research can therefore be defined as a pre-testing of the questionnaires. One of the advantages of conducting a pilot study prior to the main research is that necessary changes can be made on the research instruments so that the main research will have minimal problems Saunders et al., (2009). A pilot study was conducted on 30 participants. The pilot study found out that there is a positive relationship between service quality and performance of banks. Hence, the researcher found out that the research instrument was valid to collect data.

3.6 Population and Sampling Techniques

3.6.1 Population

A population is the total group of individuals, entities or organisations from which the sample might be drawn McLeod, (2014). In this study, the population was made up of customers and staff members within the banking sector.

3.6.2 Sample Size

Cohen (2015) states that a sample is a division of the whole population in a given area. Taherdoost (2017) provides a component of a sample size formula which concerns the estimation of the variance or heterogeneity of the population (P). Fowler (2002) states that a 95 percent level of confidence implies that 95 out of 100 samples will have the true population value within the margin of error (E) specified. For the purposes of this study, the researcher chose a 50% estimate of population. Bartlett et al. (2001) suggest that researchers should use 50% as an estimate of P, as this will result in the maximization of variance and produce the maximum sample size Bartlett et al., (2001).

`	Variance of the population P=50%		
	Confidence level=95% Margin of error		
Population Size	5	3	1
50	44	48	50
75	63	70	74
100	79	91	99
150	108	132	148
200	132	168	196
250	151	203	244
300	168	234	291
400	196	291	384
500	217	340	475
600	234	384	565
700	248	423	652
800	260	457	738
1000	278	516	906
1500	306	624	1297
2000	322	696	1655
3000	341	787	2286
5000	357	879	3288
10000	370	964	4899

The researcher estimated a total number of 700 participants from banking sector and chose margin of error of 3. To be consistent with 95% significance level, a margin of error of 5% is advisable. However, since 423 >248, the sample is more than adequate. Hence, sample size of the study comprises of 423 participants.

3.6.3 Sampling Technique

Probability and non-probability are the two sampling techniques. The researcher used the convenience sampling technique.

The researcher adopted convenience sampling because the relative cost and time required to carry out a convenience sample are small in comparison to probability sampling techniques.

Convenience sampling is the most common type of sampling where the only criterion according to Dornyei (2007) is the convenience of the researcher. Convenience sampling is a type of nonprobability or non-random sampling technique where members of the target population that meet certain practical criteria, such as easy accessibility, geographical proximity, availability at a given time, or the willingness to participate are included for the purpose of the study.

3.7 Questionnaire Administration

The researcher administered questionnaires in person. The researcher could verbally communicate what the respondent would normally read in the questionnaire cover letter. Questionnaires were distributed after communication with the respondents to seek their consent. The following procedure was adopted;

Step 1: The researcher selected a sample of 423 participants in the banking sector.

Step 2: The researcher explained to the respondents the purpose of the study and asked for their co-operation.

Step 3: The researcher distributed questionnaires to the selected sample.

Step 4: The researcher asked the key participants to fill-in the questionnaires.

Step 5: The researcher collected the questionnaires from the respondents and thanked them for their participation.

Step 7: The researcher analysed the findings from the respondents using the Statistical Package for the Social Sciences (SPSS).

3.8 Data Gathering, Processing and Analysis

The study made use of questionnaires to collect data. SPSS 16.0 version tool was used to analyse data in this study. The analysis of data comprised of descriptive statistics, regression, coefficient and correlation analysis which cater for the analysis of the quantitative data that were collected.

Information was presented in the form of two-way tables because it provides a more precise, systematic and orderly presentation of data in rows and columns. Two-way tables examine the relationships between the two categorical variables. Two-way frequency tables are especially important because they are often used to analyse survey results. Tables were utilized for this purpose because they serve as a clear and concise way of data presentation Adams et al., (2008).

Information was also presented using graphical methods so that findings can be clearly shown using charts and diagrams. The study aimed to strike a balance between data and theoretical commentary in order to provide a clearer meaning of the data according to Hansmark (2004). This allows results to be clearly explained using percentages, graphs and commentary. These in turn will allow for easy comparison of the data.

3.9 Research Limitations

Respondents were not open and free enough to respond on questions in the questionnaire. However, this challenge was dealt with by assuring confidentiality to the respondents and fully introducing the research as purely for academic purposes.

Time was a limiting factor since it was not possible to study the whole population of employees and customers in the banking sector because the research itself was for academic purposes and as such its duration had to be within the confines of University of Zimbabwe Semester Schedule. The researcher therefore used a sample which was small and manageable.

In order to carry out a comprehensive study, multiple visits to the research site had to be done and this was likely to be costly. However, in order to cut down these costs, no questionnaires were left behind. This means all the questionnaires administered on each day were collected.

3.10 Validity and Reliability

3.10.1 Reliability

Yin (2003) states that research can never be 100% correct or accurate but great care must be given by taking measures that limit these inaccuracies and make the research more reliable or dependable. Reliability, according to Saunders et al (2009), is concerned with usefulness of the data collection and analysis techniques in producing accurate findings and a relevant research. The research used the following types of reliability which are: parallel forms of reliability, test-retest reliability and Inter-rater reliability.

Joppe (2000) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Questions contained in the questionnaires was matched according to the research objectives to ensure the relevance of the study. The researcher made use of Cronbach's Alpha test to test for reliability.

3.10.2 Validity

Adams et al (2008) postulates that validity of data has to do with research results ad are an honest representative of what is on the ground. Stigmatization and victimization avoidance was sought by the researcher at all times, hence the anonymity of questionnaires. Validity was ensured by avoiding leading questions in constructing the questionnaires. The research used the following types of validity in the questionnaire which is: face validity, content validity, criterion validity and concurrent validity. Validity is the quality of the data gathering instruments that enable it to measure what it is supposed to measure, Crouch and Housden (2003). It can also refer to the degree of accuracy. Therefore, the questionnaires were designed to solicit the information that was required, that is, measuring what was supposed to be measured. To improve the validity of the research, the researcher informed the sample participants in advance about the main content of the questionnaire to give them the opportunity to prepare themselves, in order to provide the researcher with accurate answers.

3.11 Ethical Considerations

3.11.1 Informed consent

Before carrying out the research, respondents were informed about the reason for conducting the research through a consent form. The participants were allowed to voluntarily participate in the study. No coercion or duress was used in the study. In addition, the respondents had absolute freedom of choice of whether to continue with the research or not.

3.11.2 No harm to participants

In the consent form the it was ensured to the respondents that there was no harm because of participating in the research. Therefore, it was strongly emphasised that the information from the study was purely for academic purposes only.

3.11.3 Confidentiality and anonymity

Confidentiality was maintained throughout the study. The researcher had a non-disclosure of confidential information agreement with the participants. Real names of the participants were not used.

3.11.4 Permission

The researcher asked for permission before conducting the research from the relevant authorities and respondents. The respondents were asked to sign a consent form before taking part in the study as an indication that they were agreeing to participate.

3.12 Conclusion

This chapter has discussed and justified the research methodology that was used in the study. The chapter outlined the research design, target population, and the research instruments for the study. This study made use of descriptive research design quantitative methods were adopted in this study. The population was made up of employees and customers in the banking sector. Non-probability sampling techniques was used in this study. The proposed sample size for this study consisted of 423 participants while it used both primary and secondary data. Additionally, the researcher used questionnaires for the purposes of this study. The SPSS 16.0 version tool was used to analyse data in this study. The next chapter (Chapter 4) presents and analyses the data collected.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents and analyses data collected from the research. The chapter provides responses obtained from the distribution of questionnaires to customers and employees in the banking sector. The study considered three banks: Bank A, Bank B and Bank C whose real identities were concealed. This chapter also presents the statistical tests conducted to examine the data including: response rates, frequencies, reliability, inferential tests, demographics of the respondents and the research findings.

4.2 Response Rate

Response rate is the level at which the targeted sample responds to the administered research instruments. Table 4.1 shows the response rate of the participants.

Table 4.1 Response Rate

Description (Questionnaires)	Number of study subjects	Number of responses received	Response Rate (%)
Customers	388	372	95
Employees	35	9	26
Total	423	381	90

A total of 423 participants were chosen for the study and from this; 388 questionnaires were given to customers of Bank A, Bank B and Bank C. Out of 388 distributed questionnaires, 372 were completely filled by customers and returned making their response rate 95%. The researcher managed to obtain 9 out of 35 distributed questionnaires from the employees in the banking sector representing 25% response rate. This implies that there was a low questionnaire response rate from the employees resulting from employee dissatisfaction causing unwillingness to engage in surveys involving the employer and also time constraints with their busy work schedules. However, the overall response rate was 90% implying that there was a high response rate probably because the participants were more willing to participate in the research.

4.3 Frequency tests

Demographics of the respondents are the statics which include gender and age.

4.3.1 Gender of the respondents

For the purposes of this study, considered both males and female. Gender composition of the respondents is shown in figure 4.1.

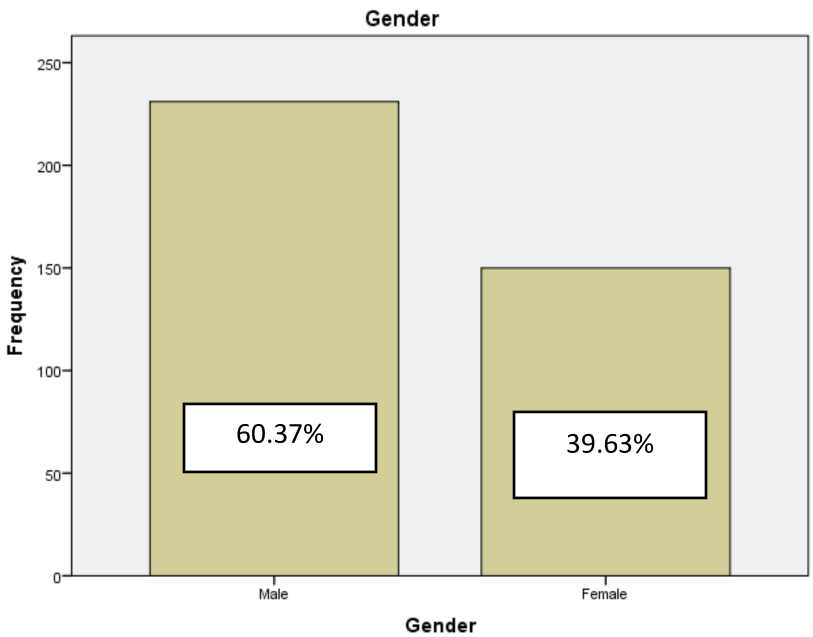


Figure 4.1 Gender of the respondents

Source: Primary Data (2020)

Figure 4.1 shows that males who participated were 230 (60.37%) and females were 151 (39.63%) indicating there were more males than female customers who participated in research. The distribution in terms of gender was necessary as the study was of the opinion that as service quality is an important issue in the performance of firms in the banking sector, it was necessary to get the opinion of both men and women hence striking a balance between the two.

4.3.2 Age of the respondents

Age of the respondents is the age of the participants from birth. Figure 4.2 shows age distribution of the participants.

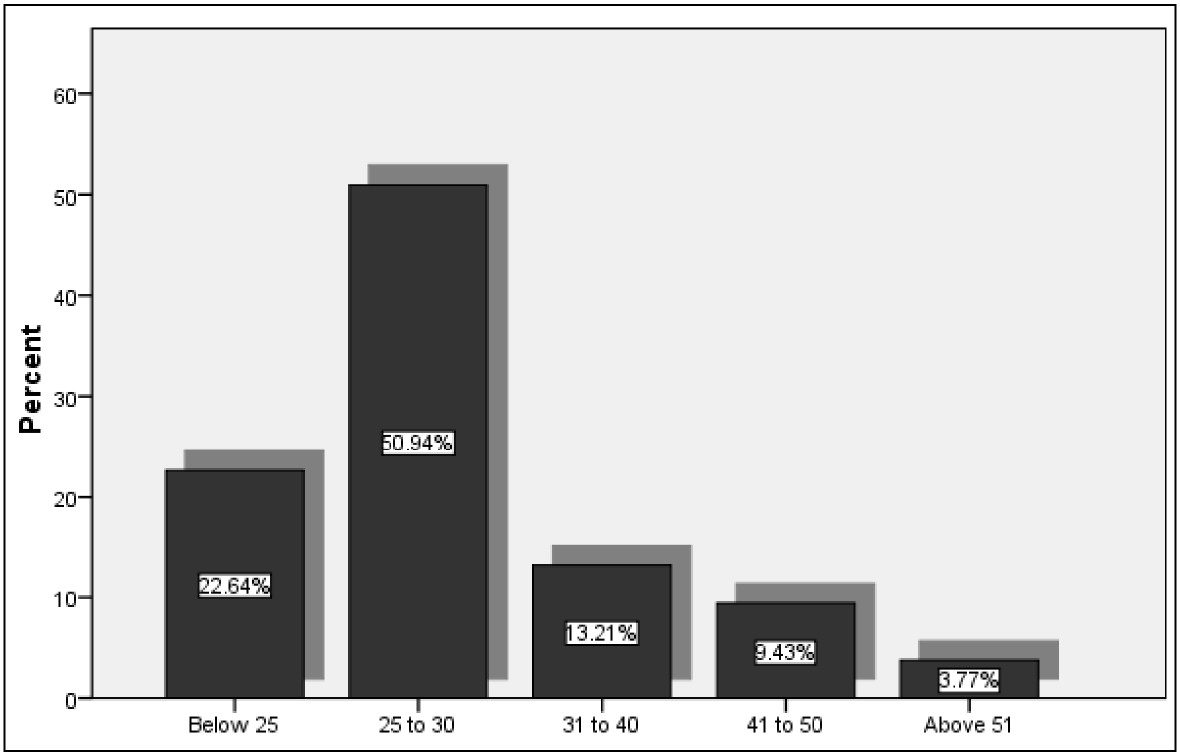


Figure 4.2 Age of the respondents

Source: Primary Data (2020)

Figure 4.2 presents that 22.64% of the participants and 50.94% of the participants were in the below 25 years age group and 25 to 30 years age group respectively. 13.21% of the participants were in the 31 to 40 years age group. 9.43% of the participants and 3.77% of the participants were in the 41 to 50 years age group and above 51 years age group respectively. The findings imply that the majority of the participants (50.94%) were in the 25 to 30-year age group. Most probably, the elderly did not have the time nor the patience to complete the questionnaires.

4.3.3 Educational Level

Educational level is the academic extent to which the participants would have accomplished. The study also sought to understand the educational level of the participants as this influences their understanding on the impact of service quality on the performance of firms in the banking sector. Educational level was divided from school certificate to doctorate level. This is presented in figure 4.3.

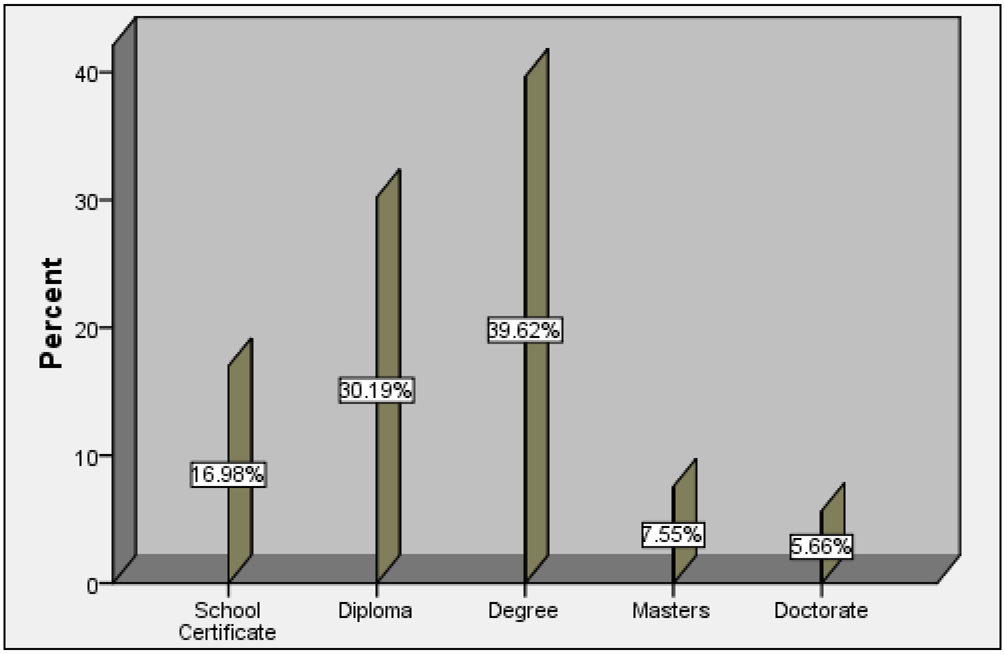


Figure 4.3 Educational level

Source: Primary Data (2020)

Figure 4.3 shows that 16.98% of the participants and 30.19% of the participants had school certificates and diplomas respectively. 7.55% of the participants and 5.66% of the participants had masters and doctorate degrees respectively. The results imply that the majority of the participants (39.62%) had degrees. The research findings indicated that customers of firms in the banking sector are well educated participants who are capable of providing relevant information to the researcher.

4.3.4 Relation to the bank

The research sought to determine whether participants were employees or customers of the banks. Research findings are presented in Figure 4.4.

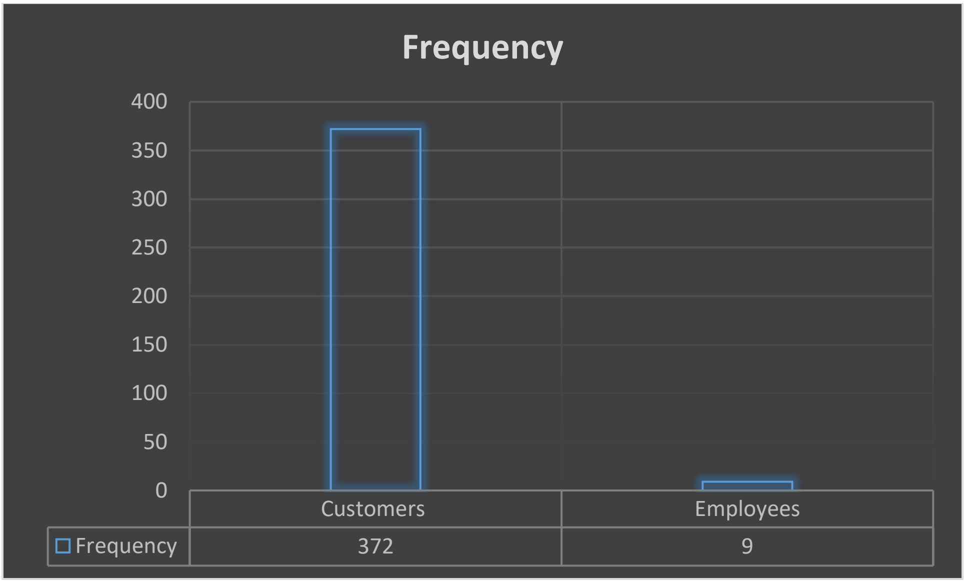


Figure 4.4 Relation to the bank

Source: Primary Data (2020)

Figure 4.4 shows that 372 (98%) were customers and 9 (2%) of the participants were employees in the banking sector. This implies that most of the participants in the survey were customers in the banking sector.

4.3.5 Length of period as a customer /employee to respective bank

The research sought to understand the total period that the customers/employees have been served by their respective banks; in order to analyse the impact of service quality on the performance of firms in the banking sector. The research findings are shown in Figure 4.5.

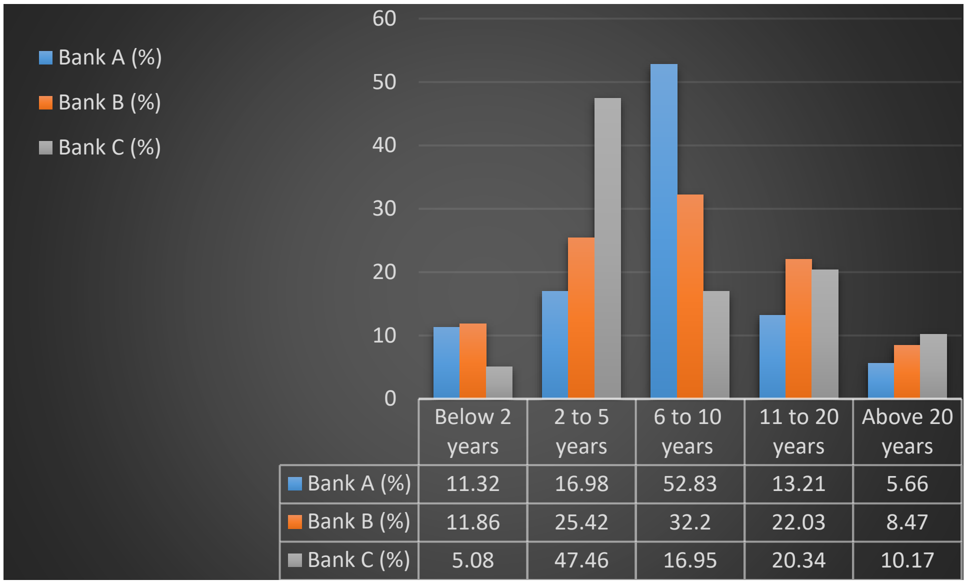


Figure 4.5 Length of period as a customer /employee to respective bank

Source: Primary Data (2020)

Figure 4.5 shows that 11.32%, 11.86% and 5.08% of the participants have been customers/employees to Bank A, Bank B and Bank C respectively for less than 2 years. 16.98%, 25.42% and 47.46% of the participants have been customers/ employees to Bank A, Bank B and Bank C respectively for 2 to 5 years. 52.83%,32.2% and 16.95% of the participants have been customers to Bank A, Bank B and Bank C respectively for a 6 to 10 years. 13.21% ,22.03% of the participants and 20.34% of the participants have been customers/employees to Bank A, Bank B and Bank C respectively for 11 to 20 years. 5.66%, 8.47% and 10.17% of the participants have been customers/ employees to Bank A, Bank B and Bank C respectively for more than 20 years. The research findings indicate that the majority of the participants (52.83%) have been customers/ employees to Bank A for a period of 6 to 10 years probably because Bank A has been in existence in the market for a longer period and clients have confidence in the institution.

4.3.6 Position

The study sought to understand the position or level of management of employees in the banking sector. Figure 4.6 presents the research findings.

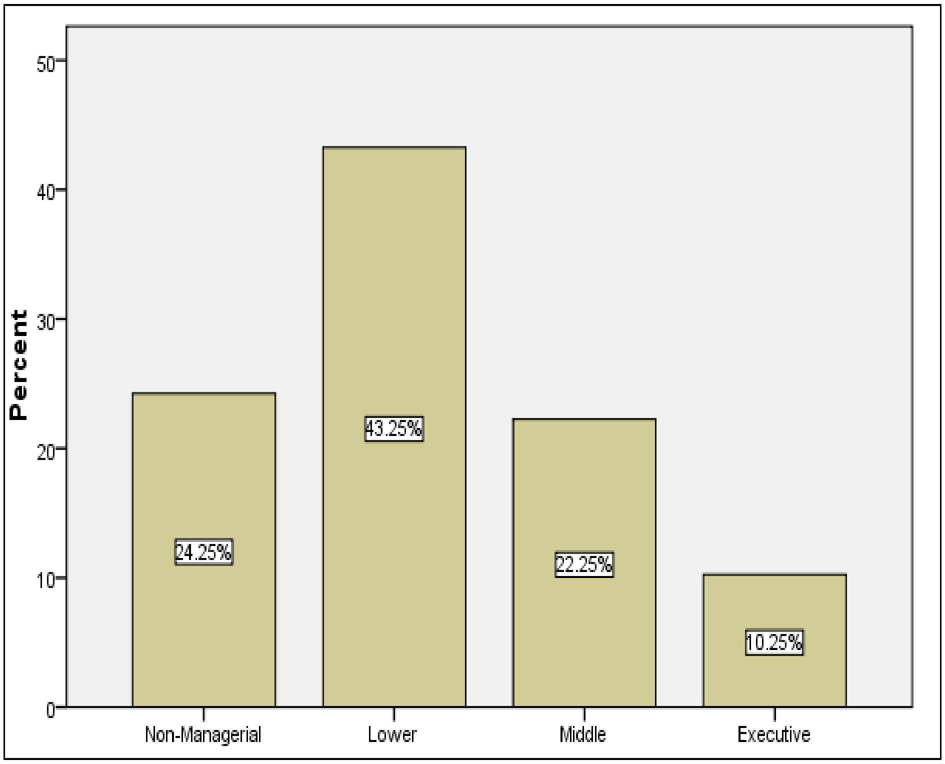


Figure 4.6 Position

Source: Primary Data

Figure 4.6 shows that 24.25% were in the non-managerial positions, 43.25% were in the lower positions, 22.25% of the participants occupied the middle positions whilst 10.25% of the participants occupied the executive positions. The research findings indicated that most of the participants were in the lower positions as they were more willing to participate than the middle and upper level managers who always indicated they were too busy.

4.3.7 Banks used

The research sought to understand the banks used by participants. Figure 4.7 shows the research findings.

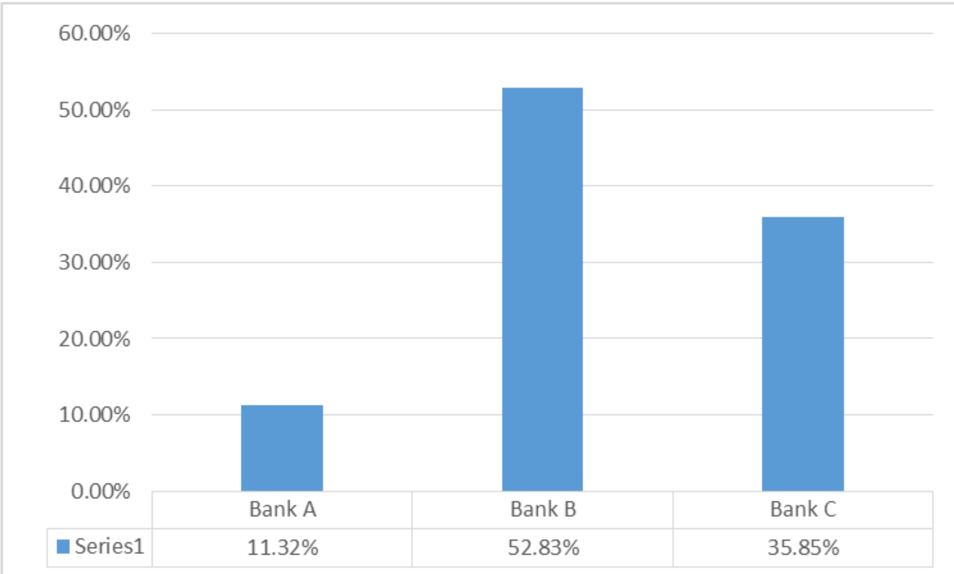


Figure 4.7 Banks Used

Source: Primary Data

Figure 4.7 shows that 11.32% used Bank A, 52.83% used Bank B. 35.85% of the participants indicated that they use Bank C. The research findings imply that most of the participants were from Bank B. The reason could be that, Bank B has a much higher clientele base such that more clients were in their banking halls at the time of the survey in comparison to the other two banks.

4.4 Descriptive Statistics

Table 4.8 Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TangibilityT	381	5	25	18.46	5.847
ResponsivenessT	381	4	20	14.57	4.251
ReliabilityT	381	4	20	15.05	4.627
AssuaranceT	381	4	20	13.69	4.201
EmpathyT	381	8	40	28.23	9.409
PerformanceT	381	5	25	17.91	5.312
StrategyT	381	6	30	20.97	6.791
PerceptionT	381	5	25	16.79	4.851
Valid N (listwise)	381				

The data presented by Fig 4.8 shows that most respondents were in strong agreement that tangibility, reliability, empathy, performance, strategy and perception were regarded highly favourable in the banks used in the study because the means of the variables were above 15. This was represented by the responses on the 5-point Likert scale from "strongly disagree" to "strongly agree". Responses that fell in the ranges above 3 represent those that the respondents found highly favourable and for those below 3, they were less favourable. The respondents however did not view responsiveness and assurance in the banks with high regard, meaning they are not satisfied. This can be noted with their means of 14.57 and 13.69 respectively which were below 15 as such, ranging below 3 on the Likert scale. Empathy had the highest standard deviation indicating it was highly favourable in comparison to assurance which had the lowest standard deviation

4.5 Reliability tests Cronbach's Alpha

The study sought to test the questionnaire for reliability using Cronbach's Alpha. In this study, reliability tests were performed to assess the impact of service quality on the performance of firms in the banking sector using the five elements. Reliability was tested in measuring performance of the firms, relationship between service quality and banking performance and strategy's for enhancing service quality on performance of firms in the banking sector.

Table 4.2 Reliability

Reliability	Cronbach's Alpha	Number of items
Tangibility	0.984	5
Reliability	0.963	4
Responsiveness	0.966	4
Assurance	0.95	4
Empathy	0.983	8
Performance	0.942	5
Strategy	0.967	6
Perception	0.949	5
Total	0.996	41

Source: Primary Data (2020)

Table 4.2 shows that Cronbach's Alpha co-efficient was found to be highly satisfactory and consistent in measuring the variables. The questionnaire had been devised to assess the impact of service quality on the performance of firms in the banking sector A Cronbach's alpha was run on a sample size of 381 participants. The results showed; Tangibility (0,984), Reliability (0.963), Responsiveness (0.966), Assurance (0.95), Empathy (0.983), Performance (0.942), Strategy (0.967) and Perception (0.949) The Cronbach's alphas for all the constructs were above the 0.7 benchmark. This implies that the internal consistency of the data was very good. As a result, researchers who wish to further assess the impact of service quality on the performance of firms in the banking sector can use the research instrument administered in this research due to its ability to generate reliable data. From this research no items were deleted.

4.6 Normality Test

Assumptions for the Normality test for the research were largely based on the Central Limit Theorem (Saunders et al., 2012).The Central Limit Theorem assumes that according to Saunders, for large sample sizes of 100 and above elements tend to follow a normal mean. With regards to the study which had 381 respondents it met the classification of a large sample hence basing on the Central limit theorem analysis was done using parametric tests.

4.7 Correlation analysis of service quality on the performance of firms in the banking sector.

The study sought to conduct correlation analysis in order to understand the relationship between service quality and performance of firms in the banking sector. Correlation analysis depicts direction, statistical significance and magnitude of relationships. The sign of the correlation coefficient indicates the direction of the relationship whilst the direction itself describes whether there is a positive or negative relationship between the variables. The correlations range from -1.0 for a perfect negative relationship to +1.0 for a perfect positive relationship, 0 no relationship between the variables, less than 0.3 small, 0.3 - 0.5 medium and above 0.5 large hence classified as good.

Table 4.3 Correlation analysis

Correlations

		TangibilityT	ResponsivenessT	ReliabilityT	AssuaranceT	EmpathyT	PerceptionT
TangibilityT	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	381					
ResponsivenessT	Pearson Correlation	.978**	1				
	Sig. (2-tailed)	0					
	N	381	381				
ReliabilityT	Pearson Correlation	.986**	.983**	1			
	Sig. (2-tailed)	0	0				
	N	381	381	381			
AssuaranceT	Pearson Correlation	.953**	.945**	.940**	1		
	Sig. (2-tailed)	0	0	0			
	N	381	381	381	381		
EmpathyT	Pearson Correlation	.987**	.978**	.981**	.937**	1	
	Sig. (2-tailed)	0	0	0	0		
	N	381	381	381	381	381	
PerceptionT	Pearson Correlation	.973**	.981**	.973**	.959**	.969**	1
	Sig. (2-tailed)	0	0	0	0	0	
	N	381	381	381	381	381	381

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

Source: Primary Data (2020)

Table 4.3 presents correlations of tangibility, responsiveness, reliability, assurance, empathy and perceptions. Table 4.3 presents correlation analysis of tangibility and responsiveness. (r=0.978), based on n=381 observations with pairwise non-missing values. Correlation of tangibility and reliability (r=0.986). Tangibility and assurance (r=0.953); tangibility and empathy (r=0.987) then Tangibility and perception (r=0.973). It can be noted that Pearson correlation coefficient for the variables are significant (p < .001 for a two-tailed test), based on 381 complete observations. These results imply that tangibility has a statistically significant linear relationship with responsiveness, reliability, assurance, empathy and perception (p<.001). Hence, the variables tend to increase together.

It can be observed that the correlation analysis of responsiveness and tangibility (r=0.86), based on n=381 observations with pairwise non-missing values. Correlation of responsiveness and reliability (r=0.983). Responsiveness and assurance (r=0.945); responsiveness and empathy (r=0.978) then responsiveness and perception (r=0.981). These results imply that responsiveness has a statistically significant linear relationship with responsiveness, reliability, assurance, empathy and perception ($p<.001$).

Table 4.3 also shows correlation analysis of reliability and tangibility (r=0.986), based on n=381 observations with pairwise non-missing values. Correlation of reliability and responsiveness (r=0.983). Reliability and assurance (r=0.940); reliability and empathy (r=0.981) then reliability and perception (r=0.973). These results imply that reliability has a statistically significant linear relationship with responsiveness, reliability, assurance, empathy and perception ($p<.001$).Hence, the variables tend to increase together.

In addition, Table 4.3 presents, correlation analysis of assurance and tangibility (r=0.953), based on n=381 observations with pairwise non-missing values. Correlation of assurance and responsiveness (r=0.945). Assurance and reliability (r=0.940); assurance and empathy (r=0.937) then assurance and perception (r=0.957). These results imply that assurance has a statistically significant linear relationship with responsiveness, reliability, assurance, empathy and perception ($p<.001$).

Correlation analysis of empathy and tangibility (r=0.987), based on n=381 observations with pairwise non-missing values. Correlation of empathy and responsiveness (r=0.978). Empathy and reliability (r=0.981); empathy and assurance (r=0.937) then empathy and perception (r=0.969). These results imply that empathy has a statistically significant linear relationship with responsiveness, reliability, assurance, empathy and perception ($p<.001$).

Perception is the major component of the model resulting from the findings. Correlation analyses were performed between perception and four independent variables (tangibility, responsiveness, reliability, assurance, empathy). The coefficients of correlation between perception and tangibility (0.973), perception and responsiveness (0.981), perception and reliability (0.973), perception and assurance (0.959) and perception and empathy (0.969) show a very strong relationship. This show that as each of the independent variable increases, perception levels rise for the better. Importantly, all the correlation coefficients are almost close to 1 (r=1) which is a perfect positive correlation. The Pearson correlation coefficients for the variables are significant ($p < .001$ for a two-tailed test), based on 381 complete observations. These results imply that tangibility, responsiveness, reliability, assurance, empathy and perception have a statistically significant linear relationship ($p<.001$).

4.8 Regression Analysis

In order to understand the impact of service quality dimensions on the perceived quality, linear multiple regression test was conducted. The findings from the regression model are tabulated in Table 4.4.

Table 4.4 Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.987[a]	.973	.973	.798

a. Predictors: (Constant), EmpathyT, AssuaranceT, ResponsivenessT, ReliabilityT, TangibilityT

Source: Primary Data (2020)

The correlation coefficient r measures the strength and direction of a linear relationship between two variables. Table 4.4 shows that Service quality (tangibility, responsiveness, reliability, assurance and empathy) have a positive effect on perception. From the findings, the correlation coefficient of service quality was estimated at $r = 0.987$. The adjusted R square coefficient of determination which shows the variation between the dependent variable due to changes in the independent variable was R squared= 0.973. This shows that about 97.3% in the variation in perceived service quality is explained by the model.

Table 4.5 ANOVA[b]

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	8701.529	5	1740.306	2729.575	.000[b]
1	Residual	239.090	375	.638		
	Total	8940.619	380			

a. Dependent Variable: PerceptionT

b. Predictors: (Constant), EmpathyT, AssuaranceT, ResponsivenessT, ReliabilityT, TangibilityT

Source: Primary Data (2020)

Table 4.5 shows ANOVA^b statistics. This table indicates that the regression model predicts the dependent variable significantly well. The regression model statistically significantly predicts the outcome variable (that is, it is a good fit for the data). F statistics (F = 2729.575) and Sig less than 0.05. Therefore, this shows that it is a good model to explain variations in perceived service quality. The model is significant and can be relied on hence it is better to use it than to randomly guess outcomes.

Table 4.6 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.679	0.163		4.169	0		
TangibilityT	-0.035	0.059	-0.042	-0.596	0.551	0.014	70.035
ResponsivenessT	0.598	0.059	0.524	10.099	0	0.026	37.774
ReliabilityT	0.122	0.063	0.117	1.937	0.053	0.02	51.012
AssuaranceT	0.327	0.033	0.283	9.829	0	0.086	11.663
EmpathyT	0.061	0.03	0.118	2.039	0.042	0.021	47.021

a. Dependent Variable: PerceptionT

Table 4.6 shows the regression coefficient for the relationship of the five SERVQUAL dimensions which are tangibility, responsiveness, reliability, assurance and empathy to customer’s perception of banks. With reference to Fahety (2007) a principle that provides guidance when it comes to VIF levels is that 1 is not correlated, between 1-5 moderately correlated and above 5 is highly correlated. The table above shows that tangibility and reliability have high collinearity of 70.035 and 51.012 respectively.

4.9 Discussion of Findings

4.9.1 Performance of firms in the banking sector

The findings of the study shows that tangibility, responsiveness, reliability, assurance and empathy are the five dimensions of quality that affect perception of service. Assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence. Empathy is the caring, individualised attention the firm provides its customers. Tjiptono (2006) states that empathy is the ease of relationships, good communication, personal attention, and understanding the needs of consumers. Reliability is the ability of a firm to perform the promised service dependably and accurately. This also encompasses the trust issues between a service provider and its customers and this factor can enhance or establish a business.

Whereas, responsiveness is the willingness to help customers and provide prompt service. Responsible providers grow the relationships between customers and this increases their customer base. Lastly tangibles encompass the appearance of physical facilities, equipment, personnel, and communication materials. If customers find your product physically appealing it creates a good first-hand experience for them.

The SERVQUAL model was used to identify the gap between customer expectations and perceptions of the actual service received by clients in the banking sector. The study had the following hypothesis;

H_O There is a positive association between high service quality and the performance of firms in the banking sector.

H_1 There is a positive relationship between tangibility and how people perceive quality in banks

H_2 There is a positive relationship between responsiveness and how people perceive quality in banks in the banking sector.

H_3 There is a positive relationship between reliability and how people perceive quality in banks in the banking sector.

H_4 There is a positive relationship between empathy and how people perceive quality in banks in the banking sector.

H_5 There is a positive relationship between assurance and how people perceive quality in banks in the banking sector.

H_6 The strategies employed on service quality positively impact a bank's performance.

H_7 The way customers perceive service quality positively impacts a bank's performance.

For all the variables that is; tangibility, responsiveness, reliability, empathy, assurance and perception, the Pearson correlation coefficient for the variables were significant ($p<.001$) for a two tailed test based on the 381 complete observations. The implication denotes that tangibility, responsiveness, reliability, empathy, assurance and perception have a statistically significant linear relationship. The findings imply that perceived quality significantly correlates well with bank perfomance and strategy to enhance perfomance.

The quality of service plays a vital role in in the banking services industry. The research findings under performance of firms in the banking sector concurs with literature that tangibility, responsiveness, reliability, assurance and empathy are all relevant dimensions to the performance of firms in the banking sector. SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions (Parusaraman, Zeithamal and Berry, 1985). The research findings concur with Munusamy, Chelliah and Mun (2010), study which found out that tangibles have a significant impact on customer satisfaction. Lau, Cheung, Lam and Chu (2013), also concurs with research findings as they found that responsiveness had statistically significant effects on organisational performance. The research findings concur with literature as Chingang and Lukong (2010) found that assurance had an effect on customer loyalty. Naik, Gantasala and Prabhakar (2010), also states that empathy has got an effect on customer loyalty. Likewise, the research findings indicated that increase in tangibility, responsivenesss, reliability, assurance and empathy enhances performance of firms in the banking sector.

Zekiri and Angelova (2011) suggest that if a company's representatives provide genuine and caring service, customers would want to do business with them. The research findings indicated that tangibility, responsiveness, reliability, assurance and empathy should not be neglected in the banking sector hence, banks ought to incorporate the SERVQUAL model in their organisations.

The performance of banking institutions has become a major issue in developing countries and the success of these enterprises depends on how they are managed (Eccles et al., 2014).

4.9.2 Relationship between service quality and perception

The study sought to test hypothesis the following hypothesis from which the findings indicated that:

- there is a positive relationship between tangibility and how people perceive quality in banks.
- there is a positive relationship between responsiveness and how people perceive quality in banks in the banking sector .
- there is a positive relationship between reliability and how people perceive quality in banks in the banking sector.
- there is a positive relationship between empathy and how people perceive quality in banks in the banking sector.
- there is a positive relationship between assurance and how people perceive quality in banks in the banking sector.

Lupiyoadi and Hamdani (2006) stated that some of the attributes in ensuring performance are employees who give assurance in the form of confidence to consumers, make consumers feel safe when using company services, polite employees, employees who have extensive knowledge so that they can answer questions from consumers. Assurance includes the knowledge, ability, politeness, and trustworthiness of staff free from danger, risk, or doubt. When competition is high, company members must appear more competent, meaning having knowledge and expertise in their respective fields hence, the strategies employed on service quality positively impact a bank's performance. The way customers perceive service quality positively impacts a bank's performance.

If performance is greater than expectation, then perceived quality is satisfactory resulting in customer satisfaction. The participants overall perceptions of the quality of the services provided by their banks were satisfactory. Participant's responses were more positive on responsiveness (0.052), empathy (0.118) and assurance (0.283) with these having greatest impact as they have the solid lines on the model. This means that clients were in more agreement that these variables held more weight as determining factors however, tangibles and reliability have a lesser impact denoted by (-0.042) and (0.117) respectively meaning expectations exceeded perceptions Tjiptono (2006) states that if customer perception of tangible is bad, then customer loyalty or interest will also be lower.

The findings denote that perceived quality enhances performance, strategy enhances performance owing to the research questions that sought to determine the performance of firms in the banking sector and to determine the relationship between service quality and bank performance. It was also established that there is a direct correlation coefficient between tangibility, responsiveness, reliability, assurance, empathy and perception hence, the findings concur with literature as Iqbal and Dad, (2013) states that greater investment in service quality is associated with greater bank performance. Agyei and Kilika (2013) indicated that there is a statistically significant linear relationship between service quality and bank performance. Odeny (2016) study found out that the dimensions of service quality considered most important by customers were reliability and responsiveness while tangibles were considered the least important dimension. Hence, service quality is increasingly gaining its importance in the banking sector. It can be noted therefore that improved service quality leads to increased levels of client satisfaction and loyalty, which in turn results in increased profitability which is also a measure of performance.

4.9.3 Strategies of enhancing service quality towards improving performance of firms in the banking sector

Most of the participants strongly agree that firms in the banking sector must improve their tangible resources, additionally, the descriptive statistics show that participants agree that firms in the banking sector should enhance employee attitudes. Makayeza and Chikaze (2017) states that service quality, satisfaction and corporate image all have positive direct effects on customer loyalty.

The finding that technology adoption enhanced performance of the banking industry is justified by the descriptive statics which shows respondents confirming that the banking sector should adopt advanced technological methods such as self-inquiry facilities for inquiries. Ruvinga and Zhou (2014) concur with research findings as they said that effective utilization of technology ensures business success.

4.10 Chapter Summary

This chapter has presented and analysed research findings from the questionnaires. Several aspects of the research topics namely performance of firms in the banking sector and the relationship between high quality service and banking performance were expressed. Data was presented through graphs and tables, correlation and regression analysis of both independent and dependent variables under study were conducted using SPSS software package. The findings presented that there is a positive relationship between service quality and bank performance. The next chapter (chapter 5) provides conclusions, recommendations and areas of further research.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The preceding chapter has presented and analysed the research findings. This chapter concludes the findings and provides recommendations. It is organized in alignment with the stipulated research questions. The study is also going to present areas of further research.

5.2 Achievement of research aim and objectives

The study sought to investigate the impact of service quality on the performance of firms in the banking sector. It also sought to analyse the performance of firms in the banking sector; to determine the relationship between service quality and bank performance and to determine ways that can be adopted to enhance service quality offered in the firms in the banking sector. Questionnaires were distributed to both the customers and employees in the banking sector.

SPSS was used to analyse data and the study found that tangibility, responsiveness, reliability, assurance and empathy are essential in enhancing performance of firms in the banking sector. The research findings also indicated that there is a positive relationship between the five dimensions of service quality and how people perceive quality.

The researcher also indicated strategies towards enhancing bank performance. The strategies include adopting the revised model, and incorporating the dimensions of service quality.

5.3 Conclusion

5.3.1 Performance of firms in the banking sector

The research concluded that tangibility, reliability, empathy, performance, strategy and perception were regarded highly favourable in the banks used in the study. The results revealed that service quality is a key performance component across the Bank's business. However, empathy had the highest standard deviation indicating it was highly favourable in comparison to assurance which had the lowest standard deviation. This could be because the bank provides caring, individualised attention to its customers.

5.3.2 Relationship between service quality and performance of firms in the banking sector

The study concludes that quality service enhances banks competitiveness and its performance. There exists a statistical linear relationship between service quality and bank performance. Organisation with high emphasis on the service quality dimensions presents more significant organisational performance. All the service quality dimensions (tangibles, responsiveness, reliability, assurance and empathy) are important. However, there is room for increasing tangibles which encompass technological advancement and work on reliability in the banking sector in order to enhance performance of the firms.

5.3.3 Strategies of enhancing service quality and performance of firms in the banking sector.

The research concludes that firms in the banking sector ought to incorporate drivers of service quality. In cooperation of tangibility, responsiveness, reliability, assurance and empathy improves the performance of firms in the banking sector. However, among the dimensions of service quality, two dimensions of reliability and tangibles did not have significant impact on perceived quality. These drivers of service quality enhance customer loyalty. Probably clients regarded tangibles as more of hygiene factors presenting not much of a competitive advantage. With evolving technology banks are moving toward less brick and motor concepts hence the decrease in the importance of tangibles. Firms in the banking sector should become more proactive and sensitive to customer issues and provide a high-quality service positively impacts customers satisfaction and enables the bank to achieve its sales initiatives. In a competitive environment, the banks can have a competitive edge by providing superior quality services to enhance customer loyalty.

5.4 Answer to research questions

The research questions of the study were;

- How are firms in the banking sector performing?
- What is the relationship between service quality and performance of firms in the banking sector?
- What are the ways of enhancing service quality in firms of the banking sector?

The study found out that firms in the banking sector are not performing well in order to satisfy customers. The study indicates that there is a positive relationship between service quality and performance of banks. The research findings presents that banks have to incorporate all the dimension of service towards improving the bank performance. The data analysis carried out abetted in answering the research questions. Hence, the research findings identified that drivers of service quality (tangibility, responsiveness, reliability, assurance and empathy) are success factors in improving bank performance.

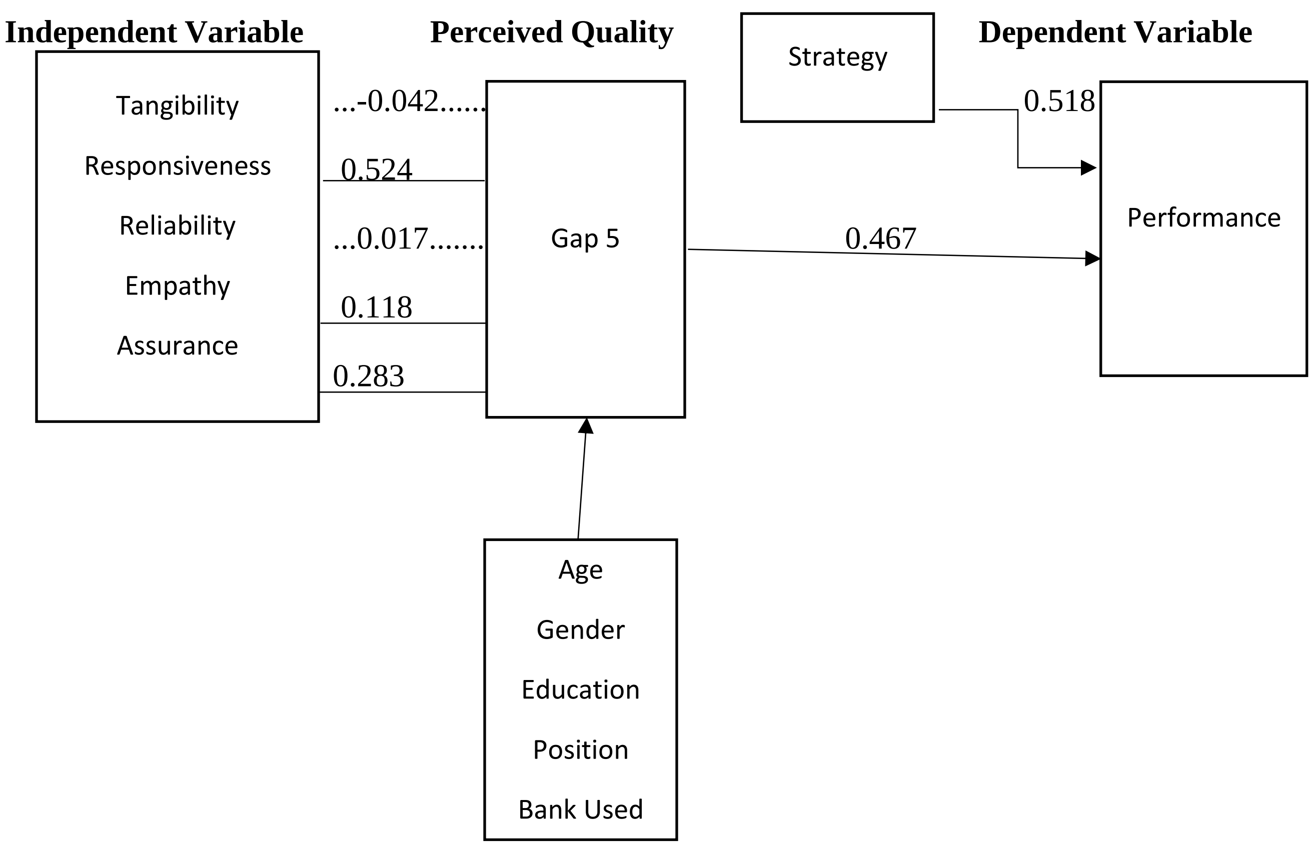
5.5 Contribution

5.5.1 Theoretical Contribution

This study contributes to the understanding of the impact of service quality on the performance of firms in the banking sector. The research findings contribute to the understanding of drivers of service quality. Figure 5.1 shows the research model proposed by the study which is the theoretical contribution.

5.1 Research Model

Dimensions of Service Quality



5.5.2 Methodological Contribution

This study used a quantitative approach in order to get an analysis of the impact of service quality on the performance of firms in the banking sector. Other studies can also adopt survey researches and positivist approaches for data collection. However, qualitative methods can also be adopted in future studies to understand the impact of service quality on the performance of firms in the banking sector.

5.5.3 Empirical Contribution

The research provides empirical evidence on the impact of service quality on the performance of firms in the banking sector. The research provides knowledge to both academic and practical knowledge to the existing body of knowledge.

5.6 Policy recommendations

The research commends literatures to adopt the revised model in order to analyse the impact of service quality on banks performance. The policy makers in government need to understand how well firms in the banking sector can use drivers of service quality in a way that promotes the performance of firms in the banking sector. Regulators of banks, the Reserve bank of Zimbabwe and the Deposit protection Corporation should devise ways and methods of tracking service quality within the institutions. Currently tracking and monitoring is largely centred on financial performance and returns are submitted to them periodically to this effect. They can use the findings to enforce service quality standards that banks will need to comply with. As such service quality should also be tracked possibly through customer feedback and periodic service audits.

5.7 Managerial recommendations

Perceived level of quality is very high among clients hence banks should endeavour to train their staff especially the front office personnel since they deal directly with customers frequently hence banks should work on empowering as well as incentivizing them the staff members. Management should also provide training specifically for staff who deal directly with consumers it builds good teamwork so as to meet the needs of consumers and consumers to be satisfied. This will enable the employees to offer high levels of perceived service quality. The management of the firms in the banking sector should provide continuous training to the employees on issues like courtesy, etiquette and communication skills while dealing with customers as this can enhance organisational performance.

Management sector should pay much attention on the customer complaints in order satisfy the customer's expectations. They should value their customers and not assume that customers need them hence they can operate without the customers' needs in consideration. Firms in the banking sector should start reporting and measuring the impact of service quality to performance and sensitizing employees on the importance and contribution of service quality.

Response and turnaround time for queries, applications should be improved at branch level. Mandates should be put in place as this will necessitate the staff to work in relation to the targets set. Managers should take steps to narrow the gap between customers perception and clients, hence management to narrow the gap through providing opportunities for interaction between staff and customers. This can be done through organizing events that will enable interaction.

The management ought to improve tangibility and reliability so that they increase their significance on performance. It is the important for banks to satisfy their customer needs and tangibles and reliability have to included. Good physical evidence will affect customer perception. At the same time, this aspect is also one of the sources that influence customers' expectations because with good physical evidence, consumer expectations are higher. It is important for banks to find out how far the most appropriate physical aspects are, which is still giving a positive impression on the quality of services provided but does not cause too high expectations, so that it can meet consumer needs and provide satisfaction to consumers. Therefore, the banks need to understand the attributes that customer use to judge service quality and enhance service quality.

Banks must ensure that the expectations they create among clients regarding levels of service quality are indeed attainable. The management ought to improve the performance of banks by Reliability (reliability) is the core of service quality that is not reliable is a bad service even though there are other attributes. If the service is not performed reliably, the customer will assume the service provider is incompetent and will move to another service provider. The firms in the banking sector should continuously maintain error-free transactions and ensure reliability because customers are very sensitive.

The researcher recommends the management in the banking sector to incorporate drivers of service quality. This will enhance banking performance. Basing on the study results these recommendations will improve the levels of perceived service quality through improving and empowering staff to understand clients' needs and be able to address them well to their satisfaction. Clients will in turn be rewarded for their loyalty and continued service.

Management should endeavour to invest in technology and system upgrades, ATM upgrades to increase efficiency in their operations. Queue management concepts should be incorporated as this lessens time taken to serve clients. The use of electronic banking and mobile banking channels should be encouraged as this saves clients from visiting banking halls and queuing to carry out their transactions. All these factors aid in improving service quality as they encompass its dimensions.

5.8 Generalisation of Findings

Due to the semester schedule of the University of Zimbabwe, this research focused on banks in Harare and excluded other banks in other parts of the country. The researcher notes that other studies with a larger sample of customers and employees in the banking sector should be conducted.

5.9 Research Limitation

This study was only limited to use of survey questionnaires. However, this can affect generalization of the research findings. Hence, the study found out that further studies ought to be done using both quantitative and qualitative tools.

5.10 Areas of further research

Further studies can be conducted on how banks can enhance their performance through tangibility and reliability. Further research can also examine service quality practices adopted by other service-oriented organisations such hotels or hospitals.

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Appendices

Appendix A. Questionnaire

QUESTIONNAIRE FOR CUSTOMERS AND GENERAL EMPLOYEES

Dear Participant

My name is Yvonne K. Mufuka. I am a final year MBA student at University of Zimbabwe. I am conducting a research on the study titled:

THE IMPACT OF SERVICE QUALITY ON THE PERFOMANCE OF FIRMS IN THE BANKING SECTOR.

I humbly invite you to participate in this study by completing the attached questionnaire as honestly and objectively as possible. Your responses will significantly contribute to the research and will enable me to form an opinion as well as recommendations in my dissertation. The completed questionnaires will be collected as soon as you are done completing it. The information gathered will be treated in strict confidence and a summary of the results will be available on request. The questionnaire is anonymous as you are not required to fill in your name. Additionally, I assure you that any information you will provide shall be used for academic purposes only.

Your participation in this project is voluntary. You may choose not to participate or to withdraw from the project at any time with no negative consequences. There will be no monetary gain from participating in this research project. It should take you about 20 minutes to complete the questionnaire. I hope you will take the time to complete the questionnaire and submitting it at your earliest convenience

For information you can contact me on 0772436223 /0735765986 or email on mufukayk@gmail.com. I wish to thank you in advance for your cooperation and assistance in this exercise.

Thanking you in advance

____

Yvonne K. Mufuka

Researcher (STUDENT)

QUESTIONNAIRE

Date……………………………………. **Questionnaire Code……….**

Instructions: Please fill in the following with the appropriate response to questions asked.

Section A: Demographics

Please select the appropriate category that best describe you by putting an X in the Mark column.

Variable	Category	Mark
Gender	Male	
	Female	
Age (Years)	Below 25	
	25 to 30	
	31 to 40	
	41 to 50	
	Above 50	
Education Level	School Certificate	
	Diploma	
	Degree	
	Masters	
	Doctorate	
Are you an employee or customer	Employee	
	Customer	
Length of period as a customer or an employee to the respective bank	Below 2	
	2 to 5	
	6 to 10	
	11 to 20	
	Above 20	
Position	Non-Managerial	
	Lower	
	Middle	

	Executive	
Indicate the bank that you use	POSB	
	Ecobank	
	CBZ	

SECTION B. KEY QUESTIONS

PERFOMANCE OF FIRMS IN THE BANKING SECTOR

Service quality dimensions

1. Please indicate your level of agreement or disagreement to the following statements concerning your bank;

Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a)Tangibility					
The bank has up - to - date equipment & technology					
Materials associated with the bank's office (Pamphlets, brochures) are visually appealing at the bank's office					
The bank has modern looking building structures					
Appearance of the physical facilities is not consistent with the type of service industry					
The bank continuously improves its products and services					
b)Responsiveness					
It is understandable that employees can be too busy to respond promptly to customer requests					
Employees do not always have to be willing to help customers					
The bank understands customers' needs					
The bank meets their promised time for responses					

c)Reliability					
The bank meets their promised time for responses Employees provide the service at the promised period					
The bank exercises good record maintaining procedures of my account.					
Employees maintain speed and quality service during the bank's busy hours					
There is a wide range of products and services provided by the bank					
The bank does not fulfill all its promises to its customers					
The bank shows great concern in solving problems or complaints.					
d)Assurance					
Customers should feel safe when transacting with employees					
The bank's clients are well aware of the banking services/products and it gives its clients regular updates.					
Employees of the bank have the knowledge to answer customer questions					
I feel safe doing my transactions in this bank					
The bank has the ability to instill confidence in customers					
e)Empathy					
Banks should not necessarily have to operate at hours convenient to all customers					
The bank understands customer needs.					
It is unreasonable to expect bank employees to have the best interests of the customer at heart					
When a problem occurs, employees show interest in solving it.					

The bank understands the prevailing cash shortages and endeavors to provide cash for its customers					
The bank works effortlessly to serve its clients efficiently to avoid long queues					
It is unrealistic to expect bank employees to fully understand the needs of the customer,					
The bank shows great concern in solving problems or complaints.					

PERFORMANCE

2. Please indicate your level of agreement or disagreement to the following statements;

Item	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Quality service enhances a banks competitiveness and capability to earn profits					
I am satisfied with the level of service quality at my bank					
Higher technological instruments and products influence organisational performance					
Service quality has an insignificant role in driving performance of organisations					
Going beyond self - interest for the good of its clients significantly impacts organisational performance					
There exists a relationship between service quality and bank performance?					

STRATEGIES

3. Please indicate your level of agreement to the following factors that can enhance performance and quality service in the banking sector;

Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Firms in the banking sector are not mandated to improve data security					
Banks must improve their tangibility					
Innovation is not a necessity in the banking sector					
Firms in the banking sector should enhance employee attitudes					
Banks should become more proactive and sensitive to customer issues					
Banks can adopt other ways that are independent of service quality to enhance their performance					
It is not necessary for banks to adopt advanced technological methods such as self-inquiry facility for inquiries.					

PERCEPTION

4. Please indicate your level of agreement or disagreement to the following statements;

Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
My expectations as a customer are being met regarding the services being provided by the bank.					
The expectations that I have regarding the level of efficiency the staff has is high					
There is a significant difference between what is delivered to customers and what the customer perceives to have received					
The expectations on the responsiveness of staff to client's concerns is rather low					
There is a difference between what is promised through the banks advertising campaigns and what they deliver to customers					

Other, specify;

……
……

Thank you for taking your time to be a participant in this research.

THE END