

**UNIVERSITY OF ZIMBABWE**

**Faculty of Business Management Sciences and Economics**

**University of Zimbabwe Business School**

**The effect of customer satisfaction on the survival of SMEs in the grocery  
retail sector: The case of Harare, Zimbabwe.**

**By**

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## **DEDICATION**

I would like to thank the Almighty God for bringing me thus far.

## **ACKNOWLEDGEMENTS**

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## **ABSTRACT**

Literature indicates that customer satisfaction has significant impact on different business performance metrics such as market share, sales revenue, shareholders value and gross profit margin. SMEs are encouraged to adopt and embark on customer satisfaction practices so as to maximize performance because profits and revenues are nothing more than the results of fulfilling customers' expectations and needs. The study was aimed at establishing the effect of customer satisfaction on the survival of SMEs in the grocery retail sector in Harare Zimbabwe. The study was mainly quantitative, leveraging on an explanatory research design with a purposive sampling technique. Data was collected from multiple case studies using structured research questionnaires. Data was presented in form of charts, bar graphs and tables. Descriptive statistics and regression and correlation analysis were used. The findings show that there is no statistically significant relationship between customer satisfaction and SME survival in Harare as evidenced that SMEs do not keep record of their sales, customer complaints and customer retention information. This study recommends that SME owners and senior managers take part in business trainings and they should create a customer database.

**Key words/phrases:** customer satisfaction, SMEs survival, customer complaints, price sensitivity of customers, customer referrals, market share, customer retention, daily sales

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## **CHAPTER I**

### **INTRODUCTION AND BACKGROUND**

#### **1.0 INTRODUCTION**

Forbes (2008) considers that the customers are the most important intangible assets of the company, this is due to the fact that customers are the reason for a business existence. They are behind the existing activity and create new business opportunities, in which case marketing starts with customer (i.e. marketing research to identify the potential market opportunities) and ends with them (by delivering goods and service after sales) as well.

Every organisation is ready to pay any means to identify and understand the customers and their needs. It is an effective reaction of the consumers when their desires and expectations have been either met or exceeded in the course of experiencing the service. In the context of small medium enterprises (SMEs) satisfaction could be interpreted as just meeting the expectations of the customers, not any sort of exceeding or failing short of the expectations.

Customer satisfaction is expected to be achieved when the value of customer service provided through a service experience is either meeting or exceeding consumer expectations. If the expectations are not met, the consumer will be dissatisfied. Another consequence can be that if the satisfaction scores are very low, the service provider might be susceptible to attacks by the competitors who are prepared to deliver superior value to the customers.

SMEs in present tough competitive business environment have to pay more attention on feedback from the customers over their production. Otherwise, the SMEs cannot earn the profit and their existence might be questionable as well. Unfortunately with SMEs, most of the unsatisfied consumers do not complain, they just go shopping somewhere else. So the lesson for the SMEs is that customer expectations always move upward and it is only the satisfied customers that are more likely to remain loyal in the long run.

Small businesses need to realize the importance of developing relationships with their customers if they want to survive over the long term (Tatikonda, 2013). In order to develop these relationships it is essential that SMEs seek to maximize customer satisfaction. It is important to

remember that what satisfies customers today may not satisfy them in a year's time. If overlooked, customer dissatisfaction can spell the end for a business, especially if the impact of customer dissatisfaction on the organization and its profitability are misjudged time and again (Tatikonda, 2013). Feedback on customer satisfaction needs to be collected regularly and if used correctly, this feedback on how satisfied customers are with the business and the product and service offering can be invaluable in customer loyalty and the survival of the SMEs. Small businesses need to do their utmost to keep customers and get into a position where customers distribute positive word-of-mouth about the organization.

Although a great deal of research on customer satisfaction has been done, this paper seeks to fill the gap on customer satisfaction and SME survival. This chapter presents the background to the research problem, and sets out the research problem, objectives and proposition, the justification for the study, and the limitations and delimitations for this study on the effect of customer satisfaction on SME survival in Harare Zimbabwe.

## **1.1 BACKGROUND OF THE STUDY**

At global scale, evidence show that there SMEs fail due to a range of factors and among them marketing strategies dominate the lists (Asgary, Ihsan and Hale, 2020). In addition, as a result of economic integration at global scale, SMEs face heavy marketing competition such that SMEs that fail to satisfy customers are outcompeted resulting in their failure to survive (Asgary et al. 2020). SMEs products are localized and get easily affected by global marketing competition. Liberalization of trade allows large corporations to operate in developing countries and this stifles SMEs' ability to confront marketing competition in the markets. Product innovation is also made a difficult undertaking for SMEs as a result of increasing global competition and this lead dissatisfied and unsatisfied customers (Gamage, S.K.N, Prasanna, R.P.I.R. Jayasundara, J.M.S.B. Rajarata P.S.K., 2019). OECD survey of SMEs (2020) showed that more than 30% of SMEs in the world have recorded a decrease in sales due to dissatisfied customers. This shows that customer dissatisfaction is a threat to the operations of SME.

The aspect of customer satisfaction has also been also highlighted to be a major problem to the survival of SMEs in Africa. Marketing competition is fierce in African markets, especially in sectors that do not require substantial initial capital (Mwika et al., 2018). Majority of owners of

SMEs in Africa lack business management and entrepreneurship skills (Mwika et al., 2018). There is therefore poor customer management by the owner of the business who mostly takes SMEs as a side hassle. SMEs Competitiveness Outlook (2020) shows that African exporters in 2019 lost more than USD2 billion sales to China and the United States due to poor marketing strategies. At least 70% of this loss was caused by disruption of the supply-chain linkages that compromised the quality of products provided leading to customer dissatisfaction.

Locally, Zimbabwe is a developing country which is still growing in many sectors. Just like in any other countries, SMEs are means of accelerating economic growth and generating employment. SMEs in Zimbabwe operate in a difficult and uncertain business environment because of the country's economic instability (Majukwa, Haddud & Shaofeng, 2016). Small businesses in Zimbabwe comprised approximately 94% of the business population but contribute only 50% of the country's gross domestic product (Majoni et al., 2016). The unemployment rate in Zimbabwe is estimated at more than 85%; in order to survive, Zimbabweans have had to relocate to the diaspora or start SMEs. This resulted in the large-scale growth of SMEs in Zimbabwe.

In 2019, Zimbabwe was estimated that, of the currently employed population over the age of 15 of 5.4 million, 84% were in informal employment, 11% were in formal employment and 5% were in employment not classifiable (ZimStats Survey Results, 2019). According to this survey 52% of informal sector employees were employed in the wholesale and retail trade, and repair of motor vehicles and motor cycles, followed by other services and manufacturing at 14% each. These statistics demonstrate the contribution of the SME sector to national development and the world economy in general. It is therefore vital for researchers and policy makers to understand the marketing operations of SMEs in great detail. This will foster the design management to enhance customer satisfaction to enable SMEs success and survival (Boag and Dastmalchian, 1988 as cited in Davis, 1997, p32).

The growth and survival of SMEs in Harare is undermined by ineffective marketing strategies resulting in a high mortality of SMEs (SEDCO, 2019). According to SEDCO (2019) about 60% of SMEs in Zimbabwe die as early as in their first year of establishment, 25% of SMEs fail within their first three years of established and 15% likely survive. This therefore implies that about 85% of SMEs collapse and fail to survive. This is a high mortality rate which is a



drawback to economic development and hence it is important to unveil the contribution of customer satisfaction towards survival of SMEs in the country as to reduce the damage caused by SME failure.

In spite of the fact that SMEs have been regarded as the bulwark for employment generation and technological development in Zimbabwe, the sector nevertheless has had its own fair share of neglect with concomitant unsavory impacts on the economy. With this in mind, there is only scarce knowledge on the effect of customer satisfaction on the survival of SMES thus need for this study.

## **1.2 STATEMENT OF THE RESEARCH PROBLEM**

Factors determining customer satisfaction have been brought to light by marketing research. But, this information still is far away for some SMEs. Even though, immense information is available in the marketing environment, SMEs can survive only when acting upon these factors Therefore, the general business problem for SMEs is loss of sales volumes, loss of market share and lack of growth potential. The specific business problem was that SMEs lack customer satisfaction strategies to sustain their businesses for over 5 years.

## **1.3 RESEARCH OBJECTIVES**

The research primarily aimed to clearly outline the effect of customer satisfaction on the survival of SMEs in the grocery retail sector in Harare Zimbabwe. This primary objective was augmented by the following secondary objectives:

1. To determine the effect of customer complaints on cash flows of SMEs operating in Harare.
2. To establish how customer retention affects market share of SMEs operating in Harare.
3. To determine the impact of customer price sensitivity on sales volume of SMEs operating in Harare.
4. To identify how customer referrals affect shareholder value of SMEs operating in Harare.

## **Reduce space**

## **1.4 RESEARCH QUESTIONS**

1. What are the effects of customer complaints on cash flows of SMEs operating in Harare?

2. What is the impact of the customer retention on market share of SMEs operating in Harare?
3. What are the effects of customer price sensitivity on sales volume of SMEs operating in Harare?
4. What is the impact of customer referrals on shareholder value of SMEs operating in Harare?
5. What measures can be implemented by SMEs to improve customer satisfaction for their survival?

## **1.5 RESEARCH HYPOTHESES**

**H<sub>0</sub>:** There is no statistically significant relationship between customer satisfaction and SME survival in Harare.

**H<sub>1</sub>:** There is a statistically positive relationship between customer satisfaction and SME survival in Harare.

## **1.6 SIGNIFICANCE OF THE RESEARCH**

The research is believed to significantly contribute towards theory and practice as indicated below.

### **1.6.1 PRACTICAL CONTRIBUTIONS**

The research has practical significance to the SMEs retailers in Harare. The study practically assisted SMEs retailers in Harare and other SMEs that seek to leverage their survival on customer satisfaction. This is important given the high mortality rate of SMEs in Harare in particular and in Zimbabwe at large. In addition to that, sales volume, market share and customer retention from the ultimate customer satisfaction are likely to improve. To SMEs, this research is a break through to high SMEs mortality rate in Zimbabwe. Needless is to mention that SMEs have significant contribution towards the economic growth and GDP of the country especially developing countries such as Zimbabwe.

SMEs dominate the economic activities in the country but over the years the sector has lacked attention from empirical researchers on application of customer satisfaction and how it affects SMEs survival. The findings from the study assist owners of SMEs to create growth and survival

strategies to improve economic development in Zimbabwe and create long-term job opportunities in Zimbabwe with high level of unemployment in excess of 96%.

## **1.6.2 THEORETICAL CONTRIBUTIONS**

The research contributes towards theoretical development and modifications. It forms the basis of theoretical development and modifications. Theories on customer satisfaction such as Assimilation Theory were developed a while ago and these theories are outdated. For example, the Assimilation Theory assumes that there is a relationship between expectations and satisfaction, however it does not specify the way in which the expectation disconfirmation can lead to satisfaction or dissatisfaction. The theory posits that consumers are motivated enough to adjust their perceptions about the performance of the product. This research forms the basis to modify marketing and customer satisfaction by capturing risks associated with SMEs in Harare and in Zimbabwe at large.

## **1.7 DELIMITATION OF THE RESEARCH**

This is a study that was delimited to SMEs in the retail sector in Harare as there is limited resources to conduct a nationwide survey. The study focused on SMEs as defined by national policies of Zimbabwe and excluded unregistered informal traders. The study established the relationship between customer satisfaction and the survival of those businesses in Zimbabwe. Both primary and secondary data was used. The target population was all SMEs in the retail sector operating in Harare. A questionnaire was used for primary data collection. Items under the independent variable used were customer complaints, customer retention, customer price sensitivity and customer referrals. The dependent variable was survival of SMEs measured by cash flow, market share, sales volume and shareholder value. The literature reviewed was delimited to literature by authors who wrote in the past 10 years and later only. The researcher delimited secondary data sources to Retailers Association of Zimbabwe publications and official research sites of EBSCOhost, JSTOR and Google Scholar.

## **1.8 STRUCTURE OF THE DISSERTATION**

**CHAPTER ONE:** This chapter covers the introduction of the research. The chapter also gives a background of the study, the problem statement and of the background of the organization being

used as the case study. The objectives and justifications of the research are also indicated in this chapter.

**CHAPTER TWO:** Constitutes a literature review. It contains definitions of main terms and accordingly contains analysis of models and theoretical frameworks that have been previously introduced to the research area.

**CHAPTER THREE:** This chapter focused on the research methodology used in carrying out the study. It explains in detail the research design and method that were applied in conducting the research and analyzing the research findings.

**CHAPTER FOUR:** The chapter looks at data analysis and discusses the findings. This chapter applies the theoretical framework from Chapter 2 to the case study, and use the selected theories to explain the results obtained from case study. Within this chapter, the posed research questions in chapter 1 are answered.

Findings of the literature review are compared to primary data findings in this chapter, and in-depth discussions are provided in relation to each individual research objective.

**CHAPTER FIVE:** This chapter incorporates the conclusions and recommendations based on the findings of the study. The chapter also comprises acknowledgement of limitations of the study and highlights scope for future studies in the same research area.

## **1.9 CHAPTER CONCLUSION**

Chapter one (1) above explained the background of the effect of customer satisfaction to the survival of SMEs in Harare, the problem faced by SMEs in Zimbabwe rests on their lack of strategies to sustain their businesses past the first 5 years. The next chapter covers the literature review of the area of study that is the traditional or ideal scenario in different regions in the world, and also the current scenario in Zimbabwe on the effect of customer satisfaction on the survival of SMEs.

# **CHAPTER II**

## **LITERATURE REVIEW**

### **2.1 INTRODUCTION**

The researcher reviewed literature relevant to the area of customer satisfaction and SMEs survival guided by the research objectives. The review of literature was structured in a way that there is theoretical literature review, conceptual framework, empirical literature review and the associated research gaps. The purpose of reviewing literature was to enable the researcher to have a clear understanding of the research phenomena. It is also from literature borrowed methodological principles and guidelines appropriate in this study. To avoid reinventing the same wheel, this reviewed literature exhibited areas in need of research and enabled restricting of research objectives to cover uncovered areas by past researches.

### **2.2 CUSTOMER SATISFACTION**

Satisfaction is the psychological state that reflects the evaluation of a relationship between the customer and company products. Customer satisfaction is a term in marketing which refers to the degree in which a product or service that a company produces or provides meets a customer's expectations (Otto, Szymanski & Varadarajan, 2020). Satisfaction occurs when product or service is better than expected.

Zeithaml, Bitner and Gremler (2006, p. 110) define customer satisfaction as, "When the customer evaluates whether a product or service has met their needs and expectations". Oliver (2010:8), adds on to say, "Satisfaction is the consumers' fulfilment response. It is a judgement that a product/service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under-or over-fulfilment". Satisfied customers usually rebound and buy more, besides buying more they also work as a network to reach other potential customers by sharing experiences (Hague & Hague 2016).

Customer satisfaction is influenced by the specific product or service features and the perceptions of quality, more so satisfaction is also influenced by customer's emotional responses, their attributions and their perception of equity (Zeithaml & Bitner, 2003:87-89.) Increased

customer satisfaction can provide company benefits like customer loyalty, extending the life cycle of a customer expanding the life of merchandise the customer purchase and increases customers positive word of mouth communication. When the customer is satisfied with the product or service of the company, it can make the customer to purchase frequently and to recommend products or services to potential customers. It is impossible for a business organization to grow up in case the company ignores or disregards the needs of customers (Tao, 2014). This shows that customer satisfaction is a key performance indicator in business.

Quality and customer satisfaction both have long been recognized as crucial roles for success and survival in today's competitive market. Therefore, it is argued that customer satisfaction should be considered the ultimate goal for all firms (Morgan et al., 2005).

### **2.2.1 BENEFITS OF CUSTOMER SATISFACTION**

According to Kabu & Soniya (2017) 'Customer satisfaction is extremely important because it is the way of getting feedback from the customers in a way that a company can use it to manage and improve their business. Customer satisfaction is the best indicator of how the business looks like in the future. Customer satisfaction helps in doing SWOT analysis that could help them to develop their business in an advance and in a systematic way. Besides this, it will also help in making the right decision to use the appropriate resources while manufacturing the products. Similarly, it maintains the relationship with the existing customers and also creates the possibility to acquire others (Otto et al, 2020).

When products are bought customers expect perfection instead of quantities (Lee, 2016). There are a number of products that are alike in the market and sometimes it is difficult to distinguish which one is qualitative and durable. Thus a good opportunity for the business organization doing marketing of their products and services to understand what exactly customers are looking for (Zhong, 2020). People have varieties of tastes and choices and therefore, satisfaction also differs from one person to another, this means that customer satisfaction is a key indicator of the marketplace that evaluates the success of the organization (Kabu, K & Maharjan, S, 2017). It also may vary the expectation of the consumer depending on the option they may have such as the national and international market (Kotler & Keller, 2006).

Customer satisfaction makes it easy and cheaper to retain customers than acquire new ones, this means customer satisfaction should be a primary aim of all companies. (Kabu, K & Maharjan, S, 2017) add on to say customer satisfaction ensures the customer wants to return to purchase the service, and satisfied customers are more likely to recommend their friends and families and this helps to grow business. A totally dissatisfied customer decreases revenue, whereas satisfied customer has a positive effect on profitability, and profitability has an overall impact on survival of the business (Zhong, 2020).

In modern business philosophy business should be customer oriented and the implementation of the main principles of continuous improvement, justifies the importance of evaluating and analysing customer satisfaction (Wadud 2012). Customer satisfaction also helps to identify the potential market opportunities (Evangelos and Yannis, 2010).<sup>o</sup>

Stating on the importance of customer satisfaction in business perspective, Zairi (2000) said ‘Customers are the purpose of what we do and rather than them depending on us, we very much depend on them. The customer is not the source of a problem, we shouldn’t perhaps make a wish that customers ‘should go away’ because our future and our security will be put in jeopardy.’

Satisfied customer thinks twice or several times before switching to alternatives because they become attached emotionally and also afraid to believe on alternatives quality, (Oliver, 1997). This means that customer satisfaction has a direct relationship with company profitability or market share (Wadud,2012).

Zairi (2000) mentions more about the importance as- ‘numerous studies that have looked at the impact of customer satisfaction repeat purchase, loyalty and retention. They all bring the similar message. First, satisfied customers share their experience with average five or six people and dissatisfied customers normally tell ten people about their unfortunate experience. Secondly, many customers do not complain when they are dissatisfied. Finally, people do not think that dealing with customer satisfaction is not as costly as to recruit a new customer. Actually it is only twenty five percent of the recruit a new customer’.

### **2.2.2 MEASURING CUSTOMER SATISFACTION**

In order to establish and to improve on current customer relations small businesses should collect and analyse data about the customer, this should be done in order to truly understand the data

gathered and get new data from the customer on a regular basis by means of communication (Berndt & Tait, 2014). Data that should be collected include those whose primary target is market, what they perceive as providing them value, how they can be brought closer and how the business can serve them better (Wadud, 2012).

The heart of the satisfaction process is the comparison of what was expected with the product or service's performance (Zhong, 2020). This process has traditionally been described as the 'confirmation or disconfirmation' process. First, customers would form expectations prior to purchasing a product or service. Second, consumption of or experience with the product or service produces a level of perceived quality that is influenced by expectations. If perceived performance is only slightly less than expected performance, assimilation occurs, perceived performance is adjusted upward to equal expectations (Lee, 2016). If perceived performance lags expectations substantially, contrast occurs and the shortfall in the perceived performance is exaggerated.

Measuring customer satisfaction differs in every organisation since there are different approaches to measure customer satisfaction. As one of the measurements of the performance of the quality management system, the organization shall monitor information relating to customer perception as to whether the organization has met the customer requirements (Zhong, 2020). The methods for obtaining and using this information shall be determined. Every organization seeks customer satisfaction where these sorts of parameters help an organization to measure the customer's satisfaction and demands so that organizations can provide them with appropriate services as per their requirements. The possible dimension to measure customer satisfaction could be quality, price, trust relationship, complaints, problems and many others. The key point of measuring customer satisfaction is to conclude how to improve it and how to keep building a good relationship with customers and potential customers.

Grigoroudis and Siskos (2010) identified some of the reasons why businesses should be measuring customer satisfaction, namely:

- to get reliable insight into the market and its own competitive position;
- to be aware of dissatisfaction amongst customers as customers do not like to share dissatisfaction;



- to reveal potential market opportunities;
- to develop a customer satisfaction measurement process that is tailored for the specific business;
- to expose differences in quality service perceptions between management and the customers.

## **2.3 RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND SME SURVIVAL**

Customer satisfaction is generally defined as a feeling or judgment by customers towards products or services they have used them (Jamal and Naser, 2003).

There is a strong relationship between customer satisfaction and profitability of the organisation (Hill *et al.*, 2007). Sakthivel et al., (2005), add on to say customer satisfaction is proved to be the major determinant for long term survival and financial performance of SMEs. According to Cochran (2003), profits and revenues are nothing more than the results of fulfilling customers' expectations and needs. Customer satisfaction influences the actions of customers such as increased loyalty of current customers, an inclination to refer and willingness to pay more price without searching cheaper suppliers. Higher customer satisfaction leads to higher level of repurchase intention, customer support and retention of customers, thus, leading to increased revenue, cash flows and profitability of the firm (Reichheld & Teal, 1996).

### **2.3.1 TO DETERMINE THE EFFECT OF CUSTOMER COMPLAINTS ON CASH FLOWS.**

Immediately after receiving bad service, customers can pass on a negative comment about the service or product by phone, in person or through online social networks (Santos & Fernandes, 2011). These complaints damage the intangible assets, since they increase the costs of attracting and retaining customers (Anderson *et al.*, 2004), and also diminish a company's ability to maintain revenue and garner repeat consumers (Luo, 2007). Positive customer satisfaction gives companies greater protection from external shocks and/or competitor manoeuvres reducing cash flow loss (Gruca & Rego, 2005). Such positive effects reduce a company's cost of capital. The cost of attracting new customers should be lower for firms that achieve a high level of customer satisfaction (Fornell 1992). For instance, satisfied customers are reputedly more likely to engage

in positive word of mouth, and less likely to engage in damaging negative word of mouth, for the firm Reichheld & Sasser (1990).

Market values better capture the impact of customer complaints (Luo, 2009). A company's market value may be damaged by a high complaint level, this is because there is a relationship between customer satisfaction and generating shareholder value, which underlines the relevance of market value (Anderson *et al.* 2004). The underlying logic considers that customer satisfaction positively influences a company's ability to retain their customers, and this guarantees future revenue and reduces the cost of future transactions, such as investments in advertising, services and sales (Anderson *et al.*, 2004).

(Srivastava, R.K., Ramaswami. S.N. & Bhargava.M, 1998), found that high level of customer satisfaction leads to an increase in the volume of cash flows, an acceleration of cash flows as well as risk reduction related to cash flows. A similar study by Gruca and Rego (2005) also suggested that enhancing customer satisfaction leads to maximise cash flows and risk reduction connected with cash flows. There is a positive association between overall revenues and customer satisfaction (Reichheld and Sasser, 1990).

Consistently providing goods and services that satisfy customers should increase profitability by reducing failure costs. A firm that consistently provides high customer satisfaction should have fewer resources devoted to handling returns, reworking defective items, and handling and managing complaints, (Garvin 1988).

### **2.3.2 TO ESTABLISH HOW CUSTOMER RETENTION AFFECTS MARKET SHARE.**

Customer retention that results in repeated transactions is the main goal of every SME as their profit and revenues are linked with it, an increase in customer retention and level of satisfaction generate positive word of mouth, more revenues and reduce the marketing cost for the SMEs, Reichheld (1996). So it can be said that the overall assessment of an SME is viewed in terms of customer satisfaction and future intentions and the customer interests of returning back to the same SME.

According to B2B International (2014) most of companies lose 45% to 50% customers in each five years' time and winning new customers may be up to twenty times more costly than current customer retention. As mentioned by (Castiglione 2006), when trust and confidence increase there will be a few percentages of customers probably switch from the business company.

High customer satisfaction should lower the costs of transactions in the future. If a firm has high customer retention, it does not need to spend as much to acquire new customers each period. Satisfied customers are likely to buy more frequently and in greater volume and purchase other goods and services offered by the firm (Reichheld and Sasser 1990).

Fornell (1992) and Griffin and Hauser (1993) discuss the possibility of a negative relationship between customer satisfaction and market share. They argue that whereas a small market-share firm may serve a niche market quite well, a large market share firm must serve a more diverse and heterogeneous set of customers. For the Small market share firm, an increase in the market share can produce economies of scale, which allows the firm to charge lower prices thus increasing customer satisfaction. However there might be a dilution of effort that goes with trying to serve an increasing number of customers and/or segments, which can result in poor service quality.

Therefore, higher customer satisfaction leads to greater customer loyalty (Anderson and Sullivan, 1993) which in turn leads to higher future revenue (Fornell, 1992). For this reason, many organisations have been rewarded with high revenue and customer retention as well, since profitability is influenced from customer satisfaction and retention which cause higher revenues in the future and reduced operational costs (Reichheld &Teal, 1996).

### **2.3.3 TO DETERMINE THE IMPACT OF CUSTOMER PRICE SENSITIVITY ON SALES VOLUME.**

Price sensitivity is an individual difference variable describing how individual consumers show their reactions to changes in price levels (Abdullah A. M. Rahman, M.K & Robel, S.D., 2014). This means that price sensitivity explains how demand changes with the change in the cost of products. In economics, price sensitivity is commonly measured using the price elasticity of demand (Kaul & Wittink, 1995, p. 151).

“Consumers with low thresholds for price changes are more sensitive to price changes than consumers with high thresholds. The reference price is based on the past pricing activity of a product and is stored in the consumer’s memory. This reference price is used as a point of comparison for future purchases (Han, Gupta & Lehmann, 2001, p. 436). When a consumer encounters a brand at a price lower than its reference price, it is perceived as a gain. On the

contrary, a higher price than the reference price is perceived as a loss (Han, Gupta & Lehmann, 2001, p. 437). Generally, consumers react more negatively to losses than they do positively to gains which is called Prospect Theory in Psychology and Marketing (Kalyanaram & Little, 1994, p. 410).

Customer satisfaction should reduce price elasticities for current customers (Garvin 1988), because satisfied customers are more likely to be tolerant of increases in price, which implies high margins and customer loyalty, (Reichheld and Sasser 1990).

### **2.3.4 TO IDENTIFY HOW CUSTOMER REFERRALS AFFECT SHAREHOLDER VALUE.**

According to Kotler et al. (2008) a satisfied customer will likely do good word of mouth to others about company and its product and as a result they will have the bulk portion in marketing share. Because, a positive word of mouth has powerful impact on customer mind and behaviour.

Gruca and Rego (2005) find that customer satisfaction creates shareholder value through its effect on fundamental value drivers by increasing future cash flow growth and reducing its variability. (Aksoy, L., Coil, Bruce., Groening, Christopher John & Keiningham, T.L., 2008), suggested that customer satisfaction is a precious intangible asset which generates positive returns. They further clarified that positive changes and higher level of customer satisfaction always outperform competitors in the stock market.

## **2.4 THEORETICAL FRAMEWORK**

### **2.4.1 EXPECTATION THEORY**

Expectation theory is a widely accepted theory on customer satisfaction processes (Petrauskaite, 2014). The theory holds that satisfaction/dissatisfaction results from a customer's comparison of product performance with predetermined standards of performance. According to Lee (2016), the predetermined standards are the customer's predictive expectations. Three possible outcomes of the comparison are possible. Positive disconfirmation occurs when performance is perceived to be better than the predetermined expectations. In this scenario, customer is delighted. Zero disconfirmation occurs when performance is perceived to be exactly equal to expectations- customers are likely to be satisfied. Finally, negative disconfirmation occurs when performance is lower than expectations. Of course, negative disconfirmation leads to unhappy customers.

## **2.4.2 UTILITY THEORY**

The research made use of the Utility theory. The utility theory assists the customer to make ranking of the alternatives accordingly to the rational preferences of the customer (Petrauskaite, 2014). Each of the purchase choice is made by the ratio of price of the product and incomes of the customer (Zhong, 2020). In this theory the Economic Man approach is partly included because the utility and price of the product are the main factors for the purchase preference. This theory was considered relevant to this study in explaining that customers of SMEs consider utility they get from a service rendered by the SMEs in making their decisions on which particular retailer to approach when in need of the SMEs retailers' products. The theory therefore implies that customers look at the cheapest products.

## **2.4.3 THEORY OF ASSIMILATION**

Festinger's theory of dissonance (1957) forms the basis for the theory of assimilation. The theory of dissonance states that the consumer makes a sort of cognitive comparison between the expectations regarding the product and the product's perceived performance. If there is a discrepancy between expectations and the product's perceived performance, the dissonance will not fail to appear. This point of view on post-usage evaluation was introduced in the literature discussing satisfaction under the form of the theory of assimilation (Uzir, 2020).

According to Uzir (2020) avoid dissonance by adjusting their perceptions of a certain product, in order to bring it closer to their expectations. In a similar way, the consumers can reduce the tension resulted from the discrepancy between expectations and the product's performance both by distorting the expectations so that they could be in agreement with the product's perceived performance and by increasing the level of satisfaction through minimizing the relative importance of experimental disconfirmation. The theory presumes the consumers are motivated enough to adjust both their expectations and their product performance perceptions. If the consumers adjust their expectations or product performance perceptions, dissatisfaction would not be a result of the post-usage process. Consumers can reduce the tension resulting from a discrepancy between expectations and product/service performance either by distorting expectations so that they coincide with perceived product performance or by raising the level of satisfaction by minimizing the relative importance of the disconfirmation experienced (Lee, 2016).

(Peyton, R., Pltts, S. & Kamery, R.H, 2003), argue that Assimilation Theory assumes that there is a relationship between expectations and satisfaction, but it does not specify the way in which the expectation disconfirmation can lead to satisfaction or dissatisfaction. Second, the theory also posits that consumers are motivated enough to adjust either their perceptions about the performance of the product. Some researchers have found that controlling for actual product performance can lead to a positive relationship between expectation and satisfaction. Therefore, it would appear that dissatisfaction could never occur unless the evaluative processes were to begin with negative consumer expectations.

#### **2.4.4 DISCONFIRMATION THEORY**

Disconfirmation theory argues that ‘satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations’. According to Szymanski and Henard (2014) the disconfirmation paradigm is the best predictor of customer satisfaction. (Ekinici, Y., Japutra, A. & Simkin, L., 2014) cite Oliver’s definition on the disconfirmation theory, which states that satisfaction is the guests’ fulfilment response. It is a judgment that a product provided a pleasurable level of consumption related fulfilment, including level of under or over fulfilment. According to Mattila and O’ Neill (2013) satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations. Basically, satisfaction is the result of direct experiences with products and it occurs by comparing perceptions against a standard (Lee, 2016).

#### **2.4.5 NEGATIVE THEORY**

This theory developed by Carlsmith and Aronson (1963) suggests that any discrepancy or difference of performance from customer expectations will disrupt the individual, producing ‘negative energy.’ Negative theory has its foundation in the disconfirmation (satisfaction) process. Negative theory states that when expectations are strongly held, consumers respond negatively to any disconfirmation.

### **2.5 EMPIRICAL LITERATURE**

This section presents related studies conducted by other researchers in other countries.

### **2.5.1 UNITED STATES OF AMERICA**

In a qualitative research study by Gupta and Zeithaml (2016), it was established that in SMEs, utmost customer satisfaction lead to accelerated cash flow, sales volumes increment as well as the reduction of the risk which related to the cash flow. The research used in-depth interviews to qualitatively determine the effect of customer satisfaction on SMEs survival basing on the subjective and qualitative background of customer satisfaction. The research established that customer satisfaction lead to higher future revenue and reducing operational costs. Satisfaction-profit-chain was the model used which shows the relationship between customer satisfaction and financial performance. This model considered that service performance leads to increased customer satisfaction, which produce a higher financial performance and ultimately result in business survival.

### **2.5.2 NIGERIA**

In 2019, Nwankwo and Kanyangale conducted a study on customer satisfaction and survival of SMEs in the retail sector in Nigeria. Past studies conducted in Nigeria in the past decades have leveraged on the service recovery model that has not contributed to the survival of SMEs in Nigeria. The objective of this quantitative study was to investigate the effects of customer satisfaction on the survival of retail businesses in Nigeria. The study adopted a positivistic descriptive survey design. The study randomly selected 387 owner-managers of manufacturing SMEs in Nigeria. The results show that customer satisfaction significantly contributes towards the survival of SMEs in Nigeria. Based on the results, the study recommends that customer satisfaction strategies should be adopted by owners and managers of SMEs as this would help increase the chances of survival for SMEs retail businesses in Nigeria.

### **2.5.3 GHANA**

In a study by Bamfo and Kraa (2019), the researchers assessed the impact of customer satisfaction on survival of SMEs. The study was conducted on a total of 500 SMEs out of which 391 responses were received representing 78.2% response rate. Purposive and convenience sampling techniques were adopted in selecting the SMEs and questionnaires used to collect data. Explanatory research design was used. The study used Structural Equation Model (SEM) for data analysis and explored various relationships. The findings indicated that customer satisfaction

positively and significantly predict survival of SMEs. SMEs are encouraged to adopt and embark on customer satisfaction practices so as to maximize performance.

#### **2.5.4 UNITED STATES OF AMERICA**

The Cicero Group in 2018 established that customer satisfaction impacts a company's bottom line in myriad ways. High customer satisfaction positively affects purchase intentions, customer retention, referrals, and reception to cross-selling propositions. Additionally, high customer satisfaction reduces price-sensitivity and customer complaints. Customer satisfaction is also a strong predictor of future business performance metrics including net operating cash flows, annual sales growth, market share, and gross margin. Furthermore, high satisfaction reduces the variability of future cash flows. Companies that are better than their competitors in terms of satisfying customers generate superior returns at a lower systematic risk. Improved customer satisfaction has a statistical impact on customer behaviour including purchase intentions, referrals, and customer retention. Additionally, customer satisfaction has a statistically significant impact on various business performance metrics including market share, total sales revenues, gross margin, and shareholder value. In fact, research shows that a portfolio of companies with high customer satisfaction rates experienced cumulative market returns that outperformed the Dow Jones Industrial Average, Standard and Poor's 500, and the NASDAQ. By comparison, a portfolio of companies with low customer satisfaction experienced no cumulative stock returns.

#### **2.5.5 SAUDI ARABIA**

A study by Almohaimmeed (2017) investigated the effect of customer satisfaction on business performance. A sample consisted of 421 employees working in small shops selling mobile devices in Riyadh, the capital city of Saudi Arabia which was randomly selected. Research data was collected using a questionnaire developed based on previous studies. The total number of questionnaires distributed by hand to subjects from Oct. 2016 to Jan. 2017 was 421. Out of these, 377 questionnaires were returned complete and usable for the purpose of the analysis. Customer satisfaction was measured using purchase intentions, customer retention, referrals, and price sensitivity and customer complaints. SMEs performance was assessed using sales volume, profit and market share. The findings showed that customer satisfaction is a fundamental factor in



business survival. The results accepted the hypothesis that customer satisfaction has a statistically significant relationship business survival.

A study by Zeithaml (2020) gives an excellent overview of findings of research on aspects of the relationship between customer satisfaction and organisational performance. Anderson, Fornell and Lehmann (1994) found a significant association between customer satisfaction and accounting return on assets; Ittner and Larckner (1996) found that shareholder value is highly elastic with respect to customer satisfaction.

A study by Otto *et al* (2020) emphasized customer satisfaction as a strategic lever for enhancing business performance. The research analysed 251 correlations from 96 studies published between 1991 and 201 by academic researchers who had produced contradictory evidence. The research intended at coming up with a greater academic clarity and improved managerial understanding from a meta-analysis of the customer satisfaction-business performance relationships from the researches. While the satisfaction-performance relationship is positive and statistically significant on average ( $r = .101$ ), more meaningful insights emerge from the explication of moderating and mediating relationships. Illustrative of these insights is the finding that satisfaction is more appropriately depicted as mediating the effects of selected marketing strategy variables on firm performance outcomes. Moreover, when satisfaction is viewed in the right setting using the right satisfaction and performance measures, a most favourable contingencies perspective, the estimated correlation is reasonably strong ( $r = .349$ ).

## **2.6 LITERATURE CRITIQUE**

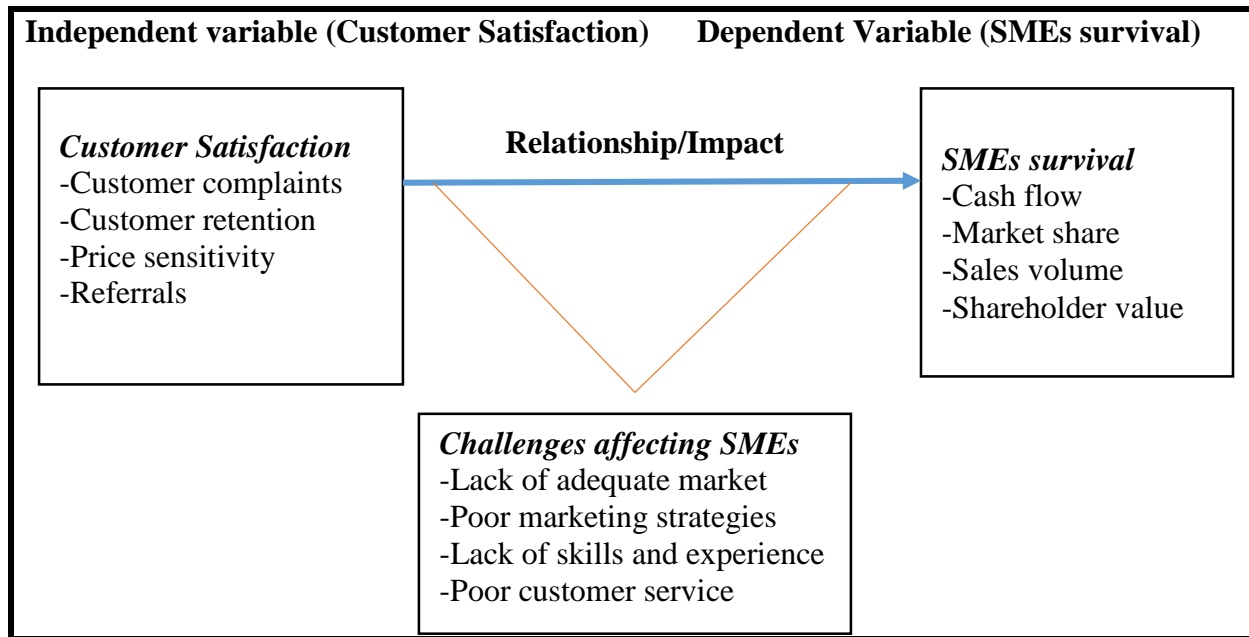
The reviewed literature showed that past related studies established was in terms of the methodologies used. For example, the study by Bamfo and Kraa (2019) that assessed the impact of customer satisfaction on survival of SMEs used non-probability sampling techniques in a quantitative survey. According to methodologists such as Gujarati (2009) for a quantitative research probability sampling techniques should be used to uphold objectivity of research findings. This research therefore can be commented to have violated this principle although it upheld the large sample size principle by using 500 SMEs.

In addition, the study by Gupta and Zeithaml (2016) was too qualitative and its focus was on the general performance. The research of course established that in SMEs, customer satisfaction lead to accelerated cash flow, sales revenue increment, as well as the reduction of the risk which related to the cash flow. This evidence shows that the research was biased towards the financial benefit to SMEs of customer satisfaction. This is too limited and it does not explain what goes beyond favourable financial performance. The ultimate measure of good performance is the ability to sustain operations and this is what this research looked at.

Overall, there are methodological challenges that have been established in the empirical literature reviewed. This research sought to quantitatively determine the effect of customer satisfaction on the survival of SMEs in the retail sector in Harare. The research followed the fundamental principles of quantitative research. The research does not limit performance of SMEs to financial performance but comprehensively consider survival as measure of business success.

## **2.7 CONCEPTUAL FRAMEWORK**

A conceptual framework plays a significant role in aiding a researcher to derive meaning from his or her subsequent findings. According to Accenture (2018) conceptual framework is a central part of the plan for negotiation to be examined, tested, studied and transformed as a result of investigation and it explains the possible connections between the variables as denoted. In a statistical perspective, the conceptual framework describes the relationship between the main concepts of a study. It is arranged in a logical structure to aid provide a picture or visual display of how ideas in a study relate to one another (Grant and Osanloo, 2019). The diagram that follows gives the conceptual framework that links customer satisfaction and SMEs survival.



**FIGURE 2.1: CONCEPTUALIZING CUSTOMER SATISFACTION AND SMEs SURVIVAL**

**Source:** Own construct, 2021 (based on Lee (2016), Zhong (2020), Gupta and Zeithaml (2016) Literature Review)

The conceptual framework stipulates that if customer satisfaction is monitored in SMEs and maintained as envisaged through managing customer complaints, retention of customers cultivating sensitivity of customers to prices and referrals of potential customers by existing customers, it can result in survival of SMEs. The survival of SMEs is realised when the sales revenue, market share, shareholder value and cash flows of the business are favourable. There are however challenges that SMEs have to overcome in their fight to survive in their attempt to uphold customer satisfaction. These challenges are poor marketing strategies, lack of adequate market, lack of skills and experience and poor customer service among other challenges. When SMEs are successful to overcome these challenges, they can be able to sustain their operations and grow to become big businesses.

## 2.8 CHAPTER CONCLUSION

The researcher reviewed literature in this chapter to have a clear understanding of the research study phenomena. The researcher covers theoretical literature and empirical literature. The theories that the researcher covered for the purposes of this study are the Expectation Theory, Utility Theory, Theory of Assimilation, Disconfirmation Theory and Negative Theory. Empirical literature was drawn from researchers who studied the effect of customer satisfaction on financial performance and established that customer satisfaction lead to accelerated cash flow, sales volumes incrementas well as the reduction of the risk which related to the cash flow. The researcher presented the research's conceptual framework basing on the theoretical framework presented. In reviewing literature, the researcher uncovered research gaps of past researches and shows how this current research fills those research gaps. The following chapter presents the research methodology of the study.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter presents the research methodology used in this research study. The chapter outlines the research philosophy, the research approach and the research design, research strategy, the population of the study, the sampling methods used to come up with the sample and the research instruments that were used. The validity and reliability of data and the research ethics observed were also discussed in this study. The main research objective that guided the research methodology was based on analyzing the impact of customer satisfaction on survival of SMEs in Zimbabwe.

#### **3.1 RESEARCH DESIGN**

According to Cooper and Schindler (2017), a research design is a presentation of the different types of approaches that are used and a systematic description of how the scientific research has been carried out in a bid to solve the identified research problem. There are three main research designs which are explanatory research design, exploratory research design and descriptive research design. These research designs are chosen based on their appropriateness as guided by methodologists. For example, Creswell, Vicki and Clark (2017) stipulate that where the research intends to establish a causal and effect relationship, the research follows an explanatory research design. Where the research is about gathering new insights, an exploratory research design is used. A descriptive research design is appropriate in situations where the researcher is interested in understanding what is taking place around (Robson, 2018).

##### **3.1.1 EXPLANATORY RESEARCH DESIGN**

Guided by the primary objective of this study which sought to unveil the effect of customer satisfaction on survival of SMEs in the grocery retail sector in Harare, Zimbabwe, the researcher felt compelled to choose the cause and effect research design which is explanatory in nature.

The study adopted an explanatory research design in order to explain the relationship between customer satisfaction and SMEs survival. The nature of the main research objective of the study justified an explanatory research design, whereby the cause and effect relationship between customer satisfaction and SMEs survival needed to be established. Looking at the literature reviewed, the researcher borrowed this research design from the works of Zeithaml (2020) who studied the relationship between customer satisfaction and organisational performance and statistically analysed the relationship through regression and correlation analysis. The researcher therefore borrowed the same research design to use it in the context of Zimbabwean SMEs, so as to determine the relationship between SME survival and customer satisfaction.

## **3.2 RESEARCH PHILOSOPHY**

A research philosophy refers to a set of the assumptions that underpin a research strategy that is employed by the researcher (Saunders, Lewis and Thornhill, 2016). There are three research philosophies which are positivism, interpretivist and pragmatism (Saunders, et al., 2016). On one hand, a positivist research philosophy has its roots in mathematics and statistics background. It is a research paradigm based on objectivity. The researchers with a positivist philosophy have strong belief in problem solving involving facts and figures. On the other hand, interpretivist based researchers have strong belief in giving narrations in research problem solving. Their research paradigm is based on subjectivity. In the middle of the road, there is pragmatism research philosophy that combines the features of positivist and interpretivist research philosophies.

### **3.2.1 POSITIVIST RESEARCH PHILOSOPHY**

According to Babin et al. (2018) a positivist research philosophy is more suitable when the research is quantitative. Considering that the research aimed at unveiling the effect of customer satisfaction metrics of customer complaints, customer retention, price sensitivity and referrals on SMEs survival as indicated in cash flow, market share, sales volume and shareholder value, the positivist philosophy was appropriate. More so, the researcher has strong mathematical and statistics background and had strong belief in facts and figures in research problem solving. The researcher therefore adopted a positivist research philosophy.

### **3.3 RESEARCH APPROACH**

According to Blumberg, Cooper and Schindler (2019) research approach is the extent to which the researcher understands the research theory at the start of their research. There are three research approaches that are married to the three research philosophies and these are deductive approach that follows the positivist research philosophy, the inductive research approach that follows the interpretivist research philosophy and the abductive research approach that follows the pragmatist research philosophy. Since the research has been premised on the positivist research philosophy, the researcher adopted the deductive research approach. Statistical data analysis techniques of regression and correlation and ANOVA were required and these were only possible through a deductive research approach.

#### **3.3.1 DEDUCTIVE RESEARCH APPROACH**

Deduction possesses several important characteristics, first, there is the search to explain causal relationships between variables and consequently, the development of a hypothesis, Saunders (2009). In this case, the researcher had hypothesized that there is a statistically significant relationship between customer satisfaction and SMEs survival. The testing of this hypothesis could be only possible through a deductive research approach which is fundamental in testing and validating theories and beliefs in research. Theories such as the marketing theory stipulates that when customers are satisfied, they become loyal to the business and this is a critical component in survival and sustaining business operations. The intention of the researcher was essentially to test the marketing theory if it brings positive results to business survival in Zimbabwe. The hypothesis were generated from the marketing theory and the researcher tested these hypotheses that emerge from the marketing theory using a deductive research approach.

### **3.4 RESEARCH STRATEGY**

A research strategy sets the mode of how the researcher answers the research questions, Saunders (2009). It gives the detailed plan of how the researcher gets into the research field to get data that give answers to the research questions. The different research strategies that are mostly used in research are case studies, surveys, experiments. There are other research

strategies though uncommon, such as grounded research strategy, ethnomethodology and participatory research strategies.

### **3.4.1 CASE STUDY: MULTIPLE CASE STUDY**

For the purposes of this research, the researcher used a case study. Robson (2002:178) defines case study as ‘a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence. The case study strategy is of particular interest to the research as the researcher desires to gain a rich understanding of the context of the research and the processes being enacted (Morris and Wood 1991). To be specific a multiple case study will be used. According to Yin (2004) a case study may contain more than a single-case, when this occurs, the case study has used a multiple-case study design, and such designs have increased in frequency in recent years. More important, the analytic benefits from having two (or more) cases may be substantial Saunders (2007)

The single-case study will be used as a pilot case which will be the beginning of a multiple-case study. More so, the individual SME would be the subject of its own fieldwork, and the multiple-case study would first cover each SME as a single-case study before arriving at findings and conclusions across the individual case studies. The evidence from multiple cases is often considered more compelling, and the overall multiple-case study is therefore regarded as being more robust (Herriott & Firestone, 1983). The rationale for using multiple cases also focuses upon the need to establish whether the findings of the first case occur in other cases and, as a consequence the need to generalise from these findings. For this reason Yin (2003) argues that multiple case studies may be preferable to a single case study and that, where you choose to use a single case study, you will need to have a strong justification for this choice.

The multiple case study will be embedded, which refers to the unit of analysis Yin (2003). This means the research seeks to examine two aspects of the case, which is the customer satisfaction and the SME survival. Yin (2003) further states that the design of multiple-case studies follows an analogous logic. Each case must be carefully selected so that the individual case studies either:



(a) Predict similar results (a *literal replication*) or

(b) Predict contrasting results but for anticipatable reasons (a *theoretical replication*).

The replication logic is directly analogous to that used in multiple experiments Barlow, Nock & Hersen, (2008). For example, upon uncovering a significant finding from a single experiment, an ensuing and pressing priority would be to replicate this finding by conducting a second, third, and even more experiments. Some of the replications might attempt to duplicate the exact conditions of the original experiment. Other replications might alter one or two experimental conditions considered challenges to the original finding, to see whether the finding can still be duplicated. With both kinds of replications, the original finding would be strengthened.

## **3.5 DATA COLLECTION**

### **3.5.1 POPULATION**

According to Salant and Dillman (1994) a population is a set of units (usually people, objects, transactions, or events) that we are interested in studying. In this research the judgmental sample (Kumar, 1999) constituted the SMEs in the grocery retail sector in particular the senior management and their customers. In studying a population we focus on one or more characteristics or properties of the units in the population (McClave, S.A, Martindale, R.G. & Roberts, P., 2007). The reason for selecting the senior management was that they are directly involved in the strategic planning process within the organisation and the reason for selecting the customer was to understand if the customers are satisfied with the products they get.

### **3.5.2 SAMPLING**

Sampling strategy is the process of selecting a portion of the population to represent the entire population. Methodologists such as Balves (2017) state that the choice of research methods and techniques depends on the research approach and strategy employed. Sampling also saves time, an important consideration when you have tight deadlines (Saunders, 2007). The organisation of data collection is more manageable as fewer people are involved. As you have fewer data to enter, the results will be available more quickly

In this study purposive sampling was used as it permits the researcher to identify and choose the individuals to include in the sample (Betram & Christiansen, 2014:60). Non-probability sampling methods are relatively fast, cheap and easy to measure (Maholtra, 2011:373).

### 3.5.2.1 SAMPLE SIZE

Kuvaas (2018) regards a research sample as a part of the population that is drawn, such that the results from that part are then attributed to the whole population. The sample participants were chosen from both the downtown shopping area and the high density suburbs in Harare. Fisher (2015) argued that a sample is drawn when the study population is regarded as too large for it to be studied wholly, and also when the researcher has time and other resource constraints. Merriam (2012) noted that as long a sample is drawn, a sampling error is inevitable. They recommend the use of the Krejcie and Morgan (1970), formula in a bid to improve representativeness of the sample. Because of that, this research adopted a sample size formula by Krejcie and Morgan (1970) as recommended by Merriam (2012). The formula is given as;

$$s = \frac{X^2NP(1 - P)}{d^2(N - 1) + X^2P(1 - P)}$$

s = required sample size.

$X^2$  = the table value of chi-square for 1 degree of freedom at the desired confidence level (=  $1.96^2 = 3.8416$  for this study).

N = the population size (500).

P = the population proportion (0.50 since this would provide the maximum sample size for this study).

d = the degree of accuracy expressed as a proportion (0.05 for this study)

The following is the formula for the sample size of the employee population.

$$s = \frac{1.96^2 \times 500 \times 0.5(1 - 0.5)}{0.05^2(500 - 1) + 1.96^2 \times 0.5(1 - 0.5)}$$

**s = 100**

Therefore the sample size was 100. The instrument used on each population category is superimposed.

### **3.5.2.2 SAMPLING TECHNIQUES**

There are two sampling techniques, which are probabilistic and non-probabilistic methods. According to Creswell (2017), non-probabilistic methods are the techniques which result in population elements having unequal chances of being included into the sample. These include quota, convenience, purposive and snowballing sampling. Probability sampling techniques give population elements equal chances of getting selected to constitute the research sample. They include cluster, stratified random, simple random and systematic random sampling.

#### **3.5.2.2.1 PURPOSIVE SAMPLING**

Purposive sampling defines a non-probability sampling technique that enables the researcher to use his/her judgement to select cases that will be to best enable answering of the research questions and to meet the research objective (Saunders et al., 2007). This is one of the most common sampling strategies which involve grouping participants according to pre-selected criteria relevant to a particular research question (Denzin and Lincoln, 2005).

Saunders (2007) adds on to say, this form of sample is often used when working with very small samples such as in case study research and when you wish to select cases that are particularly informative. The logic on which you base your strategy for selecting cases for a purposive sample should be dependent on your research question(s) and objectives. Patton (2002) emphasises this point by contrasting the need to select information-rich cases in purposive sampling with the need to be statistically representative in probability sampling.

## **3.6 RESEARCH TECHNIQUES**

According to Robson (2018) a research instrument is used to collect research data. There are several instruments that can be used for data collection which include experiments, questionnaires, interviews and observations. This study used structured research questionnaire to collect primary data from customers and senior managers of SMEs in grocery retail sector in Harare.

### **3.6.1 STRUCTURED QUESTIONNAIRE**

Tharenou, Donohue and Cooper (2018) regard a research instrument as a tool which is used for the collection of research data. Sudday (2015) notes that a research instrument can be structured or can be unstructured. This study used a structured questionnaire. This enabled the researcher to collect quantitative data for statistical analysis. A structured questionnaire enabled the researcher to easily code data for analysis using SPSS. The structured questions were put on a Likert scale with end points of “Strongly Disagree”, with a code of 1, and “Strongly Agree” with a code of 5.

The questionnaire basically was in three parts. The first part was the administrative section, which introduced the research and the research topic to the respondents, and gave them instructions, among other administrative issues. The second part solicited for the respondents’ background and demographic information, to determine their suitability for the research. The last and major part contained questions related to the research objectives. Lastly, the researcher thanked the respondents for having completed the questionnaire. The reviewed literature was the basis upon which the questions were crafted in order to collect data that could answer the research questions.

The questionnaire was administered to the customers of the SMEs in study. The questionnaire was chosen as an instrument because it is naturally a quantitative data collection instrument. As the research was quantitative, the quantitative primary data was collected by the questionnaire using closed ended questions, using Likert scale type questions.

### **3.6.2 STRUCTURED INTERVIEWS**

This is a method of collecting data using an interview guide containing a list of pertinent questions for investigative enquiry (Salant and Dillman, 1994). Structured interviews use questionnaires based on a predetermined and ‘standardised’ or identical set of questions and are also referred to as interviewer-administered questionnaires (Saunders 2007).

The structured interviews were used to collect information from the senior managers of SMEs. In which case the interviewer read out each question and then recorded the response on a standardised schedule, usually with pre-coded answers. While there is social interaction between the interviewer and the participant, such as the preliminary explanations that the interviewer would need to provide. The interviewer read out the questions exactly as written and in the same tone of voice so that the interviewer does not indicate any bias. As structured interviews were used to collect quantifiable data they are also referred to as ‘quantitative research interviews’.

Structured interviews may also be used in relation to an explanatory study, in a statistical sense, Saunders (2007). The rationale of using the structured interviews is based on the understanding that the process is simpler and efficient to conduct since they come with standardized questions. This means that all the respondents answered the same kind of questions so that they can be compared with others easily along with the trends.

### **3.7 DATA VALIDITY**

Taherdoost (2016) defines data validity as the degree to which a research instrument measures what it is purported to measure. In a bid to improve validity, the researcher carefully designed the research instruments and pretested them for further refinement. The researcher conducted a pilot study with customers and senior managers who did not then necessarily become part of the final sample, and basing on the responses from the pilot study, the researcher refined the questionnaires.

### **3.8 DATA RELIABILITY**

According to Shirley and Sushanta (2018), reliability is the internal consistency of the research instrument, showing the extent to which the same instrument can be used to collect data from the

same population elements and get the same results. The Cronbach's Alpha was used to test the reliability of the questionnaire. The following is one of the formulas used to calculate reliability of data.

$$\alpha = \frac{K\bar{c}}{(\bar{v} + (K - 1)\bar{c})}$$

Where:

$K$  is the number of test items

$\bar{v}$  is the average variance

$\bar{c}$  is the average of all covariance between the components across the current sample.

Johnston (2017) highlighted that a Cronbach's Alpha of at least 0.5 shows reliability and that of at least 0.7 shows high reliability. An alpha that fell below 0.5 indicated that the data was not reliable.

### **3.9 DATA PRESENTATION AND ANALYSIS**

The researcher fed quantitative data into Statistical Package for the Social Science version 23 (SPSS), for analysis purposes. Analysis was in form of frequencies, percentages, mean values, standard deviations, analysis of variance (ANOVA) and correlation and regression. Percentages and mean scores would help to summarize the responses by indicating whether the majority have agreed, were neutral or disagreed. The standard deviations were used to show the reliability of the mean score by indicating the divergence or consistency of the respondents' views. ANOVA helped to test the significance of the correlation results. Data presentation of quantitative data was done using Microsoft Office packages of Word and Excel version 2013, in form of tables, tables, graphs and charts.

### **3.10 ETHICAL CONSIDERATIONS**

Wright and Boswell (2018) define research ethics as the appropriateness or suitability of the researcher's behaviour with respect to the rights of the respondents and other research subjects. The researcher sought for the consent of the sample elements before collecting data. The

researcher notified the respondents that they would be free to withdraw and withhold any of their input when they felt like. Further, the researcher ensured that the participants would remain anonymous throughout the research, unless if permission was sought and granted to directly quote a specified respondent. Furthermore, no participant was bribed or paid for participating, but they were thanked in writing at the end of the questionnaire.

### **3.11 CHAPTER CONCLUSION**

The chapter looked at the various methodological aspects that were adopted in this research. These included the research philosophy, design, population, sampling techniques and the research instruments used. The next chapter focused on the analysis, presentation and discussion of findings.

## CHAPTER IV

### DATA ANALYSIS, PRESENTATION AND DISCUSSION

#### 4.1 INTRODUCTION

The researcher used SPSS version 23.0 to analyze the data gathered using the research questionnaire. The quantitative techniques used are mainly descriptive statistics and regression and correlation. These enabled the researcher to describe and explain the situation in the business of SMEs and issues of customer satisfaction. This chapter is organized in a way that the researcher first presents the response rate and the reliability statistics of the research questionnaire followed by the research findings with respect to the background and demographics of the respondents. The main body of this chapter presents the research findings in line with the research objectives.

#### 4.2 RESPONSE RATE

The research calculates the response rate of the research questionnaires used; one for the Senior Managers and the other one for the customers. The formula adopted was prescribed by Saunders (2016) that divides the number of respondents who participated in the research by the number of respondents the researcher had intended to engage in the research. The results are presented in the Table 4.1 below.

**TABLE 4.1: RESPONSE RATES OF THE RESEARCH QUESTIONNAIRES**

<b>Population</b>	<b>Sample size</b>	<b>Actual Respondents</b>	<b>Response rate</b>
Senior Managers	50	41	82%
Customers	50	47	94%
<b>Total</b>	<b>100</b>	<b>88</b>	<b>88%</b>

The sample size which indicates the number of respondents the researcher engaged with 100 people in total: 50 senior managers and 50 customers. However, these targeted figures did not successfully participate. In the Senior Managers' category, of the 50 targeted respondents, 41



managed to take part and for the customers' category, 47 successfully participated. This gave response rates of 82% and 94% for the Senior Managers' category and the customers' category respectively. The overall response rate is 88% indicating that for the 100 people that were targeted to be engaged by the researcher, 88 successfully participated. The response rate was high enough to render the research findings reliable. According to Fincham (2008), for the representativeness of a survey research, a response rate of  $\geq 80\%$  is acceptable. The response rates for the two research questionnaires all exceeded the 80% criteria and therefore the research findings are representative of the research population.

### **4.3 CRONBACH'S ALPHA TEST OF RESEARCH INSTRUMENTS QUESTIONS**

The researcher ran Cronbach alpha test for the research questionnaires. The research fed both research questionnaire questions in SPSS and ran the reliability test to verify if the research questionnaires were consistent in data collection. The size of the Cronbach alpha is presented in the first column, the second column presents the total number of questions that we tested.

**TABLE 4.2: CRONBACH'S ALPHA TEST RESULTS**

Cronbach's Alpha	N of Items
.707	5

The results in Table 4.2 are in line with the reliability test of the research instruments show that the Cronbach alpha coefficient obtained is 0.707 which is high enough to confirm that the research instrument was consistent to gather uniform responses. This is based on the criteria of Taber (2018) who states that Cronbach's alpha should be at least 0.70 for the research questionnaire to be accepted as reliable for data collection.

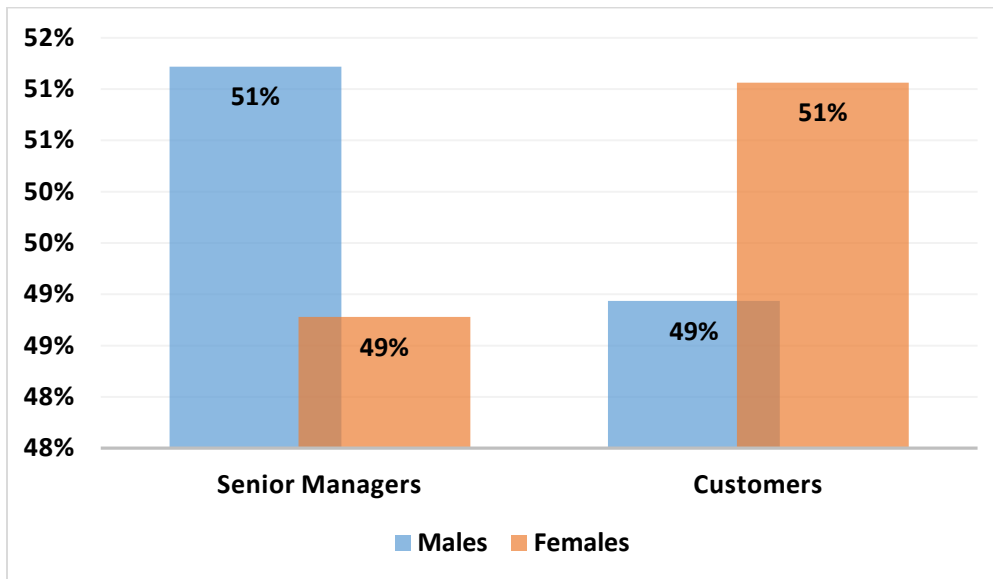
### **4.4 BACKGROUND AND DEMOGRAPHICS OF RESPONDENTS**

The researcher gathered information in line with the profiles of the respondents, particularly their demographics and background information. The researcher asked respondents to indicate their

genders, their ages and their educational qualifications. The results are presented in the sections that follow.

#### 4.4.1 GENDER BALANCE OF RESPONDENTS

The researcher presents the gender balances of the respondents. The researcher split the categories to have particular gender balances for the different categories of respondents as shown below.



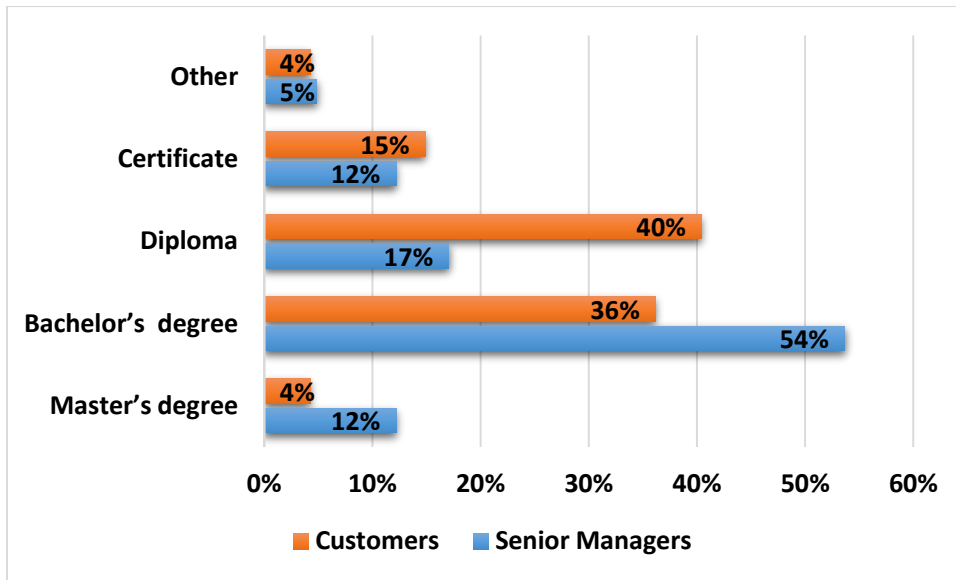
**Figure 4.1: Gender balance of respondents**

Source: Primary data, 2021.

The results shown in Figure 4.1 show that of the Senior Managers' respondents, 51% were males and 49% were females. The gender balance was more balanced indicating that neither sexes of Senior Managers dominate in the SMEs that participated in the research survey. In the customer category, 51% were females and 49% were males. This also indicates that females and males buy from the SMEs just like in other shops. The slight bias in females is an indication that females take a bigger part in shopping around than males which is normal in Zimbabwean culture.

#### 4.4.2 EDUCATIONAL QUALIFICATIONS OF RESPONDENTS

The researcher asked respondents to indicate their highest level of qualifications as a way to establish if the respondents are literate enough to understand and interpret the research questions well. The level of education has a direct link with the extent to which research questions are understood. Therefore, the researcher had to ask a direct question to the respondents to share their highest level of education as was necessary for the researcher. The results are presented in the diagram that follows.



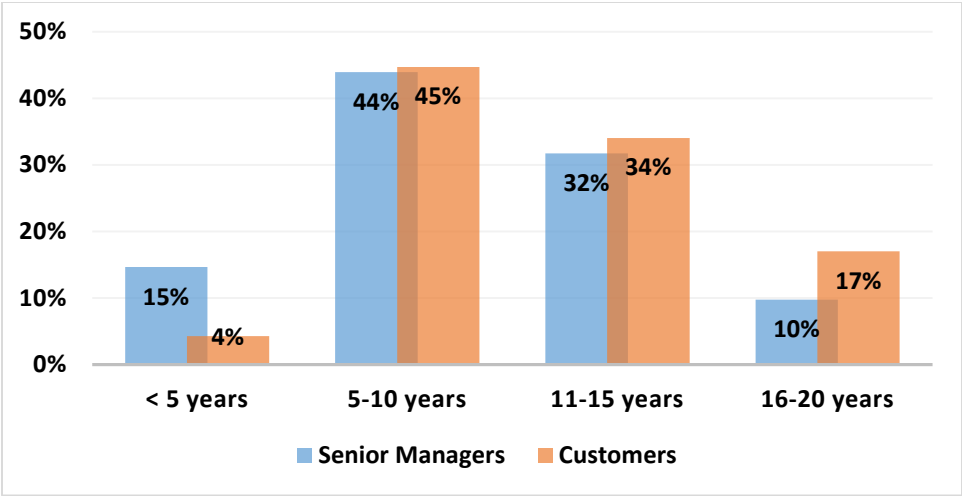
**FIGURE 4.2: EDUCATIONAL QUALIFICATIONS OF RESPONDENTS**

Source: Primary data, 2021.

Figure 4.2 shows that 12% of the senior managers and 4% of the customers had master's degrees as their highest level of education. 54% of the Senior Managers and 36% of the customers had bachelor's degrees. 17% of the Senior Managers and 40% of the customers had diplomas. 12% of the Senior Managers and 15% of the customers had certificates. The other category had 5% of the Senior Managers and 4% of the customers. Generally, the respondents had known qualifications that confirm their suitability for the study as literate respondents.

### 4.4.3 EXPERIENCE OF RESPONDENTS

The researcher asked respondents to show their level of experience either as workers or as customers. This was meant to establish if the responses gathered were from people with experience with respect to the operations of SMEs in customer satisfaction. The results are as well split between the two population categories that participated, that is the customers' category and the Senior Managers' category.



**FIGURE 4.3: EXPERIENCE OF RESPONDENTS**

Source: Primary data, 2021.

The results show that 15% of the Senior Managers who participated in the survey had less than 5 years' operating in the SMEs grocery shops. 44% had been in the SMEs sector for 5-10 years, 32% had 11-15 years and 10% had 16-20 years of working in SMEs. On the side of customers, 4% had less than 5 years, 45% had 5-10 years, 34% had 11-15 years and 17% had 16-20 years of buying products in the grocery shops that operate in the SMEs sector. The researcher had put the above 20 years age category but none of the respondents indicated that they had more than 20 years' experience either as a customer or as an employee. The experience of the respondents is normally distributed as shown by the shape of the graph. This shows that the respondents who participated are of different experience age groups and have at most 20 years of experience.

## 4.5 RESEARCH OBJECTIVES' RESEARCH FINDINGS

To establish the effect of customer's satisfaction on survival of SMEs, the researcher framed her objectives in such a way that the level of customer satisfaction is established first by looking at customer satisfaction indicators of customer retention, customer referrals, customer complaints and price sensitivity of customers. Aggregates of these responses under these reflectors are then correlated and regressed with indicators of survival of SMEs. Descriptive statistics are presented first, and correlational analysis follows to confirm the contribution by each of the aspects of customer satisfaction on survival of SMEs. Descriptive statistics are in form of frequencies and percentages for easy of interpretation. Pearson correlation coefficient is used to indicate the direction and strength of the established relationship between variables.

### 4.5.1 TO DETERMINE THE EFFECT OF CUSTOMER COMPLAINTS ON CASH FLOWS OF SMES OPERATING IN HARARE CUSTOMER.

The researcher asked questions that literature had shown to indicate customer complaints as reflective of customer satisfaction in a business organisation. The findings are presented in Table 4.3.

**TABLE 4.3: CUSTOMER COMPLAINTS IN SMEs IN HARARE**

Statement	SD	D	N	A	SA
I have often returned grocery products I bought from the SMEs grocery shops.	17 (36%)	14 (30%)	1 (2%)	7 (15%)	8 (17%)
I have shouted at the shopkeepers from the SMEs grocery shops for poor service.	18 (38%)	15 (32%)	2 (4%)	5 (11%)	7 (15%)
I have often lodged complaints with workers from the SMEs grocery shops.	19 (40%)	14 (30%)	3 (6%)	5 (11%)	6 (13%)
My friends also complain about the way workers from the SMEs grocery shops treat them	20 (43%)	17 (36%)	1 (2%)	4 (9%)	5 (11%)
Overall	74	60	7	21	26

**Source:** Primary data, 2021.

The researcher had a list of questions to establish customer complaints as an indicator of customer satisfaction. The researcher asked if customers had at some point returned grocery products they bought from the SMEs grocery shops. The results indicate that of the total customers' respondents who participated, 17 (36%) strong disagreed, 14 (30%) disagreed, 1 (2%) were neutral, 7 (15%) agreed and 8 (17%) strongly agreed that customers have at some point returned grocery products they buy from the SMEs grocery shops. Adding those who disagreed only and those who agreed, majority of respondents disagreed that customers have at some point returned grocery products they buy from the SMEs grocery shops. The result is therefore that customers have not at some point returned grocery products they buy from the SMEs grocery shops.

Secondly as a way to show if customers complain about customer service at SMEs grocery shop, the researcher asked if customers at one point shouted at the shopkeepers from the SMEs grocery shops for poor service. The results indicate that of the total Senior Managers' respondents who participated, 18 (38%) strong disagreed, 15 (32%) disagreed, 2 (4%) were neutral, 5 (11%) agreed and 7 (15%) strongly agreed that customers at one point shouted at the shopkeepers from the SMEs grocery shops for poor service. Adding those who disagreed only and those who agreed, majority of respondents disagreed that customers at one point shouted at the shopkeepers from the SMEs grocery shops for poor service. The result is therefore that there is no evidence to show that customers at one point shouted at the shopkeepers from the SMEs grocery shops for poor service.

In the third aspect, the researcher asked if the customers often lodge complaints with workers from the SMEs grocery shops, the results indicate that of the total Senior Managers' respondents who participated, 19 (40%) strong disagreed, 14 (30%) disagreed, 3 (6%) were neutral, 5 (11%) agreed and 6 (13%) strongly agreed that customers at one point lodged complaints with workers from the SMEs grocery shops. Adding those who disagreed only and those who agreed, majority of respondents disagreed that customers at one point lodged complaints with workers from the SMEs grocery shops. The result is therefore that there is no evidence to show that customers at one point lodged complaints with workers from the SMEs grocery shops.

In the last scenario, the researcher asked if the customers' friends have at one point complained about the way workers from the SMEs grocery shops treat them. The results indicate that of the total Senior Managers' respondents who participated, 20 (43%) strong disagreed, 17 (36%) disagreed, 1 (2%) were neutral, 4 (9%) agreed and 5 (11%) strongly agreed that customers' friends have at one point complained about the way workers from the SMEs grocery shops treat them. Adding those who disagreed only and those who agreed, majority of respondents disagreed that customers' friends have at one point complained about the way workers from the SMEs grocery shops treat them. The result is therefore that there is no evidence to show that customers' friends have at one point complained about the way workers from the SMEs grocery shops treat them.

To confirm if customer complaints, as a sign of customer satisfaction, has a contribution towards survival of SMEs in the groceries retail, the researcher ran a correlational analysis. The researcher had hypothesized that customer complaints has a statistically significant relationship with survival of SMEs. The results of correlational analysis are presented below to quantify the relationship and make decision in line with the hypothesis.

**TABLE 4. 4: CORRELATIONAL ANALYSIS [CUSTOMER COMPLAINTS AND SMEs SURVIVAL]**

		SMEs Survival	Customer complaints
SMEs Survival	Pearson Correlation	1	-.237
	Sig. (2-tailed)		.701
	N	88	88
Customer complaints	Pearson Correlation	-.237	1
	Sig. (2-tailed)	.701	
	N	88	88

**Source:** Primary data, 2021.

The results in Table 4.4 show that the Person correlation coefficient between customer complaints and SMEs Survival is -0.237 and its significant value is 0.701. The result shows that

customer complaints have some negative relationship with survival of SMEs. This means that customer complaints have insignificant negative contribution towards survival of SMEs. Therefore, if customers complain to the grocery SMEs they buy from, their potential for survival is slightly compromised. The survival of SMEs is slightly negatively influenced by customer complaints as revealed by the Pearson coefficient correlation. With the size of the significant value, the researcher found no basis to accept the research hypothesis that there is a statistically significant relationship between customer complaints and survival SMEs. According to Otto et al, (2020) customer complaints reduce the possibility of the business to sustain its operations in the future. In their research, Otto et al, (2020) state that there is a statistically significant relationship between customer complaints and business survival.

#### **4.5.2 TO ESTABLISH HOW CUSTOMER RETENTION AFFECTS MARKET SHARE OF SMES OPERATING IN HARARE.**

The researcher asked questions that literature had shown to indicate customer retention as reflective of customer satisfaction in a business organisation. The findings are presented in Table 4.5.

**TABLE 4. 5: CUSTOMER RETENTION IN SMEs IN HARARE**

<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
We always serve the same customers at our grocery shop.	15 (37%)	11 (27%)	1 (2%)	5 (12%)	9 (22%)
We have a social media groups for our customers at our grocery shop.	12 (29%)	19 (46%)	2 (5%)	5 (12%)	3 (7%)
We communicate with our customers on one to one basis at our grocery shop.	14 (34%)	13 (32%)	4 (10%)	4 (10%)	6 (15%)
We always lose customers to big shops such as OK and TM.	7 (17%)	8 (20%)	2 (5%)	11 (27%)	13 (32%)
<b>Overall</b>	<b>48</b>	<b>51</b>	<b>9</b>	<b>25</b>	<b>31</b>

Source: Primary data, 2021.

Firstly, to establish the level of customer retention in SMEs as an indicator of whether customers who buy from SMEs are satisfied or not, the researcher asked Senior Managers from the SMEs



sector if they always serve the same customers at their grocery shops. The results indicate that of the total Senior Managers' respondents who participated, 15 (37%) strong disagreed, 11 (27%) disagreed, 1 (2%) were neutral, 5 (12%) agreed and 9 (22%) strongly agreed. Adding those who disagreed only and those who agreed, more respondents disagreed that they always serve the same customers in their shops. The result is therefore that SMEs serve the different customers at their grocery shops. Customers switch grocery shops indicating some dissatisfaction.

Secondly, researcher asked if SMEs Senior Managers have social media groups with their customers. The results indicate that of the total Senior Managers' respondents who participated, 12 (29%) strong disagreed, 19 (46%) disagreed, 2 (5%) were neutral, 5 (12%) agreed and 3 (7%) strongly agreed that they have social media groups with their customers. Adding those who disagreed only and those who agreed, more respondents disagreed that they have social media groups with their customers. The result is therefore that SMEs do not have social media groups with their customers. Lack of social media groups with patrons is a sign of lack of strong relationship created with satisfied customers. Perhaps when they add customers to their WhatsApp groups, customers exit the WhatsApp groups rendering the SMEs failing to sustain social media groups.

In the third scenario, the researcher asked if SMEs Senior Managers communicate with their customers on one to one basis. The results indicate that of the total Senior Managers' respondents who participated, 14 (34%) strong disagreed, 13 (32%) disagreed, 4 (10%) were neutral, 4 (10%) agreed and 6 (15%) strongly agreed that they communicate with their customers on one to one basis. Adding those who disagreed only and those who agreed, majority of respondents disagreed that they communicate with their customers on one to one basis. The result is therefore that there is no basis to state that SMEs Senior Managers communicate with their customers on one to one basis

Lastly, the researcher asked if SMEs lose customers to big shops such as OK and TM. The results indicate that of the total Senior Managers' respondents who participated, 7 (17%) strong disagreed, 8 (20%) disagreed, 2 (5%) were neutral, 11 (27%) agreed and 13 (32%) strongly agreed that they lose customers to big shops. Adding those who disagreed only and those who agreed, majority of respondents agreed that SMEs lose customers to big shops. The result is

therefore that SMEs lose customers to big shops. Customers switch to big shops indicating some dissatisfaction amongst the customers.

To confirm if customer retention as a sign of customer satisfaction has a contribution towards survival of SMEs in the groceries retail, the researcher ran a correlational analysis. The researcher had hypothesized that customer satisfaction has a statistically significant relationship with survival of SMEs. The results of correlational analysis are presented below to quantify the relationship and make decision in line with the hypothesis.

**TABLE 4. 6: CORRELATION ANALYSIS [CUSTOMER RETENTION AND SMEs SURVIVAL]**

		Customer Retention	SMEs Survival
Customer Retention	Pearson Correlation	1	-.004
	Sig. (2-tailed)		.994
	N	88	88
SMEs Survival	Pearson Correlation	-.004	1
	Sig. (2-tailed)	.994	
	N	88	88

Source: Primary data, 2021.

The results in Table 4.6 show that the Pearson correlation coefficient between Customer Retention and SMEs Survival is -0.004 and its significant value is 0.994. The result shows that customer retention has almost zero relationship with survival of SMEs. This means that customer retention has insignificant contribution towards survival of SMEs. Therefore, it does not matter whether customers are loyal to SMEs, their potential for survival is not guaranteed. The survival of SMEs is influenced by other factors other than customer retention as revealed by the Pearson coefficient correlation. The researcher found no basis to accept the research hypothesis that there is a statistically significant relationship between customer retention and survival SMEs. However, in contrast, Gupta and Zeithaml (2016) state that customer retention has the ability to enable SMEs to sustain operations of SMEs.

### 4.5.3 TO DETERMINE THE IMPACT OF CUSTOMER PRICE SENSITIVITY ON SALES VOLUME OF SMES OPERATING IN HARARE.

The researcher asked questions that literature had shown to indicate sensitivity of customer to prices in SMEs as reflective of their level of customer satisfaction. The findings are presented in Table 4.7.

**TABLE 4. 7: CUSTOMERS’ SENSITIVITY ON PRICES OF PRODUCTS SERVED BY THE SMEs IN HARARE**

Statement	SD	D	N	A	SA
When I buy from the SMEs grocery shops, I request for discounts.	6 (13%)	4 (9%)	2 (4%)	16 (34%)	19 (40%)
When I buy from the SMEs grocery shops, I ask for USD and ZWL prices before they buy.	2 (4%)	3 (6%)	4 (9%)	18 (38%)	20 (43%)
When I buy from the SMEs grocery shops, I pay mostly in USD terms.	3 (6%)	5 (11%)	3 (6%)	20 (43%)	16 (34%)
When I buy from the SMEs grocery shops, I pay mostly in ZWL terms.	18 (38%)	20 (43%)	2 (4%)	4 (9%)	3 (6%)
Overall	29	32	11	58	58

**Source:** Primary data, 2021.

The researcher asked customer respondents if they seek discounts when they buy from SMEs grocery shops. The results indicate that of the total customers’ respondents who participated, 6 (13%) strong disagreed, 4 (9%) disagreed, 2 (4%) were neutral, 16 (34%) agreed and 19 (40%) strongly agreed that customers seek discounts when they buy from SMEs grocery shops. Adding those who disagreed only and those who agreed, majority of respondents agreed that customers seek discounts when they buy from SMEs grocery shops. The result is therefore that customers seek discounts when they buy from SMEs grocery shops.

Secondly, the researcher asked customers if they ask for both the USD and ZWL prices before they buy. The results indicate that of the total customers’ respondents who participated, 2 (4%)

strongly disagreed, 3 (6%) disagreed, 4 (9%) were neutral, 18 (38%) agreed and 20 (43%) strongly agreed that they ask for both the USD and ZWL prices before they buy. Adding those who disagreed only and those who agreed, majority of respondents agreed that customers ask for both the USD and ZWL prices before they buy. The result is therefore that customers ask for both the USD and ZWL prices before they buy.

Thirdly, the researcher asked customers if they pay mostly in USD terms when they buy from SMEs grocery shops. The results indicate that of the total customers' respondents who participated, 3 (6%) strong disagreed, 5 (11%) disagreed, 3 (6%) were neutral, 20 (43%) agreed and 16 (34%) strongly agreed that customers pay mostly in USD terms when they buy from SMEs grocery shops. Adding those who disagreed only and those who agreed, majority of respondents agreed that customers pay mostly in USD terms when they buy from SMEs grocery shops. The result is therefore that customers pay mostly in USD terms when they buy from SMEs grocery shops.

Lastly, the researcher asked customers if they pay mostly in RTGS/BOND terms when they buy from SMEs grocery shops. The results indicate that of the total customers' respondents who participated, 18 (38%) strong disagreed, 20 (43%) disagreed, 2 (4%) were neutral, 4 (9%) agreed and 3 (6%) strongly agreed that customers pay mostly in RTGS/BOND terms when they buy from SMEs grocery shops. Adding those who disagreed only and those who agreed, majority of respondents disagreed that customers pay mostly in RTGS/BOND terms when they buy from SMEs grocery shops. The result is therefore that customers pay mostly in USD terms when they buy from SMEs grocery shops.

To verify if sensitivity of customer to prices as a sign of customer satisfaction has a contribution towards survival of SMEs in the groceries retail, the researcher ran a correlational analysis. The researcher had hypothesized that sensitivity of customer to prices has a statistically significant relationship with survival of SMEs. The results of correlational analysis are presented below to quantify the relationship and make decision in line with the hypothesis.

**TABLE 4. 8: CORRELATIONAL ANALYSIS [CUSTOMERS PRICE SENSITIVITY AND SMEs SURVIVAL]**

		SMEs Survival	Customers Price Sensitivity
SMEs Survival	Pearson Correlation	1	.984**
	Sig. (2-tailed)		.002
	N	88	88
Customers Price Sensitivity	Pearson Correlation	.984**	1
	Sig. (2-tailed)	.002	
	N	88	88

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

**Source:** Primary data, 2021.

The results in Table 4.8 show that the Person correlation coefficient between Customers Price Sensitivity and SMEs Survival is 0.984 and its significant value is 0.002. The result shows that Customers Price Sensitivity has a strong positive relationship with survival of SMEs. This means that Customers Price Sensitivity has significant positive contribution towards survival of SMEs. The way customers respond to prices and/or are worried about the prices that are charged by SMEs has a significant contribution towards the potential of survival of SMEs. The researcher therefore accepts the alternative hypothesis in line with this aspect which stipulates that there is a statistically significant relationship between Customers Price Sensitivity and survival SMEs. In a research by Lee (2016), the researcher also established that customer sensitivity to prices has a bearing on the survival of SMEs.

#### **4.5.4 TO IDENTIFY HOW CUSTOMER REFERRALS AFFECT SHAREHOLDER VALUE OF SMES OPERATING IN HARARE.**

The researcher asked questions that literature had shown to indicate customer referrals as reflective of customer satisfaction in a business organisation. The findings are presented in Table 4.9.

**TABLE 4. 9: CUSTOMER REFERRALS IN SMEs IN HARARE**

<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Customers that we serve share similar surnames	13 (32%)	11 (27%)	2 (5%)	9 (22%)	6 (15%)
Customers that we serve work from same companies.	14 (34%)	13 (32%)	1 (2%)	7 (17%)	6 (15%)
Customers that we serve reside in the same location/suburbs.	13 (32%)	10 (24%)	3 (7%)	8 (20%)	7 (17%)
New customers that we serve are usually referrals referred by the customers we always serve.	12 (29%)	8 (20%)	4 (10%)	14 (34%)	3 (7%)
<b>Overall</b>	<b>52</b>	<b>42</b>	<b>10</b>	<b>38</b>	<b>22</b>

**Source:** Primary data, 2021.

The researcher on the list of questions to establish customer references as an indicator of customer satisfaction asked if SMEs serve customers with similar surnames. This is based on the reasoning that if customers share the same surnames, it could be reflective of the high chances that these people belong to the same clan and have referred each other to the grocery shop. The results indicate that of the total Senior Managers' respondents who participated, 13 (32%) strong disagreed, 11 (27%) disagreed, 2 (5%) were neutral, 9 (22%) agreed and 6 (15%) strongly agreed that SMEs serve customers with similar surnames. Adding those who disagreed only and those who agreed, majority of respondents disagreed that SMEs serve customers with similar surnames. The result is therefore that there is no evidence to show that SMEs serve customers with similar surnames.

The results indicate that of the total Senior Managers' respondents who participated, 14 (34%) strong disagreed, 13 (32%) disagreed, 1 (2%) were neutral, 7 (17%) agreed and 6 (15%) strongly agreed that SMEs serve customers who work from the same companies. Adding those who disagreed only and those who agreed, majority of respondents disagreed that SMEs serve

customers who work from the same companies. The result is therefore that there is no evidence to show that SMEs serve customers who work from the same companies.

Thirdly, the researcher asked if SMEs serve customers who reside in the same location/suburbs. The results indicate that of the total Senior Managers' respondents who participated, 13 (32%) strong disagreed, 10 (24%) disagreed, 3 (7%) were neutral, 8 (20%) agreed and 7 (17%) strongly agreed that SMEs serve customers who reside in the same location/suburbs. Adding those who disagreed only and those who agreed, majority of respondents disagreed that SMEs serve customers who reside in the same location/suburbs. The result is therefore that there is no evidence to show that SMEs serve customers who reside in the same location/suburbs.

In the last scenario, the researcher asked if the customers that SMEs serve are usually referrals referred by their existing customers. The results indicate that of the total Senior Managers' respondents who participated, 12 (29%) strong disagreed, 8 (20%) disagreed, 4 (10%) were neutral, 14 (34%) agreed and 3 (7%) strongly agreed that the customers that SMEs serve are usually referrals referred by their existing customers. Adding those who disagreed only and those who agreed, majority of respondents disagreed that the customers that SMEs serve are usually referrals referred by their existing customers. The result is therefore that there is no evidence to show that the customers that SMEs serve are usually referrals referred by their existing customers.

To confirm if customer referrals as a sign of customer satisfaction has a contribution towards survival of SMEs in the groceries retail, the researcher ran a correlational analysis. The researcher had hypothesized that customer referrals has a statistically significant relationship with survival of SMEs. The results of correlational analysis are presented below to quantify the relationship and make decision in line with the hypothesis.

**TABLE 4. 10: CORRELATIONAL ANALYSIS [CUSTOMER REFERRALS AND SMEs SURVIVAL]**

		SMEs Survival	Customer Referrals
SMEs Survival	Pearson Correlation	1	.095
	Sig. (2-tailed)		.879
	N	88	88
Customer Referrals	Pearson Correlation	.095	1
	Sig. (2-tailed)	.879	
	N	88	88

**Source:** Primary data, 2021.

The results in Table 4.10 show that the Pearson correlation coefficient between customer referrals and SMEs Survival is 0.095 and its significant value is 0.879. The result shows that customer referrals have some positive relationship with survival of SMEs. This means that customer referrals have insignificant positive contribution towards survival of SMEs. Therefore, it does not matter whether customers refer each other to the grocery SMEs they buy from, their potential for survival is not guaranteed. The survival of SMEs is influenced by other factors other than customer referrals as revealed by the Pearson coefficient correlation. The researcher found no basis to accept the research hypothesis that there is a statistically significant relationship between customer referrals and survival SMEs. The research finding here is comparable to the findings of Zhong (2020) who established that satisfied customers are more likely to refer their friends and families. A dissatisfied customer base decreases revenue, whereas satisfied customer has a positive effect on profitability which directly impact on survival of business (Zhong, 2020).

#### **4.5.5 SURVIVAL OF SMES IN HARARE**

The last section of the Senior Managers' research questionnaire asked research questions that literature had shown to reflect the potential for survival of SMEs in Harare. The findings are presented in Table 4.11.



**TABLE 4. 11: SURVIVAL OF SMES IN HARARE**

<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
The market share for the SME I work from is satisfactorily high.	11 (27%)	10 (24%)	1 (2%)	11 (27%)	8 (20%)
The daily sales for the SME I work from is satisfactorily high.	1 (2%)	4 (10%)	2 (5%)	15 (37%)	19 (46%)
The customers we serve pay cash and the SME I work from has no funds in arrears	2 (5%)	3 (7%)	1 (2%)	18 (44%)	17 (41%)
The owner of the SME I work from is wealthy.	4 (10%)	7 (17%)	2 (5%)	17 (41%)	11 (27%)
<b>Overall</b>	<b>18</b>	<b>24</b>	<b>6</b>	<b>61</b>	<b>55</b>

**Source:** Primary data, 2021.

To establish if grocery shops have the potential to sustain their operations in the unforeseeable future. The researcher asked research questions in line with the survival of SMEs in Harare. The first question the researcher asked was to found out if the market share for the SMEs is satisfactorily high. The results indicate that of the total customers' respondents who participated, 11 (27%) strong disagreed, 10 (24%) disagreed, 1 (2%) were neutral, 11 (27%) agreed and 8 (20%) strongly agreed that market share for the SMEs is satisfactorily high. Adding those who disagreed only and those who agreed, the numbers respondents who agreed and disagreed were almost equally likely the same that the market share for the SMEs is satisfactorily high. The result is therefore that there is no exclusive basis to state that the market share for the SMEs is satisfactorily high.

The second question the researcher asked was to found out if the daily sales for the SMEs is satisfactorily high. The results indicate that of the total customers' respondents who participated, 1 (2%) strong disagreed, 4 (10%) disagreed, 2 (5%) were neutral, 15 (37%) agreed and 19 (46%) strongly agreed that daily sales for SMEs is satisfactorily high. Adding those who disagreed only and those who agreed, majority of respondents agreed that the daily sales for the SMEs is satisfactorily high. The result is therefore that the daily sales for the SMEs is satisfactorily high.

The third question asked by the researcher was to find out if customers served by SMEs pay cash and SMEs do not have arrears. The results indicate that of the total customers' respondents who

participated, 2 (5%) strong disagreed, 3 (7%) disagreed, 1 (2%) were neutral, 18 (44%) agreed and 17 (41%) strongly agreed that customers served by SMEs pay cash and SMEs do not have arrears. Adding those who disagreed only and those who agreed, majority of respondents agreed that customers served by SMEs pay cash and SMEs do not have arrears. The result is therefore that customers served by SMEs pay cash and SMEs do not have arrears.

The last question to verify the potential of survival for SMEs asked by the researcher was if the owners of the SME are wealthy. The results indicate that of the total customers' respondents who participated, 4 (10%) strong disagreed, 7 (17%) disagreed, 2 (5%) were neutral, 17 (41%) agreed and 11 (27%) strongly agreed that owners of the SME are wealthy. Adding those who disagreed only and those who agreed, majority of respondents agreed that owners of the SME are wealthy. The result is therefore that owners of the SME are wealthy.

The overall position in line with survival of SMEs in Harare reflect that SMEs in Harare have the potential to survive in the unforeseeable future. This is because the majority of respondents agreed with almost all indicative questions asked by the researcher to show the potential of survival of SMEs.

#### **4.6 REGRESSION ANALYSIS**

The researcher ran a regression analysis to determine the contribution of the different pillars used to verify level of customer satisfaction for customers who buy from grocery shops in the SMEs sector towards the potential for survival of SMEs in Harare. To avoid the multi-collinearity problem, the researcher first checked for multi-collinearity problem among the independent variables. The researcher ran a correlational test for the dependent variables. The results are presented below.

**TABLE 4.12: MULTICOLLINEARITY OF INDEPENDENT VARIABLES CHECK**

		Price Sensitivity	Customer Retention	Customer Referrals	Customer complaints
Price Sensitivity	Pearson Correlation	1	.143	.193	-.091
	Sig. (2-tailed)		.819	.756	.884
	N	88	88	88	88
Customer Retention	Pearson Correlation	.143	1	.850	.946*
	Sig. (2-tailed)	.819		.068	.015
	N	88	88	88	88
Customer Referrals	Pearson Correlation	.193	.850	1	.872
	Sig. (2-tailed)	.756	.068		.054
	N	88	88	88	88
Customer complaints	Pearson Correlation	-.091	.946*	.872	1
	Sig. (2-tailed)	.884	.015	.054	
	N	88	88	88	88

\*. Correlation is significant at the 0.05 level (2-tailed).

The results of the multi-collinearity test presented in Table 4.12 above show that customer retention and customer referrals have a significant positive relationship. Their Pearson Correlation Coefficient is 0.946 and its level of significance is 0.015. Since there exists a multi-collinearity between customer retention and customer referrals, for regression analysis the researcher then dropped customer retention and used customer referrals as a representative independent variable to customer retention. The regression results are presented in the Table 4.13.

**TABLE 4.13: REGRESSION MODEL RESULTS**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1.000 <sup>a</sup>	.999	.997	1.37216

<sup>a</sup>. Predictors: (Constant), Customers Price Sensitivity, Customer complaints, Customer Referrals

The regression results show that the adjusted r-squared is 0.997 which indicates that customer satisfaction variables are used to explain up to 99.7% potential in survival of SMEs who run

grocery shops in Harare. The regression results indicate that customer satisfaction is key component to the survival of SMEs who run grocery shops in Harare. The overall picture is that customer satisfaction has a large contribution towards the capacity of surviving to SMEs who run grocery shops in Harare. These findings have also resonated with the findings of Bamfo and Kraa (2019) who assessed the impact of customer satisfaction on survival of small and medium enterprises (SMEs) in Ghana and found out that customer satisfaction has a significant relationship with the survival of SMEs.

## **4.7 SUMMARY OF FINDINGS**

The research study has the main thrust of unveiling effect of customer satisfaction on the survival of SMEs in the grocery retail sector in Harare Zimbabwe. The problem that triggered the researcher to undertake the research study is the loss of sales volumes, loss of market share and lack of growth potential in SMEs that operate grocery shops in Harare. The research findings are summarized in the sections that follow.

### **4.7.1 TO DETERMINE THE EFFECT OF CUSTOMER COMPLAINTS ON CASH FLOWS OF SMES OPERATING IN HARARE.**

The research found out that the effect of customer complaints on cash flows could not be established as SMEs do not keep record of the customer complaints.

### **4.7.2 TO ESTABLISH HOW CUSTOMER RETENTION AFFECTS MARKET SHARE OF SMES OPERATING IN HARARE.**

The study could not establish a link between customer retention and market share because SMEs do not keep records of their customers.

### **4.7.3 TO DETERMINE THE IMPACT OF CUSTOMER PRICE SENSITIVITY ON SALES VOLUME OF SMES OPERATING IN HARARE**

Customers are more sensitive to price changes than other factors.

#### **4.7.4 TO IDENTIFY HOW CUSTOMER REFERRALS AFFECT SHAREHOLDER VALUE OF SMES OPERATING IN HARARE.**

The study could not establish a relationship between customer referral and shareholder value because the SMEs do not keep records of the customers who buy from them.

### **4.8 CHAPTER CONCLUSION**

The results of the research study have been presented in the chapter. The researcher used charts and tables to present the findings. Frequencies, percentages and regression and correlation analysis was used for analysis. The researcher mainly found out that the main customer satisfaction aspect that affect the survival of SMEs is the price sensitivity of customers towards the products that are served by SMEs that run grocery shops in Harare. Overall position is that customer satisfaction has a significant contribution towards the capacity of survival of SMEs. The next chapter presents conclusions to the research objectives and the recommendations. Recommendations are split into recommendations for the SMEs and the future researchers.

# **CHAPTER V**

## **CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 INTRODUCTION**

In this chapter, the researcher puts closure to the research objectives by giving conclusions to the research findings from Chapter 4. Recommendations, study limitations and areas of further study will also be given in this chapter.

### **5.2 CONCLUSIONS**

The overall conclusion drawn from the study is that there is no statistically significant relationship between customer satisfaction and SME survival in Harare as evidenced by the following conclusion to the specific objectives.

#### **5.2.1 THE EFFECT OF CUSTOMER COMPLAINTS ON CASH FLOWS.**

##### **5.2.1.1 OBJECTIVE**

To determine the effect of customer complaints on cash flows of SMEs operating in Harare

##### **5.2.1.2 FINDING**

The research found out that the effect of customer complaints on cash flows could not be established as SMEs do not keep record of the customer complaints.

##### **5.2.1.3 CONCLUSION**

The study concludes that SMEs do not consider the recording of customer complaints important as there are no record of goods returned or dissatisfied customers.

#### **5.2.2 HOW CUSTOMER RETENTION AFFECTS MARKET SHARE.**

##### **5.2.2.1 OBJECTIVE**

To establish how customer retention affects market share of SMEs operating in Harare.

### **5.2.2.2 FINDING**

The study could not establish a link between customer retention and market share because SMEs do not keep records of their customers.

### **5.2.2.3 CONCLUSION**

The research concludes that SME are not aware of the importance of customer retention, record keeping and information on their market share.

## **5.2.3 THE IMPACT OF CUSTOMER PRICE SENSITIVITY ON SALES VOLUME.**

### **5.2.3.1 OBJECTIVE**

To determine the impact of customer price sensitivity on sales volume of SMEs operating in Harare.

### **5.2.3.2 FINDING**

Customers are more sensitive to price changes than other factors.

### **5.2.3.3 CONCLUSION**

Price is the most significant influence on buyer behaviour in SME business.

## **5.2.4 HOW CUSTOMER REFERRALS AFFECT SHAREHOLDER VALUE.**

### **5.2.4.1 OBJECTIVE**

To identify how customer referrals affect shareholder value of SMEs operating in Harare.

### **5.2.4.2 FINDING**

The study could not establish a relationship between customer referral and shareholder value because the SMEs do not keep records of the customers who buy from them.

### **5.2.4.3 CONCLUSION**

The research concludes that SMEs do not value the importance that customer referrals have on their shareholder value since they do not keep records of the customers who buy from them and therefore cannot resoundingly confirm if customers refer their family and/or friends to buy from the SMEs in the grocery shops.

## **5.3 EVALUATION OF THE RESEARCH HYPOTHESIS**

The research hypothesis was originally written as follows:

**H<sub>0</sub>:** There is no statistically significant relationship between customer satisfaction and SME survival in Harare.

**H<sub>1</sub>:** There is a statistically positive relationship between customer satisfaction and SME survival in Harare.

The research confirmed that there is no statistically significant relationship between customer satisfaction and the survival of SME in the grocery retail sector in Harare, as SMEs do not keep record of their sales, customer complaints and customer retention information.

## **5.4 RECOMMENDATIONS**

In line with the conclusions mentioned above this study makes the following recommendations for SMEs in Harare, Zimbabwe to survive and to gain competitive advantage from customer satisfaction.

### **5.4.1 TO DETERMINE THE EFFECT OF CUSTOMER COMPLAINTS ON CASH FLOWS OF SMES OPERATING IN HARARE.**

The study recommends that SMEs who run grocery shops give customers platforms to share their views and give feedback as a means to keep records of the customers' complaints.



#### **5.4.2 TO ESTABLISH HOW CUSTOMER RETENTION AFFECTS MARKET SHARE OF SMES OPERATING IN HARARE.**

The study recommends that SMEs create a customer database that would include information such as name, customer contact details, frequency of purchase, items purchased and currency used, of interested customers who they then keep in touch with.

The study also recommends that the SMEs create a sales database that would include information like the daily sales and their market share.

#### **5.4.3 TO DETERMINE THE IMPACT OF CUSTOMER PRICE SENSITIVITY ON SALES VOLUME OF SMES OPERATING IN HARARE.**

The study recommends the provision of cash discounts especially to customers who purchase bulk orders and to charge competitive prices, especially in USD as most of the customers use USD to make purchases.

#### **5.4.4 TO IDENTIFY HOW CUSTOMER REFERRALS AFFECT SHAREHOLDER VALUE OF SMES OPERATING IN HARARE.**

The study recommends that the SMEs make use of a customer database that they can use to check how many customers have been referred to by a specific customer. In so doing this the SMEs can provide referral discounts to the customers who refer their friends or relatives.

The study also recommends that SMEs owners and senior managers go for business trainings that will equip them with knowledge on customer care, sales and marketing, market share and shareholder value.

### **5.5 STUDY LIMITATIONS AND RECOMMENDATIONS TO FURTHER STUDIES**

The major limitation was the time limited frame in which the research had to be carried, disapproved the researcher to use both qualitative and quantitative methods of data collection and analysis (triangulation), so as to strengthen the facts concluded by the research.

The study was a multiple case design of the SMEs in Harare, specifically in the grocery retail sector. The research established that customer satisfaction has an impact on the capacity of SMEs to survive. There are other underlying issues that the researcher found no evidence to establish the actual situation in the operations of SMEs in the grocery shops. For example, on customer retention, the research found no evidence to prove that SMEs that run grocery shops retain customers. They seem to not keep records of their customers. This lack of evidence can be an area of research to future researchers who can dedicate their time to find out the operations of SMEs with regards to record keeping.

Furthermore, the research shows that there are other factors that can moderate the relationship between customer satisfaction and SME survival such as lack of adequate market, poor marketing strategies, lack of skills and experience and poor customer service. These factors can therefore be studied to assist SMEs survive.

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## APPENDIX 1



UNIVERSITY OF ZIMBABWE

### Research Questionnaire for SMEs' Senior Managers in Grocery Retail in Zimbabwe

**Dear Respondent**

My name is Vimbai Ncube [STUDENT NUMBER: R1810295]. I am a post graduate student at the University of Zimbabwe, undertaking a Master Degree in Business Administration. In partial fulfilment of my studies, I am supposed to carry out a research. In compliance with this requirement, I have chosen to do a research titled “**The effect of customer satisfaction on the survival of SME in the grocer retail sector: Harare Zimbabwe**”. I kindly ask you to help me with information so that I can complete my dissertation. All the information that you may provide shall be used for academic purposes only and shall be treated with strict confidentiality.

**My contact details:**

Cell: +263 77 285 6775

Email: [vimbai.chidakwa@gmail.com](mailto:vimbai.chidakwa@gmail.com)

#### **Instructions/information**

1. Please do not write your name or contact details on this questionnaire.
2. Please respond by ticking [] the appropriate box (es).
3. There is no right nor wrong answers.
4. Kindly attempt all questions.

## **SECTION A: DEMOGRAPHIC AND BACKGROUND INFORMATION OF RESPONDENTS**

**A1.** Indicate your gender

Male	1
Female	2

**A2.** Indicate your age group

18 to 25 years	1
26 to 35 years	2
36 to 45 years	3
> 45 years	4

**A3.** Indicate your highest academic level of education

Ordinary Level	1
Certificate	2
Diploma	3
Masters	4

**A4.** Indicate the number of years you have been working in groceries retail sector?

0 to 5 years	1
5 to 10 years	2
> 10 years	4

**SECTION B: TO ESTABLISH HOW CUSTOMER RETENTION AFFECTS MARKET SHARE OF SMES OPERATING IN HARARE**

Show your extent of agreement and disagreement with the following statements in the following table with respect to customer retention in SMEs in Harare. 1 = Strongly Disagree (SD), 2=Disagree (D), 3=Neutral (N) 4=Agree (A) and 5=Strongly Agree.

Statement		SD	D	N	A	SA
		1	2	3	4	5
C1	We always serve the same customers at our grocery shop.					
C2	We have a social media groups for our customers at our grocery shop.					
C3	We communicate with our customers on one to one basis at our grocery shop.					
C4	We always lose customers to big shops such as OK and TM.					

**SECTION C: TO IDENTIFY HOW CUSTOMER REFERRALS AFFECT SHAREHOLDER VALUE OF SMES OPERATING IN HARARE.**

Show your level of agreement or disagreement with the following statements relating to customer referrals to products sold by SMEs. Use the given key. 1 = Strongly Disagree (SD), 2=Disagree (D), 3=Neutral (N) 4=Agree (A) and 5=Strongly Agree.

Statements		SD	D	N	A	SA
		1	2	3	4	5
C1	Customers that we serve share similar surnames					
C2	Customers that we serve work from same companies.					
C3	Customers that we serve reside in the same location/suburbs.					
C4	New customers that we serve are usually referrals referred by the customers we always serve.					

## SECTION D: SURVIVAL OF SMES IN HARARE

Show your level of agreement or disagreement with the following statements relating to Survival of SMEs in Harare. Use the given key. 1 = Strongly Disagree (SD), 2=Disagree (D), 3=Neutral (N) 4=Agree (A) and 5=Strongly Agree.

Statements		SD	D	N	A	SA
		1	2	3	4	5
<b>D1</b>	The market share for the SME I work from is satisfactorily high.					
<b>D2</b>	The daily sales for the SME I work from is satisfactorily high.					
<b>D3</b>	The customers we serve pay cash and the SME I work from has no funds in arrears					
<b>D4</b>	The owner of the SME I work from is wealthy.					

**THE END: THANK YOU**

## APPENDIX 2



UNIVERSITY OF ZIMBABWE

### Research Questionnaire for SMEs' Customers in Grocery Retail in Zimbabwe

**Dear Respondent**

My name is Vimbai Ncube [STUDENT NUMBER: R1810295]. I am a post graduate student at the University of Zimbabwe, undertaking a Master Degree in Business Administration. In partial fulfilment of my studies, I am supposed to carry out a research. In compliance with this requirement, I have chosen to do a research titled “**The effect of customer satisfaction on SME survival in Harare Zimbabwe**”. I kindly ask you to help me with information so that I can complete my dissertation. All the information that you may provide shall be used for academic purposes only and shall be treated with strict confidentiality.

**My contact details:**

Cell: +263 77 285 6775

Email: [vimbai.chidakwa@gmail.com](mailto:vimbai.chidakwa@gmail.com)

#### **Instructions/information**

5. Please do not write your name or contact details on this questionnaire.
6. Please respond by ticking [] the appropriate box (es).
7. There is no right nor wrong answers.
8. Kindly attempt all questions.

## **SECTION A: DEMOGRAPHIC AND BACKGROUND INFORMATION OF RESPONDENTS**

**A1.** Indicate your gender

Male	1
Female	2

**A2.** Indicate your age group

18 to 25 years	1
26 to 35 years	2
36 to 45 years	3
> 45 years	4

**A3.** Indicate your highest academic level of education

Ordinary Level	1
Certificate	2
Diploma	3
Masters	4



**SECTION B: TO DETERMINE THE EFFECT OF CUSTOMER COMPLAINTS ON CASH FLOWS OF SMES OPERATING IN HARARE**

Show your level of agreement or disagreement with each of the statement relating to the customer complaints in SMEs in Harare. Use the given key. 1 = Strongly Disagree (SD), 2=Disagree (D), 3=Neutral (N) 4=Agree (A) and 5=Strongly Agree.

Statement		SD	D	N	A	SA
		1	2	3	4	5
<b>B1</b>	I have often returned grocery products I bought from the SMEs grocery shops.					
<b>B2</b>	I have shouted at the shopkeepers from the SMEs grocery shops for poor service.					
<b>B3</b>	I have often lodged complaints with workers from the SMEs grocery shops.					
<b>B4</b>	My friends also complain about the way workers from the SMEs grocery shops treat them					

**SECTION C: TO DETERMINE THE IMPACT OF CUSTOMER PRICE SENSITIVITY ON SALES VOLUME OF SMES OPERATING IN HARARE.**

Show your level of agreement or disagreement with the following statements relating to customers' price sensitivity on grocery products sold by SMEs in Harare. Use the given key. 1 = Strongly Disagree (SD), 2=Disagree (D), 3=Neutral (N) 4=Agree (A) and 5=Strongly Agree.

Statements		SD	D	N	A	SA
		1	2	3	4	5
<b>C1</b>	When I buy from the SMEs grocery shops, I request for discounts.					
<b>C2</b>	When I buy from the SMEs grocery shops, I ask for USD and ZWL prices before they buy.					
<b>C3</b>	When I buy from the SMEs grocery shops, I pay mostly in USD terms.					
<b>C4</b>	When I buy from the SMEs grocery shops, I pay mostly in ZWL terms.					

**THE END: THANK YOU**