SERVICE DELIVERY PRACTICES AND PERFORMANCE OF SELECTED BANKS IN NAIROBI CITY COUNTY, KENYA.

BY

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT) KENYATTA UNIVERSITY

April 2019
DECLARATION

I declare that this project is my original work and has not been presented in any other university/institution for consideration of any certification. No part of this research should be reproduced without authority of the author and/or of Kenyatta University.

Sign…………………………… Date…………………………

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I confirm that the work in this research was done by the candidate under my supervision as the appointed university supervisor.

Signed…………………………… Date…………………………

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DEDICATION

This project is dedicated to my parents for inculcating the best virtues in me, and to my siblings for their moral support and to my friends for pushing me on.
ACKNOWLEDGEMENT

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DEFINITION OF KEY TERMINOLOGIES

**Compound Annual Growth Rate:** This is a measure of development over different eras.

**Customer expectation:** This alludes to the apparent benefits clients look for from the buy of product or service.

**Customer Relationship Management:** The ability of an organization to have practices, and effective programs and advancement that help in monitoring of connections related to clients in order to improve conveyance of administration.

**Customer satisfaction:** This is the positive emotional state that experience by a customer when the service and product they receive meets the required standards.

**Employee engagement:** The extent to which employees feel passionate about their jobs, are committed to the organization and put discretionary effort to their work.

**Gross Domestic Product:** Alludes to the summation of all things considered and benefits communicated in fiscal terms, delivered by a nation over multi year.

**Performance of selected banks:** This is the achievement of given assignment against known norms of precision, culmination, cost and speed of financial institutions.

**Profitability:** Profitability is how much a business or action returns benefit or monetary gain.

**Return on Equity:** This alludes to the level of the associations pay to the value contributed by investors.
Service culture: This alludes to the convictions, qualities and information which constitute the mutual premise of the communication between the association and its clients.

Service delivery practices: Use of methods and ideas represented by strategies, composed and attempted by associations for rendering administrations to clients.

Service quality: Comparison of perceived expectation of a service with perceived performance.

SPSS: A computer programming utilized for breaking down information particularly in sociology related investigations.
<table>
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<tr>
<td>ATM</td>
<td>Automated Teller Machine</td>
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<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
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<td>CBK</td>
<td>Central bank of Kenya</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>HR</td>
<td>Human Resource</td>
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<td>KCB</td>
<td>Kenya Commercial Bank</td>
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<td>ROE</td>
<td>Return on Equity</td>
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<td>SERVQUAL</td>
<td>Service Quality</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
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<td>TTI</td>
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ABSTRACT

Banking industry offers distinguished services that facilitate the transfer of cash between countries, and at the same time ensuring that borrowers and savers do business in a well-structured manner. Empirical evidence on the relationship between service delivery practices and performance of banks in Kenya is very scanty. In general the objective of the study was to determine the effect of service delivery practices on performance of commercial banks. The specific objectives investigated the effect of service culture, employee engagement, the quality of service and satisfaction of the customer on performance of commercial banks. A research design which was descriptive in nature was adopted to investigate the effect of service delivery practices on performance. The target population of the study was 360 employees of the selected banks. Through stratified random sampling, 100 employees were selected as the sample size. Data collection was done using questionnaires using drop and pick later method. Both descriptive and inferential statistics were done in analysis of the data. Where descriptive included tables, graphs, frequency distribution tables and percentages and regression model for inferential analysis using SPSS. The findings revealed that there was a significant association between quality in service, service culture employee engagement and performance of chosen banks in Nairobi City County, which led to the conclusion that service quality, service culture, employee engagement and consumer loyalty have a positive and a significant effect on performance of chosen banks in Nairobi City County. The findings revealed that there was a significant association between service quality, service culture, employee engagement, consumer loyalty and performance of chosen banks in Nairobi City County. Based on the findings above the study concluded that service quality, service culture, employee engagement and consumer loyalty have a positive and a significant effect on performance of chosen banks in Nairobi City County. The study recommended better organizational culture since the focus has now shifted from leverage to standards, values and culture both inside and outside the banking industry. Banks are advised to value the impression they give to the customer and value their opinion since the customer forms the base of all the operations and establishes the longevity of the firm.
CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Banking sector is major backbone to economic development of the world economies (World Bank, 2014). The banks are organizations that energize the trading of cash (money) among countries, and ensure that borrowers and savers cooperate in an inside and sorted out way. The business chooses monetary progression of countries and Long-term supportability. The sparing cash industry is amazingly forceful with an unpredictable arrangement of customer base. The Banks are subjected to huge advancement in various edges that join customer base, advantage and asset base. Saving money is an administration industry, and numerous decades after its deregulation clients, have been acquainted with specialist organizations who frequently contend on cost while clients progressively interest for larger amounts of administration quality (Brent & David, 2006).

The banks have redesigned their work, the sole purpose behind existence being giving their customers changed, esteem forceful and energetic organization offers. The sparing cash wanders have clearly arranged, and empowered delegates connected with advantage movement to finish an extensive extent of commitments. Agents who have long residency grasp both the inside work process and affiliation's customers better and in this way can address the issues of individual customers. Gut et al. (2004) in his book, "Upgrading organization quality in America." Mentioned Delta Mental, MBNA and Health Insurance Provider as instances of organization Industries that have benefitted from restricting work turnover.

In any case, world Banking Report (2008) articulated that organization wanders were reluctant in redesigning their work practices, and organization chairmen reliably relied upon advantage transport Industrial Model. The directors dealt with their work with the true objective that they continued without a moment's hesitation business residencies and low capacities, and the associations concentrated on slicing costs rather than including regard. Most keeping cash boss concentrated on esteem contention and contributed unimportantly on specialists (HR). Immaterial getting ready, use of low upkeep authorities, minimum wages, diminishing in personnel costs and versatile executive help added to low advancement rate of sparing cash
ventures (WB, 2008). Essential authority by the organization contributed for the most part to disillusionment of banks. New advances in keeping cash made the chiefs to appreciate the significance of customization for forceful accomplishment. The chairmen were obliged to change human resource practices and methodologies (Brent and David, 2006).

1.1.1 Performance

According to Sullivan (2011), responsibility of the environment such as time cycle, compliance that is regulated, productivity effectiveness and efficiency can be correlated against performance. In today’s challenging economic environment, performance has become more important than ever. Factors that lead to restriction on operational capabilities and performance include competitors that are stronger, the change in customer expectation pressures from costs and other market and disruptions from industry. Performance can be better described as the desired productive system output as seen in terms of good and services (Swanson, 2000). The measures of performance differ from one company to another or from industry to industry.

The private sector strives for good financial performance whereas the public sector aims at non-financial results like delivery of goods and services to the general public. Currently studies show that measures of performance include flexibility, reliability and the speed of service delivery, cost efficiency, delivery time and quality of products. Magutu (2013) noted that measures that affect the performance of a firm such as return on asset (profitability), market share and customer satisfaction although they are largely influenced by reliability, cost efficiency and cost of efficiency which are all measures of operational performance; all of them can attribute that performance greatest measure can be said to be the quality of service rendered.

Through the provision of settlement payment and intermediaries the banks have contributed immensely to the gradual increase and operation of the economy leading to better performance. For there to be success in the traditional role of the bank which aims to see borrowers and lenders together, the bank then ought to be careful and maintain sustainability by the articulate yet precise management of liquidity, credit, leverage. This is owing to the fact that a bank depends on depositors for funding, hence forth, has to ensure that the risks of depositors fund is
minimized. The traditional role of banks has been that of bringing borrowers and lenders together (Johnson & Susan, 2012).

### 1.1.2 Service Delivery

The concept of quality Service delivery has raised a lot of interest in many research literatures because of complexities of defining it and measuring ( Nielsen, 2002). Due to the difficulties, most commercial banks have put in place technology for delivering services to augment services which were traditionally provided by the bank personnel (Ontunya, 2006). Banking industry changes such as deregulation results, personal wealth rise and rapid global networking facilitated the coming into place of classy delivery systems service that such as telephone, online banking, not forgetting the automated teller machines (Lewis & Mitchell, 2004).

When coming up with a system for service delivery, organizations need to focus on what adds value to its products and how the staff should be to deliver the definitive customer experience. There are four elements to be considered. These are: the culture of services, service quality employee engagement, and customer satisfaction which were used as the explanatory variables for this study (Ontunya, 2006).

Service Culture encompasses such elements as leadership qualities, work habits, organization norms, values and the mission of an organization. Culture includes prevailing principles upon which the top managers controls, maintains and puts in place processes that are social in nature and which gives value to customers because of services offered through such processes. The secret to long term success of organizations rendering services is a superior service delivery system which is anchored on a superior culture. On the other hand, employee engagement comprises of aspects such as their attitudes towards work, leadership attributes, human resource processes. The effectiveness of superior service delivery systems lies squarely on the level of employee engagement, the higher the better. This implies that employee engagement contributes to service delivery design and operationalization of excellent services.

Quality of services is imbedded in strategies, processes and management structures. The design of processes and strategies are the basic elements of the service general model of management.
There are couple measures of the quality of services and customer expectations, but the SERVQUAL model is effective. The model has 5 main components which are; reliability, assurance, tangibles, empathy and responsiveness. Businesses can survey their customers using these elements which enables them to quantitatively measure and manage the quality of the services they offer (Global, 2013). Assisting clients to realize their missions and helping them in following up on their organizational purposes, has to be a foundation of any service provider.

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business and is often part of a balanced scorecard. Day (2013) indicated among expectations, the ones that are about the cost, the product nature, and the efforts in obtaining benefits and lastly expectations of social values. Perceived product performance is considered as an important construct due to its ability to allow making comparisons with the expectations.

1.1.3 Banking Industry in Nairobi City County

There are 44 business banks, 1 contract support firm, twelve (12) microfinance banks, a total of 8 work environments of outside banks. In like manner, Kenya has 86 forex experts and fourteen money settlement providers and 3 credit reference organizations (Central Bank of Kenya report, 2016)

The dealing with a record portion was greatly unique and in all actuality more profitable before the year 2015. The typical rate of level of gainfulness in this section was around 20%. Advances extended at the rate of 16% between the years 2011 and 2015, in light of better fiscal improvement joined with cash related fuse. In the year 2015, the private division propel portfolio to GDP was 35% lower than the straggling leftovers of sub-Saharan Africa ordinary of 46% and general typical of 129%. Additionally, there was an extended in development choice to the usage of other elective streets which engaged banks to abuse people who had no money related adjusts viably, and thusly growing general advantage.

Putting into focus the low levels of budgetary inclusivity and the dealing with a record part has got high potential for improvement. In any case, everything considered, on account of a couple
of changes in the region all through the past two years, much has changed with respect to what is predicted on the destiny of these banks. Inferable from the distinction in expert at CBK in 2015, three banks have folded in this part. In like manner, sureness clients decreased and thusly, general nature of the region. This exacerbated things after the establishment of the advance expense of August, 2016 with the desire that it will cut down the getting cost. A complete result was hereafter the diminishment in the cost of credit. This in like manner extended non-performing progresses over the part from a typical of 5.2% prior to 2015 to 7.9% on September 2016. These movements were basically an immediate consequence of inconveniences in the business condition.

The banking industry in Kenya has seen important improvement in the changes that has required progression, has opened up business areas driving basic advancement in the division. Most banks have executed particular frameworks to upgrade service quality and customer experience. A segment of these methods join stretching out their frameworks to enable customers' passage their organizations accommodatingly, introduction of agents in neighborhood areas for example KCB mtaani, esteem administrators and Coop jirani. Putting away money to records by methods for Automated Teller Machine and Mpesa organizations is a standout amongst the latest frameworks being gotten by banks in Kenya which reduces the long queues at the banking halls.

Banks display packs which are used for putting away cash or check to save time and keep up a vital separation from branch lines. These packs have uncommon serial numbers which are used to recognize each and every one of them and for following purposes. They furthermore have change clear seal to guarantee against unapproved removal of cash or check once they are settled. It's evident that the dealing with a record division is getting particular frameworks to update profit movement thusly improve the customer experience.

1.2 Statement of the Problem

The major goal of most organizations is profitability and this can be achieved if it is performing better than most of its competitors. Most of the banks and other financial institutions are not performing well mainly because of the existence of the many competitors, government
regulations such interest cap and rapidly changing technologies such as introduction of money banking and interest banking.

Service delivery is very crucial in the performance of the organization, if service offered to the customer and their needs are satisfied then the organization has achieved the most crucial element of service delivery. Today’s market is very competitive, therefore creating strong ties is vital and this will win their customers over. This however is achievable if the firms are able to walk an extra mile and ensure that they offer high quality and deliver their service in time. Today business faces deregulation, strong competitors, globalization and its effect, this has seen the offering of 24 hours services by banks, however there are significant drawbacks which can be seen in inconvenience and security factors. Therefore the performance and service delivery of banks have been greatly influenced by these significant factors (Susan & Johnson, 2012). Increased global competition and declining profit margins have led most organizations into pursuing different strategies to keep market share and maximize shareholder’s value.

The need to respond to market changes on a daily basis and the difficulty of predicting the direction of such changes means that organizations need to focus on service delivery practices. An organization should therefore aim at meeting customers’ needs for it to remain relevant since customers are the end user of goods and services (Mudaki, 2011). By tailoring its service delivery practices to meet these needs, its performance would improve and hence the overall performance of the organization.

Most studies show that commercial Banks in Kenya have not fully adopted strategies to manage service delivery practices among customers. A study carried out by Anyim and Munyoki (2010), indicated that banks experience various challenges when trying to adopt strategies to manage service delivery. Among the challenges identified included; changing business environment, consumer needs and wants. Kiptugen (2003) argued that most of the banks in Kenya find it difficult to respond strategically due to unpredictable environmental changes and inadequate organizational resources to make strategic responses a reality.

Machana (2014) established that outsourcing increased the firm’s competitiveness through access to modern technology and expertise, cost savings and enables the firm to focus on core
competence his study focused on the effect of outsourcing on operational performance of major petroleum firms in Kenya. Inyo (2013) researched on service quality and operational performance of Tour operators in Kenya and found out that although micro-and-small enterprises managed independently generally placed a similar level of importance on service quality as medium internationally affiliated firms, these firms are unsuccessful in attaining high performance.

The proponents have not explored adequately the link between service delivery practices and performance. From the above studies, there exist gaps on effective service delivery practices and performance of commercial banks. The banks have been performing poorly due to lack of competitiveness, low profitability and low growth. This study therefore sought to assess the effect of service delivery practices and performance of selected commercial banks in Nairobi.

1.3 Study Objectives

1.3.1 General Objective

The purpose of the study was to determine the effect of service delivery practices on performance of selected banks in Nairobi City County, Kenya.

1.3.2 Specific Objectives

This study sought to:

i) To determine the effect of service quality and performance on selected banks in Nairobi City County, Kenya.

ii) To establish the effect of service culture and performance on selected banks in Nairobi City County, Kenya.

iii) To examine effect of employee engagement and performance on selected banks in Nairobi City County, Kenya.

iv) To establish the effect of customer satisfaction and performance on selected banks in Nairobi City County, Kenya.
1.4 Research Questions.

The following research questions were to be answered:

i. How does service quality affect performance of selected banks in Nairobi City County, Kenya?

ii. What is the effect of service culture on performance of selected banks in Nairobi City County, Kenya?

iii. How does employee engagement affect performance of selected banks in Nairobi City County, Kenya?

iv. What is the effect of customer satisfaction on performance of selected banks in Nairobi City County, Kenya?

1.5 Significance of the Study

Banks act as a major backbone in the Kenyan economy development. The information provided by the study would support innovations demanded by the banking industries, and also support training programs of individuals intending to have their career develop in banking. In a summary, the study would enable the government make financial investment in the support of banking operations. Information from this study on value added to banking may aid the government in evaluating its investment viability. It would also help the management invest in innovations with vast value i.e. information can be employed by the banking institutions to determine areas of future improvement for future success. The study would add value to banking industry in Kenya, precisely in Nairobi, and would attract academicians and researchers who are in need of providing better education and giving solutions on the value that the bank obtains by having effective resources and innovations in place. Information obtained from this study shall form a ground for others

1.6 Scope of the Study

The study was based on service delivery practices and performance of selected commercial banks in Nairobi City County, with particular interest to commercial banking sectors, which is a major backbone of economic development of the Kenyan economy. The study targeted three
hundred and sixty employees consisting of top management, mid-level management, operational and sales staff of three banks in Nairobi City County over a period of eight weeks where questionnaires were given to the respondents and collected later.

1.7 Organization of the Study

In this chapter one, there is the background of the study, how significant the study was problem statement, and the study scope. Chapter two comprises of, literature review and specifically covers the key theories on the constructs under study, empirical review of the research objectives and conceptual framework. Chapter three the researcher presents methodology of the study, that is, data collection and data collection instruments, study population, sample and sample size for study, research design and data analysis techniques. Chapter four highlights the findings and discussions while chapter five explains the conclusions and recommendations of the study.

1.8 Limitations of the Study

Like all study, the present study in like manner has all the preliminary undertakings to ensure the objectivity, authenticity and enduring nature of the study, yet certain limitations were found.

The authenticity and enduring nature of the information used to lead the investigation which was accumulated from the specialists of the picked banks, depended upon how real they were. Most delegates in the official fragment of the banks did not respond to the overviews controlled. This may have overlooked information which would have been significant for the study. The study is in like manner confined to a specific land area and to only 3 banks. The study was in like manner over the top and dreary.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Observational overview and theoretical overview are demonstrated. In addition, the segment presents connected framework and a research gaps blueprint.

2.2 Theoretical Review

This section discussed several theories; these are SERVQUAL model, expectation disconfirmation theory, employee engagement theory and ecological adaptations theory.

2.2.1 SERVQUAL Model

This theory is based on the works of Parasuraman (1985) and Juran (1991). The theory highlights the relevance for measuring quality of services which are rendered to the clients by organizations. It recognizes the importance of the quality of services rendered to customers, as this is likely to lead to referrals. In this theory, quality of services is determined using SERVQUAL model. SERVQUAL argues that service quality depends on differences which occur between anticipation of services being rendered and perception about such services. According to this model, when the expectations are higher than the perception, then it held that quality of the service is satisfactory. However, when expectations are less than what is perceived concerning services, then the quality of services are termed as unsatisfactory. However, where the expectations are equal to perception, then, quality of service is equal to satisfaction.

Banking sector is very responsive in situations where delivery of their services is prompt and when their staff displays willingness to helping customers by paying attention to the various issues/requests. Smith and Clarke (2007) argued that courtesy, the knowledge displayed by employees as well as their capacity to show confidence and trust plays an important part regarding customer satisfaction. This implies that it is a duty of an organization to ensure that customers feel appreciated, and safe in environment that a business operates in, and that they get the right information. According to. Robledo (2001), it is important for customers to be shown
empathy where necessary. This will indicate a caring attitude which often translates into pleasant customer experience.

Although the model has been widely used a couple of theoretical and functioning cynics have risen this according to UK essays (2015). The legitimacy of the SERVQUAL has been raised, with the arguments that as a generic instrument, the simple analysis of the model is inadequate in measuring of service since the service settings are different. The model does not focus on the result of the service outcome encounter, this is so since the model is process, this makes it’s a greater predictor of consumers choice. The SERVQUAL model has five dimensions that are not universal. It’s unfortunate that despite the prior expectation factors in this model do not always load on with a high degree of association; therefore it’s better to adopt the revised five. In conclusion the basing of this model is on the expectation model in expense of the attitudinal method failure to impact on economic and psychological theory.

Given that the aim of service delivery is efficiency and quality, this theory was instrumental in understanding how bank’s service delivery translates into performance. It delved deep into how customers’ anticipation and perceptions has on in influencing the quality of service in banks to its customers. Particularly, this theory helped the study to investigate different aspects of service delivery practices such as quality, correct information to customers, the level of experience of the staff servicing customers, responsiveness and correlate this with performance.

2.2.2 Expectancy Disconfirmation Theory

Expectation disconfirmation speculation is credited by Richard and Oliver (1980). It is designated an acumen speculation where it endeavors to clarify on the shopper faithfulness which comes after service has been rendered to the customer. As showed by this theory, advantages advanced to customers are components of customer suppositions in regards to the idea of an organization to be and the disconfirmation (Lyons & Oppler, 2009). The theory battle that performance impression of a customer is controlled by what they envision from an organization of things before they get it. This effects customer conviction disconfirmation and satisfaction which is refined after the purchase of the good or service.
Notwithstanding its quality, the authenticity and constancy of the speculation in studying purchaser dedication in the organization business may be faulty. The use of wants might be less huge for experiential organizations than for obvious customer items that are definitely not hard to evaluate before purchase (Hill, 1985). The speculation predicts that customers will be satisfied (frustrated) when their fundamental wants are met (dismissed). In any case this won't not be substantial for every purchaser as a couple of customers, dependent upon the condition, may be content with the organization experience despite when the performance comes up short in regards to their perceptive wants anyway above minimum endurable level.

Expectation disconfirmation speculation cannot suit the dynamic thought of wants. Customers' fundamental wants for a thing or organization might be impressively not the same as their wants if assessed after an organization experience that incorporates a couple of encounters. Another criticism is that the model cannot suit the potential effect of customer impression of achievement of elective things on appraisal judgments of the focal thing or organization (Adrian, 2013)

The hypothesis was utilized to see how bank clients shape their desires, and how these desires influence the performance of the bank. This hypothesis was instrumental in seeing how extraordinary parts of client desire; for example, powerful critical thinking arrangements influenced achievement.

2.2.3 Theory of employee engagement

As indicated by the hypothesis of representative commitment, management in affirm , must ensure that all employees in the organization are involved ,this will ensure they feel a sense of belonging, this will also completely help in their exchange in the occupation. The benefit of this is that the employees are satisfied, they are cheerful, dedicated and over productive, people owning this business watch over them and their employees like the way they would do to a family unit (Hellevig, 2012).Representative commitment in this case is a two-way road.Whereby the employees are highly considered by their leaders.
This approach was utilized to see how to accomplish the banks’ key function, this was enabled by making each worker to flourish a condition of human resource this saw administrator and official exchange on in their employments in order to enhance the achievements of the banks.

2.2.4 Ecological adaptations theory

Organizations being social cultural systems when adapting to the environment takes varied form examples are social and political organization, they have to adapt and act on upon the enacted environment or face the selection of being phased in or out of existence by circumstances of the ecology. Organizations usually reflect in varying degree the customs and the values of the society this happens when the dialects interplay with the environment. There is the assumption that the social culture of the organization will be synchronized and be consonant with organization cultural system (Allaire, 1984).

This theory was used to understand how the customers and the environment influenced the culture of the bank the bank’s culture and how that affects its performance in the end.

2.3 Empirical Review

This section reviewed related empirical findings based on the four objectives. This includes the relationship between service culture and performance, employee engagement and performance. In addition, literature on the quality of services and commercial banks performance and the Moreover the association between satisfaction of the customer and performance is delved in to.

2.3.1 Service Quality and Performance

Improved service delivery is a top most priority to any firm that seeks to relate with its customers on long term basis. A Study by Goyit and Nmadu (2016) in selected Nigerian banks observed that there was strong association in terms of improvement in the quality of service and Nigerianm banking sector profitability. This study applied correlation analyses on primary data to determine the link existing between service quality rendered to customers and profitability of the business. Similarly, Anderson, Fornell and Lehmann (2004) study of four years on carried on
33 publicly traded firms in Sweden revealed that quality as perceived had tanked on stock returns heavily the ultimate financial measure.

Previous studies have adduced that service quality and performance are positively correlated (Yeung & Cheng, 2011). In their study on the how service quality and performance are related using primary data from secondary sources, Yoon and Zahedi (2002) found a positive relationship between the two variables. However, this relationship was not statistically significant. Churchill and Gilbert (2009) assert that on application of the relative theory, market share has a positive association with market share. However, Brown et al. (2002) disputed this with the claims that service is the degree of quality, therefore if there is high cost of production then with a prove he argued that due to the high cost of production a negative correlation between market share and quality was bound to happen.

According to Parasuraman (2008), the delivery of promises made by a company in an accurate and in a non-sophisticated manner is termed as reliability. This means that the company honors its commitments around service delivery. Customers prefer to patronize businesses they consider to be consistently reliable.

The ability to have the zeal to see that the customer gets the needed help and acquire prompt service means there is responsiveness. Its oriented in soling by first understanding the problems, the glitches the customers feel, by being attentive to question raised. (Berry et al., 2008). Moreover a company is considered to be responsive if it’s flexible and able to customize services and solutions to meet the customers’ perspective rather than the company’s.

2.3.2 Service culture and performance

Maina (2016) study that intended to bring into light how organization culture influences on the commercial banks located in Kenya revealed that there was a positive association between the culture of an organization and commercial banks in Kenya. His work went ahead in elaborating that the organization of the banks was set in a way that determined how things were run, guided by values that were consistent, the use of effective communication and adaptability capability,
led to the employees being like-minded with similar beliefs, a sense of identity that saw to their work commitment. Random stratified sampling technique was used to obtain the sample sign.

Elsewhere in Zimbabwe a study by Goromonzi (2016) on the implementation of strategy, culture of an organization and their association to commercial bank showed that the strategy implementation and culture of an organization used had a positive association with commercial bank performance. The study went on to reveal that organization culture had a positive effect on those banks that were categorized as to either having both average and high performance, this was not the case of smaller banks and poor performing banks since in their case the organization culture had a neutral effect. To quantify and econometrically model between the two variables on performance of the banks, ordinary least regression method was used.

According to Mcquerrey (2012) in the dynamics of business environment how an employee conducts themselves plays a trivial role. In most cases the customers remembers what the employees do and not what they say, this begs the attention of whether the employees are capable of performing all their functions, whereby the customers feel they are been serviced by knowledgeable employees. How an employee operates can determine either if there will be returns business or unsatisfied customers. This in turns affects has an overall negative effect on performance (Bianca, 2007).

How an employee delivers the service to customers directly affects their performance. the promptness of service delivery, quality of the service delivered as well as the uniformity across the board is very important for the overall performance of the both the employee and the company at large (Sila, 2014). Mitchelle (2009), suggests that quality work, promptness, initiative and capability affects employee performance. The employees’ low performance negatively impacts the organizational performance.

A case study on commercial banks in Voi sub-county was conducted on role of organizational culture on organizational performance by Mwashighadi and Kisingiu (2007). The study used descriptive research design and stratified random sampling. In order to bring out the association between the variables data analysis qualitative in nature was adopted. The result asserted that
organization culture that encompasses intended strategies that are compatible and supportive to the day running of employees helps to improve the firm’s performance.

2.3.3 Employee engagement and Performance

Dutta and Sandehir (2012) used secondary data of 248 employees of the Indian banking sector, the study was on employee engagement in the Indian banking sector. The study found out there exist a symbiotic relationship between the employee and employer when there is an effective work life. The study also brought to light that form employees who are able to work under pressure and in the meantime deliver on time have a contentment are more satisfied; this in turn ameliorate the performance of the bank.

The study by Dajani (2015) that sought to determine bring into light the impact as attributed to engaging the employee on the job performance and commitment of organization with a focus on Egyptian banking sector revealed that organization justice and leadership were found to be the most significant wheels of employee engagement. However employee engagement was found to have a less impact on the commitment of the organization as compared to its significance on job performance. On analysis 245 bank employees were analyzed by employing the Pearson correlation and regression analysis.

In their study on determinants of employee engagement in the banking industry in Kenya, Mokaya and Jerotich (2014) for the case study of Cooperative bank found a strong positive correlation between the performance of the organization, personal development and growth opportunities. The increase in one unit in recreation on the work place personnel development, and growth performance would lead to an increase in the same unit employee engagement. . The study used both regression and correlation analysis on 214 sample employees and collected data using self-administered questionnaires. Therefore it would be vital if the Bank managers shifted their attention to those programs and those activities which have a positive link to performance and at the same time promote employees engagement.

Representative strengthening which is a procedure theory aims at empowerment of workers to have the ability to focus on choices concerning their place of work, give them incentives on the
need of claiming their work, assume liability for any outcome and serve the clients with the aptitude of their interface. An investigation done by Ndegwa (2015) utilizing illustrative approach on a population of 43 business banks in Kenya uncovered that worker strengthening essentially and emphatically impacts hierarchical execution of business banks. Worker strengthening enhances the connection between the representative and the client, as it were, and positively affects association execution.

2.3.4 Customer Satisfaction and Performance

A bank loyalty and its profitability greatly rely on the customers’ satisfaction with the loan experience encountered with the bank (Nader et al., 1995). An examination by Gallup Inc. (2008) that demonstrates the impact of customer faithfulness extents on business focuses on achievement. As a noteworthy part of their consistent research into the agreeable devouring industry, they completed a multiyear consider (2006 to 2008) that got some data about their satisfaction with the restaurants they visit. The results revealed that diners with high satisfaction extents doubtlessly outpaced the general business to the extent advancement. An examination by Paul Williams and Earl Naumann (2009) found that there are obvious, moderate to a strong association between satisfaction levels and cash organization related and performance features this was concluded using fundamental research method and obvious research arrangement. More especially, there are strong associations between purchaser reliability, and support, wage, benefit per share, stock cost.

Customer resolve has gotten thought of organization wanders since it is fundamental to the productive running of the business. Low obvious regard urges customers towards switching to fighting associations in order to increase evident regard which essentially adds to a reduction in steadfastness and therefore execution (Kumar et al., 2011). According to Anderson and Srinivasan (2013), buyer steadfastness is seen as a strong marker of direct factors, for instance, customer commitment, repurchase desires et cetera various researchers have reported that there is a positive association between customer advantage, customer support and customer immovability which in the end prompts productivity.
Bahreinizadeh et al (2012) communicated that administration quality is the hole between client desires and view of administration got. Most organizations are expanding client desires contrasted with the past. Expanding client desires can be credited to the expanded mindfulness and learning of clients, promoting associations and contender execution (Gilnaninia, 2013). An association is probably going to succeed and enhance its execution in the event that it perceives client needs and needs quicker and superior to the contenders and deliver and give their items reliably or surpass clients' desires (Pirayeh, 2011). Enhancing consumer loyalty and surpassing their desires is a noteworthy driver of development.

2.4 Summary of Literature

Literature of the study is summarized in Table 2.1.

Table 2.1: Research Gap Summary

<table>
<thead>
<tr>
<th>Study</th>
<th>Author</th>
<th>Focus</th>
<th>Conceptualization</th>
<th>Methodology</th>
<th>Findings</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee engagement, job performance and organizational commitment</td>
<td>Dajani (2015)</td>
<td>Employee engagement and job performance in the Egyptian banking sector.</td>
<td>Impact of employee engagement on job performance and organizational commitment</td>
<td>Primary data, regression analysis and pearson’s correlation matrix</td>
<td>Employee engagement had a significant impact on job performance but less impact on organizational commitment</td>
<td>Shortage of academic studies on the concept of employee engagement especially in</td>
</tr>
<tr>
<td>Service culture and performance</td>
<td>Maina (2016)</td>
<td>Service culture and performance of commercial banks in Kenya</td>
<td>Establish the relationship between organizational culture and performance.</td>
<td>Primary data, descriptive survey design</td>
<td>There was a positive significant relationship between organizational culture and organizational performance.</td>
<td>Current studies did not address effect of organizational culture on organizational performance of commercial banks in Kenya.</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------</td>
<td>-------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Service culture and performance</td>
<td>Goromonzi (2016)</td>
<td>Service culture strategy implementation and commercial banks performance in Zimbabwe</td>
<td>The influence of service culture on performance of commercial banks</td>
<td>Primary data, ordinary least regression method</td>
<td>There was a positive and statistically significant impact.</td>
<td>Consideration has not been made on the role of culture and strategy execution on performance of commercial banks.</td>
</tr>
<tr>
<td>Service quality and performance</td>
<td>Goyit and Nmadu (2016)</td>
<td>Service quality improvement and performance of selected banks in Nigeria</td>
<td>Relationship between service quality improvement and profitability of selected banks.</td>
<td>Primary data, correlation analysis</td>
<td>There exists strong relationship between service quality improvement and profitability in the Nigerian banking sector</td>
<td>Provide answers as to whether there is any causality between service quality and profitability in the banking industry.</td>
</tr>
</tbody>
</table>
Service quality and performance

Perceived quality and stock return and financial measure in Sweden
Impact of perceived quality on stock return and the ultimate financial measure
Secondary data, regression analysis.
The study showed that perceived quality had an impact on stock return, the ultimate financial measure.
No attention has been paid to the relationship between service quality and stock return as a financial measure.

Customer satisfaction and business performance.
williams (2008)
Customer satisfaction and business performance: a firm-level analysis in United Arab Emirates (UAE)
Relationship between customer satisfaction and a variety of company performance metrics at the firm-level analysis.
Primary data, longitudinal analysis.
There are significant and moderate to strong association between satisfaction levels and a firm’s financial and market performance.
Most studies were based on the aggregate or industry level where some relationship are masked.

Source: Literature reviewed (2018)

2.5 Conceptual Framework

The function of a conceptual framework acts as a hypothesized model that brings into light the association between the independent and dependent variables. Being a research tool the framework helped to bring awareness and more insight of the variables under study (Smith, 2004). The system as a rule manages the investigation especially in conceptualizing about inquiries to be brought up so as to react to examine destinations. Figure 1.1 presented the conceptual model for this study.
Independent variables

Service delivery consists of service quality, service culture, employee engagement and customer satisfaction. Performance is measured by customer experience, competitive advantage and profitability as shown in the figure above.

Source: Author (2018)

Figure 1.1: Conceptual Model

Figure 1.1 presents the dependent variable which is performance, and the independent variable which is service delivery. Service delivery consists of service quality, service culture, employee engagement and customer satisfaction. Performance is measured by customer experience, competitive advantage and profitability as shown in the figure above.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the adopted methods that were used to conduct the study. These methods were inclusive of the sample size and sampling technique, the designs used in the research, validity and reliability, the considerations that are ethically approved and data analysis.

3.2 Research Design

The study used a descriptive cross-sectional design. Cross sectional design is used to study what is happening in a group at a particular time and it allows the researcher to compare different variables at the same time. Descriptive research design is the suitable design to describe the service delivery practices and performance of the selected banks. A descriptive research design is useful in establishing the effect of service delivery practices on performance in the banking sector, (Cooper & Schindler 2011) as the design reports things as they are.

3.3 Target Population

Target population alludes to all components with attributes of enthusiasm for the investigation (Mugenda & Mugenda, 2010). Population characterizes the gathered components that the analyst utilizes as a part of request to think of a deduction (Cooper& Schindler, 2006). The target population comprised of 360 representatives of chosen business banks specifically Equity banks, Co-op agent bank and Kenya commercial banks in Nairobi City County. These banks were chosen on the basis of their size, scope of their operations and diversity of customers.

3.4 Sampling Procedure and size

From the banks all the respondent chosen were sampled in a stratified proportionate procedure. The strata were the various categories of staff in the banks and the categories include; top management, middle level management, operational staff and sales staff. Stratified random sampling gives a chance to every component of the population to be incorporated into the examination. This defeats the issue of determination predisposition. Each bank framed a stratum in view of their heterogeneity in their activity. According to Mugenda and Mugenda (2010), a
sample size of in the vicinity of 10% and 30% is a decent portrayal of the objective population. A 100 respondent made up the sample. This sample size was arrived at by taking 27% of the population that was chosen to conduct the study since that percentage is a decent portrayal of the objective population. The number of respondents per category was then chosen randomly depending on the number of staff and the relevance of their response.

### Table 3.1: Sample size allocation table

<table>
<thead>
<tr>
<th>Category</th>
<th>population</th>
<th>Sample size</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>40</td>
<td>15</td>
<td>15%</td>
</tr>
<tr>
<td>Mid-level management</td>
<td>70</td>
<td>25</td>
<td>25%</td>
</tr>
<tr>
<td>Operational staff</td>
<td>110</td>
<td>30</td>
<td>30%</td>
</tr>
<tr>
<td>Sales staff</td>
<td>140</td>
<td>30</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>360</strong></td>
<td><strong>100</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Banks websites (2018)

### 3.5 Data Collection Instrument.

The use of questionnaires was preferred since they were deemed to be time and cost saving rendering them very economical. Moreover the use of structured and unstructured questionnaires helped as the people interviewed were more than willing to cooperate. The 100 semi structured questionnaires had two sections. The section that reflected on demographic disposition of the individual and the part that sought on the descriptive related to the objective of the study. The questionnaire were dropped and collected later.

#### 3.5.1 Validity of instrument

The result interpreted to a certain degree in order to bring out if the test serves its purpose is what is referred to as validation. The measure of validity shows how precise the instrument in the research is (Kothari, 2004). Therefore the study first conducted a pilot test that brought to light the validity and reliability and of the data collection instrument. (Saunders, Lewis & Thornhill, 2007). Content validity was applied in this study through the supervisor’s advice and other research experts Kenyatta University.
3.5.2 Reliability of instrument

Reliability in this study was ensured by pre-testing the questionnaire to some staff who were not to be included in the sample for the study, before final administration to the respondents. Reliability of measurement of an instrument according to Orodho (2009) is the consistency in which the instrument produces a reliable result. Zohrabi (2013) also notes that reliability is the ability of the research instruments to consistently produce the same results over time. The reliability of the instrument was estimated using Cronbach’s Alpha Coefficient, Cronbach (1955), which assessed the internal consistency or homogeneity among the research instrument items. The alpha coefficient ranges in value from 0 to 1 (Rovai, 2002). Cronbach Alpha was therefore used to test reliability of the instrument. A coefficient of 0.7 and above shows high reliability of data (Saunders, Lewis & Thornhill, 2007).

3.6 Data Analysis

Raw data was entered into Statistical Package for Social Sciences (SPSS) for analysis. Descriptive statistics including means, standard deviations, frequencies and percentages were used to analyze quantitative data. The study employed regression analyses to test research questions and draw inferences on the relationship between service delivery and customer experience. The following model was used to test this relationship:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Where:

\( Y \) is performance

\( \beta_0 = \) constant

\( \beta_1, \beta_2, \beta_3, \beta_4 = \) coefficients to be tested

\( X_1, X_2, X_3, X_4 = \) Service quality, service culture, employee engagement and customer satisfaction respectively.

\( \varepsilon \) is error term
Diagnostic tests were conducted to in the process of testing the effect of the independent variable on the dependent. Correlational analysis was used to determine the strength of the relationship between the dependant and independent variables and multi-collinearity test on the other hand was used to determine how the independent variables inter-correlate with one another.

3.7 Ethical Consideration

National Council for Science and Technology (NACOSTI) gave a research permit prior to carrying out this study. A letter from the Nairobi City County Commissioner's office was collected to empower the examination to continue in the County. Moreover, investment in the examination was on intentional premise and furthermore, namelessness guideline clung to entirely by this investigation.
CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The analysis of data, the verdicts and the explanation of the result was tabulated in this chapter. The tabulation was under specific themes that were in line with the study objectives.

4.2 Response Rate

This is the result as determined by the people cooperation in giving their view on the asked questions that were reflected under different themes. As it turned out the response rate saw 80% of the questionnaire properly filled, which was a high return percentage wise.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>80</td>
<td>80%</td>
</tr>
<tr>
<td>Unreturned</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

Since the questionnaires deployed to be filled were a 100 and the return saw 80% being filled correctly, which is adequate. This is so because according to Mugenda and Mugenda (2003) and also Kothari (2004) a response rate of above 50% is adequate for a descriptive study.

4.3 Reliability Results

So as to check on the internal consistency, the study applied reliability analysis based on the returned questionnaires. The Cronbach’s alpha was used for this case as its deemed more precise measure of internal consistency, the test shows the association among items in a test and to the total coherence of data. Whereby the higher the coefficient tabulated the higher the more reliable the test is. This is between the threshold coefficient of 0 and 1.00.
Table 4.2: Reliability Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Number of items</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td>0.832</td>
<td>6</td>
<td>Reliable</td>
</tr>
<tr>
<td>Service Culture</td>
<td>0.789</td>
<td>6</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>0.981</td>
<td>6</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.860</td>
<td>6</td>
<td>Reliable</td>
</tr>
<tr>
<td>Overall Chronbach’s alpha</td>
<td>0.866</td>
<td>24</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The results in table 4.2 revealed that the Chronbach’s alpha of the variables was reliable in testing the questionnaires. Service quality had a Chronbach’s alpha of 0.832, Service Culture with a Chronbach’s alpha of 0.789, Employee Engagement with a Chronbach’s alpha of 0.981 and Customer Satisfaction with a Chronbach’s alpha of 0.860. All the values were found to be above 0.7 an indication that the questionnaire was internally consistent.

4.4 Demographic Information

4.4.1 Gender of the respondents

The presentation of gender information of the respondent

The results are shown in table 4.4.

Table 4.3: Gender of the respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>48</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Female</td>
<td>32</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)
Basing from the table 4.4 above females had a high percentage (60%) while men assumed the latter percentage of (40%). This can signify that most of banking industry has a high number of female as their staff.

### 4.4.2 Age of the respondents

The results were for age below.

**Table 4.4: Age of the respondents**

<table>
<thead>
<tr>
<th>Age of the respondents</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-30 years</td>
<td>13</td>
<td>16.3</td>
<td>16.3</td>
</tr>
<tr>
<td>31 to 40 years</td>
<td>34</td>
<td>42.5</td>
<td>42.5</td>
</tr>
<tr>
<td>41 to 50 years</td>
<td>19</td>
<td>23.8</td>
<td>23.8</td>
</tr>
<tr>
<td>above 50 years</td>
<td>14</td>
<td>17.5</td>
<td>17.5</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source: Survey Data (2018)**

The results in table 4.5 revealed that 42% working in the banks were of age 31-40 years while 24% were of age 41-50 years. The results also revealed that 18% of the respondents working in the banks were of age bracket above 50 years. The remaining 16% of the respondents were of age bracket 18-80 years. This shows that the majority working were middle aged thus were endowed with experienced

### 4.4.3 Education level

Result for education level

**Table 4.5: Level of Education**

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>16</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Degree</td>
<td>38</td>
<td>47.5</td>
<td>47.5</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>19</td>
<td>23.8</td>
<td>23.8</td>
</tr>
<tr>
<td>PhD</td>
<td>7</td>
<td>8.8</td>
<td>8.8</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source: Survey Data (2018)**
On analysis it was found that (47%) of the respondents had bachelor’s degree while (24%) of the respondents had a master’s degree. The results also revealed that 20% of the respondents had a diploma while only 9% of the respondents had acquired a doctor’s of philosophy, an implication that for one to be an employee in the commercial bank, he/she must have higher level of education in the required field of expertise.

4.4.4 Duration of work

The respondents were to indicate on the period they served in the bank.

Table 4.6: Duration of work

<table>
<thead>
<tr>
<th>Period of work</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>16</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>1- 5 years</td>
<td>33</td>
<td>41.3</td>
<td>41.3</td>
</tr>
<tr>
<td>5-10 years</td>
<td>15</td>
<td>18.8</td>
<td>18.8</td>
</tr>
<tr>
<td>above 10 years</td>
<td>16</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>80</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The analysis result showed that (41.3%) of the majority had served in their banks between 1-5 years while 20% of the respondents had served in their banks for less than 1 year as well as over 10 years. The results also showed that 18% of the respondents had served in their banks between 5-10 years. This implies that most of the respondents in the banks serve between a year and 10 years, after which either new staff is employed or the management changes.
4.4.5 Operation department

The tabulation below shows the operation unit for the banks employees.

Table 4.7: Department of Operation

<table>
<thead>
<tr>
<th>Department of Operation</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and accounting Department</td>
<td>7</td>
<td>8.8</td>
<td>8.8</td>
</tr>
<tr>
<td>Operations Department</td>
<td>20</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>ICT Department</td>
<td>9</td>
<td>11.3</td>
<td>11.3</td>
</tr>
<tr>
<td>Risk Management Department</td>
<td>13</td>
<td>16.3</td>
<td>16.3</td>
</tr>
<tr>
<td>Customer Care Service Department</td>
<td>16</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Others</td>
<td>15</td>
<td>18.8</td>
<td>18.8</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The analysis brought into light that (25%) of majority respondents served in the operations while 20% of the respondents served in the risk management department. The results further showed that 19% of the respondents served in customer care department while 16% of the respondents served in the ICT department. In addition, the results revealed 11% of the respondents served in the salsa and marketing department while 9% of the respondents served in the financial department.

4.4.6 Level of Management

The questionnaire sought to know which level of management there respondent held.

Table 4.8: Level of Management

<table>
<thead>
<tr>
<th>Level of Management</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>17</td>
<td>21.3</td>
<td>21.3</td>
</tr>
<tr>
<td>Mid-level management</td>
<td>32</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Operational staff</td>
<td>13</td>
<td>16.3</td>
<td>16.3</td>
</tr>
<tr>
<td>Sales staff</td>
<td>18</td>
<td>22.5</td>
<td>22.5</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)
After tabulation the analysis showed that (40%) indicated that they were mid-level managers while (23%) of the respondents were staff members, 21% of the respondents were top managers while 16% of the respondents were operational staff. This indicates that the respondents that were available and valuable for the purpose of the research were mid-level managers and sales staffs since mid-level managers have knowledge about the management of the bank and sales staffs have extensive information about the customer service and the sales department.

4.5 Descriptive Statistics

Descriptive Statistics was conducted to show the summary of the variable observations/findings. The result mean and standard deviation was included. The likert chart helped to show comparison among respondent as they expressed their thoughts and feelings across the five point scale.

4.5.1 Service Quality

The respondents were required to rank the statements on how service quality relates to performance. This was done using the 5 point scale of Strongly Agree (5) Agree (4) Neutral (3) Disagree (2) and Strongly Disagree (1). The results are as shown below.

**Table 4.9: Service Quality**

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>High quality administrative systems are in place to support service delivery</td>
<td>11.25</td>
<td>15</td>
<td>13.75</td>
<td>38.75</td>
<td>21.25</td>
<td>3.44</td>
<td>1.29</td>
</tr>
<tr>
<td>I always perform the service right the first time</td>
<td>8.75</td>
<td>12.5</td>
<td>12.5</td>
<td>46.25</td>
<td>20</td>
<td>3.56</td>
<td>1.2</td>
</tr>
<tr>
<td>The bank’s records are accurate</td>
<td>8.75</td>
<td>12.5</td>
<td>12.5</td>
<td>35</td>
<td>31.25</td>
<td>3.67</td>
<td>1.28</td>
</tr>
<tr>
<td>The bank has up - to - date equipment &amp; technology</td>
<td>15</td>
<td>8.75</td>
<td>10</td>
<td>30</td>
<td>36.25</td>
<td>3.64</td>
<td>1.43</td>
</tr>
<tr>
<td>The bank delivers superior service in every way</td>
<td>11.25</td>
<td>8.75</td>
<td>12.5</td>
<td>42.5</td>
<td>25</td>
<td>3.61</td>
<td>1.27</td>
</tr>
<tr>
<td>The banking hall has guide signs indicating as to which counters are offering which services</td>
<td>10</td>
<td>13.75</td>
<td>7.5</td>
<td>36.25</td>
<td>32.5</td>
<td>3.67</td>
<td>1.33</td>
</tr>
<tr>
<td><strong>Aggregate</strong></td>
<td><strong>3.60</strong></td>
<td><strong>1.30</strong></td>
<td><strong>3.60</strong></td>
<td><strong>1.30</strong></td>
<td><strong>3.60</strong></td>
<td><strong>1.30</strong></td>
<td><strong>3.60</strong></td>
</tr>
</tbody>
</table>

**Source: Survey Data (2018)**
The analysis revealed that majority (60.00%) consented that that high quality administrative systems were in place to support service delivery. The response had a mean of 3.44 with a spread from the mean of 1.29, (66.25%) agreed that every first time they always perform their service well, this response had a spread of 1.2 from the mean of 3.56. Furthermore, (66.25%) agreed with the statement that the bank’s records were accurate; the statement was supported with a spread of 1.28 from the mean of 3.67. Another (66.25%) agreed that the bank had up-to-date equipment and technology. From the mean of 3.64 the responses had spread of 1.43. The analysis showed (65.50%) agreed that bank delivered superior service in every way the statement garnered a mean of 3.61 and a distribution across the mean of 1.27. Moreover (68.75%) consented that that the banking hall had guide signs indicating as to which counters were offering which services this responses mean was of 3.67 and a standard deviation of 1.33. This shows that quality service of the bank is effective, leading to a performance impact that is positive.

The average mean for service quality was 3.60; however the standard deviation of 1.3 showed variation across the statement. The analysis findings concurred with those of Anderson (2004) who brought to light that the ultimate financial, measure, stock on return was impacted on by the perceived quality.

4.5.2 Service Culture

The respondents were asked to rank the statements on how service culture relates to performance. This was done using the 5 point scale of Strongly Agree (5) Agree (4) Neutral (3) Disagree (2) and Strongly Disagree (1). The results are as shown in below.
Table 4.10: Service Culture

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>I always show sincere interest when solving customer problems</td>
<td>5</td>
<td>13.75</td>
<td>12.5</td>
<td>47.5</td>
<td>21.25</td>
<td>3.66</td>
<td>1.11</td>
</tr>
<tr>
<td>Staff are courteous</td>
<td>10</td>
<td>8.75</td>
<td>16.25</td>
<td>40</td>
<td>25</td>
<td>3.61</td>
<td>1.24</td>
</tr>
<tr>
<td>I give personal attention to the customers</td>
<td>13.75</td>
<td>10</td>
<td>15</td>
<td>35</td>
<td>26.25</td>
<td>3.5</td>
<td>1.35</td>
</tr>
<tr>
<td>I avoid using technical jargon when speaking to clients</td>
<td>11.25</td>
<td>7.5</td>
<td>5</td>
<td>42.5</td>
<td>33.75</td>
<td>3.8</td>
<td>1.3</td>
</tr>
<tr>
<td>I give financial advise to customers when needed</td>
<td>6.25</td>
<td>15</td>
<td>3.75</td>
<td>33.75</td>
<td>41.25</td>
<td>3.89</td>
<td>1.27</td>
</tr>
<tr>
<td>Existence of Privacy / Confidentiality of customer information and transactions</td>
<td>10</td>
<td>8.75</td>
<td>11.25</td>
<td>41.25</td>
<td>28.75</td>
<td>3.7</td>
<td>1.26</td>
</tr>
<tr>
<td>Aggregate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.69</td>
<td>1.26</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The analysis showed (68.75%) of the majority concurred that when solving customers problem they display interest sincerely. These results attracted a mean of 3.66 and a distribution of 1.11 across the mean. Moreover (65%) consented that the Staff are courteous this statement garnered a mean of 3.61 and distribution from the mean of 1.24. Further the result (61.25%) of the respondents concurred that they gave personal attention to the customers this was supported by mean of 3.50 and a distribution from the mean of 1.35. In addition (76.25%) concurred that they avoid using technical jargon when speaking to clients the statement had a mean of the 3.80 and a distribution from the mean of 1.30, (75%) supported the statement that they give financial advices to customers when needed. The mean was 3.89 from the responses with a distribution of 1.27. In addition, (71.67%) of the respondent concurred that there is existence of privacy/confidentiality of customer information and transactions. This attracted a mean of 3.70 with a variation of 1.26. This is a clear implication that service culture is adhered to since it necessary to give a good impression to the customer.

The overall average of service culture attracted a mean of 3.7, which saw the distribution across the mean by 1.26.

The findings concurred with those of Bianca (2007) that in the work place the conduct of the employees in the day to day running can either result to return in business or unhappy customers.
Moreover Mcquerrey (2012) results who asserted that the customers in most cases take heed of the action of the employees, rather than what they say.

4.5.3: Employee Engagement

The section of the questionnaire required the respondents asked to rank the statements on how employee engagement relates to performance. This was done using the 5 point scale of Strongly Agree (5) Agree (4) Neutral (3) Disagree (2) and Strongly Disagree (1). The results are as shown in table 4.12.

Table 4.11 Employee Engagement

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>My actions instills confidence in my clients</td>
<td>7.5</td>
<td>12.5</td>
<td>8.75</td>
<td>38.75</td>
<td>32.5</td>
<td>3.76</td>
<td>1.25</td>
</tr>
<tr>
<td>I am able to understand customers specific needs</td>
<td>10</td>
<td>8.75</td>
<td>10</td>
<td>45</td>
<td>26.25</td>
<td>3.69</td>
<td>1.24</td>
</tr>
<tr>
<td>I am willing to help clients when they need</td>
<td>13.75</td>
<td>12.5</td>
<td>17.5</td>
<td>32.5</td>
<td>23.75</td>
<td>3.4</td>
<td>1.35</td>
</tr>
<tr>
<td>I answer customers’ questions satisfactorily</td>
<td>12.5</td>
<td>10</td>
<td>11.25</td>
<td>40</td>
<td>26.25</td>
<td>3.58</td>
<td>1.32</td>
</tr>
<tr>
<td>I provide services at the time I promise to do so.</td>
<td>10</td>
<td>10</td>
<td>12.5</td>
<td>37.5</td>
<td>30</td>
<td>3.67</td>
<td>1.28</td>
</tr>
<tr>
<td>The bank makes information easily obtainable by the customers.</td>
<td>15</td>
<td>12.5</td>
<td>17.5</td>
<td>37.5</td>
<td>17.5</td>
<td>3.3</td>
<td>1.32</td>
</tr>
<tr>
<td>Aggregate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>3.57</strong></td>
<td><strong>1.29</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

From the result above (71.25%) of the majority concurred that their actions instills confidence in their clients, this attracted a mean of mean of 3.76 and a standard deviation of 1.25. On analysis (71.25%) concurred that they were able to understand customers specific needs, this had a mean 3.69 and a spread of 1.24. Moreover (56.25%) concurred that they were willing to help clients when they need. This response attracted a mean of 3.4 and a standard deviation of 1.35. Moreover (66.25%) agreed that they answer customers’ questions satisfactorily this had a mean of 3.58 and a standard deviation of 1.32. The analysis showed (67.5%) concurred that they provide services at the time they promise to do so., this attracted a mean of 3.67 and a standard deviation of 1.28. Finally the analysis showed that majority (55.00%) concurred that bank makes
information easily obtainable by the customers this attracted an average of 3.30 with a
distribution across the mean of 1.32. This shows that there is a strong engagement of employees
in the bank’s operations with the focus of improving banks performance.

The total average mean was 3.6 which show that most statements were agreed upon however the
distribution across the mean of 1.3 meant that there was variation in the responses. The findings
concurred with that of Dajani (2015) who found that in employee engagement the most
signficant drivers were organization justice and leadership. Moreover the study was in line
with that of (2014) who advised that for banks to have a positive link with performance then the
bank managers ought to give special heed to activities and programs that promote employee
engagement.

4.5.4: Customer Satisfaction

The respondents were required to rank the statements on how customer satisfaction relates to
performance. This was done using the 5 point scale of Strongly Agree (5) Agree (4) Neutral (3)
Disagree (2) and Strongly Disagree (1). The results are as shown below for the customer
satisfaction and performance:

Table 4.12: Customer Satisfaction

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The bank continuously assesses customer satisfaction</td>
<td>5.06</td>
<td>12.66</td>
<td>8.86</td>
<td>45.57</td>
<td>27.85</td>
<td>3.78</td>
<td>1.14</td>
</tr>
<tr>
<td>I give timely information to my customers</td>
<td>8.75</td>
<td>8.75</td>
<td>8.75</td>
<td>42.5</td>
<td>31.25</td>
<td>3.79</td>
<td>1.23</td>
</tr>
<tr>
<td>I always inform customers when services will be performed</td>
<td>5</td>
<td>8.75</td>
<td>10</td>
<td>50</td>
<td>26.25</td>
<td>3.84</td>
<td>1.07</td>
</tr>
<tr>
<td>The bank strives to exceed the customers’ expectations</td>
<td>10</td>
<td>6.25</td>
<td>12.5</td>
<td>45</td>
<td>26.25</td>
<td>3.71</td>
<td>1.21</td>
</tr>
<tr>
<td>The bank has installed customer communication protocol</td>
<td>8.75</td>
<td>10</td>
<td>11.25</td>
<td>35</td>
<td>35</td>
<td>3.78</td>
<td>1.27</td>
</tr>
<tr>
<td>There are sufficient number of ATMs</td>
<td>10</td>
<td>5</td>
<td>22.5</td>
<td>43.75</td>
<td>18.75</td>
<td>3.56</td>
<td>1.16</td>
</tr>
<tr>
<td>Aggregate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.743</td>
<td>1.18</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)
On analysis (73.42%) of the majority respondent concurred that the bank continuously assesses customer satisfaction. This attracted a mean of 3.78 and a standard deviation of 1.14. The results showed (73.75%) concurred that they give timely information to my customers. This attracted a mean of 3.79 and a spread of 1.23 across the mean, (76.25%) concurred that they always inform customers when services will be performed. The mean was 3.84 and a standard deviation of 1.07. The results showed (71.25%) consented that the bank strives to exceed the customers’ expectations. The responses presented a mean of 3.71 and a standard deviation of 1.21. The results went on to show that (70%) agreed concurred that the bank has installed customer communication protocol. This attracted a mean of 3.78 and a distribution of 1.27 from the mean. Moreover (62.5%) coincided that there are sufficient number of ATMs. The responses attracted a mean of 3.56 and a standard deviation of 1.16. This implies that the banks offer the right and required quality services to their customers, which means customer loyalty in the long-run for the betterment of performance of the banks.

Customers’ satisfaction attracted an overall average of 3.74 this shows that the responses were agreed upon; the distribution of 1.18 from the mean was attained. These results were in line with those of Gallup (2008) which revealed diners with high satisfaction extents doubtlessly outpaced the general business to the extent advancement. The results were also in line with those of Pirayeh et. al., (2011) who established that an association is probably going to succeed and enhance its execution in the event that it perceives client needs and needs quicker and superior to the contenders and deliver and give their items reliably or surpass clients' desires. The findings, additionally agreed with that of Paul Williams (2009) that there are strong associations between purchaser reliability, and support, wage, benefit per share, stock cost.

4.5.5: Performance

The respondents rated the statements on performance of the banks. This was done using the 5 point scale of strongly agree (5) agree (4) neutral (3) disagree (2) and strongly disagree (1). The results are as shown in table 4.14 below:
Table 4.13: Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our customers have a positive attitude towards this bank</td>
<td>5</td>
<td>7.5</td>
<td>12.5</td>
<td>37.5</td>
<td>37.5</td>
<td>3.95</td>
<td>1.12</td>
</tr>
<tr>
<td>Our customers say positive things about the bank to other people</td>
<td>7.5</td>
<td>3.75</td>
<td>8.75</td>
<td>45</td>
<td>35</td>
<td>3.96</td>
<td>1.13</td>
</tr>
<tr>
<td>Our customers would like to continue banking with us</td>
<td>3.75</td>
<td>7.5</td>
<td>13.75</td>
<td>51.25</td>
<td>23.75</td>
<td>3.84</td>
<td>1</td>
</tr>
<tr>
<td>Our customers have positive attitude towards employees of the bank</td>
<td>6.25</td>
<td>7.5</td>
<td>10</td>
<td>36.25</td>
<td>40</td>
<td>3.96</td>
<td>1.17</td>
</tr>
<tr>
<td>Our customers recommend the bank to other people</td>
<td>5</td>
<td>5</td>
<td>7.5</td>
<td>50</td>
<td>32.5</td>
<td>4</td>
<td>1.03</td>
</tr>
<tr>
<td>Customers have good perception of the bank’s physical facilities</td>
<td>7.5</td>
<td>3.75</td>
<td>17.5</td>
<td>45</td>
<td>26.25</td>
<td>3.79</td>
<td>1.11</td>
</tr>
<tr>
<td>Our customers are impressed with the bank employee’s dress code.</td>
<td>11.25</td>
<td>6.25</td>
<td>7.5</td>
<td>46.25</td>
<td>28.75</td>
<td>3.75</td>
<td>1.26</td>
</tr>
<tr>
<td>Aggregate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.8928</td>
<td>1.1171</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

On analysis majority (76.25%) agreed with the statement that their customers have a positive attitude towards this bank. This attracted a mean of 3.95 and a standard deviation of 1.12. Moreover (80%) conceded that their customers say positive things about the bank to other people. This attracted a mean of mean of 3.96 and a standard deviation of 1.13. The results showed that (75%) concurred that their customers would like to continue banking with them. A mean of 3.84 and a standard deviation of 1.00 were devised from the response. Furthermore (76.25%) of the respondents concurred that that their customers have positive attitude towards employees of the bank, attracting a mean of 3.96 and a standard deviation of 1.17. From the results (70%) unanimously approved that their customers recommend the bank to other people. The responses presented a mean of 4.00 and a standard deviation of 1.03. Moreover (75%) agreed that customers have good perception of the bank’s physical facilities, presenting a mean of 3.79 and a standard deviation of 1.11. Finally (82.5%) coincided that their customers are impressed with the bank employee’s dress code. The responses revealed a mean of 3.75 and a standard deviation of 1.26. This shows that the customers have an excellent experience with the banks is better and augers well for the future of the banking industry.
The overall average mean performance was 3.9 which mean that the questions asked were consented upon; however the answers were varied as shown by a standard deviation of 1.12. The findings were in line with those of King et al (2001) who suggested that by keeping in mind the end goal to be there a reason for feasible upper hand, a competency should be fundamental, remarkable and troublesome or exorbitant to copy. Moreover the results were supported by those of Radhan et al (2009) who inferred that there's a positive connection between one of a kind edge and authoritative execution for continuity.

The questionnaire required the respondents to indicate what they thought needs to be done to increase their experience with the bank service/products. Majority of the respondents indicated there was need to educate the customer on the financial literacy and as well personalize the experience of the customers.

4.6 Inferential Statistics

Inferential statistics makes the inferences/implications of the data in the study that is, generalization about the population based on the samples.

4.6.1 Correlation Analysis

The Pearson correlation coefficient was used. It measures the strength of two variables that in a linear association, with a denotation of r, The denotation of r, is estimated using a threshold of +1 to -1. The association when a value is above 0 means the value of the other variable in linear comparison increase with a positive value, when the value is below 0 this shows that there is a negative association and the linear relation decreases on the same nerve. The table below shows the result.
Table 4.14: Correlational Analysis

<table>
<thead>
<tr>
<th>Statement</th>
<th>performance</th>
<th>Service quality</th>
<th>Service culture</th>
<th>Employee Engagement</th>
<th>Customer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Quality</td>
<td>Pearson Correlation</td>
<td>.509**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Culture</td>
<td>Pearson Correlation</td>
<td>.610**</td>
<td>.727**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>Pearson Correlation</td>
<td>.504**</td>
<td>.480**</td>
<td>.566**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>Pearson Correlation</td>
<td>.653**</td>
<td>.553**</td>
<td>.668**</td>
<td>.582**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

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

Source: Survey Data (2018)

The p values indicate the significance with the threshold of 0.005, for any values less than the critical value then conclusion would be that there is significant association, making the conclusion to be that the model used was significant. The results in table 4.15 presented the correlation matrix between the independent variables. The correlation matrix computes the correlation coefficients (Rousseeuw & Molenberghs, 1994). The values of the correlation matrix were found to pose no problem to the study since they were less than 0.8. A positive and significant association between average service quality and performance existed ($r = 0.509$, $p = 0.000$). This implies that service quality affects performance on selected banks in Nairobi City County, Kenya. These results were consistent with that of Yeung (2011) who observed that service quality and performance are positively correlated. The table further indicated that average service culture and average performance are positively and significantly related ($r=0.610$, $p=0.000$). This implies that service culture affects performance on selected banks in Nairobi City County, Kenya. The findings were in agreement with those by Goromonzi (2016) who found out that culture and strategy implementation have statistically significant and positive impact on commercial banks performance. Average employee engagement and average
performance are positively and significantly related (r=0.504, p=0.000). This implies that employee engagement affects performance on selected banks in Nairobi City County, Kenya. The findings were in consistency with those by Mokaya (2014) who found a strong positive correlation between organizational performances. Average customer satisfaction and average performance are positively and significantly related (r=0.653, p=0.000). This implies that customer satisfaction affects performance on selected banks in Nairobi City County, Kenya. This in general, implies that an increase in any unit of the measured variables resulted to an improvement in the performance of the banks. The findings also agreed with that of Paul Williams and Earl Naumann (2009) who asserted that to a moderate to strong connection exist a relationships between levels of satisfaction and execution features.

4.6.2 Multicollinearity Test

Multicollinearity problem exists when some independent variables relate highly with each other. One of the mechanisms to detect this problem is by the use of the variance inflation factor (VIF) which gives an extent of the variance of an estimated regression coefficient. The VIF will have a threshold of 1 or less than 1 if the values are not to be correlated (Martz, 2013).

Table 4.15: Collinearity Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td>0.709</td>
<td>1.409</td>
</tr>
<tr>
<td>Service Culture</td>
<td>0.683</td>
<td>1.463</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>0.939</td>
<td>1.065</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.861</td>
<td>1.162</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The results in table 4.3 revealed that all the variables in the study met the criteria hence the test for multicollinearity did not bring a problem in the study. Service quality had a VIF of 1.409, Service Culture with a VIF of 1.463, Employee Engagement with a VIF of 1.065 and Customer Satisfaction with a VIF of 1.162. This was supported by the VIF tolerance values that were greater than 0.2 and variance inflation factor of less than 10.
4.6.3 Regression Analysis

Regression presents a way to devise a relationship between two sets of variables and is expressed as linear regression equation that can be used to predict the relationship between the dependent variable with the independent variables.

Table 4.16: Model Fitness

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.821a</td>
<td>0.674</td>
<td>0.657</td>
<td>0.204736</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The results in table 4.16 present the fitness of model of regression model used in explaining the study phenomena. The independent variables, i.e. service quality, service culture, employee engagement and customer satisfaction were found to be explanatory variables to firm performance. This was supported by coefficient of determination i.e. the R square of 67.4%. This shows that service quality, service culture, employee engagement and customer satisfaction explain 67.4% of variation in the performance of the banks, asserting that the model used was acceptable.

Table 4.17: (ANOVA)

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>6.505</td>
<td>4</td>
<td>1.626</td>
<td>38.797</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>3.144</td>
<td>75</td>
<td>0.042</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9.649</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The results indicated that there was significance from the overall model. Moreover the service quality, service culture, employee engagement and customers’ satisfaction were good determinants of the performance of banks. The F statistic of 38.797 was supported p value (0.000) which was significant as it was below 0.05 significance level.
Table 4.18: Regression of coefficients

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.302</td>
<td>0.291</td>
<td>1.041</td>
<td>0.301</td>
</tr>
<tr>
<td>Service Quality</td>
<td>0.165</td>
<td>0.058</td>
<td>2.829</td>
<td>0.006</td>
</tr>
<tr>
<td>Service Culture</td>
<td>0.225</td>
<td>0.075</td>
<td>3.009</td>
<td>0.004</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>0.222</td>
<td>0.054</td>
<td>4.112</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.330</td>
<td>0.061</td>
<td>5.413</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The model was, therefore, presented as follows:

\[ Y = 0.302 + 0.165X_1 + 0.225X_2 + 0.222X_3 + 0.330X_4 + \varepsilon \]

Where:

\( Y \) is performance

\( X_1, X_2, X_3, X_4 \) = Service quality, service culture, employee engagement and customer satisfaction respectively.

\( \varepsilon \) is error term

On analysis of regression coefficients it was established that service quality and performance are positively and significantly related (\( \beta = 0.165, p=0.006 \)). This indicates that an increase in 1 unit of service quality improves the performance of selected banks in Nairobi City County, Kenya by 16.5%. The p value was measured at the significance level of 0.05 and thus service quality, \( p=0.006 \) was found to be significant. The findings were in line with those of Goyit (2016) who observed that there exists strong relationship between service quality improvements and profitability in the Nigerian sector banking.

Service culture and performance are positively and significantly related (\( \beta = 0.225, p=0.004 \)). The p value was measured at 0.05 significance level and thus service culture, \( p=0.004 \) was found to be significant. This indicates that an increase in 1 unit of service culture improves the performance of selected banks in Nairobi City County, Kenya by 22.5%. The findings were also in agreement with those by Maina (2016) who showed that there was a positive significant
relationship between organizational culture and organizational performance of the commercial banks in Kenya. The findings were also in agreement with those by Maina (2016) who showed that there was a positive significant relationship between organization performance and culture of the commercial banks in Kenya.

It was further established that employee engagement and performance were positively and significantly related ($\beta =0.222$, $p=0.000$). The p value was measured at 0.05 significance level and thus employee engagement, $p=0.000$ was found to be significant. This indicates that an increase in 1 unit of employee engagement improves the performance of selected banks in Nairobi City County, Kenya by 22.2%. The findings were in consistency with those by Mokaya (2014) who found a strong positive correlation between organizational performances.

Customer satisfaction and performance were also positively and significantly related ($\beta =0.330$, $p=0.000$). The p value was measured at 0.05 significance level and thus customer satisfaction, $p=0.000$ was found to be significant. This indicates that an increase in 1 unit of customer satisfaction improves the performance of selected banks in Nairobi City County, Kenya by 33.0%. The findings also agreed with that of Paul Williams and Earl Naumann (2009) who established between organization related and cash related there existed a basic and moderate to strong connection.
CHAPTER FIVE: SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study focused on the effect of service delivery practices on performance of selected banks in Nairobi City County. The study had four objectives that sought to determine the effect of service quality, culture, employee engagement and customer satisfaction on performance of banks in Nairobi City County. The findings were presented in chapter four in line with the problem from the research and objectives. Thus the chapter focuses on summary, what is to be concluded from the findings, the suggestion for further research, recommendation and the limitations that availed on the course of study.

5.2 Summary of Findings

This section provided a summary of the findings from the analysis. This was done in line with the objectives of the study. The purpose of the study was to determine the effect of service delivery practices on performance of selected banks in Nairobi County, Kenya. The findings indicated that service quality, service culture, employee engagement and customer satisfaction had a positive and significant effect on the performance of selected banks in Nairobi County.

The first objective of the study was to determine effect of service quality and performance on selected banks in Nairobi County, Kenya. The findings revealed that there was a significant association between service quality and performance of chose banks in Nairobi County. Additionally, the findings were also supported by the statements in the questionnaire which majority of the respondents agreed. This was, further, supported by the regression results which revealed that service quality had a positive and significant effect on performance of chose banks in Nairobi County.

The second objective of the study was to establish the role service culture and performance on selected banks in Nairobi County, Kenya. The findings from the study revealed a significant relationship between service culture and performance of chose banks in Nairobi County. The findings were supported by the statements in the questionnaire which majority of the respondents
agreed. This was also supported by the regression results which revealed that service culture had a positive and significant effect on performance of chose banks in Nairobi County.

The third objective of the study was to examine influence of employee engagement and performance on selected banks in Nairobi County, Kenya. It was further established that employee engagement was significantly related to performance of chose banks in Nairobi County. The findings were further supported by the statements in the questionnaire which majority of the respondents agreed. This was additionally supported by the regression results which revealed that employee engagement had a positive and significant effect on performance of chose banks in Nairobi County.

The fourth objective of the study was to establish the relevance of customer satisfaction and performance on selected banks in Nairobi County, Kenya. The findings revealed a significant association between consumer loyalty and performance of chose banks in Nairobi County. The findings were also supported by the statements in the questionnaire which majority of the respondents agreed. This was also supported by the regression results which revealed that consumer loyalty had a positive and significant effect on performance of chose banks in Nairobi County.

5.3 Conclusions

From the findings, the study concluded that service quality, service culture, employee engagement and consumer loyalty affect the performance of banks.

The study concluded that quality service and good service delivery will give the customer a positive attitude towards the organization since they know the service quality will ameliorate, thus conveying positive information about the organization to other people who might require the similar service. The study also concluded that personal attention to the customers on a personalized basis and even clients are offered financial advices to when needed. Privacy/confidentiality of customer information and transactions is the discipline to be adhered to in order to maintain the relationship with the targeted customer.
Furthermore, engagement of the employee was concluded to be of importance to the health of the banks. The banks were found to be able to understand customer’s specific needs and were willing to help clients. In addition, the study concluded that the banks should continuously assess customer satisfaction and always inform the customers when services would be performed in a view to strive to meet the customers’ expectations.

5.4 Recommendations

Based on the research findings, the study recommends that banks should install customer communication protocol as well as sufficient number of ATMs in order to ease the communication and transactions respectively with the customers. The study also recommends that service quality systems should be put in place to support service delivery, including accurate bank’s records as well as up-to-date equipment & technology in order for the banks to deliver superior services in every way. It is recommended that quality service should in regards to reliability and responsiveness since it’s crucial to its overall performance especially in the long run and in order to stay relevant in the quest to satisfy the wants and needs of their customers. Banks should strive to satisfy the needs of their customers by value addition and building a strong relationship with them to ensure its future in the industry.

The study further recommends better organizational culture since the focus has now shifted from leverage to standards, values and culture both inside and outside the banking industry, banks are recommended to value the impression they give to the customer and value its opinion since the customer forms the base of all the operations and establishes the longevity of the firm. The right culture exhibited in banks provides the companies with competitive advantage that is difficult for the rivals to emulate and strengthens the customer base. In addition, an organization should improve on the faulty areas concerning the engagement of the employee. Better organization performance happens when the employee is engaged in strategy formulation as a sense of mentorship, on this nerve it reaches an aptitude by which the employee is rewarded for good performance. This practice enables/initiates conversation with employees to spur expert perspectives towards the productivity of the banks in relation to ideas and innovation.
The study finally recommends for firms to meet customers’ needs and create value. Moreover implementation of the modern internet facility will lead to enhancement of quality in service. The use of it is vital as it helps the organization to check on service quality attributes. Though it’s a challenge with the increase gradually of IT users to the organization, the overall benefits would be better performance if it’s taken to consideration. Therefore it’s upon the organization to make the use of IT more convenient and efficient so as to avoid the dissatisfaction that could arise if the use was not efficient and convenient.

5.5 Areas for Further Studies

The study sought to determine the effect of service delivery practices on performance of selected banks in Nairobi County, Kenya. This study, therefore, focused its research on the selected banks in Nairobi County, Kenya, thus further studies could be considered in other towns and cities in other Counties such as Mombasa, Kisumu, Eldoret, Uasin Gishu, Kiambu, Kakamega etc. for the purpose of making a comparison of the findings with those of the current study. In addition, to expand the scope of study, other study factors such as the legal environments and political environments could be added in an effect to find out the effect of these variables as moderating factors that affect the performance of selected banks in Nairobi County, Kenya.
REFERENCES


Towers Perrin (2007), Largest Ever Study of Global Workforce Finds Senior Management Holds Trigger to Unleash Talent Potential


APPENDIX I: Introduction letter

Cell: 0733139339

Email: mulkeyomar@gmail.com

RE: Filling of questionnaire

I am a student at Kenyatta University undertaking a Master’s degree in business administration (MBA). As a requirement, I am carrying a research project on the relationship between service delivery and customer experience in the banking sector in Nairobi City County, Kenya. As such, the study will be of use to the management of commercial banks. Therefore, your maximum cooperation and objective response will go a long way in ensuring that the afore-mentioned research aim is met. I promise that your identity would remain confidential; the findings will be treated with uttermost propriety and that this study would be used solely for academic purposes.

Yours Mulki.
APPENDIX II: Questionnaire

This questionnaire aims to obtain information from employees in the banking industry in Kenya. The information sought is for academic research on service delivery practices and customer experience. The questionnaire is divided into two main sections. The instructions on how to answer questions in each section are inserted. You are kindly requested to respond to all the statements in each section.

SECTION A: RESPONDENTS BIODATA

Instructions: In each of the questions from 1-6 kindly tick the most appropriate response.

1. Your gender?
   Male [ ]                 Female [ ]
2. Indicate your Age Bracket?
   18-30 years [ ]          31 to 40 years [ ]          41 to 50 years [ ] above 50 years [ ]
3. What is your highest level of education?
   Diploma [ ]              Degree [ ]                       Master’s Degree [ ]       PhD [ ]
4. How long have you worked in the bank?
   Less than 1 year [ ]      (1-5) years [ ]      (5-10) years [ ] above 10 years [ ]
5. Which is your department?
   Finance and accounting Department [ ]   Operations Department [ ]
   Sales and marketing Department [ ]       ICT Department [ ]
   Risk Management Department [ ]           Customer Care Service Department [ ]
6. What is your level of management?
   Top management [ ]
   Mid-level management [ ]
   Operational staff [ ]
   Sales staff [ ]
SECTION B: SERVICE DELIVERY PRACTICES.

1. The statements below are about practices by banks to enhance customer experience with banks’ services. Please rank the following on a scale 1-5 (strongly disagree to strongly agree) to reflect your feelings and the extent to which you agree with the statements.

| SERVICE QUALITY | | | | | |
|-----------------|---|---|---|---|
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| High quality administrative systems are in place to support service delivery. | | | | |
| I always perform the service right the first time | | | | |
| The bank’s records are accurate | | | | |
| The bank has up-to-date equipment & technology | | | | |
| The bank delivers superior service in every way | | | | |
| The banking hall has guide signs indicating as to which counters are offering which services | | | | |

| SERVICE CULTURE | | | | |
|-----------------|---|---|---|
| Strongly Disagree | Disagree | Neutral | Agree |
| I always show sincere interest when solving customer problems | | | |
| Staff are courteous | | | |
| I give personal attention to the customers | | | |
| I avoid using technical jargon when speaking to clients | | | |
| I give financial advices to customers when needed | | | |
| Existence of Privacy / Confidentiality of customer information and transactions | | | |

| EMPLOYEE ENGAGEMENT | | | |
|---------------------|---|---|
| Strongly Disagree | Disagree | Neutral |
| My actions instill confidence in my clients | | |
| I am able to understand customers specific needs | | |
| I am willing to help clients when they need | | |
| I answer customers’ questions satisfactorily | | |
| I provide services at the time I promise to do so. | | |
| The bank makes information easily obtainable by the customers. | | |

| CUSTOMER SATISFACTION | | | |
|-----------------------|---|---|
| Strongly Disagree | Disagree | Neutral |
| The bank continuously assesses customer satisfaction | | |
| I give timely information to my customers | | |
| I always inform customers when services will be performed | | |
| The bank strives to exceed the customers’ expectations | | |
| The bank has installed customer communication protocol | | |

[Customer Experience Table]
Our customers have a positive attitude towards this bank
Our customers say positive things about the bank to other people
Our customers would like to continue banking with us
Our customers have positive attitude towards employees of the bank
Our customers recommend the bank to other people
Customers have good perception of the bank’s physical facilities
Our customers are impressed with the bank employee’s dress code.

13. In your opinion, what needs to be done to increase your experience with the bank service/products?

...........................................................................................................................................................................................................................................
...........................................................................................................................................................................................................................................
...........................................................................................................................................................................................................................................

THANK YOU VERY MUCH FOR YOUR TIME