

**TOTAL QUALITY MANAGEMENT PRACTICES AND PERFORMANCE OF
COMMERCIAL BANKS IN KILIFI TOWN, KENYA**

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D53/OL/MSA/32205/16

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

MAY, 2020

DECLARATION

I declare that, this project is my own original work and has not been presented for award of any degree in any University.

Signed: _____

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DATE

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This research project has been submitted for the course examination with my approval as the University supervisor.

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DEDICATION

This project is dedicated to my parents Florence Mghoi and Stanley Waduu, my sisters Esther Nyambura and Hannah Mwae, who spent time and resources on me to see accomplishment of this project.

ACKNOWLEDGEMENT

First I need to appreciate my supervisor Mr. Maina Rugami who guided me all along the process.

I thank my parents, Stanley Mwasambo and Florence Mghoi for their support and wonderful ideas throughout this process. I further wish to thank my sisters, Hannah Mwae and Esther Nyambura for their valuable advice, they have played a key role in encouraging me towards the accomplishment of the project.

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ABBREVIATIONS AND ACRONYMS

ABC	African Banking Corporation
CBA	Commercial Bank of Africa
CBK	Central Bank of Kenya
CFC	Credit Finance Corporation
CI	Continuous Improvement
HFCK	Housing Finance Company of Kenya
ICT	Information and Communication Technology
ISO	International Organization for Standardization
IT	Information Technology
KBA	Kenya Bankers Association
NBK	National Bank of Kenya
NIC	National Industrial Credit Bank
ROI	Return on Investment
SPSS	Statistical Package for Social Scientists
TQM	Total Quality Management

OPERATIONAL DEFINITION OF TERMS

A Commercial Bank	Financial institutions recognize to provide financial services ranging from receiving deposit , proving loans , offering foreign exchange and acting as an intermarry with other financial institution .
Continuous Improvement	Regular enhancement of a firm's services and products resulting from effective managerial roles
Quality	Refers to features of a specific product or service.
Total Quality Management	A management philosophy meant to enhance a firm's operations and enhance client fulfillment.
Employee Involvement	The direct participation of staff to help an organization fulfill its mission and meet its objectives by applying their own ideas, expertise, and efforts towards solving problems and making decisions
Top Management Support	Direct participation by the highest level executives in a specific and critically important aspect or program of an organization
Customer Focus	The orientation of an organization toward serving its clients' needs
Organizational Performance	Involves analyzing a company's performance against its objectives and goals

ABSTRACT

Commercial banks in Kenya are working on achieving maximum quality possible both on the services and products offered. As a result all the banks have opted for the adoption of total quality management. Despite the widespread use of total quality management still most of the banks have not achieved the expected performance. Therefore, this study aimed at investigating the influence of total quality management practices on performance of commercial banks in Kilifi Town, Kenya. The specific objectives of the study were to examine the influence of employee involvement, top management support, continuous improvement and customer focus on performance of Kilifi Town's commercial banks. The entire research was based on Deming's theory of TQM and Porter's theory of competitive advantage. In attaining the research objectives, the research utilized descriptive research technique and a population of 195 participants from 12 commercial banks in operation within the Town of Kilifi. A 30 percent sample was considered reflections of 59 participants. In getting information from the respondents the study utilized both structures and unstructured questionnaires that consisted of both open and closed ended questions. However, respondents had varying questions and had the opportunity to answer appropriately. SPSS (Version 22) stands out as one of the key analysis tool to be used in examine the quantitative data collected, and then the information was presented by the use of means, frequencies, percentages, standard deviations an means. The research utilized multiple regressions analysis in estimating the study model. The study's gathered and analyzed data was presented by the use of tables, charts, graphs and frequencies meant to enhance the process of interoperations, provision of conclusions and recommendations. It was established that the selected TQM practices which included customer focus, top management commitment, continuous improvement and employee involvement significantly and positively influence the performance of commercial banks in Kilifi Town. The study concluded that involvement of employees increase employee commitment to their organizations and by involving employees actively in decision making, company leaders affirm the value of their employees. Support from the top managers helps in getting necessary resources and then to achieve the benefits of different strategies. Continuous improvement boosts employee engagement and reduces turnover rates and employees who actively participate in the betterment of the company gain a sense of pride and accomplishment. Customer focus helps commercial banks to build a loyal customer base and customers are more willing to purchase from companies that they feel consider their needs when they create products and services. The study recommends that commercial banks need to uphold their core values to its workforce so as to create a cohesive positive work culture and encourage employees to form an emotional connection to your organization. Top management in the commercial banks should take responsibility for the active encouragement in the implementation of the TQM adopted practices on performance. The long term goals of TQM performance measurement should be continuous improvement in performance, maximizing customer satisfaction by adapting to change in customer requirements and the general business environment. Commercial banks should focus on customer wants and expectations, provide personalized and quality customer experience, deliver right services at the right time and focus on building constructive relationship with customers. The research is expected to be of importance both to firms expected to use the information in enhancing quality products provisions and academicians expected to do researches on a similar or related topic.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Total Quality Management (TQM) according to Gharakhani, Rahmati, Farrokhi and Farahmandian (2013) is a systematic quality improvement approach for firm-wide management for the purpose of improving performance in terms of quality, productivity, customer satisfaction, and profitability. The implementation of quality management techniques enables organizations to improve internal efficiencies, which is considered as a prerequisite to become competitive in global marketplace. Kaynak (2011) observes that TQM is an ongoing, iterative process. It succeeds to the extent that organizations can learn to discover problems and resolve them effectively. The benefits of implementing quality management practices can be reflected on increased organizational effectiveness and enhanced efficiency in operational systems

Organizations that adopt a quality management strategy focus on achieving and sustaining a high quality outputs using management practices as the inputs and quality performance as the outputs (Flynn, Schroeder & Sakakibara, 2014). These authors further show that TQM is often used as a multidimensional approach to measuring organizational performance, where both financial and non-financial measures assume equal importance. Organizational performance involves the recurring activities to establish organizational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently.

Most competitive organizations around the world have implemented Total Quality Management (TQM) practices and strategies to continuously upgrade performance because it plays an important role in the productivity and performance of an organization. Mahmud and Hilmi (2014) indicate that despite the benefits of quality management systems to organizations, Small

and Medium Enterprise in Malaysia tend to avoid these management practices. This is due to problems that many SMEs face in the early stage of TQM implementation.

Fening, Amaria and Frempong (2016) demonstrated that manufacturing companies in Ghana both foreign managed and Ghanaian managed believe total quality management is a key-contributing factor to firm performance and survival. According to Flynn, Schroeder and Sakakibara (2017) organizations incorporate TQM practices in their daily activities, in order, to realize customer satisfaction, increase their market share, reduce their operating cost and improve on their profits. The implemented practices enable the organization to better compete with their competitors in the market environment.

Njenga and Kidombo (2017) indicate that the practice of total quality management influence the performance of technical training institutions in Meru County, Kenya and recommend that in order for technical institutes to improve their operational performance need to be aware that leadership styles are important. According to Prajogo and Sohal (2018) TQM constitutes the application of sound management principles, quantitative measurement methods and human resources with an underlying aspiration of improving all processes within an organization. It also incorporates the importance of viewing all processes within an organisation as a combined system of integrated quality practices.

1.1.1 Organizational Performance

Dess and Robinson (2014) point that organizational performance can be evaluated by quality service and products, satisfying customers, market performance, service innovations, and employee relationships. Richard, Devinney, Yip and Johnson (2011) identified that return on investment, sales and market growth, and profit are important factors that be measured by organization performance. According to these researchers, there are many factors in this study

that be measured by performance such as market shares, financial performance, efficiency and effectiveness of an organization performance, and human resource management.

Organizational performance endorses a process perspective where the focus is on the internal process of quantifying the effectiveness and the efficiency of action with a set of metrics (Burke & Litwin, 2012). According to Dess and Robinson (2014) performance is measured in terms of output and outcome, profit, internal processes and procedures, organizational structures, employee attitudes, and organizational responsiveness to the environment among others. The author also state that organizational performance is based on balanced scorecard, stated that organizational performance can be appraised by return of investment, margin on sales, capacity utilization, customer satisfaction and product quality.

According to Venkatraman and Ramanujam (2010) organizational performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives. Terrein (2012) argued that as world markets are becoming more and more integrated, the service business is coming under burly pressures to ensure that their quality presentation is up to date. Organizations therefore, are adopting the practices of total quality management to edge out the competition.

1.1.2 Total Quality Management Practices

Total quality management practices are those practices followed to ensure the highest level of customer satisfaction in a product or service (Juran, 2012). According to Marcoux and St-Onge (2014) total quality management makes performance an effective method for change in the organization and the improvement of quality within the organization. The Performance of the organization is fundamental to the achievement of the organization change programs and TQM

in particular. In this study the TQM studied included employee involvement, top management support, continuous improvement and customer focus.

Employee involvement is through participation of employees to support an organization to fulfill its aims and missions and also achieve its objectives by providing their efforts in problem solving and decision making (Conger & Kanungo, 2014). Amah and Ahiauzu (2015) employee involvement is very important and essential as it can lead to joint values, morals, purpose and vision as well. It is considered that if employees are involved in their organization they would result in organizational performance.

The role of top management appears to be crucial in achieving synergy between the activities and operations in the organization, because top management is an important source to achieve organizational goals. Top management is responsible for understanding the organizational principles and values of its workers, in addition to generating synergy and compatibility between them (Manna, 2012). Brown, Hitchcock, & Willard (2014) observe that in order to implement TQM successfully, top management must first believe in it. They also have to demonstrate it by commitment. TQM requires the cooperation of top managers in all departments and divisions of an organization, and across functions, if it is to succeed.

The continuous improvement consists of establishing customer requirements, meeting the requirements, measuring success, and continuing to check customers' requirements to find areas in which improvements can be made. Customers may be internal or external, depending on whether they are located within or outside the organization.

The continuous improvement consists of establishing customer requirements both internal or external, meeting the requirements, measuring success, and continuing to check customers'

requirements to find areas in which improvements can be made (Chang, 2015). Oakland (2015) observes that total quality is a management philosophy that has developed incrementally over time, and continues to do so using continuous improvement as an important driver.

Customer focus is a strategic objective with a long term focus that may have subtle results in the short run (Pan, Sheng & Xie, 2012). However, the long term focus of customer focus strategy creates tension for managers who at the same time need to meet the financial performance requirements, which is generally measured on yearly financial results. According to Mukerjee (2013) sustainable organizational performance refers to an expectation that an organization is able to react rapidly and efficiently when faced with emerging customer-related issues, including a desire for changes within the operations being performed. This is an important factor, given the dynamic nature of customer expectations.

1.1.3 Commercial Banks in Kenya

The Kenyan industry is grouped into three tiers totaling to 43 banking houses. The grouping consists of both the public and commercial institutions though there exists no public banks as all always focus on making and improving their profit rates. The Central Bank of Kenya recognizes the presence of 43 banks with 6 banks grouped at the top tier with the capacity of controlling around 50% of the country's market. Tier 2 as well contains 16 banks grouped to control almost 42 percent as the third tier made of 21 small private banks control the remaining market. Key top tier banks as recognized by CBK are Equity Bank, CBA, Cooperative, Standard Chartered, and Barclays. The second tier contains Eco Banks, Family Bank, CFC Stanbic, Diamond Trust and I&M. The third tier contains other small and private banks such as Jamii Bora, Guardian and Baroda.

The banking sector has been facing challenges from increasing levels of inflation, interest rates and exchange rate volatility. The inflation rate which increased from 3.97 per cent in March 2016 to 12.05 per cent in April 2017 stood at 18.93 per cent in December 2017. This was mainly attributed to steep increases in food and fuel prices. The depreciation of the Kenya Shilling against most traded world currencies in the year was attributed to the Euro sovereign debt crisis that led to increased demand for US dollars and a widening current account deficit (Central Bank of Kenya, 2018). Kenya's commercial banks play a crucial role in ensuring Kenya's economic progress.

1.2 Statement of the Problem

The banking sector for years has been characterized by insistent operational ineffective customer services and to efficiently discourse the issues most of the firms are highly embracing Total quality Management with the objective of making them efficient in attaining their customer's needs (Maxwell, 2011). As much as TQM activities have been identified by most firms' strategy of changing the organization's management practices and its ability to transform its financial results there have rose issues on the legitimacy of quality management activities in enhancing performance of organizations. Besides, othe rresearchers have been recognized as from 1980'swith the objectiveof exploring then differenceamidTQM practices and financial progression.

The commercial banks in Kenya face challenges which include declining interest margins, global financial crisis which affect the banking industry in Kenya especially in regard to deposits mobilization, reduction in trade volumes and the performance of assets and new regulations (Vutsengwa & Ngugi, 2013). These banks have adopted a number of total quality management practices to enhance their performance. However, the effects of dynamic environment have led

the bank to face challenges due to high competition posed by the other commercial and non commercial banks.

A study carried out by Adza-Awude (2012) assessed the effects of total quality management practices on organisational performance at Intravenous Infusions Limited Koforidua and found that management inactions undermined leadership commitment to quality and rendered TQM practices ineffective. Chepkech (2014) study investigated the effect of total quality management practices on organizational performance in Kenya and revealed that top management commitment, employee involvement, and customer focus were positively and significantly affect organizational performance. However, the study was a case of tertiary institutions in Uasin Gishu County. Nyaga and Gakobo (2017) studied the effect of quality management practices on organizational performance and found that that quality management practices have a high positive effect on organizational performance. However, the study was carried out in savings and credit co-operatives in Kirinyaga County, Kenya. Therefore, this study sought to determine the influence of total quality management practices and performance of commercial banks in Kilifi Town, Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The study's objective focused on investigating the effect of TQM on the performance of commercial banks in Kilifi Town.

1.3.2 Specific Objectives

The specific objectives included;

- i. To investigate the effect of employee contribution on performance of Kilifi Town's commercial banks.

- ii. To explore the effect of top management commitment on performance of Kilifi Town's commercial banks
- iii. To ascertain the effect of continuous improvement on performance of Kilifi Town's banks.
- iv. To investigate the effect of customer focus on performance of commercial banks in Kilifi Town

1.4 Research Questions

The research aims at answering the following questions

- i. What is the effect of employee involvement on performance of commercial banks in Kilifi Town?
- ii. To what extent does top management commitment influence performance in commercial banks in Kilifi Town?
- iii. How does continuous improvement influence financial performance among commercial Banks in Kilifi Town?
- iv. What is the effect of customer focus on performance of commercial banks in Kilifi Town?

1.5 Significance of the Study

The study focuses on establishing if there exist a link between TQM and commercial banks financial performance on the Kilifi Town's Banks. The outcome of the research will be of significance to banks as they are aimed at providing insights on the importance of embracing TQM. Theoretically, the research is to be useful in providing key information to different quality practices embraced by organizations. The study is also to serve as a point of reference to future academicians doing research on a similar topic.

The findings of this study would provide information to other financial institutions of Kenya as it would establish the benefits of the implementation of total quality management system and facilitate the implementation of the same through effective and relevant policies and regulations. The study would help scholars who would undertake the same topic in their studies. It would facilitate them to identify gaps in the current research and carry out research in those areas.

1.6 Scope of the Study

This study was carried out in Kilifi town, Kenya. The study focused on the influence of employee involvement, top management support, continuous improvement and customer focus on performance. Descriptive survey research design was used. The unit of analysis for this study was Commercial Banks. In addition, the unit of observation was managers and support staff of these banks. Data was collected using questionnaires. The study focused on the performance of the commercial banks for the last 5 years (2014 – 2018).

1.7 Limitations of the Study

Respondents could fear being victimized by disclosing relevant information for the study. However, the researcher overcame this by assuring the respondents of strict confidentiality of any information disclosed. Also, the study was conducted using predetermined questionnaires which could limit the respondents from expressing their views freely and widely. To overcome this, the researcher designed questionnaires with both open and closed ended questions. The study was also limited to cover the whole population due to the size of the study population. Therefore, sampling design was done to ensure that all the cases are represented.

1.8 Organization of the Study

This study was organized into five chapters. Chapter one comprise of the background of the study, statement of the problem, objectives, significance, scope, limitations and organization of

the study. Chapter two comprises of the theoretical literature review, empirical literature review, summary of literature review and research gaps and conceptual framework. Chapter three highlight the methodology which presents the research design, target population, sampling design, research instrument, data collection procedure, data analysis and ethical considerations. Chapter four covers the research findings and discussion which presents the response rate, background information, descriptive statistics, inferential statistics and analysis of qualitative data. Chapter five presents the summary, conclusion, recommendations for policy and practice, and suggestions for further studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter comprise of the theoretical literature review, empirical review, knowledge gaps, summary of the literature reviewed and research gaps and conceptual framework.

2.2 Theoretical Review

2.2.1 Quality Management Theory

The theory of Quality Management (QMT) was advanced by Deming (1986). The theory postulates that a feature of quality management doctrine is that it places responsibility for manufacturing organizations squarely at the door of top management (Deming, 1986). The theory states that the management is responsible for the systems, and that it is the system that generates 80 percent of the problems in firms (Hill, 1995). Deming (1986) noted that no quality management system could succeed without top management commitment; it is the management that invests in the processes, creates corporate culture and also selects suppliers and develops long-term relationships. Deming's Quality Improvement Theory provides business with a plan to eliminate poor quality control issues through effective managerial techniques.

The theoretical essence of the Quality Management Theory focused on quality concerns in the creation of an organizational system that fosters cooperation and learning for facilitating the implementation of process management practices, which, in turn, leads to performance (Anderson, Potocnik & Zhou, 2014). Oakland (2014) stressed that the responsibilities of top management should take the lead in changing processes and systems. Leadership plays a crucial role in ensuring the success of quality management because it is the top management's responsibility to create and communicate the vision to move the firm toward performance improvement.

Deming's Quality Management Theory is relevant to study in that quality management practices is a quality management system which can be used to enhance quality of products and services through continuous improvement and which organizations can use to realize performance. TQM is presented as a holistic approach which requires customer orientation, empowered people, attention to the process, a good quality system, and continuous improvement (Deming, 1986). Increasingly, commercial banks are recognizing the strategic importance of quality and quality management that effective quality management can enhance their competitive abilities and provide strategic advantage. The theory is used in the study to inform the variable of process management.

2.2.2 Structural Contingency Theory

Structural Contingency Theory (SCT) was developed by Donaldson (1996). The key element of structural contingency theory is that organizations must fit their structure to the contingency factors in order to maintain and improve performance. Structural contingency theory holds that there is no single, effective structure for all organizations. Instead, organizations must adapt their structures to fit the contingency factors and the environment as they affect the organization. Contingency factors include: strategy, size, task, uncertainty, parent organization, public accountability, critical assets and technology.

In postulating the relevance of the theory to improving organizational performance, Donaldson (2006) uses the 5-stage Structural Adaptation to Regain Fit (SARFIT) model. First, organization is in fit as it has acclimatized to its environment. In the second stage there is in contingency change where the organizational environment changes. Consequently in the third stage, the organization is in misfit and performance suffers. The fourth stage is where the organization does

structural adaptation to correct the state of misfit and to reinstate its level of performance. In the final stage, the organization achieves a new fit and performance recovers.

This theory is relevant to the study because it presents a major framework for commercial bank design. It holds that the most effective organizational structural design is where the structure fits the contingencies (Donaldson, 2006). Strategic choice also plays a role in the commercial banks in that they bow to the imperative of adopting a new structure that fits its new level of the contingency factor in order to avoid loss of performance from misfit. The theory also shows that the commercial bank social and environment is subject to change. Any misfit between the contingency variables and the structure leads to lower performance. The move from misfit to fit is adaptive change which is the essence of structural contingency theory.

2.2.3 Customer Relationship Management Theory

This study was guided by the customer relationship management theory by Laatuylhdistys (1995). As noted by Laatuylhdistys the key element in the theory of managing customer relationship is focusing on evaluating how a company will manage customer contacts so efficiently that customer relations will improve. At the same time it is also to evaluate how information on customer needs would get to the organization so much that it could identify future expectations of its customers, and hence retaining them.

In postulating the relevance of the theory to improving customer quality focus practices, Prahalad and Ramaswamy (2014) rightly implied that customers are not just interested in purchasing a brand, but feel like they should be treated as partners. So, it starts with the idea of finding out what the customers require and then matching those requirements with goods or services. What the organization then offers should have a level of "evolve-ability", so the product

can at any time be improved later on according to the requirements, lifestyle and usage patterns of the customer.

Organizations strive to improve continuously in line with the blueprint of continuous improvement of their respective countries, the main focus being on ensuring that the customers remain core (Mann & Kehoe, 2014). The author also indicates that some organizations have even gone further as to incorporate these principles in their visions. They are guided by three principles, namely: Shifting the customer service paradigm by improving service accessibility through service centres and technology platforms, leveraging technology to enhance service delivery and promote compliance, reforming staff attitude to shift from a focus on enforcement towards building taxpayer trust through effective facilitation.

2.3 Empirical Review

2.3.1 Employee involvement and performance

A study by Khattak, Iqbal and Khattak (2013) examine the relationship between employees involvement and organization performance in Milieu of Pakistan. Data was collected from different organizations of Pakistan by using questionnaire with sample size of 509. Correlation and regression analysis was used to establish relationship amongst the variables. Results confirmed that organizational performance increases ranges from 56% to 94% due to employees' involvement in Pakistani Organizations. Furthermore, empowerment, team orientation and capacity development has a strong and positive relationship with organizational performance.

Sofijanova and Zabijakin-Chatleska (2013) study investigated the relationship between employee involvement and organizational performance: Evidence from the manufacturing sector in Republic of Macedonia. Data was collected from a survey of 36 companies belonging to the Macedonian manufacturing industry. A hypothesis testing was carried out with a quantitative

method and statistical analysis of data. The effective use of employee involvement is positively related to perceived organizational performance. More precisely, employee participation and empowerment programs, and the use of self-managing teams have a direct and statistically significant correlation to the managerial perception of the organizational performance.

Chesoli (2016) study evaluated the influence of employee involvement in decision making on performance of Small and Medium Enterprises (SMEs) in Kitale, Trans Nzoia County, Kenya. Data was sourced from one hundred and twenty nine (129) employees and twenty seven (27) owner/managers of the randomly selected SMEs, with the aid of questionnaire. The data generated were statistically analyzed using descriptive inferential statistical tools. Results showed that' on overall, employee participation in decision making had significant positive impact on organizational performance in the SMEs.

Ikon and Chika (2017) studied employee involvement and performance of selected private Universities in Delta State, Nigeria. Survey research design was adopted for the study. The data collection tool employed by the researchers was the questionnaire, while the analysis of the data was done using the Pearson product moment correlation coefficient analysis. The findings revealed that there is a significant positive relationship between employee voice and turnover intention of employees in the selected private universities in Delta State.

2.3.2 Top Management Support and performance

A study by Rureri, Namusonge and Mwirigi (2017) assessed on the role of top management support practice on performance of Steel Manufacturing Companies in Kenya. The study adopted a descriptive survey research design that collected both qualitative and quantitative data through structured questionnaires. The target population was the 46 listed Kenyan Steel

Manufacturing Companies. The study revealed that top management support practice statistically significantly predicted the performance of Steel Manufacturing Companies in Kenya.

King'oo (2017) study investigated the role of top management support on quality service delivery by the Nairobi City County Government, Kenya. The study used a descriptive research design. The researcher used primary data that was collected using self-administered questionnaire. A stratified sampling technique was used in selecting the respondents from the various sectors. Quantitative data collected was analyzed by the use of descriptive statistics. The study revealed that hierarchical organizational structure leads to improved quality of service delivery, improved performance and efficiency, maintain law and order in an organization.

Kamau (2014) study examined the influence of top management team diversity on the performance of major commercial banks in Kenya. The study used descriptive and explanatory research designs. A sample of 5 banks from a population of 6 major banks was studied. The study used questionnaires and financial statements which were reviewed to answer the research questions. The results were that overall top management team diversity does not have a significant effect on organizational performance.

PourKiani and Tanabandeh (2016) carried out a study on the relationship between management commitment to service quality, job satisfaction, and organizational performance in the staff of Islamic Republic of Iran's Custom. Statistical population was employees of Islamic Republic of Iran's Custom Office. Sampling was random method and sample size estimated at 184 people. To data analysis and hypothesis testing, LISERL software was employed to achieve research goals. Results of the study indicated that there is positive relationship between management commitment to service quality and organizational performance improvement.

2.3.3 Continuous Improvement and performance

Khan, Ali and Hongqi (2018) carried out an empirical study on the impact of continuous improvement on organization performance insight from Pakistan. A sample size of 40 companies was selected from four sectors (textile, sports, and surgical instrument) to collect information via in-depth interview with managers. The result shows that by bringing innovation to the work place increasing efficiency and reduce the defect rate will leads the company to improve the quality of product.

Maletic and Maletic (2012) study examined the relationship between continuous improvement and maintenance performance. The empirical data for this study were drawn from a survey of Slovenian organizations in order to address the research problem. Several statistical methods including correlation analysis, regression analysis as well as principal component analysis (PCA) are utilized to accomplish the objective of the study. The findings suggest that continuous improvement significantly and positively relates to maintenance performance.

A study by Otieno (2016) evaluated the relationship between continuous improvement practices and efficiency of Commercial Banks in Kenya. The study adapted a descriptive survey research design, which was exploratory in nature to obtain qualitative information. The target population were branch managers of 39 Commercial banks. The findings revealed that continuous improvement practices considered had a positive relationship with organizational efficiency.

2.3.4 Customer Focus and performance

PourKiani and Tanabandeh (2016) study examined the relationship between management commitment to service quality, job satisfaction, and organizational performance in the staff of Islamic Republic of Iran's Custom. A cross-sectional research design was utilized. Data was collected using questionnaires from senior managers of the organization. Analysis of data

involved use of factor analysis, pearson correlation, and multiple regression. Results of these statistical techniques have revealed that there is positive and significant association between customer focus and organizational performance.

A study by Cai (2018) evaluated the importance of customer focus for organizational performance: a study of Chinese companies. The target companies were randomly selected from 29 Chinese provinces using the stratified probability proportional to sizes (PPS) method. Structure equation modelling was utilized to analyze data. It is found that organizational customer orientation affects customer relationship practices, which subsequently influence production performance and customer satisfaction.

Yaacob (2014) study assessed the direct and indirect effects of customer focus on performance in public firms. Data were collected from 205 managers within the public service sector, all of whom were directly involved with the process of customer focus. The results of this study revealed that customer focus is a significant predictor of employee satisfaction, innovation, and customer satisfaction. The structural model developed also indicated that there is an indirect relationship between customer focus and customer satisfaction, as determined by employee satisfaction.

Kavulya, Muturi, Rotich and Ogollah (2018) study examined the effect of customer focus strategy on the performance of SACCOs in Kenya. The study was a cross-sectional survey with a descriptive research design. The target population of this study was the 181 authorized deposit taking SACCOs in Kenya that have been in existence for at least the last 5 years SASRA (2014). The study used questionnaires as the main data collection instrument. The study employed descriptive analysis technique on the collected data and multiple regression analysis. Correlation

analysis showed that customer focus strategy and performance of SACCOs are positively and significantly associated.

2.4 Summary of the Literature Reviewed and Research Gaps

Table 2.1: Summary of the Literature Reviewed and Research Gaps

Author	Focus of the Study	Findings	Research gap	Focus of the current study
Ikon and Chika (2017)	Employee involvement and Performance	There is a significant positive relationship between employee voice and turnover intention of employees	The study investigated on employee voices and turnover intention thus the need for other factors	This study will look at other factors such as positive relationship and creativity
King'oo (2017)	Top management support on quality service delivery	Hierarchical organizational structure leads to improved quality of service delivery hence improved performance	The study focused on quality service delivery as the dependent variable	The study will focus on organizational performance as the dependent variable
Kamau (2014)	Top management team diversity on the performance	Top management team diversity does not have a significant effect on organizational performance	The study made use of exploratory research design which disallow making inferences	The study will make use of descriptive research design that supports making inferences
PourKiani and Tanabandeh (2016)	Relationship between management commitment to service quality, job satisfaction, and organizational performance	There is positive relationship between management commitment to service quality and organizational performance	Made use of random sampling technique which does not guarantee representativeness of the accessible population	The current study will use probabilistic sampling techniques for effective representation of a sample

		improvement		
Cai (2018)	Customer focus for organizational performance	Organizational customer orientation affects customer relationship practices, which subsequently influence production performance and customer satisfaction	The study used customer orientation as the only indicator of customer focus	The study will focus on other conceptualization of customer focus including; loyalty, referrals and trust

2.5 Conceptual Framework

Independent Variables

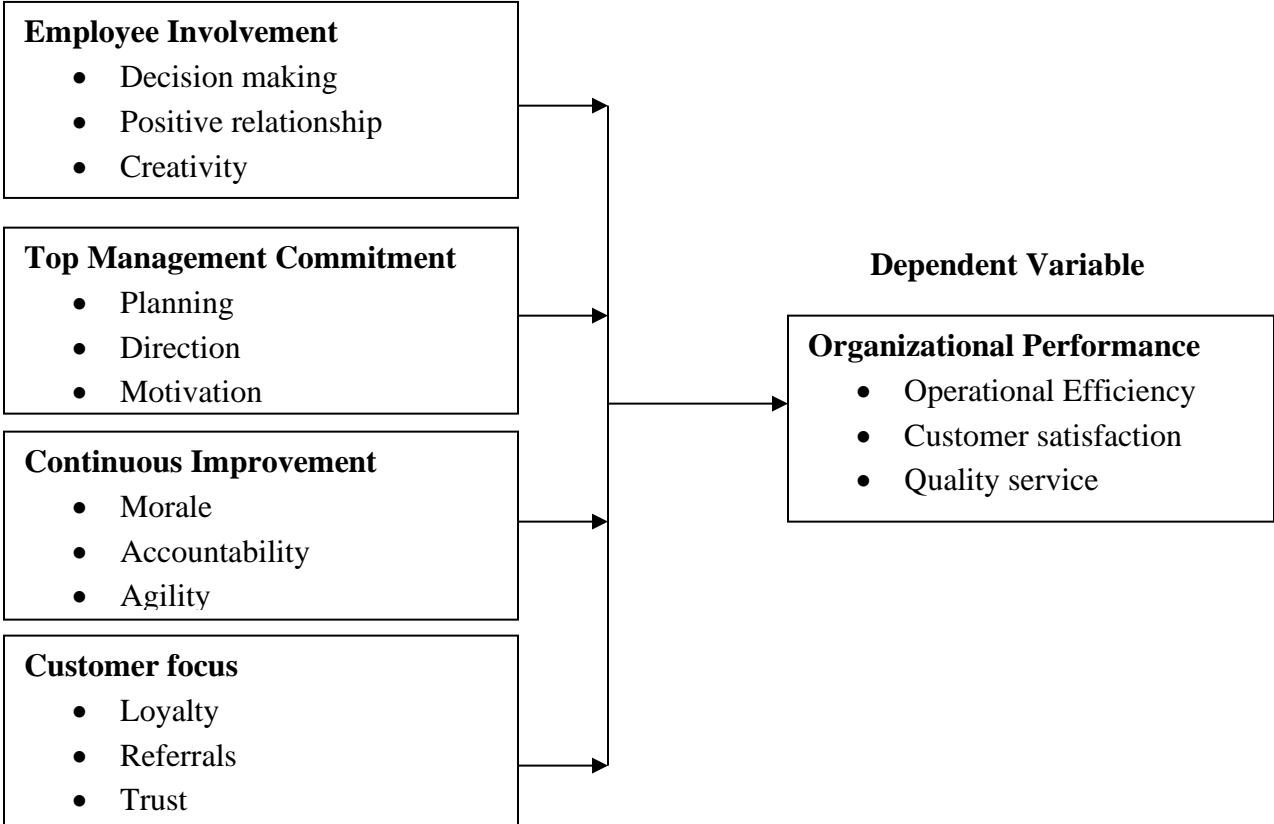


Figure 2.1: Conceptual Framework

Source: Researcher (2019)

Figure 2.1 shows the relationship between independent variables and dependent variable whereby the independent variables include employee involvement, top management support, continuous improvement and customer focus and the dependent variable is the organizational performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises of research design, target population, sampling design and sample size, data collection instruments, pilot study, data collection procedure, data analysis and ethical considerations.

3.2 Research Design

This study used descriptive research design. According to Guest (2013) descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. Therefore, the researcher used the design to collect and present the data according to the respondents' perspective without altering any of the response.

3.3 Target Population

The target population of the study consisted of 195 staff among the Commercial banks in Kilifi Town. The unit of observation was the 12 commercial banks with branches in Kilifi Town while the unit of analysis was the 195 employees among the banks. The population is effectively valued since they are considered as the key parties that execute and improve TQM practices. The population features is as expressed below:

Table 3.1: Target Population

Category	No. of Staff	Population frequency
KCB	48	24.62%
Standard Chartered Bank	10	5.13%
Equity	32	16.41%
Diamond Trust Bank	20	10.26%
National Bank of Kenya	24	12.31%
NIC Bank	12	6.15%
SBM Bank	12	6.15%
Faulu Bank	8	4.10%
Stanbic Bank	7	3.59%
Barclays Bank	11	5.64%
First Community Bank	6	3.08%
Gulf African Bank	5	2.56%
TOTAL	195	100.00%

Source: KBA (2018)

3.4 Sampling Design and Sample Size

The design elaborates the sampling element, frame a processes and the study's sampling size. A sample of 30 percent provides a good target populations according to Mugenda and Mugenda (2003), thus the research had a sample population of 59 reflecting the 30 percent using stratified random samples as shown below:

Table 3.2: Sample Size

Category	No. of Staff	Sample Ratio	Sample Size
KCB	48	0.3	14
Standard Chartered Bank	10	0.3	3
Equity	32	0.3	10
Diamond Trust Bank	20	0.3	6
National Bank of Kenya	24	0.3	7
NIC Bank	12	0.3	4
SBM Bank	12	0.3	4
Faulu Bank	8	0.3	2
Stanbic Bank	7	0.3	2
Barclays Bank	11	0.3	3
First Community Bank	6	0.3	2
Gulf African Bank	5	0.3	2
Total	195	0.3	59

Source: Researcher, 2018

3.5 Data Collection Instrument

The study utilized primary data. The data was gathered from participants by the use of both closed and open ended questionnaires. This study applied drop and pick techniques as the participants will receive similar questions. In marinating the responded trust, they would be informed of the privacy of their data as their responses were confidential and specially meant for the research. The use of questionnaire is much crucial as helps in getting information on the population and it has the capability to gathering data from a large group of people with the ability to read and write independently (Orodho, 2004).

3.6 Pilot Study

The pilot study involved 10 respondents who were picked randomly from each bank and were involved in the final study. The main reason of conducting the pilot study was to test how valid and reliable the data collection instrument were.

3.6.1 Validity

The researcher employed construct validity as advocated by Shore and Tetrick (2009), in which it relates the measuring instrument to the general theoretical framework so as to determine whether the instrument are tied to the concepts and the theoretical assumptions. Face validity was ensured through assessment of whether the measurement procedure you use in a study appears to be a valid measure of a given variable or construct. Validity of the instruments was ensured through content validity by ensuring that the research instruments are clear and expressed in simple language. The researcher also used clear wording of the questions by using terms that are likely to be familiar to, and understood by the respondents.

3.6.2 Reliability

Reliability was assessed with the use of Cronbach's alpha coefficient. The coefficient was used to estimate the proportion of variance that is systematic or consistent in a set of test scores. The analysis was conducted for all statements structured on a likert point scale using Cronbach alpha score test. This method was preferred over split half technique because it is easier to calculate. The alpha value ranges between 0 and 1 with reliability increasing with the increase in value. Cronbach alpha of atleast 0.7 is a commonly recommended threshold of a research instrument for good reliability (Orodho, 2005). The author also note that a correlation co-efficient of about 0.7 is high enough to judge the instruments as reliable for the study.

3.7 Data Analysis

The collected data is to be analyzed as per the study objectives with the focus of ensuring that an effective code is attained for the correct variable tabulated. Both descriptive, correlation and was used as well as the inclusion of SPSS 21.0 and regression statistics. Multiple regression statistics was utilized in developing the relationship between TQM practices and performance among Kilifi Town's banks Based on the regression model as reflected below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where;

Y= Organizational Performance

X1= Employee involvement

X2= Top Management Commitment

X3= Continual improvement

X4= Customer Focus

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$ is the coefficient of the variables.

e is the error term

3.8 Ethical Consideration

In accomplishing the study, key ethical considerations were adhered. For instance, the researcher first obtained an approval letter from the University and a research permit from National Commission for Science, Technology and Innovation (NACOSTI) to present to the required school authorities. the researcher will pursue authorization from the bank's management. The scholar as well had the obligation of explaining the study's purpose to all of its participants and illustrated the importance of the provided data and the way their data was utilized as this

motivated them to give all relevant information without fear of intimidation. The participants were voluntarily engaged and all of the study's data was handled confidentially.

CHAPTER FOUR

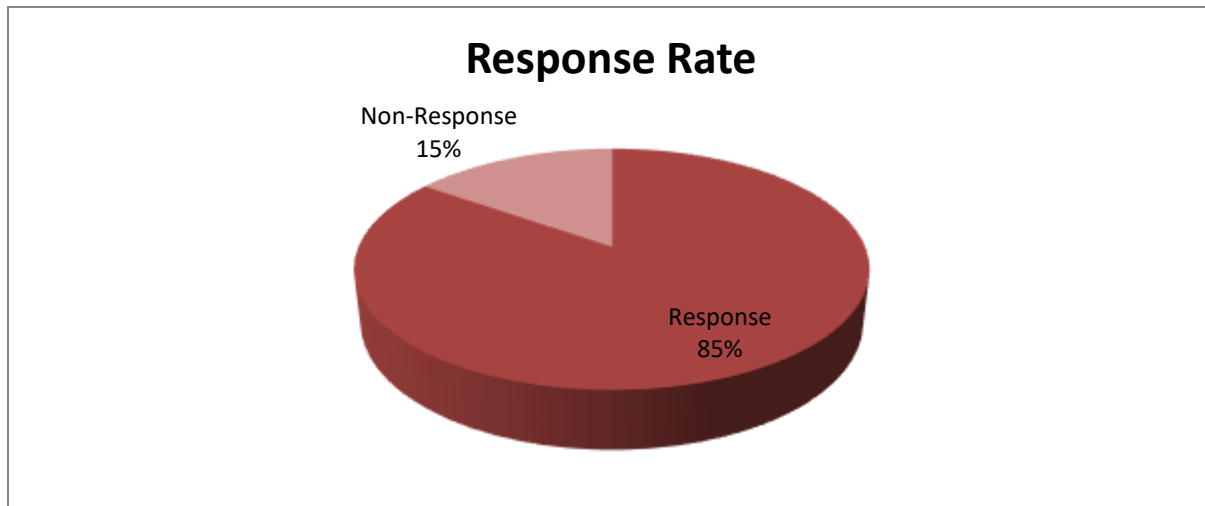
RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The purpose of the study was to determine the effect of total quality management practices on the performance of commercial banks in Kilifi Town. The four main TQM practices focused on include employee contribution, top management commitment, continuous improvement and customer focus. The target population was the 195 employees among the 12 commercial bank branches in Kilifi Town. A sample of 59 respondents was taken for data collection. The findings were as presented in the subsequent sections;

4.2 Response Rate

Out of the sampled population of 59 staff among the commercial banks administered with the questionnaires, 50 of them sufficiently completed the questionnaires and returned them for data analysis. This gave a response rate of 84.75% which is deemed sufficient for the study. The findings were as shown in Figure 4.1.



Source: Field data, 2019

Figure 4.1: Response Rate

Source: Field data, 2019

The findings show that the response rate was sufficient for the current study. This is supported by Mugenda and Mugenda (2013) who stated that a response rate of 70% and above is deemed statistically sufficient for a study.

4.3 Reliability Test Results

To ascertain the reliability of the research instruments, a Cronbach Alpha coefficient methodology was used. A Cronbach alpha was computed for each of the variables and the overall coefficient determined. The findings were as shown in Table 4.1.

Table 4.1: Reliability Test Results

Variable	Number of Items	Cronbach Alpha
Employee Contribution	5	0.862
Top management commitment	5	0.843
Continuous improvement	5	0.821
Customer focus	5	0.816
Average Cronbach Coefficient		0.8355

Source: Field data, 2019

The study established that employee contribution as a total quality management practice had a Cronbach coefficient of 0.862; top management commitment had a Cronbach alpha coefficient of 0.843. Continuous improvement had a Cronbach alpha coefficient of 0.821 and customer focus had a Cronbach alpha coefficient of 0.816. The average Cronbach coefficient was 0.8355 which was greater than 0.7, an indication that the research instruments were reliable for the study. This is supported by Cronbach (1951) who stated that a Cronbach alpha of 0.7 and above indicates that the research instruments are sufficiently reliable for a study.

4.4 Demographic Background

The study assessed the demographic characteristics of the respondents. The findings are presented in the following sections.

4.4.1 Gender of the Respondents

The study assessed the gender distribution of the employees among the 12 commercial bank branches in KilifiTown. The findings were as presented below;

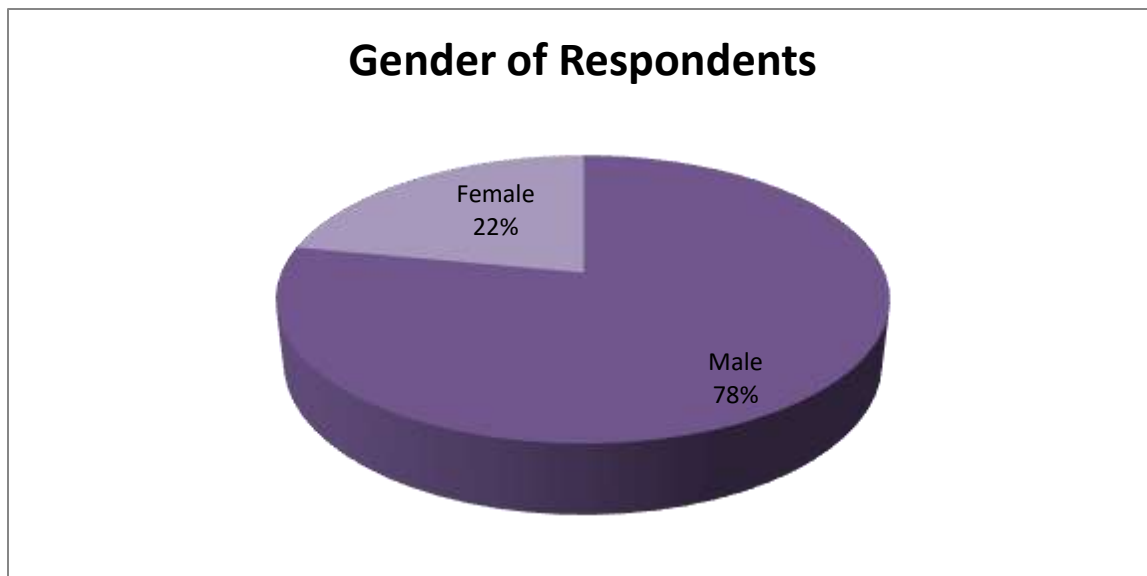


Figure 4.2: Gender of Respondents

Source: Field data, 2019

The study established that 78% of the respondents were male while 22% were female. This indicates that most of the employees among the commercial banks with branches in Kilifi Town were male. This also shows that the study included either gender.

4.4.2 Education Level

Further the study sought to establish the highest education level among the respondents who were the bank staff in Kilifi Town. The findings were as tabulated below;

Table 4.2: Respondents' Education Level

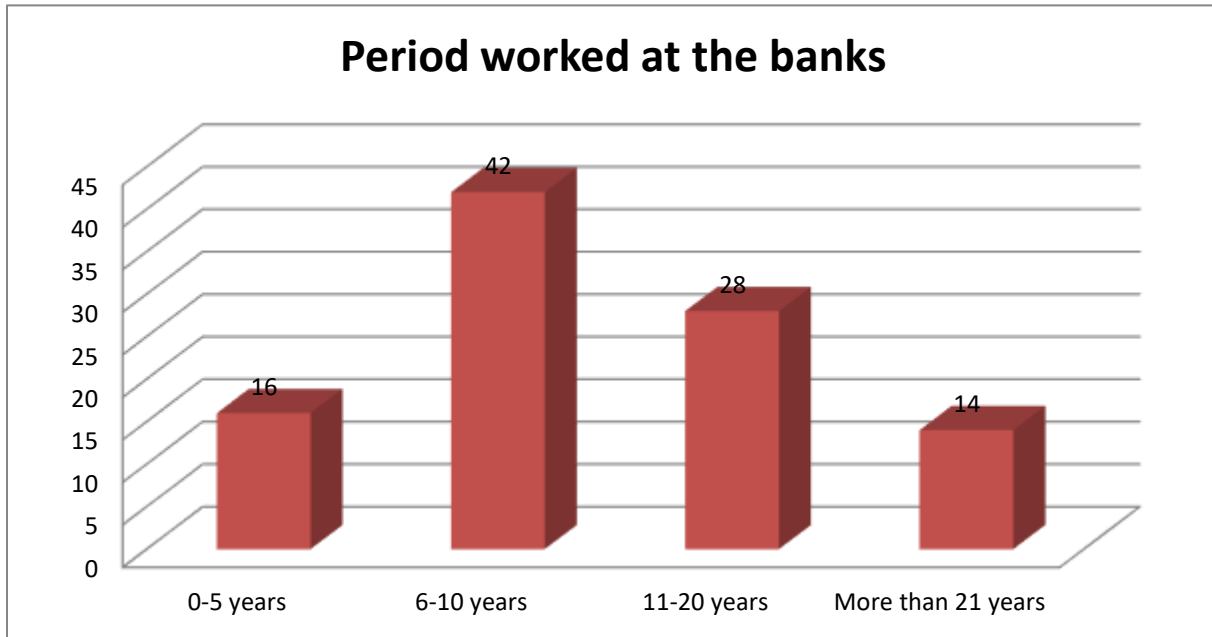
Education level	Frequency	Percentage
Certificate	0	0
Diploma	5	10
Undergraduate	37	74
Post-graduate	8	16
Total	50	100

Source: Field data, 2019

The study established that none of the bank employees had a certificate as the highest education qualification, 10% had Diplomas, 74% had undergraduate degrees while 16% had a post-graduate qualification as the highest academic achievement. This indicates that most of the bank employees were university graduates with bachelor's degree. This implies that the respondents had the necessary educational qualifications to perform their duties at the financial institutions and also were able to respond to the data collection instruments with ease.

4.4.3 Period Worked in the Bank

The study further sought to establish the number of years the respondents had worked with their banks. The findings were as presented below;



Source: Field data, 2019

Figure 4.3: Number of years worked at the bank

It was established that 16% of the respondents had worked for between 0 and 5 years, 42% had worked for between 6 and 10 years, 28% between 11 and 20 years while 14% of them had worked for more than 21 years. This indicates that most of the respondents had worked for more than 6 years. This shows that the respondents had worked for a significant period of time with the banks and understood their operations, quality management and performance hence responded from an informed perspective.

4.4.4 Department of Operation

The study analyzed the departments to which the respondents belonged to in their respective commercial banks.

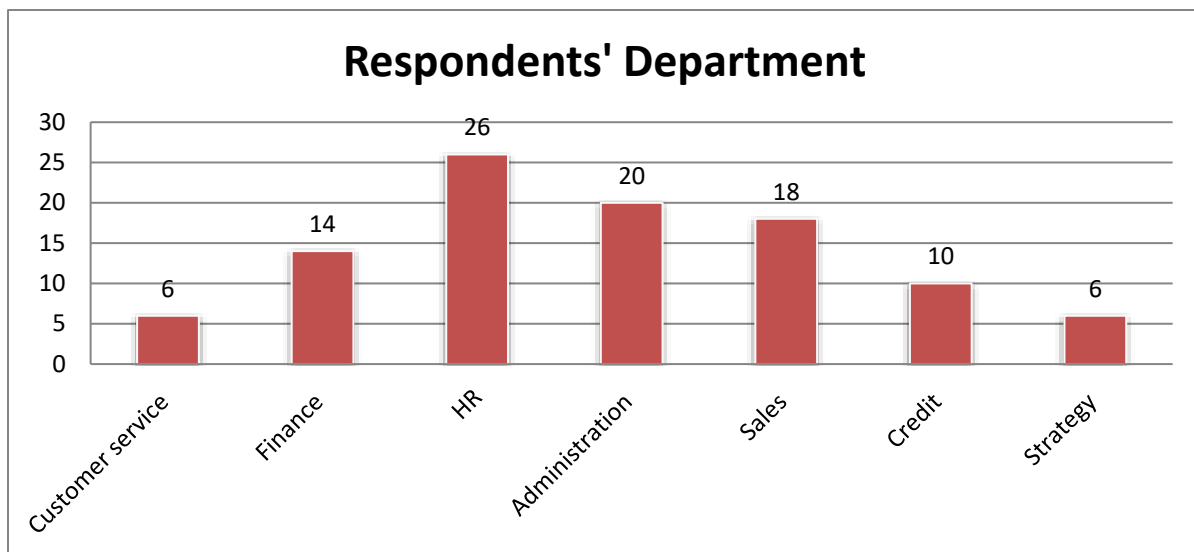


Figure 4.4: Departments to which the respondents belonged to

Source: Field data, 2019

It was established that 6% of the respondents were from the customer service department, 14% belonged to the finance department, 26% of the respondents were from the Human Resource department, 20% from the administration department, 18% of them were members of the sales and marketing department, 10% from credit while 6% belonged to the strategy department. This indicates that there was a fair distribution of respondents among the main departments of the banks.

4.4.5 TQM Practices

The study further sought to establish some of the key TQM practices employed by the banks. The respondents indicated that most of the practices are stipulated from the head office and implemented by every branch. The main TQM practices embraced were top management support, customer service, employee involvement, technology use, resource management, environmental management, operational efficiency and customer focus.

4.5 Descriptive Analysis

The study analyzed data on the extent to which the four selected TQM practices among the commercial banks in Kilifi Town. The findings were presented in terms of means and standard deviation as presented in the following selections.

4.5.1 Customer Focus and Performance

The study respondents were asked to indicate the extent to which they agreed with the following statements on customer focus as a TQM practice and how they affected the performance of the banks on a scale of 1-5 where 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly disagree. The findings were as tabulated below;

Table 4.3: Customer Focus and Performance

Statements	Mean	Std. Dev
The institution has the ability to fulfill the client's needs	3.61	0.802
The institution attains customer's requirements	3.54	0.719
The institution has adopted a regular improvement to meet the client's needs	3.77	0.891
The institution value both the external and internal clients	4.11	0.697
The institution has managed to retain and attract clients regularly	3.81	0.811

Source: Field data, 2019

The study respondents significantly agreed that the institution has the ability to fulfill the clients' needs, the banks always strive to attain customers' requirements, the firms have adopted a regular improvement to meet the clients' needs, the institution value both the external and internal clients and also that the firms have managed to retain and attract clients regularly as indicated by a mean of 3.61, 3.54, 3.77, 4.11 and 3.81. This indicates that the study to a

significant extent embraced customer focus with enhanced customer service, meeting client needs and requirements and also retaining existing clients and attracting new clients regularly.

These findings agree with PourKiani and Tanabandeh (2016) study that revealed that there is positive and significant association between customer focus and organizational performance. A study by Cai (2018) evaluated the importance of customer focus for organizational performance and found that organizational customer orientation affects customer relationship practices, which subsequently influence production performance and customer satisfaction.

4.5.2 Top Management and Performance

The second objective of the study was to establish the effect of top management commitment on the performance of commercial banks in KilifiTown. The study established that the top management was significantly committed to the principles laid out by the ISO QMS standard as indicated by 67% of the respondents.

The respondents were further asked to indicate the extent to which the following statements on top management commitment were practiced by the commercial banks in KilifiTown on a five point likert scale where on a scale of 1-5 where 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly disagrees as tabulated below;

Table 4.4: Top Management Commitment and Performance

Top Management Commitment	Mean	Std. Dev
The institution contains well documented quality systems	3.62	0.844
The QMS is each staff's business in the institution	3.55	0.852
The management level is felt across the department levels	3.71	0.901
The institution contains clearly set missions, objectives and goals as well as	3.91	0.755

beliefs		
The institution has established key strategies towards attaining its goals and objectives	3.79	0.649
The institution provides a conducive working environment	3.52	0.825
The institutions' management provides appropriate allocation of resources for successful execution	3.81	0.811

Source: Field data, 2019

On top management commitment, the respondents significantly agreed that the banks contain well documented quality systems, the QMS is each staff's business in the institutions, the management commitment is felt across the department levels, the banking institutions contain clearly set missions, objectives and goals as well as beliefs, the banks have established key strategies towards attaining their goals and objectives, the institutions provide a conducive working environment and that the institutions' management provide appropriate allocation of resources for successful execution as indicated by a mean of 3.62, 3.55, 3.71, 3.91, 3.79, 3.52 and 3.81 respectively. The study established that the management of the banks was significantly committed to ensure quality service delivery by emphasizing on documentation of quality systems, instilling the culture of quality among staff, setting clear missions, objectives, goals, beliefs and strategies to drive the quality agenda to the customers and other stakeholders.

These findings concur with a study by Rureri, Namusonge and Mwirigi (2017) that assessed on the role of top management support practice on performance of Steel Manufacturing Companies in Kenya and revealed that top management support practice statistically significantly predicted the performance of Steel Manufacturing Companies in Kenya. King'oo (2017) study revealed

that hierarchical organizational structure leads to improved quality of service delivery, improved performance and efficiency, maintain law and order in an organization.

The respondents suggested that top management commitment among the banking institutions can be improved by embracing consultation with employees on decision making, involving stakeholders in setting the firm agenda and mission, interacting freely with staff, embracing free flow of information both vertical and horizontal. This will enhance organizational performance since the output of each stakeholder in the institutions will delivery on his or her mandate. This is in consistent with PourKiani and Tanabandeh (2016) study that indicated that there is positive relationship between management commitment to service quality and organizational performance improvement.

4.5.3 Continuous Improvement and Performance

The respondents were asked to rate the extent to which the following statements on continuous improvement as a total quality management practice was employed in their organizations on a scale of 1-5 where 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly disagree. The findings were as presented in Table 4.5 below;

Table 4.5: Continuous Improvement and Performance

Statements	Mean	Std. Dev
The bank is committed in reviewing of its process and procedures to enhance service delivery.	3.88	0.834
There is continuous learning among employees to enhance service delivery.	3.61	0.791
There is monitoring and evaluation of organizational process and procedures to improve service delivery.	3.59	0.811

Source: Field data, 2019

The study respondents to a large extent agreed that the banks are committed in reviewing of its process and procedures to enhance service delivery, there is continuous learning among employees to enhance service delivery and that there is monitoring and evaluation of organizational process and procedures to improve service delivery as indicated by a mean of 3.88, 3.61 and 3.59. This indicates that the institutions have embraced continuous process improvement through regular review and enhancement of processes and procedures to improve service delivery, learning and monitoring and evaluation. Further 71% of the respondents agreed that regular enhancement of systems and procedures positively affects the institutions' operations. This indicates a positive relationship between continuous improvement and firm performance.

These findings concur with Khan, Ali and Hongqi (2018) who carried out an empirical study on the impact of continuous improvement on organization performance insight from Pakistan and the result shows that by bringing innovation to the work place increasing efficiency and reduce the defect rate will leads the company to improve the quality of product. Maletic and Maletic (2012 study examined the relationship between continuous improvement and maintenance performance and the findings suggest that continuous improvement significantly and positively relates to maintenance performance.

4.5.4 Employee Involvement and Performance

Employee involvement in decision making, process improvement and service delivery is key in implementing any quality management policy in an organization. The respondents were therefore asked to rate the extent to which the following aspects of employee involvement were applied in their banks on a scale of 1-5 where 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly disagree. The table below presents the findings.

Table 4.6: Employee Involvement and Performance

Statements	Mean	Std. Dev
The institution involves staffs in key decisions	3.66	0.801
The institutions enhances staff career development	3.11	0.831
The institution supports staffs through rewards	3.20	0.825
The institution fulfills its performance approvals role	3.26	0.881
The institution motivates staffs to Establish personal goals	3.02	0.597
The Institution encourages perusal staff empowerment and involvement in decision making processes	3.53	0.611

Source: Field data, 2019

The study further established that the firms significantly involved staffs in key decisions and encouraged perusal staff empowerment and involvement in decision making processes as indicated by a mean of 3.66 and 3.53 respectively. The respondents were however neutral or to a moderate extent agreed that their employers enhance staff career development, the banks support staffs through rewards, the firms fulfills their performance approval role and they motivate staff to establish personal goals as indicated by a mean of 3.11, 3.20, 3.26, 3.02 and 3.53 respectively. This indicates that to a significant extent the banks embraced employee involvement through decision making, career development, rewards and staff empowerment. Further 71% of the respondents agreed that the institutions' role of employee empowerment promoted firm performance significantly.

These findings agree with the findings of Khattak, Iqbal and Khattak (2013) study that examined the relationship between employees involvement and organization performance in Milieu of Pakistan and found that empowerment, team orientation and capacity development has a strong and positive relationship with organizational performance. Sofijanova and Zabijakin-Chatleska

(2013) study found that the effective use of employee involvement is positively related to perceived organizational performance.

The study established that the banks have improved the capacity of their customer care staff, invested on modern technology and 24 hour customer care contacts, diverse channels for handling client complaints, concerns and needs, working on the feedback from the customers and enhancing banking experience through establishment of advantage banking and seamless and timeless banking services all aimed at enhancing customer access, convenience and flexible transactions. These are in line with Chesoli (2016) study that showed that' on overall, employee participation in decision making had significant positive impact on organizational performance.

4.5.5 Organizational Performance

The dependent variable of the study was organizational performance of the 12 commercial banks with branches in Kilifi Town. The respondents were asked to rate the following indicators of performance as they were in their firms on a scale of 1-5 where 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=strongly agree, as tabulated below;

Table 4.7: Organizational Performance

Statements	Mean	Std. Dev
Effective services provision	3.69	0.804
Effective management of inventory	3.52	0.751
High competition level in the bank	3.61	0.901
Better quality provision within the institutions	3.49	0.855
Waste reduction in operations	3.41	0.647
Effective staff operation efficiency thus reducing operational expenses	3.28	0.759
High client retention resulting from client fulfillment	3.79	0.802

Source: Field data, 2019

The respondents agreed that effective services provision, effective management of inventory, high competition level in the banks, better quality provision within the institutions and high client retention resulting from client fulfillment as indicated by a mean of 3.69, 3.52, 3.61, 3.49 and 3.79 respectively. To a moderate extent it was indicated that the firms had reduced wastes in operations and effective staff operation efficiency thus reducing operational expenses as indicated by a mean of 3.41 and 3.28 respectively. The study established that to a significant extent performance of the firms was high through effective service provision, management, competition, quality, waste reduction, operational efficiency and client retention.

4.6 Inferential Statistics

The study conducted inferential statistics to establish the effect of total quality management practices on the performance of commercial banks in Kilifi Town. The findings of Model Summary, ANOVA and Regression Coefficients are indicated in subsequent sections below.

4.6.1 Model Summary

The findings of coefficient of determination and coefficient of adjusted determination are as shown in Table 4.8.

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.864 ^a	.805	.844	1.71033

Source: Field data, 2019

The four independent variables (employee involvement, top management support, continuous improvement and customer focus) that were studied, explain 84.4% of the performance of commercial banks as represented by the adjusted R square. This therefore means that other factors not studied in this research contribute 15.6 % of the performance. Therefore, other factors that have not been studied should be looked at to fill this gap.

4.6.2 ANOVA

The study carried out an ANOVA at 95% level of significance. The findings of $F_{\text{Calculated}}$ and F_{Critical} are as shown in Table 4.9.

Table 4.9: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	841.542	9	93.5047	14.6815	.000 ^b
Residual	261.125	41	6.3689		
Total	1102.667	50			

Source: Field data, 2019

The findings show that $F_{\text{Calculated}}$ was 14.6815 and F_{Critical} was 5.6791, this show that $F_{\text{Calculated}} > F_{\text{Critical}}$ an indication that the overall regression mode was significant for the study. The p value was $0.000 < 0.05$ an indication that at least one variable significantly influenced performance of the commercial banks in Kilifi Town.

4.6.3 Coefficients of Determination

The study used coefficient of regression to establish the individual influence of the variables to performance. The findings are indicated in Table 4.10.

Table 4.10: Coefficients of Determination

Model	Unstandardized		Standardized		Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	
(Constant)	5.526	0.612		2.664	.000
Customer focus	0.811	.132	.033	8.314	.000
Top management commitment	0.863	.142	.020	9.155	.000
Continuous improvement	0.769	.103	.042	9.414	.000
Employee involvement	0.841	.128	.058	10.378	.000

The resultant equation was

$$Y = 5.526 + 0.811X_1 + 0.863X_2 + 0.769X_3 + 0.841X_4$$

Where: X_1 = Customer focus

X_2 = Top management commitment

X_3 = Continuous improvement

X_4 = Employee involvement

The study found out that by holding all the variables constant, performance of the banks will be at 5.526. A unit increase in customer focus when holding all the other variables constant, bank performance would be at 0.811. A unit increase in top management commitment while holding other factors constant, bank performance would be at 0.863. A unit increase in continuous improvement for both operational processes and procedures while holding other factors constant, bank performance would be at 0.769. A unit increase in employee involvement while other factors are held constant, firm performance would be at 0.841.

The findings pointed out that employee contribution, top management commitment, continuous improvement and customer focus had a p value of $0.000 < 0.05$ an indication that the selected total quality management practices significantly influenced performance of the banks in KilifiTown. This is supported by Mwangi (2013) who indicated that adoption of TQM management model of a firm promotes quality services, engagement of all employees and focuses on long term success. All of the firm's achievements can be attained through client fulfillment and benefits to all of the firm's members as well as to the community.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings; conclusion and recommendations are based on the findings and interpretation of the variables in chapter four. Suggestions for further studies are also provided.

5.2 Summary of the Findings

The study sought to establish the effect of TQM on performance of commercial banks in Kilifi Town, Kenya. The study focused on customer focus, top management commitment continuous improvement and employee involvement as the main TQM practices among the banks. The study selected a sample of 59 respondents where 50 of them completed and returned the questionnaires. The study had a coefficient of correlation R of 0.864 an indication of strong positive correlation between the variables and coefficient of adjusted determination R^2 was 0.844 which changes to 84.4%.

5.2.1 Customer Focus and Performance

The study established that customer focus had a positive influence on the performance of the commercial banks in Kilifi Town. It was established that the institutions have the ability to fulfill the clients' needs, the banks always strive to attain customers' requirements, the firms have adopted a regular improvement to meet the clients' needs, the institution value both the external and internal clients and also that the firms have managed to retain and attract clients regularly. This indicates that the study to a significant extent embraced customer focus with enhanced customer service, meeting client needs and requirements and also retaining existing clients and attracting new clients regularly.

The study established that the banks have improved the capacity of their customer care staff, invested on modern technology and 24 hour customer care contacts, diverse channels for handling client complaints, concerns and needs, working on the feedback from the customers and enhancing banking experience through establishment of advantage banking and seamless and timeless banking services all aimed at enhancing customer access, convenience and flexible transactions.

5.2.2 Top Management Commitment and Performance

The study established that top management commitment to a significant extent influenced the performance of commercial banks in Kilifi Town. The study established that the banks contain well documented quality systems, the QMS is each staff's business in the institutions, the management commitment is felt across the department levels, the banking institutions contain clearly set missions, objectives and goals as well as beliefs, the banks have established key strategies towards attaining their goals and objectives, the institutions provide a conducive working environment and that the institutions' management provide appropriate allocation of resources for successful execution. The study established that the management of the banks was significantly committed to ensure quality service delivery by emphasizing on documentation of quality systems, instilling the culture of quality among staff, setting clear missions, objectives, goals, beliefs and strategies to drive the quality agenda to the customers and other stakeholders.

5.2.3 Continuous Improvement and Performance

The study indicated that continuous process and procedures improvement as one of the key TQM practices positively influenced performance of the banks. The study established that the banks are committed in reviewing of its process and procedures to enhance service delivery, there is continuous learning among employees to enhance service delivery and that there is monitoring

and evaluation of organizational process and procedures to improve service delivery. This indicates that the institutions have embraced continuous process improvement through regular review and enhancement of processes and procedures to improve service delivery, learning and monitoring and evaluation.

5.2.4 Employee Involvement and Performance

The study established that employee involvement positively influenced performance of the banks. The study established that the firms significantly involved staffs in key decisions and encouraged perusal staff empowerment and involvement in decision making processes. The respondents were however neutral or to a moderate extent agreed that their employers enhance staff career development, the banks support staffs through rewards, the firms fulfills their performance approval role and they motivate staff to establish personal goals. This indicates that to a significant extent the banks embraced employee involvement through decision making, career development, rewards and staff empowerment.

5.3 Conclusions

On employee involvement, the study concludes that involvement of employees increase employee commitment to their organizations. By involving employees actively in decision making, company leaders affirm the value of their employees. When commercial banks managers create an environment that encourages employees to share ideas and to get involved in decisions, they often get more informed perspectives with regard to what customers want.

On top management support, the study concludes that support from the top managers helps in getting necessary resources and then to achieve the benefits of different strategies. The service innovation and establishment of the service culture within the banks are substantially dependent

on support from top management. Where top management commitment extends to empowering employees, this enhances the performance of commercial banks.

On continuous improvement, the study concludes that continuous improvement boosts employee engagement and reduces turnover rates. Employees who actively participate in the betterment of the company gain a sense of pride and accomplishment. This leads to a greater sense of belonging and fewer reasons to leave the organization. Continuous improvement drives both the improvement of processes and products which lead to products and services that meets the needs of customers even before they know the need themselves.

On customer focus, the study concludes that customer focus helps commercial banks to build a loyal customer base. Customers are more willing to purchase from companies that they feel consider their needs when they create products and services. Customer focus allows commercial banks to recognize and take advantage of opportunities for growth, such as unfulfilled customer needs.

5.4 Recommendations

On employee involvement, the study recommends that commercial banks need to uphold their core values to its workforce so as to create a cohesive positive work culture and encourage employees to form an emotional connection to your organization. Recognize and appreciate their employees' efforts so as to make them feel valued. Promote transparency, allow for honest feedback and make them accountable.

On top management support, the study recommends that top management in the commercial banks should take responsibility for the active encouragement in the implementation of the TQM adopted practices on performance. They should allocate more resources towards quality

improvement and they should ensure that they set quality goals and distribute them throughout the organization.

On continuous improvement, the study recommends that the long term goals of TQM performance measurement should be continuous improvement in performance, maximizing customer satisfaction by adapting to change in customer requirements and the general business environment.

On customer focus, the study recommends that commercial banks should focus on customer wants and expectations, provide personalized and quality customer experience, deliver right services at the right time and focus on building constructive relationship with customers

5.5 Suggestions for Further Studies

The study focused on how employee involvement, top management support, continuous improvement and customer focus influence performance of commercial banks in Kilifi Town, Kenya. Therefore, the study recommends that further studies should be carried out focusing on other variables not studied such as strategic quality planning, technology adoption and resource mobilization to establish the extent to which they influence performance of commercial banks.

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APPENDICES

Appendix I: Introduction Letter

Kenyatta University,

P.O. Box 100 – 00100,

NAIROBI.

RE: Request to fill in the Questionnaire

Dear Respondent,

I am Kenyatta University, conducting a research on the impact of TQM on the performance of Commercial Banks in KilifiTown. The research is t take 20 min involving the selectedrespondents. Feel free to answer all questions as I assure you that, the data will be confidential as it is to be used only for academic purposes.

Thank you.

Yours faithfully,

DorotiaWandoe

Appendix II: Questionnaires

Kindly provide correct and useful data and fill appropriately as logically guided.

Please Tick as appropriate

Part 1: Demographic factors

1. Gender;

M []

F []

2. Level of education

Certificate []

Diploma []

Undergraduate []

Postgraduate []

Other []

3. Working period within the institution.

0-5 yrs. []

6-10 yrs. []

11-20 yrs. []

21 yrs.+ []

4. Department of operation

Customer service []

Finance []

HR []

Administration []

Sales []

Credit []

Strategy []

Other (specify)

5. Provide some of the TQM practiced by the institution?

.....

Part 2: Customer Focus

6. Using a scale of 1-5 where 1=strongly agree, 2=Agree, 3=Neutral, 4=Disagree, 5=strongly disagree, to express your view on the statements provided

Statements	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
The institution has the ability to fulfilling the client's needs					
The institution attains customer's requirements					
The institution has adopted a regular improvement to meet the client's needs					
The institution value both the external and internal clients					
The institution has managed to retain and attract clients regularly					

7. From your observation, kindly specify any strategies that the firm has focused on to build customer focus.....

Part 3: Top Management Commitment

1. Is the Top Management Committed to the principle laid out by the ISO QMS standard?
 (a) Yes [] (b) No []
2. Using the scale given below indicate, how accurately the following statements describe the environmental scanning process. SA= Strongly Agree, A= Agree,N= Neither Agree nor Disagree, D= disagree, SD= Strongly Disagree

Top Management Commitment		SA	A	N	D	SD
I	The institution contains well documented quality systems					
ii	The QMS each staff's business in the institution					
iii	The management level is felt across the department					

	levels					
iv	The institution contains clearly set missions, objectives and goals as well as beliefs					
V	The institution has established key strategies towards attaining its goals and objectives					
vi	The institution provides a conducive working environment					
vii	The institutions' management provides appropriate allocation of resources for successful execution					

3. Provide any suggestions on the improvements rewarding the institution's Top management commitment as a strategy to enhanced performance?

.....

Part 4: Continuous Improvement

10. Using a scale of 1-5, where 1= strongly agree; 2=Agree; 3=Neutral; 4=Disagree; 5= strongly disagree; to express your view on the statements provided

	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
i.	The bank is committed in reviewing of its process and procedures to enhance service delivery.					
ii.	There is continuous learning among employees to enhance service delivery.					

iii.	There is monitoring and evaluation of organizational process and procedures to improve service delivery.					
------	--	--	--	--	--	--

11. Personally, do you think regular enhancement affects the institution's operations?

Yes [] No []

Part 5: Employee Involvement

12. Using a scale of 1-5, where 1=strongly agree; 2=Agree; 3=Neutral; 4=Disagree; 5=strongly disagree to express your view on the statements provided

	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
i.	The institution involves staffs in key decisions					
ii.	The institutions enhances staff career development					
iii.	The institution supports staffs through rewards					
iv.	The institution fulfills its performance approvals role					
v.	The institution motivates staffs to Establish personal goals					
vi.	The Institution encourages perusal staff empowerment and involvement in					

	decision making processes					
--	---------------------------	--	--	--	--	--

13. In your view does the institution's role of empowering enhance the employee's performance?

Yes [] No []

Part 6: Organization performance

14. Using a scale of 1-5, where 1=strongly agree; 2=Agree; 3=Neutral; 4=Disagree; 5=strongly disagree, to express your view on the statements provided

	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
	Effective services provision					
	Effective management of inventory					
	High competition level in the bank					
	Better quality provision within the institutions					
	Waste reduction in operations					
	Effective staff operation efficiency thus reducing operational expenses					
	High client retention resulting from client fulfillment					

15. Do you feel there are any other issues facing the firm?

.....

.....

.....

.....

Appendix III: List of Banks in Kilifi Town

1. Kenya Commercial Bank
2. Standard Chartered Bank
3. Equity
4. Diamond Trust Bank
5. National Bank of Kenya
6. NIC
7. SBM Bank
8. Faulu Bank
9. Stanbic Bank
10. Barclays Bank
11. First Community Bank
12. Gulf African Bank
13. Family Bank

Source: Field data, 2019

Appendix IV: Research Authorization



KENYATTA UNIVERSITY GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100

NAIROBI, KENYA

Tel. 8710901 Ext. 57530

Our Ref: D53/ OL/MSA/32205/2016

DATE: 27th June, 2019

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

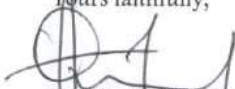
**RE: RESEARCH AUTHORIZATION FOR DOROTIA WANDOE WADUU – REG. NO. D53/
OL/MSA/32205/2016**

I write to introduce Ms. Dorotia Wandoe Waduu who is a Postgraduate Student of this University. She is registered for M.B.A degree programme in the **Department of Business Administration**.

Ms. Waduu intends to conduct research for a M.B.A Project Proposal entitled, “**Total Quality Management Practices and Performance of Commercial Banks in Kilifi Town, Kenya**”.

Any assistance given will be highly appreciated.

Yours faithfully,


PROF. ELISHIBA KIMANI
DEAN, GRADUATE SCHOOL


EK/nn

Appendix V: Research License

REPUBLIC OF KENYA
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Ref No: 371235
Date of Issue: 19/September/2019

RESEARCH LICENSE




This is to Certify that Ms. Dorotha Wadun of Kenyatta University, has been licensed to conduct research in Kilifi on the topic: **TOTAL QUALITY MANAGEMENT PRACTICES AND PERFORMANCE OF COMMERCIAL BANKS IN KILIFI TOWN, KENYA** for the period ending : 19/September/2020.

License No: NACOSTI/P/19/1435
Applicant Identification Number: 371235

Director General
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