BUSINESS PROCESS RE-ENGINEERING AND CUSTOMER SERVICE IN KCB BANK CASE OF KERICHO BRANCH

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D53/KER/PT/27093/2011

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

NOVEMBER 2018

DECLARATION

This research project is my original work and has never been presented for degree or other award in any other university or learning institution.

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I confirm that the work reported in this research project was carried by the candidate with my approval as the university supervisor.

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DEDICATION

I dedicate this research report to my lovely family and all those who rendered their support for the success of this report.

ACKNOWLEDGEMENTS

I thank God for His grace throughout the writing of this research report. I am grateful to my supervisor, Dr. Kipkosrir Sitienei for his guidance, constant supervision and for providing necessary information regarding this research report. My appreciations also go to my colleagues for their support and encouragement towards the development of this research report.

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ACRONYMS AND ABBREVIATIONS

BPM	Business Process Management
BPR	Business Process Re-Engineering
IT	Information Technology
KBV	Knowledge Based View
KCB	Kenya Commercial Bank
KPA	Kenya Ports Authority
KPI	Key Performance Indicator
MIT	Massachusetts Institute of Technology
SPSS	Statistical Package for Social Sciences
TAT	Turnaround Time

OPERATIONAL DEFINITION OF TERMS

Innovation rethinking: Is a process that is itself utterly dependent on management decision making and consisting of employee training, service delivery and invoicing.

Process functions: It is a collection of activities that take one or more kinds of input and creates an output that is of value to the customer.

Radical change: Refers to a significant shift behind the organization transformation and business operations.

Customer service: It is a series of activities designed to enhance the level of customer satisfaction and includes efficiency, speed and retention.

Business process reengineering (BPR): It is defined as the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed.

ABSTRACT

Banks need to focus beyond the interest of the shareholder to quality customer service. Several banks are putting more effort on retaining old clients rather than acquiring new ones. The level of inefficiency affects customer service, the consumers are unlikely to recommend others to the institution and help build customer loyalty. The study focused on various independent variables which included; management efficiency, decision making, marketing, employee training, service delivery, invoicing, number of computers, network efficiency, software efficiency, organizational transformation and business operations. In conclusion, BPR as an integral and important aspect of modern organizations. It ensures that changes that take place in modern organizations are engineered by keen competition. The main objective of the study was to investigate the contribution of business process re-engineering on customer service. Specific objectives encompassed; to determine the role of innovation rethinking on customer service, to investigate the influence of process function on customer service, to examine the role of information technology on customer service and to investigate the effect of radical change on customer satisfaction. Researchers, scholars and the banking sector at large can benefit from this study. The study applied technological determinism theory, institutional theory and resource based view theory. Descriptive research design was employed by the study. A target population of 34, which included managers, assistant managers, clerks and sales representatives. Questionnaire whose validity was determined through a pilot study, was used to collect data. Its reliability was computed using Cronbach's alpha. Both descriptive and inferential data analysis techniques were used with the aid of Statistical Package for Social Science. Analysed data was presented by means of charts, graphs and frequency distribution tables. The outcomes of the study showed that decision making process plays a key role in providing quality customer service. Customer service is highly influenced by the way complain handling is managed Banking institution must continue to critically access the needs of customers and adopt continual improvement in technology, strategy and employees to increase organizational performance and competitive advantage. The study recommends that team work be developed in the bank so that employees can support and exchange ideas and there will be easy flow of information, continuous trainings and dedication still needed from the bank to update and equip its employees. Further research should be conducted to examine the success factors in the implementation of these components.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Many changes have taken place in the business environment since the early 1960's especially the way in which banks conduct their business. Some of these changes in the banking environment are due to macroeconomic trends, globalization, deregulation, and advances in technology, escalating competition, and disintermediation (Blocklyn, 1994). Competition is continuously increasing with respect to price, quality and selection, service and promptness of delivery. In an industry where loans and deposits have been the core of business for centuries and the same way of conducting the "banking business" has been used for decades. Many people believe this industry may decline quickly in a very short time if it does not implement far-reaching drastic changes to stay afloat in the midst of the dynamic environment in which it exists (Blocklyn, 1994),

According to Krajewski and Ritzman (2005), the concept of Business Process Management (BPM) gained major attention in the corporate world and can be considered as a successor to the Business Process Re-engineering (BPR) wave of the 1990s, as it is evenly driven by a striving for process efficiency supported by information technology. The concept of business process re-engineering was developed by in 1990, by Michael Hammer, a former professor of computer science at the Massachusetts Institute of Technology (MIT), USA when he published an article in the Harvard Business Review, in which he claimed that the major challenge for managers is to destroy non-value adding work, rather than using technology for automating it. He accused managers of having focused on the wrong issues, namely that technology in general, and more specifically information technology, has been used primarily for automating existing processes rather than using it as an enabler for making non-value adding work obsolete.

Hammer's (1990) claim that, most of the work being done does not add any value for customers, and this work should be removed, not accelerated through automation. Instead, companies should reconsider their processes in order to maximize customer

value, while minimizing the consumption of resources required for delivering their product or service. This idea, to unbiased review a company's business processes, was rapidly adopted by a huge number of firms, which were striving for renewed competitiveness in 1990's, which they had lost due to the market entrance of foreign competitors, their inability to satisfy customer needs, and their insufficient cost structure.

1.1.1 Customer service

According to Jamier (2002), customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation. Its importance varies by product, industry and customer; defective or broken merchandise can be exchanged, often only with a receipt and within a specified time frame. Retail stores will often have a desk or counter devoted to dealing with returns, exchanges and complaints, or will perform related functions at the point of sale. Customer service may be provided by a person such as sales and service representative or by automated means called self-service. Customer service is normally an integral part of a company's customer value proposition. From the point of view of an overall sales process engineering effort, customer service plays an important role in an organization's ability to generate income and revenue. From that perspective, customer service should be included as part of an overall approach to systematic improvement.

Turban (2002) argued that the quality and level of customer service has decreased in recent years, and that this can be attributed to a lack of support or understanding at the executive and middle management levels of a corporation and/or a customer service policy. To address this argument, many organizations have employed a variety of methods to improve their customer satisfaction levels, and other key performance indicators. Unlike to a product in tangible form, customers service sees and perceive a service from its process point of view and how it is delivered to them and this according to Grönroos (2001), gives service to have a characteristic of process consumption. This clarifies that, service providers strive to satisfy their customers by integrating their resources and systems to make the service provision process as attractive as possible so that their customers will be and stay loyal to them. Goldstein

et al (2002) also argued that service is a combination of processes, human resource skills, materials which needs to be appropriately integrated in order to reach or achieve a planned or designed service.

Keltner and Finegold (1996) briefly discussed and explained that customers in the current time are becoming more and more aware of the different service types to be offered. This situation, according to Keltner and Finegold (1996) makes service industries not only concentrate on the reasonable price they ask for the service they provide but also to be more concerned on the quality of service to stay competitive.

As competition of service provision in the financial industry especially banks is high, Keltner and Finegold (1996) argued that the quality of service can be used as a differentiating factor from one another to attract customers. The other main point to notice from the banks (service providers) point of view is that, there need to be close interaction between banks (service providers) and their customers. This enables service provides to customize their products and services in a way which pleases their customers and it makes it hard for the customers to leave their service providers.

The main solution for this is to develop a good feedback system for customers to evaluate service quality and develop the feedback system that will give a best responsive to the customers' needs, wants and expectation. In response to these issues (Voltaire 2003) states that companies look for an answer and focuses on the following area: to know what customers' perception about the company itself and company's service, company's competitors, to measure and improve company's performance, to turn company's strongest areas into market differentiators, to identify the weakness and turn it to developmental opportunity before it is too late that someone else in the market does, to develop a good internal communication system and to demonstrate your commitment to quality.

In the service market, it is natural for competition to sky rocket among service providers with similar service types like the one in our case, bank service. Service as discussed earlier has intangible nature and easy to imitate by other competitors in the market. The high competition and the intangibility of service in the service industry forces service providers to stay vigilant and proactive to win the competition and stay

strong and lead the market. For this to happen, most businesses try to adopt new systems and strategies to improve their existing system and to introduce new service delivery mechanisms. Business Process Re-engineering is one mechanism in which service providers wish to re-engineer their service process and Chan and Choi (1997) argue that many companies are engaging themselves and applying a BPR process in their system and according to their study many has failed.

One of the most straightforward assertions about BPR is that information technology is a key enabler of process redesign. It is information technology that permits companies to re-engineer business processes; a company that cannot change the way it thinks about information technology cannot re-engineer (Hammer & Champy, 1993). Most other BPR proponents also adopt an essentially technical model of organizational change in which information technology basically drives the re-engineering effort (Grey & Mitev, 1995). These arguments acknowledge the technological determinism inherent to BPR; technology determines not only work structure, but also organizational structure, culture, management styles, and beliefs (Grey & Mitev, 1995). Thus, out of fashioned organizational designs can be changed through the use of advanced, enabling technologies that support new business processes that respond to changing market needs.

However reasonable and straightforward, this argument seems, it has also become the source of controversy. Rather than being a simple enabler of new organizational processes, information technology inconsistently can also disable an organization's ability to change. When an organization revises its basic business processes using information technology, it introduces a new structure that may become even more difficult to change in the future. Since the technical backbone of automated processes exists as software routines, a later change in process will require a reconstruction of the software application and its various links to other systems. While all changes require reprogramming of some sort, either to human or machine components, software programs are often virtually inaccessible to the persons nearest to the application. Given the inevitability of business change, hard-wired business processes that are built today may seriously constrain later efforts to redesign them.

BPR may have already produced the organizational structures and processes that will be considered old-fashion tomorrow, and those processes may be more difficult to change because today's software conventions will probably also be considered out-fashion tomorrow. Lucas & Olson (1994) provide a clear analysis of this in-consistency in their examination of information technology's effects on organizational flexibility. They argue that technology provides the capability for more flexible organizational structures by allowing greater variety in the time and place of work while increasing the speed of response. However, they note that information technology also constrains flexibility by embedding routines into software programs that are not easy to change. Resolving the contradiction of information technology as an enabler or not in BPR is not easy. Gill (1995) argued that managers should not over program their organizations in search of dramatic productivity gains but to ensure greater flexibility. Lucas (1996) recommends a commitment to continuous investment in new technologies, thereby keeping any programmed routines from becoming hardened in the organization

According to Jamier (2002), customer service in banking industry is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation. Its importance to the banking industry varies by product, industry and customer; defective or broken merchandise can be exchanged, often only with a receipt and within a specified time frame. Banks will often have a desk or counter devoted to dealing with complaints, or will perform related functions at the point of sale.

A challenge working with customer service is to ensure that you have focused your attention on the right key areas, measured by the right Key Performance Indicator (KPI). The focus must be of those KPIs, which will deliver the most value to the overall objective, e.g. cost saving, service improving etc. It must also be done in such a way that staff sincerely believe that they can make a difference with the effort. One of the most important aspects of a customer service KPI is that of what is often referred to as the "Feel Good Factor". Basically the goal is to not only help the customer have a good experience, but to offer them an experience that exceeds their

expectations. Several key points are includes knowing your product, body language communication and anticipating client needs, Jamier, Scott. (2002).

From the point of view of an overall sales process engineering effort, customer service in the banking industry plays an important role in an organization's ability to generate income and revenue (Selden, 1998). From that perspective, customer service should be included as part of an overall approach to systematic improvement. One good customer service experience can change the entire perception a customer holds towards the organization (Swartz & Iacobucci, 2000).

Service has an intangible nature. Organizations involved in service delivery needs to be more vigilant and function proactively to stay competitive in the service sector. According to Grönroos (2001), service has a unique feature which differs from a product. The most important characteristic of service is manifested in its nature that it is a process unlike to a product which can be perceived as a thing and be inventoried. Service is also characterized by its simultaneous production and consumption which according to Grönroos (2001), service leaves service providers to be engaged in more interactive processes with customers. Discussing about the notion of service, Grönroos (2001) stated that for the service to be produced and delivered to the end user, service providers integrate their most valuable resources like employees, technologies, physical resources, governing systems and customers as well in the best possible way so that service quality can be assured.

1.1.2 Business Process Reengineering

According to Hammer and Champy (1993) Business process reengineering (BPR) is defined as the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed. Although Hammer and Champy (1993) declared that classical organizational theory is obsolete, classical ideas such as division of labour have had an enduring power and applicability that reengineering has failed to demonstrate. Business process reengineering (BPR) does not appear to qualify as a scientific theory because among other things, it is not duplicable and it is limited in scope (Maureen et al., 2005). Today organizational development is a

continuous process but the pace of change had increased in manifold. This means that in this competitive environment organizations will enhance its competitive advantage in its operation if it effectively design and implement Business Process Reengineering (BPR) selected processes.

Davenport (1993) a famous BPR theorist emphasized the term process innovation, in his definition and he described it as" encompasses the envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human, and organizational dimensions". Business Process Reengineering (BPR) is the analysis and design of workflows and processes within and between organizations (Davenport and Short, 1990). However, for Hammer and Champy (1993) Business Process Reengineering is the "fundamental rethinking and radical redesign of business process to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, services and speed. As a series of management activities, BPR breaks the traditional theory system of labour division. It makes use of fast developing Information Technology (IT) and combines several tasks (Hammer & Champy, 1993). In that way, BPR enhances reforming of traditional business process to reduce operational costs and improve service quality for adaption of market change and strengthen risk control (Chenghu, 2007). According to Al-Mashara, at al (2001), most organizations knowingly or not, are involved in BPR. The pressure for survival in the market, need to prevent complacency, the desire to close competitive gaps and achieve superior performance standards has prompted organizations to adapt BPR technique.

Business Process Reengineering is playing a vital role in the enhancement of productivity and efficiency of many organizations. Reengineering primary goals aimed at to reduce wastage, improve efficiency and ultimately reduce costs (Lotfollah et al., 2012). And an increase in consumer requirements for both product and service efficiency and effectiveness has resulted in Business Process Reengineering (Al-Mashir et al., 2001). According to a survey conducted by Haghighat and Mohammadi (2012) to investigate the causes and the impact of business process reengineering, the study observed that BPR's main purpose is to increase efficiency and improve customer service. Most companies are functional or departmental and not process-

oriented. For instance, most people are usually involved in fulfilling an order but no one usually tracks the product or the status of an order. Reengineering in this instance will make an individual responsible for the whole business process. According to Elzinga et al. (1995) business process reengineering continually improves fundamental activities such as marketing and communication among other elements of operations. According to Giaglis (2007) reengineering can only be successful if the people in the organization are empowered. Behavioral changes should therefore precede the reengineering process. Issues such as employee empowerment, training and education should be given priority in business reengineering. In order to reengineer a business process, both internal and external process capabilities such as production, distribution, suppliers and inter-organizational relationships have to be integrated.

Two cornerstones of any organization are the people and the processes. If individuals are motivated and working hard, yet the business processes are cumbersome and non-essential activities remain, organizational performance will be poor. Business Process Reengineering is the key to transforming how people work. What appear to be minor changes in processes can have dramatic effects on cash flow, service delivery and customer satisfaction. Even the act of documenting business processes alone will typically improve organizational efficiency by 10%. Business process reengineering (BPR) is a popular management tool for dealing with rapid technological and business changes (Ranganathan & Dhaliwal, 2001). It was first introduced by Hammer (1990), as a radical redesign of processes in order to gain significant improvements in cost, quality, and services (Ozcelik, 2010). BPR creates changes in people (behavior and culture), processes and technology (Al-Mashari & Zairi, 2000). It does not seek to alter or fix existing processes; but, it forces companies to ask, whether or not a process is necessary, and then seeks to find a better way to do it (Siha & Saad, 2008). BPR integrates all departments into a complete process which have been designed to fulfil a specific business goal (Cheng et al, 2006). According to Shin and Jemella (2002) successful implementation of BPR enables organizations to achieve dramatic gains in business performance.

BPR helps banks to deal with new economic challenges and change the traditional processes to improve their customers' satisfaction. Business Process Reengineering (BPR) is a management discipline of analyzing and then redesigning current business processes and their components in terms of efficiency, effectiveness and added value to the objectives of the business. The conduct of business process reengineering steps is planned to gather and process business requirements in support of a modernization effort for defined area. The BPR starts with planning activities that include the creation of BPR team, the development of a BPR scope document and an examination of existing report that relate to a given area, examines the existing and future business process and improve accordingly. Similar to any other management approaches, the successful implementation of BPR depend on how well it can be fitted to the bank/companies cultural norms, and information technology (IT) suggested by Hammer and Champy (1993).

1.2 Statement of the Problem

The quality of customer service becomes a driving force in ascertaining business survival. Banking industry is faced with a problem of providing quality and satisfactory customer services (Tang and Zairi, 1998). For the last two years since the introduction of business process re-engineering, Kenya commercial bank has registered significant advancement on customer service. The term ‘customer satisfaction’ is subjective and non-qualitative term. It results from the quality of banking services product, quality of service delivery, engagement of the customers, price factors and exceeding customer’s expectations. Expectation influences customer satisfaction through market image, word of mouth and customer needs. The problem is that the focus is no longer on cutting costs alone, but rather at the same time offering quality services to customers. Another issue is that the processes are not only must-be-more-efficient, but also must be made more user friendly too; while addressing the necessity for change with employees. Therefore, this study seeks to investigate the contribution of business process re-engineering on customer service particularly in Kenya commercial bank, Kericho branch and suggest appropriate ways in which such strategy can be used to improve customer service in the banking industry in Kenya. Customers are now becoming increasingly conscious of their rights and are demanding ever more than before (Kim, Ng and Ki, 2009). The changing

needs of customers affect the expectation of value added servicing for basic banking requirements. This is made possible only in the post liberalization era through "customer centric" services (Mohammad and Alhamadani, 2011). Besides, retaining unsatisfied customer is elusive as customers can easily switch from one service provider to the next at low cost. Studies have been done that assess the determinants of customer satisfaction. Kenyan studies such as Bashir, Machali and Mwinyi (2012) looked at the effect of service quality on customer satisfaction in MFIs. Yator (2012) focused on the effect of service quality on customer satisfaction in Lake Bogoria SPA resort. Mbuthia, Muthoni and Muchina (2013) focused on the hotel service quality, perceptions and satisfaction among domestic guests. Globally studies have been done on: customer satisfaction in the restaurant industry (Andaleeb and Conway, 2006); the influence of institutional service on customer satisfaction, return intention, and word-of-mouth (Kim, Ng and Ki, 2009); and, service quality perspectives and customer satisfaction. None of these studies have evaluated customer satisfaction in the context of banking. Thus this study seeks to investigate service quality as a determinant of customer satisfaction in banking.

KCB Bank has constantly restructured their processes and systems to solve problems of the common citizen and also solve problems of how they offer their products and services to make them more effective and efficient (Osano, 2009). Customer's has become more knowledgeable than before and therefore they demand superior quality services, faster deliveries, lower prices and information for them to remain loyal and make buying decisions. These forces have necessitated Kenya commercial bank to develop business process re-engineering as a strategy to achieve its long term objectives by coming up with innovative ways of delivering premium customer service in order to remain competitive in the market. Mutua (2013) recommended that companies should not be hesitant to implement radical changes as BPR can actually lead to service quality and management efficiency. In another study, Tippins and Sohi (2003) argued that although customer service is a problem facing many organization, Information Technology can enhance quality customer service through an elimination of inefficiency, reduction of long term cost, improve service reliability and reduced transaction errors.

1.3 Objectives of the Study

This section covers both the general objective and the specific objectives.

1.3.1 General Objective

To establish the role of business process re-engineering on customer service delivery.

1.3.2 Specific Objectives of the Study

The following objectives guided the study:

i. To determine the influence innovation rethinking on customer service at Kenya Commercial Bank, Kericho branch
ii. To assess the influence of process function on customer service at Kenya Commercial Bank, Kericho branch
iii. To examine the influence of Information Technology on customer service at Kenya Commercial Bank Kericho branch
iv. To assess the influence of radical change on customer satisfaction at Kenya Commercial Bank Kericho branch

1.4 Research Questions

The study sought to answer the following research questions:

i. What is the influence of innovation rethinking influence customer service at Kenya Commercial Bank Kericho branch?
ii. What is the influence of process function on customer service at Kenya Commercial Bank Kericho branch?
iii. What is the influence of Information Technology on customer service at Kenya Commercial Bank Kericho branch?
iv. In what ways does radical change influence customer service at Kenya Commercial Bank Kericho branch?

1.5 Significance of the Study

Researchers and scholars can benefit from this study by understanding the nature of business process re-engineering in the banking industry and add to their literature. The government can benefit from this study in formulating its financial policies that

are relevant to the service delivery to the citizens at county level. The management and Staff of Kenya Commercial Banks - based on these study findings, bank manager and especially the customer service manager can benefit from this study by knowing how business process re-engineering can be used to bring about significant improvement in the customer service delivery.

1.6 Scope of the Study

This study was limited to only KCB bank at Kericho. Data was obtained from Kenya commercial bank on Business Process Reengineering. The study focused on four independent variable that include innovation rethinking, process function, Information Technology, and radical change and their influence on customer service in banking sector. The research was carried out in 2017. Descriptive and inferential statistics was used in analysing the data.

1.7 Limitations of the Study

Some of the limitations of the study included unwillingness of the respondents to participate but the researcher persuaded the respondents and use the recommendation letter from the Kenyatta University to show that the data collection was purely for academic reasons.

1.8 Organization of the study

Chapter one of this study presents a background of the study, the statement of the problem, the purpose of the study, the objectives of the study, the research hypothesis, limitation of the study, significance of the study, the scope of the study and a conceptual framework. Chapter two deals with various concepts in regard to the relationship between business process reengineering and customer service. It presents discussions on the theories of business process reengineering, theories on customer service, criticism of theories, review of critical literature and knowledge gaps to be filled by the study. Chapter three discusses the research design, target population, sample size and sampling procedures, research instruments, data collection procedures and data analysis. Chapter four presents data analysis and discusses the findings of the study. The findings being discussed are connected to the research questions of the study. This chapter focuses on presenting the collected data in a

meaningful way. The findings and analysis of data, and the summary is presented in this chapter. Chapter five of this research work explored a summary of all the findings, various recommendations were given based on the study and conclusions given.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Review

The study outlines some of the theories that underpins on the research being carried out. The theories discussed in this chapter are technological determinism theory and institutional theory and resource-based view theory.

2.1.1 Technological determinism theory

The theory was developed by Thorstein Veblen between the years 1857 and 1929. The study outlines Technological Determinism that underpins on the research being carried out. Technological determinism is a reductionist theory that presumes that a society's technology drives the development of its social structure and cultural values. The theory is believed to have been coined by Thorstein Veblen (1857–1929), an American sociologist and economist. The most radical technological determinist in the United States in the 20th century was most likely Clarence Ayres who was a follower of Thorstein Veblen and John Dewey. William Ogburn was also known for his radical technological determinism.

The first major elaboration of a technological determinist view of socioeconomic development came from the German philosopher and economist Karl Marx, whose theoretical framework was grounded in the perspective that changes in technology, and specifically productive technology, are the primary influence on human social relations and organizational structure, and that social relations and cultural practices ultimately revolve around the technological and economic base of a given society. Marx's position has become embedded in contemporary society, where the idea that fast-changing technologies alter human lives is all-pervasive (Merrit et al., 1994). Although many authors attribute a technologically determined view of human history to Marx's insights, not all Marxists are technological determinists, and some authors question the extent to which Marx himself was a determinist. Furthermore, there are multiple forms of technological determinism (Bimber, 1990). Technological determinism has been defined as an approach that identifies technology, or

technological advances, as the central causal element in processes of organizationa change (Croteau and Hoynes, 2003).

This stance however ignores the social and cultural circumstances in which the technology was developed. Sociologist Claude Fischer (1992) characterized the most prominent forms of technological determinism as "billiard ball" approaches, in which technology is seen as an external force introduced into a social situation, producing a series of ricochet effects (Croteau & Hoynes, 2003). Rather than acknowledging that an organization interacts with and even shapes the technologies that are used, a technological determinist view holds that the uses made of technology are largely determined by the structure of the technology itself, that is, that its functions follow from its form (Neil, 1992).

This theory is applicable to the study because it addresses the effect of technology on individuals behavior. In this study, the theory can be applied in examining customer behavior in relation to the implementation of BPR system in KCB bank. As a technology is stabilized, its design tends to dictate users' behaviors, consequently diminishing human agency. The study will focus on four key variables related to BPR and their role on customer service. According to the theory different technological aspects can influence the behavior of individuals. In order to understand the role of technology on customer service, Technological Determinism theory can be used to examine variables such as Information Technology, function process, radical change, and information rethinking.

Modern theorists of technology and society no longer consider technological determinism to be a very accurate view of the way in which we interact with technology, even though determinist assumptions and language fairly saturate the writings of many boosters of technology, the business pages of many popular magazines, and much reporting on technology. They emphasise that the relationship between technology and society cannot be reduced to a simplistic cause-and-effect formula. It is, rather, an 'intertwining'", whereby technology does not determine but.operates, and are operated upon in a complex social field (Murphie & Potts, 2003). Feenberg argues that technological determinism is not a very well founded concept by illustrating that two of the founding theses of determinism are easily

questionable and in doing so calls for what he calls democratic rationalization (Feenberg, 2004).

2.1.2 Institutional theory

Meyer and Rowan developed institutional theory in 1977. In part, the theory arose from the observation that organizational policies and structures are often loosely coupled with practical activity (Meyer & Rowan, 1977). Institutional theory identifies internal and external environmental factors that determine the performance of an organization. The internal factors can be either environmental or coercive. Environmental factors include competition, technological advancements and economic constraints. While coercive factors entail accounting standards and financial legislation and finally socioeconomic and political institutions pressures. The behaviours of an organization could be disclosed and researched (Hussain & Hoque, 2002). Given this commonly recognized reality, the question arose – why are the structures and policies there? The question took force from the fact that conventional theories of organizational structure emphasize that, for functional and political reasons, structure is put in place to control activity.

This line of argument has had much empirical success in the cross-national study of national-states. It is common, now, to discover that nation-states subscribe to human rights standards – but the subscribers are no more likely to implement these standards in practice than are the non-subscribers (Hafner-Burton & Tsutsui, 2005).

There are groups included in external factors namely mimetic factors and normative factors. Mimetic factors involve copying the best practices from others will normative factors has a variety of aspects. It involves professionals in different areas, organizational strategic orientation, corporate culture and organizational characteristics. Therefore, if institutional factors influence could be analyzed in organizational levels, it would mean that they also influence the organization's systems and processes.

The theory is related to the study since it has dramatic empirical success in studies of organizations, too. Brunsson (1985; 1989), develops it as a contrast between policy talk and practical action. He sees a hypocritical inconsistency between the two as a

central consequence and requirement for the rationalized society. Thus, inconsistency that to realists is a social problem is a stabilizing solution specially to issues related customer service. Since this study sought to understand the role of different elements of BPR on customer service, the theory helped in examining how organizational structure of the bank is connected to the elements. The theory can help to reflect institutional prescriptions and models of BPR in the wider setting of banking customer service. Such institutional models make it possible to build great organizations in situations where little actual control is likely or possible – school systems, for instance; or in developing countries national–states.

The critics would argue, however, that even if institutional theory does constitute a good place at which to begin the analysis, they are not such a good place to end it. There are a number of problems in the theory itself. There is substantial evidence that firms in different types of economies react differently to similar challenges (Knetter, 1989). Social, economic, and political factors constitute an institutional structure of a particular environment which provides firms with advantages for engaging in specific types of activities there. Businesses tend to perform more efficiently if they receive the institutional support. Martinsons (1998) developed a theory of institutional deficiencies (TIDE) suggesting that relationship-based commerce will prevail where rule-based markets cannot flourish due to institutional deficiencies. Martinsons (2008) extends TIDE to show how the development of relationship-based e-commerce in China has resulted from that country's lack of trustworthy and enforceable set of rules for doing business. His theory suggests that factors such as personal connections informal information, and blurred business-government relations will constrain the transition from the physical marketplace to online marketplaces.

2.1.3 Resource based view theory

The founding idea of viewing a firm as a bundle of resources was pioneered by Penrose in 1959. Resource based view theory is based on the idea that the effective and efficient application of all useful resources that the company can muster helps determine its competitive advantage. While this influential body of research within the field of Strategic Management was named by Birger Wernerfelt in his article A Resource-Based View of the Firm (1984), the origins of the resource-based view can

be traced back to earlier research. Retrospectively, where emphasis is put on the importance of resources and its implications for firm performance (Conner, 1991).

This paradigm shift from the narrow neoclassical focus to a broader rationale, and the coming closer of different academic fields (industrial organization economics and organizational economics being most prominent) was a particular important contribution (Corner, 1996). The resource based view has been a common interest for management researchers and numerous writings could be found for same. Companies are different collections of resources: tangible and intangible assets/capabilities. No two companies are alike in terms of the resources they hold. The resources a company holds determine how well that company performs its activities. A company will be positioned to succeed if it has the best and most appropriate stock of resources relevant for its business and strategy. Competitive advantage ultimately can be attributed to ownership of valuable resources that enable the company perform its activities better than competitors. Organizational capabilities are defined by the complex combination of assets, people and processes that companies use to transform inputs into outputs.

This theory is applicable to this study because the concept of reengineering traces its root back to this particular theory. The essence of the Resource Based Model in the study is that competitive advantage is created when resources that are owned exclusively by the firm are applied to developing unique competencies, and as a result quality customer service. In the study, the main resource which is focused on is the BPR which plays a significant role in the success of KCB bank. In order to meet the objective of the study, it is important to critically look at the resources of the bank which is BPR in this case. Resource Based View theory can be used to examine the competitive advantage brought by the implementation of BPR in the bank. The BPR is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality service, and speed. Thus, the organisation rethinks through its resources in this case processes to be able to achieve a competitive advantage over its rivals.

Resource based view theory has been criticised for its insufficient focus on depreciating resource value, i.e. the negative effect of external change on the

resource/asset base. A prominent source of sustainable competitive advantages is causal ambiguity (Lippman & Rumelt, 1982, p420). While this is undeniably true, this leaves an awkward possibility: the firm is not able to manage a resource it does not know exists, even if a changing environment requires this (Lippman & Rumelt, 1982). Through such an external change, the initial sustainable competitive advantage could be nullified or even transformed into a weakness (Priem and Butler, 2001). Although prominently present in Wernerfelt's original articulation of the resource-based view (1984) and Barney's subsequent framework (1991), the concept that resources need to be rare to be able to function as a possible source of a sustained competitive advantage is unnecessary (Hoopes, Madsen and Walker, 2003, p890). Because of the implications of the other concepts (e.g. valuable, inimitable and non-substitutability) any resource that follows from the previous characteristics is inherently rare.

2.2 Empirical Review

Several studies have been conducted both on business reengineering both locally and internationally on business process reengineering. In Nigeria, the changing dynamics of banking and other financial institutions market forced players at all levels to re-engineer their business organisations. The banking operations and functions which is intended to meet emerging challenges of bank consolidation, slashing operating cost, outsourcing, portfolio investment, payments and settlement system call for innovative banking practices through Business Process Re-engineering. This is to enable Nigerian banks to incorporate strategic innovative customer schemes in order to bridge the service gap inherent in Nigerian banking sector. (Adeyemi and Ayanda, 2008).

In Tanzania, there is ample evidence that organizations practice BPR activities. Most organizations renovate, automate and network their business processes. Besides, the presence of BPR consultancy companies and individuals offering BPR-related consultancy services is also a clear evidence that Tanzanian organizations practice BPR. For instance, Electro Business Ltd, Deloitte, and MS-Training Center for Development are among the companies offering BPR consultancy in Tanzania (Sungau, 2013).

Habib (2013), carried out a study on Understanding Critical Success and Failure Factors of Business Process Reengineering in Pakistan. He used the explorative survey methods to carry out his study. The results revealed that companies are shifting from product centered approach to customer oriented approach. Therefore, the priorities are also changing and the companies are trying to satisfy their customers to deliver what they want in terms of values. He concluded that bringing change into an organization is very difficult and very much demanding. Therefore, proper planning from top management is very important in accordance with the organizational needs and resources. The supportive role of management is a key to successful implementation. The involvement of HR in planning and implementation is also essential. He recommended that companies need to identify the tasks that are unnecessary, causing delay and inefficiency, identification of areas and jobs that can be reengineered with the help of developed and up to date technology.

Disii (2011) carried out a study on the implementation of Business Process Reengineering and Benchmarking at Kenya Ports Authority (KPA). The research design was through the use of interviews. The managers represented five KPA divisions. The secondary data sought was through the KPA bulletins of statistics. The sampling technique used was stratified random sampling. The data analysis used was through content analysis and structured break analysis. The study showed that business process reengineering and benchmarking were undertaken at the port. Structural break had occurred on ships waiting time and overall port throughput showed continuous improvement.

Another study by Mutinda (2009) was conducted to assess human resource factors in implementation Business Process Reengineering at Kenya Commercial Bank. The research design was descriptive. Primary data was collected through questionnaires which were distributed to both managers and support staff at KCB head office and Nairobi branches. Data collected was analyzed by use of descriptive statistics and SPSS. Of the five human resource factors considered in BPR, the staffs were agreeable that KCB had integrated four of them namely; egalitarian leadership, top management commitment, managerial support and conducive work environment.

2.2.1 Innovation rethinking and customer service

This is a process that is itself utterly dependent on creativity, inspiration and old-fashioned luck. Drucker (1993) argues that this paradox is apparent only not real most of what happens in successful innovations is not the happy occurrences of a blinding flash of insight but rather, the careful implementation of unspectacular but systematic management.

Today's consumers expect to see the latest technology when dealing with their bank, such as 24-hour mobile access to accounts, and therefore financial services organisations are under increasing pressure to offer their customers innovative services. In today's constantly evolving regulatory landscape, many firms are struggling to adapt to different legislative changes that have significantly impacted the way they do business, whilst also trying to address their customers' needs at the same time. As if this weren't enough, firms are also tasked with attracting and retaining clients, driving down operational costs, and achieving compliance – whilst also proactively developing more innovative services. Innovations in financial technology have also facilitated advances in the way that banks and customers share data. With the correct systems in place, firms are able to streamline services to cater for individual customer needs. Mobile applications that offer instant access to accounts and product information are at the forefront of these changes. Firms are already seeing the direct benefit of adopting these innovations, as they are now able to communicate with their customers and understand their needs far more quickly and efficiently.

However, it will be very interesting to see how these new players compete against traditional firms. If the challenger banks fail to take a proactive approach to stay one step ahead, they risk losing their competitive edge and may lose out to traditional banks that have already developed large, well-established customer bases and have access to increased data as a result. Mid-market firms may also find regulation harder to interpret compared to larger institutions which have the resources to interpret the regulations. Many of these businesses claim that the lack of specific regulation around innovation within financial technology has inhibited the adoption and use of digital and mobile solutions for their customers.

While the history and impact of every wave of technological innovation is different, it can nevertheless be interesting to have a look at how banks reacted in previous times of "disruptive" innovation, and which strategies were the most successful. Fortunately, we do not have to go back in time very far, to find a similar huge wave of technological innovation that was leading to a complete rethinking of banking strategies. An interesting comparable environment is the 1960's, when modern retail banking was developed, based on the revolutionary introduction of computers, able to handle massive data.

Sidikat and Ayanda (2008), carried out a study on Impact Assessment of Business Process Reengineering on Organizational Performance in First Bank Nigeria. They used the case study method and data was analyzed through simple percentage and regression analysis. The results revealed that business process reengineering (BPR), service quality (SQ), and innovative & strategic change (I & SC) are positively (Directly) related to the success of organization. Business Reengineering Process will only be successful if the activities in which the processes are based are directly related to the needs and objectives of the business. The impact of Business Reengineering Process to the Nigerian organizations cannot be over- emphasized with the economic situation of this country, because it helps in meeting the domestic and industry needs or pursuance of better and high performance.

A study was conducted by Odede (2013) on Business Process Reengineering Implementation and Organizational Performance at the case of Kenya Revenue Authority. The research design used was descriptive survey design and also interviews were used to provide in-depth information. The sampling technique was stratified through questionnaire and interviews. The data analysis was done using tables, diagrams, percentages and frequencies. The study found that the management had a key role in BPR implementation through creating strategic awareness, ensuring attainment of organizational objectives and goals.

2.2.2 Process function and customer service

Process functions is a collection of activities that take one or more kinds of input and creates an output that is of value to the customer. Typical process of this includes

ordering of organizational structure, manufacturing, production, development, delivery and invoicing. Function process play a significant role in effective customer service delivery. When function process is effectively implemented in an organization, service delivery will be efficient leading to customer satisfaction. The extensive literature on business process management suggests that organizations can enhance their overall performance by adopting a process view of business.

To survive these unprecedented turmoils, most organizations embarked on a number of business innovations namely: Re-engineering, Repositioning, Restructuring, Redesign, Re-organization, Re-inventing and Remaking etc supported by new management techniques. Whether called Total quality management (TQM), Benchmarking, paradigm shift, learning organization or Business Process Re-engineering, the aim is to solve today's problems by improving business processes so as to engender strategic performance The overall effect of all these are the different strategies adopted by banks not only to retain their customers, but also to increase their shares of the market. While some banks embarked on total change of their processes in line with the dictate of the market, some simply resorted to advertising their products with emphasis on the level of modern technology with which services are rendered, while others concerned themselves with repackaging of old products, introducing new ones with enticing returns on investments.

The innovation process in service organizations is often characterized as being a broad process, wherein many individuals and departments of the organization are involved. The employees may need to acquire new knowledge in order to participate in the development and implementation of the ideas. Thus, management needs to ensure that the employees have the skills necessary to fulfil these tasks. Customer-related knowledge plays an important role in the innovation processes of firms. However, it has also been argued that firms should, to some extent, view customers as partners in the innovation process (Edvardsson et al., 2010).

Thinking in terms of business processes helps managers to look at their organization from the customer's perspective. processes are designed to add value for the customer and should not include unnecessary activities (Bentley & Davis, n.d). The outcome of a well-designed business process is increased effectiveness (value for the customer)

and increased efficiency (less use of resources). Customer service is the entry point for users who need to engage IT with their questions and concerns. Although multiple roles and teams are required to interact with and support the Customer Service SMF, the majority of the processes and activities within it are performed by a functional team called the Service Desk. Taking a process approach implies adopting the customer's point of view. Processes are the structure by which an organization does what is necessary to produce value for its customers (Davenport, 1993). Customer (either internal or external) is not required to interact with each business function involved in the process. Successful business managers view business operations from the perspective of a satisfied customer.

The implementation of BPR has been widely discussed with Disii (2011) focusing on the implementation of business process reengineering at Kenya Ports Authority and Laibon (2014) did a study on the effect of BPR on staff turnover at KK Security Group of Companies. Doyle (2014) focused on Business process re-engineering for the improvement of bank credit operations in South Africa. Hagos (2012) did a study on the BPR implementation and result within the Ethiopian ministry of health and Gambella region. Mutinda (2009) did an assessment of human resource factors in implementation of BPR at KCB Group.

KCB's reengineering process began in 2011 after the rebranding exercise in 2003 under the slogan its board of directors had dubbed the transformation programme. The bank was pursuing a strategy to reposition itself from a "good to great bank". To assist with the reengineering process the bank hired the services of global consultants McKinsey and company to set up the road map for the banks transformation journey by carrying out a four-month diagnostics of the bank. The key agenda of the transformation process was to review the banks business model as well as operating structures and processes with a view of recommending solutions that will make KCB more efficient and productive, while also setting the stage for the banks leap to the next level.

Mlay, Zlotnikova and Watundu (2013) carried out a study on A Quantitative Analysis of Business Process Reengineering and Organizational Resistance: The case of Uganda. The methodology they used was both quantitative and qualitative methods.

The study showed that only 30.4% of BPR projects in Uganda have delivered the intended usable Information Systems. They identified the factors impacting on BPR and possible causes of BPR failures. They identified that emotional response of the users towards the BPR implementation ranges from 'Acceptance' to 'Testing', 'Indifference' and 'Anger'. They concluded that many organizations in Uganda and elsewhere need to reengineer their processes to improve on efficiency. They recommended that organizations intending reengineer processes should put a lot of emphasis on soft issues of the BPR implementation. It is important to establish good and open communication between the implementers and the management.

2.2.3 Use of information technology and customer service

The concept of Information Technology (IT) capability was introduced by Ross, Beath & Goodhue (1996), defined IT capability as the firm's ability to assemble, integrate and deploy IT based resources. Heijden (2000) pointed out that the measurement of IT capability covers relationships in IT department with the rest for the business. Bharadwaj (2000), broaden the explanation of accepted views of organizational IT capabilities to an organization's information technology function. Bharadwaj, (2000) defined IT capability as the ability of firm to mobilise and deploy IT based resources in combination with other resources and capabilities. Those IT-based resources are IT enabled resources (consist of technical and managerial IT skills); intangible IT- enabled resources (such as knowledge, assets, customer orientation and synergy- the sharing of resources and capabilities across organizational division. Therefore capabilities reflect the ability of the firms to combine resources to promote superior performance (Amit & Schoemaker, 1993). According to Tippins and Sohi (2003) IT capabilities implies the extent to which an organization is equipped with IT infrastructure, IT skills knowledge and experience as well as effective IT operations utilization. A high level of IT experience enables the smooth implementation of the organization's strategy, develops reliable and cost-effective systems for the organization, and anticipates customer needs. A study by Clark (1997) noted that IT experience in combination with other IT elements directly determines an organization's ability to rapidly develop and deploy more innovative techniques to enhance performance.

The role of IT capabilities in enhancing organizational performance is well established in the literature. Various IT studies suggests IT capabilities provide a basis of gaining competitive advantage and enhancing organizational performance (Santhanam & Hartono, 2003) An extensive body of IT capabilities literature agrees that IT capabilities are resource to facilitate an effective collection and utilization of information (Bharadwaj, 2000). IT capabilities enhance service reliability, reduce transaction errors and increase consistency in performance. Further contentions are that capabilities can contribute to enhancing service quality through better customized or individualized services, and in creating knowledge links for identifying and sharing organizational expertise.

Hammer (1990) considers Information Technology as the key factor in Business Process Reengineering for organization that wants to witness a "radical change" in its operation. He prescribes the use of IT to challenge the assumption inherent in the work processes that have existed since long before the advent of modern computer and communications technology. He argues that at the heart of reengineering is the notion of discontinuous thinking or recognizing and breaking away from the outdated rules and fundamental assumptions underlying operations. These rules of work design are based on assumptions about technology, people and organizational goals that no longer hold. Aremu and Saka (2006) argued that Information technology (IT) is a strategic resource that facilitates major changes in competitive behaviour, marketing and customer service. In essence, IT enables a firm to achieve competitive advantages.

Davenport and Short (1990) further posted that Business Process Reengineering requires taking a broader view of both Information Technology (IT) and business activity and of the relationships between them. IT should be viewed as more than an automating or mechanizing force; to fundamentally reshape the way business is done. Information technology (IT) and Business Process Reengineering (BPR) have recursive relationship. IT capabilities should support business processes and business should be in terms of the capabilities IT can provide. Davenport and Short (1990) refer to this broadened, recursive view of IT and BPR as the new industrial engineering business process represent a new approach to coordination across the

firm, IT promises and its ultimate impact is to be the most powerful tool for reducing cost of coordination (Davenport and Short, 1990).

A number of IT implementation failures can be attributed to inappropriate IT planning and management. Hence, IT manager has a larger role in controlling and managing the IT implementation process (Willcocks & Smith, 1995). If an IT manager is involved in a new project and possesses the corresponding IT management experiences, IT strategy can be in accordance with current business processes in order to realize the coordination between IT and business objective, thereby assisting the organization enhance business efficiency and firm performance with IT (Willcocks & Smith, 1995). The IT manager can supervise and control IT project costs, identify financial and human resources deviations, and adopt timely measures in order to avoid the potential risks incurred during the implementation process. This can foster the alignment of the newly developed IT and business processes (Soffer et al. 2005).

Additionally, employees can be encouraged to rapidly adapt to the new IT, assimilate IT knowledge and apply it in their daily routines, which is beneficial for the improvement of organization performance (Shao et al. 2008). According to Knowledge based view (KBV) systems of knowing refers to structures of interaction among team members for sharing their perspectives, pooling of knowledge, and development of shared understanding. It is suggested that systems of knowing provides forums for top management team members that exchange their strategic IT and business knowledge, and blend them together to foster higher levels of IT diffusion within the organization. For managers, a frequent interaction between other top management team members enables them to achieve timely information with regards to organizational business, thus to plan and deployment IT to align with organizational business process, improve firm performance through the investments in IT. It is found that IT-related information could be disseminated more effectively between the manager and the top management (CEO) through richer channels of communications, and this greater interactions in different IT forums is proved to have favorable influence on firms' IT success (Jarvenpaa & Ives 1991).

Asgarkhani and Patterson (2012), did a study on Information and Business Process Reengineering through Application of Information and Communication Technologies

(ICTs) in Pattaya (Thailand). They used exploration method. The result revealed that continued innovation in IT will make sure its role in process redesign will not decline and the more that business becomes the focus of process redesign. They concluded that information technology has a huge role in BPR, this is because information technology's unique attributes cover most PBR heuristics. They recommended that employees in a business should embrace changes and creativity business process reengineering projects to have a high chance of success.

In another study to examine the effect of BPR on staff turnover at KK Security Group of Companies, Laibon (2014) adopted a descriptive research design. A random sampling technique was used to determine the sample size. The sample size was 83 respondents of which 51 people responded. Collection of data was through questionnaires and data coding was done with Microsoft Excel and SPSS. The study found that team work plays a major role in BPR implementation, followed by resources, six sigma, information technology and total quality management. Laibon (2014) concluded that the security sector is growing, therefore there is need to enhance BPR for facilitating competitive advantage, profitability and streamlining the sector to suit into the millennium development goals.

2.2.4 Radical change and customer service

Radical changes in organizations are being achieved through effective communication, involvement of employees, reward and motivation; socio-cultural adjustment needed to overcome resistance and facilitate the acceptance of the desired procedures or policy (Tower, 1996). At its most initial stage, change is a movement out of a present state (how things are today), to the future (how things will be done) through a period of transition. Change happens all around us - at home, in our community and at work. Changes can be internally or externally influence. The change can be radical or conservative that can be anticipated or unexpected. However, the basic nature of change is a movement from the current state through a transition state to a future state. The notion of these three states of change is prevalent in change management literature and in other improvement disciplines. Various authors described the three states of change management improvement initiatives such as a process redesigns. Changes are implemented for a reason - to reach a future state

where performance is better than in the current state. Change can be driven by issues in the current state or motivated by opportunities in the future state, but the change is undertaken to improve performance in a meaningful way of customer service (Prosci, 2013).

Communication is another important change management tool perceived as very critical in facilitating BPR (Hammer & Stanton, 1995). However, it is also considered by some organizations to be the most difficult part of BPR. Davenport, (1993) emphasizes the need for communication throughout the change process for all levels and for all individuals, and stresses that, it should occur regularly between the top management and the subordinate. Employee's empowerment is one of the important factors of change management employees were encouraged to assume responsibility for decision making without reference to their supervisor. Empowerment of employees ensures the smooth operations of organizational activities with minimum bureaucracy. A proper implementation of change management initiative promotes accountability, self-management style and collaborative teamwork in organization which will enhance customer service (Thomas, 1994; Cooper & Markus, 1995; Hinterhuber, 1995; Dawe, 1996; Rohm, 1993; Mumford, 1995).

BPR is achieving dramatic performance improvements through radical change in organizational processes, rearchitecting of business and management processes. It involves the redrawing of organizational boundaries, the reconsideration of jobs, tasks, and skills. This occurs with the creation and the use of models. Whether those be physical models, mathematical, computer or structural models, engineers build and analyze models to predict the performance of designs or to understand the behavior of devices. Radical change is very essential in fostering and enhancing customer service in banking sector.

Doyle (2014) did a study on Business Process Reengineering for the Improvement of Bank Credit Operations using exploratory research design, non-probability sampling was used The use of interviews and questionnaires was used to collect data. The study used factor analysis to analyze data. The key findings were that leadership and employees are not adopting a culture of performance improvements. Employees are not involved in the change initiatives or given the opportunity to make decisions.

Goksoy, Ozsoy and Vayvay (2012), carried out a study on Business Process Reengineering: Strategic Tool for Managing Organizational Change an Application in a Multinational Company in the USA. The research framework was an attempt to investigate (survey) the effects of BPR in production division in a multinational company. The result revealed that employees think top management commitment and support has been ensured for the implementation of reengineering projects etc. They concluded that in today's world, one of the most popular change management concepts "Business Process Reengineering" has been examined as a change tool. They recommended that future research can collect information from both employees and management and/or change agents and compare the results to get more accurate information and BPR.

A study by Al-Mashari and Zairi (1999) revealed that 70% of the BPR fails during the implementation because of lack of planning and proper measures. Findings from literature indicated that most organizations that had embarked on BPR project did not achieve the promised dramatic performance. Thus the researcher sought to find out from the respondents some of the critical success factors that was employed at the bank to ensure successful implementation of the BPR project. Some of the responses the researcher found was that the causes of failure mainly include not proper implementation and high expectation for BPR. For successful implementation of this radical change process it is necessary to insure that change is properly communicated, human workforce of the firm are taken on board in discussion and radical change, teams that are going to perform BPR are empowered to make sure a proper teamwork, workforce is trained and educated about the change, committed and strong leadership, and adequate resources are provided to make sure process is run smoothly. Other respondents cited management commitment, less bureaucratic and flattered organizational structure, good Project Management, Customer Focus, Effective process redesign, adequate financial resources, Information technology (IT) infrastructure are essential elements to the successful transformation process.

2.4 Summary of the literature and knowledge gap

The theories adopted in this research covered technological variables. Technological determinism theory is grounded in the perspective that changes in technology, and

specifically productive technology, are the primary influence on human social relations and organizational structure, and that social relations and cultural practices ultimately revolve around the technological and economic base of a given society. This theory did not look into the radical change and innovation rethinking, which creates a knowledge gap in understanding the two variables. On the other hand, institutional theory identifies internal and external environmental factors that determine the performance of an organization. Although the institutional theory focuses of different factors that affects the organizations, it did not look into process function, innovation rethinking and radical change

From previous studies, it is clear business reengineering is wide and a lot is yet to be researched on this area. Studies have widely covered implementation and assessment of business reengineering in different fields. Other studies focus on the factors influencing the performance of BPR. From the literature reviewed, it is clear that the research in Business Process Engineering has been carried out but there is inadequate literature in some areas of study. Based on the literature reviewed, despite the many studies that has been one concerning business process re-engineering, there is knowledge gap on the contribution of the business process re-engineering on customer service delivery specifically in the banking industry in Kenya. In today's business environment, customer has become more knowledgeable than ever before and therefore they demand superior quality services, is of paramount importance. No specific investigation that has been carried out in the banking industry to establish how business process re-engineering can bring about innovative ways of delivering premium customer service in the dynamic and competitive market. There is a research gap on the impact of BPR on customer service and customer satisfaction.

The current study brings out up to date relevant information on the Business Process Engineering and customer service that are used by Kenya Commercial banks to develop a sustainable competitive advantage and compete effectively in the banking industry in Kenya. This study therefore can contribute to the scarce literature and add to the existing body of knowledge in the area that has not been much ventured.

Table 2.1: Summary of research gaps

Study	Focus	Findings	Research Gap	Focus of the current study
Habib, 2013	Understanding Critical Success and Failure Factors of Business Process Reengineering	The results revealed that companies are shifting from product centered approach to customer-oriented approach. Therefore the priorities are also changing and the companies are trying to satisfy their customers to deliver what they want in terms	A gap exist in terms of identifying the tasks that are unnecessary, causing delay and inefficiency in service delivery.	The study focused on customer service
Goksoy, Ozsoy and Vayvay, 2012	Business Process Reengineering: Strategic Tool for Managing Organizational Change an Application in a Multinational Company in the USA	The result revealed that employees think top management commitment and support has been ensured for the implementation of reengineering projects etc.	The study only focused on the use of business process reengineering as a function of commitment by top management	This study focused on management
Asgarkhani and Patterson, 2012	Information and Business Process Reengineering through Application of Information and Communication Technologies (ICTs) in Pattaya (Thailand)	The result revealed that continued innovation in IT will make sure its role in process redesign will not decline and the more that business becomes the focus of process redesign.	There is no knowledge presented about innovative rethinking, process function, and radical change	This study examined different dimensions of business process reengineering including innovative rethinking, process function, use of Information Technology and radical change on customer service
Sidikat and Ayanda, 2008	Impact Assessment of Business Process Reengineering on Organizational Performance in First Bank Nigeria	The results revealed that business process reengineering (BPR), service quality (SQ), and innovative & strategic change (I & SC) are positively (Directly) related to the success of organization.	The study did not access the effect of business process reengineering on customer service	This study focused on impact of business process re-engineering on customer service.

Mlay, Zlotnikova and Watundu, 2013	A Quantitative Analysis of Business Process Reengineering and Organizational Resistance: The case of Uganda	The study showed that only 30.4% of BPR projects in Uganda have delivered the intended usable Information Systems. They identified the factors impacting on BPR and possible causes of BPR failures.	The study used cluster sampling technique.	This study assessed the effect of business process reengineering in the banking industry
Doyle, 2014	Business Process Re-engineering for the Improvement of Bank Credit Operations.	The key findings were that leadership and employees are not adopting a culture of performance improvements. are not involved in the change initiatives or given the opportunity to decisions.	The study used factor analysis technique.	The study used regression analysis.
Laibon, 2014	The Effect of Business Reengineering on Staff Turnover: A case study of KK Security Group of Companies.	Team work has played a major role in business process reengineering implementation, followed by resources, six sigma, technology and total quality management.	There is no knowledge on the effect of business process reengineering on customer retention in banking sector.	This study assessed employees' perception regarding business process reengineering and customer retention
Odede, 2013	Business Process Reengineering Implementation and Organizational Performance: The case of Kenya Revenue	The management had a key role in business process reengineering implementation through creating strategic awareness, ensuring attainment of organizational objectives and goals.	The study focused on the implementation of business process reengineering in Kenya Revenue Authority only.	This study targeted Kenya Commercial Bank employees, sample size of 34.
Disii, 2011	Implementation of Business Process Reengineering and Benchmarking at Kenya Ports Authority	The study showed that business process reengineering benchmarking were undertaken at the port. Structural break had occurred on ships waiting time and overall port throughput showed continuous improvement.	The study used interviews to collect data	This study used questionnaires to collect primary data.

Mutinda, 2009	Assessment of Human Resource Factors in Implementation of Business Process Reengineering at Kenya Commercial Bank	Of the five human resource factors considered in BPR, the staffs were agreeable that KCB had integrated four of them namely; egalitarian leadership, top management commitment, managerial support and conducive work environment.	No knowledge Business Process Reengineering in other areas apart from human resources in Kenya Commercial Bank.	This study focused on technological determinism theory, institutional theory and resource based view theory.

2.5 Conceptual framework

Conceptual framework implies that ideas that relate to each other utilized to describe the research problem. To align the conceptual system with the research goals, customers service is the dependent variables and the independent variables are innovative thinking, process function, use of IT and radical change.

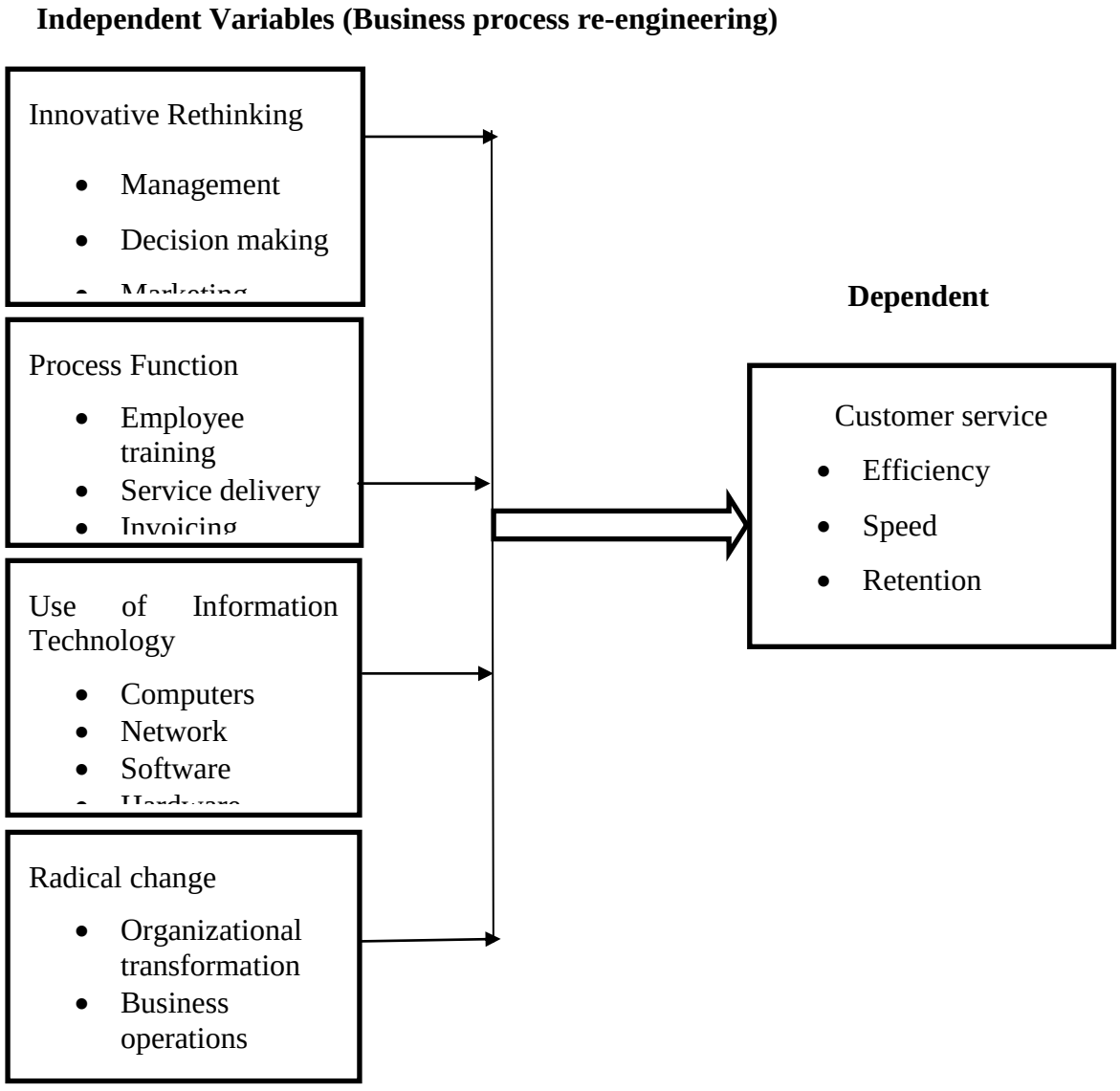

Figure 2.1: Conceptual framework of the Study

Source: Researcher (2016)

Innovation rethinking is not an initiative; it is a business process. The process begins with market selection and includes steps to uncover customer needs, determine which needs are unmet, formulate a growth strategy, and devise and evaluate product and service concepts. Innovation rethinking will help in understanding the customers and when the innovation process is executed effectively, the customer service will be improved and thus customer satisfied. Process functions is a collection of activities that take one or more kinds of input and creates an output that is of value to the customer. Typical process of this includes ordering of organizational structure, manufacturing, production, development, delivery and invoicing. Function process play a significant role in customer service delivery. When function process is implemented in an organization, service delivery will lead to customer satisfaction. Aremu and Saka (2006) argued that Information technology (IT) is a strategic resource that facilitates major changes in competitive behaviour, marketing and customer service. In essence, IT enables a firm to achieve certain level of quality service delivery. In radical change, a key business process is the transformation of organizational element; it is essential to an organization survival, which results in quality service delivery to the customers. Radical change is an essential tool that any organization need to transform customer service delivery. Radical change can bring about organizational change.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

According to Kerlinger (1986), research design is the plan and structures of investigation so conceived so as to obtain answers to research questions. The plan is the overall program of the research and includes an outline of what the researcher will do. Cooper and Schindler (2003) summarize the essentials of research as an activity and time-based plan**.** The research design used for carrying out this research study was a descriptive research design. The main purpose of descriptive research is the explanation of the situation, as it exists presently.

3.2 Target population

The population of interest under this study consisted of all employees of Kenya commercial bank, Kericho, branch. This consists of 34 employees who include managers, assistant managers, clerks and sales representatives (KCB Kericho, 2016).

Categories	**Target Population**
Managers	4
Assistant managers	6
Clerks	16
Sales Representatives	8
Totals	**34**

Table 3.1: The Target population of the study

Source: KCB human resource records of 2016

3.3 Sampling Design

In the study, census was used by involving all 34 employees. It was used because the population of the study was small and could be reached. A census is the procedure of systematically acquiring and recording information about the members of a given population (Kothari, 2004). A census is often construed as the opposite of a sample as its intent is to count everyone in a population rather than a fraction.

3.4 Data Collection

The research instrument used to collect data was a questionnaire. It was designed to have simple, clear and easy to answer questions. This was supplemented by structured interviews. The questions were presented with exactly the same wording and in the same order for responding. There were structured and unstructured questions.

The questionnaires were administered by the researcher personally to the respondents (Employees) of Kenya commercial bank, Kericho branch. Both open and closed ended questions were used in order to capture all the information and opinion of the respondents. Before the questionnaire was issued to the respondents, a brief explanation was provided for clarification where necessary. The questionnaire was administered through the 'drop and pick' later method. Follow up was done through phone calls.

The study employed personal interview to obtain additional information on the specific areas that the questionnaire instrument did not covered. The Primary data was supplemented by the use of secondary data which was gathered from textbooks, research papers, government documents, economic surveys, statistical abstracts, journals, newsletters, Kenya commercial annual reports, internet and other relevant publications.

3.4.1 Data Collection Procedures

An introductory letter was obtained from Kenyatta University, and a research permit obtained from NACOSTI. The respondents were provided the consent form to sign before filling in the questionnaires. The researcher personally administered the questionnaires and collected the filled in questionnaire.

3.4.2 Validity of the instrument

According to Creswell (2009), validity is the extent to which a test measures what it purports to measure. Validity is defined as the precision and meaningfulness of the deductions, which depend on the research outcomes. It is the extent to which outcomes obtained from the analysed data really represents the phenomenon under study. Creswell (2009) argues that the validity of the instrument depends on the ability and readiness of the respondents to give the information asked. Before commencement of actual study, research tools will be gathered accordingly and necessary changes on the data collection schedule will be done accordingly.

To ascertain the validity of the instruments, a pilot study was carried out at the neighbouring bank to refine the strategy and test the questionnaire before administering the final phase. Questionnaire was tested on potential respondents to make the data collection tools objective, significant, suitable to the issue, and reliable as suggested (Adams *et al*., 2007). Issues raised by the respondents were rectified and the improved version of the questionnaires developed and printed.

3.4.3 Reliability of Instrument

Reliability is the degree of consistency of the research instrument which measures whatever it is intended to measure or how it yields consistent results over a number of repeated trials. In order to check and ensure reliability of the instruments the Internal Consistency Method were used. Creswell (2009) defines the instruments' reliability as the level of consistency of the process or instruments which has a value between 0 and 1. Creswell pinned that a reliability value of 0.7 and above is good for analysis. The internal consistency method provides a unique reliability estimate for the given test administration. The most well-known internal consistency estimate of reliability is given by Cronbach's alpha. It is expressed below:

alpha = Np/[1+p(N-1)]

where N is equivalent to the figure of products and p equals the average inter-item correlation.

Computed Cronbach's alpha of 0.751 was calculated using SPSS. The value is greater

than 0.7 since the research instrument was reliable.

3.5 Data analysis and presentation

Data analysis is the transformation of the processed data to identify trends and relationship between different data groups using descriptive and inferential statistics. The analysis was done by use of SPSS program. Descriptive and inferential analysis were used to reduce the data into a summary format through tabulation. Particularly, descriptive statistics (mean and standard deviation) and inferential statistics (regression and correlation) was taken from this instrument. In addition, pie charts and bar graphs were utilized to describe the overall enterprises' characteristics. The reason for utilizing descriptive statistics was to compare different variables. A narrative summary of the open and closed questions will be made. These descriptive statistics includes the use of tables, frequencies, and percentages. The analysed data was presented and interpreted through charts, graphs and distribution tables.

The relationship between various and independent variables was determined using a simple regression model in form of:

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

Where;

Y = Dependent Variable (customer service)

β_0 = Constant Term

$\beta_1, \beta_2, \beta_3, \beta_4$ = Beta coefficients

X_1 = Innovation rethinking

X_2 = Process function

X_3 = Use of information technology

X_4 = Radical change

e = Error Term

Table 3.2: Operationalization of Variables

Variable	Type of variable	Indicators	Quantifiable variable	Measure
Business Process Re-engineering	Independent	**Innovative rethinking**		
		• Management • Decision making • Marketing	• Management level of efficiency • number of issues solved in decision making • percentage of market share	Ordinal (Likert 1-5)
		Process function		
		• Employee training • Delivery • Invoicing	• Number of trainings • Level of delivery • Average Turnaround time on transactions	Ordinal (Likert 1-5)
		Use of Information technology		
		• Computers • Networking • Software • Hardware	• No. of computers • level of networking • level of software performance • Level of hardware functionality	Scale Ordinal (Likert 1-5)
		Radical change		
		• Organizational transformation • Business operations	• number of complains handled • level of efficiency in service delivery	Ordinal (Likert 1-5)

Customer service	Dependent	• Customer satisfaction • Customer loyalty • Retention	Level of satisfaction Number of referrals Repeated purchases	Ordinal (Likert 1-5)

3.6 Ethical considerations

Prior to beginning the study, the researcher obtained permission from the relevant authorities. A letter of introduction was provided by the University, which explained to the respondents the purpose of the study before engaging them. Moreover, the respondents were assured that the information they provided was only going to be used for the purpose of the study and all the information they provided will be treated with utmost confidentiality. All identifiable data were removed, and anonymity and confidentiality maintained. The research findings were presented objectively and honestly.

CHAPTER FOUR

DATA ANALYSIS, DISCUSSION AND INTERPRETATION

4.1 Response Rate

A total of 34 questionnaires were sent to the respondents. However, 28 questionnaires were completed which results in 82.4% response rate. Mugenda and Mugenda (1999) argue that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Therefore, the response rate of this study is excellent for the analysis and reporting.

Table 4.1: Reliability Statistics

Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Innovative rethinking	.704	**.751**	6
Process function	.812	**.823**	4
Use of information technology	.765	**.801**	2
Radical Change	.764	**.800**	6
Average	**0.751**	**0.804**	**18**

Source: Research data (2017)

Innovation rethinking, process function, use of information technology and radical change were all reliable since the value of Cronbach Alpha was all more than 0.7 threshold.

4.2 Demographic Characteristics of the Respondents

This section comprises of gender, age, period of working with bank and job designation.

Table 4.2: Gender Distribution of the respondents

Gender	Frequency	Percent
Male	16	57.1
Female	12	42.9
Total	28	100.0

Source: Research data (2017)

Table 4.2 shows that 57.1 % of the respondents were males and 42.9% females which shows that most respondents were males.

Table 4.3: Age Distribution of the respondents

	Frequency	Percent
Below 25 years	7	25.0
26-35 years	13	46.4
36-45 years	7	25.0
46-50 years	1	3.6
Total	**28**	**100.0**

Source: Research data (2017)

The age group 26-35 years constituted 13 (46.4%) 0f the total respondents. The age brackets; below 25 years and 36-45 years levelled at 25% each (7 and 7 respectively) as shown on the above diagram. One respondent (3.6%) aged 46-50 years. This data shows that most respondents were aged 26-35 years. In Kenya, the age bracket of 18-35 years is considered as youth. This depicts that a total of 20 respondents (71.4%), were youth.

Table 4.4: Work experience with KCB Bank

Years	Frequency	Percent
Below 1 year	3	10.7
1-2 years	8	28.6
3-4 years	5	17.9
5-6 years	2	7.1
Over 6 years	10	35.7

Total	**28**	**100.0**

Source: Research data (2017)

Most employees in the bank had worked for more than six years. This constituted 10 employees (35.7%). This was followed closely by the group of employees with 1-2 years of work experience with 8 employees (28.6%). Two employees (7.1%) had work experience between 5 and 6 years.

Table 4.4: Job Designations

	Frequency	**Percent**
Clerk	7	25.0
Sales representative	9	32.1
Assistant manager	2	7.1
Manager	3	10.7
Teller	5	17.9
Customer consultant	2	7.1
Total	**28**	**100.0**

Source: Research data (2017)

As shown on the table 4.4, above sales representatives and clerks constituted almost the same number of respondents; 9 (32.1%) and 7 (25%) respectively. Most of the respondents were sales representatives. Managers and Assistant managers constituted 3 (10.7%) and 2 (7.1%) respectively.

4.3 Business process reengineering on customer service

This part comprises of various aspects of innovative rethinking including; management efficiency, market share and decision making. It also includes management influence on customer service, decision making contribution to quality service, contribution of market share to customer service, effect of innovative rethinking of customer service and challenges related to innovative rethinking.

Table 4.5: Management Efficiency

	Frequency	Percent
Very poor	0	0
Poor	0	0
Fair	0	0
Good	16	57.1
Very good	12	42.9
Total	**28**	**100.0**

Source: Research data (2017)

Most of the respondents rated management efficiency as good (57.1%) as compared with 42.9% who rated as very good. This shows that management efficiency was positively rated.

Table 4.6: Decision Making

	Frequency	Percent
Very poor	1	3.6
Poor	0	0
Fair	2	7.1
Good	16	57.1
Very good	9	32.1
Total	**28**	**100.0**

Source: Research data (2017)

The highest number of respondents rated decision making as good. 16 (57.1%) attested to this. A number of respondents rated decision making as good ,9 (32.1%) of the respondents. This shows that decision making plays a key role as aspect of innovative rethinking. Effective decisions result from a systematic process, with clearly defined elements, that is handled in a distinct sequence of steps' (Drucker, 1967).

Table 4.7: Management Influence on customer service

	Frequency	**Percent**
Very low	0	0
Low	0	0

Medium	0	0
High	18	64.3
Very high	10	35.7
Total	**28**	**100.0**

Source: Research data (2017)

The results from table 4.7 above shows that most of the respondents rated the influence of management as high, 18 (64.3%). The rest of the respondents indicated very high rate, 10 (35.7%). This data depicts that management highly influence the level of customer satisfaction in the bank. Hughes et al (2006) argues that the role of management in organizations is to put structure and order. Management in the banking sector has to direct and coordinate the work of group members and building interpersonal relationships with others.

Table 4.8 Decision making contribution to quality service

	Frequency	Percent
Strongly Disagree	0	0
Disagree	0	0
Undecided	0	0
Agree	13	46.4
Strongly Agree	15	53.6
Total	**28**	**100.0**

Source: Research data (2017)

Based on the data above in table 4.8, most of the respondents 15 (53.6%), strongly agreed that decision making process contributes to quality service. 13 46.4% agreed. This shows that decision making process contributes to quality services at large.

Table 4.9 Contribution of Market share to customer service

	Frequency	Percent
Very low	0	0
Low	7	25.0
Medium	5	17.9
High	13	46.4
Very high	3	10.7

Total	**28**	**100.0**

Source: Research data (2017)

Most respondents rated the contribution of market share to customer service as high. 13 (46.4%) attested to this. 3 (10.7%) of the respondents rated as very high. This shows that a good number of respondents highly rated the contribution of market share to customer service. However, a considerable number, 7 (25%) rated the contribution of market share to customer service as low. Pires et al (2006) puts forward that there is a need to regain control over the marketing process, that is, to either manage the technological empowerment of consumers, or to devise new strategies cognizant of the possibility that such technological empowerment cannot be managed. The valuation of consumer loyalty in this environment rises significantly.

Table 4.10 Innovative rethinking affect customer service

	Frequency	Percent
Strongly disagree	1	3.6
Disagree	2	7.1
Undecided	0	0
Agree	18	64.3
Strongly Agree	7	25.0
Total	**28**	**100.0**

Source: Research data (2017)

Most respondents agreed that innovative rethinking affect customer service. This was represented by 18 (64.3%) of the total respondents. Seven (25%) strongly agreed. However, one (3.6%) and two (7.1%) disagreed and strongly disagreed respectively. Based on these data, it is clearly shown that most respondents agreed that innovative rethinking affect customer service.

Table 4.11 Challenges related to innovative rethinking

	Frequency	Percent
CBK approvals	1	3.6
Cost of implementation	2	7.1
Cyber attacks	2	7.1
Inadequate resource allocation to innovation	1	3.6

Knowledge gap	1	3.6
Minimal participation of low-level staff	7	25.0
Poor communication	5	17.9
Poor implementation	4	14.3
Slow decision-making process	2	7.1
Slow implementation	3	10.7
Total	**28**	**100.0**

Source: Research data (2017)

Respondents mentioned various challenges encountered by the bank in relation to innovative rethinking. The most common challenges as shown by the responses in table 4.11 above were minimal participation of low-level staff and poor communication. These constituted 25% and 17.9% respectively.

Table 4.12: Number of employee trainings

	Frequency	Percent
Very poor	0	0
Poor	0	0
Medium	0	0
Good	5	17.9
Very good	23	82.1
Total	**28**	**100.0**

Source: Research data (2017)

Most respondents indicated that the number of employee trainings as very good. 23 (82.1%) attested to this. Only 5 (17.9%) rated the number of employee trainings as good. This implies that the number of employee trainings is adequately valued and utilized as far as process function is concerned. Training for customer ‘s service skills and behaviours has become a necessity because of the increased complexity of duties performed by a company’s representative in this area (Mouhamad & Cleaner, 1996). Thompson and Kensky (2004) further emphasizes that training allows employees to be more satisfied with their jobs and enables them to perform better. The finding of the study agrees with Thompson and Kensky (2004) who point out that when organizations invest in training especially in the area of management development, they are bound to achieve long term tangible results.

Table 4.13: Level of service Delivery

	Frequency	Percent
Very poor	0	0
Poor	0	0
Fair	2	7.1
Good	5	17.9
Very good	21	75.0
Total	**28**	**100.0**

Source: Research data (2017)

21 (75%) respondents rated the aspect of service delivery as very good. However, two (7.1%) of the respondents fairly rated this aspect. 17.9% of the respondents rated as good. This shows adequacy of the level of service delivery since most respondents rated the aspect of service delivery positively.

Table 4.14: Average TAT on customer transactions

	Frequency	Percent
Very poor	0	0
Poor	0	0
Fair	1	3.6
Good	7	25.0
Very good	20	71.4
Total	**28**	**100.0**

Source: Research data (2017)

Most of the respondents rated this aspect of process function as very good; 20 respondents (71.4%). Only one (3.6%) rated average TAT as fair. The response at large was positive which implies that Average TAT on customer transactions was an adequate utilized as an aspect of process function.

Table 4.15: Contribution of the level of service delivery to customer service

	Frequency	Percent
Very low	0	0
Low	0	0

Medium	0	0
High	3	10.7
Very high	25	89.3
Total	**28**	**100.0**

Source: Research data (2017)

Most respondents, 25 (89.3%) rated the contribution of the level of service delivery as very high. Three (10.7%) stated high rating. This shows that the contribution of the level of service delivery highly impacts customer service.

Table 4.16: Contribution of employee trainings to customer service

	Frequency	Percent
Very low	0	0
Low	0	0
Medium	1	3.6
High	6	21.4
Very high	21	75.0
Total	**28**	**100.0**

Source: Research data (2017)

Most of the respondent rated the contribution of employee trainings as very high. 21(75%) attested to this. Only 1 respondent (3.6%) rated this aspect as medium. Based on these data, we can conclude that the number of employee trainings is mostly valued so as to improve customer service.

Table 4.17: Contribution of average TAT

	Frequency	**Percent**
Very low	0	0
Low	0	0
Medium	0	0
High	3	10.7
Very high	25	89.3
Total	**28**	**100.0**

Source: Research data (2017)

Most respondents, 25 (89.3%) rated the contribution of average TAT on customer transaction to customer service as very high. Three (10.7%) of the respondents reported high rating. This shows that the average TAT on customer transaction highly contributes to customer service.

Table 4.18: Effect of Process function on customer service

	Frequency	Percent
Strongly disagree	0	0
Disagree	0	0
Undecided	1	3.6
Agree	20	71.4
Strongly Agree	7	25.0
Total	**28**	**100.0**

Source: Research data (2017)

Most of the respondents agreed that process function affect customer service in KCB. This was represented by 20 (71.4%) the respondents. 7 (25%) strongly agreed on the statement. From this information, we can conclude that customer service is greatly affected by process function.

Table 4.19: Challenges in relation to process function

	Frequency	Percent
A lot of paper work in some processes	4	14.3
Demoted staff	1	3.6
Duplication of procedures	2	7.1
Hands off staff	1	3.6
Inadequate induction training to new staff	4	14.3
Ineffective procedures	5	17.9
Lack of standardized procedure	1	3.6
Low level of service delivery	2	7.1
Low TAT	3	10.7
Poor management	2	7.2
Product knowledge gap	1	3.6
Slow decision-making process	2	7.1
Total	**28**	**100.0**

Source: Research data (2017)

Respondents mentioned various challenges encountered by the bank in relation to process function. The most common challenges as shown by the responses on the above table were; ineffective procedures, Inadequate induction and a lot of paperwork in some process. These constituted 17.9%, 14.3%and 14.3% respectively.

Ashley and Nada (2000) argues that the unrelenting pace of change requires assumption about the management of organisations to be questioned. Organizational elements such as strategy implementation, structure and information flows are currently managed on functional basis. The study suggests that these elements need to be managed on a functional process orientation. Function to function changing and process orientation significantly raises challenges for business leaders.

Table 4.20: Efficiency of software used by the bank

	Frequency	**Percent**
Very inefficient	0	0
Inefficient	0	0
Medium	0	0
Efficient	16	57.1
Very efficient	12	42.9
Total	**28**	**100.0**

Source: Research data (2017)

Most respondents stated that the software used by the bank was efficient. This constituted 16 (57.1%) of the respondents. 11 (39.3% of the respondents) reported as very efficient. None of the respondents reported the software used by the bank as medium, inefficient nor very inefficient. This is a clear indication that the software used by the bank was efficient in customer service. Software efficiency as a technology aspect was examined. Software effectiveness is described as the capability of producing a specific, desired effect, or in other words “getting the right things done” (Druker, 2004). Service delivery software normally should be able to produce several positive outcomes ranging from reduced costs, increased availability of efficient operations, improved service quality and optimum customer experience (Walley and Amin, 1994).

Table 4.21: Efficiency bank's networking in customer service delivery

	Frequency	Percent
Very inefficient	0	0
Inefficient	0	0
Medium	1	3.6
Efficient	20	71.4
Very efficient	7	25.0
Total	**28**	**100**

Source: Research data (2017)

Most respondents reported that the bank's networking was efficient. This was represented by 20 (71.4%) of the respondents. Seven (21.4%) of the respondents reported as very efficient. However, 1 (3.6%) of the respondents rated the bank's networking as medium. None of the respondents reported the bank's networking as inefficient nor very inefficient. This is an indication that the bank's networking was efficient in customer service delivery. The key to customer loyalty is customer satisfaction, which largely depends on the service quality offered by service providing firms (Rahman, 2014). Taylor, Sharland, Cronin, and Bullard (1993) stated that customers, when satisfied with the services they have experienced, are more likely to establish loyalty, resulting in repeat purchases (Fornell, 1992) and favourable word-of-mouth (Halstead and Page, 1992).

Table 4.22: Hardware used by the Bank

	Frequency	**Percent**
Strongly disagree	0	0
Disagree	0	0
Undecided	0	0
Agree	18	64.3
Strongly Agree	10	35.7
Total	**28**	**100.0**

Source: Research data (2017)

Most respondent agreed that the hardware used by the bank functions well for quality service. This constituted 18 (64.3%) of the respondents. Ten (35.7%) of the

respondents strongly agreed. Based on these data, we can conclude that the hardware used by the bank functions well for customer service delivery.

Table 4.23: Use of Information Technology

	Frequency	Percent
Strongly disagree	0	0
Disagree	0	0
Undecided	0	0
Agree	6	21.4
Strongly Agree	22	78.6
Total	**28**	**100.0**

Source: Research data (2017)

Most respondent strongly agreed that use of IT affects customer service in the bank. This constituted 22 (78.6%) of the respondents. Six (21.4% of the respondents) greed that the use of IT affects customer service in the bank. None of the respondents strongly disagreed, disagreed nor undecided. This shows that the use of IT greatly affects customer service in the bank. Interestingly, IT in particular play an important role in the financial industry and this is one reason why the banking sector is among the most intensive in deploying IT (Shoebridge, 2005). It is noticeable that the new technologies, particularly in IT, enabled banks to service customers not only in branches and other dedicated servicing sites, but also in domiciles, work places and stop and shop stores, as well as in a myriad of other channels (Al-Hawari et al, 2005).

Table 4.24: Challenges in relation to use of IT

	Frequency	Percent
Coping with technological changes	1	3.6
Customer resistance to new technologies	2	7.1
Cyber attacks	1	3.6
Difficulty in implementation of new technologies	1	3.6
Inadequate staff training on new technologies	6	21.4
Lack of IT skills among old staff	2	7.1
Mobile banking frauds	1	3.6
Unprofessional staff	1	3.6
Unstable network	11	39.3

Total	28	100.0

Source: Research data (2017)

Respondents stated various challenges encountered by the bank in relation to use of IT. The most common challenges as depicted by table 4.24 above was unstable network. This constituted 11 (39.3%) of all the challenges stated by the respondents.

The advancements of Information and Communication technology have provided various tools to effectively manage information. Using information and communication technologies, businesses and organizations nowadays rely largely on Information systems to store and manage and analyse data. Information system is a combination of various subsystems that coordinate with each other to collectively gather, store, manage, retrieve, distribute, and transfer information. Information systems help businesses to enhance their productivity by increasing the efficiency and value of business processes (Porter & Millar 1985).

Information systems are a vital tool in achieving competitive advantage for a business by properly managing and analysing the information. However, there are many security concerns that have been in the corporate agenda since its early usage. Today organizations are challenged by various and complex information security matters for handling distributed computer networks. Large amount of e-commerce activities, increased usage of internet, and ever-changing technologies means new threats and risks and vulnerabilities for businesses as more and more business functions and procedures are becoming paperless. For this purpose, right controls are required within an organization to reduce the risks and ensure effective functioning of the information systems (Sushil & Leon, 2004). Information Systems requires certain controls to be implemented for its smooth and effective functionality (Boczko, 2007). Information security managers can put these controls in place to ensure the system is secure against threats, exposure, and risks. (Gertz, 2003).

Table 4.25: Contribution of complain handling to customer service

	Frequency	Percent
Very low	0	0
Low	0	0
Medium	0	0
High	8	28.6
Very high	20	71.4
Total	**28**	**100.0**

Source: Research data (2017)

Most respondents, 20 (71.4%), rated the contribution of complain handling as very high. Eight (28.6%) of them rated as high. None of the respondents had medium, low nor very low rating response. This shows that complain handling plays a key role in contribution to customer service. Customer service is highly influenced by the way complain handling is managed. Satisfaction of complaint handling shows how satisfy customers towards complaint handling/solving comprehensively and how far is the ideal measurement of customers regarding to the process of complaint handling from company (Andreassen, 1999).

Table 4.26: Contribution of speed on service delivery to customer service

	Frequency	Percent
Very low	0	0
Low	0	0
Medium	0	0
High	9	32.4
Very high	19	67.9
Total	**28**	**100**

Source: Research data (2017)

Most respondents, 19 (67.9%), rated the contribution of speed on service delivery as very high. 9 (28.6%) of the respondents rated as high. None of the respondents had medium, low nor very low rating response. This shows that speed on service delivery plays a key role in contribution to customer service. Customer service is highly

influenced by speed on service delivery.

Table 4.27: Effect of radical change on customer service

	Frequency	Percent
Strongly disagree	0	0
Disagree	0	0
Undecided	2	7.1
Agree	17	60.7
Strongly Agree	8	28.6
Missing	1	3.6
Total	**28**	**100.0**

Source: Research data (2017)

Most respondents agreed that radical changes affect customer service. This was represented by 17 (60.7%) of the total responses. Six respondents (28.6%) strongly agreed. Two respondents (7.1%) were undecided. It is shown that radical changes affect customer service in KCB since most respondents positively agreed.

Table 4.28 Challenges in relation to organizational transformation

	Frequency	Percent
	1	3.6
Demotivated staff	5	17.9
Difficult to tract individual	1	3.6
Failure to include all staff	3	10.7
High cost of transformation	2	7.1
Inadequate resources	2	7.1
Inadequate training	1	3.6
Poor communication	3	10.7
Poor performance measures	1	3.6
Staff resistance to change	9	32.1
Total	28	100.0

Source: Research data (2017)

Respondents stated various challenges encountered by the bank in relation to organization transformation. The most common challenges as depicted by table 4.28,

are staff resistance to change and demotivated staff. This constituted 32.1% and 17.9 % respectively.

Francis, Bessant and Hobday (2003) argues that for various reasons organisations can enter a condition that presents them with a "transformational imperative". This happens when "old" ways of doing business cease to deliver sustainable competitive advantage and usual ways of "putting things right" fail to restore business viability. In their article, they review ten companies that experienced at least one episode of a successful transformation. Cross-case analysis identified five competencies that appear to be common to successful transformations. They outlined how organisations faced with a transformational imperative can build (often temporary) extraordinary management capabilities that facilitate multiple radical re-shaping activities and enable them to undertake radical organisational transformation.

Table 4.29: Challenges in relation to Business operations

	Frequency	Percent
	2	7.1
Compliance requirements	6	21.4
Conflict of interest from staff	2	7.1
Demotivated staff	1	3.6
Inefficient management	1	3.6
Inefficient management	1	3.6
Lack of human resources management skills	1	3.6
Lack of teamwork	1	3.6
Low staff engagement	1	3.6
Operational risk	1	3.6
Operative environment	1	3.6
Poor communication	1	3.6
poor process	3	10.7
Slow decision making	2	7.1
Slow decision-making process	1	3.6
Weak control	3	10.7
Total	**28**	**100.0**

Source: Research data (2017)

Respondents stated various challenges encountered by the bank in relation to business operations. The most common challenge as depicted by table 4.29, is compliance to requirements. This constituted 21.4% of the total challenges mentioned by the respondents. Two respondents (7.1%) did not mention any challenge.

Allan Brown (2013) findings suggests that, the primary challenges include; leadership support, drive and consistency throughout the organisation and communicating strategy and making it meaningful for people at all organisational levels. These were addressed in a variety of ways in the companies. Companies which are successful at business excellence experience challenges which require ongoing management.

Table 4.30: Rating of customer satisfaction at the bank

		Frequency	Percent
	Very low	0	0
	Low	0	0
	Medium	3	10.7
	High	15	53.6
	Very high	9	32.1
Missing	System	1	3.6
Total		**28**	**100.0**

Source: Research data (2017)

Most respondents rated customer satisfaction rated customer satisfaction at the bank as high. 15 (53.6%) of the respondents attested to this. 9 (32.1%) of the respondents reported very high rate. None of the respondents rated this factor as neither low nor very low. This information show that most customers at the bank are satisfied by the services offered by the bank. The marketing concept suggests that a satisfied buyer will be more likely to repurchase, or at least has the intention of repurchasing, than those who are dissatisfied. They consider that customer satisfaction and retention the most important long-term objectives of firms. Reichheld and Sasser (1990) suggested that new buyers cost more to serve than repeat customer, which means that repeat customers are benefiting a firm's cost structure.

Table 4.31: Rating of customer Loyalty at the bank

		Frequency	Percent
	Very low	0	0
	Low	0	0
	Medium	1	3.6
	High	13	46.4
	Very high	13	46.4
Missing	System	1	3.6
Total		28	100.0

Source: Research data (2017)

Most respondents rated customer satisfaction rated customer loyalty at the bank as high as well as very high. This constituted 13 (46.4% of the respondents) and 13 (46.4% of the respondents) respectively. None of the respondents rated this factor as neither low nor very low. This information show that most customers at the bank are loyal to the service providers at the bank.

Allan and Kunal (1994) views customer loyalty as the strength of the relationship between an individual's relative attitude and repeat patronage. Situational factors and social norms mediates the relationship. Cognitive, affective and conative antecedents of relative attitude are identified as loyalty contribution as well as motivational, perceptual and behavioural consequences. Research implications and loyalty management are derived.

Table 4.32: Rating of customer retention at the bank

		Frequency	Percent
Very low		0	0
Low		0	0
Medium		3	10.7
High		13	46.4
Very high		11	39.3
Missing	System	1	3.6
Total		**28**	**100.0**

Source: Research data (2017)

Most respondents rated customer satisfaction rated customer retention at the bank as high. This constituted 13 (46.4% of the respondents). 11 (39.3% of the respondents) reported very high rate. None of the respondents rated this factor as neither low nor very low. This information shows that the bank retains most of its customers.

Every company knows that it costs far less to hold on to a customer than to acquire a new one. That is why customer retention has become the holy grail in industries from airlines to wireless. Yet defecting customers are far less of a problem than customers who change their buying patterns. Today's typical metrics of customer satisfaction and defection do not tell a company how susceptible its customers are to change their spending patterns (Stephanie and Timothy, 2005).

Table 4.33: Challenges in relation to Customer Service

	Frequency	Percent
Competition from other banks	3	10.7
Demotivated staff	2	7.1
Difficulty in providing standard services	1	3.6
High target set affect service quality	5	17.9
Inefficient staff	2	7.1
Low TAT on loan processing	2	7.1
Management inefficiency	1	3.6
Product knowledge gap	4	14.3
Unstable network	5	17.9
Varying quality of service	1	3.6
Total	**28**	**100.0**

Source: Research data (2017)

Respondents mentioned various challenges encountered by the bank in relation to customer service. The most commons challenges as shown by table 4.33 above were; high target set affect service quality, unstable network and product knowledge gap. This constituted 17.9%, 17.9% and 14.3% respectively.

Steve and Sarah (1994) puts forward that companies have increasingly undertaken customer service initiatives only to find their programmes beset with difficulties. Addresses the problems and pitfalls of initiating and sustaining a customer service

programme. Provides practical advice on how to ensure that initiatives improve customer service in the long term.

4.4 Inferential Analysis

In this section ordinal regression is used to describe data and explain the relationship between one dependent nominal variable and one or more independent variables (explanatory variables). Customer service was chosen as the dependent variable. The explanatory variables included were; effect of innovative rethinking on customer service, effect of process function on customer service, use of information technology and radical changes effect.

Table 4.34: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.664[a]	.640	.339	.521

a. Predictors: (Constant), Use of technology affects, Innovative rethinking, Process function, Radical changes

b. Dependent Variable: Customer service at KCB bank

Table 4.35: Innovation Rethinking ANOVA analysis using SPSS version 21.0

		Sum of Squares	df	Mean Square	F	Sig.
Innovation Rethinking *Customer Service	Between Groups	36.343	4	12.114	64.847	.010
	Within Groups	4.857	26	.186		
	Total	41.200	30			

Source: Research Data (2017)

The study found that there was significant effect of innovation rethinking on the Customer Service (F= 64.847, P (0.010) < 0.05).

Table 4.36: Process Function ANOVA analysis using SPSS version 21.0

		Sum of Squares	df	Mean Square	F	Sig.
Process Function *Customer Service	Between Groups	36.089	4	9.022	45.695	.005
	Within Groups	5.111	26	.197		
	Total	41.200	30			

Source: Research Data (2017)

Process function affect significantly customer service (F= 45.695, P (0.005) < 0.05).

Table 4.37: Use of Technology ANOVA analysis using SPSS version 21.0

		Sum of Squares	df	Mean Square	F	Sig.
Use of technology * Customer Service	Between Groups	18.426	4	4.606	39.939	.003
	Within Groups	4.000	26	.154		
	Total	42.426	30			

Source: Research Data (2017)

There exists significant relationship between the use of technology and service delivery (F= 39.939, P (0.003) < 0.05).

Table 4.37: Radical Change ANOVA analysis using SPSS version 21.0

		Sum of Squares	df	Mean Square	F	Sig.
Radical Change* Customer Service	Between Groups	23.400	3	7.800	11.393	.002
	Within Groups	17.800	26	.684		
	Total	41.200	39			

Source: Research Data (2017)

Radical change significantly affects service delivery in commercial banks (F= 11.393, P (0.002) > 0.05).

Table 4.38: ANOVA using SPSS version 21

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	4.699	4	1.175	4.330	.000
	Residual	5.968	22	.271		
	Total	10.667	26			

Source: Research data (2017)

ANOVA analysis was performed to test if the means of the predictor variable were different. The results from table 4.36 indicates that f-value is 4.330 and the significant value of 0.60 meaning that the means of the predictor variables are not the same. Therefore, we fail reject the null hypothesis and conclude that there is no statistically significant difference in the means between the independent variable

Analysis of variance was used to test the significance of the regression models as pertains to significance in the difference in means of the dependent and independent variables. From the table teacher performance were significantly affected by the reward system used, ($F(5,41) = 24.449$, $p < 0.05$).

Table 4.39: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.356	1.569		1.502	.147
Process function affects customer service in KCB bank	.275	.220	.218	1.252	.004
Innovative rethinking affect customer service	.167	.164	.251	1.020	.019
Radical changes affect customer service at KCB	.791	.265	.713	2.984	.007
Use of technology affects customer service in KCB bank	.706	.252	.467	2.802	.001

Source: Research data (2017)

The R-square value in table 4.34 is 0.640, which implies that the model explains 64% of the variation in the dependent variable when all the predictors are included in the model. According to table 4.35, process function (0.275), radical change (0.791), and use of IT (0.706) variables are statistically significant at 95% confidence interval.

This implies that changes in the three variables influence the customer service. However, innovative rethinking (0.16) was not statistically significant.

4.4.1 Predictive model

Generalized linear model is as follows.

$\boldsymbol{Y = 36.314 + 0.804x1 + 2.168x2 + 4.12x3 - 4.863x4 + \varepsilon,}$ by substituting the coefficients generated by the regression model as shown in tables 4.34 and 4.35.

Where; Y is the dependent variable, customer service.

36.314 is the constant term normally referred to as the intercept and,

0.804, 2.168, 4.12 and -4.863 are coefficients of the explanatory variables X_1, X_2, X3 and X_4 respectively i.e. effect of innovative rethinking on customer service, effect of process function on customer service, use of information technology and radical changes effect, respectively.

$\boldsymbol{\varepsilon}$ is the error term

Table 4.40: Model fitting information

Model	-2 Log Likelihood	df	Sig.
Intercept Only	**36.314**		
Final	19.259	4	.002

Source: Research data (2017)

At 5% level of significance, the model seems to fit well with the data since the p-value, 0.002<0.05 i.e. 0.014<0.05. 95% confidence level (5% significance level) was used to test this data. The summary effects of explanatory variables on the dependent variable is shown by the table 4.35 below.

Table 4.41: Results of the model statistics

	Parameter Estimates	Std. Error	Wald	Df	Sig.

Threshold	[customer_satisfaction = 3]	7.784	8.071	.930	1	.335
	[customer_satisfaction = 4]	12.704	8.884	2.045	1	.153
Location	innovative_rethinking	.804	.715	1.264	1	.261
	Process_function_effect	2.168	1.435	2.282	1	.131
	Technology effect	4.120	1.764	5.456	1	.020[a]
	Radical_changes_effect	-4.863	1.959	6.163	1	.013[a]

Source: Research data (2017)

According to Kothari (2004), for the researcher to determine whether a result is statistically significant, he would have to calculate a p-value, which is the probability of observing an effect given that the null hypothesis is true. The null hypothesis is rejected if the p-value is less than the significance or α value i.e. in this case $p < \alpha = p<0.05$. As depicted by table 4.35 above, the p-values for the effect of the use of technology is less than the level of significance, that is $0.02<0.05$. Similarly, the p-value for radical changes effect is less than the level of significance, i.e. $0.02<0.05$. This shows significance in the model. Thus, the use of information technology and radical changes affect customer service, i.e a relationship exist between these factors and customer service. The rest of the independent variables are insignificant, thus shows no relationship with customer service.

4.5 Descriptive Statistics

This section describes the means and standard deviations of factors of business process reengineering including; effect of innovative rethinking on customer service, effect of process function on customer service, use of information technology and radical changes effect.

Table 4.42: Summary of descriptive statistics

		N	Mean	Std. Deviation
1	Period working at KCB	28	3.29	1.487
	Rating of issue handling	28	4.14	.848
	Rating of management efficiency	28	4.43	.504
	Rating of market share	28	3.75	.752
	Rating of management influence on customer service	28	4.36	.488
	Decision-making process contributes to quality service	28	4.54	.508

	Contribution of market share to customer service	28	3.43	.997
	Innovative rethinking affect customer service	28	4.00	.943
2	Process function affects customer service in KCB bank	28	4.21	.094
	Rating of the number employee trainings	28	4.82	.390
	Level of service delivery	28	4.68	.612
3	Use of technology affects customer service in KCB bank	27	4.78	.424
	Hardware used by the company functions well for quality service	27	4.33	.480
4	Radical changes affect customer service at KCB	27	4.22	.577
	Contribution of speed on service delivery to customer service	27	4.70	.465
	Contribution of complain handling to customer service	27	4.70	.465

Source: Research data (2017)

The level for effect of innovative rethinking on customer service has a mean of 4.00. This corresponds to "Agree" level of agreement. This shows that most respondents agree that innovative rethinking affect customer service. The level for effect of process function on customer service has a mean of 4.21, approximately 4. This corresponds to "Agree" level of agreement, which shows that most respondents agree that process function affect customer service in KCB. The level for effect of use of technology on customer service has a mean of 4.78, which is approximately 5. This corresponds to "Strongly Agree" level of agreement, which shows that most respondents strongly agree that process function affect customer service in KCB. The level for effect of radical changes on customer service is 4.22 (approximately 4), corresponding to "Agree" level of agreement. Thus we can conclude that most respondents agree that radical changes affect customer service. The corresponding values of standard deviations are; 0.943, 0.499, 0.424 and 0.577 for effect of innovative rethinking on customer service, effect of process function on customer service, use of information technology and radical changes effect respectively. Effect of innovative rethinking on customer service shows the highest deviation (0.943), i.e. there is a higher variation based on the responses. The lowest deviation is shown by the effect of technology (0.424).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The current study was guided by four objectives: to determine the role of innovation rethinking on customer service at Kenya Commercial Bank; to investigate the influence of process function on customer service at Kenya Commercial Bank; to examine the role of Information Technology on customer service at Kenya Commercial Bank; and to investigate the effect of radical change on customer service at Kenya Commercial Bank Kericho branch. The various summaries captioned under the objectives set are stated below.

5.1.1 The role of innovation rethinking on customer service at Kenya Commercial Bank

The first objective of the study was to determine the role of innovation rethinking on customer service at Kenya Commercial Bank, Kericho branch. The study looked at different aspects of innovation rethinking that include; management efficiency, decision-making, and market share. The findings show that most of the respondents rated management efficiency as good as compared with who rated as very good. None of the respondents rated the management as either fair, poor, or very poor. This shows that management efficiency was positively rated. Management is critical for the success and survival of all forms of organizations. Influence by showing your followers that you want to achieve results is critical. Bank manager who are visionary can actually steer the organization towards great success. Management effectiveness is shown by quality results. The coordination of the human element in achieving set goals and objectives is critical. Getting results through others and the ability to build cohesive, goal – oriented teams is the essence of a good leader. The results from the study show that most of the respondents rated the influence of management on customer service as high. The rest of the respondents cited very high rate. This data depicts that management highly influence the level of customer service.

In order to understand if market share has any influence on customer service, the respondents were asked to rate if market share has effect on customer service. The

results show that the highest number of respondents rated market share as good. A number of respondents rated market share as poor. However, a considerable number of respondents highly rated market share as an aspect of innovative rethinking.

Today's businesses are fiercely fighting to attract and keep their customers, whose attention is increasingly difficult to capture and even more difficult to hold on to. Customers are becoming more discerning, more informed and the expectations that they have for companies is changing. It is perhaps an unavoidable truth that the larger a company gets and the more customers it has, the more removed it has to become from each individual one of those customers. In many ways, the customer service challenges of larger company are the same as those of a smaller company but with the numbers raised dramatically; the question of how to direct a limited pool of resources in a way that is going to have the maximum impact. The service-profit chain establishes relationships between profitability, customer loyalty, and employee satisfaction, loyalty, and productivity. Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal, and productive employees. Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers.

Another aspect of innovation rethinking examined in the current study is the decision-making process. Based on the data above in table 4.8, most of the respondents (53.6%), strongly agreed that decision making process contributes to quality service. 46.4% agreed. This shows that decision making process contributes to quality services at large. Organisations are constantly making decisions at every level. Decision making ranges from strategic decisions through to managerial decisions and routine operational decisions. Decision making in business is about selecting choices or compromises in order to meet business objectives. Management have key roles to play throughout the effective decision making process. Decision making is becoming the basis of competitive advantage and value creation for banks. Improving decision making could be the key to superior business performance if global markets give the

banking industry access to similar resources and competition causes many business processes to converge on world-class standard.

The results of the study also established that most respondents rated the contribution of market share to customer service as high. The respondents rated as very high. This shows that a good number of respondents highly rated the contribution of market share to customer service. However, a considerable number rated the contribution of market share to customer service as low. The role of marketing strategies in fostering controlled consumer empowerment is reflected in the development of information-based consumer-centric marketing strategies that seek to enable and control delegation. In designing such strategies, consumers' familiarity with the use of information and communication technologies are both strengthened and widened, emphasizing the uncontrolled nature of the consumer empowerment process.

Most respondents agreed that innovative rethinking affect customer service. Based on these data, it is clearly shown that most respondents agreed that innovative rethinking affect customer service. We can therefore conclude that innovation rethinking play a crucial role in customer service in the banking industry.

5.1.2 The influence of process function on customer service at Kenya Commercial Bank

The second objective of the study was to investigate the influence of process function on customer service at Kenya Commercial Bank, Kericho branch. One aspect of process function which was examined is the training of the employees. Most respondents indicated that the number of employee trainings. This implies that the number of employee trainings is adequately valued and utilized as far as process function is concerned.

Benefits of training on customer service delivery are creating a service driven culture within an organization, monitors effective customer service levels and compliance with policies and procedures. It increases employee performance abilities and praises and recognizes staffs who add value. Quality customer service training requires quality professional training in appropriate skill and calls for commitment on behalf of the organization as a whole starting from the top. A continuous process of training

and learning is important in ensuring that employees grow and develop professionally. For employees to realize their full potential it is important for organizations to identify and also develop existing talents.

As an aspect of process function, respondents were asked to rate level of service delivery used by the bank. This shows adequacy of the level of service delivery since most respondents rated the aspect of service delivery positively.

Turn-around time (TAT) as an aspect of process function was examined. The response at large was positive which implies that Average TAT on customer transactions was an adequate aspect of process function. Reduction of the complexities of processes and product offering assists in improving the delivery of service. In the banking industry, if the approach for serving clients or employees is ineffective and the processing time for account opening and on-boarding of staff is slow, the bank risks losing its customers to the competitor banks. Improved delivery of services, in turn, improves the Turnaround time (TAT). Banks can achieve quick and improved TAT by simplifying and focusing its efforts in activities that add value to the organization.

This information shows that customer service is greatly affected by process function. Nevertheless, the study found various challenges encountered by the bank in relation to process function. The most common challenges as shown by the responses on the were; ineffective procedures, Inadequate induction and a lot of paperwork in some process.

5.1.3 The role of Information Technology on customer service at Kenya Commercial Bank

The third objective of the study was to examine the role of Information Technology on customer service at Kenya Commercial Bank. Most respondents in this study stated that the software used by the bank was efficient. None of the respondents reported the software used by the bank as medium, inefficient nor very inefficient. This is a clear indication that the software used by the bank was efficient in customer service.

Employees' role performance and adaptability are considered as major determinants of software effectiveness, because they reflect the most important outcome of the software, which is its ability to satisfy customer needs and create customer value. As a software constitutes of multiple, interdependent service processes, which are organised hierarchically and are integrated within a specific process architecture. The coordination and the control of these service processes should also be taken into account in the conceptualization of its effectiveness.

Customer relationship management software play a significant role in ensuring that customer expectations are met. Service quality and customer expectations have been identified as key elements of the service delivery. Better service quality results in satisfied customers, which in turn leads to strong customer loyalty. Customer service quality is a significant source of distinctive competence and often considered a key success factor in sustaining competitive advantage in service industries.

Another aspect of technology that was examined is the bank's network. Most respondents stated that the bank's networking was efficient. None of the respondents reported the bank's networking as inefficient nor very inefficient. This is an indication that the bank's networking was efficient in customer service delivery. The efficiency of the hardware used was assess by asking the respondents (bank employees) to rate the efficiency of the hardware. Most respondent agreed that the hardware used by the bank functions well for quality service. This shows that the hardware used by the bank functions well for customer service delivery.

Most respondent strongly agreed that use of IT affects customer service in the bank. This shows that the use of IT greatly affects customer service in the bank. IT can bring down the operational costs of the banks (the cost advantage). For instance, internet technology facilitates and speeds up banks procedures to accomplish standardized and low value-added transactions such as bill payments and balance inquiries processes via online network. With the increase of Internet services and cash machines available in various locations, the most recurring problems have been mitigated and, in some cases, solved; as an effect, the volume of customer services increased became easier, and the customer experience turned out to be more comfortable.

IT revolution has distorted the conventional banking business model by making it possible for banks to break their comfort zones and value creation chain so as to allow customer service delivery to be separated into different businesses. Thus, for example, primarily Internet banks distribute insurance and securities as well as banking products, but not all the products they distribute are produced by their group. However, banks face a number of challenges related to information Technology. In the present study, respondents stated various challenges encountered by the bank in relation to use of IT.

5.1.4 The effect of radical change on customer service at Kenya Commercial Bank

The fourth objective of the study was to examine the effect of radical change on customer service at Kenya Commercial Bank. As an aspect used to determine the radical This shows that complain handling plays a key role in contribution to customer service. Customer service is highly influenced by the way complain handling is managed. Presently, banking and monetary service industry is facing rapid and complex competition as well as fast changing in business environment. Effective complaint handling gives chance to change unsatisfied customers become satisfied one (and even become eternal customers). Complaint handling has significant effect towards customer's satisfaction in KCB bank.

The speed to which the bank deliver service to customers was investigated to determine its effect on customer service. This shows that speed in service delivery plays a key role in contribution to customer service. Customer service is highly influenced by speed on service delivery.

Customers want product and service delivery to take the minimum amount of time possible. When quality customer service is the goal, timeliness is one of the most heavily weighted factors in the company-customer relationship. Banks must strive to improve every aspect of timeliness within their capabilities. Speed in service delivery is not a customer satisfaction issue that can be swept under the rug. It is commonly weighted as one of the most important factors to the customer. Companies that are serious about being market leaders and building their reputations will spend ample

time focusing on timeliness. Banks are under pressure as well, and often don't give customers all the time required to adequately understand their needs and ensure that the needs are fulfilled. Timeliness concerns strike at the heart of the customer-bank relationship. When customers are forced to wait, they will often lose patience and interest, and are unlikely to use services from the same bank.

Radical or abrupt change in the mind-set of customers is mainly due to their addiction and dynamism in banking services. Most respondents agreed that radical changes affect customer service. It is shown that radical changes affect customer service in KCB since most respondents positively agreed. Respondents stated various challenges encountered by the bank in relation to organization transformation.

5.2 Conclusion

The main focus of the study is to assess the impact of BPR on customer service in the banking industry, taking into consideration student customers of banks. BPR implementation and forms differ from one organization to the other depending on the extent of change expected by the organization. BPR being a tool for facilitating customer service and achieving competitive advantage must be well accessed and implemented. Banking institution must continue to critically access the needs of customers and adopt continual improvement in technology, strategy and employees to increase organizational performance and competitive advantage. The study concludes that innovation rethinking, process function, use of information technology and radical change have influence on the customer service in the banking sector.

5.3 Recommendations

The bank is on its big era in introducing and as well undertaking big service improvements. From our study we have come to understand that for a service organization to achieve its business goal, it is its employees who are the ambassadors and put forward the policies and procedures. For this to happen, the bank has to give due attention over employees' satisfaction and keep them motivated as some of the resistance from employees come from dissatisfaction of rewards (salary payments and promotion), working in one place for long time (lack of rotation) in some big branches. The following recommendations are made: The bank should embrace

innovation rethinking, process function, use of information technology and radical change to ensure that their customer service serves their clients efficiently and effectively. Team work should be developed in the bank so that employees can support and exchange ideas and there will be easy flow of information, continuous trainings and dedication still needed from the bank to update and equip its employees, the bank should improve the stability and availability of their network to ensure faster delivery of customer services, complaint handling process need to be improved to ensure quality customer service.

5.4 Recommendation for further research

This study focused on the effect of Business Process Reengineering on customer service in banking industry. The study looked at four components of BPR that include innovation rethinking, process function, use of IT, and radical change. Further research should be conducted to examine the success factors in the implementation of these components.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

KENYATTA UNIVERSITY

SCHOOL OF BUSINESS

P.O BOX 43844-00100 NAIROBI.

MBA PROGRAM-KERICHO CAMPUS.

DATE.....

TO WHOM IT MAY CONCERN

The bearer of this letter.....

Registration No.....is a Master of Business Administration (MBA) student of the Kenyatta University.

He/she is required to submit as part of his/her coursework assessment a research project on a management problem. We would like the student's projects to be on real problems affecting firms in Kenya. We would therefore appreciate if your assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you.

MR.....

CO-RDINATOR, MBA PROGRAM.

APPENDIX 2: THE RESEARCH QUESTIONNAIRE

The purpose of this questionnaire is to facilitate the collection of information relating to an assessment of the impact of business process re-engineering on customer service, a case of Kenya commercial bank, Kericho. This research is in partial fulfilment of the requirements for the Degree of Master of Business Administration (MBA), School of business, Kenyatta University-Kericho Campus. All the information provided in this research study will be treated confidential and it will be used only for the purpose of academic research .You are kindly requested to answer all the questions by ticking in the boxes as appropriate or filling in the blank spaces sincerely and accurately.

(I). GENERAL INFORMATION

1. What is your gender? Male ☐ Female ☐

2. What is your age in years?

(i) Below 25 ☐
(ii) 26-35 ☐
(iii) 36-45 ☐
(iv) 46-50 ☐
(v) >50 ☐

3. How long have your worked with Kenya commercial bank, Kericho branch

(i) Below one year ☐
(ii) 1-2 years ☐
(iii) 3-4 years ☐
(iv) 5-6 years ☐
(v) Over 6 years ☐

4. Which is you designation in KCB, Kericho branch?

_____

5. Which of the following business process re-engineering dimension does your firm use to compete in the banking industry in Kenya?

i) Innovative Rethinking ☐

ii) Process Function ☐

iii) Radical change ☐

iv) Organizational Development ☐

v) Training and development ☐

vi) Use of information technology

vii) Others (specify)

_____

SECTION B: INNOVATIVE RETHINKING AND CUSTOMER SERVICE

6. How can you rank the following aspects of innovation rethinking in terms of their contribution to customer service starting from the most influential?

Aspect	**First**	**Second**	**Third**
Management efficiency			
Decision making			
Marketing			

7. How can you rate the following aspects of the innovative rethinking in relation to BPR?

Aspect	**Very Good**	**Good**	**Fair**	**Poor**	**Very Poor**
Management efficiency					
Issues handling					
Market share					

8. How can you rate the extent in which management influence level of customer satisfaction?

Very Low [ ]

Low [ ]

Medium [ ]

High [ ]

Very High [ ]

9. Do you agree that decision-making process contributes to quality services?

Strongly Agree [ ]

Agree [ ]

Undecided [ ]

Disagree [ ]

Strongly disagree [ ]

10. How can you rate the contribution of market share to customer service?

Very Low [ ]

Low [ ]

Medium [ ]

High [ ]

Very High [ ]

11. Innovative rethinking affect customer service

Strongly Agree [ ]

Agree [ ]

Undecided [ ]

Disagree [ ]

Strongly disagree [ ]

12. What challenges do the bank face in relation to innovative rethinking?

_____

_____

_____

SECTION C: PROCESS FUNCTION AND CUSTOMER SERVICE

13. Rate the following aspects of process function and used by the bank

Aspect	**Very Good**	**Good**	**Fair**	**Poor**	**Very Poor**
Number of employee trainings					
Level of service delivery					
Number of invoices per month					

14. How can you rate the contribution of the following to customer service?

Aspect	**Very High**	**High**	**Medium**	**Low**	**Very Low**
Number of employee trainings					
Level of service delivery					
Number of invoices per month					

15. How can you rank the following aspects of process function in terms of their contribution to customer service starting from the most influential to the least?

Aspect	**First**	**Second**	**Third**
Number of employee trainings			
Level of service delivery			
Number of invoices per month			

16. Process function affects customer service in KCB bank

Strongly Agree [ ]

Agree [ ]

Undecided [ ]

Disagree [ ]

Strongly disagree [ ]

17. What challenges to the bank face in relation to process function?

_____

_____

_____

_____

_____

SECTION D: USE OF INFORMATION TECHNOLOGY AND CUTOMER SERVICE

18. How can you rank the following aspects of process function in terms of their contribution to customer service starting from the most influential to the least?

Aspect	**First**	**Second**	**Third**	**Fourth**
Computers				
Network				
Software				
Hradware				

19. Use of Information Technology affects customer service in the bank

Strongly Agree [ ]

Agree [ ]

Undecided [ ]

Disagree [ ]

Strongly disagree [ ]

20. What challenges do the bank face in relation to the use of Information Technology?

_____

_____

_____

_____

SECTION E: RADICAL CHANGE AND CUSTOMER SERVICE

21. How can you rate the following factors in terms of their contribution to customer service?

Aspect	**Very high**	**High**	**Medium**	**Low**	**Very high**
Complain handling					
Speed on service delivery					

22. How many computers are in the organization?

0-5 [ ]

6-10 [ ]

11-15 [ ]

Above 15 [ ]

23. How efficient is the bank's networking in customer service delivery

Very efficient [ ]

Efficient [ ]

Medium [ ]

Inefficient [ ]

Very inefficient [ ]

24. How can you rate the level of the software used by the bank?

Very efficient [ ]

Efficient [ ]

Medium [ ]

Inefficient [ ]

Very inefficient [ ]

25. Do you thing the hardware used by the company is functions well for quality customer service?

Strongly Agree [ ]

Agree [ ]

Undecided [ ]

Disagree [ ]

Strongly disagree [ ]

26. Radical changes affect customer service in KCB bank

Strongly Agree [ ]

Agree [ ]

Undecided [ ]

Disagree [ ]

Strongly disagree [ ]

26. What challenges to the bank faced in relation to the following aspects?

Aspect	**Challenges**
Organizational transformation	
Business operations	

27. How can you rate the level of following indicators of customer service at the bank?

Aspect	**Very High**	**High**	**Medium**	**Low**	**Very Low**
Customer satisfaction					
Customer loyalty					
Retention					

28. What challenges does the bank face in relation to customer services?

_____
_____
_____
_____