

**AN INVESTIGATION OF THE FACTORS AFFECTING SERVICE  
DELIVERY IN COMMERCIAL BANKS IN KENYA**

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## DECLARATION

This research project proposal is my original work and has not been submitted for a degree in any other university.

GEITA P K  DATE 24/9/06

## (APPROVAL)

This research project proposal has been submitted for examination with our approval as the university supervisors.

Mr. O. Auka  DATE 24/09/06  
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Mr. J. Gachara  DATE 24/09/06  
Signature

## **DEDICATION**

This work is dedicated to my parents whose selflessness helped me unravel the mysteries and potentials of my life.

## ACKNOWLEDGEMENTS

Special gratitude goes to my two supervisors Mr. O. Auka and Mr. J Gachara for their great supervision commitment, guidance and support to the completion of this proposal. I also wish to thank Kibet, Amos and Njenga for the great encouragement they gave me whenever everything seemed hit a dead end.

Not forgetting my wife Jennifer who gave me a lot of moral support and showed a lot of understanding, which facilitated the completion of this course.



## ABSTRACT

The purpose of the study was to investigate the factors affecting quality service delivery at commercial banks in Kenya. The study further sought to establish problems facing commercial banks in service delivery. Specific objectives were; finding out whether training is a factor affecting service delivery in commercial banks, whether employee attitude is a factor affecting service delivery in commercial banks and whether hiring practices is a factor affecting service delivery in commercial banks. The study covered all the 43 commercial banks in Kenya. Primary data was collected using structured questionnaires administered to customer care managers/customer care representatives. The study reviewed literature on the factors affecting quality service delivery. Data was analyzed by the use of quantitative and qualitative methods, which included the use of descriptive statistics. Rank correlation was used to test the hypothesis that employee training, employee attitude and hiring practices are not important factors that affect service delivery in commercial banks. The findings of the study were that training and attitude are equally significant in improving service delivery while hiring practices do not affect employee service delivery significantly. Commercial banks will benefit from the findings as they can use the results of the study to improve service delivery. The government will benefit in that it will formulate policies that will guide the banking industry and setting standards to the benefit of the customers. Researchers and scholars will benefit from the study, as they will use the findings of the study as a source of information.

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## LIST OF ABBREVIATIONS

1. SPSS – Statistical Package for Social Sciences
2. CBK – Central Bank of Kenya
3. PC – Personal Computer
4. GDP – Gross Domestic Product



## **CHAPTER ONE: INTRODUCTION**

### **1.0 Background**

Kenya has forty-three commercial banks, fifteen micro finance institutions and forty-eight foreign exchange bureaus with total asset holding of Kshs.459.6 billion. Thirty-five of the banks, most of which are small to medium sized, are locally owned. A few large banks dominate the industry most of which are foreign-owned, though some are partially locally owned. Six of the major banks are listed on the Nairobi Stock Exchange.

Commercial banks and non-banking financial institutions offer corporate and retail banking services but a small number, mainly comprising the larger banks, offer other services including investment banking. The Central Bank has on a few occasions put certain commercial banks under statutory management and some have resulted in closure. Some of the smaller banks have started to merge in a bid for survival as they are faced with an increase in the minimum paid up capital and high operational costs due to cutthroat competition from the bigger players. The banking sector is poised for significant product and market development that should result in further consolidation of the banking sector.

The Companies Act, the Banking Act, the Central Bank of Kenya Act and the various guidelines issued by the Central Bank of Kenya (CBK), governs the Banking industry in Kenya. The banking sector was liberalized in 1995 and exchange controls lifted. The CBK is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper

functioning of the financial system. The CBK publishes information on Kenya's commercial banks and non-banking financial institutions regularly.

The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and also addresses issues affecting its members. Ideally, financial reforms and a free market should spur the adoption of innovations that improve efficiency and provide a healthy balance between lending and deposit rates. However this was hampered due to a highly volatile macroeconomic environment that occurred after liberalization of interest rates that may have caused closure of some institutions.

Banks looking for a safer investment in a period of high risk raised their interest rates on loans in tune with the government's move, thus beginning a trend that has now dominated the better part of the last 10 years. During this period, the spread between lending and deposit rates in Kenya's banking sector has remained very high. Savers have thus been discouraged from keeping their hard-earned cash in banks, because of the poor return on their deposits, while businesses have been starved of loans to keep them afloat. This has had the knock-on effect of increasing financial transaction costs, reducing access to finance for potential borrowers, choking investment and contributing to the overall decline in Kenya's GDP.

In providing financial services to the public there is an interaction between the customer, organization and its staff. Service quality encompasses the delivery of those products to that customer. At all stages there is a relationship between different areas of the organization that supply services to each other in order that the end-product or service can be delivered to the customer.



Financial services organizations have become increasingly customer focused, as the environment has become more and more competitive. This has meant that the organization's strategic marketing plans no longer focus solely on the company's response to business and economic conditions, government legislation and technological advances. They now also concentrate on the customers' needs, attitudes and behaviours.

As the market has become more competitive, and new entrants appear in the market, organizations must find ways to maintain a competitive advantage. In many industries this can be done with product differentiation, or pricing. In a heavily regulated area such as financial services product differentiation is more difficult to achieve. Although pricing competitively is still an option, there is still often little to choose between providers. Companies are now looking to their service quality as a way of achieving a competitive advantage. High levels of customer services are seen as a way to pursue a differentiation strategy and sustain a competitive advantage without cutting product price. Customers have become increasingly aware of the range of financial service providers and the products that are available to them. When faced with such a plethora of suppliers, customers' expectations rise. They begin to see that they can shop around and move their business to another provider if they are not totally happy, and therefore they become more critical of the service they receive.

It is prudent for an organization to maintain the customers it has. It is considerably more expensive to recruit a new customer than it is to retain an existing one, and therefore many organizations are actively seeking to improve the service they

provide to their customers as part of their strategy to develop long term customer relationships. An organization seeks to build customer loyalty through satisfaction, which will in turn bring reduced costs and improved customer retention.

Customers become advocates for the business, telling family, friends and colleagues about the excellent service they received. In this way the organization may well attract new business and new customers from this positive endorsement.

Excellent service could as well lead to a reduction in costs and an increase in production. If sales improve so will the profitability of the organization. For this reason, many companies have seen that any money they have spent on increasing the level of service they provide is an investment in the business, and can often be measured against an increase in market share and the performance of the business.

### **1.1 Statement of the Problem**

Customer perceptions of superior quality have been found to relate to increased customer satisfaction that in turn leads to increased customer retention and positive economic outcomes for the organization. Commercial banks have had stiff competition from other banks (both local and multinational) and have thus resulted to emphasizing on quality to gain a competitive edge. Quality and customer satisfaction are closely linked and affect customer retention, market share and profitability directly. Past research has provided a large base of anecdotal evidence on the benefits, design and criteria of customer complaints.

According to Berry (1995), researching on employees is critical in service improvement. Many companies do little or no employee research when attempting to improve their service, but will spend a lot of time and money researching only the customers' perspectives. Employee research may help reveal the causes of poor



service because they experience the service delivery system every day and they see it from a different vantage point than do customers. The study attempts to investigate whether staff training, staff attitude and organisational hiring practices are factors that affect service delivery in Commercial Banks in Kenya

## **1.2 Objectives of the Study**

The main objective of this study is to investigate the factors affecting service delivery in Commercial banks in Kenya

### **1.3 Specific Objectives of the Study**

- I.3.1 To find out whether employee training is a factor affecting service delivery in Commercial banks in Kenya.
- I.3.2 To investigate whether employee attitude is a factor affecting service delivery in Commercial banks in Kenya.
- I.3.3 To evaluate whether hiring practices is a factor affecting service delivery in Commercial banks in Kenya.
- I.3.4 To find out any other factors affecting service delivery in commercial banks in Kenya.

## **1.4 Hypotheses**

This study hypothesizes that: -

Training, attitude and hiring practices equally affect service delivery in Commercial Banks in Kenya.

## **1.5 Significance and Justification of the Study**

Financial institutions' managers will use the findings of the research to improve service delivery in their institutions to improve their performance. The government will also benefit in that it will formulate policies that will guide the commercial

banking sector in setting standards to the benefit of the customers. Researchers and scholars will benefit from the study, as they will use the findings of the study as a source of information.

### **1.6 Limitations of the study**

The major problem encountered during the study period was limited availability of funds to carry out the research and time. The study involved traveling, hiring of research assistants, buying stationery supplies, data collection and analysis equipment

### **1.7 Definition of terms**

**Brand:** A name term, sign, symbol, design or combination of these that seeks to identify the product of an organization and differentiate it from those of competitors.

**Budget:** Statements of intentions of and limits on the amounts of money that are to be spent by a certain department or on particular functions or activities.

**Customer service:** A term that describes all the supplementary services provided by an organization to satisfy customers and combat competitors such as technical assistance and information, order taking, complaint handling, refunds or substitutions. Zealons emphasis on meeting customer wants and needs, anticipating these wants and needs in order to satisfy and meet customer expectations and adopting the flow of customers changing desires.

**Customer satisfaction:** Customer satisfaction involves determining the degree to which a company's products and services meet the requirements of the end user.

**Customer service level:** how rapidly and dependably a firm can deliver what customers want.

**Customer service manager:** The person who deals directly with customers, who gives them business assistance advice and makes recommendations or decisions regarding this assistance.

Importantly, Customer Service Managers strategically manage the overall relationship between the customer and the company.

**Differentiation:** Developing different products and/or marketing programmes for each market segment that the organization plans to serve. The market mix is distinct from and better than what is available from the competitor.

**Empowerment:** Giving employees the authority to correct a problem without first checking with management.

**Quality:** Fitness for use, freedom from deficiencies, meeting/exceeding customer's expectation.

**Target market:** A fairly homogenous (similar) group of customers to whom a company wishes to appeal. The proposition of the total market that the organization has decided to serve. A fairly homogenous (similar) group of customers to whom a company wishes to serve.



## **CHAPTER TWO: LITERATURE REVIEW**

### **2.0 Introduction**

To cope with maturing markets, stiffer competition and increasing customer expectations, many service organizations are forced to adopt proactive strategies to become more customer-driven and which has resulted to new product development. Service quality is now regarded by many service organizations as one key means to achieve competitive advantage (Berry, 1995). Capabilities are considered to be one of the most important marketing activities. The matching of customer value opportunities with the firm's capabilities is necessary to create superior products and services through the identification, development, and deployment of key resources (brands, sales forces, customer trust). Market-driving firms do not simply match customer value opportunities with their internal capabilities. They design entirely new business systems that enhance their relative advantage over competition. This allows them to drive customer value opportunities in new directions. Customer service is defined as activities and programs provided by the seller to the buyer to make the relationship a satisfying one. It is any activity or benefit that one party offers to another, which is, essentially, intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical item. Variability of services depends on who provides them and when they are provided.

### **2.1 Factors Imperative to Customer Service**

A service is a product of essentially intangible benefit, either in its own right or as a significant element of a tangible product, which through some form of exchange satisfies an identified need. A service cannot be stored. Very few



services face constant pattern of demand throughout time. Many show variation, which could be on daily, weekly, seasonal or cyclical all of which display unpredictable pattern of demand (Palmer, 2001). It is not a performance, which cannot be seen, touched, tested or smelled, nor can it be possessed. The intangible process characteristics that define services such as reliability, personal care, attentiveness of staff and their friendliness can only be verified once a service has been bought and consumed. People do not always perform consistently and therefore there are variations from one service to another within the same organization. Organizations can attempt to reduce these inconsistencies through standardization and training. Six factors are imperative to customer service: senior management commitment, a customer-focused culture in which all employees and managers focus their full attention on customer satisfaction, retention, information systems that track and analyze the root causes of defections, empowerment of front line employees to take actions that provide immediate customer satisfaction, continuous training and development and incentive systems based on customer retention. Increased Consumer Protection, government initiatives changing expectations on the part of the customer are some of the factors that have combined to lead to customer complaints. In an industry dominated by look-alike products at similar prices, superior customer service may be the only available route to achieving competitive advantage. Customer service is no longer a matter of choice – the future of any organization depends on it. Quality customer service delivery begins with establishing clear, concise, observable and realistic service standards that are precise in meaning, short and to the point can be seen or measured, practical and attainable (Martinez, 1997).

Organizations can reduce inconsistencies through standardization (quality control) and continuous training. Companies need to invest in staff education, continuous training, systems, procedures and monitoring customer satisfaction through receiving suggestions and harnessing customer complaints as well as mystery shopping.

Service delivery builds customer loyalty, who in turn, tells others about the service. Delighted customers take less time being dealt with as opposed to the dissatisfied ones as they cause less stress hence job satisfaction.

A variety of factors including resource constraints, management perceptions of consumer expectations and the firm's service quality specifications affect service quality from the consumer's viewpoint. There is also a set of discrepancies or gaps between how executives perceive the quality of the service they provide and the tasks associated with delivering those services to customers. Customer's perception of service quality depends upon the size and direction of the gap between the service the customer expects to receive and what he or she perceives to have been received. The magnitude of this gap (which can either, be positive or negative) is determined by four interrelated variables: Firstly, the difference between actual consumer expectations and management perceptions of those expectations; secondly, between management perception of expectations and the translation of those perceptions into service quality specifications; thirdly, between service quality specifications and service delivery; and finally, between both service quality specifications and service delivery, and external communications to customers. These gaps can be a major hurdle in attempting to deliver a service which consumers would perceive as being of high quality.



The most important thing a service company can do is to be reliable, that is, perform the service dependably and accurately and do it right the first time. When a service problem does crop up, however, all is not lost unless the company ignores it. In other words, by resolving the problem to the customer's satisfaction, by performing the service right the second time—the company can significantly improve customer retention rates.

Service workers need to be empowered to solve problems creatively and effectively. Keeping frontline personnel informed about organizational performance, providing problem solving skills and other knowledge that help employees contribute to organizational performance and basing rewards on performance is important. Empowering employees to provide quick response to customer frustrations can turn a potentially frustrated or angry customer into a satisfied one.

Loyal customers are important and essential. Research has shown that 65% of a typical company's business comes from current loyal customer. Customer loyalty increases when a complaint is handled effectively. Employees should apologize sincerely, involve the customer in the resolution, fix problems quickly, do extra for the customer, follow up with the customer and confirm repeat business. Businesses that concentrate on finding and keeping good customers, productive employees, and supportive investors continue to generate greater results. Loyalty is one of the great producers of business success.

Failure to provide the desired level of service to the customer often results from the organization's failure to realize the complexity of the service process. As the following review describes, service hinges on a variety of factors that occur during exchanges with the client, but it also is determined by numerous exchanges that

occur between company employees before and during the contact with the consumers

## **2.2 Employees Attitude And Service Delivery**

Booth (1999) notes that customers want attitude, knowledge, standards and initiative when receiving customer service. Cagle (1999) stated that communication skills are also critical in delivering customer service. Good people skill and the ability to position information in a way that is acceptable and exciting to the customer are also important in customer service.

Hyland (2000) suggests the process of; listing the most important customer service elements and circulating questionnaires to customer service representatives and customers asking them what they think are important to achieve the best service. Confidence is a good starting point for customer service. The best customer service representatives solve problems with ease and speed (Greenberg & Sidler, 1998). Other qualities include: security (calm and clear headed, even under demanding situations), helpfulness (agreeable, and good natured), and problem-solving ability (smart enough to meet customer needs). People who succeed in customer service are motivated to please and being helpful (Greenberg & Sidler, 1998).

Zemke and Woods (1998) also note ten common mistakes employees make with their customers. First, employees take the customer for granted. Second, employees use jargon, expecting the customer to understand their lingo. The customer may perceive this behavior as being rude and unwilling to help. Third, employees speak so fast that the customer has to ask him/her to repeat what was said. Fourth, employees give short, slashed answers to the customer questions. Fifth, employees do not appear like they care about the customer's complaint. Sixth, employees are not proactive when a problem arises. Seventh, employees are preoccupied with



other tasks. Eighth, employees interrupt the customer or no longer listen, believing they know what the customer is asking or saying. Ninth, employees make judgments about the buying power of a customer based upon his/her appearance, language, skills, or company's reputation. Tenth, employees argue with the customer.

Harris (2000) mentions additional barriers to excellent customer service. These included laziness, poor time management, attitude, moodiness, and inability to handle stress, insufficient authority, and serving customers on "auto pilot". With any of these traits or behaviors listed above, it will be more difficult for employees to deliver quality customer service. Customer perception of superior service quality has been found to increase customer satisfaction, market share and profitability. (Buzzell, 1997). In turn, customer satisfaction leads to increased customer loyalty/retention and positive economic outcomes for the organization. Understanding customer service is one of the utmost priorities for many companies. Service is a valuable resource and, if customers do not receive the service they expect, they will go elsewhere (Graham, 1994). Horovitz (1990) defines service as being "measured in terms of freedom from inconvenience and added value of products, that is, in terms of basic service features and the customer's experience with the service".

Purdy (2001) gives a few reasons that indicate the importance of focusing on customer service. First he stated that a recent national survey found that poor service was the reason almost half of all consumers stopped doing business with a company during the past year. Second, companies that hire customer service representatives without strong service capabilities are at risk of losing valuable lifetime customer.

Thirdly, 70% of customer will buy products from companies that have excellent customer -service reputations. Zemke and Woods (1998) explains that it is vital to be concerned with customer service employees because they have the ability to retain the customer base. They also noted that some managers view customer service as separate from their department.

These managers believe that customer service is supposed to take care of customer complaints, problems and questions, and they often overlook customer service being the responsibility of the whole organization, each department contributing in its own way. In addition to this, Greenberg (1996) mentions that customer service representatives have the potential to clear up situations and deal with them on their own without having to call on managers or supervisors. Such efficiency greatly facilitates the service process leading to satisfied and loyal customers.

### **2.3 Service-related Interactions among Employees**

It is important to focus on the employees who deliver customer service because service begins on the inside of the organization. It begins with how individuals speak to each other and deal with each other (Martinez, 1997). This is important because the nature and tone of customer service interactions with clients is greatly influenced by the nature and tone of interactions between employees. Various factors contribute to the culture of service expressed by an organization including hiring practices, training, and service policy and employee compensation.

Hiring practices, poor service attitudes, beliefs and habits can be introduced into an organization through indiscriminant hiring practices. The way to identify and hire the best candidate for any job is to ask the people who know and understand the job best, who know the clients best, and who know the work group best. It takes more time than other hiring processes, but it is better to spend time up front and hire the



best person for the job rather than to spend time trying to correct problems later. For example, Sunoo (2001) reporting a study by Reid Systems in Chicago revealed some problematic responses to their pre-employment assessment questions they used to gather data on pre-existing customer service attitudes and preferences among potential employees. Their results showed that: 46% said customers have to follow the rules if they are going to help them, 45% said they believe that customers should be told when they are wrong, 34% said they would prefer to work behind the scenes, rather than with the customers, 13% said they believe that if customers don't ask for help, they don't need it, 10% said they do not feel it is necessary to help a customer if the request falls outside their area of responsibility and 6% said they have repeatedly argued with customers and coworkers in recent jobs.

To avoid poor hiring choices, Ludwick (1995) suggests sitting down with the work group before the recruitment process begins and identifying the knowledge, skills, abilities, and characteristics that the team members feel are important or critical to continuing the work of the team successfully.

Three mistakes to hiring were noted by (Vessenes 2001). First, the organization may not have a job description available for the position. The first step to hiring is to have an accurate job description. The job description explains what is expected of the employee on-the-job. Second, interviewers all too often believe resumes qualify a person for the position. Resumes are to be used to examine the candidate's job experience, work history and educational background in order to disqualify individuals for the position.

Finally, many interviewers believe that liking the interviewee in the interview means they are right for the position. The person may be able to communicate effectively, but may not have the skills or background to complete the tasks on the

job. The interview itself is important to accomplish four things. First, it is a way to validate what the applicants' resume says. Second, the interview is a way to gain insight into the applicants' work ethic. Third, it is a way to gain a sense of how the applicant would fit into the organization. Fourth, the interview is a way to gain a feeling that the applicant likes the organization and whether they can be trusted (Vessenes, 2001).

#### **2.4 Employees training in Customer service**

Training is at the forefront of organizational priorities, and innovation in training is one of the most crucial aspects of the quality improvement process (Hiam, 1992). Training has started to focus on aspects other than developing skills and discipline on-the-job and has moved to process improvement. Ernst & Young and the American Quality Foundation found that only 20% of United States businesses focus on process improvement whereas Japanese firms focus on process improvement 50% of the time. Process improvement involves continuously reviewing, analyzing, incorporating, changing consumer expectations and refining the process so that products and services continuously improve (Lin and Darling, 1997). According to Lin & Darling (1997), there are two consequences to be expected from customer service training: greater focus on job performance and personal enrichment. The first benefit is the improvement of necessary skills for the employee to do his/her job successfully. The second benefit of customer service training is the increase in self-efficacy of the employee (Lin & Darling, 1997). Self-efficacy is a person's expectation that he/she can successfully execute the behaviors required to produce a desired outcome (Bandura, 1977).

Booth (1999) suggests that training should be used in many areas. Training can help employees develop a positive attitude about themselves and seek opportunities to



serve customers Training has the potential to teach employees how to communicate effectively with customers, become more positive and powerful representations of their business, listen more attentively to customer needs, develop a professional service manner, and maintain a neat, professional appearance.

Training should not only lead to skill improvement, but should also change the way employees think and view their jobs (Lin & Darling, 1997). Training must tell employees why it benefits them to have good customer service and what they are trying to accomplish as a team instead of what not to do on the job (Hartill, 2000).

Employees should learn to think from a customers' point of view and let customers know what to expect and when. Employees should be able to plan for contingencies, listen and ask new customers how they heard about the organization. They should also be able to bring customer service to the management table for input on product development and marketing activities and put the customer at the top of the pyramid and be a winner – it's expensive and impractical to argue with customers. *loyal customers will fight for*

Gerson (1998) believes his customer service plan has the ability to enhance customer service as well. First, he noted that performance standards should be established for customer service. Next, the commitment to service must begin at the top of the organization. While customer service has to start and be driven by top management, it should also be visible to customers. Finally, it is important to train employees in service quality. Measuring the level of service is also important for improving customer service. The level of service will be measured in the study by what customer care managers believe is important. Gerson (1998) suggests letting the customers define what "service" is, set service standards and abide by them.

## 2.5 Organizational barriers to service delivery

Organizational barriers to delivering high-quality customer service were suggested across several studies. First, inadequate communication between departments is one reason for not delivering high-quality customer service (Harris, 2000). Second, if employees are not rewarded for quality service or quality effort their actions will not be repeated, whereas actions that are rewarded will be repeated (Connellan & Zemke, 1993). Third, the company may be understaffed, which may cause employees to deliver service quickly instead of focus on quality customer service or customer satisfaction (Hyland, 2000). Fourth, the company may have inadequate computer systems (Connellan & Zemke, 1993). Fifth, the organization may have provided inadequate training for employees in developing people skills. One reason for this may be that companies are often concerned with customer satisfaction rather than loyalty.

Satisfaction is the lowest form of loyalty. While satisfied customers will shop anywhere, loyal customers will fight to do business with certain organizations. If the organization has a low training budget service may be poor. Companies may make the mistake of only providing company training and policy training. They may provide some "customer service" training, but few offer any personal development training (positive attitude, goals, listening, responsibility, pride or communication skills) (Gitomer, 1999). Sixth, there may be a lack of support from other departments (Connellan & Zemke, 1993). Seventh, the company or department may have low morale or no team spirit (Connellan & Zemke, 1993). Eighth, the company or department may have bad organizational policies and procedures. (Gitomer, 1999). The written principles may just include a set of rules and policies written in terms of the company, not the customer. Upper management



may be a reason for poor service if he/she sets a poor example (Gitomer, 1999). If upper management does not show what quality service should look like, employees are unlikely to deliver the service wanted or needed. Service may also be lacking because companies sometimes allow employees to be rude to customers and tell customers “no” to their requests. (Gitomer, 1999).

## **2.6 Empirical studies on service delivery**

Employee surveys are a way to listen to what is going on inside the company and the voice of the internal customer. Employees are both customers and suppliers. They are customers because they receive products from other departments and they are suppliers as they help assist other departments with their inquiries. It is important to get both the internal customers point of view as well as the external customers' point of view. Brown (1995) suggests comparing results of external customers' (individuals outside of the organization that utilize the services) perceptions of the organization and internal customers' (employees of the organization who utilize the organizations services) feelings about their organization. External customers react to areas in the organization they receive service from, such as the employees' capability of meeting specifications, awareness of customer problems, complaint handling, consistency, reproducibility, on time delivery, maintainability, responsiveness and flexibility, product training, product literature, and accessibility of key staff.

Internal customers react to areas in the organization such as their working environment, communication at local and organizational levels, training, development, retraining, recognition schemes, and health and safety provisions.

In a study of an industrial services company, Berry (1995) found, after asking both customers and employees to evaluate the company's service quality, that

employees' ratings were significantly less favorable than the customers. This may be because the employees knew more about the company's weaknesses. Customer and employee research play complementary roles; one is not a substitute for the other (Berry, 1995).

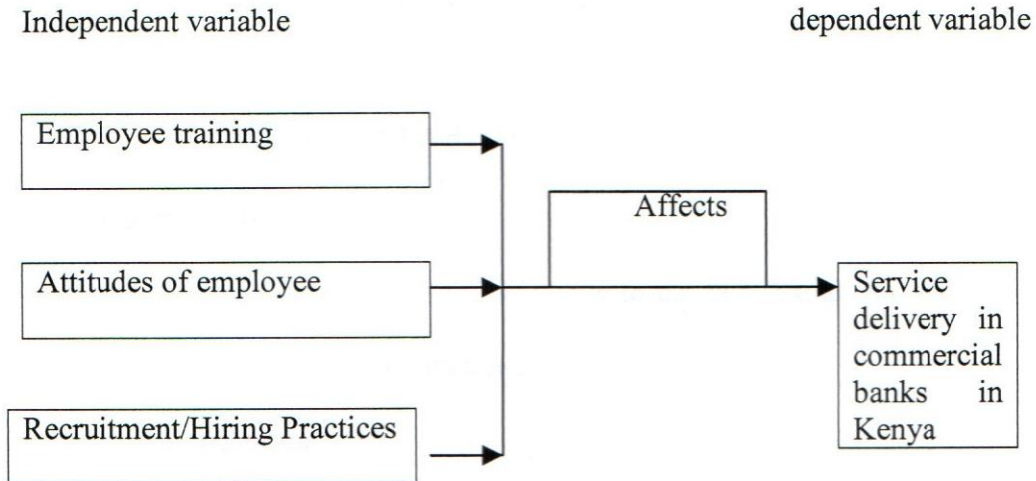
Levine (1995) states that an opinion and attitude survey allows employees to speak their minds for the good of the organization. The survey style he suggested involved all employees including managers and supervisors. Questions were answered using a Likert scale and included questions regarding employees' opinions, attitudes and beliefs on a range of subjects relating to the organization, job and department.

Harris and Strout (2001) states that Compaq, a PC manufacturer, conducted employee research and found that their internal measurements looked good. However, when customers' perceptions were gathered, they were not as good as the previous measurements indicated. Through their research, Compaq found that people skills were lacking, so that is where training and resources were to be invested in their company.

If input is not gathered from employees, organizations run the risk of making the same errors they always have and also they may not develop as teams (DeVoe, 1999). Getting feedback from employees is just as important as getting feedback from customers. Employees also need to feel that their suggestions/opinions will not be criticized.

## 2.7 Conceptual Framework

**Figure 1: Service Delivery Factors**



**Source:** Own (2006)

### **Training**

Training is at the forefront of organizational priorities, and innovation in training is one of the most crucial aspects of the quality improvement process (Hiam, 1992). Training has started to focus on aspects other than developing skills and discipline on-the-job and has moved to process improvement.

### **Attitude**

Customers want good attitude when receiving customer service and communication skills are also critical in delivering customer service

### **Hiring practice**

The hiring practice should encourage professional etiquette and enhance performance.

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## **CHAPTER THREE: RESEARCH METHODOLOGY:**

### **3.0 Introduction**

The research methodology included the research design, population, sample size, and data collection methods and data analysis.

### **3.1 Research Design**

This was a census inquiry of the 43 commercial banks in Kenya.

### **3.2 Area of Study**

The study location was Nairobi. This is due to the fact that all the 43 commercial banks have their headquarters/branches in Nairobi.

### **3.3 Study Population**

The population of this study was forty-three commercial banks in Kenya.

A census inquiry was conducted. This was found appropriate due to the small size of the population.

Census inquiry is a complete enumeration of all items in the population. Census inquiry was used due to the following advantages.

- i. Data are obtained from each and every unit of the population.
- ii. The results obtained are likely to be more representative, accurate and reliable i.e. there was no sampling errors. Sampling errors are caused by selecting a probability sample from a population, which is not representative of that population.
- iii. Data of complete enumeration census can be widely used as a basis for various surveys.
- iv. Census provides superior quality data to that gained by sampling population.

### 3.4. Data Collection Methods

Primary data was collected using a structured questionnaire administered to customer care managers/customer care representatives of the commercial banks. This involved using 'drop and pick later' method and telephone calls to follow up or clarify any issue. The questionnaire was divided into three parts, the first part was aimed at collecting the information of the organization/commercial bank, the second part has specific questions aimed at obtaining data on the influence of the three factors on service delivery elements and the third part focused on problems critical to service delivery.

### 3.5 Methods of Data Analysis

The data collected from the questionnaires was analyzed by the use of descriptive statistics such as frequencies, percentages and tables.

Due to the ordinal nature of the expected data, non-parametric methods were used.

Data was analyzed by the use of F- Test one-way analysis of variance by ranks. For F- test to be applied the samples selected from the populations of one group must in no way influence the responses of the others.

The null and alternative hypotheses were stated as;

**H<sub>0</sub>:  $\mu_1 = \mu_2 = \mu_3$ :** Training, attitude and hiring practices equally affect service delivery in commercial banks in Kenya.

**H<sub>1</sub>:  $\mu_1 \neq \mu_2 \neq \mu_3$ :** Training, attitude and hiring practices **do not** equally affect service delivery in commercial banks in Kenya.

**Using the 0.05 significance level with nk- 1 degrees of freedom.**

Accept **H<sub>0</sub>** if the computed value of the test statistic F is less than or equal to critical value otherwise fail to accept.

## **CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION**

### **4.1 Introduction to Data Analysis**

The objective of the research was to investigate the factors affecting service delivery in commercial banks in Kenya. A total of 43 customer care managers and (or) customer care representatives of the 43 commercial banks in Kenya were asked to respond to customer care issues by use of a questionnaire (appendix 1). Of the 43 expected respondents from each commercial bank in Kenya, 40 responded in time for data analysis. This represented 93% of the total respondents. This rate was considered appropriate to derive the inferences regarding the objectives of the research discussed below.

### **4.2 General Characteristics of Commercial Banks in Kenya**

The background study was done on the commercial bank's ownership, geographical location and branch distribution. The findings are discussed below.

#### **4.2.1 Ownership**

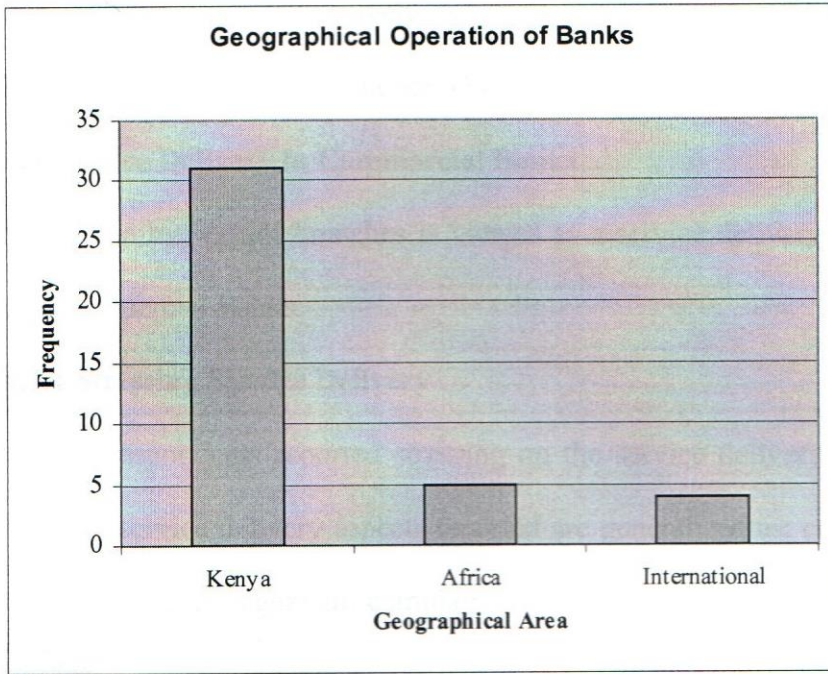
The study revealed that the government owns 8% of the banks, 15% are owned by multinational companies while 77% are locally owned.

#### **4.2.2 Geographical Location of Commercial Banks**

Commercial Banks in Kenya do not have expansive geographical coverage in other countries. Only 10% operate outside Africa, 12.5% operate within Africa while 77.5% do not have operations outside Kenya. Figure 4.1 below shows the country boundary of the banks.



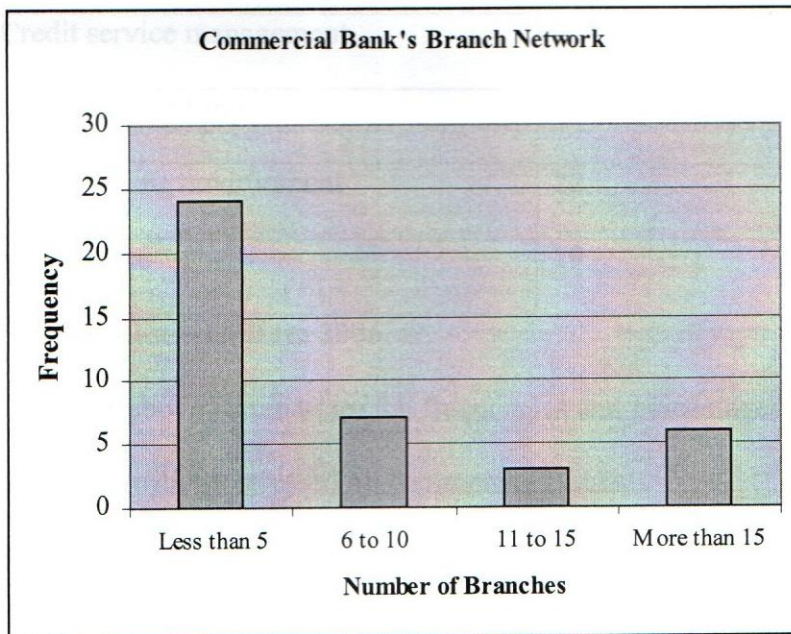
**Figure 4.1 Geographical Operations of Commercial Banks in Kenya**



Source: Research Data 2006

#### 4.2.3 Commercial Banks' Branch Network

**Figure 4.2 Commercial Banks Branch Network**



Source: Research Data 2006

Figure 4.2 above shows that Commercial Banks have not diversified their operations in Kenya extensively. 6 of them have more than 15 branches, 3 of them have between 11 and 15 branches while 24 of them have less than five branches.

### 4.3 Service Delivery in Commercial Banks

Expansion by way of branches is viewed as a service delivery strategy by 95% of the Commercial Banks.

#### 4.3.1 Stressing Service Delivery

All the respondents reported stressing on the service delivery to their customers. The key service delivery aspects reported are generalized as; customer satisfaction, credit service management, complaint handling, tidy working environment and fast service.

**Table 4.1 Service Delivery Attributes Stressed by Commercial Banks**

| Attribute stressed        | Frequency | Percentage |
|---------------------------|-----------|------------|
| Customer satisfaction     | 28        | 70         |
| Credit service management | 21        | 52.5       |
| Complain handling         | 18        | 45         |
| Tidy working environment  | 22        | 55         |
| Fast service              | 19        | 47.5       |

**Source: Research Data 2006**

Table 4.1 above summarizes the frequencies and percentages counted on the service delivery attributes stressed by commercial Banks.

#### 4.3.2 The Rating of Service Delivery in Commercial Banks

Respondents were asked to rate service delivery in line with 11 attributes, which included nature of customer service, speed and convenience in serving customers, the staffs' politeness, cooperation and enthusiasm, branch location, automation of

the branch customer delivery, security around the branch, convenience of banking hours, promotional materials in terms of language, display and position, queuing systems in the bank, relevance of current procedures and professionalism.

**Table 4.2 Rating of Service Delivery in Commercial Banks**

**Percentage distribution of service delivery**

| Activity  | Excellent |      | Good |      | Fair |      | Poor |     | TOTAL |
|---|-----------|------|------|------|------|------|------|-----|-------|
|   | Freq      | %    | Freq | %    | Freq | %    | Freq | %   |       |
| Nature of service                                 | 13        | 32.5 | 24   | 60   | 3    | 7.5  | 0    |     | 40    |
| Speed and convenience in serving customers        | 12        | 30   | 23   | 57.5 | 5    | 12.5 | 0    |     | 40    |
| The staffs politeness, cooperation and enthusiasm | 13        | 32.5 | 18   | 45   | 9    | 22.5 | 0    |     | 40    |
| Branch's location                                 | 12        | 30   | 21   | 52.5 | 6    | 15   | 1    | 2.5 | 40    |
| Automation of the branch's customers delivery     | 7         | 17.5 | 21   | 52.5 | 6    | 15   | 6    | 15  | 40    |
| Security around the branch within                 | 10        | 25   | 20   | 50   | 8    | 20   | 2    | 5   | 40    |
| Convenience of banking hours                      | 13        | 32.5 | 22   | 55   | 3    | 7.5  | 2    | 5   | 40    |
| Clarity of Promotional Materials                  | 9         | 22.5 | 22   | 55   | 5    | 12.5 | 4    | 10  | 40    |
| Queuing system at the bank                        | 14        | 35   | 19   | 47.5 | 7    | 17.5 | 0    |     | 40    |
| Professionalism                                   | 14        | 35   | 15   | 37.5 | 9    | 22.5 | 2    |     | 40    |
| Relevance of current procedures                   | 5         | 12.5 | 25   | 62.5 | 10   | 25   | 0    |     | 40    |
|   | 14        | 35   | 15   | 37.5 | 9    | 22.5 | 2    | 5   | 40    |

**Source: Research Data 2006**

Table 4.2 above shows that the first three factors of service delivery; nature of customer service, speed and convenience in serving customers and staff's



politeness, cooperation and enthusiasm were considered good by the majority of the respondents, followed by excellent, fair and none of the respondents considered them poor.

Of the total respondents, 32.5% considered the nature of customer service to be excellent, 60% considered it to be good while 7.5% considered it to be fair.

In respect to speed and convenience in serving customers, 30% considered it to be excellent, 57.5% considered it to be good whereas only 12.5% considered it to be fair.

Staff's politeness, cooperation and enthusiasm was considered good by 45% of the respondents, excellent by 32.5% and fair by 22.5% of the respondents.

Branch locations were rated good by 52.5% of the respondents, excellent by 30%, fair by 15% while 2.5% of the respondents considered their branch network to be poor.

52.5% of the respondents considered their banks and branches to be well automated, 17.5% considered them to be very well automated, 15% as fairly automated while the remaining described their banks as poorly automated.

As pertains security around the banks, 50% of the respondents considered it good, 25% excellent, 20% fair and 5% poor.

55% of the respondents considered their banking hours to be good, 32.5% considered it excellent, while 7.5% and 5% considered the banking hours to be fair and poor respectively.

The use of promotional materials was considered good by 55% of the respondents, excellent by 22.5%, fair by 12.5% and poor by 10%.

None of the respondents considered their queuing system as poor in terms of service delivery. 47.5% described the queuing systems in their banks as good, 35% as excellent while 17.5% considered their queuing systems as fair.

None of the respondents considered their current procedures to be irrelevant in terms of service delivery. 62.5% described the current procedures in their banks as good, 12.5% as excellent while 25% considered them to be fair.

37.5% of the respondents described their application of professionalism in customer service as good, 35% as good, 22% as fair and 5% as poor.

### 4.3.3 Customer Reception

Customer reception by way of greetings is widely applied in Commercial Banks.

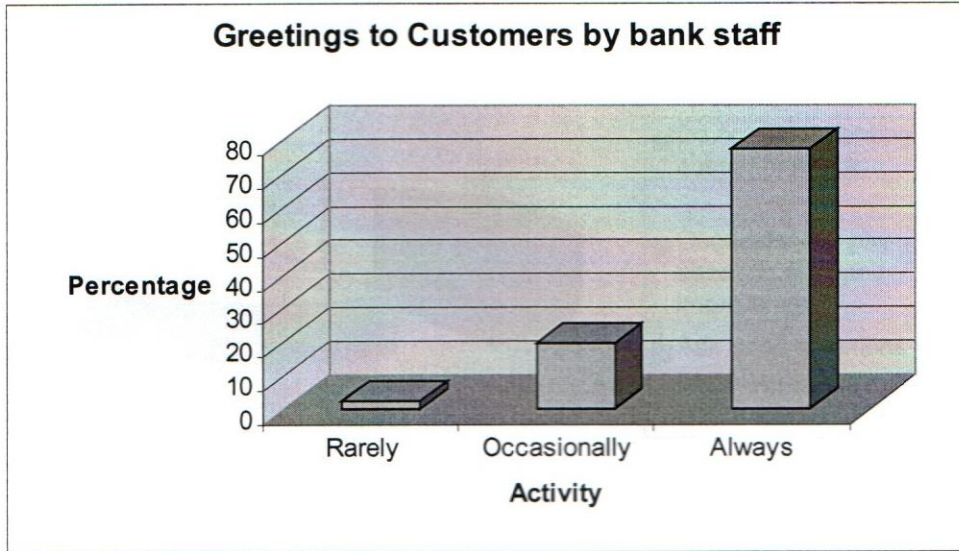
The response for this aspect is explained in table 4.3 and figure 4.3 below.

**Table 4.3 Customer Reception by Greetings**

| Regularity   | Frequency | Percentage (%) |
|--------------|-----------|----------------|
| Rarely       | 1         | 2.5            |
| Occasionally | 8         | 20             |
| Always       | 31        | 77.5           |
| Total        | 40        | 100            |

**Source: Research data 2006**

**Figure 4.3 Greetings to customers by bank staff**



**Source: Research data 2006**

Table 4.3 and Fig. 4.3 above shows customer reception at the banks, which was found to be high as 77.5% of the respondents reported greeting customers all the time they met them, 20% occasionally and only 2.5% rarely greeted the customers on arrival. This represented one bank out of the 40 banks for which response was obtained.

**4.3.4 Extent to which Employees Listen to Customers.**

Employees in the Commercial Banks pay more attention to customer needs as indicated in table 4.4 and figure 4.4 below.

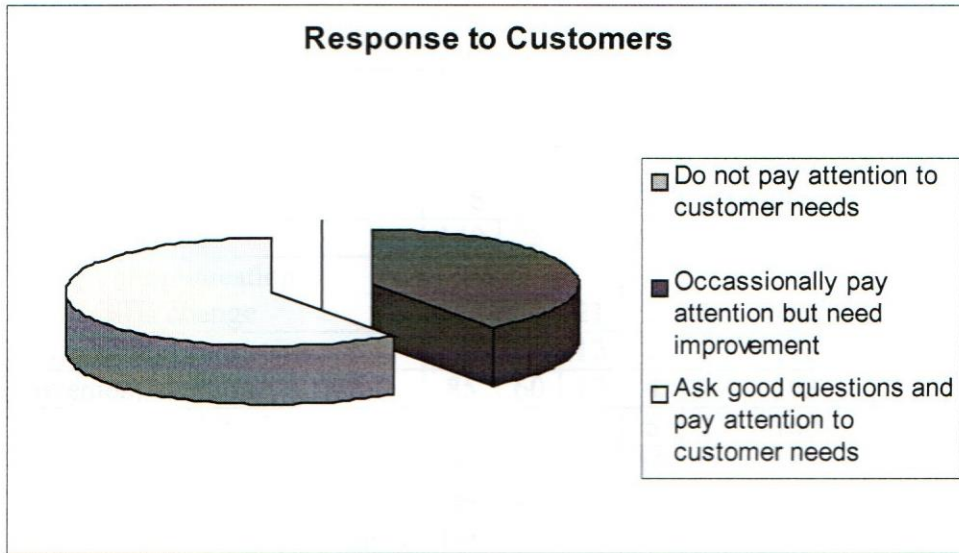
**Table 4.4 Listening to customers**

| Activity   | Frequency | Percentage |
|--|-----------|------------|
| Do not pay attention to customer needs                 | 0         | 0          |
| Occasionally pay attention but need improvement        | 16        | 40         |
| Ask good questions and pay attention to customer needs | 24        | 60         |
| Total  | 40        | 100        |

**Source: Research Data 2006**



**Figure: 4.4 Attention to Customers**



**Source: Research Data 2006**

The study revealed that many employees in the banks listened to customers' needs, questions and clarifications. 60% of the employees asked good questions and paid attention to customer needs while 40% responded that they occasionally pay attention to customer needs but needed improvement. None of the respondents reported cases of failure of employees to attend to the needs of the customers.

**4.3.5 Priorities of Commercial Banks in Customer Service**

**Table 4.5(a) Frequencies on Service Delivery Priorities in Commercial Banks**

| Service Attribute                           | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|----------------|-------|---------|----------|-------------------|
| Speed of service                            | 28             | 7     | 3       | 1        | 1                 |
| Timely communication when tariffs change    | 21             | 10    | 7       | 1        | 1                 |
| Enthusiastic, Competent/knowledgeable staff | 25             | 9     | 4       | 1        | 1                 |
| Convenient location                         | 17             | 15    | 4       | 2        | 2                 |
| Convenient banking hours                    | 17             | 13    | 5       | 3        | 2                 |
| Simple systems and procedures               | 16             | 10    | 7       | 5        | 2                 |
| Congestion in banking halls                 | 19             | 12    | 2       | 4        | 3                 |
| Timely resolution of complaints             | 22             | 7     | 8       | 2        | 1                 |
| Adequate physical facilities                | 19             | 9     | 6       | 2        | 4                 |

**Source: Research Data 2006**

**Table 4.5(b) Weighted Score on Service Delivery Priorities in Commercial Banks**

| Service Attribute                        | Score |    |    |    |   | Total possible score | Percentage | Rank |
|--|-------|----|----|----|---|----------------------|------------|------|
|  | 5     | 4  | 3  | 2  | 1 |                      |            |      |
| Speed of service                         | 140   | 28 | 9  | 2  | 1 | 180                  | 90         | 1    |
| Timely communication when tariffs change | 105   | 40 | 21 | 2  | 1 | 169                  | 84.5       | 3    |
| Enthusiastic, Competent                  | 125   | 36 | 12 | 2  | 1 | 176                  | 88         | 2    |
| Convenient location                      | 85    | 60 | 12 | 4  | 2 | 163                  | 81.5       | 5    |
| Convenient banking hours                 | 85    | 52 | 15 | 6  | 2 | 160                  | 80         | 6    |
| Simple systems and procedures            | 80    | 40 | 21 | 10 | 2 | 153                  | 76.5       | 9    |
| Congestion in banking halls              | 95    | 48 | 6  | 8  | 3 | 160                  | 80         | 6    |
| Timely resolution of complaints          | 110   | 28 | 24 | 4  | 1 | 167                  | 83.5       | 4    |
| Adequate physical facilities             | 95    | 36 | 18 | 4  | 4 | 157                  | 78.5       | 8    |

**Source: Research Data 2006**

Of the factors specified by the respondents, speed of service was ranked as the most emphasized by banks followed by convenience of location and last but not least timely communication when tariffs. Simplicity of systems and procedures, provision of adequate physical facilities including security and lack of congestion in banking halls were not a priority as per the findings which are summarized in table 4.5 (a) and (b) above.

#### **4.3.6 Importance of the Factors Affecting Service Delivery**

The factors affecting service delivery were identified as attitude, training and the hiring practices practiced by the Commercial Banks.

In the analysis, the factors were considered very important in the order attitude 55%, training 47.5% and hiring practices 27.5% respectively. From a different perspective, hiring practices were considered the least important by 55% of the respondents followed by training 15% and attitude 7.5%. This analysis is presented in table 4.6 below.



**Table 4.6: Importance of Factors Affecting Service Delivery**

| Factor           | Very Important |      | Important |      | Less Important |     |
|------------------|----------------|------|-----------|------|----------------|-----|
|                  | Freq           | %    | Freq      | %    | Freq           | %   |
| Attitude         | 22             | 55   | 15        | 37.5 | 3              | 7.5 |
| Training         | 19             | 47.5 | 15        | 37.5 | 6              | 15  |
| Hiring Practices | 11             | 27.5 | 7         | 17.5 | 22             | 55  |

**Source: Research Data 2006**

#### 4.3.7 Other Factors Crucial in Service Delivery

Respondents listed further aspects that affect service delivery. The factors listed are summarized in table 4.6 below.

**Table 4.7 Other Factors Affecting Service Delivery**

| Factors                                      | Frequency | Percentage |
|--|-----------|------------|
| Teamwork                                     | 28        | 70         |
| Knowledge of product an services             | 15        | 37.5       |
| State of the art technology                  | 11        | 27.5       |
| Sensitivity of customer needs                | 17        | 42.5       |
| Customized product for the society           | 21        | 52.5       |
| Fair pricing of services rendered            | 8         | 20         |
| Confidence of staff                          | 5         | 12.5       |
| Motivation of staff                          | 12        | 30         |
| Cleanliness /neatness of banking environment | 3         | 7.5        |
| Complain resolution                          | 14        | 35         |
| Caring for the community                     | 1         | 2.5        |

**Source: research data 2006**

From table 4.7 above majority of the respondents considered teamwork, customized products for the society and sensitivity to customer needs as crucial factors in service delivery.



### 4.3.8 Common Mistakes made by Employees in Customer Service Delivery

**Table 4.8 Mistakes made in customer service delivery %**

| Mistake                       | Frequently | Rarely | Seldom |
|-------------------------------|------------|--------|--------|
| Take Customers for granted    | 20         | 45     | 35     |
| Using Jargon                  | 5          | 32.5   | 62.5   |
| Speaking too fast             | 7.5        | 45     | 47.5   |
| Giving short answers          | 10         | 65     | 25     |
| Not showing care              | 12.5       | 52.5   | 35     |
| Not being proactive           | 15         | 62.5   | 22.5   |
| Pre-occupied with other tasks | 15         | 45     | 40     |
| Not listening                 | 7.5        | 47.5   | 45     |
| Making judgments              | 15         | 52.5   | 32.5   |
| Arguing with customers        | 2.5        | 45     | 52.5   |

**Source: Research Data 2006**

Table 4.8 above shows that the mistake most frequently observed by the respondents were taking customers for granted 20%, not being proactive, employees being preoccupied by other tasks, and making wrong judgments each 15%. Only 2.5% reported arguing with customers frequently. The least encountered mistakes made were using technical terms in communication 62.5%, arguing with customers 52.5% and speaking too fast 47.5%.

### 4.3.9 Effects of Attitude, Training and Hiring Practices of employees on the mistakes committed in Customer Service Delivery.

**Table 4.9 Factors contributing to mistakes committed in Customer Service Delivery**

| Factor           | Very Important |      | Important |      | Less Important |    |
|------------------|----------------|------|-----------|------|----------------|----|
|                  | Freq           | %    | Freq      | %    | Freq           | %  |
| Attitude         | 27             | 67.5 | 7         | 17.5 | 6              | 15 |
| Training         | 10             | 25   | 20        | 50   | 10             | 25 |
| Hiring Practices | 6              | 15   | 12        | 30   | 22             | 55 |

**Source: research data 2006**

Table 4.9 shows that the attitude of the employees contributed greatly to the mistakes in customer service. 67.5% of the respondents considered it to be the most important factor, with only 15% considering it as least important. Training was considered to be an important factor by 50% of the respondents but 25% did not consider it as important and similarly 25% did not consider it as important at all. According to 55% of the respondents, hiring practices of Commercial Banks did not influence customer service delivery as they considered it less important. 30% of the respondents considered it important. Only 15% considered it a very important factor.

#### 4.3.10 Effect of Training on Service Delivery in Commercial Banks

**Table 4.10 (a) Effect training on service delivery**

| Service Delivery Attributes | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|-----------------------------|----------------|-------|---------|----------|-------------------|
| Speed of Service            | 18             | 14    | 4       | 1        | 3                 |
| Accuracy                    | 16             | 11    | 5       | 5        | 3                 |
| Assertiveness               | 9              | 14    | 9       | 4        | 4                 |
| Consistency                 | 15             | 15    | 4       | 4        | 2                 |
| Attentiveness               | 7              | 10    | 7       | 8        | 8                 |
| Trustworthiness             | 9              | 18    | 5       | 2        | 6                 |
| Resourcefulness             | 17             | 16    | 2       | 4        | 1                 |
| Honesty                     | 8              | 10    | 7       | 12       | 3                 |
| Friendliness                | 6              | 16    | 11      | 4        | 3                 |
| Reliability                 | 12             | 16    | 6       | 3        | 3                 |
| Complain handling           | 16             | 19    | 1       | 2        | 2                 |
| Seamless                    | 13             | 10    | 12      | 3        | 2                 |
| Dazzling                    | 7              | 15    | 7       | 10       | 1                 |
| Willingness to help         | 9              | 12    | 10      | 5        | 4                 |
| Empathy                     | 6              | 15    | 8       | 5        | 6                 |
| Confidence                  | 13             | 15    | 4       | 3        | 5                 |
| Assuring                    | 8              | 19    | 3       | 6        | 4                 |
| Motivation                  | 10             | 17    | 6       | 4        | 3                 |

**Source: Research Data 2006**



**Table 4.10 (b) Weighted score of the effect of training on service delivery**

| Service Delivery Attributes | Scores |    |    |    |   | Total Score | Percentage | Rank |
|-----------------------------|--------|----|----|----|---|-------------|------------|------|
|                             | 5      | 4  | 3  | 2  | 1 |             |            |      |
| Speed of Service            | 90     | 56 | 12 | 2  | 3 | 163         | 81.5       | 3    |
| Accuracy                    | 80     | 44 | 15 | 10 | 3 | 152         | 76         | 5    |
| Assertiveness               | 45     | 56 | 27 | 8  | 4 | 140         | 70         | 12   |
| Consistency                 | 75     | 60 | 12 | 8  | 2 | 157         | 78.5       | 4    |
| Attentiveness               | 35     | 40 | 21 | 16 | 8 | 120         | 60         | 18   |
| Trustworthiness             | 45     | 72 | 15 | 4  | 6 | 142         | 71         | 10   |
| Resourcefulness             | 85     | 64 | 6  | 8  | 1 | 164         | 82         | 2    |
| Honesty                     | 40     | 40 | 21 | 24 | 3 | 128         | 64         | 17   |
| Friendliness                | 30     | 64 | 33 | 8  | 3 | 138         | 69         | 13   |
| Reliability                 | 60     | 64 | 18 | 6  | 3 | 151         | 75.5       | 6    |
| Complain handling           | 80     | 76 | 3  | 4  | 2 | 165         | 82.5       | 1    |
| Seamless                    | 65     | 40 | 36 | 6  | 2 | 149         | 74.5       | 7    |
| Dazzling                    | 35     | 60 | 21 | 20 | 1 | 137         | 68.5       | 14   |
| Willingness to help         | 45     | 48 | 30 | 10 | 4 | 137         | 68.5       | 14   |
| Empathy                     | 30     | 60 | 24 | 10 | 6 | 130         | 65         | 16   |
| Confidence                  | 65     | 60 | 12 | 6  | 5 | 148         | 74         | 8    |
| Assuring                    | 40     | 76 | 9  | 12 | 4 | 141         | 70.5       | 11   |
| Motivation                  | 50     | 68 | 18 | 8  | 3 | 147         | 73.5       | 9    |

**Source: Research Data 2006**

The findings of the study were that training helps to improve service to customers with service attributes of complaint handling being the highest ranked followed by resourcefulness, speed of service, consistency and accuracy. Effect of training was found to be minimal in the service attributes of honesty, empathy and effectiveness. Motivation attribute was averagely ranked. These findings are summarized in tables 4.10 (a) and 4.10 (b) above.



#### 4.4 Effect of Employee Attitude on service delivery

**Table 4.11 (a) Effect of Employee Attitude on Service Delivery**

| Service Delivery Attributes | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|-----------------------------|----------------|-------|---------|----------|-------------------|
| Speed of Service            | 22             | 11    | 4       | 1        | 2                 |
| Accuracy                    | 17             | 12    | 6       | 2        | 3                 |
| Assertiveness               | 9              | 14    | 8       | 5        | 4                 |
| Consistency                 | 14             | 17    | 5       | 3        | 1                 |
| Attentiveness               | 19             | 11    | 6       | 2        | 2                 |
| Trustworthiness             | 16             | 13    | 6       | 4        | 1                 |
| Resourcefulness             | 18             | 12    | 5       | 2        | 3                 |
| Honesty                     | 20             | 8     | 4       | 6        | 2                 |
| Friendliness                | 20             | 9     | 6       | 3        | 2                 |
| Reliability                 | 17             | 12    | 2       | 3        | 6                 |
| Complain handling           | 16             | 9     | 9       | 2        | 4                 |
| Seamless                    | 11             | 13    | 5       | 7        | 4                 |
| Dazzling                    | 12             | 17    | 4       | 4        | 3                 |
| Willingness to help         | 17             | 12    | 4       | 3        | 4                 |
| Empathy                     | 15             | 15    | 7       | 2        | 1                 |
| Confidence                  | 17             | 17    | 3       | 2        | 1                 |
| Assuring                    | 13             | 16    | 7       | 3        | 1                 |
| Motivation                  | 17             | 14    | 5       | 4        | 0                 |

Source: Research Data 2006

**Table 4.11 (a) Effect of Employee Attitude on Service Delivery**

| Service Delivery Attributes | Score |   |    |    |   | Total score | %    | Rank |
|-----------------------------|-------|---|----|----|---|-------------|------|------|
|                             | 5     | 4 | 3  | 2  | 1 |             |      |      |
| Speed of Service            | 11    | 0 | 0  | 0  | 0 | 200         | 100  | 1    |
| Accuracy                    | 8     | 5 | 18 | 4  | 3 | 158         | 79   | 10   |
| Assertiveness               | 4     | 5 | 24 | 10 | 4 | 139         | 69.5 | 18   |
| Consistency                 | 7     | 6 | 15 | 6  | 1 | 160         | 80   | 7    |
| Attentiveness               | 9     | 5 | 18 | 4  | 2 | 163         | 81.5 | 4    |
| Trustworthiness             | 8     | 5 | 18 | 8  | 1 | 159         | 79.5 | 9    |
| Resourcefulness             | 9     | 4 | 15 | 4  | 3 | 160         | 80   | 7    |
| Honesty                     | 10    | 3 | 12 | 12 | 2 | 158         | 79   | 10   |
| Friendliness                | 10    | 3 | 18 | 6  | 2 | 162         | 81   | 5    |
| Reliability                 | 8     | 4 | 6  | 6  | 6 | 151         | 75.5 | 14   |
| Complain handling           | 8     | 3 | 27 | 4  | 4 | 151         | 75.5 | 14   |
| Seamless                    | 5     | 5 | 15 | 14 | 4 | 140         | 70   | 17   |
| Dazzling                    | 6     | 6 | 12 | 8  | 3 | 151         | 75.5 | 14   |
| Willingness to help         | 8     | 4 | 12 | 6  | 4 | 155         | 77.5 | 13   |
| Empathy                     | 7     | 6 | 21 | 4  | 1 | 161         | 80.5 | 6    |
| Confidence                  | 8     | 6 | 9  | 4  | 1 | 167         | 83.5 | 2    |
| Assuring                    | 6     | 6 | 21 | 6  | 1 | 157         | 78.5 | 12   |
| Motivation                  | 8     | 5 | 15 | 8  | 0 | 164         | 82   | 3    |

Source: Research Data 2006

The effect of employee attitude on service delivery was ranked highly on the attributes of speed of service, confidence, motivation and attentiveness. The service attributes of reliability, complaint handling, dazzling, seamless and assertiveness were lowly ranked with average rank being on the service attribute of trustworthiness. These findings are summarized in tables 4.11 (a) and 4.11 (b) above.

#### 4.5 Effect of Hiring Practices on Service Delivery

**Table 4.12 (a) Frequency Table on Effect of Hiring Practices on Service Delivery**

| <b>Service Delivery Attributes</b> | <b>Strongly Agree</b> | <b>Agree</b> | <b>Neutral</b> | <b>Disagree</b> | <b>Strongly Disagree</b> |
|------------------------------------|-----------------------|--------------|----------------|-----------------|--------------------------|
| Speed of Service                   | 20                    | 13           | 4              | 2               | 1                        |
| Accuracy                           | 16                    | 13           | 9              | 2               | 0                        |
| Assertiveness                      | 13                    | 12           | 9              | 6               | 0                        |
| Consistency                        | 10                    | 18           | 9              | 3               | 0                        |
| Attentiveness                      | 14                    | 8            | 15             | 2               | 1                        |
| Trustworthiness                    | 5                     | 16           | 11             | 5               | 3                        |
| Resourcefulness                    | 15                    | 9            | 7              | 6               | 3                        |
| Honesty                            | 14                    | 3            | 14             | 8               | 1                        |
| Friendliness                       | 7                     | 13           | 14             | 5               | 1                        |
| Reliability                        | 13                    | 9            | 9              | 7               | 2                        |
| Complain handling                  | 16                    | 9            | 11             | 2               | 2                        |
| Seamless                           | 10                    | 12           | 14             | 3               | 1                        |
| Dazzling                           | 9                     | 10           | 10             | 5               | 6                        |
| Willingness to help                | 9                     | 15           | 9              | 4               | 3                        |
| Empathy                            | 12                    | 12           | 7              | 8               | 1                        |
| Confidence                         | 15                    | 11           | 8              | 2               | 4                        |
| Assuring                           | 12                    | 13           | 10             | 4               | 1                        |
| Motivation                         | 18                    | 9            | 4              | 6               | 3                        |

**Source: Research Data 2006**



**Table 4.12 (b) The Weighted Score Table of the Effect of Hiring Practices on Service Delivery**

| Service Delivery Attributes | Score |    |    |    |   | Total score | %    | Rank |
|-----------------------------|-------|----|----|----|---|-------------|------|------|
|                             | 5     | 4  | 3  | 2  | 1 |             |      |      |
| Speed of Service            | 100   | 65 | 20 | 10 | 5 | 200         | 100  | 1    |
| Accuracy                    | 80    | 52 | 27 | 4  | 0 | 163         | 81.5 | 2    |
| Assertiveness               | 65    | 48 | 27 | 12 | 0 | 152         | 76   | 6    |
| Consistency                 | 50    | 72 | 27 | 6  | 0 | 155         | 77.5 | 3    |
| Attentiveness               | 70    | 32 | 45 | 4  | 1 | 152         | 76   | 6    |
| Trustworthiness             | 25    | 64 | 33 | 10 | 3 | 135         | 67.5 | 17   |
| Resourcefulness             | 75    | 36 | 21 | 12 | 3 | 147         | 73.5 | 10   |
| Honesty                     | 70    | 12 | 42 | 16 | 1 | 141         | 70.5 | 15   |
| Friendliness                | 35    | 52 | 42 | 10 | 1 | 140         | 70   | 16   |
| Reliability                 | 65    | 36 | 27 | 14 | 2 | 144         | 72   | 13   |
| Complain handling           | 80    | 36 | 33 | 4  | 2 | 155         | 77.5 | 3    |
| Seamless                    | 50    | 48 | 42 | 6  | 1 | 147         | 73.5 | 10   |
| Dazzling                    | 45    | 40 | 30 | 10 | 6 | 131         | 65.5 | 18   |
| Willingness to help         | 45    | 60 | 27 | 8  | 3 | 143         | 71.5 | 14   |
| Empathy                     | 60    | 48 | 21 | 16 | 1 | 146         | 73   | 12   |
| Confidence                  | 75    | 44 | 24 | 4  | 4 | 151         | 75.5 | 8    |
| Assuring                    | 60    | 52 | 30 | 8  | 1 | 151         | 75.5 | 8    |
| Motivation                  | 90    | 36 | 12 | 12 | 3 | 153         | 76.5 | 5    |

**Source: Research Data 2006**

Tables 4.12 (a) and 4.12 (b) shows that in respect of the effect of hiring practices on the service delivery attributes majority of the respondents highly ranked Speed of Service, Accuracy and Consistency as improving the service delivery, whereas dazzling and friendliness were considered to have minimal effect on service delivery.

#### **4.6 Training Practices**

On the job training as a method of training was highly emphasized at 80%, less emphasized at 15% whereas only 5% did not put emphasis on this method.

42.5% of the respondents highly emphasized use of seminars, 45% put less emphasis on it while 12.5% did not put emphasis on use of seminars for training employees.



In the case of workshop method, 40% of the respondents highly emphasized, 40% put less emphasis while 20% did not put emphasis on this method.

In respect of training institutes method, 45% of the respondents highly emphasized, 35% put less emphasis while 20% did not put emphasis on this method.

With regard to professional training method, 47.5% of the respondents highly emphasized, 32.5% put less emphasis while 20% did not put emphasis on this method. A presentation of the said methods is depicted in table 4.13 below.

**Table 4.13 Methods of Training in Customer Service Delivery used by Commercial Banks**

| Method                | Highly Emphasized |      | Less Emphasized |      | Not Emphasized |      |
|-----------------------|-------------------|------|-----------------|------|----------------|------|
|                       | Freq              | %    | Freq            | %    | Freq           | %    |
| On job training       | 32                | 80   | 6               | 15   | 2              | 5    |
| Seminars              | 17                | 42.5 | 18              | 45   | 5              | 12.5 |
| Workshops             | 16                | 40   | 16              | 40   | 8              | 20   |
| Training institutes   | 18                | 45   | 14              | 35   | 8              | 20   |
| Professional training | 19                | 47.5 | 13              | 32.5 | 8              | 20   |

Source: Research Data 2006

#### 4.7 Hiring Practices

Advertising through media as a method hiring of staff, was less emphasized by 52.5% of the respondents, 35% put high emphasis and only 12.5% did not put any emphasis.

The internal advertisement method of hiring staff was highly emphasized by 72.5% of the respondents. 20% placed less emphasis on it and a paltry 7.5% did not put any emphasis.

On the use of employment agencies in hiring of staff, 45% of the respondents put less emphasis, 20% put high emphasis whereas 35% did not put any emphasis.

Considering personnel consultants as a method of hiring staff, 42.5% of the respondents put no emphasis, 37.5% less emphasis whereas 20% put high emphasis.

With respect to unsolicited applications as a method of hiring staff 45% of the respondents put no emphasis, 35% put less emphasis and only 20% put high emphasis. Table 4.14 shows the hiring practices adopted by Commercial Banks.

**Table 4.14 Methods of Hiring Staff**

| Method                   | Highly Emphasized |      | Less Emphasized |      | Not Emphasized |    |
|--------------------------|-------------------|------|-----------------|------|----------------|----|
|                          | Freq              | %    | Freq            | %    | Freq           | %  |
| Media                    | 14                | 35   | 21              | 52.5 | 21             | 5  |
| Internal advertisement   | 29                | 72.5 | 8               | 20   | 8              | 3  |
| Employment agencies      | 8                 | 20   | 18              | 45   | 18             | 14 |
| Education institutes     | 2                 | 5    | 11              | 27.5 | 11             | 27 |
| Personnel Consultants    | 8                 | 20   | 15              | 37.5 | 15             | 17 |
| Unsolicited applications | 8                 | 20   | 14              | 35   | 14             | 18 |

Source: Research Data 2006

#### 4.8 Problems Critical to Service Delivery in Commercial Banks

The respondents identified a range of problems they encountered in customer service delivery. The factors were classified as either internal or external to the bank. Table 4.15 summarizes the problems.

**Table 4.15 (a) Internal Problems Encountered in Customer Service Delivery**

|   | <b>Frequency</b> | <b>Rank</b> |
|---|------------------|-------------|
| Banking hours   | 12               | 9           |
| Staff willingness to help   | 21               | 3           |
| Attitude  | 12               | 9           |
| Honesty   | 3                | 13          |
| Lack of motivation  | 15               | 5           |
| Inadequate staff  | 13               | 7           |
| Inadequate resources  | 14               | 6           |
| Bureaucratic procedures   | 20               | 4           |
| Discretionary application on some services                            | 5                | 11          |
| Staff training  | 22               | 2           |
| Overemphasis on financial growth rather than<br>Customer satisfaction | 25               | 1           |
| Lack of timely response   | 13               | 7           |
| Attitude  | 5                | 11          |

**Source: Research Data 2006**

**Table 4.15 (b) External Problems Noted in Customer Service Delivery**

|                       | <b>Frequency</b> | <b>Rank</b> |
|-----------------------|------------------|-------------|
| Customer satisfaction | 25               | 2           |
| Legal impediments     | 28               | 1           |
| Location of banks     | 21               | 3           |
| Competition           | 19               | 4           |

**Source: Research Data 2006**



From Tables 4.15 (a) it can be seen that the major internal problem encountered in customer service delivery is the overemphasis of financial growth at the expense of customer satisfaction, followed by staff training, staff willingness to help and bureaucratic procedures in that order respectively.

The least experienced internal problems included attitude and discretionary application on some services.

From Tables 4.15 (b) it can be deduced that the major external problems encountered in customer service delivery are legal impediments, customer satisfaction, location of banks and competition in that order.

## 4.1.2 Customer Requirements

### 4.1.2.1 Customer Requirements

From the study 69% of the respondents

customer needs

customer needs

## **CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS**

### **5.1 SUMMARY OF MAJOR FINDINGS**

#### **5.1.1 Rating of the Commercial Banks Service Delivery**

The study established that in terms of service delivery attributes; nature of customer service, speed and convenience in serving customers, staff politeness, cooperation and enthusiasm, branch location, automation, security, convenience of banking hours, promotional materials in terms of language, display and position, queuing system, relevance of current procedures and professionalism on average, 52.3% of the respondents rated them as good, 27.7% as excellent, 16.14% as fair and 3.86% as poor.

#### **5.1.2 Customer Reception**

According to the study 77.5% of the employees greeted customers on arrival, 20% occasionally did and 2.5% rarely did it.

#### **5.1.3 Willingness of Staff to Listen to Customer Needs**

From the study 60% of the respondents said that the bank staff ask good questions and pay attention to customer needs, 40% occasionally pay attention but need improvement.

#### **5.1.4 Priorities of Banks in Customer Service**

The study established that in prioritizing customer service attributes of speed of service, timely communication when tariffs change, enthusiastic, competent/knowledgeable staff, convenient location, convenient banking hours, simple systems and procedures, lack of congestion in banking halls, timely resolution of complaints and adequate physical facilities including security on average 51% highly ranked them and only 10% lowly ranked them.

### **5.1.5 Crucial Service Delivery Factors**

The study established of the three major factors affecting service delivery 55% of the respondents ranked attitude as very important and only 7.5% ranked it as less important, 47.5% ranked training as very important and only 15% rated it as less important while hiring practices were lowly rated as 55% of the respondents considered it less important and 27.55 ranked it as very important.

### **5.1.6 Mistakes made in Customer Service Delivery**

According to the study the mistakes made affecting service delivery such as taking Customers for granted, using Jargon, speaking too fast, giving short answers not showing care, not being proactive, being pre-occupied with other tasks, not listening, making judgments and arguing with customers 49.25% were rare, 39.75% seldom and 11% on average were committed frequently.

### **5.1.7 Factors Contributing to Mistakes in Customer Service Delivery**

The study established that mistakes in customer service were as a result of three major factors whereby 67.5% ranked attitude as very important contributor and only 15% considered it less important. 50% of the respondents rated training as an important contributor while hiring practices was the least contributor as 55% considered as less important and 15% as very important.

### **5.1.8 Effect of Employee Training on Service Delivery**

The findings revealed that training affected the service delivery attributes of speed of service, accuracy, assertiveness, consistency, attentiveness, trustworthiness, resourcefulness, honesty, friendliness, reliability, complaint handling, seamless, dazzling, willingness to help, empathy, confidence, assurance and motivation with an average of 64% agreeing, 21% of the respondents disagreeing and 15% were neutral.



### **5.1.9 Effect of Employee Attitude on Service Delivery**

Employee attitude was found to be a major factor affecting the service delivery attributes of speed of service, accuracy, assertiveness, consistency, attentiveness, trustworthiness, resourcefulness, honesty, friendliness, reliability, complaint handling, seamless, dazzling, willingness to help, empathy, confidence, assuring and motivation with an average of 72.5% of the respondents agreeing, 14% disagreeing while 13.5% were neutral.

### **5.1.10 Effect of Employee Hiring Practices on Service Delivery**

The observations in respect to hiring practices effects on the service delivery attributes; speed of service, accuracy, assertiveness, consistency, trustworthiness, attentiveness resourcefulness, honesty, friendliness, reliability, complaint handling, seamless, dazzling, willingness to help, empathy, confidence, assuring and motivation reflected that 60.14% of the respondents being in agreement of which 31.67% strongly agreeing, 15.69% disagreeing.

### **5.1.11 Extent of Staff Training Methods of Service Delivery**

The training methods; on job training, seminars, workshops, training institutions and professional training was highly emphasized by an average of 43.75%, less emphasized by 38.13% and only an average of 18.12% not putting emphasis on the methods.

### **5.1.12 Methods used in Hiring Staff**

According to the study the various methods which are used in hiring staff are; advertisement through media, internal advertisement, employment agencies, educational institutions, personnel consultants and unsolicited applications were on average highly emphasized by 28.75% of the respondents, with 36.25% putting less emphasis and an average of 35% not putting emphasis.

## **5.2 CONCLUSION**

### **5.2.1 Hypothesis findings**

From the ANOVA tables (Appendix 2) it is clear that the hypothesis was negated, as training, attitude and hiring practices **do not** equally affect customer service delivery in commercial banks.

Training and attitude are equally significant in improving service delivery as shown by the variations in the computed F Value and the critical F value. Hiring practices was seen to be least significant in affecting employee service delivery.

### **5.3.0 RECOMMENDATIONS**

#### **5.3.1 Employee Training on Service Delivery**

The training of employee should be highly geared towards improving the service attributes of honesty, attentiveness and confidence because most of the respondents strongly disagreed with its effect on service delivery.

#### **5.3.2 Employee Attitude on Service Delivery**

The banks should aim at improving employee attitude towards service attributes of assertiveness, complaint handling and seamless since majority of the respondents disagreed on its effect towards service delivery.

#### **5.3.2 Hiring Practices and its effects on Service Delivery**

The hiring practices by commercial banks should be further enhanced in respect to the service attributes of speed of service, accuracy motivation and complaints handling as they highly affect service delivery.

### **5.3.3 Suggestions for Further Research**

Key areas identified, which future researchers should focus on include;

- (i) Establishing the effect of bank ownership on customer service delivery;
- (ii) Establishing the relationship between advancement of technology in commercial banks and customer service delivery.



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countries one of which must be outside Africa)

(b) How many branches does your organization have in Kenya?

1. Less than 5

2. Between 6 and 10

3. Between 11 and 15

4. More than 15

**Q3. (a)** Does your organization stress the issue of service delivery? **If No, go to Q4.**

1. Yes

2. No

(b) Which are these service delivery aspects ?

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

(c) What reasons do you have as to why service delivery should be emphasized in your bank?

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

## SECTION B

**Q4. (a)** In the last five years (2001-2005) has your company emphasized service delivery?

1. Yes

2. No.



**Q 5.Can you rate the service delivery at in your bank? (Please tick)**

|  | <b>Excellent</b> | <b>Good</b> | <b>Fair</b> | <b>Poor</b> |
|--|------------------|-------------|-------------|-------------|
| Nature of customer service                                       |                  |             |             |             |
| Speed and convenience in serving customers                       |                  |             |             |             |
| The staffs politeness, cooperation and enthusiasm                |                  |             |             |             |
| Branch's location  |                  |             |             |             |
| Automation of the branch's customer delivery                     |                  |             |             |             |
| Security around the branch                                       |                  |             |             |             |
| Convenience of banking hours                                     |                  |             |             |             |
| Promotional materials in terms of language, display and position |                  |             |             |             |
| Queuing system in the bank                                       |                  |             |             |             |
| Relevance of current procedures                                  |                  |             |             |             |

**Q 6.How often do employees greet customers in your bank?**

|              | <b>TICK</b> |
|--------------|-------------|
| Rarely       |             |
| Occasionally |             |
| Always       |             |

**Q 7.To what extent do employees listen to the customers?**

|  |  |
|--|--|
|  |  |
| Do not pay attention to the needs of customers         |  |
| Occasionally pay attention but need improvement        |  |
| Ask good questions and pay attention to customer needs |  |

**Q 8.What should be the banking priorities at your bank? (Please rank in order of importance 1 being the most and 5 being the least important)**

|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| 1. Speed of service                                |   |   |   |   |   |
| 2. Timely communication e.g. when tariffs change   |   |   |   |   |   |
| 3. Enthusiastic, competent/knowledgeable staff     |   |   |   |   |   |
| 4. Convenient location                             |   |   |   |   |   |
| 5. Convenient banking hours                        |   |   |   |   |   |
| 6. Simple systems and procedures                   |   |   |   |   |   |
| 7. Lack of congestion in banking halls             |   |   |   |   |   |
| 8. Timely resolution of complaints                 |   |   |   |   |   |
| 9. Adequate physical facilities including security |   |   |   |   |   |

**Q 9 (a). Please indicate the type of service delivery factors listed below utilized in your bank and rank them in order of importance**

|                  | Tick the ones utilised | Rank of importance |
|------------------|------------------------|--------------------|
| Attitude         | ( )                    | ( )                |
| Training         | ( )                    | ( )                |
| Hiring Practices | ( )                    | ( )                |

**Q 10. Please indicate other three service delivery factors you consider important in your bank and rank them in order of importance**

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

**Q 11. How often do you receive complaints from your customers on your employees making the following mistakes? (please tick)**

| Mistake                       | Frequently | Rarely | Seldom |
|-------------------------------|------------|--------|--------|
| Take customer for granted     |            |        |        |
| Using jargon                  |            |        |        |
| Speaking too fast             |            |        |        |
| Giving short answers          |            |        |        |
| Not showing care              |            |        |        |
| Not being proactive           |            |        |        |
| Pre-occupied with other tasks |            |        |        |
| Not listening                 |            |        |        |
| Making judgements             |            |        |        |
| Arguing with customers        |            |        |        |



**Q 12. Please tick in the spaces provided to indicate the extent to which employee training affects the following service delivery elements.**

**Where 1. = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = strongly agree.**

| <b>Service delivery attribute</b> | <b>5</b> | <b>4</b> | <b>3</b> | <b>2</b> | <b>1</b> |
|-----------------------------------|----------|----------|----------|----------|----------|
| Speed of service                  |          |          |          |          |          |
| Accuracy                          |          |          |          |          |          |
| Queuing time                      |          |          |          |          |          |
| Consistency                       |          |          |          |          |          |
| Trustworthiness                   |          |          |          |          |          |
| Attentiveness                     |          |          |          |          |          |
| Resourcefulness                   |          |          |          |          |          |
| Empowerment                       |          |          |          |          |          |
| Friendliness                      |          |          |          |          |          |
| Reliability                       |          |          |          |          |          |
| Complaint handling                |          |          |          |          |          |
| Education background              |          |          |          |          |          |
| Respect                           |          |          |          |          |          |
| Willingness to help               |          |          |          |          |          |
| Time management                   |          |          |          |          |          |
| Confidence                        |          |          |          |          |          |
| Communication skills              |          |          |          |          |          |
| Employee motivation               |          |          |          |          |          |

**Q 13. Please tick in the spaces provided to indicate the extent to which employee attitude affects the following service delivery elements.**

**Where 1. = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and**

**5 = strongly agree.**

| <b>Service delivery attribute</b> | <b>5</b> | <b>4</b> | <b>3</b> | <b>2</b> | <b>1</b> |
|-----------------------------------|----------|----------|----------|----------|----------|
| Speed of service                  |          |          |          |          |          |
| Accuracy                          |          |          |          |          |          |
| Queuing time                      |          |          |          |          |          |
| Consistency                       |          |          |          |          |          |
| Trustworthiness                   |          |          |          |          |          |
| Attentiveness                     |          |          |          |          |          |
| Resourcefulness                   |          |          |          |          |          |
| Empowerment                       |          |          |          |          |          |
| Friendliness                      |          |          |          |          |          |
| Reliability                       |          |          |          |          |          |
| Complaint handling                |          |          |          |          |          |
| Education background              |          |          |          |          |          |
| Respect                           |          |          |          |          |          |
| Willingness to help               |          |          |          |          |          |
| Time management                   |          |          |          |          |          |
| Confidence                        |          |          |          |          |          |
| Communication skills              |          |          |          |          |          |
| Employee motivation               |          |          |          |          |          |

**Q 14. Please tick in the spaces provided to indicate the extent to which employee hiring practices affect the following service delivery elements.**

**Where 1. = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = strongly agree.**

| <b>Service delivery attribute</b> | <b>5</b> | <b>4</b> | <b>3</b> | <b>2</b> | <b>1</b> |
|-----------------------------------|----------|----------|----------|----------|----------|
| Speed of service                  |          |          |          |          |          |
| Accuracy                          |          |          |          |          |          |
| Queuing time                      |          |          |          |          |          |
| Consistency                       |          |          |          |          |          |
| Trustworthiness                   |          |          |          |          |          |
| Attentiveness                     |          |          |          |          |          |
| Resourcefulness                   |          |          |          |          |          |
| Empowerment                       |          |          |          |          |          |
| Friendliness                      |          |          |          |          |          |
| Reliability                       |          |          |          |          |          |
| Complaint handling                |          |          |          |          |          |
| Education background              |          |          |          |          |          |
| Respect                           |          |          |          |          |          |
| Willingness to help               |          |          |          |          |          |
| Time management                   |          |          |          |          |          |
| confidence                        |          |          |          |          |          |
| Communication skills              |          |          |          |          |          |
| Employee motivation               |          |          |          |          |          |



**Q 15. Please answer the following questions by placing a tick in the space provided to indicate the extent to which your bank uses the following service delivery elements.**

**a) Training of staff on service delivery**

|                       | <b>Not emphasized</b> | <b>Less emphasis</b> | <b>Highly emphasized</b> |
|-----------------------|-----------------------|----------------------|--------------------------|
| On job training       | ( )                   | ( )                  | ( )                      |
| Seminars              | ( )                   | ( )                  | ( )                      |
| Workshops             | ( )                   | ( )                  | ( )                      |
| Training institutions | ( )                   | ( )                  | ( )                      |
| Professional Training | ( )                   | ( )                  | ( )                      |

**b) Hiring practices**

|                            | <b>Not utilized</b> | <b>Little utilized</b> | <b>Highly utilized</b> |
|----------------------------|---------------------|------------------------|------------------------|
| Advertised – through media | ( )                 | ( )                    | ( )                    |
| Internal advertisement     | ( )                 | ( )                    | ( )                    |
| Based on merit             | ( )                 | ( )                    | ( )                    |
| Nepotism                   | ( )                 | ( )                    | ( )                    |
| Centralised (through HR)   | ( )                 | ( )                    | ( )                    |

**SECTION C**

**Q 16. Please indicate at least three problems you consider critical to service delivery in commercial banks in Kenya.**

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

**Thank You Very Much For Your Time And Cooperation**

## Appendix 2

### Effect of Employee Training on service delivery

#### ANOVA: Single Factor

##### SUMMARY

| <i>Groups</i>     | <i>Count</i> | <i>Sum</i> | <i>Average</i> | <i>Variance</i> |
|-------------------|--------------|------------|----------------|-----------------|
| Strongly agree    | 18           | 199        | 11.05555556    | 16.05555556     |
| Agree             | 18           | 262        | 14.55555556    | 8.614379085     |
| Neutral           | 18           | 111        | 6.166666667    | 9.205882353     |
| Disagree          | 18           | 85         | 4.722222222    | 7.859477124     |
| Strongly disagree | 18           | 63         | 3.5            | 3.323529412     |

##### ANOVA

| <i>Source of Variation</i> | <i>SS</i> | <i>df</i> | <i>MS</i>   | <i>F</i>   | <i>P-value</i> | <i>F crit</i> |
|----------------------------|-----------|-----------|-------------|------------|----------------|---------------|
| Between Groups             | 1560      | 4         | 390         | 43.2767624 | 9.3E-20        | 2.479013      |
| Within Groups              | 766       | 85        | 9.011764706 |            |                |               |
| Total                      | 2326      | 89        |             |            |                |               |

### Effect of Employee attitude on service delivery

#### ANOVA: Single Factor

##### SUMMARY

| <i>Groups</i>     | <i>Count</i> | <i>Sum</i> | <i>Average</i> | <i>Variance</i> |
|-------------------|--------------|------------|----------------|-----------------|
| Strongly agree    | 16           | 192        | 12             | 12              |
| Agree             | 16           | 179        | 11.1875        | 12.69583        |
| Neutral           | 16           | 161        | 10.0625        | 9.129167        |
| Disagree          | 16           | 76         | 4.75           | 4.066667        |
| Strongly disagree | 16           | 32         | 2              | 2.533333        |

##### ANOVA

| <i>Source of Variation</i> | <i>SS</i> | <i>df</i> | <i>MS</i> | <i>F</i> | <i>P-value</i> | <i>F crit</i> |
|----------------------------|-----------|-----------|-----------|----------|----------------|---------------|
| Between Groups             | 1231.625  | 4         | 307.9063  | 38.08364 | 2.27E-17       | 2.493692      |
| Within Groups              | 606.375   | 75        | 8.085     |          |                |               |
| Total                      | 1838      | 79        |           |          |                |               |

**Effect of Employee Hiring practices on service delivery**

**ANOVA: Single Factor**

**SUMMARY**

| <i>Groups</i>     | <i>Count</i> | <i>Sum</i> | <i>Average</i> | <i>Variance</i> |
|-------------------|--------------|------------|----------------|-----------------|
| Strongly agree    | 18           | 290        | 16.1111        | 11.1634         |
| Agree             | 18           | 232        | 12.8888        | 7.751634        |
| Neutral           | 18           | 96         | 5.33333        | 3.058824        |
| Disagree          | 18           | 58         | 3.22222        | 2.418301        |
| Strongly disagree | 18           | 44         | 2.44444        | 2.379085        |

**ANOVA**

| <i>Source of Variation</i> | <i>SS</i> | <i>df</i> | <i>MS</i> | <i>F</i> | <i>P-value</i> | <i>F crit</i> |
|----------------------------|-----------|-----------|-----------|----------|----------------|---------------|
| Between Groups             | 2708.889  | 4         | 677.222   | 126.4832 | 6.06E-35       | 2.479013      |
| Within Groups              | 455.1111  | 85        | 5.35424   |          |                |               |
| Total                      | 3164      | 89        |           |          |                |               |



## **APPENDIX 3**

### **LIST OF COMMERCIAL BANKS IN KENYA**

- 1 African Banking Corporation
- 2 Akiba Bank Ltd
- 3 Bank of Baroda
- 4 Bank of India
- 5 Barclays Bank of Kenya Ltd
- 6 CFC Bank Limited
- 7 Charterhouse Bank Limited
- 8 Chase Bank Limited
- 9 Citibank, N.A.
- 10 City Finance Bank
- 11 Commercial Bank of Africa
- 12 Consolidated Bank of Kenya
- 13 Co-operative Bank of Kenya
- 14 Credit Agricole Indosuez
- 15 Credit Bank Limited
- 16 Development Bank of Kenya
- 17 Diamond Trust Bank Kenya
- 18 Dubai Bank Limited
- 19 Equatorial Commercial Bank
- 20 Equity Bank
- 21 Fidelity Commercial Bank
- 22 Fina Bank Limited
- 23 First American Bank Limited

- 24 Giro Commercial Bank
- 25 Guardian Bank
- 26 Habib AG Zurich
- 27 Habib Bank Limited
- 28 Imperial Bank Limited
- 29 Industrial Development Bank
- 30 Investment & Mortgages Bank
- 31 Kenya Commercial Bank Ltd
- 32 K-REP BANK
- 33 Middle East Bank of Kenya
- 34 National Bank of Kenya Ltd
- 35 National Industrial Credit Bank
- 36 Oriental Bank Limited
- 37 Paramount-Universal Bank
- 38 Prime Bank Limited
- 39 Southern Credit Banking Corp.
- 40 Stanbic Bank Kenya Limited
- 41 Standard Chartered Bank Ltd
- 42 Transnational Bank Limited
- 43 Victoria Commercial Bank Ltd

**SOURCE: Bank Supervision Annual Report 2004**

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