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

Mulki Bulle Omar

Master of Business Administration, Kenyatta University, Kenya

Dr. James Kilika

Lecturer, Department of Business Administration, School of Business, Kenyatta University, Kenya

International Academic Journal of Human Resource and Business Administration (IAJHRBA) | ISSN 2518-2374

Received: 23rd November 2018

Accepted: 29th November 2018

Full Length Research

Available Online at:

http://www.iajournals.org/articles/iajhrba_v3_i4_228_249.pdf

Citation: Omar, M. B. & Kilika, J. (2018). Service delivery practices and performance of selected banks in Nairobi County, Kenya. *International Academic Journal of Human Resource and Business Administration, 3*(4), 228-249

ABSTRACT

Banking industry offers distinguished services that facilitate the transfer of cash between countries, and at the same time ensuring that borrowers and savers do business in a well-structured manner. Empirical evidence on the relationship between service delivery practices and performance of banks in Kenya is very scanty. In general the objective of the study was to determine the relationship of service delivery practices especially service culture, employee engagement, the quality of service and satisfaction of the customer on performance of commercial banks. A research design which was descriptive in nature was adopted to investigate this linkage. Through random stratified sampling a 100 employees were selected as the sample size. Data collection was done using questionnaires using drop and pick later method. Both descriptive and inferential statistics were done in analysis of the data. Where descriptive included tables, graphs, frequency distribution tables and percentages and regression model for inferential analysis using SPSS. The findings revealed that there was a significant association between quality in service, service culture employee engagement and performance of chosen banks in Nairobi County, which led to the conclusion that service quality, service culture, employee engagement and consumer loyalty have a positive and a significant effect on performance of chosen banks in Nairobi County. The study recommended that quality service in the business industry is crucial to its overall performance especially in the long run, despite the dynamic shifts in the current global market, the business has to deliver quality over and above its competitors in order to stay relevant in the quest to satisfy the wants and needs of their customers. The findings revealed that there was a significant association between service quality, service culture, employee engagement, consumer loyalty and performance of chosen banks in Nairobi County. Based on the findings above the study concluded that service quality, service culture, employee engagement and consumer loyalty have a positive and a significant effect on performance of chosen banks in Nairobi County. The study recommends better organizational culture since the focus has now shifted from leverage to standards, values and culture both inside and outside the banking industry. Banks are recommended to value the impression they give to the customer and value their opinion since the customer forms the base of all the operations and establishes the longevity of the firm.

Key Words: *service delivery practices, performance, selected banks, Nairobi County, Kenya*

INTRODUCTION

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

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

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

Service Delivery

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

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

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

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

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

Performance of Commercial Banks

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

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

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

Banking Industry in Nairobi County

There are 44 business banks, 1 contract support firm, twelve (12) microfinance banks, a total of 8 work environments of outside banks. In like manner, Kenya has 86 forex experts and fourteen money settlement providers and 3 credit reference organizations (Central Bank of Kenya report, 2016). The dealing with a record portion was greatly unique and in all actuality more profitable before the year 2015. The typical rate of level of gainfulness in this section was around 20%. Advances extended at the rate of 16% between the years 2011 and 2015, in light of better fiscal improvement joined with cash related fuse. In the year 2015, the private division propel portfolio to GDP was 35% lower than the straggling leftovers of sub-Saharan Africa ordinary of 46% and general typical of 129%. Additionally, there was an extended in development choice to the usage of other elective streets which engaged banks to abuse people who had no money related adjusts viably, and thusly growing general advantage.

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

The banking industry in Kenya has seen important improvement in the changes that has required progression, has opened up business areas driving basic advancement in the division. Most banks have executed particular frameworks to upgrade service quality and customer experience. A segment of these methods join stretching out their frameworks to enable customers' passage their organizations accommodatingly, introduction of agents in neighborhood areas for example KCB mtaani, esteem administrators and Coop jirani. Putting away money to records by methods for Automated Teller Machine and Mpesa organizations is a standout amongst the latest frameworks being gotten by banks in Kenya which reduces the long queues at the banking halls. Starting late, pleasant Bank displayed packs called precisely outlined which are used for putting away cash or check to save time and keep up a vital separation from branch lines. These packs have uncommon serial numbers which are used to recognize each and every one of them and for following purposes. They furthermore have change clear seal to guarantee against unapproved removal of cash or check once they are settled. It's evident that the dealing with a record division is getting particular frameworks to update profit movement thusly improve the customer experience.

STATEMENT OF THE PROBLEM

In an organization if service offered to the customer and their needs are satisfied then the organization has achieved the most crucial element of service delivery. Today's market is very competitive, therefore creating strong ties is vital and this will win their customers over, this however is achievable if the firms is able to walk a mile and ensure that they offer high quality and deliver their service in time. Today business faces deregulation, strong competitors, globalization and its effect, this has seen the offering of 24 hours services by banks, however there are significant drawbacks which can be seen in inconvenience and security factors. Therefore the performance and service delivery of banks have been greatly influenced by these significant factors (Susan and Johnson, 2012). Increased global competition and declining profit margins have led most organizations into pursuing different strategies to keep market share and maximize shareholder's value. The need to respond to market changes on a daily basis and the difficulty of predicting the direction of such changes means that organizations need to focus on service delivery practices. An organization should therefore aim at meeting customers' needs for it to remain relevant since customers are the end user of goods and services (Mudaki, 2011). By tailoring its service delivery practices to meet these needs, its performance would improve and hence the overall performance of the organization. Most studies show that commercial Banks in Kenya have not fully adopted strategies to manage service delivery practices among customers. A study carried out by Anyim and Munyoki (2010), indicated that banks experience various challenges when trying to adopt strategies to manage service delivery. Among the challenges identified included; changing business environment, consumer needs and wants. Kiptugen (2003) argued that most of the banks in Kenya find it difficult to respond strategically due to unpredictable environmental changes and inadequate organizational resources to make strategic responses a reality. Machana (2014) established that outsourcing increased the firm's competitiveness through access to modern technology and expertise, cost savings and enables the firm to focus on core competence his study focused on the effect of outsourcing on operational performance of major petroleum firms in Kenya. Inyo (2013) researched on service quality and operational performance of Tour operators in Kenya and found out that although micro-and-small enterprises managed independently generally placed a similar level of importance on service quality as medium internationally affiliated firms, these firms are unsuccessful in attaining high performance. The proponents have not explored adequately the link between service delivery practices and performance. From the above studies, there exist gaps on effective service delivery practices and performance of commercial banks. The banks have been performing poorly due to lack of competitiveness, low profitability and low growth. This study therefore sought to assess the effect of service delivery practices and performance of selected commercial banks in Nairobi.

GENERAL OBJECTIVE

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

SPECIFIC OBJECTIVES

1. To determine effect of service quality and performance on selected banks in Nairobi County, Kenya.
2. To establish the effect of service culture and performance on selected banks in Nairobi County, Kenya.
3. To examine effect of employee engagement and performance on selected banks in Nairobi County, Kenya.
4. To establish the effect of customer satisfaction and performance on selected banks in Nairobi County, Kenya.

THEORETICAL REVIEW

SERVQUAL Model

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

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

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

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

Expectancy Disconfirmation Theory

Expectation disconfirmation speculation is credited by Richard, L., Oliver (1980). It is designated an acumen speculation where it endeavors to clarify on the shopper faithfulness which comes after service has been rendered to the customer. As showed by this theory, advantages advanced to customers are components of customer suppositions in regards to the idea of an organization to be and the disconfirmation (Lyons and Oppler, 2009). The theory battle that performance impression of a customer is controlled by what they envision from an organization of things before they get it. This effects customer conviction disconfirmation and satisfaction which is refined after the purchase of the good or service.

Notwithstanding its quality, the authenticity and constancy of the speculation in studying purchaser dedication in the organization business may be faulty. The use of wants might be less huge for experiential organizations than for obvious customer items that are definitely not hard to evaluate before purchase (Hill, 1985). The speculation predicts that customers will be satisfied (frustrated) when their fundamental wants are met (dismissed). In any case this won't not be substantial for every purchaser as a couple of customers, dependent upon the condition, may be content with the organization experience despite when the performance comes up short in regards to their perceptive wants anyway above minimum endurable level.

Expectation disconfirmation speculation cannot suit the dynamic thought of wants. Customers' fundamental wants for a thing or organization might be impressively not the same as their wants if assessed after an organization experience that incorporates a couple of encounters. Another criticism is that the model cannot suit the potential effect of customer impression of achievement of elective things on appraisal judgments of the focal thing or organization (Adrian, 2013). The hypothesis was utilized to see how bank clients shape their desires, and how these desires influence the performance of the bank. This hypothesis was instrumental in seeing how extraordinary parts of client desire; for example, powerful critical thinking arrangements influenced achievement.

Theory of Employee Engagement

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

Ecological Adaptations Theory

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

EMPIRICAL REVIEW

Service Quality and Performance of selected banks in Nairobi County, Kenya

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

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

According to Parasuraman (2008), the delivery of promises made by a company in an accurate and in a non-sophisticated manner is termed as reliability. This means that the company honors its commitments around service delivery. Customers prefer to patronize businesses they consider to be consistently reliable. The ability to have the zeal to see that the customer gets the needed help and acquire prompt service means there is responsiveness. Its oriented in soling by first understanding the problems ,the glitches the customers feel, by being attentive to question raised .(Berry et al., 2008). Moreover a company is considered to be responsive if it's flexible and able to customize services and solutions to meet the customers' perspective rather than the company's.

Service culture and performance of selected banks in Nairobi County, Kenya

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

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

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

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

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

Employee engagement and Performance of selected banks in Nairobi County, Kenya

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

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

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

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

Customer Satisfaction and Performance of selected banks in Nairobi, Kenya

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

Customer resolve has gotten thought of organization wanders since it's fundamental to the productive running of the business. Low obvious regard urges customers towards switching to fighting associations in order to increase evident regard which essentially adds to a reduction in steadfastness and therefore execution (Kumar et al., 2011). According to Anderson and Srinivasan (2013), buyer steadfastness is seen as a strong marker of direct factors, for instance, customer commitment, repurchase desires et cetera various researchers have reported that there's a positive association between customer advantage, customer support and customer immovability which in the end prompts productivity.

Bahreinizadeh et al (2012) communicated that administration quality is the hole between client desires and view of administration got. Most organizations are expanding client desires contrasted with the past. Expanding client desires can be credited to the expanded mindfulness and learning of clients, promoting associations and contender execution (Gilnaninia, 2013). An association is probably going to succeed and enhance its execution in the event that it perceives client needs and needs quicker and superior to the contenders and deliver and give their items reliably or surpass clients' desires (Pirayeh et al, 2011). Enhancing consumer loyalty and surpassing their desires is a noteworthy driver of development.

Performance of selected banks in Nairobi, Kenya

Expanding hierarchical execution is an objective each association is seeking after. As indicated by Cascio (2006), hierarchical execution as a rule alludes to the level of achievement of the mission at work put that develops a worker's activity. Execution mirrors the degree of objective accomplishment in the association's capital, monetary issues, promoting and workforce (Marcoulides and Heck, 1993).Measuring authoritative execution was in the past constrained pretty much on budgetary measures as income, benefit, net salary, Return on Assets. Profit for Equity, Return on Sales and other for the most part income and benefit related measures. Albeit extremely pragmatic and valuable, customary monetary measures can't make focal points for the association in an exceptional aggressive condition (Wu and Lu, 2010).

Yesil and Kaya (2013), watched that there are a few goal and subjective measures have been utilized as a part of writing to decide the level of hierarchical execution. Abuajarad et al (2010) anyway watched that money related productivity and development measures are the most widely recognized measures. Productivity measures are by all accounts most huge for investors of a bank since it uncovers what the bank is winning on their ventures (Rasiah, 2010). Executions authority can be also be termed as far as net wage, income, number of representatives, physical extension monetary security and expanded piece of the overall industry (Kotter, 2012).

As per King et al (2001), capabilities separate the firm and produce an interesting favorable position. Keeping in mind the end goal to be there a reason for feasible upper hand, a competency should be fundamental, remarkable and troublesome or exorbitant to copy. General examinations have demonstrated a noteworthy association between upper hand and execution. An examination led by Radhan et al (2009) inferred that there's a positive connection between one of a kind edge and authoritative execution. Focused edge can essentially anticipate the difference in the execution of the association.

RESEARCH METHODOLOGY

Research Design

Descriptive research design is the suitable design to describe the service delivery practices and performance of the selected banks. A descriptive research design is useful in establishing the determinants of performance in the banking sector, (Cooper & Schindler 2011) The design reports things as they are.

Target Population

Target population alludes to all components with attributes of enthusiasm for the investigation (Mugenda and Mugenda, 2010). Population characterizes the gathered components that the analyst utilizes as a part of request to think of a deduction (Cooper and Schindler, 2006). The objective population as a rule has changing attributes, for example, age, sexual orientation and training level which is alluded to as hypothetical population. Open population can be utilized as a part of an investigation by a specialist to make inferences from the member's criticism. By utilization of a population subset from the available members that scientists draw their examples from the objective population. The number of inhabitants in the examination was 360 representatives of chosen business banks specifically Equity banks, Co-op agent bank and Kenya commercial banks in Nairobi County. This was on account of these banks had an extensive piece of the overall industry, several billions in combined resources and a great many investors.

Sampling Procedure and Size

From the banks all the respondent chosen were sampled in a stratified proportionate procedure. The strata were the various categories of staff in the banks the categories include; top management, middle level management, operational staff and sales staff. Stratified random sampling gives a chance to every component of the population to be incorporated into the examination. This defeats the issue of determination predisposition. Each bank framed a stratum in view of their heterogeneity in their activity. As per Mugenda and Mugenda an example size of in the vicinity of 10% and 30 % is a decent portrayal of the objective population. A 100 respondent made up the sample.

Data Collection Instrument

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

Data Analysis

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

$$Y= \infty + \beta X_1. + \beta X_2 + \beta X_3 + \beta X_4 + \varepsilon$$

Where: Y is performance; ∞ is the intercept; X_1, X_2, X_3, X_4 = Service quality, service culture, employee engagement and customer satisfaction respectively; ε is error term

RESEARCH RESULTS

The first objective of the study was to determine effect of service quality and performance on selected banks in Nairobi County, Kenya. The findings revealed that there was a significant association between service quality and performance of chose banks in Nairobi County. Additionally, the findings were also supported by the statements in the questionnaire which majority of the respondents agreed. This was, further, supported by the regression results which revealed that service quality had a positive and significant effect on performance of chose banks in Nairobi County. These results were consistent with that of Goyit (2016) who observed that there exists strong relationship between service quality improvements and profitability in the Nigerian banking sector.

The second objective of the study was to establish the role service culture and performance on selected banks in Nairobi County, Kenya. The findings from the study revealed a significant relationship between service culture and performance of chose banks in Nairobi County. The findings were supported by the statements in the questionnaire which majority of the respondents agreed. This was also supported by the regression results which revealed that service culture had a positive and significant effect on performance of chose banks in Nairobi County. The findings were in agreement with those by Maina (2016) who showed that there was a positive significant relationship between organizational culture and organizational performance of the commercial banks in Kenya

The third objective of the study was to examine influence of employee engagement and performance on selected banks in Nairobi County, Kenya. It was further established that employee engagement was significantly related to performance of chose banks in Nairobi County. The findings were further supported by the statements in the questionnaire which majority of the respondents agreed. This was additionally supported by the regression results which revealed that employee engagement had a positive and significant effect on performance of chose banks in Nairobi County. The findings were in consistency with those by Mokaya (2014) who found a strong positive correlation between organizational performances.

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

County. The findings also agreed with that of Paul Williams and Earl Naumann (2009) who established that there are basic and moderate-to-strong connection between satisfaction levels and an organization's cash related and feature execution.

REGRESSION ANALYSIS

Table 1: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.821a	0.674	0.657	0.204736

The results in table 1 present the fitness of model of regression model used in explaining the study phenomena. The independent variables, i.e. service quality, service culture, employee engagement and customer satisfaction were found to be explanatory variables to firm performance. This was supported by coefficient of determination i.e. the R square of 67.4%. This shows that service quality, service culture, employee engagement and customer satisfaction explain 67.4% of variation in the performance of the banks, asserting that the model used was acceptable.

Table 2: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.505	4	1.626	38.797	.000
Residual	3.144	75	0.042		
Total	9.649	79			

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

Table 3: Regression of Coefficients

	B	Std. Error	T	Sig.
(Constant)	0.302	0.291	1.041	0.301
Service Quality	0.165	0.058	2.829	0.006
Service Culture	0.225	0.075	3.009	0.004
Employee Engagement	0.222	0.054	4.112	0.000
Customer Satisfaction	0.330	0.061	5.413	0.000

The model was, therefore, presented as follows:

$$\mathbf{Y = 0.302 + 0.165X_1. + 0.225X_2 + 0.222X_3 + 0.330X_4 + \varepsilon}$$

Where: **Y** is performance; $\mathbf{X_1}$, $\mathbf{X_2}$, $\mathbf{X_3}$, $\mathbf{X_4}$ = Service quality, service culture, employee engagement and customer satisfaction respectively; **ε** Is error term

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

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

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

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

CONCLUSIONS

The findings of the study lead to three conclusions. First the study concludes that service quality, service culture, employee engagement and consumer loyalty have a positive and a significant effect on performance of chose banks in Nairobi County.

The study also concluded the service quality systems were in place to support service delivery, including accurate bank's records as well as up-to-date equipment & technology in order for the banks to deliver superior services in every way. The study also concluded that personal attention to the customers on a personalized basis and even clients are offered financial advices to when needed. Privacy/confidentiality of customer information and transactions is the discipline to be adhered to in order to maintain the relationship with the targeted customer.

Furthermore, engagement of the employee was concluded to be of importance to the health of the banks. The banks were found to be able to understand customer's specific needs and were willing to help clients when they need. They provided services at the time they promise to do so, an indication of a promise keeper to the customer. Information was also shared across levels of management internally to the employees and externally to the customers for easy feedback and constant updates. In addition, the study concluded that the banks continuously assessed customer satisfaction, always informing the customers when services would be performed in a view to strive to meet the customers' expectations. Furthermore, the banks were found out to have installed customer communication protocol as well as sufficient number of ATMs in order to ease the communication and transactions respectively with the customers.

RECOMMENDATIONS

Based on the research findings, the study recommends that quality service in the business industry is a crucial to its overall performance especially in the long run, despite the dynamic shifts in the current global market, the business has to deliver quality over and above its competitors in order to stay relevant in the quest to satisfy their wants and needs of their customers. This is so since upon benefitting from good quality of service the customer has a positive attitude towards the organization since they know the service quality will ameliorate, thus conveying positive information about the organization to other people who might require the similar service. As such, organization/bank should strive to satisfy their needs by value addition and build a strong relationship with them to ensure its future in the industry.

The study further recommends better organizational culture since the focus has now shifted from leverage to standards, values and culture both inside and outside the banking industry, banks are recommended to value the impression they give to the customer and value its opinion since the customer forms the base of all the operations and establishes the longevity of the firm. The right culture exhibited in banks provides the companies with competitive advantage that is difficult for the rivals to emulate and strengthens the customer base. In addition, an organization should be able to have effective and improve on the faulty areas concerning the engagement of the employee. Better organization performance happens when the employee is engaged in strategy formulation as a sense of mentorship, on this nerve it reaches an aptitude by which the employee is rewarded for good performance. This practice enables/initiates conversation with employees to spur expert perspectives towards the productivity of the banks in relation to ideas and innovation.

The study finally recommended for firms to really receive customers' satisfaction then they is the need for the firms to give values to its customers. Moreover implementation of the modern internet facility will lead to enhancement of quality in service. The use of it is vital as it helps the organization to check on service quality attributes. Though it's a challenge with the increase gradually of IT users to the organization, the overall benefits would be better performance if its taken to consideration. Therefore it upon the organization to make the use of IT more convenient and efficient so as also avoid the dissatisfaction that could arise if the use was not efficient and convenient Therefore empowering the clients in bank by advancing their pool of knowledge in the use of ATMS and other It related devices would help increase familiarity and convenience This then leads to the customers having loyalty to the service providers as they have the knowhow of how the service given to the is administered. This loyalty can also increase even if the service provider increases their prices since the provider has become the customers' first choice.

REFERENCES

Brady, M. K., Cronin, J. J., & Brand, R. R. (2002). Performance-only measurement of service quality: A replication and extension. *Journal of Business Research, 55*(1), 17-31. doi:10.1016/S0148-2963(00)00171-5

Belás, J., & Gabčová, L. (2014). Reasons for Satisfaction and Dissatisfaction of Bank Customers: Study from Slovakia and the Czech Republic. *International Journal of entrepreneurial Knowledge, 2*(1), 4-13. doi: 10.15759/ijek/2014/v2i1/53759

Castillo, J. J. (2009), Population Sampling Techniques. Retrieved from Experimental Resources: http: //www.experiment.resources.com/ population. Sampling. Html. Used on 10/7/2014

Coffman C. (2000). Is Your Company Bleeding Talent? How to become a true "employer of choice". The Gallup Management Journal, 2000. The Gallup Organization, Princeton, NJ

Cooper, D.R. and Schindler, P. S. (2011), *Business Research methods*. 11Th.Edition, New Delhi India: McGraw- Hill, Company Ltd.

Cross, T., Bazron, B., Dennis, K. & Isaacs, M. (1989) Towards a culturally competent system of care: A Monograph on Effective Services for Minority Children Who Are Severely Emotionally Disturbed: Volume I Washington, DC: Georgetown University Child Development Center.

Dabbolkar, P. A. (1995). A contingency framework for predicting causality between customer satisfaction and service quality. *Advances in Consumer Research, 22*(1), 101-108.

Day. C. & Morgeson F.V. (2013) Do they all perform alike? An examination of perceived performance citizen satisfaction and trust with US federal agencies. Administrative sciences 77(3), 451-479.

Ellis C. M., and Sorensen A. (2007). Assessing Employee Engagement: The Key to Improving Productivity. Perspectives, vol .15, Issue 1 The Segal Group, Inc.

Figueiredo, P. N., (2010). Discontinuous innovation, capability accumulation in latecomer natural resource-processing firms. *Technological forecasting and social change*, *77*(7), 1090- 1108.

Gaster, L., (2005). Quality in public services: managers' choices. Buckingham: Open University Press

Haid, M. & Sims, J. (2009). Employee Engagement: Maximising Organisational Performance. Right Management. Retrieved 15 May 2014, from http://www.right.com/thoughtleadership/ research/ 14.

Herington, C., & Weaven, S. (2009). E-retailing by banks: E-service quality and its importance to customer satisfaction. *European Journal of Marketing, 43*(9), 1220-1231. doi:10.1108/03090560910976456

Hsieh, Y., Yuan, S., & Kuo, R. (2011). A PSO-based intelligent service dispatching mechanism for customer expectation management. *Expert Systems with Applications, 38*(2011), 12128–12141. http://dx.doi.org/10.1016/j.eswa.2011.03.007

Hopkins, W.E., Hopkins, S.A., & Gross, M. (2005). Decomposition type and monoculture group effectiveness‟, *Journal of Organizational Behavior, 26*: 949-965.

Hopkins, S.A., Hopkins, W.E., & Hoffman, D. (2005) „Domestic inter-cultural service encounters: An integrated model‟, *Managing Service Quality, 15*: 329-343.

Juran, J.M. (1991). World War II and the Quality Movement. *The Journal of Quality Progress,24*(12)19-24.

Korac-Kakabadse N., Kouzmin A., Korac-Kakabadse A., & Savery L. (2001) Low- and high-context communication patterns: towards mapping cross-cultural encounters. Cross Cultural Management, 8: 3-24

Kothari, C. R. (2008). *Research Methodology*: Methods and Techniques (2nd), Wishira: Prakashan

Krejcie, R.V, & Morgan, D.W (1970). Determining Sample Size for Research activities. *Journal of Education and Psychological, Measurement*, 30, 607-610

Lyons, B.D., & Oppler, E.S. (2009). The Effects of Structural Attributes and Demographic Characteristics on Protege Satisfaction in Mentoring Programs, Journal of Career *Development (Springer Science & Business Media B.V.), 30*(3), pp. 215-229

Mehrabian, A. (1971) *Silent Messages*. Belmont, CA: Wadsworth.

Newing, H. (2011). Conducting Research in Conservation Social Science Method and Prentice. New York, USA: Routledge.

Mugenda, O. M., & Mugenda, A. G. (2003). *Research Methods; Quantitative and Qualitative Approaches.* Nairobi: Africa Centre of Technology Studies.

Nadiri, H., Hussain, K., Ekiz, E. H., & Erdoğan, Ş. (2008). An investigation on the actors influencing passengers' loyalty in the North Cyprus national airline. The TQM Journal, 20(3), 265–280.

Okwiri, B. (2006). The Relationship between electricity consumption and Economic Growth in Kenya. Unpublished MA Thesis, UoN.

Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1991). Understanding customer expectations of service. Sloan Management Review, 32(3), 39–48. http://dx.doi.org/10.1016/j.jairtraman.2007.04.001

Pakdil, F., & Aydın, O. (2007). Expectations and perceptions in airline services: An analysis using weighted SERVQUAL scores. Journal of Air Transport Management, 13, 229–237.

Robledo, M.A. (2001). Measuring and Managing Service Quality: Integrating Customer Expectations. Journal of Managing Service Quality, 11 (1),22-31

Rust, D. A. (2010). "Consumer Evaluations of Brand Extensions, "Journal of Marketing, 54(1), 27-41. Smith, G., Smith, A. &Clarke, A. (2007). Evaluating Service Quality in Universities: A Service Department Perspective. *Quality Assurance in Education, 15*(3), 334-351

Smith, G., Smith, A. &Clarke, A. (2007). Evaluating Service Quality in Universities: A Service Department Perspective. *Quality Assurance in Education, 15*(3),334-351

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