

# **QUALITY MANAGEMENT INITIATIVES AND PERFORMANCE OF COMMERCIAL BANKS IN MAKUENI COUNTY, KENYA**

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## **ABSTRACT**

The banking sector has consistently been characterized by persistent operational inefficiency and poor customer services and in order to address the problems of inefficiency in performance these organizations are fast adopting TQM in order to enable them effectively and efficiently meet the growing and complex demands of customers. Despite the fact that quality management has been addressed within a firm, total quality management and its underlying assumptions could also be applicable to strategy management. However the application of TQM in a financial sector set up has not been inherent. Banking institutions in Kenya have been characterized by poor performance. This has been linked to poor profitability as a result of internal factors. Poor performance has been a source of concern due to the important roles played by commercial banks in an economy. The current study sought to examine the effect of total quality management practices and performance of Commercial banks in Makueni County, Kenya. The specific objectives of the study were to assess the effect of employee involvement, management commitment, continuous improvement and customer focus on performance of commercial banks in Makueni County, Kenya. The study utilized Crosby's Approach to Total Quality Management, Deming's theory of Total quality management and systems theory. The study used descriptive research design and a population of 104 respondents drawn from top and middle level management was considered. A sample of 40% was taken

generating 42 respondents. Closed ended questionnaire was utilized in the study. Reliability and validity of research instruments was ascertained by the analysis of data. The analysis of the study was based on descriptive and multiple regression analysis. The study established that employee involvement ( $\beta=0.587$ ,  $p=0.000<0.05$ ) had a positive and significant effect on performance of commercial banks. Top management commitment ( $\beta=0.111$ ,  $p=0.000<0.05$ ) had a positive and significant effect on performance of commercial banks. Continuous improvement ( $\beta=0.371$ ,  $p=0.000<0.05$ ) had a positive and significant effect on performance of commercial banks. Customer focus ( $\beta=0.097$ ,  $p=0.002<0.05$ ) had a positive and significant influence on performance of commercial banks. The study concludes that employee involvement had a positive and significant effect on performance of commercial banks. Top management commitment had a positive and significant effect on performance of commercial banks. Continuous improvement had a positive and significant effect on performance of commercial banks. Customer focus had a positive and significant influence on performance of commercial banks. The study recommends that all branch managers of commercial banks operating in Makueni County should improve on their employee empowerment practices so as to significantly influence performance of their organizations. The senior managers in head offices of all commercial banks in Makueni should increase their commitment towards quality of management initiatives so as to positively influence performance of their

organizations. The senior management team of all commercial banks with branches in Makueni County should improve on continuous improvement initiatives to positively influence performance of their institutions. The operations managers of all commercial banks operating in Makueni

County should come up with sound strategies of improving on customer focus in order to positively influence performance of their organizations.

**Key Words:** *quality management initiatives, performance, commercial banks, Makueni County, Kenya*

## **INTRODUCTION**

All over the world, firms hope to achieve expansion and growth in the future and increase organizational performance. Organization performance refers to various factors such as output, earnings, competitive advantage, reduction in expenditures, reduction in errors, minimized scrap level, and stabilized businesses (Sajjad & Amjad, 2012). For almost all organizations, rapid developments in the business environment such as globalization have made them to adopt a spirit of completion and innovation so as to be able to meet the equally changing customer needs and expectations. In order to compete effectively, it has become essential for businesses to constantly improve on the quality of their products and services by marketing, product differentiation and cost reduction (Akhtar, Zameer & Saeed, 2014).

In the last few decades, firms all over the world have been trying to adapt to the rapidly changing business environment in which management have to be more and more astute in finding ways to achieve and sustain competitive advantage (Panuwatwanich & Nguyen, 2017). When an entity is structured with a culture of offering quality goods or services to its customers which satisfy their desired standards, then such an entity is observing Total Quality. The practice demands quality in all dimensions of the company's undertakings with things done as desired from the onset and any wastage and spoilages being kept to the very minimum during routine business (Stock & Mulki, 2009).

Banking institutions in Kenya have been characterized by poor performance. This has been linked to poor profitability as a result of internal factors. Poor performance has been a source of concern due to the important roles played by commercial banks in an economy. Performance of banks is linked to total quality management which includes top management commitment, continuous improvement, employee involvement and customer focus (Central Bank of Kenya, 2016). These are practices applied in organizations in order to achieve goals, set objectives and targets of their business.

## **Organizational Performance**

Bates and Holton (1995) define performance as a construct whose measurement varies as a result of a host of factors. They further state, when measuring performance its essential to state clearly

from the onset the objective of the measurement process that is, if it's to measure the behaviors' or outcomes. Performance is also defined as a record of the outcome of individual activities.

The level of performance is influenced by a number of issues such as individual person character, organization management, interpersonal issues and situational factors. Once this performance is achieved it has to be appraised and also rewarded as a motivation for individuals to keep up the good job done. To measure the achieved level of performance, financial and / or non-financial parameters are employed (Powell, 1995).

Effective and efficient Total Quality Management implementation results in rising cases of satisfied clients due to the increase in products offered which does catalyze a transformation in the operations of an organization, resulting in a shift from inefficiency to efficiency with the main goal of keeping clients satisfied, (Ozaki, 2003). Sila, (2007) argues that Total Quality Management facilitates an improvement in an organizations output to their clients which further helps in cutting down levels of wastages in production and concurrently providing both the consumers and organization a stable production process. Total Quality Management, he further argues does help an organization cut on their production costs and time. Total Quality Management does improve the levels and qualities of training employees do get, information management and relationship with the organization suppliers' (Khanna, Laroiya, & Sharma, 2010).

## **Quality of Management Initiatives**

Quality of management initiatives refers to all aspects of quality services rendered by an organization to their customers and these include quality of goods, delivery, price, or services. Total Quality Management involves preventing errors at the very point where services are rendered (Wambugu, 2010). Total Quality Management, TQM, is a method by which management and employees become involved in the continuous improvement of the production of goods and services (Dzisi & Ofosu, 2015). It is a combination of quality and management tools aimed at increasing business and reducing losses due to wasteful practices (Hashmi, 2010). In fact Total Quality is a description of the culture, attitude and employee empowerment to provide customers with products and services that satisfy their needs.

TQM is an ideology which is focused on the satisfaction of customer's need. TQM require organisations to develop a customer focused operational processes and at the same time committing the resources that position customers and meeting their expectation profitably (Panuwatwanich & Nguyen, 2017). This implies an approach of changing the corporate culture of an organisation to be customer centric. TQM requires effective change in organizational culture which is enhanced by the deep involvement/commitment of management to the organisation's strategy of continuous improvement, open communication and cooperation throughout the organisation; broad employee interest, participation and contribution in the

process of quality management (Nganga, 2010). Leaders in a TQM system view the firm as a system; support employee development; establish a multipoint communication among the employees, managers, and customers; and use information efficiently and effectively. In addition, leaders encourage employee participation in decision-making and empower the employees.

TQM requires effective knowledge management so as to ensure that employees obtain timely reliable, consistent, accurate, and necessary data and information as they need to do their job effectively and efficiently in the firm. TQM is concerned with the continuous improvement in all the process of design and operation, from the levels of planning and decision making to the execution of work by the front line staff (Panuwatwanich & Nguyen, 2017). The focus on continuous improvement leads to the formation of formidable team whose membership is determined by their work on the detailed knowledge of the process, and their ability to take improvement action (Malik & Khan, 2011). TQM also implies reducing and streamlining the supplier base to facilitate managing supplier relationships, developing strategic alliances with suppliers, working with suppliers to ensure that customer expectations are met.

### **Commercial Banks in Makueni County**

Makueni County Government is one of the 47 devolved units created by the Constitution of Kenya 2010 to bring services closer to the people. Makueni County covers an area of 8,034.7 sq km with a projected population of more than 0.9 million people. It geographically borders Kajiado County to the West, Taita Taveta County to the South, Kitui County to the East and Machakos County to the North.

Makueni County is famous for horticulture, already there are water management community projects like dams, irrigation schemes and boreholes that boost agriculture hence bringing wealth to all. The county has a progressive authority that concentrates on service delivery and continuum investment. It has opened up development information on the web, social networks, maps as well as sms and it strides to be a model county in the country, regional and beyond.

The county government, despite its success story, has faced challenges in financial sector performance and quality management. The sector is mainly dominated by commercial banks with a few SACCOs and Microfinance Institutions. The banks that have set foot in Wote Town which is the headquarters of the County include Family Bank, Equity Bank, KCB, National Bank of Kenya, Sidian Bank and Cooperative Bank of Kenya. Most banks have established in the county due to limited financial inclusion. The study will focus on three Commercial Banks (Kenya Commercial Bank, Equity Bank and National Bank of Kenya which have been in the county for a long term and are established in Makueni County, Kenya.

## **STATEMENT OF THE PROBLEM**

Quality management is a critical factor of competitive advantage in the current challenging business environment (Reed et al., 2000). The Banking industry in Kenya had previously operated without the adoption of quality management as a cardinal operations guide. This saw many banks having a poor customer service culture and limited product and service provision range. However, over time clients have become more aware of their rights as customers, this coupled with the rise in competition for customers so as to increase if not maintain their profit bases, banks have been forced to adopt quality management into their operations. Banks having this in mind that to perform well in a competitive environment, quality is a major determinant (Deming, 1986). As banks are in an ever competition for this one customer, and once the customer is on-board, how do you continuously satisfy the ever changing needs of the customer while maintaining profitability. There have also been other challenges facing the banking sector that do affect their bottom line such as the rise in non-performing loans, banking fraud cases, global financial meltdown that did affect to a great extent the local banking rates, increase in legislative attempts to cap Banks' lending rates and also increasing competition from other financial players such as Microfinance institutions and mobile phone lending applications. To address these challenges satisfactorily, banks' need to embrace quality management practices which are important to firms of all sizes in all industries (Naeem et al., 2008). Despite the benefits that banks' can accrue from adopting TQM practices, no study has been done extensively in Kenya to determine the extent to which these practices have been put in place and well implemented in existing systems in the banking industry (World Bank, 2008). There have been numerous studies focusing on organizations' TQM practices. Rachael (2012) did a study on TQM practices, firm performance and suppliers' choosing process at Minnesota manufacturing companies and she concluded that, there exists a statistically significant relationship between the implemented TQM practices and firm performance. Quality management practices can be adopted by the implementation of TQM management system so as to realize high quality products resulting in improved firm performance. David and Michael (2010) in their study on management of quality and the quality of work on how ISO 9001 standard for TQM system does impact on employees' and employers' concluded that, ISO adapters experienced significantly reduced levels of company death rates as compared to organizations that hadn't adopted ISO 9001. There was also a significant rise in sales and employment levels and also employees' earnings grew substantially post ISO 9001 certification as compared to other firms in the same industry that hadn't adopted the certification. ISO 9001 adopters recorded slightly reduced than industry average costs related to at the time of adoption, and there was no evidence of narrowing or widening of this gap after adoption. Caren (2015), in her study on TQM and performance of public universities in Kenya concluded that continual improvement enhanced the organizational development through improved organizational capabilities, strategic intent, flexibility in reacting quickly to opportunities and training. The study also established that staff involvement affected the organizational performance through motivation and commitment, innovation and creativity,

staff accountability, employee eagerness to participate and employee understanding. Mwangi, (2013) concluded from his study that stakeholders mainly focus on education but failed to mention other areas of focus so as to enhance the performance of organizations' or improve on the same. This study will mainly aim at studying the quality management factors that have sustained the performance of commercial banks in Kenya with aim to fill up the existing literature gap on this subject matter. The current study therefore sought to fill this gap by establishing the effect of quality management initiatives on performance of commercial banks in Makueni County, Kenya.

## **GENERAL OBJECTIVE**

The main objective of the study was to investigate the effect of quality management initiatives on performance of commercial banks in Makueni County.

## **SPECIFIC OBJECTIVES**

1. To establish the effect of employee empowerment on performance of Commercial Banks in Makueni County.
2. To investigate the effect of top management commitment on performance of Commercial Banks in Makueni County.
3. To find out how continuous improvement influences performance of Commercial Banks in Makueni County.
4. To assess the influence of customer focus on the performance of Commercial Banks in Makueni County.

## **THEORETICAL REVIEW**

### **Theory of Constraints**

Theory of Constraints was first presented in 1984 by Eliyahu M. Goldratt (Goldratt & Cox, 1984) through his revolutionary book, *The Goal*. Over the years, Writers have different definitions of the theory of constraints. TOC is defined as an example of a management philosophy built upon a limited number of assumptions and designed to provide a process of continuous on-going improvement (Sivasubramanian et al., 2003). Understanding the factors that are likely to distract the implementation of the TQM allows managers to produce more effective strategies for improving the chances of successfully deploy TQM and thereby to achieve excellence in the business Jacobsen (2008). Generally, TOC is a blend of philosophy, concepts, principles, and tools conceived to maximize the performance of any system by identifying, managing and breaking the most restrictive limiting factor that constraints system performance. Rahman (2002) summarized the concept of TOC that, every system must have at least one constraint and the existence of restrictions represents opportunities for improvement. Several

quality improvement efforts are focused on achieving the highest cost reductions. The TOC approach focuses on increasing throughput rather than reducing costs.

Strategic Constraint is the main impediment for implementation of TQM and has the most significant adverse impact on its success. These limitations are mainly related to the management and leadership of the organization. Clarification of the organization Vision, mission and values are important for the employees to understand that their daily work is tied to organizational strategy and objectives. TQM Guru Deming (1986) in his 14 points of TQM, points out that "organizations should eliminate slogans, exhortations, and targets for the workforce and instead insist on zero defects." Lack of top management, unrealistic expectations and lack of consistency of objectives results in this barriers. According to Juran (1991); effective managerial process for top management consists of quality planning, quality control, and quality improvement. He points out that every successful quality revolution has included the active participation of upper management and therefore transformation is a top management job and it cannot be delegated.

Human resource constraints would mainly affect Employees who are the most important asset for any firm as they provide support in productivity and performance enhancement. In order to become competitive firms must train their employees to improve their abilities and skills and provide sufficient resources which increases their performance and removes obstacles to the implementation of TQM. Prajogo and Sohal (2001) propose that proper implementation of TQM dimensions in organizations foster employees for innovation and organizational effectiveness. Employee empowerment and involvement is a critical element of Total Quality Management. Many organizations are not willing to undertake the total cultural transformation that Total Quality Management requires (Ugboro & Obeng, 2000; Atuma & Agwu 2014). Employees training, their participation in decision making and information sharing are tools that enable the organization to use their resources effectively which in turn enhance the organizational performance, increases employee's loyalty and empower them to take active part in change process for continuous improvement that ultimately enhances organizational performance (Li, 2000).

### **Leadership Based Theory**

The theory suggests that leadership plays an important contributor to successful implementation of Total Quality Management. Initial formal study, which began in the 20th century, focused on trait theories, behavioral theories and different leadership styles. Mary Parker Follett [1940] an early writer on leadership suggested "the law of the situation" and the need for managers to focus attention on improving methods. Barnard (1938) developed the "moral factor about leaders and specified a leader's responsibilities to employees by ". . . subordinating individual interest . . . to the good of the cooperative whole." (Barnard, 1938) Current interest is on the structural (contingency) and transformational approaches to leadership. Warren Bennis and Burt Nanus

[1985], who are probably contingency theorists, suggest the key responsibilities of a leader are to understand the cube, provide a vision, and encourage innovation and creativity.

Paul Hersey and Kenneth Blanchard [1988] define leadership as influencing people to strive willingly to achieve group goals. They propose a model for leader effectiveness based on the leader's emphasis on task and relation (people) behavior. As people become more mature the most effective leadership approach evolves--in the HerseyBlanchard model--from telling and selling (coaching) to participating and then to delegating. TQM evolves in a similar way by first encouraging individuals to more willingly participate in the design process. Later, as they become more confident they are provided with responsibility and accountability over the processes they operate and empowered to take independent action.

### **Theory of Quality Management**

The theory of quality management has been developed from three different areas: First, Contributions from quality leaders (Deming, 1986; Ishikawa, 1985; Juran, 1992), Second, formal quality award models (Malcolm Baldrige National Quality Award-MBNQA; European Quality Award - EQA; The Deming Prize; Kanji Business Excellence Model) and third, measurement studies (Rahman, 2001; Sila, 2005; Prajogo, 2005; Brah and Lim, 2006;; Ya'acob, 2008; Salaheldin, 2009; Satish & Srinivasan, 2010; Arumugam & Mojtabahedzadeh, 2011).

This theory of quality management has recognized many quality management systems practices such as quality management systems practices which have been documented and empirically analyzed in measurement studies and in studies that have investigated the relationship between quality management systems practices and performance. Sarah, Benson and Schroeder (1989) proposed Seventy eight items that were grouped in to eight critical quality management systems practices: role of divisional top management and quality policy, process management, product and service design, training, quality data and reporting, supplier quality management, role of the quality department and 8)employee relations. To measure quality management, Lu and Sohal (1993) used nine quality management systems practices: Top management commitment, Strategic quality management, Process quality management, Design quality management, Education and Training, Information and Analysis, Benchmarking, Resources and Statistical process control.

In the same way, Flynn, Schroder and Sakakibara, (1994) proposed seven quality practices of quality management systems: top management support, product design, process management, quality information, supplier involvement, workforce management and customer involvement. Powell (1995) comprehended the dimensions of quality management and identified 12 factors from a thorough review of literature. These factors are committed leadership or executive commitment, employees' empowerment, Adoption and communication of quality management systems or adopting the philosophy, Closer supplier relationships, Training, Open organization,

Closer customer relationships, Benchmarking Process improvement, Zero-defects mentality, Measurements and Flexible manufacturing. Myoung- Ho lee et.al (2000) says quality management systems focuses on customer orientated approach so as to pursue strategically the continuous improvement of the results from all process.

## **EMPIRICAL REVIEW**

### **Employee Empowerment and Performance**

An empirical analysis was carried out by Malik and Khan (2011) on the influence of total quality management and performance of manufacturing industry of Pakistan, while focusing on the Cement Industry. Multiple regression model was employed for the data analysis of the study. The findings of the study show that employee empowerment positively and significantly impacts on performance of the cement industry in Pakistan. However, the study was centered on the cement industry in Pakistan. In addressing the contextual gap. This study will be centered on Commercial Banks in Makueni County, Kenya.

Sadikoglu and Olcay (2014) carried out an empirical analysis on effects of Total Quality Management Practices on Performance and the Reasons of and the Barriers to TQM Practices of firms in Turkey. The study was based on a cross-sectional survey methodology. The sample was selected from the member firms to Turkish Quality Association and the firms located in the Kocaeli-Gebze Organized Industrial Zone. The study obtained a low response rate of 48.4% based on a 242 questionnaires. Multiple regression model was employed for the analysis of the study. The study found employee empowerment to have a positive and significant effect on firm performance. Furthermore, results revealed that primary obstacles that the firms in Turkey face were lack of employee involvement, awareness and commitment of the employees. Notably, the study was based on a low response rate and was centered on firms in Turkey. Therefore, findings of such study may not be reliable.

A study was carried out by Arasa and Gathinji, (2014) on the relationship between employee empowerment and organizational performance among firms in the mobile telecommunications industry in Kenya. The study identified the competitive strategies adopted by firms in the industry in Kenya to include product repositioning, customer service and physical evidence. The analysis of the study was conducted within the framework of multiple regression model. The findings of the study indicate that employee empowerment significantly and positively affects organizational performance among firms in the mobile telecommunications industry in Kenya. However, the study was centered on firms in the mobile telecommunications industry in Kenya. The current study was based on Commercial Banks in Makueni County, Kenya.

## **Top Management Commitment and Performance**

A study was carried out by Chepkech (2014) on the effect of total quality management practices on organizational performance in Kenya. The study focused on Tertiary Institutions in Uasin Gishu County. Multiple regression model was adopted for the data analysis of the study. The results of the study show that top management commitment has a significant positive effect on organizational performance of tertiary institutions in Uasin Gishu County, Kenya. However, the study focused on Uasin Gishu County, Kenya, therefore, the findings of the study cannot be extended to commercial banks which are in the financial sector. In addressing the research gaps, the current study will focus on Commercial Banks in Makueni County, Kenya.

Wanyoike (2016) carried out a study on the effect of quality management practices and firm performance among manufacturing firms in Kenya. The study adopted a regression model for the analysis of the study. The study used both descriptive and explanatory research design. The target population comprised all 60 manufacturing firms in Kenya and a sample size of 120 respondents. The study adopted census sampling technique. The study findings indicate a significant positive relationship between management commitment and performance of manufacturing firms. However, the study was centered on manufacturing firms in Kenya. The current study was based on Commercial Banks in Makueni County, Kenya thereby, addressing the contextual gap in literature.

Panuwatwanich & Nguyen (2017) conducted a study on the influence of total quality management on performance of Vietnamese construction firms. The findings of the study show that total quality management positively affects the organizational performance of Vietnamese construction firms. Specifically, the findings of the study show that management commitment has a significant positive effect on performance of Vietnamese construction firms. However, the study was based on Vietnamese construction firms. The current study will focus on Commercial Banks in Makueni County, Kenya.

## **Continuous Improvement and Performance**

A study was conducted by Malik and Khan (2011) focusing on total quality management and performance of manufacturing industry of Pakistan. The study centered on the Cement Industry. The analysis of the study was conducted within the framework of a multiple regression model. The results from the data analysis of the study provided evidence of a positive and significant effect of continuous improvement on performance of the cement industry in Pakistan. Notably, the study was centered on the cement industry in Pakistan. The current study will be centered on Commercial Banks in Makueni County, Kenya.

An empirical analysis was carried out by Sadikoglu and Olcay (2014) on effects of Total Quality Management Practices on Performance and the Reasons of and the Barriers to TQM Practices of

firms in Turkey. The study was based on a cross-sectional survey methodology.. The sample was selected from the member firms to Turkish Quality Association and the firms located in the Kocaeli-Gebze Organized Industrial Zone. The study used 242 usable questionnaires, with a response rate of 48.4 percent. Exploratory factor analysis and multiple regression analysis were conducted. The study found a positive and significant effect on continuous improvement on performance of firms. However, the study focused on Turkish firms. Furthermore, the analysis of the study was based on a low response rate of 48.4%. The rule of thumb is that a business research should have a minimum of 50% response rate. Therefore, the current study will be conducted for commercial banks in Makueni County, Kenya. Also, this study will ensure it achieves a minimum of 50% response rate.

Wanyoike (2016) conducted an analysis of the influence of quality management practices and firm performance among manufacturing firms in Kenya. The study adopted a regression model for the analysis of the study. The study used both descriptive and explanatory research design. The target population comprised all 60 manufacturing firms in Kenya and a sample size of 120 respondents. The study adopted census sampling technique. The findings of the study show a significant positive relationship between continuous improvement and performance of manufacturing firms. However, the study was centered on manufacturing firms in Kenya. The proposed study will be centered on Commercial Banks in Makueni County, Kenya.

### **Customer Focus and Performance**

In the Kenyan context, Arasa, and Gathinji, (2014) carried out an analysis on the relationship between competitive strategies and organizational performance among firms in the mobile telecommunications industry in Kenya. The study utilized multiple regression model where the results show that customer focus has a positive and significant effect on performance in the mobile telecommunications industry in Kenya. However, the study was centered on firms in the mobile telecommunications industry in Kenya. The current study will focus on Commercial Banks in Makueni, Kenya, thus addressing the contextual gap.

Dzisi and Ofosu (2015) carried out an empirical analysis of the effect of customer focus on the performance of SMEs in Ghana in terms of their profitability, brand awareness and market share. The analysis of data was based on correlation and regression analysis, the study found out that customer focus has a positive and significant relationship with performance of SMEs in Ghana. Notably, the study focused on SMEs in Ghana. Therefore, the findings of such study cannot be extended to Commercial Banks in Kenya. In addressing the research gap, the current study will focus on Commercial Banks in Makueni County, Kenya.

In hospitality industry, Wawira (2016) carried out a study on the effect of customer focus on performance of Large Hotels in Nairobi County. The study focused on 30 hotels comprising of five and four star hotels in Nairobi registered and licensed by the Tourism Regulatory Authority.

Data analysis of the study was based on descriptive, correlation and regression analysis where the findings provided evidence of a positive and significant effect of customer focus on performance of Large Hotels in Nairobi County, Kenya. However, the study was conducted in the context of hospitality industry. The current study will be in the context of commercial banks in Makueni County, Kenya.

## **RESEARCH METHODOLOGY**

### **Research Design**

According to Cooper and Schindler (2009) research design constitutes the blueprint for the collection, measurement and analysis of research data. Descriptive design was used to conduct this study. This type of study attempts to define and describe a subject by creating a problem profile, events or population by collecting data and tabulating their frequencies or interaction, (Mugenda & Mugenda, 2013). The study aimed at collecting data from respondents on their opinions in relation to the effect of TQM on financial performance of commercial banks.

### **Target Population**

The target population of the study consisted of 104 Management teams from Commercial banks in Makueni County, which include Kenya Commercial Bank, Equity Bank and National Bank of Kenya.

### **Sampling Design**

Kothari (2008) describes a sample as a collection of units chosen from the universe to represent it and further point out that a good sample population should be 10% to 30% of the entire population. Therefore 42 (40%) respondents will be adequate for analysis in this study. In the study, the researcher used stratified random sampling, where the population will be divided into strata based on shared characteristics. The sampling plan describes the sampling unit, sampling frame, sampling procedures and the sample size for the study.

### **Data Collection Instruments**

This study relied on primary data which was collected using a semi-structured questionnaire. Questionnaires' are a cost effective method to collecting information particularly from a huge group of respondents. It also facilitated anonymity. Questionnaires were utilized in this research since the component of anonymity is required as some of the information needed is sensitive.

## **Data Collection Procedure**

According to Kothari (2014), data collection procedures are strategies employed in research to ensure credible, valid and reliable data is obtained to inform the research findings. The study administered the questionnaire individually to all respondents of the study. The study exercised care and control to ensure all questionnaires issued to the respondents are received and achieve this, the study maintained a register of questionnaires, which were sent, and which were received. The questionnaire were administered using a drop and pick later method. The study also used secondary data from the customer records and feedback.

## **Data Analysis**

After the filled questionnaires have been collected, these questionnaires were thoroughly checked and sorted for order after which they were edited to correct illegible, incomplete, inconsistent and ambiguous responses. Editing was done to make coding more objective. The assigned codes allowed the researcher to minimize errors during data entry and processing and provide easy interpretations of results. After coding, the data was carefully keyed in according to the assigned codes and a final check done on the data file for accuracy, erroneous data, completeness and consistency. The study adopted both descriptive and inferential statistics for the analysis of the study. Descriptive analysis provided the general features of the research data. It included the measures of central tendency and dispersion such a mean and standard deviation. Inferential analysis was based on multiple regression model which was used to establish the relationship between the quality of management initiatives and performance among Commercial banks in Makueni County, Kenya.

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

Where: Y= Organizational Performance; X1= Employee involvement; X2= Top Management Commitment; X3= Continuous improvement; X4= Customer Focus;  $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$  is the coefficient of the variables; e is the error term.

## **RESEARCH RESULTS**

The main objective of the study was to investigate the effect of quality of management initiatives on performance of commercial banks in Makueni County. The specific objectives included; to establish the effect of employee empowerment on performance of Commercial Banks in Makueni County, to investigate the effect of top management commitment on performance of Commercial Banks in Makueni County, to find out how continuous improvement influences performance of Commercial Banks in Makueni County and to assess the influence of customer focus on the performance of Commercial Banks in Makueni County.

## **Employee Empowerment**

The study established that employee empowerment had a positive and significant influence on performance of commercial banks. Majority of the respondents agreed that the bank encouraged employee career development through training and education. The study established that career development was enhanced through training and education. Respondents agreed that the institution allowed employees to set own goals, judge their performance and take responsibility. The value of means on whether the bank human resource policy encouraged employee empowerment or the management involved employees on decision making on all quality matters were relatively low showing that they were not largely practiced in most of the studied banks.

## **Top Management Commitment**

The findings of the study showed that top management commitment had a positive and significant effect on performance of commercial banks. The study established that top management commitment was the principal laid down ISO QMS standard in most of the studied banks. Majority of the respondents agreed that the top management devoted resources for development and support for firm performance.

The study established that the management took leading positions on guiding quality teams. Respondents agreed that employees were motivated towards the organizations goals and objectives. The study found out that quality policies and procedures were documented and communicated to all employees. Respondents however were neutral on whether quality management was embraced in the vision of the company.

## **Continuous Improvement**

The study revealed that continuous improvement had a positive and significant influence on performance of commercial banks. The study established that there was continuous improvement reviews through internal quality audits. The study revealed that the bank had set time limit to meet efficiency of service delivery. The findings of the study indicated that there was continuous monitoring and improvement of quality systems and procedures to enhance performance. The bank had continuous improvement of quality systems leading to increased revenues. The bank benchmarked its quality against other quality management practices best practices.

## **Customer Focus**

The findings of the study indicated that customer focus had a positive and significant influence on performance of commercial banks. Majority of the respondents agreed that the bank valued both the internal and external customers. The bank had attracted new customers and retained its

old customers. The bank had embarked on a continuous improvement process to meet customers' needs. The study established that the bank had the capacity to satisfy customer needs and wants. The study found out that the bank services met the customer's specific needs.

## REGRESSION ANALYSIS

The researcher carried out regression analysis to determine how quality of management initiative influenced organizational performance. The Model Summary findings are shown in Table 1.

**Table 1: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801 <sup>a</sup>	.642	.633	2.22670

a. Predictors: (Constant), Employee Involvement, Top Management Commitment, Continuous improvement and Customer Focus

From Table 1, the coefficient of determination R square is 0.642; this shows that 64.2% change in organizational performance is explained by the quality of management initiative. This findings shows that there are other factors (besides quality of management initiative) that influence organizational performance by 35.8% which future studies should focus on. The researcher sought to determine the fitness of the overall regression model through an Analysis of Variance (ANOVA) that was conducted at 5% level of significance. The findings are reported in Table 2.

**Table 2: ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	1518.305	4	379.576	12.535	.000 <sup>b</sup>
Residual	847.854	28	30.281		
Total	2366.159	32			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Employee Involvement, Top Management Commitment, Continuous improvement and Customer Focus

Table 2 shows that the value of F calculated is 12.535 while F critical (at d.f 4, 28) is equal to 2.714. Since the value of F calculated is greater than F critical, this shows that the overall regression model was significant. Table 3 presents the significance of the variables of the study. The interpretation of p values was done at 0.05. Hence, the Multiple Regression Model was as follows:

$$Y = 9.669 + 0.587X_1 + 0.111X_2 + 0.371X_3 + 0.097X_4$$

Where: Y= Organizational Performance; X1= Employee involvement; X2= Top Management Commitment; X3= Continuous improvement and X4= Customer Focus

**Table 3: Regression Coefficients**

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>T</b>	<b>Sig.</b>
(Constant)	9.669	1.418		6.818	.000
Employee involvement	.587	.034	.992	17.455	.000
Top Management Commitment	.110	.029	.256	3.770	.000
Continuous improvement	.371	.049	.485	7.581	.000
Customer Focus	.097	.031	.198	3.131	.002

a. Dependent Variable: Organizational Performance

This shows that when all the factors are held constant, performance of commercial banks would be at 9.669. At 5% level of significance, the study documents that employee involvement ( $\beta=0.587$ ,  $p=0.000<0.05$ ) had a positive and significant effect on performance of commercial banks. This finding agrees with Arasa and Gathinji (2014) who investigated the relationship between employee empowerment and organizational performance among firms in the mobile telecommunications industry in Kenya and revealed employee empowerment significantly and positively affects organizational performance among firms in the mobile telecommunications industry in Kenya.

Top management commitment ( $\beta=0.111$ ,  $p=0.000<0.05$ ) had a positive and significant effect on performance of commercial banks. Wanyoike (2016) carried out a study on the effect of quality management practices and firm performance among manufacturing firms in Kenya and indicated a significant positive relationship between management commitment and performance of manufacturing firms.

Continuous improvement ( $\beta=0.371$ ,  $p=0.000<0.05$ ) had a positive and significant effect on performance of commercial banks. The finding is in line with Malik and Khan (2011) who focused on total quality management and performance of manufacturing industry of Pakistan. The study centered on the Cement Industry and revealed evidence of a positive and significant effect of continuous improvement on performance of the cement industry in Pakistan

Customer focus ( $\beta=0.097$ ,  $p=0.002<0.05$ ) had a positive and significant influence on performance of commercial banks. Therefore, in general, quality of management initiative had a positive and significant influence on organizational performance. This finding is in line with Arasa, and Gathinji, (2014) who carried out an analysis on the relationship between competitive strategies and organizational performance among firms in the mobile telecommunications industry in Kenya and revealed that customer focus has a positive and significant effect on performance in the mobile telecommunications industry in Kenya.

## **CONCLUSIONS**

### **Employee Empowerment**

The study concludes that employee empowerment had a positive and significant influence on performance of commercial banks. The bank encouraged employee career development through training and education. Career development was enhanced through training and education. The institution allowed employees to set own goals, judge their performance and take responsibility.

### **Top Management Commitment**

The study concludes that top management commitment had a positive and significant influence on performance of commercial banks. The top management commitment was the principal laid down ISO QMS standard in most of the studied banks. The top management devoted resources for development and support for firm performance. The management took leading positions on guiding quality teams. Employees were motivated towards the organizations goals and objectives.

### **Continuous Improvement**

The study also concludes that continuous improvement had a positive and significant influence on performance of commercial banks. There was continuous improvement reviews through internal quality audits. The bank had set time limit to meet efficiency of service delivery. There was continuous monitoring and improvement of quality systems and procedures to enhance performance.

### **Customer Focus**

The study concludes that customer focus had a positive and significant effect on organizational performance. The bank valued both the internal and external customers. The bank had attracted new customers and retained its old customers. The bank had embarked on a continuous improvement process to meet customers' needs. The bank had the capacity to satisfy customer needs and wants.

## **RECOMMENDATIONS**

The study recommends that all branch managers of commercial banks operating in Makueni County should improve on their employee empowerment practices so as to significantly influence performance of their organizations. All human resource policies of commercial banks in Makueni should encourage employee empowerment. The branch managers of commercial

banks in Makueni County should ensure that all employees are involved in all decisions made with regard to matters of quality.

The study also recommends that senior managers in head offices of all commercial banks in Makueni should increase their commitment towards quality of management initiatives so as to positively influence performance of their organizations. The strategic goals and vision statements of commercial banks operating in Makueni County should embrace quality management.

The study also recommends that the senior management team of all commercial banks with branches in Makueni County should improve on continuous improvement initiatives to positively influence performance of their institutions.

The study further recommends that operations managers of all commercial banks operating in Makueni County should come up with sound strategies of improving on customer focus in order to positively influence performance of their organizations.

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