THE EFFECTS OF CUSTOMER SERVICE ON ORGANISATIONAL PERFORMANCE:

A CASE OF KCB BANK MOROGORO MUNICIPALITY

THE EFFECTS OF CUSTOMER SERVICE ON ORGANISATIONAL PERFORMANCE:

A CASE OF KCB BANK MOROGORO MUNICIPALITY

By

Dafrosa B. Kihombo

A Dissertation submitted in Partial fulfilment of the Requirement for the Award of the Degree of Master of Business Administration (MBA-Corporate Management) of Mzumbe University

2015

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **The Effects of customer services on organisational performance: A case of KCB Bank Morogoro Municipality,** in partial/fulfilment of the requirements for award of the degree of Masters of Business Administration (MBA-CM) of Mzumbe University.

Major Supervisor

Internal Examiner

External Examiner

Accepted for the Board of School of Business

……………………………………………..…

Signature

DEAN/SCHOOL BOARD

DECLARATION
AND
COPYRIGHT

I, **Dafrosa Kihombo**, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

Signature --

Date --

ACKNOWLEDGEMENT

Research report writing is a tedious work to deal with, especially to a learner. To come up with a number of pages that has been an outcome of various readings and assistance received from many individuals who helped me directly or indirectly to whom I convey my heartfelt thanks.

I would like to thank Mr. Raymond J. Mungaya Branch Manager of KCB at Morogoro, who was my supervisor and with their subordinates. Also I would like to thank the Human resource manager, Mr. Cuthbert Maro for admitting me in order to get knowledge.

I give many thanks to Mzumbe University especially to my supervisor Dr. Hawa Petro Tundui, and all my lecturers.

Lastly but not least I would like to show my appreciation to my family members who can not be left aside for they showed love in the world and it is their love and support that kept me going and helped me to reach where I am today and I am sincerely thankful for that.

Furthermore, my thanks should go to our almighty Lord for giving me good health during the study which enabled me to complete this work.

DEDICATION

This work is dedicated to my beloved farther Mr. Beatus Kihombo and lovely mother Fromena Mwalongo who spent a fortune to make me what I am today.

LIST OF ABBREVIATIONS AND ACRONYMS

CMI	Chartered Management Institute
CS	Customer Service
KCB	Kenya Commercial Bank
SPSS	Statistical Package for Social Science
TQM	Total Quality Management

ABSTRACT

Customers today are highly informed and more demanding. Service quality, service speed and responsiveness to customers' needs and wants have become important for firms to succeed. This calls for the improvement of sales and employee growth that can enhance organizational growth status. Despite all these initiatives, customer services in most of the commercial banks have not improved to expected levels particularly in KCB Bank Morogoro branch. The general objective of this study is to assess the effects of customer service on organisational performance with reference to KCB Bank, Morogoro branch.

Case study research design was utilized in the methodology. A sample size of 60 respondents including employees and customers was used in the study. Data collected were analysed and processed through descriptive analysis.

The findings show that respondents argued that customer service provision has contributed to the reduction of public relations costs from the fact that the organisation introduced customer complaint register (written complaints) that is used by customers to table the complaint whenever services provided become dubious. Likewise, respondents reported the available mechanisms and strategies used by KCB Bank that included establishing and enhancing control mechanisms, and provision of information to esteemed customers for the purpose of enhancing performance while attracting more customers. Furthermore, the majority of respondents agreed that the extent to which customer service mechanisms and strategies implementation at KCB Bank can be termed as very good. This has been so from the fact that many of the employees perceived the strategies as a tool to raise their customers' satisfaction and organisational performance.

It is concluded that employees trained for enhancing customer services need to utilize well their knowledge and skills to attain work performance something that is interpreted by those provided with the services as very good, but requiring some improvements because of some reasons to fulfill their obligations for the enhancement of services.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

CHAPTER ONE

BACKGROUND INFORMATION

1.0 Introduction

This chapter presents the background information regarding the effects of customer service on organisational performance with reference to KCB Bank Morogoro branch. It describes the background of the problem; statement of the problem; research objectives and questions; significance and organisation of the study.

1.1 Background to the problem

With today's turbulences of economic situation as well as emerging needs and requirements of customers, all businesses from both public and private sector. Serving customers put greater attention in fulfilling those needs and requirements (Rahman *et al.,* 2012). In this state of affairs, the act of polishing its employees' skills, knowledge, teamwork and passion are usually done as a process of ensuring better performance delivery as the growth in customer demand requires growing research attention on improving the customer service performance delivered in contributing to desirable customer outcomes (Fiori *et al.,* 2007). Customers today are highly informed and more demanding. Service quality, service speed and responsiveness to customers' needs and wants has become important for firms to succeed and this calls for the improvement of sales growth and employee growth that can enhance organizational growth status (Olomi and Rutashobya, 2002).

Customer service being an asset to any company and in the urge to improve and transform; employees are always considered as an important driving force towards change (Galbreath, 2012). Improvements ensure better employee performance and are also linked to achieving company goals through customer services enhancements (Liao and Chuang, 2004). Likewise, ensuring better quality customer service performance is always crucial in today's servicing industry as organizational performance can be best evaluated based on the service delivered to customers (Rosenblatt, 2003). In relation to performance outcome and high delivery on quality services, customers that are satisfied with services received will purchase more, and come back to get the services (Belal and Owen, 2007). Therefore, mutual relationship and bonding between employee and customer is very important in determining good interactions and satisfaction as employee's behaviour and motivational level plays important role in influencing customer's perception of the service being delivered (Liao and Chuang, 2004). Furthermore, feedback is also an important outcome mechanism in ensuring good service deliverance as with this, it can be alleged that customer feedback and employees performance become one directional improvement initiative (Rhee and Bell, 2002).

Waweru and Kalani (2009) state that banking industry is a major sector of the economy that has achieved renewed focus after financial sector reforms and the entry of private sector banks. This sector is the foundation of modern economic development and linchpin of development strategy. It forms the core of the financial sector of an economy. Through mobilization of resources and their better allocation, commercial banks play an important role in the development process. Commercial banks improve the allocation of resources by lending money to priority sector of the economy. Loans are of the major outputs provided by the bank but to harness this, customer service should be enhanced (Singh, 2005). Moreover, the science of service is about the science of our people. To a large extent the delivery of the right service that leads to appropriate resolution is contingent on the people in place to deliver this service (Rahman *et al.*, 2012). Bell (2003) argued that the increasing interest on self service channels doesn't reduce the importance of people as the information provided on these channels doesn't need to be constantly monitored, evaluated and updated to drive self service resolution. It might eliminate the need for a phone call. In addition, even in an optimal self service environment, people will still be relied upon by the interaction with customers on issues that can't be resolved with self service something that needs some intermediation of customer service department with employees trained to serve customers well.

Customer service is a series of activities designed to enhance the level of customer satisfaction that is, the provision of service before, during and after so that the product or service meet customer expectation (Rhee and Bell, 2002). Customer service can be thought of as knowing what customers want and seeing that they get it sometimes, the business we think this is solely the job of the marketing department. According to Kotler (1997) good customer service is an important aspect of the whole business process. It also creates customer satisfaction, loyalty, high profitability and eventually increases organizational performance (Areni, 2003). Thus, a good customer service is the primary reason that customers differentiate company from its competitors. So, it is clearer to state that business success is due to the good customer service, in other words if the customer service of any organization increases, the growth of the organization increases in terms of sales growth, profit, brand equity and employees growth (Birdir, 2002). Customer service is an important means for organizations to gain a competitive advantage in today's service economy, in addition to customers who are satisfied tend to return for future business and sometimes assist in marketing service organization through word-of-mouth (Areni, 2003). Previous research has demonstrated that customer retention is increasingly profitable year after year in many industries (e.g., automotive, banking). Further, exerting efforts to retain current customers is significantly less costly than gaining new customer. Because service effectiveness is increasingly becoming a critical organizational objective, it is important to examine how the delivery of service differs from more traditional manufacturing and delivery of goods (Samson and Little, 1993).

According to Haupt (2002) customer service can be measured in many dimensions such as: service empathy, access time and courtesy of staff. Although delivering superior service can generate numerous benefits to service providers, such as time saving, cost reducing, increased market share and profits; consistently delivering good service is difficult even when companies can benefit from high quality services (Olomi and Rutashobya, 2012). In a competitive environment, service companies have to focus on providing high customer service to maintain customer satisfaction and retain profitable customers. Although satisfying customers is the main challenge to an enterprise, delighting them with unexpected quality (e.g. attractive service attribute) is also a worthwhile effort (Thompson, 1985). It is in the light of the above arguments that the exploration of the effects of customer service on organisational performance is vital for the firms' development and performance.

1.2 Statement of the problem

Jacob (2006) considered market success as a direct outcome of the firm's ability to integrate customer interaction in its organizational routines. Also, many studies have been conducted to investigate the influence of customer service on business performance. Anderson *et al.* (1994) indicate that customer service has a positive effect on customer satisfaction and company's profitability. Whereas scholars agree that getting customers is an important step towards the success of businesses generally, they also caution that getting customers may come accidentally and thus might not guarantee retention of those customers. From that intellectual angle, business owners and managers have found it compelling to make sure that any customer who calls in must leave satisfied as a way of boosting the organisation's image and attracting even more customers in addition to retaining old customers (Rahman *et al.,* 2012). Moreover, the rapidly expanding cities and towns in Uganda as well as East African countries since the early 2000s have witnessed the flourishing of commercial banks, which have been busy creating customer care desks and offices, some replacing the old reception counters with customer care offices (Bahiigwa *et al.,* 2005). Some local commercial banks have employed newly-trained customer care officers and assistants in the place of traditional telephone operators and receptionists, who should hold the fort under the old setup. Some banks have even created sophisticated communication mechanisms that provide automated methods for customers to provide daily feedback on the quality of services they receive (Ngowi, 2008). All these changes have been necessitated by the realities created by a competitive business operational environment created by a robust liberalised economy.

However, despite all these initiatives, which are collectively taken as strengthening customer services; customer services in most of the commercial banks have not improved to expected levels particularly in KCB Bank (Olomi and Rutashobya, 2012). The question has been why? As a result, bank owners and managers have been forced to do more to rectify the situation and improve customer services. One important factor that has been neglected by the existing theory and literature has been the extent to which employees, as internal customers, are to be regarded as the most important customers whose satisfaction affect the way they serve the external customers (Olomi and Rutashobya, 2012). It had been argued that when businesses put employees first, they also put customers first since happy employees work towards the betterment of the organisation and its publics. Indeed, employees who are happy at work tend to provide better customer service because they care more about their organisation and other people, including customers (Belal and Owen, 2007). Yet, they tend to have more energy and as happy motivated employees, are more fun to talk to and are more interactive, and forthcoming with customers (Rosenblatt, 2003). However, this is not the case with KCB Bank in Morogoro. It is from this background that this study aimed at assessing the effects of customer services at KCB Bank; Morogoro branch.

1.3 Research Objectives

The objectives of this study were divided into two main types, that is; general objective and specific objectives as itemized hereunder.

1.3.1 General Objective

The general objective of this study is to assess the effects of customer service on organisational performance with reference to KCB Bank, Morogoro branch.

1.3.2 Specific Objectives

The study was guided by the following specific objectives

i) To examine the influence of customer service provision on customers' acceptability of services provided by KCB Bank, Morogoro branch

ii) To determine the extent to which customer service mechanisms and strategies have enhanced the performance of KCB Bank, Morogoro branch

iii) To identify the available mechanisms and strategies to improve customer service at KCB Bank, Morogoro branch

1.4 Specific Questions

The specific objectives were as follows;

i) What is the influence of customer service provision on customers' acceptability of services provided by KCB Bank, Morogoro branch?

ii) To what extent do customer service mechanisms and strategies enhance the performance of KCB Bank, Morogoro branch?

iii) What are the available mechanisms and strategies that improve customer service at KCB Bank, Morogoro branch?

1.5 Significance of the study

The study is deemed important and relevant to the field of organizational and human resource management as it is to increase employee's passion and deliverables in performing their work for the firm's performance. Again, eliminating unnecessary barriers to perform and deliver services may hinder employees from becoming an organization with the performance-based culture. Thus, the study assists employees and employers to put forward mechanisms and strategies relevant for enhancing customer care services. Furthermore, this study is also an important part for the researcher's master degree accomplishment and knowledge generation.

1.6 Organisation of the study

The study consists of five chapters. The first chapter is the background information. The second chapter presents the literature review, the third chapter discusses the research methodology, the fourth chapter presents and analyses the research findings and the fifth chapter presents the conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Literature review discusses or treats some ideas already in books, journals or websites that throw lights on the topic under research. This chapter highlights ideas from different authors, previous researches and other studies which are related to this study. It is categorized into three; definitions of key concepts, empirical literature review as well as conceptual framework.

2.1 Definitions of key concepts

2.1.1 Customer service

Customer service (CS) is broadly defined as the combination of activities/strategies offered by retailers in an effort to increase service quality, i.e. a shopping experience that is perceived to be more rewarding (Howardell, 2003). According to Bell (2003) services are different from products in many ways. CS is firstly regarded an experience that differs from merchandise because it is intangible and inconsistent. While merchandise can be held and examined, a service, such as the assistance that is provided by a salesperson, cannot. This intangibility makes it difficult to objectively evaluate CS (Liao and Chuang, 2004). Traditionally, customer service is understood as a constituent concept that includes all activities and efforts carried out by business owners and management to make customers feel that the business firms or companies take into account their welfare, as well as their present and future needs as they relate to the companies (Birdir, 2002).

2.1.2 Organisational Performance

Russell and Russell (2011) argue that most organisational performance can be grouped into one of the following six general categories. However, certain organizations normally develop their own categories as appropriate depending on the organization's mission: a) *Effectiveness*: A process characteristic indicating the degree to which the process output (work product) conforms to requirements of the organisation; b) *Efficiency*: A process characteristic indicating the degree to which the process produces the required output at minimum resource cost; c) *Quality*: The degree to which a product or service meets customer requirements and expectations; d) *Timeliness:* Measures whether a unit of work was done correctly and on time. However, the criteria must be established to define what constitutes timeliness for a given unit of work. The criterion is usually based on customer requirements; e) *Productivity:* The value added by the process divided by the value of the labour and capital consumed; and f) *Safety*: Measures the overall health of the organization and the working environment of its employee. According to Gibson (1990) organisational performance is measured in terms of productivity, job satisfaction, turnover and absenteeism. Employee performance is the successful completion of tasks by a selected individual or individuals, as set and measured by a supervisor or organisation, to pre-defined acceptable standards while efficiently and effectively utilising available resources within a changing environment.

2.2 Theoretical Literature Review

Rahman *et al.* (2012) stated that in modern business studies, customer service is not confined to the people who work in customer care departments. Instead, it stretches across business relations between the owner and management, business and employees, management and customers, and employees and customers. Indeed, apart from employees, who are specifically entrusted with day-to-day customer satisfaction activities, all employees have a role of facilitating and making sure that they best satiate customer needs and wants to increase business productivity (Olomi and Rutashobya, 2012). In turn, business productivity becomes a desired end of every employee since it determines the potential that the business might have towards meeting the socio-economic needs of every individual employee (Birdir, 2002). However, the ambiguity of customer service as a concept in business studies tends to prevail as some scholars appear to have penchant for neglecting the “next person as a customer” view of relationship within business enterprises. Rahman *et al.* (2012) argue that customer satisfaction should consider both internal and external customers to attain high value creation.

In a more broad and accommodative way, customer service is perceived as the primary focus of all Total Quality Management (TQM) efforts targeting the customer (Galbreath, 2012). These are strategically designed to find out what the customer wants, how well the firm is delivering this output, and what the company needs to do to improve its performance. In this regard, customer service becomes something much more than simply serving the customer well (Areni, 2003). Some scholars consider customer service as an effective tool for containing costs of production and maximising performance of individuals in businesses (Olomi and Rutashobya, 2009). It touches on all the activities in the organisational chain aimed at identifying how, when and what kind of interaction should the people be engaged in the organisations or businesses in the process of delivering quality services to the consumers of products and services. The implication is that caring for the customer exists in organisations even when there is no an external customer to serve at a given time (Galbreath, 2012).

2.2.1 Theories of Performance

The most popular explanation of why some organizations prosper while others do not, can be given by several other theories that are popular (Belal and Owen, 2007).

a) Enactment theory

Weick (1988) describes the term enactment as representing the notion that when people act they bring structures and events into existence and set them in action. Weick (1988) uses this term in the context of ‘sense making’ by managers or employees. He also describes how they can enact ‘limitations’ upon the system to avoid issues or experiences. It is also seen as a form of social construction. To date enactment theory is related to organizations and their environment and strategic management. Enactment theory deals with life in general and organizations. Individuals and organizations are constantly in the process of self-formation (Deetz, 1982).

Employees form themselves in organizations. According to Eisenberg (2006) this formation occurs in two different ways. Firstly, they achieve stability through enactment of interaction cycles. Secondly through the development of rules for appropriate behaviour. Enactment theory can be seen as a process whereby people achieve continuity and coordination. This process requires rules and roles, so that people can coordinate their activities. Enactment theory gives a rationale for distinguishing strategic and routine behaviour especially when dealing with issues on customer service (Bell, 2003).

Enactment treats executives as the masters of their domains. Enactment contends that an organization can, at least in part, create an environment for itself that is beneficial to the organization to carter for customer service (Carly, 2002). This is accomplished by putting strategies in place that reshape competitive conditions in a favourable way. Working in an organization reflects a person's products, services and activities. Weick (1988) formulates it in a way that people engage each other, their organizations and their environment to achieve organisational performance. Its importance on customer service stems from the fact that by enabling employees utilize their talents in their day to day activities ends with serving customer properly, hence organisational performance.

b) Environmental determinism theory

Environmental determinism theory is the belief that the environment (most notably its physical factors such as landforms and/or climate) determines the patterns of human culture and societal development. Environmental determinists believe that it is these environmental, climatic, and geographical factors alone that are responsible for human cultures and individual decisions and/or social conditions have virtually no impact on cultural development (Sauer, 2003).

Environmental determinism offers a completely opposite view from enactment on why some firms succeed and others fail. Environmental determinism views organizations much like biological theories view animals—organizations (and animals) are very limited in their ability to adapt to the conditions around them (Fiori *et al*, 2007).

Thus just as harsh environmental changes are believed to have made dinosaurs extinct; changes in the business environment can destroy organizations regardless of how clever and insightful executives are. Moreover, when employees understand the environment and the people to be served; know their likes and dislikes pave a way towards enhancing the tastes and preferences of those served hence organisational performance.

c) Institutional theory

Institutional theory centres on the extent to which firms copy one another's strategies. Consider, for example, fast-food hamburger restaurants. Innovations such as dollar menus and drive-through windows tend to be introduced by one firm and then duplicated by the others (Murphy, 2005). Lieberman (2002) suggests that institutional theories can more adequately interpret complex processes of institutional change when reconfigured on the basis of an ontology of politics as "situated in multiple and not necessarily equilibrated order". This conception requires processes of change to be interpreted as being generated on the basis of tensions (frictions) between institutional models and ideas. Political orders are laden with uncertainty and ambiguity, thus significantly increasing the potential to produce change; hence organisational performance.

The key to the interpretation of change rests in understanding how tensions between institutions and cognitive models can, under specific conditions, drive the reformulation of incentives and strategic opportunities for political agents. Therefore, the adequate approach suggested by Lieberman (2002) would not permit emphasis on ideas or on institutions in isolation. It is precisely the interaction between these models that allows for a more satisfactory comprehension of change. The model's basic hypothesis would be that the probability of abrupt political change (as opposed to a normal variation) will be greater under conditions where the level of tension between political orders is more prevalent. This could be envisaged when organisations enhance their customer services for their productivity (CMI, 2007). As consumers strike for changes regarding the services provided, the service providers become alerted and concentrate on enabling customer service provision. By so doing the services get rectified hence thorough customer service provision.

d) Transaction cost economics theory

Transaction cost economics is a theory that centres on just one element of business activity: whether it is cheaper for a firm to make or to buy the products that it needs while utilizing its customer service strategies competitively. This is an important element, however, because choosing the more efficient option can enhance a firm's profits (Belal and Owen, 2007). Goods and services are obtained by transforming a set of inputs. The latter can enter the manufacturing process in different combinations and proportions, depending on the technologies which have been adopted (Belal and Owen, 2007). A different perspective focuses on how firms ensure the supply of inputs on the one hand and reach the final consumer on the other hand: rather than *production functions*, firms are regarded here as *governance structures* (Williamson, 1985).

Transaction cost theory concentrates on the relative efficiency of different *exchange processes*. If for the firm-as-a-production-function view the internalizations of one or more stages of production might generate technological economies (that is savings on the costs of *physical inputs*), for the firm-as-organisation view it could lead also to transactional economies (that is savings on the costs of *exchange inputs*, when reduced amounts of resources are required to get the intermediate inputs). An intermediate step between pure market exchange and vertical integration is the use of short term and long term contracts (Williamson, 1985).

Following the transaction cost theory (Coase, 1937) firms evaluate the relative costs of alternative governance structures (spot market transactions, short term contracts, long-term contracts, vertical integration) for managing transactions. Transaction costs could be defined as the costs of acquiring and handling the information about the quality of inputs, the relevant prices, the supplier's reputation, and so on. Contractual agreements are costly: costs have to be borne in order to negotiate and write the terms of the arrangements, to monitor the performance of the contracting party, to enforce the contracts. Firms emerge as a way of economising on transaction costs in a world of uncertainty, where contractual arrangements are too expensive (Belal and Owen, 2007).

While it is generally recognised that transaction costs are very important in determining the decision between make or buy or between sell or use, the theory lacks a satisfactory treatment of the disadvantages of vertical integration. Some explanations, such as the presence of managerial diseconomies, incentive disabilities, or the emergence of mistakes in allocating factors when firm's size and the number of inputs become large have been put forward, but the boundaries of the firm remain somehow not precisely defined. It is not clear why a firm, by using selective interventions, cannot continue to integrate forward and backward and perform better than decentralised competitors (Kole, 1997). Moreover, when this theory is applied on customer service, a reciprocal transaction is attained as the one to be served enables the provider to adhere to what is required by the client hence, organisational performance.

2.2.2 Service Quality (SERQUAL) Model

The SERVQUAL service quality model was developed by a group of American authors including; 'Parsu' Parasuraman, Valarie Zeithaml and Len Berry, in 1988. It highlights the main components of high quality service. The SERVQUAL authors originally identified ten elements of service quality, but in later work, these were collapsed into five factors - reliability, assurance, tangibles, empathy and responsiveness - that create the acronym RATER (Anderson *et al,* 1994). Businesses using SERVQUAL to measure and manage service quality deploy a questionnaire that measures both the customer expectations of service quality in terms of these five dimensions, and their perceptions of the service they receive. When customer expectations are greater than their perceptions of received delivery, service quality is deemed low. In additional to being a measurement model, SERVQUAL is also a management model (Eisenberg, 2006). The SERVQUAL authors identified five gaps that may cause customers to experience poor service quality (Rahman *et al,* 2012).

Gap 1: between consumer expectation and management perception

This gap arises when the management does not correctly perceive what the customers want. For instance, hospital administrators may think patients want better food, but patients may be more concerned with the responsiveness of the nurse. Key factors leading to this gap are: i) Insufficient marketing research; ii) Poorly interpreted information about the audience's expectations; iii) Research not focused on demand quality; and iv) Too many layers between the front line personnel and the top level management

Gap 2: between management perception and service quality specification

Although the management might correctly perceive what the customer wants, they may not set an appropriate performance standard. An example would be when hospital administrators instruct nurses to respond to a request 'fast', but may not specify 'how fast'. Gap 2 may occur due to the following reasons; i) Insufficient planning procedures; ii) Lack of management commitment; iii) Unclear or ambiguous service design; iv) Unsystematic new service development process.

Gap 3: between service quality specification and service delivery

This gap may arise through service personnel being poorly trained, incapable or unwilling to meet the set service standard. The possible major reasons for this gap are; i) Deficiencies in human resource policies such as ineffective recruitment, role ambiguity, role conflict, improper evaluation and compensation system; ii) Ineffective internal marketing; iii) Failure to match demand and supply; iv) Lack of proper customer education and training.

Gap 4: between service delivery and external communication

Consumer expectations are highly influenced by statements made by company representatives and advertisements. The gap arises when these assumed expectations are not fulfilled at the time of delivery of the service.

For example, the hospital printed on the brochure may have clean and furnished rooms, but in reality it may be poorly maintained, in which case the patients' expectations are not met. The discrepancy between actual service and the promised one may occur due to the following reasons; i) Over-promising in external communication campaign; ii) Failure to manage customer expectations; iii) Failure to perform according to specifications.

Gap 5: between expected service and experienced service

This gap arises when the consumer misinterprets the service quality. For example, a physician may keep visiting the patient to show and ensure care, but the patient may interpret this as an indication that something is really wrong. All these theories help organisations in facilitating customer services to the extent of enhancing performance. These theories seem to be relevant to the study in hand as for an organisation to prosper; customer service needs to be enhanced.

2.3 Empirical Literature Review

2.3.1 Importance of employees on customer service provision

Studies conducted by the Chartered Management Institute, customer service is taken to be part of purposeful approaches of organisations to win and retain customers (CMI, 2003) or as a useful tool for assuring business continuity (CMI, 2007). This functional view of customer service emphasises two core components: customer creation and customer retention. However, it must be noted that it has little concern with the "employee as a customer approach", which underscores the importance of centralising internal customer care as the launch-pad for successful business continuity under competitive business environments (Rosenblatt, 2003). In line with the CMI's conception, Dorrian (1996) argues that customer service is an intangible phenomenon that has no physical attribute. Therefore, those who are in businesses cannot feel customer service but rather the customers.

In addition, Olomi and Rutashobya (2002) in their studies have elevated the employee to the pinnacle of customer relations, arguing that internal customer service (for the employee) is actually more important than the traditional consumer of services produced by a business because employee performance determines the nature of external customer satisfaction. Thus, they suggest, businesses need to value the employee as the nearest ever-present customer whereas the external customer becomes a customer only if he/she buys goods and services delivered by the internal customer. However, the studies could not examine the influence of customer service provision on customer's acceptability of services.

2.3.2 CSR as a mechanism for customer service enhancement

Preston *et al.* (1997) in their study pointed out that manager can reduce investments in corporate social responsibility in order to increase short term profitability (and, in this way, their personal compensation). This point seems to be really interesting, due to the fact that other authors (Barnea and Rubin, 2006) suggest the existence of an opposite trend linked to the same phenomena (managerial opportunism). Waddock *et al.* (1997) assumed that companies with responsible behaviour may have a competitive disadvantage, since they have unnecessary costs due to the utilization of customer services well. The costs fall directly on the bottom line and would necessarily reduce shareholders profits and wealth.

On the other hand, Wright (1997) and McWilliams *et al.* (1997) carried out empirical studies regarding the relationship between CSR and financial performance which comprised of essentially two types. The first uses the event study methodology to assess the short-run financial impact (abnormal returns) when firms engage in either socially responsible or irresponsible acts. The second type of study examines the relationship between some measures of corporate social performance and measures of long term financial performance, by using accounting or financial measures of profitability. The results came out as follows, "When treated as an independent variable, corporate social performance was found to have a positive relationship to financial performance in 42 studies (53%), no relationship in 19 studies (24%), a negative relationship in 4 studies (5%), and a mixed relationship in 15 studies (19%).” In general, the link between social responsibility and financial performance was that the evidence is mixed. Although, these studies focused the relationship between CSR and financial performance, they could not identify mechanisms and strategies to improve customer service in organisations.

2.3.3 Customer’s evaluation of the firm/organisation

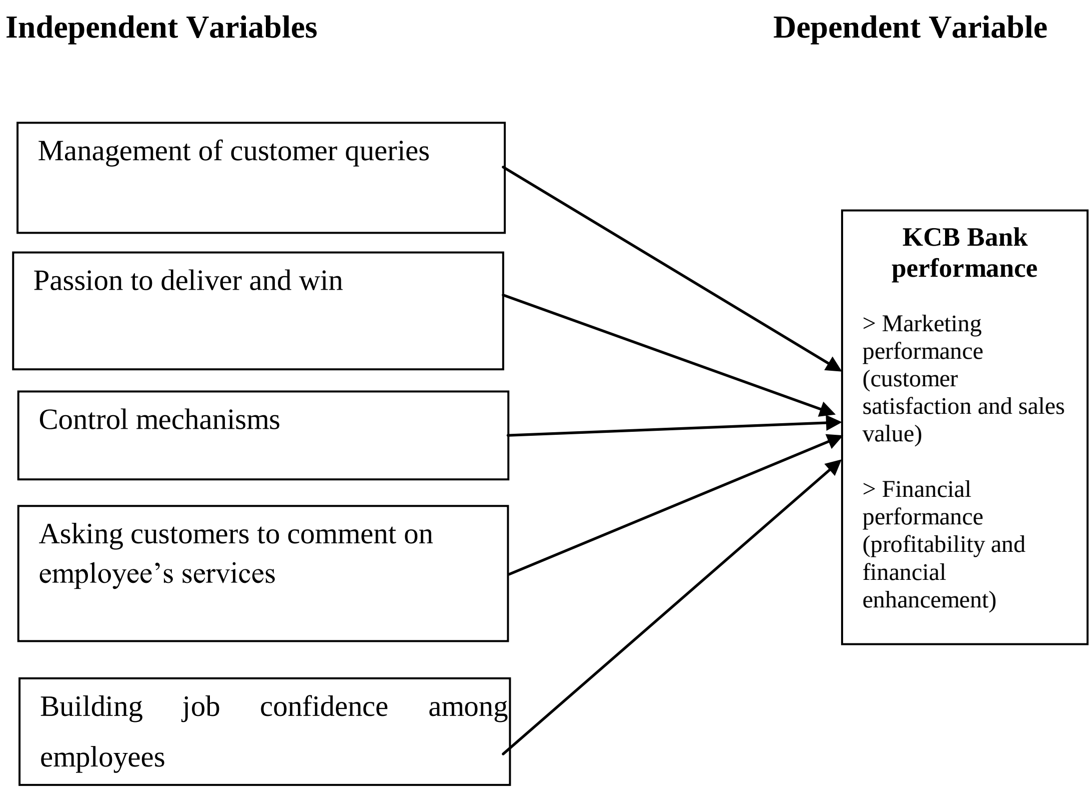
Ali (2007) noted two McKinsey studies whereby the leaders stated that increasing awareness of the necessity of aligning corporate objectives with societal expectations manifests a change in business and market realities. Rose (2007) in her study speaks to the need to understand the business environment today and recognizes that it requires more than just an ethical manager to breed corporate social responsibility. Previous research has examined the impact of corporate social responsibility on financial performance and consumer behaviour (Schuler and Cording, 2006) customer satisfaction and market value (Lou and Bhattacharya, 2006). Moreover, their focus was on the overall evaluation of an organization by consumers based upon socially responsible behaviours and not directly on purchasing patterns and expectations. Their research has centred around specific elements of the product or brand and the impact on loyalty, with recent research seeking to identify the impact of the product lifecycle stage on loyalty (Johnson, 2006). Gandossy and Sonnenfeld (2004) in their study simply argued that the questions still to be answered are whether (a) consumers judge the ethical and social behaviours of corporations important in deciding whether to purchase a particular company’s products, and (b) can organizations be profitable and socially responsible, negating any sense of mutual exclusivity. Yet, their studies could not determine the extent to which customer service mechanisms and strategies could enhance the performance of firms.

2.4 Conceptual framework

Conceptual model shows the existing relationship between customer service mechanisms and strategies; and the general success/performance of a given business. The core assumption that guided the study is that a profit-making organisation has, as its primary corporate goal, a primary objective of surviving in the market. This goal supersedes all other goals including profitability, business sustainability, and growth. After all, the latter goals become feasible only when an organisation is able to survive in the market as a viable entity. To achieve these goals, despite existence of many competition strategic paths, a business seeking to survive in a highly competitive sector, through its management shall invest in necessary human resources and provide all the requisite support in order to enhance customer services. The mechanisms used can fall into two broad categories of strategies. The first category includes control mechanisms that are used by the management to make sure that employees fulfil their contractual obligations. The second category includes a broad range of mechanisms that are not part of the employees' contractual terms, but are nevertheless used as means for encouraging positive attitudes among employees towards supporting corporate objectives, their own work and customers (Olomi, 2009).

Figure 2.1 provides the conceptual framework. This is defined as an abstract idea or a theory used to develop new concepts or to reinterpret existing ones (Kothari, 2004). It gives the relationship between the dependent and independent variables.

Figure 2 1: Conceptual model



Source: Researcher's Own Model (2015)

In figure 2.1 the dependent variable is KCB Bank performance while the independent variables include mechanisms and strategies to enhance customer services and organisational performance such as management of customer queries, passion to deliver and win, control mechanisms, asking customers to comment on employee's services and building job confidence among employees. When a firm enhances customer services; customers become satisfied while enabling it to have a passion to deliver and win the competitors. Moreover, a firm that focuses and becomes strict to its control mechanisms through feedback seeking from customers i.e. asking customers to comment on employee's services; employees through that feedback can build the confidence while providing services something that results into marketing and financial performance of the firm or organisation. For that case, it is expected that KCB Bank can emulate the same towards its performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter provided a blue print of investigation that was adopted in the study namely; study area; research design; population and sample size; sampling techniques; data collection tools, data analysis techniques, reliability and validity of research instruments as well as ethical considerations.

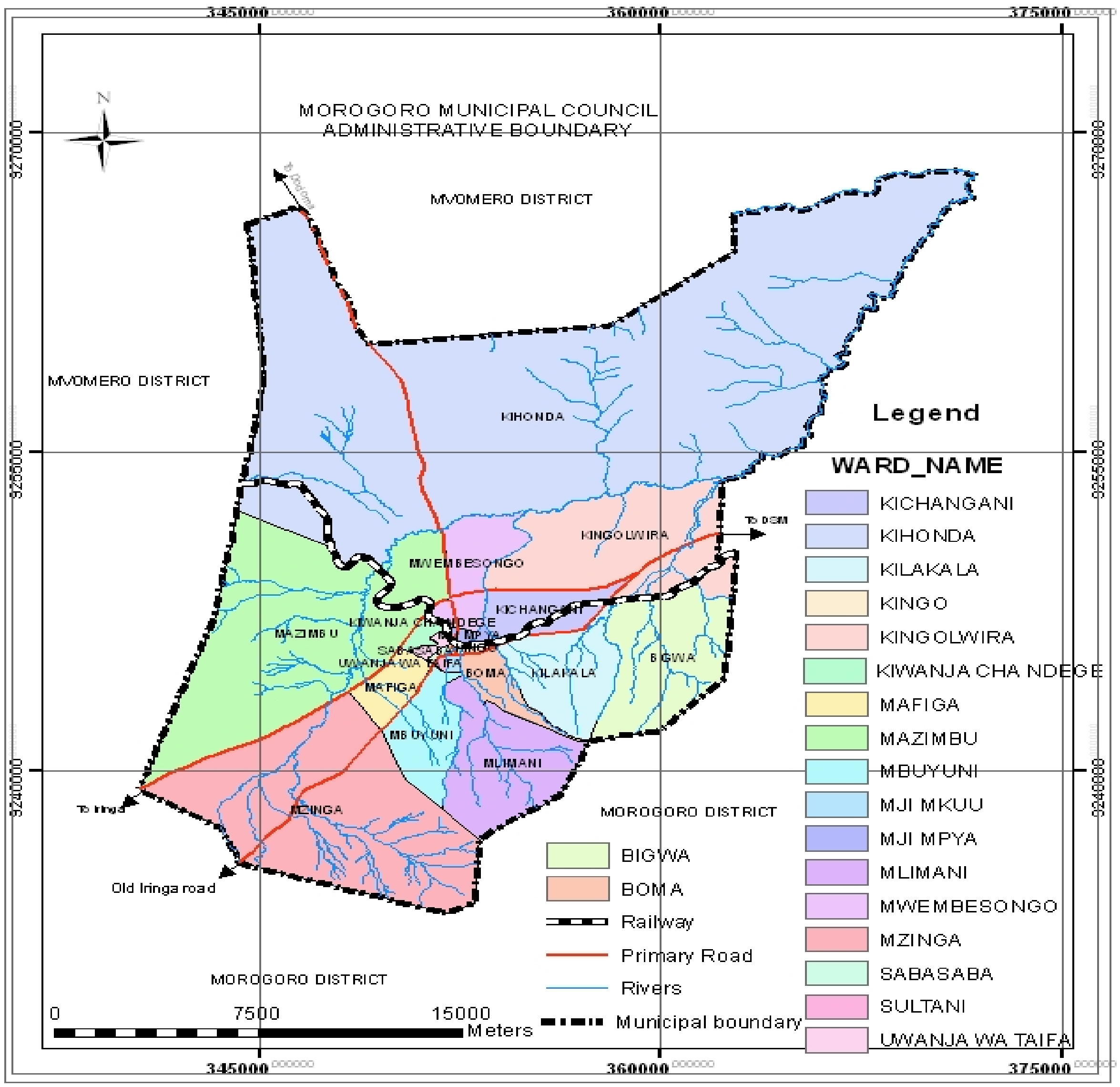
3.1 Study Area

This study was carried in Morogoro municipality focusing on KCB Bank Morogoro branch. The bank was selected because despite KCB Bank initiatives, which are collectively taken as strengthening customer services; customer services have not improved to expected levels. Therefore, employees at KCB Bank need to do more to rectify the situation and improve customer services. It is from this background that this study aims at assessing the effects of customer services at KCB Bank; Morogoro branch.

Kenya Commercial Bank (KCB) dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years later in 1904, the Bank extended its operations to Nairobi, which had become the headquarters of the expanding railway line to Uganda. Upon independence the Government of Kenya acquired 60% shareholding in National and Grindlays Bank in an effort to bring banking closer to the majority of Kenyans. In 1970, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. KCB Bank (Tanzania) Limited was incorporated in April 1997. KCB Bank (Tanzania) Limited with its head office at Harambee Plaza, Ali Hassan Mwinyi/Kaunda Drive, Oysterbay Dar-es-Salaam, is a subsidiary of KCB Bank Group which operates also in Kenya, Uganda, South Sudan and Rwanda. KCB Bank (Tanzania) Limited has 11 branches; 6 in Dar es salaam one each in Arusha, Kilimanjaro, Mwanza, Morogoro and Zanzibar.

These branches are linked on line with the rest of KCB Group branches in East Africa which makes a total of 222 branches (KCB Kenya -169, Uganda- 14, Rwanda – 9 and South Sudan -19).

Figure 3.1 Map of Morogoro Municipality



Source: Morogoro Municipal Archive, 2007

3.2 Research Design

A research design is a systematic plan to study a scientific problem (Sekaran, 2003). The design of a study defines the study type (descriptive, correlational, semi-experimental, experimental, review, meta-analytic) and sub-type (e.g., descriptive-longitudinal case study), research question, hypotheses, independent and dependent variables, experimental design, and, if applicable, data collection methods and a statistical analysis plan. Again, a research design typically includes how data is to be collected, what instruments will be employed, how the instruments will be used and the intended means for analyzing data collected (Mugenda and Mugenda, 2003). There are different research designs according to Mugenda and Mugenda (2003) such as case study; casual, cohort, cross-sectional, descriptive, experimental, exploratory, historical and longitudinal research design.

The research utilized case study research design in which questionnaires and interviews were used to obtain the data from the field (Ndunguru, 2006). The reason for using case study research design is that, it allows the collection of data at one point in time (in a short time as it is feasible). Case study research design utilized the quantitative and qualitative methods. However, information was collected from a number of cases or units of inquiry under investigation and only a sample of cases was examined (Yin, 2003).

Picciano (2007) defines case study research as describing and interpreting events as they happen in the present. The purpose is to thoroughly examine specific phenomena. Picciano (2007) further describes case studies as a flexible methodology and says that in a case study the researcher makes an in-depth exploration of phenomena. He also states that case studies are bound by time and activities and that the researchers gather detailed information by using a variety of data collection procedures over a sustained period of time.

Johnson and Christensen (2009) describe case study research as a form of qualitative research of which the main emphasis is on providing a full description of one or more cases. They explain that case study research can be used to address exploratory, descriptive, and explanatory research questions and may have questions that refer to these as the “who, what, where, why and how?” questions. They also state that case studies are important because their focus on the uniqueness of phenomena is shaped by the participants in the study. Case studies require a variety of methods and that the outcomes of case studies are difficult to generalise. They voice the opinion that researchers must be active participants in a study because researchers cannot stand on the side as if their presence would have no effect on the situation. Involvement is thus one of the great strengths of a case study, but it can also be regarded as a disadvantage in the sense that people can question the objectivity of the study.

Yin (2003) states that the need for case studies stems from the desire to understand complex social happenings. Understanding is essential in the interpretive paradigm. He also agrees that case studies cannot be generalised easily. Case studies are classified as empirical studies, making use of mixed data or hybrid data, which means that text and numerical data are being used and the researchers have little control over the events or the process. The strengths or advantages of a case study design are that it allows the researcher to show how a variety of factors influence the event being studied and adds to this by stating that a case study also provides in-depth insights and may lead to good relationships with the people being studied. The limitations of this design are that the results cannot be generalised. There are no standardised measuring instruments and data collection and analysis can be very time-consuming. For the purpose of this study, case study research design was employed.

3.3 Population and sample size

According to Sekaran (2003) population is a group of individuals, objects or items from which samples are taken for measurement or it is an entire group of persons, or elements that have at least one thing in common.

Population is whatever you are counting: there can be a population of people, a population of households, a population of events, institutions, transactions, and so forth. Anything you can count can be a population unit. But if you can't get information from it, and you can't measure it in some way, it's not a unit of population that is suitable for survey research (2003). The population of the study comprised of 120 respondents who are KCB workers and customers.

A sample is a part of the population from which it was drawn. Samples can be drawn in several different ways, such as probability sampling and non-probability sampling under which quota samples, purposive samples, and volunteer samples etc fall (Yin, 2003). Sekaran (2003) advises that too large a sample size could become a problem and recommended sample sizes between 30 and 500. Similarly, a minimum number of samples for research should be 30. Therefore, the sample size of 60 respondents was used. Cooper and Schindler (2008) argued that, for any valid and reliable study to be carried, its sample shouldn’t be less than 30% of its population. As it stands, the sample size is 50% of the population; hence fulfilling their argumentation. The study respondents comprised of branch manager, credit managers, credit administration officers, advance officers, recovery officers, and successful and unsuccessful customers. Table 3.1 shows the distribution of respondents.

Table 3.1: Sample size of the study population

S/N	**Category**	**Population**	**Sample size**	**Method employed**
1	Branch Manager	1	1	Purposive
2	Credit Manager	1	1	Purposive
3	Credit Administration officer	1	1	Purposive
4	Business Bankers	2	2	Purposive
5	Advances clerks	2	2	Purposive
6	Recovery officers	3	3	Purposive
7	KCB Bank customers	110	50	Simple random
	Total	**120**	**60**	

Source: Research data, 2015

3.4 Sampling techniques

A sampling technique is the process of selecting a group of subjects for a study in such a way that the individuals represent the larger group from which they were selected (Sekaran, 2003). Sampling procedures are divided mainly into two groups which are Probability Sampling and Non-Probability Sampling. Probability sampling includes simple random sampling, stratified sampling, systematic sampling, cluster random sampling, and multistage sampling. Non-probability sampling includes; purposive sampling, volunteer sampling and quota sampling. The study used two sampling procedures namely; simple random and purposive sampling because of their relevance and usability.

3.4.1 Simple random sampling

This method was utilized as each respondent had the same and independent chance of being selected. It was used to select the respondents from KCB Bank customers as identified above. To obtain respondents simple random sampling procedure was used as follows. A complete list of KCB Bank customers was obtained. Every KCB Bank customer was given a unique number and the lottery technique of simple random sampling was used. Every name as well as its serial number was written on a piece of paper. All the pieces of paper were mixed and the numbers of pieces of paper corresponding to the numbers of predetermined samples were picked randomly. Lastly, the respondents whose names appeared on the picked pieces of paper were requested to appear for the purpose of answering interviews or questionnaires.

3.4.2 Purposive sampling

This method was used as it is a non-random sampling procedure in which personal experience regarding effects of customer service on organisational performance was considered to be key derived from the position one held or the roles s/he played in relation to that particular activity. Thus KCB Bank employees were selected purposively in order to attain the above objectives.

3.5 Data collection tools

Primary and secondary data collection tools were used to get information from respondents and other sources.

3.5.1 Primary data collection tools

Primary data collection tools were used by the researcher to collect data from the field; whereby interviews and questionnaires were employed.

a) Interviews

The interviews to the branch manager, credit managers, credit administration officer, business bankers, advances clerks and recovery officers were used in order to solicit information regarding customer service at KCB Bank Morogoro municipality. The interview tool unveiled from these respondents views/opinions regarding the matter (see Appendix 2). Yin (2003) affirms that the interview tool is very important source of getting information and it is helpful in handling case study related matters as the research design indicates.

b) Questionnaires

Both open ended and closed ended questions were used. Questionnaires were used to obtain information from KCB Bank customers. These complemented and supplemented information obtained under interview and documentary review (see Appendix 1). The reason was to obtain consistency of responses to the questions asked in repeated measurements (Carmines and Zeller, 1979).

3.5.2 Documentary review

The researcher used different documents in order to access accurate and reliable data. The present study used the latest available published secondary data and other available data from KCB Bank (Tanzania) Limited for the years 2012-2014 which were compiled from financial Reports of the Bank and other inside available information on Trends and Progress of Bank (i.e. The Bank reports).

The scope of the study was limited to three years data from KCB Bank (Tanzania) Limited on respective branch. However, other documents consist of personal profiles, guidelines, directives, policies, regulations, books, journals, internet and KCB Bank (Tanzania) Limited management performance reports.

3.6 Data analysis techniques

Data collected were analysed both qualitatively and quantitatively. Furthermore, the collected data from the field were prepared through coding and editing of the data. This involved checking of data collection forms for omission, legibility and consistency as well as discarding the incomplete responses which have missing data. Thereafter, identified potential errors in data collection were discussed for their implications. This method assisted in coding both words and phrases depending on respondents' responses. This allowed open ended questions to be analyzed systematically while data being entered into a user friendly and retrievable database. These were summarized, coded and analyzed descriptively by Statistical Package for Social Sciences (SPSS). Descriptive statistics was applied whereby frequency distribution and percentages were obtained to describe major variables.

Qualitative data from interviews were analyzed using content analysis focusing observer's impression. This involved recording the verbal discussions with respondents followed by breaking the recorded information into meaningful smallest units of information, subjects and tendencies and were presented as a text. However, coding which is an interpretive technique that seeks to both organize the data and provide a means to introduce the interpretations into certain quantitative methods were employed which serves on interpreting the meaning of the context.

3.7 Reliability and validity of Research Instruments

3.7.1 Reliability

Reliability means the accuracy of data. In order to test the reliability pilot study was carried out to test questionnaires and structured interview to be presented to the respective respondents for their reliability; afterwards corrections were done in order to obtain reliable data for the research. The collected data were verified by experts experienced in research for their reliability. This allowed the researcher to study the properties of measurement scales and the items that made them.

Since the reliability of data goes with the accuracy or precision of a measuring instrument, in this research study, reliability was concerned with the interviews' consistency of responses to the questions asked in repeated measurements (Carmines and Zeller, 1979).

3.7.2 Validity

Validity is defined as the instrument's ability to measure exactly what concept it is supposed to measure (Sekaran, 2003). It is the measure of generalisability of findings. The researcher in order to validate the data and instruments used the interviews and FGDs in the research to ask the experts to recommend on their representativeness and suitability. Besides, she allowed suggestions to be made to the structure of these interview guide questions. These helped the researcher to establish content validity as argued by Cooper and Schindler (2008).

3.8 Ethical considerations

In order to ensure ethical conduct in the study all respondents were informed about the study in order to have willingness to corporate (informed consent was given). The information to be provided by respondents was treated as confidential and for academic purposes only. This enabled respondents to corporate with minimum risk. Other ethical considerations included; briefing the respondents as to the purpose of the research, their relevance in the research process and expectations from them. Again plagiarism, fabrication of data was avoided, privacy was maintained and anonymity of respondents was ensured.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents and discusses results arising from the data analysis regarding the assessment of the effects of customer service on organisational performance with reference to KCB Bank Morogoro branch. The findings were presented and discussed under three main sections namely; the first section presented and discussed the influence of customer service provision on customers' acceptability of services provided by KCB Bank; the second section determined the extent to which customer service mechanisms and strategies have enhanced the performance and the third section identified the available mechanisms and strategies to improve customer services at KCB Bank; Morogoro branch. Thereafter the concluding remarks are given.

4.1 The influence of customer service provision on customers' acceptability of services

The first objective of this study was to examine the influence of customer service provision on customer's acceptability of services provided by KCB Bank. To obtain the information, the researcher asked the customers to tick various influencing issues according to their understanding and perception thereafter added others that were analyzed in terms of agree or disagree as there were uncertain responses. Table 4.1 summarises the responses as follows.

Table 4.1: Influence of customer service provision

Influence	Responses	
	% Agree (n)	%Disagree (n)
Customer service provision increases customers	85 (43)	15 (7)
Customer service provision increases the passion to deliver and win	80 (40)	20 (10)
Customer service builds job confidence among employees	83 (42)	17 (8)
Customer service enhances the internal business processes for the organization performance	75 (38)	25 (12)
Customer service contributes to organisational profitability and financial performance	80 (40)	20 (10)
Customer service contributes to the reduction of public relation costs	87 (44)	13 (6)
Customer service enhances corporate image	81 (41)	19 (9)

Source: Research data, 2015

The results in Table 4.1 show that 75% of respondents reported that customer service provision at KCB Bank enhanced the internal business processes for the organisational performance whereby the feedback from customers enabled the management to introduce an escalation system whereby unsolved issues from lower authorities are escalated to higher authorities for resolution. This system has enabled the bank to increase customer base from the fact of reducing customer's claims. This affirmation is in line with Rahman *et al* (2012) who stated that for an organisation to prosper, any customer who calls in for good or bad in terms of any claim must leave satisfied as a way of boosting the organisation's image and attracting even more customers in addition to retaining old customers.

Moreover, 80% of respondents argued that customer service provision at KCB Bank increased the passion to deliver and win from the fact that the organisation has been able to offer different products and services that are unique such as Islamic and community banking that are operated freely by customers. Also, customer service provision has contributed to the organisational profitability and financial performance from the fact that the organisation has managed to offer large loans to customers with a minimum of 10 million that is different from other financial service provider thereby attracting more customers that before. Likewise, 81% of respondents stated that customer service provision has enabled the organisation to enhance its corporate image from the fact that, the communities around it have been served from the budget put for corporate social responsibility each year to enable it share its profit with the needy in the community.

In addition, 83% of respondents reported that customer service provision has built job confidence among employees from the fact that employees have been undertaking on-the-job training on customer care service skills something that has facilitated smooth running of the organisation and reducing complaints from customers. This is in line with Belal and Owen (2007) who argued that when businesses put employees first, they also put customers first since happy employees work towards the betterment of the organisation and its publics. Indeed, employees who are happy at work tend to provide better customer service because they care more about their organisation and other people, including customers. Furthermore, 85% of respondents stated that customer service provision at KCB bank has increased customers from 200 in 2009 to 7,000 in 2014. This was attained according to the interview with the branch manager that, *"from the introduction of customer service focus team, it has been conducting meetings once a week and discussing challenges and opportunities for enhancing customer services. From these meetings, decisions have been made to ensure that there is a minimum turn-around time (TAT) on resolving the customer's complaint* in 24 hours time*"*.

The argument supports Rahman *et al* (2012) who stated that the ambiguity of customer service as a concept tends to prevail as some service providers appear to have penchant for neglecting the next person as a customer view of relationship within business enterprises. Thus, customer satisfaction should consider both internal and external customers to attain high value creation and by so doing, customer service is perceived as the primary focus of all Total Quality Management (TQM) efforts targeting the customer.

Likewise, 87% of respondents argued that customer service provision has contributed to the reduction of public relations costs from the fact that the organisation introduced customer complaint register (written complaints) that is used by customers to table the complaint whenever services provided become dubious.

It was found that the introduction and implementation of this customer complaint register increased transparency and enhanced checks and balance among customers, employees and management. Along with that, KCB Bank introduced an inquiry desk or customer service desk where the customer complaints are received orally and resolved promptly if no need of forwarding to the higher level management. Moreover, KCB Bank went further to introduce the use of suggestion box that may be used by both customers and employees to waive out their views. This suggestion box is reviewed on daily bases and has contributed to the enhancement of customer service provision at KCB Bank.

4.2 Extent to which customer service mechanisms and strategies have enhanced performance of KCB Bank

The second objective of this study was to determine the extent to which customer service mechanisms and strategies have enhanced the performance of KCB Bank. To obtain the information from these facts, the researcher asked both KCB Bank employees and customers to provide opinions and their perceptions in relation to customer service mechanism and strategies. They were supposed to indicate their perceptions into three ways namely; very good, good and poor. Table 4.2 summarises the responses as follows;

Table 4.2: Assessment of customer service mechanism and strategies

Extent	Frequency	Percentage %
Very good	42	70
Good	12	20
Poor	6	10

Source: Research data, 2015

The results in Table 4.2 show that a few of the respondents (10%) agreed that customer service mechanism and strategies applied are poor. This is because what KCB Bank provides positively in terms of employee recognition; feedback provision and catering for work performance were somehow absent in the organisation. This was reported by customers that throughout the implementation of customer service, feedback to customer and employees have not been done well.

This necessitated customers and employees to know their evaluation and viewing customer service as a supervisory obligation which has no great impact on work performance as advocated by Grote (2010). However, with customer service mechanisms and strategies implementation at KCB Bank, there has been little participation regarding objective development by employees. This would align with the KCB Bank strategic plans hence rendering its implementation to be somehow poor.

Moreover, a few of the respondents (20%) argued that the extent of mechanisms and strategies implementation at KCB Bank cannot be said to be very good but good because its aim was to cater for good customer services something that has not been attained in the expected level. This is because of the envisaged lack of commitment among employees when providing services to the customers. Yet, the complaints provided by those seeking for services at KCB Bank have not been attended in a quick manner to eliminate them as supported by Manongi (2006) when assessing customer service provision among commercial banks in East Africa. It was proposed by customers that mechanisms and strategies at KCB Bank have to link employees' tasks and incentives to be provided to them when the job is successfully done.

Likewise, the majority of respondents 70% agreed that the extent to which customer service mechanisms and strategies implementation at KCB Bank can be termed as very good. This has been so from the fact that many of the employees perceived the strategies as a tool to raise their customers' satisfaction and organisational performance. Those who were trained, utilized well their knowledge and skills to attain work performance something that can be interpreted by those provided with the services as very good, but requiring some improvements because of some reasons to fulfill their obligations for the enhancement of services. However, there has been a need to have frequent capacitating of the employees for the smooth running of KCB Bank.

One of the respondents stated that "*Customers are taking little time to be served in relation to other service providers something that adds credit to KCB Bank. The reason behind this is that KCB employees are aware of the value for customer service as the* *customer is termed as the king. There has been an introduction of Islamic banking something that has attracted customers as valuable as well as introduction of simbanking transactions".*

4.3 Available mechanisms and strategies to improve customer services at KCB Bank

The third objective of this study was to identify the available mechanisms and strategies to improve customer services at KCB Bank. To obtain the information, the researcher asked KCB Bank employees to tick various mechanisms and strategies according to their understanding and perception thereafter added others that were analyzed in terms of agree or disagree, as there were no uncertain responses. Table 4.3 summarises the mechanisms and strategies as follows.

Table 4.3: Available mechanisms and strategies

Mechanism or strategy	Responses	
	%Agree (n)	**%Disagree (n)**
Establishing more accessible and transparent payment and withdraw facilities	82 (8)	18 (2)
Strengthening the capacity to follow-up cases of un fair treatment of customers	80 (8)	20 (2)
Provision of information to esteemed customers always	85 (9)	15 (1)
Establishing the relationship between employees and customers	75 (7)	25 (3)
Making customers to comment on the employees' services	80 (8)	20 (2)
Establishing and enhancing control mechanisms	85 (9)	15 (1)

Source: Research data, 2015

The results in Table 4.3 show that 75% of respondents reported that one of the mechanisms and strategies for enhancing customer service at KCB Bank was the establishment of the relationship between employees and customers. In order to implement it the employees were trained on how to serve customers, as they are part and parcel of their organisational performance. The credit manager stated that, *"we have managed to train our employees to enable the facilitation of services as a strategy. The outcome has been envisaged as the complaints that were tabled previously have decreased to the extent of receiving one complaint or not at all in a day".*

Moreover, 80% of respondents stated that the available mechanisms and strategies at KCB Bank include strengthening the capacity to follow-up cases of unfair treatment of customers and making customers to comment on the employees' services. These strategies have enabled the organisation to introduce the feedback mechanism that ensures the customers get feedback on the query lodged and escalation where necessary. The branch manager stated that, *"for system issues there is an internal system of escalation using LAN support when utilizing internal queries lodging"*

On the other hand, 82% of respondents argued that KCB Bank has established more accessible and transparent payment and withdraw facilities for the enhancement of services for example; it has increased the number of transactions that is due to customers' satisfaction. This establishment has resulted into increasing a good number of customers, hence organisational performance. Likewise, 85% of respondents reported that the available mechanisms and strategies used by KCB Bank included establishing and enhancing control mechanisms and provision of information to esteemed customers always for the purpose of enhancing performance while attracting more customers. It was found that through enhancing customer services, KCB Bank was able to extend its operations across borders from its mother country of Kenya to Rwanda, Burundi, Uganda and Tanzania. Business bankers had the following to state as follows when asked to comment on the enhancement of services; *"using the general customer care emailing, customers are free to register their claims directly to members of customer service focus team of the entire bank including other branches. This has enabled employees to have honesty and regard on providing excellent services to them"*

The mechanisms and strategies put by KCB Bank has enabled the reduction of expenses due to customer satisfaction and serving time while ensuring that queue management is effectively managed.

4.4 Chapter Summary

It can be concluded that customer service provision at KCB Bank helped to enhance the internal business processes for the organisation whereby the feedback from customers enabled the management to introduce an escalation system thereby unsolved issues from lower authorities could be escalated to higher authorities for resolution. It was found that this system enabled the bank to increase customer base and reduce customer's claims. However, the available mechanisms and strategies found at KCB Bank such as strengthening the capacity to follow-up cases of unfair treatment of customers and making customers to comment on the employees' services were termed as very good. This has been so from the fact that many of the employees perceived the strategies as a tool to raise their customers' satisfaction and organisational performance.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the conclusions and recommendations arising from the study findings. It commences with the conclusion followed by the recommendations thereafter suggests a need for further research.

5.1 Conclusions

Based on the empirical findings from the study, it is concluded that, respondents argued that customer service provision at KCB Bank increased the passion to deliver and win. This was obvious from the fact that the organisation has been able to offer different products and services that are unique such as Islamic and community banking operated freely by customers. Also, customer service provision has contributed to the organisational profitability and financial performance from the fact that the organisation has managed to offer large loans to customers with a minimum of 10 million something that distinguishes it from other financial service providers thereby attracting more customers than before. Nonetheless, customer service provision at KCB Bank has built job confidence among employees from the fact that employees have been undertaking on-the-job training on customer care service skills something that has facilitated smooth running of the organisation and reducing complaints from customers.

Furthermore, majority of respondents agreed that the extent to which customer service mechanisms and strategies implementation at KCB Bank was termed as very good. This has been so from the fact that employees perceived the strategies as a tool to raise their customers' satisfaction and organisational performance. Those who were trained, utilized well their knowledge and skills to attain work performance something that was interpreted by those provided with the services as very good, but requiring some improvements because of some reasons to fulfill their obligations for the enhancement of services. All these conclusions are in line with the theories reviewed that create an environment for the organisation to benefit and carter for customer service.

Moreover, respondents stated that the available mechanisms and strategies at KCB Bank include strengthening the capacity to follow-up cases of unfair treatment of customers and making customers to comment on the employees' services. The strategies put by the organisation have enabled it to introduce the feedback mechanism that ensures that customers get feedback on the query lodged and escalation where necessary.

5.2 Recommendations

From the above findings, the researcher proposes the following recommendations. Customer service provision at KCB Bank has built job confidence among employees. It is recommended that employees need to be treated as internal customers, thus enhancing their needs and wants could enable the organisation to compete well with other competitors.

Training of employees was found to enhance performance at KCB Bank. It is recommended that improvements need to be done to enable up-to-date technology for customer service provision.

Available mechanisms and strategies at KCB Bank strengthened the capacity to follow-up cases of unfair treatment of customers and making customers to comment on the employees' services. It is recommended that knowledge provision among customers is necessary to enable them corporate without hesitations when unfair treatment of customers occurs.

5.3 A need for further research

The study focused on the assessment of the effects of customer services on organisation performance. It is recommended that further studies be done on the following issues;

i) What is the perception of KCB Bank employees regarding customer service provided to customers?

ii) To what extent have KCB Bank management been able to address customer service provision to win its competitors?

REFERENCES

Ali, J. (2007). Predicting Mutual Fund Over performance over a nine- year period. *Financial Counseling and Planning* 15(1): p 1-11.

Anderson, E., Fornell, C., Lehmann, D (1994). Customer satisfaction, market share, and profitability: findings from Sweden. *Journal of Marketing*, 58(July). pp 53-66.

Areni, C. S. (2003). Examining managers' theories of how atmospheric music affects perception, behaviour and financial performance. *Journal of Retailing and Consumer Services, 10* (1). pp 263 -274.

Bahiigwa, G., Ellis, F., Fjeldstad, O-H. and Iversen, V. (2005). "Rural Taxation in Uganda: Implications for Growth, Income Distribution, Local Government Revenue and Poverty Reduction." *EPRC Research Series* No. 35 (January), Kampala: Economic Policy Research Centre.

Barnea, A. and Rubin, A. (2006). *"Corporate social responsibility as a conflict between shareholders"*. Working paper. University of Texas.

Belal, A.R. and Owen, D. L. (2007). 'The Views of Corporate Managers on the Current State of, and Future Prospects for, Social Reporting in Bangladesh: An Engagement-Based Study'. *Accounting, Auditing Accountability*, 20(3): p 472-494.

Bell, G. (2003*)*. Is our customer service among the world's worst? Succeed: South Africa's *Journal of Entrepreneurship and Management.* May / June Issue: 8- 11

Birdir, K (2002), General Manager Turnover and Root Causes, International Journal of Contemporary Hospitality Management, Vol. 14 (1), pp. 43-49

Bowen, D. E and Waldman, D. A. (1999). Customer-driven employee performance. In D. Ilgen, A and E. D. Pulakos (Eds.), The changing nature of performance: 154 191. San Francisco: Jossey-Bass.

Carly, S, F. (2002). *Environmental and Social Responsibility Report*, Hewlett Packard, New York.

Carmines, B and Zeller, A. (1979). *Primary and Secondary data collection Methods*. Macmillan. New York

CMI. (2003), "Business Continuity Management", Research Report: London: Chartered Management Institute

CMI. (2007), "Business Continuity Management", Research Report: London: Chartered Management Institute.

Coase, J. (1937). *Evaluating the Relative Cost of Market Transactions*. Oxford. Oxford University Press

Cooper A and Schindler, M. (2008). *Perfect Sample Size in Research*. Macmillan. New Jersey

Deetz, N (1982) "The relationships of customer satisfaction, customer loyalty and profitability: an empirical study", *International Journal of Service Industry Management,* Vol. 7 No. 4, pp. 27-42.

Dorrian, P. (1996). *The feeling of customer service provision among town dwellers. A Review of Literatures*. Macmillan. New Jersey

Eisenberg, K (2006) "Expectations, performance evaluation, and consumers' perceptions of quality*", Journal of Marketing*, Vol. 57, October, pp. 18-34.

Fiori, G. Donato, F. and Izzo, M. F. (2007), "*Corporate Social Responsibility and Firms Performance. An Analysis on Italian Listed Companies*", http://ssrn.com/abstract=1032851 [accessed 16 March 2015].

Galbreath, J (2012), Do customer Satisfaction, and Reputation mediate the Corporate Social Responsibility–Firm Profit Link? Evidence from Australia, *Australian Journal of Management,* Available at http://aum.sagepub.com, Accessed on 29 January 2015

Gandossy, P and Sunnenfeld, A. (2004). *Customers' judgement on Firms*. McGraw Hill. New York

Grote, P (2010). *Customer Service as the Impact of Organisational Performance*. Oxford. Oxford University Press

Harrison, C. (2006), *Turning Customer Service Inside Out! How Poor Internal Customer Service Affects External Customers.* McGraw Hill. New York

Haupt, A (2002). *Dimensions of Customer Service in Banking Industry*. McGraw Hall. New Jersey

Jacob, F (2006). Preparing industrial supplies for customer integration. *Industrial Journal of Marketing Management*, 35. pp 45−56

Johnson, E. (2006). *Brand and the Impact on Loyalty*. Prentice Press. New York

Johnson, P and Christensen, A. (2009). *Quality Research*. USA, Prentice- McGraw Hill Companies.

Kole, A (1997). *Customer Service for Organisational Service*. Oxford. Oxford University Press

Kothari, J. (2004). *Research Methodology and Techniques*. Bangalore. India

Kotler, P. (1997). *Marketing: An Introduction*. Second Edition, USA, Prentice- McGraw Hill Companies.

Liao, H., and Chuang, A. (2004). A multilevel investigation of factors influencing employee service performance and customer outcomes. *Academy of Management Journal*, *47*(1). pp 41- 58.

Lieberman, M (2002). *Interpretation of Institutional Theory*. McGraw Hall. New York

Low, B and Bhattacharya, P. (2006). *Behaviours envisaged on Customers*. Sage International

Machan, T.R. (1999), Entrepreneurship and Ethics, in *USA International Journal of social Economics*, Vol. 26 (5), pp.596-609.

Manongi, P (2006) *Assessment of Customer Service Provision among Commercial Banks in East Africa*. Nairobi University Press

Murphy, R. (2005). "*The Good Company*". The economist, 20th January 2005

Ndunguru, P. (2006). *Lectures on Research Methodology for Social Sciences*. Mzumbe University. Mzumbe University Press

Ngowi, P (2008) "How information power can improve service quality", *Planning Review*, Vol. 19 No. 3, pp. 24-6.

Olomi D.R and Rutashobya, L. (2002), *African Entrepreneurship and Small Business development*. Dar es Salaam: Dar es Salaam University Press

Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1988), "A conceptual model of service quality and its implications for future research", *Journal of Marketing*, Vol. 49 No. 3, pp. 41-50.

Picciano, J (2007). *Case Study Design*. Prentice- McGraw Hill Companies. New York

Preston, B (1997). *Mechanism for Customer Service enhancement*. Oxford. Oxford University Press

Rahman F, Sharma, A and Mehta, J. (2012), "Expectations, performance evaluation, and consumers' perceptions of quality", *Journal of Marketing*, Vol. 57, October, pp. 18-34.

Rhee, H and Bell, D. R. (2002). The inter — store mobility of supermarket shoppers. *Journal of Retailing* 78(4):225 — 237.

Rose, J (2007). *Evaluation of Customers' Satisfaction. A Review of Service Quality Model*. McGraw Hall. New Jersey

Rosenblatt, H. (2003), *The Customer Comes Second*, Sage Publications.

Russell, J., and Russell, L. (2011). *The Next Level of Performance Management*. T + D, 64, (4), 42-48.

Samson, H. E and Litle, W. G. (1993). Retail *Merchandising: consumer Goods and Services*. 11th Ed. Cincinnati. South — Western.

Sauer, J (2003). *Environmental Determinant Theory. A Review of Literatures.* McMillan. New York

Schuler, B and Cording, F (2006). *Customer Satisfaction*. Sage International

Singh, A (2005) "The relationships of customer satisfaction, customer loyalty and profitability: an empirical study", *International Journal of Service Industry Management*, Vol. 7 No. 4, pp. 27-42.

Thompson, M, Carman, J.M and Langeard, E. (1985). Growth strategies of service firms. *Strategic Management Journal*, 1, 7-22.

Waddock, P (1997). *Competitive Advantage in service oriented firms*. Prentice Press. New York

Waweru, N. and Kalani, V. (2009) Commercial Banking Crises in Kenya: Causes and Remedies, African Journal of Accounting, Economics, *Finance and Banking Research* 4(4), [Online] Available at: http://www.globip.com/pdf_pages/african-vol4-article2.pdf [Accessed 04 March 2015].

Weick, J (1988) "Consumer perceptions of service quality", *Journal of Retailing*, Vol. 66, pp. 33-55.

Williamson, A (1985). *Transactional Cost Economics Theory. A Review of Perspective*. McGraw Hall. New Jersey

Wright, A (1997). *CSR and its Importance.* Prentice Press. New York

Yin, R.K. (2003). Case Study Research: Design and Method: *Applied Social Research Methods,* Vol.5: Sage Publications Ltd.

APPENDICES

Appendix 1: Questionnaires for KCB Bank customers

Topic: Effects of Customer Service on Organizational Performance; A case of KCB Bank Morogoro Branch

Dear respondent, below is a set of questionnaires seeking your answers. The questions are for academic purpose only. Thus, your knowledge and experience are highly appreciated to help the researcher meet the required undertaking. Yours; Dafrosa Kihombo

PART A: Influence of customer service provision

1. *Please indicate your agreement or disagreement regarding the influence of customer service provision as follows; 1) SA=Strongly Agree 2) A=Agree 3) U=Uncertain 4) D=Disagree 5) SD=Strongly Disagree.*

Influence	**Choice**				
	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Customer service provision increases customers					
Customer service provision increases the passion to deliver and win					
Customer service builds job confidence among employees					
Customer service enhances the internal business processes for the organization performance					
Customer service contributes to organisational profitability and financial performance					
Customer service contributes to the reduction of organisation costs					
Customer service contributes to the reduction of public relation costs					
Customer service enhances corporate image					

2. What are the other influences do you know? (specify)

i)…………………………………………………………………………………….

ii)…………………………………………………………………………………….

iii)……………………………………………………………………………….

PART B: Available mechanisms and strategies to improve customer service at KCB Bank

3. Are among these mechanisms and strategies able to improve customer service? *(Tick where appropriate).*

Mechanism	Choice				
	Strongly agree	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
Establishing more accessible and transparent payment and withdraw facilities					
Strengthening the capacity to follow-up cases of un fair treatment of customers					
Provision of information to esteemed customers always					
Establishing the relationship between employees and customers					
Making customers to comment on the employees' services					
Establishing and enhancing control mechanisms					

4. Please can you provide other mechanisms or strategies? (Specify)

i)……………………………………………..ii)……………………………………

iii)……………………………………………iv)…………………………………..

PART C: Extent to which customer service mechanisms and strategies have enhanced KCB Bank performance

5. What is the extent to which customer service mechanisms and strategies have enhanced performance? (elaborate)

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

…………………………………………………………………………………

4. Why is that extent attained? (elaborate)

………………………………………………………………………………………………
………………………………………………………………………………………………
………………………………………………………………………………………………
………………………………………………………………………………………………
…………………………………………………………………………………

Appendix 2: Interview Guide questions

Topic: Effects of Customer Service on Organizational Performance; A case of KCB Bank Morogoro Branch

Dear respondent, below is a set of interview guide questions seeking your answers. The interview questions are for academic purpose only. Thus, your knowledge and experience are highly appreciated to help the researcher meet the required undertaking. Yours; Dafrosa Kihombo

i) What is the influence of customer service provision on customers' acceptability of services provided by KCB Bank, Morogoro branch?

ii) To what extent do customer service mechanisms and strategies enhance the performance of KCB Bank, Morogoro branch?

iii) What are the available mechanisms and strategies that improve customer service at KCB Bank, Morogoro branch?