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Factors Influencing Customer Satisfaction as a Competitive Advantage in Commercial Banks in Kenya: A Case Study of Credit Bank Limited

Hillary Kiptoo Rotich

Student, School of Human Resource and Development,
Jomo Kenyatta University of Agriculture and Technology JKUAT, Kenya

Dr. Walter B. Okibo

Lecturer School of Human Resource Development,
Jomo Kenyatta University of Agriculture and Technology, JKUAT, Kenya

Evans Magara

Engineer, Department of Meteorological services,
Ministry of Environment Water and Natural Resources, Kenya

Abstract:

Customer satisfaction is critical in the survival of banks in the current competitive markets in the world in general. They depend on satisfying their customers for them to remain with them as they look for other customers to increase their performance. In Kenya banks are not left out either, they have researched on different ways to satisfy their customer this has included staff training in customer service, establishment of corporate counters for corporate customers and the introduction of customer service level agreements. The establishment of corporate counters has seen the corporate customers to receive a faster service which is customized to their ever changing needs. With the ever changing markets and the competition associated with it customer satisfaction has become a competitive strategy in the commercial banks in Kenya. Banks depend on sufficient and sustaining strategies to survive in the banking sector. Customers are the main source of banks' profitability therefore getting strategies to retain customers, then is a key headache to current managers. Many studies have established that there is a link between satisfaction and competitiveness of the banks in terms of customer satisfaction and retention. This study analyses the factors influencing customer satisfaction as a competitive advantage in commercial banks in Kenya, a case study of credit bank limited from the banks' customer perspective. The study sought to determine how organization responsiveness influences customer satisfaction as a competitive advantage in commercial banks in Kenya, to establish how organization assurance influence customer satisfaction as a competitive advantage in commercial banks in Kenya and to determine how organization reliability influence customer satisfaction as a competitive advantage in commercial banks in Kenya. Descriptive research design was used in this study in exploring the subject. Both primary and secondary data was used and this was collected using questionnaires designed appropriately for the purpose. The total population was 536 credit banks, corporate customers' from which using simple random sampling, a sample size of 161 customers was used. The data was analyzed using frequencies, means and standard deviation and the result presented using tables, pie charts, and graphs where applicable in the presentation of data.

Keywords: Assurance, customer satisfaction, reliability, responsiveness

1. Introduction

According to Chalotra, V. (2013), prior to the dawn of the 20th century customers client relationship relied on an old means of interaction, such as face to face conversation, if a customer had a question, problem or concern with a product or service, they could get to their horses and return to the original store, if they needed a repair the would wait for weeks for a repair man to come and do the repair.

In 1876 the first telephone were sold in pairs and only work between each other, when telephone use began to expand switch boards were setup across the country to allow for multiple phone calls, if a customer were wealthy enough to own their own phones their homes would be setup and they could directly communicate with the store they purchase their product or sort their service, Parmar, H. A. (2012).

In 1960's large companies began investing in departments strictly dedicated to answering and receiving customer enquiries and complains, customer support centers were born. This center becomes prolife with advent of interactive voice response. In 1962

American bell telephone system was introduced, the phone was linked to computer and one could dial numbers with buttons rather than rotary dealing.

In 1967 interactive voice response was incorporated in customer service centers with limited vocabularies in the subsequent years an elaborate new technology emerged and complex phone tree arose. In late 1980's, outsource customer service began, it was not considered formal customer service until 1990's when companies begun to focus on cost saving measures and most customers services centers were set across the globe especially in India, Zeng, A. Z. (2003). In mid-1990 email and live chat support centers were introduced as companies could build websites, emails address that could support live and interactive session with a customer service person, Hassan, F. (2012).

In 2000 customer service centers become widely used with aid of social media services, with proficiency of social media the interaction between customers and companies took a step further on the technology, customers can now comment on social media their concern with customer service responding to customer queries instantly, Mohan, A (2013).

In the current technology, consumer computer come equipped with remote desktop which allow external devices to be connected to the computer via a network. This remote administration is used primarily in technology support systems.

1.1. Statement of the Problem

In the face of slowing industry growth and new competition, today's retail banks are under tremendous pressure to grow organizationally with formidable competition from both traditional brick and mortar operations and emerging internet banks. A large number of banks are having trouble meeting customer performance expectations because they unable to differentiate their business, social and cultural differences, Satisfaction perceived by developed countries customers is different from how Kenya's perceive satisfaction and poor customer focus on customer service that likely to result to customers responding to new opportunities.

According to Central bank of Kenya prudential guidelines (2009), a bank on receiving a complaint shall provide a complainant with a prompt written acknowledgement (at least within seven days of receipt of complaint) that has received the complaint and is addressing the issues. In addition, over the past decade communication and assurance has become an important instrument for monetary policy makers (Woodford, 2003). By communicating clearly and frequently central bank provide accountability to the public. Consequently, some commercial banks have perfected it and tried to use it to gain a competitive edge. It is in this regard that the research sought to find out whether credit bank has managed to use it to gain a competitive edge. This research examines customer satisfaction as a tool of gaining a competitive edge in credit bank. Thus, a research on the factors that influence customers satisfaction in credit bank Ltd opens new doors to new information such customer's service levels and the bank focus on quality to retain customers in credit bank limited

1.2. Objectives

To determine the level of organization responsiveness in Credit bank

To investigate organization assurance of Credit bank

1.3. Justification of the Study

This study majors on the three parameters of the service quality model which, according to KPMG survey (2013), emerged as top parameter that influence customer satisfaction in most commercial banks.

This study contributes valuable knowledge to the field of asset customer service as a strategy in Credit Bank and it extends it to all Banks in Kenya. It is the only study that has focused on customer service in Credit Bank. As such, the research is expected to produce hitherto unavailable knowledge on this subject. It therefore forms a useful material for reference to other researchers and other readers in general. This study influences the practice of human touch relationship rather than a profit oriented relationship by Banks in Kenya. In the attempt to deal with the increase in customer satisfaction which increases interest and customer retention lending policies generated through research. Using such specific knowledge improves the quality of customer service in banks and raises the economic condition of the country in general

2. Theoretical literature Review

2.1. Organizational Responsiveness

This dimension reflects the willingness or readiness of employees to provide quick services to customers. Customers are very keen to employees' behavior in services industry, especially in the banking industry. It was reported that customers are very sensitive to employees' working environment in service organizations (Brown & Mitchell, 1993). It was found that the correct match between staff skills and customers' expectation resulted in better service quality towards customers, (Gollway & Ho, 1996). Service recovery and problem solving have been recognized as important parts of services quality (Nelson and Chan, 2005). Comparative Study of Islamic Banking 57 Tahir and Abu Bakar (2007) investigated service quality and customer satisfaction of commercial banks by using service quality in Malaysia. They found that responsiveness is rated as the most important dimension of service quality. It was found that accurate communication, proper service delivery and effective conflict handling results into overall customer satisfaction regarding bank services in Malaysia (Nelson, 2006).

2.2. Organization Assurance

According to Wong & Sohal (2002), a direct relationship between consumers' perception of service quality and the quality of the relationship with the organization and its employees is very critical. Empathy and understanding customer needs are very important as customers consider them vital when rating service quality and both factors were key factors enabling the building relationships as a result of customer satisfaction.

According to Bollen & Emes (2008), the concept of relationships is a series of repeated exchanges between two parties known to each other. In the research carried out showed that 71% of respondents agreed that companies were lacking the personal touch to their customers and this created a feeling of frustration and not being valued in the organization. A friendly service is more important than a professional service since most customers preferred a friendly service in the organizations under the study. In public service a personal touch was found to be important as customers preferred to be treated with integrity and respect in their transactions.

According to David, (2001), new customers place a higher importance on customer relationships due to the demise of other, more traditional sources of social relationships, such as the church. Customers will look to brands to obtain some sense of affiliation and in this customer satisfaction comes in handy as a competitive strategy for these companies.

2.3. Research Methodology

Descriptive survey method enables a look of intense accuracy at the phenomena of the moment and then helps the researched describe precisely what is seen (Saunders et al., 2007). Descriptive research design provides solutions to the research problem in this study because it will give a complete description of the situation and often use visual aids such as graphs and charts to aid the reader understand the finding of the research. According to Mugenda, (2003), the population is a group of people, events or activity from which a sample can be drawn for the purposes of a research. It is also a total collection of elements about which we wish to make some inferences. For this research the target population will be 536 corporate customers in credit bank, these are the total number of corporate customer in the credit bank database as at July 2014. According to Maxwell (2005), a sample size must be at least 30% of the total population under research. Since the target population under study is homogeneous, simple random sampling technique was used to get a sample size of 161 corporate customers which represent 30% of the target population. The study adopted descriptive statistics analysis method to analyze data gathered. The Statistical Package for Social Sciences (SPSS) computer software was used for analysis to generate data array that was used for subsequent analysis of the data. The data was cleaned, coded, categorized per each of the research variables and then analyzed. The data then was analyzed using percentage, mean and STD deviation. Inferential statistics through the use of Pearson correlation was to establish the relationship between the research variables. The findings were presented using frequencies, tables, pie charts and graphs where applicable

3. Findings

3.1. Organization Responsiveness

As shown in the table 1, the parsons' correlation was used in the analysis of the results obtained. In the results it showed that employees make information easily obtainable for customers ($M=4.44$, $SD=0.765$) and employees give prompt services to customers ($M=4.27$, $SD=0.893$) in the responses there was a strong and significant correlation of the two variables, $r(159) = 0.046$, $p = 0.562$. In the responses of the question employees make information easily obtainable for customers ($M=4.44$, $SD=0.765$) and if employees are always willing to help customers ($M=4.48$, $SD=0.662$) the responses strongly and significantly correlate, $r(159) = -0.091$, $p = 0.250$. Employees make information easily obtainable for customers ($M=4.44$, $SD=0.765$) and if employees are never too busy to respond to customer complains ($M=4.30$, $SD=0.900$) the two responses from the respondents strongly and significantly correlate $r(159) = 0.053$, $p = 0.505$. From these analyses, customers confirmed that employees make information easily obtainable for customers of the bank; they also give prompt services to the customers besides being always willing to help customers whenever they have a complaint. Employees spend their time with the customers and are never too busy to respond to the customer complaints. All these responses strongly correlate and any change in employee response to the customers affects the way customers perceive the services offered which in turn translates to customer satisfaction. (Brown & Mitchell, 1993) found that correct match between staff skills and customers' expectation resulted in better service quality towards customers. Therefore, organizations should be keen to the customer demands if they are to increase their responsiveness to customers and the general customer satisfaction.

		Employees make information easily obtainable for customers	Employees give prompt services to customers	Employees are always willing to help customers	Employees are never too busy to respond to customer complains
Employees make information easily obtainable for customers	Pearson Correlation	1	.046	-.091	.053
	Sig. (2-tailed)	.	.562	.250	.505
	N	161	161	161	161
Employees give prompt services to customers	Pearson Correlation	.046	1	-.114	.981(**)
	Sig. (2-tailed)	.562	.	.148	.000
	N	161	161	161	161
Employees are always willing to help customers	Pearson Correlation	-.091	-.114	1	-.107
	Sig. (2-tailed)	.250	.148	.	.175
	N	161	161	161	161
Employees are never too busy to respond to customer complains	Pearson Correlation	.053	.981(**)	-.107	1
	Sig. (2-tailed)	.505	.000	.175	.
	N	161	161	161	161

Table 1: Correlations between the variables in organization responsiveness

** Correlation is significant at the 0.01 level (2-tailed).

3.2. Organization Assurance

As shown in the table 2, customers were asked to give a feedback on the services they get in the bank if they are satisfied or not. The measures of central tendency were computed to summarize the data for organization assurance so as to understand the variability of the results provides in the study in this analysis it was found that the employees were polite to customers (N=161, M=4.35, SD=0.93) from the mean it showed that most customers strongly agreed that the employees were polite this as a result provoked the feeling of coming again to bank with credit bank when asked if they feel safe in their transactions with the employees of the bank (N=161, M=4.32, SD=0.93). The customers confirmed that they feel safe transacting with the bank, a majority of them strong agreeing. The behavior of employees instill confidence to customer (N=161, M=4.37, SD=0.77) and also the customers indicated that employees have knowledge to answer customer questions effectively (N=161, M=4.15, SD=0.84). A person's correlation coefficient was then computed to assess the relationship between the variables in the study. The relationship between employees being polite to customers and the customer feeling safe in their transaction with the employee, there was a significant positive correlation between the two variables, $r(159) = 0.983$, $p < 0.01$ overall there was a strong, positive correlation whereby an increase in customers feeling safe in their transactions with employee there was a corresponding increase in the number of customers feeling that the employees were polite to them. A Pearson's correlation between employees being polite to customers and the behaviour of employees instil confidence to customers, $r(159) = -0.014$, $p = 0.863$. Employees being polite to customers and employees have knowledge to answer to questions from customers, $r(159) = -0.088$, $p = 0.269$. The correlation between customers feeling safe with their transactions with employees and the behaviour of employees instil confidence to customers, $r(159) = -0.006$, $p = 0.939$. The correlation between customers feeling safe with their transactions with employees and employees having knowledge to answer customer questions, $r(159) = -0.078$, $n = 161$, $p = 0.323$. Also the correlation between the behaviour of employees instil confidence to customers and employees having knowledge to answer customer questions, $r(159) = -0.043$, $p = 0.592$. This result is supported by the finding of Wong & Sohal (2002), which showed that a direct relationship between consumers' perception of service quality and the quality of the relationship with the organization and its employees is very critical for customer satisfaction and empathy and understanding customer needs is very important as customers consider them vital when rating service quality and both factors were key factors enabling the building relationships as a result of customer satisfaction.

		Employees are polite to customers	The customer feel safe in their transactions with the employee	The behavior of employees instill confidence to customer	Employees have knowledge to answer customer questions
Employees are polite to customers	Pearson Correlation	1	.983(**)	-.014	.088
	Sig. (2-tailed)	.	.000	.863	.269
	N	161	161	161	161
The customer feel safe in their transactions with the employee	Pearson Correlation	.983(**)	1	-.006	.078
	Sig. (2-tailed)	.000	.	.939	.323
	N	161	161	161	161
The behavior of employees instill confidence to customer	Pearson Correlation	-.014	-.006	1	-.043
	Sig. (2-tailed)	.863	.939	.	.592
	N	161	161	161	161
Employees have knowledge to answer customer questions	Pearson Correlation	.088	.078	-.043	1
	Sig. (2-tailed)	.269	.323	.592	.
	N	161	161	161	161

Table 2: Correlations between the variables in organization assurance

** Correlation is significant at the 0.01 level (2-tailed).

4. Conclusion

The research showed that organizations make information easily accessible to customers as a competitive strategy this makes customers trust the organizations and hence doing business with them. At the end of it all these organizations expand their customer base. The research showed that giving prompt services to customers is a competitive advantage in the banking industry. It was observed that the behavior of employees instill confidence in the customers, therefore it is a good strategy of customer service .When employees are polite to customers, the customers feel save in their transaction with the organization. The research showed that if employees promised and delivered to the promise the customers feel good and continue banking with the banks

5. Recommendations

- i. In some cases, employees are not willing to help customers these may be as a result of work related or personal stresses. The organizations should come up with the wellness plans to help in the kind of situations
- ii. The assigned duties to the employees should not be overwhelming to the point that they are too busy to respond to customer complaints
- iii. The research showed that good knowledge of organization products is good to answer customer complaints therefore the organizations should be willing to train their employees at all times to enable them answer customers well.
- iv. The research showed that some services take more time to be offered; therefore it is good for the organizations to improve on time so as to improve their customer service levels.

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