

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Factors Affecting Employee Service Delivery in Organizations: A Case of Agricultural Finance Corporation of Trans Nzoia County, Kenya

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Abstract:

This study sought to investigate the factors affecting employee service delivery in Agricultural Finance Corporation (AFC), Trans-Nzoia County. The study was guided by the following objectives: - To find out how employee motivation affect service delivery in agricultural financial corporations, to find out how employees training influence service delivery, to assess the extent to which work schedules affect service delivery in financial institutions, and lastly to find out how work flow in financial institution affect the way services are being offered to customers. This study tried to examine the factors affecting employee service delivery on customer satisfaction in Agricultural Finance Corporation in Kenya.

The study adopted a descriptive case study. Data was collected from the population by use of questionnaires and interviews. The sample selected consisted of 165 respondents from the Agricultural Finance Corporation in Trans Nzoia County which included managers, supervisors and operational staff. Content validity of the instruments were examined and approved by experts from the field of service delivery. Furthermore, the researcher used pretest and test – retest to confirm the reliability of the research instruments. Data was analyzed using regression analysis and presented using Tables, Figures to communicate findings. The study deduced that there was a significant direct relationship between training mentioned by the firm and employee service delivery, that motivation programs are more likely to enhance employee service delivery than without, there was a significant positive relationship between work flow patterns and employee service delivery and, that there was a significant direct relationship between work scheduling maintained by the firm and employee service delivery.

Keywords: *Motivation, employees training, work flow, work schedules*

1. Introduction

A financial institution is an organization that provides goods and services to its clients. These services are in form of tailored products targeting a diversified market outreach, United Nations (2012). Service delivery may be explained as the way organizations offer financial goods and services to the customers. Services delivery normally brings out the level of performance of a financial institution within the market when compared to its other competitors and especially the feedback given by the customer's satisfaction (Sayibo, 2005).

A financial institution will normally develop and roll out products and services that it knows are customer focused and that will make it have a competitive advantage over its fellow competitors who may be having almost similar products to itself. Customer satisfaction has been a fundamental marketing construct in the last three decades. In the past, it was unpopular and unaccepted because companies thought it was more important to gain new customers than retain the existing ones (World Bank, 2012). Majority of financial institutions have engaged in a war of rolling out new products and potential customers prior to checking the level of satisfaction on the current product they are offering to them. As a crucial responsibility of government and government institutions, the public service should deliver services that a society requires to maintain and improve its welfare. To do this, government institutions require organizational structures and suitably qualified people who must be supported to deliver the services they are responsible for.

1.1. Problem Statement

Financial institutions are operating in a dynamic environment surrounded by many factors threatening their survival, Organization for Economic Co-operation and Development (2008). Saving mobilization is becoming a vital component of many micro enterprise

credits programs because it is recognized that domestic savings provide the basis for sustainable funding rather than relying on donor support. In Kenya, financial infrastructure is poor and under developed and as a result, the financial institutions have not been able to adequately mobilize savings deposit from the rural informal urban sector. Thus there is a huge gap that the formal financial institutions leave in the provision of financial services. Agricultural finance co-operation of Kenya was established to provide financial services, to the rural farmers who have previously had no access to financial service, yet they are the players in the agricultural sector that forms the back born of Kenya's economy.

At a glance the general performance of Agricultural Finance Corporations savings deposits over the years seems to be decreasing due to the factors affecting service delivery to their customers and these factors include motivation, training, work schedule and work flow. Micro finance industry is now affected by strong competition from commercial banks which have begun to target micro finance institutions traditional customers, new micro finance institutions have continued to be created in microfinance industry, the micro finance clientele is becoming more sophisticated concerning the quality of services they acquire or expect (Murray, 2007). These factors may negatively affect the micro finance institutions.

1.2. The Purpose

The general objective of the study was to find out factors affecting employee service delivery in Agricultural Finance Corporation in Trans Nzoia County in Kenya. The study identified four factors that could affect employee service delivery these were; employee motivation, training, employee work schedule and finally, employee work flow in Agricultural Finance Corporation in Trans Nzoia County. The findings from this study would enhance the process of formulating appropriate policies that will stimulate the increase in flow of service delivery to the customers in financial institution.

1.3. Theoretical Framework

1.3.1. Herzberg Two Factor Theory

According to Herzberg theory, service delivery and dissatisfaction is caused by two sets of factors these are motivation factor and hygiene factor. One set of needs stems from the "animal nature" while other sets of needs relates the unique human characteristics to the ability to achieve, and experience psychological growth. In this way, Herzberg's Two Factor Theory advance distinction between hygiene factors, the absence of which could make a worker unhappy (Africana, 2003). Hygiene factors include organizations policies, salaries, supervision, leadership and working conditions. Motivation includes recognitions, responsibilities and job issues. The theory was suitable for the study as it outlined the various factors that when put into consideration by managers will enhance employee service delivery through the cited hygiene factors.

1.3.2. McGregor's Theory -Y

According to Mc Gregory's motivation theory Y, the assumption is that work is neutral and it is a right for the people to enjoy. The theory has a set of human and supportive set of assumption about people. According to the theory, employees who are satisfied with the job will work effectively and productively hence delivering quality services to their clients. The management should assume that non-managerial employees can work without supervision if the right work environment is given (Waterfield, 2008). He suggest that managers should involve employees in decision making, provide challenges and rewarding jobs for employees and establish human growth relationship. Such employees will derive satisfaction from the job, to service delivery to the customers. An employee who is satisfied will work without supervision hence satisfying their needs. The theory assisted the researcher gain an understanding that employees who are satisfied with the job will work effectively and productively hence delivering quality services to their clients. Thus was useful to the study as management should assume that non-managerial employees can work without supervision if the right work environment is given.

1.3.3. Service Quality Dimension Theory

According to Parasuraman (1985, 1988 and 1991) it is paramount to understand how people make choices to develop policies, marketing strategies, product designs and business investment decisions. He brings together five dimensions of service quality (Servqual). The dimensions are individual factors, price factors, risk factors, service product factors, user input factors and demographic characteristics.

Customer service quality includes the customer's perspective and the service provider perspective. Customer service provider perspective relates to the differences between customer expectations of service provider performance and their evaluation of the services they received.

This measures the rate of competition since customers decide whether to retain status quo or to try another company offering more or like the same products and services. According to Bansal (2004) Service quality is seen as perceived judgment, resulting from an evaluation process where customers compare the expectations they perceive to have received. Expectations could be of three types, fuzzy, implicit and explicit. Fuzzy expectations are those that customers expect the service provider to deliver but do not have a precise picture of what this would be. In other words they perceive that something should be done but they specifically don't know what it should be (Ojasolo, 2001). The theory was relevant as it outlines the expectations of customers in relation to the service received hence appropriate to measure the various indicators that motivate employee service delivery in organizations.

1.4. Nature of the Study

The research adopted a descriptive case study research design. Descriptive case study research design seeks to obtain information that describes existing phenomena. In so doing, it seeks individuals' exact perceptions; attitude, behavior or values to determine and report the way things are to enable description of characteristics associated with target population, estimation of proportions of a population that have these characteristics and discovery of associations among different variables. Descriptive research portrays an accurate profile of persons, events or situations in their current state (Mugenda&Mugenda, 2003). These two approaches are vital to enable an understanding of the factors affecting service delivery on customer satisfaction in AFC.

1.5. Research Hypotheses

- Ho₁: There is no relationship between motivation and employee service delivery in Agricultural Finance Corporation in Trans Nzoia County.
- Ho₂: There is no relationship between training and employee service delivery in Agricultural Finance Corporation in Trans Nzoia County.
- Ho₃: There is no relationship between work schedules and employee service delivery in Agricultural Finance Corporation in Trans Nzoia County.
- Ho₄: There is no relationship between workflow and employee service delivery in Agricultural Finance Corporation in Trans Nzoia County.

2. Research Method

The study targeted the management, supervisors and supporting staff of the AFC offices in Trans Nzoia County. These are the people in the organization who provided the information required for the study. The study population in AFC included Managers, Supervisors and supportive. Purposive sampling approach was used to collect data. The study sought data from all the departments within the AFC Kitale Branch. The population was divided into homogeneous subgroups and a simple random sampling was done on each group in order to get the required number of respondents. The sub group included managers, supervisors and supporting staff of the AFC Kitale Branch. The sample size was derived from Krejcie and Morgan (1970). The sample size for the study was 90 employees who were randomly selected from all the sections and distributed proportionately according to gender.

The data collected was analyzed using the Chi-square to meaningfully describe the distribution of measurements of the phenomena under study. This involved use of observed frequencies and expected frequencies at a significance level of 0.05 and presented using tables. The Chi-square model fitted the study to test the independent variables (motivation, training, work schedules and work flow) and how they affect the dependent variable (service delivery).

2.1. Instruments

Data for this study was gathered through questionnaires (Sigleton, 2004). This is because questionnaires are used to obtain information about a population. Questionnaires were used since most of the target respondents of the research like the managers, supervisors, staffs are always busy. Therefore the respondents were able to fill the questionnaires at their own convenience.

2.2. Data Collection and Analysis

The researcher carried out the research through the use of primary data. According to Kothari (2004) primary data is data which is collected afresh and for the first time and thus happens to be original in character. The data collected was analyzed using the Chi-square to meaningfully describe the distribution of measurements of the phenomena under study. This involved use of observed frequencies and expected frequencies at a significance level of 0.05 and presented using tables. The Chi-square model fitted the study to test the independent variables (motivation, training, work schedules and work flow) and how they affect the dependent variable (service delivery) as computed below:

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

Where

χ^2 = Service Delivery,

O = Observed frequencies for O₁ = Motivation, O₂ = Training, O₃ = Work Schedules, and O₄ = Work Flow

E = Expected frequencies

3. Measurement

This section provides results and discussions which were based on the four hypothesis of the study

3.1. Motivation and Employee Service Delivery

The study sought to show the effect of motivation on employee service delivery and findings are shown in table 1.

Variable	Employee Service Delivery		
	Observed F	Expected F	Chi-square Values
Reward system	21	20	0.050
Job satisfaction	20	20	0.00
Managers motivation	18	20	0.200
Work flow	19	20	0.050
TOTAL	80	80	0.300

Table 1: Relationship between Motivation and Employee Service Delivery

As portrayed in table1 the calculated Chi-square for reward system was 0.05, Job satisfaction was 0.00, Managers motivation was 0.20 and motivation frequency was 0.05. The overall Chi-square value for motivation was 0.3 which was lower than the critical table value of 7.81 at a significant level of 0.05. The result shows that motivation systems are more likely to enhance employee service delivery, since there was no significant difference between observed and expected frequencies. These findings are similar to previous research findings by Hyde (1997), who asserted that motivation of employees, which includes recognition, responsibility, will make the employee to love the job he/she is undertaking hence providing customer satisfaction services which intend to increase profitability in the organization.

3.2. Training and Employee Service Delivery

The study sought to show the effect of training and employee services delivery and findings are as shown in table 2.

Variable	Employee Service Delivery		
	Observed F	Expected F	Chi-square Values
Training program	22	20	0.200
Quality training	18	20	0.200
Requisite skills	17	20	0.450
Procedural training	23	20	0.450
TOTAL	80	80	1.300

Table 2: The relationships between training and employee service delivery

From the table 2 above, the calculated Chi-square values for training programs were 0.200, quality training was 0.200, requisite skills were 0.450 and procedural training was 0.4500. This result indicates that the Chi-square value for training and employee services delivery was 1.300 which was lower compared to the critical table value of 7.81 at a significant level of 0.05, thus there was no significant difference between training and employee service delivery. The findings show a direct relationship between training maintained by the firm and employee service delivery. Therefore, organizations with proper laid down employee training programs will enhance employee service delivery and thus increase the levels of customer satisfaction, than a firm that does not maintain

3.3. Work scheduling and employee service delivery

The study also sought to determine the relationship between work scheduling and employee service delivery, table 3 shows the study findings.

Variable	Employee service delivery		
	Observed F	Expected F	Chi-square Values
Job specificity	23	20	4.500
Nature of work	21	20	0.050
Routineness	20	20	0.000
Team spirit	16	20	0.800
TOTAL	80	80	6.100

Table 3: Relationship between work scheduling and employee service delivery

From the table 3 above, the calculated Chi-square value for job specificity was 4.500, nature of work was 0.050, routineness was 0.000 and team spirit was 0.800. This result indicates that the Chi-square value for work scheduling and employee services delivery was 6.100 which is lower compared to the critical table value of 7.81 at a significant level of 0.05, thus there was no significant difference between work scheduling and employee service delivery. There is a direct relationship between work scheduling maintained by the firm and employee service delivery. Research has conjectured that what a person does at work, i.e. the nature of the job or fulfilled tasks, can influence customer satisfaction (Wright, 2001). In other words, it is not the sector itself that determines customer satisfaction patterns, but rather the content and type of the performed tasks (Buelens & Van den Broeck, 2007).

3.4. Work Flow and Employee Service Delivery

The study sought to show the relationship between work flow and employee service delivery and findings are shown in table 4.

Variable	Employee Service Delivery		
	Observed F	Expected F	Chi-square Values
Supervision	24	20	0.800
Work flow patterns	21	20	0.050
Ethical standards	18	20	0.200
Work fairness	17	20	0.450
TOTAL	80	80	1.900

Table 4: Work flow and employee service delivery

As portrayed in table 4 above, the Chi-square results of work flow employee service delivery for supervision was at 0.800, work flow patterns was 0.050, ethical standards was 0.200 and work fairness was 0.450. The overall Chi-square value for work flow and employee service delivery was 1.900 which was lower than the critical table value of 7.81 at a significance level of 0.05. This result confirms that there is a significant difference between work flow patterns and employee service delivery. Work flow context involves matters that are both in the immediate and extended environment of the employee (Perry & Porter, 1982).

4. The relationship between the independent variables and employee service delivery

The study also sought to determine the correlation between factors affecting employee service delivery. Table 5 shows the study findings

Variable	Employee Service Delivery		
	Degree of Freedom	Chi-square Values	Critical Table Values
Motivation	3	0.300	7.810
Training	3	1.300	7.810
Work scheduling	3	6.100	7.810
Work flow	4	1.900	7.810

Table 5: The relationship between the independent variables and employee service delivery

As portrayed in Table 5, it can be deduced that from the various factors affecting employee service delivery, motivation has a greater effect with a Chi-square value of 0.300, followed by employee training with a Chi-square value of 1.300, while work flow followed with 1.900 and lastly work scheduling with a Chi-square of 6.100 at a critical table value of 7.810 and at a degree of freedom of 3, at significant level of 0.05. These findings are similar to previous research findings by (Hyde, 1997). Who asserted that motivation of employees which includes recognition, responsibility, will make the employee to love the job he/she is undertaking hence providing customer satisfaction services which intend to increase profitability in the organization.

5. Summary of Findings

Concerning the effect of motivation on employee service delivery, it was deduced that motivation programs are more likely to enhance employee service delivery than without. These findings are similar to previous research findings by (Hyde, 1997). Who asserted that motivation of employees which includes recognition, responsibility, will make the employee to love the job he/she is undertaking hence providing customer satisfaction services which intend to increase profitability in the organization.

Concerning the effect of training on employee service delivery, it was deduced that there was a significant direct relationship between training maintained by the firm and employee service delivery. Therefore, organizations with proper laid down employee training programs will enhance employee service delivery and thus increase the levels of customer satisfaction, than a firm that does not maintain. The findings are in line with some motivation theories that suggest that training can serve as a motivator to employee service delivery.

Concerning the effect of work scheduling on employee service delivery, it was deduced that there was a significant direct relationship between work scheduling maintained by the firm and employee service delivery. Research has conjectured that what a person does at work, i.e. the nature of the job or fulfilled tasks, can influence customer satisfaction (Wright, 2001).

Concerning the effect of work flow on employee service delivery, it was deduced that there was a significant positive relationship between work flow patterns and employee service delivery. Work flow context involves matters that are both in the immediate and extended environment of the employee (Perry & Porter, 1982). Immediate surrounding pertains to employee's peer group, supervisor, and the desire to work in a friendly and respectful atmosphere. The extended environment includes elements of job security and stability, and type of organizational reward system. Conducive work flow patterns when put in place will enhance employee performance and overall customer satisfaction.

5.1. Recommendations

The study sought to investigate on the factors affecting employee service delivery in Agricultural Finance Corporation in Trans-Nzoia County and come up with recommendations. The study recommends that motivation of employees should include recognition, responsibility that will make the employee to love the job he/she is undertaking hence providing customer satisfaction services which

intend to increase profitability in the organization. The study also recommends that organizations should have proper laid down employee training programs to enhance employee service delivery. Firms should adopt job characteristics like routineness and job specificity to enhance employee service delivery. The study also recommends that Conducive work flow patterns should be put in place to enhance employee performance and overall service delivery.

5.2. Suggested Areas for Further Research

A similar study could be done in other financial institutions so as to compare findings.

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