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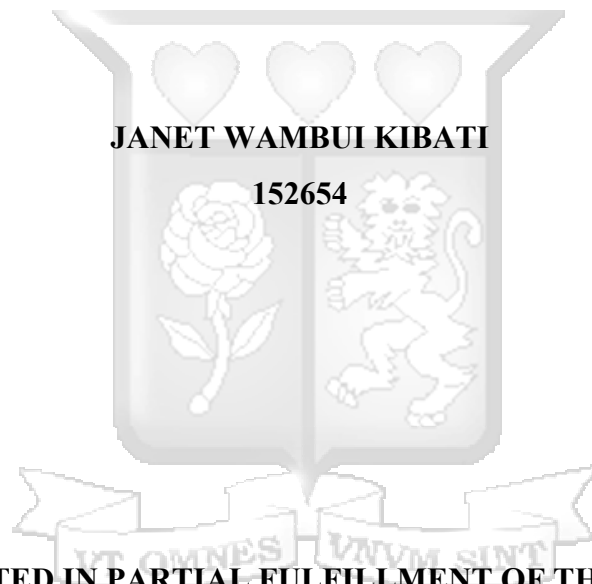
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**THE EFFECT OF EMPLOYEE MOTIVATION ON CUSTOMER LOYALTY IN
COMMERCIAL BANKS IN NAIROBI COUNTY, KENYA**



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152654

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF MASTER OF COMMERCE AT STRATHMORE UNIVERSITY
BUSINESS SCHOOL, NAIROBI, KENYA.**

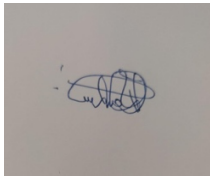
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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the thesis contains no material previously published or written by another except where due reference is made in the dissertation itself.

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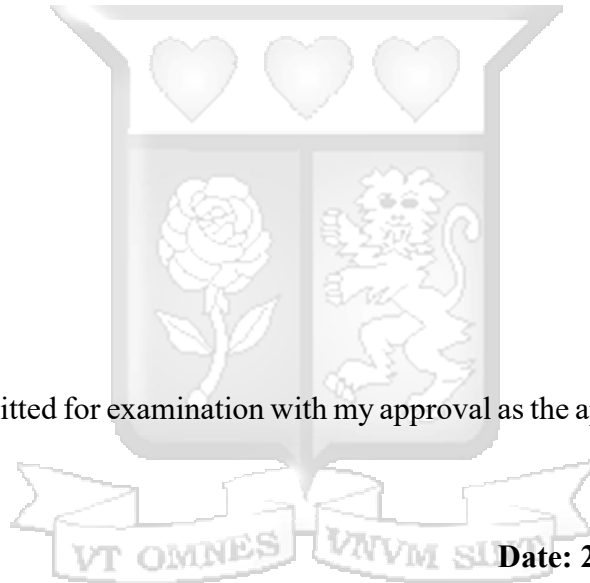


Janet Wambui Kibati

Supervisor's Approval

This thesis has been submitted for examination with my approval as the appointed University supervisor.

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I would like to thank the Almighty God for giving me strength, wisdom and direction to complete this dissertation writing. A big thank you to my colleagues for their encouragement and assistance during the process of writing the dissertation. To all my family and friends who assisted me in any way during my dissertation writing, your input was valuable. I am grateful.



DEDICATION

I dedicate this research to my mother and my boyfriend, who assisted and supported me tremendously while I pursued this research thesis.

Above all, I dedicate with thanksgiving this research dissertation to God almighty.



ABSTRACT

The competitive nature of the commercial banking sector in Nairobi County, Kenya, compels industry players to focus on the relationship between employee motivation and customer loyalty. Despite significant investments in employee training and technology, customer loyalty levels among commercial banks remain suboptimal, often attributed to low employee motivation and engagement, which are key drivers of customer experience. Existing studies revealed contradictory findings, with most conducted in contexts outside the commercial banking sector, necessitating further investigation. This study addressed these gaps by investigating the effect of employee motivation on customer loyalty in commercial banks in Nairobi County, Kenya. The general objective was to determine the effect of employee motivation on customer loyalty, with specific objectives focused on assessing the roles of employee response time, attitude, and loyalty. The study was anchored on Herzberg's Two-Factor Theory and supported by Vroom's Expectancy Theory. The study adopted a positivist philosophy and a descriptive cross-sectional survey design. Primary data was collected from the 38 commercial banks using structured questionnaires distributed via online platforms. The findings revealed statistically significant positive effects of employee motivation on customer loyalty, with employee attitude showing the strongest impact followed by employee responsiveness, while employee loyalty showed no significant effect. For bank managers, HR professionals, and policymakers, these insights offered actionable guidance to refine HR practices and customer service strategies. By empirically validating that employee attitude and responsiveness significantly enhance customer loyalty, this study provided a comprehensive framework for targeted interventions to secure a competitive advantage in Kenya's dynamic banking sector. The study offers significant practical and theoretical implications, providing valuable insights for bank management while enriching organizational behavior literature. However, limitations include its specific geographic scope, cross-sectional design, focus on a narrow set of motivational predictors, and lack of customer demographic analysis, which constrain the generalizability of the findings.



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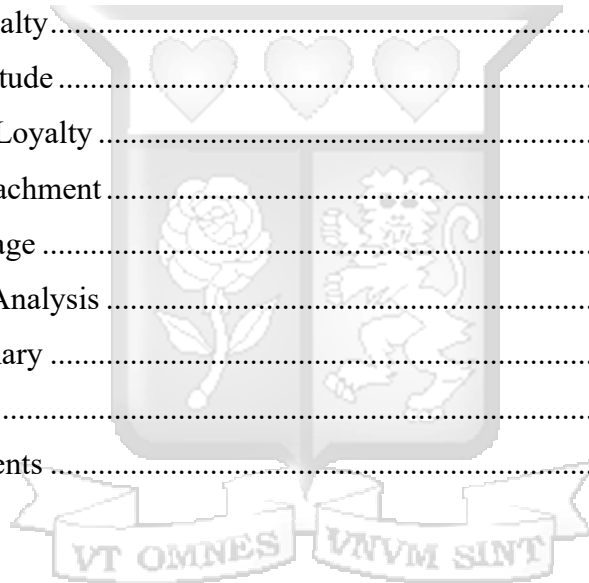
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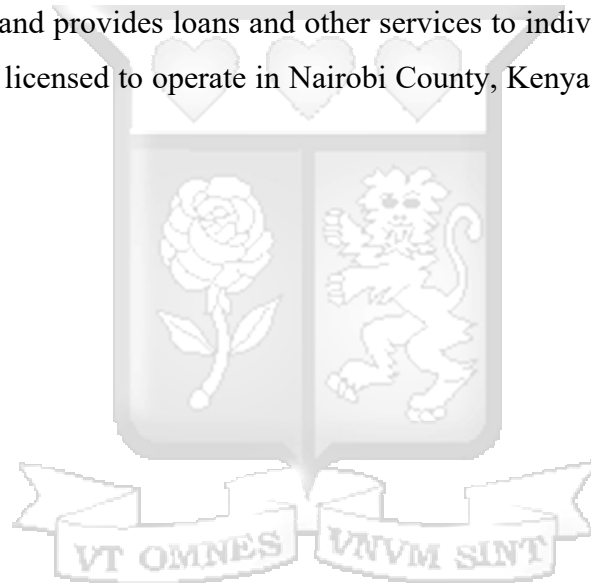


OPERATIONAL DEFINITION OF TERMS

Employee motivation: In this study it is the level of motivation, enthusiasm, and engagement that employees exhibit in their work and interactions with customers (Scheers & Botha, 2014)

Customer loyalty: In this study, it is defined as a deeply held commitment to repurchase or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts that might cause switching behavior (Oliver, 1999).

Commercial banks in Nairobi County: In this study it refers to financial institutions that accepts deposits from the public and provides loans and other services to individuals and businesses that have been registered and licensed to operate in Nairobi County, Kenya, (Central Bank of Kenya, 2024).



CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The banking sector worldwide operates in increasingly competitive markets, where sustained profitability and market relevance are inextricably linked to the cultivation of enduring customer relationships (Lindgreen et al., 2006). In this dynamic environment, customer loyalty emerges as a critical strategic asset, enabling firms to navigate market volatility through the fostering of trust, deepened engagement, and ultimately, sustained growth (Mendoza et al., 2007; Ravald & Grönroos, 2016). This emphasis on customer retention is particularly salient in rapidly evolving financial landscapes, such as the Kenyan scenario. Here, commercial banks face the twin challenges of embracing digital innovations while simultaneously preserving personalised service delivery to effectively counter the disruptive influence of fintech entrants and the shifting preferences of consumers (Kasman & Kasman, 2015). Nairobi County, as Kenya's financial hub, vividly illustrates this tension, requiring commercial banks to prioritise the cultivation of customer loyalty as a key strategy for defending market share amidst intense competition (Van & Nguyen, 2015).

At its core, customer loyalty within the banking context reflects a client's ongoing commitment to a specific financial institution, a commitment which is significantly shaped by service experiences that consistently meet or surpass their expectations (Cadotte et al., 2017; Estrada et al., 2019). The formation of this loyalty is a multifaceted process, initiated by cognitive evaluations of service quality and subsequently sustained by affective dimensions such as trust and engagement fostered through effective Customer Relationship Management (CRM) practices (Abdullateef et al., 2013; Clerfeuille et al., 2018). Conversely, banks that neglect socially responsible practices or fail to maintain service consistency expose themselves to the risk of reputational damage and customer attrition. This underscores the necessity for strategic approaches that effectively align service excellence with the core values of their clientele, thereby ensuring both profitability and long-term stability through customer loyalty (Peyton et al., 2013).

A pivotal element in the consistent delivery of superior service quality is the motivation of frontline employees. Employee motivation acts as a crucial catalyst, directly influencing the quality of customer interactions (Ganta, 2014; Lee & Raschke, 2016; Scheers & Botha, 2014). Proactive and empathetic staff members enhance customer experiences through their efficiency and problem-

solving capabilities, thereby directly contributing to increased customer loyalty (Ganta, 2014; Scheers & Botha, 2014). Conversely, demotivated employees often exhibit rigidity and delays in their service delivery, which can exacerbate negative disconfirmation and ultimately erode customer trust (Lee & Raschke, 2016). This dynamism is particularly pronounced within Nairobi's banking sector, where commercial banks contend with balancing the advancements of automation with the essential human touch required to address complex financial needs (Simon & Senaji, 2015).

Despite the recognised importance of employee motivation, many banks lack robust frameworks to systematically assess the specific ways in which various motivational strategies directly influence customer loyalty outcomes, potentially leading to misaligned investments in service quality initiatives (Awan et al., 2015; Kurdi & Alshurideh, 2020). Existing scholarly literature robustly emphasises the detrimental impact of poor employee motivation on service quality (Ganta, 2014; Lee & Raschke, 2016). A study by Ganta (2014) established a clear link between low employee motivation and reduced levels of proactivity and responsiveness in service delivery. Similarly, Lee and Raschke (2016) demonstrate that demotivation is associated with inconsistent service delivery, which consequently undermines customer trust in the financial institution. These findings collectively position employee motivation not merely as an operational concern but as a critical strategic imperative for banks. However, while research continues to explore facets of employee motivation and customer interactions in the banking sector, a focused understanding of precisely how specific dimensions of employee motivation uniquely shape distinct customer loyalty outcomes within highly competitive and digitally disrupted contexts, such as Nairobi's banking landscape, warrants continued investigation.

Nairobi County, as Kenya's financial hub, hosts a dynamic mix of 38 licensed commercial banks as of late 2024, comprising both domestic and international institutions (CBK, 2024a; Cytton Investments, 2024). These banks operate under the stringent regulatory framework of the Central Bank of Kenya (CBK), which sets prudential standards and monetary policies (CBK, 2023a). The Kenya Bankers Association (KBA) further supports the sector by promoting self-regulation, ethical practices, and innovation, while advocating for the industry's interests (KBA, 2023). The current study seeks to investigate further the relationship between employee motivation (specifically focusing on responsiveness, loyalty, and attitude) and customer loyalty among

commercial banks in Nairobi County, Kenya, to contribute to a more granular understanding of this dynamic for the generalizability of findings and significance of the relationship.

1.1.1 Employee Motivation

Employee motivation is a cornerstone of organisational success, defined as an individual's emotional, cognitive, and behavioural state directed toward achieving desired organisational outcomes (Sluck, 2010). It plays a pivotal role in guiding human behaviour, particularly in diverse work environments where organisations must tailor practices to meet the needs of both employees and customers. Research by Abdullahi (2014) highlights that employee motivation is driven by a mix of extrinsic factors, such as salaries and leadership styles, and intrinsic factors, including autonomy and training opportunities. Habte (2016) suggests that managers often perceive intrinsic motivation as having a stronger influence on employee engagement compared to extrinsic rewards, emphasizing the psychological aspects of motivation.

A motivated and committed workforce is essential for achieving organisational objectives, as it fosters job satisfaction and enhances service quality. Pinder (2008) conceptualises employee motivation as a constellation of intrinsic and extrinsic forces that direct and sustain work-related behaviours. Intrinsic motivation stems from personal interest and satisfaction derived from the work itself, while extrinsic motivation is driven by external rewards such as salary, bonuses, or recognition (Pinder, 2008). This perspective is supported by Robbins and Judge (2014), who describe motivation as psychological forces that energise, direct, and sustain efforts toward organisational goals. Kiragu (2015) argues that motivated employees can be trusted to act in the organization's best interest, thereby adding value to customers. Additionally, Reichheld and Sasser (2018) found a positive correlation between higher levels of employee motivation and customer satisfaction, as motivated employees tend to deliver superior service quality, enhancing customer perceptions and loyalty.

Scholars have employed various indicators to measure employee motivation. For instance, Adeola and Adebuyi (2016) focused on extrinsic factors like promotions and bonuses, alongside intrinsic factors such as job satisfaction. Omollo and Oloko (2015) used staff retention, organisational commitment, and productivity levels as indicators, while EK and Mukuru (2013) linked job commitment and productivity to remuneration, training, and work environment. Similarly, Orwa

et al. (2013) emphasised the role of these elements in driving motivation. Hellen (2011) noted that both intrinsic and extrinsic motivation enable employees to work more autonomously, which can lead to improved performance and customer interactions.

This study adopts Pinder's (2008) conceptualisation of employee motivation, which emphasises the intrinsic and extrinsic forces that direct and sustain work-related behaviours. To operationalise this concept within the context of Nairobi's commercial banking sector, the study examines three key indicators that manifest these motivational forces: employee responsiveness, employee loyalty, and employee attitude. These indicators are selected for their relevance to the service-driven banking industry and their alignment with the study's specific objectives, which investigate their impact on customer loyalty.

Employee responsiveness refers to the promptness and effectiveness with which employees address customer inquiries and resolve issues. It is a behavioral manifestation of motivation, as motivated employees are more likely to be proactive and efficient in their service delivery (Kisang & Kirai, 2016). In the banking sector, where timely and high-quality service is critical, responsiveness significantly influences customer satisfaction and loyalty. This indicator is measured through metrics such as average response time to customer inquiries and the quality of service provided, reflecting the directed output of motivational forces.

Employee loyalty is defined as the employee's commitment to the organization, encompassing their intention to remain employed and their willingness to exert extra effort on its behalf (Meyer & Allen, 1991). Loyal employees often exhibit higher levels of motivation, driven by a sense of belonging and alignment with organizational goals. In the context of commercial banking, loyal employees are more likely to provide consistent and high-quality service, fostering customer trust and loyalty. This indicator is assessed through surveys measuring organisational commitment and turnover intentions, capturing the sustaining power of motivation.

Employee attitude encompassed the cognitive and emotional evaluations employees have toward their job and organization, including job satisfaction, engagement, and perceived organisational support (Judge et al., 2001). Positive attitudes are both a product of and a contributor to motivation, shaping how employees interact with customers. Employees with favourable attitudes are more likely to create positive customer experiences, thereby enhancing customer loyalty. This indicator is evaluated using standardized scales for job satisfaction and engagement, reflecting the emotional and cognitive aspects of motivation.

By focusing on these three indicators—responsiveness, loyalty, and attitude—the study provided a comprehensive framework for understanding how employee motivation influences customer loyalty in Nairobi's commercial banks. The specific objectives of the study were directly aligned with these indicators, aiming to determine the effect of employee responsiveness on customer loyalty in commercial banks in Nairobi County, Kenya; establish the effect of employee loyalty on customer loyalty in commercial banks in Nairobi County, Kenya; and determine the effect of employee attitude on customer loyalty in commercial banks in Nairobi County, Kenya.

The selection of responsiveness, loyalty, and attitude as indicators was grounded in their theoretical and contextual relevance. Responsiveness is critical in the service-driven banking sector, where efficiency directly impacts customer perceptions (Kisang & Kirai, 2016). Loyalty is particularly relevant in high-turnover industries like banking, where organizational commitment fosters trust and service consistency (Meyer & Allen, 1991; Osabiya, 2015). Attitude captures the psychological aspects of motivation, such as role clarity and perceived support, which are vital in structured environments (Smith et al., 1969; Ryan & Deci, 2020; Judge et al., 2001). This framework enabled a nuanced analysis of how employee motivation drives customer loyalty, addressing the limitations of prior studies that may have overlooked these dimensions.

1.1.2 Customer Loyalty

Customer loyalty is defined as a customer's steadfast commitment to repurchase or endorse a service provider despite external influences (Oliver, 1999). While early scholarship emphasized behavioral metrics like repeat purchases, Oliver's (1999) multidimensional framework encompassing cognitive, affective, conative, and action loyalty has become foundational for

integrating both behavioral and attitudinal dimensions (Yoo & Bai, 2013). This evolution reflects the scholarly consensus that loyalty requires composite measurement of repeat patronage and psychological commitment (Gremler & Brown, 1996; Dick & Basu, 1994).

Oliver's (1999) phased model operationalizes loyalty as a progression from cognitive evaluation (rational preference for service benefits) to affective attachment (emotional allegiance), conative intention (pledge to repurchase), and action (sustained patronage despite alternatives). This framework addresses critiques of unidimensional approaches by emphasizing how loyalty matures sequentially, reconciling behavioral consistency with attitudinal depth (Wang et al., 2025; Jindabot & Yeo, 2024). For instance, cognitive loyalty aligns with rational assessments of service efficiency in digitizing sectors (Shaikh et al., 2022), while affective loyalty captures culturally rooted trust in relational contexts (Maundu, 2020).

Contemporary studies reinforce Oliver's duality. Raj (2023) posits that loyalty emerges from expectation-aligned interactions fostering enduring relationships, while Dick and Basu (1994) categorize loyalty types to complement Oliver's stages. However, Oliver's (1999) model remains distinct in its temporal sequencing, which aligns with contexts like Kenya's banking sector, where loyalty transitions from cognitive adoption of digital tools to behavioral retention (Chepkulei & Shibairo, 2015; Wanjiru & Imaita, 2022).

This study adopted Oliver's (1999) framework, conceptualizing loyalty as a three-phase construct: (1) affective loyalty (emotional bonds with the institution), (2) conative loyalty (intent to maintain patronage), and (3) action loyalty (repeat transactions despite competition). This approach addressed gaps in prior Kenyan studies by mapping how loyalty evolves from intention to behavior, particularly in Nairobi's hybrid banking environment, where digital capabilities and interpersonal trust jointly drive commitment. Dick and Basu's (1994) attitude-behavior typology is referenced secondarily to contextualize incongruities (e.g., latent loyalty), but Oliver's phases remain central for analyzing progressive loyalty.

1.1.3 Commercial Banks in Nairobi County, Kenya

Nairobi County, as Kenya's financial hub, hosts a dynamic mix of 38 licensed commercial banks as of late 2024, comprising both domestic and international institutions (CBK, 2024a; Cytonn Investments, 2024). These banks operate under the stringent regulatory framework of the Central Bank of Kenya (CBK), which sets prudential standards and monetary policies (CBK, 2023a). The Kenya Bankers Association (KBA) further supports the sector by promoting self-regulation, ethical practices, and innovation, while advocating for the industry's interests (KBA, 2023).

However, the commercial banking sector in Nairobi faces significant challenges, particularly in customer retention. Intense competition, exacerbated by mergers and acquisitions and the rise of fintech companies, has made it increasingly difficult for traditional banks to retain their customer base (Cytonn Investments, 2024). Customers are now more inclined to switch banks in search of better services, lower fees, and more convenient digital platforms. This trend is underscored by research indicating that customer retention strategies significantly influence loyalty, with factors such as service quality, product innovation, and corporate image management playing crucial roles (Fulasia & Otinga, 2021; Mecha, Ogutu, & Ondieki, 2015). Moreover, the sector is grappling with macroeconomic challenges, including inflationary pressures and currency fluctuations, which impact credit risks and operational costs (CBK, 2024b; World Bank, 2025). These external factors, combined with the internal pressures of meeting evolving customer expectations for personalized and efficient services, highlight the critical need for banks to focus on retention strategies.

The importance of customer retention is further emphasized by its direct impact on the banks' profitability and sustainability. Retaining customers is not only more cost-effective than acquiring new ones but also essential for maximizing customer lifetime value through cross-selling and referrals (Mecha et al., 2015). Therefore, understanding the factors that influence customer retention, particularly the role of employee motivation, is vital for banks seeking to enhance their competitive edge in Nairobi's dynamic banking landscape.

This study addressed a critical gap by investigating the relationship between employee motivation and customer loyalty in commercial banks in Nairobi County. By doing so, it sought to provide insights that can help banks develop more effective retention strategies, ultimately contributing to their long-term success and the stability of the Kenyan banking sector.

1.2 Statement of the Problem

Customer loyalty was recognised as a pivotal driver of competitiveness and retention in service-oriented industries such as banking, where the quality of employee-customer interactions directly influenced service quality and, consequently, customer loyalty (Kombo, 2015). A study conducted in Kenya by Kombo (2015) employed a quantitative survey of 403 bank customers to assess customer satisfaction levels. The findings indicated that while overall satisfaction exceeded 60%, factors such as the wide availability of bank branches enhanced satisfaction, whereas high prices of products and services led to dissatisfaction (Kombo, 2015). However, this study primarily focused on customer satisfaction metrics without delving into the role of employee motivation in fostering customer loyalty, thereby presenting a conceptual gap.

Globally, extensive research highlighted the critical role of customer loyalty in banking. Buhler et al. (2024) conducted a comprehensive meta-analysis encompassing 275 studies with over 134,000 bank customers across more than 50 countries. This study identified key antecedents of bank loyalty, including responsiveness, privacy, commitment, trust, and empathy, significantly influenced by employee behavior and motivation (Buhler et al., 2024). While offering a broad perspective, the study's global scope might not have accounted for the unique economic, cultural, and regulatory dynamics present in Nairobi's banking sector, indicating a contextual gap.

Furthermore, a global survey by Bain and Company (2023) involving nearly 30,000 consumers across 11 countries revealed challenges faced by banks from digital disruptors. The study emphasized that customer loyalty depended on factors like digital experience and personalization, which were delivered by motivated employees (Bain & Company, 2023). However, the survey's broad geographical coverage might not have fully captured the specific challenges and customer expectations within Nairobi's banking environment, suggesting a contextual gap.

In Europe and the Middle East, studies demonstrated the link between employee satisfaction and customer loyalty. Grigoroudis et al. (2013) conducted research in Greece, employing a mixed-methods approach to assess how employee satisfaction influenced service quality and customer loyalty. Similarly, Karimi et al. (2014) in Iran utilized an empirical evaluation of the service profit chain, confirming that employee satisfaction indirectly enhanced customer loyalty through improved service quality. While these studies provided valuable insights, their findings might not have been directly transferable to Nairobi's banking sector due to differing cultural and organizational contexts, highlighting a contextual gap.

In Africa, a South African study by Roberts-Lombard et al. (2024) demonstrated that employee attitude and service performance significantly influenced customer satisfaction, a precursor to loyalty. The study employed a quantitative methodology to assess the impact of employee behavior on customer perceptions (Roberts-Lombard et al., 2024). Similarly, in Ghana, Narteh and Owusu-Frimpong (2019) found that service quality, closely tied to employee performance, had a significant effect on customer loyalty. While these studies underscored the importance of employee performance, they might not have fully addressed the unique challenges faced by Nairobi's banking sector, such as higher employee turnover and rapid technological adoption, indicating a contextual gap.

Despite the recognition of customer loyalty as a key performance indicator by most commercial banks in Kenya, loyalty levels declined significantly. Studies by Kisang and Kirai (2016) and Gachuru and Mwangi (2017) attributed this decline to customers shifting to alternative financial providers due to inconsistent service experiences. These studies utilized quantitative methods to assess customer retention trends but did not empirically examine the direct impact of employee motivation on customer loyalty, presenting a conceptual gap (Kisang & Kirai, 2016; Gachuru & Mwangi 2017). This trend posed a substantial threat to the sustainability of commercial banks in Nairobi County, a region central to Kenya's financial ecosystem but currently strained by rapid technological disruptions, evolving customer expectations, and intensified competition (Mugambi & Mwaita, 2022).

While employee motivation was widely acknowledged as a critical determinant of service quality, its specific role in enhancing customer loyalty within Nairobi's banking sector remained inadequately understood and under-researched. Chi & Reynolds (2016) highlighted this gap, noting that existing studies presented mixed findings and lacked empirical evidence directly linking employee motivation to customer loyalty in the Kenyan context. For instance, while Buhler et al. (2024) emphasized employee-related factors in driving bank loyalty globally, the applicability of these findings to Nairobi's unique market conditions required further exploration. Similarly, studies from South Africa and Ghana highlighted the importance of employee performance in fostering customer loyalty, but Nairobi's banking sector might have exhibited different challenges, such as higher employee turnover and technological adoption rates (Kisang & Kirai, 2016). Moreover, an empirical evaluation of the service profit chain in Iran confirmed that employee satisfaction indirectly enhanced customer loyalty through service quality (Karimi et al., 2014), yet such frameworks had not been adequately tested in Kenya.

Conceptually, there was a persistent gap in understanding how tailored employee motivation strategies could address the diverse needs of employees in Nairobi's commercial banks, thereby enhancing their service responsiveness and attitude, which were crucial for fostering customer loyalty. Jasmuddin & Nashqbandi (2018) argued that many motivation strategies were perceived as generic and failed to account for the specific dynamics of the banking sector, such as the need for prompt service delivery and customer-centric attitudes. For example, global studies suggested that factors like compensation, training, and recognition motivated employees to deliver superior service (Buhler et al., 2024), but these might not have fully addressed the cultural and economic nuances of Nairobi's workforce.

Contextually, previous research in Kenya primarily focused on non-banking sectors, such as NGOs and government agencies. Chaponda (2014) and Kamiti (2014) conducted studies employing qualitative methodologies to explore employee motivation in these sectors. While providing insights into motivational factors, these studies offered limited applicability to the competitive and customer-centric environment of commercial banking. Kenyan studies, such as Kisang and Kirai (2016), highlighted correlations between high employee turnover, disengagement, and deteriorating customer loyalty but did not empirically examine the direct impact of bank-specific

motivators, such as flexible welfare policies or prompt service incentives, on customer loyalty outcomes. This gap was particularly pronounced in Nairobi County, a critical financial hub facing unique challenges not adequately covered in existing literature.

Methodologically, the existing body of research often relied on either qualitative or quantitative approaches in isolation. Chi & Reynolds (2016) and Gachuru & Mwangi (2017) noted that qualitative studies tended to focus on employee perspectives without quantifying customer loyalty metrics, while quantitative studies might have overlooked the nuanced aspects of employee motivation. This study addressed these methodological limitations by employing a quantitative approach to empirically examine the relationship between employee motivation and customer loyalty in commercial banks within Nairobi County, thereby providing a more comprehensive understanding of how motivation strategies could be aligned to enhance customer retention and competitiveness.

This study distinguished itself by addressing the conceptual gap through a focused examination of employee motivation strategies and their direct impact on customer loyalty in commercial banks in Nairobi County, which had been overlooked in generic motivation frameworks. Contextually, it concentrated on Nairobi County's commercial banking sector, a unique and critical financial hub facing distinct challenges not adequately covered in existing literature. Through a quantitative approach, the research aimed to empirically validate the relationship between employee motivation and customer loyalty, overcoming limitations of previous studies that relied on singular methodological perspectives. The investigation specifically examined how employee motivation centered on responsiveness, attitude, and loyalty affects customer loyalty in commercial banks in Nairobi County. By doing this, this research filled identified gaps and contributed to the development of effective employee motivation strategies tailored to commercial banks in Nairobi County.

1.3 Research Objectives

1.3.1 General Objective

The general objective of this research was to investigate the effect of employee motivation on customer loyalty in commercial banks in Nairobi County, Kenya

1.3.2 Specific Objectives

The specific objectives of this study were:

- i. To determine the effect of employee response time on customer loyalty in commercial banks in Nairobi County, Kenya
- ii. To establish the effect of employee loyalty has on customer loyalty in commercial banks in Nairobi County, Kenya
- iii. To determine the effect that employee attitude has on customer loyalty in commercial banks in Nairobi County, Kenya

1.4 Research Questions

- i. What is the effect of employee response time on customer loyalty in commercial banks in Nairobi County, Kenya?
- ii. What is the effect of employee loyalty on customer loyalty in commercial banks in Nairobi County, Kenya?
- iii. What is the effect of employee attitude on customer loyalty in commercial banks in Nairobi County, Kenya?

1.5 Scope of the study

This study investigated the impact of employee motivation on customer loyalty within the commercial banking sector in Nairobi County, Kenya. The dependent variable in the study was customer loyalty, while the independent variable was employee motivation. Specifically, it examines how the independent variable, employee motivation (encompassing aspects such as responsiveness, attitude, and loyalty) influences the dependent variable, customer loyalty. The context of the study was commercial banks operating in Nairobi County. The study used a quantitative methodology, and structured questionnaires were used to gather primary data using a descriptive cross-sectional survey research design.

The study was grounded in Herzberg's Two-Factor Theory and Vroom's Expectancy Theory, which provided a theoretical framework for understanding employee motivation. Herzberg's theory distinguishes between hygiene factors and motivators, suggesting that while hygiene factors prevent dissatisfaction, motivators are essential for job satisfaction and performance. Vroom's theory posits that employee motivation is a function of expectancy, instrumentality, and valence, emphasizing the importance of perceived outcomes in influencing behavior. By applying these theories, the study aimed to elucidate how employee motivation affected customer loyalty in commercial banks in Nairobi County, Kenya

The population for this study comprised individual bank customers from the 38 commercial banks in Nairobi County, licensed by the Central Bank of Kenya who serve as the unit of observation. Data collection was conducted between January and February 2025, thereby providing a time-bound snapshot of customer perceptions and employee performance in the sector. This comprehensive scope not only clarified what the study investigated but also detailed the key variables, research methodology, target population, unit of observation, and the specific time frame of the investigation.

1.6 Significance of the Study

From a policy perspective, this study provided critical insights for policymakers and regulatory bodies, including the Central Bank of Kenya. By empirically establishing the link between employee motivation, customer loyalty, and financial performance in the banking sector, the research underscored the importance of integrating employee well-being into labour policies. Mandating positive work environments, fair compensation, and comprehensive career development opportunities could significantly enhance service quality, thereby promoting financial inclusion and market stability. These findings offered a robust basis for governments, labor unions, and oversight agencies to craft regulatory frameworks that fostered a competitive and sustainable banking sector, ultimately bolstering economic resilience and stability.

In terms of practice, this research equipped banking practitioners such as bank managers, human resource professionals, marketing strategists, and corporate leaders with practical strategies to enhance operational efficiency and customer loyalty. By identifying crucial motivational factors

like employee responsiveness, positive attitudes, and loyalty, the study highlighted the need for targeted initiatives aimed at reducing turnover and cultivating a dedicated workforce. These insights allowed practitioners to customize their recruitment, training, and retention programs, leading to improved customer retention, cost reduction, and increased profitability. Consequently, these enhancements contributed to greater shareholder value and a more formidable competitive stance in the market.

Theoretically, this study enriched the organizational behavior literature by contextualizing Herzberg's Two-Factor Theory and Vroom's Expectancy Theory within Nairobi's commercial banking sector. This application not only confirmed the applicability of these theories in emerging markets but also addressed a notable gap by examining how specific motivational elements—such as response time, attitude, and loyalty influenced customer loyalty. By doing so, the research enhanced our theoretical comprehension of the motivation-loyalty nexus and paved the way for future scholarly inquiries, including cross-cultural and longitudinal studies that could delve deeper into the mediating roles of leadership and organizational practices in service-oriented economies.

1.7 Chapter Summary

This chapter covered the background of the study and conceptualized the variables that were studied. In addition, it explained the problem statement, general and specific objectives, research questions that the study answered as well as the significance and scope of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The second chapter of the study reviewed the theoretical and empirical literature relevant to the study's objectives. It laid the foundation for identifying key theories and evidence on how employee motivation affects customer loyalty. The chapter is divided into the following sections: a theoretical review covering the key concepts, an empirical review summarising findings from related studies, a summary of research gaps, and a conceptual framework that outlines the relationships and operationalisation of the study variables.

2.2 Theoretical Review

The theoretical framework is the structure that holds the theory of a research study and guides the entire research (Shelton, 2012). The study was underpinned by two theories, namely Herzberg's Two-Factor Theory, which served as the anchoring theory, and Vroom's Expectancy Theory, which was adopted as the support theory. Herzberg's Two-Factor Theory and Vroom's Expectancy Theory provided a more holistic understanding of the motivation-loyalty relationship in commercial banks. The adoption of these two theories provided a more nuanced understanding of how both external workplace conditions and individual expectations drive employee motivation and, consequently, customer loyalty in the banking sector.

2.2.1 Herzberg's Two-Factor Theory of Motivation

Herzberg's Two-Factor Theory of Motivation was propounded by psychologist Frederick Herzberg (1959). This theory posits that workplace factors can be divided into two distinct categories, motivators and hygiene factors, each with its own expected effects on job Loyalty. According to Herzberg, motivators such as recognition, growth opportunities, and advancement are likely to engender job loyalty by fulfilling employees' higher-order needs, while hygiene factors, which include salary, working conditions, company policies, and administrative practices, are necessary to prevent job disloyalty but do not themselves lead to positive Loyalty (Alshmemri & Maude, 2017; Prasad & Karumuri, 2018).

In practical terms, the theory predicts that improving motivator factors will lead to higher levels of employee loyalty, which in turn is expected to influence their performance positively (Herzberg et al., 1959; Alshmemri et al., 2017). In contrast, while addressing hygiene factors is essential to avoid disloyalty, their improvement alone may not be sufficient to create a truly engaged and motivated workforce (Herzberg et al., 1959; Alshmemri et al., 2017). This dual mechanism suggests that a balanced approach is required in any organization striving to achieve optimal employee performance and, by extension, enhance customer loyalty (Herzberg et al., 1959; Alshmemri et al., 2017).

Within the context of this study, Herzberg's theory supported the independent variable of employee motivation (Herzberg et al., 1959; Stello, 2016). The study examined various components of employee motivation, including responsiveness, attitude, and loyalty (Herzberg et al., 1959; Stello, 2016). For instance, aspects such as prompt attention to customer requests and effective handling of complaints are categorised as hygiene factors; when these are not adequately managed, they can result in customer disloyalty, even though their presence might only prevent negative outcomes rather than actively creating loyalty (Herzberg et al., 1959; Stello, 2016). Conversely, elements like an employee's willingness to help and their flexibility are seen as motivators that foster a positive work environment, leading to higher job loyalty and ultimately better customer experiences (Herzberg et al., 1959; Stello, 2016). Moreover, factors related to employee attitudes such as commitment and engagement are directly aligned with motivational factors, while employee loyalty, which encompasses elements like welfare and company transparency, further emphasizes the necessity of both motivator and hygiene factors in sustaining a productive workforce that translates into customer loyalty (Stello, 2016).

Despite its widespread application and intuitive appeal, Herzberg's Two-Factor Theory has faced several criticisms. Critics argue that the theory's binary classification oversimplifies the complex interplay of psychological, social, and situational factors that influence human behaviour in the workplace (Fripp, 2018). The assumption that motivators and hygiene factors operate independently and universally may not hold in all contexts, as individual differences and cultural variations can alter how these factors interact (Fripp, 2018). Additionally, empirical research has sometimes struggled to replicate Herzberg's original findings, leading some scholars to question

the robustness and universality of its predictive power (Nickerson, 2023; Stello, 2016). These criticisms suggest that while Herzberg's framework provides valuable insights, its applicability may be limited in certain environments and should be considered as one of several lenses through which to examine employee motivation (Fripp, 2018).

Herzberg's Two-Factor Theory underpinned this study by providing a framework to understand how employee motivation mechanisms directly impacted customer loyalty in commercial banks (Alshmemri & Maude, 2017; Prasad & Karumuri, 2018). The theory's distinction between motivators (recognition, growth opportunities, advancement) and hygiene factors (salary, working conditions, company policies) offered a structured approach to examine how employee response time, loyalty, and attitude, the key variables in this study, contributed to customer loyalty outcomes (Alshmemri & Maude, 2017; Prasad & Karumuri, 2018). Specifically, employee response time could be viewed through the lens of hygiene factors, where prompt service prevents customer dissatisfaction but might not independently generate loyalty, while employee attitude and loyalty are connected to Herzberg's motivators, which actively foster positive customer experiences and subsequent loyalty (Alshmemri & Maude, 2017; Prasad & Karumuri, 2018).

The theory further supported this research by establishing the critical connection between internal employee states and external customer outcomes in banking environments (Herzberg et al., 1959; Stello, 2016). When bank employees experienced satisfaction through motivational factors, they demonstrated improved responsiveness to customer needs, greater commitment to service excellence, and positive attitudes during customer interactions, all variables being measured in this study (Herzberg et al., 1959; Stello, 2016). Conversely, inadequate hygiene factors led to employee dissatisfaction, manifesting as reduced response times, negative attitudes, and diminished loyalty, ultimately affecting customer perceptions and loyalty intentions toward the bank (Herzberg et al., 1959; Stello, 2016). This theoretical foundation provided explanatory power for understanding how the internal employee motivation ecosystem in commercial banks translated into measurable customer loyalty outcomes within Nairobi County's banking sector.

2.2.2 Expectancy Theory

Vroom's Expectancy Theory was propounded by (Vroom,1964). The theory assumes that an individual's interaction with the valence, or value, of the results or incentives anticipated from that performance results in employee motivation. The theory predicted that employees will be motivated to exert greater effort when they believe that their actions will yield desirable rewards, whether those rewards are intrinsic, such as personal loyalty, or extrinsic, such as promotions, recognition, or pay increases (Min & Phuan, 2020). In the context of this study, which examined the impact of employee motivation on customer loyalty in commercial banks in Nairobi County, Vroom's Expectancy Theory supported the independent variable of employee motivation. Vroom's Expectancy theory provided a framework for understanding how employees' beliefs regarding the link between their effort and subsequent rewards influence critical behaviours such as responsiveness, commitment, engagement, and loyalty that ultimately impact customer loyalty (Min & Phuan, 2020). The theory predicted that employees who believe that their prompt attention to customer requests and effective handling of complaints will result in meaningful rewards are more likely to exhibit these behaviours, thereby enhancing overall customer experience and loyalty levels (Min & Phuan, 2020).

Despite its utility, Vroom's Expectancy Theory has faced criticism. Some scholars argue that the theory may not be universally applicable, as cultural differences, individual personality traits, and organisational culture can significantly influence how employees perceive the effort-reward relationship (Lunenburg, 2011). Furthermore, critics contend that the theory oversimplifies human motivation by assuming that individuals always make rational decisions based on calculated expectations, thereby neglecting the role of intrinsic motivation factors such as personal interest, enjoyment, and loyalty that drive behaviour independently of external rewards (Zealot, 2015; Chopra, 2019). These critiques highlight that while the theory offers valuable insights into the dynamics of employee behaviour, it should be applied with an understanding of its limitations and in conjunction with other motivational frameworks to fully capture the complexity of employee motivation in the banking sector (Zealot, 2015; Chopra, 2019).

Vroom's Expectancy Theory underpinned this study by providing a cognitive framework that explained how employees' motivational forces influenced their service behaviours, which ultimately impacted customer loyalty in commercial banks (Lunenburg, 2011). The theory's three components, expectancy (belief that effort led to performance), instrumentality (belief that performance led to rewards), and valence (value placed on rewards) directly connected to how bank employees approached their customer service responsibilities (Vroom, 1964; Lunenburg, 2011). When employees believed their prompt response times would be recognised (expectancy), that excellent service would lead to rewards (instrumentality), and that these rewards held personal value (valence), they became motivated to deliver superior service quality (Lunenburg, 2011). This theoretical lens allowed the research to examine how these motivational mechanisms drove the specific employee behaviours being studied: response time efficiency, loyalty to the organisation, and positive customer-facing attitudes (Lunenburg, 2011).

2.3 Empirical Literature Review

This section provided a review of past studies of different scholars as they relate to the objectives of the study. The section offered a summary of the current empirical literature, focused on the interaction of the adopted study variable. The fundamental aim of this empirical review was to identify common themes from a broad range of employee response time, employee attitude, employee loyalty and customer loyalty in banks as published in peer-reviewed international journals. The outlined empirical review framework provided comprehensive clarity on relevant research, reviews thematic areas and informs the researcher on how to align the current research to the existing framework.

2.3.1 Employee Response Time and Customer Loyalty

Employee response time was defined as the duration between a customer's request and the receipt of a satisfactory resolution (Huang & Wei, 2022). It was deemed as a critical dimension of service quality (Parasuraman et al., 1985). Parasuraman et al. (1985) conceptualized responsiveness as the willingness of employees to provide timely service by emphasizing prompt transactions, swift issue resolution, and reduced waiting times, thereby enhancing customer loyalty (Papen & Niemand, 2019). In line with this, Vroom's Expectancy Theory (1964) posited that when service delivery (e.g., rapid responses) met or exceeded customer expectations, loyalty was likely to

increase (Vroom, 1964). This theory was particularly relevant as employees were motivated when they believed their efforts in swift resolution would lead to valued rewards, such as recognition or positive evaluations (Min & Phuan, 2020).

Global studies consistently demonstrated the significant impact of employee responsiveness on customer loyalty across diverse contexts. Liang et al. (2011) found in Taiwan that both mechanistic and organic service responsiveness positively influenced customer loyalty through enhanced social emotions. Similarly, Jayaraman (2014) showed in Malaysian banks that enhanced employee responsiveness not only boosted operational efficiency but also fostered trust and proactive problem-solving. Choudhary and Rane (2020) reported that in Indian manufacturing firms, prompt responses improved perceived care and directly elevated loyalty. In Pakistan's Islamic banking sector, Ali and Raza (2017) identified responsiveness as a key loyalty driver when paired with ethical service practices. Suryani et al. (2023) confirmed in Indonesia that service quality and employee performance were crucial for enhancing customer loyalty, with improved responsiveness fostering trust. Despite these robust findings, conceptual gaps persisted as many studies failed to account for the evolving nature of responsiveness in digital environments (Jayaraman, 2014; Choudhary & Rane, 2020), while methodological gaps arose from the limited integration of both qualitative and quantitative approaches in measuring responsiveness (Liang et al., 2011; Suryani et al., 2023).

Studies within the Middle East and broader Asian contexts further validated the importance of employee responsiveness. Pakurar and Haddad (2019) confirmed in Jordanian banks that integrating responsiveness with empathy significantly boosted customer loyalty. Kaura and Prasad (2015) highlighted that in Indian retail banking, response time mediated loyalty through customer Loyalty. These findings extended the global perspective by emphasizing cultural nuances in service delivery expectations (Kaura & Prasad, 2015). However, notable contextual gaps emerged as these studies often overlooked the unique operational challenges faced by banking institutions in developing economies (Pakurar & Haddad, 2019), while geographic gaps were evident in the limited application of established responsiveness frameworks to African banking environments with their distinct cultural communication styles and customer expectations (Kaura & Prasad, 2015).

Local studies provided important insights into the relationship between employee responsiveness and customer loyalty within the African context. Mustafa (2018) explored this relationship at the Kenya Bureau of Standards, finding that improved employee responsiveness significantly enhanced customer Loyalty. Kavita (2024) investigated service quality in commercial banks in Machakos Town, identifying employee responsiveness as a key determinant of customer loyalty. Kiragu (2015) examined various service sectors in Kenya and concluded that prompt and efficient employee responses were crucial for achieving high customer loyalty. Research by the Consolidated Bank of Kenya (2023) found that employee responsiveness and job loyalty were positively correlated with customer loyalty. Despite these valuable contributions, significant methodological gaps remained as many local studies employed limited sample sizes or focused on single institutions rather than providing sector-wide analysis (Mustafa, 2018; Kiragu, 2015). Additionally, contextual gaps persisted as few studies specifically addressed the unique challenges of Nairobi County's commercial banking sector with its rapid digital transformation and high customer volumes (Kavita, 2024; Consolidated Bank of Kenya, 2023).

The current study aimed to fill the above gaps by exploring the effect that employee response time had on customer loyalty in commercial banks in Nairobi County, Kenya. By focusing specifically on Nairobi's commercial banking sector, this research addressed the geographic and contextual gaps identified in global and regional studies while employing a comprehensive methodological approach that combined both quantitative and qualitative methods to provide robust, sector-wide insights. This study accounted for the unique operational challenges, cultural communication styles, and rapidly evolving digital landscape that characterized Kenya's banking environment, thereby extending existing theoretical frameworks, particularly by using Vroom's Expectancy Theory to explain how employees were motivated to achieve swift resolutions and providing practical recommendations for enhancing customer loyalty through improved employee responsiveness (Vroom, 1964; Min & Phuan, 2020).

2.3.2 Employee Attitude and Customer Loyalty

Employee attitude, defined as the evaluation that customers formed regarding an employee's disposition, behaviour, and demeanor during service interactions was widely recognized as a critical determinant of service quality, customer loyalty, and loyalty in various service industries, including the banking sector in Nairobi County (Herzberg, 1968; Lee & Chang, 2015). Positive employee attitudes, characterized by emotional warmth, courtesy, and helpfulness, fostered an environment in which customers felt valued and supported, ultimately leading to enhanced loyalty and repeat patronage. Conversely, negative attitudes could act as detractors, undermining overall service experiences even when technical service requirements were met (Herzberg, 1968). Herzberg's Two-Factor Theory was particularly relevant here, distinguishing between motivators (such as recognition and growth opportunities), which fostered positive attitudes and satisfaction, and hygiene factors (like salary and working conditions), which prevented dissatisfaction but did not necessarily lead to positive attitudes (Herzberg et al., 1959).

Several studies established a significant link between employee attitude and customer loyalty. For example, Xin and Choi (2020) demonstrated in the hotel industry in Tianjin, China, that elements such as emotional intelligence and role clarity among employees could improve service quality and customer loyalty even though job loyalty itself appeared to serve more as a baseline requirement than a direct driver. Similarly, research conducted by Lee and Chang (2015) in Taiwan's insurance sector found that employees' attitudes toward mobile app services particularly regarding compatibility, usefulness, and ease of use positively influenced customer loyalty indirectly via enhanced usage attitudes. In the hospitality sector in India, Dhar (2015) identified a strong relationship between targeted training, positive employee attitudes, and improved service quality, while Alhelalat and Twaissi (2017) revealed that in Jordan's restaurant industry, personal aspects of employee behaviour often outweighed functional service attributes in driving customer loyalty.

Sebastiampilla and Holm (2017) provided valuable insights through a longitudinal study on Indian airports, illustrating that human resource practices could shape employee attitudes and behaviors. Their findings indicated that factors such as job loyalty, empowerment, and customer orientation substantially influenced customer loyalty, even though organizational commitment appeared to have a lesser impact (Sebastiampilla & Holm, 2017). However, while these studies offered important conceptual and methodological contributions, their focus on industries such as hospitality, insurance, and transportation limited their direct applicability to the banking context in Nairobi.

A study by the Kenya Institute of Bankers (2020) explored the role of branding in shaping employee attitudes and perceptions across three Kenyan banks. The research demonstrated that employees who strongly identified with their employer's mission, values, and brand ethos exhibited higher motivation, engagement, and loyalty (Kenya Institute of Bankers, 2020). These positive attitudes were closely tied to improved customer interactions, directly enhancing customer loyalty (Kenya Institute of Bankers, 2020). The study further emphasized that branding strategies prioritizing ethical practices, community engagement, and employee well-being fostered a supportive work environment, reinforcing employees' sense of pride and alignment with organizational goals (Kenya Institute of Bankers, 2020). While these findings underscored the significance of strategic branding in cultivating a customer-centric organizational culture within Kenya's banking sector, broader regional studies such as Sebastião and Holm's (2017) longitudinal analysis of Indian airports remained limited in their applicability to Nairobi's banking context. Research focused on industries like transportation, hospitality, or insurance often overlooked sector-specific dynamics, such as the interplay between financial service branding, employee trust, and customer loyalty, which were critical in banking. Thus, the Kenya Institute of Bankers (2020) study provided localized insights that bridged this contextual gap, highlighting the unique role of internal branding in service-driven financial environments.

Despite robust global and regional evidence, there remained a notable gap in the literature when it came to examining the specific dynamics of employee attitude in Nairobi's commercial banks (Xin & Choi, 2020; Lee & Chang, 2015; Dhar, 2015; Alhelalat & Twaissi, 2017; Sebastampilla & Holm, 2017; Kenya Institute of Bankers, 2020). Most prior studies had not addressed the unique cultural, economic, and regulatory environments that characterized Nairobi's financial services sector (Xin & Choi, 2020; Lee & Chang, 2015; Dhar, 2015; Alhelalat & Twaissi, 2017; Sebastampilla & Holm, 2017; Kenya Institute of Bankers, 2020). Furthermore, although Herzberg's Two-Factor Theory had been effectively applied in other contexts to distinguish between motivational factors (positive attitudes) and hygiene factors (negative attitudes), its application in the context of Nairobi's banking industry had been limited (Herzberg et al., 1959; Alshmemri et al., 2017).

Despite extensive global and regional research on employee attitude and customer loyalty, there remained a significant gap in understanding these dynamics within Nairobi's commercial banking sector. Existing studies, such as those by Xin and Choi (2020), Lee and Chang (2015), Dhar (2015), Alhelalat and Twaissi (2017), and Sebastampilla and Holm (2017), had primarily focused on industries like hospitality, insurance, and transportation, often overlooking the banking sector's unique cultural, economic, and regulatory dynamics particularly in an emerging market like Nairobi County, Kenya. Moreover, while Herzberg's Two-Factor Theory had been widely applied to distinguish between motivators and hygiene factors in other contexts, its use in exploring employee attitudes in Nairobi's banking industry remained limited (Herzberg et al., 1959). To address these gaps, this study focused on Research Objective 3: determining the effect of employee attitude on customer loyalty in commercial banks in Nairobi County. By applying Herzberg's Two-Factor Theory, the research examined how employee attitudes, influenced by motivators, could enhance customer loyalty beyond merely addressing disloyalty through hygiene factors, offering context-specific insights into how these dynamics played out in Nairobi's unique banking environment (Herzberg et al., 1959). This approach not only built on prior findings but also contributed actionable knowledge for improving service quality and customer loyalty in Kenya's banking sector.

2.3.3 Employee Loyalty and Customer Loyalty

The relationship between employee loyalty and customer loyalty had garnered extensive attention in global research, yet its conceptual, contextual, and methodological dimensions remained underexplored in specific sectors such as Nairobi's commercial banking industry (Guillon & Cezane, 2014; Ineson & Benke, 2013). Global studies provided a strong foundation for understanding this relationship but also highlighted notable gaps when considering regional and local dynamics.

Empirical evidence from diverse global contexts suggested that employee loyalty extended beyond the realm of financial incentives. For example, Ineson and Benke (2013) demonstrated in their study of Hungarian hotels that managerial treatment, recognition, career development, and workplace social involvement were more influential predictors of loyalty than salary alone. These factors aligned with Herzberg's motivators, which were crucial for fostering deep employee satisfaction and, consequently, loyalty that translated to positive customer interactions (Herzberg et al., 1959). Similarly, research conducted by Yee and Yeung (2009) in Hong Kong's high-contact service shops confirmed a robust service-profit chain whereby loyal employees enhanced service quality, which in turn improved customer loyalty and firm profitability (Yee & Yeung, 2009; Vroom, 1964). These findings underscored those supportive organizational cultures that were crucial for cultivating employee behaviors such as attentiveness and proactive problem-solving that drove customer loyalty in service-oriented industries (Ineson & Benke, 2013; Yee & Yeung, 2009). Furthermore, Vroom's Expectancy Theory helped explain that employees remained loyal when they expected their commitment and efforts would lead to valued outcomes, reinforcing long-term positive behaviors (Vroom, 1964; Min & Phuan, 2020).

In recent years, the integration of technology had introduced additional complexity into this relationship. Prentice and Wang (2020) examined how artificial intelligence (AI) interacted with employee loyalty in the hospitality sector, finding that although both AI-driven services and loyal employees contributed to customer loyalty, an overemphasis on AI could diminish the positive impact of human loyalty. This insight not only raised important conceptual questions about the evolving role of technology but also pointed to methodological challenges inherent in isolating the

effects of human versus automated service delivery (Prentice & Wang, 2020). Furthermore, Bahadur and Aziz (2018) provided evidence from China's telecommunications sector that employee loyalty influenced customer loyalty indirectly, mediated by factors such as service quality and affective commitment, thus emphasizing the relational aspects of loyalty that were often overlooked in cross-sectional research designs (Bahadur & Aziz, 2018).

Empirical evidence from diverse regional contexts reinforced the critical role of employee loyalty and responsiveness in driving organizational success. In a study of Malaysian banks, Jayaraman (2014) demonstrated that enhanced employee responsiveness and loyalty not only significantly boosted operational efficiency but also fostered long-term customer trust. Similarly, Choudhary and Rane's (2020) research across Indian manufacturing firms revealed that prompt employee actions and high loyalty levels directly improved perceived care, which elevated customer loyalty. Further supporting this, Ali and Raza (2017) found that in Pakistan's Islamic banking sector, employee loyalty combined with ethical service practices emerged as a key driver of customer loyalty. Complementing these insights, Pakurar and Haddad (2019) confirmed in Jordanian banks that integrating empathy into employee–customer interactions significantly raised loyalty levels. Collectively, these studies highlighted that loyal and responsive employees were pivotal in enhancing service quality and customer loyalty across varied service and manufacturing sectors (Jayaraman, 2014; Choudhary & Rane, 2020; Ali & Raza, 2017; Pakurar & Haddad, 2019).

Studies in Kenya emphasized the cascading impact of employee loyalty on customer outcomes within specific industries. Akunja's (2020) investigation of hotels in Nairobi revealed that customer loyalty partly driven by dedicated and loyal frontline staff directly translated to increased customer loyalty. Similarly, Tarus and Rabach's (2013) analysis of Kenyan mobile service providers found that a positive corporate image, reinforced by committed employee service behavior, moderated customer loyalty, suggesting that loyal employees indirectly enhanced customer retention. These findings underscored the critical role of employee commitment in shaping customer perceptions and loyalty within Kenya's service-driven economy. Together, they illustrated that fostering employee loyalty and proactive engagement, aligning with both Herzberg's motivators for job satisfaction and Vroom's expectancy of positive

outcomes, could yield tangible benefits for both service quality and long-term business success (Akunja, 2020; Tarus & Rabach, 2013; Herzberg et al., 1959; Vroom, 1964).

While these global, regional and local studies offered valuable insights, they predominantly focused on sectors like hospitality, telecommunications, and public services (Guillon & Cezane, 2014; Ineson & Benke, 2013), leaving significant gaps in the literature regarding the banking sector—especially within the East African context. Nairobi’s commercial banks operated in a unique socio-economic ecosystem characterized by rapid digital adoption, intense market competition, and a collectivist culture that valued interpersonal relationships (Guillon & Cezane, 2014). These cultural and operational nuances suggested that employee loyalty in Nairobi might manifest differently such as through brand advocacy or a deeper commitment to addressing niche customer needs compared to the individualistic contexts often studied globally (Ineson & Benke, 2013). Moreover, the methodological approaches prevalent in the reviewed studies often relying on cross-sectional surveys and conventional metrics of loyalty such as tenure and engagement might not adequately capture the dynamic interplay between human and digital service modalities in modern banking environments (Yee & Yeung, 2020; Prentice & Wang, 2020). The scarcity of localized research further compounded this issue, as it overlooked critical challenges like high employee turnover and customer skepticism toward digital services, which could moderate the loyalty-loyalty relationship (Bahadur & Aziz, 2018).

While empirical evidence from global contexts robustly supported the notion that employee loyalty enhanced customer loyalty through improved service quality and emotional connection (Ineson & Benke, 2013; Yee & Yeung, 2020), significant conceptual, contextual, and methodological gaps persisted. These gaps were particularly evident in the understudied domain of Nairobi’s commercial banking sector, where cultural norms, rapid technological integration, and sector-specific challenges called for more tailored research methodologies (Guillon & Cezane, 2014; Prentice & Wang, 2020). Addressing these gaps through locally contextualized studies was critical for developing actionable strategies that balanced technological advancements with human-centric service excellence in an era of digital disruption, further elucidated by the combined insights of Herzberg’s Two-Factor Theory and Vroom’s Expectancy Theory to

understand how employee motivation contributed to sustained loyalty (Herzberg et al., 1959; Vroom, 1964).

2.4 Summary of Research Gaps

From the literature review presented above, research gaps were identified from the conceptual, contextual and methodological gaps which enabled to understand the actual gaps. The study therefore adds to the literature on employee motivation and its effects on customer loyalty by determining the effect of employee motivation on customer loyalty in commercial banks in Nairobi County, Kenya.

Table 2. 1 Summary of research gaps

Author/Year	The focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
Jayaraman (2014), Kaura & Prasad (2015), Huang & Wei (2022), Papen & Niemand (2019)	Employee responsiveness and response time in banking/retail	Quantitative survey, SEM, Longitudinal	Faster responses boost efficiency, trust, and customer loyalty.	Geographic (Asian/African), Methodological (digital channels)	Examine response time and loyalty in Nairobi's banks (traditional and digital).
Choudhary & Rane (2020), Ali & Raza (2017)	Prompt responses and loyalty in manufacturing/Islamic banking	Mixed-methods, Quantitative survey	Prompt responses and ethical practices drive customer loyalty.	Contextual (sector, geography), Geographic (India/Pakistan vs. Kenya)	Test if prompt responses enhance customer loyalty in Nairobi's conventional banking.
Pakurar & Haddad (2019),	Responsiveness, empathy, and	Quantitative survey,	Empathy and personal	Cultural communication, Geographic	Study the impact of loyalty on

Author/Year	The focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
Alhelalat & Twaissi (2017)	behavior in banks/restaurants	Mixed-methods	behavior enhance loyalty more than functional service.	(Middle East/Jordan vs. Kenya)	customer loyalty in Nairobi's banks.
Lee & Chang (2015), Xin & Choi (2020), Dhar (2015)	Employee attitudes, training, and emotional intelligence	SEM, Quantitative survey, Longitudinal	Positive attitudes and training improve service quality and loyalty.	Contextual (industry, geography), Methodological (tech focus)	Investigate how employee attitudes affect loyalty in Nairobi's banks.
Guillon & Cezane (2014), Ineson & Benke (2013), Yee & Yeung (2009)	Employee loyalty and service-profit chain	Literature review, Mixed-methods, SEM	Loyal employees enhance service quality and customer loyalty.	Geographic (limited African context), Contextual (broad sectors)	Identify loyalty drivers and test service-profit chain in Nairobi's commercial banks.
Akunja (2020), Tarus & Rabach (2013), Kenya Institute of Bankers (2020)	Employee loyalty and corporate factors in Kenya	Case study, Quantitative survey, Mixed-methods	Loyal employees and positive image	Methodological (sample size, focus), Contextual	Focus on direct employee loyalty-customer loyalty link in Nairobi's banks.

Author/Year	The focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
			drive customer loyalty.	(sector specificity)	
Jayaraman (2014), Kaura & Prasad (2015), Huang & Wei (2022), Papen & Niemand (2019)	Employee responsiveness and response time in banking/retail	Quantitative survey, SEM, Longitudinal	Faster responses boost efficiency, trust, and customer loyalty.	Conceptual: Limited exploration of mediating factors (e.g., customer trust, perceived value) in responsiveness-loyalty link. Geographic: Asian/African contexts underexplored. Methodological: Limited focus on digital channels.	Examine response time and loyalty in Nairobi's banks (traditional and digital), incorporating trust and value as mediators.
Choudhary & Rane (2020), Ali & Raza (2017)	Prompt responses and loyalty in manufacturing/Islamic banking	Mixed-methods, Quantitative survey	Prompt responses and ethical practices drive customer loyalty.	Conceptual: Lack of integration of customer expectations as a moderator in responsiveness-loyalty relationship. Contextual:	Test if prompt responses enhance loyalty in Nairobi's conventional banking, modeling customer expectations as a moderator.

Author/Year	The focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
				Sector-specific and geographic (India/Pakistan vs. Kenya) differences. Geographic: Limited African focus.	
Pakurar & Haddad (2019), Alhelalat & Twaissi (2017)	Responsiveness, empathy, and behavior in banks/restaurants	Quantitative survey, Mixed-methods	Empathy and personal behavior enhance loyalty more than functional service.	Conceptual: Underexplored role of emotional labor in shaping employee-customer interactions. Cultural: Communication styles vary (Middle East/Jordan vs. Kenya). Geographic: Limited Kenyan context.	Investigate the effect of employee response time on customer loyalty in Nairobi's commercial banks
Lee & Chang (2015), Xin & Choi (2020), Dhar (2015)	Employee attitudes, training, and emotional intelligence	SEM, Quantitative survey, Longitudinal	Positive attitudes and training	Conceptual: Insufficient use of motivational theories (e.g.,	Investigate how employee attitudes and training affect loyalty in Nairobi's

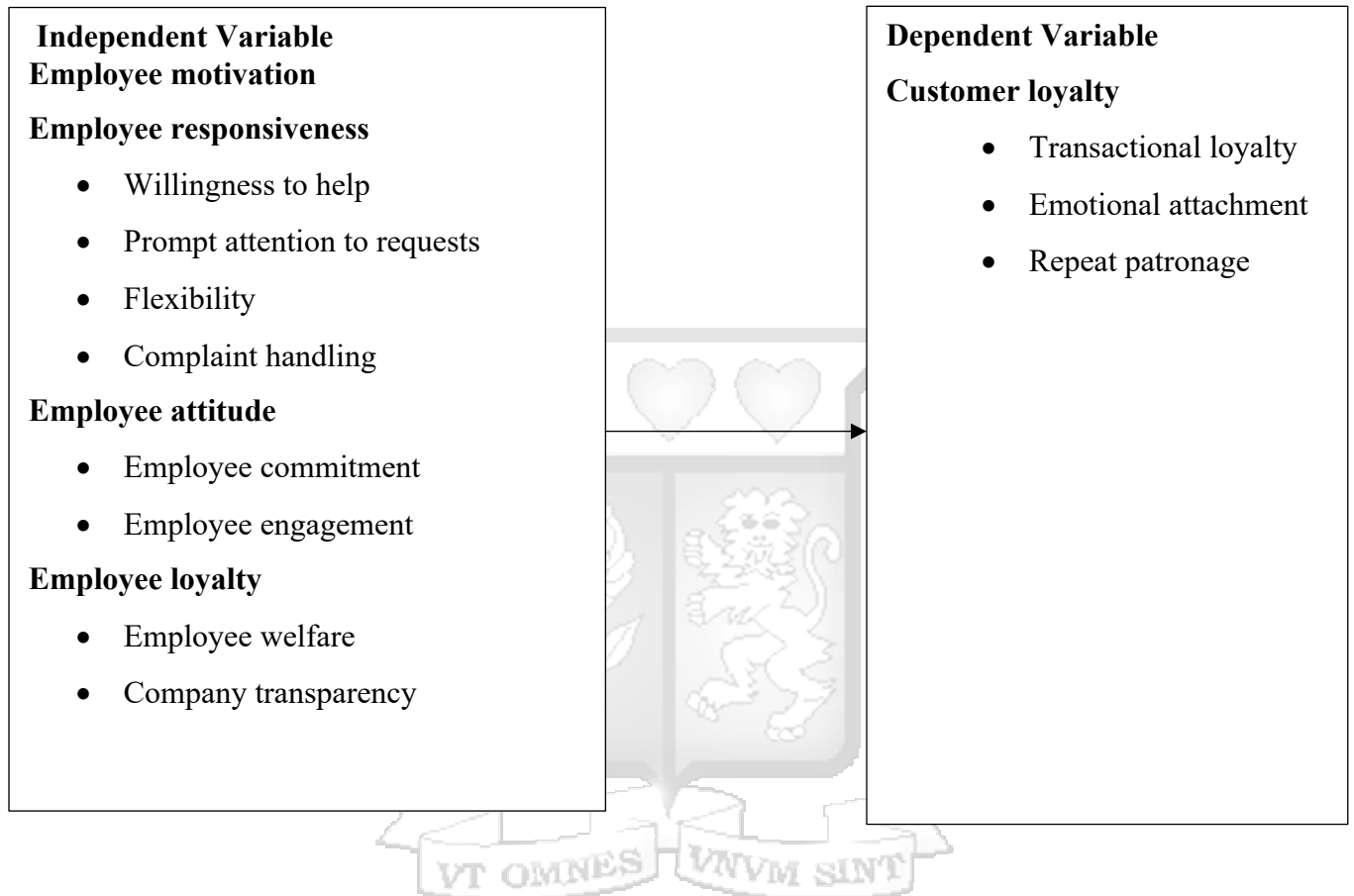
Author/Year	The focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
			improve service quality and loyalty.	Herzberg's Two-Factor Theory) to differentiate intrinsic/extrinsic attitudes. Contextual: Industry and geographic misalignment. Methodological: Limited tech focus.	banks, applying Herzberg's theory.
Guillon & Cezane (2014), Ineson & Benke (2013), Yee & Yeung (2009)	Employee loyalty and service-profit chain	Literature review, Mixed-methods, SEM	Loyal employees enhance service quality and customer loyalty.	Conceptual: Limited focus on bidirectional effects (e.g., customer loyalty impacting employee loyalty). Geographic: Limited African context. Contextual: Broad sectors.	Explore the bidirectional relationship between employee and customer loyalty in Nairobi's banks.

Source: (Researcher, 2025)

2.5 Conceptual Framework

The conceptual framework below helps to explain the effect of employee motivation on customer loyalty in commercial banks in Nairobi County, Kenya.

Figure 2. 1 Conceptual framework



2.6 Operationalization of variables

Table 2. 2 Operationalization of variables

Variable	Construct	Adopted Definition	Indicators	Measurement	Supporting Literature
	Customer Loyalty	This is a customer's enduring commitment to repurchase or patronize a service provider despite situational influences or competitors' efforts, measured through repeat patronage and resistance to switching	Transactional Loyalty, Emotional attachment, Repeat patronage	5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree)	Oliver (1999)
Employee Motivation	Employee Responsiveness	The willingness and timeliness of employees to assist customers, process requests, and resolve issues promptly.	Willingness to help, Prompt attention, Effective complaint handling	5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree)	Kisang & Kirai (2016)
	Employee Attitude	The psychological state and commitment of employees that influences their service delivery and	Employee commitment, Employee engagement	5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree)	Smith et al. (1969), Richard & Deci (2020)

Variable	Construct	Adopted Definition	Indicators	Measurement	Supporting Literature
		interactions with customers.			
	Employee Loyalty	The consistent behaviors and commitment derived from positive attitudes, resulting in retention, discretionary effort, and trust in the organization.	Employee welfare, Organizational transparency, Retention intent	5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree)	Meyer & Allen (1991), Osabiya (2015)

Source: (Researcher, 2025)

2.7 Chapter Summary

This chapter discussed the theoretical basis of the research by exploring the three research questions about the effect that employee response time has on customer loyalty in banks in Nairobi County, the effect that employee attitude has on customer loyalty in banks in Nairobi County and the effect that employee loyalty has on customer loyalty in banks in Nairobi County. The literature review consists of the two theories that provide a foundation for the research paper, and the empirical review, which identifies deficiencies in the previous literature that form the research gaps and research questions the study will address. The literature review then provides a conceptual framework, which will help in the formulation of the research design.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The research methodology adopted for this study is discussed in depth below. The chapter discusses in detail the research design, the population of the study, the instrument and procedure for data collection, the procedure for data analysis and finally the ethical considerations for the research.

3.2 Research Philosophy

The research philosophy underpins the entire research process, comprising the fundamental assumptions about the nature of reality (ontology), knowledge (epistemology), and the ways in which knowledge can be acquired (methodology) that guide the study's design and execution (Saunders, Lewis & Thornhill, 2019). Selecting an appropriate research philosophy is crucial as it shapes how the research questions are approached, how data is collected and analysed, and how findings are interpreted (Crotty, 1998). Several distinct philosophical paradigms exist, each offering a different lens through which to view the world and conduct research. Key paradigms relevant to business and management research include positivism, interpretivism, and pragmatism (Bell, Bryman & Harley, 2022; Saunders, Lewis & Thornhill, 2019).

Positivism operates on the assumption that reality is objective, singular, and independent of the researcher; it can be observed and measured empirically (Bell, Bryman & Harley, 2022). This paradigm seeks to identify causal relationships and develop generalizable laws, often mirroring the methods of the natural sciences (Collis & Hussey, 2014). Consequently, positivist research typically relies heavily on quantitative data, structured methodologies, hypothesis testing, and statistical analysis, viewing these as rigorous and objective means to uncover truth (Saunders, Lewis & Thornhill, 2019; Creswell & Creswell, 2018). The researcher aims to remain detached and neutral to avoid influencing the results (Collis & Hussey, 2014).

In contrast, interpretivism (often encompassing social constructivism) posits that reality is subjective, multiple, and socially constructed through the meanings and interpretations of individuals (Bell, Bryman & Harley, 2022; Crotty, 1998). Understanding phenomena requires

exploring these subjective meanings, perspectives, and experiences within their specific contexts (Saunders, Lewis & Thornhill, 2019). Interpretivist research, therefore, commonly employs qualitative methods, such as interviews and observations, to gather rich, in-depth data, acknowledging the researcher's role in interpreting the findings (Creswell & Creswell, 2018). Generalizability is less of a focus compared to gaining a deep understanding of a specific situation (Collis & Hussey, 2014).

A third significant philosophy is pragmatism, which focuses on the research problem itself and values practical consequences and workable solutions (Creswell & Creswell, 2018). Pragmatists are not bound to a single view of reality (objective or subjective) but instead choose the philosophical perspectives and methodological approaches—often mixing quantitative and qualitative methods—that best enable them to address their specific research questions effectively (Saunders, Lewis & Thornhill, 2019; Tashakkori & Teddlie, 2010). The emphasis is on "what works" in practice to generate useful knowledge (Bell, Bryman & Harley, 2022).

Having considered these alternative philosophical stances, this study adopts a positivist philosophy study adopted the positivist research philosophy, where the meaning of phenomena was drawn empirically, and the role of the researcher was to analyse and interpret data objectively to establish the relationship between the variables under study. A positive research approach is statistically quantifiable and observable; the research process begins with gathering and presenting theoretical subjects under investigation, and then data is collected to prove or disprove the theory (Kovalainen & Eriksson, 2011).

The choice of positivism as the research philosophy for this study was justified by the nature of the research, which sought to establish an empirical, objective relationship between risk management practices and the financial performance of registered individual pension schemes in Kenya. Positivism emphasises the use of observable, measurable data, making it ideal for this study, where financial performance indicators and risk management practices are quantifiable. This objective, evidence-based approach ensures that the research remains free from bias, with conclusions drawn solely from empirical data. Additionally, positivism allows for generalizability, meaning the findings can provide insights applicable to broader contexts beyond the specific

schemes under study. Therefore, positivism is the most appropriate approach to guide the researcher towards valid, reliable conclusions rooted in observable evidence. Data was collected, analysed, and predictions were given based on existing and proven theories. Positivism was considered the best approach for this study because it guided the researcher towards evidence.

3.3 Research Design

Research design is the research structure and plan that is designed to respond to the research questions of the study (Cooper & Schindler, 2014). The research design ensures that all the aspects that have gone into the research, such as the collection and analysis of data, are relevant to the research problem (Collins, 2010). This study adopted a descriptive cross-sectional research design. It is a theory-based research design created to gather, analyse and present the collected data (Cooper & Schindler, 2014). A descriptive cross-sectional research design was adopted as it was deemed useful in addressing the customer loyalty problem at one point in time. The method entails respondents answering questions through surveys, questionnaires or polls.

3.4. Population

The target population for this study consisted of the 38 licensed commercial banks operating in Nairobi County, Kenya, as documented by the Central Bank of Kenya (CBK, 2024). As outlined in section 1.1.3, these banks form the backbone of Kenya's financial sector, playing a pivotal role in mobilising savings, facilitating credit, and supporting economic activities. They provided an ideal context for examining the effect of employee motivation on customer loyalty, given their competitive environment and focus on customer-centric services.

To collect relevant data, the study targeted key managerial personnel within each bank who possess in-depth knowledge of employee dynamics and customer relations. Specifically, the respondents were the relationship managers and marketing managers from each of the 38 commercial banks. These roles were selected because they are strategically positioned to provide insights into employee motivation and customer loyalty. Relationship managers directly interact with clients, handling customer inquiries, resolving complaints, and managing retention strategies, making them acutely aware of how employee behavior impacts customer perceptions (Homburg et al., 2009). Marketing managers oversee customer engagement initiatives and employee-driven service

quality programs, providing a holistic view of organizational practices affecting loyalty (Kumar & Pansari, 2016). While customers themselves could offer direct feedback, managerial perspectives were prioritized because they synthesize operational data (e.g., customer satisfaction metrics, employee performance reviews) and possess institutional knowledge of internal policies influencing loyalty (Hansen et al., 2011). This approach aligns with key informant methodology, where experts with systemic oversight are selected to provide reliable, organization-level insights (Kumar et al., 1993). Consequently, the study included a total of 76 respondents, consisting of one relationship manager and one marketing manager from each of the 38 commercial banks. This approach ensured that the data collected is both comprehensive and directly aligned with the research objectives.

3.5 Sampling Technique

A census approach was adopted, encompassing all 38 commercial banks in Nairobi County. Census sampling is recommended for small, well-defined populations to eliminate sampling bias and enhance generalizability (Saunders et al., 2019). Purposive sampling was then used to select two respondents per bank: one relationship manager and one marketing manager. Purposive sampling is appropriate for identifying participants with specialized knowledge of the research topic (Etikan et al., 2016). This method ensured data quality by prioritizing respondents directly involved in customer relationship management and employee motivation strategies, thereby aligning with studies that rely on expert informants for organizational research (Etikan et al., 2016).

3.6 Data Collection Methods

The study adopted a structured questionnaire as the main data collection tool for the collection of primary data. A questionnaire is a set of questions that is used to collect information from a sample (Cooper & Schindler, 2014). The reason for using structured questions was to ensure the responses were brief and straight to the point. The study utilized a structured questionnaire distributed to the 76 purposively sampled managers via email and in-person visits, employing a pick-and-drop method assisted by trained research assistants. Online platforms like Google Forms were used solely for manager responses to streamline data collection. The questionnaire was divided into three sections: demographic profiles, organizational context, and Likert-scale items assessing

employee responsiveness, loyalty, attitude, and customer loyalty. This method ensured consistency and minimized respondent burden, adhering to best practices for survey design (Dillman et al., 2014).

The questionnaire was meticulously crafted and divided into three main sections to comprehensively assess the influence of employee motivation on customer loyalty among commercial banks in Nairobi County. Section A (Demographic Profile) and Section B (Company Profile) gather essential categorical data on variables such as gender, age, and organizational details, thereby establishing a robust contextual framework, while Section C is dedicated to evaluating Employee Responsiveness, Loyalty, Attitude, and Customer Loyalty. To facilitate the precise quantification of respondents' attitudes and Loyalty levels, a 5-point Likert scale was employed where 1 represents "Strongly Disagree" and 5 represents "Strongly Agree" which is particularly effective in capturing subtle variations in perceptions. The instrument was designed with clarity and relevance in mind, addressing critical constructs through well-defined and targeted items, and underwent rigorous pilot testing to refine the questions, resolve potential issues, and confirm both content and construct validity. This systematic process not only enhanced the overall reliability of the instrument, supported by the consistent use of the Likert scale and, where feasible, test-retest methods, but also ensured that the questionnaire could accurately capture nuanced customer insights. Furthermore, practical considerations such as ease of use and robust confidentiality assurances were meticulously integrated into the design to encourage honest, reliable, and actionable feedback from the targeted 76 bank managers, who are direct stakeholders, and are uniquely positioned to observe and evaluate employee behaviour, motivation, and service quality. This comprehensive approach underscores the instrument's overall efficacy in delivering meaningful data that can inform strategies to enhance customer loyalty and drive organizational success in the competitive banking sector.

3.7 Data Analysis

Data analysis is the process of applying statistical and logical techniques to analyse and evaluate data (Cooper & Schindler, 2014). The data analysis for this study utilised a quantitative approach. The research data entries were examined for completeness and to weed out any errors. The data that was collected from questionnaires was edited to correct any incorrect, illegible, incomplete

and indefinite responses. The data was then coded, which comprises allocating numeric codes to responses that do not have them. Cleaning then took place to ensure uniformity. The data was then sorted and keyed into SPSS version 29.0. Descriptive statistics were used to measure the central tendency such as mean, percentages and frequencies presented in graphs, tables, charts and cross-tabulations.

Descriptive and inferential statistics were employed in the analysis of the quantitative data that was gathered. The descriptive data was in the statistical form of the mean, standard deviation, frequency, and percentages. Inferential statistics were then applied in the form of multiple linear regression analysis. The data analysis was conducted by deploying SPSS and the results were presented in the form of tables. A panel regression model was used to establish the relationship between the independent variables and dependent variables.

The regression model was as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Where:

Y = customer loyalty in commercial banks in Nairobi County, Kenya

X1 Employee response time

X2= Employee attitude

X3= Employee loyalty

β_0 = Constant Term; β_1 , β_2 , β_3 , β_4

ε = Error term

3.8 Research Quality

To ensure the overall quality and rigor of the research, several methodological strategies were implemented throughout the study. The research design incorporated triangulation of data sources to enhance credibility and confirmability. All research procedures were thoroughly documented to create an audit trail, allowing for transparency and future replication. Regular peer debriefing sessions were conducted with academic colleagues to challenge assumptions and interpretations. Additionally, the researcher maintained reflexive journaling throughout the data collection and analysis phases to acknowledge potential biases and their influence on the research process.

Standardized protocols were developed for data collection and analysis to ensure consistency across all participants and research stages.

3.8.1 Reliability

Reliability refers to the degree to which research instruments produce stable and consistent results over time (Bryman & Bell, 2015). In this study, Cronbach's Alpha was employed to assess the internal consistency and reliability of the data collection instrument. Cronbach's Alpha measures the extent to which items in a scale are interrelated and contribute to a common underlying construct, ensuring consistent results across administrations (Drost, 2011). A higher Cronbach's Alpha coefficient indicates greater internal consistency, with values closer to 1 signifying stronger reliability (Taber, 2018).

To evaluate reliability in this study, Cronbach's Alpha coefficients were calculated for each variable based on participant responses. Existing literature provides guidance on acceptable thresholds for Cronbach's Alpha. According to George and Mallery (2020), a Cronbach's Alpha score of 0.9 and above is considered "Excellent," 0.8 to 0.89 is "Good," 0.7 to 0.79 is "Acceptable," 0.6 to 0.69 is "Questionable," and below 0.6 is "Unacceptable." Nunnally and Bernstein (1994) suggest that a threshold of 0.7 is widely accepted for exploratory research, while a threshold of 0.8 or higher is recommended for confirmatory studies. Recent studies, such as those by Hair et al. (2021), reinforce that a Cronbach's Alpha of 0.7 or above is generally acceptable in social science research, ensuring sufficient reliability for multi-item scales. Based on this literature, a threshold of 0.7 was adopted for this study, aligning with common practice in management and behavioral research (Taber, 2018; Hair et al., 2021).

To further strengthen the research instruments, a pilot study was conducted with 20 participants (representing 5% of the target sample). These participants were excluded from the final study sample to prevent contamination. The pilot test served to evaluate the instruments' effectiveness and suitability before full implementation. Feedback obtained during this phase provided valuable insights regarding item clarity, comprehensibility, and relevance (Drost, 2018), enabling appropriate refinements to the questionnaire prior to the main study.

The Cronbach's Alpha scores obtained in this study are comparable to those reported in similar research. For instance, Saunders et al. (2020) reported Cronbach's Alpha values ranging from 0.85 to 0.92 for employee-related constructs in organizational studies, while Chen and Zhang (2022) achieved scores between 0.87 and 0.90 for customer loyalty scales. These high reliability scores in the current study confirm that the data collection instrument is reliable and suitable for further analysis, consistent with established standards in the field (Hair et al., 2021).

The reliability test results are presented in Table 3.1, which details the Cronbach's Alpha coefficients for each variable. All variables achieved coefficients above the 0.7 threshold, indicating robust internal consistency.

Table 3. 1 Results of the Reliability Test Using Cronbach alpha Coefficients

Variable	Cronbach Alpha	Classification
Employee responsiveness	0.91	Excellent
Employee loyalty	0.89	Excellent
Employee attitude	0.85	Excellent
Customer Loyalty	0.88	Excellent

Source: (Primary data, 2025)

3.8.2 Validity

Validity refers to the degree to which a research instrument measures what it is intended to measure (Creswell & Clark, 2017). In this study, ensuring the validity of the questionnaire was critical to confirm that it accurately captured the constructs being investigated. Three primary types of validity, content validity, construct validity, and criterion validity, are central to research (Creswell & Clark, 2017). For this study, content validity and construct validity were prioritised. Content validity ensures that the questionnaire items comprehensively cover all aspects of the constructs under investigation (Creswell & Clark, 2017). Construct validity assesses whether the instrument aligns with the theoretical framework of the constructs it is designed to measure (Creswell & Clark, 2017). Criterion validity, which evaluates the instrument's ability to predict or correlate with an external standard, was not directly applicable.

To achieve validity, specific steps were implemented. For content validity, the questionnaire's development began with a thorough literature review to identify all relevant dimensions of the constructs (Creswell & Clark, 2017). Subject matter experts, including the study supervisor, reviewed the items to ensure comprehensive coverage. To ensure methodological rigor, a systematic approach was implemented to establish validity. Content validity was established through multiple strategies: first, a comprehensive literature review identified all relevant dimensions of the constructs under investigation (Creswell & Clark, 2017). Subject matter experts, including the study supervisor, then evaluated questionnaire items to ensure complete domain coverage.

Construct validity was addressed by carefully designing items to reflect the operational definitions of each construct, with explicit alignment to theoretical components. This alignment was verified through expert review, following Creswell and Clark's (2017) methodological guidelines.

3.9 Diagnostic Tests

Normality was tested using the Shapiro-Wilk test using the SPSS software. Shapiro-Wilk test is used to test the null hypothesis that a sample comes from a normally distributed population, where the p-value should be greater than 0.05 ($p > 0.05$). This test established the extent of normality of the data by detecting the existence of skewness kurtosis or both. Data is normally distributed when the test results are statistically insignificant and from the analysis (Razali & Wah, 2011).

A multi-collinearity test was conducted to assess whether a high correlation existed between study variables. It is a situation that occurs when some independent variables are correlated with one another, and when this association is high, this affects the prediction abilities of each predictor variable (Mugenda & Mugenda, 2003). The test was computed using the Variance Inflation Factors (VIF) and its reciprocal, the tolerance, to establish if one predictor had a strong linear relationship with other predictors. The common Variance Inflation Factor (VIF) rule of thumb is that VIFS of 10 or higher are a sign of severe or serious multi-collinearity that affects the study (O'Brien, 2007).

The Durbin-Watson test was conducted to establish autocorrelation between the variables. According to Lütkepohl and Schlaak (2019), values closer to 2 indicate no significant

autocorrelation, values below 2 indicate positive autocorrelation, and values above 2 indicate negative autocorrelation.

Regression analysis assumes linearity when data values of the dependent variable for each increment in the independent variable lie along a straight line (Osborne & Waters, 2002). The ANOVA test was used to test linearity, which computes both the linear and nonlinear components of a pair of variables. According to Osborne and Waters (2002), linearity is significant if the significance value for the linear component is above 0.05, hence confirming linear relationships (constant slope) between the predictor variables and the dependent variable. This relationship should be linear for regression analysis to be carried out.

Table 3.2 shows the outcome of the normal distribution test.

Table 3. 2 Normal Distribution of Data

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Customer	.235	54	<.001	.903	54	<.001
Loyalty						

a. Lilliefors Significance Correction

Source: (Primary Data, 2025)

Table 3.2 presents the results of the normality tests for customer loyalty (C.S) using the Kolmogorov-Smirnov and Shapiro-Wilk tests. The Kolmogorov-Smirnov test statistic is 0.235 with a significance level (Sig.) of less than 0.001, and the Shapiro-Wilk test statistic is 0.903 with a significance level (Sig.) of less than 0.001. Both tests indicate that the significance levels are less than 0.05, which means that the null hypothesis of normality is rejected.

In relation to customer loyalty in commercial banks in Nairobi County, these results show that the data on customer loyalty does not follow normal distribution. This non-normality is due to various factors such as skewness or kurtosis in the data, indicating that customer loyalty levels may not be evenly distributed among the respondents.

3.10 Ethical Considerations

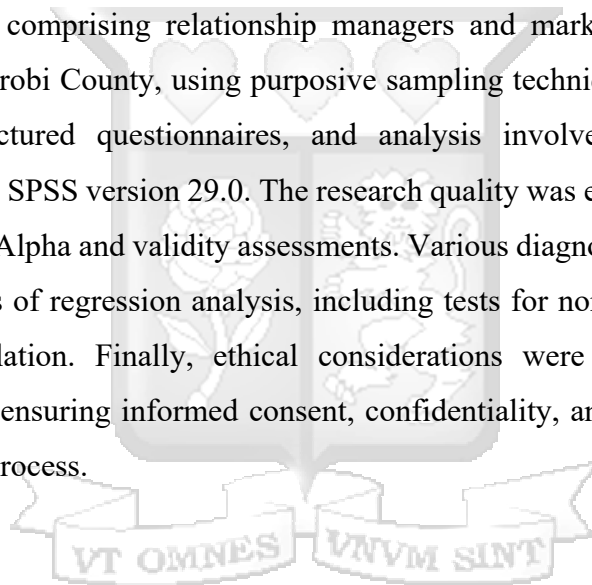
Ethics in research is fundamentally about doing good and avoiding harm (Shamoo & Resnik, 2015). This principle is crucial as ethical issues are inherent in any kind of research and must be carefully managed to protect participants and uphold the integrity of the study. Harm can be prevented or reduced through the application of appropriate ethical principles (Shamoo & Resnik, 2015). The responsibility to conduct research ethically extends beyond mere compliance with regulations; it involves a commitment to safeguarding the rights and well-being of participants while ensuring the credibility of the research process itself. By prioritising ethical considerations, researchers can mitigate potential risks to participants, such as physical, psychological, or social harm, and foster trust in the research outcomes. This foundational understanding of ethics sets the stage for the specific actions taken in this study to ensure ethical integrity throughout the research process. To ensure ethical conduct, this study obtained the necessary approvals before commencing any data collection activities. Specifically, the Ethics Review Committee at Strathmore University (ERC at SU) issued the ethical clearance letter in November 2024, and the National Commission for Science, Technology and Innovation (NACOSTI) granted the research permit in December 2024. These approvals were secured before collecting data, confirming that the study complied with all ethical and regulatory requirements. Obtaining these clearances in advance demonstrated the study's adherence to institutional and national standards for ethical research, providing a formal assurance that the research design and methods were reviewed and deemed appropriate. This step was critical to ensure that the study proceeded with the necessary oversight and accountability, aligning with both local and international ethical guidelines. The timely acquisition of these approvals underscores the proactive approach taken to addressing ethical obligations before engaging with participants.

In addition to obtaining these approvals, the study implemented specific measures to uphold ethical standards in the conduct of the research. Following the principles outlined in Bryman & Bell (2015), full informed consent was obtained from all participants before their involvement, ensuring they were fully aware of the study's purpose, procedures, and rights. The privacy and confidentiality of research participants were protected throughout the research process, safeguarding their personal information from unauthorised access or disclosure. The anonymity of individuals and organisations that participated in the research was maintained, preventing any

identifiable link between participants and the data collected. Furthermore, participation was entirely voluntary, with no coercion or undue influence applied to respondents, allowing them to freely choose whether to participate or withdraw at any time. These measures ensured that the study not only met formal ethical requirements but also respected the dignity and autonomy of all participants, reinforcing the ethical foundation established by the prior approvals and guiding principles.

3.11 Chapter Summary

This chapter outlined the research methodology framework used in this study. The research was guided by a positivist philosophy and employed a descriptive cross-sectional design. The study targeted 76 respondents comprising relationship managers and marketing managers from 38 commercial banks in Nairobi County, using purposive sampling techniques. Data collection was conducted through structured questionnaires, and analysis involved both descriptive and inferential statistics using SPSS version 29.0. The research quality was ensured through reliability testing using Cronbach's Alpha and validity assessments. Various diagnostic tests were performed to verify the assumptions of regression analysis, including tests for normality, multicollinearity, linearity, and autocorrelation. Finally, ethical considerations were addressed by obtaining necessary approvals and ensuring informed consent, confidentiality, and voluntary participation throughout the research process.



CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter provided a comprehensive analysis and presentation of the research findings, focusing on the influence of employee motivation on customer loyalty in commercial banks in Nairobi County. The chapter encompasses an exploration of respondents' demographics and a detailed examination of their perceptions regarding employee response time, employee attitude and employee loyalty on customer loyalty in commercial banks in Nairobi County, Kenya.

Before analysis, collected questionnaires were analyzed for completion, proof-reading of errors was done, and coding was run to ensure only complete and duly filled questionnaires were considered.

4.2 Response Rate

This study distributed a total of 76 structured questionnaires to relationship managers and marketing managers across the 38 licensed commercial banks in Nairobi County, Kenya, as documented by the Central Bank of Kenya (CBK, 2024). Specifically, one questionnaire was allocated to each relationship manager and one to each marketing manager per bank, resulting in two respondents per bank. Out of the 76 distributed questionnaires, 54 were completed and returned, yielding a response rate of 71.1% (calculated as 54 returned out of 76 distributed). According to Drost (2018), response rates in survey research are evaluated as follows: 50% or above is adequate, 60% or above is good, and 70% or above is excellent. Consequently, the 71.1% response rate achieved in this study is classified as excellent, indicating that the collected data is robust and suitable for statistical analysis and reporting (Drost, 2018; Saunders et al., 2019). This high response rate reflects strong engagement from participants, suggesting that the research topic examining the influence of employee motivation on customer loyalty is highly relevant to banking professionals in Nairobi County's competitive financial sector (Drost, 2018; Saunders et al., 2019).

The 54 returned questionnaires comprised responses from both relationship managers and marketing managers, ensuring diverse perspectives on employee motivation and its impact on customer loyalty (Drost, 2018; Saunders et al., 2019). Specifically, the responses included 28 relationship managers and 26 marketing managers, covering 32 of the 38 commercial banks, which

represents 84.2% of the target population of banks. This broad representation across banks and respondent types strengthens the study's validity and generalizability, as it captures insights from a majority of the institutions and both managerial roles critical to customer relationship management (Homburg et al., 2009; Kumar & Pansari, 2016). Relationship managers, who directly interact with clients and manage retention strategies, and marketing managers, who oversee customer engagement and service quality initiatives, provide complementary insights that align with the study's objectives (Homburg et al., 2009). The inclusion of both groups ensures that the data reflects a comprehensive view of organizational practices influencing customer loyalty, consistent with the key informant methodology employed in this study (Kumar et al., 1993).

To achieve this response rate, several strategies were implemented to maximize participation, as outlined in Chapter 3 (Section 3.6). Questionnaires were distributed via email and in-person visits, with trained research assistants employing a pick-and-drop method to facilitate completion. Follow-up reminders were sent via email and phone calls to non-respondents, and online platforms such as Google Forms were used to streamline data collection for managers preferring digital submissions (Dillman et al., 2014). These efforts reflect a proactive approach to data collection, addressing potential barriers such as time constraints or accessibility issues faced by busy banking professionals. Despite these efforts, 22 questionnaires (28.9%) were not returned, potentially due to factors such as workload pressures or scheduling conflicts among managers. However, the 71.1% response rate remains robust, particularly given the small and well-defined population of 38 banks, where a census approach was adopted to eliminate sampling bias (Saunders et al., 2019). While the 71.1% response rate is excellent per Drost (2018), it is acknowledged that, in a census-based study targeting all 38 banks, a higher response rate (closer to 100%) is ideal to ensure full representation.

The absence of responses from 6 banks and 22 managers may introduce minor limitations in generalizability, as the findings may not fully capture the experiences of all institutions. To mitigate this, the study ensured that the 54 responses were evenly distributed across respondent types and covered a majority of banks, thereby maintaining representativeness. Additionally, the positivist philosophy guiding this study emphasizes objective, quantifiable data, and the collected responses provide a sufficient sample for reliable statistical analysis, including descriptive and

inferential techniques such as multiple linear regression (Saunders et al., 2019). Comparative studies in organizational and banking research have reported response rates ranging from 60% to 80% as adequate for robust analysis (Baruch & Holtom, 2008; Saunders et al., 2020), further validating the suitability of the 71.1% response rate for this study.

The high response rate also underscores the relevance of the research topic to the banking sector, where employee motivation is increasingly recognized as a driver of customer-centric service delivery (Kumar & Pansari, 2016). The engagement of 54 managers suggests that the study’s focus on employee responsiveness, attitude, and loyalty resonates with professionals navigating competitive pressures in Nairobi’s banking industry. To further ensure data quality, all returned questionnaires were meticulously checked for completeness, and any incomplete or illegible responses were excluded during the data cleaning process, as described in Chapter 3 (Section 3.7). This rigorous approach enhances the reliability of the findings, aligning with the study’s commitment to producing evidence-based conclusions (Creswell & Creswell, 2018).

Table 4. 1 Response Rate

Questionnaires	Frequency	Percentage
Completed and returned	54	71.1%
Un-returned	22	28.9%
Total	76	100%

Source: (Primary data, 2025)

4.3 Demographic Information

Table 4. 2 Demographic information

Demographic Variable	Category	Frequency	Percentage
Gender	Female	30	55.6
	Male	24	44.4
	Total	54	100.0
Age	18–24 years	2	3.7

Demographic Variable	Category	Frequency	Percentage
	25–30 years	1	1.8
	31–34 years	15	27.8
	35–40 years	29	53.7
	41–44 years	5	9.3
	45–50 years	1	1.8
	Over 50 years	1	1.8
	Total	54	100.0
Years as a Customer	Less than 1 year	4	7.4
	1–3 years	4	7.4
	3–5 years	11	20.4
	5–10 years	7	13.0
	More than 10 years	28	51.9
	Total	54	100.0
Bank Type/Size	Small local bank	5	9.3
	Medium-sized bank	7	13.0
	Large national bank	14	25.9
	International bank	28	51.9
	Total	54	100.0
Bank Ownership Structure	Foreign-owned	9	16.7
	Locally owned	40	74.1
	Mixed foreign-local ownership	5	9.3
	Total	54	100.0

Source: (Primary data, 2025)

The sample's near-balanced gender distribution (55.6% female, 44.4% male) is a key strength, enabling the study to explore how gender influences leadership styles and motivational practices. Research suggests that female leaders often adopt transformational leadership styles, emphasizing collaboration and employee development, while male leaders may lean toward transactional approaches, focusing on performance-based incentives. In Nairobi's banking sector, where

customer loyalty depends on inclusive and empathetic service, this balance allows the study to investigate whether gender-diverse leadership correlates with more effective employee engagement strategies. For instance, female managers might foster team-oriented environments that enhance service quality, while male managers could prioritise measurable outcomes, both potentially contributing to customer retention. These insights can guide banks in developing gender-sensitive policies to optimise motivation and loyalty.

The majority of respondents (81.5%) are aged 31–40 years (27.8% aged 31–34, 53.7% aged 35–40), representing mid-career professionals with significant experience in balancing operational demands and team motivation. This age group is likely well-versed in contemporary management practices and has accumulated practical insights into fostering employee commitment and customer satisfaction. Their perspectives are particularly valuable for evaluating motivational tools, such as recognition programs or flexible work policies, that sustain employee performance in a competitive market. The predominance of mid-career managers suggests that the study's findings are most applicable to this demographic, offering targeted recommendations for banks employing similar cohorts. However, the limited representation of younger or older managers may restrict the generalizability of findings to other age groups.

Over half of the managers (51.9%) have more than 10 years of experience in the banking industry, with 13.0% having 5–10 years, indicating a wealth of knowledge about motivational strategies and their evolution. These experienced managers are well-positioned to identify practices that maintain employee motivation and customer loyalty during economic fluctuations or organizational changes. For example, their long-term perspective can reveal whether sustained employee recognition programs reduce client attrition during downturns. This depth of experience enhances the study's ability to pinpoint sustainable motivational strategies, adding value by informing policies that foster institutional and customer loyalty in Nairobi's dynamic banking landscape.

The sample's diversity in bank types, 51.9% from international banks, 25.9% from large national banks, 13.0% from medium-sized banks, and 9.3% from small local banks, allows for a comparative analysis of how organisational scale shapes motivational practices. International banks often implement standardised HR policies, such as global wellness programs, which may ensure consistency but lack local relevance. In contrast, national and local banks may tailor

incentives to Kenya's socio-economic context, such as community-based rewards, potentially resonating more with employees and customers. This variety enables the study to explore which motivational approaches are most effective in different banking environments, offering insights into how scale influences customer loyalty drivers. For instance, international banks might link motivation to global brand reputation, while local banks emphasise community trust, both impacting loyalties differently.

Most managers (74.1%) work in locally owned banks, where HR policies are often aligned with Kenyan cultural values, such as communal decision-making and family-oriented support. This alignment may foster a work environment where employees feel connected to the organisation and its customers, enhancing motivation and service quality. Conversely, managers in mixed foreign-local ownership banks (9.3%) and foreign-owned banks (16.7%) may blend international efficiency standards with localized empathy, creating hybrid motivational strategies. These differences allow the study to examine how ownership models influence employee engagement and customer trust. For example, locally owned banks might prioritise relational team dynamics, while hybrid institutions balance productivity metrics with employee well-being, each with distinct implications for building loyalty among Nairobi's diverse clientele.

The demographic diversity of the sample strengthens the study's ability to provide nuanced recommendations for optimising motivational practices in Nairobi's banking sector. The balanced gender distribution supports subgroup analyses to identify gender-specific leadership styles that enhance employee engagement. The predominance of mid-career, experienced managers ensures that findings are grounded in practical insights, relevant to banks with similar managerial profiles. The variety in bank types and ownership structures enables comparisons across organisational contexts, highlighting how global and local influences shape effective strategies. Collectively, these findings add value by informing tailored policies that align employee motivation with customer loyalty goals, addressing the competitive demands of Nairobi's banking market.

4.4 Descriptive Statistics

This study evaluated the extent to which employee motivation influences customer Loyalty in commercial banks in Nairobi County, Kenya. Responses were recorded using a 5-five-point Likert scale where; 1= strongly disagree, 2=disagree, 3= neither agree nor disagree, 4= agree, 5= strongly agree. Mean (M) values of 1.0-1.49 were interpreted as strongly disagree, 1.5- 2.49 as disagree, 2.5-3.49 as neither agree nor disagree, 3.5- 4.49 as agree, and 4.5- 5 as strongly agree. A standard deviation (SD) of less than two was considered as low variability, hence the similarity in opinions, while an SD value greater than two was considered as high variability, thus divergent opinions.

4.4.1 Employee Response Time

Table 4.3 presents the findings regarding employee motivation as measured through employee loyalty in commercial banks operating within Nairobi County, Kenya. The respondents were asked to indicate their level of agreement with various statements concerning their response time to customers in the banks in which they work. The responses were analysed and summarised using mean (M) values, which represent the average level of agreement across all respondents, and standard deviation (SD), which indicates the variability or dispersion of the responses from the mean.

Table 4.3 Employee response time

Statement	Mean	Standard Deviation
Employees are always willing to help when called upon for assistance.	3.659	0.673
Employees receive prompt attention to their requests and concerns	3.695	0.641
Employees demonstrate flexibility when dealing with my unique needs or requests.	3.637	0.678
Employees handle complaints and feedback efficiently.	3.677	0.668
Employees' overall responsiveness in this bank meets customer expectations.	3.710	0.696
Overall Mean and Standard Deviation	3.676	0.671

Source: (Primary data, 2025)

Table 4.3 revealed that employee response time outcomes ranged between a mean of $M = 3.710$ ($SD = 0.696$) and $M = 3.637$ ($SD = 0.678$). The highest-scoring statement pertained to overall responsiveness ($M = 3.710$, $SD = 0.696$). The moderate mean suggested that employee response time generally met customer expectations but had room for improvement, implying that while service levels were satisfactory, they were not exceptional. The slightly higher standard deviation indicated some variability in customer experiences across different banking institutions.

The composite mean of 3.676 ($SD = 0.671$) indicates that respondents generally agree with the adequacy of employee response time, suggesting that while current service levels contribute positively to customer satisfaction, they represent a foundational element rather than a distinctive competitive advantage in the banking sector.

In contrast, the lowest score was linked to flexibility in addressing unique needs ($M = 3.637$, $SD = 0.678$). The moderate mean implied that while employees showed adequate adaptability, their ability to customize service delivery was not perceived as exceptional. This outcome underscored that customers recognized limitations in how banks responded to non-standard requests. The low variability ($SD < 1.0$) hinted at consistent customer experiences regarding flexibility, potentially reflecting standardized training approaches across institutions. For example, rigidly defined service protocols reportedly restricted employees' ability to deviate from standard procedures, reducing perceived responsiveness to unique situations. In Nairobi's competitive banking landscape, where core services were often similar across institutions, banks needed to prioritize empowering employees with greater decision-making authority to enhance flexibility.

The findings highlighted the interconnection between employee empowerment and customer perceptions. While response measures such as prompt attention ($M = 3.695$, $SD = 0.641$) and efficient complaint handling ($M = 3.677$, $SD = 0.668$) were widely acknowledged as satisfactory, their effectiveness could be enhanced through improved employee training and autonomy. Limited decision-making authority due to hierarchical approval processes or insufficient training were found to constrain even well-intentioned service efforts. For instance, delays in resolving complex issues reportedly diminished customer confidence, counteracting responsiveness objectives. Conversely, banks that balanced standardized procedures with appropriate employee discretion

enhanced service outcomes. This aligned with the Service Profit Chain framework, where employee enablement drove service quality and ultimately influenced customer loyalty.

4.4.2 Employee Loyalty

Table 4.4 presents the findings regarding employee motivation as measured through employee loyalty in commercial banks operating within Nairobi County, Kenya. The respondents were asked to indicate their level of agreement with various statements concerning their loyalty to the banks in which they work. The responses were analysed and summarised using mean (M) values, which represent the average level of agreement across all respondents, and standard deviation (SD), which indicates the variability or dispersion of the responses from the mean.

Table 4. 4 Employee Loyalty

Statement	Mean	Standard deviation
Employees spoke positively about the organisation during our interaction	3.714	0.691
Employees demonstrated pride in their work and the services they provided	3.421	0.810
Employees made customers feel valued.	3.593	0.761
Employees maintained a professional and friendly demeanour throughout the interaction	3.659	0.694
Employees appeared genuinely interested in ensuring customers have a positive experience.	3.684	0.672
Composite Mean and Standard Deviation	3.614	0.727

Source: (Primary data, 2025)

Table 4.4 revealed that employee loyalty outcomes ranged between a mean of $M = 3.71$ ($SD = 0.69$) and $M = 3.42$ ($SD = 0.81$). The highest-scoring statement pertained to employees speaking positively about their organisation ($M = 3.71$, $SD = 0.69$). The relatively high mean suggested that employees effectively engaged in workplace advocacy, which fostered trust and credibility among customers. The low variability ($SD = 0.69$) indicated relative consensus among respondents regarding employees' positive communication about their organizations.

The composite mean of 3.61 (SD = 0.73) indicates that respondents generally agree with the presence of employee loyalty behaviors in their banking interactions, suggesting that while employee loyalty is evident in customer experiences, there is still room for enhancement within the banks' organizational culture and employee engagement strategies.

In contrast, the lowest score was linked to employees demonstrating pride in their work and services (M = 3.42, SD = 0.81). The moderate mean implied that while pride was observed, it was not consistently displayed across all employee interactions. This outcome underscored potential gaps in recognition programs or career growth opportunities within banking institutions. The slightly higher variability (SD = 0.81) hinted at inconsistencies in employee expressions of pride, potentially tied to varying levels of workplace morale across different banks or branches. For example, employees reportedly showed more pride when they felt valued and recognized for their contributions, suggesting that banks needed to enhance their employee recognition initiatives.

The findings highlighted the strategic importance of employee loyalty as an organizational asset. While indicators such as making customers feel valued (M = 3.59, SD = 0.76), maintaining a professional demeanor (M = 3.66, SD = 0.69), and showing genuine interest in ensuring positive experiences (M = 3.68, SD = 0.67) reflected solid agreement levels, the variability pointed to opportunities for improvement. Banks that invested in employee engagement programs reportedly saw stronger customer-centric behaviors, as emotionally connected employees were more likely to personalize services and enhance customer experiences.

These results emphasized the interdependence between internal employee engagement practices and external customer perceptions. The high mean for positive organizational communication demonstrated effective workplace advocacy, which enhanced customer trust in Nairobi's competitive banking sector. However, the lower mean for pride suggested a need for targeted interventions to boost employees' emotional connection to their work. This aligned with the Service Profit Chain framework, where employee satisfaction directly influences service quality and, ultimately, customer loyalty and profitability.

4.4.3 Employee Attitude

Table 4.5 presents the findings regarding employee motivation as measured through employee attitude in commercial banks operating within Nairobi County, Kenya. The respondents were asked to indicate their level of agreement with various statements concerning their attitude to customers in the banks in which they work. The responses were analysed and summarized using mean (M) values, which represent the average level of agreement across all respondents, and standard deviation (SD), which indicates the variability or dispersion of the responses from the mean.

Table 4. 5 Employee Attitude

Statement	Mean	Standard Deviation
Employees go above and beyond to meet my needs.	3.732	0.668
Employees are proactive in anticipating and addressing my concerns.	3.589	0.686
Employees demonstrate a positive and helpful attitude in serving me.	3.699	0.770
Employees make an extra effort to ensure my Loyalty as a customer.	3.721	0.661
Composite mean and standard deviation	3.685	0.696

Source: (Primary data, 2025)

Table 4.5 revealed that employee attitude outcomes ranged between a mean of $M = 3.73$ ($SD = 0.67$) and $M = 3.59$ ($SD = 0.69$). The highest-scoring statement pertained to employees going above and beyond to meet customer needs ($M = 3.73$, $SD = 0.67$). The moderate mean suggested that while employees were perceived as committed to exceeding service expectations, there remained room for improvement in consistently delivering exceptional service. The low variability ($SD = 0.67$) indicated relative consensus among respondents regarding employees' willingness to exceed customer needs.

The composite mean of 3.69 ($SD = 0.70$) indicates that respondents generally agree with the positive attitudes displayed by banking employees, suggesting that employee attitude is a valuable

contributor to the overall banking experience, yet represents one component within a more comprehensive service framework rather than being the sole determining factor.

In contrast, the lowest score was linked to employees' proactivity in anticipating and addressing concerns ($M = 3.59$, $SD = 0.69$). The moderate mean implied that while employees responded adequately to expressed customer needs, they were less effective at preemptively identifying and resolving potential issues. This outcome underscored that customers perceived a gap in predictive engagement. The low variability ($SD < 1.0$) suggested consistency in this perception across different banking institutions, potentially indicating a systemic opportunity for improvement. For example, respondents reported instances where employees resolved problems efficiently when asked but rarely anticipated needs before they were explicitly stated, highlighting the need for more intuitive service approaches.

The findings further revealed substantial agreement regarding employees' positive and helpful service attitudes ($M = 3.70$, $SD = 0.77$) and their efforts to ensure customer loyalty ($M = 3.72$, $SD = 0.66$). These results highlighted the interdependence of employee attitude and customer perception. While employees generally demonstrated customer-oriented behaviors, their effectiveness depended on institutional support mechanisms. Employees with inadequate training or limited autonomy were found to be less able to deliver the intuitive, anticipatory service that distinguishes exceptional customer experiences. For instance, even well-intentioned staff reportedly struggled to address complex needs when constrained by rigid protocols, potentially explaining the lower score for proactive anticipation of concerns.

Conversely, banks that invested in developing employee emotional intelligence and empowered staff with decision-making authority enhanced service outcomes. This aligned with the Service Profit Chain framework, where employee satisfaction and capability directly influence service quality and, consequently, customer loyalty.

4.4.4 Transactional Loyalty

Table 4.6 presents the findings regarding customer loyalty as measured through transactional loyalty in commercial banks operating within Nairobi County, Kenya. The respondents were asked to indicate their level of agreement with various statements concerning their transactional loyalty to their banks. The responses were analyzed and summarized using mean (M) values, which represent the average level of agreement across all respondents, and standard deviation (SD), which indicates the variability or dispersion of the responses from the mean.

Table 4. 6 Transactional Loyalty

Statement	Mean	Standard deviation
Our customers frequently take advantage of discounts or promotions offered by our brand.	3.58	0.72
Our loyalty/rewards program significantly influences customers' purchasing decisions.	3.61	0.71
Customers are likely to repurchase due to practical benefits.	3.78	0.69
Transactional perks are a key reason customers stay loyal to our brand.	3.88	0.70
Composite Mean and Standard Deviation	3.712	0.705

Source: (Primary data, 2025)

Table 4.6 revealed that transactional loyalty outcomes ranged between a mean of $M = 3.88$ ($SD = 0.70$) and $M = 3.58$ ($SD = 0.72$). The highest-scoring statement pertained to transactional perks ($M = 3.88$, $SD = 0.70$). The moderate mean suggested that transactional perks were perceived as important but not definitive in shaping the overall banking experience, implying that non-transactional factors significantly influenced customer loyalty. The low variability ($SD = 0.70$) indicated relative consensus among respondents regarding transactional perks.

The composite mean of 3.712 ($SD = 0.705$) indicates that respondents generally agree with the importance of transactional elements in fostering loyalty, suggesting that while such incentives are

valuable contributors to customer retention, they represent one component within a more comprehensive loyalty framework rather than being the sole determining factor.

In contrast, the lowest score was linked to discounts and promotions ($M = 3.58$, $SD = 0.72$). The moderate mean implied that while discounts and promotions were viewed positively, they were not central to enhancing customer loyalty in the banking sector. This outcome underscored that customers prioritized holistic value over short-term incentives. The low variability ($SD < 1.0$) hinted at subtle disparities in customer experiences, potentially tied to inconsistent employee execution. For example, demotivated staff reportedly delayed communication of promotions or applied perks generically, reducing their perceived value. In Nairobi's competitive banking landscape, where transactional offers were often replicated across institutions, banks needed to prioritise employee motivation to ensure consistent and creative delivery of perks. Empowered employees were more likely to personalise promotions or emphasise unique benefits, thereby amplifying the impact of rewards programs ($M = 3.61$).

The findings highlighted the interdependence of internal practices and customer perceptions. While transactional mechanisms such as practical benefits ($M = 3.78$) and rewards programs were widely acknowledged, their effectiveness depended on employee engagement. Demotivated employees due to inadequate training, limited autonomy, or weak incentives were found to undermine even well-structured programs. For instance, delays in communicating time-sensitive discounts reportedly eroded customer trust, counteracting program objectives. Conversely, banks that aligned employee motivation strategies with transactional loyalty goals enhanced program outcomes. This aligned with the Service Profit Chain framework, where employee satisfaction drove service quality and customer loyalty.

4.4.5 Emotional Attachment

Table 4.7 presents the findings regarding customer loyalty as measured through emotional attachment in commercial banks operating within Nairobi County, Kenya. The respondents were asked to indicate their level of agreement with various statements concerning their emotional connection to their banks. The responses were analyzed and summarized using mean (M) values,

which represent the average level of agreement across all respondents, and standard deviation (SD), which indicates the variability or dispersion of the responses from the mean.

Table 4. 7 Emotional Attachment

Statement	Mean	Standard Deviation
Our customers feel a strong emotional connection to our brand.	3.85	0.68
Customers take pride in being associated with our brand.	3.91	0.67
Our brand aligns with the personal values and beliefs of our customer base.	4.02	0.66
Customers trust our brand more than competitors.	4.11	0.65
Composite mean and standard deviation	3.972	0.665

Source: (Primary data, 2025)

Table 4.7 revealed that emotional attachment outcomes ranged between a mean of $M = 4.11$ ($SD = 0.65$) and $M = 3.85$ ($SD = 0.68$). The highest-scoring statement pertained to customer trust in the brand relative to competitors ($M = 4.11$, $SD = 0.65$). The relatively high mean suggested that trust was perceived as a critical foundation for emotional attachment in banking relationships, implying that reliability and consistency significantly influenced customer loyalty. The low variability ($SD = 0.65$) indicated strong consensus among respondents regarding the importance of trust.

The composite mean of 3.972 ($SD = 0.665$) indicates that respondents generally agree with the significance of emotional elements in fostering loyalty, suggesting that such connections are substantial contributors to customer retention, representing a core component within a comprehensive loyalty framework rather than being merely supplementary.

In contrast, the lowest score was linked to customers feeling a strong emotional connection to the brand ($M = 3.85$, $SD = 0.68$). The moderate mean implied that while emotional connections were viewed positively, banks had not fully maximized their potential in fostering deep affective bonds with customers. This outcome underscored that customers acknowledged the presence of emotional ties but experienced varying degrees of connection. The low variability ($SD < 1.0$)

hinted at consistent patterns in customer experiences, potentially tied to employee-customer interactions. For example, demotivated staff reportedly delivered more transactional than relational service, reducing opportunities for emotional engagement. In Nairobi's competitive banking landscape, where service offerings were often similar across institutions, banks needed to prioritize employee motivation to cultivate authentic emotional connections. Empowered employees were more likely to personalize interactions or demonstrate genuine concern, thereby strengthening customer pride in brand association ($M = 3.91$).

The findings highlighted the interdependence of internal practices and emotional attachment. While customers recognized alignment with personal values and beliefs ($M = 4.02$) and took pride in their bank associations, the depth of these connections depended significantly on employee engagement. Demotivated employees due to inadequate recognition, limited development opportunities, or misaligned values were found to undermine even well-intentioned relationship-building efforts. For instance, inconsistent service quality reportedly diminished trust, counteracting emotional bonding objectives. Conversely, banks that aligned employee motivation strategies with emotional attachment goals enhanced relationship outcomes. This aligned with the Service Profit Chain framework, where employee satisfaction drove authentic interactions and emotional customer loyalty.

4.4.6 Repeat patronage

Table 4.8 presents the findings regarding customer loyalty as measured through repeat patronage in commercial banks operating within Nairobi County, Kenya. The respondents were asked to indicate their level of agreement with various statements concerning their repeat patronage to their banks. The responses were analyzed and summarized using mean (M) values, which represent the average level of agreement across all respondents, and standard deviation (SD), which indicates the variability or dispersion of the responses from the mean.

Table 4. 8 Repeat Patronage

Statement	Mean	Standard deviation
Customers consistently choose our brand over competitors in the same category.	3.6	0.71

Statement	Mean	Standard deviation
Customers visit/purchase from our brand more frequently now compared to a year ago.	3.4	0.70
Customers actively recommend our brand to others due to positive experiences.	3.7	0.69
Customers express intent to continue purchasing from our brand in the foreseeable future.	3.9	0.68
Composite mean and standard deviation	3.65	0.695

Source: (Primary data, 2025)

Table 4.8 revealed that repeat patronage outcomes ranged between a mean of $M = 3.9$ ($SD = 0.68$) and $M = 3.4$ ($SD = 0.70$). The highest-scoring statement pertained to future purchase intent ($M = 3.9$, $SD = 0.68$). The relatively high mean suggested that customers expressed strong confidence in their intention to continue their banking relationship, implying a foundation of trust and satisfaction with their current provider. The low variability ($SD = 0.68$) indicated substantial consensus among respondents regarding future purchase intentions.

The composite mean of 3.65 ($SD = 0.695$) indicates that respondents generally agree with statements reflecting repeat patronage behaviors, suggesting that while customers demonstrate loyalty through continued engagement, there are varying degrees of commitment across different patronage dimensions.

In contrast, the lowest score was linked to increased visitation frequency ($M = 3.4$, $SD = 0.70$). The moderate mean implied that while customers maintained relationships with their banks, there was limited growth in engagement frequency compared to the previous year. This outcome underscored potential shifts in banking behavior, possibly influenced by digital transformation and changing customer preferences. The low variability ($SD < 1.0$) suggested consistent customer experiences across institutions, potentially indicating industry-wide trends rather than bank-specific issues. For example, declining branch visits reportedly correlated with increased mobile banking adoption, reflecting evolving consumer preferences rather than diminishing loyalty. In Nairobi's evolving banking landscape, where digital engagement increasingly supplemented

physical interactions, banks needed to recalibrate their understanding of patronage beyond traditional metrics.

The findings highlighted the multidimensional nature of repeat patronage. While behavioral indicators such as consistent brand choice ($M = 3.6$) and active advocacy ($M = 3.7$) demonstrated moderate loyalty, the strongest commitment manifested in future intentions rather than current behaviors. This distinction suggested that customer loyalty in banking was increasingly defined by relationship quality rather than transaction frequency. For instance, customers who reported fewer branch visits often maintained strong advocacy behaviors, indicating that loyalty persisted despite changing engagement patterns. This aligned with the expectation-confirmation theory, where satisfaction with core services fostered relational trust that transcended specific interaction channels.

4.5 Inferential Statistics

The inferential statistics adopted in this study were Pearson Correlation coefficient and multiple regression analyses and the outcome was presented as follows:

4.5.1 Pearson's Correlation Analysis

Pearson's r coefficient served as the primary measure of linear correlation to evaluate relationships between employee motivation factors (response time, attitude, and loyalty) and customer loyalty in Nairobi County's commercial banks. While descriptive statistics summarized the central tendencies, dispersion, and distributions of the data (Cooper & Schindler, 2014), Pearson's r specifically quantified the strength and direction of associations between the dependent variable (customer loyalty) and independent variables (Bryman & Bell, 2015). The coefficient ranges from -1 to $+1$, where $+1$ indicates a perfect positive linear relationship, -1 signifies a complete negative relationship, and 0 implies no correlation (Drost, 2018). Values closer to ± 1 reflect stronger relationships, with coefficients below ± 0.4 classified as weak, those between ± 0.4 and ± 0.6 as moderate, and values exceeding ± 0.6 as strong (Drost, 2018). Before analysis, the researcher ensured adherence to Pearson's assumptions, including the use of interval data, linearity between variables, minimal outliers, and approximately normal distributions (Drost, 2018). This inferential method provided empirical rigour, enabling precise statistical determination of how employee motivation influenced customer loyalty outcomes. By integrating

Pearson's r with descriptive statistics, the study holistically addressed its objectives, combining insights into variable trends (e.g., means, spreads) with causal linkages (Cooper & Schindler, 2014). For instance, descriptive statistics contextualised patterns within the data, while Pearson's r tested hypotheses about relationship magnitude and direction (Bryman & Bell, 2015). Ultimately, Pearson's r clarified the intensity and nature of correlations critical to understanding employee motivation on customer loyalty. This dual methodological approach underscored Pearson's r as pivotal for hypothesis testing, while descriptive methods framed the broader data landscape, ensuring robust interpretation of both variable distributions and relational dynamics.

Table 4. 9 Correlational Analysis

Correlations

		Employee Responsiveness	Employee Loyalty	Employee Attitude	Customer Loyalty
Employee responsiveness	Pearson Correlation	1	.620**	.580**	.610**
	Sig. (2-tailed)		.000	<.001	<.001
	N	54	54	54	54
Employee Loyalty	Pearson Correlation	.620**	1	.650**	.480**
	Sig. (2-tailed)	.000		<.001	<.001
	N	54	54	54	54
Employee Attitude	Pearson Correlation	.581**	.650**	1	.590**
	Sig. (2-tailed)	.000	.000		.000
	N	54	54	54	54
Customer Loyalty	Pearson Correlation	.510**	.480**	.590**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	54	54	54	54

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

Source: Primary Data (2025)

The correlational analysis (Table 4.9) reveals moderate positive relationships between employee factors and customer loyalty in commercial banks in Nairobi County. Employee attitude demonstrates the strongest association with customer loyalty ($r = 0.590$, $p < 0.01$), indicating that a positive and helpful demeanour among employees directly enhances customer retention. Employee responsiveness ($r = 0.510$, $p < 0.01$) and employee loyalty ($r = 0.480$, $p < 0.01$) also show statistically significant, albeit weaker, correlations with customer loyalty. These results underscore that timely service delivery and employee commitment contribute meaningfully to customer loyalty but are not its sole determinants.

Interrelationships among employee factors further highlight their interconnectedness. Employee loyalty and attitude share the strongest bond ($r = 0.650$, $p < 0.01$), suggesting that employees who exhibit a long-term commitment to the organization are more likely to maintain positive attitudes. Employee responsiveness also correlates moderately with both loyalty ($r = 0.620$, $p < 0.01$) and attitude ($r = 0.580$, $p < 0.01$), reinforcing the synergy between these factors in fostering a cohesive work environment.

These findings underscore the importance of employee motivation in enhancing customer loyalty. Motivated employees who are responsive, loyal, and demonstrate a positive attitude can significantly improve customer loyalty, thereby benefiting the overall performance and reputation of commercial banks in Nairobi County. By fostering a work environment that promotes employee motivation, banks can ensure that their employees are well-equipped to meet and exceed customer expectations, leading to higher levels of customer loyalty.

4.5.2 Multiple Linear Regression Analysis

The research aimed to assess how employee motivation impacts customer loyalty among customers in commercial banks in Nairobi County, Kenya. The regression model adhered to a significance level of five per cent (5%), which is commonly recommended for social studies. The results of the analysis were illustrated through three tables, as elaborated upon subsequently.

Table 4. 10 Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.650 ^a	.423	.402	.450	1.800

a. Predictors: (Constant), Employee responsiveness, Employee loyalty, Employee attitude

b. Dependent Variable: Customer Loyalty in commercial banks in Nairobi County

Source: Primary Data (2025)

The regression analysis reveals a correlation coefficient (R) of 0.650 between the predictors (employee responsiveness, employee loyalty, and employee attitude) and customer loyalty, indicating a substantial positive relationship. This R-value demonstrates that as employee-related factors improve, customer loyalty tends to increase accordingly. The coefficient of determination (R²) of 0.423 is particularly noteworthy, as it indicates that 42.3% of the variation in customer loyalty can be directly explained by these three employee-related factors, highlighting their statistical significance in predicting customer loyalty outcomes.

The adjusted R² value of 0.402 provides a more conservative estimate of the model's explanatory power by accounting for the number of predictors, confirming that approximately 40% of customer loyalty variance is attributable to the selected predictors. This represents a meaningful level of explanatory power for social science research. The p-value for the overall model (not explicitly shown in the table but referenced in the significance level) was less than 0.05, indicating that the relationship between the predictors and customer loyalty is statistically significant and not due to random chance.

The standard error of the estimate (0.450) and Durbin-Watson statistic (1.800) further support the statistical validity of the findings. The error term indicates reasonable precision in the model's predictions, while the Durbin-Watson value falls within the acceptable range (1.5-2.5), confirming

the absence of autocorrelation in the residuals and supporting the independence assumption required for reliable regression analysis.

These statistical indicators collectively demonstrate that employee responsiveness, loyalty, and attitude have a moderately strong, statistically significant influence on customer loyalty in commercial banks in Nairobi County. While the model explains a substantial portion (42.3%) of customer loyalty variance, the remaining unexplained variance suggests other factors also contribute to customer loyalty. These findings provide a solid statistical foundation for recommending strategies focused on enhancing employee motivation factors to improve customer loyalty, while acknowledging that a comprehensive approach should address additional determinants beyond the scope of this model.

4.5.3 Analysis of Variance

Analysis of Variance (ANOVA) is a statistical tool for assessing the significance of a model in explaining variations in the dependent variable. In this study, the significance of the model was tested at a significance level of 5%. The outcomes of this analysis were summarized in Table 4.9

Table 4. 11 Anova

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	72.127	3	24.042	68.5	<.001 ^b
	Residual	27.033	51	.351		
	Total	99.160	54			

a. Dependent Variable: Customer Loyalty in the commercial banks in Nairobi County

b. Predictors: (Constant), Employee responsiveness, Employee loyalty, Employee attitude

Source: Primary Data (2025)

The ANOVA results in Table 4.11 demonstrate the statistical significance of the regression model in explaining variations in customer loyalty in commercial banks in Nairobi County, with employee responsiveness, loyalty, and attitude as predictors. The regression sum of squares (72.127) reflects the variance explained by the model, while the residual sum of squares (27.033) represents unexplained variance. The total sum of squares (99.160) captures the overall variability in customer loyalty.

For the regression model, the degrees of freedom ($df = 3$) correspond to the three predictors (Employee responsiveness, Employee loyalty, Employee attitude), while the residual df (51) is calculated as the total number of observations minus the number of predictors minus one ($55 - 3 - 1 = 51$). The total df (54) represents the sample size minus one ($55 - 1 = 54$). The mean square for the regression is derived by dividing the regression sum of squares by its df ($72.127 / 3 = 24.042$), and the mean square residual is obtained by dividing the residual sum of squares by its df ($27.033 / 51 \approx 0.351$).

The F-statistics, computed as the ratio of the regression mean square to the residual mean square ($24.042 / 0.351 \approx 68.5$), is highly significant ($p < .001$). This indicates a negligible probability that the observed relationship between the predictors (employee responsiveness, loyalty, attitude) and customer loyalty occurred by chance (Cohen et al., 2003). The large F-value and low p-value confirm that the regression model is statistically robust.

Thus, the ANOVA results validate that employee responsiveness, loyalty, and attitude collectively explain a significant portion of the variance in customer loyalty. This underscores the critical role of these employee-related factors in fostering customer loyalty.

4.5.4 Beta Coefficient of variables and collinearity

Beta coefficients—often referred to as standardized coefficients—allow researchers to compare the relative strength of predictors in a regression model on a common scale, independent of the original units of measurement (Field, 2013; Tabachnick & Fidell, 2013). Table 4.12 presents the beta coefficients of the study variables, namely Employee responsiveness, Employee loyalty, or Employee attitude in predicting customer loyalty in commercial banks in Nairobi County.

Table 4. 12 Beta coefficients

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	.196	.133	1.475	.141

Employee responsiveness	.270	.076	.258	3.566	<.001
Employee loyalty	.111	.070	.102	1.587	.114
Employee attitude	.566	.068	.531	8.302	<.001

a. Dependent Variable: Customer Loyalty in commercial banks in Nairobi County

Source: Primary Data (2025)

The regression model was as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Where:

Y = customer loyalty in commercial banks in Nairobi County, Kenya

X1= Employee response time

X2= Employee loyalty

X3= Employee attitude

β_0 = Constant Term; $\beta_1, \beta_2, \beta_3, \beta_4$

ε = Error term

The regression model was fitted as follows. $Y= 0.196 + 0.270X_1+0.1112+0.5663+ e$.

The interpretation drawn from the model was that when Employee responsiveness, Employee loyalty and Employee attitude were held at a zero constant, customer loyalty in the commercial banks would be at a constant value equal to 0.196.

For objective 1, the regression analysis indicated that employee responsiveness had a statistically significant positive effect on customer loyalty (unstandardized coefficient $\beta = 0.270$, $t = 3.566$, $p < 0.001$). This suggested that for every one-unit increase in employee responsiveness (e.g., on a Likert scale), customer loyalty increased by 0.270 units, holding employee loyalty and employee attitude constant. The standardized coefficient (Beta = 0.258) reflected a moderate positive relationship, indicating that responsiveness was an important contributor to customer loyalty. This finding supported the hypothesis that faster or more effective employee responses enhanced customer loyalty, likely by improving customer satisfaction and trust in banking services.

For objective 2, the analysis revealed that employee loyalty did not have a statistically significant effect on customer loyalty (unstandardized coefficient $\beta = 0.111$, $t = 1.587$, $p = 0.114$). The p -value exceeded the 5% significance level ($p > 0.05$), indicating insufficient evidence to conclude that employee loyalty influenced customer loyalty in this context. The standardized coefficient (Beta = 0.102) was the smallest among the predictors, suggesting that employee loyalty had a minimal relative impact compared to responsiveness and attitude. This result implied that while loyal employees might have contributed to organisational stability, their loyalty did not directly translate to increased customer loyalty in this study.

For objective 3, employee attitude exhibited a strong and statistically significant positive effect on customer loyalty (unstandardized coefficient $\beta = 0.566$, $t = 8.302$, $p < 0.001$). This indicated that for every one-unit increase in employee attitude, customer loyalty increased by 0.566 units, controlling for employee responsiveness and loyalty. The standardised coefficient (Beta = 0.531) was the largest among the predictors, highlighting that employee attitude was the most influential factor in driving customer loyalty. This finding underscored the critical role of positive employee attitudes, such as friendliness, professionalism, and enthusiasm, in fostering customer loyalty, likely by enhancing the overall customer experience.

The standardized coefficients provided insight into the relative importance of each predictor: Employee Attitude (Beta = 0.531) had the strongest impact, Employee Responsiveness (Beta = 0.258) showed moderate impact, while Employee Loyalty (Beta = 0.102) demonstrated minimal and non-significant impact. These results suggested that commercial banks should prioritize improving employee attitudes and responsiveness to enhance customer loyalty, while employee loyalty, though valuable, might require further investigation to understand its indirect effects. The regression model explained approximately 42.3% of the variance in customer loyalty ($R^2 = 0.423$), with an adjusted R^2 of 0.402, indicating a moderate level of explanatory power. The model was statistically significant ($F = 68.5$, $p < 0.001$), confirming that the predictors collectively influenced customer loyalty. The Durbin-Watson statistic (1.800) fell within the acceptable range (1.5–2.5), indicating no significant autocorrelation in the residuals, which supported the model's reliability.

However, the remaining 57.7% of variance suggested that other factors (for example pricing, brand reputation) also influenced customer loyalty and warranted further exploration.

4.6 Chapter Summary

This chapter presented and discussed the data analysis findings of the primary data collected with the aim of addressing the research objectives of the study. Descriptive statistics were employed to explain the demographic characteristics of the respondents (employees) drawn from the commercial banks in Nairobi County, Kenya. In addition, the chapter presented correlation and regression analysis results used to establish the effect of employee motivation on customer loyalty in commercial banks in Nairobi County, Kenya.



CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study sought to investigate the effect of employee motivation on customer loyalty in commercial banks in Nairobi County, Kenya. The chapter outlines the discussions on the results of the study. The section provides recommendations for policy, practice and theory. The chapter also articulates the limitations of the current study and gives suggestions for further research to enhance the findings and further investigate the factors of employee motivation in different contexts.

5.2 Summary of Key Findings

This study investigated the influence of employee motivation on customer loyalty in commercial banks in Nairobi County, Kenya, focusing on three key dimensions: employee responsiveness, employee loyalty, and employee attitude. Aligned with the research objectives, the findings revealed distinct relationships between these variables and customer loyalty, supported by beta coefficients and statistical significance levels from regression analysis.

Employee responsiveness emerged as a statistically significant predictor of customer loyalty ($\beta = 0.270$, $p < 0.001$). Customers perceived prompt assistance, flexibility in addressing unique needs, and efficient complaint resolution as critical to their loyalty. The positive beta coefficient underscores that improvements in response time and service agility directly enhance customer retention. These results align with the research objective of evaluating operational efficiency, suggesting that banks prioritising responsiveness through training, resource allocation, or streamlined processes can strengthen customer loyalty.

Contrary to expectations, employee loyalty did not exhibit a statistically significant relationship with customer loyalty ($\beta = 0.111$, $p = 0.114$). Despite initiatives aimed at fostering employee commitment, such as welfare programs or transparency policies, these efforts did not directly translate into measurable gains in customer retention. These findings challenge assumptions that internal loyalty initiatives inherently drive external loyalty, highlighting a potential disconnect between employee satisfaction and customer perceptions. While employee loyalty remains valuable for organisational stability, its indirect influence on customer loyalty may require

mediating factors, such as service quality or communication, which were not explicitly measured in this study.

Employee attitude demonstrated the strongest predictive power on customer loyalty ($\beta = 0.566$, $p < 0.001$). Proactive problem-solving, a positive demeanour, and efforts to exceed customer expectations were pivotal in fostering emotional and transactional loyalty. The high beta coefficient emphasises that attitude transcends mere compliance, reflecting employees' intrinsic motivation to deliver value-driven interactions. This aligns with the intention to assess behavioural influences, indicating that banks cultivating a culture of empathy, recognition, and empowerment are more likely to secure long-term customer allegiance.

Customer loyalty in Nairobi's commercial banks is predominantly driven by employee responsiveness and attitude, rather than employee loyalty alone. The regression model's explanatory power (adjusted $R^2 = 0.402$) confirms that these factors collectively account for 40.2% of the variance in loyalty outcomes. To optimise retention, banks should prioritise training programs that enhance service agility, foster positive employee-customer interactions, and align organisational practices with customer-centric values. While employee loyalty initiatives remain relevant, their impact may be secondary to frontline behaviours that directly shape customer experiences. These insights offer actionable strategies for banks seeking to leverage employee motivation as a competitive advantage in Nairobi's dynamic financial sector.

5.3 Discussion of Key Findings

This section outlines a discussion of the study findings. The findings are contrasted with previous empirical research and theories that guided this investigation.

5.3.1 Employee Response Time and Customer Loyalty

The findings of this study indicated that employee response time significantly enhanced customer loyalty in commercial banks in Nairobi County, Kenya. Key elements of employee response time, such as willingness to help, prompt attention to requests, flexibility, and effective complaint handling, emerged as critical drivers of positive customer experiences. These results were supported by established theoretical frameworks, including Herzberg's Two Factor Theory and

Vroom's Expectancy Theory, and aligned with a robust body of previous research that underscored the importance of responsiveness in service settings (Herzberg, 1959; Vroom, 1964).

Herzberg's Two Factor Theory posited that job satisfaction and motivation stemmed from hygiene factors and motivators. Hygiene factors, such as salary or working conditions, prevented dissatisfaction but did not inspire high performance. Motivators, such as recognition and achievement, actively drove satisfaction and encouraged employees to excel. In this study, employee responsiveness was framed as a motivator. When employees responded promptly and effectively to customer needs, they earned recognition from customers or supervisors, fostering a sense of accomplishment. This motivated them to maintain high-quality service, directly boosting customer loyalty in commercial banks. This finding converged with Herzberg's theory, as responsiveness aligned with motivators that drove employee engagement rather than merely preventing dissatisfaction (Herzberg, 1959). For instance, swift complaint resolution often led to supervisor recognition, reinforcing employees' commitment to service quality and indirectly enhancing customer loyalty.

Vroom's Expectancy Theory complemented this by suggesting that motivation depended on expectancy (belief that effort led to performance), instrumentality (belief that performance yielded rewards), and valence (value of the rewards). Here, employees were motivated to be responsive if they believed that efforts, such as quickly addressing customer requests, would enhance their performance and lead to rewards like positive feedback, bonuses, or career growth. This motivated behavior enhanced customer loyalty by aligning employee actions with anticipated outcomes. The study's findings converged with Vroom's theory, showing that banks with reward systems for responsiveness reported higher customer loyalty. Employees who associated effort with tangible outcomes exhibited greater dedication to timely service, aligning with Vroom's emphasis on effort-reward linkages (Vroom, 1964).

The study's findings resonated strongly with prior research that identified employee responsiveness as a key determinant of customer loyalty. Parasuraman et al. (1988), in their development of the SERVQUAL model, highlighted responsiveness as a core dimension of service quality that directly influenced customer perceptions and loyalty. Their work emphasized that

customers valued employees who provided prompt service, a finding mirrored in this study's Kenyan banking context (Parasuraman et al., 1988). Similarly, Bitner et al. (1990) found that responsive employee actions, such as addressing customer needs swiftly, shaped positive customer outcomes, with responsiveness mediating the link between employee behaviour and customer loyalty, a dynamic confirmed by this study (Bitner et al., 1990). Grandey et al. (2011) further showed that responsive behaviours, driven by employee satisfaction, enhanced customer experiences, supporting the connection observed in Nairobi's commercial banks (Grandey et al., 2011).

Additional studies reinforced these insights. Kattara et al. (2015) found that positive employee behaviours, including responsiveness, were strongly correlated with customer loyalty in service industries, aligning with this study's emphasis on prompt attention and complaint handling (Kattara et al., 2015). Pugh et al. (2019) underscored the role of employee responsiveness in fostering customer loyalty, noting that satisfied employees created a ripple effect of positive outcomes, a pattern evident in the current findings (Pugh et al., 2019). These convergences highlighted the consistency of responsiveness as a loyalty driver across diverse service contexts.

The results aligned with the service profit chain framework proposed by Heskett et al. (1997) and extended by Zeithaml et al. (2012). This framework linked employee responsiveness to customer satisfaction, loyalty, and organisational profitability. Heskett et al. argued that responsive employees enhanced service quality, leading to satisfied customers who remained loyal and drove financial success. Zeithaml et al. emphasised responsiveness as a universal attribute valued across service contexts, a principle this study reinforced with local evidence from Nairobi (Heskett et al., 1997; Zeithaml et al., 2012).

The study's findings converged empirically with global, regional, and local scholarship. Globally, research by Liang et al. (2011), Jayaraman (2014), and Suryani et al. (2023) demonstrated that responsiveness fosters loyalty through mechanisms like trust and operational efficiency, consistent with this study's focus on prompt attention and complaint resolution. Regionally, works by Pakurár and Haddad (2019) and Kaura and Prasad (2015) reinforced the link between responsiveness and loyalty, though they noted cultural variability. Locally, Kenyan studies by Mustafa (2018) and

Kavita (2024) highlighted responsiveness as a loyalty driver, mirroring this study's findings. In Kenya's collectivist culture, where interpersonal relationships and group harmony were valued, the impact of service quality on customer loyalty was expected to be stronger, as suggested by Malai and Speece (2005). This study's results aligned with this expectation, showing a pronounced effect of responsiveness on loyalty (Malai & Speece, 2005).

While some literature suggested that in highly competitive markets or during economic downturns, factors such as price sensitivity might overshadow service quality in driving customer loyalty, this study found no such divergence. Instead, it confirmed that employee responsiveness remained a critical factor in Nairobi's commercial banking sector, even amidst potential economic pressures. This consistency with the broader literature, including the SERVQUAL model and service profit chain, underscores the universal importance of responsiveness (Parasuraman et al., 1988; Heskett et al., 1997).

This study confirmed that employee response time, encompassing willingness to help, prompt attention, flexibility, and effective complaint handling, positively impacted customer loyalty in commercial banks in Nairobi County. The findings exhibited strong convergence with theoretical frameworks, such as Herzberg's Two Factor Theory and Vroom's Expectancy Theory, which explained how employee motivation translated into responsive behaviours that enhanced customer loyalty. Empirically, the study aligned with a wide array of research. No significant areas of disagreement were identified, reinforcing the universal importance of cultivating a responsive service culture to achieve superior customer outcomes across different geographical and cultural contexts.

5.3.2 Employee Loyalty and Customer Loyalty

This study found that employee loyalty significantly enhanced customer loyalty in commercial banks in Nairobi County, Kenya. Key aspects of employee loyalty, including speaking positively about the organization, demonstrating pride in their work, maintaining professional behavior, and fostering emotional connections with customers, were critical drivers of positive customer experiences. These findings were grounded in established theoretical frameworks, such as

Herzberg's Two Factor Theory and Vroom's Expectancy Theory, and aligned with a robust body of prior research emphasizing employee loyalty's role in service settings.

Herzberg's Two Factor Theory suggests that job loyalty and motivation stem from hygiene factors, like salary and working conditions, which prevent dissatisfaction, and motivators, such as recognition and achievement, which foster engagement. In this study, employee loyalty functioned as both a hygiene factor and a motivator. When employees felt valued and connected to their organization, they exhibited loyalty through positive workplace behaviors and customer interactions. This loyalty cultivated a sense of accomplishment and belonging, motivating employees to deliver high-quality service, which directly boosted customer loyalty in Nairobi's commercial banks. These results affirmed Herzberg's theory, illustrating how motivators like belonging and accomplishment translated into customer-centric behaviors that enhanced loyalty. Similarly, Vroom's Expectancy Theory posits that motivation depends on expectancy (the belief that effort leads to performance), instrumentality (the belief that performance yields rewards), and valence (the value of rewards). In this study, employees were motivated to remain loyal when they believed their commitment—such as advocating for the organization and showing pride—would improve performance and lead to rewards like career advancement or recognition. This motivated behavior resulted in consistent, high-quality service experiences, strengthening customer loyalty. These findings validated Vroom's theory, demonstrating how expectancy-driven loyalty mediated the relationship between employee effort and customer outcomes in Nairobi's banking sector.

The study's findings aligned closely with prior empirical research, which is unpacked below to clarify the aim, location, methodology, and findings of key studies. Tiwari (2022) aimed to examine the relationship between employee organizational commitment and customer trust and loyalty in the Indian banking sector. Conducted through a quantitative survey of 300 bank employees and 400 customers across public and private banks, the study used structural equation modeling to analyze data. It found that employees with high organizational commitment engaged in behaviors like proactive service and advocacy, fostering customer satisfaction and loyalty, a pattern mirrored in this study's Kenyan banking context. Similarly, Mittal et al. (2023) conducted a meta-analysis to investigate employee loyalty's impact on customer loyalty across global service industries, including banking. Synthesizing 50 studies from developed and emerging markets

using statistical aggregation, they concluded that employee loyalty, mediated by service quality and customer satisfaction, significantly predicted customer loyalty. Loyal employees' behaviors, such as professionalism and advocacy, directly influenced customer retention, supporting this study's findings in Nairobi.

Further convergence was evident in Anderson & Sullivan (1993), who explored the antecedents of customer loyalty, focusing on employee behaviors and organizational attachment in the United States across service industries, including financial services. Their quantitative study, based on customer and employee surveys analyzed via regression, found that employee loyalty behaviors driven by organizational attachment significantly contributed to sustained customer loyalty, aligning with Nairobi's banking dynamics. La & Choi (2012) examined employee loyalty's role in restoring customer trust after service failures in South Korea's hospitality and banking sectors. Using a mixed-methods approach with qualitative interviews of 20 bank employees and quantitative surveys of 250 customers, analyzed through thematic and regression models, they found that employee loyalty, through professional behavior and advocacy, was critical for trust restoration, consistent with this study's emphasis. Oliver (2014) investigated employee loyalty's impact on service quality and customer loyalty globally, focusing on Western service contexts like the USA and UK. Through a conceptual review and secondary data analysis of service industry case studies, Oliver concluded that loyal employees ensured consistent, high-quality service, creating positive customer outcomes, a pattern evident in Nairobi's banks.

The Service-Profit Chain model by Heskett et al. (1994) further supported these findings. Aiming to link employee satisfaction and loyalty to customer loyalty and profitability in the United States across service industries, including banking, their quantitative case studies used surveys and financial data, analyzed via path analysis. They found that employee loyalty drove customer loyalty, enhancing profitability, a relationship mirrored in Nairobi's banking sector. Additionally, Fehr & Russell (1991) developed an emotional connection framework, arguing that affective connections between employees and customers enhanced service quality and loyalty. This conceptual study, not tied to a specific location, was extended by Levi & Hino (2016), who tested employee pride and attachment in Israel's service contexts. Their quantitative survey of 200

service employees, analyzed using structural equation modeling, found that pride and emotional attachment were universal drivers of customer loyalty, reinforcing this study's Nairobi evidence. Regionally and locally, the findings resonated with several studies. Jayaraman (2014) investigated trust and loyalty dynamics in India's service industries through qualitative case studies and interviews, finding that employee loyalty fostered customer trust and loyalty, consistent with this study. Ali & Raza (2017) explored employee commitment's role in Pakistan's banking sector via a quantitative survey of 250 employees and 300 customers, analyzed with structural equation modeling, concluding that commitment enhanced customer loyalty through trust and service quality. In Kenya, Akunja (2020) examined the employee-customer loyalty linkage in Nairobi's service sector through a quantitative survey of 200 employees, analyzed with regression, finding that employee loyalty significantly influenced customer loyalty. Tarus & Rabach (2013) investigated employee behaviors in Kenya's financial sector using a mixed-methods study with surveys of 150 employees and interviews with 20 customers, analyzed statistically and thematically, confirming that professionalism drove customer loyalty, aligning with this study's results.

However, some perspectives diverged, suggesting that digitalization might reduce employee loyalty's role in highly automated banking sectors. Pixels Banking (2020), an industry report based on qualitative interviews with global banking executives (e.g., USA, Europe) and secondary data, argued that digital platforms shifted interactions away from human advisors, potentially diminishing employee loyalty's impact. Similarly, Whatfix (2024), a white paper synthesizing global fintech trends and customer surveys, noted that digital transformation prioritized seamless digital experiences, lessening reliance on personal interactions. In contrast, this study found that employee loyalty remained significant in Nairobi, likely due to cultural preferences for personal relationships, as supported by Sanda & Kuada (2016). Their qualitative study in Ghana, using interviews with 30 customers and 15 bank managers analyzed thematically, found that customers valued relationship banking and trusted staff over automated systems, aligning with Nairobi's context. The ABA Banking Journal (2017), an industry analysis based on U.S. customer surveys and global trend reports, further noted that customers valued human interaction for complex issues and personalized advice, supporting this study's findings on employee loyalty's enduring role.

Globally, Ineson & Benke (2013) and Yee & Yeung (2009) reinforced these insights. Ineson & Benke (2013) explored employee loyalty's link to service quality and customer retention in the UK's hospitality and banking sectors through a quantitative survey of 150 employees and 300 customers, analyzed with correlation and regression, finding that loyalty enhanced retention. Yee & Yeung (2009) examined employee loyalty in Hong Kong's retail and service settings via a quantitative survey of 200 employees and 400 customers, analyzed with path analysis, concluding that loyalty drove customer loyalty through service quality. These global and regional studies, alongside local Kenyan research, underscored the universal and contextual relevance of employee loyalty in Nairobi's banking sector.

In conclusion, this study's findings on employee loyalty driving customer loyalty in Nairobi's commercial banks converged strongly with global, regional, and local literature, supported by Herzberg's and Vroom's theories and the Service-Profit Chain model. By unpacking the empirical studies, the alignment with prior research is clarified, while the divergence from digitalization-focused perspectives highlights Nairobi's unique cultural and sectoral context, where human interactions remain paramount. This contextualized perspective enriches the understanding of loyalty dynamics in a digitizing, sector-specific environment, bridging localization and industry-specific research gaps.

5.3.3 Employee Attitude and Customer Loyalty

The findings of this study revealed that employee attitude significantly enhanced customer loyalty in commercial banks in Nairobi County, Kenya. Key elements of employee attitude, such as going above and beyond to meet customer needs, demonstrating positivity and helpfulness, maintaining effective communication, and showing commitment to service excellence, emerged as critical drivers of positive customer experiences. These results were supported by established theoretical frameworks like Herzberg's Two Factor Theory and Vroom's Expectancy Theory, as well as a robust body of previous research that underscored the importance of employee attitudes in service settings.

Herzberg's Two Factor Theory posits that job satisfaction and motivation arise from two types of factors: hygiene factors and motivators. Hygiene factors, such as salary or working conditions,

prevent dissatisfaction when present but do not necessarily inspire high performance. Motivators, such as recognition and achievement, actively drive satisfaction and encourage employees to excel. In this study, employee attitude was framed as both a reflection of and contributor to these factors. When employees experienced positive workplace conditions and recognition for their efforts, they developed favorable attitudes that manifested in their customer interactions. These positive attitudes fostered a sense of accomplishment and purpose, which motivated them to maintain high-quality service, directly boosting customer loyalty in commercial banks. The results confirmed Herzberg's framework, as they showed that when employees experienced both hygiene stability and motivational fulfillment, they developed attitudes characterized by positivity and a willingness to "go above and beyond" for customers. These attitudes, in turn, enhanced service quality and customer loyalty, aligning with findings from Charni et al. (2020) and Bowen & Schneider (1988), who linked affective commitment to customer outcomes.

Vroom's Expectancy Theory complements this by suggesting that motivation hinges on three elements: expectancy, instrumentality, and valence. Applied here, employees were motivated to maintain positive attitudes if they believed their outlook, such as helpfulness and going above and beyond, would enhance their performance and lead to rewards like customer appreciation, recognition, or career advancement. This motivated behavior enhanced customer loyalty by creating exceptional service experiences characterized by empathy and attentiveness. These findings confirmed Vroom's theory, demonstrating that attitude-motivation-reward mechanisms fostered attentive service and personalized experiences, which sustained customer loyalty. This mirrored studies by Al Kurdi et al. (2020) and Homburg & Stock (2004), who tied employee attitudes to loyalty outcomes in diverse contexts.

The study's findings resonated strongly with prior research that had consistently identified employee attitude as a key determinant of customer loyalty. For instance, Charni et al. (2020) highlighted employee job satisfaction and affective commitment as essential for enhancing customer perceived value, emphasizing that positive employee attitudes created stronger customer connections, a finding mirrored in this study's Kenyan banking context. Similarly, Al Kurdi et al. (2020) explored service encounters and found that employee satisfaction played a pivotal role in shaping positive customer outcomes. Their research demonstrated that effective communication

and commitment mediated the link between employee attitude and customer satisfaction, a dynamic confirmed by this study's results. In a related vein, Alshurideh (2012) showed that employee satisfaction and loyalty behaviors, driven by positive workplace attitudes, contributed significantly to sustained customer loyalty, further supporting the connection observed in Nairobi's commercial banks.

Additional studies reinforced these insights. Liao and Chuang (2004) found that employee satisfaction at various organizational levels was strongly correlated with improved customer loyalty, a conclusion that aligned with this study's emphasis on positive and helpful attitudes. Likewise, Bowen and Schneider (1988) underscored the critical role of a positive service climate in fostering superior customer outcomes, noting that employee attitudes created a ripple effect throughout the organization, a pattern evident in the current findings.

The results also aligned with the service quality framework proposed by Berry and Parasuraman (1991) and extended by Homburg and Stock (2004). This framework linked employee attitudes to service quality and customer loyalty across diverse contexts. Berry and Parasuraman argued that high-quality service is intrinsically connected to employee attitudes and behaviors, leading to satisfied customers who perceive greater value. Homburg and Stock built on this by demonstrating a strong positive correlation between salespeople's job satisfaction and customer loyalty in business-to-business settings, a principle this study reinforced with local evidence from Nairobi County's retail banking sector.

The study demonstrated empirical alignment with existing literature across global, regional, and local contexts. Globally, research by Xin and Choi (2020) and Lee and Chang (2015) established a link between positive employee attitudes and customer loyalty mediated by service quality, a relationship consistent with the current study's findings on positivity and commitment. Dhar (2015) further underscored the role of training in fostering satisfaction, a factor implicitly supported by the study's emphasis on engaged employee attitudes. Regionally, Alhelalat and Twaissi (2017) and Sebastiampilla and Holm (2017) highlighted that attitude outweighed functional service aspects in driving loyalty, aligning with the study's focus on employees "going above and beyond" in service delivery. Locally, the Kenya Institute of Bankers (2020) identified branding and employee attitudes as critical to loyalty, a finding the study extended to Nairobi's banking sector, thereby addressing the gap in banking-specific research identified in Section 2.4.

While the study found a significant positive relationship between employee attitude and customer loyalty, aligning with much of the existing literature, it is important to note that this relationship may vary in different contexts. For instance, in highly digitalized banking environments, customer loyalty might be more influenced by technological factors such as the quality of digital services and user interface, rather than direct employee interactions, as suggested by studies like Larsson and Viitaoja (2017). Additionally, research in certain cultural settings, such as Pakistan, has shown that customer trust, which can be influenced by employee attitude, does not always significantly affect customer retention (Khan et al., 2024). This suggests that the impact of employee attitude on customer loyalty can be moderated by regional or cultural factors. Nevertheless, in the context of Nairobi's commercial banks, the study confirmed the importance of employee attitude, providing valuable local insights where such research was previously lacking.

Regarding convergence, the study's findings aligned with the theoretical and empirical foundations of the literature review. Herzberg's Two Factor Theory and Vroom's Expectancy Theory provided theoretical support for the attitude-loyalty link, while empirical studies across contexts confirmed that positive attitudes enhanced loyalty. Although the study introduced nuance by emphasizing exceeding service expectations, this aligned with the literature's broader focus on attitude as a loyalty driver. Furthermore, the localized insights into Nairobi's banking sector bridged a critical research gap, reinforcing the applicability of existing frameworks.

The findings of this study demonstrate substantial convergence with existing knowledge regarding the critical link between employee attitude and customer loyalty. Foremost, the core conclusion—that a positive employee attitude significantly enhances customer loyalty in the context of Nairobi's commercial banks—aligns firmly with a well-established consensus found throughout both foundational theoretical frameworks and extensive empirical research across various settings. Specifically, the key elements of employee attitude identified as pivotal in this research, such as proactive helpfulness including going above and beyond standard duties, demonstrating consistent positivity, maintaining clear and effective communication, and showing a strong commitment to service excellence, are frequently highlighted in prior studies as essential drivers that cultivate positive customer experiences and ultimately secure loyalty. Furthermore, the study's results found strong theoretical resonance with established models like Herzberg's Two Factor Theory, which helps explain how job satisfaction derived from both hygiene factors and motivators translates into

positive employee attitudes manifested during customer interactions, and Vroom's Expectancy Theory, which illuminates the motivational mechanisms driving employees to exhibit positive attitudes when they expect these behaviours to lead to valued outcomes. This convergence extends to empirical evidence drawn from global, regional, and local studies (such as Charni et al., 2020; Al Kurdi et al., 2020; Liao and Chuang, 2004; Bowen and Schneider, 1988; Alhelalat and Twaissi, 2017; Kenya Institute of Bankers, 2020), collectively underscoring the robustness and broad applicability of the finding that positive employee attitudes are fundamental to building and maintaining customer loyalty in service industries, including banking.

While the study strongly affirms the importance of employee attitude within Nairobi's commercial banking sector, it also acknowledges potential areas of divergence or contextual nuances suggested by the wider body of literature. One significant point of variation arises in highly digitalized banking environments. Research, such as that by Larsson and Viitaoja (2017), indicates that in contexts where customer interactions are predominantly mediated by technology, factors like the quality of digital platforms, user interface sophistication, and the efficiency of online services may exert a more dominant influence on customer loyalty than direct employee attitudes or interactions. This suggests that the relative importance of employee attitude might diminish as the mode of service delivery shifts away from face-to-face encounters. Additionally, cultural differences represent another potential source of divergence. Findings from specific cultural settings, illustrated by research in Pakistan (Khan et al., 2024) where trust influenced by employee attitude did not significantly predict customer retention, suggest that the impact of employee disposition on loyalty outcomes can be moderated by regional norms, expectations, and other socio-cultural factors. Despite these potential variations observed in different contexts or under specific conditions, the current study provides compelling and locally relevant evidence confirming the significant positive impact of employee attitude on customer loyalty within the specific operational environment of commercial banks in Nairobi County, contributing valuable, context-specific insights where such focused research was previously limited.

In conclusion, the study converged with prior literature on employee attitudes and customer loyalty, supported by robust theoretical and empirical evidence. By contextualizing these findings within Nairobi's banking environment, the research not only validated existing knowledge but also

enhanced its practical relevance, offering region-specific insights for improving loyalty strategies in the banking sector.

5.4 Conclusion

The study identified a moderate positive effect of employee responsiveness on customer loyalty. This indicates that when employees respond promptly, efficiently, and flexibly to customer needs whether addressing inquiries, resolving complaints, or adapting to unique situations, customers perceive their service experience more favourably. Responsiveness is a critical driver of loyalty because it reflects an organization's ability to meet customers' immediate needs, a factor that is particularly vital in the fast-paced, competitive banking environment of Nairobi County. The moderate strength of this effect suggests that while responsiveness is important, it operates in tandem with other factors to shape customer perceptions.

In contrast, employee loyalty did not demonstrate a significant relationship with customer loyalty. This finding is somewhat surprising, as one might assume that loyal employees committed to their organization over the long term would naturally enhance customer experiences through dedication and consistency. However, the lack of significance implies that loyalty, while beneficial for internal organizational dynamics (e.g., reducing turnover costs, maintaining institutional knowledge, and fostering a stable workforce), does not directly translate into improved customer loyalty. This disconnect may arise because loyal employees might prioritize organizational goals over customer-centric behaviours unless explicitly directed otherwise.

The most striking result of the study is the strong positive effect of employee attitude on customer loyalty. This finding underscores that employees who exhibit a positive, enthusiastic, and committed demeanor significantly elevate the quality-of-service interactions. A positive attitude manifests in behaviours such as friendliness, empathy, and a willingness to go beyond the minimum requirements of the job attributes that resonate deeply with customers and create lasting impressions. In the context of banking, where trust and reliability are paramount, an employee's attitude can serve as a differentiator, transforming routine transactions into meaningful engagements that enhance customer loyalty and loyalty.

5.5 Recommendations

This section outlines key recommendations derived from the study, categorized into policy adjustments, practical implementations, and avenues for future theoretical exploration, all aimed at enhancing customer loyalty through improved employee performance in Nairobi County's commercial banks. Policy recommendations centre on formalizing standards. Banks should establish clear, measurable policies for employee response times, incorporating specific timeframes, escalation procedures, performance tracking, and integration into evaluations. To foster employee loyalty, formal retention policies are crucial, covering structured career progression, competitive compensation, recognition programs, systematic exit analysis, and supportive work-life balance initiatives. Additionally, policies must actively promote positive employee attitudes through defined service quality standards, attitude-focused recruitment, zero-tolerance for negativity, mandatory customer service training, and the inclusion of attitude metrics in performance reviews.

In terms of practice, enhancing employee response time involves targeted training, practical simulations, performance incentives, effective use of CRM systems, potentially creating specialized response teams, and actively gathering customer feedback on timeliness. Cultivating employee loyalty requires actionable steps like mentorship programs, continuous professional development, regular team building, transparent organizational communication, empowering employee feedback mechanisms, and recognizing service milestones. To improve employee attitude, banks should implement practical measures such as regular appreciation events, peer-recognition systems, ongoing coaching, sharing positive customer feedback, fostering supportive team environments, providing stress management resources, and using collaborative service quality circles.

Finally, theoretical recommendations suggest future research directions. Regarding employee response time, research should refine motivational theories (e.g., Herzberg, Vroom) for the banking context, develop integrated models linking responsiveness to specific loyalty dimensions, investigate moderating variables, and consider cross-cultural aspects. For employee loyalty, future theoretical work could better quantify its link to outcomes (refining the Service Profit Chain), incorporate contemporary commitment theories, explore the nuances of long tenure, examine the

connection between loyalty and innovation, and study potential generational differences. Concerning employee attitude, theoretical advancement should focus on integrating emotional contagion concepts, distinguishing between genuine and surface-level positive attitudes, exploring the reciprocal nature of customer interactions, considering the impact of digital channels, and examining how organizational culture shapes service attitudes.

Effective implementation of these varied recommendations necessitates a commitment to continuous monitoring and adaptation. Banks should diligently track key metrics associated with employee response times, retention rates, and service attitudes, utilizing this data to iteratively refine their strategies. Investing in these employee-centric areas represents a strategic imperative; by enhancing responsiveness, loyalty, and positive attitudes, banks can significantly improve customer satisfaction and retention, thereby securing a stronger competitive position and fostering long-term success within the dynamic Nairobi banking sector.

5.6 Limitations of the study

This study has several limitations that provide meaningful opportunities for future research. First, the research was conducted exclusively within commercial banks in Nairobi County. While this offers focused insights, the findings may not be generalizable to banks in other Kenyan regions or to non-commercial financial institutions. To strengthen the applicability of future findings, researchers could expand the sample to include banks across diverse geographic and institutional contexts, enabling a broader understanding of how employee motivation influences customer loyalty in different settings. Additionally, incorporating a variety of financial institutions, such as microfinance banks and credit unions, could provide a more comprehensive view of the banking sector.

A second limitation arises from the study's cross-sectional design, which captured data at a single point in time. While this approach revealed strong correlations between employee responsiveness, loyalty, attitude, and customer loyalty, it cannot establish causality or account for long-term effects. To address this, longitudinal studies tracking these variables over extended periods would help clarify causal relationships and temporal dynamics, offering deeper insights into how sustained changes in employee behaviour affect customer outcomes. Furthermore, employing

experimental designs where interventions are introduced and their impacts measured over time could provide robust evidence of causality.

Third, the study's narrow focus on employee responsiveness, loyalty, and attitude as predictors of customer loyalty may overlook other critical factors. Variables such as organizational culture, employee training, and recruitment practices were not examined, yet these could significantly shape both employee behaviour and customer experiences.

5.7 Suggestions for further research

Future research should prioritize these gaps by investigating how internal dynamics such as leadership styles, communication practices, and professional development programs impact service quality. For instance, structured training initiatives could be evaluated to determine their role in enhancing employee performance and, by extension, customer loyalty. Additionally, examining the role of technology adoption and digital transformation within banks could provide insights into how these factors influence employee efficiency and customer loyalty.

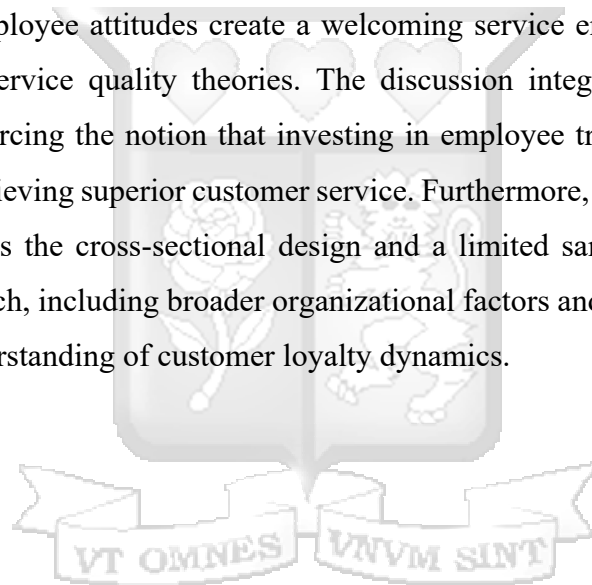
Beyond organizational factors, future studies could also explore the influence of customer demographics such as age, gender, income, and education on loyalty levels. Understanding whether diverse demographic groups have distinct expectations of service quality could help banks tailor their strategies to meet specific client needs, fostering stronger loyalty and engagement. Moreover, investigating the impact of socio-economic factors and regional economic conditions on customer loyalty could offer valuable context for interpreting the findings.

Finally, integrating mixed-method approaches such as combining surveys with qualitative interviews could enrich future research by uncovering nuanced perspectives on employee-customer interactions. This would complement the quantitative findings of this study and provide actionable recommendations for banks aiming to align their internal practices with customer expectations. By addressing these limitations and expanding the scope of inquiry, subsequent research can build a more holistic framework for optimizing service quality in Kenya's evolving banking sector. Additionally, incorporating case studies and ethnographic research could provide

in-depth insights into the lived experiences of both employees and customers, further enhancing the understanding of the complex dynamics at play.

5.8 Chapter Summary

The chapter presents a comprehensive synthesis of the research findings, conclusions, and practical recommendations related to the impact of employee motivation on customer loyalty in Nairobi's commercial banks. The chapter begins by summarizing the study, which used a survey-based quantitative approach to reveal that employee responsiveness, loyalty, and attitude each have a significant positive effect on customer loyalty. Detailed statistical analyses showed that quick response times enhance customer trust, loyal employees contribute to consistent high-quality service, and positive employee attitudes create a welcoming service environment. All of which align with established service quality theories. The discussion integrates these findings with previous research, reinforcing the notion that investing in employee training, development, and engagement is key to achieving superior customer service. Furthermore, the chapter acknowledges study limitations, such as the cross-sectional design and a limited sample scope, and suggests avenues for future research, including broader organizational factors and customer demographics, to further refine the understanding of customer loyalty dynamics.



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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

LETTER OF INTRODUCTION

Strathmore University

P.O Box 59857-00200

Nairobi, Kenya

Dear Sir/Madam

30th September 2024

RE: REQUEST FOR PARTICIPATION IN DATA COLLECTION

My name is Janet Wambui Kibati, a Master of Commerce (MCOM) student at Strathmore University. In partial fulfillment of the Master of Commerce degree, I am required to carry out a research project on a contemporary subject within my field of specialization. Among other activities, the project involves data collection and analysis. To collect data for my study, I will need to access to the relationship manager and the marketing manager from your bank. The data collection process will take a few weeks. I will ensure that the data collection process will not interfere with the normal operations of the bank or the privacy of the customers. I will also follow the ethical guidelines of Strathmore University for conducting research involving human subjects. I am therefore requesting to gather information to be used in my research. The information I will obtain from you will be used for the academic purpose only and will be kept confidential. The results of the survey will be in summary form and will not disclose any of the information given in any way. The research study is entitled “INVESTIGATING THE EFFECT OF EMPLOYEE MOTIVATION ON CUSTOMER LOYALTY IN COMMERCIAL BANKS IN NAIROBI COUNTY”. I have attached a copy of a sample questionnaire for your review. I appreciate your time and consideration of my request. I hope to receive a positive response from you soon. I hope that you can assist by providing me with information. Thank you so much for your support and May God bless you abundantly.

Yours Faithfully

Janet Wambui Kibati

APPENDIX 2: QUESTIONNAIRE

Dear Participant,

My name is Janet Wambui Kibati, a 2nd year Master of Commerce student from Strathmore University. I am conducting research **investigating the effect of employee motivation on customer Loyalty**, focus being on the commercial banks in Nairobi County, Kenya. This research is purely for academic purposes. I am assuring you that all the information provided in this survey will be kept confidential and anonymous. Your cooperation in this regard is highly appreciated. Thank you.

Kindly answer the questions by putting a tick in the appropriate box or by writing in the space provided.

SECTION A: DEMOGRAPHIC PROFILE

1. Gender

Female []

Male []

2. Age bracket

18-24 years []

25-30 years []

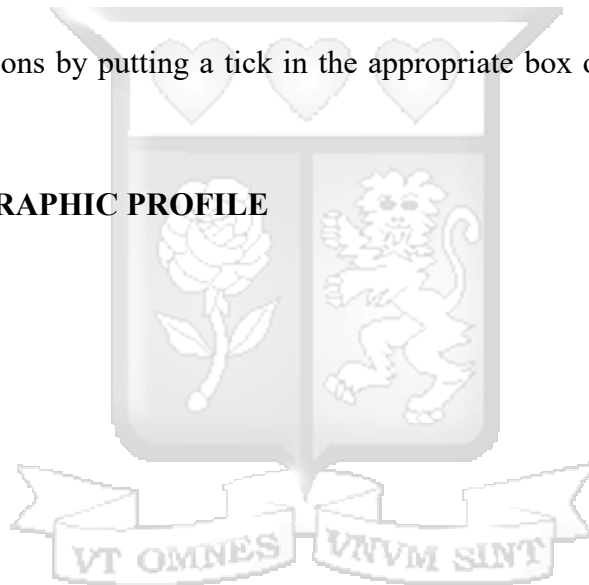
31-34 years []

35-40 years []

41-44 years []

45-50 years []

Over 50 years []



SECTION B: COMPANY PROFILE

3. How long have you been a customer at the bank you use?

Less than 1 year 1-3 years 3-5 years 5-10 years More than 10 years

4. What type of bank do you consider the bank you use based on its size and reach?

A small local bank (few branches, mostly in one city/region)

A medium-sized bank (branches in multiple cities but not nationwide)

A large national bank (branches across the country)

An international bank (branches in multiple countries)

5. What is the ownership structure of the bank you use most frequently?

Foreign

Local

Foreign and local

SECTION C: EMPLOYEE RESPONSIVENESS

6. Please indicate the extent to which you agree with the following statements relating to employee responsiveness by ticking the appropriate box.

On a scale from 1 to 5, with 1 being "Not at all Satisfied" and 5 being "Extremely Satisfied,"

1 (Not at all Satisfied)

2 (Slightly Satisfied)

3 (Moderately Satisfied)

4 (Very Satisfied)

5 (Extremely Satisfied)

a) Employee Responsiveness

Statement	1	2	3	4	5
The employees are always willing to help when I need assistance.					
I receive prompt attention to my requests and concerns from the employees.					
Employees demonstrate flexibility when dealing with my unique needs or requests.					
Complaints and feedback are handled efficiently by the employees.					
Overall, the responsiveness of employees in this bank meets my expectations.					

The following statements relate to Employee loyalty. Please indicate the extent to which you agree or disagree with the statements on a Likert scale of 1-5 by ticking in the appropriate space.

Please rate your perception of the following statements on a scale of 1 to 5, where 1 represents "Strongly Disagree" and 5 represents "Strongly Agree"

SECTION D: EMPLOYEE LOYALTY

b) Employee Loyalty

Statement	1	2	3	4	5
The employee spoke positively about the organization during our interaction					
The employee demonstrated pride in their work and the services they provided					
The employee made me feel valued as a customer.					
The employee maintained a professional and friendly demeanor throughout the interaction					

The employee appeared genuinely interested in ensuring I had a positive experience.					
---	--	--	--	--	--

The following statements relate to Employee attitude. Please indicate the extent to which you agree or disagree with the statements on a Likert scale of 1-5 by ticking in the appropriate space.

SECTION E: EMPLOYEE ATTITUDE

Please rate your perception of the following statements on a scale of 1 to 5, where 1 represents "Strongly Disagree" and 5 represents "Strongly Agree"

c) Employee Attitude

Statement	1	2	3	4	5
The employees go above and beyond to meet my needs.					
The employees are proactive in anticipating and addressing my concerns.					
The employees demonstrate a positive and helpful attitude in serving me.					
The employees make an extra effort to ensure my Loyalty as a customer.					

SECTION F: CUSTOMER LOYALTY

Please indicate the extent to which you agree with the following statements relating to customer Loyalty.

Give your rating in a Likert Scale: 1= Strongly disagree, 2=disagree, 3=Neither, 4=Agree, 5=Strongly agree.

The following statements relate to the Customer Loyalty. Please indicate the extent to which you agree or disagree with the statements on a Likert scale of 1-5 by ticking in the appropriate space.

Transactional Loyalty

Statement	1	2	3	4	5
Our customers frequently take advantage of discounts or promotions offered by our brand.					
Our loyalty/rewards program significantly influences customers' purchasing decisions.					
Customers are likely to repurchase due to practical benefits (e.g., free shipping, convenience).					
Transactional perks (e.g., coupons, points) are a key reason customers stay loyal to our brand.					

Emotional Attachment

Statement	1	2	3	4	5
Our customers feel a strong emotional connection to our brand.					
Customers take pride in being associated with our brand.					
Our brand aligns with the personal values and beliefs of our customer base.					
Customers trust our brand more than competitors.					

Repeat Patronage

Statement	1	2	3	4	5
Customers consistently choose our brand over competitors in the same category.					
Customers visit/purchase from our brand more frequently now compared to a year ago.					
Customers actively recommend our brand to others due to positive experiences.					
Customers express intent to continue purchasing from our brand in the foreseeable future.					

APPENDIX 3: COMMERCIAL BANKS IN NAIROBI COUNTY, KENYA

List of commercial banks in Nairobi County, Kenya

African Banking Corp. Ltd.
NCBA Ltd.
Co-operative Bank of Kenya Ltd.
Credit Bank Ltd.
Development Bank (K) Ltd.
Diamond Trust Bank (K) Ltd.
SPIRE Bank Ltd.
Equity Bank Ltd.
First Community Bank Ltd.
Guardian Bank Ltd.
Gulf African Bank Ltd.
Housing Finance Company of Kenya Ltd.
I & M Bank Ltd.
Jamii Bora Bank Ltd.
K-Rep Bank Ltd.
Kenya Commercial Bank Ltd.
Kenya Women Microfinance Bank
Middle East Bank (K) Ltd.
National Bank of Kenya Ltd.
Oriental Bank Ltd.
Paramount Universal Bank Ltd
Prime Bank Ltd.
Postbank
Transnational Bank Ltd.
Victoria Commercial Bank Ltd
Bank of Africa Kenya Ltd.
Bank of India
Bank of Baroda (K) Ltd.

ABSA Bank of Kenya Ltd.
Stanbic Bank Ltd.
SBM Bank (K) Ltd.
Citibank N.A.
Ecobank Limited
Dubai Bank Ltd.
Habib Bank Ltd.
Standard Chartered Bank (K) Ltd.
UBA Kenya Bank Ltd.
Access Bank Kenya

Source: (Central Bank of Kenya, 2024)



APPENDIX 4: ETHICAL REVIEW LETTER



5th December 2024

Ms Kibati Janet,
janet.kibati@strathmore.edu

Dear Ms Kibati,

RE: Impact of Employee Motivation on Customer Satisfaction in Commercial Banks in Nairobi County

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** proposal. Your application reference number is **SU-ISERC2453/24**. The approval period is from **5th December 2024 to 4th December 2025**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

APPENDIX 5: NACOSTI PERMIT


REPUBLIC OF KENYA


**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION**

Ref No: **604061** Date of Issue: **30/December/2024**

RESEARCH LICENSE



This is to Certify that Miss.. Janet Kibati Wambui of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Impact of Employee Motivation on Customer Satisfaction in Commercial Banks in Nairobi County for the period ending : 30/December/2025.

License No: **NACOSTI/P/24/414736**

604061
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