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# Effect of quality management practices and corporate culture on the operational performance of commercial banks in Nairobi City County.

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## **Recommended Citation**

Ogendo, R. O. (2021). *Effect of quality management practices and corporate culture on the operational performance of commercial banks in Nairobi City County* [Thesis, Strathmore University].

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**EFFECT OF QUALITY MANAGEMENT PRACTICES AND CORPORATE  
CULTURE ON THE OPERATIONAL PERFORMANCE OF COMMERCIAL  
BANKS IN NAIROBI CITY COUNTY**



**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS OF THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION AT STRATHMORE UNIVERSITY**

**NOVEMBER 2021**

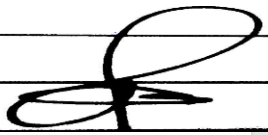
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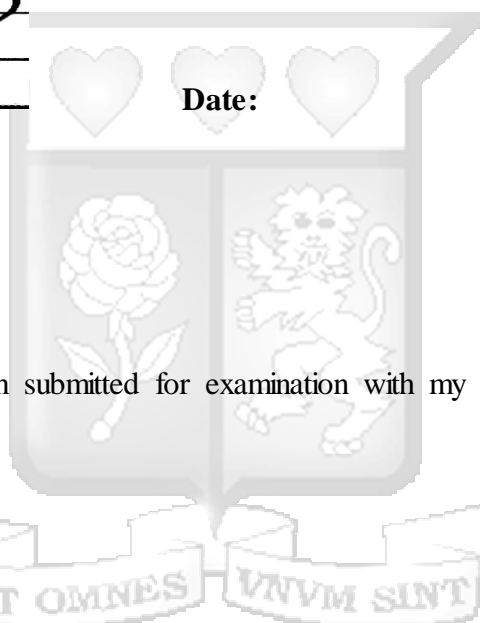
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**MBA/108378/2018**

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## Approval

This research project has been submitted for examination with my approval as the university supervisor

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## ABSTRACT

The Kenyan banking industry has been faced by myriad of operational challenges that have resulted in the closure of a number of institutions. However, the role of quality management practices within the industry has not been exhaustively reviewed. This study sought to examine how the quality management practices and corporate culture as a moderating factor on the operational performance of banks. The study specifically examines the effect of customer focus, continuous improvement and management support on operational performance of the banks. Further the moderating effect of corporate culture on the relationship between quality management practices and operational performance of the commercial banks was analysed. The study was anchored on the deming theory of quality management and the resource-based view theory. The study was guided by a positivism research paradigm with a descriptive research design being the overarching approach. The study population was the fully operational 39 commercial banks in Kenya. The study sampled 4 participants from each commercial banks. The sample size of this research was 112 participants who was drawn randomly from the commercial banks. The study adopted a structured questionnaire to collect research data using electronic Google forms and drop and pick method where applicable. The collected research data was coded into SPSS 25 for analysis. The study employed on descriptive analysis, correlation analysis and multiple linear regression analysis. The analyzed data was presented using bar charts and tables. The research instrument was pretested and the results showed that the instrument met the reliability threshold. The final survey was able to obtain a 87% response rate. The correlation results showed customer focus had a moderate positive effect on operational performance. The analysis also established a strong positive effect of continuous improvement, management focus and corporate culture on the operational performance. The regression analysis established that quality management practices had a positive relationship with operational performance of banks and explained 68.2% of the changes. The study concluded that quality management practices (customer focus, management support and continuous improvement) significantly influenced the operational performance of the banks. The findings led to the conclusion that corporate culture has positive moderating effect on the relationship between quality management practices and operational performance of commercial banks in Kenya. Based on the findings the study recommends that banks carry out extensive research to have a comprehensive understanding of customer needs and the needs of their employees to built an operationally strong institution. Further, the banks should recruit qualified managers who have the vision, expertise and technical knowhow to manage organizational change and plan for the future in these uncertain business environments. Lastly, the banks should support a more collaborative and innovative culture that if embraced can lead to operational soundness of the firms.

## TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>ABSTRACT .....</b>	<b>iii</b>
<b>LIST OF TABLES .....</b>	<b>viii</b>
<b>LIST OF FIGURES .....</b>	<b>ix</b>
<b>LIST OF ABBREVIATIONS .....</b>	<b>x</b>
<b>DEFINITION OF TERMS.....</b>	<b>xi</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>1</b>
1.1 Background to the Study.....	1
1.1.1 Quality Management Practices .....	2
1.1.2 Corporate culture .....	5
1.1.3 Operational Performance .....	6
1.2 Statement of the Problem.....	7
1.3 Objective of the Study.....	8
1.3.1 Specific Objectives .....	8
1.4 Research Questions .....	9
1.5 Scope of the Study .....	9
1.6 Significance of the Study .....	9
1.6.1 To policy .....	9
1.6.2 To practitioners .....	10
1.6.3 To scholars .....	10
<b>CHAPTER TWO .....</b>	<b>11</b>
<b>LITERATURE REVIEW .....</b>	<b>11</b>
2.1 Introduction.....	11

2.2 Theoretical Review .....	11
2.2.1 Deming Theory of Quality Management .....	11
2.2.2 Resource Based View (RBV) theory .....	13
2.3 Empirical Review .....	14
2.3.1 Customer Focus and Operational Performance .....	14
2.3.2 Continuous Improvement and Operational Performance .....	15
2.3.3 Management Support and Operational Performance .....	17
2.3.4 Corporate Culture and Organizational Performance .....	18
2.4 Summary of Literature Gaps .....	20
2.5 Conceptual Framework .....	22
2.6. Chapter Summary .....	25
<b>CHAPTER THREE .....</b>	<b>26</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>26</b>
3.1 Introduction .....	26
3.2 Research Philosophy .....	26
3.3 Research Design .....	26
3.4 Target Population .....	26
3.5 Sampling Design and Sample Size .....	27
3.6 Data Collection Instruments .....	28
3.7 Data Collection Procedures .....	28
3.8 Research Quality .....	28
3.8.1 Reliability Tests .....	28
3.8.2 Validity Tests .....	29
3.9 Data Analysis and Presentation .....	29
3.10 Ethical Considerations .....	30
<b>CHAPTER FOUR .....</b>	<b>32</b>

<b>PRESENTATION OF FINDINGS .....</b>	<b>32</b>
4.1 Introduction.....	32
4.2 Response Rate .....	32
4.2.1 Demographic Information.....	32
4.3 Descriptive Results .....	35
4.3.1 Descriptive Results for Customer Focus.....	35
4.3.2 Descriptive Results for Continuous Improvement.....	36
4.3.3 Descriptive Results for Management Support .....	37
4.3.4 Descriptive Results of Corporate Culture .....	38
4.3.5 Descriptive Results of Operational Performance of Banks .....	38
4.4 Correlation Results.....	39
4.5 Diagnostic Results .....	40
4.5.1 Normality Test .....	41
4.5.2 Multicollinearity Test.....	41
4.5.3 Autocorrelation Test .....	42
4.6 Regression Results .....	42
4.6.1 Moderator Variable Analysis .....	44
4.7 Summary .....	46
<b>CHAPTER FIVE .....</b>	<b>47</b>
<b>DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>47</b>
5.1 Introduction.....	47
5.2 Discussion of Findings.....	47
5.2.1 Customer Focus and Operational Performance .....	47
5.2.2 Continuous Improvement and Operational Performance .....	48
5.2.3 Management Support and Operational Performance .....	49
5.2.4 Corporate Culture and Operational Performance .....	50

5.3 Conclusions .....	51
5.4 Recommendations .....	52
5.5 Further Research Areas .....	53
<b>REFERENCES.....</b>	<b>54</b>
<b>APPENDICES .....</b>	<b>65</b>
Appendix I: Questionnaire .....	65
Appendix II: Strathmore University Institutional Ethics Review Committee Approval .....	70
Appendix III: NACOSTI Research Permit .....	71





## LIST OF TABLES

Table 2.1 Summary of Empirical Literature Gaps .....	20
Table 2.2 Operationalization of Research Variables .....	23
Table 3.1 Target Population.....	27
Table 3.2 Reliability Results .....	29
Table 4.1 Age of Participants.....	33
Table 4.2 Length of Participants Work Experience .....	34
Table 4.3 Participants Department in Bank .....	34
Table 4.4 Customer Focus .....	35
Table 4.5 Continuous Improvement .....	36
Table 4.6 Management Support .....	37
Table 4.7 Corporate Culture .....	38
Table 4.8 Operational Performance of Banks .....	39
Table 4.9 Correlation Analysis .....	40
Table 4.10 Collinearity Results.....	41
Table 4.11 Autocorrelation Results .....	42
Table 4.12 Regression Summary.....	43
Table 4.13 ANOVA Summary .....	43
Table 4.14 Regression Coefficients Summary.....	43
Table 4.15 Regression Model with Moderator Variable .....	44
Table 4.16 ANOVA Summary with Moderator Variable.....	45
Table 4.17 Regression Coefficients Summary with Moderator Variable .....	45

## LIST OF FIGURES

Figure 2.1 Conceptual Framework .....	23
Figure 4.1 Research Response Rate .....	32
Figure 4.2 Gender of Participants .....	33
Figure 4.3 Normality Plot .....	41



## **LIST OF ABBREVIATIONS**

<b>ANOVA</b>	Analysis of Variance
<b>CBK</b>	Central Bank of Kenya
<b>CEO</b>	Chief Executive Officers
<b>CRM</b>	Customer Relationship Management
<b>NPD</b>	New Product Development
<b>QMP</b>	Quality Management Practices
<b>SPSS</b>	Statistical Packages for Social Sciences



## DEFINITION OF TERMS

<b>Continuous improvement</b>	This requires an organization to use an analytical approach to advance its effectiveness and efficiency in reaching organizational goals as well a creative approach in discovering new techniques so as to have a competitive advantage (Kathaara, 2014).
<b>Corporate culture</b>	Corporate culture refers to a shared belief and behaviors of a group of people that has been developed over time (Tarique et al., 2015).
<b>Customer focus</b>	This involves understanding the current and future customer needs, should meet customer requirements and strive to exceed customer expectations (Ebrahimi & Sadeghi, 2013).
<b>Management support</b>	This referred to as leadership commitment as one of the practices or principles of the quality management system (Lee et al., 2018).
<b>Operational performance</b>	This is concerned with reducing procurement costs, overhead costs, production costs, optimizing production, optimizing distribution and optimizing information technology (Anyango, Wanjau, & Mageto, 2012).
<b>Quality management practices</b>	This is a process which ensures that all activities necessary to design, develop and implement a product or service are effective and efficient (Arokiasamy & Abdullah, 2012).



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Banks are the main financial institutions in any economy and they play a key role in redistribution of essential resources among competing users (Kalela, 2017). Banks act as the main intermediaries between those who have surplus cash reserves and those who don't through loans, thus ensuring sustainability and growth of the economy (Abdullahi & Bett, 2018). They also serve to channel the monetary policies proposed by the central banks of different economies. Due to their impact on the performance of the economy, all countries strive to ensure that their banking sector maintains a healthy level of performance (Kamande, 2017). Commercial banking institutions have a key intermediation responsibility in any country's financial transformation. The operating environment for banks has been subjected to significant structural, operational and general changes in the last two decades (Saunders & Cornett, 2014; Cheema & Abbas, 2017).

Banks show improved performance through reporting sustained profitability ratios and growth in shares, operations and services (Abebea & Aberab, 2019). However, their growth is limited by a host of factors including competition, stakeholder demand, leadership competency, political ideologies, the legal business requirements, increasing expenses, technological advancement, adoption and integration, internal systems of governance and globalization (Kotler & Armstrong, 2013). The increasingly turbulent operating environment of firms means that most strategies are becoming obsolete and there is need to adopt new and more effective strategies. This makes it paramount that top executives have a strategic vision of how to lead the company into an unknown future (Hasan, Astuti, Wulida, & Iqbal, 2020)

The banking sector has lagged behind in customer service delivery, often characterized by persistent operational inefficiency and poor customer services. Increased globalization, competitive strategies, rapid technological advancement, and increased customers' demands has forced companies to shift their efforts towards provision of quality goods and services in order to remain competitive (Matata & Wafula, 2015). Ross (2017) asserts that continual improvement in product and service delivery is necessary to ensure firms maintain their competitiveness. Increased interactions and market presence has exposed customers around the world to the concept of good quality, thus increasing demand for differentiated quality of goods and services (Cheema & Abbas, 2017).

In response to these changes, most organizations have adopted and implemented a mix of measures intended to enable them effectively and efficiently meet the growing and complex demands of customers (Kathaara, 2014). Ngambi and Nkemkiafu (2015) reported that new philosophies such as Just-In-Time (JIT) strategies, Total Quality Management (TQM), Lean Production, Concurrent Engineering, Business Process Re-engineering (BPR) have been used in modelling how businesses need to operate to enhance efficiency. These philosophies aim to optimize an organization's internal and external performance with respect to their market targets (Ezenyilimba, Ezejiofor, & Afodigbueokwu, 2019). This research sought to review the effect quality management practices on the operational performance of Commercial Banks in Nairobi City County.

Quality management practices are essential in identification of customer preferences and means of meeting and even in some instances exceeding customer expectations (Nguyen, Phan, & Matsui, 2018). However, quality management practices have received a wide application in the manufacturing sector where it is much easier to determine performance criteria. The aspect of QM has only gained traction in the services industry in recent years (Abdullahi & Bett, 2018). While most studies have focussed on the manufacturing and goods' production sector, there is little evidence on the impact of QMP in commercial banks. This problem is exacerbated in Kenya where little has been done to assess how QMPs impact bank's operational performance (Njuguna & Bett, 2018). This study is motivated by this knowledge gap.

### **1.1.1 Quality Management Practices**

Quality Management Practices (QMP) refers to the measures taken to design, develop and implement effective and efficient products and services (Ali & Shatri, 2011). QMP is the process which needs to permeate the entire organization in order to achieve effective results (Arokiasamy & Abdullah, 2012). It involves overseeing different tasks and resources within a firm to ensure consistency in how products and services are offered to consumers (Böttcher & Neuhaus, 2015). QMP is a method used to enhance quality and productivity in organizations, the processes which should involve all departments, employees, customers, stakeholders and suppliers (Ross, 2017). These practices are essential for firms seek to achieve and maintain a desired level of quality within an organization. Other researchers such as, Nguyen, Phan and Matsui (2018) defined QMP as the tools that enable the organization to attain its main objective of meeting the needs of their customers at lower cost and enhance the organization's performance.

There are four key components of Quality Management; Quality Planning, Quality improvement, Quality Control and Quality Assurance. Quality management aims to promote cooperation in identification of customer expectations and formulation of a collection of guidelines to ensure production of products and services that meet these guidelines (Almansour, 2015). It involves a set of integrated practices that stresses on issues such as meeting customers tests and preferences, competitive benchmarking, continuous improvement, process redesign, employee involvement, close relationship with the firm's suppliers, long-range thinking, continuous measurement of firm results but with an emphasis on customer satisfaction (Nnakenyi, Onyenekwu, Imoh, Ntuen, Mohammed and Nlemadim, 2017)

Proper management of quality through effective implementation of quality management practices provides various benefits such as enhancing the understanding of the tests and preferences of customers, effective internal communication, increased customer satisfaction, fewer errors and better problem solving (Sabella et al., 2014). Saffar and Obeidat (2020) revealed that QMP is applied in businesses through process management, reporting and quality data analysis, product/service design, strategic planning, employee involvement and continuous improvement.

Patyal and Koilakuntla (2017) indicated that firms achieve quality management practices through adoption of leadership, process management, design management, reporting and quality data, suppliers' management, human resource and customer focus to enhance their performance. Jaafreh and Al-abadallat (2013) noted a strong relationship between quality management and strategic planning, leadership factors, employee relation and customer focus and firm operational performance. Kathaara (2014) established that TQM practices improve operation efficiency, reduces operational costs, increase profitability, enhances competitiveness, improves sales, increases market share size, improve their service delivery, reduce wastes, and enhance customer retention capability. Waduu and Rugami (2019) reported that employee involvement, customer focus, continuous improvement and top management commitment have a significant positive impact on bank financial performance.

The above studies show the different applications of quality management practices indifferent industries. Further, quality management practices have been conceptualized differently according to industry. However, there is commonality in the themes adopted. Since this study focusses on banks where customer service delivery is key, the conceptualizations by Saffar and Obeidat (2020) and Patyal and Koilakuntla (2017) was essential since they were carried



out in similar industries. Quality management practices was reviewed by looking at customer focus, continuous improvement and management support.

The push by organizations to become more customer focused has been taken as a strategic move to improve organizational performance both in financial and market performance (Ebrahimi & Sadeghi, 2013). All businesses depend on the level of satisfaction of their customers to remain sustainable and therefore have to understand the current and future demands of their customers, strive to meet and exceed them. This has led to increased performance and has been linked to increased loyalty according to Jaafreh and Al-abedallat (2013). Arasa, and Gathinji, (2014) and Wawira (2016) both reported significant positive relationships between customer focus and performance among telecommunication firms and hotels.

Top management support also referred to as leadership commitment is one of the practices or principles of the quality management system and is the corner stone of successful quality management system practices (Kim, Kumar, & Kumar, 2012). The top management support can be conceptualized in terms of top management commitment, strategic employee participation and involvement, teamwork, reward systems, understanding of ISO 9001, strategic performance measurement and communication (Lee et al., 2018). Matata and Wafula (2015) assert that an institution's quality management systems are a factor of the leadership and management policies instituted. An effectively managed system puts more emphasis on the delivery of quality firm output. Wanza et al, (2017) noted that in tertiary institutions, employee relations and involvement and the commitment of the leadership to continuous improvement have a significant impact on output levels and student results.

Ebrahimi and Sadeghi (2013) suggest that continuous improvement is not only based on the bottom-line expectations set by the organization but should also be based on the capabilities an organization has to better the results in future. Continual improvement requires an organization to use an analytical approach to advance its effectiveness and efficiency in reaching organizational goals as well a creative approach in discovering new techniques so as to have a competitive advantage (Kathaara, 2014). Wanza et al., (2017) notes that TQM practices are key to improving product quality, reducing costs and stabilizing the production process. The concept of continuous improvement aims to have the quality of products and services improve gradually in response to customer preferences.

### **1.1.2 Corporate culture**

Corporate culture refers to a shared belief and behaviors of a group of people that has been developed over time (Tarique et al., 2015). These are the verbal, behavioural, visual-based values, norms and beliefs that guide the members of an organization. Hasan et al., (2020) viewed an organization's culture as the knowledge, habits, behavior, values, and attitudes that are internal to an organization and members have to adhere to in their interactions. Corporate culture is key in determining how employees behave over time and is key in distinguishing one organization from another. A strong perception of organization culture promotes integrity and unity among employees (Wanjiku, 2014).

This study has identified corporate culture as a control variable. It has been associated with the unique quality and style of an organization, showing how an organization deals with emerging challenges in its service provision (Langat & Lagat, 2017). The RBV theory links the ability of a firm to continually utilize resources effectively with a consistent culture, thus impacting its performance. Corporate culture is a commercialized meaning of organizational culture (Urinov, 2020).

Corporate culture has various conceptualizations but the present study adopts the competing values framework (CVF) since it shows how organizational culture is related to the effectiveness of organizational performance (Hartnell, Ou, & Kinicki, 2011). Corporate culture incorporates people's involvement, management style and how they develop unique quality to enhance performance. Several authors have put forward measures of corporate culture such as Ombeta (2018) Interest in organizational culture stems from the assumption that certain organizational cultures lead to superior performance, with some equating the strength of shared values with increased firm performance. Husin and Gugkang (2017) argue that widely shared values can enable managements to predict employee reactions to certain operational changes, thereby minimizing the scope for undesired consequences.

The uniqueness of an organization's culture can serve as a source of competitive advantage over competitors (Nikpour, 2017). The study reported that organizational culture impacts performance outcomes by mediating employee's commitment to goal realization. Abdullah et al., (2014) asserts that organizational culture serves as a compass that guides how members of an organization behave. Tajeddini and Trueman (2012) associated organization culture with national culture. The dimensions of national culture examined were long-term orientation, power distance and individualism. Further, the study determined a strong relationship between national culture and organizational innovation and customer orientation. Chen

(2011) reported a positive influence of organizational culture on long-term profitability of Taiwanese firms.

Türkmen, Sağsanb and Örucü (2020) reported a positive relationship between organizational culture, organizational justice and organizational citizenship behavior among hotel firms. Khan et al., (2020) reported a mediating effect of organizational culture on the relationship between leadership styles and innovative business behaviour and organizational citizenship behaviour. Cheema and Abbas (2017) revealed a positive and significant relationship between cultural dimensions and bank performance in the banking sector. Organizations perform effectively when their adopted culture is strong, consistent, well-regulated and centralized. There are eight indicators of corporate culture; customer focus empowerment, core values, team orientation, capability development, agreement, coordination, integration and flexibility (Abdullah 2020). These measures have been adopted before in studies investigating bank performance such as Poku et al. (2013) and Imran and Ismail (2020) who all found a positive influence on bank outcomes. The traits identified by Denilson (2000) show an organization's ability to welcome change and focus on stability and certainty. This paper examined organizational culture's moderating role in organizational performance in the context of Kenyan banks.

### **1.1.3 Operational Performance**

Sirma, Misoi and Omillo (2019) links operational performance to an organization's internal operations measured by product quality and customer satisfaction. It is grounded on consumer's expectations within an organization. Operational performance measurement can be accomplished by regularly engaging employees through appraisals (Anyango, Wanjau, & Mageto, 2012). The quality-of-service delivery is one of the key competitive strategies adopted to enhance business performance (Patyal & Koilakuntla, 2017). Bottcher and Neuhaus (2015), established that improving the firm's operational performance involves, reducing procurement costs, reducing overhead costs, reducing production costs, optimizing production, optimizing distribution, optimizing information technology and reducing product complexity. Kalela (2017) included a reduction in working capital, optimizing after sales services and optimizing capital expenditure as key parameters used to measure operational performance.

If a firm is performing well in its operations, it will have high quality products, improved effectiveness in production and more satisfied customers which lead to increased sales

revenue and profit hence general firm performance (Paul, 2015). Operational performance also links every function of the organization on a daily basis to the vision of the organization while encouraging team work (Wang & Yuan, 2009). Kang, Zhao, Li and Horst (2016) indicated that operational performance metrics include customer satisfaction index, employee satisfaction index as well as productivity as it relates to revenue generation. Panwar et al., (2018) looked at on-time delivery of goods and products, product quality, response time, cost reduction and capacity utilization as indicators of operational performance.

Abdolv et al., (2012) define operational performance as the achievement of the firm relative to expected outcomes. Organizational outcomes can be addressed in terms of the quality of services and products, speed of product and service delivery, flexibility, profitability and dependability. Within the financial industry, operations performance is considered in terms of the rate of increase in customers, market share, expected returns and shareholder returns (Jerop & Juma, 2014). Since this study is based on Quality management practices, this study examined operational performance in terms of bank's ability to enhance product quality and customer satisfaction, hence incorporate quality of services offered, cost reduction, speed and reliability matrices. These factors significantly influence an organization's competitive edge, their ability to enhance efficiency and effectiveness in service quality and delivery, thus satisfying both customer and employee expectations.

## **1.2 Statement of the Problem**

In Kenya, banks are characterized by consistency in operational underperformance and poor delivery of services (Njuguna & Bett, 2018). This has necessitated the introduction of new measures to improve their service and product delivery (Abdullahi & Bett, 2018). Some of these include the QMP which is adopted to increase their capacity to satisfy customer demands (Kalela, 2017). In the modern business environment, the management has to be aware of the importance of quality management practices in turning around firms' operational performance (Jaafreh & Al-abadallat, 2013). QMPs have been linked with enhanced customer satisfaction (Kamande, 2017) and as a result, firms are seeking to improve their quality management function through aligning quality practices with customer preferences to ensure an increased level of competitiveness (Patyal & Koilakuntla, 2017). Quality management practices are key indicators in operational performance without which, firms struggle to sustain competitive advantage (Arokiasamy & Abdullah, 2012). Several studies have examined the influence of quality management practices on firm performance. In a review of Nigerian banks, Shuaib and Inusa (2020) established a positive but insignificant

effect of total quality management on commercial banks' innovation performance. Wanyoike (2016) found that quality management practices improved operational and financial outcomes in manufacturing firms.

Abdullahi and Bett (2018) examined total quality management practices in Kenyan banks, establishing that employee involvement, leadership commitment, continuous improvement and customer focus were being adopted across various banks. Similarly, Chepket and Cheluget, (2017) found that TQM practices significantly improve organizational outcomes. Njuguna and Bett (2018) reported a significant effect of employee empowerment on organizational performance. Oduor (2015) noted that TQM improved organizational development by enhancing organizational capabilities through providing focus on strategic intent, enhanced environment flexibility, better recruitment and training. Zipporah (2016) related adoption of quality management practices to improved service delivery, increased product quality, increased customer satisfaction and bank local and international standing. The above studies have shown a significant impact of different QM practices on operational performance. To achieve the desired level of operational performance, the banks have restructured, implemented total quality management programmes, benchmarked, re-engineered, and introduced competitive staff benefits. Despite these attempts, they are still struggling to attract and retain customers, thus failing to achieve the anticipated results Njuguna and Bett (2018).

This study sought to address this by investigating how operational performance of commercial banks can be predicted by the following QM practices; customer focus, continuous improvement and management support. Further, most of the studies failed to incorporate how both QMP and corporate culture impacts the bank operational performance thus indicating a key gap that motivated the research. Hence this study sought to establish the effect of quality management practices and corporate culture on the operational performance of Commercial Banks in Nairobi City County.

### **1.3 Objective of the Study**

The study sought to determine the effect of quality management practices and corporate culture on the operational performance of Commercial Banks in Nairobi City County.

#### **1.3.1 Specific Objectives**

- i. To examine the effect of customer focus on the operational performance of Commercial Banks in Nairobi City County.

- ii. To determine the effect of continuous improvement on the operational performance of Commercial Banks in Nairobi City County.
- iii. To determine the effect of management support on the operational performance of Commercial Banks in Nairobi City County.
- iv. To assess the moderating effect of corporate culture on the relationship between quality management practices and operational performance of Commercial Banks in Nairobi City County.

#### **1.4 Research Questions**

- i. What is the effect of customer focus on the operational performance of Commercial Banks in Nairobi City County?
- ii. How does continuous improvement influence on the operational performance of Commercial Banks in Nairobi City County?
- iii. What is the effect of management support on the operational performance of Commercial Banks in Nairobi City County?
- iv. What is the moderating effect of corporate culture on the relationship between quality management practices and operational performance of Commercial Banks in Nairobi City County?

#### **1.5 Scope of the Study**

The study was focussed on the operational commercial banks in Kenya as of December 2020 within Nairobi City County. The theoretical scope of the research was premised on the deming theory of total quality management. The research conceptual scope reviewed on quality management practices applied within commercial banks in Kenya and their impact on operational performance of commercial banks. The proposed study used a quantitative methodological scope guided by a positivist research paradigm. The time scope of the proposed research was between January 2021 and November 2021.

#### **1.6 Significance of the Study**

##### **1.6.1 To policy**

The research results were supportive in advancing policy formulation in Kenyan banks. They will also inform policy formulation with regard to guiding the adoption of quality management practices in the banks. They will additionally add new dimensions on how to improve policy direction with regard to regulation of QMP and align the performance metrics of commercial banks that are key to spur economic growth.

### **1.6.2 To practitioners**

The findings are also expected to expand managerial decision making by improving the knowledge and competence of commercial banks managers to adopt quality management practices. The findings can be used as a basis for designing business strategies that can improve performance of bank employees.

### **1.6.3 To scholars**

To the academicians and strategic management students, this study was an important addition to the available literature on TQM practices and their impact on banks' operational performance. Scholars may use this research as a point of reference and will find its suggestions for further research particularly informative.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The second chapter of the study reviewed the extant theoretical and empirical literature on the effect of quality management practices on the operational outcomes of commercial banks in Kenya and on the relationship between organizational corporate culture and firm performance. The theoretical review comprised of the Deming Theory of Total Quality Management and the Resource Based View Theory. It detailed previous studies findings on QM practices their effect on firm results. Lastly, the chapter outlined the conceptualization and operationalization of the research variables.

#### **2.2 Theoretical Review**

A theory is a collection of ideas meant to explain a phenomenon or subject. They are usually based on general principles which are independent of the phenomena being addressed (Fowler, 2013). Deming's QM theory explains the efforts made by firms to enhance internal environmental processes to ensure optimum performance and is key in determining the relationship between quality management practices (customer focus, continuous improvement and management support) and bank operational performance while the Resource Based View sought to establish the moderating role of corporate culture. These two dominant theories have been used in literature to find the sources and causes operational performance in the public sector. Deming's QM theory is selected because it is aligned with the objectives and framework, while the RBV, which considers culture and leadership styles to be sources of competitive advantage, is chosen to explain the moderating effect of corporate culture on the relationship between QM strategies and operational performance of banks and financial institutions in general.

##### **2.2.1 Deming Theory of Quality Management**

The Deming theory was developed by William Edwards Deming in 1986 (Deming, 1986). According to this theory, the major role of companies was for them to implement strategies to ensure reduction of costs and improvement in satisfaction and loyalty among firm stakeholders (Gartner & Naughton, 1988). Deming views quality products or services as those that are uniform and reliable at a low cost and must be suitable to the market, while at the same time generating competitive advantage (Anderson, Rungtusanatham, & Schroeder, 1994). Deming viewed lack of effective organization management as responsible for 94% of



quality problems. He also suggested that to attain a high extent of excellence, organizations must build quality into their products and services (Petersen, 1999).

In QMP understanding a firm's processes, their workability, causes of variation, and the nature of the workforce is key to successful implementation. It is also key to ensuring continuous improvement (Anderson, Rungtusanatham, & Schroeder, 1994). According to Deming, there are 14 principles of quality management that when adopted by an organization, would improve the firm's quality, improve productivity and also enhance the performance of the organization (Lunenburg & Fred, 2010). These include: make the focus of the organization to be towards improvement of product and service which will enhance firm competitiveness thus enabling it to remain in business and create jobs; stop depending on inspections to achieve quality; adoption of new philosophy; eliminate the giving of contracts on tags (Kiran, 2016; Tari, 2005).

Others are: continuous improvement on production and service systems which will constantly reduce costs; establish on- job training; institute leadership in the organization; break down barriers witnessed between departments enabling them to work as a team; to allow barriers that deprive the workers their rights to pride of workmanship, eliminate barriers that deprive managers the workmanship pride (Agrawal, 2019). Scholars have argued that quality management as a general management idea that makes the firm focus on continuous improvement across all of its functions which enhances delivery of goods and services that are in line with the customer tests and preferences (Abdullahi & Bett, 2018; Gartner & Naughton, 1988).

In a modern business setting, this theory advocates for participative management; continuous process improvement; and team participation. Employees are encouraged to participate in firm management, breaking down the barriers of traditional top-down systems of management. Continuous process improvement calls for the recognition of small, incremental gains made toward establishing the desired quality over a long time period. The participation of cross-functional teams entails an approach that facilitates institution of multidisciplinary teams that can share knowledge, identify problems and opportunities, and integrate their roles with the overall vision of the firm. This theory calls for a long-term cooperative planning approach to business where the main goal is attaining a future market share rather than the pursuit for profitability. Businesses have to sacrifice profit in their pursuit for the best quality provision against cost.

This theory can be criticized for ignoring the business operating environment/corporate culture. This theory can prove troublesome in markets where short-term reporting is looked a measure of performance like in the USA where the stock values and quarterly reports call for immediate action. In such markets, managers have more power than employees since short-term gains are recognized. QM practices become ineffective in markets where price matters and customers don't mind putting up with successive removal of services or features in order to get products as cheaply as possible. However, such practices are perfect for the banking industry where both short-term (profit) and long-term goals (customer retention and loyalty) are paramount for optimal business performance, although quality measurement was different. In the banking industry, quality is measured from the perspective of customers and employees.

Based on the concepts developed by Deming, this theory is deemed adequate in grounding the assessment of QMP in the current study. As highlighted in the theory, applying customer focus, continuous improvement and establishing management support can enhance organization competitiveness, service delivery and meeting firms' strategic objectives. However, in recognition of its shortfalls on addressing internal organization culture, this study adopted the Resource Based View theory which incorporates the moderating effect of internal organizational culture on the relationship between quality management strategies and firm performance.

### **2.2.2 Resource Based View (RBV) theory**

This theory was developed by Penrose (1959) and advanced by Barney (1986); Wernerfelt (1984); Barney (1991) and Rumelt (1987). This theory posits that firms can attain and sustain competitive advantage and performance outcomes from firm-specific resources and capabilities that are costly to imitate by the rivals (Penrose, 1959). This theory notes that as long as an organization possesses unique, rare, inimitable and non-substitutable resources and capabilities, they can remain competitive and achieve superior performance (Barney, 1991). In a competitive environment, firms can employ these resources to make their products and service provision stand out above that of the competition (Carmeli & Tishler, 2004; (Collis & Montgomery, 1998)Collis & Montgomery, 1998). Wernerfelt (1984) posits that firms enhance performance by exploiting resources in their possession, but, superior performance is only achieved by strategic ownership, distribution and utilization of distinct resources that are hard to duplicate. The model demonstrates the importance of unique resources in advancing

product and services quality as a means of attaining market competitiveness and higher financial outcomes (Fotopoulos, Kafetzopoulos & Psomas, 2009).

The theory hypothesizes that competitiveness is attained from the organization's internal resources which may be tangible or intangible. Organizational culture is one of these resources and it has a significant influence on how firms carry out their internal operations (Lo, 2012). The RBV theory is suitable for this study since it considers organizational culture (bureaucratic, supportive, innovative) to be significant in determining how different firms react and respond to market demands and considers it a distinct resource that can lead to competitive advantage and enhanced performance. Oz, Derekoylu, Buyukbay and Yildiz, (2013) also posit that corporate culture has a significant impact on employee job satisfaction levels which in turn, is a significant source of both tangible and intangible advantages. This theory was instrumental in explaining how corporate organizational culture moderates the relationship between quality management practices and bank operational performance.

### **2.3 Empirical Review**

The empirical review is focussed with the systematic review of previous literature in line with study objectives and identifying the gaps in the selected studies that was addressed by the present research. The section was aligned to the three specific objectives that have motivated this research.

#### **2.3.1 Customer Focus and Performance Outcome**

Yang and Zhang (2018) investigated manufacturing firms to determine the impact of customer orientation on new product development (NPD) performance by assessing the impact of customer focus, involvement and communication. A quantitative approach was adopted. The study also sought to investigate the moderating role of management support on NPD. Findings revealed that focussing on customer needs and involving employees in decision making, and enhancing communication significantly influence development of new products. Further, top management support had a significant and positive moderating effect on the interaction between customer orientation concepts and NPD. Mpaata, Lubogoyi and Okiria (2017) analyzed the effect of customer service on the client perceived performance of Barclays Bank Uganda. The study adopted a survey research design, collecting data from primary. The participants for the study were drawn from customers register of the institution. The study indicated that offering customer centric products, enhancing customer relations and maintaining quality service offering were significant predictors of perceived client

performance. These studies did not examine how aspects of management support impact operational performance within banks.

Kavulya, Muturi, Rotich and Ogollah (2018) assessed how customer centric measures impact SACCO performance Kenya. The cross-sectional study targeted 181 Saccos operating in Kenya. The study sampled all the CEOs of the firms and administered questionnaires for the data collection process. The study results revealed that focusing on customer preferences improved SACCO performance. Improving service quality, enhancing customer management, improving the pricing strategies, developing customer-friendly products and services and improving customer confidence are vital to performance of Saccos. These studies did not assess the influence of customer focus on banks' operational performance.

Awan and Ahson (2015) examined the impact of quality management practices on the performance of employees in selected Banks of Pakistan. The researchers developed a structured questionnaire that was administered to 200 bank employees and the collected data analyzed using various statistical approaches. It was noted that QMP improve employee output. The application of practices such as empowering and training employees, complex rewarding systems, supportive leadership, and customer focus significantly improve the output of employees. This study did not investigate operational performance within banks, instead, it was premised on QM practices and their influence on employee performance.

In a study on banks in Ethiopia; Kebede and Tegegne (2018) assessed the impact of customer relationship management (CRM) initiatives on performance of financial institutions. Binary-logistic analysis was adopted, and the focus was on the key concepts of customer focus, knowledge management and CRM components. Customer relationship management components were reported to significantly impact commercial banks' performance. This study failed to assess how continuous improvement and management support influence performance which was reviewed in this research.

### **2.3.2 Continuous Improvement and Performance Outcome**

Shuaib and Inusa (2020) examined the effect of total quality management and innovation on bank performance in Nigeria. The study considered 13 commercial banks and utilized questionnaires in the data collection. The analysis was conducted using ordinary least square regression. The study found an insignificant but positive effect of total quality management on bank performance. Innovation capability was reported to significantly impact performances within commercial banks. Further, poor service delivery and low employee capacity to respond to customer complaints were detrimental to the banks' performance. The

findings are inconclusive as they did not identify how customer focus and management commitment can influence bank performance.

Glover, Farris and Van Aken (2015) study focussed on the relationship between continuous improvement and rapid improvement sustainability. The study was premised on the Kaizen framework and utilized research data from a field study of 65 Kaizen events in select manufacturing organizations. The research revealed that improved awareness among employees coupled with changes in the internal and external work environment were related with improved long-term performance. The study looked at how the application of continuous improvement impacts competitive advantage sustainability but failed to identify how continuous improvement impacts banks' operational performance. Munyalo (2020) research reviewed quality management system implementation and continuous improvement in Glaxosmithkline Kenya Limited. The study found no significant relationship between QMS implementation and firm continuous improvement framework, calling for increased frequency of systems reviews in operations procedure to promote timely identification of weaknesses in the firm's internal processes. The above studies did not investigate how continuous improvement impacts operational performance within the banking industry.

Wokabi (2016) assessed how TQM practices impact financial results of Kenyan banks. A descriptive research design was adopted. The collected data was analyzed through a mix of statistical techniques. The study revealed that adopting TQM initiatives significantly improves financial returns. Management commitment, employee involvement, customer focus and process management were crucial to the financial outcome of the banks. Otieno (2016) investigated the impact of continuous practices on efficiency and returns of Kenyan banks with a focus on customer centrism, decision making and staff engagement. The results indicated that there was a significant relationship between the three continuous practices and bank efficiency. The research revealed that improving customer value, enhancing employee competency, adopting quality improvement programs and process management are vital to bank efficiency.

Kiruja and Kimencu (2020) carried out descriptive research to assess the influence of business process management practices on financial results of Nairobi-based banks. The analysis showed that business process management improved returns. Ensuring there is intra-organizational strategic alignment, adoption of appropriate emergent technologies, innovation and fostering the involvement of employees are among the key management practices that result in improved outcomes. The above studies reviewed QM practices in relation to

financial performance, this study examined the impacts on operational performance. Further, the variables utilized under the studies are not similar to the current research.

### **2.3.3 Management Support and Performance Outcome**

Othman, Khatab, Esmael, Mustafa and Sadq (2020) conducted a study in Iraq examining how TQM impacts banks' competitive positioning. The study utilized a descriptive research design with both theoretical and empirical research data being employed. Findings showed that leadership characteristics, management of staff, and customer attention were significant determinants of competitiveness of commercial banks. Duong and Swierczek (2019) assessed how leadership quality impact firm culture in terms of product/service and process innovation in banks in Vietnam. The study sampled 15 commercial banks and collected data from 354 executive officers. The research data was collected using structured questionnaires. The study findings indicated that the quality of the management team significantly improved the innovation process within the commercial banks. The study noted that managerial qualities, social relations, technology competency, learning capability, employee involvement and training are vital to banks innovation. Othman, Khatab, Esmael, Mustafa and Sadq (2020) failed to assess how aspects such as continuous improvement affect operational performance while Duong and Swierczek (2019) only investigated the above variables' relationship with innovation and not operational performance.

In a study in Cameroon, Ngambi and Nkemkiafu (2015) reviewed how TQM impacts firm's results. The study applied structured research instruments in the data collection from large manufacturing firms in the country. Through implementation of multiple regression techniques, the results showed that empowering employees significantly improves financial outcomes and the firm's corporate image. Quality control and management commitment also significantly reduce expected costs. All the above studies were not conducted in Kenya, making their findings not representative of how Kenyan banks was impacted by QM practices.

Makori and Kinyua (2019) analyzed the relationship between organizational leadership and performance of Co-operative Bank of Kenya. The study was anchored primarily on the contingency theory, stewardship and path-goal theories. The research applied a descriptive research design with a sample of 148 respondents selected for the study. The results showed a strong link between organization leadership and performance of banks. Findings indicated that improving delegation of duty, involvement of employees, creating an effective organization culture and empowering employees are vital to better bank performance.

Louw, Muriithi and Radloff (2017) examined the relationship between transformational leadership and leadership effectiveness in Kenyan indigenous banks. The study relied on a survey methodology targeting 494 respondents drawn from the management team within commercial banks. The study applied factor analysis and regression analysis in the review. The findings established a significant link between transformational leadership competencies and leadership effectiveness. Managements should be able to inspire, motivate, mentor and have an idealised influence on employees since this improves their capacity to improve customer service delivery. The above studies failed to investigate how corporate culture and continuous improvement affect bank performance.

#### **2.3.4 Corporate Culture and Performance Outcome**

Ghaith et al., (2017) sought to determine how organizational culture impacts performance among staff in the hotel services industry. The study was an empirical review on the impact of the leadership style, organizational commitment and quality management practices on staff performance. Organizational culture was considered as the moderating variable. The researchers determined that all the variables have a significant impact on various hotel processes, employees and service delivery. The review showed that organizational culture promotes leadership style which is key to motivating employees towards delivering quality service and remaining committed to the organizations. This study focussed on performance within the hotel industry, the current study reviewed employee performance in banks.

Hasan et al., (2020) studied the impact of organizational culture on engagement and performance employee among employees in Malang's government-owned banks. The study adopted multi-stage sampling in selection of bank employees who had more than two years' experience. Hypothesis testing was accomplished using Partial Least Squares, while organizational culture was measured through the following indicators; team orientation, capability development, empowerment, customer focus, coordination and integration, core values and making changes. The findings showed a direct positive effect of organization culture on employee engagement and firm performance, further, organization culture also had an indirect impact on performance through employee engagement. The study failed to engage customers to gauge their opinions on satisfaction with bank employees' performance.

Langat and Lagat (2017), in an investigation into the effect of organizational ownership and culture on employee performance adopted an explanatory research design and stratified random sampling in selection of bank employees. Multiple regression analyses and Pearson correlation results showed that involvement and consistency culture significantly impact

employee performance. Further, bank ownership was reported to have a negative and significant moderate effect on the relationship between consistency culture and employee performance, implying ownership significantly impacts organizational culture. Adhiambo (2020) sought after the mediating role of organizational culture on QM practices and its impact on firm performance. The study determined a positive relationship between QM practices and organizational culture. The study determined that organizational leadership, customer focussed QMP, human resource development focussed QMP and strategic planning significantly impact firm performance. However, corporate culture did not have a mediating effect on QM practices and firm performance, but positive direct and indirect effects were established. These two studies did not investigate the effect of management support on employee performance. The above studies adopted an explanatory research design while the current study used a cross-sectional research design.

Paaïs and Pattiruhu (2020) found an insignificant influence of motivation and organizational culture on employee satisfaction levels, but a significant impact on employee performance in an empirical review of the effect of organization culture, leadership and motivation on job satisfaction and performance. The study adapted proportionate stratified random sampling in selection of 155 employees attached to the Wahana Resources Ltd, Indonesia. Structural equation modelling was used in analyzing the collected data. Further, while leadership style had a significant impact on job satisfaction, it had no impact on performance. This study failed to investigate the how the principle of continuous improvement impacts employee performance. Further, the current study did not examine the employee satisfaction and its relationship with performance.

Ombeta (2018) investigated the association between organizational culture and operational performance among Kenyan insurance firms. The study sought to determine the type of culture adopted in insurance firms and how it impacted their operational outcomes. The study adopted a cross-sectional research design. The study determined that organizational culture has a strong impact on operational performance in terms of increased innovation, flexibility and adaptability, cost effectiveness and increased productivity both in product and service provision. In a similar study, Abdullah (2020) sought after the relationship between work culture, training programs and performance of employees at the Palembang Aviation Training Center. Regression analysis was carried out for hypothesis testing. The analysis revealed a positive and significant relationship between work culture variables and training program



variables. However, the study determined that training program variables have a more significant impact on employee performance than workplace culture.

Sapta et al., (2021) investigated how technology, organization culture and job satisfaction in improving bank employee performance during the Covid-19 pandemic. The study adopted stratified sampling in selection of 350 employees in rural banks in Bali. Analysis involved Structural Equation Modelling and motivation was considered as the intervening variable. The study was able to determine that organization culture, measured by adaptation, consistency, mission, and involvement have a significant positive effect on motivation but no direct impact on performance of the employees. Technology, measured by social factors, task suitability, long-term consequences, and facilitating conditions, and job satisfaction measured by work challenges, appreciation, career development, work place relationships have a significant impact on both motivation and performance among employees.

Aondona (2020) sought to establish the impact of organizational culture on Nigerian banks' performance. The study applied a descriptive survey technique and applied quantitative analysis. The study specifically examined the influence of organizational values, work environment and operational strategies on employee morale, product quality and customer satisfaction respectively. The findings established a significant relationship between organizational values and morale among employees. Further, operational strategy was determined to significantly influence customer satisfaction. However, work environment was noted to have no significant influence on the quality of products and services. The study recommended that operational strategies be tailored with a customer focus to promote performance.

## 2.4 Summary of Literature Gaps

The study reviews several empirical studies and was able to identify a number of empirical and methodological gaps that are summarized as follows;

**Table 2.1 Summary of Empirical Literature Gaps**

Author	Title	Findings	Research Gap
Awan and Ahson (2015)	Impact of quality management practices on the performance of employees in selected Banks of Pakistan	The findings indicated that quality management practices had a positive effect on employee performance.	The examination focussed on employee performance while this study reviews the link between QMP and operational

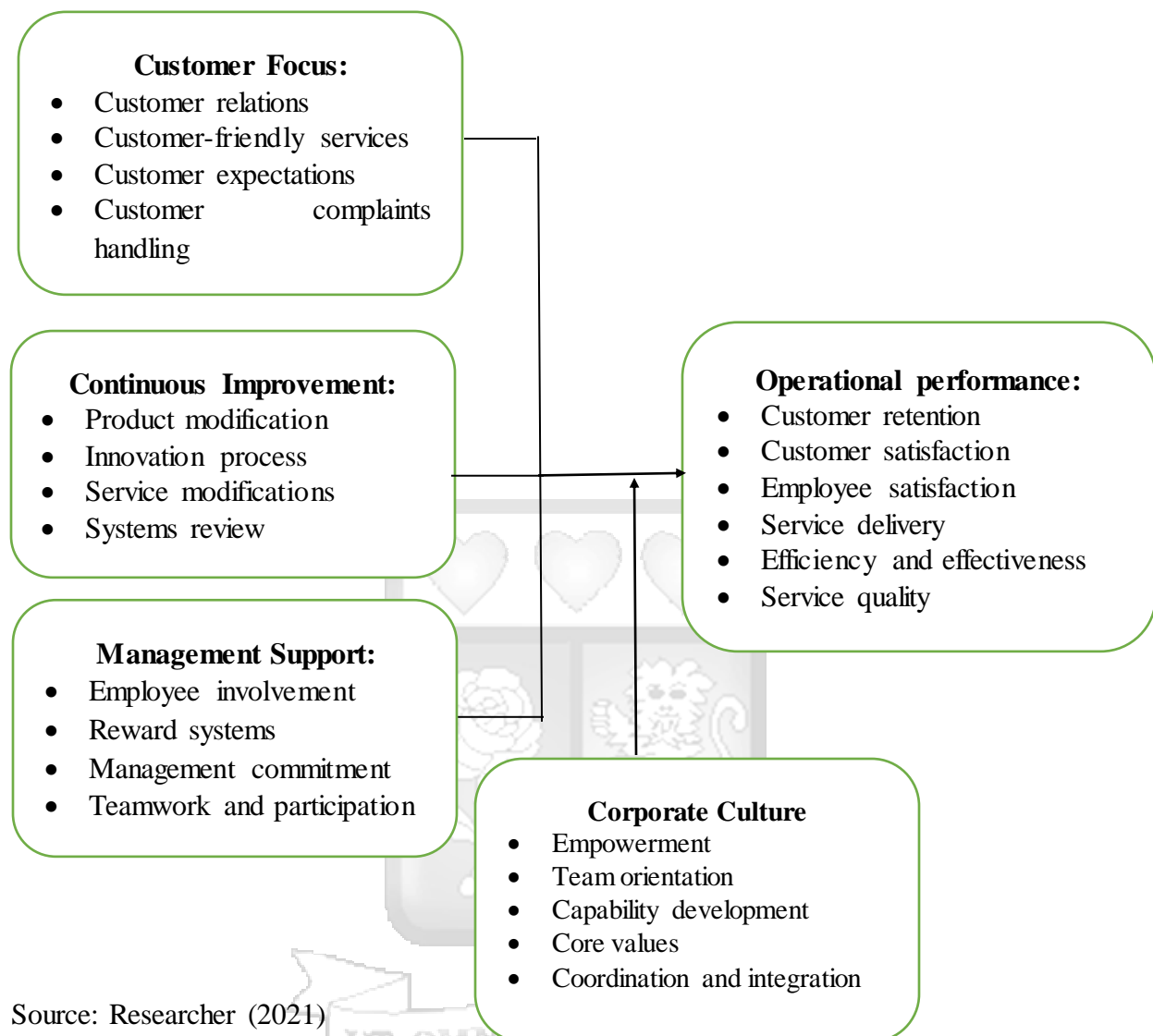
			performance of commercial banks.
Kavulya, Muturi, Rotich and Ogollah (2018)	Effect of customer focus strategy on the performance of Saccos in Kenya	The study results revealed that customer focus strategy has a positive and significant effect on performance of Saccos in Kenya.	The study was limited to Saccos while this examination focussed on the effect of customer focus on operational performance of banks.
Kiruja and Kimencu (2020)	Effects of business process management practices on financial performance of commercial banks in Kenya	The analysis showed that business process management were positively related to the financial performance of firms.	The study focussed on financial performance while current study reviews operational performance of banks
Makori and Kinyua (2019)	Relationship between organizational leadership and performance of Co-operative Bank	The results showed a strong link between organization leadership and performance of banks.	The review was limited to leadership practices while this study analyzed the effect of QMP on operational performance of all registered banks in Kenya.
Shuaib and Inusa (2020)	Effect of total quality management and innovation on bank performance in Nigeria	The results indicated that total quality management had an insignificant and positive effect on performance.	The findings are inconclusive as they did not identify how customer focus and management commitment can influence bank performance.

Ghaith et al., (2017)	The Mediating Role of Organizational Culture on the Relationship between Employee Performance and Antecedents in the Hotel Sector.	The review showed that organizational culture determines the leadership style which has a significant impact on motivation and commitment to the organization.	This study focussed on performance within the hotel industry, the current study investigated employee performance in banks.
Langat and Lagat (2017)	Effect of Organizational Ownership and Culture on Employee Performance Among Selected Banks in Kenya.	The study reported that involvement and consistency culture significantly impact employee performance	The research was only limited to culture and employee performance while current study reviews how QMP and culture influence operational performance of banks.

Source: Researcher (2021)

## 2.5 Conceptual Framework

The conceptual framework was based from review of literature and conceptualization in linking the QMP practices as adapted from the review of the deming theory and the operational performance of commercial banks as conceptualized in the study. Based on the conceptual framework below, the independent variables; customer focus, continuous improvement and management support, with the moderating role of corporate culture are associated with improved operational performance of commercial banks in Kenya.

**Independent Variables****Moderator****Dependent Variable**

Source: Researcher (2021)

**Figure 2.1 Conceptual Framework**

The conceptual framework above depicts the hypothesized relationship between quality management practices and banks' operational outcomes. The operationalization and measurement of the variables is shown below.

**Table 2.2 Operationalization of Research Variables**

Variable	Indicators	Measurement	Data analysis	Supporting Literature
Customer focus	<ul style="list-style-type: none"><li>Customer relations</li><li>Customer-friendly services</li><li>Customer expectations</li><li>Customer complaints</li></ul>	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Yang and Zhang (2018), Kavulya, Muturi, Rotich and

	handling			Ogollah (2018), Kebede and Tegegne (2018)
Continuous improvement	<ul style="list-style-type: none"> <li>• Product modification</li> <li>• Innovation process</li> <li>• Service modifications</li> <li>• Systems review</li> </ul>	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Shuaib and Inusa (2020), Glover, Farris and Van Aken (2015), Munyalo (2020)
Management support	<ul style="list-style-type: none"> <li>• Employee involvement</li> <li>• Reward systems</li> <li>• Management commitment</li> <li>• Teamwork and participation</li> </ul>	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Othman et al., (2020), Duong and Swierczek (2019),
Corporate Culture	<ul style="list-style-type: none"> <li>• Empowerment</li> <li>• Team orientation</li> <li>• Capability development</li> <li>• Core values</li> <li>• Coordination and integration</li> </ul>	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Ghaith et al., (2017), Hasan et al., (2020), Adhiambo (2020), Paais and Pattiruhu (2020).
Operational performance	<ul style="list-style-type: none"> <li>• Customer retention</li> <li>• Customer satisfaction</li> <li>• Employee satisfaction</li> <li>• Service delivery</li> <li>• Efficiency and effectiveness</li> <li>• Service quality</li> </ul>	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Jerop and Juma (2014), Kalela (2017), (Böttcher & Neuhaus, 2015)

Source: Researcher (2021)

## 2.6. Chapter Summary

This chapter presents a review of the extant theoretical and empirical literature on the relationship between the study variables. The theories reviewed were Deming's theory of Total Quality Management and the Resource Based View. The empirical review detailed previous researcher's findings on the relationship between customer focus, continuous improvement, management support and corporate culture on operational performance. This was followed by a summary of the literature gaps and the operationalization of the research variables.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The third chapter of the study was used to chronologically present the methodology that was applied in the course of the research. The section provided other details give an overview of the research philosophy, design, population., sampling design, data collection instruments and the data analysis and presentation.

#### **3.2 Research Philosophy**

Philosophy entails a system of beliefs and conventions on the advancement of knowledge and its essence (Saunders, Lewis, & Thornhill, 2012). This study was anchored on a philosophy that is consistent with empirical positivism (Bell, Bryman, & Harley, 2018), an epistemological approach that is objective and allows the researcher to empirically test theories and theoretical concepts (Walliman, 2017). This philosophy was adopted for this research since it is informed by empirical positivism and conducted in an objective manner, as the researcher is not influenced, and does not have any influence on research subjects. Further, the philosophy was suited for this study that was centrally focused on using quantitative approaches in estimating the relationship between the study variables. As such the study found the paradigm to be the most effective in conducting the survey.

#### **3.3 Research Design**

To empirically test the structural relationships as hypothesized by the study's conceptual model, appropriate research designed is required. A research design is the blueprint for empirical studies used to address or test specified hypotheses (Christensen, Johnson, Turner, & Christensen, 2011). The study employed a descriptive research design involving a field survey was adopted. This design allowed the researcher to obtain empirical data on independent and dependent variables at a single point in time. Additionally, this design allowed the researcher to explain how variables are related to each other. The study was limited to a review of the QMP, culture and operational performance of commercial banks as of October 2021.

#### **3.4 Target Population**

Fowler (2013) refers to a population as “a set of elements to which the researcher intends to apply the findings of a study”. The author further emphasized that defining a population, requires the identification of inclusive and exclusive elements of the target population. A unit

of analysis refers to the target of an investigation, and can either be an individual, a group of people, and organizations or countries, among others (Bryman, 2016). The study's unit of analysis was the 39 fully operational commercial banks in operation in Nairobi County. The participants of the study were drawn from senior level managers. The study targeted the operations manager, research and development manager, relationship manager and chief technology officers. The senior managers were selected due to their knowledge and role in guiding the quality management practices and corporate culture which are hypothesized to be key to operational performance of the banks.

**Table 3.1 Target Population**

Job Category	Banks	Population
Operations Manager	39	39
Research and Development Manager	39	39
Relationship Manager	39	39
Chief Technology Officers	39	39
<b>Total</b>		<b>156</b>

Source: (Central Bank of Kenya, 2021)

### 3.5 Sampling Design and Sample Size

Sampling refers to the process of selection of a segment of individuals or entities belonging to a population to observe and make statistical inferences about the target population (Sekaran & Bougie, 2016). The study used convenience random sampling in selecting the participants of the research. This ensured that all participants had an equal chance of being involved in the research. Sampling frame is a list of all the cases or items in the target population of the research from which a sample was selected (Bryman, 2016). The sample frame for this research was drawn from the 39 operational banks in Kenya. The sample size for the research was calculated using the Yamane formula as shown below;

$$n = \frac{N}{1 + N(e^2)}$$

Where:  $n$  is the sample size,  $e$  is the error term, and  $N$  is the total target population

$$N = 156$$

$$n = \frac{156}{1 + 156 (.05 \times .05)} = 112 \text{ respondents}$$



The sample respondents for this research were 112 staff members drawn from the 39 operational banks in Kenya.

### **3.6 Data Collection Instruments**

A questionnaire instrument was developed for the study survey. The utilization of a questionnaire in obtaining data regarding a particular phenomenon from respondents is primarily used in descriptive and explanatory studies (Saunders, Lewis, & Thornhill, 2012). Questionnaire development involves the process of designing an instrument (research questionnaire) constituting a set of formulated question items that aim to elicit responses in a systematized manner (Christensen, Johnson, Turner, & Christensen, 2011). The research instrument adopted a structured format with close-ended questions following 5-point Likert scale systems being utilized in the research. The study questionnaire development was guided by prior studies and the constructs adopted in the measurement of the study variables. The statements were thus aligned to the objectives of the research.

### **3.7 Data Collection Procedures**

The questionnaires were administered using a drop and pick later method to all the respondents (Fowler Jr, 2013). All the respondents were reached out to individually as per the sample of the study. A register was maintained which was used to track the movement of the questionnaires that were administered to the respondents. The researcher ensured that necessary approvals are obtained to allow for data collection. Further, where not possible to utilize the drop and pick method, the researcher was utilized in the electronic data collection method through use of Google forms which enhanced the convenience in the data collection process.

### **3.8 Research Quality**

In research surveys it is ideal to conduct a pilot study that ranges from 10-30% of the sampled population. In this study, the pilot study was carried out among 10% of the sample respondents.

#### **3.8.1 Reliability Tests**

This will support the study in pretesting the research instrument using both reliability and validity tests. (Bell, Bryman, & Harley, 2018). The study used Cronbach Alpha in testing for the reliability of the research instrument. As a rule of thumb, Sekaran and Bougie (2016) indicate that the Cronbach alpha should be above 0.7 for every construct to ensure there is consistency in the research instrument. The study conducted the pretest among 12 employees drawn from the commercial banks and the findings are shown on Table 3.2 below;

**Table 3.2 Reliability Results**

Variable	Cronbach's Alpha	N of Items	Interpretation
Customer focus	.840	7	Accepted
Continuous improvement	.822	6	Accepted
Management support	.829	7	Accepted
Corporate culture	.766	5	Accepted
Operational performance	.888	7	Accepted

**Source:** Research Data (2021)

The application of the Cronbach Tests via SPSS resulted in Alpha scores that were above 0.7 across the research variables. This led to the conclusion that the variable statements were reliable and could be adopted for the current research without further modification of the research instrument.

### 3.8.2 Validity Tests

Validity the level to which a certain construct measures what it was set to (Sekaran & Bougie, 2016). There are three ways to measure validity; face or content validity, construct and criterion validity (Johnston, 2014). In this study, both construct and content validity were applied. The instrument's content validity was ascertained through discussion with experts in quality management practices within the banking industry. Construct validity was conducted with the supervisor's assistance to ensure that all elements in the conceptual framework are captured in the questionnaire.

### 3.9 Data Analysis and Presentation

The quantitative data was analyzed using descriptive analysis and inferential analysis techniques, with the help of Statistical Packages for Social Sciences (SPSS Version 23). Descriptive analysis included percentage, frequencies, means, standard deviations, and Z-scores. Diagnostic tests of both the independent and dependent variables were carried out to establish whether regression analysis test can be undertaken on them. These include; normality test, test of multicollinearity and auto-correlation test. Inferential statistics were conducted using multiple linear regression analysis and correlation analysis. They were key to informing the researcher the extent of the relationship between the study variables. Data presentation was in charts, tables and other means of visual representation. The regression equation was as follows;

$$\text{Operational Performance} = b_0 + b_1 * \text{Customer Focus} + b_2 * \text{Continuous Improvement} + b_3 * \text{Management Support} + b_n * \text{Corporate Culture} + e$$

Where;

$Y$  = Dependent variable (operational performance of commercial banks)

$\alpha$  = the model intercept

$\beta_{1-3}$  = Coefficient of independent variables

$b_1$  – Coefficient of customer focus

$b_2$  – Coefficient of continuous improvement

$b_3$  – Coefficient of management commitment

$b_n$  – Coefficient of corporate culture

$\varepsilon$  - error Term

### **3.10 Ethical Considerations**

Conduct of quantitative research requires the adherence to laid down ethical guidelines. In the current study an informed consent was developed to ensure that participants are aware of their rights to participate in the research and aims of the study. The study obtained the permission from NACOSTI before initiating the data collection process. The study got an ethical clearance from the Ethics Review Committee before proceeding with the data collection process. The research ensured there is adherence to the laid down academic guidelines provided by Strathmore Business School. Finally, the study made sure that the collected research data is treated with confidentiality and only be used for the stated academic purposes.



## CHAPTER FOUR

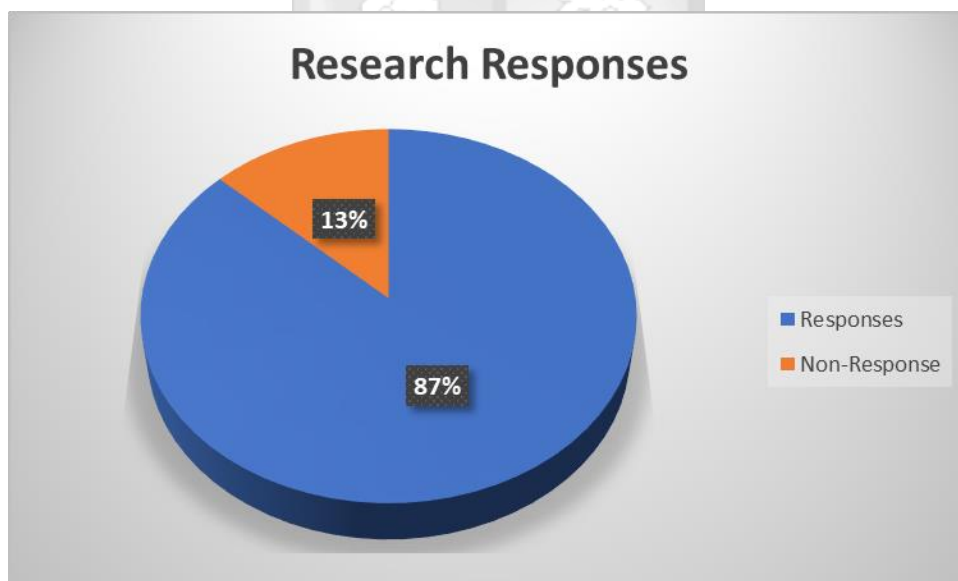
### PRESENTATION OF FINDINGS

#### 4.1 Introduction

The fourth chapter detailed the results of the research. The chapter presented the various findings on the response obtained, the demographic results, the descriptive and inferential findings. Lastly, the chapter presented the summary of the research findings.

#### 4.2 Response Rate

The research considered 112 managers drawn from the 39 operational commercial banks as the sample of the research. The study was able to obtain 97 responses which accounted for 87% of the responses with only 13% of the sample not being able to partake in the survey. The response rate was found to be adequate for consideration in the quantitative analysis in this research. According to Fowler (2013) a response rate of above 50% is suitable when conducting quantitative surveys.



**Figure 4.1 Research Response Rate**

*Source: Research Data (2021)*

##### 4.2.1 Demographic Information

The survey considered various demographic profile of the bank personnel as instrumental in the research. The study considered the age of the participants, the gender, education level and experience within the industry. The results are presented within this section.

#### 4.2.1.1 Age of Participants

The study explored the age distribution of the respondents and the results are captured in Table 4.1 below.

**Table 4.1 Age of Participants**

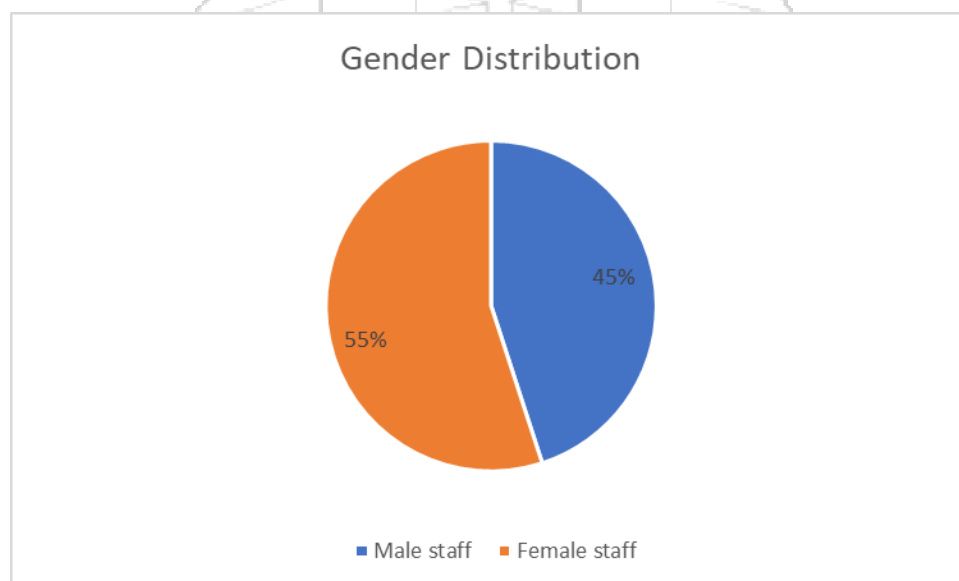
	Frequency	Percent
Below 35 years	26	26.8
36-45 years	43	44.3
46-55 years	27	27.8
Over 56 years	1	1.0
Total	97	100.0

*Source: Research Data (2021)*

The findings were of the indication that most of the respondents 44% (n=43) were within the ages 36-45 years while 28% (n=27) were between the age 46-55 years. The responses showed a spread in the age diversity of the employees which is key to enhancing the pool of employees within the bank.

#### 4.2.1.2 Gender of Respondents

The study also queried the employees on the gender identity and the analysis indicated that 55% (n=54) of the respondents were female with 45% (n=43) of the respondents being male employees within the commercial banks as shown on Figure 4.2 below.



**Figure 4.2 Gender of Participants**

*Source: Research Data (2021)*

#### 4.2.1.3 Length of Work Experience

The study participants were also questioned on the length of time they have been working within the banking industry and the results are presented in Table 4.2 below.

**Table 4.2 Length of Participants Work Experience**

	Frequency	Percent
Below 5 years	24	24.7
6-10 years	53	54.6
11-15 years	20	20.6
Total	97	100.0

*Source: Research Data (2021)*

The exploration showed that 54% (n=53) of the officials had worked within the banking industry for between 6-10 years, 25% (n=24) had worked for below 5 years while only 21% had been in the industry for between 11-15 years. The results point out there is a breadth in the work experience of the participants which can point to a better understanding of the various variables considered in the study.

#### 4.2.1.4 Department of Work in the Bank

The examination also reviewed from the various target groups which cohort responded to the survey and the analyzed results are as shown in Table 4.3 below.

**Table 4.3 Participants Department in Bank**

	Frequency	Percent
Operations Manager	17	17.5
Research and Development Manager	35	36.1
Relationship Manager	35	36.1
Chief Technology Officers	10	10.3
Total	97	100.0

*Source: Research Data (2021)*

Findings of the survey points out that 36% (n=35) of the study was from the relationship managers and the research and development managers. Further, the study indicated that 10% (n=10) of the respondents were the head technology officers within the commercial bank. This indicated that the study was able to obtain responses mainly from the targeted population of the survey.

### 4.3 Descriptive Results

The examination relied on quantitative data obtained from a 5-point Likert Scale questionnaire. The research applied descriptive analytical techniques such as sums, means and deviation in the analysis. The various results are presented in line with the conceptualization of the study variables.

#### 4.3.1 Descriptive Results for Customer Focus

The first objective of the research focussed on the customer focus dimension of the quality management practices. The results of the variable analysis are presented in Table 4.4 below.

**Table 4.4 Customer Focus**

	N	Mean	Std. Deviation
The bank ensures that customers get the right product at the right time, in the right quantity	97	4.4227	.71930
The bank ensures that products are easily accessible to customers in different geographical regions	97	3.9794	.94626
The bank ensures brand control is maintained through keenness in managing and directing all the activities in service delivery	97	4.2371	.88710
The bank has put in place channels to ensure customers have direct communication with management in case of any complaints	97	3.9278	.96012
The bank provides varied product lines which have attracted a diverse range of customers.	97	4.1134	.93404
The banks' ability to adopt new technologies gives value addition in terms of customer product preference hence more sales and profitability	97	4.2887	.90091
The banks' ability to channel new services and products in the market has created quality improvement and customer loyalty	97	4.0515	.91710

**Source:** Research Data (2021)

The participants reviewed were of a strong agreement that the banks' ability to adopt new technologies gives value addition in terms of customer product preference hence more sales and profitability (mean = 4.2887, dev = .90091). The results also pointed to strong agreement among officials that the bank ensures that customers get the right product at the right time, in



the right quantity (mean = 4.4227, dev = .71930). The review also showed agreement that the bank has put in place channels to ensure customers have direct communication with management in case of any complaints (mean = 3.9278, dev = .96012). Overall, the results on customer focus pointed out that bank officials were in agreement the bank is solely centred towards enhancing aspects such as brand control, complaints management and improvement of customer quality.

#### 4.3.2 Descriptive Results for Continuous Improvement

The second study objective of the research analyzed the continuous improvement dimension of the quality management practices. The results of the variable analysis are presented in Table 4.5 below.

**Table 4.5 Continuous Improvement**

	N	Mean	Std. Deviation
The bank regularly reviews their innovation practices for consistency with market demand	97	3.9794	1.17242
The bank regularly replaces obsolete systems with modern equipments to improve efficiency in service delivery	97	3.9175	.93173
The bank ensures that personnel are continuously trained to enhance internal quality benchmarks	97	3.7835	1.06289
The bank has put in place continuous improvement of quality systems leading to increased productivity	97	4.1237	.81978
The bank maintains a continuous system of monitoring and improving of quality systems and procedures to enhance performance	97	3.9691	1.06511
The bank has developed internal benchmarks to ensure internal quality realization and conformity to regulatory standards	97	3.9691	.95146

**Source:** Research Data (2021)

The analysis noted agreement among respondents that the bank has put in place continuous improvement of quality systems leading to increased productivity (mean = 4.1237, dev = .81978). The findings also showed with high moderation (1.17242) the participants agreed that the bank regularly reviews their innovation practices for consistency with market demand (mean = 3.9794). The officials further revealed their agreement to the statement that the bank

has developed internal benchmarks to ensure internal quality realization and conformity to regulatory standards (mean = 3.9691, dev = .95146).

#### 4.3.3 Descriptive Results for Management Support

The third objective of the research focussed on the management focus dimension of the quality management practices. The results of the variable analysis are presented in Table 4.6 below.

**Table 4.6 Management Support**

	N	Mean	Std. Deviation
The employees within the bank are involved in defining organizational goals	97	3.8660	.97499
The employees within the banks are offered autonomy in decision making by the leadership team	97	3.8351	.97554
The leadership team has developed clear responsibilities and chain authority to improve task fulfilment	97	3.8454	1.00354
The management team has put in place measures to advance information sharing and communication across all business units	97	3.9897	.91850
The management team inspires staff to efficiently utilize firm resources and improve quality excellence	97	4.0103	1.04577
The management has defined work routines to guide conformity and coordination within the bank	97	4.0412	.97807
The management always strives to develop the skills and abilities of personnel to improve efficiency at the workplace	97	4.0722	.80684

*Source: Research Data (2021)*

Regarding the aspects of management support, the respondents agreed that employees within the bank are involved in defining organizational goals (mean = 3.866, dev = .97499). Concerning the employees within the banks are offered autonomy in decision making by the leadership team, there was agreement among respondents as indicated by mean of 3.8351 and dev = .97554. The results showed agreement that the management has defined work routines to guide conformity and coordination within the bank as indicated by mean of 4.0412. Lastly, findings indicated agreement that the management team has put in place measures to advance

information sharing and communication across all business units (mean = 3.9897, dev = .9185).

#### 4.3.4 Descriptive Results of Corporate Culture

The study fourth objective reviewed the moderator variable corporate culture and the analysis of the variable is shown on Table 4.6 below.

**Table 4.7 Corporate Culture**

	N	Mean	Std. Deviation
The bank management continuously empowers the employees through the shared values of the institution	97	4.2371	.73276
The bank has laid down clear personnel guidelines to foster team orientation within the various departments	97	4.0825	.79935
The bank has put in place measures to address the capability development of the personnel to improve their work ethic	97	4.1649	.93185
The bank has clearly laid down core values that are embraced across the institution	97	3.9691	.98376
The banks top management has implemented a clear coordination and integration framework that ensures all employee views are embraced	97	3.9794	.93518

*Source: Research Data (2021)*

Concerning corporate culture statements, the results noted strong agreement that the bank management continuously empowers the employees through the shared values of the institution (mean = 4.2371, dev = .73276). The findings also noted agreement among the respondents that the top management has implemented a clear coordination and integration framework that ensures all employee views are embraced (mean = 3.9794, dev = .93518). The results indicated agreement that the bank has put in place measures to address the capability development of the personnel to improve their work ethic (mean = 4.1649, dev = .93185).

#### 4.3.5 Descriptive Results of Operational Performance of Banks

The dependent variable for this examination focussed on the operational performance of the commercial banks. The study respondents were presented with statements and the findings are shown in Table 4.7 below.

**Table 4.8 Operational Performance of Banks**

	N	Mean	Std. Deviation
The bank has optimized information flow across all functional units	97	4.0515	.83381
There has been notable minimization of complexities in product and service offering	97	3.9588	.93450
The bank has undertaken stems to optimize the distribution network across branches	97	3.9072	.96913
The bank has implemented cost cutting measures that have reduced inefficiencies in operational expenses	97	4.1340	.83702
The bank has enhanced teamwork within the various units which stimulates employee productivity	97	3.8041	1.10528
The bank has put in place guidelines to enhance customer satisfaction	97	4.0619	.81413
There is an improvement in the quality-of-service delivery within the commercial banks	97	3.7526	1.01068

**Source:** Research Data (2021)

The respondents were in agreement that the banking institution has put in place guidelines to enhance customer satisfaction (mean = 4.0619, dev = .81413). The results noted that commercial banks have implemented cost cutting measures that have reduced inefficiencies in operational expenses (mean = 4.134, dev = .83702). The participants also revealed agreement that the commercial banks have seen notable minimization of complexities in product and service offering as shown by mean of 3.9588 and deviation of .9345.

#### **4.4 Correlation Results**

The research was interested in determining the association between the study variables and Pearson correlation analysis was the preferred method of analysis. The findings are shown in Table 4.9 below.

**Table 4.9 Correlation Analysis**

		Customer Focus	Continuous Improvement	Management Support	Corporate Culture	Operational Performance
Customer Focus	Pearson Correlation	1				
	Sig. (1-tailed)					
	N	97				
Continuous Improvement	Pearson Correlation	.708**	1			
	Sig. (1-tailed)	.000				
	N	97	97			
Management Support	Pearson Correlation	.524**	.752**	1		
	Sig. (1-tailed)	.000	.000			
	N	97	97	97		
Corporate Culture	Pearson Correlation	.624**	.707**	.739**	1	
	Sig. (1-tailed)	.000	.000	.000		
	N	97	97	97	97	
Operational Performance	Pearson Correlation	.564**	.669**	.809**	.768**	1
	Sig. (1-tailed)	.000	.000	.000	.000	
	N	97	97	97	97	97

\*\* . Correlation is significant at the 0.01 level (1-tailed).

**Source:** Research Data (2021)

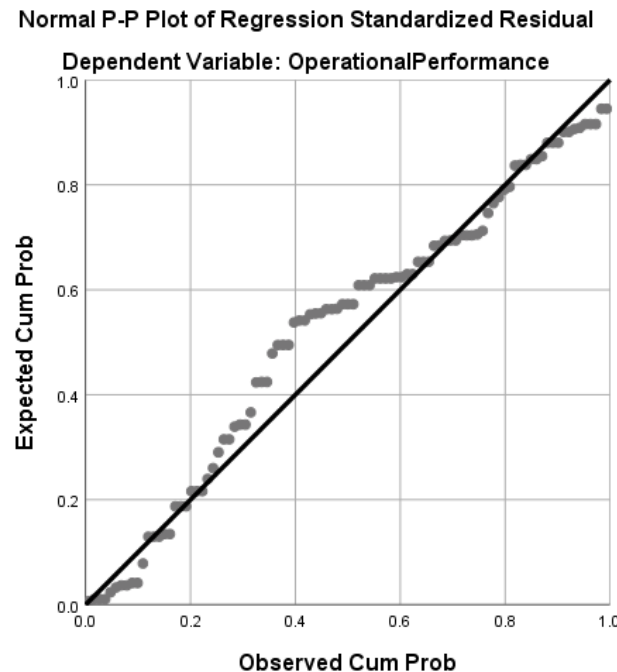
The correlation tests indicated that there was a positive effect of customer focus on the operational performance of the commercial bank ( $r = .564$ ,  $\text{sig} = .000 < .05$ ). Findings also showed the existence of a strong positive effect of management support on the operational performance of the commercial bank ( $r = .809$ ,  $\text{sig} = .000 < .05$ ). The analysis also revealed that corporate culture has a strong positive effect on the operational performance of the commercial bank ( $r = .768$ ,  $\text{sig} = .000 < .05$ ).

#### 4.5 Diagnostic Results

Various diagnostic tests were conducted on the observations of the research to ensure they meet the standard requirements for linear regression analysis. The study selected normality tests, collinearity and autocorrelation tests.

#### 4.5.1 Normality Test

The research applied the normality tests to check whether the observations adopted in the regression model fitted within the normal p-p plot. The results showed that the observations of the study were within the normality line which is regarded as an indication of normal distribution within the research.



**Figure 4.3 Normality Plot**

*Source: Research Data (2021)*

#### 4.5.2 Multicollinearity Test

The aim of the multicollinearity examination was to check whether any of the predictor variables was related with each other. The study utilized the variance inflation factor (VIF) as the main standard for the test. The results are shown in Table 4.9 below.

**Table 4.10 Collinearity Results**

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Customer Focus	.499	2.006
Continuous Improvement	.299	3.346
Management Support	.435	2.301
2 (Constant)		
Customer Focus	.458	2.182
Continuous Improvement	.293	3.418

Management Support	.341	2.930
Corporate Culture	.369	2.709

a. Dependent Variable: Operational Performance

*Source: Research Data (2021)*

The above findings showed variance inflation factor (VIF) in the first regression model which were less than 10. This was an indication that none of the quality management practices had collinearity problems. Further tests on the hierarchical model (second regression) the results also had VIF values below 10 which led to the conclusion that quality management practices and corporate culture had no collinearity problems.

#### 4.5.3 Autocorrelation Test

The autocorrelation tests were adopted in the research to ensure that the estimation from the regression summary was not affected by any serial correlation problems. The findings are shown in Table 4.10 for both models adopted in the survey.

**Table 4.11 Autocorrelation Results**

Model	Durbin-Watson
1	2.143
2	1.849

a. Predictors: (Constant), Management Support, Customer Focus, Continuous Improvement

b. Predictors: (Constant), Management Support, Customer Focus, Continuous Improvement, Corporate Culture

c. Dependent Variable: Operational Performance

*Source: Research Data (2021)*

The standard rule for interpreting the autocorrelation tests is that the resulting Durbin-Watson value has to fall between 1.50- 2.50. The findings on Table 4.10 showed that each of the regression model has Durbin-Watson statistic that fell within the stipulated range hence the conclusion that the results were not affected by any serial correlation errors.

#### 4.6 Regression Results

The study was premised on a multiple regression analysis in estimating the interaction between the variables. The study applied a regression approach in examining the effect of quality management practices and operational performance. The findings are shown on Table 4.11 below.

**Table 4.12 Regression Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.826 <sup>a</sup>	.682	.671	2.90149	

a. Predictors: (Constant), Management Support, Customer Focus, Continuous Improvement

b. Dependent Variable: Operational Performance

*Source: Research Data (2021)*

With regard to the findings in the first model the research revealed a coefficient of determination ( $R^2 = .682$ ) which indicated that 68.2% of the changes in the operational performance are determined by the quality management practices.

**Table 4.13 ANOVA Summary**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1676.507	3	558.836	66.381	.000 <sup>b</sup>
	Residual	782.936	93	8.419		
	Total	2459.443	96			

a. Predictors: (Constant), Management Support, Customer Focus, Continuous Improvement

b. Dependent Variable: Operational Performance

*Source: Research Data (2021)*

The findings above were obtained from running the hierarchical regression analysis. Within the first model the ANOVA statistics were; F-calculated = 66.381, Sig = .000<.05 which noted there is a positive and significant relationship between quality management practices and operational performance of commercial banks.

**Table 4.14 Regression Coefficients Summary**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.379	2.133		.178	.859
Customer Focus	.217	.093	.193	2.323	.022
Continuous Improvement	.585	.101	.546	5.816	.000
Management Support	.759	.095	.708	7.976	.000

*Source: Research Data (2021)*



The study adopted the unstandardized coefficients which represents the amount of change in a dependent variable (operational performance) as results of the quality management practices adopted within the commercial banks in Kenya. The first specific objective focussed on the effect of customer focus on the operational performance of Commercial Banks in Nairobi City County. The results from the regression analysis indicated  $b1^* = .217$ ,  $Sig = .022$ . This implied that customer focus has positive and significant effect on the operational performance of the commercial banks. The second specific objective of the study aimed at determining the effect of continuous improvement on the operational performance of Commercial Banks in Nairobi City County. Findings from the regression analysis indicated  $b2^* = .585$ ,  $Sig = .000$ . This implied that continuous improvement has positive and significant effect on the operational performance of the commercial banks. The third objective focussed on determining the effect of management support on the operational performance of Commercial Banks in Nairobi City County. Findings from the regression analysis indicated  $b3^* = .759$ ,  $Sig = .000$ . This implied that continuous improvement has positive and significant effect on the operational performance of the commercial banks.

#### 4.6.1 Moderator Variable Analysis

The study utilized regression analysis to estimate the effect of the moderating variable corporate culture on the relationship between quality management practices and the operational performance of commercial banks in Kenya.

**Table 4.15 Regression Model with Moderator Variable**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.851 <sup>a</sup>	.724	.712	2.71863

a. Predictors: (Constant), Management Support & Corporate Culture, Customer Focus & Corporate Culture, Continuous Improvement & Corporate Culture, Corporate Culture

*Source: Research Data (2021)*

The study adopted linear regression test to determine the impact of the moderator variable on the relationship between the study variables. The results of the second model showed an improvement in the coefficient from  $R^2 = .682$  to  $R^2 = .724$ . This implied there existed a positive moderating effect of corporate culture on the relationship between quality management practices and operational performance of banks.

**Table 4.16 ANOVA Summary with Moderator Variable**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1779.475	4	444.869	60.191	.000 <sup>b</sup>
	Residual	679.969	92	7.391		
	Total	2459.443	96			

a. Dependent Variable: Operational Performance

b. Predictors: (Constant), Management Support & Corporate Culture, Customer Focus & Corporate Culture, Continuous Improvement & Corporate Culture, Corporate Culture

*Source: Research Data (2021)*

The findings of the second model revealed an F-calculated = 60.191, Sig = .000 < .05 revealing a positive and significant moderating effect of quality management practices, corporate culture and operational performance of commercial banks.

**Table 4.17 Regression Coefficients Summary with Moderator Variable**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1.484	2.060		-.721	.473
Corporate Culture	-.104	.244	-.065	-.426	.671
Customer Focus & Corporate Culture	.120	.091	.164	1.315	.192
Continuous Improvement & Corporate Culture	-.063	.117	-.087	-.540	.591
Management Support & Corporate Culture	.585	.101	.853	5.816	.000

a. Dependent Variable: Operational Performance

The fourth objective reviewed the moderating effect of corporate culture on the relationship between quality management practices and operational performance of Commercial Banks in Nairobi City County. The results from the regression analysis indicated **b4\* = -.104, Sig = .671 > .05**. This implied that corporate culture has negative and insignificant effect on the operational performance of the commercial banks. The study results further sought to establish the effect of the moderating variable on each of the independent variables and the findings showed that both customer focus and continuous improvement when combined with corporate culture did not have a significant effect on the operational performance. However,

the findings showed that management support and corporate culture have a significant effect on operational performance of commercial banks  $b^* = -.585$ ,  $\text{sig} = .000 < .05$ .

#### 4.7 Summary

The commercial banking industry in Kenya has faced a volatile period which has seen a number of lenders being put under receivership within the country. This has brought to attention the notable operational deficiencies within some institutions notably within the small and middle-tier institutions. This study aimed at determining if the quality management practices and the corporate culture of the banks has affected their operational performance. The scope of the study was focussed on commercial banks operating within Nairobi County with the study targeting four senior officials within the banks. The research relied on structured questionnaires in the data collection with quantitative analysis being the preferred method.

The research was grounded on the Deming Theory of Quality Management. The theory advocates that applying customer focus, continuous improvement and establishing management support can enhance organization competitiveness, service delivery and meeting firms' strategic objectives. From the conduct of the study; the findings of the research resonate with the tenet of the theory as showed by a positive interaction between quality management practices and operational performance of the commercial banks. The study also adopted the resource-based view theory which noted that competitiveness is attained from the organization's internal resources which may be tangible or intangible. This was corroborated by the study results which showed that a combination of quality management practices and corporate culture are critical to enhancing the operational performance of commercial banks in Kenya.

The study applied both correlation and regression analysis in determining association of the study variables. The correlations tests showed that customer focus, continuous improvement, management support and corporate culture have a positive and significant effect on the operational performance of the banks. The regression findings revealed that 68.2% of the changes in the operational performance are determined by the quality management practices. Further, the hierarchical regression showed that 72.4% of changes in operational performance can be determined by the quality management practices and corporate culture within commercial banks in Kenya.

## **CHAPTER FIVE**

### **DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The last chapter of the projects focuses on the summary of the research and the discussion of the research findings. Further, the chapter presented the conclusions of the survey, the recommendations and areas for further studies.

#### **5.2 Discussion of Findings**

The findings from the analysis are discussed in this section. It consists of sections on the findings on how customer focus, continuous improvement, management support and corporate culture influence commercial banks' operational performance.

##### **5.2.1 Customer Focus and Operational Performance**

The study findings established that customer focus contributes to .217 changes in the operational performance of commercial banks. The first objective was to determine the influence of customer focus on banks' operational performance and the analysis revealed that respondents strongly agreed that having customer-centric strategies has a strong and positive effect on operational outcomes. These findings are supported by Kebede and Tegegne (2018), and Awan and Ahson (2015) who reported that customer focus in banks results in improved customer satisfaction, financial performance and operational outcomes. The respondents showed high agreement that the banks had positioned themselves to be better placed to adapt new technologies that add value to customers and meet their preferences. Waduu and Rugani (2019) showed that technologies were essential in delivery of services in the modern business setting, arguing that competitive firms have measures in place to ensure that emerging technologies can easily and efficiently integrated into system operations. The respondents also indicated that the banks had increased efforts to ensure that customers get high quality products and services at the appropriate time and at a reasonable price. Mpaata, Lubogoyi and Okiria (2017) noted that timely delivery of services and attendance to complaints was influential in satisfying customer expectations and is an indicator of firm efficiency and attention to customers.

The respondents however noted that more could be done to increase access of financial services, especially to customers in marginalized regions. Kebede and Tegegne (2018) showed that effective customer relationship management initiatives should not only

encompass complaints handling, but also increase access to financial services. The study also indicated that more effort was required to improve communication between customers and the management. Awan and Ahson (2015) affirm that facilitation of communication within an organization through establishing a direct communication channel between managers and customers increases their trust and confidence that their complaints would be attended to promptly. Overall, the results showed that the banks had put significant effort to enhance brand control, complaints management and delivery of quality products and services to improve customer satisfaction levels.

### **5.2.2 Continuous Improvement and Operational Performance**

The regression findings revealed that continuous improvement within commercial banks contributed to .585 change in the operational performance of commercial banks in Kenya. The second study objective sought after the influence of continuous improvement efforts on the banks' operational performance, with the analysis revealing that there was strong agreement that continuous improvement efforts have a strong and positive effect on performance outcomes of commercial banks. Wanza et al., (2017) total quality management practices, of which continuous improvement is a central principle have a positive impact on organizational performance. Matata and Wafula (2015) linked continuous improvement efforts with improved firm efficiency, creative problem solving, reduced costs and improved technologies adoption. The analysis revealed that the banks had instituted continuous improvement efforts to ensure that the quality of systems are at the required standards and to promote quality in product and service delivery. These findings were in agreement with Shuaib and Inusa (2020) who, in their study affirm that innovation capability has a significant impact on banks' performance outcomes. The analysis also indicated that the banks carry out regular reviews of their new innovations to ensure that they meet the expectations of the market and remain competitive, in agreement with Glover, Farris and Van Aken (2015) who linked continuous improvement efforts with long-term goal realization. The researchers argue that having a culture of continuous improvement within an organization is necessary in ensuring that bank systems are up to date with external systems which enhances security and complements compliance efforts.

Further, there was agreement that there is a system that ensures quality systems and procedures are monitored and updated regularly to enhance outcomes. Such a system is necessary to ensure that the bank has up-to-date practices and technologies which aids in

enhancing performance outcomes and increases competitive advantage. Otieno (2016) argues that continuous improvement efforts are necessary elements for improving customer value, enhancing employee output and enhancing bank efficiency. To maintain the integrity of the quality systems, the respondents indicated that the bank management had developed internal benchmarks to ensure that internal quality is maintained and the firm is able to conform to regulatory standards. Further analysis showed that the banks ensure that all personnel are continuously trained to enhance internal quality benchmarks. Kiruja and Kimencu (2020) noted that involvement of employees in business process management promotes intra-organizational strategic alignment, appropriate adoption of emerging technologies and innovation.

### **5.2.3 Management Support and Operational Performance**

The study findings established that management support contributes to **.759** changes in the operational performance of commercial banks. The third research objective was to determine the role played by the management in improving operational performance with the findings showing that respondents were in strong agreement that the management plays a key role in determining a firm's operational outcomes. The study determined that supportive managers can significantly improve operational outcomes of the financial institutions. These sentiments are shared by Othman, Khatab, Esmaeel, Mustafa and Sadq (2020) who found similar results in Iraq, reporting that the characteristics of the leader were key in determining employee attitudes, commitment and attention to customers which impacts their level of satisfaction with received services. The respondents showed that the management supported their efforts by striving to develop their skills and competencies to improve their ability to execute their assigned roles and improve efficiency at the workplace. Duong and Swierczek (2019) demonstrated the role of managers in stimulating innovation performance from employees, while Ngambi and Nkemkifu (2015) affirmed that the management is instrumental in empowering employees and giving them confidence to take control of certain challenges that may present themselves in the workplace.

The respondents were in agreement that the management, in recognition of the importance of role recognition, had clearly defined work routines to promote conformity and coordination within their respective institutions. Louw, Muriithi and Radloff (2017) noted that managers' recognition of employee capabilities is key to ensuring effective role assignment and reported improved performance outcomes with improved role congruity demonstrating that employees

performed better if their roles and targets are explained and assigned effectively. The study also showed that the management plays a key role in inspiring staff to efficiently utilize firm resources and improve the excellence of services and products. In agreement with Makori and Kinyua (2019), the respondents showed that the managements were also empowering them by granting them some level of autonomy in decision making. Overall, the study showed that managerial support was essential for successful goal realization within commercial banks.

#### **5.2.4 Corporate Culture and Operational Performance**

Analysis revealed that a firm's corporate culture has an insignificant effect on performance outcomes, demonstrating that culture has a moderating effect on the relationship between the study variables. These findings are not in line with Hasan et al., (2020), Ghaith et al., (2017) and Adhiambo (2020) who reported that the culture of an organization impacts the strategies explored when striving to attain sustainable competitive advantage. The analysis revealed that employee empowerment efforts was enabled through promoting and communicating shared values to enhance service delivery. Ghaith et al., (2017) showed how leadership style determines the extent of employee engagement in strategy planning and organizational decision making, and how this involvement impacts strategic goal formulation and realization.

The respondents also agreed that banks had instituted measures to address competencies development of the personnel to improve their work ethic and to ensure adequate resources are availed to improve the quality of role execution. Abdullah (2020) found a positive association between corporate culture and training and development efforts, noting that firms with a culture of employee development have high employee retention rates and post increased efficiency in strategy execution. The respondents showed that the banks had laid down clear guidelines to personnel to foster team orientation within various departments in the organization. Paais and Pattiruhu (2020) reported that clear directions, guidelines and efforts to promote teamwork enhance job satisfaction, albeit no direct effect on organizational outcomes. The respondents also showed that the banks' top managements have implemented clear coordination and integration frameworks that ensures all employee are able to express their views and these views are given proper attention. Sapta et al., (2021) provided evidence that showed that having a culture that incorporates employee ideas into operational dimensions improves commitment, enhances job appreciation and promotes workplace relationships.

### 5.3 Conclusions

The analysis showed that quality management practices have a significant positive influence on banks' operational performance. Findings revealed that customer focus practices, continuous improvement efforts and management support are all key determinants of a firm's operational outcomes. The data analysis showed that customer focus has a positive and significant effect on the operational performance of the commercial banks ( $b1^* = .217$ ,  $\text{Sig} = .022$ ). The findings implied that properly managing customer relations, meeting their expectations, promptly and appropriately responding to customer complaints and introducing customer-friendly services and products at an affordable price improves banks' customer satisfaction goals.

The study results indicated that continuous improvement efforts have a positive and significant effect on operational performance of the investigated banks ( $b2^* = .585$ ,  $\text{Sig} = .000$ ). The analysis showed that appropriate incorporation of new technologies, introduction of new and affordable services and products, regular systems review and incorporating customer suggestions into processes improves strategic goal realization.

The data analysis showed that management support has a positive and significant effect on the operational performance of the commercial banks ( $b3^* = .759$ ,  $\text{Sig} = .000$ ). The findings implied that the management plays a key role in motivating employees and stimulating dedication to goal realization in the workplace. The analysis showed that managements can support employees by involving them in decision making initiatives, instituting rewards and recognition for good efforts, and by promoting teamwork and participation in goal setting, evaluation and monitoring of operational components in the company.

The fourth objective was to determine the mediating role of corporate culture on a firm's quality management practices and operational performance. The analysis showed that the culture adopted in an organization plays a key role in moderating the relationship between the variables, showing how tenets of corporate culture determine the extent to which firms will incorporate customer-centric strategies, promote continuous improvement efforts and influence management attitudes towards change and approaches to strategic goal realization. The study also showed how the management can influence corporate culture to realign it with organizational goals. The findings revealed that when factored alone the corporate culture did not have a significant effect on the operational performance of the commercial banks ( $b4^*$



= -.104, Sig = .671>.05). The study results also showed that corporate culture did not significantly affect the operational performance of the banks when factored with customer focus and continuous improvement practices within commercial banks. The findings revealed that management support and corporate culture significantly influenced the operational performance of the banks.

#### **5.4 Recommendations**

The study reported that customer focus strategies, continuous improvement efforts and management support all have a significant impact on an organization's operational performance. Recommendations are for the banks to adopt the above quality management practices appropriately to promote goal realization. Regarding customer focus, the study recommends that banks involve customers in expansion efforts since the study noted minimal involvement of customers in strategic planning. The study recommends that the banks carry out extensive research to have a comprehensive understanding of customer needs and how to satisfy these needs. Involving customers in this process would ensure that managements have a clearer picture of what their clients expect and can work towards meeting these desires to enhance satisfaction levels. Further, the study recommends that the managements ensure that there is a direct channel of communication where customers and employees can make suggestions, recommendations or air grievances.

The study also showed a significant impact of continuous improvement efforts on operational performance. Regarding this objective, recommendations are for the banks to engage industry specialists and customers to assist in identification of appropriate modifications that would improve customer satisfaction and operational efficiency. Industry specialists would provide advice on the most appropriate technologies that can enhance performance outcomes. This would prevent the banks from adopting inappropriate technologies and innovations which are often costly. Regarding management support, the study recommends that firms recruit qualified managers who have the vision, expertise and technical knowhow to manage organizational change and plan for the future.

The study also recommends that managers promote teamwork within departments since this has been linked with intra-organizational harmony which promotes goal realization. Further, to foster the quality management application within the commercial bank industry the regulator can develop benchmark practices that can be adopted by lenders within the country.

Further, through strategic alliances with the banker's association the commercial banks can create common policy guidelines that can be applied in creating a strong corporate culture within the industry. This will ensure there is adherence to the code of conducts, beliefs and shared common objective of creating a sustainable and operationally strong banking industry in Kenya.

### **5.5 Further Research Areas**

The research was only focussed on the operational performance of the commercial banks hence further research can be considered examining how quality management practices impact financial performance of the banks. Further, the study showed corporate culture did not significantly affect the performance of the banks, hence further study can be conducted to examine how various cultures within the commercial banks influence their performance.



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## APPENDICES

### Appendix I: Questionnaire

This survey should take about 10 minutes to complete. Your participation in this survey is purely voluntary, and you are free to terminate should you feel uncomfortable to proceed. The information provided was treated with the utmost confidentiality and was used solely for the research. The findings were reported generally and no individual markers was employed in the presentation of research data.

#### Part A: Background Information

**1. Please indicate your age?**

Below 35 years of age ( )

36-45 years ( )

46-55 years ( )

Over 56 years ( )

**2. Please indicate your gender?**

Male ( )

Female ( )

**3. How long have you worked in this organization?**

Below 5 years ( )

6-10 years ( )

11-15 years ( )

Over 16 years ( )

**4. Which department do you work within the bank?**

Operations Manager ( )

Research and Development Manager ( )

Relationship Manager ( )

Chief Technology Officers ( )

**PART B: *Effect Of Quality Management Practices On The Operational Performance Of Commercial Banks In Nairobi City County.***

Please tick the level of agreement of the following statements, as shown in the table.

Please indicate in the table with a tick (✓) or across (×) with a scale of

**5= strongly agree      4= Agree      3= Neither agree nor disagree      2= Disagree 1= Strongly Disagree**

No	Customer Focus	1	2	3	4	5
1.	The bank ensures that customers get the right product at the right time, in the right quantity					
2.	The bank ensures that products are easily accessible to customers in different geographical regions					
3.	The bank ensures brand control is maintained through keenness in managing and directing all the activities in service delivery					
4.	The bank has put in place channels to ensure customers have direct communication with management in case of any complaints					
5.	The bank provides varied product lines which have attracted a diverse range of customers.					
6.	The banks' ability to adopt new technologies gives value addition in terms of customer product preference hence more sales and profitability					
7.	The banks' ability to channel new services and products in the market has created quality improvement and customer loyalty					

Please tick the level of agreement of the following statements, as shown in the table.

Please indicate in the table with a tick (✓) or across (×) with a scale of

**5= strongly agree      4= Agree      3= Neither agree nor disagree      2= Disagree 1= Strongly Disagree**

No	Continuous improvement	1	2	3	4	5
1.	The bank regularly reviews their innovation practices for consistency with market demand					
2.	The bank regularly replaces obsolete systems with modern equipments to improve efficiency					

	in service delivery					
3.	The bank ensures that personnel are continuously trained to enhance internal quality benchmarks					
4.	The bank has put in place continuous improvement of quality systems leading to increased productivity					
5.	The bank maintains a continuous system of monitoring and improving of quality systems and procedures to enhance performance					
6.	The bank has developed internal benchmarks to ensure internal quality realization and conformity to regulatory standards					

Please tick the level of agreement of the following statements, as shown in the table.

Please indicate in the table with a tick (✓) or across (×) with a scale of

**5= strongly agree      4= Agree      3= Neither agree nor disagree      2= Disagree      1= Strongly Disagree**

No	Management Support	1	2	3	4	5
1.	The employees within the bank are involved in defining organizational goals					
2.	The employees within the banks are offered autonomy in decision making by the leadership team					
3.	The leadership team has developed clear responsibilities and chain authority to improve task fulfilment					
4.	The management team has put in place measures to advance information sharing and communication across all business units					
5.	The management team inspires staff to efficiently utilize firm resources and improve quality excellence					



6.	The management has defined work routines to guide conformity and coordination within the bank					
7.	The management always strives to develop the skills and abilities of personnel to improve efficiency at the workplace					

Please tick the level of agreement of the following statements, as shown in the table.

Please indicate in the table with a tick (✓) or across (×) with a scale of

**5= strongly agree      4= Agree      3= Neither agree nor disagree      2= Disagree 1= Strongly Disagree**

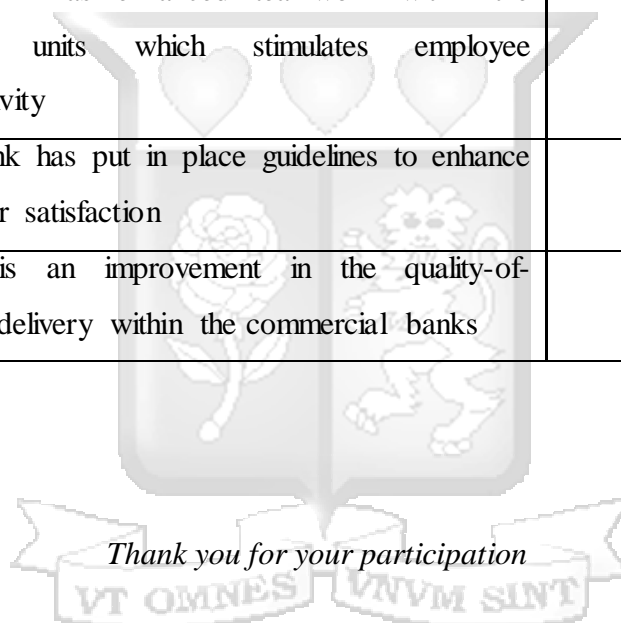
No	Corporate Culture	1	2	3	4	5
8.	The bank management continuously empowers the employees through the shared values of the institution					
9.	The bank has laid down clear personnel guidelines to foster team orientation within the various departments					
10.	The bank has put in place measures to address the capability development of the personnel to improve their work ethic					
11.	The bank has clearly laid down core values that are embraced across the institution					
12.	The banks top management has implemented a clear coordination and integration framework that ensures all employee views are embraced					

Please tick the level of agreement of the following statements, as shown in the table.

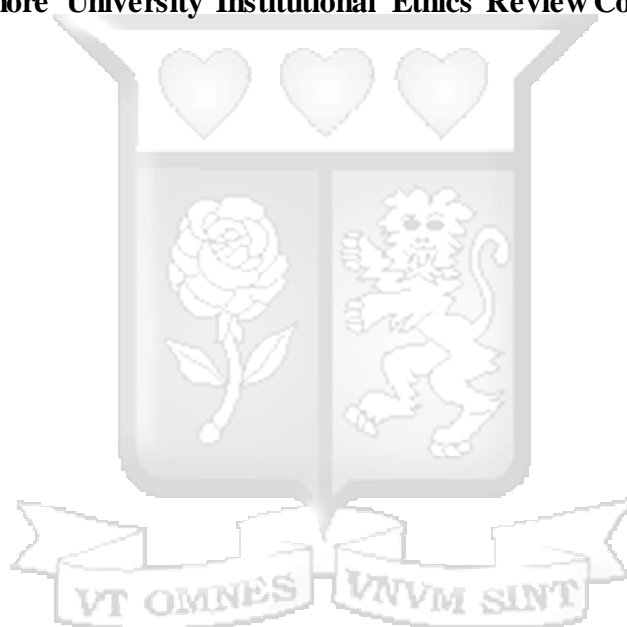
Please indicate in the table with a tick (✓) or across (×) with a scale of

**5= strongly agree      4= Agree      3= Neither agree nor disagree      2= Disagree 1= Strongly Disagree**

No	Operational performance	1	2	3	4	5
13.	The bank has optimized information flow across all functional units					
14.	There has been notable minimization of complexities in product and service offering					
15.	The bank has undertaken stems to optimize the distribution network across branches					
16.	The bank has implemented cost cutting measures that have reduced inefficiencies in operational expenses					
17.	The bank has enhanced teamwork within the various units which stimulates employee productivity					
18.	The bank has put in place guidelines to enhance customer satisfaction					
19.	There is an improvement in the quality-of-service delivery within the commercial banks					



**Appendix II: Strathmore University Institutional Ethics Review Committee Approval**



### Appendix III: NACOSTI Research Permit

