

**QUALITY MANAGEMENT AND PERFORMANCE OF I AND M
BANK LIMITED, KENYA**

BY


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DECLARATION

I, the undersigned, acknowledge that this project is my original work and that it has not been submitted for examination in this university or in any university.

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This research project was submitted for examination with my consent as a university supervisor

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DEDICATION

This work is devoted to my wife Reginah, daughter Sharleen, sons Geoffrey and Adrian.

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LIST OF ABBREVIATIONS

- CBK** - Central bank of Kenya
- I&M** - I and M Bank Limited
- ISO** - International Organization for Standardization
- KCB** - Kenya Commercial Bank
- QM** - Quality Management
- RBT** - Resource-Based Theory
- ROA** - Returns on Assets
- ROE** - Returns on Equity
- SACCOs** - Savings and Credit Cooperative Organizations

ABSTRACT

Quality is the key driver of upgrading performance, and a high level of quality means achieving, improving and maintaining competitiveness. However, in the current scenario of globalization and economic downturn, the performance and survival of business entities has become a challenging task for management as customers expect high product quality, low costs, timely delivery and the best service. The Kenyan banking sector plays a crucial role in intermediating surplus cash into deficit units for economic development and growth. However, in spite of Kenyan banking sector being the most robust as compared to other East African countries, the sector is faced with problems relating to development because of factors like nonperforming loans, poor customer service and poor quality of services however, a number of banks have been making perennial losses. Moreover, in recent years, I and M Bank Limited has faced strong competition from other banks, which has increased dynamic customer expectations, resulting in an increased focus on the quality of the bank's services and increased operating costs as the bank digitizes its systems. This study thus aimed at determining the effect of quality management practices affects the performance of the I&M bank in Kenya. The study adopted a cross sectional descriptive research design with the population being made of the 42 I and M Bank Limited branches. Primary data which was gathered through questionnaires, which were administered to the 42 operation managers in those bank branches was used and regression analysis was used for data analysis. The study results revealed a significant and positive link between customer focus and performance while the relationship between leadership and performance was also positive and significant respectively. The study further found a positive and significant relation between employee engagement and performance but a positive and insignificant relationship between process approach and performance respectively. Additionally, the findings revealed a significant and positive relationship between continuous improvement and bank performance whereas the relationship between evidence based decision-making and performance was positive and insignificant respectively. Finally, the study documented a positive and significant relation between relationship management and bank performance. The research concluded that customer focus, leadership, employee engagement, continuous improvement and relationships management were the quality management practices that significantly influenced I&M bank's performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Quality management has greatly realized growth leading to recognition of practices which guarantee a company survival and performance (Kiran, 2016). Wakaisuka et al. (2016) did a study which adoption of quality management (QM) practices generates value-added services in addition to products, lower costs, contented employees and customers, and firm performance improvement. As such, an organization is credited to be observing quality management if it has a culture of selling goods and offering customers services of high quality thus meeting their expectations and satisfying their needs resulting in higher organization performance. Moreover, practices of quality management need organizations to undertake all quality dimensions from the onset to lower spoilages and wastages to the minimum level which is supported by the study of Ross (2017).

Based on the theoretical point of view, this research will focus on resource-based theory, Deming theory, and the theory of transaction value. Resource-based vision (RBT) recognizes quality management as a strategic tool that leads to quality improvement and thus provides the company with competitive advantage as discussed by Reed and Lemak (2015). From the perspective of Deming's, management issues are important and the customer is the basis for a global concept of high-quality management. Therefore, consumer feedback is the key to the psychological nature of risk factors as argued by Luburić (2014). The concept of customer evaluation explains that quality management is a tool used by various organizations to reduce the cost of internal operations. If its activities develop economically, any organization can grow which is in line with the discussion of Ross (2017).

Mugane and Ondigo (2016) in their study stated that Commercial banks in Kenya continue being the leading channel for financial intermediation of in economy. Mujuka (2018) highlighted that Kenyan bank have been very significant in growing and developing the economy in the services and facilities they offer like the securitized money custody, the loan grants, foreign currency exchange and promoting both local and international transactions. However, in the Kenyan-banking industry, it is worth to state that for the past decades, competition for customers has become intensified and customers have become more quality aware. In addition, performance of Kenyan banks has been on decline because of the risks faced, poor quality management practices, slow response to customer requirements making them change their banking needs and poor management of customer relations which is related to the study done by Kamau, Nzioki and Senaji (2019).

1.1.1 Quality Management for I & M Bank

Quality Management (QM) denotes a set of service-based and customer-oriented quality improvement methods. The concept emerged from Japan and then expanded in popularity in other states. Nonetheless, whereas QM may entail an array of customer-oriented approaches designed to enhance quality and support process enhancement, in practice there are several theories that guide quality management processes (Ross, 2017). QM can as well be described in a different perspective based on “management philosophy or approach” that comprises various conjointly establishment of ideas, whereby individually is strengthened through combination of many practices and techniques as presented by the research conducted by Barros, Sampaio and Saraiva (2014).

Conferring to the study of Joash, and Njangiru (2017), quality management is a philosophy that is universally pertinent in business forms of different backgrounds. It primarily catalyses change in commercial bank's technology, culture, functions, values and operations. This also includes decision making processes and strategies based on the study of Mugane and Ondigo (2016). It works towards achieving organization vision, mission and strategies under strong leadership, (Kiran, 2016), and as stated by Joash and Njangiru (2016), customers, managers as well as employees play a significant and distinctive part in quality programs.

From the sector related to service, consumers are much sensitive to services delivery and quality because a consumer is rightly attached to the provider of the service which is based on the study done by Kiran (2016). The research by Vanniarajan (2007) posits that the quality of internal services significantly and directly influences performance of entities in the banking sector while Joseph, (2003) supports that a strong correlation exists between client satisfaction and quality of bank services. Today, banking entities are cognizant of the fact that their existence and success in a competitive and globalized setting is possible only by providing the highest quality services to their clients as discussed by Kumar and Jabaraj (2016).

There are seven principles that explain quality management an entity can adopt. These include; focusing on customers; evidence-based decision-making, leadership; process approach; employee engagement; relationship management and continuous improvement (ISO 9001, 2015). Adoption of all these can contribute to sustenance and improvement of organization profitability.

1.1.2 I & M Bank Performance

Performance denotes a company's ability to achieve its goals, as well as reflecting on how a company uses its resources and personnel and how it uses its image to achieve its goals as deliberated by the study of Al-Bashir et al. (2015). The drama contains factual or organizational results measured by expected outcomes (or goals) (Islam & Haq, 2012). The transaction covers three set categories of outcomes: cash flow (return, investment yields), yield on the stock market (market yield, sales) and return to shareholders (both shareholders, and create economic value).

Performance is a central element on which all an entity's efforts are focused, they are the main objectives; companies expect efficient and effective performance and therefore performance appraisal, which can be used to determine the strengths and weaknesses of the company's performance (Al-Basheer et al., 2015). As part of the financial system, well performing banks make a vital contribution to the progress of a country. Therefore, the performance of banks is very important as it also increases the general standard of living of the people. Good performance in banking entities have rewards to the stockholders and stimulates additional investments which brings further economic growth while poor institutional performances lead to bank failures and financial crisis that negatively affects bank growth based on the research study conducted by Mwaniki and Okibo (2014) and Contreras, Ghosh and Kong (2021).

Performance measurement is very vital for effectual entity's management. The performance of an entity is measured on the basis of quality performance (e.g. durability, reliability, profitability and specifications compliance) and innovative performance (like process and product innovation) based on the study of Singh (2010). At another level

organizational performance is measured through metrics like number of new successful products, productivity, cost performance and profitability. Investigation on banking entities profitability determinants has concentrated on to before tax profit ratio, returns on assets and equity (ROA and ROE). However, this research will assess how quality management principles affects cost performance.

1.1.3 Quality Management and Performance in I & M Bank

Organization that have adopted quality management outperform firms that have not in respect to performance measures such as growth in revenue, profit levels, reduced costs, growth in assets, increase in employees and growth in capital investments as argued by Hendricks and Singhal (2015). Khanam, Siddiqui, and Talib (2013) posits that the ultimate goal of quality management can be seen as to increase shareholder wealth through profitability by keeping expenses under control and reducing losses caused by loan defaulters. Conferring to the study Vanniarajan (2007), a direct and significant relation occurs between internal services quality and banking entities performance in financial terms and measures. Based on the study done by Kumar and Jabaraj, (2016), a strong causality relationship exists between entity performance and quality ratings. Financial and non-financial parameters are used to measure the level of performance achieved.

Number of researchers have assessed how quality dimensions and management practices affect corporate profitability. Bernhardt et al. (2000) explored how value, buyer satisfaction, loyalty affects firms' performance. Additional studies have also linked how work environment affect customer service in terms of performance as well how market share/consumer attitude influence performance that is in accordance to the study Naumann and Hoisington (2000). Mugane and Ondigo (2016) also found out that management

commitment, total focus on the customers as well as employee, focusing on facts, continuous perfection and everybody participation are the main five principles of quality management. Joash and Njangiru (2017) argues that quality management involves substantial investment initially in terms of personnel funds and technical resources before achieving the desired results.

1.1.4 I and M Bank Limited

The Kenyan financial system is among the largest and most sophisticated financial systems in sub-Saharan Africa with a large banking sector (Mwaniki and Okibo, 2014). Currently Kenya has 41 commercial banks, with Charterhouse Bank being under receivership and Imperial Bank being under statutory management (CBK, 2018). The Kenyan Central Bank supervises and has control over all institutions in the economy and CMA has additional oversight over the listed institutions (Kinyua & Abdullahi, 2018). An increasing number of players in the industry have been spotted competing directly with each other. To remain competitive, they must formulate and implement strategies that allow them to acquire and retain customers (Njuguna & Bett, 2018).

The I & M just like the other Kenyan banks, is faced with high competition levels, severe poaching plus luring of talented workforce from one bank to another. In addition, the business environment in which I&M and other Kenyan banks operate is very volatile, along with competition from new entrants, SACCO, MFIs, money transfer services like the Mpesa as well as informal lending entities, social reforms, advances in technology and globalization in accordance to the research that was conducted by Kamau, Nazuki and Sinagi (2019).

I and M Bank Plc is a banking entity regulated by Kenyan Central Bank (CBK). It is a vital actor in the Kenya banking segment. The sector is composed of banking entities, mortgage finance companies as well as deposit-taking micro-finance institutions. According to bank's website, the banks history can be traced as from 1974 then called the Investments and Mortgages Ltd and offered tailored financial facilities to individuals and business within Nairobi city. In 1980, it was listed as a financial entity under the Kenya Banking Act and became a fully-fledged banking entity in 1996. In the past two decades, the bank has had various acquisitions which included Biashara Bank (Kenya) (in year 2003), First City Bank Limited Mauritius(in year 2008), CF Union Bank of Tanzania(in year 2010), Commercial Bank of Rwanda(in year 2012) and Giro Commercial Bank Ltd. I and M Bank Limited serve the banking needs of corporate clients, medium-sized companies and individuals, offering a range of financial services for both individuals and businesses. As of May 2019, the lender had a network of 42 stores in Kenya.

1.2 Research Problem

Quality is the main driver of performance improvement and a high level of quality means achieving, improving, and maintaining competitiveness (Barros et al., 2014). Hence, companies use high-quality system of management as a way to gain competitiveness and enhance profitability. Therefore, the significance of quality to an entity's success and performance in the corporate market is widely recognized as based on the study of Ngambi and Nkemkiafu (2015). Nevertheless, in the current scenario of globalization and economic recession, survival and business performance has become a difficult task for management, as customers expect high product quality, low costs, timely delivery and best service which is in line with the study of Singh (2010).

As an experimentation, extensive research was conducted on high-quality management and organizational work. In its wholeness, Nkemkifu and Ngambi (2015) assessed the implications of regulatory practices in the workings of construction companies in Cameroon and said that high quality guidance relates to business activity, but the study was tailored to construction companies. Al-Bashiir et al. (2015) studied how quality management has affected the performance of Islamic banking in Jordan and found a significant link between acceptance and quality management, although the study's context was Islamic banking. Additionally, Barros et al. (2014) examined how quality management affected Portuguese firms' performance and found a good and significant linkage of using quality management on entity performance, but the research base did not explore banking entities.

The Kenyan banking sector plays an important role in mediating surplus units with deficit units for economic development and growth (Njuguna & Bett, 2018). However, in spite of Kenyan banking sector being the most robust as compared to other East African countries, the sector is faced with problems relating to development because of factors like nonperforming loans, poor customer service and poor quality of services with some banks making perennial losses (Kombo, 2018). In addition, the Kenyan banking sector has occasionally been faced with stability problems with a number of banks being forced into receivership (Kamau et al., 2019). Further, in the most recent years, I&M bank has faced intense competition from other banks, increased dynamic customer expectations leading to increased attention to superiority of amenities offered by the bank and increase in operational costs as the bank digitizes its systems to be at par with competition. This study

thus aims at determining how quality management practices affects the performance of the I&M in Kenya.

Locally, Mwaniki and Okibo (2014) examined how quality management affected performance of the National Bank of Kenya and found that bank performance was positively QM practices of top management support, supplier and process relationships though the study focused on NBK. Njuguna and Bett (2018) studied how QM initiatives affect Kenyan banks performance and documented that QM practices including continuous improvement, commitment of top management, customer focus and employee participation positively affected performance but the study focused on all Kenyan banks. From the reassessed studies, it is distinct that QM practices affect entities performance. However, the studies have achieved different results ranging from positive to negative relationships, drawing different conclusions due to different and methodological variations, as the studies have been undertaken in diverse contexts and using different methodologies. Therefore, this study seeks to answer the question of what is the effect of quality management on the performance of I and M Bank Limited?

1.3 Research Objective

To examine the impact of quality management on performance of I and M Bank Limited, Kenya.

1.4 Value of the Study

The foremost significance of this research applies to commercial banks managers who may put in use the research findings and conclusions to assess how bank performance is

influenced by the bank's quality management practices. Banks management may use the research to develop and adopt the best quality management practices.

Furthermore, policy-making institutions like the Kenyan Central bank and the CMA-Kenya, which are tasked with formulation of effectual policies to enhance bank performance. Policy making entities may use the study recommendations to formulate strategic plans on the effectual quality management practices not just in commercial banks but other financial institutions in Kenya.

This paper shall further supplement and complement the available information relating to quality management practices and bank performance in addition to theoretical underpinnings on the resource-based view. This paper will also suggest areas, which may require further studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The part includes a preview of the literature structured by theoretical evaluation, empirical evaluation and quality management practices.

2.2 Theoretical Review

This research was grounded on three theories including the resource-based theory by Barney (1991), the transaction cost theory by Coase (1937) and the Deming Model by Anderson et al, (1994) to explain the relationship between QM practice and performance.

2.2.1 Resource-Based Theory

The resource-based theory (RBT) was originated from Barney (1991) and indicates that a strategic resource is a rare, valuable, irreplaceable and a hard-to-copy resource. The RBT presupposes that achieving and retaining a sustainable competitive edge involves having strategic assets that are heterogeneous, inimitable, not perfectly mobile and that cannot substitute (Mugane & Ondigo, 2016). Non-imitable and rare resources are key to a firm as they enhance the organisations core competences (Lopez, 2015). Thus, quality management (QM) is considered to be one of the most important strategic resource for an organisation and a competitive edge tool, and many studies have supported this argument based on the study done by Reed and Lemak (2015).

Conferring to the RBT, organizational resources can be either tangible or intangible (Cherotich et al., 2015). In relation to this study, quality management is a both a vital intangible resource and business initiative. The principles of quality management cover entirety of organization thus making quality management a vital resource which to large

extent determines its success. Thus, conforming to the reserve grounded value of the organization, and treating quality management components can be seen as a basis for lower cost production, differentiation or an initiator of hurdles to imitation due to in-built complexity and tastiness.

Resources are valuable in helping businesses to develop strategies that exploit opportunities and prevent threats for which quality management can be one of the strategic resources. Quality management adds on to the cumulative worth of goods as well as service. Such can only be realised by inducing the process of strategic selection, strategic deployment and development of an entity factoring in the non-imitable, rare and non-substitutable resources together with good leadership, staff skills, customer relationships, and improved operations (Eisenhardt, 2000).

2.2.2 Transaction Cost Theory

Coase (1937) the transaction cost theory which states that transaction costs are the costs that reflect the organizations economic status both within and outside hence are a means by which operational efficiencies of a firm can be properly designed to achieve better outcomes. The theory is that for product type transactions, the relationship between quality control and minimum transaction costs is directly related. Some types of mid-agency businesses use product integration as another way to manage production and exchange. Then, quality control was used as a means of product evaluation (Khanam et al., 2016)

Midst the ways of effectively keeping costs low is implementing total quality management in the organization. Therefore, it may be more economical to maintain quality management, so that the company does not misuse resources. The theory is grounded on the standard that

costs arise in case you get to make someone do something at a fee (Joash & Njangiru, 2017). Transaction costs can be controlled in the manner in which a company organizes its operations. Management, therefore, has to internalize transactions to do away with these unnecessary costs as well as the accompanying risks and price and quality uncertainties.

2.2.3 Deming's Theory

Deming's model is rooted on the method proposed by Anderson et al. (1994) formulated Deming's theory. The model includes the QM philosophy, which is formulated in a set of 14 points. The Deming Framework expresses the effectiveness of the QM model through a concerted management effort to create cooperative and educational organizational systems that will facilitate effective process management. Implementing operations management practices enables companies to achieve customer satisfaction through continuous training and employee compliance (Khan, 2010).

Deming's theory focuses on creating the purpose of sustainability, adopting a new philosophy, ending reliance on mass control, never awarding prizes through business, and ensuring a continuous system of production and service improvement (Luburić, 2014). The model also focuses on improving performance through training, improving leadership quality, removing aspects of company fear, removing departmental barriers, removing work-based targets, and eliminating the use of quotas and Standards (Khan, 2010). In this study, Deming's theory supports the fact that quality management describes the path that is followed in a steady and intermediate ecosystem in a specialist and scientific way and through the application of various methods and techniques by continuous improvement and involvement of all employees.

2.3 Quality Management Practices

In accordance to ISO 9001 (2015), there are seven practices of quality management which an organization can adopt to attain sustainable competitive advantage, growth and financial growth. These are discussed as below;

The foremost emphasis of QM is meeting customers' desires and trying to surpass their anticipations. Sustainable success is attained if a firm entices and maintains the trust of customers and other stakeholders upon whom it interacts (ISO 9001, 2015). Thus, quality is treasured by clients and organisations should align it with customer desires and anticipations (Nagaprasad & Yogesha 2009). The main key worth in QM is that an entities products and services ought to be customer cantered.

Engaging employees guarantees that all personnel are proficient, vested and committed to providing value and improving organizational value. For effective and efficient management of an organization, it is vital to include all employees as well as valuing them as individuals (ISO 9001, 2015). The company's workforce must be constantly guided by the quality of their thoughts, actions and expressions. Every employee is an internal customer, an internal customer, and his or her needs must be fulfilled in order to perform well (Budur & Poturak, 2021).

Leadership at all levels create a unanimity in direction and drive, and generates the surroundings under which personnel engage to achieve the quality goals of an entity. This helps a firm to bring into line its plans, practices, plans and funds to accomplish its goals (Demir, 2021; ISO 9001, 2015). In line with the study done by Mwangi (2018), the management should go beyond prioritizing by becoming more committed to QM

implementation in a firm and this can be exhibited by allocating adequate financial and human resources to QM implementation process within the firm.

Process approach is also essential in quality management. Steady and expectable outcomes are accomplished more effectually and proficiently if actions are managed and understood as coherent processes that work as an interrelated system. By understanding the manner in which results are achieved through a quality management system, a company can augment its output (ISO 9001, 2015). Most work in an entity can be viewed as a process that involves a recurrent sequence of activities (Mugane & Ondigo, 2016).

Companies that achieve their success are constantly focusing on continuous improvement. This helps the entity sustain its present performance level, respond to changes in its external and internal conditions as well as novel opportunities creation (ISO 9001, 2015). Evidence centered decision-making is also a central element of quality management. Decisions arising from evaluation and analysis of data is likely to yield the anticipated outcome. Making decision however a multifaceted procedure which is characterized by uncertainties. It is thus vital to grasp the causal linkages and the likely unpremeditated results. Data analysis, evidence and facts lead to superior objectivity and assurance in decisions taken (ISO 9001, 2015).

To realize sustained triumph, entities should also manage their relations with stakeholders like suppliers. Sustainable accomplishment of results occurs when entities manage interactions with their prospects to enhance their influence on performance. Supply chain and partner network relations management is often of significance (ISO 9001, 2015). For

example, impractical targets may cause poor supplier selection due to inadequate information on the suppliers' qualification (Islam & Haque, 2012).

2.4 Performance Measurements

Assessment of a company's performance enables managers and stakeholders to objectively assess the monetary outcomes of their business activities and strategies. It is postulated that a direct correlation subsists between the use of QM and performance in financial terms. Common Performance Ratios can be summarized as profitability, capital increase, return on assets and equity, increase in sales / sales, sales return, return on equity, liquidity, market share and operating profitability (Joash & Njangiru 2017). The study conducted by Kalogiannidis (2021) indicated that there is a connection between total quality management and firm performance based on the strength of the company's implementation strategies.

The various types of measures of performance are taken into account by performance. To evaluate the performance of the bank, various basic data are generated from the bank balance sheet and the income statement. Key performance indicators include key elements of pre-tax profit, equity and assets returns. The ROA shows that revenue growth is generally dependent on banks' assets and that non-operating income and donations are excluded from the group's assets. This study will focus specifically on the relationship linkage quality management principles and cost reduction as an expected benefit of quality management.

2.5 Empirical Literature Review

The empirical review section explores innumerable studies which have been undertaken on quality management and performance from global and local contexts.

2.5.1 Studies Conducted Global

The study done by Adeoti (2016) evaluated how quality management (QM) adoption influences the performance of Nigerian banking entities and how various QM practices could prevent distress among banking entities. Regression analysis was performed to how involvement of top managers, customer relations, processes in addition to supplier relationships being the explanatory variables affected performance the response variables. The study outcomes documented that employee quality had a significant impact on banking entities long-term survival.

In addition, Talib, Rahman and Krishi (2013) examine how quality management affects work quality of in the labor sector. Data were collected from 600 respondents using a questionnaire and a retrieval method was used to evaluate the data. The results show that high quality brands are focused on the role of Indian companies in providing quality service. Research has shown that high-quality systems, curricula, training, integration and outcomes all depend on quality.

Many researchers have not clearly illustrated how the quality management is linked directly to performance. According to the research done by Sfreddo, Vieira, Vidor and Santos (2021), the management system that has not realized full maturity will be a bit difficult to implement quality management control which may lead to reduced performance. Thus, it implies that the system of the organization should be strong enough to adopt quality management.

The research conducted by Sadykoglu and Olkay (2014) which determined the impact of UN practices on various industrial activities in Turkey. This survey used a cross-sectional

analysis and extracted data from 22 responses with a review. Research has shown that different management styles such as leadership, knowledge and management skills, client training and project management play important roles in different job roles.

Pignaneli and Csilang (2003) reviewed how quality management affected the profitability of 31 companies that received the Brazilian National Quality Award over a ten-year period. The regression technique was adopted for exploring how the response and explanatory factors interrelate. The results showed that even during the implementation of the quality management a high level of profitability existed and remained high during the entire investigation period.

2.5.2 Studies Done Locally

Kennewa and Abdullah (2018) scrutinize the influence of quality control practices on government work in Garissa County. The study used descriptive research and data collection using a questionnaire among 166 respondents. Using a retrospective model of data analysis, the study found that performance management, process quality planning, client focus, and staff relationships had an optimistic and important upshot on the job.

Abdullahi and Bett (2018) examine how quality management affect Kenyan banking entities performance. The study is based on the KCB group. Study, study descriptions were made using a questionnaire that asked them to gather information from 42 response. The survey revealed that the key QM techniques adopted by KCB are customer service, senior management, improvement programs and participation. Practicing cognitive management through research retrieval model significantly improves KBC banks.

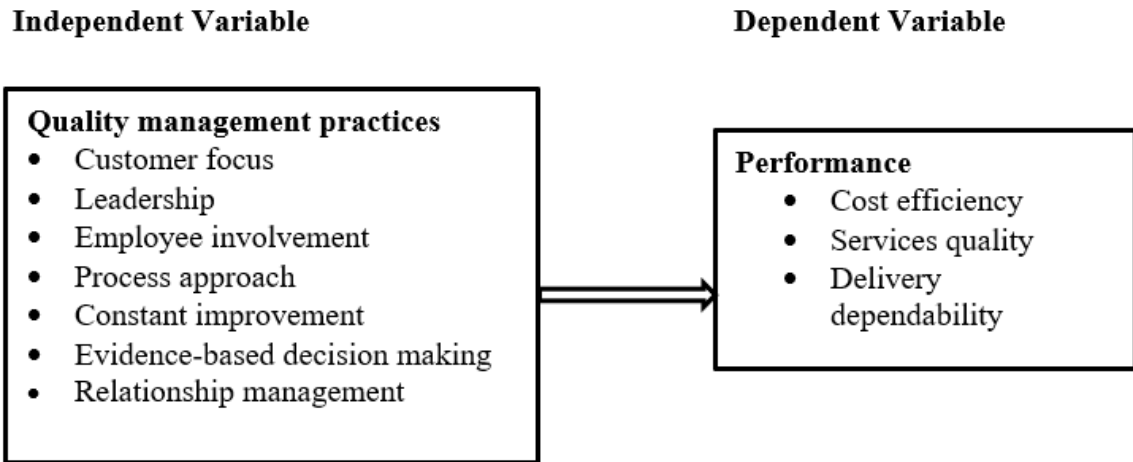
Salah (2018) examines the role of quality management practices and banking practices in Garissa County, Kenya. Data analysis was obtained, and data were collected using 104 questionnaires using a regression model of data analysis. The author documented that QM adoption majorly impacted banking entities profitability.

Outa and Waweru (2016) examine the relationship between the use of the QM and Kenya's banking sector competitiveness. Technological adoptions had changed the way the banking market is sold, creating new customer needs, while needing different products and banking services. The results show that the introduction of the QM in banks has led to competitive advantages and improvements in efficiency, such as a reduction in information costs.

2.6 Conceptual Framework

The conceptual structure is a fundamental set of some unique blocks that exemplify the observation, experimentation, and analytical aspects of the research process (Cuthari, 2009). The conceptual model in Figure 2.1 shows that independent variables are the indicators of QM practices, such as (leadership, employee engagement, process focus, decision making, customer focus and relationship management).

Figure 2. 1: Conceptual Model



Source: Author (2021)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, it starts with the research design that will be adopted by the study then followed by population intended for the study. Also, next discussion is on the modes of collection of data then concluded by the procedure to be followed for data analysis.

3.2 Research Design

A study design is well-defined as a main preparation that describe the methodologies and techniques for the gathering of study data and for the analysis of the required data set (Kothari, 2009). This study used a cross sectional descriptive research design. This approach seeks to identify or define a complex structural topic, often summarizing problems through data collection, to identify people or events, a recurring table, or a table of research changes (Saunders et al., 2009). The descriptive cross-sectional approach can be explained by taking a picture of the market environment at a particular theme in time in relation to the aspects examined. This approach makes it possible to analyse what, when, who, where and how in relation to a given situation, but also the degree of association between variables.

3.3 Population of the Study

A community is a group of individuals, occasions or items that are sampled, and this is the group that the researcher wants to derive from (Cuthari, 2009). This study's target population was made of the 42 I and M Bank Limited branches with the respondents being the 42 operation managers in those bank branches. This study therefore carried out a census

of the 42 branches. Census is an appropriate data collection design used for small heterogeneous population.

3.4 Data Collection

Primary data were used for this research. Data were accumulated via questionnaire. The researcher sent an email to 42 business executives or their colleagues in 42 I&M departments in Kenya. The questionnaire was segmented into three parts, with the first part compiling data to obtain general information from the answers. The second and third sections contain questions based on the Likert scale and provide data on bank quality and performance management processes.

3.5 Data Analysis

Data analysis involves extracting desired variables, searching and cleaning any errors. Yin (2003) notes that a significant exercise during the analysis stage of a case study is the reoccurrence to the propositions (if used). This practice leads to specific analysis when there is a temptation to analyse data outside the scope of study questions. In this study, the results of descriptive and statistical tools were employed for analysis of the gathered data via the SPSS statistical program. Descriptive statistics use key metrics such as average, maximum, minimum and deviation parameters to fundamentally organize and summarize the information collected. The inference statistics included multiple regression analysis, based on which the relationship between dependent and explanatory variables was evaluated and the analysed variables were presented in graphs and tables. The regression model was as follows.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \varepsilon$$

Y = Company Performance

The values for X include are the QM practices which are represented by;

X_1 =Customer focus, X_2 = Leadership, X_3 = Employee engagement, X_4 = Process approach, X_5 = Continuous improvement, X_6 = Evidence-based decision-making, X_7 = Relationship management

$\beta_1 - \beta_7$ represents Regression Coefficients

β_0 is the Constant and ε = Error term

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction

This section depicts the outcomes and explanations of the research for the study purposes. The section includes responses, key information results, quality system results and implementation. The chapter also provides the consequences of regression tests and the final construal of the results.

4.2 Response Rate

The survey listed 42 business executives at the 42 branches of I and M Bank Limited in Kenya. The survey provided complete data from 38 respondents, which correspond to a response rate of 90.5%. A 90.5% response rate was regarded as satisfactory as it exceeded 50% as supported by Mugenda and Mugenda (2008) who stated that a 50% response rate was suitable for analysis and publication, 60% is good, while 70% is excellent. The response is shown in Table 4.1.

Table 4.1: The Results for Response Rate

Response	Frequency	Percent
Returned questionnaires	38	90.5
Unreturned questionnaires	4	9.5
Total	42	100

Source: Research Data (2021)

4.3 General Information

This segment reports the findings about the number of years of operation of the branch and the number of employees in your branch. The outcomes are indicated in Table 4.2.

Table 4.2: General Information Results

Category		Frequency	Percent
Years the branch was in operation	<5 years	5	13.2
	6-10 years	9	23.7
	11-15 years	8	21.1
	>15 years	16	42.1
Number of employees	<10	8	21.1
	10-20	19	50.0
	21-30	8	21.1
	>31	3	7.9

Source: Research Data (2021)

The results on table 4.2 designates that 42.1% (N=16) of the branches had been in operation for more than 15 years whereas 23.7% (N=9) had been functioning for a period of 6-10 years respectively. The results further indicate that 21.1% (N=8) of the branches had been in operation for 11-15 years while 13.2% (N=5) had operated for less than 5 years respectively. On average, the outcomes show that most branches have been operating for more than five years, so respondents had good information about their quality management practices. The result further indicates that 50% (N=19) of the branches had 10-20 employees while 21.1% (N=8) had less than 10 employees and 21-30 employees whereas 7.9% (N=3) had more than 31 employees. On average, the findings indicate that majority of the branches had more than 10 employees.

4.4 Quality Management Practices

This section describes the quality management practices used by I&M Bank, including customer focus, leadership, staff engagement, processes, continuous improvement, decision-making, and evidence-based relationships.

4.4.1 Customer Focus

The outcomes for the customer focus are summarized in Table 4.3.

Table 4.3: Customer Focus Results

Statement	Mean	Std. Dev
Customer focus identifies both direct and indirect customers of the organization.	3.89	.727
Customer focus helps understanding of the customers' needs and expectations.	4.32	.620
Customer focus links its objectives to customer needs and expectations.	4.21	.935
Customer focus communicates customer needs and expectations throughout the bank.	4.05	.733
Customer focus plans, designs, develops, manufactures and delivers commodities and amenities to meet clients wants and prospects	4.08	.912
Customer orientation measures and monitors customer satisfaction and takes appropriate action	4.05	.804
Customer focus actively manages customer relationships in order to achieve sustainable success	4.45	.724
Composite mean and standard deviation	4.15	.779

Source: Research Data (2021)

The outcome displays that respondent were neutral as to whether customer focus identifies both the organization's direct and indirect customers, as signified by an average value of 3.89 (SD=0.727) corresponding to a scale value of 3 in questionnaire meaning neutral. However, respondents agreed that customer centrality helps to understand clients basics

and prospects and links goals to consumer needs and expectations, as shown by average value of 4.32(SD=0.620) & 4.21(SD=0.935) respectively. In addition, respondents agreed that customer focus communicates customer needs and expectations across the bank and designs, designs, develops, manufactures and provides commodities and amenities to meet client desires and prospects, as indicated by an average price 4.05(SD=0.733) and 4.08(SD=0.912). The respondent also agreed that it measures customer focus, monitors customer satisfaction, takes appropriate action and actively manages customer relationships to achieve sustainable success, as indicated by the average values of 4.05 (SD=0.804) and 4.45(SD=0.724). The composite average of 4.15 with a composite value of SD of 0.779 shows that respondents agreed that customer focus affects the performance of I&M Bank in Kenya.

4.4.2 Leadership Practice

Table 4.4 provides illustrations for the outcomes of leadership practice.

Table 4.4: The Leadership Practice Results

Statement	Mean	Std. Dev
Management communicates the company's mission, vision, strategy, instructions and processes.	4.32	.662
Leadership creates shared values, justice, and models of ethical behaviour at all levels of the organization	4.16	.754
Leadership establishes a culture of trust	3.87	.741
Leadership encourages an organization-wide commitment to quality	4.16	.718
Leadership inspires, encourages and recognizes the contribution of employees	4.18	.886
Leadership provides employees with the required resources, training and authority to offer quality service	3.89	.798
Composite mean and standard deviation	4.10	.756

Source: Study Data (2021)

The results in table 4.4 show that the respondents considered that the management communicates about the mission, vision, strategy, instructions and procedures of the organization and creates common values, equality and ethical standards of behavior at all levels of the organization, as indicated by the average of 4.32(SD=0.662) and 4.16(SD=0.754). However, the results show that respondents create a culture of reliable leadership, providing the necessary resources, training and capacity to provide quality resources for leadership staff, with an average of 3.87(SD=0.741) and 3.89(SD=0.789). The results further showed that leadership encourages an organization-level commitment to quality and that leadership inspires, encourages and recognizes employee input, as shown by an average of 4.16 (SD=0.718) and 4.18(SD=0.886) correspondingly. The composite average and standard deviation values were 4.10 and 0.756, indicating that respondents agreed that leadership affects I&M bank's performance in Kenya.

4.4.3 Engagement of Employee Practice

Table 4.5 illustrates the results of employee engagement practice.

Table 4.5: Employee Engagement Results

Statement	Mean	Std. Dev
Employee involvement communicates with employees to promote an understanding of the importance of their individual contribution	4.11	.649
Employee involvement allows employees to identify quality performance limitations and act	4.05	.695
Employee engagement recognizes and acknowledges employee's contribution, learning, and improvement	4.08	.997
Employee involvement helps to assess employee satisfaction, communicate results and take appropriate action	3.95	.769
Composite mean and standard deviation	4.05	.778

Source: Research Data (2021)

The results of employee engagement in Table 4.5 show that respondents agreed that employee engagement communicates with employees to promote the importance of their individual contribution and allow employees to identify performance quality constraints and take action that are marked with an average of 4.11 (SD=0.649) and 4.05(SD = 0.695). The result further shows that employee participation recognizes and acknowledges employee contribution, learning and improvement, as indicated by an average of 4.08 (SD=0.997), respectively. However, respondents were neutral as to whether employee engagement helps assess employee satisfaction, communicate results, and take appropriate action, as indicated by an average of 3.95(SD=0.779), respectively. The composite mean and SD values of 4.05 and 0.778 indicating that respondents agreed that employee participation affects the performance of I&M Bank in Kenya.

4.4.4 Process Approach Practice

The demonstrations of the outcome of the process approach are presented in Table 4.6.

Table 4.6: Summary of Process Approach Results

Statement	Mean	Std. Dev
The process approach defines the goals of the system and the processes required for them	4.05	.613
The process approach determines process dependencies and analyses the effects of changes in individual processes on the overall system	3.79	.577
The process approach manages processes and their interrelationships as a system for efficiently and effectively achieving company quality goals.	3.74	.446
The process ensures that information is needed to streamline and improve the process, monitoring, analysing, and evaluating the operations of the entire system.	4.08	.818
Composite mean and standard deviation	3.92	.614

Source: Study Data (2021)

Table 4.6 displays that respondent agreed that the process approach sets out the system objectives and procedures required and that the necessary information is available to make the processes work and improve and to monitor and analyze performance and scores. throughout the system, indicated by 4.05(SD =0.613) & 4.08(SD=0.818). However, respondents were neutral on whether the process approach determines the interdependence of processes and analyses the impact of changes in individual processes on the overall system. It manages the processes and their interdependence as a system for the effectual and efficacious achievement of the quality goals of the entity, as mentioned in the average values of 3.79(SD=0.577) and 3.74(SD=0.446). A composite mean and standard deviation scores of 3.92 and 0.614 show that respondents were neutral on whether the procedural approach affects the performance of I&M Bank in Kenya.

4.4.5 Continuous Improvement Practice

The descriptive results for continuous improvement are shown under Table 4.7.

Table 4.7: Continuous Improvement Results

Statements	Mean	Std. Dev
Endless improvement supports the setting of improvement goals at all levels of the organization.	4.03	.592
Continuous training ensures that employees are competent to promote and successfully complete promotion projects.	4.39	.547
Continuous improvement develops and implements processes for implementing improvement projects across companies	3.97	.677
Monitoring, control and control of design, implementation, completion and results of improvement projects for continuous improvement.	4.18	.512
Continuous improvement integrates aspects of improvement into the advancement of new or changed commodities as well as services and processes	4.00	.771
Composite mean and standard deviation	4.11	.620

The outcomes show that respondents found that continuous improvement supports the setting of improvement targets at all levels of the organization and allows employees to successfully promote and complete improvement projects, for example through 4.03 (SD=0.592) and 4.39 (SD=0.547). However, respondents were impartial as to whether continuous improvement develops and implements procedures for implementing improvement projects throughout the organization, as designated by a typical value of 3.97 (SD=0.667), respectively. In addition, the results show that continuous improvement monitors, monitors and controls the design, implementation, completion and results of improvement projects and incorporates aspects of improvement into the progress of new or changed products and amenities and procedures, as defined in 4.18 (SD=0.512) or 4.00 (SD=0.771). The composite average and standard deviation values of 4.11 and 0.620 show that respondents agreed that the continuous improvement affects the performance of I&M in Kenya.

4.4.6 Evidence Based Decision-Making Practice

The outcomes for descriptive are displayed in Table 4.8.

Table 4.8: Evidence Based Decision-Making Results

Statement	Mean	Std. Dev.
Evidence-based decision-making provides the relevant bank employees with all the necessary data	4.08	.487
Evidence-based decision-making ensures that data and information are sufficiently accurate, reliable and secure	4.24	.590
Evidence-based decision analysis and evaluates data and information using appropriate methods	4.13	.578
Evidence-based decisions ensure that employees are able to analyses and evaluate data as needed	4.16	.679
Evidence-based decision-making helps in making decisions and taking evidence-based actions that are consistent with experience and intuition	4.29	.654
Composite mean and standard deviation	4.18	.598

Source: Research Data (2021)

Table 4.8 shows that respondents believe that informed decisions make relevant data available to relevant bank employees and ensure that data and data are accurate, reliable and reasonably secure, as shown in 4.08 (SD = 0.487) and referenced 4, 24 SD = 0.590). The findings further show that informed decision making analyzes and evaluates data and information using appropriate methods and ensures that individuals are able to analyze and evaluate data as required, as indicated by averages of 4.13(SD=0.578) and 4.16(SD= 0.679) respectively. Respondents also agreed that documented decision-making helps in decision-making and in documented actions, balancing experience and intuition, as indicated by the correct average of 4.29 (SD=0.654. The complex mean and SD values of 4.18 and 0,598 show respondents agreed that presumptive decision-making affects I&M's performance in Kenya.

4.4.7 Relationship Management Practice

Table 4.9 summarizes the outcome of descriptive for the relationship management.

Table 4.9: Relationship Management Results

Statement	Mean	Std. Dev
Relationship management definitions are relevant to affiliates (such as vendors, partners, customers, suppliers, employees or a full company) and their relationships with the organization.	4.16	.718
Relationship management identifies and prioritizes relationships with stakeholders that need to be managed	4.00	.900
Relationship management gathers and shares information, expertise, and resources with relevant stakeholders	4.24	.820
Relationship management measures performance and provides performance feedback to stakeholders when needed to improve improvement initiatives	4.11	.924
Composite mean and standard deviation	4.13	.841

Source: Research Data (2021)

Table 4.9 shows that respondents agreed that relationship management identifies relevant stakeholders (such as suppliers, partners, customers, investors, employees, or the community as a whole) and their relationship with the organization and defines relationship management and its priorities as displayed by an average of 4.16 (SD =0.718) and 4.00(SD=0.900). Respondents also agreed that relationship management identifies and shares information, experiences and resources with relevant stakeholders, measures performance and, where appropriate, provides performance feedback to improve improvement initiatives, as indicated by an average score of 4.24 (SD = 0.820) and 4.11 (SD = 0.924). The composite mean and SD values of 4.13 and 0.841 show that respondents agreed that relationship management affects the performance of I&M in Kenya.

4.5 Company Performance

Results on how different quality management practices can impact the I and M bank performance are summarized in Table 4.10.

Table 4.10: Cost Performance Results

Statement	Mean	Std. Dev
Cost efficiency	4.42	.758
Quality of services	4.13	.665
Delivery dependability	4.13	.623
Composite mean and standard deviation	4.23	.682

Source: Research Data (2021)

Table 4.10 shows that adoption of quality management strategies led to reduction of costs at I&M bank (mean=4.42; SD=0.66) while the quality of services at the improved to a large extent (mean=4.13; SD=0.656) respectively. Delivery dependability also improved at large extent (mean=4.13; SD=0.623) with the overall mean of 4.23 (SD=0.682) indicates that that adoption of quality management strategies improved the performance of I&M bank to a large extent.

4.6 Regression Analysis and Discussion

The connection between the quality management procedures and the performance of I&M Bank was determined on the basis of regression analysis. Results include summary of model (ANOVA), and that of coefficients.

4.6.1 Model Summary

Table 4.11 Model Summary Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.727 ^a	.529	.419	.28839

a. Predictors: (Constant), Relationship management, Employee engagement, Continuous improvement, Leadership, Evidence based decision-making, Customer focus, Process approach

Source: Research Data (2021)

The results of the model summary indicate that the R-square value is 0.529, indicating that the independent variables (relationship management, employee engagement, continuous improvement, leadership, Evidence-based decision making, customer focus, process approach) are variance dependent variables). The remaining 47.1% were explained by other variables not considered in the survey. In addition, a value of R of 0.727 shows a strong correlation between quality management practices and bank performance.

4.6.2 ANOVA Analysis

Table 4.12: ANOVA Findings

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2.803	7	.400	4.814	.001 ^b
1 Residual	2.495	30	.083		
Total	5.298	37			

a. Dependent Variable: Performance

b. Predictors: (Constant), Relationship management, Employee engagement, Continuous improvement, Leadership, Evidence based decision-making, Customer focus, Process approach

Source: Research Data (2021)

The ANOVA results in Table 4.12 show that the value of P was 0.001 <0.05 with F-stat 4.814. This indicates that the study model is appropriate and can be used to evaluate the interrelation between quality management systems and bank performance.

4.6.3 Relationship Between Quality Management Practices and Performance

Table 4.13: Coefficients Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.097	.591		1.857	.073
Customer focus	.386	.181	.547	2.134	.041
Leadership	.110	.028	.154	3.929	.001
Employee engagement	.148	.055	.419	2.691	.012
Process approach	.014	.318	.015	.043	.966
Continuous improvement	.170	.041	.360	4.146	.000
Evidence based decision-making	.250	.163	.326	1.530	.137
Relationship management	.140	.069	-.024	2.029	.023

a. Performance being Dependent Variable

Source: Research Data (2021)

Table 4.13 showed that there was a correlation (B=0.386) and a significant (P value = 0.041 <0.05) relation between customer focus and performance, whereas the relation between leadership and performance was positive (B=0.10) and significant (P value =0.001<0.05). And again, the results showed positive (B=0.148) and significant (P-value=0.012<0.05) relation between employee engagement and performance was positive

($B=0.014$) and significant ($P\text{-value}=0.012<0.05$). The relationship between process approach and performance was positive ($B=0.014$) and insignificant ($P\text{-value}=0.966>0.05$) respectively. The study also found a significant ($P\text{-value}=0.000<0.05$) and positive ($B=0.170$) between continuous improvement and performance, while the relationship among evidence based decision-making and performance was positive ($B=0.250$) and insignificant ($P\text{-value}=0.137>0.05$). Finally, the study showed that the relationship between relationship management and performance was positive ($B=0.40$) and significant ($P\text{ value}=0.023<0.05$) respectively.

4.7 Interpretation and Explanation of the Results

The study documented a positive and significant relationship ($B=0.386$) among customer focus and bank performance. This indicates that increasing the focus on the customer increases the bank's performance by 0.386 units hence customer focus significantly affects the performance of the I&M bank. In support of this finding, Nagaprasad and Yogesha (2009) indicates that quality is valued by clients and organizations should align it with customer desires and anticipations. In addition, Kinyua and Abdullahi (2018) documented that customer focus significantly impacts performance whereas Sadikoglu and Olcay (2014) found that different QM practices such as knowledge management and customer focus significantly affect performance.

Moreover, the study indicated a positive ($B=0.110$) and significant relation between leadership and bank performance. This means than a unit increase in leadership positively enhances bank performance by 0.110 units hence leadership significantly influences I&M bank's performance. In accordance to the study of Mwangi (2018), leadership at all levels creates harmony in direction and drive, and generates the surroundings under which

personnel engage to achieve the quality goals of an entity. This helps a firm to bring into line its plans, practices, plans and funds to accomplish its goals. Sadikoglu and Olcay (2014) also found that different QM practices among them leadership and training significantly affect different performance outcomes.

Next, the findings established a positive ($B=0.148$) and significant relationship among employee engagement and bank performance. This means a unit in increase in employee engagement positively enhances bank performance hence employee engagement significantly enhances bank performance. As such, Mugane and Ondigo (2016) supports that every employee is an internal customer and his or her needs must be fulfilled in order to perform well. Adeoti (2016) also documented that employee engagement had a significant impact on banking entities long-term survival. It is supported by the study conducted by Brien (2021) who argued that engaging employees in companies operations will result in a better organizational performance.

Furthermore, the study results exposed an insignificant and positive ($B=0.014$) link between process approach and performance. The finding thus indicates that a unit increase in processes approach insignificantly affects bank performance hence process approach does not significantly affect I&M bank's performance. However, in contrast, Mugane and Ondigo (2016) supports that steady and expectable outcome are accomplished more effectually and proficiently if actions are managed and understood as coherent processes that work as an interrelated system. Kinyua and Abdullahi (2018) also documented that process management and strategic quality planning had a positive and significant influence on performance.

The research also documented a positive ($B=0.170$) and significant relation between continuous improvement and bank performance. The finding thus implies that a unit increase in continuous improvement significantly enhances bank performance by 0.170 units' hence continuous improvement significantly influences I&M bank's performance. This finding is consistent with that of Abdullahi and Bett (2018) who documented that continuous improvement positively enhanced performance of the KCB bank. Outa and Waweru (2016) also indicated QM adoption in banks led to competitive advantages reduced operating efficiency and information costs.

The research also found that evidence-based decision-making had a positive($B=0.250$) but insignificant relationship on bank performance. The finding thus indicates that a unit increase in evidence-based decision-making insignificantly increases bank performance hence evidence-based decision-making does not significantly affect I&M bank's performance. However, in contrast, Abdullahi and Bett (2018) found that evidence-based decision making positively enhanced performance of the KCB bank. Pignaneli and Csilang (2003) also documented that during the implementation of the quality management a high level of profitability existed and remained high during the entire investigation period.

Lastly, the study found a positive($B=0.140$) and significant link between relationship management and bank performance. Thus, the result implies a unit increase in relationships management significantly increases bank performance by 0.140 units thus, relationships management significantly affects I&M bank's performance. Taleb al-Rahman and Qureshi (2013) found that experiences such as collaboration, job size, and relationship management had a positive relationship with work quality. Salah (2018) further noted that the espousal of quality management significantly impacted performance of banking institutions.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section summarizes the results and provides conclusions and recommendations. This chapter also describes the limitations and suggestions for future study.

5.2 Summary of The Findings

This research intended to assess the impact of quality management on performance of I&M Bank Limited, Kenya. The survey was grounded on resource theory, Deming theory, and the theory of transaction costs. A cross sectional descriptive survey was used and population was made of the 42 I and M Bank Limited branches with a census of the 42 operation managers in those bank branches being undertaken. The study used primary data which was gathered through a questionnaire. Descriptive statistical tools and multiple regression analysis, which were used to assess the link between the dependent, and explanatory variables for analysis using SPSS statistical software.

Descriptive outcomes on quality management practices indicated that respondents agreed that customer focus and employee involvement affected I&M Bank's performance in Kenya. However, the results showed that respondents were neutral as to whether the process approach influenced I & M Bank's performance in Kenya. In addition, respondents agreed that I&M Bank's performance in Kenya was influenced by continuous improvement, relationship management and evidence-based decision-making. In addition,

the descriptive results showed that adoption of quality management practices enhanced performance of I&M bank to a large extent.

The model summary results established that quality management practices (relationship management, employee engagement, continuous improvement, leadership, evidence based decision-making, customer focus, process approach) explained 52.9% of the variation I&M bank's performance. The ANOVA results established that the study model was fit and could be used to assess the interrelation between quality management and I&M bank performance.

The coefficient found a positive and significant relationship between customer focus and performance while the relationship between leadership and performance was also positive and significant respectively. The study further found a positive and significant interrelation between employee engagement and performance but a positive and insignificant relationship between process approach and performance respectively. Additionally, the findings revealed a significant and direct relation between continuous improvement and bank performance whereas the relation between evidence based decision-making and performance was positive and insignificant respectively. Finally, the study found that relationship management had a direct and significant interrelationship with bank performance.

5.3 Conclusions of the Study

The study findings found that customer focus significantly and positively influenced bank performance. The study based on this finding concluded that customer focus significantly influences I&M bank's performance. In addition, the study documented a direct and

significant interrelationship between bank performance and leadership. The study based on this finding concludes that leadership significantly and positively influences I&M bank's performance. As per to the study findings, a positive and significant relationship exists between employee engagement and bank performance. The study based on this finding concludes that employee engagement significantly enhances I&M bank performance.

In addition, the study documented an insignificant and positive relationship between process approach and performance. Hence, the study concludes that process approach does not significantly affect I&M bank's performance. Further, a positive and significant relationship was revealed between continuous improvement and bank performance. Based on the finding the study concludes that continuous improvement significantly influences I&M bank's performance. The findings indicated that evidence-based decision-making had a positive but insignificant relationship with bank performance. The study thus concludes evidence-based decision-making does not significantly affect I&M bank's performance. Lastly, a positive and significant link was revealed between relationships management and bank performance thus the conclusion that relationships management significantly affects I&M bank's performance.

5.4 Recommendations of the Study

The research outcomes concluded that customer focus, leadership, employee engagement, continuous improvement and relationships management were the quality management practices that significantly influenced I&M bank's performance. The study based on this finding recommends that the management of I&M bank should develop effective strategies to enhance customer focus, leadership, employee engagement, continuous improvement

and relationships management. Such policies would ensure that the banks performance is enhanced, and costs are reduced hence the maximization of profits.

Based on the conclusion that the quality management practices of customer focus, leadership, employee engagement, continuous improvement and relationships management enhance bank performance. The study recommends that branch managers and branch operations managers should ensure that employees strictly adhere to those practices to enhance performance and reduces cost at the branch level which will in turn enhance the group's profitability.

Finally, the study concluded that process approach and evidence-based decision-making insignificantly affected I&M bank's performance. Nevertheless, the survey recommends that the management of the bank should guarantee that processes are streamlined to match with the organisations objectives and in addition to making decisions based on the available evidence at this would enhance reduce banks costs.

5.5 Challenges of the Study

The study's objective was to examine the impact of quality management on performance of I&M Bank Limited. The study findings were therefore limited to the study context and they may not be generalised to the entire Kenyan banking sector. This is because different banks have different quality management practices and different banks have very different performance. The study findings may also may not be generalised to banks in other countries as their operations as well as management structures are different.

Next, this survey was centred primarily on first-hand data gathered through structured questionnaires. Therefore, respondents were not given the opportunity to express their

views on the study objectives because the structured questions were closed and required specific answers. The study also measured performance through cost thus ignoring financial performance measures like profitability as well as nonfinancial measures.

5.6 Suggestions for Future Studies

The study's model summary indicates that the considered quality management practices (relationship management, employee engagement, continuous improvement, leadership, evidence-based decision-making, customer focus, process approach) accounted for 52.9% of the variation in I&M bank performance. This means there are other operations management practices which affect the bank's performance. The study thus makes a recommendation on the other operations management techniques that affect I&M bank performance.

The study also used structured questionnaires to collect data and then excluded respondents' opinions. The study therefore proposes a similar study that would integrate the qualitative view of the respondents through open-ended data collection questions using a schedule of interviews or focus group discussions. The study also focused on a single bank hence similar study can be undertaken and focus on all the Kenyan commercial banks.

The study further measured bank performance through single metric of cost. The study thus failed to incorporate financial and non-financial measure of banks performance. Thus, study thus recommend additional research were different financial measures like return on investment and equity will be used of nonfinancial measures like the balanced score card can be incorporated.

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APPENDICES

Appendix I: The Questionnaire

Dear respondent,

This questionnaire aims to collect info pertaining to Quality Management and Performance of I and M Bank Limited, Kenya. Therefore, information given is strictly meant for educational issues and will highly be considered with confidence. Please indicate the appropriate answer by use of ticks in the provided box, where appropriate fill spaces with your response and elaborate.

Part I: Background Information

1) Kindly indicate the branch you are in: _____

2) Show the number of years the branch has been in operation

Not more than five years { }

Six to ten yrs { }

Eleven to fifteen { }

Above fifteen years { }

3) Indicate the number of employees in your branch

Not more than ten { }

Ten to twenty { }

Twenty one to thirty { }

Above thirty { }

Part II: Practices for Quality Management

Apply the scale that ranges from one to five in all parts on the presented based on the drawn values in the study's questionnaire. The Likert scale is rated as follows 1 denotes great

extent of disagreement, 2 = small disagreement, 3 = moderate, 4 = large agreement and 5 = great extent of agreement with the statements accordingly.

Customer Focus

Kindly express your level of agreement or disagreement with the statements below about customer focus as a practice of quality management in the bank.

Statement	1	2	3	4	5
a) Customer focus identifies both direct and indirect customers of the organization.					
b) Customer focus helps understanding of the customers' needs and expectations.					
c) Customer orientation communicates the needs and expectations of customers throughout the bank.					
d) Customer focus communicates customer needs and expectations throughout the bank.					
e) customer focus plans, design, develop, manufacture, provide commodities and amenities as per client needs and expectations.					
f) Plans for catering, design, development and production, and the provision of commodities and amenities in accordance with the needs and expectations of consumer.					
g) Customer focus actively manages customer relationships in order to achieve sustainable success					

Leadership

Kindly express your level of agreement or disagreement with the statements below about leadership as a practice of quality management in the bank

Statement	1	2	3	4	5
a) Management communicates the mission, vision, strategy, policies and procedures of the organization.					
b) Leadership creates common values, justice and ethical standards of behaviour at all levels of the organization.					
c) Leadership establishes a culture of trust					
d) Management nurtures the commitment of the entire organization to quality					
e) Leadership inspires, encourages and recognizes the contribution of employees					
f) Leadership provides employees with the necessary resources, training and authority to provide quality services					

Engaging Employees

Indicate your level of agreement or disagreement with the statements below about employee participation as a quality management technique in the Bank.

Statement	1	2	3	4	5
a) Employee involvement communicates with employees to promote the importance of their individual contribution.					
b) Employee engagement allows employees to recognize quality constraints and take action.					
c) Employee engagement recognizes and acknowledges employee's contribution, learning, and improvement					
d) Employee involvement helps to assess employee satisfaction, communicate results and take appropriate action					

Process Technique

Kindly express your level of agreement or disagreement with the statements below about process approach as a practice of quality management in the bank

Statement	1	2	3	4	5
a) The process approach defines the purpose of the system and the procedures desired to do so					
b) The process approach determines the process dependencies and analyses the impacts of changes in individual processes on the overall system					
c) The process approach manages the processes and their relationships as a system for the effectual and proficient achievement of the quality objectives of the entity.					
d) The process approach ensures the availability of the necessary information for the operation and improvement of the process and for monitoring, analysis and evaluation of the performance of the entire system processes and to monitor, analyses and evaluate the performance of the whole system					

Continuous Development

Kindly express your level of agreement or disagreement with the statements below about continuous improvement as a practice of quality management in the bank

Statement	1	2	3	4	5
a) Continuous improvement supports the setting of improvement goals at all levels of the organization.					
b) Continuous training ensures the training of employees to promote and successfully complete improvement projects					
c) Through continuous training, processes for the implementation of improvement projects in companies are developed and implemented.					
d) Supervise and control the design, implementation, completion and results of continuous improvement projects.					
e) Continuous improvement includes considering improvements in the development of new or modified products, services and processes.					

Evidence Based Decision Making

Kindly express your level of agreement or disagreement with the statements below about evidence-based decision making as a practice of quality management in the bank

Statement	1	2	3	4	5
a) Evidence-based decision-making provides the relevant bank employees with all necessary data					
b) Making informed decisions ensures that data and data are accurate, reliable and sufficiently secure					
c) Analysis and evaluation of data and information based on data using appropriate methods					
d) Evidence-based decision making ensures that employees are able to analysed and evaluate data as needed					
e) Evidence-based decision-making assists in decision-making and taking evidence-based actions that are consistent with experience and intuition					

Relationship management

Describe whether or not you agree with the following statements about relationship management as a bank quality management practice

Statement	1	2	3	4	5
a) The relations department identifies relevant stakeholders (such as suppliers, partners, clients, investors, employees or the company as a whole) and their relationship with the organization.					
b) Relationship management identifies and prioritizes the relationships with stakeholders that need to be managed					
c) Relationship management gathers information, expertise and resources and shares them with relevant stakeholders					
d) Relationship management measures performance and, where necessary, provides performance feedback to stakeholders to improve improvement initiatives					

Part III: Company Performance

Apply the scale that ranges from one to five in all parts on the presented based on the drawn values in the study's questionnaire. The Likert scale is rated as follows 1 denotes great extent of disagreement, 2 = small disagreement, 3 = moderate, 4 = large agreement and 5 = great extent of agreement with the statements accordingly. Kindly show the level of your agreement to the company performance dimensions because of quality management.

Statement	1	2	3	4	5
a) Cost efficiency					
b) Quality of services					
c) Delivery dependability					

Thank you for your time and involvement

Appendix II: I&M Bank Branches

1. 2nd Ngong Avenue - I&M Bank House
2. Banda Street
3. Biashara Street Branch
4. Changamwe Branch
5. Cross Road Branch
6. Dunga Road Branch
7. Eldama Park Branch
8. Eldoret Branch
9. Garden City Mall Branch
10. Gateway Mall Branch
11. Gigiri Branch
12. Haile Selassie Branch
13. Industrial Area
14. Karen Branch
15. Kenyatta Avenue - I&M Bank Tower
16. Kisii Branch
17. Kisumu Branch
18. Kitale Branch
19. Langata Link Branch
20. Lavington Mall Branch
21. Lunga Lunga Branch
22. Malindi Branch
23. Meru Branch
24. Milele Mall Branch
25. Mombasa Branch
26. Mtwapa Branch
27. Nakuru Branch
28. Nanyuki Branch
29. Nyali Branch
30. Nyeri Branch
31. Ongata Rongai
32. Panari Sky Centre Branch
33. Parklands Branch
34. Ridge Court Branch
35. Riverside Drive Branch
36. Sarit Centre Branch
37. South C Branch
38. Spring Valley Branch
39. Thika Branch
40. Valley Arcade Branch
41. Wilson Airport Branch
42. Yaya Centre Branch