

**CUSTOMER QUALITY FOCUS AND OPERATIONAL PERFORMANCE  
OF KENYAN GOVERNMENT OWNED ENTITIES**

**BY  
MICHAEL GITHINJI KANGETHE**

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**DECLARATION**

This research project is my original work and has not been submitted for examination in any other university.

Signature: .....

Date: .....

**MICHAEL GITHINJI KANGETHE**

**D61/60384/2013**

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

Signature: .....

Date: .....

**DR. MAGUTU OBARA. P.**

**SENIOR LECTURER**

**SCHOOL OF BUSINESS**

## **UNIVERSITY OF NAIROBI**

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## **DEDICATION**

I dedicate this work to my parents and brother for their invaluable support, to my wife, whose constant reality check and support made this work a joy even during hard times, and to my son, whom I pray shall grow up and develop to be a better man than I am, a man of virtue, and a man of wisdom.

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## **ABSTRACT**

Government Owned Entities in Kenya are constantly in the battle for improving their operational performance in order to improve wholly the organizational performance of the GOE. Aaker stated that an organization becomes more competitive through customer service that is delivered on time to meet the customer expectations. The Kenyan market, being dynamic in nature, drives GOEs to improve their service provision with the objective of being responsive to meet not only the changing market requirements, but also to satisfy their customers. The general objective of the study was to establish the level of impact of customer quality focus practices and operational performance in the improvement of services among Kenyan government owned entities (GOEs). This study was a descriptive survey design. The population of interest in this study was all commercial government owned entities in Kenya. Currently there are thirty four (34) commercial government owned entities in Kenya. Two kinds of data were used in this study, namely primary and secondary data. Primary data was collected directly from the respondents in all commercial government owned entities in Kenya. Secondary data was obtained from existing literature in previous research paper findings, journal articles, text books, newspapers, reports and conference proceedings and the commercial government owned entities publications and website. Data obtained from the field in raw form is difficult to interpret; such data must be cleaned, coded, and key punched into a computer and analyzed (Mugenda and Mugenda, 2003). Data collected, was tabulated and analyzed for purpose of clarity, using SPSS software. It is a computer program used for statistical analysis and has the ability to handle statistical presentation with array of formulas for ease of interpretation. Data was presented using tables, and pie charts to make them reader friendly. In addition, a multiple linear regression was used to test the relationship among variables (independent) on the on customer satisfaction using SPSS. The study concluded that the management of Kenyan government owned entities (GOEs) clearly communicates its goals and strategies to its employees. It is the role of management to create a vision of customer service and to communicate it clearly and repeatedly throughout the organization and, in particular, with the customer service representatives. Managers must impact that, buy in, and serve as big mirrors reflecting the customer service quality they expect. In relation to operational performance, there was an increase during the 2011-2014 period in relation to various aspects of the organization as a result of the quality measures such as; customer satisfaction, employee involvement in answering customer complaints, range of services, cost saving, capacity utilization, lead time, return on investment as well as information technology. The study also concluded that that customer quality focus had influenced the operations of commercial government owned entities in Kenya to the extent of; increase in employee's attitude towards quality, enabling the organization to focus on core competences of business and improving services. From the evidence of this research, the recommendations reached for this study, are that the success of customer quality focus practices depends on: Customer service training which gives agents the skills and knowledge needed to perform their jobs well. However, sometimes employees need additional assistance with skill adoption. It has been proven that long term behavioral change in staff will only happen as a result of quality training and effective coaching. Communication of strategy must include all employees, and the flow of communication needs to be in both directions: top-down and bottom-up communication must be in concert with one another.

## **CHAPTER ONE**

### **INTRODUCTION**

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

The customer is regarded as the end user in the chain may it be in the value chain or the demand and supply chain. The whole idea of customer quality focus came about with the need to improve the services provided to the customer may it be tangible or intangible, and some of the key areas identified to improve this is the operation performance. Delivering service quality has significant relationship with customer satisfaction (Swanson & Davis, 2003). The service sector is getting competitive every day. In order to be successful, customer quality focus practices ought to be the integral part of any organization's strategic management. Customer quality focus practices have helped much organization streamline their operational performance in order to meet the growing demand of better quality by customers. In the local arena some of these practices have been adopted in order to shed some light into the do and don'ts in the market in relation to quality and customers. Some of the customer quality focus practices according to (ISO 9001-2008) include leadership, strategic planning, customer and market focus, data collection and analysis (information), human resource focus and process approach.

The public sector, similar to the private sector, has been provoked by pressure for change as an outcome of copious external factors. Such factors include globalization, technological improvements, innovation and changes in political, social and economic orders (Somerville & Elliott, 2011). Business leaders have simultaneously faulted governments regarding the slow paced nature at almost all levels of running their agendas. Accordingly, government owned entities have been trying to improve on their services throughout most of the twentieth century.

Recently customer focus has become an important façade in public management particularly in the recent years where governments have been determined to improve on customer service delivery. Governments are constantly launching initiatives that are geared towards improving services to their citizens.

In order for the government to prosper and survive in the long run, the public sector entities must become more market oriented (Nel, Athron, Pitt, & Ewing, 2000). Equally there is a great outcry from most citizens that governments should strive to work flawlessly by doing more with less resource in order to maximize outcomes and minimizing costs. There is a high insertion towards the quality of services in public administration systems. In that respect there is a great correlation between a progressive organizational culture and service excellence. In order to advance quality in services, it is imperative to strike the accurate balance between the techniques and approaches for successful processes and systems, the staff attitudes, behavior and the service culture.

It is difficult to change any organization's culture as it is time consuming and it utilizes a considerable amount of resources (Mallinger, Goodwin, & O'Hara, 2009). Therefore, when it comes to government owned entities shifting from their existing culture, radical changes will be put into perspective. These changes involve how employees think, their perception regarding different solutions to problems and their behaviour towards top management and customers. These changes would affect the organization's values, philosophy and structures within the organization that shape the behavior of the employees.

The recent past has seen top management and employees recognizing the effectiveness of proper client service. In an article co-authored by Disney Institute and McKinsey & Company, it was realized that to improve customer experience, organizations had to first improve the employee

experience (Beltran, Bhattacharjee, Fandel, Jones, Lippert, & Ortega, 2014). Through that, employees are trying to help diagnose the organizational leadership, the service climate and other performance centered matters. Granted that the public sector has extensively used customer service philosophies, the conception and its implications continue to remain poorly established. This is due to the fact that it has been stated that government owned entities lack a proper understanding of the meaning of customer service and its ramifications; hence lack the knowledge of how to improve such services. Bringing about improvements in the public sector is difficult and there has been inadequate research done.

### **1.1.1 Customer Quality Focus**

Since it is the customer who pays for supply and creates demand, businesses will often compete through advertisements or sales in order to attract a larger customer base. Customers refer to both internal customers, that is, employees, and external customers.

Customer focus is defined as the orientation of an organization toward serving its clients' needs (Business Dictionary). According to Swanson and Davis (2003) in their study of customer quality practices they state that the customer is always right this in reference to the fact that the customer generates income/ revenue to the company in which the company benefits through profits. This applies to government entities that may be providing services the end result is the customer satisfaction rating.

Customer quality focus practices general looks at some 5 key elements that form the base on which delivering quality services are based on. Organizations depend on their customers and therefore should understand current and future customer needs, should meet customer requirements and strive to exceed customer expectations.

These elements, according to (Keiningham, 2014) delivery of quality services requires an organization to: know what the customer really values, create a climate for service in the organization, ensure that the employees also shop at the same place the other clients do, religiously shop at the competitors' premises, and link internal quality metrics with customer needs.

For an organization to be successful, it has to align their operational practices to what the customer needs. This means putting measures in place where communication between management of the organization and the customer is two-way for flow of ideas and issues, to feedback being relayed both ways.

### **1.1.2 Operational Performance**

Operational Performance, as defined by Answerfinancial.com, is “the measure of how well the company is doing”. Operational performance is relevant to performance of an organization as it concentrates on aspects of cost, delivery, quality, and speed of the introduction of a new good or service to the market.

Financial or commercial services companies have historically thought of operations in a narrow sense of basically allocating costs necessary to support revenue-producing businesses (Hyde, Regelman, & Kanagasabai, 2004).

Carl Thor and Mark G. Brown highlight that a comprehensive performance measurement program can help financial services companies overcome this narrow-minded approach to operations. This is by introducing certain key factors that link operational performance to a broader and overall strategic business goal (Thor & Brown, 2004).

This performance measurement approach can also improve communication between operations managers, and the managers involved directly in the revenue stream of these commercial businesses. This is by attaching certain metrics to strategic objectives, so that operational performance of the company is linked to performance of the company.

The key issues to be addressed while coming up with this system are, ‘what to measure’, ‘how to measure’, and ‘how to use what is measured’. Even though this seems simple, commercial service entities find it challenging to maintain these programs. This is because for virtually all business decisions, direct, standardized measures are sufficient for performance of the organization (ISM Journal, 1999)

One way to align operational performance to the organizational performance is to ensure that the goal of the department and the goal of the company are the same, usually growth. The indicators of performance are the Raw Incident Count – to track incidents that may cause problems, Mean Time to Resolution – How long does it take a team to fix a problem in the system, Time to Acknowledgement / Time to Response – how long does it take a team to acknowledge and start work on an incidence, and Escalations – did the incident get to the relevant party on time, or did the relevant party have the right tools to deal with the incident (Shackelford, 2014).

These will help an organization, through the planning and formulation of strategies, sharpen employees' capabilities, and develop a positive relationship between employee development and improved customer service in these organizations, achieve efficiency, innovation, compliance, client service, and employee development (Ekundayo, 2014).

### **1.1.3 Government Owned Entities (GOEs) in Kenya**

The Government Owned Entities Bill, 2014, defines a Government Owned Entity as a State or county corporation or agency and includes a subsidiary. The defining characteristics of Government Owned Entities are that they have a distinct legal form and are established to operate in commercial affairs.

Government owned entities have been clustered into four broad categories; State Corporations, State Agencies, County Corporations, and County Agencies. In Kenya, these Government Owned Entities, GOEs, which include parastatals, state corporations, or semi-autonomous government agencies (Executive Office of The President of Kenya, 2013) provide critical services to the economy, they provide critical infrastructure to the state, and the Government, through The Treasury, overlooks and monitors the performance of these GOEs.

Section 24(k) of The Government Owned Entities Bill, 2014, on Governance and Accountability, sets a code of governance in which the Government Investment Corporation Limited (The Company) and National and County Agencies Oversight Office (Oversight Office), established under sections 12 and 19 of The Bill respectively, shall develop and promote a code of



governance for GOEs that facilitates “transformative corporate governance, service delivery, sustainability, and the role of government owned entities in making Kenya a developmental State.

A report of The Presidential Task Force on Parastatal Reforms (2013) identifies 5 roles the GOEs play in the economic and social development of Kenya. These roles include GOEs promoting or accelerating economic growth and development, capacity building in facilitating national development, creation of job opportunities, establishing international partnerships, and improving public service delivery, and meeting the needs of the customers, in this case, the citizens (Executive Office of The President of Kenya, 2013).

Government Owned Entities are hence seen to be of great significance to Kenya in that they concentrate on bringing satisfaction to the customer, while developing capacity in the organization hence aligning the operational goals of the GOEs to the goals of Kenya which is economic growth.

## **1.2 Research Problem**

Government Owned Entities in Kenya are constantly in the battle for improving their operational performance in order to improve wholly the organizational performance of the GOE. Aaker stated that an organization becomes more competitive through customer service that is delivered on time to meet the customer expectations (Aaker, 1995). Recently, it has been realized that GOEs should be able to perform their duties just like private sector institutions, and hence the introduction of parastatal reform programme by President Uhuru Kenyatta of Kenya (PSCU,

2014). This was to ensure that GOEs perform at the same level as private firms in terms of service delivery to the final consumers.

The Kenyan market, being dynamic in nature, drives GOEs to improve their service provision with the objective of being responsive to meet not only the changing market requirements, but also to satisfy their customers.

Many scholars have conducted studies aimed at establishing the relationship between customer quality focus and operational performance. (Oliver, 1981) established that customer satisfaction is concerned how well the service delivery occurs in comparison with expectations set by an organization. In addition to this, a study carried out in Kenya brought out the fact that business with high service quality will meet customer needs whilst remaining economically and that measuring the quality of service may involve processes of which in most cases, it is one aspect or another of customer focus which is being assessed (Hellen, 2014)

Consumers of services are becoming increasingly critical of the quality of service they get and this means that government owned entities must accommodate the customer in operational decision making processes. It is hence vital to keep consumers satisfied by trying to know their expectations of services offered by service providers. In this way, the quality of service provided could be assessed and aid in evaluating customer satisfaction (Manani, Nyaoga, Bosire, Ombati, & Kongere, 2013)

However, local studies did not focus specifically on customer quality focus and performance of state corporations or government owned entities. Globally, some studies established that a client service culture has been developed and maintained in all five organizations. These results

suggest that the federal government's exemplary client service, effective communication and human resources practices improved services offered in and by the public sector (Somerville & Elliott, Strategies to improve client service: Exemplars in the Canadian federal government, 2001).

Rachilo (2013) found in her research that organizations seek to improve their operational performance by adhering to established certain service quality standards like improvement of employee skills and enhanced work life balance of employees. However, she did not include customers as a core competency in the improvement of an organization's operations.

Customers are important in both public and private organizations. Their satisfaction is a priority to management. Customer focus has been a subject of great concern to organizations in the past where the quality of service has become an aspect of customer focus (R & Schinder, 2005). This is why for an organization to grow, focus on the customer is paramount and should be at the top of every government owned entity when it comes to operational processes and service delivery.

The study sought to answer the following questions: what are the customer quality focus practices commonly used by government owned entities in Kenya, and what is the relationship between customer quality focus practices and operational performance of government owned entities in Kenya.

### **1.3 Objectives of the Study**

The general objective of the study was to establish the level of impact of customer quality focus practices and operational performance in the improvement of services among Kenyan government owned entities (GOEs)

The specific objectives were:

- I. To determine the customer quality focus practices commonly used by government owned entities in Kenya; and
- II. To determine the relationship between customer quality focus practices and operational performance of government owned entities in Kenya.

### **1.4 Value of the Study**

The significance of the study will be able to assist Kenyan government owned entities be able to identify key areas that they need to focus on in order to met and achieve customer demands, in addition the study will seek to identify areas of operation performance that need improvement. The study will also be of significance to customers as they will be able to spot inefficiencies through the practices that will be identified in the study as the customer quality focus indicators. The study will aim to educate the policy makers on the various customer qualities and operation performance that need improvement, and this study will provide a benchmark for that purpose through its findings and analysis.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter, literature, which is related to and consistent with the objectives of the study, is reviewed. The chapter summarizes information from other researchers who have carried out research in the same field of study. This includes theoretical foundation of the study, and the relationship between customer quality focus and operational performance in Kenyan government owned entities are discussed.

#### **2.2 Theoretical Foundation**

This study was guided by the customer relationship management theory. According to (Laatuyhdistys, 1995), the key element in the theory of managing customer relationship is focusing on evaluating how a company will manage customer contacts so efficiently that customer relations will improve. At the same time it is also to evaluate how information on customer needs would get to the organization so much that it could identify future expectations of its customers, and hence retaining them (Kotler & Keller, 2009).

In postulating the relevance of the theory to improving customer quality focus practices, (Prahalad & Ramaswamy, 2014) rightly implied that customers are not just interested in purchasing a brand, but feel like they should be treated as partners. So, it starts with the idea of finding out what the customers require and then matching those requirements with goods or

services. What the organization then offers should have a level of "evolvability", so the product can at any time be improved later on according to the requirements, lifestyle and usage patterns of the customer.

As organizations continue to steadily grow in economic stature, they look at other countries for ways in which this can happen. To deliver high-quality public services efficiently and to streamline regulatory and licensing processes for businesses, some organizations created customer-oriented, high-tech "one stop shops." (Paradise & Schwartz, 2011). These one stop shops are agencies brought together under one roof providing different functions for the organizations. The main aim is to provide customers with access to various public services and information through integrated technology platforms, and provide efficient services at the convenience of the customer (SoftKenya, 2015).

Organizations strive to improve continuously in line with the blueprint of continuous improvement of their respective countries, the main focus being on ensuring that the customers remain core. Some organizations have even gone further as to incorporate these principles in their visions. They are guided by three principles, namely: Shifting the customer service paradigm by improving service accessibility through service centres and technology platforms, leveraging technology to enhance service delivery and promote compliance, reforming staff attitude to shift from a focus on enforcement towards building taxpayer trust through effective facilitation (Kenya Revenue Authority, 2015).

In a research conducted by (Kuratko, Goodale, & Hornsby, 2001) they identified customer needs as one of the key areas that is critical to the success of a firm, and as of 1999, the only customer-

focused practices they identified were data gathering processes (surveys, phone interviews, and face-to-face customer meetings). Now, however, more customer focus practices have emerged, including:

### **2.2.1 Customer Service and Satisfaction**

This involves using multiple listening methods to get customer perception on an organization's performance. They ensure that their customer research is actionable by measuring and tracking specific customer requirements. Baldrige Award winners use behavioral and well as perceptual data to collect information about current customers, former customers, and potential customers so that they may learn about customers and important consumer trends through loyal participation in their own industry trade groups (pomsmeetings.org, 2002). (Operations Management International, 2001) conducts semiannual customer focus groups, administering periodic client scorecards and sending customer satisfaction surveys to their customers and competitors' customers.

Objective and professional service should have a core aim in any organization – to provide customer satisfaction. Customer-focused results of Baldrige winners show unsurpassed levels of customer satisfaction (pomsmeetings.org, 2002). Customers are given various categories as to which they assess how satisfied they are, with regards to the organization itself, and in comparison to the other players in the industry. Government owned entities can do this measurement for improvement of their operations, by scoring on various categories such as complaints, acceptance rate, and quality. (Kihui, 2014) stated that customer satisfaction is important as a satisfied customer would add value to a brand and spread a positive word of mouth and help in making good reputation of brand. This would ensure that satisfied customers

would be able to make long term profitable relationship with brand (Hanif, Hafeez, & Riaz, 2010)

According to (Vitara Technology, Inc., 2011) there are certain barriers to customer care processes and service that may limit an organization's progress in offering premium services to customers. They state that these include the lack of visibility into customer related events and customer care, lack of proper insight into the causes of customer issues, and finally, the inability to take action to resolve issues on behalf of the customer. Organizations have to continuously gather information so as to stay in tune with customer' needs. In addition, operational processes, information technology, and managerial involvement can enable a government owned entity identify and reduce significantly gaps in customer care processes, thereby increasing customer loyalty, providing the right quality of services, and reducing the costs associated with manual customer process intervention.

### **2.2.2 Information Technology Mapped to Customer Service**

Many companies aspire to deliver exceptional customer experience. Yet they are encumbered by fundamental challenges stemming from legacy technologies. Most government owned entities' contact center is the single point of contact for customers report incidents, and request information. Organizations have recognized the need for transformational change in their contact center operations and technology, so as to share information and respond to customer requests for service and information more effectively.



The customer experience is defined by planning on the organization's part. Technology is utilized as a customer service tool in not only private firms but also government owned entities and is seen as important in executing services, improving the quality of services provided by the organization, and achieving high levels of customer satisfaction. For instance, automated memory system stores can store information on over 800,000 customers, and includes information ranging from likes/dislikes to previous difficulties to personal interests (The Ritz-Carlton Hotel Company, L.L.C., 1999)

Technology is seen as vital providing low-cost service, achieving high levels of customer satisfaction and loyalty and in sustaining above average profitability. It uses a relational database system and simulation models to help forecast the consequences of different business strategies (Los Alamos National Bank, 2000).

Customer-focused technology seems to always be based around integration and control. Integration of things like information technology systems that make the guest experience appear seamless, while give the customer control of everything they need to do (Nicholls, 2014). By streamlining IT resources and closing information gaps, businesses can capture the information they need in order to market the right products to the right customers. By using information technology coupled with behavioral economics to deduce customer choice, organizations can also gain analytical insight about their customers (Wilson, Nicolacakis, D'Alessandro, & Puthiyamadam, 2013). When properly understood, today's mobile, social customer will be able to use the organization's new systems with ease and hence make the organization more attractive.

### **2.2.3 Managerial Involvement in Provision of Customer Service**

Senior executives are the explicit guardians of the customer franchise (Baldrige Awards, 2000). Part of strategic planning is based on marketplace objectives. Executive compensation or evaluation is linked to customer satisfaction or relationship measures and performance. The executive leadership team, which includes the top management, tracks measures linked to the objectives to ensure that strategic objectives, customer requirements, and improvement initiatives are linked and aligned (Operations Management International, 2008)

Management not only study customer perceptions but also systematically tracks customer relationships. They ensure that they have viable customer research by measuring and tracking specific customer requirements. They observe the customers' behaviour and collect information about their customers' patterns, from current customers to potential customers.

Employees, through managerial involvement, are critically important in the contemporary business environment. According to (Konrad, 2006), managerial engagement was associated with performance in areas such as increased customer satisfaction, profitability and productivity, and reduced employee turnover.

If managers make their employees feel involved by their various administrations in the running of an organization, their morale is boosted and hence find some sort of comfort in the workplace and performance levels have been known to improve. This subsequently trickles down to how they associate with the customers and customers feel like they are given 100% service and respect.

When employees feel that they have meaningful input into the work that they do, they are more likely to be engaged in the workplace and to take pride in working for their organization (Samra, Shain, & Bilsker., 2012).

Organizations depend on their customers and therefore should understand customer needs, are required to meet their requirements and strive to exceed customer expectations. Improved customer loyalty leads to repeat business. This loyalty transcends the organization from top management to employees, and ultimately to the customer. Top management may offer reward schemes to employees at the customer service level for their interaction, retaining, and recruitment of customers. People at all levels of an organization are the backbone and their full involvement enables their abilities to be used for the organization's benefit (ISO, 2012)

Management needs to constantly monitor their employees and their interaction with customers so as to ensure the customers' comfort, deal with any issues that may arise due to a disgruntled client, and ensure that the customer feels comfortable enough to sing the organization's praises.

### **2.3 Operational Performance**

A manager intending to enhance operational performance should create a conducive organizational climate that fosters employees' commitment to the organization (Schroaeder & Ahmad, 2003)

For an organization to thrive, the most vital part to consider is the customer. This means that all operations carried should be carried out with the customer in mind. Four items have guided the Sixth Corporate Plan by The Kenya Revenue Authority, among them being the shifting of the

customer service paradigm by improving service accessibility through service centres and technology platforms (Kenya Revenue Authority, 2015)

(Melnyk, Stewart, & Swink, 2004) assert that “metrics and performance measurement are critical elements in translating an organization’s mission, or strategy, into reality.” A GOE’s operational model is key to the organization, encompassing all from the suppliers to customers, aiming to optimize the service delivery, so that all parties may benefit from an organization. Only when operational performance has been achieved, can the end users of the services be satisfied.

#### **2.4 Link between Customer Focus Practices and Operational performance**

Focusing on customers can improve organizational performance when applied as an organizational strategy. The reason behind this is that service provision to customers is one of the core factors of running an effective business.

Customers play a vital role in the success of any organization. For most private firms, they are the difference between success and failure. (Sakwa, 2014) indicated that most customers today would prefer to be charged higher rates for services should they be given faster services, as opposed to free and slower services. This requires an organization to concentrate on the customer. This ensures that the organization can respond better to customer needs, and create links between marketers and customers by understanding who they are and what they want (Alysa, 2005)

Over time, GOEs have been focusing on making customers’ user experiences better. The common practices observed have been action plans for customer complaints, Real-time tracking

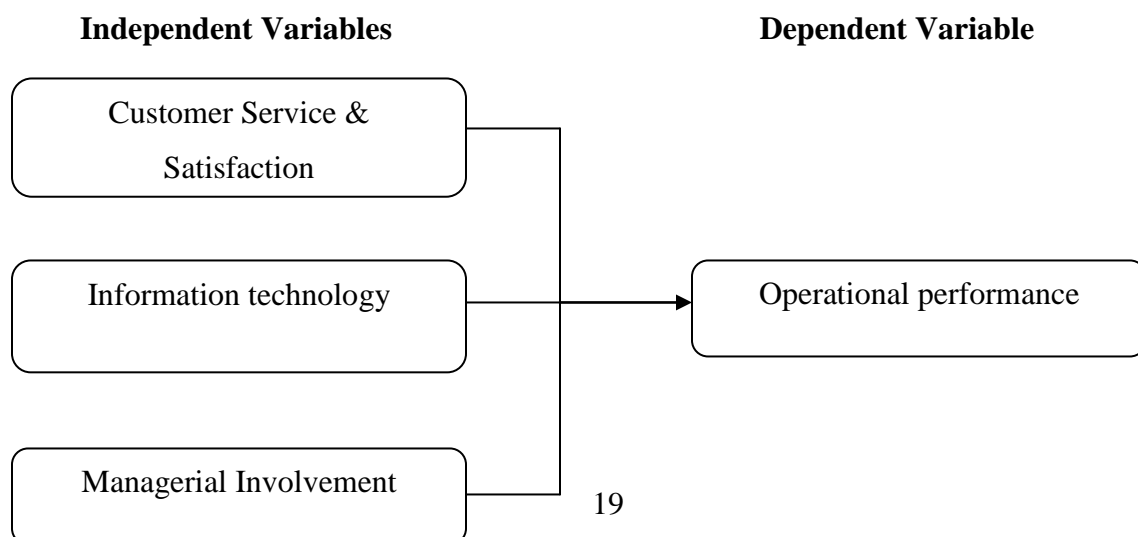
of issues have allowed customer issues and complaints to be received in real-time, and this has contributed majorly to customer satisfaction with regards to the government owned entities.

Globally, literature exists that attempts to link customer focus of government owned entities to operational performance. A study on improving service delivery in government is one of major works done in this area (Maleyeff, 2007). In Kenya however, concentration has been on total quality management practices in other institutions, save the government. Most of these studies at best do not connect customer quality focus with operations management in the government. Total quality management practices have been applied to improve organizational performance of Higher Education Institutes (Chepkech, 2014), improvement of supply chain management practices and operational performance of SMEs in Kenya (Maina, 2011), integration of customer service practices and delivery channels in commercial banks (Oloko & Sakwa, 2014).

It is essential that customer focus is related to the performance of the government and this paper explores the possibility of bridging this study gap.

## 2.5 Conceptual Framework

**Figure 2.1: Conceptual Framework on the Relationship between customer quality focus practices and operational performance**



The Figure 2.1 conceptualizes the relationship between the independent variable and dependent variables. The independent variable was described as customer quality focus and was measured by constructs such as information technology, customer service & satisfaction and employee involvement. The dependent variable on the other hand was described as operational performance. The taking up of customer quality focus practices may affect operational performance of the government owned entities.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This section gives a detailed analysis of the research design, target population, sampling technique, data collection instruments and procedures and data analysis.

#### **3.2 Research Design**

This study was a descriptive survey design. The ultimate goal of a descriptive research was to learn about a large population by surveying a sample of that population that was used to explain what is in existence in respect to conditions or variables that are found in a given situation without influencing the variables. According to (Kothari, 2004) more often than not, sample has to be designed. In this study, it was used to establish whether there exists any relationship between customer quality focus and operational performance among government owned entities in Kenya. Surveys provide a quick, inexpensive, efficient and accurate means of assessing information about a population.

#### **3.3 Population of the Study**

The population of interest in this study was all commercial government owned entities in Kenya. Currently there are thirty four (34) commercial government owned entities in Kenya as indicated in Appendix 3. The study focused only on commercial government owned entities. Since the population was small a census of all the thirty four firms was done.

### **3.4 Data Collection**

Two kinds of data were used in this study, namely primary and secondary data. Primary data was collected directly from the respondents in all commercial government owned entities in Kenya. This was done through administering structured questionnaires with the help of a research assistant. Creswell (2013) noted that, the use of questionnaire an instrument of research normally gives the respondents adequately time to provide well thought responses in the questionnaire items and enables large samples to be covered within a short time. The questionnaires contained 5 sections. Section A addressed general issues on respondents' characteristics. Section B to section E addressed the study objectives.

Immediately the research proposal was presented and approved by the University's Research Panel, a letter introducing the researcher from the University of Nairobi was provided. This document was presented to the commercial government owned entities management to help gain access to the areas and respondents of study. A research assistant was then recruited and trained on various aspects of this research and data collection techniques so as to understand research objectives, master research tools, ethical consideration in research and to plan approaches to data collection.

Secondary data was used to support the empirical findings of the study. These other sources of data (literature review) were majorly used to back up the arguments and findings in chapter four and five. Secondary data was obtained from existing literature in previous research paper findings, journal articles, text books, newspapers, reports and conference proceedings and the commercial government owned entities publications and website.



### 3.6 Data Analysis

Data obtained from the field in raw form is difficult to interpret; such data must be cleaned, coded, and key punched into a computer and analyzed (Mugenda and Mugenda, 2003). Data collected, was tabulated and analyzed for purpose of clarity, using SPSS software. It is a computer program used for statistical analysis and has the ability to handle statistical presentation with array of formulas for ease of interpretation. Data was presented using tables, and pie charts to make them reader friendly. In addition, a multiple linear regression was used to test the relationship among variables (independent) on the on customer satisfaction using SPSS.

#### 3.8.1 Analytical Model

In addition, the study conducted a multiple regression analysis to determine the predictive power of alternative banking channels on operational performance. The regression model was ( $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$ ):

Whereby  $Y$  = Operational performance

$X_1$  = Customer Service & Satisfaction

$X_2$  = Information technology

$X_3$  = Managerial Involvement and  $\beta_0$   $\beta_1$   $\beta_2$  and  $\beta_3$  are the regression equation coefficients for each of the variables discussed.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND ANALYSIS**

#### **4.1 Introduction**

This chapter discusses the findings of the study. The purpose of the study was to establish the level of impact of customer quality focus practices and operational performance in the improvement of services among Kenyan government owned entities. The researcher made use of frequency tables and figures to present data. Data composed was collated and reports were produced in form of tables and figures and qualitative analysis.

#### **4.2 Response Rate**

A total number of 34 questionnaires were sent out, and 31 questionnaires were received. This represents a rate of 91.2%.

#### **4.3 General Information**

The study sought information on various aspects of respondents' background that is; number of years worked in the organization, the department they are in the organization, and communication of the organization's goals and strategies to respondent's. This information aimed at testing the appropriateness of the respondent in answering the questions regarding customer quality focus practices and operational performance in the improvement of services among Kenyan government owned entities (GOEs).

##### **4.3.1 Number of Years Worked in the Organization**

The number of years an employee has worked in an organization refers to respondents' length of service. It also refers to any experience that a person gains while working in a specific field or

occupation. The study sought to establish the period of time (in years) the respondents had worked for their organization. The findings are illustrated in Figure 4.2.

**Figure 4.2 Number of Years Worked in the Organization**



From the findings in Figure 4.2, majority of the respondents (51.6%) had worked for 1-5 years, 22.6% had worked for 11 years and over while 12.9% had worked for 6 months to 1 year and 6-10 years each. This illustrates that the respondents have worked at the Kenyan government owned entities for a reasonably period of time, thus enabling them to better understand customer quality focus practices and operational performance in the improvement of services among Kenyan government owned entities.

#### **4.3.2 Respondents Department in the Organization**

Employees are assigned to the departments in which they are qualified. The study sought to determine the respondents' department. The findings are presented in Table 4.1.

**Table 4.1 Respondents Department in the Organization**

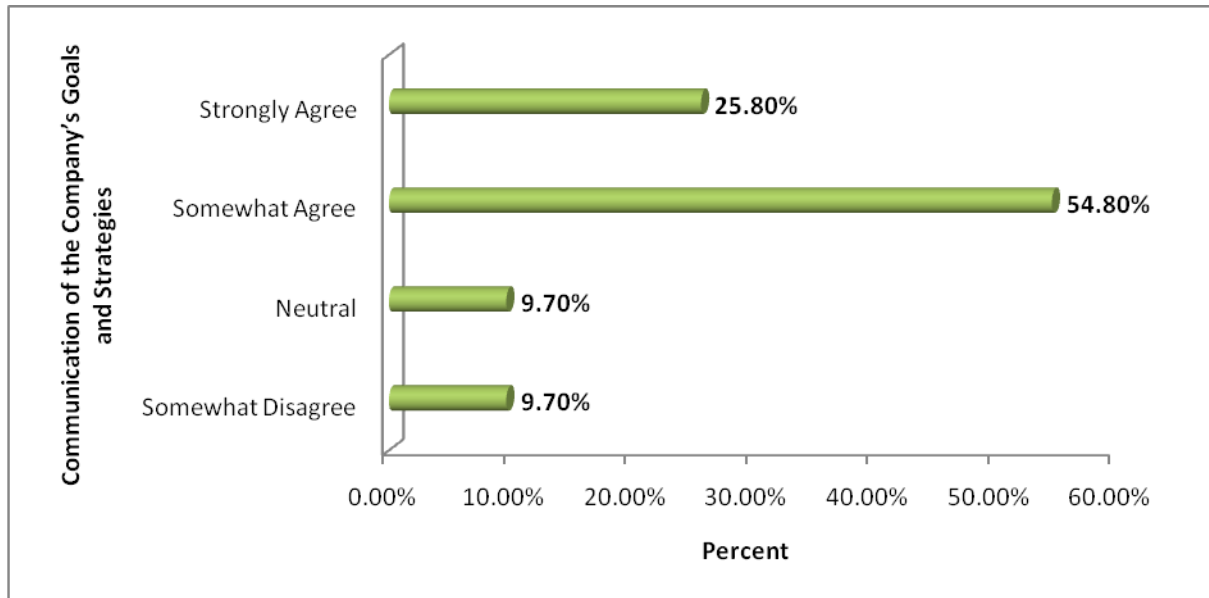
	<b>Frequency</b>	<b>Percent (%)</b>
HR	4	12.9
Operations	5	16.1
Finance	9	29.0
Customer Service	13	41.9
<b>Total</b>	<b>31</b>	<b>100.0</b>

According to the findings in Table 4.1, most (41.9%) of the respondents were drawn from the customer service department, (29.0%) of the respondents were drawn from the finance department, (16.1%) of the respondents were drawn from the operations department and 12.9% of the respondents were drawn from the HR department. This depicts that the responses comprised of views from the various departments in the organization.

#### **4.3.3 Communication of the Company's Goals and Strategies**

Regardless of how perfectly outlined and well thought-out strategies are, if they are not effectively communicated, they almost assuredly will fail. The study investigated whether the company clearly communicates its goals and strategies to the respondents. The findings are as illustrated in Figure 4.3.

**Figure 4.3 Communication of the Company's Goals and Strategies**



As per the findings in Figure 4.3, majority (54.8%) of the respondents somewhat agreed that the company clearly communicates its goals and strategies to them, 25.8% strongly agreed that the company clearly communicates its goals and strategies to them. 9.7% of the respondents were neutral and somewhat disagreed that the company clearly communicates its goals and strategies to them. Modern management emphasizes more and more the role of communication in managerial activity. Studies show that efficient managers spend a great deal of their time in communication-based activities. Even as early as 1973 Mintzberg showed the ubiquitous nature of interpersonal communication in the management activity. More recent leadership studies assert the fact that effective leadership at the workplace involves the constant use of communication instruments in order to create sense, share vision and build a common purpose ( Hargie & Tourish, 2009)

#### 4.4 Customer Service and Satisfaction

**Introduction:** Customer service is the provision of service to customers before, during and after a purchase. It also means serving the customer, and involves all contact with the customer, be it face-to-face, or indirect contact (i.e. dealing with complaint letters). Kurtenbach (2000) explains that those who are successful in customer service rank their customers experience as the top priority.

**Probe:** The study sought to identify the extent to which the respondents' parastatal implemented the following Customer Focus Drivers. The responses were placed on a five Likert scale ranging from low to high extent. A Mean of above 3 is regarded to measure satisfaction on the test variables. Standard deviation was used to indicate the variation or "dispersion" from the "average" (Mean). A low standard deviation indicates that the data points tend to be very close to the Mean, whereas high standard deviation indicates that the data is spread out over a large range of values. The findings are tabulated below.

**Table 4.2: Customer Service and Satisfaction**

	<b>N</b>	<b>Mean</b>	<b>Std. Dev</b>
<b>Level of customer focus</b>			.
All activities in service production and marketing are built around the customer	31	3.645	.709
Good customer relationship management is practiced and a customer relationship program maintained	31	3.548	.850
Comprehensive employee involvement in catering to customers' needs	31	3.484	.151
The parastatal has mechanisms in place to determine the kind of service the customer wants	31	3.419	.672

The parastatal has implemented a philosophy of putting the customer first	31	3.387	.715
The parastatal has clear procedures to determine the level of customer satisfaction with the existing services	31	3.387	.882
The parastatal continuously gathers information in order to stay in tune with the customer's needs	31	3.387	.882
The parastatal has put measures in place to determine the quality of services that the customer needs for the department	31	3.355	.877
Post service standards and measure results against them	31	3.129	.957
Service provider and customer interactions so that valuable feedback can get to the relevant authorities	31	2.774	0.117

**Interpretation:** As indicated by the findings in Table 4.2 above, the respondents agreed with some aspects such as; all activities in service production and marketing are built around the customer. Good customer relationship management is practiced and a customer relationship program maintained. Additionally, they moderately agreed that there is comprehensive employee involvement in catering to customers' needs. The parastatal has mechanisms in place to determine the kind of service the customer wants. The parastatal continuously gathers information in order to stay in tune with the customer's needs, the parastatal has clear procedures to determine the level of customer satisfaction with the existing services and the parastatal has implemented a philosophy of putting the customer first. The parastatal has put measures in place to determine the quality of services that the customer needs for the department. Post service standards and measure results against them. The respondents however disagreed that service provider and customer interactions so that valuable feedback can get to the relevant authorities.

**Indication:** This indicates that customer focus drivers by the parastatal had been implemented in relation to activities in service production and marketing as well as good customer relationship management.

**Discussion:** This concurs with Matzler, Hinterhuber, Bailom, and Sauerwein (1996) who argue that there are an increasing number of companies that starts to recognize the importance of customer satisfaction for future business. In attempting to increase customer satisfaction it is necessary to understand what the customer wants before they realize it themselves. There is a general consensus that quality customer service is not only the most important factor for achieving the paramount marketing outcome, namely, customer satisfaction, it is also the principal criterion for measuring the competitiveness of the customer service process (Ray et al., 2005), because it is positively associated with the market value of firms (Anderson, Fornell & Mazvancheryl, 2004).

#### **4.5 Information Technology Mapped to Customer Service**

**Introduction:** Provision of better services and marketing information availability are said to be important in satisfying customer needs. Customer service is believed to be a key driver for measuring the competitive success of business organizations. The increased emphasis on customer service is said to be a major reason for most IT decisions in recognition of the role IT is expected to play in customer service process. Firms are adopting IT to foster changes in managing customer relationships, manufacturing, procurement, the supply chain and all other key activities.

**Probe:** This study sought to establish the extent to which the respondents firm implemented information technology in its work place directed towards customer quality focus. The responses were placed on a five Likert scale ranging from low to high extent. A Mean of above 3 is regarded to measure satisfaction on the test variables. Standard deviation was used to indicate the variation or "dispersion" from the "average" (Mean). A low standard deviation indicates that the



data points tend to be very close to the Mean, whereas high standard deviation indicates that the data is spread out over a large range of values. Table 4.3 presents the findings.

**Table 4.3 Information Technology Mapped to Customer Service**

	N	Mean	Std. Dev.
The parastatal has better access to customer details thanks to information technology	31	4.161	.779
The quality of service offered to the customer by the parastatal has improved with the introduction of technology	31	4.129	.619
The use of information technology has allowed the parastatal achieve certain benchmarks in making the parastatal more attractive	31	3.774	.669
The parastatal has invested in information technology towards customer service	31	3.742	.999
The parastatal, through information technology, has ensured that information and services systems easily accessible to the customer	31	3.613	.882
If a customer contacts the parastatal's customer service, they shall have all problems catered to	31	3.290	.973

**Interpretation:** The findings in Table 4.3 above portray that, the respondents agreed that the parastatal has better access to customer details thanks to information technology. The quality of service offered to the customer by the parastatal has improved with the introduction of technology. The use of information technology has allowed the parastatal achieve certain benchmarks in making the parastatal more attractive. The parastatal has invested in information technology towards customer service. The parastatal, through information technology, has ensured that information and services systems easily accessible to the customer. The respondents however moderately agreed that if a customer contacts the parastatal's customer service, they shall have all problems catered to.

**Indication:** This illustrates that the parastatals had implemented information technology in its work place directed towards customer quality focus such as; access to customer details, quality of service offered.

**Discussion:** The findings contradict those by Prasad et al. (2009), where IT resources were found to have a direct but marginal impact on customer service. IT infrastructure has not been found to be a source of sustained competitive advantage (Powell and DentMicallef 1997). In Ray et al. (2005) who found that generic information technologies, that is, IT infrastructure did not explain significant variance in customer service performance. Jeffers (2003) found that IT resources alone are not a predictor of customer service.

#### **4.6 Managerial Involvement in Provision of Customer Service**

**Introduction:** The responsibility for creating and maintaining a customer service oriented culture in any organization must rest with top management and organizational leaders. That's because they have both the power and influence to create such a culture, and only they can make the decisions and communicate the values that are essential to excellent customer service.

**Probe:** The study sought to identify the significant influences of managerial involvement in the provision of customer service in the respondents' organization. The responses were placed on a five point Likert scale ranging from low to high extent. The findings are tabulated overleaf.

**Table 4.4 Managerial Involvement in Provision of Customer Service**

	<b>N</b>	<b>Mean</b>	<b>Std. Dev.</b>
Employees in the parastatal are encouraged to interact with customers and aid where they are suited to.	31	3.742	.855
Managers in each sector of the parastatal have set specific measures linked to the overall objectives of the parastatal to ensure that strategic objectives, customer requirements, and improvement initiatives are linked and aligned.	31	3.387	.882
The parastatal offers its employees adequate training to perform their tasks effectively with regards to offering services to customers.	31	3.387	.145
The parastatal's management collects information about both current customers and potential customers.	31	3.000	.730
Managers in the parastatal conduct research about the customers and their expectations of the parastatal.	31	2.903	.790
There is a clear line of communication in the parastatal between employees and senior management when it comes to interacting with customers.	31	2.903	.076
The parastatal offers rewards to employees at the customer service level for interaction with, and retention and recruitment of customers.	31	2.548	.434
Management in the parastatal has given employees are given a chance to participate in decision making with regards to services offered to customers	31	2.161	.934

**Interpretation:** From the findings in Table 4.4, the respondents agreed that employees in the parastatal are encouraged to interact with customers and aid where they are suited to. The respondents also moderately agreed that the parastatal offers its employees adequate training to perform their tasks effectively with regards to offering services to customers. Managers in each sector of the parastatal have set specific measures linked to the overall objectives of the parastatal to ensure that strategic objectives, customer requirements, and improvement initiatives are linked and aligned. The parastatal's management collects information about both current customers and potential customers. The respondents however disagreed that there is a clear line of communication in the parastatal between employees and senior management when it comes to

interacting with customers. Managers in the parastatal conduct research about the customers and their expectations of the parastatal. Parastatal offers rewards to employees at the customer service level for interaction with, and retention and recruitment of customers. Management in the parastatal has given employees are given a chance to participate in decision making with regards to services offered to customers.

**Indication:** The findings reveal that managerial involvement in the provision of customer service in the parastatals was low, touching mainly on encouraging employees in the parastatal to interact with customers and aid where they are suited to.

**Discussion:** These findings are in agreement with Mary (2009) who found out that the most integral role of managerial involvement in customer service is to create an environment of continuous learning and improvement. She also observes that employees follow management's lead.

#### **4.7 Operational Performance Measure in Respondents Organizations**

A strategic plan must specify goals, strategic objectives and actions, and the final performance measures by which management and the stockholders will gauge success. The study investigated the respondents views on the adequacy of the quality measures in their organization ensure that there is operational performance. Table 4.5 presents the findings.

**Table 4.5 Operational Performance Measure in Respondents Organizations**

	<b>Unit of measurement</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Customer satisfaction	%	36.7	41.4	50.9	55.4
Employee involvement in answering customer complaints	%	48.2	53.5	59.1	62.5
Range of services	% increase	21	34	37	45
Savings on cost	%	11	18	27	33
Capacity Utilization	%	61	66	69	71
Lead time	Days	16	11	11	9
Return on investment	Ratio	.42	.51	.59	.63
Information Technology	%	39	39	43	61

The findings in the table above indicate that operational performance has increased during the 2011-2014 period in relation to various aspects of the organization as a result of the quality measures. To begin with customer satisfaction increased steadily from 36.7% in 2011 to 55.4% in 2014. Employee involvement in answering customer complaints has also increased from 48.2% in 2011 to 62.5% in 2014. The range of services has also increased to 45% from 21% in 2011, 34% in 2012 and 37% in 2013. The parastatals have also saved on cost from 11% in 2011 to 33% in 2014.

In relation to capacity utilization, the parastatals have also experienced a slight increase from 61% in 2011 to 71%. On the other hand, lead time has decreased from 16 days in 2011 to 9 in 2014. The return on investment has also improved from 0.42:1 in 2011 to 0.61:1 in 2014. Finally, information technology has risen from 39% in 2011 and 2012 to 43% in 2013 and 61% in 2014.

#### 4.8 Customer Quality Focus and Operational performance

**Introduction:** Customer quality focus is the orientation of an organization toward serving its clients' needs. Having a customer quality focus is usually a strong contributor to the overall success of a business and involves ensuring that all aspects of the company put its customers' satisfaction first.

**Probe:** The respondents were requested to indicate to what extent each of the following statements were in relation to customer quality focus and the operations of commercial government owned entities in Kenya on a five point Likert scale ranging from low to high extent.

**Table 4.6 Customer Quality Focus and Operational performance**

	N	Mean	Std. Dev.
<b>Impact of Customer quality focus on Operational Performance</b>			
Customer quality focus has Increased in Employees attitude towards quality	31	4.000	.516
Customer quality focus has enabled the organization to focus on core competences of business	31	3.645	.709
Customer quality focus has improved services	31	3.613	.715
Ability to meet expectations of the customer.	31	3.387	.882
Customer quality focus has increased inflow of information among departments	31	3.290	.973
Customer quality focus has increased in the customer satisfaction index	31	3.258	.999
Customer quality focus has minimized customer complaints about the quality of service	31	3.258	.999
Timely and speedy response to the needs of customers.	31	3.129	.806

Customer quality focus has increased in Communication between departments	31	2.903	.598
---------------------------------------------------------------------------	----	-------	------

**Interpretation:** According to the findings in Table 4.6 above, the respondents agreed that; Customer quality focus has increased in employees attitude towards quality. Customer quality focus has enabled the organization to focus on core competences of business. Customer quality focus has improved services. The respondents also moderately agreed that customer quality focus has improved ability to meet expectations of the customer. Customer quality focus has increased inflow of information among departments. Customer quality focus has minimized customer complaints about the quality of service and customer quality focus has increased in the customer satisfaction index. Timely and speedy response to the needs of customers. On the other hand the respondents however disagreed that Customer quality focus has increased in communication between departments.

**Indication:** The findings indicate that customer quality focus had influenced the operations of commercial government owned entities in Kenya to the extent of; increase in employees attitude towards quality, enabling the organization to focus on core competences of business and improving services.

**Discussion:** the findings agree with those by Sakwa (2014) that most customers today would prefer to be charged higher rates for services should they be given faster services, as opposed to free and slower services. This requires an organization to concentrate on the customer. This ensures that the organization can respond better to customer needs, and create links between marketers and customers by understanding who they are and what they want.

## **4.9 Inferential Statistics**

The study further applied multiple regressions to determine the predictive power of customer quality focus practices on operational performance in the improvement of services among Kenyan government owned entities.

### **4.9.1 Regression Analysis**

The Regression Analysis was carried out to calculate the regression coefficient and regression equation using the independent variable, which was customer quality focus practices in this study and the dependent variable which was operational performance in the improvement of services among Kenyan government owned entities (GOEs). The researcher applied the statistical package for social sciences (SPSS V 20.0) to code, enter and compute the measurements of the multiple regressions for the study.

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (operational performance among Kenyan government owned entities (GOEs)) that is explained by all the three independent variables (customer service & satisfaction, information technology, and managerial performance). The results of the regression analysis are show in the table overleaf:



**Table 4.7 Model Summary**

---

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.885	0.783	0.619	0.6273

---

a) Predictors: (Constant),

b) Dependent Variable: operational performance among Kenyan government owned entities (GOEs)

**Source: Researcher (2015)**

The results of multiple regression analysis obtained multiple correlation coefficient (R) of 0.885 indicates multiple correlation (management involvement, customer service & satisfaction and information technology) with operational performance among Kenyan government owned entities (GOEs). Adjusted R<sup>2</sup> value of 0.783 indicates the extent of the role or contribution of management involvement, customer service & satisfaction and information technology are able to explain operational performance among Kenyan government owned entities (GOEs) variable as big as 78.3 percent.

#### 4.9.2 Analysis of Variance (ANOVA)

**Table 4.8: ANOVA of the Regression**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	12.534	9	8.267	1.552	.0031
	Residual	29.307	21	5.327		
	<b>Total</b>	<b>41.841</b>	<b>30</b>			

Source: Research Findings

Predictors: (Constant), management involvement, customer service & satisfaction and information technology

Dependent Variable: operational performance among Kenyan government owned entities (GOEs)

**Source: Researcher (2015)**

The strength of variation of the predictor values influence the operational performance among Kenyan government owned entities (GOEs) variable at 0.0031 significant levels. This shows that the overall model was significant.

### 4.9.3 Correlation Analysis

**Table 4.9 Coefficient of Determination**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.301	0.2235		5.821	0.011
	customer service & satisfaction	0.801	0.1032	0.761	7.762	.009
	information technology	0.763	0.2178	0.691	3.503	.028
	management involvement	0.794	0.1937	0.683	4.099	.019

**Source: Researcher (2015)**

Multiple regression analysis was conducted as to determine the relationship between operational performance among Kenyan government owned entities (GOEs) and the three independent variables. P-values were used to test for the significance of each predictor variables (customer quality focus practices) in the model. The customer quality focus practices were significant when the significance value was less than 0.05 (significance level). As per the SPSS generated table below, regression equation

( $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$ ) becomes:

( $Y = 1.301 + 0.801X_1 + 0.763X_2 + 0.794X_3 + \varepsilon$ )

Relationship between customer service & satisfaction and operational performance among Kenyan government owned entities (GOEs). The t value and significance levels were 7.762 and 0.009 against the significance level of 0.05 respectively, which indicates that the independent variable of customer service & satisfaction explained a highly significant proportion of the variation in the dependent variable operational performance among Kenyan government owned entities (GOEs).

Relationship between information technology and operational performance among Kenyan government owned entities (GOEs). The t value and significance levels were 3.503 and 0.028 against the significance level of 0.05 respectively which indicates that the independent variable of information technology explained a highly significant proportion of the variation in the dependent variable operational performance among Kenyan government owned entities (GOEs).

Relationship between management involvement and operational performance among Kenyan government owned entities (GOEs). The t value and significance levels were 4.099 and 0.019 against the significance level of 0.05 respectively which indicates that the independent variable of management involvement explained a highly significant proportion of the variation in the dependent variable operational performance among Kenyan government owned entities (GOEs).

The findings further reveal the order of significance of the effect of customer quality practices on operational performance among Kenyan government owned entities (GOEs) starting with the most significant to the least is; customer service & satisfaction, management involvement and information technology respectively.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents summary of findings, conclusion and recommendations. Section 5.2 provides the summary of the study, section 5.3, the conclusion, and section 5.4, limitations of the study while section 5.5 presents recommendations for further research.

#### **5.2 Summary**

The study found out that the management of Kenyan government owned entities (GOEs) clearly communicates its goals and strategies to its employees.

#### **Customer Service and Satisfaction**

The study established that the parastatals had implemented the following Customer Focus Drivers. All activities in service production and marketing are built around the customer. Good customer relationship management is practiced and a customer relationship program maintained. There is comprehensive employee involvement in catering to customers' needs. The parastatal has mechanisms in place to determine the kind of service the customer wants. The parastatal continuously gathers information in order to stay in tune with the customer's needs. The parastatal has clear procedures to determine the level of customer satisfaction with the existing services. The parastatal has implemented a philosophy of putting the customer first. The parastatal has put measures in place to determine the quality of services that the customer needs for the department. Post service standards and measure results against them. However there were

no service provider and customer interactions so that valuable feedback can get to the relevant authorities.

### **Information Technology Mapped to Customer Service**

The study determined that the parastatals implemented information technology in its work place directed towards customer quality focus resulting to better access to customer details thanks to information technology. The quality of service offered to the customer by the parastatal has improved with the introduction of technology. The use of information technology has allowed the parastatal achieve certain benchmarks in making the parastatal more attractive. The parastatal has invested in information technology towards customer service. The parastatal, through information technology, has ensured that information and services systems easily accessible to the customer. If a customer contacts the Parastatal's customer service, they shall have all problems catered to.

### **Managerial Involvement in Provision of Customer Service**

The study identified the significant influences of managerial involvement in the provision of customer service in the parastatals as; employees in the parastatal are encouraged to interact with customers and aid where they are suited to. Parastatal offers its employees adequate training to perform their tasks effectively with regards to offering services to customers. Managers in each sector of the parastatal have set specific measures linked to the overall objectives of the parastatal to ensure that strategic objectives, customer requirements, and improvement initiatives are linked and aligned. The parastatal's management collects information about both current customers and potential customers. However, there is no clear line of communication in the

parastatal between employees and senior management when it comes to interacting with customers. Managers in the parastatal do not conduct research about the customers and their expectations of the parastatal to. Parastatal do not offer rewards to employees at the customer service level for interaction with, and retention and recruitment of customers. Management in the parastatal has not given employees are given a chance to participate in decision making with regards to services offered to customers.

### **Operational Performance Measure in Respondents Organizations**

Operational performance was found to have increased during the 2011-2014 period in relation to various aspects of the organization as a result of the quality measures such as; customer satisfaction from 36.7% in 2011 to 55.4% in 2014. Employee involvement in answering customer complaints, from 48.2% in 2011 to 62.5% in 2014. The range of services to 45% from 21% in 2011, 34% in 2012 and 37% in 2013. The parastatals have also saved on cost from 11% in 2011 to 33% in 2014. In relation to capacity utilization, the parastatals have also experienced a slight increase from 61% in 2011 to 71% in 2014. Lead time has decreased from 16 days in 2011 to 9 in 2014. The return on investment has also improved from 0.42:1 in 2011 to 0.61:1 in 2014. Finally, information technology has risen from 39% in 2011 and 2012 to 43% in 2013 and 61% in 2014.

### **Customer Quality Focus and Operational performance**

Customer quality focus was found to have increased in employees' attitude towards quality. Customer quality focus was found to have enabled the organization to focus on core competences of business. Customer quality focus was found to have improved services. The Customer quality focus was found to have improved ability to meet expectations of the customer.

Customer quality focus was found to have increased inflow of information among departments. Customer quality focus was found to have minimized customer complaints about the quality of service and customer quality focus has increased in the customer satisfaction index. Customer quality focus was found to have resulted in timely and speedy response to the needs of customers. Customer quality focus was found not to have increased in communication between departments.

The study further revealed the order of significance of the effect of customer quality practices on operational performance among Kenyan government owned entities starting with the most significant to the least is; customer service & satisfaction, management involvement and information technology respectively.

### **5.3 Conclusion**

The purpose of the research was to find out level of impact of customer quality focus practices and operational performance in the improvement of services among Kenyan government owned entities.

The study concluded that the management of Kenyan government owned entities clearly communicates its goals and strategies to its employees. It is the role of management to create a vision of customer service and to communicate it clearly and repeatedly throughout the organization and, in particular, with the customer service representatives. Managers must impact that, buy in, and serve as big mirrors reflecting the customer service quality they expect.

The study concluded that customer focus drivers by the parastatal had been implemented in relation to activities in service production and marketing as well as good customer relationship



management. The parastatals had implemented information technology in its work place directed towards customer quality focus such as; access to customer details, quality of service offered.

Effective goal communication makes your organization work coherently and efficiently by eliminating confusion, streamlining efforts and including every member of your team, from front-line workers to upper level executives. The study also concluded that that managerial involvement in the provision of customer service in the parastatals was low, touching mainly on encouraging employees in the parastatal to interact with customers and aid where they are suited to.

In relation to operational performance, there was an increase during the 2011-2014 period in relation to various aspects of the organization as a result of the quality measures such as; customer satisfaction, employee involvement in answering customer complaints, range of services, cost saving, capacity utilization, lead time, return on investment as well as information technology. The study finally concluded that that customer quality focus had influenced the operations of commercial government owned entities in Kenya to the extent of; increase in employees' attitude towards quality, enabling the organization to focus on core competences of business and improving services.

#### **5.4 Limitations of the Study**

As it has always been with most academic activities this research is not without limitations. Some of the limitations encountered during the entire research period are outlined below.

The research constitutes a cross-sectional snapshot based on thirty four (34) commercial government owned entities in Kenya. It is difficult to estimate the potential lags between

operational performance and the outcomes achieved by the parastatals. A longitudinal study would be necessary to overcome such limitations.

The study also suffers from a common limitation in quantitative research: the use of subjective measures for the variables considered. However, it is widely reported in the literature that this procedure increases the response rate as well as that there is a high correlation between subjective and objective data on performance (Venkatraman and Ramanujan, 1986). The use of self-reported data may induce social desirability bias, although the assurance of anonymity can reduce such bias when responses concern sensitive topics (Hair et al., 1999).

### **5.5 Recommendations for Policy and Practice**

In responding to the research objective on the level of impact of customer quality focus practices and operational performance in the improvement of services among Kenyan government owned entities, from the evidence of this research, the recommendations reached for this study, are that the success of customer quality focus practices depends on the following:

Customer service training which gives agents the skills and knowledge needed to perform their jobs well. However, sometimes employees need additional assistance with skill adoption. It has been proven that long term behavioral change in staff will only happen as a result of quality training and effective coaching.

Communication of strategy must include all employees, and the flow of communication needs to be in both directions: top-down and bottom-up communication must be in concert with one another.

To stay in competition, the parastatals must set goals alright which is in the form of promise to customers. But to be ahead of competitors or to remain in competition parastatals must give more than the expectation of customers so as to delight them.

Finally, the management should supervise the customer service personnel closely so that customers may have a pleasant encounter with the organization.

### **5.6 Recommendations for Further Research**

In responding to the research question on the application of quality improvement practices and business performance among commercial state corporations in the, from the evidence of this research, the recommendations reached for this study, are that the success of quality improvement practices depends on the following:

While some organizations continue to be able to record impressive performance due to their IT investments, others record low or negative IT business value. There is the need, therefore, to better understand the sources of such variations and, consequently, the mechanisms by which IT contributes to firm performance. For decision makers, while it is necessary for firms to invest in building and deploying IT to improve their customer service process, the performance effects of such investments depend on the presence of certain firm-specific resources that are complementary to IT. Business executives should note that creating and utilizing unique organization environment are crucial to realizing benefits from their IT investments.

Further research can look at the management's point of view as far as customer service provision in Fidelity bank is concerned, for comparison.

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE

#### Introduction

This questionnaire has been designed for the sole purpose of collecting data on the Customer Quality Focus and Operational Performance of Commercial Government Owned Entities in Kenya. The data collected will be treated with a very high degree of confidentiality and it is meant for academic purpose only.

In order to ensure confidentiality do not put down your name on the questionnaire but please answer the questions as honestly and objectively as possible.

#### Section A. (Personal Information)

Tick the following questions where it's appropriate

##### 1. Number of years worked in the organization

- |                    |                          |
|--------------------|--------------------------|
| Less than 6 months | <input type="checkbox"/> |
| 6 months to 1 year | <input type="checkbox"/> |
| 1 year – 5 years   | <input type="checkbox"/> |
| 6-10 years         | <input type="checkbox"/> |
| 11 and Over        | <input type="checkbox"/> |

##### 2. Kindly indicate the department you are work in in the organization (tick the appropriate box)

- |                  |                          |
|------------------|--------------------------|
| HR               | <input type="checkbox"/> |
| Marketing        | <input type="checkbox"/> |
| Operations       | <input type="checkbox"/> |
| Finance          | <input type="checkbox"/> |
| Customer Service | <input type="checkbox"/> |
| Other (Specify)  | <input type="checkbox"/> |

3. The company clearly communicates its goals and strategies to me

Strongly Disagree [ ]

Somewhat Disagree [ ]

Neutral [ ]

Somewhat Agree [ ]

Strongly Agree [ ]

**SECTION B**

## Customer Service & Satisfaction

4. To what extent has your parastatal implemented the following Customer Focus Drivers?

(Please tick appropriately)

<b>Level of customer focus</b>	<b>Very Great Extent</b>	<b>Great Extent</b>	<b>Moderately</b>	<b>Small Extent</b>	<b>Very Small Extent</b>
The parastatal has implemented a philosophy of putting the customer first					
The parastatal has mechanisms in place to determine the kind of service the customer wants					
All activities in service production and marketing are built around the customer					
The parastatal has put measures in place to determine the quality of services that the customer needs for the department					
The parastatal has clear procedures to determine the level of customer satisfaction with the existing services					
Good customer relationship management is practiced and a customer relationship program maintained					

The parastatal continuously gathers information in order to stay in tune with the customer's needs					
Comprehensive employee involvement in catering to customers' needs					
Post service standards and measure results against them					
Service provider and customer interactions so that valuable feedback can get to the relevant authorities					

**SECTION C**

**Information Technology mapped to customer service**

5. To what extent has your firm implemented information technology in its work place directed towards customer quality focus? Please tick appropriately.

	<b>Very Great Extent</b>	<b>Great Extent</b>	<b>Moderately</b>	<b>Small Extent</b>	<b>Very Small Extent</b>
The parastatal has invested in information technology towards customer service					
If a customer contacts the parastatal's customer service, they shall have all problems catered to					
The parastatal, through information technology, has ensured that information and services systems easily accessible to the customer					
The quality of service offered to the customer by the parastatal has improved with the introduction of technology					
The parastatal has better access to customer details thanks to information technology					
The use of information technology has allowed the parastatal achieve certain benchmarks in making the					

parastatal more attractive					
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**SECTION D**

**Managerial involvement in Provision of Customer Service**

6. Kindly indicate the extent to which you agree with the following aspects on managerial involvement in the provision of customer service. Please tick appropriately

	<b>Very Great Extent</b>	<b>Great Extent</b>	<b>Moderately</b>	<b>Small Extent</b>	<b>Very Small Extent</b>
Managers in the parastatal conduct research about the customers and their expectations of the parastatal.					
The parastatal’s management collects information about both current customers and potential customers.					
Managers in each sector of the parastatal have set specific measures linked to the overall objectives of the parastatal to ensure that strategic objectives, customer requirements, and improvement initiatives are linked and aligned.					
Management in the parastatal has given employees are given a chance to participate in decision making with regards to services offered to customers					

<p>The parastatal offers rewards to employees at the customer service level for interaction with, and retention and recruitment of customers.</p>					
<p>There is a clear line of communication in the parastatal between employees and senior management when it comes to interacting with customers.</p>					
<p>Employees in the parastatal are encouraged to interact with customers and aid where they are suited to.</p>					
<p>The parastatal offers its employees adequate training to perform their tasks effectively with regards to offering services to customers.</p>					



7. Do you believe that operational performance measures in your organization are adequate to ensure that there is; (tick the appropriate box)

	<b>Unit of measurement</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
New business initiatives enhanced with advancement in enhancement of information technology	N <sup>o</sup>				
Customers satisfied with the overall service provided by the parastatal	%				
Customers satisfied with the overall handling of complaints provided by the parastatal	%				
Resources allocated to innovation	%				
Customer participation in new transactions	%				
Employee involvement in answering customer complaints	%				
Range of services	N <sup>o</sup>				
Cost of functions vis-à-vis revenues	%				
Regulatory inquiries handled, routine vs non-routine	N <sup>o</sup>				
Capacity Utilization of employees catering to customers	%				
Customers satisfied with the overall response time to complaints handled by the parastatal	Days				
Return on investment	Kshs				

**Customer Quality Focus and Operational performance**

8. Indicate to what extent each of the following statements are in relation to customer quality focus and the operations of commercial government owned entities in Kenya on a five point likert scale.

1 = Very Small Extent; 2= Small Extent; 3= Moderately; 4= Great Extent; 5= Very Great Extent

<b>Impact of Customer quality focus on Operational Performance</b>	<b>Very Great Extent</b>	<b>Great Extent</b>	<b>Moderately</b>	<b>Small Extent</b>	<b>Very Small Extent</b>
Customer quality focus has Increased in Employees attitude towards quality					
Customer quality focus has enabled the organization to focus on core competences of business					
Customer quality focus has improved services					
Customer quality focus has increased in Communication between departments					
Customer quality focus has increased inflow of information among departments					
Customer quality focus has increased in the customer satisfaction index					
Timely and speedy response to the needs of customers.					
Ability to meet expectations of the customer.					
Customer quality focus has minimized customer complaints about the quality of service					

**Thank you for your cooperation!**

## APPENDIX 2: LIST OF KENYAN GOVERNMENT OWNED ENTITIES

- Agricultural Development Corporation
- Agricultural Finance Corporation
- Agro-Chemical & Food Company Ltd
- Athi Water Services Board
- Bomas of Kenya Ltd
- Capital Markets Authority
- Catchment Area Advisory Committee
- Catering Tourism and Training Development Levy Trustees
- Central Water Services Board
- Chemilil Sugar Company Limited
- Coast Development Authority
- Coast Water Services Board
- Coffee Board Of Kenya
- Coffee Research Foundation
- Commision for Higher Education
- Communication Commission of Kenya
- Consolidated Bank of Kenya
- Cooperative College of Kenya
- Council for Legal Education
- Deposit Protection Fund Board
- East African Portland Cement Co.
- Egerton University
- Ewaso Ng'iro South Development Authority
- Export Processing Zone Authority
- Export Promotion Council
- Gilgil Telecommunications industries
- Higher Education Loans Board
- Horticultural Crops Development Authority
- Horticulture Crops Development Authority
- Industrial and Commercial Development Corporation
- Industrial Development Bank
- Investment Promotion Centre
- Jomo Kenyatta University of Agriculture and Technology

- KASNEB
- Kenya Agricultural Research Institute
- Kenya Airports Authority
- Kenya Anti-Corruption Commission
- Kenya Broadcasting Corporation
- Kenya Bureau of Standards
- Kenya Bureau of Standards (KEBS)
- Kenya Civil Aviation Authority
- Kenya College of Communication & Technology
- Kenya College of Communications Technology
- Kenya Dairy Board
- Kenya Electricity Generating Company
- Kenya Ferry Services Limited
- Kenya Forestry Research Institute
- Kenya Industrial Estates
- Kenya Industrial Property Institute
- Kenya Industrial Research & Development Institute
- Kenya Institute Of Administration
- Kenya Institute of Public Policy Research and Analysis
- Kenya Literature Bureau
- Kenya Marine & Fisheries Research Institute
- Kenya Maritime Authority
- Kenya Meat Commission
- Kenya National Assurance Company
- Kenya National Examination Council
- Kenya National Library Service
- Kenya National Shipping Line
- Kenya National Trading Corporation Limited
- Kenya Ordinance Factories Corporation
- Kenya Pipeline Company Ltd
- Kenya Plant Health Inspectorate Services
- Kenya Ports Authority
- Kenya Post Office Savings Bank
- Kenya Railways Corporation

- Kenya Re-insurance Corporation
- Kenya Revenue Authority
- Kenya Roads Board
- Kenya Safari Lodges & Hotels
- Kenya Seed Company Ltd
- Kenya Sisal Board
- Kenya Sugar Board
- Kenya Sugar Research Foundation
- Kenya Tourist Board
- Kenya Tourist Development Corporation
- Kenya Utalii College
- Kenya Water Institute
- Kenya Wildlife Service
- Kenya Wine Agencies Limited
- Kenyatta International Conference Centre
- Kenyatta University
- Kerio Valley Development Authority
- Lake Basin Development Authority
- Lake Victoria South Water Service Board
- Lake Victoria South Water Service Board
- Local Authority Provident Fund
- Maseno university
- Moi University
- National Aids Control Council
- National Bank of Kenya
- National Cereals and Produce Board
- National Council for Law Reporting
- National Environmental Management Authority
- National Hospital Insurance Fund
- National Housing Corporation
- National Irrigation Board
- National Museums of Kenya
- National Oil Corporation of Kenya Ltd
- National Social Security Fund(NSSF)

▪ National Water Conservation and Pipeline Corporation
▪ National Co-ordinating Agency for Population and Development
▪ New K.C.C
▪ NGO's Co-ordination Bureau
▪ Numerical Machining Complex
▪ Numerical Machining Complex
▪ Nyayo Tea Zones Development Corporation
▪ Nzoia Sugar Company
▪ Pest Control Products Board
▪ Postal Corporation of Kenya
▪ Pyrethrum Board of Kenya
▪ Retirement Benefits Authority
▪ Rift Valley Water Services Board
▪ School Equipment Production Unit
▪ South Nyanza Sugar Company
▪ Sports Stadia Management Board
▪ Tana and Athi Rivers Development Authority
▪ Tea Board Of Kenya
▪ Tea Research Foundation Of Kenya
▪ Teachers Service Commission
▪ Telkom (k) Ltd
▪ University of Nairobi
▪ University of Nairobi Enterprises & Services Ltd
▪ Water Resources Management Authority
▪ Water Services Regulatory Board
▪ Western University College of Science and Technology

### **APPENDIX 3: LIST OF KENYAN COMMERCIAL GOVERNMENT OWNED ENTITIES**

- 1 Agro-Chemical and Food Company
- 2 Kenya Meat Commission
- 3 Muhoroni Sugar Company Ltd
- 4 Nyayo Tea Zones Development Corporation
- 5 South Nyanza Sugar Company Limited
- 6 Chemilil Sugar Company Ltd
- 7 Nzoia Sugar Company Ltd
- 8 Simlaw Seeds Kenya
- 9 Simlaw Seeds Tanzania
- 10 Simlaw Seeds Uganda
- 11 Kenya National Trading Corporation (KNTC)
- 12 Kenya Safari Lodges and Hotels Ltd (Mombasa Beach Hotel, Ngulia Lodge, Voi Lodge)
- 13 Golf Hotel Kakamega
- 14 Kabarnet Hotel Limited
- 15 Mt Elgon Lodge Companies
- 16 Sunset Hotel Kisumu
- 17 Jomo Kenyatta Foundation
- 18 Jomo Kenyatta University Enterprises Ltd
- 19 Kenya Literature Bureau (KBL)
- 20 Rivatex (East Africa) Ltd
- 21 School Equipment Production Unit
- 22 University of Nairobi Enterprises Ltd
- 23 University of Nairobi Press (UONP)
- 24 Development Bank of Kenya Ltd
- 25 Kenya Wine Agencies Ltd (KWAL)
- 26 KWA Holdings
- 27 New Kenya Co-operative Creameries
- 28 Yatta Vineyards Ltd
- 29 National Housing Corporation
- 30 Research Development Unit Company Ltd
- 31 Consolidated Bank of Kenya
- 32 Kenya National Assurance Co. (2001) Ltd
- 33 Kenya Reinsurance Corporation Ltd
- 34 Kenya National Shipping Line

**APPENDIX 4: LETTER OF INTRODUCTION**



**UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
MBA PROGRAMME**

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE... 02/10/2015

**TO WHOM IT MAY CONCERN**

The bearer of this letter ... MICHAEL MARTIN JI KANG'ETI .....  
Registration No. ... MB1/60384/2013 .....

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

**PATRICK NYABUTO  
MBA ADMINISTRATOR  
SCHOOL OF BUSINESS**

