THE INFLUENCE OF SERVICE QUALITY ON PERFORMANCE OF BARCLAYS BANK OF KENYA LIMITED

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DECLARATION

This research project is my original work and has not been submitted for a degree at the University of Nairobi or any other University.

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This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this project to my valued family – my husband Dr Barnard Aseto and our children Major, Geno and Hawi whose love, patience, support and encouragement I have enjoyed throughout my study time.

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ABSTRACT

The purpose of the study was to determine the influence of service quality on performance of Barclays Bank of Kenya limited. The study was guided by the following research objectives: to determine the key service quality dimensions that customers consider important in the provision of financial services and to examine the influence of service quality on the performance of Barclays Bank of Kenya Limited (BBK). The study adopted a case study design. The data were collected from all managers involved in service delivery. The main departments were Customer Service, Branch Management, IT Operations, Performance and Analytics and the Operations departments. A total of 10 respondents were interviewed; 2 from each of the 5 departments. Both primary and secondary data were used in the study. The data were analysed using content analysis. It established that various departments in Barclays Bank are involved in providing service quality and that there are various ways in which service quality is measured in different departments. The study established that Barclays Bank business performance measures are clustered under customer measures, colleague measures, company measures, conduct and citizenship measures. These form the balanced scorecard. The study concluded that the dimensions of service quality considered most important by customers were Reliability and Responsiveness while Tangibles was considered the least important dimension. It was further concluded that service quality gaps were present in Barclays Bank in varying degrees and that a number of measures were in place to address the gaps. Finally, the study concluded that the service quality has a significant influence on the performance of Barclays Bank and makes an important contribution to profitability of the Bank. Improvement in service quality has been the catalyst for a number of investment decisions which targets improved customer satisfaction, staff development and system and process improvement. The study recommended that the contribution of service quality to business performance be deliberately tracked and shared with different departments. The study further recommended that existing service level agreements with third party suppliers be enforced to ensure that the quality of service provided is consistent with Barclays' service quality that meets customer expectations. This would ensure that service quality remains a genuine differentiator in an environment where banking services including pricing are becoming increasingly homogeneous.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Service organisations can differentiate themselves by delivering services of higher quality than their competitors. Poor service quality disappoints customers and erodes their confidence in an organisation's performance. Quality and productivity are twin paths for the creating value for the customer and the firm. While service quality focuses on the benefits created for the customers, productivity affects the financial performance of the firm (Lovelock & Wirtz, 2011). Palmer (2014) holds that an important question for many organisations is the effect of providing high quality services on the company's profitability. He argues that this has led to extensive research into the financial returns from improving all aspects of an organisation's value-creating processes and posits that there is considerable support for a link between improvements in service quality and improvements in financial performance.

Fornell et al. (2006) presented a study as measured by American Customer Satisfaction Index (ACSI) which found that customer satisfaction was significantly related to the firm's stock market value. In a large and wide-ranging empirical study undertaken in the United Kingdom, it was found that service providers linked with higher service quality had a significantly better return on equity than service providers with poorer quality. This phenomenon applies to organisations of all sizes (Bates et al, 2003). Zeithmal et al (1990) reported when service quality is high then consumers are not price sensitive and remain loyal even in the face of price increase which in turn improves the company's financial performance.

This study will be mainly directed by the SERVQUAL Model which focuses on the dimensions of service quality as well as the Gap model of service quality. Technical and functional quality model will be discussed as well as approaches used to measure service quality. The SERVQUAL model was identified through ground-breaking research by Parasuraman et al (2008). In this research they suggested that customers can evaluate a firm's service quality by comparing their perceptions of its service with their own expectations. They further argued that customers do not perceive quality in a uni-dimensional way but rather judge service quality based on multiple factors relevant to the context.

Their research identified five specific dimensions of service quality relevant in a number of service settings. The five dimensions are reliability, assurance, tangibles, empathy and responsive that will be discussed in detail in this study. These dimensions represent how customers organise information about service quality in their minds. The SERVQUAL measurement tool can be used across broadly within the service industry. They have been found relevant for banking, insurance, securities brokerage and others (Wilson et al, 2012). The SERVQUAL methodology identifies five gaps where there may be a shortfall between expectations and perceptions of actual service delivery. This is known as the gaps model. The gaps model is useful its ability to identify objectively cases of poor service quality within an organisation (Palmer, 2014). The gap model will be discussed in detail in the study. The drive of the study is to understand how service quality influences the performance of Barclays Bank of Kenya. Barclays Bank of Kenya is an appropriate case study as it is a major player in the banking industry with a focus on service at the core of its strategy.

Service is the first of five key strategic themes for the Bank and is also one of the core values. Customer and Client is a key area of focus in the balanced scorecard for senior executives. This would make Barclays Bank a good reference point for the study as a company that places high value on the importance of Customer Service and invests significant resources to the improvement of service quality and customer service in general (www.barclays.com). The study will also enable assess if indeed there is a positive return on quality that positively impacts a company's performance.

1.1.1 The Concept of Service Quality

The subject of service quality continues to arouse considerable interest from different stakeholders – organisations, customers, academicians, practitioners (Negi, 2009). Clow and Vorhies (1993) argue that quality is the lifeblood that brings increased patronage, competitive advantage and long term profitability. Defining and monitoring the quality of a service is very different from defining and monitoring the quality of a tangible product (Baron, Harris & Hilton, 2009). In contrast to manufacturing, service organizations produce a product that is in- tangible. Usually, the complete product cannot be seen or touched; it is experienced. Examples of services include repairing a car, providing professional advice, experience of staying at a vacation resort, and learning at a university. The intangible nature of the product makes defining its quality difficult (Baron, Harris & Hilton, 2009).

Gronroos (1984a) and others suggest that the perceived quality of a service is the result of a customer's evaluation process. In this evaluation process the customers compare their perceptions of service delivery and its outcome to what they expect. They therefore defined perceive service quality as the gap between customer perceptions and their expectations of a service. This is the definition that will be used in this study.

Service quality gives a company an important edge to differentiate from its competitors in a competitive environment. It provides a competitive advantage and results in customer satisfaction (Ladhari, 2009).

1.1.2 Organizational Performance

Traditionally, organizations have measured their performance largely on the basis of financial indicators such as profits, sales and return on investment. Wilson et al (2012) observed that this approach has resulted in companies emphasising financials to the exclusion of other important performance indicators. In recent years, many organizations have adopted the use of balanced scorecard to measure organizational performance; an approach that Wilson et al., (2012) considers to be holistic and more comprehensive in measuring performance.

The balance scorecard is a comprehensive set of measures that takes into account both financial measures and non-financial measures in an organisation (Silk 1998). In using the balanced scorecard approach performance is tracked and measured in multiple dimensions such as financial performance, customer service, social responsibilities, employee stewardship. The balanced scorecard therefore brings together, in a single management report, performance elements that were previously in separate reports, enabling senior managers consider all important performance measures together and provides a holistic view of an organisation's performance.

1.1.3 Barclays Bank of Kenya Limited

Barclays Bank of Kenya is one of Kenya's leading Tier 1 commercial banks in Kenya and provider of financial services. Banks are ranked according to the value of their assets and

Tier 1 banks are the largest commercial banks in the industry. Tier 1 Banks are banks with assets worth above Kshs 150 billion. In the recent survey, 'The Banking Survey 2016' carried out by Think Business, which covered financial institutions, Barclays Kenya was ranked the second largest Tier 1 financial institution. Barclays Kenya is licensed by the Central Bank of Kenya which the regulator for Banks and is also quoted on the Nairobi Stock Exchange. Barclays has been a major player in Kenya's financial landscape and has been associated with a number of firsts including the launch of the first ATM in Kenya, Sharia Banking and unsecured lending. The bank has presence in 38 counties, 121 branches and more than 230 ATMs as well as a robust Internet and Mobile banking platform. The bank offers end to end financial solutions to personal banking, enterprise, credit cards, corporate and bancassurance customers and its regional footprint enables it to offer cutting edge financial solutions to its clients.

Barclays Bank statement of purpose is to help people achieve their ambitions in the right way. Provision of quality services remains a key pillar of strategic focus. Service and Excellence are part of the Bank's core values and the Bank's philosophy. These values are embedded in the Bank's culture and form part of an employee's bi-annual performance appraisal. Barclay's goal is to be the 'Go-To' bank for customers in its chosen market segments and putting customers at the centre of what they do (www.barclays.com)

1.2 Research Problem

Service quality is recognised as a key source of competitive advantage for organisations seeking to differentiate their service offerings. As competition increases in the marketplace, organisations are under pressure to get the optimal returns on investment. In today's competitive global environment, delivery of quality service is considered paramount and an essential strategy for success and survival (Parasuraman et al., 2005). Organisations are under immense to deliver quality service and improve efficiencies. This pressure stems for from their customers who are becoming increasingly discerning and knowledgeable.

Barclays Bank has over 43 banks in direct competition. The proliferation and success of non-traditional competitors to banks, such as mobile network operators (MNOs), innovation in financial services is posing a new challenge to banks. Banks will therefore need to identify core competencies that give them not only competitive advantage, but sustainable competitive advantage and continue to remain profitable. The banking industry is very competitive however the services offered are fairly homogenous. Competing on price is not an option for the banks as it is not a sustainable strategy. Customer service has been seen as a forerunner in gaining such advantage alongside other factors such as innovation and diversification of products and services.

Zeithmal, Bitner, Gremler and Pandit (2013) sought to understand the relationship between service and profits and found strong evidence to support the relationship. Their study emphasised the importance of identifying the service quality dimensions that influence organisations profitability. Doing so will help organisations understand the aspects of service quality to change to influence the relationship with profits enabling them determine how to invest resources. The constant question is how to ascertain whether service quality improvements will be a good investment as well as where to invest financial resources to achieve the highest return and optimal organisational performance. As organisations are keen to achieve maximum return on investment, understanding the service quality key value drivers and the relationship to profitability will enable them make informed strategic choices from the available options.

Allen (2004) explains that a clear, sustained and continuous quality improvement needs to understand the contribution of service quality to a company's performance. He further suggests that managers will need to clearly understand the return on service quality. Rust and Zahorik (1995) underscore the importance of an organisation focussing specifically on the linkage between service and product quality and financial outcomes as well as other organisational outcomes. They have on a quantitative measure that they termed as return on quality or ROQ. Barclays Bank has not yet quantified the benefit to the organisation of their service quality programs. This research will therefore enable provide the linkage between service quality and the banks performance across more metrics over and above the financial outcomes.

Omollo (2011) carried out a study on the effect of service quality management on the financial performance of commercial banks in Kenya. The study revealed that service quality management was important in ensuring better financial performance. A study by Doreen (2013) on service quality and operational performance in tour operators in Kenya found that despite significant level of implementation of various quality components, firms are still unable to attain high operational performance. A related study by Rachilo (2013) on internal service quality management and operational performance among commercial banks in Kenya, established that various service measures contributed to operational performance. These studies have not addressed holistically the contribution of service quality practices to banks performance, as outlined in the balanced scorecard. This leaves a research gap that needs to be addressed. This research sought to answer the following research question: What is the influence of service quality on performance of Barclays Bank of Kenya Limited.

1.3 Research Objectives

The objectives of the study were to:

i) Determine the key service quality dimensions that customers consider important in the provision of financial services

ii) Examine the influence of service quality on the performance of Barclays Bank of Kenya Limited

1.4 Value of the Study

It is expected that the findings of this research will be beneficial to the management of Barclays Bank whose goal is to excel in service delivery and the service quality dimensions considered important by customers and a result drive customer satisfaction and increased profitability. The findings will also be beneficial practitioners in the financial services industry in highlighting the key drivers of service quality that positively impact organisational performance. This knowledge will enable them objectively make appropriate investment decisions in service quality that meets their customers' expectations.

Scholars, academicians and researchers in service marketing will enhance their understanding on the subject of study and enrich their knowledge. It will form background for further research in this area. The research findings are expected to contribute to a better understanding on the influence of service quality on performance of Barclays Bank of Kenya Limited. In so doing, contribute to the available body of knowledge.

The findings of the study will be beneficial to Central Bank of Kenya (CBK) as the regulator of the banking industry, in shaping its policies on customer management by commercial banks. CBK can use the findings to enforce service quality standards that banks will need to comply with. If banks comply with these policies then service delivery by banks will meet both the service standards and expectations of customers. As a result, bank customers will benefit from consistent high quality of services that meets their expectations.

The findings of this research will be useful to competitors of Barclays Bank in service-based organisations. It will enable them improve their service quality standards against customers' expectations of their services. This study will highlight to competitors areas where they need to maintain their service levels because they align well with customer expectations, as well as indicating areas where they need improve on their service delivery. Finally, for shareholders who seek a positive return on their investment, the findings of this research will be beneficial. It will equip with them relevant knowledge to enable them influence decisions impacting customer service in the companies where they hold a stake. They will be better equipped in ensuring that the right decisions are taken that drive service quality which in turn positively impacts profitability.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature on the variables of the study. The discussion includes the different dimensions of service quality, theories and measures of service quality. The chapter also focuses on exploring the empirical review and the financial impact of service quality, conceptual framework and finally a summary of the literature review. This has helped in building an in-depth understanding of the current body of knowledge on service quality and organisational performance.

2.2 Theoretical Foundation

This study was informed by the following theories: SERVQUAL Model (dimensions of service quality), The Service Gaps model and Technical and Functional quality.

2.2.1 Service Quality Model

The service quality theory assumes that service quality is a reflection of the attributes of the service delivery system and management has full control of the inputs defining these attributes. Customers' expectation of service delivery is influenced by the past experiences when receiving similar services. The customers therefore engage is what is known as the attribution process (Mok, Sparks & Kadampull, 2009). According to Brent (1989), quality of an output more often than not depends on an individual's personal judgment as well as evaluation regarding some set of attributes of the output. The quality of the output more often than not is formed from the perceptions of an individual concerning the output and is rooted within the individual's personal frame of reference. Brent further explains that a customer's assessment of service quality is not static and changes over time. This assessment is influenced by the customer's ongoing service experiences.

What a customer may consider to be high quality service today may appear ordinary in his assessment, once the customer has enjoyed a higher level of service than before. This implies that the assessment of service as good or bad changes over time based on a customer's increased exposure to superior levels of service. As such, Juran and Gryna (1988) point out that there is really only either better or worse quality and the comparison basis is often contained within one's past personal experiences and prejudices. A customer's past experiences and prejudices therefore contribute in shaping the customer's expectations and judgment of whether the service provided has met their expectations or not and hence assess the quality of service provided.

2.2.2 SERVQUAL and Dimensions of Service Quality

Research suggests that customers' perception of quality is influenced by multiple factors and that they their perception of quality is not one-dimensional. The dimensions of service quality have been identified through pioneering research of Parsu Parasuraman, Valerie Zeithmal and Leonard Berry (2008). Their research identified five specific dimensions of service quality that apply across a variety of service contexts. These dimensions are discussed here below and the scale developed to measure them referred to as SERVQUAL.

Reliability is defined as the company's ability to deliver on its promises reliability and accurately. This means that the company honours its commitments around service delivery, service provision, problem resolution and pricing. Customers prefer to patronise businesses they consider to be consistently reliable. Assurance is defined as employees' knowledge and courtesy and the ability of the company and the employees to inspire trust and confidence.

This is particularly important for services that customers perceive as high risk or for services of which they feel uncertain about their ability to evaluate outcomes – for example banking, insurance, medical and legal services. Representing the Service Physically: Tangibles are defined as the appearance of physical facilities, equipment, personnel and communication materials. Tangibles provide physical representations or images of the service that the customers, particularly new customers use to evaluate quality. When combined with another service quality dimension, the physical representation of service can be used to create a service quality strategy for a company. Empathy is defined as the caring, individualised attention that the firm provides to its customers. The empathy dimension recognises that customers are unique and therefore value personalised services designed to meet their special needs. Customers feel understood by companies they consider to be genuinely empathetic.

Responsiveness is the willingness to help customers and to provide prompt service. This dimension emphasises the attentiveness and promptness in dealing with customer requests, questions complaints and problems. Waiting time for service, turnaround time on requests and queries helps to shape the customers perception around how responsive a company is. Further, a company is considered to be responsive if it is flexible and able to customise services and solutions to meet the customers' unique needs. These services and solution are therefore delivered from the customer's perspective rather than the company's. The five factors; reliability, assurance, tangibles, empathy and responsiveness are acronymed RATER by Buttle (1996). Parasuraman, Berry and Zeithmal (1998) named this five factor construct, SERVQUAL and this model has been used widely by researchers and practitioners.

2.2.3 The Service Gaps Model

The SERVQUAL methodology identifies five gaps that present a variance between expectations and perceptions of actual service delivery (Palmer 2014). Zeithmal et al (1993) identified the first four potential gaps within the service organisation that may lead to a fifth and most serious gap – the difference between what the customers expected and what they perceived was delivered. The first service gaps identified is the knowledge gap which explains the difference between what senior management believes customers expect and customers' actual needs and expectations. Management may err in assuming they know what customers expect, and may even proceed to deliver based on this erroneous assumption, which differs from the customer expectation. The second service gap is the policy gap.

The policy gap is the difference between what management understands of customers' expectations and the quality standards established for service delivery. If management fail to set clear quality or unattainable quality specifications, then they can create a policy gap. Setting service standards below customer expectations also introduces a policy gap. This sometimes occurs when management is driven by cost or feasibility considerations during challenging economic times. The third gap is the delivery gap. The delivery gap is the difference between specified service delivery standards and the delivery team's and service operations' actual performance on these standards. Zeithmal et al (1993) explain that unforeseen problems or poor management can lead to a service provider failing to meet service quality specifications either due to human error or due to mechanical breakdown of facilitating or support goods.

The fourth gap according is the communication gap which explains the difference between what the company communicates and what it actually delivers to its customers. This gap is caused by two sub-gaps. First is the internal communications gap which is the difference between what the company's advertising and sales team think are the products features, performance, and service quality level and that the company is actually able to deliver. Second is the overpromise gap that can be caused by advertising and sales team promising customers beyond what the organisation is capable of delivering. Typically aggressive sales appraisals focussed on sales volumes can lead the sales teams to overpromise and hence disappoint customers. The fifth gap is the perceptions gap which is the difference between what is, in fact, delivered to the customer and what customers perceive they have received (because they are sometimes unable to accurately evaluate service quality). The sixth gap is the service quality gap that explains the difference between what customers expect to receive and their perceptions of the service that is actually delivered. When this gap is experienced, the customer perception of actual service delivery differs from their initial expectation.

Zeithmal et al (1993) argued that the strength of the service gaps model was that it offers generic insights and solutions that can be applied across industries. These solutions spur organisations to devise measures to close specific gaps existing in the firms. Each firm needs to devise mechanisms that there adequate focus on service quality as a key objective.

2.2.4 Technical and Functional Quality

Despite the popularity of the SERVQUAL model, Gronroos (1984a) Lehtinen and Lehtinen (1982) pointed out that the SERVQUAL does not account for dimensions – technical, functional and image. Gronroos (1984a) referred to technical quality as the relatively quantifiable aspects of a service that consumers receive in their interactions with a service firm. Technical quality is a popular basis for assessing service quality because it can be easily measured. Gronroos pointed out however that this is not the only element that makes up perceived service quality. The second quality dimension Gronroos considered important is the functional quality. Functional quality refers to how well technical quality is delivered. Technical quality elements are more easily measurable than functional quality elements. A firm's corporate image also influences the customer's perception of service quality. Corporate image is based both on technical and functional quality (Palmer, 2014).

2.3 Measurement of Service Quality

The complex nature of service quality has generated differing views on the best way to measure it. Palmer (2014) discusses three approaches to conceptualise and measure service quality. These three approaches are discussed here below.

2.3.1 Performance Measures

This is the simplest approach of measuring service quality as customers are asked to rate the performance of a service. They provide feedback on a small number of performance-based questions. This approach is associated with the manufacturing sector where it is possible to define quality in terms of easily measurable criteria such as reliability of a car. Performance based measures do not measure the customer's expectation of a service.

Challenges with conceptualising expectations led to the development and application of a more direct form of measurement technique in the form of SERVPERF. This approach requires the customer to rate a provider's performance, extending from 1 (strongly disagree) to 5 (strongly disagree). The instrument requires the customer to rate only the performance of a particular service encounter. Cronin and Taylor (1992) contend that SERVPERF is superior to SERVQUAL in explaining the variance in an overall measure of service quality than measures that incorporate expectations. They acknowledge that it is possible for researchers to deduce customer disconfirmation through mathematical calculations but that customer behaviour is driven by perceptions than calculations.

2.3.2 Disconfirmation Approach

This approach holds that a service is deemed to be of high quality when customer expectations are confirmed by subsequent service delivery. Parasuraman et al (1998, p.17) are strong advocates of this approach and they highlight that only customers can judge quality – essentially making all other judgements irrelevant. According to them quality is determined by the difference between what a customer expects and the perceived level of actual performance. The resultant effect has been the introduction of the SERVQUAL model and technique for measuring service quality, a model that is widely applied. In this model customers rate 22 statements designed to cover the 5 dimensions of service quality – reliability, assurance, tangibles, empathy and responsiveness as they relate to their expectations and perceptions. These statements consist of a matching set of company specific statements about service delivery.

Disconfirmation models of service quality is criticised for being unsuitable for measuring perceived service quality. Critics of the SERVQUAL model hold that the approach focuses on the service process dimension but not the perceived quality of the service outcomes. The framework is however seen as useful in measuring service quality retail banking which is a high-involvement and inseparable service and less appropriate for services where the outcome takes more prominence like investment services.

2.3.3 Importance Performance Analysis Approach

Importance-performance analysis (IPA) compares the performance of service elements against the importance of the elements to the customer. It is a simple and straightforward approach to measuring service quality (Arbore & Bussaca, 2011). The elements that are used to define measurement scales can be derived through exploratory research. Though in practice some researchers have used scale items similar to those used in SERVQUAL, the difference is in the treatment of scores. The IPA approach calculates performance minus importance (P-I) score as opposed to calculating perceptions minus expectations (P-E) score.

The Importance-performance analysis matrix allows consumer's ranking of importance and performance of service attributes to be plotted on a grid, from which it is easy to identify management priorities. The top left quadrant shows priority areas of improvement; while in the bottom right quadrant management may be over-delivering and could even save costs by reducing levels of quality. Though IPA has been applied within many service sectors, including banking (Joseph et al., 1999), healthcare (Hawes & Rao., 1985), tourism (Murdy & Pike 2012; O'Neill et al., 2002), and education (Wright & O'Neill, 2002; Pike 2003), its credibility has been challenged on the basis that it is too theoretical. However it is still widely used and popular in view of its simplicity.

2.4 Service Quality and Performance

Although linking financial performance to any intangible asset (whether it is people, information technology, or brand equity) is difficult, three studies have demonstrated that perceived quality does drive financial performance. Studies using PIMS database (annual data measuring more than 100 variables for over 3000 business units) have shown that perceived quality is the single most important contributor to a company's Return on Investment (ROI), having more impact than market share, research and development (R&D) or measuring expenditure (Jacobson & Aaker, 1987).

A five year study of 77 firms in Sweden revealed that perceived quality was a major driver of customer satisfaction which in turn had a major impact on ROI (Anderson, Fornell & Lehmann 1994). A study of 33 publicly traded firms over a four year period showed that perceived quality had an impact on stock return, the ultimate financial measure (Aaker & Jacobson, 1994).

2.5 Summary of Literature Review

There are a number of different dimensions and approaches to measuring service quality as has been discussed above. The customer perception is important in the measurement of service quality. Customers' perceived service quality consists of five main dimensions: Reliability, Assurance, Tangibles, Empathy and Responsiveness. These five dimensions have led to the development of the scale used to measure them known as SERVQUAL. Gronroos discussed further objective and subjective dimensions both of which are also important to customers. He differentiates between the quality of the core service that is delivered (technical quality – objective dimension) and the how the service is delivered or performed (functional quality – subjective dimension). Finally new approaches have been adopted in the measurement of service quality. An example discussed is the improvement performance approach which is simple and easy to use. Service quality is a key driver of competitive advantage for service organisation and will continue to receive increasing attention for organisations committed to improve on their overall performance, supporting the need for further research in this area.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and approaches that were used in completing the study. It articulates the general description of the research strategy that was followed as well as a rationale for the selected methodology. The key topics in this chapter include research design, data collection and data analysis.

3.2 Research Design

The nature of this research was a case study design. A case study is effective when an empirical study entails the detailed and intensive analysis of a single case which allows for in-depth exploration of issues in a phenomenon. Hartley (2004) stated that a case study research strategy involves detailed investigation of a phenomenon where the objective is to understand how behavior or processes are influenced by and influence context and where context is deliberately part of design. The data obtained were more detailed, varied and extensive. Ngechu (2004) argues that case study in most instances involves qualitative data. The intention was to establish how of service quality influences performance at Barclays bank of Kenya.

3.3 Data Collection

The study collected data from the managers at BBK. All the managers involved in service delivery on the performance of Barclays Bank of Kenya. The main departments were Customer Service, Branch Management, IT Operations, Performance and Analytics and the Processing departments. The target cadre of management is also knowledgeable and was expected to give valid and reliable information. A total of 10 respondents were interviewed; 2 from each department.

The research plans to use face to face interview method to collect primary information from the managers. This provided an opportunity to clarify and further explain any questions that need clarity. The interviewer also sensitised the interviewee on the importance of the research and encourage them to give honest and detailed information.

Both primary and secondary data was used in the study. According to Kothari (2011) primary data are those, which are collected afresh and for the first time and happen to be original in character. Appendix I is the interview guide that was used fielding both open-ended questions and closed-ended questions to obtain the relevant information from respondents. The guide was designed with three sections. Part A covered the general information (bio-data) of the respondent. Part B covered the information sought about the indicators of service quality to customers from Barclays Bank of Kenya.

Part C addressed the extent to which service quality influenced the organisational practices hence performance of Barclays Bank of Kenya. Secondary data was obtained from management and audited reports of Barclays Kenya. There was a review of customer insight survey reports, service quality reports; management and audited accounts of Barclays Bank, balanced score cards and other relevant documents were reviewed to evaluate the extent of service quality impact on the organisation's performance.

3.4 Data Analysis

Both the primary and secondary data was qualitative in nature. Given this fact, content analysis technique was used to analyze the data. According to Nachmias and Nachmias (2006), content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. The data obtained was compared with existing literature in order to establish areas of agreement and disagreement. Content analysis is a flexible method and is well-suited to analyse data collected from open-ended questions which are more difficult to code because answers are not prepared in advance. Content analysis uses pre-selected sampling units to produce frequency counts. The analysed data analysis was presented in prose with tables to illustrate comparative content.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND RECOMMENDATIONS

4.1 Introduction

This chapter presents the results of the analysis of data collected through interviews with 10 (ten) respondents, 2 (two) each from 5 (five) departments at Barclays Bank of Kenya. They were selected Customer Service, Branch Management, IT Operations, Operations and Performance & Analytics departments. The ten respondents selected for the interviews are senior managers with extensive experience within Barclays Bank. Data was collected in October 2016 based on the respondents' availability. An interview guide was used with the same set of questions aligned to the objectives of the study. This ensured that the interviews remained focussed but allowed for individual perspectives and experiences to emerge. Interview questions focussed on service quality and business performance. Each interview lasted approximately one and half hours. The interviews were recorded and transcribed to ensure that responses were accurately captured. The data was analysed using content analysis based on meanings and implications emanating from respondents' information and documented data. Specifically, it starts with the analysis of the general information of the respondent and their organization then proceeds to interpret results from the interviews held.

4.2 Research Findings

This section presents the general information about the targeted respondents. The research findings are presented next.

4.3 Profile of the Respondents

The table indicates the respondents' position and grade within the Bank, their gender, the department to which they below, the number of years they have served at the Bank and in their current position as well as the highest academic level attained.

Table 4.1: Profile of the Barclays Bank of Kenya Respondents

RX	POSITION AND GRADE	GENDER	DEPARTMENT	YEARS IN BBK	YEARS CURRENT POSITION	ACADEMIC LEVEL
R1	**Head of Service Operations** *Vice President*	Male	Operations	28 years	3 years	Graduate
R2	**Team Manager – Contact Centre Operations** *Assistant Vice President*	Male	Operations	20 years	6 years	Masters (MBA)
R3	**Head of Channel Services** *Vice President*	Male	Customer Service	8 years	1 year	Graduate
R4	**Country Head of Customer Service (Strategy and Execution)** *Vice President*	Female	Customer Service	21 years	3 years	Masters (MBA)
R5	**Head of Applications Support** *Vice President*	Male	IT	36 years	1 year	Degree and Post Graduate Diploma
R6	**Head of Technology Projects and Change** *Vice President*	Female	IT	22 years	5 years	Graduate
R7	**Branch Manager (Customer Experience and Training)** *Assistant Vice President*	Female	Branch Management	28 years	4 years	Graduate
R8	**Branch Manager – Premier Banking** *Assistant Vice President*	Female	Branch Management	15 years	3 years	Masters (MBA)
R9	**Head of Performance and Analytics** *Vice President*	Male	Performance and Analytics	14 years	2 years	Graduate
R10	**Manager Performance and Analytics** *Assistant Vice President*	Male	Performance and Analytics	15 years	3 years	Graduate

As shown in table 4.1 the respondents were Heads of Departments and Managers in charge of various departments of Barclays Kenya Limited of whom 60% are at Vice President level within the Barclays Kenya and 40% are at Assistant Vice President level. These Managers have extensive experience with the bank with the longest having served for 36 years in various roles. Overall, 60% of the respondents have served the Bank for over 20 years and 40% have served for between 8 and 20 years, with 70% of the respondents having served at least 3 years in their current roles. The respondents are well-educated; all of them possessing at minimum a Bachelor's degree and 30% of them having a business-related Masters' degree. 60% of the respondents were male and 40% of the respondents were female. They demonstrated a good understanding of the overall business knowledge and respectable understanding of the general banking industry both in Kenya, regionally and globally. The respondents were therefore able to understand and respond adequately to the subject of discussion, and provided useful insights during the interviews, that will be discussed in this study.

4.4 Area of Application

The study sought to determine the role and influence of service quality in the Barclays Bank of Kenya departments interviewed and how this impacts their business performance. The results revealed that service quality is a key performance component across the Bank's business. Service is part of values and part of the core strategy.

4.4.1 Service Quality and Performance in Barclays Bank of Kenya

4.4.1.1. Service Quality

Service and Service Quality are important elements in Barclays Kenya strategic focus and also form part of the 5 Barclays values – which are Respect, Integrity, Service, Excellence and Stewardship. Service as a value in Barclays' means ensuring customers are always put at the centre of what the Bank does and decisions that are taken remain customer-centric. From 2014 Barclays Bank has begun reporting of Service Quality in the annual reports. It reports on progress initiatives to improve on service quality and drive customer satisfaction, measures of Service quality as Customer Experience Measurement (CEM), Customer Satisfaction, Net Promoter Scores (NPS) and volume of complaints per 1000 accounts. Service Quality is measured internally and each department measures what is relevant to service provided by that department whether it is provided to internal or external customers. Within the Customer Service department internal and external surveys are carried out to measure the quality of service provided.

External surveys focus on Barclays Bank customers and measure the level of Customer Satisfaction, the propensity for the customers to recommend the Bank – which is measured through the Net Promoter Score. The external surveys also focus on the effort score which measures the level of ease or difficulty a customer experiences in interacting with the Bank. The Customer Experience Measurement (CEM) is a composite score which benchmarks with the American and South African Customer Service Index. The constituents of the overall CEM composite scores are the customers perceived overall quality score, the customer expectations score, the perceived value of products and services, customer loyalty score and the customers experience score in the handling of queries and complaints. The customer rate the CEM score for the different service channels as well – ATM, Branch, Contact Centre, Mobile Banking, Internet Banking, Relationship propositions, as well as the different segments in which they are served – Retail Banking, SME, Corporate and Investment Banking and Bancassurance. The importance performance analysis approach is adopted to address priority areas highlighted by the customers. Through this approach areas which the customers have highlighted as important to them but which the Bank is not performing to the standard expecting by the customers. Different departments have unique ways of ensuring that service delivery in their departments is efficient.

The Customer Service department has a centralised serving resolution unit that receives and resolves customer queries and complaints. There is a query and complaint handling policy, a set of procedures and service handling standards that they follow to guide them in query and complaint resolution. The volume, nature and resolution standards of complaints received are tracked and monitored on a monthly basis. This informs an important input for the Root Cause Analysis Forum which is a cross-functional forum whose objective is to address the root causes of recurring queries and complaints. Internal surveys are carried out quarterly through the quarterly Internal Service Quality (ISQ) process. The internal surveys measure how well internal departments are enabling each other to provide services both to internal and external customers. It focuses on the how well service level agreements and internal service standards are being met. Out of this survey Barclays is able to identify the level of internal service provision identifying areas that are excelling and areas that present opportunities for improvement. Heads of Departments that consistently excel are good candidates for promotion whereas Heads of Departments with low ISQ scores get poor appraisal rating and in severe cases may be demoted. Training and coaching is provided as interventions to ensure that whatever service gaps identified are bridged.

Technology continues to be an important game changer in banking. Barclays aims to have high quality in the IT infrastructure. IT and Channels Service focus on ensuring that bank IT systems are operating optimally, are serviceable and available to enable staff serve customers efficiently, and enable customers' access services directly from branch service and also from self-service channels such as ATM machines, credit cards, internet banking and mobile banking without hitches. They ensure that the Bank has current state-of-the-art technology both preventive and detective to safeguard customers' and banks financial assets given the threat posed by fraud and forgery. The IT department provide a very critical service in ensuring that they have quality and frequently tested backup systems that ensure business continuity and that they are able to shield the business from unforeseen disasters that may impact systems – such as fires and flooding.

Service Quality in the IT Operations and Channels Service Experience also measured through the serviceability and availability of IT systems, network quality (local area network and wide area network) and how well systems are serving the internal and external customers. The targets set for system uptime are relative high at +95% during regular service days at +98% for peak periods such as lunch times, weekend, end month, beginning of school terms, back-to-school opening days and holidays when most customers access the systems for services. These two departments put in place proactive measures to enhance system uptime, put in place monitoring systems to flag as soon as a system is at risk of downtime to minimise disruption to service. IT and Channel Service Experience also take measures to avert critical incidents impacting systems and put in place proactive measures to avert such incidents. In the event of the critical incidents, they have systems and procedures in place to return the situations back to normalcy and track a measure known as Mean Time To Recovery (MTTR). The objective is to avert critical incident from disrupting bank operations and where unavoidable to reduce the MTTR to the barest minimum. These departments have robust disaster recovery mechanisms such as having back up servers which are equipped to ensure resume operations in two to three hours should a level-1 disaster affect banking operations. Level 1 incident is defined as the highest level of critical incidents that can impact the banking operations and can even threaten the survival of the bank. These incidents are well-documented including the steps to recovery and shared widely with all relevant internal stakeholders to avoid future recurrence or enhance time to MTTR should they occur.

The Operations department measure service quality very similar to the Customer Service Department. Other measures of service quality within the operations department include accuracy levels of processing transactions, defects per one hundred thousand transactions, turnaround times of processing transactions, processing time and average handling time. The time a transaction takes queued at a department is also measured as this impact the overall processing time faced by a customer. Another measure that is tracked by the operations department is the level of rework, repeat of transaction before it is completed. There are departmental penalties that are assigned to rework or repeat jobs that are avoidable. For instance a case of an agent inputting erroneous figures or details or omitting a critical step to a customer transaction is considered an avoidable error. The targets set for processing set quite high and measured at both unit and individual level to ensure that a high quality of service is maintained. Accuracy levels are expected to be maintained at +95%, two is the allowable target for defects per one hundred thousand transactions etc.

The Performance and Analytics departments are charged with published performance trends for overall the Bank, the departments and the business units within the departments. Service quality for them is measured through the service level agreements they have signed with each department. They are expected to publish timely, informative reports and enable the business units in tracking their performance against their set objectives. They should be able to meet the requirements for scheduled as well as ad hoc reports that are sometimes required by the business units. They are expected to provide trend analysis of performance to the departments and provide intelligent and useful insights from the reports that enable the departments make appropriate decisions. The Performance and Analysis are expected to monitor global reporting trends to improve on their reporting, adopt supportive reporting tools and empower the departments with tools to drill-down into specific areas of the reporting.

In Branch Management the service quality is measured through the customer feedback as discussed above. There is a Branch Customer Experience Measurement score that is published quarterly which is more strategic in nature. The Net Promoter Score per branch is also measured quarterly from customer feedback. There is a similar monthly tactical score known as the Service Operational Score (SOS) which measures the customer experience after each transaction or each interaction with the Branch. Other service quality measures impacting the branch directly are the quarterly Mystery Shopping scores, volume of customer compliments to the branch or individuals in the branch, the complaints impacting service failures generated by a branch or individuals in a branch. The branch is also assessed on the accuracy levels of the work processed at branch contrasted against any rework or repeat work resulting from errors and omissions. These scores are consolidated and a weighted service quality score indicates how well the branch has performed against other peer Barclays branches. The scores are then ranked and the branch receives the right recognition for a good performance or intervention for a poor or declining performance. Branch service quality receives significant top management attention because branches serve the highest percentage of customers and are the face of the Bank to customers. It is estimated that branches serve approximately seventy thousand customers per day. In 2015 Barclays Bank of Kenya received two Asian Banker Awards of the Best Retail Bank in Kenya as well as the Best Deposit Product (*Zidisha*). These awards underscore the quality of service provided by the Barclays branches as well as the focus on providing high quality products which has received external recognition.

Given the importance that Barclays Kenya places on Service in general there are a number of forums and committee where customer service and service quality is discussed. These forums and committees are chaired by senior executives in the Bank to underscore their importance to ensure that the right tone for Service is set right from the top. Table 4.2 lists the main forums and committees where service quality is discussed either as the main agenda item or one of the important items in the agenda.

Table 4.2 shows the different forums and committees in Barclays Bank that discuss service quality and performance as either the main item on the agenda or as one of the important items on the agenda. The table highlights the main focus of the forum, its composition as well as who chairs the forum or committee.

Table 4.2: Forums/ Committees that focus on Service Quality and Performance

FORUM	FOCUS	CHAIRED BY	COMPOSITION
Quarterly External Relations Committee of the Barclays Board (ERC)	Executive management briefs the board on service performance and any service issues needing Board attention. Board approves board-level spend on projects and service-related and improvement initiatives. Board reviews on the service performance and customer feedback to ensure that there are effective action plans in place to recognise outstanding performance and also avert against corporate reputation damage.	Board Chair for External Relations Committee	4 other Board members, Country Managing Director, Executive Directors in Customer facing departments – Corporate, Retail, SME, Chief Operations Officer, Director Marketing, Country Head of Service, Company Secretary
Monthly Retail Service Quality Council (RSQC) -	Top management reviews retail service performance and effectiveness of measures in place to address service failures in retail banking. Provides the necessary leadership support and direction that require their attention e.g. approving budgets for systems or projects geared to address the service failures. Ensure compliance with any regulatory requirement. Leverages the cross-functional department to address holistically service related issues.	Country Managing Director	Executive Directors in Customer facing departs impacting retail banking Corporate, Retail, SME, Chief Operations Officer, Director Marketing, Country Head of Service, Country Head of Service

FORUM	FOCUS	CHAIRED BY	COMPOSITION
Monthly Corporate Service Quality Council (CSQC)	Top management reviews corporate service performance and effectiveness of measures in place to address service failures in corporate banking. Provides the necessary leadership support and direction that require their attention e.g. approving budgets for systems or projects geared to address the service failures. Ensure compliance with any regulatory requirement. Leverages the cross-functional department to address holistically service related issues.	Country Managing Director	Executive Directors in Customer facing departs impacting corporate banking Corporate, Retail, SME, Chief Operations Officer, Director Marketing, Country Head of Service, Head of Corporate Customer Service
Monthly Operations Committee (OPCO)	Operations Heads reviews service performance impacting operations and enabler departments and takes appropriate action to address emerging service issues.	Chief Operations Officer	Heads of Operations Department.
Monthly Process Re-engineering and Root Cause Analysis Forum (PRE-RCA)	To address root causes of recurring complaint themes and customer feedback from internal and external surveys. Monitoring progress of re-engineering projects in place and initiate new ones.	Country Head of Change Management	Country Head of Service Head of Corporate Customer Service Head of Service Operations Head of IT Projects and Change Head of Channels Experience Service Change Managers Process Engineers
Fortnight or Weekly Departmental Forums	To address service related issues that impact a specific department and measures to address the issues.	Head of Department	Unit Heads of a Specific department

FORUM	FOCUS	CHAIRED BY	COMPOSITION
Quarterly Pitch In	Pitch In is a staff ideas generation and execution framework that collects and implements viable ideas from staff to drive service innovation.	Head of Channels Service	Pitch In Champions from different business units in the Bank.

Source: Internal Management Reports 2015 and 2016

4.4.1.2. Business Performance

Business performance is measured in Barclays Kenya measures performance through the balanced scorecard. The elements of the balanced scorecard are referred to in the Bank as 5Cs which also form the strategic pillars for Barclays Kenya. The 5Cs represent Customers, Colleagues, Company, Citizenship and Conduct. There is a shared understanding of how performed is measured across Bank. This shared understanding enables the staff to understand their contribution to the key strategic pillars. This understanding also enables each individual staff to recognise and understand their individual part in contribution to, managing and enhancing the performance of Barclays Kenya. The 5Cs and the values form the basis of performance measurement during staff appraisals.

4.5 The Impact of Service Quality on the Balanced Scorecard

4.5.1 Service Quality and Customer

The focus customer is to ensure that Barclays remains the bank of choice for the customers within the segments the bank serves. The goal for Barclays is to be the ‘Go To’ Bank for their customers within the segments it services. Barclays focuses on delivering an excellent service to customers, ensuring relevant of the products and services and providing customers with convenience. Most respondents noted that service quality has become very critical for survival providing a company with an important competitive edge as it differentiates itself through service delivery. Service quality is considered by the respondents as a key factor influencing customer choice when selecting a Bank (Harringtom and Akehurst, 2000). The respondents note that the Barclays Kenya goal to the 'Go-To' Bank for their customers implies that service quality will be a key factor influencing this choice. Service quality will therefore be an enabler and a differentiator if Barclays Kenya is to achieve its goal particularly in the face of the changes in the environment such as the regulatory changes introducing interest-rate capping.

This differentiation is seen as providing excellent solutions that meet the customers' needs. Providing a high quality service positively impact customers satisfaction and enables the bank to achieve its sales initiatives. The Bank has been able to get from repeat business and customers therefore can purchase additional products and services. When the products and services purchased meet or exceed the customers' expectations the respondents notes a corresponding improvement in the loyalty index by customers. This means that service quality has a positive impact on customer loyalty. When customers are loyal then the Bank is able to retain and cross-sell and upsell additional product thereby increasing the customer product holding with the Bank. When the service quality is high then the customers are more loyal and the when the service quality does not meet their expectations then the customer loyalty is negative impacted, particularly if the service recovery does not assure the customers. The Branch team reported that they have also been able to secure referrals for additional business from customer advocates satisfied with Barclays' services.

The Branch respondents also highlighted that they are able to attract customers from the competition when there is positive word of mouth about the quality of services and thereby enhance their branch financial performance. Service quality is crucial for the business to retain the customers that they have gained. When service quality does not meet customer expectations, from the customer feedback through complaints and queries, the customers are able to provide useful information that enables the business to correct what has gone wrong, and for staff to identify training needs. It is the reason why the business is investing in service quality projects and initiatives (O'Neill, 2001) with a conviction that it is a key contributor to business performance.

The respondents further suggested that when customers are happy with the branch service, they are not very price sensitive as they felt they got value for the money they paid for the service. Some of the initiatives in place to drive customer experience and improve on customer interaction are what the Branch team referred to as care calls. These are calls initiated by branch teams to their customers to assess how happy they are with the services being offered. Through these calls they are able to collate customer feedback and proactively address any issues before they become complaints, they are able to address customer queries and even get additional business and referrals from satisfied customers. The Banks aims to develop and maintain long term profitable customer relationship. Relationship management teams are encouraged to interact frequently with their customers to ensure they understand their needs and strive to meet them consistently.

Table 4.3 shows the service quality measurement scores for Barclays Bank over the last 3 years. The table shows improvement scores from customers on their service experience with Barclays. There is however a challenge in complaint volumes and customer loyalty scores experience in 2014. The respondents attributed the drop in 2014 to changes in the regulatory environment. Banks were instructed by the Central Bank to request additional documentation from their customers to be in line with the Know-Your-Customer policy driven by the challenge presented by increasing incidents of money laundering and terrorist activity in the activity. A number of customers did not appreciate the position that their accounts are at risk of being closed if the additional documentation was not provided.

Barclays also experience some internal system related challenges impacting the mobile banking platform. To deliver this service there are intermediaries involved whose system were being upgraded in mid-2014 and faced some system outage in the process impacting the customers' access to the service.

Table 4.3 shows the service quality measurements in Barclays Bank as well as the scores over the last 3 years.

Table 4.3: Service Quality Measurement Scores

	2013	**2014**	**2015**
Net Promoter Score	7%	21%	35%
Customer Experience Measurement	78	80	84
Complaints/1000 accounts	1.5	1.7	1.2
Complaints resolution rate (against target of 90% resolution within 5 days)	83%	87%	91%
First point of contact resolution (against target of 40%)	22%	29%	32%
% Resolution through escalation	78%	71%	68%
Customer Loyalty Index	76	74	81
Average customer product holding	2.3	2.4	2.8
Average Internal Service Quality	75	77	78
Profit before tax	11.134 billion	12.293 billion	12.074 billion

Source: Barclays Kenya Audited Accounts 2013, 2014, 2015 and Internal Management Reports

Service quality has an important influence on the customer rating of Barclays Bank performance. Where the service quality is high positive ratings are given by the customers and where the service quality is low, low or negative ratings are given. This is true for both internal and external customers.

4.5.2 Service Quality and Colleague

Under C of Colleague, Barclays seeks to ensure that colleagues are fully engage and that productivity remains high. Barclays seeks to create a diverse and inclusive environment where employees can fulfil their potential and ensures that the Bank is viewed by the employees as the employer of choice. The top management are also keen to be employee-centric and to develop and sustain a strong employee value proposition that ensure it retains employees particularly the one it considers its top talent. Some of the measures under colleague include employee opinion survey to assess how well the employees find Barclays to be the employer of choice. Other measures include diversity and inclusion measures such as percentage of women in top management, recruited of qualified employees with disabilities, initiatives that enhance employee welfare.

Service quality plays an important role in the decision impacting employees. As part of the hiring decisions, prospective employees are assessed on the basis of their attitude which indicates how well they will handle customers. This considered is given equal consideration to their skills they possess. Prospective employees showing potential in customer service are positively considered. The respondents noted that promotion, coaching, disciplinary decisions, reward and recognition in Barclays considered employee productivity, accuracy levels, internal service quality, compliments and complaints from customers and outstanding customer service skills where those who delivered high quality service were considered and recommended for promotions if they met other internal criteria and those who delivered consistent low quality of service got poor appraisals which negatively impacted their career development and put their continued employment at risk.

The employee performance management and appraisal system within the Bank places significant weight on achieving service goals considering it is both a performance measure and a value of the company. The appraisal system is designed to measure financial performance as well as how well the employees live the Barclays Values and bring them to life in their day to day work activities. Employees are assessed against the service delivery standards published by the Bank. Customer facing employees are expected to acknowledge customers and attend to customers within 3 minutes of their arrival or prick the call within 3 rings. There are standards that outline how the employees should address the customers, how quickly they should serve them, how they should interact with them, handle their queries and complaints and even how they should close their interaction and the notes to retain from the interaction.

These standards are designed to ensure employees know what is expected of them to be considered to deliver a high quality of service. Breaching the service standards has consequences. There is a zero-tolerance on avoidable breaches and depending on the severity some breaches of standards such as rudeness and unwilling to assist a customer, can lead to summary dismissal, if proven. Minor breaches are corrected through coaching and training. In view of the high standards the Bank has set, staff receives extensive and frequent training to enable them deliver as expected. The Bank carries out an annual Employee Opinion Survey which collates employee view on how the Bank as their employer of choice. The employees have an opportunity to share their views on the quality of employee initiatives rolled out and how well these meet employee needs.

The respondents had very varied views on the effectiveness of service quality as an influencer in assessing employees' performance. Some respondents held that the measure was effective and therefore achieved the desired employee behaviour and response to customers.

They argued that there is a consistency between an employee who gave good service and the customer feedback and compliments they received. They found service quality to be an effective measure to differentiate performance. The respondents who criticised the measures held that the measures are subjectively applied because of the human factors involved. They gave examples of employees who were great with customers but had very low accuracy levels and vice-versa. They highlighted a number of instances where the rewards for financial measures far outweighed rewards for non-financial measures such as service quality sending a signal that the Bank financial measures were more important as a performance measure. Criticism was also levelled against the inconsistency in carrying out disciplinary measures for service failures (Wilkinson & Wilmott, 1995). This they highlighted was sometimes influenced by the profile of the customer and the employee severely reprimanded, even if the failure was not significant.

The respondents highlighted also that some employees have learnt their way around to beat the system. An example shared was employees who mastered the art of interviewing, performing very well in the interviews but not living up to the performance expectations once they are offered the job. Personality dynamics was also highlighted as a challenge whereby a customer would complain about the service offered and root cause revealed the issue to be different in personalities. The respondents highlighted instances that demonstrated an existing knowledge gap between what some managers conceptualised to be service quality and how they practised it in terms how it impacts business performance. Service quality has an influence on the employee dimension of the performance. However for Barclays Kenya a lot needs to be done to ensure that decisions are consistently and objectively applied to get the desired effect of service quality on employee-related decisions.

4.5.3 Service Quality and Company

Under the category of Company Barclays Bank seeks to create sustainable returns above the cost of equity. It is under this category that the Bank assesses financial performance and the bottom-line – profits and sales. The Banks also seeks to understand and effectively manage business risks and continuously improve controls which help to protect customer and bank assets. Table 4.4 below represents the trend in Barclays Kenya financial performance over the last three years. In the year 2015, inflation was recorded to have increased to 8% thereby limiting consumer spending. Further Central Bank of Kenya adjusted the lending rate upwards twice in the same year, to address the weakening Kenya shilling. Despite these challenges Barclays Kenya bottom-line performance improved in 2015.

Table 4.4 shows the Banks financial performance over the last 3 years which includes the operating income, the profit before and after tax, as well as the earnings and dividends per share.

Table 4.4: Barclays Bank of Kenya financial results

	2013	2014	2015
Operating income (Kshs' millions)	27,922	28,288	29,462
Profit before tax (Kshs' millions)	11,134	12,293	12,074
Profit after tax (Kshs' millions)	7,623	8,387	8,401
Earnings per share	1.40	1.54	1.55
Dividends per share	0.70	1.00	1.00

Source: Extracts from the Barclays Kenya audited accounts 2015

The respondents were asked if they considered service quality to have a contribution to the profitability of Barclays Kenya financial performance. They all concurred that service quality made a positive contribution to the performance which they suggested that the current contribution stands at between 20% to 80% contribution. The respondents attributed the significant service contribution to ease of selling to satisfied customers who are confident in the Banks products and services which are considered of high quality, the level of automation and technology enhancements that improves performance of systems, service guarantees offered with some service offerings. All respondents concurred that service quality has potential to contribute higher to the profitability of Barclays Kenya putting the ideal range of contribution to between 40% and 90%. The respondents explained that inability to delivery service right the first time leading to repeat jobs, human factors in service delivery, internal lack of alignment, suboptimal operations of IT systems, inadequate attention paid to after sales service and service quality in some departments were some of the reasons that erode customer confidence and therefore impacting the optimal contribution of service quality to profitability. There is an increasing dependence on technology as a key service enabler. Ineffective processes that are not lean, insufficient training and not effectively addressing complaint and query root causes, imbalance between attention to sale and service, unclear cascade of service expectations were also explained as factors that hinder service quality from making optimal contribution profits.

There was a large variance in the proposed levels of actual and ideal contribution of service quality to profitability. The respondents ascribed this variance to the fact that the service quality contribution to profitability is not tracked or reported as a standalone figure hence they gave what they considered to the best guestimate. This they explained as the reasons why some employees do not appreciate the significance of service quality to profitability of the Bank.

Table 4.5: Respondents' feedback on actual and ideal Percentage Contribution of Service Quality to Barclays' profitability

RX	**Position**	**% Contribution Of Service Quality To Profitability**	**Ideal % Contribution Of Service Quality To Profitability**
R1	Head of Service Operations	20	40
R2	Team Manager – Contact Centre Operations	70	80
R3	Head of Channel Services	25	70
R4	Head of Customer Service (Strategy and Execution)	75	90
R5	Head of Applications Support	60	70
R6	Head of Technology Projects and Change	60	80
R7	Branch Manager (Customer Experience and Training)	20	40
R8	Branch Manager – Premier Banking	70	90
R9	Head of Performance and Analytics	60	80
R10	Manager Performance and Analytics	80	90

Source: Primary Data

Table 4.6: Frequency of Respondents' Views On The Percentage Contribution Of Service Quality To Barclays Profitability

Contribution Bands	Current % Contribution Frequency	Ideal % Contribution Frequency
20-40	3	0
40-60	0	2
60-80+	7	8

Source: Primary Data

The respondents were asked to advise what they believe top management attention to service quality would be in the face of shrinking profits. Most respondents agreed that management attention would not wane as service quality is considered an important contributor to customer retention and to the profitability as discussed above. A few respondents argued that Bank has made notable progress in embracing service quality. However they felt that in the face of shrinking profits management would focus on driving sales in the short term having just emerged from an aggressive sales-driven culture. The respondents highlighted that quality improvements introduce efficiency in the way they run their departments. They highlighted that customers communicate the expectation that Barclays Kenya being an international reputable Bank should provide services of high quality, they expect to be served by knowledgeable and courteous staff. They also expect that service delivery processes will be seamless and that systems should operate efficiently, which also ensures that wastage within the business is eliminated. Wastage elimination improves efficiency with positive contribution to the business bottom line as well as improving staff productivity by getting it right the first time, without the wastage and cost from repeat jobs. Service quality by individual staff enables Barclays Bank take reward and promotion decisions as well as performance management decisions which impacts the career development for staff.

4.5.4. Service Quality and Conduct

Conduct refers to conducting ethical business and sustaining a reputation of being a responsible company. Barclays strives to ensure that products and services are designed and distributed to meet customers' needs. The performance category of Conduct defines how the bank interacts with all its stakeholders in a way that enhances and protects the Banks reputation. The Bank has a formal, rigorous and transparent framework to effectively identify, assess, manage and report conduct risk and ensure that it reduces or averts the impact of poor conduct to all its stakeholders. The conduct framework holds that all employees, shareholders, customers, suppliers are to be treated with utmost care and integrity in everything the Bank does. Employees uphold Barclays' values of Respect, Integrity, Service, Excellence and Stewardship. A specific bi-annual Conduct survey is carried out to establish if customer feel they have been treated with integrity and if the bank's conduct in interacting with them is acceptable. Service quality plays a significant role in the performance category referred to as Conduct in enabling the Bank to protect and maintain its reputation. Poor service can lead to legal suits which can damage the Bank's reputation and reduce trust from the Bank's stakeholders. The respondents noted that the shareholders of today are very discerning and want to a stake in organisations with a positive return on investment as well as those that have values which resonate such as Integrity, Stewardship – which is leaving things better than one found them.

The Bank being a responsible citizen has in place initiatives that ensure that it protects customer assets and provide the assurance and peace of mind to the customer that they assets are safe. Barclays has invested in systems that detect and prevent fraud and forgery, SMS alerts that notify customers real-time of transactions on their credit and debit cards, systems to guard against cyber-crime. Barclays has policies such as Treat Customer Fairly that ensure that in all its interaction with customers, the Bank's conduct is above reproach and ensures that customers are treated fairly irrespectively of whether or not outcomes are in the customers favour.

4.5.5 Service Quality and Citizenship

Citizenship refers to the corporate social responsibility whereby Barclays seeks to positively impact the communities in which they operate. Under the Citizenship category Barclays links up the different facets of financial and stewardship and makes a positive contribution particularly in youth empowerment agenda – helping young people develop their employability, financial skills as well as start their own enterprises for those whose interest in is business. The Banks also focuses on driving financial inclusion and rolls out programs that promote community prosperity targeting particularly women at grassroots level involves in table banking under an initiative known as Banking on Change. Employees are encouraged to and supported to give back to the society both in their professional and personal capacities. One day per year is set aside usually in October known as Make A Difference Day (MADD) when all Barclays Kenya employees participate in community projects around a chosen theme by the Bank.

For 2015 and 2016 the main focus for Citizenship is on developing young people and preparing them for their careers under an initiative known as Ready To Work. Barclays' employees volunteer for one day visiting young people in different institutions across the country to offer mentorship and volunteer skills in entrepreneurship and financial literacy as well as career development. Employees are encourage to pursue other personal citizenship initiatives and are allowed time off to participate in such initiatives. Further the Bank matches shilling for shilling any fundraising initiatives by the employees towards the Citizenship agenda. Citizenship is measured through the value of investment in the community initiatives, the number of staff who have participated in the initiative and any measurable impact to the initiative. In 2015 Barclays Bank invested Kshs 145 million in community initiatives. Further three thousand staff volunteered their time to address youth unemployment through the Ready to Work citizenship program. In the same year two hundred thousand youth and women and over one million households were impacted through the Light up Kenya and Banking on Change citizenship programs.

4.6 Service Quality and Investment in Barclays Bank of Kenya

The respondents stated that a number of Barclays Bank business investments in technology innovation and systems, process improvement, employee learning and development and specialised skills training were aimed at improving the overall service quality targeting improved customer satisfaction and driving value for shareholders. Most respondents reported that the value of investments has been increasing over the last 3 years and that some of these investments were in response to address concerns raised by customers through various feedback channels. The investment in technology has aimed at improving system stability and availability, upgrading systems for increased efficiency and driving innovation. Queue management systems (QMS) in high footprint has provided a better experience for customers and addressed concerns raised by customers on waiting and turnaround time in branches. The target is to serve customers in less than 20 minutes in the branch. The introduction of electronic statements (e-statements) is more convenient for most customers as statements are provided electronically which eases customer access. Further the e-statement is environmentally friendly as it removes the need of printing physical statements and saves on paper.

In a bid to simply banking operations and improve experience for customers transacting at the branch, Barclays has launched Paperless banking. The paperless solution allows customers to complete their teller banking transaction in less than three minutes since there is no manually filled-in slip required for certain transactions. This allows for efficient bank clearing process and improved customer experience. Investments have been made to existing ATMs to provide additional functionalities as well as improved stability and availability. The upgraded ATMs have features that allow customers to send the receive money through a product known as Cashsend. The ATMs have been upgraded with features allowing for cash deposit at the machines. As a result of upgrading the account opening process, customers can now bank accounts securely offsite using tablets without the need to physically visit branches. This simplifies the account opening for customers who previous could only open accounts at branches. The process is much shorter and now be completed end-to-end online.

Significant investments have been made to the self-service channels of mobile and internet banking. This has increased the ease of use, introduced new features and functionalities which has increased inter-linkages across the channels with other platforms such as the mobile service providers. Through the Barclays Mobile App for example customers are now able to transact in various ways either through their mobile phones or tablets. The respondents reported increased customer uptake of the self-service channels in terms of increased number of users, of transactions and overall usage of the channels. Barclays

Banks has launched their Business School and an online e-learning portal that allows employees to self-train at their convenience and select training courses suitable to their tasks and career development.

4.7. Application of Service Theory in Barclays Bank of Kenya

4.7.1 Dimensions of Service Quality

One of the objectives of the study is to establish the service quality dimensions that customers consider important in the provision of financial services. The respondents were asked to rank the 5 dimension of service quality in the order that customers would find most important. Table 4.7 shows the respondents' order of ranking of the 5 dimensions – Reliability, Assurance, Tangibles, Empathy and Responsiveness whereby a ranking of 1 represents the most important dimension and a ranking of 5 the least important dimension.

Table 4.7 shows how the respondents ranked the 5 service quality dimensions (Reliability, Assurance, Tangibles, Empathy and Responsiveness) from 1 to 5 in order of importance – whereby a ranking of 1 represents the most important dimension and a ranking of 5 representing the least important of the 5 dimensions.

Table 4.7: Respondents' Ranking on the Service Quality Dimensions considered important by customers

RX	Rank	1	2	3	4	5
R1	Head of Service Operations	Reliability	Responsiveness	Empathy	Assurance	Tangibles
R2	Team Manager – Contact Centre Operations	Responsiveness	Empathy	Assurance	Reliability	Tangibles
R3	Head of Channel Services	Empathy	Responsiveness	Reliability	Assurance	Tangibles
R4	Head of Customer Service (Strategy and Execution)	Responsiveness	Reliability	Assurance	Empathy	Tangibles
R5	Head of Applications Support	Reliability	Tangibles	Responsiveness	Assurance	Empathy

RX	Rank	1	2	3	4	5
R6	Head of Technology Projects and Change	Responsiveness	Empathy	Assurance	Reliability	Tangibles
R7	Branch Manager (Customer Experience and Training)	Reliability	Tangibles	Empathy	Responsiveness	Assurance
R8	Branch Manager – Premier Banking	Reliability	Assurance	Responsiveness	Empathy	Tangibles
R9	Head of Performance and Analytics	Reliability	Responsiveness	Assurance	Tangibles	Empathy
R10	Manager Performance and Analytics	Assurance	Reliability	Responsiveness	Tangibles	Empathy

Table 4.8 is a summary and frequency of the respondents' rankings of the service quality dimensions.

Table 4.8: Frequency of Ranking the Service Quality Dimensions

Ranking Frequency	1	2	3	4	5
Reliability	5	2	1	2	0
Assurance	1	1	4	3	1
Tangibles	0	2	0	2	6
Empathy	1	2	2	2	3
Responsiveness	3	3	3	1	0

Source: Primary Data

From the above analysis shown in table 4.8, the two most important service quality dimensions Barclays customers considered in the provision of financial services by Barclays Bank customers are in Reliability and Responsiveness. These two dimensions received the highest number of rankings between 1 and 3 and did not receive any ranking of 5 from any of the respondents. The respondents noted that customers want a Bank that can deliver on its promises and with speed. Assurance and Empathy followed closely with 6 rankings and 5 ranking respectively. Most respondents ranked these two dimensions one after the other and explained that they found the two dimensions to be closely linked. Tangibles as a service quality dimension was ranked by the respondents as the least important attribute to customers given that financial services are considered to be intangible.

Even in cases of tangibles such as the physical branch, the respondent explained that Tangibles is viewed as hygiene factor and not a dimension that can provide a distinctive competitive advantage. They explained further that with the introduction of self-service channels which significantly reduce the cost to serve, the Bank is looking to reduce the brick and mortar channels which would render Tangibles as a quality dimension less important to customers. Customers are looking for the convenience and flexibility provided by self-service channels such as ATM, internet banking, mobile banking and credit cards. Further customers are increasing preferring to transact with digital money rather than cash. Reliability and Responsiveness were found to be equally important dimensions of service quality for the self-service channels.

4.7.2. Gaps Theory

The below table 4.9 shows the respondents responses on the service quality gaps present in Barclays Bank and represents their views of the gaps they considered to be the smallest and largest in the Bank.

Table 4.9: Respondents' Responses on the Service Quality Gaps Present in Barclays Kenya

RX	Position	Smallest Gap	Largest Gap
R1	Head of Service Operations	Service Quality	Communication
R2	Team Manager – Contact Centre Operations	Knowledge	Delivery
R3	Head of Channel Services	Knowledge	Communication
R4	Head of Customer Service (Strategy and Execution)	Knowledge	Delivery
R5	Head of Applications Support	Communication	Policy
R6	Head of Technology Projects and Change	Delivery	Knowledge
R7	Branch Manager (Customer Experience and Training)	Service Quality	Policy
R8	Branch Manager – Premier Banking	Communication	Policy
R9	Head of Performance and Analytics	Communication	Delivery
R10	Manager Performance and Analytics	Knowledge	Communication

Table 4.10 shows a summary and frequency of the respondents' rankings of the service quality gaps presence in Barclays Kenya representing the smallest and largest gap.

Table 4.10: Frequency of Respondent ranking of Service Quality gap incidence in Barclays Kenya

	Smallest Gap	Largest Gap
Knowledge gap	4	1
Policy gap	0	3
Delivery gap	1	3
Communication gap	3	3
Service quality gap	2	0

Source: Primary Data

The Gaps theory was shared and explained to respondents. They were then to identify which gap in their view represented the smallest and largest present in Barclays Kenya. The above table 4.9 is a summary of the respondents' responses. The respondents' responses were quite diverse. 4 respondents considered the knowledge gap to be the smallest gap, 3 considered the communication gap to be smallest, 2 considered the service quality gap to be smallest and 1 considered the delivery gap to be the smallest gap. No respondent noted the policy gap as the smallest. Indeed 3 respondents each considered the policy gap, communication and delivery gaps to be largest gap present in Barclays Kenya. 1 respondent considered the knowledge gap to the largest whereas no respondent noted the service quality gap as the largest. In spite of the diversity in views of the gaps present, there was consensus amongst most respondents that each of the gaps is present in Barclays Kenya only in varying degrees. The respondents outlined some of them reasons for the gaps existence and the measures in place in Barclays Kenya to reduce the gaps and hence improve on service quality. Inadequate use of marketing research and customer surveys feedback as well as a focus on new to bank customers at the expense of relationship customers led to the knowledge gap. To address this action plans are drawn from customer surveys and robust monitoring systems is now in place to ensure that the action plans are implemented. An assessment is carried out by the PRE-RCA to ensure that the action plans will address the customer feedback and pain effectively. Bank policies have to be read and discussed within departments to ensure that they are understood. Each employee has to sign to attest that they have gone through the policies relevant to their job profile. In addition, the Bank has service standards and service level agreements for customer facing, operations and enabler departments to improve on service delivery standards. Barclays' employees go through extensive and frequent product service and soft skills training and coaching to improve on their proficiency in handling their jobs. Further there are standard operating procedures and guidelines for most process that guide employees in doing their work. Managers also ensure that they have qualified employees working in their units a concept described internally as ‘right-people-for-right-jobs’ and that the employees are well-equipped with the relevant tools to do their jobs well. These are some of the measures that help to reduce the service delivery gap.

The Bank however still faces a challenge in controlling the quality and consistency of intermediaries and third party service providers such as De La Rue and NCR Computers that they depend on to deliver some services which customers consume directly. De La Rue is the company in charge of printing chequebooks on behalf of Banks countrywide while NCR Computers provides maintenance services for the ATM machines. There is a tension in the balance between governance, control and empowering employees. Governance is an important aspect of banking but in a number of instances governance is achieved at the expense of employee empowerment which presents a challenge in service delivery. In order to minimise the communication gap, there procedure of approving a customer communication involves approval of the communication by a cross-functional team drawn from marketing, legal, compliance, branch and customer service. This ensures that all critical department input is considered. There are customer champions and ambassadors with whom communication is pilot before it is rolled out to the wider customer base. The input received from the pilot is used to make appropriate adjustments to the customer communication. Sales teams are trained extensively on products and tested on them before they are accredited to sell them. Cases of misselling if identified are addressed promptly and there are consequences for deliberately misrepresenting product or service information to a customer. In the case of the service quality gap, there is on-going customer education to raise the customer level of product knowledge and awareness. For services such as mobile banking and internet banking, the branch can provide a step by step guide or simulation to enable the customers use the product or service effective. Product information brochures and leaflets are also available to equip the customer further. These are some measures in place to address the customer or the service delivery gap.

4.8 Changes in the Macro-Economic Environment

The respondents were asked to highlight and discuss any changes they are witnessing in the macro-economic environment that has an impact on service quality and which may also impact business performance, and how Barclays Bank is responding to these changes. The respondents noted that the macro-economic environment has been volatile both in the local and global environment arising. The respondents explained that the changes witnessed have been mainly compliance and regulatory, economic, social, technological, political and environmental in nature. The internal changes experienced involved the sale of Barclays Plc. stake in Barclays Africa Group. The Central Bank of Kenya which is one regulator for the banking industry has recently increased regulatory requirements as well as scrutiny on how banks conduct their business. This resulted from the closure of two banks, Imperial and Dubai Banks in quick succession. Chase Bank, a third bank was closed for a few months following internal governance issues but through intervention from other industry players has since re-opened.

The Central Bank introduced in 2014 Kenya Banks' Reference Rate (KBRR) – a transparent credit pricing framework, which sets the benchmark for lending rates across the banking industry. Post the introduction of KBRR banks are prohibited from determining their own base lending rates and must comply with KBRR guidelines issues by the Central Bank. Further in 2014 Central Bank of Kenya issued Prudential Guidelines that determine the minimum customer handling standards. For instance the Guidelines state that a bank customer complaint has to be resolved within 7 days and the bank must give the customer an update within four days on the progress of the complaint resolution.

A new law has been recently introduced putting a ceiling on interest rates that effectively will remove differentiation in the pricing of bank loans. Economic changes emanated from the increased government borrowing which drives up interest rates in the banking industry. Volatility was experienced with the foreign exchange rates some caused by political and global events such as the exit of Britain from the European Union – referred to as Brexit which resulted in a sharp decline in the value of the British Pound. The respondents explained that for Kenya this is relevant as significant because of the historical relationship with Britain and that Britain is one of Kenya's important trading partners.

From a technological perspective, rapid growth has been experience in embracing technology-fuelled growth as the lowest cost mechanism for service delivery. Improvements have been seen data connectivity as well as digital communication. There is a global initiative to migrate and standardise all debit and credit cards to the EMV (Europay, Mastercard and Visa) global standardisation (chip and pin technology) which is seen as a more secure platform that prevents fraud. In Kenya the initiative is driven by the Kenya Bankers association. Customers are now able to use their smart phones to access a variety services for instance settling utility bills through digital platforms that linked mobile networks to banking platforms. From a social perspective, the youth population in Kenya is growing rapidly and there is growing entertainment industry and youth increasing going into entrepreneurship. The respondents explained that from a political perspective the increasing security concern and threat of terrorism introduced additional scrutiny in the opening of and operations of customer accounts to ensure that they unknowingly open accounts that would channel terrorism financing through the Banks. This implies that much as the Bank would like additional business it has to prudent in the nature of business it accepts. Competitive pressures have come for the traditional sources with increased innovation in the industry which products such as Mshwari and recently launched digital product known as Eazzy Banking by Equity Bank. Most Kenya banks now offer mobile and internet banking – the difference mainly being in the reliability and functionality of the offering. The competition is no longer only local as customer can access financial services and transact without leaving the country. The shift to digital platforms is however posing new challenges and risks to the bank and exposing the banks to economic and cyber-crime. Banks will have to ensure they invest in technology that makes their systems and operating platforms water-tight to avert security breaches.

Unsurprisingly, this is challenge around cyber-crime is a challenge that Kenyan banks face as joint partners rather than competitors as they share intelligence across the industry. Competitive pressures have also been witnessed from non-traditional sources from the highly innovation M-pesa and its variants to the table-banking at village-level which increased financial disintermediation which bypass banks. Environmental changes such as the on-going drought being witnessed in the country, the El Nino rains negatively impact agricultural production and infrastructure. Barclays has recently launched agribusiness product targeting the youth and it is to be seen how the environment changes will impact growth of the product. The above changes in the macro-economic have present new challenge that will impact what were previously secure income lines – such as interest income from loans.

The respondents explained in light of the above changes – where products and rates will remain the same across industry service quality and service innovation will be important game changers for Barclays Bank. Service-oriented niche banks such as Chase Bank has proven that in spite of challenges it faced, when it reopened its doors customers did not close their accounts, as would have been anticipated. Barclays already have n number of initiatives in flight to address the changes in the macro-economic environment. Significant investments have been made in technology and digital platforms to upgrade new systems and enhance functionality to ensure they are efficient, ease to use and competitive in the market.

There is enhanced rigour around Know Your Customer (KYC) and Anti-Money Laundering (AML) practices to effectively balance between compliance and service delivery In response to the social changes with a growing youth population, Barclays has developed a youth proposition that takes into consideration their needs and preferences. They have also launched a concept program known as ‘agripreneurship’ focussing on youth within the agricultural value chains. The respondents further emphasised that Barclays Bank is keen on enforcing high service standards and ensuring strict adherence to legislation and regulations as well as fraud prevention.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study examined the influence of service quality on performance of Barclays Bank of Kenya Limited. The main research objectives included to determine the key service quality dimensions that customers consider important in the provision of financial services and to examine the influence of service quality on the performance of Barclays Bank of Kenya Limited. This chapter presents the summary of findings, the conclusion and recommendations of the study.

5.2 Summary

The respondents revealed that the service quality is an important contributor to the performance of Barclays Kenya both at corporate and at departmental level, for both external and internal customers. The service quality influences the customer satisfaction and experience scores, determining how employees are recruited, trained and promoted. Service quality contributes positively to the profitability of Barclays Banks of Kenya as well as to the reputation of the Bank as a responsible organisation that is run ethically. The respondents' feedback revealed that across Barclays Kenya departments service quality has an impact on performance and each department has a unique way of measuring service quality. Further the study revealed that the most important service quality dimensions for Barclays Kenya customers are Reliability and Responsiveness whereas Tangibles was considered to be the least important dimension. On service gaps the study determined that the five service gaps of knowledge, policy, service delivery, communication and service quality are present in Barclays Kenya. There are measures in place to bridge the gaps with varying degrees of success. There however was no consensus amongst the respondents of which gap was the smallest or the largest. Finally the study revealed that there are macro-economic factors that have made service quality an important differentiator for Barclays Kenya and that Barclays has position itself to address the challenges presented by these factors in order to remain profitable. The study established from the respondents that challenges of maintaining consistent service quality where managers apply the standards inconsistently and reward sales effort more lucratively as compared to service quality.

The study established the challenge the Bank faces in the using intermediaries and outsourced service providers in the value chain. Barclays Bank has signed service level agreements with the service providers in order the bridge the delivery gap introduced by third parties. Service quality delivery is not consistent across employees, branches, departments each employee has their strengths and weaknesses. It is established that there is communication to customers about what will be provided for them is well provided and that customers receive brochures and emails to inform them of their products and services.

5.3 Conclusion

From the findings, the study concludes that service quality has a significant influence and plays an important role in the business performance of Barclays Bank. Barclays Bank of Kenya customers consider reliability and responsiveness as the two most important service quality dimensions and tangibles as the least important of the five dimensions. Barclays will need to pay special attention to ensure that it provides a reliable service to customers ensuring delivers on its promises to customers and is responsive – attends to the customers with speed.

5.4 Recommendations

Based on the study findings the researcher recommends that more effort the Bank concentrates its effort on bridging the internal service quality gaps considering that service gaps has an important contribution to the performance of the gaps. Finally it is recommended that Barclays Bank starts reporting and measuring the impact of service quality to performance and sensitising employees on the importance and contribution of service quality which is increasingly becoming a critical differentiator in the banking industry in Kenya.

5.5 Suggestion for Further Studies

Considering a case study is limited in scope and only focussed on Barclays Bank of Kenya, it is recommended that the further research can examine service quality practices adopted by commercial banks, microfinance institutions and other service-oriented organisations such hotels or hospitals. This will enhance the body of knowledge in the area of service marketing.

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APPENDIX: INTERVIEW GUIDE

INSTRUCTION:

Please answer all the questions honestly and exhaustively. Your responses will be used strictly for academic purposes and will be handled with high levels of confidentiality.

1. What is your position and grade in Barclays Kenya?
2. How long have you worked for Barclays Kenya?
3. For how long have you been in your current position?
4. What is your highest level of academic education?
5. What is the role of service quality in your department?
6. How is service quality measured in your department?
7. What are the elements that constitute business performance in Barclays Kenya?
8. How does service quality influence the performance of the elements of business performance listed above?
9. What is the average percentage contribution of service quality to the profitability of Barclays Kenya in the last 3 years? What would you consider to be the ideal percentage contribution of service quality to profitability of Barclays?
10. Referring to the previous question, what in your opinion explains the variance between the actual and ideal service contribution to the Bank's profitability
11. Consider the following 5 service quality dimensions. Rank them from 1 to 5 based on what you consider to the most important dimension to Barclays Kenya customers, where a ranking of 1 represents the most important dimension and 5 represents the least important dimension of the 5 listed. The 5 service quality dimensions are
    a. Reliability
    b. Assurance
    c. Tangibles
    d. Empathy
    e. Responsiveness
12. Refer to the information slip I have handed to you explaining 5 gaps that affect service quality in organisations. Do these gaps exist in Barclays Bank? In reference

to these gaps, which one in your view represents the smallest gap and the largest gap in Barclays Kenya? Please share some interventions if any, that Barclays Kenya has in place that can address the gaps that exist.

a) Knowledge gap – difference between what management believes customers expect and customers' actual needs and expectations
b) Policy gap – difference between management policy and understanding around customer expectation and quality of service delivery.
c) Delivery gap – difference between specified delivery standards and the delivery's team actual delivery on these standards
d) Communication gap – has two elements. A) difference between what is promised through sales and advertising and what is actually delivered. B) Difference between what is delivered to the customer and what the customer perceives that they have received.
e) Service quality gap – difference between what the customer expects to receive and their perception of what is actually received.

13. Does business performance play a role in driving investment decisions on SQ related initiatives?

14. What is the year on year trend of investment in service quality in Barclays Kenya – is it increasing, decreasing, fluctuating or flat? What is driving the investment trend and which areas does it most impact?

15. What do you foresee as the trend going forward with regards to the level of financial investment in service quality initiatives?

16. Do you believe top management focus on service quality will remain important if profit margins begin shrinking? Explain your answer

17. Wvhat changes are witnessing currently in the macro-economic environment that may impact service quality and therefore impact Barclays Kenya performance? How is Barclays responding to the identified changes?

Thank You!