

**THE RELATIONSHIP BETWEEN INTERNAL MANAGEMENT CONTROLS
AND EFFICIENCY OF SERVICE DELIVERY OF
COMMERCIAL BANKS IN KENYA**

**BY
EDWIN KIPCHIRCHIR SEREM
D61/70988/2014**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE AWARD OF A DEGREE IN MASTER OF
BUSINESS ADMINISTRATION OF THE UNIVERSITY OF NAIROBI**

OCTOBER 2016

DECLARATION

I, the undersigned, declare that this project is my original work and that it has not been presented in any university or institution for academic purposes.

Kipchirchir, Edwin Serem

D61/70988/2014

Signature.....

Date.....

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

Signature.....

Date.....

MR. HERICK ONDIGO.

LECTURER,

DEPARTMENT OF FINANCE AND ACCOUNTING

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI.

DEDICATION

This research project is dedicated to my siblings, friends and in a special way to my parents for their love, care, concern, encouragement, guidance, direction and their moral support. They are my guiding light through pros and cons of this life.

I also dedicate this work to my employer Compulynx Limited that gave me the opportunity to advance my education and the financial resources to make this research work a success.

ACKNOWLEDGMENTS

The task of recognizing those without whom I would not have undertaken and/or successfully completed this work is one that I fulfill with pleasure. The list is endless but I also sincerely thank my supervisor, Mr Herick Ondigo, for the great help and guidance through my research project. Without his immense contribution and insistence on making corrections whenever mistakes were made, I would not have reached this far.

The support and encouragement I received from my parents and siblings is greatly appreciated. They have always encouraged and inspired me to do the best. A special word of appreciation goes to my close and special friend, Eunice for her encouragement and always being there to proof read my work and gave brilliant comments. Words cannot explain the extent of my gratitude, but all the same, thank you!

I appreciate the many people who contributed in various ways to make this work a success. To you all, your effort has been invaluable.

Finally, I thank God, the Almighty for all. Your grace was sufficient for me. I am where I am because of You.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGMENTS	iv
TABLE OF CONTENTS	v
ABBREVIATIONS AND ACRONYMS.....	x
ABSTRACT	xi
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Internal Management Controls.....	2
1.1.2 Efficiency of Service Delivery.....	3
1.1.3 Internal Management Controls and Efficiency of Service Delivery.....	4
1.1.4 Commercial Banks in Kenya.....	5
1.2 Research Problem	6
1.3 Objective of the Study	8
1.3.1 Specific Objectives.....	8
1.4 Value of the Study.....	8
CHAPTER TWO: LITERATURE REVIEW	10
2.1 Introduction	10
2.2 Theoretical Review	10
2.2.1 Agency Theory.....	10
2.2.2 Attribution Theory.....	10
2.2.3 Reliability Theory.....	12
2.3 Determinants of Efficient Service Delivery	13
2.3.1 Monitoring and Evaluation.....	13
2.3.2 Risk Assessment.....	14
2.3.3 Information and Communication System.....	15
2.3.4 Control Environment.....	15

2.4 Empirical Literature Review	16
2.5 Conceptual Framework	19
2.6 Summary of Literature Review	21
CHAPTER THREE: RESEARCH METHODOLOGY	22
3.1 Introduction	22
3.2 Research Design	22
3.3 Target Population	22
3.4 Data Collection	23
3.5 Data Analysis	24
3.6 Test of Significance	25
3.7 Operationalization of Variables	26
CHAPTER FOUR: ANALYSIS AND INTERPRETATION OF DATA	28
4.1 Introduction	28
4.2 Response Rate	28
4.3 The Level of Education	28
4.4 Experience of The Respondents	29
4.5 Results of Internal Management Controls	30
4.5.1 Monitoring and Evaluation	30
4.5.2 Risk Assessment	30
4.5.3 Information and Communication Controls	33
4.5.4 Control Environment	34

4.6 Findings on Efficiency of Service Delivery in the Bank	36
4.7 Inferential Statistics	37
4.7.1 Correlation Analysis.....	38
4.7.2 F-Test for the Full Model.....	39
4.7.3 Regression Analysis.....	39
4.8 Interpretation of Findings.....	40
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.	42
5.1 Introduction	42
5.2 Summary	42
5.3 Conclusions	43
5.4 Recommendations for Policy and Practice	43
5.5 Limitations of the Study.....	44
5.6 Suggestions for Further Research.....	45
References	46
Appendix I: Letter of Introduction.....	50
Appendix II: Questionnaire	51
Appendix III: List of Licensed Commercial Banks in Kenya as at.....	58
31st March 2016	58

LIST OF FIGURES

Figure 2.1: Conceptual Model	20
------------------------------------	----

LIST OF TABLES

Table 3.1: Shows how the variables were operationalized	26
Table 4.1 Response Rate.....	28
Table 4.2: Education Level	29
Table 4.3: Working Experience	29
Table 4.4: Monitoring & Evaluation	30
Table 4.5: Risk Assessment	32
Table 4.6: Information and Communication.....	33
Table 4.7: Control Environment.....	35
Table 4.8: Efficiency of Service Delivery in the Organization.....	36
Table 4.9: Correlation between Internal Management Controls on Efficiency of Service Delivery	38
Table 4.10: ANOVA	39
Table 4.11: Regression Analysis	40

ABBREVIATIONS AND ACRONYMS

CBK	-	Central Bank of Kenya
COSO	-	Committee of Sponsoring Organizations
EMS	-	Environmental Management System
ICS	-	Internal Control System
IMF	-	International Monetary Fund
IPAR	-	Institute for Policy Analysis and Research
ISA	-	International Standard of Auditing
SPSS	-	Statistical Package for Social Science
ANOVA	-	Analysis Of Variance

ABSTRACT

Internal management control frameworks are expected to fundamentally improve the quality and efficiency of service delivery in organizations, either specifically or by implication by expanding responsibility among data suppliers in an association. Internal management controls hence have an extremely wide impact on the objectives, purpose and targets of the association and the level of control of issues connected with service delivery. In most recent couple of years, the banking industry in Kenya has kept on developing in resources, stores, benefit and items offering and this has prompted an expanded requirement for internal review in banks to improve resource administration, control of dangers and management controls. The primary goal of this study was to find out the relationship between internal management controls and the efficiency of service delivery of commercial banks in Kenya by examining the following variables:- monitoring and evaluation; risk assessment controls; information and communication controls and control environment controls. Literature review looked at theories such as Agency Theory, Attribution Theory and Reliability Theory. This study adopted descriptive survey research design to carry out an investigation on the relationship between internal management controls and efficiency of service delivery of commercial banks in Kenya. The target population for this study was 42 registered business banks in Kenya as at 31th March 2016 and the unit of analysis was heads of business banks from each type of bank and a census study was conducted. The results of the investigation showed that there exists was a significant variation in service delivery efficiency in Kenya commercial banks due to changes in the independent variable which were monitoring and evaluation risk assessment, control environment and information Communications. The study further revealed that risk assessment was the highest of the independent variables and this means that a unit increase in the determination towards risk assessment in the commercial banks service delivery efficiency will increase by 32%. One of the conclusions of the study was that internal management control is a critical system to efficiency of service delivery of commercial banks in Kenya. Commercial banks can be able to attain service excellence and retained customer with overwhelming referrals if their internal management controls are strengthened. The internal management control system is a tool which can enhance an effective and efficient service delivery mechanism in organizations. All the components of internal management control examined in this study must be fully implemented in an integrated manner to strengthen efficiency of service delivery at all times. The study recommends that bank employees should be encouraged to familiarize themselves with all the reviewed policies and procedures within the internal management control framework and Banks should also hold policy brief session periodically wherein changes and amendments made in individual policies are communicated to all staff and stakeholders for efficiency in service provision.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Internal management controls, the vigor of any institution or association has become of vital significance in banks and other money related establishments in the recent times. The reason being that internal management control frameworks in any association are important for operational productivity, bookkeeping and other accounting aspects. The requirement for internal management control frameworks in associations, particularly banks, cannot be undermined because managing an account segment, which has a significant part to play in the financial improvement of a country, is presently being portrayed by full scale monetary unsteadiness, moderate development in financial exercises, corruption and the danger of extortion Abassi and Hollman, (2010). Internal management control is intertwined with association's operation exercises. It is best when controls are incorporated with the association's foundation, turning them into association's a piece of the very pith of its accomplishment (Ashbaugh, Collins & Kinney (2005).

Various hypotheses and theories have been proposed by scholars to clarify the relationship between internal management controls and the efficiency of service delivery. This research will concentrate on reliability theory, agency theory and attribution theory. Agency theory is based on the work of Jensen and Meckling (1976). This theory depicts firms as imperative structures to take care of agreements, and through some corporations, it would be possible to practice control of operations that minimizes canny behavior of firm agents or experts. This theory could be useful in clarify the cooperation between formal investors and business visionaries and observing budgetary and operation execution. As per Fiske and Taylor (1991), this theory is concentrate on how and why normal individuals clarify occasions as they do. It helps a business to analyze what data is accumulated and how it is joined to frame an easygoing judgment. Reliability theory or the unwavering quality theory depicts the probability of a system completing its ordinary limit or desired work within expected time interval. Gavrilov & Gavrilova, (2001). Organizations consider unwavering quality from the point of view of the buyer of an innovation or administration.

Because of globalization and headway of innovation around the globe, the business, companies and other institutions have encountered different confinements in meeting their targets because of the many-sided quality of the business environment. Misrepresentation, government evasion, corruption and fear mongering exercises, among others, influence the money related organizations' main goal and vision Meaghan and Nick, (2012). Internal control is looked upon more as an answer for an assortment of potential issues COSO (2011), henceforth, there has been expanding calls for associations to have better and proficient internal control frameworks. According to Cosserrat (2009), Chambers (2005), Ridley and Chambers (2008), internal management controls are frameworks involving the control environment and control strategies.

1.1.1 Internal Management Controls

Internal management control is for the most part characterized as the procedure affected by an organization's administration, top managerial staff and other top faculty, intended to give discerning confirmation as to the accomplishment of goals in productivity and adequacy of operations, consistence with relevant arrangements, laws and directions and unwavering quality of budgetary reporting. Internal control can help an organization accomplish its execution and gainfulness targets and avoid loss of assets Cheng, Dhaliwal and Zhang, (2013). It goes far in guaranteeing trustworthy budgetary reporting consequently evading harm to an element's notoriety and different results and helping a substance to achieve its objectives and stay away from undesirable amazements and pitfalls along its way.

Internal control is a key component of the Foreign Corrupt Practices Act (FCPA) of 1977 and the Sarbanes-Oxley Act of 2002, which required upgrades in inward control in United States open companies Meaghan and Nick, (2012). For the most part, setting objectives and goals, thinking of arrangements, spending plans and different desires set up a criteria for control Mattila, (2007). Internal management control includes associations' structure, work and power streams, people and organization information systems expected to help the affiliation accomplish specific destinations. Legitimate execution incorporates the veritable yield or results of a relationship as measured against its normal yields. It incorporates the limit of a relationship to fulfill its principle objective

through sound organization, strong organization and a decided rededication to achieving comes to fruition Walker,(2009).

The ideas corporate administration intensely depends on the need of internal management controls. Internal management controls go far in guaranteeing that procedures and methods work or are completed as composed and regarding hazard management that danger medications or reactions are actualized (COSO II). Further, it is key for a substance has set up measures of guaranteeing that set down procedures and techniques are taken after and executed as required furthermore including fitness, honesty, right dispositions and checking by top management.

1.1.2 Efficiency of Service Delivery

Efficiency measurement determines how organizations provide an optimal combination of services from a set of limited inputs. Commercial banks are faced with a multitude of unique challenges as opposed to other industries Gunasekaran, (2011). These banks therefore constantly strive to build capacity to efficiently produce financial services for their customers by employing minimal resources and the most efficient service delivery system. Banks are the fundamental intermediation channels amongst sparing and interest in a nation Jensen and Meckling, (2013). The best and effective banking frameworks must point out, evaluate, assemble and arrange every operational hazard and impel the savers to contribute by offering them a relative installment to the size of the brought about dangers hazards.

Product efficiency refers to the ratio of output relative to the inputs employed or the maximum goods that can be produced given a certain level of inputs Teece, Pisano & Shuen, (2007). In a banking environment, product efficiency is taken to refer to the number of services or products that a bank can provide within the existing financial and internal control position Farrel, (2007). Process efficiency refers to the re-alignment or re-engineering of business processes to ensure that an organization is able to deliver quality services at a faster, cheaper and better way in order to achieve better margins than the competition. Process efficiency minimizes on waste while at the same time improving on the customer experience Radnor, (2010). In banking, process efficiency focuses on

how the bank is able to deliver its services to the customers at minimum cost, conveniently and at minimum operational risk Gunasekaran, (2006).

Consumer loyalty through diminished client grievances, gainfulness and piece of the pie are among factors to ascertain service delivery. To be productive, associations ought to take a gander at clients and all partners in business and know how best they are fulfilling their needs. As indicated by Kloot, (2009) associations ought to persistently enhance their services through resources collection, esteem creation, enhanced quality management and adaptability.

1.1.3 Internal Management Controls and Efficiency of Service Delivery

Internal management control frameworks are expected fundamentally to improve the quality and efficiency of service delivery in organizations, either specifically or by implication by expanding responsibility among data suppliers in an association. Internal management controls hence have an extremely wide impact on the objectives, purpose and targets of the association and the level of control of issues connected with service delivery. They are relied upon to investigate joins between divulgence of material shortcoming in service zones and internal fakes Macey, (2008).

As per Ashbaugh, Collins and Kinney (2005), a compelling inside control framework unequivocally corresponds with hierarchical accomplishment in meeting its service delivery needs and income target levels. Successful internal management controls for appropriate delivery of services incorporates a survey of the controls utilized to shield resources, an appraisal of representatives' consistence with administration arrangements, methods and pertinent laws and directions and an assessment of the proficiency and adequacy with which administration accomplishes its hierarchical destinations.

Most associations do not set up internal management control framework nowadays as an administrative prerequisite but since it helps in guaranteeing that all administration operations are fittingly completed LaFond, (2009). Further, associations are making it a state of obligation to prepare, teach, and sharpen their workers on the best way to utilize these internal management control frameworks since its viability relies on the competency and reliability of the general population utilizing it. All these control

activities guarantee that any dangers that may influence the organization's capacity to accomplish its objectives are properly kept away from and ought to happen at all levels and in all elements of the association.

In Kenya, associations' wasteful aspects in delivery of services have influenced their money related execution in the course of recent decades because of operations that have come about into botch, hence, raising the significance of powerful internal management controls inside the formal business areas. Internal management control, which guarantees the strength of each association, has picked up significance today. This is on the grounds that the control frameworks set up are a column for effectiveness in delivery of services and also the accomplishment of hierarchical objectives Doyle, (2007).

1.1.4 Commercial Banks in Kenya

The Banking sector in Kenya is regulated by the Banking Act, the Central Bank of Kenya Act, the Companies Act and the different prudential rules issued by the Central Bank of Kenya (CBK). Commercial banks are foundations which offer loans and credits, accept deposits and offer related administrations Keitany, (2000). These foundations are race to make benefits. They are authorized and managed by the national banks of purview (nations) in which they work in. In Kenya, the CBK licenses, directs and manages commercial banks as commanded under the Banking Act.

In most recent couple of years, the banking industry in Kenya has kept on developing in resources, stores, benefit and items offering Mawanda, (2012). The development has been as a consequence of industry wide branch system extension technique both in Kenya and in the East Africa and mechanization of countless and a move towards accentuation on the unpredictable client needs instead of customary off-the-rack saving money items. This has prompted an expanded requirement for internal review in banks to improve resource administration, control of dangers and management controls. Players in this part have encountered expanded rivalry in the course of recent couple of years coming about because of expanded developments among the contestants and new participants into the banking sector.

1.2 Research Problem

The elevated enthusiasm for internal management controls is, to some degree, as an aftereffect of critical loss of clients and incomes caused by a few associations because of poor delivery of service. An examination of the issues identified with these misfortunes demonstrates that the vast majority of them can be kept away from if an association keeps up viable internal control framework Cronin, (2011). Such a framework can anticipate and empower an early recognition of any decrease in the nature of services conveyed and consequently restrain harm to the association. Contemplates, Shtub, Bard and Globerson (2005), propose that internal control will impact the hierarchical execution by putting up goals which organization can then realize dangers to the attainment of those goals. To address these perils, organization of an association may execute particular inward control.

The effectiveness of internal management controls can then be measured by how good objectives are achieved and how effectively the risks are addressed. Be that as it may, in spite of the current proof thinking about the significance of internal management controls in the associations, the efficiency of delivery of services is still poor. This can be figured in the in the late conclusion of Imperial Bank and Chase Bank because of poor inside control measures that lead to poor delivery of service. As per Globerson and Zwikeyal (2002), 85% effective execution of an establishment relies on upon suitable control framework. Minstrel, Globerson and Shtub (2005), elucidate the way that a compelling and appropriate control framework is an imperative part of any association and all the more especially, its execution. Mackenzie (2010), in referring to Myers (2007), figures that execution of an association can be extraordinarily improved if the association stresses on administration bolster, the issue of control, proprietorship, clear objectives, correspondence and a control instrument.

A ton of studies have been done on internal controls. Ndung'u (2013), investigated on the impact of inward controls on income era: a contextual analysis of the college of Nairobi endeavor and administrations restricted. The study uncovered that various reviews are directed in accordance with mechanical changes to guarantee the frameworks manageability. Additionally, long lines have been supplanted via auto-receipting framework that diminishes time squandered on serving understudies. Wambugu (2014),

did a study on the impact of inner controls on operational effectiveness in non-legislative associations; An instance of AMREF wellbeing Africa in Kenya. The discoveries uncovered that the association makes utilization of the human asset controls. It was likewise distinguished that intermittent surveys in the association encouraged precise bookkeeping since the framework could produce continuous expenses of operation.

Omenge (2012) did an examination on the impacts of inside control on deals execution in the retail business in Kenya (a contextual investigation of the military container association). The discoveries showed that AFCO's inventory network utilizes innovation and cooperation to make worth to its clients through diminished item costs and enhanced administration and that AFCO upgraded its store network administration through concurrent advancement and reconciliation of its human asset and innovation. Mwachiro (2013) did an examination on the impacts of internal controls on income gathering; An instance of Kenya Revenue Authority. The exploration uncovered, in addition to other things that feeble inner controls gave a chance to different indecencies to flourish, for occurrence, theft of gathered income, misrepresentation and general loss of income.

As seen, the above studies have secured the impacts of internal controls in various segments and the effect the controls have on monetary execution and income gathering. However, they have not concentrated on the relationship between internal management controls and efficiency of service delivery of commercial banks in Kenya. Along these lines, not at all like alternate studies, this study will analyze and assess the relationship between internal management control frameworks in operation and their efficiency on delivery of service in commercial banks in Kenya.

The study seeks to give an answer to the question; what is the relationship between internal management controls and efficiency of service delivery of commercial banks in Kenya?

1.3 Objective of the Study

The primary goal of this study was to find out the relationship between internal management controls and the efficiency of service delivery of commercial banks in Kenya.

1.3.1 Specific Objectives

The study was guided by the following objectives;

- i) To determine the correlation between monitoring and evaluation controls and the efficiency of service delivery of commercial banks in Kenya.
- ii) To investigate the correlation between risk assessment controls and the efficiency of service delivery of commercial banks in Kenya.
- iii) To find out the correlation between information and communication controls and the efficiency of service delivery of commercial banks in Kenya.
- iv) To investigate the correlation between control environment controls and the efficiency of service delivery of commercial banks in Kenya.

1.4 Value of the Study

The results of the research will provide a conceptual frame work and standard against which commercial banks and banking sector in general can assess their internal management controls and their efficiency in service delivery. They will give a calculated casing work and standard against which banks to survey their internal management controls and their effectiveness in service delivery. They will give important advantages to the management and those in charge of administration in banks in Kenya in building up how the internal control framework will guarantee change of monetary execution and at last guarantee achievement of the organizations' goals and specifically, improvement of efficiency of service delivery.

The findings of the study will likewise contribute in distinguishing crevices and gaps within the frameworks of internal management controls in banks in Kenya. The outcome will likewise help banks to guarantee that control measures are followed in their everyday management.

Further, it will help different researchers intrigued on the same thought by giving legitimate way on what this study could not cover considering its confinements. Additionally, this study is to mostly satisfy a scholarly necessity for the honor of an expert degree, subsequently it is normal that suggestions will be given to supplement the arrangements and efforts of various stakeholders in the banking sector and even regulatory bodies in tending to issues.

This study will likewise endeavor to set up the linkage between internal management controls and different parts of achievement in associations, for example, measures by liquidity, effectiveness and monetary reporting among others.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The principle reason for this writing survey is to identify, distinguish and inspect what has been done by different researchers and analysts in connection to the relationship between internal management controls and efficiency of delivery of service in Kenyan banks, and in particular, commercial banks. This chapter is broken down into the following sections; theoretical review, empirical review, conceptual framework summary of the literature review. .

2.2 Theoretical Review

This study is proposed to evaluate the relationship between internal management controls and the efficiency of service delivery of commercial banks in Kenya. The evaluation of accessible writing endeavors to determine whether there is any relationship between internal management controls as an independent or autonomous variable and efficiency of delivery of service as a reliant or dependent variable. The survey especially concentrates on; risk or hazard evaluation, monitoring and assessment, control environment and data and correspondence framework on the efficiency of service delivery of commercial banks in Kenya. The review inspects the normal frameworks of internal management controls utilized by these associations.

2.2.1 Agency Theory

Agency theory emanates from the work of Jensen and Meckling (1976). This study reviews this theory and its commitments to the surviving experimental work. The theory describes organization as essential composition to keep contracts, and through organizations, it is thinkable to exercise control which downplays shrewd behavior of operators. In like manner, Adams (1994), place that remembering the main aim to orchestrate the concern of the operator and the key, a far reaching pact is composed to dispatch the enthusiasm of both specialist and the key. They clarify that this course of thought is additionally reinforced by the utilization of a specialist to screen the operator.

The theory is appropriate to this study in light of the fact that internal management control is one of numerous systems utilized as a part of business to address the office issue by diminishing office costs that influences the general execution of the relationship and the advantages of the chief Payne, (2003); Abdel-Khalik, (1993). Internal management control upgrades the arrangement fundamental data to the important, which by and large is the shareholder, on the specialist's (administration) conduct, brings down financial specialist hazard and low income and decreases data asymmetry. Commercial bank representatives being the specialists of their manager (bank) are entrusted with executing the inner controls which viably improves efficiency of service delivery of commercial banks in Kenya. Internal control improves the arrangement of extra data and administrations to outsiders in the association and therefore better service delivery.

2.2.2 Attribution Theory

The attribution hypothesis is an open psychology research theory that finds how different individuals comprehend and decipher occasions and a portion of the practices and how they credit causes to the occasions and practices. It additionally manages how the societal perceiver utilizes truths to land at shots and clarifications of occasions. As per Fiske and Taylor (1991), attribution hypothesis is worried with how and why common individuals clarify occasions as they do. It looks at what data is assembled and how it is consolidated to frame an easygoing judgment. It accepts that individuals attempt to decide why individuals do what they do, i.e., credit causes to conduct.

As per Schroth and Shah (2000), ponders utilizing attribution theory inspect the utilization of data in the social environment to clarify occasions and practices. Inner or outer attribution is made concerning other individuals (i.e., is someone else by and by in charge of a specific occasion, or is it brought on by something past his or her control?). Reffett (2007), states that when evaluators trust 12 equivalent people would have acted diversely in a given condition, they (evaluators) tend to quality obligation regarding a result to the individual. Bonner et al. (1998), found that reviewers will probably be prosecuted directly after neglecting to recognize basic blunders that would bring about diminished incomes, and the assessors trust that the extortion could have been distinguished by different examiners.

This theory is appropriate to the study since it advocates for bookkeepers to provide details regarding the viability of the association's internal management control. Bookkeepers are in this manner anticipated that would pick up a superior comprehension of the internal management controls set up, survey the configuration and execution of the internal management controls, and test the working viability of the internal management controls. This is esteemed fundamental for the bookkeepers' dependence and perhaps downsizing of other substantive stock strategies for the required pay era.

2.2.3 Reliability Theory

Dependability portrays probability of a structure finishing its regular dimensions in the midst of an interval of time Gavrilov and Gavrilova, (2001). It was initially utilized by extra security and sea insurance agencies to figure gainful rates to charge their clients. In accordance with the reliability or unswerving worthy theory, an inward operational framework comprises sections that are interconnected, in this way there should be a characterized measure of progress. All things considered, the condition of a segment is dictated by whether the part is fruitful or not effective.

The resolute nature of a section is portrayed as the probability of the fragment being found in the accomplishment state. Likewise, the steadfast nature of the entire inside administration control system is a twofold mix with two possible qualities which are accomplishment and disillusionment. This study measured part of the unwavering quality theory which speaks about internal management operation framework to segment reliabilities. The manageability of dependability theory to the assessment and configuration of inward operation frameworks has showed up in the expert writing yet no diligences have been accounted for that bone the generous force of the theory of unwavering quality (Kinney, 2000). The two possible clients of the unwavering quality theory are the outside inspector and association administration. Kinney (2000), states that; amid the outside review, proof is assembled to bolster an expert sentiment. In any case, the few attempts at exhibiting internal control systems have not been executed by firms as a result of the nonappearance of credibility, inconvenience of showing behavioral structures, nonattendance of cost practicality, and nonattendance of perception by pros.

The theory is material to this study since organizations consider dependability from the edge of a buyer of service or innovation. Be that as it may, truly, real unwavering quality measures may basically be unique in relation to the apparent or expected dependability. A client can amplify in his or her psyche one terrible experience, swelling the apparent lack of quality of an item. This can likewise be found in instances of bank proclamations. An unverifiable bank explanation will bring about awesome harm if a client or numerous clients endure by ingraining dread in a significant rate of client populace, paying little heed to real dependability information on the genuine articulation.

2.3 Determinants of Efficient Service Delivery

Service delivery can be taken to be a result of execution relying upon the setting in which it is utilized. As indicated by Samuel (2002), administration can be communicated regarding ability to convey wanted administrations and from which clients get fulfillment. Service delivery gap is that hole between the set up delivery benchmarks and the real service conveyed Crosby, (2000). The main determinants include monitoring and evaluation, risk assessment, information and communication and control environment as discussed below.

2.3.1 Monitoring and Evaluation

Checking alludes to the way toward evaluating the nature of the inside control structure after some time. Since internal management controls are procedures, it is typically acknowledged that they should be satisfactorily observed with a specific end goal to evaluate the quality and the viability of the framework's execution after some time. By observing, the association gets furnished with affirmation that the discoveries of reviews and different surveys are instantly decided Theofanis et al, (2011); Rezaee et al., (2001). Amudo and Inanga (2009) are of the view that observing of operations guarantees powerful working of internal management controls framework. It's through observing that an association figures out if or not its arrangements and strategies planned and actualized by administration are being conveyed out successfully by representatives.

As per Bowrin (2004), checking can be accomplished by consistently regulating and overseeing exercises like observing of client grumblings and criticism and reviews

directed occasionally by inner inspectors. Inside evaluators can research and assess inward control structure and the productivity with which the different capacities are playing out their relegated obligations. Along these lines, they can bring a deliberate and trained approach for the assessment and change of danger administration exercises and great administration process by analyzing of the inside controls and assessing how sufficient furthermore, compelling the controls are. Checking for the most part guarantees that discoveries of any surveys and reviews are determined quickly. Rezaee et al., (2001)

2.3.2 Risk Assessment

Hazard appraisal alludes to the cautious evaluation of elements that influence the likelihood of goals of the association not being accomplished. It alludes to the recognizable proof and investigation of every single important danger which are related accomplishment of the authoritative destinations Karagiorgos et al., (2009). They include that danger appraisal is the way toward recognizing and dissecting administration important dangers to the arrangement of money related proclamations that would be given decently in congruity general acknowledged bookkeeping rule. In associations, administration must decide the level of danger deliberately to be acknowledged, and attempt to keep up such hazard inside decided levels. It is in this manner the administration's duty to outline internal management controls to guarantee dependability of monetary reporting, productivity and viability and in addition guaranteeing consistence with laws and directions. This is guaranteed by occasional execution survey and assessment of the sufficiency and viability of the controls planned by the inner review division.

An association's arrangement of internal management control has a key part in the evaluation of dangers that are huge to the satisfaction of its business targets. A sound arrangement of inner control adds to protecting of associations resources. Internal management control encourages the adequacy and effectiveness of operations, guarantees the dependability of inner and outer reporting and helps consistence with laws and directions Whittington and Pany, (2000). An association's aims, its internal assemblage and nature in which it operates are coherently making progress and, so, the risk it countenances are ceaselessly developing. A sound arrangement of internal operation in

this way depends upon an exhaustive and normal evaluation of the nature and degree of the dangers to which the association is uncovered.

2.3.3 Information and Communication System

As per Aldridge and Colbert (1994), internal control requires that all apropos data be recognized, caught and imparted in time span and frame that adequately empowers staff to productively do separate service delivery obligations. Firms ought to receive internal management control and data frameworks that produce money related, operational and consistence related reports to make it conceivable to run and control the business. Successful correspondence need to happen in wide sense, with data streaming over, down and up every one of the segments of the association. In fact, the data capacity shapes one of the bases of administration exercises in associations. Among the most critical images of administration level is the level of data preparing capacity. As of now clarified, data should be transmitted in some structure auspicious to significant people, and for the most part to those entrusted in somehow with satisfying the obligation.

2.3.4 Control Environment

As Whittington and Pany (2001) clarify, in internal management control, the control environment impacts individuals' control cognizance in this manner setting the tone of the association. Control is the establishment for the various segments of inside control. It contains elements like; moral qualities and trustworthiness of staff entrusted with making, regulating and checking the controls, duty and skill of people performing allocated obligations, governing body or review boards, administration theory and working style and authoritative structure.

Internal management control frameworks add to administrative viability as well as imperative obligations of corporate sheets of chiefs. Bookkeeping writing in like manner underlines the significance of an association's trustworthiness and moral qualities in keeping up a successful control framework Verschoor, (1999). Being the procedures, structures and set of gauges, control environment accommodates actualizing or completing internal control in any association.

2.4 Empirical Literature Review

Omenga (2014), scrutinized on the impacts of inside control on deals execution in the retail business in Kenya (a contextual investigation of the military bottle association). The contextual analysis concentrated on the impacts of inside control on deals execution at AFCO'S home office in Moi Air Base (MAE), Nairobi. The principle target of the study was to build up the pretended by administration in actualizing a productive and powerful arrangement of inner control. The examination was directed through a statistics overview on the objective populace.

This research utilized descriptive survey design by administering questionnaires and interviewing respondents. The questionnaire included both shut and open finished inquiries and was self-managed. The objective populace was workers in administration level in Accounts, Internal Audit and Supplies offices at AFCO'S central station in Moi Air Base (MAB) in Nairobi. The general conclusion of the study was that misrepresentation and loss of income were the aftereffect of feeble inside controls.

Wambugu (2014), investigated on the impact of inward controls on income era: a contextual investigation of the college of Nairobi endeavor and administrations restricted. The study received a clear research outline. The objective populace of the study was every one of the workers and administrators at Amref Health Africa in Kenya. In the study the objective populace was 259. The study utilized evaluation inspecting procedure and purposive testing system in selecting the respondents. Information was gathered utilizing surveys and interview schedules. Information was broken down utilizing clear insights exhibited utilizing APA tables.

The discoveries uncovered that the association makes utilization of the human asset controls, 85% of the aggregate number of respondents distinguished arranging as the most widely recognized strategy for working control utilized, 80% of the respondents were of the supposition that work is relegated to faculty having the level of specialized preparing and capability required in the conditions, 87% of the aggregate number of respondents were of the assessment that intermittent surveys in the association encouraged exact bookkeeping since the framework could produce continuous expenses of operation.

Vuai (2014), did an appraisal of internal control frameworks execution in income accumulation in Australia. The study utilized a contextual investigation as research design. The study talked with 50 respondents utilizing survey and meeting guide. To touch base at such respondents, the study utilized purposive and accommodation testing strategies. Information was examined utilizing distinct Statistics. The discoveries demonstrated that inner controls were accessible in the association, and administration was focused on the control framework execution, and effectively isolation of obligations, occupation revolution and supervision of the exercises by ranking staff were accessible.

Hailemariam (2014), concentrated on inward controls adequacy in general society transport division, contextual investigation in chose Ethiopian open transport part. Essential information was gathered through questionnaires. The objective populaces for the exploration were the general population transport part workplaces which were found in Addis Ababa city of the Ethiopia. Polls were dispersed to four senior supervisors; that is; CEOs and boss account officers with their separate appointee administrators. Information investigation was directed through an expressive measurement. The study found that the association had a reasonable administration nature of the inner control which enhanced execution of the division.

Mwachiro (2013) did a study on the impacts of internal controls, particularly on income accumulation. The study utilized the instance of Kenya Revenue Authority. Both quantitative and subjective methodologies were utilized to direct the examination. Essential information was accumulated by regulating polls on a populace of 38 respondents. Endless supply of the gathered information, the discoveries uncovered that every one of the parts of control environment should be accessible all together for inside controls to work as sought. The five segments are control environment, data and correspondence, control exercises, hazard appraisal and observing. As prior pointed out, the exploration uncovered, in addition to other things that powerless inside controls gave a chance to different indecencies to flourish, for case, misappropriation of gathered income, misrepresentation and general loss of income.

Makgatho (2013), did a study on viability of inner control components in observing money related assets at the Gauteng business division in Philippines. The analyst utilized

both quantitative and subjective examination outlines. Essential information was gathered through a poll. Auxiliary information was gathered through articles; diaries; books; distributed and unpublished theses and Final Management Reports. Information was investigated through clear measurements. The study found that the business divisions were relied upon to create strategies that would contribute towards the administration of assets.

Otieno (2012), inquired about on impacts of corporate administration and control frameworks on budgetary execution of commercial banks in Kenya. He presumed that corporate administration assumes a vital part on bank security, execution and bank's capacity to give liquidity in troublesome economic situations. From the discoveries, corporate administration elements represent 22.4 % of the monetary execution of commercial banks. In his investigation of 2015 on the impact of hierarchical internal controls on big business arranging, Morris trusted that control frameworks give an instrument to convey quick, precise budgetary and non-money related backing with an inherent control exercises that are intended to guarantee the exactness and dependability of the execution of the association and the monetary data given to the shareholders of the association.

Palfi and Muresan (2009) did a study in which they analyzed the significance of an all-around sorted out arrangement of inside control in connection to the saving money segment. They tested 25 credit foundations in Romania. After investigating the study answers, it was uncovered that compelling inner review division was described by a consistent joint effort in light of intermittent gatherings between all levels and structures of the bank. Abu Musa (2010) did a study exploring the presence and amplex of actualizing security controls of automated bookkeeping data frameworks in the managing an account area in Saudi. The discoveries uncovered that numerous banks in Saudi have set up satisfactory security controls.

Mawanda (2008) led an exploration on the impacts of inside control frameworks on budgetary execution in foundations of higher learning in Uganda. The study focused on exploring whether there is a relationship between inward control frameworks and budgetary execution in said organizations of higher learning. The study took a gander at

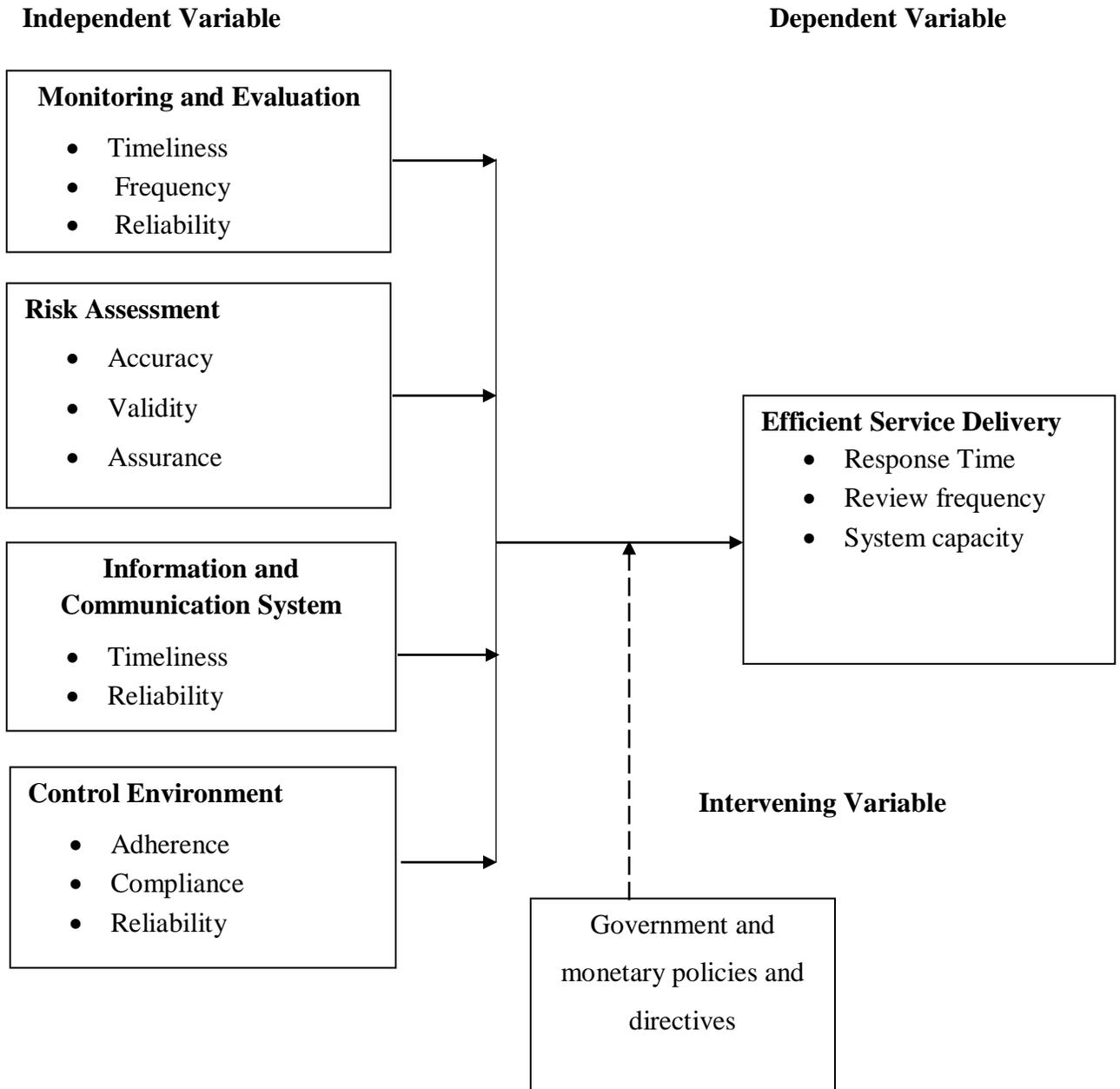
internal controls from the viewpoint of control exercises, inside review and control environment, though money related execution was measured by the parameters of responsibility, reporting and liquidity. The exploration to be sure settled presence of a critical relationship between inner control frameworks and monetary execution.

Schiama in 2003 directed a study in which 130 authorities inside the Australian government framework were examined. As per the review, hierarchical controls are procedures outlined and actualized by administration, those accused of administration and other mindful people, intended to give balanced or sensible affirmation on the accomplishment of destinations of an element. In that capacity inner control assumes an immediate part in affecting administration execution as they are charged to give a sensible affirmation of the unwavering quality of budgetary reporting, the consistence with laws and directions and to maintain great corporate administration (Belzer, 2002). In any case, the nature of the outline of inward controls is exceptionally basic to the accomplishment of an association.

2.5 Conceptual Framework

The applied structure is a diagrammatic presentation of the relationship between the autonomous or independent variables and the reliant or dependent variable. It depends on the two primary develops of this study: internal management controls and the efficiency of service delivery of commercial banks. This is on account of the present study looking to assess the relationship between internal management controls and the efficiency of service delivery of commercial banks in Kenya. In view of the current literature review, efficiency of service delivery of commercial banks is the dependent variable and is conceptualized as aggregate in this study in that it depends on a progression of internal management controls which are monitoring and assessment controls, hazard appraisal controls, data and correspondence controls and control environment which make the autonomous or independent variables of the study. Government mandates and other fiscal arrangements can influence the adequacy of internal management controls in the bank which thus can influence delivery of service.

Figure 2.1: Conceptual Model



2.6 Summary of Literature Review

It can be presumed that viable internal management controls incorporate; the support of appropriate methods in the association, responsibility of staff, auspicious and occasional audit of the operational techniques, successful correspondence among workers, productive and compelling usage of money related and non-monetary assets and data and correspondence innovation in delivery of service Emasu, (2007). They guarantee that the association is not superfluously presented to avoidable dangers and some other data utilized inside the business. They additionally add to the defending of advantages, including the counteractive action and recognition of misrepresentation and abuse of authoritative assets Musa, (2010). The writing audit highlights various speculations in connection to the variables (dependent and independent) and the theoretical system of the variables by examining the connections between them.

The greater part of the highlighted writings does not expressly address the relationship between internal management controls and efficiency of service delivery of commercial banks in Kenya. For instance; Mawanda (2008), in his exploration on impacts of inside control frameworks on money related execution in foundation of higher learning Uganda found that there was a huge relationship between internal control framework and monetary execution. Palfi and Muresan (2009), in their study on the significance of a very much sorted out arrangement of internal control in respect with the bank area found that dominant part of Saudi banks had satisfactory security controls set up. A shortage of writing in the territory of study exists, in the creating states. The few that have been directed in the underdeveloped countries have evaded feedback in the criteria, title, and degree; utilized subsequently the exploration crevices as a part of terms of writing.

The numerous studies demonstrate that the relationship between internal management control and delivery of service is an understudied range in Kenya absolutely in Kenyan commercial banks. Thus this study tries to analyze the relationship between internal management controls and efficiency of service delivery of commercial banks in Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The section exhibits the methods that were utilized as a part of getting the information, the procedures used to get the data, the techniques for investigation and presentation of the information got. It involves looks into plans, tests and inspecting strategy, information and information gathering strategies, information examination techniques, explore inquiries and information discovering presentation techniques.

3.2 Research Design

Sekaran and Bougie, (2010), concluded that research design is the process adopted by researchers which helps the researchers to carry out the various operations, therefore enabling a good environment to obtain adequate information with less expenditure and effort, time and money. Also Research design can be said to be a means for obtaining and using the information to get the desired outcome.

This study adopted descriptive survey research design to carry out an investigation on the relationship between internal management controls and efficiency of service delivery of commercial banks in Kenya. Descriptive study involves the usage of the questionnaire and is about the frequency of information that brings out the relationship between variables. Descriptive survey research design assisted the researcher to gather both qualitative and quantitative data on how study variables such as; monitoring and evaluation controls, risk assessment controls, information and communication and control environment controls influence the service delivery by commercial banks in Kenya. The design gave the respondents equal opportunity to respond to the various questions and without any amendment to avoid any biasness, this is why the design is preferred.

3.3 Target Population

Kothari (2004), postulates that the population is a sort of universe but according to Creswell & Plano, (2007), a population is a group of people that is well defined, items, activities and things that are being studied or analyzed. This definition ensures that

population of interest is homogeneous. Bryman & Bell, (2003) says that a population is the sum of the various items with certain point of reference. The target population for this study was 42 registered commercial banks in Kenya as at 31th March 2016 (Appendix II). A census study was conducted. The target population for this research was 126 staff obtained from the 42 banks i.e. (42x3). The respondents were internal audit managers, operations managers and accountants in each of the 42 commercial banks.

The census technique is valuable since it guarantees add up to representation of the individuals and this lessens predisposition issues because of heterogeneity of the populaces which may be taken as if being homogenous Kothari, (2004).

3.4 Data Collection

This study mainly relied on primary data which was obtained with the help of questionnaires (appendix II). Kothari (2004), underscores that questionnaires are the best for the various studies since they ensure that the information that cannot be obtained through direct observation for example the various perceptions as well as experiences of respondents. Introductory letter was issued to the respondents giving the study an opportunity for introduction. The questionnaire mainly contained closed ended questions with a few open-ended questions. This method was chosen in order to provide the researcher with easily analyzable responses. The Questionnaire were made up of four parts: Part A had questions about back ground information of the respondents, Part B had questions on the relationship between monitoring and evaluation controls and the efficiency of service delivery of business banks in Kenya, Part C will entailed questions on the relationship between risk assessment and information and communication controls on the efficiency of service delivery of commercial banks in Kenya and section D sought for data on the effect of control environment on the efficiency of service delivery of commercial banks in Kenya. The respondents of this research were heads of business banks from each type of bank. The researcher administered the questionnaires through 'drop and pick later' method.

3.5 Data Analysis

The study foreso producing both quantitative and subjective information. As per Cooper and Schindler (2003), scrutiny of information is a process of reviewing, cleaning, changing, and displaying information with the objective of highlighting helpful data, proposing conclusions, and supporting basic leadership. Returned surveys were sorted to guarantee their culmination and exactness. From that point, reactions were coded for examination utilizing Statistical Package for Social Sciences (SPSS). Subjective information was operationalized by organizing the information as per developing topics or examples with allocated numbers to make them quantifiable. Content examination was shape the premise of investigation. For quantitative information, correlation coefficients were ascertained for beginning investigation of the connections between variables.

Correlation was applied to determine the level of relationship between two variables as Tabachnick & Fidell, (2001). A correlation analysis was used to bring out the relationship between dependent and independent variables. In addition, a regression analysis was done to clearly bring out the correlation between the dependent and independent variables of the research. There are two known regression methods that can be used; multiple regression and linear regression. Linear regression, the dependent variable Y is determined by one independent variable, while multiple regressions is predicted by two or more independent variables to determine the results. The general form of each type of regression is:

$$\text{Linear Regression: } Y = \beta_0 + \beta X + \varepsilon \quad (1)$$

$$\text{Multiple Regression: } Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y = Service delivery – (measured by response time, frequency of service review, System Capacity)

X₁ = Monitoring and Evaluation – (measured timeliness, frequency, reliability)

X₂ = Risk Assessment– (measured by accuracy, validity, assurance)

X_3 = Information and Communication system - (Measured by timeliness, reliability)

X_4 = Control Environment – (measured by level of adherence, compliance)

β_0 = Constant Term;

$\beta_1, \beta_2, \beta_3, \beta_4$ = Beta coefficients;

ε = Error Term.

In multiple regressions the separate variables are differentiated by using subscripted numbers. Regression takes a group of random variables, thought to be predicting Y, and attempts to find a mathematical correlation between them. This correlation is typically in the form of a straight line (linear regression) that best estimates all the individual data points.

3.6 Test of Significance

The outcome is determined as significant statistically within the 0.05 level, hence implying that the value of significance should be less than 0.05. The Pearson Product Moment Correlation Coefficient was applied to determine the way and the level of the correlation between the independent and the dependent variables at 95% confidence level (Kothari, 2004). The model significance was tested using the analysis of the variance (ANOVA), at 95% confidence. Statistical inference methods was applied in coming up with the conclusion on the level of accuracy of the model.

3.7 Operationalization of Variables

Table 3.1: Shows how the variables were operationalized

Objectives	Variables	Indicators	Measuring scale	Type of analysis	Tool of Analysis
To determine the correlation between monitoring and evaluation and the efficiency of service delivery	Independent Monitoring and evaluation	Timeliness Frequency Reliability	Ordinal	Descriptive Statistics Inferential Statistics	Regression Mean ANOVA
To examine relationship between risk assessment and the efficiency of service delivery	Independent Risk assessment	Accuracy Validity Assurance	Ordinal	Descriptive Statistics Inferential Statistics	Regression Mean ANOVA
To investigate the correlation between information & communication and the efficiency of service delivery.	Independent Information and Communication	Reliability Timeliness	Ordinal	Descriptive Statistics Inferential Statistics	Regression Mean ANOVA
To establish the relationship between control	Independent Control	Adherence Compliance	Ordinal	Descriptive Statistics	Regression Mean

environment and the efficiency of service delivery	environment	Reliability		Inferential Statistics	ANOVA
	Dependent Efficiency in service delivery	Response Time Review frequency System Capacity	Nominal	Descriptive Statistics Inferential Statistics	Regression Mean ANOVA

CHAPTER FOUR

ANALYSIS AND INTERPRETATION OF DATA

4.1 Introduction

The chapter gives an analysis of data and an interpretation of the findings. It then debates on the outcome of the relationship between internal management controls and efficiency of service delivery of commercial banks in Kenya.

4.2 Response Rate

The research targeted 42 Commercial Banks Managers. From the Table 4.1, it is evident that of the 126 questionnaires administered, 88 were returned fully filled, making the response rate to be 70%. Cooper and Schindler (2003) state that a response rate of 50% is satisfactory and can be used for analysis, evaluation and the reporting of the data findings. This also collaborates Bailey (2000) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good.

Table 4.1 Response Rate

Questionnaires	Frequency	Percentage
Returned	88	70
Unreturned	38	30
Distributed	126	100.0

Source: Research Findings

4.3 The Level of Education

The extent of education of a person is a fundamental attribute in this study. This is because education assumes a noteworthy part with regards to the capacity of the respondents to comprehend the role of internal management controls and service efficiency deliver. The study found that 7 (8%) of the respondents had a diploma level of education. 59 (67%) of the respondents of the study has a degree qualification. 20 (23%) of respondents had a master degree. Only 2 (2%) of the remaining respondent had certificate qualification. This indicates that two thirds of the total number of respondents

that participated in the study had a degree. This statistics, therefore, implies that commercial banks entry employment requirements is graduates level in Kenya. Table 4.2 captures the stated findings below.

Table 4.2: Education Level

Education Level	Frequency	Percent
Diploma	7	8
Graduate	59	67
Master's Degree	20	23
Certificate	2	2
Total	88	100.0

Source: Research Findings

4.4 Experience of the Respondents

The participants of the study were then requested to indicate their level of experience in their respective banks. The study findings showed that 25 (28%) worked with their respective organizations for the period between four to six years. 33 (37%) worked between one and three years with the respective organizations. 4 (5%) of them had worked with their respective organizations for between 7 and 10 years. 26 (30%) of the remaining number of respondents had been working in the organizations for over 10 years. These statistics demonstrates that there was a worthy combination of both experienced and less experienced employees in the organizations. These statistics are further illustrated in the Table 4.3.

Table 4.3: Working Experience

Work experience	Frequency	Percent
4 – 6 years	25	28
1-3 years	33	37
7 – 10 years	4	5
Above 10 years	26	30
Total	88	100.0

Source: Research Findings

4.5 Results of Internal Management Controls

The study established the relationship between the various internal management controls and the efficiency of service delivery of commercial banks. The internal management controls were; monitoring and evaluation, risk assessment, information and communication and control environment. The respondents were asked questions that brought out the key indicators in the various controls that were rated with a scale of between 1 and 5.

4.5.1 Monitoring and Evaluation

The study established the link between monitoring and evaluation controls in an organization and the efficiency of service delivery of commercial banks in Kenya. The respondents were then requested to indicate whether they agreed or disagreed with the statements used to test on monitoring and evaluation. This had a scale of between 1 and 5 where average ratings could be computed and finally presented as follows (Table 4.4).

Table 4.4: Monitoring & Evaluation

Statement	Mean	Std
Management assesses the system of control from time to time	2.89	.787
Periodically, management carries out internal reviews of internal control systems in place	3.74	.732
Internal reviews of implementation of internal controls on efficiency of service delivery are conducted continuously	1.94	.630
The organization conducts consistent and often constant reviews of collections just afore the close of financial period	2.89	.787
Effective evaluation of control information ensures that the control procedures are conducted well	4.37	.899

Source: Research Findings

The outcome of the survey as shown in the Table 4.4 is that most of the respondents did not have clear response whether management assesses the systems used for control periodically. This statistics were then indicated by the estimated mean of 2.89. The standard deviation of the investigation was significant at 0.787. This showed that the

respondents differed a lot in their responses they gave to the test statements. The respondents agreed that management carries out internal reviews of internal control systems is in place. This is indicated by the mean shown of 3.74. The standard deviation (SD) of the data findings were however, very significant at 0.732 which shows that most of the respondents had varying views about the statements. The findings from the investigation as shown in the Table 4.4 reveal that a majority of the respondents of the study denied that internal reviews of implementation of internal controls on efficiency of service delivery are conducted continuously. These results are indicated by the high mean of 1.94.

However, the SD of the findings was 0.630 which suggests that most of the respondents had varied opinions. This shows that the problems in the systems are noted late when its situation has aggravate and cannot be controlled. The results of the data further indicates that the respondents of the investigation were not actually sure whether there were systematic reviews of collections just the financial period ended the report as indicated by the mean of 2.89. The standard deviation of the test statements was 0.787. This shows that the respondents had different understanding of the aspects of system evaluation from time to time. From the study results, it is evident that most of the respondents strongly agreed that there were effective evaluation of control information ensures that the control procedures are conducted well. This is statistic can be identified from mean of 4.37. There was, however, a significant standard of deviation (0.899) of the responses which shows that the respondents significantly differed in their responses.

4.5.2 Risk Assessment

There was need to know the risk assessment controls and the efficiency of service delivery of commercial banks in Kenya and find out their connection. The respondents were requested to determine their degree of either agreement or disagreement with the statements which indicated on monitoring and evaluation. There was a scale indication of between 1 and 5. The averages were determined and presented as follows in the Table 4.5

Table 4.5: Risk Assessment

Statement	Mean	Std
Measures have been put in place for risk identification	4.23	.834
Staff are adequately involved in internal controls	3.12	.334
The organization clearly defines its objectives for the employees to adhere to them always	3.23	.667
There are measures that can assist in detecting any cases of fraud in the organization such that the management can note the problem early	3.01	1.01

Source: Research Findings

The outcome of the research as indicated in Table 4.5, shows that the respondents agree strongly that measures have been put in place for risk identification as shown by a mean of 4.23. Further, there was a denial from the set data of 0.834 which shows that a good number of respondents had different opinions from the statements. The respondents of the study were not sure whether staff were adequately involved in internal controls from the mean value of 3.12 with a standard deviation of 0.34. The findings as shown in the Table 4.5 above further suggests that some of the respondents were not certain on whether the management had defined appropriate objectives for the organization as identified by the mean (3.23) with an SD of 0.667 which implies that the respondents have various knowledge on the objectives for the organization.

Further outcomes indicate that respondents were not sure whether the management of the firm had put in place measures that could assist it in detecting any cases of fraud. This was indicated by a 3.01 mean, though the SD was 1.01. These findings are in line with Whittington and Pany, (2000) observation that a sound arrangement of inner control adds to protecting of associations resources. Internal management control encourages the adequacy and effectiveness of operations, guarantees the dependability of inner and outer reporting and helps consistence with laws and directions.

4.5.3 Information and Communication Controls

The research further aimed at determining the link between information and communication and the efficiency of service delivery of established commercial banks in the country. The participants of the study were also questioned on a number of statements tested the response on their views on communication within the bank. These rates were on a scale of between 1 and 5. The average ratings of the findings were then computed and presented as follows in Table 4.6.

Table 4.6: Information and Communication

Statement	Mean	Std
Procedures and policies exist in the organization to aid the management in decision making. They ensure that appropriate decisions are made on a timely manner.	4.56	.528
The reporting of an organizational structure clearly defines all the responsibilities of each section of the organization to ensure efficiency of operation	3.34	.708
The management of the organization receives timely and accurate reports for the purposes of improving performance and effective decision making	2.34	1.802
Effective communication all over the organization ensures that all the sections in the firm function well and that its objectives are well communicated	2.78	.978

Source: Research Findings

The information in Table 4.6, shows that most of the respondents strongly agreed that there are procedures and policies in the organization that are in place for the improvement of performance and appropriate decision making. This is shown by an average value 4.56 shown. A large standard deviation (SD) of 0.528 found, however, shows that the respondents varied a lot in their answers. They also had varied answers on whether reporting in the organizational structure clearly defines all the responsibilities of each section of the organization to ensure efficiency of operation. This shows a variation of

3.34 which is the standard deviation coefficient whereas the standard deviation was 0.708. Also, the average value was 2.34 having an SD of 1.802 which shows that the participants of the study disagreed strongly on the statement that the management of the organization receives timely and accurate reports on performance for effective making of organizational decisions.

There were also varying response as to how communication of all over the organization objectives ensures that all the sections in the firm function well and that its objectives are well communicated and being implemented with a mean of 2.78 and standard deviation of 0.978. The study is in line with Aldridge and Colbert (1994) that said internal control requires that all apropos data be recognized, caught and imparted in time span and frame that adequately empowers staff to productively do separate service delivery obligations. Businesses need to have workable internal management control and data frameworks that produce money related, operational, reliable and consistent reports to make it conceivable to run and control the business. Successful correspondence need to happen in wide sense, with data streaming over, down and up every one of the segments of the association (Aldridge and Colbert, 1994).

4.5.4 Control Environment

The study further sought to examine the differences between the existing control environment in the organization and the efficiency of service delivery of commercial banks the country. The participants of the study were therefore requested to indicate their rates of agreement or disagreement with the statements based on monitoring and evaluations in the organization on a scale of between 1 and 5. On average, ratings were then computed and presented as follows (Table 4.7).

Table 4.7: Control Environment

Statement	Mean	Std
The management monitors the implementation of all the internal control systems in the organization	2.89	1.37
The management always acts with a high level of integrity when executing their control functions	3.34	1.01
The management offers timely and efficient feedback to the officers concerned with internal control mechanisms in the organization	3.01	.867
The responsibilities in the firm are always delegated and a regular follow up action is executed for effective performance and results	4.67	1.02

Source: Study Findings

From Table 4.7, the respondents were of the opinion that the management monitors the implementation of all the internal control systems in the organization. This was shown by the average indicated value of 2.89. A standard deviation of 1.37 however shows that respondents differ on the opinion. The management always acts with a high degree of integrity when executing their control functions. The results of the study further showed that there was high integrity in the implementation of control systems in the organization. This fact is revealed when the respondents' mean as calculated by the system is well above the average of 3.34. However, a standard deviation of the statement was 1.01 which implies that the variation in responses on the integrity of management in executing its control functions.

Further, the respondents of the study were not certain on whether the management offers timely and efficient feedback to the officers concerned with internal control mechanisms in the organization. This is illustrated by the calculated arithmetic mean of 3.01. Nevertheless; there was a significant standard deviation value of 0.87 which shows that the feedback on the commitment of the organizations management on feedback to juniors was not clear.

The exploration showed that the respondents were on concurrence with the conclusion that obligations are assigned and follow up activity is made to get criticism on aftereffects

of execution of all errands designated. This showed a mean of 4.67 and a standard deviation value of 1.02 found that the respondents differed regarding accounting and financial management system being in place. The findings support Whittington and Pany (2001) clarity that in internal management control, the control environment impacts individuals' control cognizance in this manner setting the tone of the association. Control is the establishment for the various segments of inside control. It contains elements like; moral qualities and trustworthiness of staff entrusted with making, regulating and checking the controls, duty and skill of people performing allocated obligations, governing body or review boards, administration theory and working style and authoritative structure.

4.6 Findings on Efficiency of Service Delivery in the Bank

The researcher also wanted to know the efficiency of service delivery of the banks. The participants of the study were requested to rate their amounts of agreement or disagreement on the levels of the monitoring and evaluation statements at a scale of between one and five. The average ratings were then calculated and presented as follows (Table 4.8)

Table 4.8: Efficiency of Service Delivery in the Organization

Statement	Mean	Std
The management reviews policies of service delivery frequently.	4.33	.707
The management and employees follow up and respond to customer queries in time.	3.88	1.45
The banking sector plays a critical role in the growth and development of the economy of a country and thus must ensure that it attains and efficient service delivery system.	3.67	.788
The bank has an efficient system of measuring customer satisfaction, profitability, market share aimed at attaining efficiency in service delivery.	3.77	.833

Source: Research Findings

The outcome of the research as per the Table above, implies that the respondents were of the opinion that management reviews policies of service delivery frequently. In this case

the mean was 4.33. However, the standard deviation value was 0.707. The respondents strongly agreed that, management and employees follow up and respond to customer queries in time having a mean of 3.88 whereas the standard deviation value was 1.45 which indicates that the respondents had various opinions as far as the matter is concerned. The agreement from the respondents was that banking sector has an important role to play in the economic development of the country and thus must ensure that it attains an efficient service delivery system as shown by a mean value of 3.67. The standard deviation value was however 0.788 implying that the respondents had varied views on this opinion.

Respondents agreed that bank has an efficient system of measuring customer satisfaction, profitability, market share aimed at attaining efficiency in service delivery. This is revealed by a mean value of 3.77. However, the deviation of 0.833 suggests varied responses from the respondents interviewed. These outcomes are in line with Doyle, (2007) study finding indicating that internal management control, which guarantees the strength of each association, has picked up significance today. This is on the grounds that the control frameworks set up are a column for effectiveness in delivery of services and also the accomplishment of hierarchical objectives (Doyle, 2007).

4.7 Inferential Statistics

The study was aided by Correlation analysis to establish the strength of the relationship between the independent and dependent variables, ANOVA was used to establish the level of difference between the variables and regression analysis model was applied to establish the level of impact the independent variables have on the dependent variable.

4.7.1 Correlation Analysis

Table 4.9: Correlation between Internal Management Controls on Efficiency of Service Delivery

	Efficiency of Service Delivery
Monitoring and Evaluation	3.575
Risk Assessment	4.123
Information and Communication System	3.891
Control Environment	3.571

Source: Research Findings

The results in Table 4.9 above show the correlation coefficients of the existing relationship between the variables of the study. The findings indicate that most of the commercial banks consider adoption of risk assessment as an internal control mechanism to enhance service efficiency delivery as measured by a strong positive correlation coefficient of 4.123. Correlation coefficients pointed that Information and Communication System 3.891, Monitoring and Evaluation 3.575 and also Control Environment at 3.572 there was a moderate variability among the respondents as to the extent to which each variable respectively affects service delivery efficiency in commercial banks in Kenya with positive correlation. The findings of study are in line with Macey (2008) who noted that internal management control frameworks are expected fundamentally to improve the quality and efficiency of service delivery in organizations, either specifically or by implication by expanding responsibility among data suppliers in an association. Internal management controls hence have an extremely wide impact on the objectives, purpose and targets of the association and the level of control of issues connected with service delivery.

4.7.2 F- Test for the Full Model

To ascertain the extent of the difference between internal management controls and efficiency of service delivery, ANOVA Test was applied. ANOVA was carried out for each internal management controls (independent variable) versus the banks efficiency of service delivery (dependent variable) at F 0.05.

Table 4.10: ANOVA

Model	Sum of Squares (SS)	df	Mean Square (MS)	F	p-value
Regression (ESS)	1047.142	34	.0614	5.905	0.004
Residual(RSS)	217.501	4	0.562	5.905	0.004
Total(TSS)	1264.643	38	0.6234		

Source: Research Findings

It is observed from Table 4.10 that the calculated F-value (5.905) is more than the table value (F value =2.61 at 5% significance level). In addition the p-value ≤ 0.05 and this means that there exists a significant relationship between the internal management controls and the efficiency of service delivery.

4.7.3 Regression Analysis

The relationship between internal management controls and the efficiency of service delivery of commercial banks in Kenya was investigated and generated the following regression outcome as demonstrated in Table 4.11 below:-

$$Y = 25.045 + 0.2457X_1 + 0.3272X_2 + 0.2929X_4 + 0.1925X_4$$

Table 4.11: Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	25.045	14.654		1.373	0.017
Monitoring and Evaluation	.2457	2.498	0.007	0.067	0.048
Risk Assessment	.3272	0.583	0.071	0.690	0.049
Information and Communication System	.2929	1.654	0.086	0.789	0.043
Control Environment	.1925	1.413	0.093	2.861	0.039

Source: Research Findings

The coefficient of the independent variables (X1 – X4) is significant at 5% significance level. The coefficient of the determination under risk assessment was the highest of the independent variables and this means that a unit increase in the determination towards risk assessment in the commercial banks service delivery efficiency will increase by 32%. From the regression equation given above, it was revealed that a unit increase in information and communication will lead to 29% increase in commercial banks service delivery efficiency. It can also be argued from the findings that a unit increase in monitoring and evaluation and control environment will lead to an increase in of commercial banks service delivery efficiency by 24% and 19% respectively.

4.8 Interpretation of Findings

The findings shows that there are variation in service delivery efficiency in Kenya commercial banks due to the existing variations in the independent variable which were monitoring and evaluation, risk assessment, control environment and information Communications. The study indicated that there were strong connections between risk assessment and service delivery efficiency. Also, from the study, it can be noted that there was a positive relationship between Monitoring Control Environment and

Information Communications systems towards service delivery efficiency of commercial banks in Kenya.

According to the demographics of the respondents it was found out that most of the employees in the commercial banks in Kenya were holders of degrees. In terms of the level of experience, most of the employees working in the commercial banks have been working for the various banks for a period of one to three years and again a large group has been working for the various banks for more than 7 years, this therefore showed that the respondents have adequate information as far as internal management controls and efficiency of service delivery. The information obtained in that case were accurate and reliable.

The study also revealed that effective evaluation of control information is done well by the commercial banks to ensure that internal management control objective is achieved ($M=4.37, SD=0.899$), also as far as the risk assessment aspect of the internal control management is concern the study revealed that adequate measures have been put in place for risk identification and therefore be able to ensure there is efficiency in service delivery in the various commercial banks in Kenya ($M=4.23, SD=0.834$)

On the relationship between information and communication and efficiency of service delivery of commercial banks in Kenya, procedures and policies exist in the organization to aid the management in decision making, the commercial banks ensure that appropriate decisions are made on a timely manner and therefore have an impact on the service delivery of the commercial banks ($M=4.56, SD=0.528$)

Analysis of the data was done using the regression model which showed a positive relationship between internal management controls and efficiency of service delivery of commercial banks in Kenya. These outcomes of the study are in line with a study by Olumbe (2012), who did a study to find out the relationship between internal controls and corporate governance in commercial banks in Kenya that concluded that internal control systems that are strong enough can improve the corporate governance

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section gives the outline of the study findings; it makes conclusions and gives suggestions in view of the conclusion. It will likewise exhibit the restrictions of the ebb and flow study and offer recommendations for further research. The specialist went for finding the relationship between inside administration controls and the effectiveness of administration conveyance of business banks in Kenya.

5.2 Summary

The findings of the study show that there are variations in service delivery in Kenyan commercial banks. This is shown by the changes in the independent variables that were monitoring and evaluation risk assessment, control environment and information Communications. The further study revealed that risk assessment was the highest of the independent variables and this means that a unit increase in the determination towards risk assessment in the commercial banks service delivery efficiency will increase by 32%.

The regression equation above reveals that a unit increase in information and communication will lead to 29% increase in commercial banks service delivery efficiency. It can also be argued from the findings that a unit increase in monitoring and evaluation and control environment will lead to an increase in of commercial banks service delivery efficiency by 24% and 19% respectively.

The finding indicate that most of the commercial banks consider adoption of risk assessment as an internal control mechanism to enhance service efficiency delivery as measured by a strong positive correlation coefficient of 4.123.

From the findings, the study revealed that respondents agreed that management reviews policies of service delivery frequently in addition it was noted that the respondents of the study specified that the management monitors the implementation of internal control systems in the organization shown by the average values calculated, further respondents strongly agreed that they have policies and procedures established to ensure that there is a

critical decision making with an appropriate approval and most of the respondents strongly agree that measures have been put in place for risk identification.

5.3 Conclusions

Internal management control is a critical system to efficiency of service delivery of commercial banks in Kenya. Commercial banks can only be able to attain service excellence and retained customer with overwhelming referrals if their internal management control are strengthened. The internal management control system is a tool which can enhance an effective and efficient service delivery mechanism in organizations. All the components of internal management control examined in this study must be fully implemented in an integrated manner to strengthen efficiency of service delivery at all times.

The study further concludes therefore that there exists a very strong connection between internal management controls and the efficiency of service delivery of commercial banks in Kenya demonstrated through monitoring and evaluation, risk assessment, information and communication and control environment. It was further established that internal controls in the organization were always in place though there is need to have more follow-ups which will ensure that the implementation process takes place as always required.

5.4 Recommendations for Policy and Practice

The study recommends that bank employees should be encouraged to familiarize themselves with all the reviewed policies and procedures within the internal management control framework and Banks should also hold policy brief session periodically wherein changes and amendments made in individual policies are communicated to all staff and stakeholders for efficiency in service provision.

The appraisal of risks ought to be done to all undertakings and projects done by the firm from time to time. The execution of a risk appraisal would empower the banks to create chance administration arranges, which would serve as moderation or mediation techniques for any unanticipated conditions that may happen towards testing

administration productivity conveyance. Banks in Kenya should enforce full implementation of its internal management control systems to prevent irregular, poor service, non-conformity to standards and service lethargy.

Commercial banks should strengthen communication with relevant stakeholders, including service providers that complement their services such as communication / mobile telephony and internet companies. This will strengthen service provision strategy and hence improves service efficiency delivery to customers.

5.5 Limitations of the Study

The study was restricted by the accessibility of the senior management officers who were excessively caught up with amid available time, making it impossible to fill the questionnaires. To alleviate this issue the researcher gave a long time of information gathering. Further the researcher made various telephone calls to check on the respondents and develop a good rapport with them.

Because of the sensitivity of the bank information and the management, the respondent may have had a fear of giving the data to researcher. This restriction was countered by guaranteeing the respondents that the data they gave is simply utilized for academic purposes only and would be treated with a considerable measure of security. A presentation letter from the University of Nairobi, School of Business was connected to the surveys to attest the privacy needs.

The degree of accuracy of the data collected was also another limitation. Whereas secondary data can be verified since it is obtained from the CBK journals & KBA publications, the essential information from the primary sources is inclined to the weaknesses of not having the capacity to check the data gave.

The exploration was limited by accessibility of assets for printing and alluding to various study materials that were not accessible in the library, and setting out to various scenes. To mitigate this problem the researcher conducted much of the research activities on his own and engaged friends/former colleagues where inevitable. e.g. CBK, KNBS etc.

5.6 Suggestions for Further Research

The research proposes that an investigation be conducted on the effects of affecting the implementation of internal management controls in organizations. The current study was confined to commercial banks in Kenya; further study should be undertaken on other financial institution and government agencies in the service sector. The role of internal controls management on service delivery in non-governmental organization should also be studied.

REFERENCES

- Abassi, SM & Hollman, KW (2010). Turnover: the real bottom line, *Public Personnel Management*, 2 (3):333-342.
- Adams, M. B. (1994). Agency theory and the internal audit', *Managerial Auditing Journal*.
- Ashbaugh, H. D, Collins, and Kinney, W. (2005). *the discovery and consequences of internal control deficiencies prior*
- Belzer, (2002). *The Relationship between Competitive Strategy Choice and the Components of Firm Efficiency*.
- Berry, L. L., Carbone, L. P., & Haeckel, S. H. (2010). Managing the total customer experience. *MIT Sloan management review*, 43(3), 85.
- Brown, T. J., Churchill, G. A., & Peter, J. P. (2008). Improving the measurement of service quality. *Journal of retailing*, 69(1), 127-139.
- Bryman, A & Bell, E (2003). *Business Research methods oxford*. University press.
- Cooper, D. R. & Schindler, P.S (2003) *Business Research method* (8th Ed.) McGraw-Hill: New York.
- Bushman, M. (2007). *Designing an effective internal control system* Retrieved October 9, 2010, from: <http://www.associatedcontent.com>
- Cheng M., D. Dhaliwal, and Zhang (2013). *Does investment efficiency improve after the disclosure of material weaknesses in internal control over financial reporting?* *Journal of Accounting and Economics* Forthcoming.
- Cooper, D.R and Schindler, P.S. (2003). *Business Research Methods*: New York Council, I Shou University.
- COSO (2011). *Enterprise risk management integrated framework*", *Committee of Hooks*, K. L., Kaplan, S. E., Schultz, J.J. Enhancing Communication to Assist in Fraud

Prevention and Detection. *Auditing: A Journal of Practice and Theory*, 1994 vol. 13, pp 86-117.

Creswell, J. W., & Plano Clark, V. L. (2007). *Designing and Conducting Mixed Methods Research*. Thousand Oaks, Calif.: SAGE Publications.

Cronin Jr, J. J., & Taylor, S. A. (2011). Measuring service quality: a reexamination and extension. *The journal of marketing*, 55-68.

Doyle, J., Ge, W. and McVay, S. (2007). "Determinants of weaknesses in internal control over financial reporting", *Journal of Accounting and Economics*, Vol. 44 Nos 1/2, pp. 193 -223.

Fertman, C. I., White, G. P., & White, L. J. (2010). *Service Learning in the Middle School: Building a Culture of Service*. National Middle School Association, 4151 Executive Parkway, Suite 300, Westerville, OH 43081.

Grönroos, C. (2010). *Service management and marketing: managing the moments of truth in service competition*. Jossey-Bass.

Gupta, P.P., Dirsmith, M.W., Fogarty, T.J. (1994), "Coordination and control in a government agency: contingency and institutional theory perspectives on GAO audits", *Administrative Science Quarterly*, Vol. 39 pp.264-84

VUAI, M. D. (2014). *Assessment of internal control systems performance in revenue collection in Tanzania A case study of Zanzibar municipal council (ZMC)* (Doctoral dissertation, Mzumbe University).

Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2012). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: a meta-analysis. *Journal of applied psychology*, 87(2), 268.

Haugh, H & McKee, L (2004), The cultural paradigm of the smaller firm. *Journal of Small Business Management* vol. 24, no. 4, pp. 377-394.

- Jensen, M. C. & Meckling, W. H. (2013). *'Theory of the firm: Managerial Behavior, agency costs, and ownership Structure'*, *Journal of Financial Economics*.
- Keitany, J. L. (2000). *The internal audit control function and its implication for risk assessment by the external auditor. A case of quoted companies*
- Kinney, W. R (2000). Research Opportunities in Internal Control Quality Assurance. *Auditing: A Journal of Practice and Theory, 2000, Vol. 19, Supplement*.
- Kothari, C.R. (2004), *Research Methodology: Methods and Techniques* (2nd revised edition). New Age Publishers.
- LaFond.R. (2009) *'Internal control measures and firm's operational efficiency*
- Macey, W. H., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and organizational Psychology, 1(1)*, 3-30.
- Mawanda, M. (2012). *Effects of Business Process Outsourcing on Financial Performance of Commercial Banks*. Research Paper, pg 4-5.
- Meyer, C., & Schwager, A. (2007). Customer Experience. *Harvard business review*, 1-11.
- Mwachiro, D. B. (2013). *Effects of internal controls on revenue collection: a case of Kenya revenue authority* (Doctoral dissertation, University of Nairobi).
- Mugenda O, M and Mugenda, A. G (2003). *Research Methods, Quantitative Methods and Qualitative Approaches*. Africa Center for technology studies, Nairobi, Kenya
- Ndung'u, H. (2013). *The effect of internal controls on revenue generation: A case study of the University of Nairobi Enterprise and Services Limited* (Doctoral dissertation, University of Nairobi).
- Novak, T. P., Hoffman, D. L., & Yung, Y. F. (2009). Measuring the customer experience in online environments: A structural modeling approach. *Marketing science, 19(1)*, 22-42.

- Omenga, I. O. (2012). *Effects of internal control on sales performance in the retail industry in Kenya (a case study of the armed forces canteen organization)* (Doctoral dissertation, Kenyatta University).
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (2007). A conceptual model of service quality and its implications for future research. *the Journal of Marketing*, 41-50.
- Radnor, Z. (2010). Review of Business Process Methodologies in Public Services, Advanced Institute of Management Research, Warwick Business School.
- Robinson, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of managerial psychology*, 21(7), 600-619.
- Schiama, B. M. (2003). *Business Performance Measurement*. *Managerial Auditing*, 680 - 687.
- Simiyu O J. (2011). *'Effectiveness of internal control system in Higher Institutions of Learning' Unpublished MBA Project*, University of Nairobi.
- Teece, D.J., Pisano, G., and Shuen, A. (2007). "Dynamic capabilities and strategic management", *Strategic Management Journal*, Vol. 18 No.7, pp.509-533
- Walker. D. M. (2009), *Standards for Internal Control in Federal Government*. Retrieved in, June, 2010, from www.gao.gov/special.pubs/ai00021p.pdf.
- Wambugu, E. M. (2014). *Influence of internal controls on operational efficiency in non-governmental organizations: A case of AMREF health Africa in Kenya* (Doctoral dissertation, University of Nairobi).
- Yang Jin 'e and Li Dunjia (1997) *Performance Audit in the Service of Internal Audit Managerial Auditing Journal* 192–195.
- Zeithaml, H., Edvardsson, B., & Bjurko, M. (2009). The impact of service orientation in corporate culture on business performance in manufacturing companies. *Journal of Service Management*, 21(2), 237-259.

APPENDIX I: LETTER OF INTRODUCTION

Dear Respondent,

REF: PERMISSION TO COLLECT DATA FROM YOUR ORGANIZATION

I am Edwin Serem a student of the University of Nairobi pursuing a Master's Degree in Business Administration. I am currently conducting a research on **“THE RELATIONSHIP BEWEEM INTERNAL MANAGEMENT CONTROLS AND EFFICIENCY OF SERVICE DELIVERY OF COMMERCIAL BANKS IN KENYA”**. I kindly request you to participate in my study and your responses to the items in the questionnaire will be treated with utmost confidentiality, and will not be used for any other purposes except for this study.

Please answer each question by writing on the spaces provided or tick (√) against the boxes provided. The information provided will be used for the purpose of this research only; therefore, do not write your name on the answer sheet. Please note that there are no correct or wrong answers.

Yours Faithfully,

Kipchirchir Edwin Serem

APPENDIX II: QUESTIONNAIRE

Instructions

Please read the statements carefully and put a tick in the most appropriate response from the ones given or give any other response after a particular section

SECTION A: BACKGROUND INFORMATION

Education level

Certificate

Diploma

Degree

Masters

Other (specify).....

For how long have you been working in the organization?

1-3 years

4 – 6 years

7 – 10 years

Over 10 years

Specific Information

Kindly rate the extent to which you agree or disagree on the impact of monitoring and evaluation controls employed by the Organization.

Statement	SA	A	U	D	SD
Management assesses the system of control from time to time					
Periodically, management carries out internal reviews of internal control systems in place					
Internal reviews of implementation of internal controls on efficiency of service delivery are conducted continuously					
There are regular and periodic reviews of collections before the end of financial year report					
Effective evaluation of control information ensures that the control procedures are conducted well					

Any other opinion

.....

.....

.....

Kindly rate the extent to which you agree or disagree on the impact of risk assessment controls employed by the Organization.

Statement	SA	A	U	D	SD
Measures have been put in place for risk identification					
Staff are adequately involved in internal controls					
Management has defined appropriate objectives for the organization					
Management has put in place mechanisms for mitigation of critical risks that may result from fraud					

Any other opinion

.....

.....

.....

Kindly rate the extent to which you agree or disagree on the impact of information & communication controls employed by the Organization.

Statement	SA	A	U	D	SD
Policies and procedures exist to ensure critical decisions are made with appropriate approval.					
The reporting on organizational structures spells out all the responsibilities of each section/unit in the organization.					
Management receives timely, relevant and reliable reports for decision making.					
Communication helps to evaluate how well guidelines and policies of the organization are working and being implemented.					

Any other opinion

.....

.....

.....

Kindly rate the extent to which you agree or disagree with the statements regarding the control environment controls by commercial banks in Kenya?

Key: SA- Strongly Agree=5, A-Agree=4, U- Undecided=3, D- Disagree=2, SD- Strongly Disagree=1.

Statement	SA	A	U	D	SD
Management closely monitors implementation of internal control system					
Management acts with a great degree of integrity in execution of their roles					
Management provides feedback to the officers about the operation of the internal control system					
Responsibilities are delegated and follow up action is made to get feedback on results of performance of all tasks delegated					

Any other opinion

.....

To what extent do you agree with the following statements in regards to the efficiency of service delivery in the Organization?

Statement	SA	A	U	D	SD
The management reviews policies of service delivery frequently.					
The management and employees follow up and respond to customer queries in time.					
The banking sector has an important role to play in the economic development of the country and thus must ensure that it attains an efficient service delivery system.					
The bank has an efficient system of measuring customer satisfaction, profitability, market share aimed at attaining efficiency in service delivery.					

Any other opinion

.....

.....

.....

What are the major problems affecting the Organization in terms of service delivery?

.....

.....

.....

Explain briefly how this study can help in solving the problems you have mentioned in (a) above.

.....

.....

10. How do you think the government, the CBK and other non-governmental organizations affect the efficiency of service delivery in the Organization?

.....
.....

Thank You for Your Participation

**APPENDIX III: LIST OF LICENSED COMMERCIAL BANKS IN KENYA AS
AT 31ST MARCH 2016**

Bank of Africa

ABC Bank (Kenya)

Bank of Baroda

Bank of India

Barclays Bank

CFC Stanbic Bank

Chase Bank (Kenya)

Citibank

Commercial Bank of Africa

Consolidated Bank of Kenya

Cooperative Bank of Kenya

Credit Bank

Development Bank of Kenya

Diamond Trust Bank

Dubai Bank Kenya

Ecobank

Equatorial Commercial Bank

Equity Bank

Family Bank

Fidelity Commercial Bank Limited

Fina Bank

First Community Bank

Giro Commercial Bank

Guardian Bank

Gulf African Bank

Habib Bank

Habib Bank AG Zurich

I & M Bank

Imperial Bank Kenya

Jamii Bora Bank

Kenya Commercial Bank

K-Rep Bank

Middle East Bank Kenya

National Bank of Kenya

NIC Bank

Oriental Commercial Bank

Paramount Universal Bank

Prime Bank (Kenya)

Standard Chartered Kenya

Trans National Bank Kenya

United Bank for Africa

Victoria Commercial Bank

Source: Central bank of Kenya