INFLUENCE OF BUSINESS EXCELLENCE MODELS ON ORGANIZATION PERFORMANCE: A CASE OF KENYA POST BANK

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ABSTRACT

Entrepreneurs across the globe are changing business tactics and adopting use of business excellence models with an aim of ensuring they gain competitive advantage in the market. The first decade of the 21st Century is characterized by business uncertainty, market globalization and a higher level of competitiveness, what makes companies rethink their strategies and adjust it to changes and requirements, such as market, clients and customers. With the fluctuations in performance of commercial banks, this study examined the effect of business excellence on firm’s performance focusing on post bank. Specifically, the study sought to establish the influence of customer orientation and marketing, information technology, leadership and corporate citizenship on organization’s performance in the banking sector. A descriptive research design was adopted. The target population of this study was 320 management staff. The study used Krejcie & Morgan formula to determine the sample size of 175 respondents. The study made use of primary data which was analyzed using descriptive statistics like frequencies and percentages and inferential statistics including correlation and regression analysis. The findings indicated that ICT, customer orientation, leadership and corporate citizenship had a positive and significant influence on organizational performance of Kenya Post Bank. The study concluded that ICT influences organization’s performance in the banking sector in Kenya positively. The study also established that promotion of community corporate social responsibility by Kenya post bank. The study recommends Post bank to fully use automation processes in their operations. There is also need to conduct surveys regularly to gather customer information so as to track and assess regularly customers’ needs and requirements. The study further recommends the management to continuously share competitors’ information by salespeople. In addition the study recommends the Kenya post bank to promote community corporate social responsibility. Lastly, the study recommends for the promotion of diversity corporate social responsibility.

Key Words: ICT, Customer Orientation, Leadership, Corporate Citizenship, Organizational Performance
Introduction

Global competitiveness is becoming stronger as more countries are embracing the free market model and opening up their borders for investments and trading, (Williams, 2008). One of the fundamental questions in the field of business is how companies achieve and sustain competitive advantages and pursue business excellence by achieving success and exceptionality, (Vartiak, 2016). In today’s business, creating new forms of competitive advantage has become a main concern for management as the business environment continues to change rapidly and unpredictably, (Eldanfour & Abushaiba, 2014). Organization performance is determined by industry structure and the firms’ strategic position in the industry. Performance measurement systems can play a crucial role in strategy implementation by helping to translate firm’s strategy into desired behaviors and results, communicate expectations, monitor progress, provide feedback and motivate employees to improve firms’ performance. (Abushaiba & Zainuddin, 2012).

Organizations operate in a very competitive environment (Njagi & Kombo, 2014) The business environment in which organization are operating in currently is highly competitive thus organizations have been forced to consider, and adopt or implement, a wide variety of innovative management programs and techniques (Kerandi et al, 2014). The globalization of markets and the uncertain business environment have increased the level of competitiveness, which is putting increasingly greater pressure organizations to acquire and to increase their competitive advantages. (Guzman et al, 2012). In order to compete with the global players, businesses run in emerging economies need to pay greater attention on evaluating their business performance. Business managers have recognized that new strategies and competitive realities demand new measurement systems (Rylkova, 2015).

In the last two decades organizations have experienced a period of great change in their markets and operations. Customers have become more demanding, competition has become more intense and sophisticated and the pace of technological change has quickened. Regulators and consumer groups have adopted a range of improvement approaches in response to these forces (Porter & Turner, 2011). Quality is much more than the quality of a product but not all of us know or notice it. We can talk and write about it but there is always something new to tell and someone else to listen to. Business excellence makes the world better, it organizes and leads people to their happiness and makes their dreams and those of customers, companies and national economies, come true. The increasing globalization, dynamism and complexity of the current economy show the convenience of adopting integrated models of management (Samardzija & Fadic, 2009).

Business Excellence is about developing and strengthening the management systems and processes of an organization to improve performance and create value for stakeholders. Business excellence is much more than having quality in place. Business Excellence is about achieving excellence in everything that an organization does including leadership, strategy, customer focus, information management, and people and processed and most importantly achieving superior business results (Mann et al, 2016). Every sound organization strives for business excellence and thereby company, customer and employee satisfaction. Several business excellence models are applied in the organizations throughout the world. Kanji (2012) Business excellence models are widely used by the companies around the globe for business improvement. Today, many countries view Business Excellence models as a key
mechanism for improving the performance of organizations, as well as national competitiveness (Sreeja & Hemaltha, 2016). A business excellence model is a set of interrelated criteria that aims to capture all key aspects of any successful organization. The model is designed so that the extent to which an organization adheres to these criteria reflects its success (Stapenhurst, 2009). The existing Business Excellence Models have in most cases been developed or been supported by national bodies as a basis for award programs and for the widespread adaption of the principles and methods of Total Quality Management and Business Excellence (Chen, 2013).

Statement of the Problem

In today's dynamic and rapidly changing workplace and globalised economy, development of organizational performance is associated with the development personal performance, skills, knowledge and experience (Mohammed 2010). The ability to achieve and maintain high performance and productivity in organizations is a key challenge facing management today (Mohammed 2010). As such organizations have adopted organizational performance index as a component in organization competitiveness since it gives a regular exposure of the staff of the company to new and up-to-date knowledge and skills. This helps them to keep up with the new changes happening in the market and ultimately enhance the quality of organizational competitiveness (Harrison & Freeman, 2009). Despite the benefits that accrues from OPI most managers, for various reasons understand little about the importance of organization performance index on organization performance (Nyambala, 2015). Many companies have found the application of OPI difficult to properly adopt or implement due to lack of adequate understanding and preparation by management (Nyambala, 2015). However, there is a large disparity among organizations in terms of which performance measure to use with many primarily focusing on financial measures rather than competitive approaches to enhance their performance.

According to Onuonga (2014), performance of the banking sector in Kenya over the last decade has not been impressive. Several reforms have been implemented in the financial sector since 1990s aiming at increasing performance, stability, productivity, financial access and efficiency. However, bank profitability on average has been erratic. In the period 2008- 2013, increases in Profits before Tax (PBT) has been below 20% on average terms. In the year 2013 PBT of the Kenyan commercial banks increased by 16.6% as compared to the year 2012 when PBT increased by 20.6%. In the year 2009, PBT of the Kenyan banks increased by 12.9% as compared to the year 2008 when PBT increased by 13.4%.The year 2010 is the only year that PBT increased by around 52 percent. This trend is not impressive given that a lot of reforms have been done to enhance performance of the banking sector. (Onuonga, 2014).

A survey conducted by the Central bank of kenya indicated that the Kenyan Banking Sector recorded growth in the quarter ended 30th June 2016, compared to the quarter ended 31st March 2016. The aggregate balance sheet increased by 2.80% from Kshs. 3.57 trillion in March 2016 to Kshs. 3.67 trillion in June 2016. Gross loans increased by 1.80% from kshs. 2.22 trillion in March 2016 to Kshs. 2.27 trillion in June 2016. Cumulative unaudited pre-tax profits for the quarter ended 30th June 2016 stood at kshs. 42.8 billion compared to Kshs. 38.3 billion for 31st March 2016, an increase of 11.7%. The growth in profits were mainly attributable to increased investment in government securities by commercial banks and increased lending rates to increase
investment in government securities by commercial banks and increased lending rates from an average of 17.8% in Q1 of 2016 to an average of 18.1% in Q2 of 2016 respectively. (CBK 2016)

At post bank, the savings bank has experienced mixed results in performance. In the year 2014 for instance, the banks gross income decreased by 2.32% from Kshs.3.109 billion in the year 2012 to Kshs.3.037 billion in the year 2013. The net income in the year 2013 was a record Kshs.4.35 billion loss and in the year 2014, the net loss was KShs. 1.023 billion. In the year 2015, the savings banks cost structure increased by 32% and that affected its performance (Kenya National Audit Report, 2015). Despite the anticipated benefits, organization performance index remains a challenge given that it is considered to be relatively new in Kenya (Nyambala, 2012).

The study thus examined the influence of business excellence model on organization performance with a focus to Post bank in Kenya.

**Objectives of the Study**

i. To ascertain influence of customer orientation on organization’s performance in the banking sector in Kenya.

ii. To ascertain influence of information communication technology on organization’s performance in the banking sector in Kenya.

iii. To determine the influence of leadership on organization’s performance in the banking sector in Kenya.

iv. To examine if corporate citizenship has significant influence on organization’s performance in the banking sector in Kenya.

**Literature Review**

**Theoretical Review**

**Cognitive Dissonance Theory**

Cognitive dissonance theory was a well-established and highly researched social psychology theory originally proposed by Leon Festinger (1919-1989) in the 1950s. The theory argued that people are motivated to restore consistency among the discrepant cognitions to reduce their discomfort (Moskowitz, 2011). Cognitive dissonance was defined as a motivational state that impels the individuals to attempt to reduce and eliminate it. (Wicklund & Brehm, 2013). According to cognitive dissonance theory, conflicting thoughts cause psychological discomfort (cognitive dissonance). It is a theory about how people rationalize their behavior so as to bring their attitudes into line with their actions (Brehm, 2013). Cognitive dissonance theory is a concept that has provided insight into human behavior and functioning.

In line with this study, a company must be totally committed to delivering consistently high standards of service to gain and retain customer loyalty. Everyone from top management on down must be tuned into what the customer want (Cooper & Fazio, 1984). Creating a customer service culture within a company can help build success. Customer satisfaction and loyalty are inextricably linked to the quality of customer service and, ultimately, to the company’s profitability. Therefore this theory supports customer orientation.

**Theory of Reasoned Action**

The Theory of Reasoned Action sheds light on the attitudinal behavior related to acceptance, use, and adoption of technology in organizations. The Theory of
Reasoned Action was developed by both Fishbein and Ajzen way back in 1975 and 1980 from previous studies on attitude and behavior in organizations towards performing certain actions (Ambali & Raufu, 2014). The theory argues that intention to perform certain behavioral action is a function of both attitude and subjective norm. Social psychology researchers, on the other hand, are not interested in classifying the technological characteristics that determine technology adoption, but rather the behavioral determinants of the individual perse. A quick overview of existing research suggests that the majority of contemporary technology adoption studies are rooted in behavioral intention, which contends that a user’s choice to adopt a new technology is a conscious undertaking that can be sufficiently explained and predicted by their behavioral intention. A researcher thinking along these lines is challenged to classify which factors determine an individual’s intention toward adopting a new technology (Chau & Hu, 2002; Green 2005).

**Path-Goal Theory**

Path-goal theory, originally developed by Evans (1970) and later modified by House (1971), was designed to identify a leader’s most practiced style as a motivation to get subordinates to accomplish goals. The path-goal theory reinforces the idea that motivation plays an important part in how a supervisor and a subordinate interact and, based on that interaction, the overall success of the subordinate.

Path-goal theory has several positive features. First, path-goal theory provides a useful theoretical framework for understanding how various leadership behaviors affect subordinates’ satisfaction and work performance. It was one of the first theories to specify four conceptually distinct varieties of leadership: (directive, supportive, participated and achievement oriented), expanding the focus of prior research, which dealt exclusively with task and relationship oriented behaviors (Northouse, 2012). The path-goal theory of leadership suggests that the primary functions of a leader are to make valued or desired rewards available in the workplace and to clarify for the subordinate the kinds of behavior that will lead to goal accomplishment and valued rewards – that is, the leader should clarify the paths to goal attainment (Solomon, 2007).

**Stakeholders Theory**

Stakeholder theory has developed gradually since 1970s. One of the first expositions of stakeholder theory, couched in the management discipline, was presented by Freeman (1984), who proposed a general theory of the firm, incorporating corporate accountability to a broad range of stakeholders (Solomon, 2007). The stakeholder fiduciary principle; Management bears a fiduciary relationship to stakeholders and to the corporation as an abstract entity. It must act in the interest of the stakeholders as their agent and it must act in the interests of the corporation to ensure the survival of the firm safeguarding the long-term stakes of each group (Friedman & Miles, 2007).

Organizations should develop tactics to respond to the needs of stakeholders in order to prevent the negative effects of stakeholders’ activities. Stakeholders are very important for organizations because they interact with the organization on a day to day basis hence they have a very big influence on the affairs of the business (Uzel 2015).
Conceptual Framework

**Independent Variables**

**Customer orientation**
- Customer Feedback
- Customer retention
- Customer Focus
- Product Focus

**Information and Communication Technology**
- Employee Information System
- Customer Information System
- Supplier Information System

**Leadership**
- Leadership Style
- Coaching
- Inspire and Motivate

**Corporate Citizenship**
- Employee relations
- Community Corporate social responsibilities
- Environmental Corporate social responsibilities

**Dependent Variable**
- PBT
- ROE
- Market Share

**Figure 2.1: Conceptual Framework**

**Customer Orientation**
Customer or market orientation is well recognized as one of the main contributors to the success and performance of a firm (Appiah-Adu & Singh, 2006). Smirnova et al. (2011) suggested the direct role of customer orientation on business performance and tested the impact of market orientation as direct and indirect antecedents of relational capabilities and thus subsequently of overall firm performance. Jeong et al. (2014) considered market success as a direct outcome of the firm's ability to integrate customer interaction in its organizational routines. Also, many studies have been conducted to investigate the influence of service quality on business performance. Anderson et al. (1994) indicate that service quality has a positive effect on customer satisfaction and company’s profitability.

**Information and Communication Technology**
Hitt and Brynjolfsson (2009) argue that organization use ICT to improve the performance, decision making, gain competitive advantage, and because of the influence it has on the strategy, for the impact it has on the enterprises and for the changes in the businesses’ environment. What is surprising about the paradox is that just when the technology adds amazing quantities, it has not been able to respond to
the fundamental needs of the enterprise, even though there are studies such as that of Brynjolfsson and Hitt (2011) who found evidence that those enterprises that used IT to save labor costs were more successful than their competitors when increasing their productivity. According to Bitner and Meuter (2010), IT leads to more efficient service recovery actions of contact personnel by equipping them with sufficient information and that the use of technology will be contingent on the empowerment to act in accordance with this information.

**Leadership**

McGrath and MacMillan (2010) identified management leadership has been identified as an important subject in the field of organizational behaviour. Leadership style in an organization is one of the factors that play significant role in enhancing or retarding the interest and commitment of the individuals in the organization. Thus, Glantz (2009) emphasizes the need for a manager to find his leadership style. The extent to which members of an organization contribute in harnessing the resources of the organization equally depends on how well the managers (leaders) of the organization understand and adopt appropriate leadership style in performing their roles as managers and leaders. Thus, efficiency in resources mobilization, allocation, utilization and enhancement of organizational performance depends, to a large extent, on leadership style, among other factors. Akpala (2012) identifies attitude to work, leadership style and motivation as some of the factors that exert negative effect on organizational competitiveness.

**Corporate Citizenship**

Corporate citizenship is an extension to a lineage of work in conceptualizing the role of business in society in the management literature, a lineage most notably dominated by the notion of corporate social responsibility (Matten & Crane 2003). There is now growing recognition that global corporate citizenship is essentially about how the company makes its profits, everywhere it operates, not simply what it does with these profits afterwards. It is about how the company operates in the three key spheres of corporate influence; that is in its core business operations in the boardroom, in the workplace, marketplace and along the supply chain, secondly in its community investment and philanthropic activities and third in its engagement in public policy dialogue, advocacy and institution-building (Jane, 2005).

**Research Methodology**

This study adopted a descriptive research design for the purpose of accessing the study’s general intent. The target population of this study was 320 management staff (low level, middle level and top level positions) as well as unionizable staff. These included the unit heads, departmental heads, and managers working in head office units and their associates. The study used Krejcie & Morgan (1970) formula; $S = \frac{X^2NP(1-P)}{d^2(N-1)} + \frac{X^2P(1-P)}{}$

Where: $S =$ Required Sample size, $X =$ $Z$ value (1.96 for 95% confidence level)

$N =$ Population Size, $P =$ Population proportion (expressed as decimal) (assumed to be 0.5 (50%) and $d =$ Degree of accuracy (5%), expressed as a proportion (0.05 and $d$ is margin of error to arrive at a sample size of 175 respondents. The study made use of primary data collected through a structured questionnaire. Quantitative data was analyzed using descriptive statistics involving percentages and mean scores. In addition, regression analysis was used to determine relationship between the study’s quantifiable variables. Pearson’s Correlation, Analysis of variance (ANOVA) and
Multiple Regression Analysis was used to establish the relationships among the study variables. Equation below shows the linear regression model of the independent variables against the dependent variable.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \]

Where: \( Y \) = the value of the dependent variable which is organization performance, \( X_1 \) = Customer orientation, \( X_2 \) = Information technology, \( X_3 \) = Leadership, \( X_4 \) = Corporate Citizenship, \( e \) is the error term which is assumed to be normally distributed with mean zero and constant variance and \( \{ \beta_i; i=1,2,3,4,5 \} \) = the coefficients for the various independent variables.

**Results**

The total number of questionnaires that were administered was 175. A total of 124 questionnaires were filled and returned. This represented an overall successful response rate of 70.9%.

**Respondents Demographic Information**

**Table 1** Respondent Demographic Information

<table>
<thead>
<tr>
<th>Demographic Characteristic</th>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents Job Title</td>
<td>Managing Director</td>
<td>37.1%</td>
</tr>
<tr>
<td></td>
<td>General Manager</td>
<td>19.4%</td>
</tr>
<tr>
<td></td>
<td>Head of Department</td>
<td>23.4%</td>
</tr>
<tr>
<td></td>
<td>Other managers</td>
<td>22.6%</td>
</tr>
<tr>
<td>Number of years worked</td>
<td>Less than 5 years</td>
<td>23.4%</td>
</tr>
<tr>
<td></td>
<td>5-10 years</td>
<td>24.2%</td>
</tr>
<tr>
<td></td>
<td>11-15 years</td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td>Over 15years</td>
<td>31.5%</td>
</tr>
</tbody>
</table>

**Descriptive Results of the study**

**ICT**

The findings revealed that the respondents indicated that Automation of processes plays an important role in performance of Kenya Post bank is very important (Mean=4.63). The results of the study also showed that the respondents indicated that the Use of Information and Communication Technology is crucial in securing Kenya Post bank from security threats is very important (Mean=5.00).

The findings of the study further showed that the respondents indicated somewhat important on the statement that the use of Personnel at all levels in the organization must embrace Information and Communication Technology in order to improve performance of Kenya Post bank (Mean=3.36).

Results of the study also revealed that the respondents indicated that the use of automation is important because it enables faster processing of customers is somewhat important (Mean=3.18). Finally, the respondents indicated fairly important on the statement that the use of automation is important because it gives Kenya Post bank competitive advantage (Mean=3.50). The implication of the findings is that majority of the respondents indicated that the use of ICT is fairly important on Kenya Post bank performance as shown by a mean of 3.93. There was a small variation in the responses given by the respondents as indicated by a standard deviation of 0.90.
Table 2 ICT

<table>
<thead>
<tr>
<th>Statements</th>
<th>Not at all important</th>
<th>Not So important</th>
<th>Some what important</th>
<th>Fairly important</th>
<th>Very important</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation of processes plays an important role in performance of Kenya Post bank</td>
<td>0.0%</td>
<td>0.0%</td>
<td>18.5%</td>
<td>0.0%</td>
<td>81.5%</td>
<td>4.63</td>
<td>0.78</td>
</tr>
<tr>
<td>Use of Information and Communication Technology is crucial in securing Kenya Post bank from security threats</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100.0%</td>
<td>5.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Personnel at all levels in the organization must embrace Information and Communication Technology in order to improve performance of Kenya Post bank</td>
<td>9.7%</td>
<td>6.5%</td>
<td>38.7%</td>
<td>28.2%</td>
<td>16.9%</td>
<td>3.36</td>
<td>1.14</td>
</tr>
<tr>
<td>Use of automation is important because it enables faster processing of customers</td>
<td>12.9%</td>
<td>16.1%</td>
<td>25.8%</td>
<td>30.6%</td>
<td>14.5%</td>
<td>3.18</td>
<td>1.24</td>
</tr>
<tr>
<td>Use of automation is important because it gives Kenya Post bank competitive advantage</td>
<td>12.9%</td>
<td>6.5%</td>
<td>26.6%</td>
<td>25.8%</td>
<td>28.2%</td>
<td>3.50</td>
<td>1.32</td>
</tr>
<tr>
<td>Average</td>
<td>12.9%</td>
<td>6.5%</td>
<td>26.6%</td>
<td>25.8%</td>
<td>28.2%</td>
<td>3.93</td>
<td>0.90</td>
</tr>
</tbody>
</table>

Customer Orientation

The findings of the study revealed that the respondents indicated that they agree that they regularly meet customers to learn about their current and potential needs for new products (mean=3.90). Results further showed that the respondents indicated that they partly agree that they constantly monitor and reinforce our understanding of the current and future needs of customers (Mean=3.43). Moreover, respondents indicated that they agree that they regularly conduct surveys to gather customer information (Mean=4.01). The study findings also showed that the respondents indicated that they partly agree that positive customer experience impacts positively on performance of the banking sector because it results in repeat business (Mean=3.29).

Results also showed that the respondents partly agreed that they regularly track and assess our customers’ needs and requirements, and their satisfaction levels (Mean=3.40). Further, the study findings revealed that the respondents agreed that they seek, monitor and record customer complaints and take appropriate action to ensure that problems do not occur again (Mean=3.90). Also the study findings showed that the respondents they partly agreed that they have many initiatives in place to improve the quality of our processes, products and services (Mean=3.43).

In addition, the respondents indicated that they agree that courtesy and professionalism by bank staff enhance customer experience (Mean=4.01). Results also showed that the respondents partly agreed that management of queues results in positive customer experience (Mean=3.29). Moreover, the respondents partly agreed that they determine their objectives on the basis of customer satisfaction (Mean=3.40). Furthermore, the respondents indicated that they agree that after-sales
service occupies an important position in our organization (Mean=3.90). Also the respondents partly agreed that they understand customer needs (Mean=3.43).

Further the respondents indicated that they agree that the creation of customer value may be seen as a daily activity (Mean=4.01). Last but not least, the respondents indicated that they partly agree that they strongly committed to the customer (Mean=3.29). Lastly, the respondents partly agreed that salespeople continuously share competitor information (Mean=3.40). The implication of the findings is that the respondents agreed with the statements on customer orientation and their influence on organization’s performance in the banking sector in Kenya (mean= 3.61). The standard deviation also indicates that there was a variation in the responses given by the respondents (mean=1.37).

Table 3 Customer Orientation

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Partly Agree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>We regularly meet customers to learn about their current and potential needs for new products</td>
<td>4.8%</td>
<td>14.5%</td>
<td>23.4%</td>
<td>0.0%</td>
<td>57.3%</td>
<td>3.90</td>
<td>1.35</td>
</tr>
<tr>
<td>We constantly monitor and reinforce our understanding of the current and future needs of customers</td>
<td>11.3%</td>
<td>25.0%</td>
<td>18.5%</td>
<td>0.0%</td>
<td>45.2%</td>
<td>3.43</td>
<td>1.53</td>
</tr>
<tr>
<td>We regularly conduct surveys to gather customer information Positive customer experience impacts positively on performance of the banking sector because it results in repeat business</td>
<td>8.1%</td>
<td>12.9%</td>
<td>8.1%</td>
<td>12.1%</td>
<td>58.9%</td>
<td>4.01</td>
<td>1.39</td>
</tr>
<tr>
<td>We regularly track and assess our customers’ needs and requirements, and their satisfaction levels</td>
<td>14.5%</td>
<td>15.3%</td>
<td>26.6%</td>
<td>13.7%</td>
<td>29.8%</td>
<td>3.29</td>
<td>1.41</td>
</tr>
<tr>
<td>We seek, monitor and record customer complaints and take appropriate action to ensure that problems do not occur again</td>
<td>12.9%</td>
<td>3.2%</td>
<td>28.2%</td>
<td>41.9%</td>
<td>13.7%</td>
<td>3.40</td>
<td>1.17</td>
</tr>
<tr>
<td>We have many initiatives in place to improve the quality of our processes, products and services</td>
<td>4.8%</td>
<td>14.5%</td>
<td>23.4%</td>
<td>0.0%</td>
<td>57.3%</td>
<td>3.90</td>
<td>1.35</td>
</tr>
<tr>
<td>Courtesy and professionalism by bank staff enhance customer experience</td>
<td>11.3%</td>
<td>25.0%</td>
<td>18.5%</td>
<td>0.0%</td>
<td>45.2%</td>
<td>3.43</td>
<td>1.53</td>
</tr>
<tr>
<td>Management of queues results in positive customer experience</td>
<td>8.1%</td>
<td>12.9%</td>
<td>8.1%</td>
<td>12.1%</td>
<td>58.9%</td>
<td>4.01</td>
<td>1.39</td>
</tr>
<tr>
<td>We determine our objectives on the basis of customer satisfaction</td>
<td>14.5%</td>
<td>15.3%</td>
<td>26.6%</td>
<td>13.7%</td>
<td>29.8%</td>
<td>3.29</td>
<td>1.41</td>
</tr>
<tr>
<td>After-sales service occupies an important position in our organization</td>
<td>12.9%</td>
<td>3.2%</td>
<td>28.2%</td>
<td>41.9%</td>
<td>13.7%</td>
<td>3.40</td>
<td>1.17</td>
</tr>
<tr>
<td>We understand customer needs The creation of customer value may be seen as a daily activity We strongly committed to the customer</td>
<td>4.8%</td>
<td>14.5%</td>
<td>23.4%</td>
<td>0.0%</td>
<td>57.3%</td>
<td>3.90</td>
<td>1.35</td>
</tr>
<tr>
<td>Statements</td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>Partly Agree</td>
<td>Agree</td>
<td>Strongly agree</td>
<td>Mean</td>
<td>Std Dev</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
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<td>--------------</td>
<td>-------</td>
<td>----------------</td>
<td>------</td>
<td>---------</td>
</tr>
<tr>
<td>Salespeople continuously share competitor information</td>
<td>12.9%</td>
<td>3.2%</td>
<td>28.2%</td>
<td>41.9%</td>
<td>13.7%</td>
<td>3.40</td>
<td>1.17</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.61</td>
<td>1.37</td>
</tr>
</tbody>
</table>

**Leadership**

The findings revealed that the respondents agreed that Post bank Kenya has a clear vision and this is clearly communicated to all managers and employees (Mean=3.52). The respondents also indicated that they agree that the leadership team is always seeking new ways to sustain and grow the organization (Mean=3.72). Moreover, the findings of the study showed that the respondents agreed on the statement that the leadership hold discussions and meetings to see how we can address and minimize the negative impact of our products, services, processes and sites to the environment and community (Mean=3.88). Results also showed that the respondents agreed that leadership encourage individual initiative, innovation, rapid response, cooperation and effective communication throughout our organization (Mean=3.52).

Further, study revealed that the respondents agreed that the leadership develop succession plans for leadership and management positions, and career progression plans for employees (Mean=3.72). Finally, the study results showed that the respondents agree that leadership track daily operations and overall organizational performance using a full range of information and leadership determine and monitor the key factors that affect employee well-being, satisfaction and motivation so that we can improve the work environment (Both means=3.88). The implication of the findings is that majority of the respondents indicated that they agree that leadership influences organization’s performance in the banking sector in Kenya as shown by a mean of 3.73. The responses given by the respondents were varied as indicated by a standard deviation of 1.27.

**Table 4 Leadership**

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Partly Agree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post bank Kenya has a clear vision and this is clearly communicated to all managers and employees</td>
<td>9.7%</td>
<td>12.9%</td>
<td>6.5%</td>
<td>58.1%</td>
<td>12.9%</td>
<td>3.52</td>
<td>1.17</td>
</tr>
<tr>
<td>The leadership team is always seeking new ways to sustain and grow the organization</td>
<td>4.8%</td>
<td>20.2%</td>
<td>10.5%</td>
<td>27.4%</td>
<td>37.1%</td>
<td>3.72</td>
<td>1.29</td>
</tr>
<tr>
<td>We hold discussions and meetings to see how we can address and minimize the negative impact of our products, services, processes and sites to the environment and community.</td>
<td>9.7%</td>
<td>4.0%</td>
<td>23.4%</td>
<td>14.5%</td>
<td>48.4%</td>
<td>3.88</td>
<td>1.32</td>
</tr>
<tr>
<td>We encourage individual initiative, innovation, rapid response, cooperation and effective communication throughout our organization</td>
<td>9.7%</td>
<td>12.9%</td>
<td>6.5%</td>
<td>58.1%</td>
<td>12.9%</td>
<td>3.52</td>
<td>1.17</td>
</tr>
</tbody>
</table>
We develop succession plans for leadership and management positions, and career progression plans for employees. We determine and monitor the key factors that affect employee well-being, satisfaction and motivation so that we can improve the work environment. We track daily operations and overall organizational performance using a full range of information (e.g. financial, customer satisfaction, employee satisfaction, environmental, suppliers, and key processes).

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Partly Agree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya post bank promotes community corporate social responsibility</td>
<td>19.4%</td>
<td>54.8%</td>
<td>11.3%</td>
<td>14.5%</td>
<td>0.0%</td>
<td>2.21</td>
<td>0.92</td>
</tr>
<tr>
<td>Kenya post bank promotes environmental corporate social responsibility</td>
<td>0.0%</td>
<td>0.0%</td>
<td>18.5%</td>
<td>0.0%</td>
<td>81.5%</td>
<td>4.63</td>
<td>0.78</td>
</tr>
<tr>
<td>Kenya post bank promotes employee relations corporate social responsibility</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>20.2%</td>
<td>79.8%</td>
<td>4.80</td>
<td>0.40</td>
</tr>
<tr>
<td>Kenya post bank promotes diversity corporate social responsibility</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>41.1%</td>
<td>58.9%</td>
<td>4.59</td>
<td>0.49</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.06</td>
<td>0.65</td>
</tr>
</tbody>
</table>

Corporate Citizenship

The findings revealed that the respondents indicated that they disagree that Kenya post bank promotes community corporate social responsibility (Mean=2.21). The respondents also indicated that they strongly agree that Kenya post bank promotes environmental corporate social responsibility (Mean=4.63). Moreover, the findings of the study revealed that the respondents strongly agreed that Kenya post bank promotes employee relations corporate social responsibility (Mean=4.80). Lastly, the results of the study showed that majority of the respondents strongly agreed that Kenya post bank promotes diversity corporate social responsibility (Mean=4.59).

The implication of the findings is that majority of the respondents agreed with the statements on Post Bank performance as indicated by a mean of 4.06. There was a small variation in the responses given by the respondents as indicated by a standard deviation of 0.65.

Organizational Performance

The study sought to examine the trends for profits before tax, return on assets, operational costs and return on equity for the years from 2013 to 2016. The trend
results presented in figure 4.5 below for profits before tax revealed a sharp increase in profits from negative 1.023 billion shillings to negative 2.3 billion shillings which further improved in 2015 to 5.63 billion shillings. The findings further indicated a negative and sharp decrease in 2016 from Ksh 5.6 billion to Ksh 3.32 billion. The trend results were negative because Post bank has been making losses throughout the years.

![Figure 2 Profits Before Tax](image)

**Figure 2 Profits Before Tax**

The trend analysis findings for Return on Equity also indicated an unsteady trend. Results show a negative drop in ROE from -1.562 in the year 2012 to -0.368 in 2013 which slightly improved in 2014 to 0.829 and it sharply increased in 2015 to -2.029. The study findings also indicated a sharp drop in Return on Equity in the year 2016 to -1.201. The findings agree with the Kenya National Audit Report (2015) which indicated that Kenya post savings bank has experienced mixed results in performance.

![Figure 3 Return on Equity](image)

**Figure 3 Return on Equity**

The trend analysis findings for operational costs also indicated an unsteady trend. The operational costs decreased sharply in 2013 from 6.53 billion shillings to 3.08 billion shillings but it increased slightly in 2014 to Ksh 3.89 billion. Results further indicated a slight drop in costs to Ksh 3.81 billion which sharply rose to Ksh 7.26 billion in the year 2016. The findings agree with the Kenya National Audit Report (2015) which indicated that Kenya post savings bank has experienced mixed results in performance.
Figure 4 Operational costs
The trend analysis findings for Return on Assets also indicated an unsteady trend. Results showed a sharp increase in return on assets in 2013 from -0.217 to -0.054 which dropped in 2014 to -0.129. The trends further indicate as sharp decrease on return on assets to -0.336 in 2015 which slightly improved in 2016 to -0.213. The findings agree with the Kenya National Audit Report (2015) which indicated that Kenya post savings bank has experienced mixed results in performance.

Figure 5 Return on Assets
Correlation Results
Results of the study showed that ICT had a positive and significant association with the organizational performance of Kenya Post Bank as shown by a Pearson coefficient of 0.335 and significance level of 0.000. This shows that an increase in ICT practices such as Automation of processes, Use of ICT, embracing of ICT by personnel at all levels in the organization, use of automation to enables faster processing of customers and the use of automation to give Kenya Post bank a competitive advantage leads to a positive and significant effect on the organizational performance of Kenya Post Bank. The findings of the study also showed customer orientation had a positive and significant relationship with the organizational performance of Kenya Post Bank as indicated by a Pearson coefficient = 0.259 and a significance level of 0.004. This shows that an increase in customer orientation practices such as meeting customers regularly to learn about their current and potential needs for new products, conducting surveys regularly to gather customer information, tracking and assessing regularly customers’ needs and requirements, and their satisfaction levels and sharing competitor information by Salespeople continuously leads to a positive and significant effect on the organizational performance of Kenya Post Bank.

Furthermore, the results revealed that leadership had a positive and significant association with the organizational performance of Kenya Post Bank as shown by a person correlation value of 0.327 and a significance value of 0.000. The findings
implies that an increase in seeking of new ways to sustain and grow the organization, hold discussions and meetings to see how to address and minimize the negative impact of the products, developing succession plans for leadership and management positions, determining and monitoring key factors that affect employee well-being as well as their satisfaction and daily tracking of operations and overall organizational performance using a full range of information leads to a positive and significant effect on the organizational performance of Kenya Post Bank. Finally, the results of the study indicated that corporate citizenship had a positive and significant with the organizational performance of Kenya Post Bank as shown by a person correlation value of 0.512 and a significance of 0.000. An increase in activities such as promotion of community corporate social responsibility by Kenya post bank, promoting environmental corporate social responsibility, promoting employee relations corporate social responsibility, promotion of diversity corporate social responsibility leads to a positive and significant effect on organizational performance of Kenya Post Bank.

Table 6 Correlation Results

<table>
<thead>
<tr>
<th>Correlations</th>
<th>ICT</th>
<th>Customer orientation</th>
<th>Leadership</th>
<th>Corporate citizenship</th>
<th>Organization Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>-.192*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer orientation</td>
<td>Pearson Correlation</td>
<td>-2.23*</td>
<td>-.245**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.013</td>
<td>0.006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td>Pearson Correlation</td>
<td>0.12</td>
<td>-.191*</td>
<td>.510**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.185</td>
<td>0.034</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Corporate citizenship</td>
<td>Pearson Correlation</td>
<td>.335**</td>
<td>.259**</td>
<td>.327**</td>
<td>.512**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.004</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>124</td>
<td>124</td>
<td>124</td>
<td>124</td>
<td>124</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

Regression Results

The study findings revealed that ICT, customer orientation, leadership and corporate citizenship all account for 59.8% of the variation on organization performance of Kenya Post bank. This is indicated by an R-square value of 0.598. The regression results show that R was 0.773 which shows that the relationship between the independent variables and the dependent variable was positive.

Table 7 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.773</td>
<td>0.598</td>
<td>0.584</td>
<td>0.266667</td>
</tr>
</tbody>
</table>
The results of the study also showed that the overall regression model linking ICT, customer orientation, leadership, corporate citizenship and their influence on organization performance of Kenya Post bank was significant as indicated by a significant F (4, 119) statistic as indicated by (0.000) significance level which was less than 0.05 at 5% level of significance. F calculated is 44.178 while f critical is 2.448. F calculated is greater than the F critical (44.178 > 2.448); this indicated that the overall model was statistically significant at 5% significance level. The results of the study are as presented in table 8 below.

**Table 8 Analysis of Variance (ANOVA)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>12.566</td>
<td>4</td>
<td>3.142</td>
<td>44.178</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>8.462</td>
<td>119</td>
<td>0.071</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>21.028</td>
<td>123</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The study further presented the regression coefficient results to examine the effect of each study variable on the organization performance. The results of the study are as presented in table 9 below.

**Table 9 Regression coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>0.124</td>
<td>0.358</td>
<td>0.346</td>
<td>0.730</td>
<td></td>
</tr>
<tr>
<td>Corporate citizenship</td>
<td>0.464</td>
<td>0.09</td>
<td>0.363</td>
<td>5.154</td>
<td>0.000</td>
</tr>
<tr>
<td>ICT</td>
<td>0.299</td>
<td>0.041</td>
<td>0.472</td>
<td>7.365</td>
<td>0.000</td>
</tr>
<tr>
<td>Leadership</td>
<td>0.145</td>
<td>0.029</td>
<td>0.373</td>
<td>5.033</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer orientation</td>
<td>0.185</td>
<td>0.023</td>
<td>0.510</td>
<td>8.206</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The optimal multivariate Regression Model for the study therefore is as shown below

**Organization performance = 0.124 + 0.464 Corporate citizenship + 0.299 ICT + 0.185 Customer orientation + 0.145 Leadership**

The summary of the findings of regression coefficients are as presented in table 4.10 above. Results of the study reveal that ICT had a positive and significant influence on the organizational performance of Kenya Post bank (Beta = 0.299, Sig = 0.000). The implication of the findings is that the use of automation processes, Use of ICT, embracing of ICT by personnel at all levels in the organization, use of automation to enables faster processing of customers and the use of automation to give Kenya Post bank a competitive advantage leads to 0.299 unit effect on the organizational performance of Kenya Post Bank. The findings agree with the findings of a study by Farhanghi et al, (2013) who found that information technology helps firms to be more flexible in the uncertain environments and to be more openness to learning best practices.
Moreover, the findings of the study also showed that customer orientation had a positive and significant influence on the organization performance of Kenya Post bank (Beta = 0.185, Sig = 0.000). This implies that an increase in customer orientation practices such as meeting customers regularly to learn about their current and potential needs for new products, conducting surveys regularly to gather customer information, tracking and assessing regularly customers’ needs and requirements, and their satisfaction levels and sharing competitor information by Salespeople continuously leads to 0.185 unit effect on the organizational performance of Kenya Post Bank. The findings agree with the findings of a study Frambach, Fiss and Ingebleek (2016) found that customer orientation is part of both high-performance defender and prospector configurations of orientations, strategies and environments.

Further, the findings of the study also revealed that leadership had a positive and significant influence on the organizational performance of Kenya Post Bank (Beta = 0.145, Sig = 0.000). This implies that an increase in leadership practices such as seeking of new ways to sustain and grow the organization, hold discussions and meetings to see how to address and minimize the negative impact of the products, developing succession plans for leadership and management positions, determining and monitoring key factors that affect employee well-being as well as their satisfaction and daily tracking of operations and overall organizational performance using a full range of information leads to 0.145 unit effect on the organizational performance of Kenya Post Bank. The findings agree with the findings of Ojukuku et al, (2012) who concluded that transformational and domestic leadership styles are the best for the management of Nigerian banks to be adopted in order wax stronger in a global financial competitive environment.

Finally, the findings of the study also showed that corporate citizenship had a positive and significant influence on the organizational performance of Kenya Post Bank (Beta = 0.464, Sig = 0.000). This implies that an increase in promotion of community corporate social responsibility by Kenya post bank, promoting environmental corporate social responsibility, promoting employee relations corporate social responsibility, promotion of diversity corporate social responsibility leads to 0.464 unit effect on the organizational performance of Kenya Post Bank. The findings agree with the findings of a study by Ochoti et al, (2013) who concluded that retail banking institutions can build competitive advantage through involvement in corporate social responsibility.

**Conclusion**

The study concluded that ICT positively and significantly influences organization’s performance in the banking sector in Kenya. The study also established that the use of use of automation processes, Use of ICT, embracing of ICT by personnel at all levels in the organization, use of automation to enables faster processing of customers and the use of automation positively influences organization’s performance in the banking sector in Kenya. Moreover, the study concluded that customer orientation positively and significantly influences organization’s performance in the banking sector in Kenya. The study also established that meeting customers regularly to learn about their current and potential needs for new products, conducting surveys regularly to gather customer information, tracking and assessing regularly customers’ needs and requirements, and their satisfaction levels and continuous sharing of competitor information by salespeople positively influences organization’s performance in the banking sector in Kenya.
Further, the study concluded that leadership positively and significantly influences organization’s performance in the banking sector in Kenya. The study also established that seeking of new ways to sustain and grow the organization, hold discussions and meetings to see how to address and minimize the negative impact of the products, developing succession plans for leadership and management positions, determining and monitoring key factors that affect employee well-being as well as their satisfaction and daily tracking of operations and overall organizational performance using a full range of information positively influences organization’s performance in the banking sector in Kenya. Finally, the study concluded that corporate citizenship positively and significantly influences organization’s performance in the banking sector in Kenya. The study also established that promotion of community corporate social responsibility by Kenya post bank, promoting environmental corporate social responsibility, promoting employee relations corporate social responsibility, promotion of diversity corporate social responsibility positively influences organization’s performance in the banking sector in Kenya.

**Recommendations of the Study**

The study recommends Post bank to fully use automation processes in their operations. There is also need personnel to embrace the use of ICT at all levels in the organization. The study further recommends Post bank to adopt automation of its processes to enable faster processing of customers. Moreover, the study recommends the management regularly meet with the customers to learn about their current and potential needs for new products. There is also need to conduct surveys regularly to gather customer information so as to track and assess regularly customers’ needs and requirements as well as their satisfaction levels.

Further, the study recommends the Post bank to seek new ways to sustain and grow the organization. There is also need to hold discussions and meetings so as to see how to address and minimize the negative impact of the products and to develop succession plans for leadership and management positions. The study also recommends the management to determine and monitor key factors that affect employee well-being as well as their satisfaction. In addition the study recommends the Kenya post bank to promote community corporate social responsibility. The study also recommends for the promotion of environmental corporate social responsibility.

**Acknowledgement**

I would like to thank God for the far that he has led me, even for the inspiration and strength that he has given me in accomplishing this proposal. Special gratitude to my supervisor Dr. Allan Kihara, whose support and guidance was crucial in every stage of this proposal. I thank my lecturers at JKUAT Nairobi CBD for their time in imparting knowledge together with my fellow classmates whose contributions in class helped in widening my knowledge base.

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