

**TOTAL QUALITY MANAGEMENT PRACTICES AND
ORGANISATIONAL PERFORMANCE: A CASE STUDY
OF CO-OPERATIVE BANK OF KENYA LIMITED.**

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DECLARATION

I declare that this is my original work and it has not been presented for examination in any other university.

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D61/72811/2014

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

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DEDICATION

I dedicate this project to my parents, Mr. and Mrs. Meta for their love, financial support and constant encouragement throughout my education. God bless them abundantly.

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ABBREVIATIONS AND ACRONYMS

Co-op Bank	Co-operative Bank of Kenya Limited
ISO	International Organisation for Standardization
KEBS	Kenya Bureau of Standards
KEMRI	Kenya Medical Research Institute
NSE	Nairobi Securities Exchange
PDCA	Plan, Do, Check, Act
TQM	Total Quality Management

ABSTRACT

The banking sector in Kenya play an important role in the economy. Given the rise in competition and need for survival, it is critical that banks adopt management practices that ensure efficiency and high quality services while reducing operational costs incurred that are different from competitors. This study sought to establish how Total Quality Management (TQM) practices affect organisational performance in banks and how these practices influence the organisational performance of Cooperative Bank (Co-op Bank) of Kenya Limited. The objectives of the study were to determine TQM practices implemented by Co-op Bank, and the influence of TQM practices on organisational performance of Co-op Bank. The study was carried out through purposeful sampling technique whereby 118 staff members form the eight departments of the bank who are directly involved in the organization decision making were used. The questionnaire based on structured questions was used to collect data to meet the objectives of the study using the Likert scale. Data obtained was analyzed through descriptive analysis and linear regression analysis in-order to illustrate the relationship between TQM practices and organisational performance. The conclusion of the study was that the model on employee participation had highest explanatory power (95.6 percent) and model on supplier partnership had lowest explanatory power (27.5 percent). Furthermore, the largest change (1.109 units) on organisational performance was there is improvement in customer satisfaction due to training programmes, whereas supplier partnership has reduced overall lead time for products and services in bank had the largest decrease change (-0.487 units) on organizational performance. This study recommends that similar study should be carried out on TQM and organization performance in other banks like private banks and to investigate other factors that affect the customer satisfaction for Co-op Bank.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Individuals and organizations have become increasingly interested in the performance of an organization in relation to its quality practices. It is through practices that managers work to achieve organisational improvements in terms of specific strategic concerns. The principles underpinning managers' actions do so by shaping the practices, which embody them. Each practice is applied to the organisational infrastructure using a range of optional techniques and tools. The application points for these practices are the support activities and the primary activities and the primary activities of the organizations value chain (Hill & Jones, 1998; Johnson & Scholes, 1999). This can be seen through increase in human resource development, improvement of the organisational culture and management style and product services. This study sought to answer the question on how total quality practices affect organisational performance of banks. Banks are monetary organization that receives money from public and create credit. Its loaning activities are directly or indirectly undertaken within the market. There have been widespread research on this topic but none have tried to find out how this quality management practices affect Kenyan banks or rather the banking system.

Existing studies have mostly been done on how quality management practices have affected customer-based connectivity of firms. The application of excellent management methods allows the organization to develop inner and external productivities that contemplated as essential suited competitive in global marketplace (Lambert & Ouedraogo, 2008).

1.1.1 Total Quality Management Practices

The idea of Total Quality Management (TQM) has brought about value management practices, which has resulted to world-wide topic in twenty first century guiding quality management practices within organizations. This was started in the USA and partly in Japan after World War II and was successful among companies in Japan in the 1980s and all over the world companies welcomed the idea since it enabled them to stay competitive (Lagrosen, 2002)

The influence of leadership and how commitment of management can affect operations, the training given to both employees and suppliers, employee participation, customer focus, supplier partnership, the strategic policy and practices of the organisation and continuous improvement are the major TQM practices that the study will focus on in order to determine the organisational performance on the banking systems from the various factors.

The Kenya Bureau of Standards (KEBS) is the body mandated with the accreditation of the quality management practices in Kenya. The body was founded in July 1974 to oversee the standardization and compliance valuation services that would convene its customer's obligation. The KEBS offers the necessary resources towards the active operationalization and continual advancement of the quality management system that observes the International Organisation for Standardization (ISO) 9001:2008 (KEBS, 2008). Kenya Government takes the forefront in promoting adoption of value management exercises both in the private and shared areas. In the communal sector, it is

imperative for all public institutions to embrace quality management practices and participate in performance contracting. This ensured that the government gives Kenyan citizens basic quality services. This was done to improve efficiencies in these organizations. More importantly, in the private sector, the government is the largest consumer of private company commodities and therefore they should adopt quality management practices as a requirement in winning supplies to the government. These efforts are geared to ensuring quality service to Kenyan citizens. There are different factors that would help one differentiate a successful quality management practices, these factors are commitment, knowledge and expertise, which help in directing improvement. According to Longenecker and Scazzero (1993) the top management support is important for organization to achieve a high product quality and success in TQM. This is as guided by International Organisation for Standardization (ISO) 9000 family of standards on international consensus.

1.1.2 Organisational Performance

For success in organization even with present competitive environment, companies regardless of their size and market should struggle to give their clients, quality practices, which are effective on organization. Although there are challenges that companies need to overcome to full proof quality mechanism and direct the qualities to its clients. This helped to achieve their goals through developing strategies that are competitive in the market.

Nowadays, most organizations carefully look at quality as an aspect to gain clients trust and get into the market. If managers are able to understand, predict and continuously study quality trends, they can be able to maintain their clientele. It is therefore paramount for management to recognize what triggers the customers' motivation without making assumptions. Asking clients questions on the kind of service they received could easily be a simple study to improving quality.

For a behavior to continue there is need for an incentive that would help the organization to keep the drive for wanting to achieve certain goals (Bartol & Martin, 2008). Further, in relation to improving employees' motivations, which also suggests that quality is not necessarily offered only on clients but even the employees, this creates a butterfly effect.

For effectiveness in goal achievement an organization must fulfill its purposes by exploiting certain resources and not depriving on its employees. Zammuto (2008) states that for an organization to be effective it must have a defined goal model to attain its objectives this means it have own up bargaining power and the capacity to exploit beneficial resources its surroundings (Yuchtman & Seashore, 2007). The study aimed to find out how quality practices affect organisational performance.

1.1.3 Co-operative Bank of Kenya Limited

The bank system in pre-colonial period consisted of traders safeguarding their investments. However, they expanded their activities to cork surplus through settler farming and local trading openings for profitable banking. In April 1909, the East Africa

Post Office Savings Bank ordinance was enacted and in the following year, the ordinance for the regulation of banks was established and passed Central Bank of Kenya. Soon after, banks started opening up in major towns to cater for the growing demand of deposits and lending.

The Co-op Bank is established under the Company's Act and its permit to conduct banking is established consequent of the Banking Act. The bank was originally certified under the Co-operative Societies Act in 1965 and in 2008; Co-op Bank was integrated under the companies act after a special general meeting in a view to complying with listing it in the Nairobi Securities Exchange (NSE).

The Co-op Bank operates three subsidiary companies, namely Kingdom Securities Limited - a stock broking firm with the bank holding a controlling 60 percent stake; Co-op Trust Investment Services Limited - the fund management subsidiary wholly-owned by the bank; and Co-op Consultancy and Insurance Agency Limited (CCIA) - the corporate finance, financial advisory and capacity-building subsidiary wholly-owned by the bank.

The Co-op Bank vision is to be the top and preeminent Kenyan bank with a firm countrywide presence, playing a central part in the co-operative movement and administering significant and innovative financial services to customers for the optimum benefit of all stakeholders. The bank's mission is to offer value-added financial services to the exclusive market segments with particular prominence on the co-operative

movement through a vastly effective network of service points, excellent customer service and a highly motivated team of qualified personnel.

The Co-op Bank is owned by 96,396 shareholders (as at 2017) and investor percentages are foreign investors 3.95 percent, local individual investors 17 percent and local institutional investors 79.05 percent. Other than Co-op Holdings and Co-operative Society, which are the vital investors representing the Kenyan Co-operative movement, no single shareholder or institution holds 5 percent or more of total issued shares.

1.2 Research Problem

Banking is an important boost in supporting and growing incomes in Kenya. It provided a variety of factors, which include wire transfer and it guards the creditors and debtors to institute coherent design, well-grounded to determine standard growth. Even though of importance to Kenyan economy, in the past few years the industry has experienced difficulties, which have led to poor performance in a number of businesses

Primarily, the crucial reasons for the difficulties are non-performing loans, political influence, unknown international financial and poor leadership (Ambutsi, 2005). For example in the recent past the collapse of Dubai Bank, Imperial Bank and Chase Bank in Kenya, shows the importance of deeper understanding of the reasons for the collapse. It is important to note that if TQM practices such as customer focus, good supplier partnerships, leadership and transparency of the strategic policy and processes such problems would have been averted. Some of these causes of financial crises have been

seen to lead to contrary evidence such as political interference by lowering the percentage of borrowing costs which instead of providing negative effect has led to exemplary organisational performance through increase of market share.

However, in the recent financial year, Co-op Bank has identified an increased level in lending, decrease in customer deposits and same dividend payout as last financial year. The Co-op Bank has recognized an increase in profits compared to last financial year, but with the decrease in deposits, the bank will experience financial troubles sooner than later.

Co-op Bank is the only cooperative bank in Kenya that is also a commercial bank. Having a listing with NSE, the Co-op Bank is required to provide performance reports on a regular basis so that investors have knowledge of what their assets are worth therefore there is a need to continuously adapt to quality changes for sustainability and credibility. The competition brought about by rise of the Savings and Credit Cooperatives (SACCOs) whereby more customers are moving towards these institutions due to cheaper source of funds and loans is also a factor that the Co-op Bank should consider as a threat to its survival and growth in the Industry. The Co-op Bank has been focusing on the profit targets and forgotten the most important aspect which is the total quality practices within the organization these includes employee participation, leadership in the branch levels, training and employee satisfaction which is brought about by using TQM.

Most research carried regarding the process dealing with standard, unfortunately has only been in competing banks and mainly focused on the financial performance aspect rather the overall organisational performance. An example of these studies includes (Wokabi, 2016) where he sought to institute high standards of work in every aspect on financial accomplishment of commercial banks. This study established that there was need for inclusion of quality management practices for both improvement of service of delivery and financial performance of commercial banks.

It is also important to note that TQM studies have mostly been carried out in organizations other than banks in Kenya. Mutunga (2013) executed out a study on how TQM affects performance of customer based connectivity on firms within the agricultural sector and found that there was need to implement TQM practices if the Agricultural sector was to grow and continue to be a major contributor of our economy. Keinan and Karugu (2018) researched on how TQM practices related to the performance of manufacturing firms with a case study of Bamburi Cement Limited in Kenya. The research showed the variables were related and hence total quality practices were important. This shows there is a need for more research on both Co-op Bank and quality management practices in the banking industry in Kenya. In order to address research problem, this study therefore will undertake the following questions; what is the influence leadership on organisational performance; how does employee participation affect organisational performance; what is the influence of training on organisational performance; and how does customer satisfaction influence organisational performance.

1.3 Objectives of the Study

The main objective of this study was to determine TQM practices effects on organisational performance at Co-op Bank. The specific objectives were to:

1. Determine TQM practices implemented by Co-op Bank.
2. Determine the influence of TQM practices on organisational performance on Co-op Bank.

1.4 Value of the Study

This study was important to various stakeholders including Co-op Bank; future researchers and academicians; regulatory authorities; similar or related institutions; and the general public. The findings and recommendations of this study are pragmatic to Co-op Bank as it will assist the organization to effectively improve and continue rendering services to its clients and stakeholders as well as understanding and implementing the best possible quality management. Branch managers will also find the results of this study beneficial in conniving planned objectives for maintaining clients and improving services

For acquaintance searchers in the area of study of operations management, investigation approaches, and management and development studies were to discover the usefulness of the study. This was important for those researchers who have interest in the banking services as theme of endorsement. In addition, upcoming researchers were able to put into words further studies grounded on the endorsement of this study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In general this chapter looked into review of literature on TQM in the service sector and especially within the banking sector. Specifically, the chapter looks into the theoretical background including theories, empirical review, and conceptual framework.

2.2 Theoretical Background

Initially, project accomplishment was gauged on the triple measure set of cost, time, and performance. A project is considered successful if it is achieved within its budget estimate, within its original scheduled time frame, and executed as it was tailored to operate (Lambert & Ouedraogo, 2008). The following theories are appropriate in underpinning TQM; human capital theory, transformational theory, and performance management theory.

2.2.1 Human Capital Theory

Human capital is the stock of knowledge, habits, social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value (Lagrosen, 2002). The resources include knowledge, talents, skills, abilities, experience, intelligence which is individual given. The possessions help people accomplish their goals. According to Rindermann (2008) human beings are able to interact with economic transaction from different levels. For example, to enhance project performance Safaricom Limited explicitly invests in human capital development through employee education, productivity growth, and innovation training. This theory were used

as a baseline to measure how top management of Co-op Bank is empowered to recruit qualified personnel and train them to address any skill gaps that may affect organisational performance.

2.2.2 Transformational Theory

Transformational theory emphasize on technique of leadership where the leader is charged with recognizing the needed change, initiating a vision to navigate the change through inspiration, and enacting the change in tandem with committed members of the team (Bass & Riggio, 2006). In Co-op Bank, top management motivates morale and job performance through different mechanisms. These include inspiring employees to identify with the projects. To challenge them to produce original work and understanding self in every direct report aligning them with tasks that enhance their performance.

2.2.3 Performance Management Theory

Performance management is the process of measuring performance with respect to resources deployed in a project - especially project capital (Johnson & Scholes, 2007). It ensured that project team meets project objectives in the required condition. This means they have to make estimates that would enable them assess the use of capital resources in a project, the project baseline is easily violated. Performance theory encourages continual improvement of measures deployed in ensuring quality adherence. Co-op Bank ensures that project environment remains in control by deploying six variables, and therefore enabling the project to be accomplished. Costs in a project have to have an affordable budget, which can either implement as per the requirement or can rise according to the

issues arising. Time highlights completion and quality, the end result of a project is where the product proves to be of quality and have achieved the object of the project. Scope is more subtle and complex, parties involved in a project should have a consensus with the project manager to enable them remain within the said scope. Risk is an avoidable and in most cases it is often overlooked. A project team is obligated to have a clearly defined intent of the project as an investment and more so achieve the aspired goal.

Performance theory ensured that all customer; external and internal focus is on TQM systems. External customers are people place orders for products and services while internal customers work within the organization that co-workers or departments and accepts work within the organization. For instance, the implementation process can be carried out by the internal customer. Therefore in a business set up an employee should identify and determine the best ways to satisfy the customer needs. This theory was guided the researcher to evaluate how quality variables are measured against performance of customer based connectivity project in Co-op Bank.

2.3 Empirical Literature Review

The sections below outline related studies on leadership, employee participation, training, customer satisfaction as well as organisational performance. In addition, the study, objectives of the study, research methodology, the findings and the research gaps are summarised in Table 2.1.

2.3.1 Leadership

In an organization it is inherent for leaders to commit to standard leadership practices. Quality is viewed as a paramount duty for those in power (Hackman & Wagenman 1995). This is because they bring into existence organization's systems to control products and services produced. Phenyl and Teo (2007) noted that communication is important to the top management for TQM since it creates attention, enthusiasm, eagerness and a plan which contribute to the zeal of where the organization is set out to create a cultural change.

Mohanty and Lakhe (2002) noted that those in power should show responsibility to TQM by being the initial recipients of training in the ideologies, ways and means of TQM. This was helped them to transfer knowledge to others, ascertain customer contentment as an essential protocol, to shape the long term targets and communicate the TQM vision. Moreover, the leadership should create keenness for TQM activities by enacting code of conduct, which would provide convenience of growth in area of work among the employees. They should delegate responsibilities to employees for standard achievement that quality is a vital priority in the organizations operations though the way they relay the information verbally and in actions.

Peris and Namusonge (2012) study explored the preeminent results caused by leadership techniques on organisational performance in government-owned corporations in Kenya. This descriptive research took to in account the three major leadership techniques against the government owned corporation but did not result to any conclusive discovery. This

investigation required a deeper study therefore to wholly comprehend the interconnection between the leadership techniques and the processes in the corporations.

Deigha (2016) study explored on the aspect of transformational leadership on organisational performance in National Bank of Kenya (NBK). The study also desired to ratify the impact of individualizing, intellect incitement and inspiration brought about through motivating its employees on organisational performance in NBK. The study used a descriptive research design and discovered that inspirational motivation had the most substantial effect on the performance of NBK, subsequently by individualized development and intellectual incitement. In addition, the study supported that in order to boost personal and professional growth, and support a flexible work schedule the leaders at NBK coach advice and mentor personnel. Further, that there was good interrelations between the staff and their leaders and employees were incorporated both in problem solving and decision-making.

2.3.2 Customer Focus

A company value is generated from its present and future customers. Business succeeds when it's able to maintain its customers. According to Pepper and Roger (2008) customers are the only reason why firms are created, employees are hired, meetings are scheduled, and fibre optic lines are laid, or undertake in any business activity. There is need therefore for the organization to classify customer needs, design the production and service systems to match those needs.

There is a relation between the product and service to customer satisfaction. Customer satisfaction on the other can be measured with attitude. This means if a customer is content with a product or a service, cash flow- the lifeblood of any organization will greatly be increased. Content customers will pay on time, increase the number of customers through advising others on the product or service which results to more sales and regular purchase of the products. Garvin (2004) identifies quality as more than a means of competition but also a way of creating satisfaction to its customers by reducing their grievances.

Customer satisfaction is considered shallowly by the many companies since they only concentrate on the product alone. There is need for the organizations to change their perspective from the product to external customer. Areas such as service connected with the product although not considered important should be the next thing especially on packaging, time, accurate shipping as well as meeting service level agreement. This was because customers describe quality in relation to the overall experience with the company.

2.3.3 Employee Training

Deming (2012) notes that employees' in-service training is important as it has been used over the years in many Japanese companies. This is because quality has no end point but it is seen as a continuous process. The advantage of Kaizen way of thinking and behaving is entrenched in the philosophy and values of an organization. Hence, the key

benefits include; positive and flexible culture in the reception of change, opportunities and performance edge due to improved organisational capabilities.

According to Lizarelli and de Toledo (2015) the principle of continual upgrading is characterised by using a consistent organization. The approach ensures that organization performance is able to train employees when improved tools are introduced. This help the organization to establish guidelines and ways of determining when training is required and at what level among the employees.

The upgrading of services and product is also designed to show the process of planning and strategies used to improve different areas for the final product (Ali, Syed & Khatoon, 2017). This leads to the organization receiving feedback from both external and internal customers on the level of satisfaction. Others areas like resource procurement supports all the processes by providing the required supplies to meet the organization goals.

Ambani (2016) study considered the correlation between employee involvement and job performance to the organization. The objective of the study was to ascertain the effect of employee involvement and job performance at the Kenya Medical Research Institute - Centre for Global Health Research (KMRI-CGHR) in Kisumu. The study adopted a descriptive study survey as the research design and established that the employees of KEMRI - CGHR had well defined goals and objectives and that the employees were well aware of how their individual achievements advanced to the comprehensive organization goals. Also, the study affirmed that supervisors updated the employees on the

forthcoming orientation of the organization. Representative participation was also found to be a paramount aid to associate employees for adequate job performance. The study also evidenced that teams at KEMRI participated in the decision making on how the work gets done, but not given control and freedom to execute their functions. Therefore, concluded that empowering employees to engage in affairs that influence their jobs improves job performance and overall organisational performance.

2.3.4 Employee Participation

Ambani (2016) study investigated the correlation between employee involvement and job performance to the organization. The study used a descriptive study survey as the research design and established that the employees of KEMRI - CGHR had well defined goals and objectives and that, the staffs were able to evaluate their own performance in relation to achieving the organisational goals. The study affirmed that supervisors updated the employees on the forthcoming orientation of the organization. This was seen as an influential way of evaluating productive job performance. The study also evidenced teams at KEMRI take part in decision making, however not given control and freedom to execute their functions. Hence, concluded that overall organisational performance was achieved because employees were self-driven to make decisions that affected their line of duty which in turn resulted in increased job performance.

Sofijanova and Zabijakin-Chatleska (2016) study explored the correlation between employee inclusion in decision making, problem solving and anticipated organisational

performance. The study found out that company performance is positively correlated to management perception of the organisational performance. This is brought about by the involvement of staff through empowerment programmes and self-management structure. This study looked into whether employee participation has an impact on organisational performance.

Meyer and Smith (2000) study suggested some attributes that contributed to retention and commitment of employees in an organization. The attributes were inclusive of support, provision of ways of dealing with job related stresses and being shown concern by the employer. They were seen as ways of building employer commitment and allowed the employees look at the future with open mind since the organization was able to offer ways of dealing with challenges that may arise in future.

2.3.5 Continuous Improvement

Kanji (1998) points out that continuous improvement require that a company's leadership should be based on facts and an all rounded employee teamwork so as to advance and implement the strategic plan for quality management. Continual improvement requires an organization to use an analytical approach to advance its effectiveness and efficiency in reaching organisational goals as well a creative approach in discovering new techniques so as to have a competitive advantage. Benchmarking, employee satisfaction and involvement are also part of the continual improvement process.

Repčić (2005) suggest that continuous improvement is not only based on the bottom line expectations set by the organization but should also be based on the capabilities an organization has to better the results in future. It is important to note that most mistakes are created by people therefore capabilities such as supply and demand generations and people capability should be considered but can enabled by faulty systems and organisational process. The technology capability and operations capability, which leads to these faulty systems can easily be identified rectified.

2.3.6 System Policy

Fotopoulos, Psomas, and Vouzas (2010) revealed that each process as well TQM practices have special characteristics that when inter-related plays a part in shaping the strategic framework of an organization. Through the development of systematic quality operations strategy, organizations can create strategic importance to operations and hence create a competitive advantage.

2.3.7 Supplier Partnership

Crosby (2000) insists that operations in any organization includes supplies of materials and equipment and hence supplier partnership is included as part of TQM practices. Sole sourcing or reduction of the organizations total suppliers is among the ways of minimizing total cost of production. The quality of the supplies provided was highly depend on the quality of the processes done in the organization whereby by equipping the suppliers with the right training to understand the organizations goals and including their

input in the company's systems and technology the organization is at a position of reducing waste and improving quality.

Oakland (2011) suggests that quality control should start from the initial stages of choosing the right supplier partner. The supplier should know the vision and mission of the organization and must be ready to be fully accountable for the role they play in reaching the organizations goals. Suppliers are vital to an organizations continuous improvement due to the fact that they are always abreast with the rising trends and are closer to the customers hence know the customer needs and the latest marketing trends. In terms of organisational change, as well as part of day-to-day operation, effective communications plays a large part in maintaining supplier and customer relations.

2.3.8 Organisational Performance

Over the years TQM have grown because of different methods used for its elevation. Different countries have introduced different programmes in elevating it. The programmes include six sigma, quality function deployment, and quality circle. The commonly used international quality initiatives include ISO 9000 certification standards, ISO 14000 certification standards, six sigma, and the Malcolm Baldrige National Quality Award (MBNQA). The ISO 9000 certification standards is one area of interest in this study because it has been used in Kenyan industries and public sectors (Kenya Bureau of Standards. 2008).

Quality authorities like Juran (2009) and Deming (2012) have suggested ways of enhancement of company performance. They noted that standard management practices were overwhelmingly adopted in 1980s by both in manufacturing and service sector. They suggested that to become competitive an organization have to consider borrowing TQM practices. The TQM made improvement on physical products, which in turn brought about change in employees culture, determination and creating a better work environment to attain outstanding human performance. The TQM focuses on the incorporation and cooperation of all activities in a process and hence strives at continuous improvement in quality (Kenya Institute of Management (KIM), 2009).

It is important to have knowledge on how to achieve TQM without focusing on product or service quality (Ooi, Cheah, Lin, & Teh, 2012). Hence, management should put in place assurance and control process that would help in attaint consistent quality. The principles of TQM practices according to ISO 9001:2008 include application, performance, leadership, continued training and factual approach to decision making by the suppliers. These are highly influenced by many factors in an organization, which may include accreditation of the organization because it has implemented the standard practices. On the other hand, Creech (2014) noted that they are five pillars of TQM, which are product, process, organization, leadership and commitment that provided the solid base upon which the system resides.

According to Carton (2014), organization performance can be viewed in different constituencies or interpretations. He also noted that change in performance is distinctive

and important. Since there was no available empirical information on organisational financial performance, this study established that change in performance metrics provided rare and notable information about shareholders returns. The results indicated that there was relative information content of individual financial performance measures with respect to shareholder returns thereby tested two multidimensional models of financial performance; and developed both an annual and a three-year composite measure of financial performance for use when market data is unavailable.

According to (James, 2009), most researchers defines performance as an independent variable which therefore produces variations. In this case researchers who study in this way dedicate no time or less time in creating unstable performance, laid back complexity and restrain of using data from the past. The challenges stated cannot be attributing to exclusively to poor training, lack of intelligence, or low standards.

The procedure used in measuring difficulties of inferring casual order of the correlation is generated by the organization histories. This means the researchers are not from the same school of thought since one demands and rewards speculation on improving performance while the second follows a commitment to observance of facts from scholars in obtaining standard. Organisational research community therefore sometimes satisfy the contradictory demands by suggesting that causes of performance cannot be made from the information availed but also make suggestions from the same data to make conclusions.

2.4 Summary of Empirical Review

Although there have been areas studies on TQM in Kenya in such areas as the higher education, a gap still exist. As demonstrated by Ambani (2016), the research established that the employees of KEMRI - CGHR had well defined goals and objectives and that the employees were well aware of how their individual achievements advanced to the comprehensive organization goals. This study affirmed that supervisors updated the employees on the forthcoming orientation of the organization. And that the teams at KEMRI take part in decision making, however not given control and freedom to execute their functions.

Thus, it can be deduced when employees are empowered through participation in matters that involving their jobs, overall organisational job performance improves as demonstrated by (KIM 2009) argues that to achieve continuous improvement the TQM processes should be incorporated and coordinated in the overall activities in an organizations processes. The literature then showed components influencing on TQM processes in State Corporation for customer fulfilment. As demonstrated, Garvin (2004) identifies quality as more than a means of competition but also a way of creating satisfaction to its customers by reducing their grievances. Therefore, the existing literature has also showed research on TQM practices in service delivery industry such as a study by Juran (2009) argues that for a project to deemed as a quality success, there has to be a carefully mapped out plan on all the quality improvement steps and procedures and also controls set in place in case of an error.

Juran (2009) alleged there are 10 steps to quality improvement. The presented literature has shown that TQM practices have consequences on the overall business performance in Kenya service firms. This is as demonstrated by Deigha, (2016) who study revealed that inspirational motivation had a notable significant impact on the performance of NBK, followed by individualized consideration and intellectual stimulation. The study supported that in order to boost personal and professional growth, and support an acquiescent work schedule the leaders at NBK coach, advice and mentor personnel. Further, that there was good interrelations between the staff and their leaders and employees were incorporated both in problem solving and decision-making. Generally, there has been slight study conducted on TQM practices in the banking industry. In order to bridge this gap, this study sought to investigate indicators of TQM practices in Co-op Bank.

2.5 Conceptual Framework

The conceptual framework sought to describe practices of TQM leadership, employee participation, training, continuous improvement, supplier partnership, strategic policy and customer focus. These practices were the independent variables and dependent variable was organisational performance. For organisation performance to improve leadership practice; employee participation; training practice; customer based strategies; supplier partnership; continuous improvement practice; and strategic policy practices can lead to improvement of organisational performance when implemented in an organization. Thus, the study adopted the conceptual framework as shown in Figure 2.1 below.

Table 2. 1 Summary of Empirical Review

Author(s)	Study Topic	Objectives	Methodology	Findings	Research Gap(s)
Peris and Namusonge (2012)	Effect of Leadership Styles on Organisational Performance at State Corporations in Kenya	Determine the impact of laissez-faire, transactional and transformational leadership styles on organisational performance at state-owned corporations in Kenya	Descriptive research	Laissez-faire leadership style is not significantly correlated to organisational performance	There is need to review yet the nature of the relations between leadership and performance
Deigha (2016)	Role of Transformational Leadership on Organisational Performance in NBK	Establish the influence of individualized consideration, intellectual stimulation and inspirational motivation on organisational performance in the NBK	Descriptive research	Inspirational motivation had the most significant influence on the performance of NBK, followed by individualized consideration and intellectual stimulation	Little empirical evidence on the role of transformational leadership on organisational performance in the banking industry in Kenya
Rukh, Choudhary and Abbasi (2015)	Analyses of Factors Affecting Employee Satisfaction	Examine the various demographic, financial and non-financial factors affecting the satisfaction level of employees and to study the effects across different employee groups	Descriptive research	Job satisfaction of employees was significantly affected by demographic, financial and non-financial factors. The employees' departments did not play any significant role in affecting satisfaction levels	There's need for further investigation on demographic factors affecting the study
Ambani (2016)	A Comparative Study of Quality Practices	Determine the effect of employee involvement and job performance at KEMRI – CGHR	Descriptive research	Employees of KEMRI - CGHR had well defined goals and objectives and that they were well aware of how their individual achievements advanced to the comprehensive organization goals.	Limited control and freedom for execution of functions

Figure 2.1 Conceptual Framework

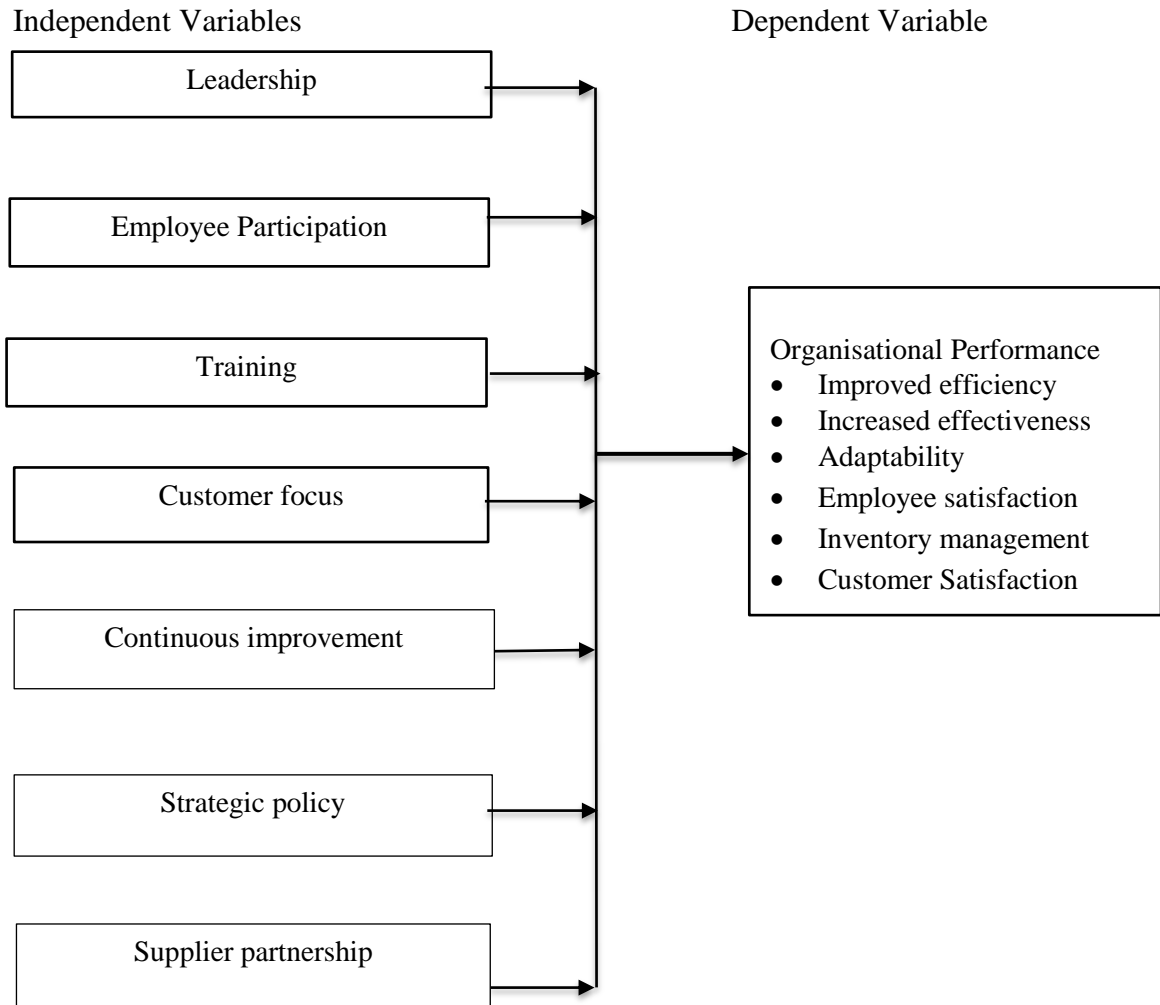


Figure 2.1 shows the relationship between the independent variables and the dependent variable.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology that was used in this study. It described the type of research design used, the population of the research study, target population, sample size, sampling design, and reliability and validity tests of the instruments. It further describes the data collection instruments to be used, procedures to be employed in collecting the research data, data analysis and presentation of the research findings.

3.2 Research Design

Descriptive research design was applied. According to Magenta and Magenta (2003) descriptive research design is chosen since it permits for investigation of different variables at the same time. In this study it thus enabled the researcher to define quality management practices results on administrative performance. The usage of the descriptive research design indication was to enhance empathetic of the experience being studied and assistance to opinion concerned and complication from the perspective being studied.

3.3 Population of the Study

The population of this study was Co-op Bank staff at the headquarters Haile Selassie branch. As shown in Table 3.1, there were 170 employees in the Haile Selassie branch.

Table 3. 1 Divisions and Number of Employees: 2018

Division	Number of Employees
Back Office	35
Retail Branch Operations	25
Lending	20
Credit Card	15
Investment Banking/Management	25
Treasury and Cash Management	15
Online and Mobile Banking	15
Merchant Services	20
Total	170

Source: Co-operative Bank of Kenya Human Resource Department

3.4 Sample Size Determination

The sample size was determined by using Krejcie and Morgan (1970) table for determining sample size. For a sample of 170 employees, the sample size was 118 employees – see Appendix III.

3.5 Sampling Procedure

In this study purposeful sampling technique was used to sample 118 staff members who have been directly involved in the organization decision-making. The Co-op Bank has eight departments, which include; back office, retail branch operations, lending, credit card, investment banking/management, treasury and cash management, online and mobile banking and merchant services. Table 3.2 shows the sample size per the department.

3.6 Operationalization of the Variable

The following variables leadership, employee participation, training, customer focus, continuous improvement, strategic policy, supplier partnership, and organisational performance were operationalized as shown in Table 3.3.

Table 3. 2 Sample Size per Division

Division	Population
Back Office	12
Retail Branch Operations	18
Lending	16
Credit Card	12
Investment Banking/Management	18
Treasury and Cash Management	13
Online and Mobile Banking	11
Merchant Services	18
Total	118

Table 3. 3 Operationalization of the Variables

Variable	Operational Definition	Type of Scale	Measurement
Leadership	A person who takes charge of influencing a group of people towards a common goal	Likert Scale	1 to 5
Employee participation	Process of associating representatives of workers in an organization at every stage in decision making.	Likert Scale	1 to 5
Training	Organized techniques by which employee increase knowledge and skills of performing a particular job	Likert Scale	1 to 5
Customer focus	Measure of how product/services provided by an organization meet or surpass customer expectations	Likert Scale	1 to 5
Continuous improvement	An organizations evolving effort to advance processes goods and services	Likert Scale	1 to 5
Strategic policy	An organizations calculated guidelines to operational processes.	Likert Scale	1 to 5
Supplier partnership	Long term or short term alliances with providers or distributors of goods and services.	Likert Scale	1 to 5
Organisational performance	Measurement of actual results of an organization against the proposed objectives and goals.	Likert Scale	1 to 5

3.7 Data Collection

Primary data was collected using a questionnaire (see Appendix II). The questionnaire had three sections - section one contained the general information, which was the respondent's profile; section two was on the independent variables; and third section of the questionnaire was the dependent variable - the organisational performance. The researcher got permission from the management of the sampled divisions and also from University of Nairobi as an affirmation of the purpose of the research. The questionnaires were dispersed and a concise introduction for the intent of the research was given to the respondents before data collection. Questionnaires were collected once the respondents filled them.

3.8 Reliability and Validity

For the questionnaire to produce effective results, the questions were tested for reliability and validity. This allowed the researcher to receive essential assessment on how questions are to be recorded or restructured and the purpose of enhancing clarity is to ensure collection of accurate information and to correct any deficiencies. The researcher pre-tested the questionnaire on 15 employees at Co-op Bank.

To establish the accuracy of the questionnaire, a test was carried out in a division, which was outside the sample population in Co-op Bank. The research instruments were carried out to the test group in two intervals and the findings were compared. If a Cronbach's coefficient alpha of 0.75 was obtained, this implied that the research instruments were reliable and therefore the researcher adopted them. The questionnaire had Cronbach's

coefficient alpha of 0.80 which meant they were reliable hence were adopted for the study. The questionnaire to the respondents was constructed to address their independent views on qualities and features of their divisions.

3.9 Data Analysis

The data collected was analyzed using descriptive statistics and linear regression and was categorized and analyzed to provide a profile of the employees with respect to the other characteristics of interests. Specifically, data was evaluated in terms of mean and standard deviation and presented in tables. In addition, data collected to determine TQM practices effect on organisational performance was analyzed using linear regression analysis.

3.10 Ethical Considerations

The researcher ensured that the questionnaires were clear and concise in the introduction so that the respondents are fully informed. Also, the questionnaires did not obligate the respondent's names or details that may disclose their identity. Confidentiality for all respondents was accordingly maintained.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This study was on TQM practices and organisational performance at Co-op Bank. The results obtained were used to answer the objectives of the study, whose main objective was to determine TQM practices on organisational performance at Co-op Bank.

4.2 Response Rate

The response rate was at 95.8 percent and this was a good response. Conforming to Mugenda and Mugenda (2003) questionnaire return rate of 50 percent is good, 60 and above is very good. The study aimed to finding out the socio-demographic characteristics of the respondent with respect to age, gender, level of education and the department where they worked. The results are as shown in Tables 4.1 to 4.4.

Table 4. 1 Respondents Age

Age in Years	Frequency	Percent
20 to 29	40	35.4
30 to 39	52	46.0
40 to 49	21	18.6
Total	113	100.0

From Table 4.1 above, slightly below half of the respondents were aged between 30 to 39 years while 35.4 percent were aged between 20 to 29 years. This implied that the bank has young adults. The study then sought to establish the gender of the respondents.

Table 4. 2 Respondents Gender

Gender	Frequency	Percent
Female	51	45.1
Male	62	54.9
Total	113	100.0

As Table 4.2 shows, there was more males than females among those who answered the questionnaires. This shows there is a slight gender disparity in the bank and the results would help establish the different level of leadership skills by the different genders.

The study aimed to establish the level of education of the respondents and the results are as shown in Table 4.3 below.

Table 4. 3 Level of Education

Level of Education	Frequency	Percent
Diploma	23	20.4
University	69	61.1
Post graduate	21	18.6
Total	113	100.0

Majority of the respondents had attained a university level of education while 20.4 had a diploma and 18.6 percent of them had a post graduate education. The study also attempted to identify the different department the respondents worked in and the results are as shown in Table 4.4 below.

Table 4. 4 Response on Departments in the Bank

Departments	Frequency	Percent
Back Office	12	10.6
Lending	16	14.2
Retail Branch	18	15.9
Investment Banking/Management	18	15.9
Credit Card	10	8.8
Treasury and Cash Management	9	8.0
Merchant Services	19	16.8
Online and Mobile Banking	11	9.7
Total	113	100.0

About 16.8 percent of the respondents worked in the merchant services, while 15.9 percent of them worked in the retail branch, investment banking/management while 14.2 percent of them working in the lending departments and 10.6 percent worked in the back

office (see Table 4.4). This implied that different departments were well represented hence helping to understand how TQM practices were applied in Co-op Bank.

4.3 Total Quality Management Practices Implemented by Co-operative Bank of Kenya Limited

This study attempted to determine TQM practices implemented by Co-op Bank. The TQM practices implemented included leadership qualities, employees participation, training, strategic planning, continuous improvement, customer focus and suppliers partnership. Leadership in the organization is important and organizations should commit to standard leadership practices. The study sought to establish from the respondents whether the organization had good leadership and the results are as shown in Table 4.5 below.

The highest rated leadership factor was the bank often introduces new products and services (53.1 percent). This implied that employees recognized the importance of bank introducing new products in the market since top management may have communicated this information to them. About 50.4 percent indicated that management encourages formation of teams - this implied that employees worked as a team, which means problems are solved within the team. About 43.4 percent agreed that management advocates distribution of information and ideas and knowledge amidst managerial and non-managerial employees. About 40.7 percent felt that management inspired staff in efficient use of resources for quality excellence.

Table 4. 5 Respondents Responses on Leadership

Leadership	Agree		Neither Agree Nor Disagree		Disagree	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Bank often introduces new products and services	60	53.1	20	17.7	33	29.2
Management encourages formation of teams	57	50.4	21	18.6	35	31.0
Management advocates distribution of information, ideas and knowledge amidst managerial and non-managerial employees	49	43.4	36	31.9	28	24.8
Management has inspired staff in efficient use of the resources of the institution towards quality excellence	46	40.7	25	22.1	42	37.2
There are work routines that guide how work is to be done are conformed	45	39.8	25	22.1	43	38.1
Management has inspired staff in effective use of the resources of the institution towards quality excellence	42	37.2	26	23.0	45	39.8
I have precise goals and objectives for my job position	40	35.4	41	36.3	32	28.3

The results implied that the in the cooperative bank employees and top management work as team to make sure there is customer satisfaction. The results agree with those of Deigha (2016) who found out that leaders at NBK acts as coaches and advisors to mentor the junior staff to improve personal and professional growth and support flexible work schedule – see Table 4.6 below.

Table 4. 6 Descriptive Statistics on Leadership

Leadership	Sample Size	Minimum Value	Maximum Value	Mean	Standard Deviation
I have precise goals and objectives for my job position	113	2	4	2.93	0.799
There are work routine that guide how work is to be done are conformed	113	2	4	2.98	0.886
There are work routine that guide how work is to be done are conformed	113	2	4	2.76	0.879
Management advocates distribution of information, ideas and knowledge amidst managerial and non-managerial employees	113	2	4	2.81	0.808
Management has inspired staff in effective use of the resources of the institution towards quality excellence	113	2	4	3.03	0.881
Management has inspired staff in efficient use of the resources of the institution	113	2	4	2.96	0.886
The management encourages formation	113	2	4	2.81	0.885
Valid N (list wise)	113				

The maximum and minimum values were based on the coding of the Likert scale in which the maximum value was 4 for the represented the strong disagreement on the role of the leadership on quality management systems while the least which was 2 showed the indifferent on respondents where the leadership is key or not. The highest mean value was 3.03 which indicated that the highest average number that effective use of the resources of resources of the institutions while the lowest mean value was that of the

routine guide conformation with the 2.76. The standard deviation ranged between 1 and below with the highest accounting for 0.886.

Multiple linear regression model was used to determine impact of leadership practices on organisational performance and expressed as $OP = \beta_0 + \beta_1\text{Goals} + \beta_2\text{Work1} + \beta_3\text{Work2} + \beta_4\text{Share} + \beta_5\text{Quality} + \beta_6\text{Inspire} + \beta_7\text{Form} + \varepsilon$ where OP is organisational performance; goals is I have precise goals and objectives for my job position; work1 is there are work routine that guide how work is to be done are conformed; work2 is there are work routine that guide how work is to be done are conformed; share is management advocates distribution of information, ideas and knowledge amidst managerial and non-managerial employees; quality is management has inspired staff in effective use of the resources of the institution towards quality excellence; inspire is management has inspired staff in efficient use of the resources of the institution; form is management encourages formation; and ε is the error term.

As Table 4.7 shows, the model had a high explanatory power that is, 88.5 percent of the changes in the organisational performance was explained by goals, work1, work2, share, quality, inspire and form and only 11.5 percent was explained by other factors. The results as shown in Table 4.7 also shows that the overall model was significant because p-value = 0.000 was less than alpha (α) value of 0.05. In addition, the only significant variable was goals (I have clear goals and objectives for my job position) and the constant. Therefore, the predictive equation was $OP = 0.318 + 0.945\text{Goals}$ meaning that if goals goes up marginally, organization performance will go up by 0.945 units.

Table 4. 7 Model Summary on Leadership

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate		
1	.941	.885	.878		.278		
a. Predictors: (Constant),							
Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	62.794	7	8.971	115.916	.000	
	Residual	8.126	105	.077			
	Total	70.920	112				
Model			Unstandardized Coefficients		Standardized Coefficients		
			B	Std. Error	Beta	T	
(Constant)			.318	.152		2.088	.039
I have precise goals and objectives for my job position			.945	.041	.948	22.969	.000
There are work routine that guide how work is to be done are conformed			.060	.056	.067	1.084	.281
Bank often introduces new products and services.			-.034	.067	-.038	-.510	.611
Management advocates distribution of information, ideas and knowledge amidst managerial and non-managerial employees			.010	.049	.010	.200	.842
Management has inspired staff in effective use of the resources of the institution towards quality excellence			-.033	.067	-.036	-.488	.626
Management has inspired staff in efficient use of the resources of the institution			-.020	.075	-.023	-.269	.788
Management encourages formation			-.023	.037	-.026	-.622	.535

The other TQM practices implemented by Co-op Bank considered was employee involvement on organization performance and how it may have an effect on the customer satisfaction. Table 4.8 shows the levels of employee participation in Co-op Bank.

Table 4. 8 Respondents Responses on Employee Participation

Employee Participation	Agree		Neither Agree Nor Disagree		Disagree	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
My performance directly influences the performance of the team	72	63.7	21	18.6	20	17.7
There is good communication within division	70	62.0	20	17.7	23	20.4
Employees at all levels have the responsibility and authority to make decisions	68	60.2	15	13.3	30	26.5
Employees are involved in defining the organisational goals of the bank	60	53.1	32	28.3	21	18.6
There is a firm sense of teamwork and cooperation	59	52.2	21	18.6	33	29.2
There is autonomy for employees to advance their own ideas and practices to improve work	58	51.3	25	22	30	26.5
My work gives me a feeling of personal accomplishment	46	40.7	25	22.1	42	37.2
There are elected employee representatives at the board in the bank	33	29.2	20	17.7	60	53.1

Majority of the employees (63.7 percent) agreed that their performance directly influenced the performance of the team while 18.6 of them neither agreed nor disagreed and 17.7 percent of them disagreed. This suggested that individual performance directly had impact on the performance of the team. Another 62 percent agreed that there was good communication within the division while 20.4 percent disagreed of good communication within the division and 17.7 percent of them neither agreed nor disagreed. This implied that a majority of the respondents were aware of good communication channels in the division. The study also established that 60.2 percent of the employees agreed that employees at all levels had the responsibility and authority to make decision. This implied that employees have been given a mandate to make decision on what would benefit the organization.

About 53.1 percent agreed that employees were involved in defining the organisational goals of the bank. The results showed that employees were involved in decision making of Co-op Bank. Slightly above half (52.2 percent) and 51.3 percent of the respondents agreed there was a firm sense of teamwork and cooperation and autonomy for employees to advance their own ideas and practices to improve the work. This may mean that the employees worked as team to enable the organization to achieve its goals and has the freedom to develop their ideas in order to help the organization achieve its target. The results agrees with those of Ambani (2016) who noted that it can be concluded that overall organisational performance was achieved because employees were self-driven to make decisions that affected their line of duty which in turn resulted in increased job performance – see Table 4.9.

Table 4. 9 Descriptive Statistics on Employee Participation

Employee Participation	Sample Size	Minimum Value	Maximum Value	Mean	Standard Deviation
Employees are involved in defining the organizational goals of the bank	113	2	4	2.93	0.799
There is autonomy for employees to advance their own ideas and practices to improve work	113	2	4	2.98	0.886
There are elected employee representatives at the board in the bank	113	2	4	2.76	0.879
There is good communication within division	113	2	4	2.81	0.808
The employees at all levels have the responsibility and authority to make decision	113	2	4	3.03	0.881
My work gives me a feeling of personal accomplishment	113	2	4	2.96	0.886
My performance directly influences the performance of the team	113	2	4	2.81	0.885
Valid N (list wise)	113				

The descriptive statistics in Table 4.9 above show the measures of the participation in terms of the means, standard deviations, maximum and minimum values. The maximum and minimum shows the rating scales and thus have no meaning in the model. The highest mean value was 3.03 to show that employees at all levels have the responsibility and authority to make decision while those who agreed on the elected employee representatives at the board in the bank were the least with a mean value of 2.76. The highest standard deviation was that of the autonomy for employees to advance their own ideas and practices to improve work and feeling of personal accomplishment with scores of 0.886. The employees are involved in defining the organizational goals of the bank was the lowest at 0.799.

A multiple linear regression model was used to determine impact of employee participation practices on organisational performance and expressed as $OP = \beta_0 + \beta_1\text{Influence} + \beta_2\text{Good} + \beta_3\text{Make} + \beta_4\text{Goals} + \beta_5\text{Strong} + \beta_6\text{Improve} + \beta_7\text{Work} + \beta_8\text{Board} + \epsilon$ - where influence is my performance directly influences the performance of the team; good is there is good communication within division; make is employees at all levels have the responsibility and authority to make decisions; goals is employees are involved in defining the organisational goals of the bank; strong is there is a firm sense of teamwork and cooperation; improve is there is autonomy for employees to advance their own ideas and practices to improve work; work is there is freedom for employees to develop their own ideas and practices to improve work; and board is there are elected employee representatives at the board in the bank.

From Table 4.10 below, the explanatory power of the model was high at 95.6 percent and this was explained by influence, good, make, goals, strong, improve, work and board leaving only 4.4 percent that was explained by other factors. The results also shows that the overall model was significant because p-value = 0.001 was less than alpha (α) value of 0.05. In addition, for the individual significance, the only significant variable was work (there is autonomy for employees to advance their own ideas and practices to improve work) and the constant. From the forgoing, therefore the predictive equation can be estimated using the following functional relationship $OP = 0.208 + 0.960\text{Work}$. This means that if work goes up by one unit (marginal change), organization performance would go up by 0.960 units.

Table 4. 10 Model Summary on Employee Participation

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.978	.956	.954		.191	
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.165	7	12.024	329.212	.001
	Residual	3.835	105	.037		
	Total	88.000	112			
Model			Unstandardized Coefficients		Standardized Coefficients	
			B	Std. Error	Beta	T
(Constant)			.208	.105		1.989
Employees are involved in defining the organisational goals of the bank			-.008	.028	-.008	-.295
There is autonomy for employees to advance their own ideas and practices to improve work			.960	.038	.960	25.099
There are elected employee representatives at the board in the bank			.030	.046	.030	.648
There is good communication within division			-.004	.033	-.004	-.133
The employees at all levels have the responsibility and authority to make decision			-.034	.046	-.034	-.751
My work gives me a feeling of personal accomplishment			.018	.052	.018	.346
My performance directly influences the performance of the team			-.023	.026	-.023	-.910
						Sig.

The third TQM practices implemented by Co-op Bank considered was training and its effects on organization performance. This was so because training is an important aspect of organization performance and the study, therefore sought to establish if Co-op Bank practices in-service training. From Table 4.11 below, majority of employees (63.7 percent) agreed that their personal development was enhanced while 24.8 percent neither agreed nor disagreed on the personal development enhancement and 11.5 percent of them disagreed. This implied that employees were able to have personal development since Co-op Bank supported them.

Table 4. 11 Respondents Responses on Training of Employees

Training of Employees	Agree		Neither Agree nor Disagree		Disagree	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
My personal development has been enhanced	72	63.7	28	24.8	13	11.5
Often introduction of new and better methods of solving problems	68	60.2	22	19.5	23	20.4
There is improvement in customer satisfaction due to training programmes in the organization	65	57.5	18	15.9	30	26.5
Training has empowered me to carry out my duties without any difficulty	60	53.1	32	28.3	21	18.6
I have the materials necessary to complete my tasks	55	48.7	25	22.1	33	29.2

Majority of the employees (63.7 percent) agreed that their personal development was enhanced while 24.8 percent neither agreed nor disagreed on the personal development enhancement and 11.5 percent of them disagreed. This implied that employees were able to have personal development since Co-op Bank supported them. About 60.2 percent of the respondents agreed that there was often introduction of new and better methods of solving problem while 20.4 percent disagreed and 19.5 percent of them neither agreed nor disagreed. This implied that the in-service training was able to equip the employees with new skills that can be used to solve problems they encounter in their line of work. Another 57.5 percent of the respondents agreed that there was improvement in customer satisfaction due to training programmes in the organization. This implied that a high number of employees were performing better because in-service training programmes helped them in handling customers better, which results in customer satisfaction. On the other hand, 53.1 percent agreed while 28.3 percent neither agreed nor disagreed that training has empowered them to carry out their duties without any difficulties. This implied that in-service training had empowered employees with knowledge that helped them gain confidence in their working since they were able to solve problems amicably.

On the measurement of the training in the, various questions were asked to ascertain the same and Table 4.12 presents the descriptive statistics on mean, standard deviations, maximum and minimum values. The maximum and minimum as previously stated show the Likert scale rating. The highest mean value was for those who had materials to complete their tasks at 3.03 with a standard deviation of the 0.881. The least mean value was for the improvement in customer satisfaction due to training programs in the organization at 2.76.

Table 4. 12 Descriptive Statistics on Training of Employees

Training of Employees	Sample Size	Minimum Value	Maximum Value	Mean	Standard Deviation
My personal development has been enhanced	113	2	4	2.93	0.799
often introduction of new and better methods of solving problems	113	2	4	2.98	0.886
There is improvement in customer satisfaction due to training programs in the organization	113	2	4	2.76	0.879
Training has empowered me to carry out my dues without any difficult	113	2	4	2.81	0.808
I have the materials necessary to complete my tasks	113	2	4	3.03	0.881
Valid N (list wise)	113				

In order to determine the impact of training on organisational performance, a multiple linear regression model was used and expressed as $OP = \beta_0 + \beta_1\text{Enhanced} + \beta_2\text{Methods} + \beta_3\text{Customer} + \beta_4\text{Empower} + \beta_5\text{Tasks} + \epsilon$ - where enhanced is my personal development has been enhanced; methods is often introduction of new and better methods of solving problems; customer is there is improvement in customer satisfaction due to training programmes in the organization; empower is training has empowered me to carry out my duties without any difficulty; and tasks is I have the materials necessary to complete my tasks. The results are shown in Table 4.13 below.

Table 4. 13 Model Summary on Training of Employees

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate		
1	.911	.830	.822		.375		
	Model	Sum of Squares		df	Mean Square	F	Sig.
1	Regression	73.382		5	14.676	104.270	.001
	Residual	15.061		107	.141		
	Total	88.442		112			
	Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
		B	Std. Error	Beta			
	(Constant)	.724	.174			4.160	.000
	My personal development has been enhanced	-.072	.055	-.065		-1.317	.191
	Often introduction of new and better methods of solving problems	-.068	.069	-.068		-.991	.324

There is improvement in customer satisfaction due to training programmes in the organization	1.109	.089	1.097	12.419	.000
Training has empowered me to carry out my dues without any difficult	-.066	.059	-.060	-1.105	.272
I have the materials necessary to complete my tasks	-.112	.060	-.111	-1.871	.064

From Table 4.13 above, the explanatory power of the model was high at 83 percent and this was explained by enhanced, methods, customer, empower, and only 17 percent was explained by other factors. The results also show that overall model was significant since p-value = 0.001 was less than 0.05. In addition, for individual significance, the only significant variable was customer (there is improvement in customer satisfaction due to training programmes in the organization) and the constant. From the above, the predictive equation can be estimated using the following relationship $OP = 0.724 + 1.109\text{Customer}$. This means that if customers increase by one unit, organization performance would go up by 1.109 units.

Strategic planning should an organization to retain the existing customers, attract new customers and satisfy the customers and promote comprehensive competitiveness (Mutea, 2013) this study sought to establish where Co-op Bank has a strategic plan for customer satisfaction in the organization. The results are as shown in Table 4.14 below. Majority of the employees (62 percent) agreed that the bank policy states the direction of the organization while 20.4 percent neither agreed nor disagreed and 17.7 percent of them disagree on bank policy. This implied that the bank policies are clearly stated.

About 59.3 percent agreed that the bank has put in place monitoring mechanism of the implementation process, 27.4 percent disagreed and 13.3 percent neither agreed nor disagreed that the bank had put in place monitoring mechanism of the implementation process. About 56.6 percent agreed that strategic practices have improved the efficiency of the processes, 26.5 percent disagreed and 15.9 percent neither agreed nor disagreed that strategic practices had improved the efficiency of the processes. About 53.1 percent agreed that there was need for strategic practices to improve effectiveness of the processes while 28.3 percent neither agree nor disagree on the improvement of effectiveness of the processes. This implied that there were strategies already put in place by Co-op Bank to improve customer satisfaction. Results agree with the findings of Mutea (2013) who found that KCB strategies created an efficient and effective brand that offered value to customers hence raising level of customer satisfaction. The least rated factor needs of the customers are aligned in the bank policy, 29.2 percent disagreed and 21.2 percent neither agreed nor disagreed that there were both internal and external needs of the customers were aligned with the bank policy - the bank considered internal and external customers.

Table 4. 14 Respondents Response on Strategic Planning

Strategic Planning	Agree		Neither Agree Nor Disagree		Disagree	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Bank's policy clearly states the direction of the organization	70	62.0	23	20.4	20	17.7
Bank has put in place monitoring mechanism of the implementation process	67	59.3	15	13.3	31	27.4
Strategic practices have improved the efficiency of the processes	64	56.6	18	15.9	30	26.5
Strategic practices have improved the effectiveness of the processes	60	53.1	32	28.3	21	18.6
Both internal and external needs of the customers are aligned in the bank policy	57	50.4	24	21.2	33	29.2

The descriptive statistics in Table 4.15 below provide the mean, variances and extreme values of the maximum and minimum. The minimum scale ratings ranged from 1 and 2 while the highest rating scale was 4. Internal and external needs of the customers had the highest mean value of the 2.98 while strategic practices mean was 2.70. Moreover, bank has in place monitoring mechanisms of the implementation had the highest standard deviation of the 0.879.

Table 4. 15 Descriptive Statistics on Strategic Planning

Strategic Planning	Sample Size	Minimum Value	Maximum Value	Mean	Standard Deviation
The bank policy clearly states the direction of the organization	113	1	4	2.87	0.807
The bank has in place monitoring mechanisms of the implementation process	113	2	4	2.94	0.879
The strategic practices have improved the efficiency of the processes	113	1	4	2.70	0.875
The strategic practices have improved the effectiveness of the processes	113	1	4	2.75	0.808
Both internal and external needs of the customers are aligned in the bank policy	113	2	4	2.98	0.876
Valid N (list wise)	113				

On the impact of the strategic planning on the organisational performance, the following multiple linear regression model was used as shown $OP = \beta_0 + \beta_1\text{Clear} + \beta_2\text{Monitor} + \beta_3\text{Efficiency} + \beta_4\text{Effectiveness} + \beta_5\text{Needs} + \epsilon$. Clear represents bank's policy clearly states the direction of the organization; monitor represents bank has put in place monitoring mechanism of the implementation process; efficiency represents strategic practices have improved the efficiency of the processes; effectiveness represents strategic practices have

improved the effectiveness of the processes; and needs represent both internal and external needs of the customers are aligned in the bank policy see Table 4.16 below.

Table 4. 16 Model Summary on Strategic Planning

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate		
1	.738	.544	.523		.565		
Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	40.833	5	8.167	25.568	.000	
	Residual	34.176	107	.319			
	Total	75.009	112				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta			
(Constant)		.675	.261		2.584	.011	
Bank's policy clearly states the direction of the organization		-.097	.081	-.096	-1.190	.237	
Bank has in place monitoring mechanisms of the implementation process		-.035	.102	-.038	-.347	.729	
Strategic practices have improved the efficiency of the processes		.189	.132	.202	1.428	.156	
Strategic practices have improved the effectiveness of the processes		.554	.089	.546	6.194	.000	
Both internal and external needs of the customers are aligned in the bank policy		.181	.089	.194	2.035	.044	

Table 4.16 above shows that the explanatory power was 54.4 percent, which was moderate and indicates that 54.4 percent of the changes in organisational performance was explained by clear, monitor efficiency effectiveness and needs, whereas 45.6 percent was explained by other factors. In addition, the results were significant since the p-value (0.000) was less than $\alpha = 0.05$. From the analysis, constant, effectiveness and needs were significant and predictive model was $OP = 0.675 + 0.554\text{Effectiveness} + 0.181\text{Needs}$, which means that if effectiveness and needs goes up by one unit, organisational performance will go up by 0.554 units and 0.181 units, respectively.

Continuous improvement requires an organization to use an analytical approach in-order to advance its effectiveness and efficiency in reaching organisational goals. This study sought to establish how continuous improvement has enhanced customer satisfaction in Co-op Bank and the results are as shown in Table 4.17 below.

Majority of the respondents (66.4 percent) agreed that bank work towards producing goods and services of high quality while 20.4 percent disagreed and 13.3 percent neither agreed nor disagreed. About 57.5 percent agreed that bank has adopted service quality innovations, with 27.4 percent disagreed and 15.9 percent neither agreed nor disagreed. Another 56.6 percent agreed that technology adopted in the organization has reduced waste while 26.5 percent disagreed and 15.9 percent neither agreed nor disagreed. This implied that employees who felt that the bank still was experiencing wastage even when they had adopted technology. About 53.1 percent agreed that technology adopted had improved sales and the bank replaces the obsolete equipment with new ones effectively. This implied that Co-op Bank has embraced technology that has helped in continuous improvement processes within its operations and results agrees with Repcic (2005) who noted that organization bottom line expectation should be based on its capabilities when technology capacity and operation capability has been identified, rectified and improved.

Table 4. 17 Respondents Responses on Continuous Improvement

Continuous Improvement	Agree		Neither Agree Nor Disagree		Disagree	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Bank work towards producing goods and services of high quality	75	66.4	15	13.3	23	20.4
Bank has adopted service quality innovations	65	57.5	18	15.9	31	27.4
Technology adopted in the organization has reduced waste	64	56.6	18	15.9	30	26.5
Technology adopted in the organization has improved sales	60	53.1	32	28.3	21	18.6
Bank replaces the obsolete equipment with new ones effectively	60	53.1	21	18.6	32	28.3
Bank often provides training programmes	57	50.4	24	21.2	33	29.2

Table 4.18 below, shows that minimum values which represented scale rating ranging from 1 and 2 while the highest value of 4. The mean value shows average number of the students on the bank often provides training programs was 2.96 with the standard deviation of 0.799. Training programs standard deviation was the highest was 0.896.

Table 4. 18 Descriptive Statistics on Continuous Improvement

Continuous Improvement	Sample Size	Minimum Value	Maximum Value	Mean	Standard Deviation
The bank work towards producing goods and services of high quality	113	1	4	2.87	0.807
The bank has adopted service quality innovations	113	1	4	2.92	0.898
Technology adopted in the organization has reduced waste	113	2	4	2.72	0.861
Technology adopted in the organization has improved sales	113	1	4	2.75	0.808
The bank often provides training programs	113	1	4	2.96	0.896
The bank replaces the obsolete equipment with new ones effectively	113	2	4	2.93	0.799
Valid N (list wise)	113				

A multiple linear regression model was adopted to determine the impact of employees continuous improvement on the organization performance and was expressed as $OP = \beta_0 + \beta_1 \text{Work} + \beta_2 \text{Adopted} + \beta_3 \text{Tech} + \beta_4 \text{Tech2} + \beta_5 \text{Training} + \beta_6 \text{Equipment} + \epsilon$ - where work is bank work towards producing goods and services of high quality; adopted is bank has adopted service quality innovations; tech is technology adopted in the organization has reduced waste, tech2 is technology adopted in the organization has improved sales; training is bank often provides training programmes; and equipment is bank replaces the obsolete equipment with new ones effectively.

From Table 4.19, below, the explanatory power model was at 50.3 percent was moderate and this was explained by work, adopted, tech, tech2, equipment and training leaving 49.7 percent to be explained by other factors. The results shows that the overall model was significant because the p-value = 0.001 was less than the alpha (α) value of 0.05. In addition, constant, work, tech, tech2, training and equipment were significant and the predictive model was $OP = 1.098 + 0.364Work + 0.333Tech - 0.22Tech2 + 0.439Training - 0.282Equipment$, which means that if work, tech and training goes up marginally, then organizational performance will go up by 0.364, 0.333, and 0.439 units, respectively and if tech2 and equipment goes up by one unit, then organizational performance will go down by 0.22 and 0.282 units, respectively.

A company should value its present and future customers and for a business to become successful there is need to retain and attract new customers. This study sought to establish how customer focus helps in customer satisfaction in Co-op Bank and the results are as shown in Table 4.19 below.

From Table 4.20 below, 53.1 percent agreed that the bank meets customers' specific needs while 28.3 percent neither agreed nor disagreed and 18.2 percent disagreed. This implied since customer would feel encouraged visit bank since their particular needs were recognized. About 52.2 percent agreed, while 29.2 percent disagreed and 18.6 percent were neutral that customer is key. This implied that customer was seen as important person to organization. Another 50.4 percent agreed, while 29.2 percent disagreed and 22.1 percent were neutral. This implied that the banks customers would get satisfaction

for how their needs and wants were met. The highest mean value in the Table 4.20 above was the level of valuation of the bank to both internal and external customers with 3.03 and a standard deviation of 0.881. The ability of the bank to meet specific customer needs had the least mean value of 2.76 and the standard deviation of 0.879.

Table 4. 19 Model Summary on Continuous Improvement

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate				
1	.709	.503	.474	.636				
	Model	Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	43.359	6	7.226	17.845	.001		
	Residual	42.925	106	.405				
	Total	86.283	112					
				Unstandardized Coefficients	Standardized Coefficients			
	Model			B	Std. Error	Beta		
						t		
						Sig.		
1	(Constant)			1.098	.280		3.915	.000
	Bank work towards producing goods and services of high quality			.364	.116	.335	3.155	.002
	Bank has adopted service quality innovations			.056	.108	.057	.519	.605
	Technology adopted in the organization has reduced waste			.333	.135	.327	2.463	.015
	Technology adopted in the organization has improved sales			-.220	.100	-.203	-2.212	.029
	Bank often provides training programmes			.439	.097	.448	4.520	.000
	Bank replaces the obsolete equipment with new ones effectively			-.282	.120	-.257	-2.343	.021

Table 4. 20 Respondents Responses on Customer Satisfaction

Customer Satisfaction	Agree		Neither Agree nor Disagree		Disagree	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Bank meets customers specific needs	60	53.1	32	28.3	21	18.6
Customer is the king of the organization	59	52.2	21	18.6	33	29.2
Bank values both the internal and external customers	58	51.3	25	22	30	26.5
Bank has the capacity to satisfy customers wants and needs	57	50.4	25	22.1	33	29.2
Continuously improves its methods of customer satisfaction	56	49.5	20	17.7	37	32.7
Bank has gained new customers and retained the old customers	56	49.5	27	24.0	30	26.5

Table 4. 21 Descriptive Statistics on Customer Satisfaction

Customer Satisfaction	Sample Size	Minimum Value	Maximum Value	Mean	Standard Deviation
The bank meets customers specific needs	113	2	4	2.76	0.879
The customer is the king of the organization	113	2	4	2.81	0.808
The bank values both the internal and external customers	113	2	4	3.03	0.881
The bank has the capability to appease customers wants and needs	113	2	4	2.96	0.886
The continuously improves its methods of customer satisfaction	113	2	4	2.81	0.885
The bank has gained new customers and retained the old customers	113	2	4	2.93	0.799
Valid N (list wise)	113				

A multiple linear regression model was used to determine impact of employee participation practices on organisational performance and expressed as $OP = \beta_0 + \beta_1\text{Needs} + \beta_2\text{King} + \beta_3\text{Value} + \beta_4\text{Satisfy} + \beta_5\text{Improve} + \beta_6\text{Gained} + \epsilon$ - where needs is bank meets customers specific needs; king is customer is the king of the organization; value is bank values both the internal and external customers; satisfy is bank has the capability to appease customers wants and needs; improve is continuously improves its methods of customer satisfaction; and gained is bank has gained new customers and retained the old customers.

From Table 4.22 below, the explanatory power of the model was high at 93.6 percent and this was explained by needs, king, value, satisfy, improve and gained - 6.4 percent was explained by other factors. The results also shows that overall model was significant because p-value = 0.002 was less than alpha (α) value of 0.05. In addition, for the

individual significance, bank has the capability to appease customer wants and needs and the constant. From the forgoing, therefore the predictive equation can be estimated using the following functional relationship $OP = 0.316 + 1.003\text{Satisfy}$ - meaning that if satisfy goes up by one unit (marginal change), organization performance would go up by 1.003 units. Sole sourcing or reduction of the organization total supplies is among ways of minimizing cost of production. The quality of supplies provided depend on the quality of the process. This study sought to establish the level of customer satisfaction as a result of suppliers' partnership.

Table 4. 22 Model Summary on Customer Satisfaction

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate		
1	.968	.936	.932		.228		
	Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	80.501	6	13.417	258.637	.002	
	Residual	5.499	106	.052			
	Total	86.000	112				
	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta			
	(Constant)	.316	.111		2.850	.005	
	Bank meets customers specific needs	.005	.045	.005	.120	.905	
	Customer is the king of the organization	.002	.039	.001	.038	.970	
	Bank values both the internal and external customers	-.042	.053	-.042	-.804	.423	
	Bank has the capability to appease customers wants and needs	1.003	.059	1.014	17.042	.000	
	Continuously improves its methods of customer satisfaction	-.029	.029	-.030	-1.010	.315	
	Bank has gained new customers and retained the old customers	-.034	.032	-.031	-1.054	.294	

As Table 4.23 below shows, about 59.3 percent agreed, 27.4 percent disagreed and 13.3 percent neither agreed nor disagreed that suppliers' partnership has reduced overall lead time for products and services in the bank. About 56.6 percent of the respondents agreed

that suppliers' partnership has increased customer satisfaction. About 57 percent agreed that suppliers partnership policy had improved the quality of raw materials and service provided, while 49.5 percent indicated that suppliers' partnership had improved communication between customers and bank but 32.7 percent disagreed. The results agreed with those of Oakland (2011) who suggested that quality control should start from the initial stages of choosing the right supplier partner. This is because the supplier should know the vision and mission of the organization and must be ready to be fully accountable for the role they play in reaching the organizations goals.

Table 4. 23 Respondents Response on Supplier Partnership

Supplier Partnership	Agree		Neither Agree Nor Disagree		Disagree	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Supplier partnership has reduced overall lead time for products and services in the bank	67	59.3	15	13.3	31	27.4
Supplier partnership has increased customer satisfaction	64	56.6	18	15.9	30	26.5
Supplier partnership policy have improved the quality of raw materials and service provided	57	50.4	25	22.1	33	29.2
Supplier partnership has improved communication between the customers and the bank	56	49.5	20	17.7	37	32.7

Table 4.24 below gives descriptive statistics on the supplier partnership. The mean which shows the average indicated that the highest achievable mean value was 3.03 for the supplier partnership policy that improved the quality of raw materials followed by the improved communication between the customers and the bank with 2.96.

Table 4. 24 Descriptive Statistics on Supplier Partnership

Supplier Partnership	Sample Size	Minimum Value	Maximum Value	Mean	Standard Deviation
Supplier partnership has reduced overall lead time for products and services in the bank	113	2	4	2.76	0.879
Supplier partnership has increased customer satisfaction	113	2	4	2.81	0.808
Supplier partnership policy have improved the quality of raw materials and service provided	113	2	4	3.03	0.881
Supplier partnership has improved communication between the customers and the bank	113	2	4	2.96	0.886
Valid N (list wise)	113				

A multiple linear regression model was used to determine organization performance and was expressed as $OP = \beta_0 + \beta_1\text{Reduced} + \beta_2\text{Increased} + \beta_3\text{Quality} + \beta_4\text{Communication} + \epsilon$ where reduced is supplier partnership has reduced overall lead time for products and services in the bank; increase is supplier partnership has increased customer satisfaction; quality is supplier partnership policy have improved the quality of raw materials and service provided and communication is supplier partnership has improved communication between the customers and the bank.

From Table 4.25 below, explanatory power was low at 27.5 percent and 72.5 percent was explained by other factors not considered in the model. Results were significant because p-value = 0.001 was less than α – value of 0.05. Two variables and constant were also significant such that $OP = 1.924 - 0.487\text{Reduced} + 0.672\text{Increased}$, which means that if reduced and increased were increased by one unit, organisational

performance would go down by 0.487 units and would go up by 0.672 units, respectively.

Table 4. 25 Model Summary on Supplier Partnership

Model	R	R Square	Adjusted R Square		Std. Error of the Estimate		
1	.524	.275	.248		.768		
Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	24.125	4	6.031	10.229	.001	
	Residual	63.680	108	.590			
	Total	87.805	112				
			Unstandardized Coefficients		Standardized Coefficients		
Model			B	Std. Error	Beta	T	
(Constant)			1.924	.305		6.313	.000
Supplier partnership has reduced overall lead time for products and services in bank			-.487	.145	-.484	-3.372	.001
Supplier partnership has increased customer satisfaction			.672	.108	.613	6.217	.000
Supplier partnership policy have improved quality of raw materials and service provided			-.094	.177	-.094	-.534	.594
Supplier partnership has improved communication between customers and bank			.219	.195	.219	1.123	.264

4.4 Summary of the Results

From Table 4.26 below, model on employee participation had highest explanatory power (95.6 percent) and model supplier partnership had lowest explanatory power (27.5 percent). In addition, the largest change (1.109 units) on organisational performance was there is improvement in customer satisfaction due to training programmes, whereas supplier partnership has reduced overall lead time for products and services in bank had the largest decrease change (-0.487 units) on organizational performance.

Table 4. 26 Summary of Linear Regression Results

Predictor Variables	Significant Composite Variables	Marginal Values	Explanatory Power (Percent)
Leadership	I have precise goals and objectives for my job position	0.945	88.5
Employee participation	There is autonomy for employees to advance their own ideas and practices to improve work	0.960	95.6
Training of employees	There is improvement in customer satisfaction due to training programmes in the organization	1.109	83.0
Strategic planning	Strategic practices have improved the effectiveness of the processes	0.554	54.4
	Both internal and external needs of the customers are aligned in the bank policy	0.181	
Continuous improvement	Bank work towards producing goods and services of high quality	0.364	50.3
	Technology adopted in the organization has reduced waste	0.333	
	Technology adopted in the organization has improved sales	-0.220	
	Bank often provides training programmes	0.439	
	Bank replaces the obsolete equipment with new ones effectively	-0.282	
Customer satisfaction	Bank has the capacity to satisfy customers wants and needs	1.003	93.6
Supplier partnership	Supplier partnership has reduced overall lead time for products and services in bank	-0.487	27.5
	Supplier partnership has increased customer satisfaction	0.672	

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The purpose of this study was to establish TQM practices and organisational performance at Co-op Bank and the main objective was to determine TQM practices effects on organisational performance at Co-op Bank. The specific objectives were to determine TQM practices implemented by Co-op Bank, and the influence of TQM practices on organisational performance on Co-op Bank. The target population was staff at the headquarters on Haile Selassie Avenue branch and the sample size was determined by use of Krejcie and Morgan (1970) table for determining a sample size. The sampling procedure was purposeful sampling technique and the respondents were 118. A questionnaire was used for data collection and Cronbach's coefficient alpha was obtain at 0.80 which meant that there was reliability and data obtained was done using both descriptive and inferential analysis.

On determining TQM practices implemented by Co-op Bank, the study revealed that leadership had highest rated factor at 53 percent as the bank often introduces new products and services and 50.4 percent of the respondent also agreed that management encourages formation of teams. From linear regression analysis, the explanatory power was high at 88.5 percent and only 'I have precise goals and objectives for my job position' was significant. On employee's participation, the study revealed that 63.7 percent of the employees agreed their individual performance directly influence the performance of the team. It also revealed that 62 percent of the respondents agreed that there was good communication within the division and 60.2 percent of the respondent agreed that employees at all levels have the responsibility and authority to

make decision. The explanatory power of model was high at 95.6 percent and only ‘there is autonomy for employees to advance their own ideas and practices to improve work’ was significant.

On the training of employees, the study revealed that 63.7 percent of the respondents agreed there was enhanced personal development, 60.2 percent agreed that there were often introduction of new and better methods of solving problems, and 57.5 percent agreed that there was improvement on customer satisfaction due to training programmes in the organization. From linear regression analysis, the independent variables explained 83 percent of the variation in organizational performance and the only significant composite variable was ‘there is improvement in customer satisfaction due to training programmes in the organization’.

With respect to strategic planning, the results from the study indicated that 62 percent agreed that the bank policy clearly states the direction of the organization, 59.3 percent agreed that the bank had put in place monitoring mechanism of the implementation process, 56.6 percent indicated that strategic practices have improved the efficiency of the processes, and 53.1 percent agreed that there was need for strategic practices to improve the effectiveness of the processes. From linear regression analysis, the explanatory power of the model was moderate at 54.4 percent and two composite variables (strategic practices have improved the effectiveness of the processes, and both internal and external needs of the customers are aligned in the bank policy) were significant.

Regarding continuous improvement, the study showed that 66.4 percent agreed that the bank work towards producing goods and services of high quality, 57.5 percent agreed that the bank had adopted service quality innovations, 56.6 percent agreed that technology adopted in the organization had reduced waste, and 53.1 percent agreed that technology adopted in the organization had improved sales and the bank replaces the obsolete equipment with new ones effectively. In addition, the linear regression analysis indicated that 50.3 percent of the changes in organizational performance was explained bank work towards producing goods and services of high quality; bank has adopted service quality innovations; technology adopted in the organization has reduced waste; technology adopted in the organization has improved sales; bank replaces the obsolete equipment with new ones effectively; and bank often provides training programmes. Further, five composite variables (bank work towards producing goods and services of high quality; technology adopted in the organization has reduced waste; technology adopted in the organization has improved sales; bank replaces the obsolete equipment with new ones effectively; and bank often provides training programmes) were significant.

On customer satisfaction, the study revealed that 53.1 percent agreed that the bank met customers' specific needs, 52.2 percent agreed that the customer is the king of the organization, and 50.4 percent agreed on the bank had the capacity to satisfy customers wants and needs. Regarding explanatory power, the results indicated that 93.6 percent of the changes in organizational performance was explained bank meets customers specific needs; customer is the king of the organization; bank values both the internal and external customers; bank has the capacity to satisfy customers wants and needs; continuously improves its methods of customer satisfaction; and bank has

gained new customers and retained the old customers. With respect to significance, only one composite variable (bank has the capacity to satisfy customers wants and needs) was significant.

With regards to suppliers' partnership, the study revealed that 59.3 percent of the respondents agreed that suppliers partnership has reduced overall lead time for products and services in the bank, and 56.6 percent agreed that suppliers' partnership had increased customer satisfaction. From linear regression analysis, the explanatory power was low at 27.5 percent and two composite variables (supplier partnership has reduced overall lead time for products and services in bank, and supplier partnership has increased customer satisfaction) were significant.

5.2 Conclusion

From the study, the following composite variables clear goals and objectives for job position (under leadership); freedom for employees to develop their own ideas and practices to improve work (under employees participation); improvement in customer satisfaction due to training programmes (under training of employees); and strategic practices and alignment of both internal and external needs of the customers to the bank policy (under strategic planning) have improved effectiveness.

In addition, bank produces goods and services of high quality, technology adopted in the organization has reduced waste, improved sales, bank often trains, and bank replaces obsolete equipment with new ones (under continuous improvement) have brought efficiency; bank has the capacity to satisfy customers wants and needs (under customer satisfaction); and supplier partnership has reduced overall lead time for

products and services in bank, and hence increased customer satisfaction (under supplier partnership).

Among the composite variables, 'there is improvement in customer satisfaction due to training programmes' had the largest impact (1.109 units) on organizational performance, whereas 'both internal and external needs of the customers are aligned in the bank policy' had the least impact (0.181 units). This implies that more should be invested in training of employees to enhance Co-op Bank performance. Conversely, 'supplier partnership has reduced overall lead time for products and services in bank' had the largest decrease (-0.487 units) on organizational performance, and 'technology adopted in the organization has improved sales' had the least decrease (-0.22 units).

5.3 Recommendations

It is important for the leadership of the bank to establish the other aspects that affect the profitability of the bank other than introduction of new products and management encouraging formation of teams. Employees are able to participate in the bank activities and they are aware of their individual performance affecting the bank performance, hence there is need to enhance effective communication between the employees and the management of the bank.

There are other factors other than training of employees that affect TQM practices that enhance service delivery in a bank. There is need, therefore for the bank to identify other factors that affect customer focus such as customer specific needs,

customers are king, and the quality of management practices so that bank performance can be improved.

5.4 Limitations

Some respondents were unwilling and hesitant in disclosing information relating to TQM practices implemented in their organization due to the sensitive nature of the information and that it may be used by other organisations. However, an authorization letter from the University of Nairobi was given to the respondents assuring confidentiality and explaining that the research study was for academic purpose only.

The use of questionnaires is based on the presumption that the respondents are sincere and accurate. The study used the questionnaire for collection of data. However, this is not always the case since some participants may give responses that they assume are desirable instead of responses that are sincere.

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APPENDICES

Appendix I Letter of Introduction

Dear Respondent,

This questionnaire is designed to gather information on “**Total Quality Management Practices and Organisational Performance: A Case Study of Co-Operative Bank of Kenya Limited at the Headquarters**”. The study is being carried out in partial fulfilment for requirements of the degree of Master of Business Administration, School of Business - University of Nairobi.

The information in this questionnaire will be treated with confidentiality and will only be used for the purpose of this research. Your contribution in facilitating the same will be highly appreciated.

Thank you in advance,

Sincerely Yours,

.....

Rachel W Meta

Appendix II Questionnaires

Instructions: Please tick (√) where appropriate.

SECTION A: Respondents Background Information

1. Age

20-29 [] 30-39 [] 40-49 []
 50 and above []

2. Sex

Male [] Female []

3. Education

Diploma [] University [] Post graduate []

4. Department

Back Office [] Retail Branch []
 Lending [] Credit Card []
 Investment Banking/Management [] Merchant Services []
 Treasury and Cash Management []
 Online and Mobile Banking []

5. Working Experience

Less than 2 years [] 2-5 years []
 6-10 years [] 11 years and above []

SECTION B: Total Quality Management Practices

I. Leadership

Below are some of the factors that indicate good leadership in an organization. Please indicate (√) your level of agreement with each statement concerning the practices in your organization.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
I have precise goals and objectives for my job position.					
There are work routines that guide how work is to be done are conformed					
The bank often introduces new products and services.					
Management advocates distribution of information, ideas and knowledge amidst managerial and non-managerial employees.					
management has inspired staff in effective use of the resources of the institution towards quality excellence					
management has inspired staff in efficient use of the resources of the institution towards quality excellence					
The management encourages formation of teams					

II. Employee Participation

Below are some of the factors that indicate employee participation in an organization. Please indicate (√) your level of agreement with each statement on practices in your organization.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Employees are involved in defining the organisational goals of the bank					
There is autonomy for employees to advance their own ideas and practices to improve work					
There is a firm sense of teamwork and cooperation					
There are elected employee representatives at the board in the bank					
There is good communication within division					
The employees at all levels have the responsibility and authority to make decisions					
My work gives me a feeling of personal accomplishment					
My performance directly influences the performance of the team					

III. Training

Below are some of the factors that indicate training is practiced in an organization. Please indicate (√) your level of agreement with each statement on practices in your organization.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
My personal development has been enhanced					
Often introduction of new and better methods of solving problems					
There is improvement in customer satisfaction due to training programmes in the organization					
Training has empowered me to carry out my dues without any difficulty					
I have the materials necessary to complete my tasks					

IV. Strategic Planning

Below are some of the factors that indicate there is customer satisfaction in an organization. Please indicate (√) your level of agreement with each statement on the practices in your organization.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
The banks policy clearly states the direction of the organization					
The bank has in place monitoring mechanism of the implementation process					
The strategic practices have improved the efficiency of the processes					
The strategic practices have improved the effectiveness of the processes					
Both internal and external needs of the customers are aligned in the bank policy					

V. Continuous Improvement

Below are some of the factors that indicate there is customer satisfaction in an organization. Please indicate (√) your level of agreement with each statement on the practices in your organization.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
The bank work towards producing goods and services of high quality					
The bank has adopted service quality innovations					
Technology adopted in the organization has reduced waste					
Technology adopted in the organization has improved sales					
The bank often provides training programmes					
The bank replaces the obsolete equipment with new ones effectively.					

VI. Customer Focus

Below are some of the factors that indicate there is customer satisfaction in an organization. Please indicate (√) your level of agreement with each statement on the practices in your organization.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
The bank meets customers specific needs					
The customer is the king of the organization					
The bank values both the internal and external customers					

The bank has the capability to appease customers wants and needs					
The continuously improves its methods of customer satisfaction					
The bank has gained new customers and retained the old customers					

VII. Supplier Partnership

Below are some of the factors that indicate there is customer satisfaction in an organization. Please indicate (√) your level of agreement with each statement on the practices in your organization.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Supplier partnership has reduced overall lead time for products and services in the bank					
Supplier partnership has increased customer satisfaction					
Supplier partnership policy have improved the quality of raw materials and service provided					
Supplier partnership has improved communication between the customers and the bank					

SECTION C: Organisational Performance

Below are some of the factors that are used measure the organisational performance in an organization, Please indicate (√) your level of agreement with each statement on the results of the total quality practices in your organization.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Profitability of my organization has increased					
The welfare of the employees has improved					
Quality management practices have enhanced service delivery in the bank.					
Quality management practices have enhanced sales					
Effective implementation of quality management practices has increased company competitiveness					
Quality management practices have contributed to improved bank performance					
The bank has a proper mechanism of empowering stake holders					

Thank you for your cooperation.

Appendix III Determining Sample Size from a Given Population

N	S	N	S	N	S
10	10	220	140	1,200	291
15	14	230	144	1,300	297
20	19	240	148	1,400	302
25	24	250	152	1,500	306
30	28	260	155	1,600	310
35	32	270	159	1,700	313
40	36	280	162	1,800	317
45	40	290	165	1,900	320
50	44	300	169	2,000	322
55	48	320	175	2,200	327
60	52	340	181	2,400	331
65	56	360	186	2,600	335
70	59	380	191	2,800	338
75	63	400	196	3,000	341
80	66	420	201	3,500	346
85	70	440	205	4,000	351
90	73	460	210	4,500	354
95	76	480	214	5,000	357
100	80	500	217	6,000	361
110	86	550	226	7,000	364
120	92	600	234	8,000	367
130	97	650	242	9,000	368
140	103	700	248	10,000	370
150	108	750	254	15,000	375
160	113	800	260	20,000	377
170	118	850	265	30,000	379
180	123	900	269	40,000	380
190	127	950	274	50,000	381
200	132	1,000	278	75,000	382
210	136	1,100	285	1,000,000	384

Where N is population size and S is sample size