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ORGANIZATION DEVELOPMENT INTERVENTIONS ON CUSTOMER SATISFACTION SKILLS OF COMERCIAL BANK EXECUTIVES: A CASE OF KCB BANK LIMITED IN KENYA

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ABSTRACT

This study aimed to determine the effect of organization development Interventions (ODI) on customer satisfaction skills of the Bank Executives at KCB Bank Limited in Kenya. It utilized an analytical descriptive action type research. Ninety eight (98) executives of the bank were the research subjects who comprised senior managers form head office, branch managers, section heads and supervisors of the bank. Universal sampling was done in identifying research subjects. The study was anchored on value percept disparity theory advanced by West Book & Reilly who theorized that manages to be effective, they must have a clear understanding of customer satisfaction skills that are important in managerial role. These skills enabled managers to effectively coordinate, communicate expectations, delivery of customer feedback and evaluate perceptions. Pre-assessment and post assessment was conducted to assess customer satisfaction skills of bank executives and diagnose problem. The results as indicated by factor average rating of (µ 3.164) before intervention to (µ 4.099) after intervention was a major improvement. Results also indicated that t-value was greater than the critical value of 1.960. This meant that the null hypothesis was rejected. The ODI yields a significant positive change in all customer satisfaction skills factors. It is recommended that organizations should organize customer satisfaction skills training program to improve customer care skills among all their staff.

Key words: *Customer Satisfaction, Organization Development Interventions, Customer Expectations, Pre – assessment, Post assessment.*

INTRODUCTION

Organizations have perceived that customer satisfaction is a critical factor for success, productivity and growth (Rowe 2001). Business performance has been operationalized through customer satisfaction, efficiency and effectiveness (Silvia et al 2011; Erdil 2009; Tian et al 2009). Weber and Polo (2010) conceptualize customer intimacy and customer solution as approaches to competitive strategy. YI (1990) contend that when actual product performance falls short of consumer expectation, consumers will normally exaggerate the disparity. Nelson and Quick (2010) did a study in Sweden and found a correlation between business performance and customer satisfaction. Rose and Lawton (2009) in their study targeting staffers of private companies in Norway found that strategic change programs improved customer satisfaction skills.

The Conceptualization of this Study was anchored on value percept disparity theory advanced by Westbrook & Reilly (1983) who theorized that effective managers must possess customer satisfaction skills. This study was also grounded on system theory by Lewin (1946) which models organization as three overstepping and independent subsystems (Gersick 1997). The theoretical foundations on which organization development and action research are based on include organizational learning theory (March & Sutton 1997) and organization development theory and Dynamic capabilities theory (Teece et al., 2007). These are underpinned by other theories such as industrial organization economics theory (Mason 1939; Bain 1956), knowledge based theory (Senge 1990) and resource based theory (Barney 1991). Action research forms the basic premise on which the process of OD is grounded. Action research which is a collaborative approach that follows a scientific and cyclical process (D' souza & Singh 1998). Lewin (1946) also pioneered sensitivity training which he conducted with colleagues at MIT. It has been found to improve interpersonal relationships, increase self awareness and understanding of group dynamics among participants (French & Bell 2001). Another pillar of OD is the survey research and feedback pioneered by Rensis Likert. It uses structured questionnaire surveys for diagnosing organization problems (French and Bell 2001).

The banking Industry in Kenya has experienced challenges since 1990s. First due to the government borrowing heavily from the domestic market which was as a result of the country's poor relationship with the Bretton Woods Institutions and bilateral development partners. Secondly banks adopted an aggressive provisioning policy to provide for non performing loans (NPL). The provisioning policy Resulted in KCB Bank announce a pre-tax loss of Kshs 4.2 billion in 2003 one of the biggest in Kenya's corporate history. The bank formulated a turn-around strategy that was implemented using OD process. This strategic plan was to reconfigure the entire business of KCB Bank and make it more robust, customer focused and growth oriented. The strategic plan included developing capacity to support technology based products and implementation of strategic Human Resource Development Programs to upgrade and enhance managerial skills of bank executives within KCB bank. This study aimed to determine the effect of organization development interventions implemented to enhance the customer satisfaction skills of bank executives.

REVIEW OF RELATED LITERATURE

Literature on the managerial skills through organization development are renewed in order to provide the readers with the perspective on customer satisfaction. French et. al., (2000) conceptualize organization development as the prescription for a process of planned change in organizations in which the key elements relate to (1) The nature of the effort or program (2) The nature of the change activities (3) The target of the change activities and (4) The desired outcome of the change activities. The OD process is implemented through application of action research or diagnostic research model which is linear sequential and originates from the identification of a problem. The problem sequential and originates from the identification of a problem. The problem according to Porras, Robertson & Goldman (1990) OD is the planned change of organizational work setting for the purpose of enhancing individual development and improving organizational performance, through the alteration of organizational members on the job behaviours. Beer (1980) content that the objectives of OD are developing new and creative organizational solutions; and developing the organizations self- renewing capacity. Researchers of resource based views have tried to link managerial skills to competitive advantage (Mahoney 1995; Castanias and Helfat 1991; 2001).

According to resource based views productive resources may exhibit differential levels of efficiency (Peteraf, 1993). Managerial skills differentials may affect firm performance which may intern generate ricardian rents. Managerial skills could also be explained in relations to external environment size and age of the organization (Burns and Stalker 1979; Scott, 1992). Managerial skills determine firm performance and firms that cannot withstand turbulent environment. Managerial staff who adopt the principle of commercial honesty create permanent and satisfied customer. Sahu and Raut (2004) posits that satisfied customers greatly provide reliable information and data regarding friends, relatives and their likes and dislikes, income status and family composition. Such information and data helps an organization plan its marketing strategies. McAlindon (1993) states that true service is giving customers what they value and will buy and that changes over time. Any customer service that is not supported by a system of product and service innovation will be unable to anticipate and respond to changing customer demand (McAlindon 1993). Chonko (1993) argues that when it comes to goods and services customers value more than just good quality. Gupta (1993) posits that the customer defines the business of any enterprise including a bank. Any business firm's vision and mission should be to satisfy its customers. Gupta (1993) suggest that the survival and growth of any bank does not depend on its size or amounts of funds in its possession, but depends on its ability to provide qualitative service to its customers on sustained basis. Saxena (1984) states that customers attach great importance to perceived quality of service and image of a bank before selecting a bank of choice, customer service has aspect such as a technical aspect. Under this aspects customer expects every product would be technically perfect and accurate, that banks are expected to provide arithmetical accuracy of transaction, correct remittance, accurate entries, timely intimation about maturity of fixed deposits, accuracy of charges, updating of passbook and legibility in statements and passbooks. Saxena (1984) adds other aspects as including efficiency, advisory, behavioral after sales services and customer amenities.

Madhukar (1986) market oriented bank is differentiated from the others on the basis of the attention given to customer complaints. Gupta (1993) argues that customer complains are the best tools for a branch manager of a bank who wants improvements in the customer service. Gupta (1993) suggest use of customer feedback as the basis for improvement in the quality of service with banks, and suggest customer oriented strategies in order to provide excellent customers customer service among banks surveillance this are: service standards, attention to details, courtesy, personalized services, communication customers consciousness, relationship banking, retention banking. Robbins and Judge (2007) suggest that customers responsive culture should be fostered among employees and such employees posses good listening skills and have willingness to service customers beyond their job description. Keane Baker (1998) suggest that it costs five times more to attract a new customer than to retain a new one. Major cause of dissatisfaction are; welcome interruptions, assuming customers are wrong, make them wait, ignore privacy, make them feel inferior, keep relationship impersonal having wide and callous staff, design confusing bills cut back on cleaning services. Attending to these issues in an effective and efficient manner will avoid potential customer service problems (Grandinetti 2001).

CONCEPTUAL FRAMEWORK

The conceptual model presents the conceptualization of the study based on the theoretical framework that form the basis of the input of the study, the processing which is the activities of ODI that conforms to Susmans and Everedes (1978) five phase action research cycle which was implemented to bring the desired incremental or quantum change and the expected output of the study that indicate improvement of changes in behavior and significant positive change in Customer Service.

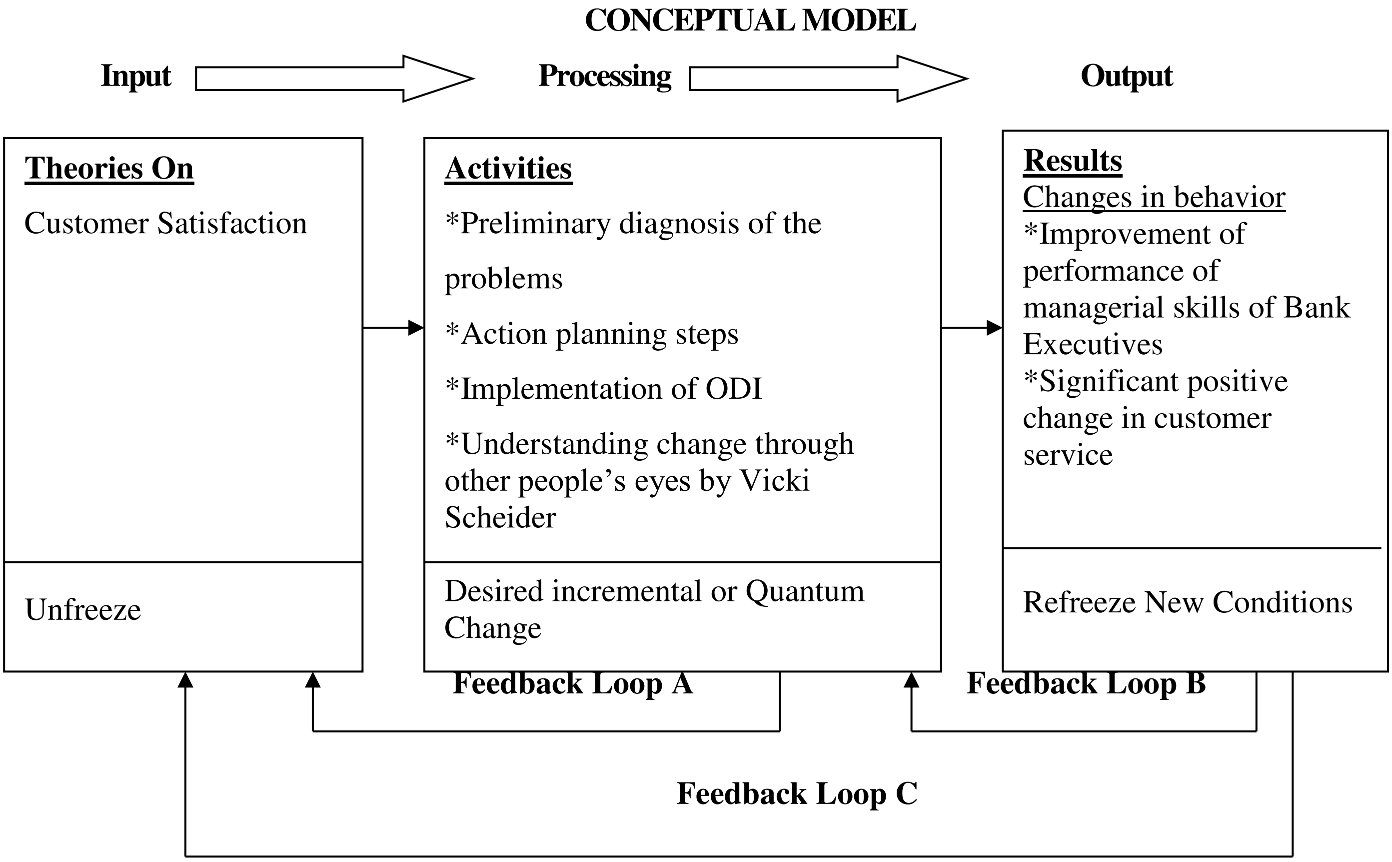

Figure 1: Conceptual Model

The conceptual model of the study supports the schema of the study by elaborating form conception of the study to expected outcome or results of the study.

SCHEMA OF THE STUDY

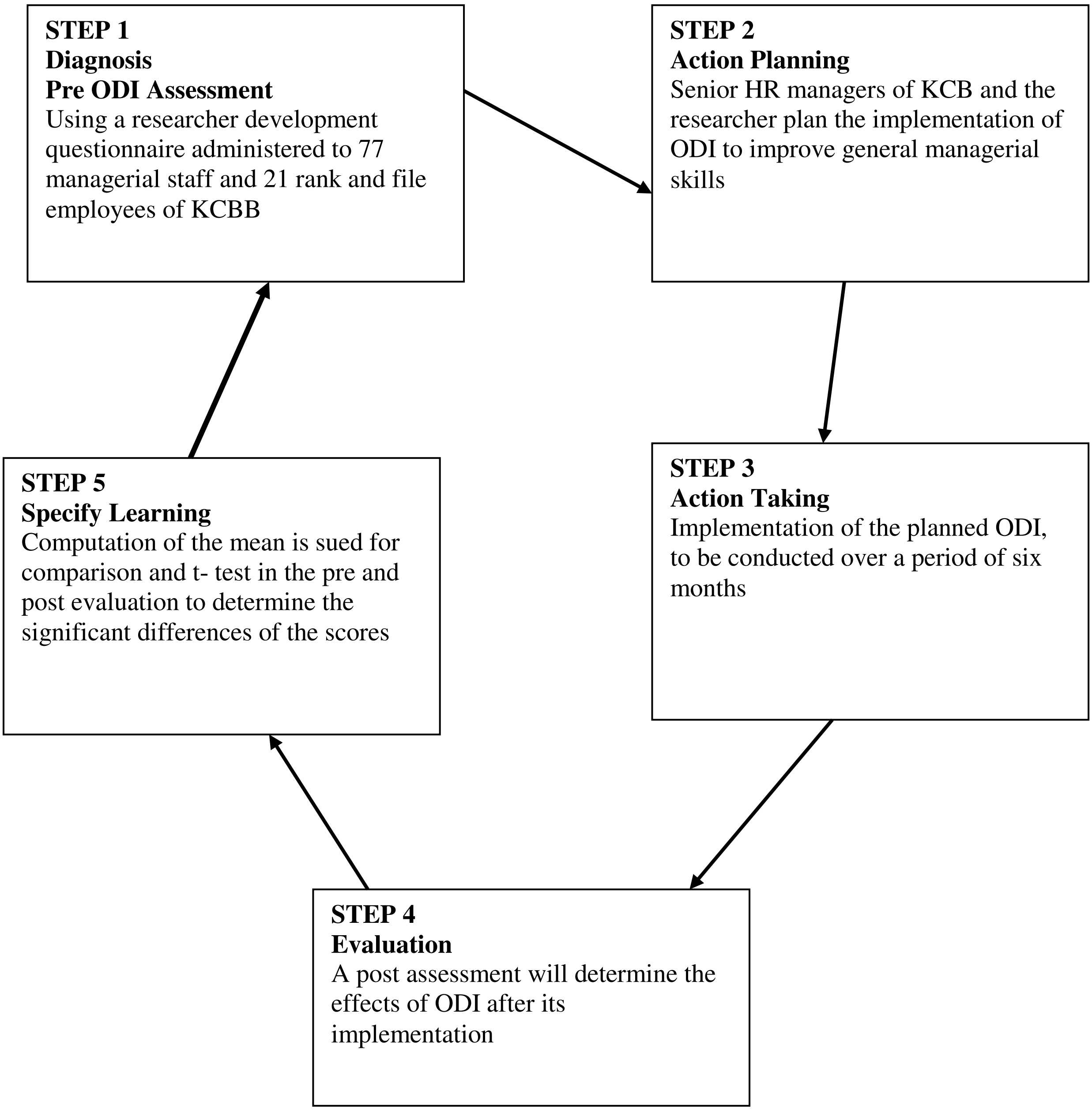

Figure 2: Action Research Cycle

The schema of the study or study flow which action conforms to Susmans and Everedes (1978), action research cycle which follows five phase cyclical processes was conducted to determine the changes brought about by the interventions implemented.

RESEARCH OBJECTIVES

1. The purpose of this study was to determine the effect of organization development intervention on managerial skills of the Bank Executives of KCB Bank Ltd.
2. The study aimed to determine the degree of effectiveness of the interventions in improving the performance of the managers.

RESEARCH PROBLEM

The study sought to answer the following questions;

1. What are the profiles of pre and post assessment evaluation on the ratings of the managers in terms of the eight customer satisfaction factors identified by the researcher?
2. Are there significant differences in the pre and post assessment data of the eight factors?
3. What transformation indicators resulted from the implementation of the organization development intervention (ODI)
4. What recommendations can be proposed to sustain and disseminate the effect of intervention?

VALUE OF THE STUDY

The result of this study will be significant in the field of banking and the findings will provide insight to the banking industry and KCB Bank in particular on the critical importance of the managerial skill development programs as part of organization development interventions in their turnaround strategy.

ORGANIZATION DEVELOPMENT INTERVENTIONS

Implementation of organization development interventions was done using the model "understanding change through other people's eyes" by: Vicki Schneider.

This was done to provide insights on what is the importance of change. To recognize and understand what each person is being asked to give up no matter how essential in the process of contemplating the change. The need for a change is obvious and the sacrifices that have to be made are necessary and reasonable. The Bank executives were trained at the KCB Bank Leadership Center Karen this was conducted by researcher together with KCB bank Trainers.

Overview: This interactive exercise helps participants look at change and its related losses through other people's eyes, understand better why people resist change; and develop insights that will lead to a more sensitive and successful change climate.

MATERIALS AND METHODS

The study used a survey research design. The sampling frame was computed from the list of all managerial staff of KCB bank branches in Nairobi County and KCB bank leadership center in Karen. It was an analytical descriptive action type research design involving 98 managerial staff that was conducted Bank Branches in Nairobi and KCB bank Leadership Centre at Karen. A situation analysis was conducted by holding meetings with Senior Managers at KCB bank head office and at KCB bank Leadership Centre at Karen. The study utilized a researcher developed instrument which was refined after a pilot study. While studies such as Nunnally (1967) posited that an alpha coefficient equal to or greater than 0.50 is adequate to determine internal consistency later studies (Nunnally 1978, Kline 1998, Awino 2007, Ongore 2008) has used Cronbach's alpha values of 0.70 and above. The researcher concurs with these later studies and used a cut-off of 0.70 to ensure all measurements attained a high degree of reliability. A content validity index of 0.83 was obtained; this was judged to be acceptable, as it is more than the 0.70 value recommended minimum (Wynd et al., 2003). The Cronbach's alpha reliability index was 0.81, also deemed acceptable in comparison with the 0.70 recommended minimum (Santos, 1999). Action planning was done by implementing planned intervention schedule, interventions covered factors of Customer Satisfaction Skills. Data was analyzed using mean rating and t-test was done to determine the significant differences between Pre-and post intervention assessment.

STATEMENT OF THE NULL HYPOTHESIS

This study was tested with 0.05 Alpha Level of significance:

H_0: There was no significant difference between the pre and post assessment data on the degree of performance by the bank executives of KCB Bank Ltd in term of the eight customer satisfaction factors.

RESULTS BEFORE ODI

The table 1 below presents the pre-assessment mean rating on customer satisfaction.

Table 1: Pre Assessment Mean Rating on Customer Satisfaction

	Items	**Mean**	**Interpretation**
1	Understanding the need and requirements of KCB customers	3.321	Good
2	I take prompt action in addressing customer complaints	3.052	Good
3	I institute continuous progress in assessing customer expectations in KCB	3.118	Good
4	I treat each customers with dignity and respect	3.290	Good
5	I believe in doing all it takes to provide satisfaction to its internal customers	2.886	Good
6	I prioritize customers quality service	3.240	Good
7	Comfortable and frank in communicating customers opinion to my superiors	3.350	Good
8	I placed priority in serving the customers	3.053	Good
	AVERAGE	3.164	Good

Pre assessment rating revealed that performance of the managerial staff in customer satisfaction is good with an average mean of 3.164 which can be improved to very good or excellent through ODI. All aspect of customer satisfaction have been rated good. Customer satisfaction is key to every organization especially the ones in service industry such as banks where competition is very high. All aspects, of customer satisfaction will be emphasized so as to improve customer base which translates to more deposits and a large market share.

RESULTS AND DISCUSSION AFTER ODI

The table 2 below presents the pre and post assessment mean rating on customer satisfaction.

Table 2: The Pre and Post Mean Values of the Items in Customer Satisfaction Before and After ODI

	Items	Before ODI		After ODI		Mean Difference
		Mean	Interpretation	Mean	Interpretation	
1	Understanding the need and requirements of KCB bank customers	3.321	Good	4.100	very good	0.779
2	I take prompt action in addressing customer complaints	3.052	Good	3.880	very good	0.828
3	I institute continuous progress in assessing customer expectations in KCB bank	3.118	Good	3.909	very good	0.791
4	I treat each customers with dignity and respect	3.290	Good	4.345	Excellent	1.055
5	I believe in doing all it takes to provide satisfaction to its internal customers	2.886	Good	3.577	Very good	0.691
6	I prioritize customers quality service	3.240	Good	3.876	Very good	0.636
7	Comfortable and frank in communicating customers opinion to my superiors	3.350	Good	4.560	Excellent	1.210
8	I placed priority in serving the customers	3.053	Good	4.545	Excellent	1.492
	AVERAGE	**3.164**	**Good**	**4.099**	**Very good**	**0.935**

Table 2 reveals the profile before and after intervention in the customer satisfaction aspect, from 3.164 which is good to 4.099 which is very good. Indicate that after the interventions conducted there is a great improvement in all factors the managerial skills which also contribute to the increase of the average score in customer satisfaction as the end product of the improvement in the managerial skills of the bank executives.

As Kraut et al (1989) content that for managers to be effective, they must have a clear understanding of different skills that are important in managerial role. Furthermore, Robbins and Judge (2007) posited that customers responsive culture should be fostered among employees and such employees posses good listening skills and have willingness to service customers beyond their job description.

CONCLUSION OF THE STUDY

All the factors identified in customer satisfaction improved after intervention. The mean score of customer satisfaction increased from 3.164 before to 4.099 after intervention this improvement was from good to very good. This was important since Banking institutions are in the service industry and customer satisfaction contributes to growth and survival of the organization. Improved customer satisfaction resulted in increase of market share. It also translated to better corporate image of the bank. It also resulted in more bank products.

Understanding the need and requirement of KCB bank customers, addressing customer complaints improvement leads to prompt action in answering customer feedback ad planning to improve KCB bank services. The overall improvement in customer satisfaction after the intervention resulted in an increase of bank clients with a total customer satisfaction of the bank services, employees are treating customers with dignity and respect and are willing to listen and accommodate customer needs.

The researcher recommends that organizations should organize training programs for internalization of vision, mission, core values, roles and responsibility for middle managers and supervisors so that they have a sense of ownership for respective branches and also impact those values to their junior staff. Organizations should also conduct strategic behavioral training to all their senior managers.

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