THE IMPACT OF EMPLOYEE EMPOWERMENT ON SERVICE QUALITY.

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ABSTRACT

Empowering frontline staff in service organizations is very vital in providing service to customers. This has become crucial in recent times due to the fierce competition in the sector especially among financial institution. Service organizations can keep their valuable customers when they are in the position to offer quality service. Thus, customers will almost invariably measure service quality based on reliability, tangibility, responsiveness, assurance, and empathy. Banks like other service organizations can thrive well by ensuring that their customers receive best service. This can be achieved by hiring competent personnel and empowering them to perform. This is inevitable since frontline staff is always in touch with customers. This research has looked into the impact that empowered employees can have on service quality. Questionnaires were administered to employees of two banks and a cross section of customers of both banks. The managers of both banks were also interviewed to cross validate data from employees and customers. The results showed that there is clear link between empowering employees and service quality.

It was evident that, the higher employees are empowered the higher the quality of service delivered. It was also clear that both banks even though attached importance to empowering their employees resulting in a better outcome, not all employees were empowered as expected. The analysis further showed that despite the fact that employees are given training, some are still not knowledgeable. Generally, customers of both banks were satisfied with the performance of employees. Both banks satisfied the criteria used by customers in assessing service quality based on tangibles, reliability, responsiveness, assurance, and empathy.

DECLARATION

I hereby declare that this submission is my own work towards the Master of Business Administration and that to the best of my knowledge, it contain no material previously published by another person nor material which has been accepted for the award of any degree of the university, except where due acknowledgement has been made in the text.

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DEDICATION

This work is dedicated to my late father Mr. Akanyako Akanyafuta and Mrs. Amopo Akanyako.

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To God be the glory for His mercies and abundant grace which has sustain me throughout my studies.

A research of this nature cannot be accomplished without guidance and advice. It is on this note that I express my profound gratitude to Prof. H. Boaten, my supervisor. for his invaluable guidance and advice which saw me through this research. God richly bless him. Also to all the lecturers of School of Business who have impacted invaluable knowledge to me throughout my studies, I say thank you. I wish also to express my sincere gratitude to Mr. and Mrs. Babisma for the support given me through out my studies. Next on the list is Mr. Samson Adaakobga and Mr.Hayat, managers of Naara Rural Bank and Builsa Community Bank respectively for their cooperation and assistance. Finally, I wish to thank Mr. Stanislus Napaala for doing the proof reading.

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CHAPTER ONE

INTRODUCTION

The purpose of this study is to assess the impact of employee empowerment on service quality by comparing the service quality and empowerment programs in two rural banks in Northern Ghana. Empowering individuals or groups to perform a giving task to achieve a desired result is a key issue in most organizations. The intangibility of service as a product make customers usually evaluate the satisfaction they derived from the overall service experience. The delivery of quality service has a direct effect on consumer's satisfaction. Empowering the employee, therefore, is a crucial issue to organizations, especially, those in the service sector. This calls for the training, motivating, and granting the employee the needed support and authority to perform under minimal supervision. Tannerbaum and Coke (1980) see empowered employees as a satisfied employees who will give off their best and increase the total amount, presumably power to do, in an organization (cited in Brooks 2006). An organization that produce or render services thrives on its' customers. Management, therefore, has the onerous responsibility of ensuring that, customers get the best service, since the highly satisfied or delighted customers are more likely to become 'apostles' of the firm (Lovelock and Wirtz 2007). The importance service quality has on customer satisfaction cannot be overemphasized.

Armstrong (2003) defines empowerment in terms of giving individuals and teams more responsibility for decision making and ensuring that they have the training, support, and guidance to exercise that responsibility properly. This encourages employees to become innovators and part of decision making. Research by Conger and Kanungo indicates individual's need for self-efficacy, a desire to produce results

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or outcomes, is better satisfied as a result of empowerment (Conger and Kanungo 1985; cited by Brooks 2006). The encounter customers experience with employees at the point of service is very crucial in determining service quality. Service quality has to do with the satisfaction the customer derives from the consumption of a product or service. Research has also linked high empowerment to customer satisfaction (Bradley and Sparks 2000; cited in lovelock and Wirtz, 2007). Ensuring quality service, especially, in service organizations is very important by virtue of the fact that. service is intangible and can only be evaluated by the extent of its quality.

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1.1 BACKGROUND

The rural bank concept was introduced as part of the banking system with the aim of improving the living standards of the rural folk. The Ghanaian government, through the Bank of Ghana, introduced the idea of rural banking into the country in 1976. According to the Association of Rural Banks (1992),"The aims of Rural Banks are:

i. to stimulate banking habits among rural dwellers;

ii. to mobilize resources locked up in the rural areas into the banking systems to facilitate development; and

iii. to identify viable industries in their respective catchments areas for investment and development."

The Naara Rural Bank (NRB) and Builsa Community Bank (BCB) were established as part of Bank of Ghana's subsidiaries to mobilize capital for rural development. NRB was opened on the 9th of July 1981. It was the first rural bank to be opened in the whole of Northern Ghana. NRB has its headquarters at Paga and two agencies in Navrongo and Bukere-Bolgatanga and a mobilization centre in Chiana. The Builsa Community Bank was established in 1996. It has its headquarters at Sandema, the

capital of the Builsa district. It has a branch at Bolgatanga. Both banks have quite a good core of project staff.

The emergence of new banks and the attendant fierce competition makes training and recruiting of able and skilled personnel to deliver the best service to customers a necessity. It is even more crucial for rural and community banks like Naara Rural Bank (NRB) and Builsa Community Bank (BCB) which operate on a smaller scale. The training and retaining of qualified and motivated employees are very crucial for service organizations like the NRB and BCB. This will help empower its employees to be able to compete effectively with the established banks.

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The banks almost invariably offer the same service. However, customers consider convenience among other factors in assessing the quality of service rendered. The experience takes place first at the service counter where the customers interact with the employees. The intangibility and inseparability of service makes the role of the counter employees very delicate. The ability of the employees to deliver as expected depends on how skilled and trained they are. In addition to that, management needs to give the employees the authority to take decisions with respect to customer satisfaction. This underscores the need for employees' empowerment since they act as interface between the organization and the customer. Customers always need reassurance that they would be offered the best service in whatever transaction they undertake with the bank. When service is not handled with care, the result will be poor service quality and hence, perception of poor service quality leading to customer dissatisfaction.

1.2 PROBLEM STATEMENT

The issue of service quality is very crucial in the banking sector. Service employees are not able to perform as expected because they are not adequately empowered. Customers do not receive the required service as expected. This has culminated in customer dissatisfaction.

1.3 OBJECTIVES OF THE STUDY

The specific objective of the research is to ascertain how employee empowerment in Naara Rural Bank and Builsa Community Bank impact on service quality. It also seeks to achieve the following:

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1. To find out the various ways both banks empower their employees,
2. To find out the level of employee performance in both banks,
3. To find out how customers there perceive service quality, and
4. To find out the relationship between employee empowerment and service quality.

1.4 RESEARCH QUESTIONS

1. In what ways do Naara Rural Bank and Builsa Community Bank empower their employees to provide service?
2. How do customers assess service quality?
3. How does empowering of employees impact on service quality?
4. What is the relationship between employee empowerment and service quality?

1.5 THE RELEVANCE OF THE STUDY

It is hoped that the findings of the study may provide useful information that will help others who may want to do further studies in the service industry give policy direction to banks and their regard for human resource development.

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1.6 SCOPE OF THE STUDY

The study is limited to the Bukere-Bolga branch (NRB) and Bolga branch of Builsa Community Bank. Target respondents include the managers of both banks, their employees and customers.

1.7 OVERVIEW OF THE RESEARCH METHODOLOGY

The research will be carried out using the case study approach. Structure question will be administered to employees of both banks and a cross section of the customers who will be selected by convenience as they come to do business with their banks. Data gathered will be analyzed quantitatively and qualitatively. Frequency tables expressed in percentages, bar charts and pie charts will be used to illustrate the analysis

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1.8 LIMITATIONS OF THE STUDY

The research was limited by two main constraints. The period within which this study was done was short and therefore the researcher could not cover all the financial institutions within the Bolga Municipality. Another factor was dealing with neither customers who could not read nor write. Effort had to be made to explain the questionnaire for them to answer.

1.9 ORGANIZATION

This research work is organized into five main chapters. Chapter one deals with the introduction and background to the study, the problem statement, the objectives of the study, and the limitations of the study. The second chapter covers literature review of the research which includes the conceptual framework. Chapter three looks at the methodology. The fourth chapter is made up of the findings and analysis. Chapter five comprises summary of findings, recommendations, and conclusion.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

Customers today are much informed such that they do not only consider the goods or services they buy, but the satisfaction derived from the consumption of the product. Customers compare their expectation to their experience with the service provided to assess the quality of service. The provision of service most often cannot be separated from its consumption. The kind of service that would be provided is influenced by the people involved in its provision. In the bank, this is mostly experienced by customers at the service counter. This chapter takes a look at related knowledge deemed to be appropriate and relevant to the study.

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2.1 WHAT IS EMPOWERMENT

Attempt has been made by different researchers in defining the concept of empowerment. Seibeth et al (2004), citing Conger and Kanungo (1988) ; Thomas & Velthous (1999), see the concept of empowerment as involving increased individual motivation at work through the delegation of authority to the lowest level in an organization where a competent decision can be made.. According to Conger and Kanungo (1988), empowerment describes working arrangements which engage the empowered at an emotional level. They distinguish between concepts of empowerment which are relational and motivational. As a relational concept, empowerment is concerned with issues to do with management style and employee participation. As a motivational construct empowerment is individual and personal, it is about discretion, autonomy, power and control. This motivational aspect to

empowerment becomes the defining feature of the initiative. Empowerment is encouraging and empowering personnel to produce more ideas and take more initiative (Kotler, 2003)

Despite the alluded importance of empowerment, in an article, 'empowerment, the key to exceptional services', gives some reasons why empowerment is not universally embraced by all managers. The reasons given include the following:

- Managers fear the loss of power, control, and authority,
- Employees are not able to make responsible decision,
- Empowering employees was attempted before and it failed,
- Sharing proprietary information means leaking ideas, plans, and knowledge to competitors,
- Not every one wants to be empowered (Eileen Brownell, (2000); cited by Ivancevich, 2002).

This is in sharp constrast to the fact that, all managers of organizations should embrace the concept of employee empowerment. This may be due to different meanings managers give to empowerment. The different views may result in any of the following forms being practised.

2.1.1 FORMS OF EMPOWERMENT

A central problem in this field is that the term empowerment has been used very loosely by practitioners and indeed academics. Normally empowerment is associated with the distribution of power. In practice, however, it is usually seen as a form of employee involvement, designed by management and intended to generate commitment and enhance employee contribution to the organization. While some forms of employee involvement may provide employees with new channels through

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which their influence is enhanced, employee involvement does not involve any *de jure* sharing of authority or power. With employee involvement, the onus is on employers to involve employees or give employees the opportunity to be involved. The empowerment in the context of its usage in recent years can be seen as reflecting this approach. It is individualist rather than collectivist in its orientation, i.e. empowerment is based on individual workers or work groups but not on larger groups such as trade unions. It encompasses direct involvement in work practices rather than indirect. Financial participation and representative participation are not part of the agenda, rendering it distinct from other forms of employee involvement, employee participation and industrial democracy. Thus a distinction could be made between empowerment initiatives as defined above and initiatives which may empower the latter including industrial democracy (Wilkinson, (1997).

Larshley (1985) suggests four managerial initiatives and meanings which claim to be empowerment.

- Empowerment through participation: Management may delegate its decision making which in a traditional organization would be in the domain of management.
- Empowerment through involvement; Management's aim may be to gain from employees experience, ideas, suggestions, and feedback since employees are the front-line service employees,
- Empowerment through commitment: It is the belief of management that the more employees are committed, the greater the contribution towards achieving organizational goals.
- Empowerment through delaying: This has to do with reducing the number of tiers of management in the organization. Such initiative would be taken with the

intention of reducing cost. (Larshley, 1985: cited in Mullins, 2005). The service sector like any other organization, must embrace the concept empowerment.

2.1.2 EMPOWERMMENT IN THE SERVICE SECTOR

Empowerment in the service sector is often seen as a way to gain competitive advantage (Erstad, 1997). Larshley writing on this issue noted that interest in employee empowerment in service industry firms has been associated with many of the key issues related to empowerment practices in general, namely in gaining competitive advantage through improved service quality. Paradoxically, however, attempts to gain competitive advantage through service quality can present some major problems for service operators. Citing (Rust and Oliver, 1994), he indicated for instance, that, there are difficulties in defining the successful service encounter, particularly in the intangible sources of customer satisfaction; vary considerably in their expectations of service quality. Indeed, individual customers may define and re-define their needs from service deliverers as their circumstances, experiences and expectations change. In turn, customer evaluation of a successful service encounter, and thereby repeat visits, will be a product of the extent to which their experience matches their expectations (Foulkes, 1994; cited by Larshley, 1999).While there are these difficulties in defining successful encounters, many writers agree that ``front line staff" (Johnston, 1989; Horovirz and Cudenne-Poon, 1990; Barbee and Bott, 1991; cited by Larshley, 1999) play a crucial role in the service encounter. Another issue worth noting is the difficulty of service deliverers.

Unlike other resources used within an organization there is a problem in predicting the levels of output, efficiency and general effectiveness which will be the outcome of a given level of labour employed. Human resources can be uniquely unstable. Under

certain circumstances they physically leave the organization, they may collectively resist management instructions or individually just not give ``a fair day's work for a fair day's pay''. Clearly, these are problems shared by all employers but given the pivotal role of service delivery employees, these issues are of particular concern to service sector employers (Larshley, 1999).

2.1.3 EMPLOYEE EMPOWERMENT IN SERVICES

The employee empowerment is a crucial issue that must be embraced by organizations that seek to achieve maximum success in their attempt to satisfy their valued customers. The importance of employee empowerment cannot be overemphasized. The global economy is moving very fast and this requires that organizations learn and adapt to change quickly, and employees have a key role to play here. This is particularly true in modern service organizations. The empowered employee is said to respond more quickly to customer service requests, act to rectify complaints and be more engaged in service encounters (Lashley, 1999). Empowerment encourages employees to become innovators and managers of their own work, and it involves them in their jobs in ways that give them more and autonomous decision –making capabilities (Bohlander and Snell, 2004). Brooks (2006) believes that empowered employees will care as much or even more about the quality of the work than the superior or the Chief Executive Officer (CEO). Stephen Wood gives the following reasons to why managers see empowerment as a tool for empowering employees to perform as expected:

- Empowerment develops broader horizons;
- Empowerment maximizes on-the job learning;
- Empowerment inspires confidence and high self-esteem;

- Empowerment increases well-being.

2.1.4 DIMENSIONS OF EMPOWERMENT

Spreitzer (1995), Conger and Kanungo (1988) defined empowerment as the motivational concept of self-efficiency. Spreitzer believes that instead of focusing on managerial practices that share power with employees at all levels, the psychological perspective is focused on how employees experience empowerment at work. This perspective refers to empowerment as the personal beliefs that employee have about their role in relation to the organization. Accordingly, when people feel empowered at work, they experience four dimensions including:

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- Meaning: Meaning involves a fit between the end of one's work role and one's beliefs, values, and behaviours;
- Competence: Competence refers to self-efficiency specific to one's work, or a belief in one's capacity to perform work activities with skill;
- Self-determination: Self-determination is a sense of choice in initiating and regulating one's action. It reflects a sense of autonomy over the initiation and continuation of work behavior and process;
- Impact: Impact is the degree to which one can influence strategic, administrative, or operative outcomes at work.

2.1.5 WORKPLACE EMPOWERMENT

Workplace empowerment has a direct influence on worker satisfaction and commitment (Laschinger et al, 2001). For instance, where employees have trust in management, they feel to be part of the organization, thereby giving out their best. Laschinger et al (2001), Gilbert and Tang (1998), define trust as employee faith in

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organizational leaders and the belief that ultimately organizational actions will prove beneficial for employees. He employs Kanter's theory of organizational empowerment (Kanter, 1997) to show that people react rationally to the situations in which they find themselves. Thus, where situations are structured in such a way that employees feel empowered, the organization is likely to benefit both in terms of the attitudes of employees and the organization's effectiveness. Kanter believes the organizational structures that are important to the growth of empowerment are: having access to information, receiving support, having access to resources necessary to do the job, and having the opportunity to learn and grow. Access to these empowering structures he believe, is facilitated by formal job characteristics. That is, jobs that are visible and central to the organization's goals and that allow the employee flexibility enhance empowerment. Citing Johns (1996), Laschinger et al, continue to say that, empowering employees involves understanding the needs and capabilities of employees, trusting them, and helping them to maximize their fulfillment while pursuing corporate goals. Mutual trust is a critical component of this process. Managers must be willing to empower employees and employees must accept the challenge inherent in empowerment and commit to organizational goals.

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2.1.6 MANAGEMENTS' ROLE IN EMPOWERMENT

Goetsch and Davis (2006), assert that the manager's role in empowerment is crucial since he is the chief officer in the organization. Management needs commitment, leadership, and facilitation to get empowerment through in the face of any hindrance. According to Goetsch and Davis, Grazier (1989), describe the manager's role in empowerment as demonstrating the following support behaviours:

- Being a role model.
- Being a trainer.
- Being a facilitator.
- Practising management by walking around (MBWA).
- Taking quick action on recommendations.
- Recognizing the accomplishment of employees (Grazier, 1989: cited by Goetsch and Davis, 2006)

A research study by (Ugboro and Obeng, 2001), on organizations that have adopted Total Quality Management (TQM), revealed that, there is a positive correlation between top management leadership, employee empowerment, job satisfaction, and customer satisfaction. They allude to the fact that, employee empowerment and improved level of job satisfaction are facilitated by top management leadership and commitment to the TQM goal of customer satisfaction by creating an organizational climate that emphasizes total quality and customer satisfaction. In a research brief by Simon Moss et al, (2007), on the impact of leadership (transformational, transactional, and laissez-faire), found that management has a positive effect on employees who posses a high level of openness to experience. They suggested from their findings that transformational leadership would positively strengthen the connection between employees' openness and organizational commitment. According to Browen and Lawler (1992), most quality managements advocate place employees' openness and organizational commitment.

2.2 EMPLOYEE SATISFACTION

Employee satisfaction is a measure of how happy workers are with their job and working environment. Keeping morale high among workers can be of tremendous

benefit to any company, as happy workers will be more likely to produce more, take fewer days off, and stay loyal to the company. There are many factors in improving or maintaining high employee satisfaction, which employers should do well to implement.

An empowered employee operating in a sound business environment will deliver quality service to the delight of the customer. Research support has shown that there is a link between service quality orientation and a positive service climate. Schneider and his colleagues (1998) found that "actions taken by an employee's immediate manager that support and reward the delivery of quality service" were critical for developing a climate for service; these service climate perceptions were in turn related to customer perceptions of service quality.

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2.3 WHAT IS SERVICE

Many definitions of service are available but all contain a common theme of intangibility and simultaneous consumption (Fitzimmons and Fitzsimmons, 2001). Kotler (2003), define service as any act or performance that one party can offer to another which is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical source. Lovelock sees a service as an economic activity offered by one party to another, most commonly employing time-based performance to bring desired results to recipient themselves or to other assets for which purchasers have responsibility (Lovelock, (2005): cited in Lovelock and Wirtz, (2007).

2.4 FORMS OF SERVICES

Christopher H. Lovelock (1983), in an article, entitled "Classifying Services to gain Strategic Marketing Insight", and cited by Lovelock and Wirtz (2007), categorized services into four main types:

- People processing – services directed at people's bodies,
- Possession processing – services directed at physical possessions,
- Mental stimulus processing –services directed at people's minds, and
- Information processing – services directed at intangible assets.

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2.4.1 CHARACTRISTICS OF SERVICES

According to Philip Kotler (2003), there are four characteristics of service. These are:

- Intangibility – services cannot be seen or tasted,
- Inseparability – production and consumption of service takes place simultaneously,
- Heterogeneity – every service provided is unique and is not repeated,
- Perishability – services are perishable, they cannot be stored.

The inseparability of the production and consumption of services put the service employee at the forefront of the organization. The service employee seems to be the service itself. Thus, the quality of service provided to a large extent, depends on the right, and motivated employee.

2.4.2 THE SERVICES MARKETING MIX

Marketing mix, according to Kotler (2003), is defined as the elements an organization controls that can be used to satisfy or communicate with customers. The traditional marketing mix composed of the four P's: product, price, place (distribution), and

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promotion (the right proportion to ensure that the customers are giving the worth of money). In rendering service, however, the people who provide the service, the physical evidence, and Process are very vital in ensuring that customers are provided with a delighted service.

People: This consists of customers and employees who are involved in service production. Employees are in contact with customers and directly interact with them. Lovelock and Wirtz quote Hartline and Ferrel (1996), as saying that, 'The nature of these interactions strongly influences how consumers perceive service quality'.

Process: This has to do with the flow of service or the steps involved that need to occur in a defined sequence. Customers are often involved in these processes, particularly, where they act as co-producers. According to Lovelock and Wirtz (2007), badly designed processes lead to slow, bureaucratic, and ineffective service delivery, wasted time, and a disappointing experience. They also make it difficult for front- line staff to do their jobs well, resulting in low productivity and increased likelihood of service failure.

Physical Evidence: This is composed of visual or other tangible clues that provide evidence of service quality. Examples of physical evidence are: buildings, landscaping, vehicles, interior furnishing, equipment, staff uniform, signs, printed materials and so on. All these give evidence of service quality.

2.5 SERVICE QUALITY

The primary objective of the service provider is identical to that of the tangible goods producer, i.e. to develop and provide offerings that satisfy customer needs, thereby ensuring their own economic survival. To achieve this objective, service providers will need to understand how customers evaluate the quality of their service offerings,

how they choose one organization in preference to another and on what basis they give their long-term patronage.

Delivering quality service means conforming to customer expectations on a consistent basis. Parasuraman, Berry and Zeithaml in an extensive study on service quality proposed the notion that service quality can be measured (Parasuraman et al., 1988, 1991b, 1994) using the SERVQUAL instrument and managed using expectations--the performance gap model (Zeithaml et al., 1988; cited in Kandampully Jay, 1998)

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Increasing competition on international markets has led many companies to consider quality as a strategic tool capable of influencing market share and return on investment. Yet a review of the marketing literature (LeBlanc & Nguyen, 1993) reveals a serious lack of explanatory and empirical studies on the concept of quality and its related phenomena as it applies to the service sector. Miller (1993) states that, "Quality is totality of features and characteristics of a product or service that bears on it ability to satisfy stated or implied needs (Miller (1993: cited by Kotler, 2003). Quality service, as noted by Davis and Heinike (2003), encompasses many dimensions, including the friendliness of the service, the ease of access to service, the knowledgeability of the server, the speed of the service, and the length and comfort of the wait of the service. They argue that, managers should be concerned with quality, for whenever a customer is dissatisfied, the organization is likely to incur any of following:

- Dealing with customers who are unhappy takes time,
- Customers who are unhappy with the service they receive will tell others which will tarnish the reputation of the service provider,

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- Every time a customer is dissatisfied with a service, there is good chance that he or she will not return to that service organization again, and the organization will lose the entire future stream of service opportunities and its potential profits.

2.5.1 DIMENSIONS OF SERVICE QUALITY

According to Gabboth and Hogg (1997), exploratory research by (Parasuraman, Ziethaml, and Berry, 1995), revealed that the criteria used by customers in assessing service quality fit to ten potentially overlapping dimensions. These dimensions are:

- Tangibles – they are the physical evidence of the service,
- Reliability – refers to the consistency of the performance and the dependability of the service,
- Responsive – refers to the willingness and / or readiness of employees to provide service,

  Communication – passing on information in a manner that can be understood by customers,
- Credibility – refers to the characteristic of trustworthiness, believability, and honesty of service worker,
- Security – refers to freedom from any danger, risk
- Competence – this relates having the required skills, knowledge to properly perform the service
- Courtesy – refers to the politeness, respect, consideration, and friendliness of contact person,
- Understanding the customer – involves making effort to understand the customers' needs .These ten dimensions and their descriptions served as the

basic structure of the service-quality domain from which five items were derived for the current SERVQUAL scale.

The last seven were consolidated into two dimensions and labelled assurance and empathy with the other three remaining intact to give the refined SERVQUAL. These are arranged in order of importance as;

- Tangibles – appearance of physical elements,
- Reliability – dependable, accurate performance,
- Responsiveness – promptness and helpfulness,
- Assurance - competence, courtesy, credibility, and security,
- Empathy – easy access, good communications, customer understanding.

The difficulty in evaluating the quality of a service and a good implies that, the only way to go "around" this is to consider the customer perceived quality.

2.5.2 CUSTOMER PERCEIVED QUALITY

The intangibility of service make the consumer look for evidence of quality and other attributes to make a fair judgement on the services consumed. According to Davis and Heineke (2003), customers satisfaction is met, when their expectations are met. The satisfaction derived from a service defines quality of service.

2.5.3 SERVICE QUALITY IN BANKS

Quality is seen as conforming to requirements (Crosby, 1984); Howcroft (1994), also see quality as consistently anticipating and satisfying the needs and expectations of customers, (cited in Blanchard and Galloway, 1994).

Rural Banks, even though were established to serve the rural communities, recent developments have shown that both the traditional banks and the rural banks are

competing at all levels (cities and rural communities) for customers. Service quality has been increasingly identified as differentiating services and building competitive advantage (Taner and Anthony, 2006). Service organizations including banks, generally, must understand the need for measuring and improving quality since they compete to a large extent on the basis of the quality of service they provide.

The banking sector has seen the setting up of new banks in both towns and cities. This implies that, people will associate themselves with banks that provide high quality service.

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2.6 SERVQUAL

The SERVQUAL method is a technique that can be used for performing gap analysis of an organization's service quality performance against customer service needs (Zeithaml et al 1988). SERVQUAL is an empirically derived method that may be used by service organizations to improve service quality. The method involves the development and understanding of the perceived needs of the target customer. These measured perceptions of service quality for the organization in question, are then compared with an organization that is "excellent". The resulting gap analysis may then be used as a driver service quality improvement (12 Managed, 2009). SERVQUAL is used by:

- Service industries to understand the perceptions of target customers regarding their needs and to provide a measure of service quality of the organization, and
- may also be applied internally to understand employees perception of service quality with the objective of achieving service improvement (12 Managed, 2009)

2.6.1 CRITICISM OF SERVQUAL

Several criticisms have been levelled against the SERVQUAL scale in recent years. Galloway et al (1994) argued that it confuses outcome, process and expectation. Gabott and Hogg (1997) cited Buttle (1993), who argues that the SERVQUAL have been subjected to a number of theoretical and operational criticism which are detailed below:

Theoritical:

- Paradigmatic objection; SERVQUAL is based on a disconfirmation paradigm rather than an attitude paradigm and SERVQUAL fails to draw on established economic, statistical and psychological theory,
- Gap models – there is little evidence that customers assess service quality in terms of P-E gaps.
- Process orientation – SERVQUAL focuses on the process delivery, not the outcomes of the service encounter.
- Dimensionality – SERVQUAL's five dimensions are not universal; the number of dimensions comprising SQ is contextualized; items do not load on to the factors which one could a priori expect; and there is a high degree of inter correlation between the five RATER dimensions.

Operation

- Expectations – the term expectation is polysemic; consumers use standards other than expectations to evaluate SQ; and SERVQUAL fails to measure absolute SQ expectations.
- Item composition – four or five items cannot capture the validity within each SQ dimension.

- Moment of truth (MOT) – customers' assessment of SQ may vary from MOT to MOT.
- Polarity – the revers polarity of items in the scale causes respondent error.
- Scale points - the seven point Likert scale is flawed.

  Despite the criticisms outlined above, the SERVQUAL literature is known to continue to impact on service quality research today.

2.6.2 CONCEPTUAL FRAMEWORK

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A conceptual framework according to Fisher (2007), is a form of patterns of concepts and their interconnections. The following models are used as conceptual framework for interpreting the results, making analysis, and drawing conclusions. It shows the flow of the concepts and their interconnections as a framework for the study.

The model shows how employee empowerment influences the performance of service employees, how that affects the quality of service and hence customer satisfaction. The model further shows the concepts that influence employee empowerment in a service organization, and how this influence employees who are the interface between the customers and the organization. Leadership and employee empowerment are key issues considered in Total Quality because of their assumed relationship with Service Quality. Diagram found on next page.

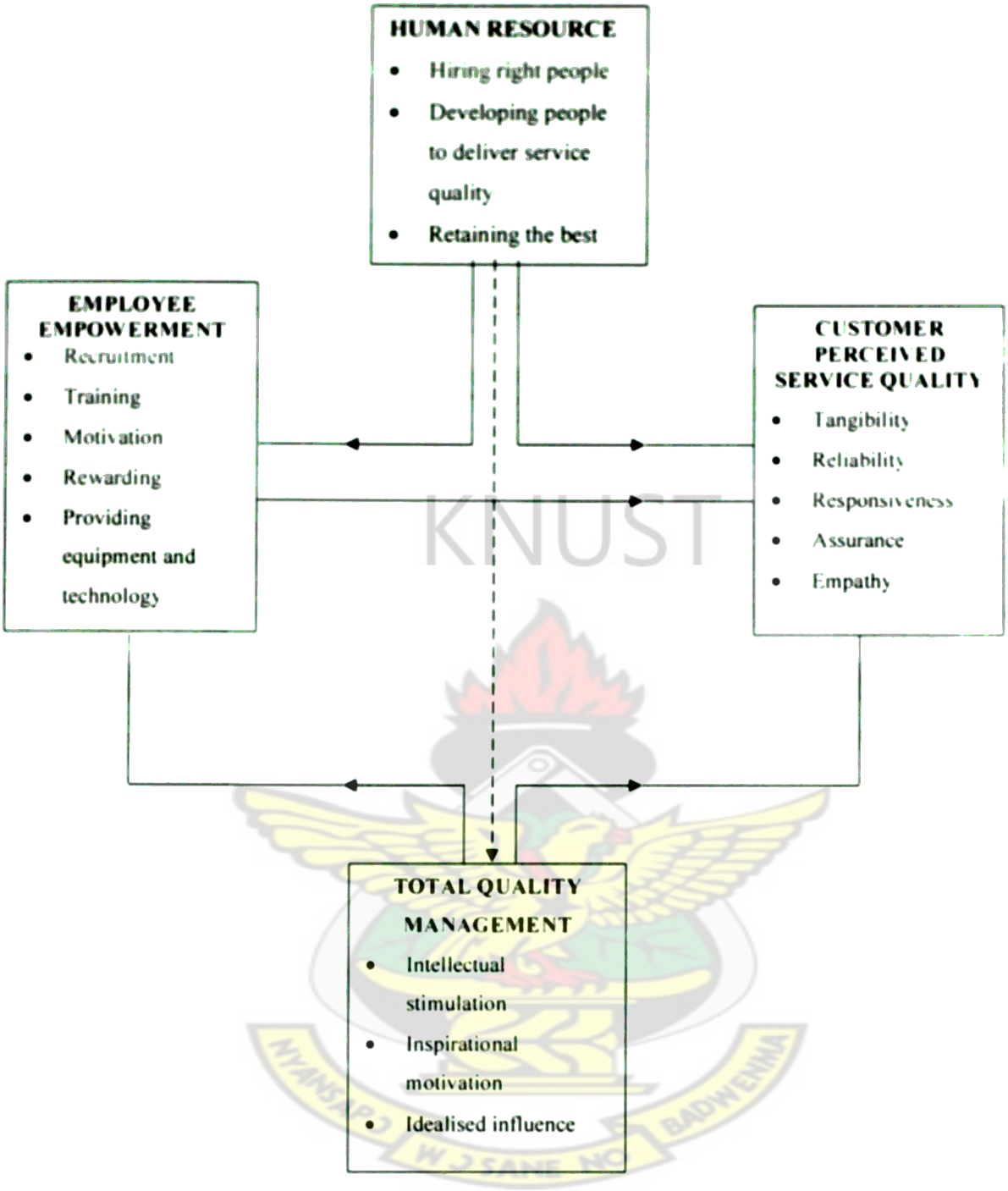

Figure 1: Conceptual framework – Adapted from Lovelock and wirtz (2007). Services Marketing, People, Technology, Strategy. 6ed. USA: Pearson Prentice Hall.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This chapter describes the methods and strategies used to conduct the study. The purpose of this study is to assess the impact of employee empowerment on service quality by comparing the service quality and empowerment programs in two rural banks in Northern Ghana. The discussions under the chapter are outlined as follows.

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3.1 RESEARCH DESIGN

Case study was employed for this study. Robson (2002) defines case study as 'a strategy for doing research which involves an empirical investigation of a contemporary phenomenon within its real life context multiple source of evidence' (Robson 2002; cited in Saunders et al.2007). The advantage of using case study is that it addresses peculiar issue relating to a particular subject. The case under study is about empowerment and service quality in financial institutions in Bolga. Using case study as a strategy for doing research is limited by the fact that its findings cannot be used to make a wider generalization. However, its findings could still be said to be useful in settings with similar features as in the case of this study on financial institutions in Ghana.

3.2 POPULATION

The population for this study includes the 2 managers, 27 employees and approximately 2000 customers of both Naara and Builsa Community Banks respectively. This information was obtained from the managers of both banks.

3.3 SAMPLE AND SAMPLING TECHNIQUE

A total of one hundred and twenty (120) customers were used for the study. This sample size was deemed appropriate for this study because it forms about twenty percent (20%) of the population. The selection was by convenience where the researcher targeted customers as they came to transact business with the banks. The two (2) mangers and all twenty-seven (27) employees of both banks were selected for the study.

3.4 PROFILE OF THE BANKS

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3.4.1 NAARA RURAL BANK

Naara Rural Bank was opened on the 9th of July, 1981. It was the first rural bank to be opened in the whole of Northern Ghana. The bank has its headquarters at Paga and has two agencies in Navrongo and Bukere in Bolga and a mobilization center in Chiana. The bank is managed by a nine member Board of Directors elected from among shareholders of the bank. The bank's total assets portfolio currently stands at 22.5 billion cedis. It has been declaring dividends annually either in the form of cash bonus shares depending upon the level of profits.

i. Impact of The Bank

The success of the bank can only be measured in relation to the success it has had in its catchment area. The bank has definitely had some impact on the community. Besides the normal savings and credit administration activities of the bank, it has been involved in the implementation of external credit facilities.

Social Responsibilities

The Naara Rural Bank is conscious of its social commitments and has over the years endeavoured to live up to expectation within its small profit margin. It has extended support in areas like;

- Community Water and Sanitation,
- Traditional Cultural Festivals,
- Farmers Day Programs
- Health Programs etc.

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ii. Vision

The bank is anxious to improve upon its modest achievement in order to maintain its leading role in terms of reliability and profitability. Towards this objective, the bank is posed to carry out the following activities:

- Work towards full computerization of its outlets. This is already ongoing,
- To open up several training opportunities for all staff of the bank in order to develop their potential and to enhance their capacity,
- To play leading role in Poverty Reduction in its catchment area through the participation in many Microfinance Programs that may be initiated by the government or NGOs.

3.4.2 BUILSA COMMUNITY BANK

The Builsa Community Bank is located in the Upper East Region of Ghana, and operates in Sandema the capital of the district. It was opened in 1996. Since its inception in 1996, it has consistently developed microfinance unit. This wealth of

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experience has resulted in the strengthening of its expertise in the area of microfinance.

i. Social Responsibilities

The Bank has over the years endeavoured to fulfill its social responsibilities. It has been;

- Donating to support educational institutions,
- Supporting traditional and cultural activities, and
- Participating in Farmers Day celebrations.

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ii. Banks Product

The Bank operates under the guidelines of the Bank of Ghana. Among products offered by the Bank includes;

1. Domestic money transfer,
2. Microfinance,
3. Overdraft,
4. Salary advance to workers, etc.

iii. Vision

The bank's vision is 'to be recognized as one of the top ten banks in the nation'

iv. Mission

The bank aims to be recognised locally and nationally as a broad-based community rural bank through the delivery of innovative banking services to its clientelle with honesty, integrity, and respect. It seeks to achieve this through;

1. achieving full customer satisfaction.

2. aiming to be one step ahead competition,
3. being truthful in all its endeavours.

3.5 INSTRUMENTATION

This study employed structured questions which were administered to employees and customers. The employees' questionnaire was based on empowerment initiatives derived from literature and the purpose of this study. The SERVQUAL model (a questionnaire on quality service of financial institutions) was also adopted to collect data on customers' perception of the banks. The SERVQUAL contains 22 items. However, 21 items were selected for this study. The other item was not deemed useful for the purpose of the study. Participant observation strategy was also employed as a way of gathering information to cross validate data from the employees and customers during analysis of the data.

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3.5 DATA COLLECTION

The questionnaire administration was done in two phases. The first phase involved employees. The questionnaire was administered by the researcher. The questionnaire were collected a week after theywere given out. This was to allow employees adequate time to study and understand the items and respond appropriately. The second phase of the questionnaire administration involved the customers of the two banks. The researcher targeted customers as they came to transact business with the banks.

3.6 DATA ANALYSIS

Data gathered were analyzed quantitatively and qualitatively. Descriptive methods involving frequency tables expressed in percentages, bar charts, and pie charts were

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used to illustrate the analysis. Notes taken during personal interview with the two managers and interaction with employees during working hours were used to support the veracity of the data.

3.7 VALIDITY AND RELIABILITY

The questionnaires were validated by my supervisor and two employees. This includes ensuring that the sentence structure and wording of the items were suitable and appropriate to obtain the data to answer the research questions.

The employees' questionnaire was piloted with four employees of Ghana Commercial bank, Bolga branch. The reliability coefficient was found using SPSS computer software to be .724 which signified that the instrument was reliable.

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CHAPTER FOUR

DATA ANALYSIS

4.0 INTRODUCTION

This chapter presents the analysis of data obtained from both employees and customers of Buco Bank and Naara Bank. It is to ascertain the extent to which employee empowerment impact on service quality. The analysis provides solution to the research problem.

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4.1 WAYS OF EMPOWERING EMPLOYEES TOWARD QUALITY SERVICE

This section presents data and discussions on the various ways of empowering employees toward quality service.

4.1.1 Reward as a way of Empowerment

From the survey as indicated in the bar chart (See figure 2), 54.5% and 56.34% of Buco Bank and Naara bank respondents respectively, indicated that they were rewarded for the delivery of exceptional services. Rewarding employees motivates them to be efficient and effective. However, 14.8% of respondents from Buco Bank indicated that they were sometimes rewarded for exceptional services delivered. 9.1% provided no response in this respect in Buco Bank. Even though, both bank reward their employees for exceptional service, Naara Rural Bank reward more than Buco Bank. See figure 2 below.

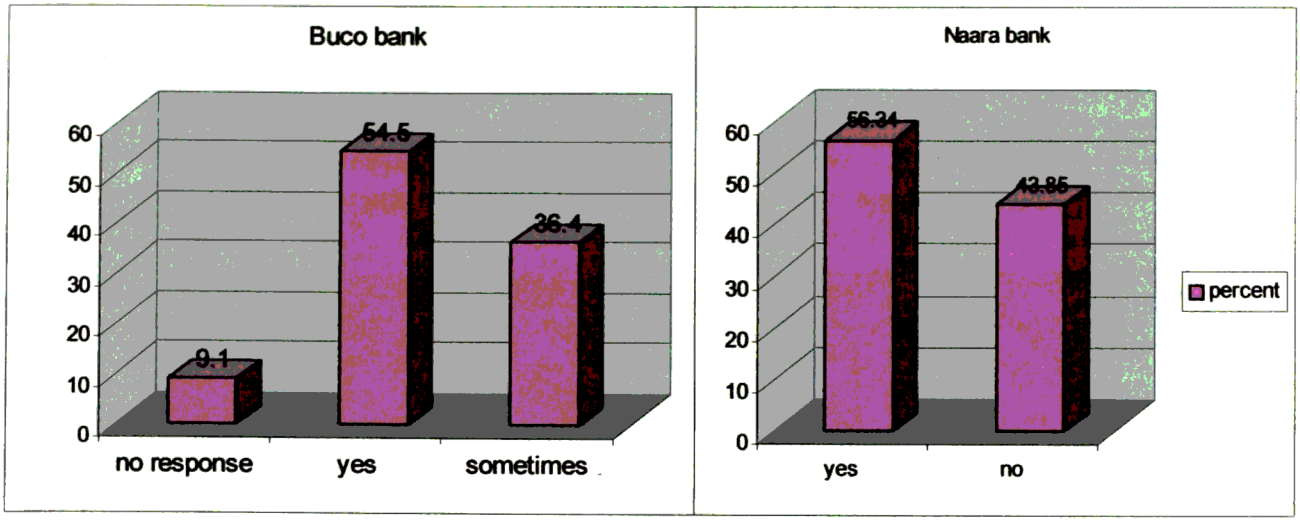

Figure 2: Bar charts representing percentages of employees of Buco bank- and Naara bank about whether they have been rewarded for exceptional service

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The bar chart in figure 3 gives the percentage distribution of respondents that felt being part of their respective banks. From figure 3, 90.9% of the total respondents of Buco Bank and all respondents of Naara Bank said they felt being part of the organization, while 9.1% did not feel being part. Since reward and commitment cannot be easily separated, it was found that majority of respondents were committed to the organization or the bank.

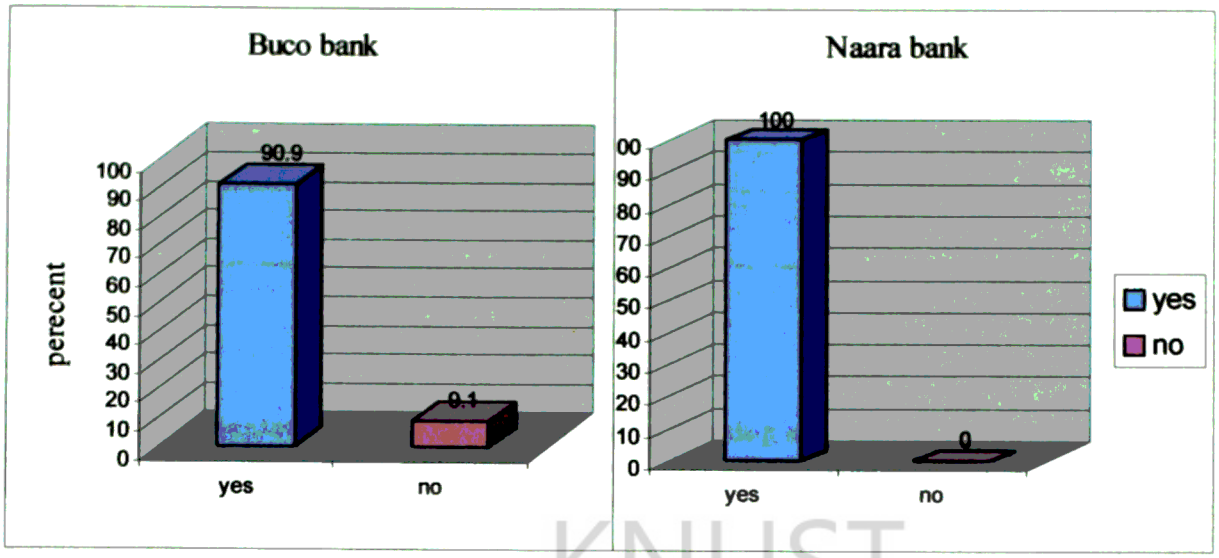

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Figure 3: Bar charts representing percentages of respondents from both Buco bank- and Naara banks who feel being part of the organization

A linkage can be established on being rewarded and the effect it has on ones feeling of being part of the organization; as evident in Davis Grazier's outline of the manager's role in empowerment, where recognizing the accomplishment of employees was a main factor empowering them (Grazier 1989: cited by Goetsch and Davis, 2006). The commitment of employees impacted on their performance as they showed interest in solving customers' needs. Customers attested to the fact that employees have interest in solving their problems. The study showed that 78% of Naara Bank customers indicated that employees showed interest in solving their problems while 22% disagreed that their problems were solved. 75% of Buco Bank customers also indicated that employees showed interest in solving their problems, while 25% disagreed. Table.1 shows employees interest in solving customers problems. Management has to take a second look at their reward system to ensure that it is not only adequate, but also ensure equity.

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Table.1.Employees interest in solving customers' problems

Employee response	Buco Bank	Naara Bank
Agree	75%	78%
Disagree	25%	22%
Total	100%	100%

4.1.2 Employee Involvement in Decision Making as a way of Empowerment

Employees taking part in decision making has been seen to be a central pivot to their empowerment. From the survey it was realized 81.1% of Buco Bank while 68.8% of Naara Bank were of the view that they take part in decision making while 18.2% of Buco Bank's respondents and 31% of Naara pointed to the fact that they do not take part in decision making, as indicated in pie chart below.

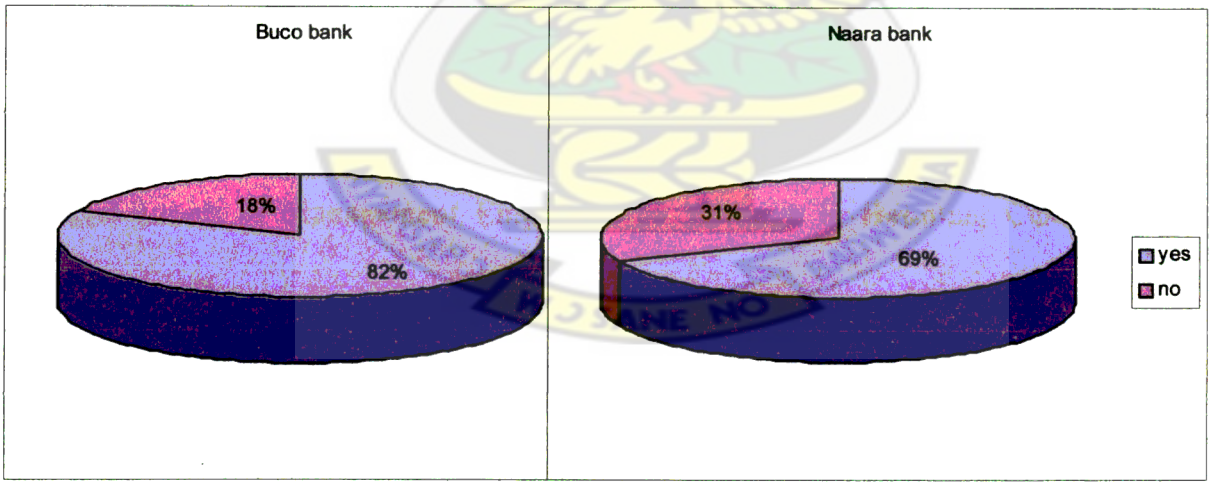

Figure 4: Pie chart of employee involvement in decision making and handling complaints of customers of Buco and Naara banks

Employees being part of decision making gives them a feel as part of stakeholders of the organization. According to Spreitzer (1995), when the employee is empowered by way of taking part in decision making, he or she can influence strategic, administrative or operative outcome at work. This enables the employee to give prompt service to customers as shown in the Table.2 below. However, the results as indicated in the Figure 4, shows that not all employees have been empowered through involvement in decision making. A considerable number (18% of Buco Bank and 31% of Naara Bank) indicated their non involvement in decision making. This has the effect of impacting negatively on the totality of service provided

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Table 2: Prompt service to customers

Employee response	Buco Bank	Naara Bank
Agree	63.3%	75%
Disagree	36.7%	25%
Total	100%	100%

4.1.3 Levels of Management Employees go Through in Handling Customers' Complaints

According to Larshley (1985), among the four managerial initiatives and meanings which claimed to be empowerment is empowerment through delaying. Delaying has to do with reducing the number of tiers of management. Even though Table 3 below shows that majority of the employees do not go through several level of management in handling customers complaints, some employees have to do so. This means that in

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the same organization, it is not all employees that are empowered. Some are limited when it comes to taking prompt decisions.

Table 3: Levels of management employees go through in handling customers' complaints

Handling customers' complaints	Yes	No	Total
Naara bank	11%	59%	70%
Buco bank	8%	22%	30%
Total	19%	81%	100%

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4.1.4 Employee Handling Customer Complaints as a way of Empowerment

As a result of being part of decision making, some of the respondents were of the conviction that this impacted on how they handled complaints from customers. Table 4 shows that majority of such complaints were handled by employees with a few having to refer complaints to their managers. This suggests that employees have been empowered to address complaints of customers in their respective banks.

Table 4: If yes, how do you handle these complaints?

	Frequency	Percent
Refer them to manager	5	18.5%
Address it myself	22	81.5%
Total	27	100.0%

4.1.5 Seeking Employees' Opinion Before Changes are Made in their Work

Due to their involvement in decision making, 63.6% of Buco Bank employees while 75.0% of Naara Bank employees were of the view that their opinions were either solicited sometimes or often before changes were made at their workplace.

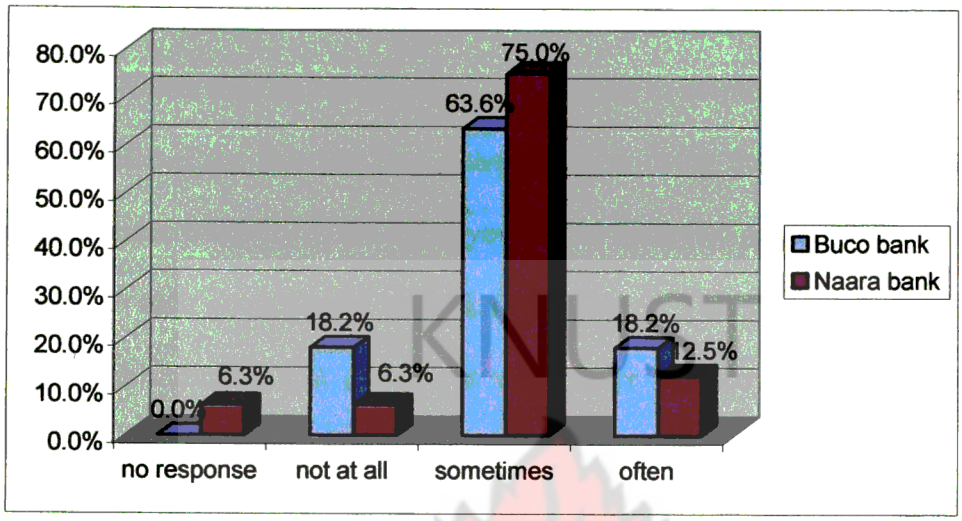

Figure 5: Buco bank and Naara bank- employees' responses on whether their opinion are sought before changes made in their banks

This is supported by the literature on forms of empowerment as direct involvement is preferred to indirect involvement in work practices. Also, this goes to support what Larshley (1985) suggested in his four point managerial initiatives. In this, he outlines the importance of empowerment through participation where decision making can be delegated to employees; also empowerment through involvement where managers gain from employees' experience, ideas and suggestion. Seeking employees' opinion before changes are made gives them the sense of recognition and belongingness. Once satisfied, their behaviour towards work instill confidence in the customers. Customers feel safe and secured when they have confidence in the bank they deal with.

4.1.6 Employee Commitment to Work

From Figure 6, a total of 81.8% of Buco Bank employees and 87.5% of Naara bank employees indicated that, they were committed to their work. When asked about, what made them committed to their work, 27.3% and 37.0% of employees of Buco Bank and Naara bank respectively said the condition of service made them committed (see Table 5). Other reasons identified as contributing to employees' commitment to their work included the fact that they either just like doing the work or because of work environment. Majority of the employees found these two reasons as contributing significantly to their commitment to work (see Table 5). This reflected in customers response which indicated that employees were never too busy to respond to their request.

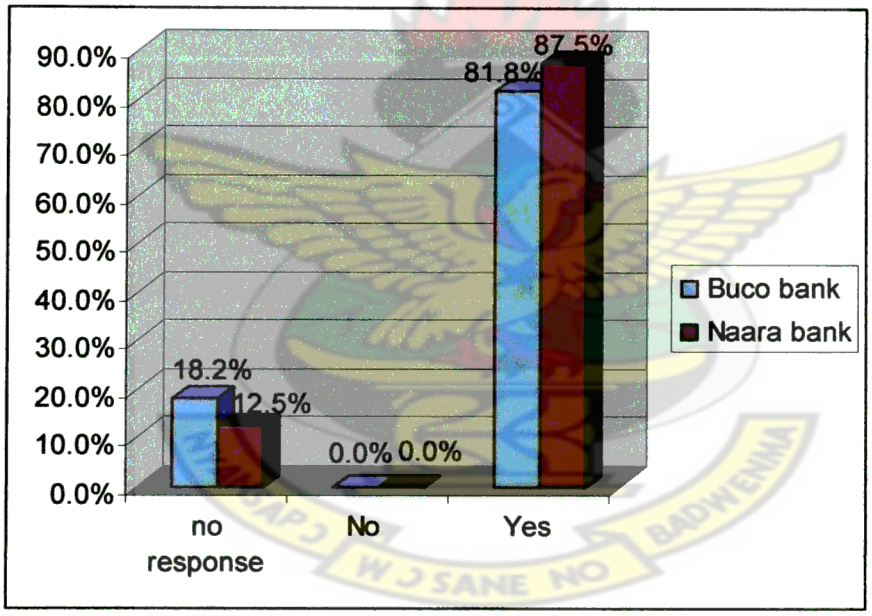

Figure 6: Bar chart of percentages of employees of Buco bank- and Naara bank based on their commitments to work

Table 5: Percentages of employees' responses according to why they are committed to their work

Why committed to work		
Employee response type	Buco bank	Naara bank
Because of the condition of service	27.3%	37.0%
I just like doing it	36.4%	37.0%
Because of the work environment	36.4%	22.2%
No response	0 .0%	3.7%
Total	100.0%	100.0%

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4.1.7 Training As a Way of Empowerment

The role of training in empowerment cannot be overlooked because a trained employee will be in a good position to offer satisfactory service to customers and stay long in the organization.

Out of a total of twenty-seven respondents, 81.8% of Buco bank and all sixteen respondents, representing 100% of Naara Bank alluded to the fact that, they have had training since joining the bank while 18.2% from Buco Bank responded otherwise, as evident in the Table 6.

Table 6: Training to Empower

TRAINING		
Employee response type	Buco bank	Naara bank
Yes	81.8%	100.0%
No	18.2%	0.0%
Total	100.0%	100.0%

As suggested by Spreitzer (1995), one can be more competent on the job when given considerable training. Kaulier (1997) cited in Laschinger et al (2001), also is of the view that organizational structures that are important in empowerment involve among others things, is having the opportunity to learn and grow through training. Training should impact on the knowledge of the employees so as to perform to provide quality service to customers.

On the contrary, some customers believe that not all employees have knowledge to perform as seen from table 8 below.

Table 7: Employees Knowledge of Work the do

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Employee Response	Buco Bank	Naara Bank
Agree	46.6%	75%
Disagree	26.7%	13%
Neutral	26.7%	12%
Total	100.0%	100%

Customers response on employees knowledge base show that a considerable number disagree that customers have knowledge in the work they do (26.7% of Buco Bank and 13% of Naara bank). This assertion could be due to the fact that the content of the training does not produce the skills and knowledge expected. Management need to ensure that future training programs meet its purpose. However, this revelation could be taken on for future research to ascertain why despite training employees still lack the knowledge to perform.

4.2 MANAGEMENT ROLE IN EMPLOYEE EMPOWERMENT

Goetsch and Davis (2006), are of the view that, the manager's role in empowerment is crucial since he is the pivot around which the organization revolve. An interaction between the researcher and the two managers of the banks under study revealed that, management attach importance to empowering their staff. They were of the belief that customers almost invariably are in constant touch with employees. Thus, their performances indirectly affect the success of their outfit. Information gathered from the interview with the managers concerned revealed the following:

i. Recruitment; effort is made to ensure that people with the basic capabilities are hired. In view of that, advertisement is made for prospective individuals to apply. Out of the several applicants received, the best with the requisite qualification are employed.

ii. Training; Due the nature of banking activities, training is inevitable. Management therefore, allows employees to attend short course that relates to banking. Some staff are enrolled in distance learning. Workshops are organized periodically to upgrade staffs knowledge and skills to match changing trends in the banking sector.

iii. Motivation; Management was of the view that, well motivated employees put in their best when they are on the job.

iv. Decision making; Management believe in delegation of duties as a way of allowing employees to use their discretion to solve customers problems which they feel is not beyond their ability and consult with a higher authority on issues beyond their control.

v. Managers of both banks were of the opinion that financial institution especially; rural banks can thrive in the sector when attractive products are

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made available to customers and the hiring of qualified and motivated personnel. These are necessary because customers will continue to do business with them only when they are satisfied with the service rendered.

4.3 DIMENSIONS OF EMPOWERMENT

Empowering frontline employees is so crucial since it has a direct effect on the quality of service they render to customers. This has become necessary in recent times in financial institutions. Spreitzer (1995), suggest that once empowered, people experience meaning, competence, self-determination, and impact. When employees feel empowered, they perform under minimal supervision.

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4.3.1 Meaning: This involves a fit between the end of one's work role and one's beliefs, values, and behaviors. Meaning is achieved by the experience one goes through while on the job. Employees from Buco and Naara Banks indicated that by virtue of the fact that they have control over the work they do, they perform well. This suggests that, they attain meaning from the work they do. This assertion is buttressed from Table 8. Table 8 shows that 72.7% and 93.7% of employees of Buco and Naara Banks respectively, indicated that they are in control of the work they perform.

Table 8: Employees having control over work

Control over work		
Employee response type	**Buco bank**	**Naara bank**
Yes	72.7%	93.7%
No	27.3%	6.3%
Total	100.0%	100.0%

4.3.2 Self-determination: This has to do with the sense of choice in initiating and regulating one's action and reflection of one's sense of autonomy over the initiation of the work the person does. This attribute enables employees to give customers personal attention and also instill confidence in them. Table 9 shows that majority of employees take personal initiative in the course of discharging their duties in the two banks surveyed. Taking personal initiative enable the employee to be responsive to customers need, thereby ensuring customers satisfaction

Table 9: Employees Taking Personal initiative at work

	Personal initiative	
Employee response type	Buco bank	Naara bank
Yes	100.0%	87.5%
No	0.0%	12.5%
Total	100.0%	100.0%

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4.4.0 QUALITY SERVICES

Zeithaml et al (2006: 106) view service quality as the customers' perception of the service component of the product and a critical determinant of service quality. Service quality also has to do more with experience than perception. However, studies in literature still determine service quality from perception rather that experience. According to Looy et al, (2003) and Groonroos (2001), customers usually perceive service quality by five dimensions which are categorized as tangibles, reliability, responsiveness, assurance, and empathy. This research seeks to relate these categories to perceptions of customers of Buco and Naara banks surveyed in the study.

4.4.1 Tangibles

An excellent bank in the customers' view must have modern equipment with appealing physical facilities, visually appealing materials. From the survey it was found out that customers of both banks were of the view that their respective banks had modern equipment (see Figure 7). The impact of quality equipment on service delivery is evident as there is a direct linkage. It has become necessary to have modern equipment in order to gain a competitive advantage over others in the sector.

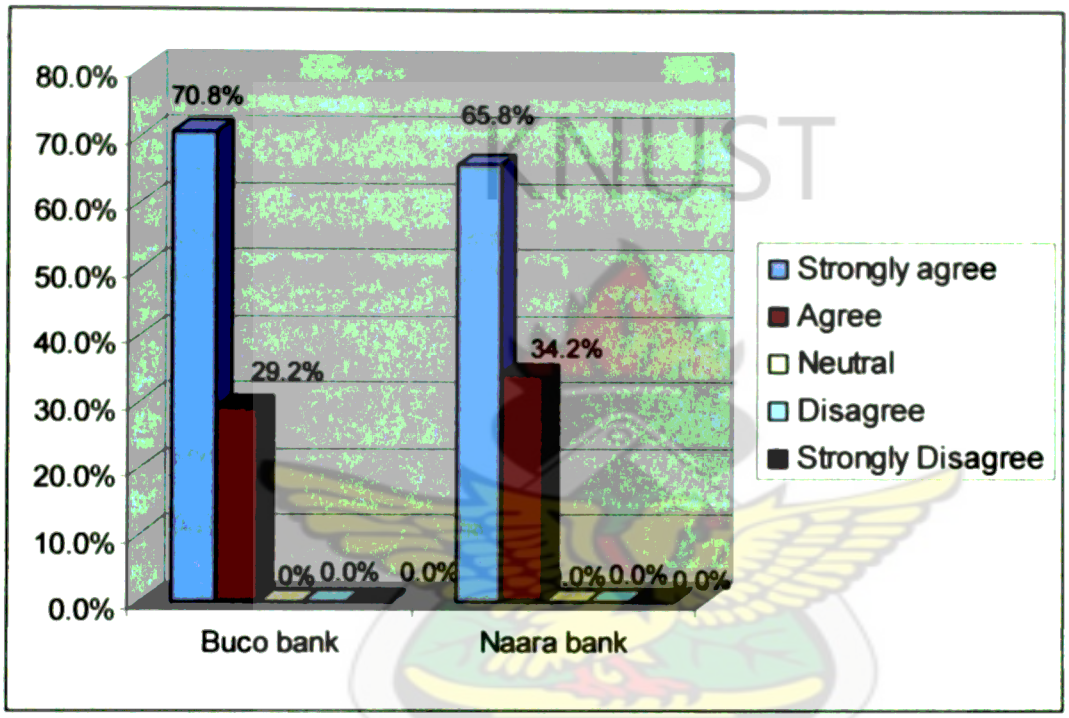

Figure 7: Bar chart showing the percentage distribution of responses of customers about the tangibility of both Buco and Naara Banks

4.4.2 Reliability

Reliability refers to the consistency of the performance and dependability of the service. Customers generally agree that the banks they transact business with are reliable (See Figure 8). This assertion can be link to empowerment made available to

employees which enhances their performance to the satisfaction of customers.

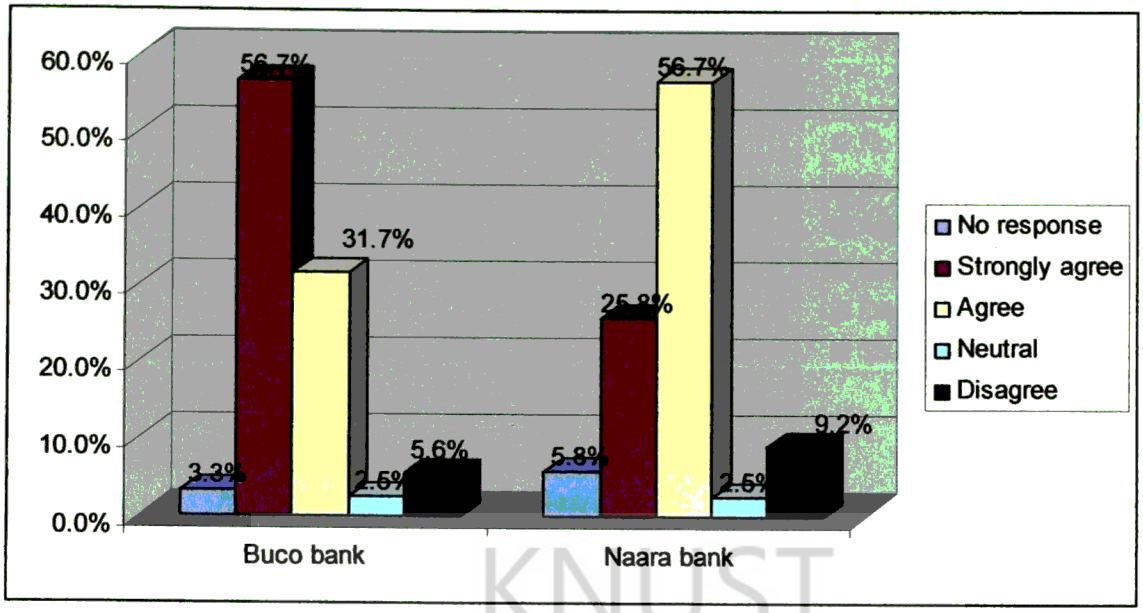

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Figure 8: Bar chart showing the percentage distribution of responses of customers about the reliability of both Buco and Naara Banks

4.4.3 Responsiveness

Looy et al (2003), defines this as the willingness on the part of the service provider (employee) to assist the customer and provide prompt service. The survey results showed that customers are satisfied with employees' performance as employees were not only willing to help them but gives prompt service, and respond to their request (See Figure 9).

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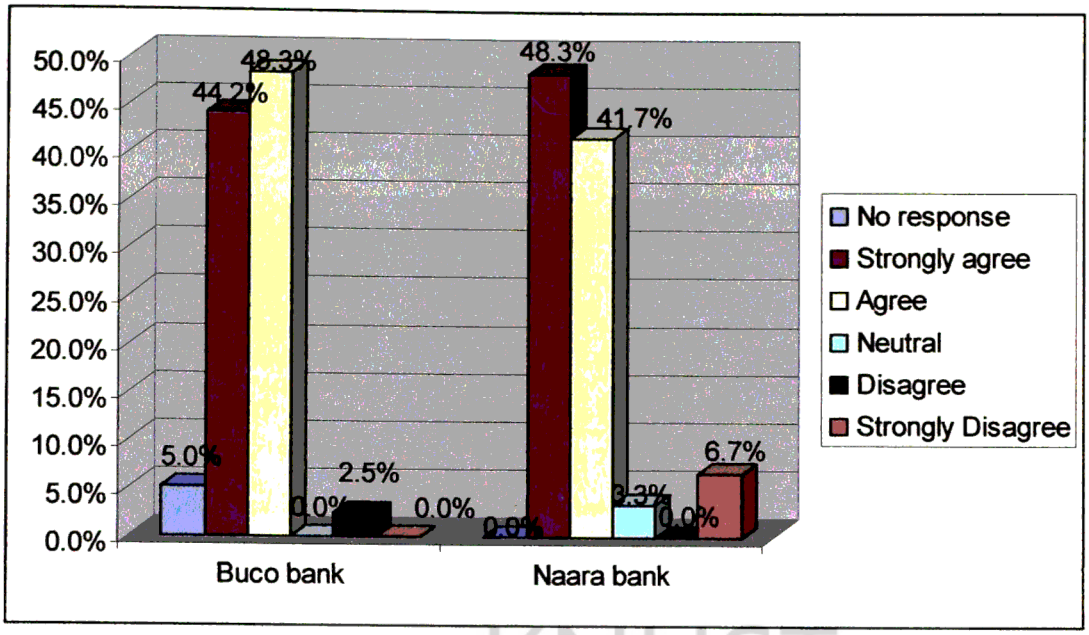

Figure 9: Bar chart showing the percentage distribution of responses of customers about the responsiveness of both Buco and Naara Banks

4.4.4 Assurance

This is described as the knowledge, ability, courtesy of employee towards customers, and their ability to inspire trust and confidence in handling customers. The analysis shows that the employees meet these requirements. A large number of customers agree that they were assured of safety in transacting with the banks and employees were consistently courteous, instill confidence, and were knowledgeable. (See Figure 10).

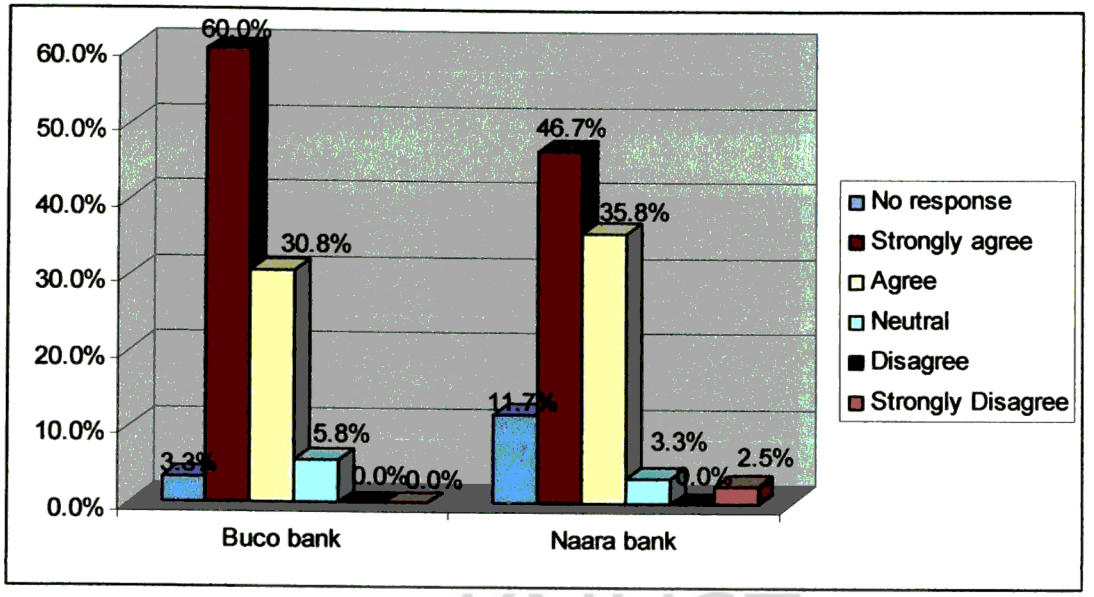

Figure 10: Bar chart showing the percentage distribution of responses of customers about the assurance of both Buco and Naara Banks

4.4.5 Empathy

According to Zeithaml et al (2006), it means treating customers as individuals, giving them customer service. Majority of the customers agreed that they were treated individually, given personal attention, their interest were taken at heart (See Figure 11). Generally, customers were of the view that employees were up to the task. Response from customers on questions 12 to 16 shows that customers were pleased and satisfied with the employees' performance even though, there were marginal differences.

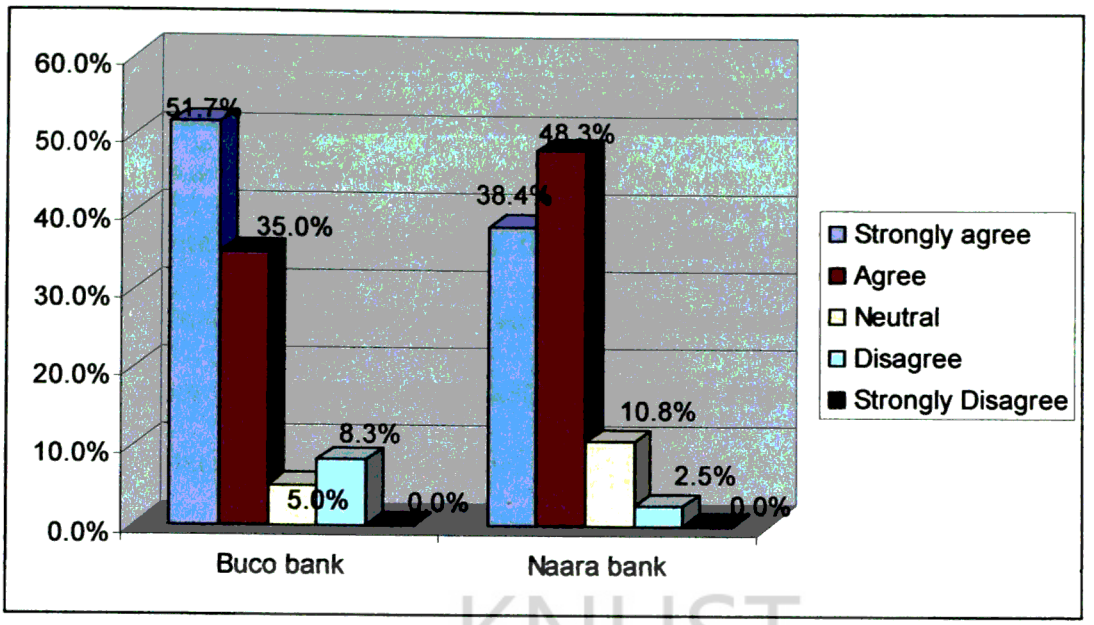

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Figure 11: Bar chart showing the percentage distribution of responses of customers about the empathy of both Buco and Naara Banks

4. 5.0 THE IMPACT OF EMPOWERMENT ON SERVICE QUALITY

According to Spreitzer (1995) impact refers to the degree to which one can influence strategic, administrative, and operative outcomes at work. One can influence the work environment when he or she partakes in decision making of organization. As alluded earlier from Figure 4, employees do take part in decision making. This makes employees to show sincere interest in solving customers' problems. This section presents analysis of data on the impact of the various ways and dimensions of empowerment on service quality as perceived by customers surveyed

4.5.1 Employees Empowerment and Their Impact on Quality Services

Laschinger et al (2001), view empowerment as having a direct influence on worker satisfaction and commitment. Satisfied and committed employees who themselves are part of the organization will give out their best. Organisations like financial institutions will benefit from empowerment since it enhance the quality of service that

will be rendered to customers. Findings from Bocu and Naara Rural Banks revealed the following:

i. Reward – Employees were rewarded for exceptional performance. As seen from figure 2 employees from both banks indicated that they were rewarded for exceptional service. This motivated them to put out their best. Customers showed delight in the way employees responded and the interest shown in their affairs.

ii. Commitment – According to Larshley (1985), management are of the view that the more employees are committed, the greater the contribution towards achieving organizational goals. This was evident from the study as majority of the employees indicated that they were committed to the work they do.

iii. Decision making – Allowing employees to be part of decision making contributes in determining the mission and the day-to-day activities of the organization. As frontline employees, they are in the position to instill confidence in customers. Customers attested to the fact that employees showed sincere interest in their problems. Observation made by researcher also showed that employees were not only meeting their needs on time. But were courteous as well.

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CHAPTER FIVE

SUMMARY, FINDINGS AND RECOMMEMDATIONS

5.1 SUMMARY

This research attempts to look at the extent to which two banks in Bolga empower their employees and how this affect their performance and hence service quality. Thorough work or study could not have been done without making reference to what others have done. Searching into where others began and / or ended so as to advance knowledge calls for a critical and relevant literature review. Chapter three looks at the methodology and how data collected will be analyzed. Equally important here is the population and sample size considered for the study. The empirical data is presented in chapter four with the analysis of the key issues supported by illustrations.

5.2 FINDINGS

The study showed that there is a clear link between empowering employees and service quality. It was evident that, the higher employees are empowered the higher the quality of service delivered.

It was also clear that both banks even though attached importance to empowering their employees resulting in a better outcome, not all employees are empowered as expected.

The analysis further showed that despite the fact that employees are given training, some still are not knowledgeable.

Generally, customers of both banks were satisfied with the performance of employees. Both banks satisfied the criteria used by customers in assessing service quality based on tangibles, reliability, responsiveness, assurance, and empathy.

5.3 RECOMMENDATIONS

Service quality has become an integral part of banking service which cannot be overlooked. Quality service can be assured if frontline employees are put in a position that will enable them perform to the satisfaction of customers. It is on this note that the following recommendations are made.

1. Management should continue with their training policy by ensuring that all employees are given adequate training to ensure higher performance. The banks should undertake need assessment to identify employees weakness and fashion the type of training that will build their capacity to perform.
2. Banks should introduce a mechanism that can be used to assess staff performance.
3. Banks should continue to motivate employees to put in their best and also retain them, since the longer they stay on the job, the more experience they become.
4. Banks should allow all employees to be part of the decision making process especially, those that are directly related to their schedule.

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Appendix A

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DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

Interview with Bank Managers

1. Please, how do you recruit your staff?
2. Do you give your staff training despite their qualification?
3. Do you any package for staff who perform creditably?
4. How are you able to determine their performance?
5. Are employees allowed in taking decision that affect the day-today activities of the bank?
6. Please, in your candid opinion, is empowering employees beneficial to organization like yours?

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Appendix B

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SCHOOL OF BUSINESS

DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

QUESTIONNAIRE FOR EMPLOYEES

SECTION A

Please kindly tick ( )

1. Gender : Male ( ), Female ( )
2. Age : Between 20-25 ( ) Between 26 30 ( )
   a. Between 31-3 ( ) Between 36-40 ( )
   b. 41 and above( )
3. Highest educational qualification.
   a. Degree ( ) HND ( )
   b. NVIT ( ) Others ( )
4. Number of years served in this bank.
   Between 1-3 ( ) Between 4-6 ( ) 7 years and above ( )

SECTION B

5. Are you rewarded for delivering exceptional service? Yes ( ), No ( )
6. Do you participate in decision making? Yes ( ) No ( )
7. Do you feel being part of the organization? Yes ( ) No ( )
8. Has a customer genuinely complain to you before? Yes ( ) No ( )
5. If yes, how do you handle such complains?
   i. Refer them to the manager ( )
   ii. Address it myself ( )

9. Do you have to go through several levels of management before solving a customers problem or related issue? Yes ( ) No ( )
10. Is your opinion sought before changes are made in the work you do?
    Not at all ( ) Sometimes ( )
11. Do you have control over the work you do? Yes ( ) No ( )
12. Do you take personal initiative in discharging your duties? Yes ( ) No ( )
13. Are you committed to your work? Yes ( ) No ( )
14. If yes. What makes you committees?
    a. Because of service condition ( )
    b. I just like doing it ( )
    c. Because of the environment ( )
15. Have you had any training since joining this bank? Yes ( ) No ( )

Appendix C

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QUESTIONNAIRE FOR CUSTOMERS

Please show the extent to which you believe this bank has the feature describe in the statement by ticking the appropriate option.

1. The bank has modern looking equipment.

   Strongly agree [ ] Agree [ ] Neutral [ ]

   Disagree [ ] Strongly Disagree [ ]

2. The bank's physical features are visually appealing.

   Strongly agree [ ] Agree [ ] Neutral [ ]

   Disagree [ ] Strongly disagree [ ]

3. The bank's reception desk employees are neat appearing.

   Strongly agree [ ] Agree [ ] Neutral [ ]

   Disagree [ ] Strongly disagree [ ]

4. Materials associated with the service (such as) are visually appealing at the bank

   Strongly agree [ ] Agree [ ] Neutral [ ]

   Disagree [ ] Strongly disagree [ ]

5. When the bank promises to do something by a certain time, it does so.

   Strongly agree [ ] Agree [ ] Neutral [ ]

   Disagree [ ] Strongly disagree [ ]

6. When you have a problem, the bank show a sincere interest in solving it.

   Strongly agree [ ] Agree [ ] Neutral [ ]

   Disagree [ ] Strongly disagree [ ]

7. The bank performs the service right the first time.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

8. The bank insists on error free records.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

9. Employees in the bank tell you exactly when the service will be performed.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

10. Employees in the bank in the bank gives you prompt service.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

11. Employees in the bank are always willing to help you.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

12. Employees in the bank are never too busy to respond to your request.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

13. The behaviour of employees in the bank instills confidence in you.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

14. You feel safe in your transactions with the bank.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

15. Employees in the bank are consistently courteous with you.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

16. Employees in the bank have the knowledge to answer your questions.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

17. The bank gives you individual attention.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

18. The banks operating hours is convenient to all its customers.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

19. The banks employees gives you personal attention.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

20. The bank has the interest of its' customers at heart.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

21. The employees of the bank understand your specific needs.

Strongly agree [ ] Agree [ ] Neutral [ ]

Disagree [ ] Strongly disagree [ ]

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Appendix D

DEMOGRAPHIC CHARACTERISTICS OF EMPLOYEES

The characteristics of employees are very important in determining the extent of empowerment and the influence it has on service quality. This section describes the respondents' characteristics such as age, educational level, gender, and number of years spent.

Age of Employee Respondents

The age of employees is very vital since training and empowerment is for people who can work for the organization for a long time.

Table 10 shows the frequency distribution of age groupings of employees of the two banks sampled for the study.

From Table 10, it is clear that most of the employees are within the youthful ages of 20 and 40. It is clear from the Table 1 that most employees are in the active working category and therefore empowering them will benefit the banks since they might stay and serve longer in the banks.

Table 10: Frequency distribution of age groupings of employees of the two banks sampled for the study.

AGE		
Responses	Frequency	Percent
no response	1	3.7
between 20-25	4	14.8
between 26-30	9	33.3
between 31-35	9	33.3
between 36-40	4	14.8
Total	27	100.0

Source: field survey, 2009

Gender of Employees

The data gathered showed that 33.3% of the total employees were females and 66.7% were males. As seen in the pie chart (See Figure 12), majority of the employees in the two banks were males.

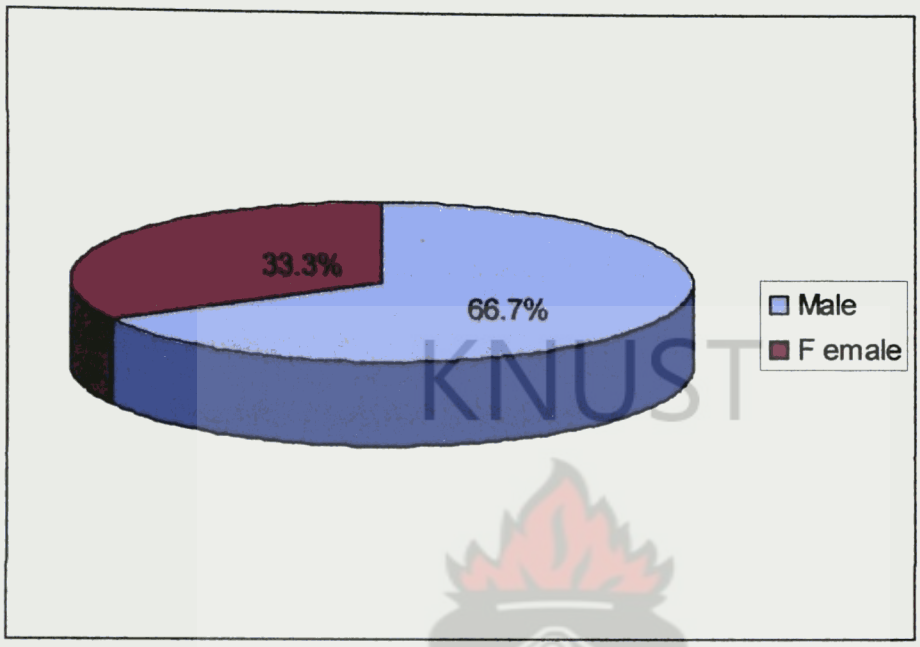

Figure 12: Gender of employees

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Educational Qualification of Employees

The educational qualification of employees is relevant to employee empowerment and service quality. Usually, the higher the level of ones qualification the higher the knowledge acquired to perform to ensure reliability and responsiveness. The data gathered indicated majority of respondents falling within the age groups 26-35. This can be as a result of maturity or more especially, due to their education qualification and the long time spent in school and the time taken to find jobs after completion. This assertion is buttressed by the education qualification in the bar chart (see Figure 13), where majority are degree and HND holders. The chart shows that Buco Bank has a greater percentage of its employees having higher qualification than Naara Rural Bank. On the contrary, Naara Rural Bank has greater part of its employees being DBS holders. It is obvious that, the banks has to embark on vigorous training for their employees to be well-equiped for higher output.

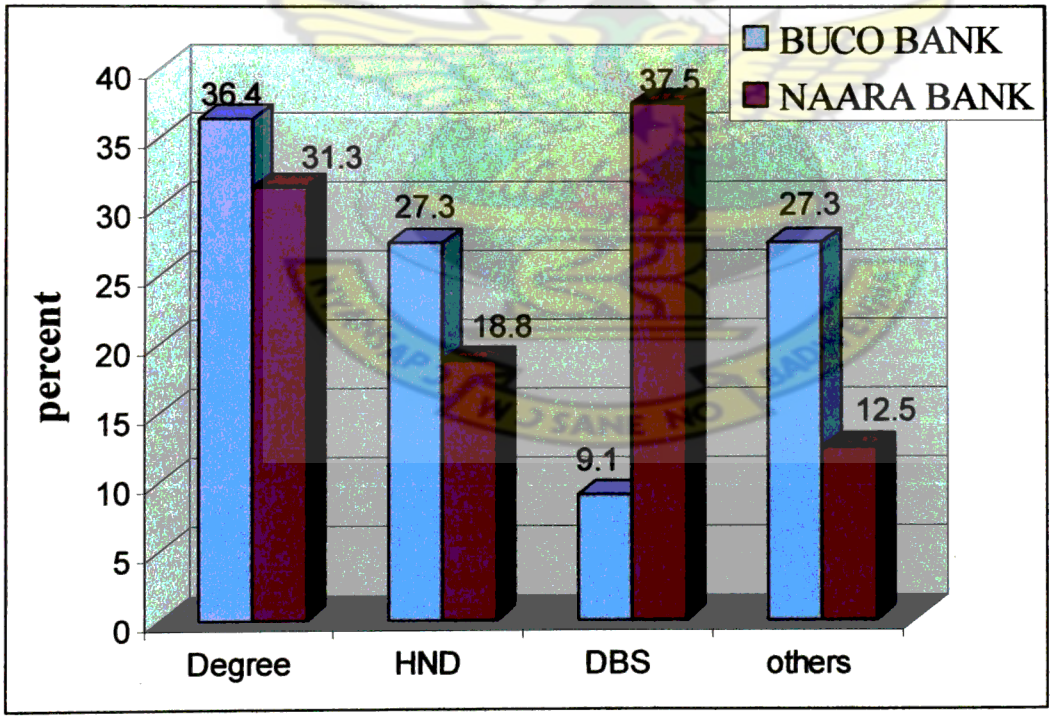

Figure 13: Bar chart showing percentage of employees' educational qualifications in Buco and Naara Banks

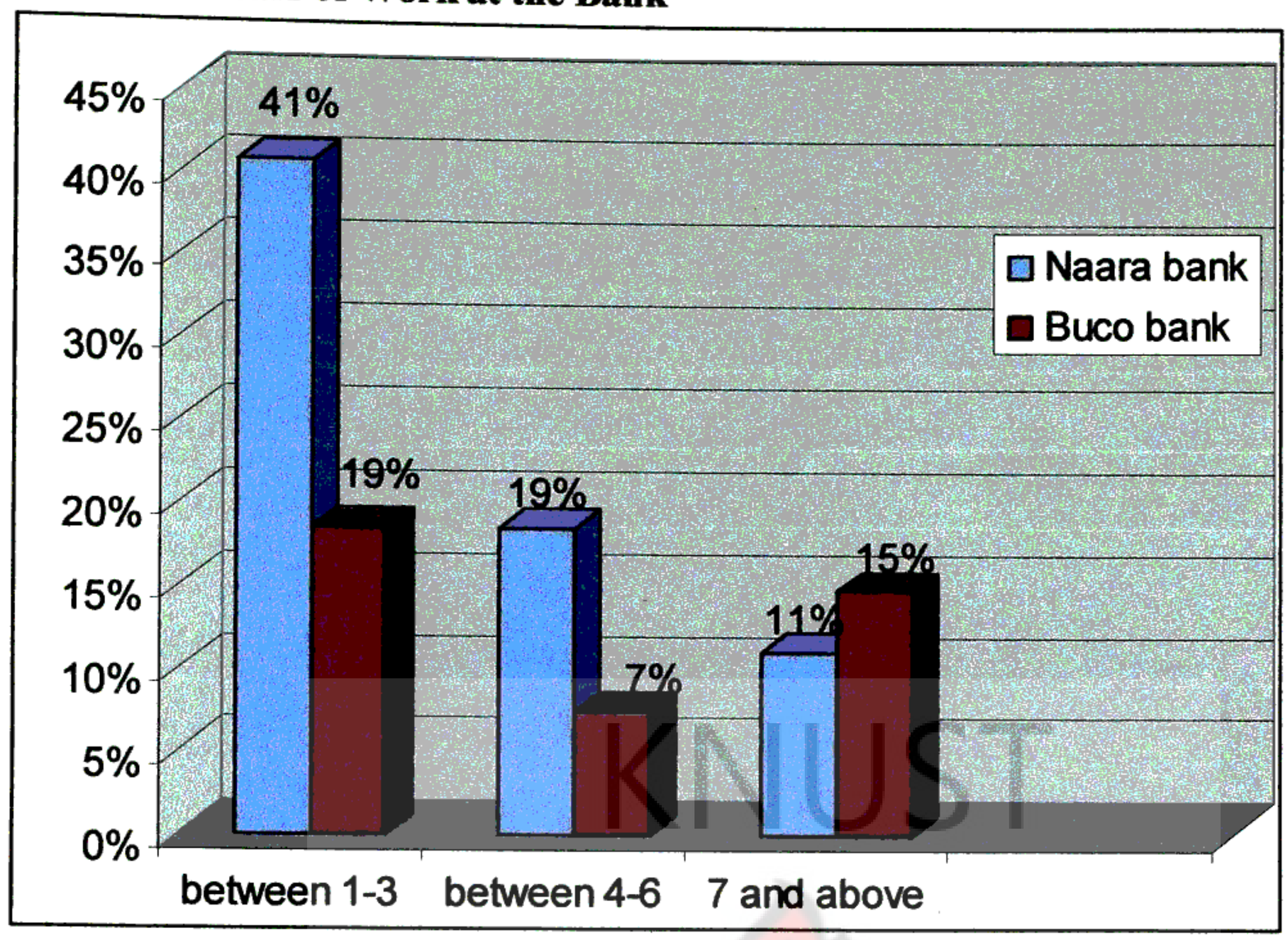

Figure 14: Bar chart showing the age distribution of employees in Buco and Naara Banks

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