

**THE EFFECTS OF SERVICE DELIVERY ON PERFORMANCE OF  
BANKING INSTITUTIONS: A CASE STUDY OF EQUITY  
BANK, KABALAGALA BRANCH,  
KAMPALA UGANDA**

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**A DISSERTATION SUBMITTED TO THE COLLEGE OF ECONOMICS  
AND MANAGEMENT SCIENCES IN PARTIAL FULFILMENT OF  
THE REQUIREMENTS FOR THE AWARD OF BACHELORS  
DEGREE IN INTERNATIONAL BUSINESS  
ADMINISTRATION OF KAMPALA  
INTERNATIONAL  
UNIVERSITY**

**SEPTEMBER, 2012**

## DECLARATION

I, MWANGI JANET MUTHONI, hereby declare that this is my original work and has not been submitted to this university before or to any other institution of higher learning for an academic award.

Signed  .....

**MWANGI JANET MUTHONI**

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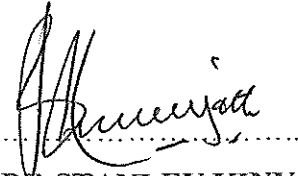
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## APPROVAL

This work has been done under my supervision as her lecturer and university supervisor. It is now ready for submission to the college for examination with my approval.

Signed



**DR.STANLEY KINYATTA**  
**[SUPERVISOR]**

Date

01/10/2012

## DEDICATION

This work is sincerely dedicated to my loving mother, Mrs. Eudias N. Mwangi and lovely sisters Francisca, Linnet, Faith and Pauline for all their love and support.

## ACKNOWLEDGEMENT

I feel a great honor to thank the Almighty God for enabling me come this far as far as my career is concerned as well as the successful completion of this book .I also take this great opportunity to thank all the people who contributed to this study in one way or the other ,and though I may not be in a position to mention all their names ,I sincerely pass on my appreciation to the following;

To my supervisor DR. STANLEY KINYATTA for his tireless efforts to ensure that I was in the right path towards success. He was not only a supervisor but a mentor and a parent to me throughout the entire period of my research. It is through his guidance and corrections where necessary that has enabled me to successfully complete this book. May God's favor always be upon him!

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May the shadow of His might always cover you all!

## TABLE OF CONTENTS

DECLARATION .....	i
APPROVAL .....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENTS.....	iv
TABLE OF CONTENTS.....	v
LIST OF TABLES.....	viii
ABSTRACT.....	ix
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.0 Background of the study .....	1
1.1 Statement of the problem .....	2
1.2 Purpose of the study .....	2
1.3 Objectives of the study .....	3
1.4 Research questions .....	3
1.5 The scope the of the study.....	3
1.6 Significance of the study.....	4
1.7 Conceptual Framework .....	5
CHAPTER TWO.....	6
LITERATURE REVIEW.....	6
2.0 Introduction.....	6
2.1 Definition of concepts .....	6
2.2 Relationships between service delivery and performance.....	6
2.3 Effect of service delivery on firms .....	7
2.4 Forms of services delivered by banking institutions .....	8

<b>CHAPTER THREE.....</b>	<b>11</b>
<b>RESEARCH METHODOLOGY.....</b>	<b>11</b>
3.0 Introduction.....	11
3.1 Research Design .....	11
3.2 Study population.....	11
3.3 Sample framework.....	11
3.3.1 Sampling procedure.....	11
3.3.2 Sample size .....	11
3.4 Research instruments/Data collection instruments.....	13
3.4.1 Questionnaires .....	13
3.4.2 Interview .....	13
3.4.3 Observation.....	13
3.5 Data analysis .....	13
3.6 Research limitations .....	13
 <b>CHAPTER FOUR .....</b>	 <b>15</b>
<b>PRESENTATION ,INTERPRETATION AND ANALYSIS OF DATA.....</b>	<b>15</b>
4.0 Introduction.....	15
4.1 Demographic responses .....	15
4.2 Effects of service delivery on performance of banking institutions.....	18
 <b>CHAPTER FIVE .....</b>	 <b>21</b>
<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>21</b>
5.1 Introduction.....	21
5.2 Summaries of findings .....	21
5.2.1 Summary of services and service delivery of banking institutions.....	21
5.2.2 Summary of the performance of banking institutions.....	22

5.2.3 Summary of findings..... 22

5.3 Conclusions..... 22

5.4 Recommendations ..... 23

5.5 Areas for further research ..... 23

**REFERENCES: ..... 24**

**APPENDICES..... 26**

**APPENDIX A..... 26**

**RESEARCH INSTRUMENTS..... 26**

**APPENDIX B ..... 29**

**TIME SCHEDULE OF THE STUDY..... 29**

**APPENDIX C..... 30**

**BUDGET OF THE STUDY ..... 30**



## LIST OF TABLES

<b>Table 1:</b> Marital status of the respondents.....	15
<b>Table 2:</b> Age composition .....	16
<b>Table 3:</b> Level of education of the respondents .....	17
<b>Table 4:</b> Results/Outcomes of Efficient Service Delivery .....	18
<b>Table 5:</b> Do customers cope-up with service delivery changes? .....	19
<b>Table 6:</b> Services offered by Equity bank, Kabalagala .....	20

## ABSTRACT

The study focused on the effect of service delivery on performance of banking institutions. The study was guided by the following objectives;

- To determine the relationship between service delivery and performance of equity bank
- To establish the effect of service delivery on performance of equity bank
- To identify the different services delivered by equity bank to its customers

The methodology used was questionnaire and a bit of interviewing. The respondents selected from among the population of Equity bank, Kabalagala answered questions in relation to the study objectives as presented to them by the researcher.

The research derived findings from the questionnaires .The key findings of this study was that service delivery has a great influence and effect on the outcome of the overall performance of the banking sector. The performance of the banking sector is measured by how efficient the service delivery process is. The drivers of efficient service delivery were established to be service promotion, quality service and customer satisfaction leading to a positive performance.

## CHAPTER ONE

### INTRODUCTION

#### 1.0 Background of the study

The study was about the effect of service delivery on the performance of banking institutions a case study of Equity bank, Kabalagala Branch, Kampala Uganda.

Service delivery is concerned with aspects of service provision to customers, specific level of service to provide and finding the least expensive way to achieve the target level of service. Schiffman (1997).

A service is an occurrence or process that is created and used simultaneously while the consumer cannot retain the actual service after it is produced but the effect of the service can be retained. Sasser (1978)

According to Dubrin (2003) performance is the state in which maximum results are achieved when those whom the services are aimed at positively perceive the effect of the service.

Equity bank started its operations in 1985 as Equity Building Society and its establishment was motivated by the desire to create a financial provider. Equity bank started its operations in Kenya (head country) and has spread to all Eastern African countries including them Uganda and Southern Sudan and because of the spread, it is the leading micro finance bank in the region, equitybank.com (2010).

Equity bank believes in partnering with their customers in exploring new economic possibilities through their range of flexible and customer focused products. The bank values the support and goodwill that the customers are giving them as they endeavor to grow together, expand and continuously innovate products and services to meet customers' financial needs and aspirations, equitybank.com (2010)

Equity Bank's business model has received numerous recognitions both regionally and internationally. In 2008, Equity Bank was voted the best Micro Finance bank in Africa by the

African Bankers Awards in Washington DC, USA and the best performing company by the Africa Investor at the New York Stock Exchange, equitybank.com (2010)

The Euro money Awards for Excellence also voted Equity bank as the best bank in Kenya in 2008, for the second consecutive year. The C.E.O's most Respectful Company Award in East Africa voted Equity as the most respected financial institution in East Africa. Super Brand also recognized Equity in 2008 as the only banking super brand in East Africa, equitybank.com (2010).

Equity Bank Uganda previously Uganda microfinance Limited is a fully-fledged commercial bank having obtained a commercial banking license from the Bank of Uganda in 2008. It started its operations in the year 2009 and currently it has a network of 49 branches in over 26 districts in Uganda with some of the major branches including Katwe (head office), Venus plaza and Jinja road branches, equitybank.com (2010).

Equity Bank, Kabalagala Branch is located along Kampala-Ggaba road which is 6 km from Kampalacitycenterandabout300mfromKampalaInternationalUniversity, equitybank.com (2010).

Equity bank has received various regional and international awards and all these have risen due to services they offer to the public. The awards which Equity bank has received are what motivated and also directed the researcher to investigate the effect of service delivery on performance of financial institutions.

### **1.1 Statement of the problem**

As a result of global competition across all business organizations, the banking institutions have developed numerous services to attract many customers to their respective banks to retaliate on the competition from their fellow banks. Therefore the research intended to investigate the effect of service delivery on performance of banking institutions particularly Equity Bank, Kabalagala, Kampala Uganda as the case study.

### **1.2 Purpose of the study**

The purpose of the study was to investigate the effect of service delivery on performance of banking institutions.

### **1.3 Objectives of the study**

- i) To determine the relationship between service delivery and performance of Equity bank, Kabalagala.
- ii) To establish the effects of service delivery on performance of Equity bank, Kabalagala branch.
- iii) To identify the different services delivered by Equity bank to its customers.

### **1.4 Research questions**

- i) What is the relationship between service delivery and performance of Equity Bank?
- ii) What is the effect of service delivery on performance of Equity Bank?
- iii) What are the different services delivered by Equity Bank to its customers?

### **1.5 The scope the of the study**

#### **i) Content/Subject scope**

The study was about the effects of service delivery on performance of banking institutions. The issue that was looked at is whether service delivery affects how performance is carried out in such institutions and particularly the case under study.

#### **ii) Geographical scope**

The study was carried out at Equity Bank, Kabalagala Branch, Kampala, Uganda. The bank is located along Kampala-Ggaba road which is 6km from Kampala City Center and about 300m from Kampala International University.

#### **iii) Time scope**

The study was conducted between: February 2012 to September 2012.

The research study was carried out at Equity Bank, Kabalagala Branch, Kampala, Uganda. The study was conducted between February 2012 and March 2012. The study focused on the effect of service delivery on performance of the bank. The research design included data collection by the use of sampling, interviews, questionnaires and observation techniques.

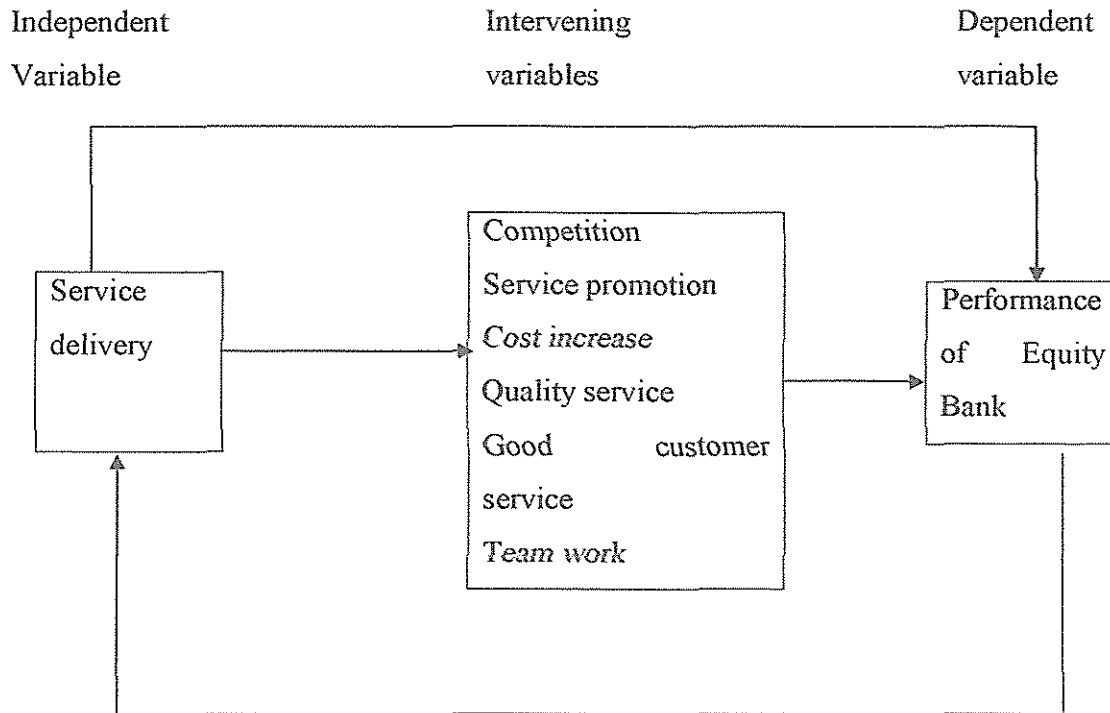
## 1.6 Significance of the study

*The findings of this research will be of the following importance to different people and groups:*

- i) The research will form a basis for further research on the effect of service delivery on performance of banks to generate new and better ideas on service delivery, to both researchers and bank managers and officers.
- ii) The study will be useful to the policy makers of Equity Bank in promoting better service delivery for a better performance of the bank.
- iii) The study will be significant for the award of Bachelors Degree in International Business Administration of Kampala International University.
- iv) The research will be useful to other researchers to look out for the relationship between their findings and this research finding by comparing the data collection methods.
- v) The research will be useful to policy makers of different businesses to develop better delivery systems for efficiency in their performance of their businesses.
- vi) The research will be useful to other students in the other fields to understand the research procedures and data collection methods.

## 1.7 Conceptual Framework

### SERVICE DELIVERY AND PERFORMANCE OF EQUITY BANK (KABALAGALA BRANCH)



*Source: Research 2012*

In the process of service delivery, the bank encounters stiff competition from other banks and because of competition, cost increases due to service promotion, provision of quality and good customer service. To achieve quality, efficient and effective service delivery the management ensures teamwork among its employees and the management team as a whole.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter discusses the literature related to effect of service delivery on performance of financial institutions. The literature particularly focuses on relationship between service delivery and performance, effect of service delivery on performance and different services offered by banking institutions.

#### **2.1 Definition of concepts**

Service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in ownership of anything, Spears (1991).

Service delivery is the provision of different intangible activities by one party to another with the purpose of satisfaction, Schiffman (1997).

According to Ebert (2000), performance is evaluation of how well work is done. He goes ahead to say that accomplishment of a goal is successful performance, while according to Kerry (1995), performance is the way in which an activity is accomplished in a particular level or standards to which a task is to be accomplished.

#### **2.2 Relationships between service delivery and performance**

According to Fitzsimons (2004), because services are created as they are consumed and the customer is always a participant in the process, an opportunity exists to the service provider to tailor a service to the needs of the customer. He goes on to say that knowing your customers and attracting many customers is a significant competitive advantage and therefore shows good performance of the business.

Service firms have the opportunity to build long-term relationship with whom they provide their services because the service customers conduct their transactions directly with their service providers, Sasser (1978).



He further argues that, for services, the assessment of quality is made during the delivery process and because of this; a customer is referred to as a moment of truth.

He also points out that customer satisfaction with service can be defined by comparing perceptions of service received with expectations of that service, therefore when expectations are exceeded, service is perceived to be of exceptional quality and also be a pleasant surprise hence showing that performance of a firm is confirmed by perceived service.

According to Solomon and Stuart (2003), Services delivered are acts, efforts or performances exchanged from deliverers to user without ownership rights. On the other hand, the end result of the business and transfer of the service is the firm's competitive advantage, Timmons and Spinelli (2004).

The image a service delivery has in the mind of the consumer is probably more important to its success than its actual characteristics hence performance depends on the image of service delivered to the consumers Schiffman (1979).

### **2.3 Effect of service delivery on firms**

According to Parkland and Vickery (1995), service businesses like banks have typically assisted their customers by providing numerous services. Services delivered act as economic activities that have produced a place, form, time or psychology utility for the customer.

If a service delivery experience is not positive to the customer, it could turn into a disservice with nasty consequences, Solomon and Stuart (2003). They further point out that most firms can identify a target customer that they can serve well, and so, market for service businesses has grown rapidly because it is more cost effective when firms specialize in specific services they can deliver to their customers.

According to Jerome and Perrault (1993), firms have always decided what aspects of services are most important to their customers and what specific level to provide. They therefore argue that businesses have focused on finding the least expensive way to achieve the target level of service.

A service delivery system has to be well defined, documented and tested by the firm's operation, Timmons and Spinelli (2004). A well defined service delivery system has allowed different firms to analyze the way they deliver services to customers.

#### **2.4 Forms of services delivered by banking institutions**

According to Gerald and Halter (2003), the various forms of services delivered by banking institutions include;

- i) *Accepting deposits*: allows keeping money in different accounts.
- ii) *Advancing loans*: giving out loans to its customers.
- iii) *Insurance services*: collaborates with insurance companies to protect customers.
- iv) *Leasing*: accessing properties which an individual can't afford at a go.

Rose, Kolari and Fraser (2004), argue that many banks and almost all banking institutions of the world provide the same service as they aim at customer satisfaction, profit maximization and to maintain financial sustainability. They therefore mention these banking services as follows:

- i) *Accepting deposits*; allows keeping money in different accounts
- ii) *Advancing loans*; giving out loans to its customers on demand
- iii) *Insurance services*; customers can claim for their money
- iv) *Advisory services*; advice customers on how to manage their money
- v) *Employment creation*; provide job opportunities
- vi) *Leasing*; accessing properties as a rent payment

According to Parkland and Vickery (1995), financial institutions aim at satisfaction of their customer needs as they maximize profits. Therefore their services include the following;

- i) *Accepting deposits*; allows short term and long term deposits
- ii) *Advancing loans*; creation of credit to those who have accounts with them

Provision of advisory service; helps the government and customers on better financial decisions

- iii) *Under writing*; acts as an intermediary in stock market by selling shares on behalf of the stock companies
- iv) *Leasing*; accessing properties as rent payment

Donnelly, Gibson and Ivancevich (1978), banks are those institutions which perform all those functions performed by other financial institutions. These functions include;

- i) Accepting deposits
- ii) Advancing loans
- iii) Insurance services
- iv) Leasing

Sasser, Olsen and Wyckoff(1978),since all banking institutions operate under financial institutions act of their respective countries, their services are related from one institution to another as follows;

- i) *Accepting deposits*; offers different accounts, which attract customer savings
- ii) *Advancing credit*; advances loan to different customers
- iii) *Insurance services*; works hand in hand with insurance companies to protect customers.
- iv) *Under writing*; acts as an intermediary in a stock market.
- v) *Financial advisor*; helps the government and customers in better financial decisions.
- vi) *Leasing*; accessing properties at a rent payment.

According to Emolt, Hemetsberger & Wengler (2008), the banking services helps in the primary operations of the different banks. These banking services include;

- Keeping money safe while also allowing withdrawals when needed
- Insurance of check books so that bills can be paid and other kinds of payments can be delivered by post.
- Provide personal loans, commercial loans and mortgage loans (typically loans to purchase a home, property or business)
- Insurance of credit cards and processing of credit card transactions and billing
- Insurance of debit cards for use as substitute for checks
- Allow financial transactions at branches by using Automatic Teller Machines (ATMs)
- Provide wire transfer of funds and Electronic fund transfer between banks
- Facilitation of standing orders and direct debits, so payments for bills can be made automatically
- Provide overdraft agreements for the temporary advancement of the bank's own money for customers wishing to settle credit advances monthly.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter includes various sections that show how the researcher arrived at the findings of the study. It includes research design, study population, sample framework, sampling techniques, research instruments, data collection procedure and data analysis.

#### **3.1 Research Design**

The research design that was used for the study was cross sectional survey including both quantitative and qualitative forms. The qualitative design was used to collect information on the attitude and opinion in relation to effect of service delivery on performance of equity bank. On the other hand, quantitative design was used to collect numerical data.

#### **3.2 Study population**

Equity Bank, Kabalagala Branch has both male and female employees in the various departments comprising of administration, human resource, marketing and finance departments plus male and female customers. The target population comprised of 150 from which the sample size was drawn. The respondents included selected employees from various departments and some of the customers of the bank.

#### **3.3 Sample framework**

##### **3.3.1 Sampling procedure**

The sample size was selected using Krejcie & Morgan (1970) table of sample size determination to determine the sample size from the population. The researcher used purposive sampling to select a representative of the population.

##### **3.3.2 Sample size**

To get representatives of the whole population the following table (Krejcie and Morgan, 1970) was used.

*Table for determining Sample size from a given population*

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	<b>108</b>	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

*N; Population size*

*S; Sample size*

In this case therefore, a sample size of 108 out of the 150 respondents, that is both male and female, was used for the study.

### **3.4 Research instruments/Data collection instruments**

The researcher used questionnaires, interviews and observation to collect the data in relation to the research study that showed the relationship between service delivery and performance of banking institutions.

#### **3.4.1 Questionnaires**

A set of questionnaires with both open ended and closed ended questions was used to collect relevant data in an effort to answer the research question under investigation. The open ended questions gave probe to more information from respondents while closed ended questions facilitated easy statistical data entry and analysis. One hundred and eight (108) questionnaires were given to the respondents. The questionnaires were used because they saved time for respondents who had no time to be interviewed.

#### **3.4.2 Interview**

Interviewing was used to collect data from a few selected people. The direct interaction between the selected people and the researcher plus direct questions with answers from the people and this method was used as it provided a friendly atmosphere that was conducive for obtaining the desired information in relation to the topic under study.

#### **3.4.3 Observation**

Observation technique was used to check on how services are delivered to the customers and how customers respond to the services offered by the bank.

### **3.5 Data analysis**

After collecting data, only correctly filled questionnaires were coded and subjected to thorough editing in order to eliminate errors. Data analysis was carried out by the use of frequencies and percentages where possible and the findings presented using tables and pie-charts.

### **3.6 Research limitations**

Financial constraints; the cost of producing questionnaires, interview guides and printing out the actual research work were relatively high as was anticipated.

Lack of trust; some of the respondents did not trust the research study and hence did not allow to be interviewed neither did they return the questionnaires which were given to them.

Time constraints; the number of respondents which was anticipated to be interviewed was not achieved due to time shortage.

## CHAPTER FOUR

### PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS

#### 4.0 Introduction

This chapter discusses the analysis and presentation of findings, from the collected data, to achieve the overall objectives of the research study as outlined in chapter one of this work.

#### 4.1 Demographic responses

The characteristics of the respondents were considered during the study since they are in one way or another; affect the service delivery of the institution and consequently performance of Equity Bank, Kabalagala. The characteristics included marital status, age and the level of education.

**Table 1: Marital status of the respondents**

Marital status	Frequency	Percentage	Valid percentage	Cumulative percentage
Single	81	75%	75%	75%
Married	27	25%	25%	100%
Total	108	100%	100%	

*Source: Primary data*

The findings indicate that the majority of the respondents were single (75%) and only 25% of the respondents were married. This implies that the efficiency of service delivery in banking institutions is affected by the marital status of the employees, as single employees are in a greater capacity of meeting the expected performance of the institutions, as compared to married employees who may not meet the efficiency required in meeting the performance levels, due to family influence.



**Table 2: Age composition**

<b>Age composition</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>	<b>Cumulative percentage</b>
25-30	81	75%	75%	75%
31-45	14	13%	13%	88%
46 and above	13	12%	12%	100%
Total	108	100%	100%	

*Source: Primary data*

From the study, majority of the respondents were in the age bracket of 25-30 represented by (75%) implying that young energetic employees are ideal for meeting service delivery efficiency of banking institutions thus impacting on the performance

**Table 3: Level of education of the respondents**

<b>Level of education</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>	<b>Cumulative percentage</b>
Certificate	14	13%	13%	13%
Diploma	27	28%	28%	41%
Degree	53	46%	46%	87%
Masters	14	13%	13%	100%
Total	108	100%	100%	

*Source: Primary data*

The findings indicate that majority of the employees of Equity Bank Kabalagala branch are degree holders represented by 46%.Diploma holders 28%, Masters 14% and Certificate holders are represented by 13% only. This shows that high training is required by staff of banking institutions. This is to enable them utilize their skills and competence in properly delivering services to customers.

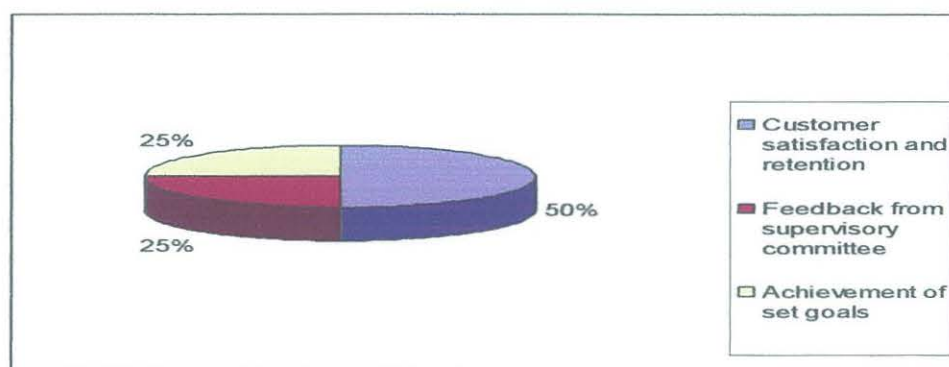
## 4.2 Effects of service delivery on performance of banking institutions

**Table 4: Results/Outcomes of Efficient Service Delivery**

Outcome	Frequency	Percentage [%]	Valid percentage [%]	Cumulative percentage [%]
Customer satisfaction and retention	54	50	50	50
Feedback from supervisory committee	27	25	25	75
Achievement of set goals	27	25	25	100
<b>Total</b>	<b>108</b>	<b>100</b>	<b>100</b>	

*Source: Primary data*

From the findings, the results after a service is delivered to customers indicate whether the whole process of service delivery is efficient or not. 50% of the respondents agreed that the ability of Equity bank to satisfy its customers as well as retain a high number of them indicates that there is high efficiency in service delivery. 25% of the respondents were for the idea that reactions from the supervisors to the board of directors regarding service delivery, proves the efficiency of employees in delivering services to customers. 25% agreed that when the bank is able to attain the set goals and objectives, then there is efficient delivery of services. All this contribute to the performance of banking institutions in one way or the other.

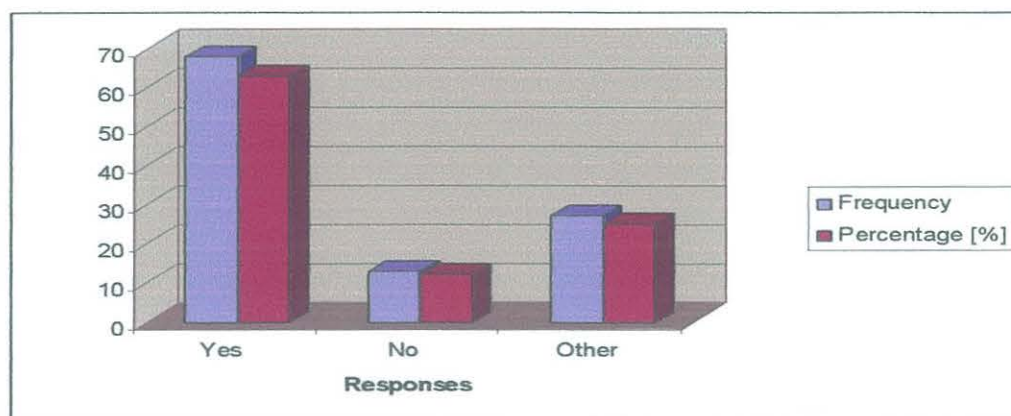


**Table 5: Do customers cope-up with service delivery changes?**

Outcome	Frequency	Percentage [%]	Valid percentage [%]	Cumulative percentage [%]
Yes	68	63	63	63
No	13	12	12	75
Other	27	25	25	100
Total	108	100	100	

*Source: Primary data*

63% of customers are able to adapt to any changes made by banking institutions regarding the way services are delivered, while 12% are not in a position to cope with the changes mostly because of their level of literacy and rigidity to any change affecting their lives. 25% of the customers have no knowledge of the changes in service delivery and therefore have no reaction to such changes.

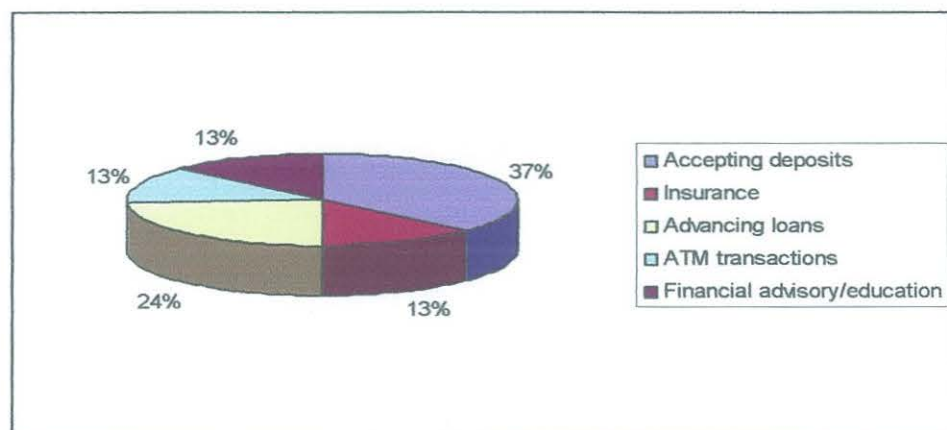


**Table 6: Services offered by Equity bank, Kabalagala**

Outcome	Frequency	Percentage [%]	Valid percentage [%]	Cumulative percentage [%]
Accepting deposits	40	37	37	37
Insurance	14	13	13	50
Advancing loans	26	24	24	74
ATM transactions	14	13	13	87
Financial advisory/education	14	13	13	100
<b>Total</b>	<b>108</b>	<b>100</b>	<b>100</b>	

*Source: Primary data*

From the findings, 37% of the respondents agreed that Equity bank accepts deposits from its customers, 24% agreed that it gives loans, the remaining 39% of the respondents agreed that equity gives insurance services for its customers, ATM transactions and offers financial advisory services/education to its customers, all in equal proportion of 13% respectively.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the conclusions and recommendations as revealed from the findings and discussions in the previous chapters hence the conclusions are drawn basing on the findings which are in line with the objectives stated in chapter one of this study.

#### **5.2 Summaries of findings**

##### **5.2.1 Summary of services and service delivery of banking institutions**

Banking institutions offer a varied range of services to its customers. These services include accepting deposits from members, Insurance services in case of misfortunes, Advancing loans to members for example in case of emergencies, ATM transactions to reduce the time required to transact and Financial advice to members on how to manage funds. Different service institutions have an agreed and specified manner in which they make these services available to the customers. This is because of some factors such as technological advances, geographic location of the institution, the number of customers per branch among other factors.

Service delivery entails the whole process of delivering the services as expected by the customers. If a customer is not satisfied by the way a bank is offering its services, the customer might end up not transacting with the bank anymore. As such, banks are trying to offer those services in which they are sure that the customers in question will be satisfied. As such, there is target marketing where a bank chooses to identify target customers whom they can deliver their services well.

Depending on the efficiency of their service delivery process, banks also switch from offering one service to another especially due to the market trends and technological changes. Since this is in favor of the customers, most of them easily adapt to the changes in service delivery but a few take a little more time to adapt. As such, many of the respondents were for the idea that banks should change the way they deliver services to the customers, in case the previous service delivery process is not satisfactory.

### **5.2.2 Summary of the performance of banking institutions**

Performance in service firms can be defined as the ability of a firm to meet the set standards through customer satisfaction, through minimizing costs while increasing profits. Quality of services provided and the efficiency of risk management are great measures of performance of banking institutions. This means that in order to realize performance, a banking institution should be in a position to manage the available resources so as to ensure that incase risks such as employee turnover occurs, the firm will still be in a position to satisfy its customers who are their greatest assets. As such, performance is driven by three major drivers, that is Strategy, Execution of strategy and the Environment. Strategy entails setting plans that will guide the institution in achieving its goals while strategy execution is simply how to carry out these plans. Environmental factors such as technological changes, market forces and government regulations are indirectly controlled by banking institutions and as such, they are in one way or another impact on performance of these institutions. It is after overcoming such influences that banking institutions are in a position to satisfy and retain its customers as agreed by 50% of the respondents.

### **5.2.3 Summary of the Effect of service delivery on performance of banking institutions.**

A well defined service delivery system gives a firm the ability to analyze how they deliver their services to customers. This puts such service firms in a position to change to another system of service delivery that is geared towards satisfying the customers. This therefore leads to a positive performance of the banking institutions whose main aim is customer satisfaction.

On the other hand, if a banking institution has no systems to detect insufficiency in service delivery, a negative performance is realized since the customers are not satisfied and the firm is not in a position to detect this. This clearly brings out how service delivery impacts on performance of banking institutions, as brought out by the findings of Equity bank, Kabalagala.

## **5.3 Conclusion**

The wide range of services offered by banking institutions cannot make sense to customers if the quality of such services is not determined through service delivery processes and systems by the institutions. It is quality that leads to customer satisfaction which leads to a good image of the

institution and consequently achievement of goals. This achievement leads to a good and positive performance of the firm.

As such the effect of service delivery on performance of banking institutions is clearly evident since the two are directly intertwined by such factors as service promotion, quality service and customer satisfaction as the greatest objectives of any banking institution

#### **5.4 Recommendations**

*From the above conclusion I (the researcher) suggest the following*

Banking institutions should educate members who are not in a position to adapt to service delivery changes. This will help them to realize the importance of such changes for the firm to be in a position to give the customers quality services.

Governments should introduce awarding schemes for the best performing banking institutions. This will motivate the banks to work an extra mile to attract even low income earners which may contribute to a significant growth of the country's economy.

#### **5.5 Areas for further research**

Basing on the whole research process, the researcher identifies the following as areas of further study

- i) The challenges facing banking institutions and their effect on performance.
- ii) The contributions of the banking institutions to the economy of a country.

How employee motivation contributes to service delivery and consequently performance of banking institutions.



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**APPENDICES**  
**APPENDIX A**  
**RESEARCH INSTRUMENTS**

**a) QUESTIONNAIRE**

*Dear Respondent,*

As a student pursuing Bachelors degree in International Business Administration, I am carrying out a research on the topic "The effect of Service Delivery on Performance of banking institutions." The study is being conducted in fulfillment of the requirement for the award of a Bachelors degree. I hereby request for your contribution to the study as this will enable my successful completion of the course. Your response will be treated with confidentiality and will strictly be used for academic purposes.

**PERSONAL DATA**

Please tick in the most appropriate box

1. Age

- a) 18-24 ☐
- b) 31-45 ☐
- c) 25-30 ☐
- d) 46 and above ☐

2. Sex

- a) Male ☐
- b) Female ☐

3. Marital status

- a) Married ☐
- b) Single ☐

4. Level of education

- a) Certificate ☐
- b) Diploma ☐
- c) Degree ☐
- d) Masters ☐

5. Department

- a) Management ☐
- b) Human Resource ☐
- c) Accounts/Cashier ☐
- d) Others, specify .....

6. Work Experience

- a) 1 year ☐
- b) 2 years ☐
- c) 3 years ☐
- d) 4 years and above ☐

7. How do you find service delivery of Equity Bank?

- a) Very Good ☐
- b) Good ☐
- c) Fair ☐
- d) None ☐

8. How do you determine service delivery efficiency of Equity Bank?

.....

.....

.....

9. Does service delivery affect performance of Equity Bank?

.....

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.....

10. Do the customers cope-up with the service delivery changes?

- a) Yes
- b) No
- c) Others, Specify .....

11. What are the different services offered by Equity Bank?

.....

.....

.....

.....

12. How do the forms in Question 11 above work?

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.....

.....

*Thank You for Your Response*

## ***a) INTERVIEW GUIDE***

### **Part 1**

1. Personal information
  - a) Sex
  - b) Age group (in years)
  - c) Educational level
  - d) Marital status
2. Does service delivery affect your performance as an employee of Equity bank?
3. If yes, how does it affect your performance?
4. Under such circumstances, are you able to meet the expectations of the customer?

### **Part 2**

Views from the respondent

5. How do you determine service delivery efficiency of Equity Bank?
6. Do the customers cope up with service delivery changes of the bank?
7. What are the different services offered by Equity bank and how do these forms work?

***Thank You For Your Cooperation***

## APPENDIX B

### TIME SCHEDULE OF THE STUDY

ACTIVITIES	DAYS/MONTHS
Selection and approval of research topic	February 2012
Proposal writing and submission	March 2012-May 2012
Doing field research/Data collection	June 2012-July 2012
Compiling the data collected	August 2012
Editing the work	August 2012
Submission of the final project	September 2012

**APPENDIX C**  
**BUDGET OF THE STUDY**

Items	Quantity	Amount Ugx
Typing and Printing proposal	3copies	70 000
Binding proposal	3copies	5 000
Transport	1 week	10 000
Food	1 week	25 000
Contingency funds	1 week	25 000
Photocopying questionnaires and interview guides	108 copies	5200