

INFLUENCE OF INFORMATION TECHNOLOGY ON CUSTOMER SERVICE AT KENYA COMMERCIAL BANK KERICHO BRANCH

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Abstract: The study aimed at investigating how information technology influences customer service. A target population of 34, which included managers, assistant managers, clerks and sales representatives. Both descriptive and inferential data analysis techniques were used. The study established that information technology had a significant influence on customer service. Banking institution must continue to critically access the needs of customers and adopt continual improvement in technology, strategy and employees to increase organizational performance and competitive advantage. The study recommends that team work be developed in the bank so that employees can support and exchange ideas and there will be easy flow of information, continuous trainings and dedication still needed from the bank to update and equip its employees.

Keywords: Information Technology, Customer Service.

1. INTRODUCTION

Many changes have taken place in the business environment since the early 1960's especially the way in which banks conduct their business. Some of these changes in the banking environment are due to macroeconomic trends, globalization, deregulation, and advances in technology, escalating competition, and disintermediation (Blocklyn, 1994). Keltner and Finegold (1996) briefly discussed and explained that customers in the current time are becoming more and more aware of the different service types to be offered. This situation, according to Keltner and Finegold (1996) makes service industries not only concentrate on the reasonable price they ask for the service they provide but also to be more concerned on the quality of service to stay competitive.

As competition of service provision in the financial industry especially banks is high, Keltner and Finegold (1996) argued that the quality of service can be used as a differentiating factor from one another to attract customers. The other main point to notice from the banks (service providers) point of view is that, there need to be close interaction between banks (service providers) and their customers. This enables service provides to customize their products and services in a way which pleases their customers and it makes it hard for the customers to leave their service providers.

As a series of management activities, BPR breaks the traditional theory system of labour division. It makes use of fast developing Information Technology (IT) and combines several tasks (Hammer & Champy, 1993). In that way, BPR enhances reforming of traditional business process to reduce operational costs and improve service quality for adaption of market change and strengthen risk control (Chenghu, 2007). According to Al-Mashara, et al (2001), most organizations knowingly or not, are involved in BPR. The pressure for survival in the market, need to prevent complacency, the desire to close competitive gaps and achieve superior performance standards has prompted organizations to adapt BPR technique.

According to a survey conducted by Haghighat and Mohammadi (2012) to investigate the causes and the impact of business process reengineering, the study observed that BPR's main purpose is to increase efficiency and improve customer service. Most companies are functional or departmental and not process-oriented. For instance, most people are usually involved in fulfilling an order but no one usually tracks the product or the status of an order. Reengineering in this instance will make an individual responsible for the whole business process. According to Elzinga et al. (1995) business

process reengineering continually improves fundamental activities such as marketing and communication among other elements of operations. According to Giaglis (2007) reengineering can only be successful if the people in the organization are empowered. Behavioral changes should therefore precede the reengineering process. Issues such as employee empowerment, training and education should be given priority in business reengineering. In order to reengineer a business process, both internal and external process capabilities such as production, distribution, suppliers and inter-organizational relationships have to be integrated.

2. STATEMENT OF THE PROBLEM

The quality of customer service becomes a driving force in ascertaining business survival. Banking industry is faced with a problem of providing quality and satisfactory customer services (Tang & Zairi, 1998). For the last two years since the introduction of business process re-engineering, Kenya commercial bank has registered significant advancement on customer service. The problem is that the focus is no longer on cutting costs alone, but rather at the same time offering quality services to customers. Another issue is that the processes are not only must-be-more-efficient, but also must be made more user friendly too; while addressing the necessity for change with employees. Therefore, this study seeks to investigate the contribution of business process re-engineering on customer service particularly in Kenya commercial bank, Kericho branch and suggest appropriate ways in which such strategy can be used to improve customer service in the banking industry in Kenya.

KCB Bank has constantly restructured their processes and systems to solve problems of the common citizen and also solve problems of how they offer their products and services to make them more effective and efficient (Osano, 2009). Customer's has become more knowledgeable than before and therefore they demand superior quality services, faster deliveries, lower prices and information for them to remain loyal and make buying decisions. These forces have necessitated Kenya commercial bank to develop business process re-engineering as a strategy to achieve its long term objectives by coming up with innovative ways of delivering premium customer service in order to remain competitive in the market. Mutua (2013) recommended that companies should not be hesitant to implement radical changes as BPR can actually lead to service quality and management efficiency. In another study, Tippins and Sohi (2003) argued that although customer service is a problem facing many organization, Information Technology can enhance quality customer service by eliminating inefficiency, minimizing costs, improving reliability of service and avoiding errors.

3. LITERATURE REVIEW

Several studies have been conducted both on business reengineering both locally and internationally on business process reengineering. In Tanzania, there is ample evidence that organizations practice BPR activities. Most organizations renovate, automate and network their business processes. Besides, the presence of BPR consultancy companies and individuals offering BPR-related consultancy services is also a clear evidence that Tanzanian organizations practice BPR. For instance, Electro Business Ltd, Deloitte, and MS-Training Center for Development are among the companies offering BPR consultancy in Tanzania (Sungau, 2013).

Disii (2011) carried out a study on the implementation of Business Process Reengineering and Benchmarking at Kenya Ports Authority (KPA). The research design was through the use of interviews. The managers represented five KPA divisions. The secondary data sought was through the KPA bulletins of statistics. The sampling technique used was stratified random sampling. The data analysis used was through content analysis and structured break analysis. The study showed that business process reengineering and benchmarking were undertaken at the port. Structural break had occurred on ships waiting time and overall port throughput showed continuous improvement.

Another study by Mutinda (2009) was conducted to assess human resource factors in implementation Business Process Reengineering at Kenya Commercial Bank. The research design was descriptive. Primary data was collected through questionnaires which were distributed to both managers and support staff at KCB head office and Nairobi branches. Data collected was analyzed by use of descriptive statistics and SPSS. Of the five human resource factors considered in BPR, the staffs were agreeable that KCB had integrated four of them namely; egalitarian leadership, top management commitment, managerial support and conducive work environment.

In another study to examine the effect of BPR on staff turnover at KK Security Group of Companies, Laibon (2014) adopted a descriptive research design. A random sampling technique was used to determine the sample size. The sample size was 83 respondents of which 51 people responded. Collection of data was through questionnaires and data coding was done with Microsoft Excel and SPSS. The study found that team work plays a major role in BPR implementation,

followed by resources, six sigma, information technology and total quality management. Laibon (2014) concluded that the security sector is growing, therefore there is need to enhance BPR for facilitating competitive advantage, profitability and streamlining the sector to suit into the millennium development goals.

4. RESEARCH METHODOLOGY

The study adopted a descriptive research design. The population of interest under this study consisted of all employees of Kenya commercial bank, Kericho, branch. This consists of 34 employees who include managers, assistant managers, clerks and sales representatives (KCB Kericho, 2016). In the study, census was used by involving all 34 employees. It was used because the population of the study was small and could be reached. Data was collected using questionnaires and analysed using both descriptive and inferential statistics.

5. FINDINGS

The study aimed at establishing the extent to which information technology influences customer service. The findings are shown in Table 1.

Table 1: Information Technology on Customer Service

	Frequency	Percent
Coping with technological changes	1	3.6
Customer resistance to new technologies	2	7.1
Cyber attacks	1	3.6
Difficulty in implementation of new technologies	1	3.6
Inadequate staff training on new technologies	6	21.4
Lack of IT skills among old staff	2	7.1
Mobile banking frauds	1	3.6
Unprofessional staff	1	3.6
Unstable network	11	39.3
Total	28	100.0

Source: Research data (2017)

Respondents stated various challenges encountered by the bank in relation to use of IT. The most common challenges as depicted by table 4.24 above was unstable network. This constituted 11 (39.3%) of all the challenges stated by the respondents.

6. CONCLUSIONS AND RECOMMENDATIONS

The main focus of the study is to assess the impact of BPR on customer service in the banking industry, taking into consideration student customers of banks. BPR implementation and forms differ from one organization to the other depending on the extent of change expected by the organization. BPR being a tool for facilitating customer service and achieving competitive advantage must be well accessed and implemented. Banking institution must continue to critically access the needs of customers and adopt continual improvement in technology, strategy and employees to increase organizational performance and competitive advantage.

The study recommends that the bank should embrace innovation rethinking, process function, use of information technology and radical change to ensure that their customer service serves their clients efficiently and effectively. Team work should be developed in the bank so that employees can support and exchange ideas and there will be easy flow of information, continuous trainings and dedication still needed from the bank to update and equip its employees, the bank should improve the stability and availability of their network to ensure faster delivery of customer services, complaint handling process need to be improved to ensure quality customer service.

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