

# The Impact Of Employee Empowerment In Enhancing Quality Of Service: A Case Study Of Banks In Eldoret Town, Kenya

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**Abstract**—Employee empowerment is a tool that most organizations are using in enhancing quality of their services and their customers' satisfaction. However, it seems that a greater number of people and organizations do not fully understand its implementation. This study was led by two objectives; to determine the extent at which banks practice employee empowerment, and to establish the significance of employee empowerment in the banking sector. The research was carried out in Eldoret town in the republic of Kenya. This study adopted a descriptive case study design. The target population of this study was 350 customers, 20 employees and the two branch managers of the Bank in Eldoret. Purposive sampling technique was used to select the 9 employees providing front-office services and the branch manager to provide the necessary general information and management approaches the bank employs. Simple random sampling technique was employed to select 105 customers to participate in the study. To obtain data, questionnaires, interview schedule and secondary sources were utilized. Data was analyzed using descriptive statistics which included frequencies and percentages and presented using tables, pie charts and bar graphs. The research found that; the practice of employee empowerment in banking sector is paramount in improving the quality of services provided by employees, the employee empowerment is significant in retaining existing and attracting more customers as well as reducing employee turnover through job satisfaction. The researcher concludes that though employee empowerment is of great benefit to the banking sector, there is fear among the employer (banking sector) of a high turnover rate among their employees. The study recommends that all banking sectors and other financial institutions should empress employee empowerment for enhancing quality of services to their customers.

**Keywords**—empowerment, services, quality, banks, employee, employer

## 1.0 Introduction

Employee empowerment refers to giving employees the permission and ability to make decisions and act autonomously for the good of the company. Considering the nature of service delivery and particularly intangible-dominant services, employee empowerment becomes a very important issue to organizations providing services. The customers and the employees are engaged simultaneously in the production of the service. This inseparability is what is considered by the organization in choosing how best to serve its customers, either by the traditional method of giving instructions to the employees or through the empowerment approach.

Elin (2006) define empowerment as a process whereby a culture of empowerment is developed, information is shared, competency is developed, and resources and support are provided. Employee empowerment is one of those terms that everyone thinks they understand, but few really do. In order for the management to acknowledge that the employees are successful in dealing with their customers, the management has to give the employees the authority and necessary support to succeed at it, which is referred to as employee empowerment. The practice of which can directly affect the quality of services delivered and customer satisfaction.

According to Seung (2008) employee empowerment is an all-inclusive management philosophy that gives line employees the express authority to make decisions on the spot to resolve guest problems and complaints. Empowerment starts with the general manager's approach to operation and then is spread downward into the ranks. It can be highly structured or flexible. Establishing an empowerment program is a step-by-step process that includes informational meetings, training sessions, and follow-up diagnostic meetings. The results of an empowerment program can be measured in terms of guest satisfaction, employee satisfaction, and a management assessment that includes the effect on the bottom line. According to George and Eduardo (1995), the results of employee empowerment in all its

regional variations offer real promise for a world beset by the problems peculiar to mass urbanization and economic stagnation.

To some, the collapse of communism in Eastern Europe and the Soviet Union, as well as its transformation in China, may be thought of as vindications of capitalism. In actuality, capitalism also is in crisis. The free market no longer really applies to Western agriculture, which long ago went the way of state protection and subsidized support - both in the European Union and the United States. Foundering vanguard American enterprises - such as GM and IBM - are dismissing workers by the tens of thousands, in order to stay afloat. They are changing CEOs and "restructuring." But what has been done about their reliance on stocks for capitalization, which thereby virtually renders them slaves to quarterly profits, and inhibits their ability to make those long-term investments that are vital to modern global competition. Then there are the costs of health care and retirement. These have risen so quickly that the burden of employee benefits has financially undermined companies both small and large, and has compelled some to exit the market, even as they remain viable.

## 2.0 Statement of the problem

The influence of employee empowerment on service quality and customer satisfaction is becoming very significant to the management in many service organizations.

Empowerment is a panacea for many organization's ills when it is implemented with care. Managers and employees say they want empowerment. Organizations see empowerment as a strategy to develop employees and serve customers. If empowerment is great for customer service and employee motivation, why is empowerment not implemented effectively?

Given the current competitive business environment, particularly in the banking sector, a bank cannot inspect its services and products to weed out unsatisfactory ones before they are presented to the customer. Employees therefore become the voice and face of the organization. It is not enough that employees be trained to provide quality service, but that they should know what to do and how to do it. It is also essential that they have the requisite authority to make decisions regarding customer satisfaction. This is one of the arguments for employee empowerment since the employees act as an interface between the customers and the bank.

After a careful initial literature search, the researcher observed that quite a number of studies have been made in the area of employee empowerment but with different focus and approaches. How employee empowerment enhances service quality was discovered as an aspect that had not been studied. This therefore, calls for investigation

of functionality of employee empowerment in enhancing service quality in the banking sector.

## 3.0 Significance of the study

This study targeted the management of organizations within the banking industry, and industries producing highly intangible-dominant services. Employee empowerment when practiced can enhance customer satisfaction and create a good customer-perceived service quality. This study provides an insight into the implications of employee empowerment to students and the general public who have an interest in the study and serves as a source of reference material for other researchers who might want to explore the subject further. The study would also form a basis for the full implementation of employee empowerment especially by the management team in the banking sector putting in mind the ever increasing competition and need to gain a competitive advantage.

## 4.0 Scope

The scope of this study will be focused of the two aspects;

### 4.1 Content scope

This research was aimed at ascertaining the extent to which Banks practice employee empowerment. The researcher achieved this by collecting information regarding the banks from relevant personnel within one bank, and some of their customers. The study investigated and gathered general information about the bank; the management approaches the bank takes, employees' views on how they are treated as part and parcel of the bank, quality of the employees' services and how satisfied the customers are by the services of the bank. Data was collected within a span of one month as from January, 2012 from 105 customers, 9 employees and the bank's branch manager.

### 4.2 Geographical scope

The study was carried out in one Bank in Eldoret town. The bank is a public limited company which is among the three largest commercial banks in Kenya with the largest branch network of all 44 licensed commercial banks in the country (Superbrands, *Undated*). The branches in Eldoret town are among the branches that the bank has. The history of the bank dates back to more than a century (Wikipedia: 2010). It is not only the oldest Kenya's commercial bank in Eldoret but among the two banks with two branches in the town.

### 4.3 Time Scope

This research was conducted between the periods spanning from October 2019 to November 2021. However, the findings of the study are relevant to financial institutions beyond the time scope.

## 5.0 Methodology

The study adopted descriptive case study research design. According to Kothari (1990) descriptive research designs are those designs that are concerned with description of the characteristics of a particular individual or a group. The study aimed to describe the responses of employees, their perceptions and attitudes regarding empowerment and provision of quality services. It also allowed the use of research instruments like the questionnaires and interviews schedule which were used to collect data for the study. This is in harmony with what Yin (2003) said that a case study is an in-depth investigation of an individual, group, institution or phenomenon. It is also used to determine factors and relationships among the factors that have resulted in the behaviour under study. The case under study is viewed as an example of a typical case of many other cases.

### 6.0 Objective 1. The extent to which banks practice employee empowerment

In order to address this objective, the researcher conducted an interview of the bank's branch manager and the employees to get general information about the bank and how employee empowerment is implemented.

#### 6.1 General information about the bank

The branch manager and the employees responded that the bank represents a financial institution that was established to provide world class banking services. The bank offers banking services like account administration, safekeeping money and valuable items or custody services. Interview report revealed that it also undertakes transaction settlement and remittance, capital and income services, corporate actions, administration, activity reporting and trustee services.

It was also established that the bank is a regional bank with branches in Kenya, Uganda, Tanzania, Rwanda and Southern Sudan which is also unique in offering personal loans to M-pesa agents and non-check-off loans termed as "Mkopo kwa wote." The interview responses showed that the market share of the bank in Eldoret is approximately 19% which has been achieved through aggressive marketing, transformation agenda, use of balanced score card as a performance measure and the bank intends to continue with the same in order to offer quality services.

#### 6.2 Management approach used by the bank

The branch manager and the employees stated that the bank empowers its employees through open door policy for employees. Employees are encouraged to do what they can so long as it can improve the quality of their services. They said that the practice is a deeply rooted conviction of the bank. It involves building confidence in employees that they have the ability for job satisfaction and challenge them

to deliver. The branch manager further explained that the bank hopes to continue with employee empowerment in the long run. She further contended that human resource department fills in the gaps in service delivery by ensuring that there are enough personnel with the ability to perform their duties. In addition, she pointed out that trust is very important for the empowerment approach to be well implemented.

The interview response established that the bank has supportive structures and technology to support the empowerment approach and the reporting lines are well structured. The branch manager further reported that despite the fact that empowerment approach is a bit costly, it is worth at the end of the day because its pros are more than the cons.

They stated that the bank has ensured that information flows smoothly between the customers and the employees through a working system and well-structured reporting lines. It was further established that the bank uses personal score card and give targets to each individual employee as a measurement for readiness to take personal responsibilities at work. They pointed out that employee empowerment is a strategy devised by the bank without any reference in Kenya. But it was very clear from the responses that employee empowerment can backfire in case of over empowering that can lead to frauds hence controls must be put in place.

### 6.3 Employee empowerment as a tool to improve performance

The branch manager acknowledged that the management believes that employee empowerment is directly related to employee performance. This is because empowering of employees builds confidence and trust in employees and gives them a feeling of ability in duties. The interviews found out that blending of new employees to the system is well structured to ensure that there is no service failure. This is done through on-job training. Smooth transfer of quality services is also ensured when new employees start from back office before being exposed to the customers for services. The interviews established that empowerment approach has enabled the bank to compete favourably with her competitors and even gain a competitive advantage in the market.

It was found out from the responses that employees are normally rewarded for their enhanced jobs and punished for their failures. This enables each employee to be highly responsible in order to utilize the powers bestowed on them well. The interview responses made it clear that in case of a service failure, the responsibility is taken by whoever caused it. If the failure is due to a system failure the bank takes the responsibility but if it is because of negligence or incompetence of the employee, he/she takes the responsibility. It was further found out from the responses that in case the employee needs to consult with the management on any issue, they can

do it so easily through their union to the management or open door policy which works well on urgent matters.

The interview responses stated that employees are empowered to serve customers with some controls to avoid cases like fraud and disorderliness. The management believes that being rated the second best in satisfying customers in Kenya is majorly attributed to the empowerment approach, but training the employees to gain more experience especially those serving customers also contribute to the success of the bank. This reveals that the management would not wholly rely on empowerment to enhance quality of services leading to limitations on full implementation of employee empowerment.

## 7.0 Objective 2: The significance of having empowered employees within the Banking sector

### 7.1 Time a customer have been banking with the bank

The researcher wanted to find out the duration the customers have been banking with the bank. The table below gives the results.

**Table 1: Time a customer have been banking with the bank**

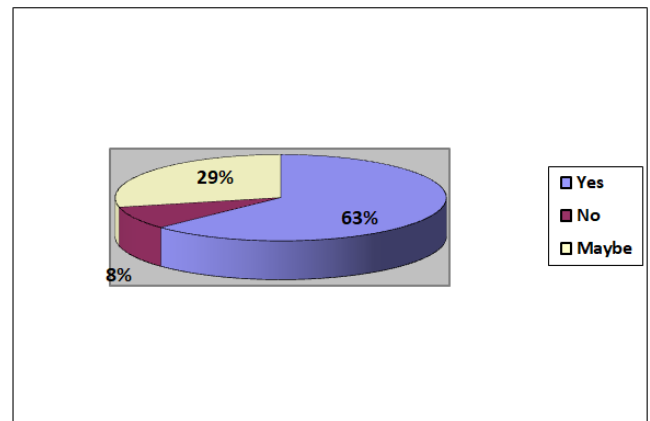
Response	Frequency	Percentage
Less than 2 yrs	15	14.3
More than 2 but less than 5 yrs	36	34.3
More than 5 yrs	54	51.4
<b>Total</b>	<b>105</b>	<b>100.0</b>

**Source:** Researcher, 2020

The above table shows that majority of the customers have been banking with the bank for more than five years and very few for less than two years and others between two and five years. It can, therefore, be concluded that most customers have been banking with the bank for over five years. This implies that the services offered by the bank are customer friendly hence retaining the existing customers and attracts some more customers. This is attributed to the empowerment of employees which motivates them to provide high quality services and treat the customers in a better way.

### 4.3.2 Customers' recommendation on another person to bank with the bank

Finding out if the customer would recommend another person to bank with the bank, the chart below shows the results:



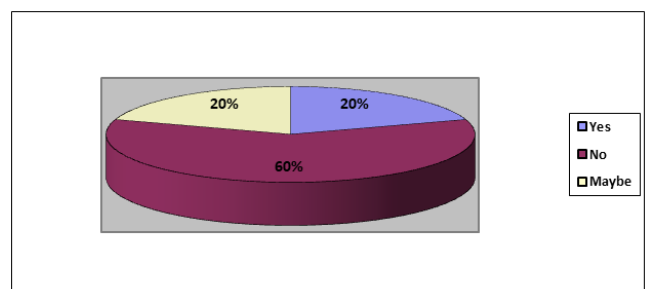
**Author:** Researcher, 2021

**Figure 1: Recommendation on another person to bank with the bank**

Most of the customers would recommend another person to bank with the bank while very few would not recommend. A very small percentage of customers were not sure whether to recommend another person to bank with that bank. This implies that the services offered by the bank satisfy quite a number of customers that they would wish that their friends and relatives have a test of the quality. It therefore follows that employee empowerment is good for attracting more customers through the existing customers. However, there was some slight dissatisfaction among the customers which was evident when some did not recommend another person to bank with the bank.

### 7.2 Customers' Preference to banking somewhere else

The researcher also collected information from customers to find out if they would prefer banking somewhere else other than their current bank. Findings are as shown in the chart below.



**Figure 4.2: Preference to banking somewhere else**

From the results above majority of the customers would not prefer to bank somewhere else other than their current bank while a few would prefer to bank with another bank. This reveals that majority of the bank's customers are satisfied with the bank's services since the employees are empowered and they provide high quality services due to the motivation they get. The few customers that are not satisfied or would just want a change might be due to their too high expectations and curiosity to know how services from other banks are.



### 7.2.1 What attracts customers to the Bank

It was also important for the researcher to know from the customers what attracts them to a bank. The table below gives a summary of the results.

**Table 2: What attracts customers to the bank?**

Response	Frequency	Percentage
No response	6	5.7
They care	42	40.0
They are timely	21	20.0
They are professional	24	22.9
All of the above	12	11.4
<b>Total</b>	<b>105</b>	<b>100.0</b>

**Source:** Researcher, 2021

On finding out what attracts customers to the bank, main qualities of an empowered employee were listed and majority of the customers got their way on describing the bank. A few did not have a reason why they were attracted to the bank. Considering the qualities listed, it reveals that employee empowerment is practiced at the bank and has enabled the employees to possess the necessary qualities to satisfy customers and improve the image of the bank.

### 7.2.2 Employees friendliness and politeness to customers

Further inquiry on the customers' reaction, the researcher wanted to know if the employees were friendly and polite. The table below gives the summary of the findings.

**Table 3: Employees' friendliness and politeness to customers**

Response	Frequency	Percentage
Always	63	60.0
Sometimes	42	40.0
<b>Total</b>	<b>105</b>	<b>100.0</b>

**Source:** Researcher, 2021

Findings above shows that many sampled customers observe that the bank's employees are always friendly and polite; a few believe that they are sometimes friendly and polite while none of them contended that the employees are neither friendly nor polite. This implies that the employees feel motivated and empowered hence believe that they are obliged to treat their clients in a manner that matches the treat they get from the management. It is therefore quite evident that employee empowerment not only stop at the provision of services but extends to the treatment of customers and hence their feeling of satisfaction.

### 7.2.3 Customers' perception on orientation of the bank

The researcher wanted to get the perception of customers on whether the bank is customer oriented or not. The following table summarizes the findings.

**Table 4: Customers' perception on orientation of the Bank**

Response	Frequency	Percentage
Yes	78	74.3
No	12	11.4
Maybe	15	14.3
<b>Total</b>	<b>105</b>	<b>100.0</b>

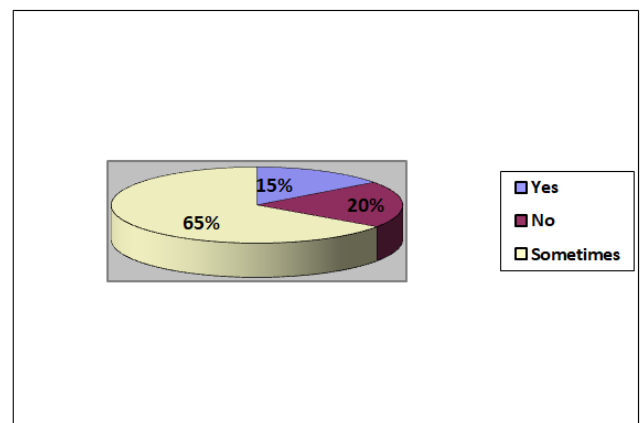
**Source:** Researcher, 2021

The above table shows that majority of the customers believe that it is a customer oriented bank, while some were not sure of the meaning of the statement and a few of them mentioned that it is not customer oriented. This reveals that the bank is a customer oriented bank meaning that customers come first and there is need to empower and motivate employees to provide high quality services that satisfy customers.

Consequently, the employee delivering the service becomes the service in the eyes of the customers. The implication of it is that, ensuring consistent service quality is challenging, and depends on many empowerment factors that cannot be controlled by the supplier (employee). The factors make consumers to rely on different cues and perspectives when evaluating services which may also influence their perception of the service quality and how much satisfaction they can derive from consuming it. This has made some of the customers to be unhappy with the bank and take it as not being a customer oriented bank.

### 7.2.4 Customers' view on employees show of concern

The study also sought to find out if employees showed concern to customers. Findings are as shown in the chart below.



**Figure 3: Employees' show of concern to customers**

Source: Researcher, 2021

From the above figure it is seen that majority of the customers believe that employees sometimes show understanding when customers seek for information. Very few customers observed that employees do not show concern when they inquire for any information. This reveals that some of the services offered by employees are unsatisfactory although they believe that it is their responsibility to serve the customers in a proper manner. This is in tandem with what Sureshchandar *et al* (2002) pointed out that service firms have a difficulty envisioning and understanding what aspects of the service that define high quality to the consumers and at what levels they are needed to be delivered. Moreover, the aspect of managing a service interaction also requires understanding the complicated behavior of employees that find its way into the customers' perception of the service quality.

#### 7.2.5 Employees' Satisfaction working with the bank

The researcher went further to determine if the employees were satisfied working with the bank. The table below shows the findings.

**Table 5: Employees' Satisfaction working with the bank**

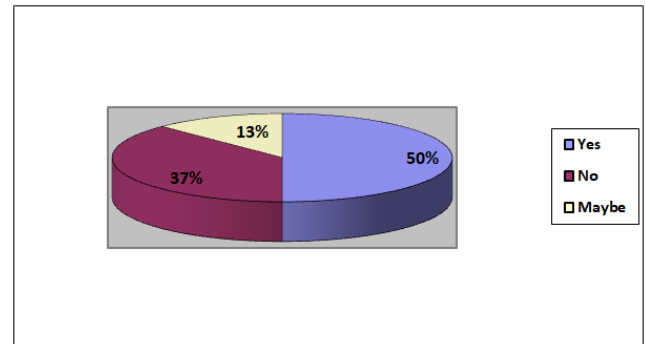
Response	Frequency	Percentage
Very satisfied	5	62.5
Satisfied	3	37.5
<b>Total</b>	<b>8</b>	<b>100.0</b>

Source: Researcher, 2021

Findings indicate that most of the employees are very satisfied working with the bank while a small number are satisfied. It was further established that none of them is dissatisfied working with the bank. This shows that majority of the employees are really very much satisfied working with that bank which is attributed to the empowerment offered to them that motivates them to have high job satisfaction.

#### 7.2.6 Employees' Consideration on working elsewhere under better conditions

The researcher further sought to find out if the employees would consider working elsewhere under better conditions. The findings are as shown in the chart below.



Source: Researcher, 2021

**Figure 4: Employees' consideration on working elsewhere under better conditions**

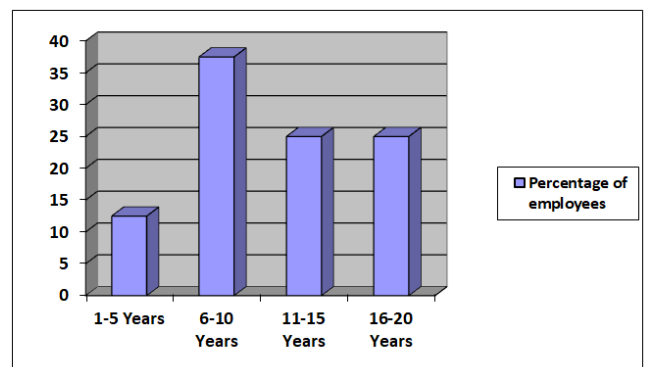
Majority of the employees would consider working elsewhere under better conditions but a significant percentage of employees would not consider that even after the promise of better conditions. These results imply that most of the employees are satisfied working with the bank. Due to the promise of the better conditions some employees would consider moving elsewhere expecting that the working conditions would be more favourable than the conditions in their current place of work. This shows that employee empowerment is not fully implemented due to the challenges it comes with. This leads to quicker and more direct response of dissatisfied employees who would consider working elsewhere under better conditions.

From the findings in the figure above, some employees demonstrated that they were satisfied with the working conditions within the bank. The implication is that there is job satisfaction amongst some of the employees within the bank. A small percentage of employees were uncertain about changing the working place to another bank.

#### 7.2.8 Duration that the employees have worked with the bank

The researcher sought to find out the duration the employees have worked with the bank. The results are shown in the figure below.

**Table 5: Duration employees have worked with the Bank**



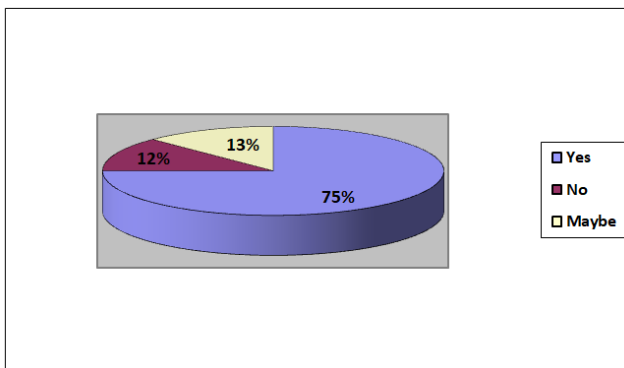
Source: Researcher, 2021

Results show that majority of the employees have worked with the bank for more than five years and all the employees have been working with the bank for one and more years.

Therefore, it is quite evident that most of the employees have been working with the bank for longer period of time. This is attributed to employee empowerment practiced at the bank that is quite satisfying hence reducing to a greater extent the employee turnover. Empowerment stems from experience, knowledge and more skills acquired by employees due to long stay.

#### 7.2.9 Employees' response to the view of the bank as the best bank to work with

The researcher sought to find out if the employees consider the bank as the best bank to work with. The following chart shows the results.



Source: Researcher, 2021

**Figure 6: View of the bank as the best bank to work with**

From the findings above, majority of employees believe that the bank is the best bank to work with while very few employees do not consider it to be the best bank to work with. This shows that the bank is the best bank to work with since the employees receive a lot of empowerment and motivation that triggers organizational citizenship behaviour from an employee. The employees feel they are part and parcel of the bank and are obliged to offer quality services to customers. A major step in transforming an organization is to empower employees to act on the organizational vision. It however does not guarantee success for organizations practicing it. This shows that employee empowerment can have both positive and negative implications to organizations practicing it. It also reveals employees' satisfaction in the bank is likely to improve confidence and quality of service.

#### 8.0 Conclusion

It is therefore evident that empowerment of employees in the banking sector is a necessity in view of the nature of service itself. Without empowerment in the delivery of intangible-dominant services like banking, employees would be bounded, lacking

confidence and creativity which could lead to under-performance during service encounters.

In banks, empowerment is at both the individual employee level and the organizational level. The employees experience a high degree of autonomy in their work; they specify the schedule of their work but in accordance with the organizational policy. They are competent and have the skills needed to deal with necessary requirements of service delivery. This is in tandem with Looy *et al* (2003) description that empowerment is a means of providing service employees with enough autonomy to allow them handle unforeseen situations such as complaints.

It is also in line with Herrenkohl's *et al* (1999) description of empowerment as employees being more proactive and self-sufficient in assisting an organization to achieve its goals. In the banking sector, the top management makes it possible for employees to gain access to information back and forth the organization and participate in the goal setting of the bank.

The relationship shows that employees are motivated to deliver their best, because they are well-informed about what is going on within the organization. This is made visible in their reward system where the employees of the Bank are part of the goal setting of the organization, and work towards achieving the general set goals. Moreover, the relationship reveals that employees feel that they are "part and parcel" of the organization and put in their best to see that the objectives of the bank are met. They have the autonomy to make decisions regarding customer service. This is in accordance with what Looy *et al* (2003) argued that the most important reason for empowerment at the individual employee level is the belief that autonomy motivates people and make them more willing to take initiatives and make decisions than being dictated to regarding their jobs.

According to Zeithaml *et al* (2006), "Satisfied employees make for satisfied customers" and customers can in turn reinforce employees' sense of satisfaction in their jobs. This can be deduced from this study as employees are satisfied working with the bank based on their responses. This was seen in the situation where the average number of years for the employees at the bank was six years because of the autonomy and freedom they have in controlling the service process. Looy *et al* (2003) also support the above when citing Schlesinger *et al* (1991) that employee empowerment enhances employee satisfaction which is caused by the attitude and autonomy given to them to serve customers using their skills and competence.

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