



EMPLOYEE COMPETENCE AND CUSTOMER SERVICE DELIVERY IN SELECTED NON-COMMERCIAL STATE OWNED ENTITIES IN KENYA

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Abstract

This study sought to investigate the effect of employee competence on customer service delivery of non-commercial state owned entities in Kenya. The study was anchored on human capital theory. Cross-sectional research design was adopted to collect data from a total population of 5 selected non-commercial state owned entities in Kenya. Respondents were randomly selected from the 5 entities using stratified sampling technique. The sample size of 44 of this study was calculated using Israel formula. Self-designed questionnaires closed-ended questions were used to collect primary data. Validity of the research instrument was measured using industry practitioners while reliability was measured using Cronbach Alpha coefficients of more than 0.7. Data was analyzed using descriptive and inferential statistics while data was presented using Tables. The results revealed a significant positive effect between employee competence and customer service delivery. Employee competencies ($r = .581, p < 0.020$). The study concluded that despite less emphasize by the government to develop employee competence, management should appreciate the role of employee competence on customer service delivery. This study recommends that, for effective service delivery in non-commercial

state owned entities in Kenya, developing employee competence is key. Further, this study contributes to knowledge by validating human capital theory thus arriving at a conclusion that, future studies should reconfigure its constructs to suit measurement of service delivery from one context to another.

Keywords: Employee Competencies, Customer Service Delivery, Human Capital, Kenya

INTRODUCTION

Recognition of human capital is considered to be the driver of organizational competitiveness (Logan, Faught & Ganster, 2011). With increased competition, globalization, accelerated technological breakthroughs and uncertain business environment (Hitt, Keats & Marie, 2012), recognition of employee competences is crucial in any system (Gilley & Rasheed, 2013). Exceed customer expectations viewed as a function of employee competence. Employees with diverse skills and knowledge have the capability to serve customers in a better way (Flavián & Guinalú, 2015). Logan, Faught and Ganster (2011) argue that effective management of employee competencies can make organizations have competitive advantage against their competitors. Ability of the organizations to adjust to changes, develop new products, minimize wastage and implement new changes are purely dependent on skills acquired by employees in an organization (Njuguna, 2014). Well informed employees can easily understand organizational policies thus dedicate their efforts towards achieving goals in a more efficient and effective manner. Increased awareness of customers on quality services has not only made companies to recognize the need or re-training workers but also motivating them (Manani, Nyaoga, Bosire, Ombati & Kongere, 2013).

Alexander and Young (2011) contend that, for any organization to navigate through unpredictable business environment investment in human capital is not optional but mandatory. Despite variations on human capital investment from one firm to another (Faught & Ganster, 2011), employee turn-over and strikes can be minimized by equipping workers with appropriate skills and knowledge. Self-confidence of workers to undertake new tasks or cooperate in the organization is determined by the level of knowledge and skills individual workers possess (Maurice, 2014). Abraham and Taylor (2013) ascertain that employees who are ill-equipped with appropriate skills and knowledge not only make companies to drag on implementing new policies but also unsatisfactory services (Njuguna, 2014).

Enhancing employee commitment in any organization is viewed to be triggered by multiple factors (Muogbo, 2013). High performance in the organization viewed to be appropriate knowledge, skills and attitude (Melchorita, 2013). Employee competence in any system is

determined by equipping workers with appropriate knowledge and skills which in turn culminate to quality of decisions (Manani et al. 2013). Rigidity of workers to embrace new reforms in any organization is attributed to inappropriate skills or poor leadership culture that do not recognize human capital in any transformation (Logan, Faught & Ganster, 2011). Employees with appropriate skills not only contribute to innovations in an organization but also represent organizational culture through the way they handle customers and provide solutions to problems. For any organization to gain a competitive edge in the marketplace, investment in human capital is not an option but a strategic intervention that revolutionizes customer experiences and overall organization productivity (Manani et al. 2013). Quality is recognized as a strategic tool for attaining operational efficiency and improved organizational performance (Gowan, Seymour, Ibarreche & Lackey, 2010). The service industry plays an indispensable role in the economy of any country. Mohamud et al. (2015) define service delivery as a model or processes adopted by firms in order present a product or service to a customer in a manner that can exceed his or her expectation. Despite the fact that service quality is measured by individual consumers from different dimensions, every organization is striving to exceed customer expectations in order to enhance loyalty and extended product use (Manani et al, 2013).

Kotler and Keller (2012) suggest that service quality entails overall judgment of the customer towards a service offered by a firm and forms basis of satisfaction or dissatisfaction. The concept of service delivery has remained an evolving ideology due to the changing nature of consumer needs and wants. A number of scholars such as Scott (2014) argue that service delivery in the private and public service sector is perceived differently. Despite continuous discourse on the meaning of quality service delivery among scholars, employee competencies are linked to customer service delivery. Flavián and Guinalú (2015) ascertain that quality of services in any organization or systems is determined by a number of factors that range from employee culture, organization policies and stakeholder involvement in the service model. Kotler and Keller (2012) suggest that service quality is a multi-dimensional facet that comprise of psychological aspects of the consumer. They contend that organizations dedicated to service delivery are always keen on developing policies that enhance customer experience, develop new products and enhance relationships through stakeholder engagement and investment in consumer research. Non- Commercial state owned entities being entities enacted by Acts of parliament in any Country, they are equally expected to maintain high level of service quality standards (Transparency International, 2017). Increased awareness of consumers on the quality of public services, States should rethink on how they can enhance customer service delivery using employee competencies.

Research Problem

Achievement of Vision 2030 initiatives by the government of Kenya is not only dependent on a sole factor but on multiple factors. Investment on human capital in both institutions of learning and at the same time within organizations is considered to influence economic stability. State entities in developed economies are ranked top in customer service delivery contrary to developing economies such as Kenya. Slow pace of economic growth in Kenya is not only attributed to inability of institutions to learning to equip graduates with diverse skills and knowledge (KIPPRA, 2017), but failure of government to create an enabling environment where industry needs are consistent with skills available. Due to the mismatch of skills and industry needs, the government not only need to allocate more funds to retrain workers on specific skills but also to reconsider changing recruitment and induction policies.

Given that little has been achieved by non-commercial state owned entities in Kenya despite budgets allocated to re-train workers, non-satisfactory of services provided and slow economic growth, it is against this premise this study sought to investigate the effect of employee competence on customer service delivery of non-commercial state owned entities in Kenya. Despite extensive studies which have been conducted in Kenya attempting to investigate the link between employee competencies and customer services delivery (Nyaboke, 2016; Mueni, 2014; KIPPRA, 2016; KPMG, 2012), it is noted that there exist discrepancies on evidence on the direct link between employee competencies on customer service delivery thus the need for this study to focus on non-commercial state owned entities in Kenya. Further, it is observed from these studies that even though the researchers have made attempts to establish the link on the relationship, still yet there exists conceptual, theoretical, contextual and methodological constraints to be addressed. Whilst, findings of global and regional studies have also failed to demonstrate a clear link between employee competencies and customer service delivery (Normans & Jeffkins, 2016; Thomsons & Rick, 2014; Rickson & Harvec, 2013; Rhumbi & Ghadhi, 2017; Mopeni, Sobi, Modi, 2014; Mohamud, Mohamud & Mohamed, 2015). It is evident that each study was confined to a different geographical and cultural environment, examined variables of this study partially and some examined the variables using indirect relationships thus non-generalizability of the findings in this study.

Research Objective

To determine the effect of employee competencies on customer service delivery in non-commercial state owned entities in Kenya.

THEORETICAL PERSPECTIVE AND HYPOTHESIS

This study was anchored on human capital theory founded by Becker (1993). The theory holds that employee knowledge and skills is a function of organizational performance if effectively managed. Employees with a mix of knowledge and skills can effectively perform unlike unskilled employees. Investment in human capital is directly associated with the output of the organization. Employees who are effectively equipped with appropriate knowledge and skills can influence organizational performance positively and vice versa. Career progression, talent management and employee trainings are all aspects that enhance organization productivity in terms of new product development, change management, quality customer service. Ability of the organization to integrate technology in the systems to enhance efficiency and effectiveness is purely dependent on employee core competencies. This theory was re-examined in this study based on the assumption that non-commercial state owned entities in Kenya in can improve their performance in terms of customer service delivery if they effectively develop employee competencies.

Employee Competence and Customer Service Delivery

Mulinge (2014) indicated that there is a positive relationship between employee training and organizational performance. Employee skill development is a tool that managers can utilize to service standards and their desired level of performance. The challenge for the organization is to design training options that give employees the information or skills they need and then measure whether those training options were effective in producing desired outcomes. Otswana (2016) established that organization having much better skilled and creative employees can easily avoid wasteful investment to improve efficiency and performance of organization. Training is the most important part of human resource management function on the effective use of human resources. Training enhances knowledge and information about a certain field and also adds advantage to networking for efficiency and performance of employees. KIPPRA (2015) concur that there is a positive correlation between strategic interventions and quality service delivery. They noted that customer satisfaction was the centric point of quality management. The concept of quality was determined by all stakeholders of the organization. The study concluded that organizations were to satisfy their customers if only invested in modern technology, employee training, visionary leadership, team work, and product innovation and consumer research.

Kwamboka (2013) on the other hand argues that employee training is considered as the process of improving the existing skills, knowledge, exposure and abilities in an individual. Mutunga (2011) established that for successful TQM implementation an organization require top

management commitment, customer orientation, continuous improvement and adoption of process approach. However, it was noted that the study focused on strategy implementation though not strategic drivers of the current study. Mueni (2014) on the relationship between quality and performance of higher institutions of learning in Kenya established that integration of technology in the system and employees training were key determinants of quality among higher institutions of learning. The study also established that employee resistance to accept new technology was a challenge to quality of education in Kenya. However, the study focused on performance higher institutions of learning and did not focus on service delivery in State owned corporations.

A study conducted by KIPPRA (2014) on the implementation of ISO practices and performance of public universities in Kenya identified that inadequate training and awareness was the key challenge to the implementation of ISO practices and performance of public universities in Kenya. However, the study focused on leadership and did not focus on employee competencies variables of the current study. Lambert and Ouedraogo, (2008) on empirical investigation of ISO 9001 quality management systems' impact on organizational learning and process performances established that need to ensure total visible top management commitment to quality, embracing customer orientation in quality issues, adoption of process approach in implementation of quality practices and ensuring existence and maintenance of continuous improvement practices for products and services was a key driver of competitive firms. However, the studies did not examine the relationship of combined strategic drivers on service delivery of State owned corporations in the ministry of industry, investment and trade in Kenya.

Kemboi (2016) suggests that the goal of employee training is to enhance the organization effectiveness. It also demands an influence on employee's performance, as well as in relation to organizational performance which is mediated by means of employee's performance. Training is a driver organizational development and competitiveness. In this competitive world, training is the key strategy to achieve the organizational objectives. Training benefits employees' performance and organizational effectiveness. Attractive employee's performance is highly demanding in this competitive world for achieving the organizational performance. Choi and Eboch (2008) revealed that employee training is considered as the process of improving the existing knowledge, exposure and general performance abilities in an individual. Training is an organized increase of the know-how skills and sensations needed for staff members to execute efficiently in the offered process, as well as, to operate in underling situation. Flavián and Guinalú (2015) argue that satisfied employees are likely to adapt to changes more easily compared to dissatisfied workers. Institutionalization and

operationalization of strategy in any organization is based on empowering staff with relevant skills to perform the task with less difficulty.

KIPPRA (2014) revealed that training employees promotes motivation among workers thus giving them the drive to accomplish their duties. Achievement in the workplace deals with the pride and sense of accomplishment employees feel about their jobs and employers. Training is one of non-financial rewards that drive and empower workers to work towards organizational strategic intent. In any organization, employee training promotes innovation and creativity, quality customer service delivery, good communication culture and high level of professionalism. Nevertheless, it was noted that the study was confined to implementation of ISO Practices in Public Universities in Kenya. Bijuna, Mohan and Sequeira (2016) noted that training is an organized increase from the know-how skills and sensations needed for staff members to execute efficiently in the offered process, as well as, to operate in underling situation. Moreover, it also enhances the capabilities of panel of employees in very effective way by motivating them and transforming them in to well organize and well-mannered, that ultimately affects the performance of the organization. Given inconclusive findings from these studies, it was against this background this study formulated the following hypothesis:

H_{01} : There was no significant relationship between employee competencies and customer service delivery in non-commercial state owned entities in Kenya.

METHODOLOGY

Cross-section research design was adopted in this study. The target population of this study consisted of 50 respondents selected from 5 non-commercial state owned entities in Kenya. The unit of analysis was non-commercial state owned entities in Kenya while unit of observation was employees. Random and stratified sampling techniques were used in selecting respondents from top, middle and lower levels of management. Israel (2009) formula was used to calculate the sample size of 44 respondents. Respondents of the study comprised on directors, managers and administrative officers.

Self-designed structured questionnaire with closed-ended questions was used to collect the primary data.

Analysis of data was conducted using descriptive and inferential statistics. Multiple regression was conducted at 95% confidence level and the regression model of the form was:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where; Y is non-commercial state owned entities in Kenya β_1 is regression coefficients, X_1 is regression coefficients, ε is the error term.

The response rate was 88% (44 respondents) while the non-response rate was 22% (06 respondents). The response rate of 88% was considered appropriate as it is consistent with Crowther and Lancaster (2012) who recommend that a response rate above 50% is considered appropriate in scientific studies and vice versa.

FINDINGS

Table 1: Employee Competencies Results

Statements	Mean	SD
I have insights of customer needs	4.41	.780
My corporation promotes workers based on performance	2.11	.884
My managers are willing to delegate duties	2.07	.587
I have analytical skills of making independent decisions	4.28	.687
I always attend workshops on improving service delivery	2.80	.673
Employees sponsored to advance their careers	2.11	.596
I have the freedom of consulting my immediate supervisor	2.03	.245
I have the freedom of sharing information with other members of staff	2.98	.139
There are career progression prospects in my corporation	1.89	.664
Newly recruited workers are inducted effectively before duty allocation	1.11	.781
I have the required skills to interact with the system	1.11	.234
I am assigned duties relevant to my qualifications	1.05	.213
Aggregate Mean Score	2.48	0.062

Table 1 shows the pertinent results provided by respondents after being asked to indicate the extent to which they agreed employee competences influenced customer service delivery in the ministry of industry, investment and trade in Kenya. The results revealed that the mean score for the 10 out of 12 statements was less than the 2.00 which meant that most of the employees disagreed with the statement while the rest either agreed or were neutral. The aggregate mean score of 2.48 reveals that non-commercial state owned entities in Kenya did not equip employees with appropriate skills and knowledge to perform.

The results indicated that to a larger extent managers were not willing to delegate duties to junior employees, employee were assigned duties which they did not appropriate skills to perform effectively. Most of the workers were not sponsored to advance their studies and employee were not promoted based on their performance. These findings imply that even

though employee competences are associated with customer service delivery from one organization to another, the entities were not in a position to equip employees with appropriate skills and knowledge to perform effectively. These findings are consistent with that of Nor et al. (2010), Ofunya (2013), Okibo and Agili (2015) and Ombui and Mwendu (2014) who acknowledge that employee competences are directly attributed with organizational performance. The authors postulate that employee with appropriate skills are highly creative and innovative unlike untrained workers.

Table 2: Correlations Analysis

Variable	Pearson Statistics	1	Employee Competencies	Customer Service Delivery
	Sample size	143		
Employee Competencies	Pearson Correlation	.152**		
	Significance (2-tailed)	0.000		
	Sample size	143		
Customer Service Delivery	Pearson Correlation	0.032	.581**	1
	Significance (2-tailed)	0.000	0.020	
	Sample size	143	143	143

**Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

Pearson's product correlation analysis was used to assess the relationship between the predictor variables (employee competence) on the dependent variable (customer service delivery in non-commercial state owned entities in Kenya) as shown in Table 2. The results indicate that there is positive significant relationship between (employee competence) on the dependent variable (customer service delivery). Employee competencies ($r = .581$, $p < 0.020$) at the 0.05 level in a two tailed test. These results imply that there exists a strong positive relationship between employee competencies and customer service delivery in non-commercial state owned entities in Kenya.

Testing of Hypotheses

H_{01} : There is no significant relationship between employee competencies and customer service delivery in non-commercial state owned entities in Kenya.

Table 3: Regression Results of Employee Competence and Customer Service Delivery

(a) The Goodness of Fit

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.672	.491	.435	.04339

(b) The Overall Significance

Model		Sum of Squares	df	Mean Square	F-value	Sig (p-value)
1	Regression	.053	1	.053	27.985	.000
	Residual	.064	49	.002		
	Total	.117	50			

(c) The Composite Score Test

Model		Unstandardized Coefficients		Standardized Coefficients	t-value	Sig. (p-value)
		B	Std. Error	Beta		
1	(Constant)	.346	.071		4.849	.000
	Employee Competencies	.447	.084	.572	5.110	.000

Predictor: (Constant). Employee Competencies

Dependent Variable: Customer Service Delivery

The findings in Table 3 indicate that the relationship between employee competencies and customer service delivery is statistically significant. It explained 49.1% of variation ($R^2=.491$). The standardized regression coefficient (β) value of the computed scores of employee competencies was .572 with a t-test value of 5.110 and a significance level of p-value=.000. The null hypothesis was rejected at 95% confidence level and the study concluded that employee competencies had a statistical significant effect on customer service delivery non-commercial state owned entities in Kenya.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The study established that there exists a significant positive relationship between employee competences and customer service delivery I non-commercial state owned entities in Kenya. However, it was revealed that that despite the fact that employee competencies influenced customer service delivery, to a certain extent the ministry did not empowered workers with

appropriate skills and knowledge. It was pointed out that some employees were not equipped with IT skills, delegation of duties was rarely practiced by managers, employees were allocated duties and responsibility with little emphasize on their competence and areas of specialization. The study concludes that even though employee competencies influenced customer service delivery, employee of the ministry of industry, investment and trade in Kenya were not empowered appropriated in order to perform effectively. Issues of delegating duties, equipping employees with appropriate knowledge and skills not only need to be addressed but also supported by top leadership in the system. Underperformance of the ministry was not only attributed to lack of employee empowerment but also lack of good will from top leadership to promote employee knowledge and skills.

This study established that of the non-commercial state owned entities in Kenya were underperforming due to challenges of training, delegating duties and lack of good will from top leadership to promote the knowledge and skills of workers. Therefore, this study recommends that the government should allocate adequate financial resources to re-train employees in diverse areas of management thus enhanced performance of the corporation. The government should establish policies that encourage workers to further their studies and promote workers based on competence and performance but not on political affiliation. Further, this study recommends that for effective performance of the corporation, top leadership should ensure employee are sensitized on new changes and a clear model of implementing change is established to ensure that results of change implementation are felt by various stakeholders. Leaders should ensure the employees are part of any change process and frequent feedback and communication is maintained to promote employee teamwork thereby improved performance of the entities.

FUTURE RESEARCH

Due to constraints of operationalizing and conceptualizing employee competencies and customer service delivery metrics in this study, future studies should seek to adopt different theories to confirm consistency of the results. Similar studies should be replicated in among private entities in the service sector to confirm reliability of the results. Researchers should seek to examine integrated relationship by introducing moderating or mediating variables in the relation. Longitudinal research design and structural equation modelling need to be adopted to examine the effect of employee competencies on customer service delivery on the long-term view.

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