THE IMPACT OF EQUITY BANK SERVICES ON INDIVIDUALS AND ORGANIZATIONAL PERFORMANCE WITHIN NAIROBI

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ABSTRACT: This paper presents a well elaborate study on the impact of Equity bank services on individuals and organizations performance. It will seek to highlight the effects of the decision making by the top management and the effects of the strategic decision making by the leadership. An evaluation will also be carried out to ascertain the results obtained as a result of use of modern technological innovation within the banking sector and in Equity bank in particular. The target population included the 240 staff from the Equity bank of Kenya in the NCBD and its environment as well as he head office. A sample of 20% (48 respondents) was selected using stratified random sampling from within each group in proportion. Both qualitative and quantitative data was collected by aid of both primary and secondary data. Data was analyzed using SPSS software and presented through aid of frequency tables and charts. The study established that innovation is the reason behind the flourishing and top market leadership position of equity bank. Technology was highly rated to be influencing the success and high performance of Equity bank. On the relationship between consumer relations and success of Equity bank, most of the respondents argued that consumer relations affect the high performance of the management. Majority of the respondents attributed employee competence to high organizational performance in equity bank.

Key Words: Customer Relationship, Technology, Organizational Performance

1. INTRODUCTION

Due to high demand of financial services and security by people within Nairobi who are mainly small business entrepreneurs by the reason of operating mostly as sole proprietors and partners. Equity bank retains a passionate commitment to empowering its client to transform their lives and livelihoods through a business model that is anchored on access, convenience and flexibility of their services. The bank has evolved to become an all-inclusive financial services provider with growing pan-African footprint in Nairobi. Equity Bank's businesses model and its visionary leadership has continued to earn recognition in Nairobi.

The high level of economic activities within Nairobi caused Equity bank to establish the equity group foundation in 2010. This innovation and creative vehicle has fully transformed the concept of social responsibility, while Equity group foundation champions the socio-economic transformation of the people the socio-economic transformation of the people of Nairobi and seeks partnership. In addition Equity bank has been involved in socio-economic activities such as education and leadership development, financial literacy and entrepreneurial development, agriculture, health, innovations and environment which Links and booms (1983) attribute to quality service delivery and thus positive long-term relationship between organizations and their customers which results in increased firm profitability.

Since the cost of operating and maintaining the business activities is very high therefore many businesses enjoy a greater goodwill. This has encouraged people to migrate from the rural areas to Nairobi, which has led to the increased level of unemployment and high demand for housing (Taborda, 2000). Equity bank has encouraged the people to save their money through deposits with the bank both in form of mortgages for home ownership plan and also for developing the business. Consequently this has enabled the efficient financial flow from the savers to the lenders. Due to the increased customer base Equity bank was recognized amongst Kenya top tax payers in November 2013, because the bank is committed to continue upholding the highest standards of corporate governance and to make a contribution in building the nation.

Therefore, due to the increased customer relations and expansion of the bank's operations, it emphasizes on various parameters including customer care services, innovative and outreach (Lawler, 1999). The bank will also continue to make significance impact in business through economic growth by creating employment and spearheading innovation in the African continent having the most influence on the event of the years gone by. This new trend in Equity bank has facilitated out need to conduct the research study on the impact of Equity bank services on the individual and organization's performance.

The first critical success factor of the bank is about an organization culture that values people, enhances performance and supports the business (Avolio, 1999). This has led to the greater extent of the bank to utilize its human resources in decision making since their proposal are highly considered the staff are influenced positively because their skills and efforts are recognized by the equity bank.

Proper decision by the top management team and also incorporating the decision of the other staff has greatly influenced the organization performance. Equity bank group as a financial service provider has reported a 20% annual profit growth margin for the period ended 31st march 2016. The profit before tax increased from kshs. 6.1 billion To kshs. 7.3 billion While a profit after tax rose from 4.3 billion to Kshs 5.1 billion for the same period last year (Equity Bank Report, 2016).

The bank restructured its balance sheet to take full advantage of the prevailing micro economic environment and optimize on earning cash and non cash equivalent which are non-earnings were reduced by 22%. The deployed investment in government securities that grew by 28% to take advantage of the prevailing high interest on treasury bills and bonds of nearly 20% complementing a 22%. On the other hand the deployed investment in government securities that grew by 28% to take advantage of the prevailing high interest rate on treasury bills and bonds of nearly 20% complementing a 22%. The growth in loan book to deliver 36% growth in interest income and growth yield on interest earning assets from 12.5% to 14.5% (Equity Bank Report, 2016).

The bank maintains efficient operations driven by high quality loan book. Non-performing loans stood at 3.8% against non-performing loans of 4.3% similar period last year. Strong governance structure that outlaw inside trading and borrowing by directors with a strong code of conduct and ethics. The policy and proactive intelligence risk culture of accountability have differentiated the bank and given the public confidence at a time the banking industry is going through challenging times. The improving micro-economic environment characterized by declining inflation, declining current account deficit, stable foreign exchange and declining interest rate is likely to spur continued growth.

This study was aimed at determining the influence of the top management of Equity bank on its performance, assessing the extent to which top management of the bank are used to make strategic decision, determining the influence of top management's demographic and cognitive characteristics on organizational performance and evaluating the influence of top management on organizational decision making.

2. LITERATURE REVIEW

2.1 Agency banking in Kenya

Agency banking took effect in Kenya in May 2010 after the publication of prudential guidelines by the central bank of Kenya. Agency banking is a category in banking that is branchless where third parties are used by the bank in performing some of the activities that are traditionally performed in banking halls by bank personnel (King'ang'ai et al., 2016). In a research conducted by the Central Bank in Nigeria (2013), agency banking is described as the provision of the authority by bank to a third party so that he or she can serve the bank customers on its behalf. In addition, agent banking can also be described as the use of a third-party agent licensed by the particular bank or any other prudentially regulated financial firm to provide banking services to its customerson its behalf (Oxford Policy Management Ltd, 2011).

Ndungu and Wako (2015) describe agency banking as the use of third party licensed agents to provide the bank's customers with certain services on behalf of the bank . Also known by the term correspondent banking, agency banking is a model that allows the delivery of financial services to bank customers located in areas where banks may be uneconomical running a branch.

This model as Rezwan and Sandip (2015) outline holds great potential in revolutionizing the banking industry and significantly help close the delivery gap. To be in a position to offer the services, banks provide the agents with reader devices at point of sale, bank agent, and a barcode scanner necessary for scanning bills paid through them. Clients accessing the services from an agent make use of the banking agent provided to them by the bank to enable them have access to their bank accounts or electronic wallet respectively (Njogu & Wanyoike, 2014). Agent banks provide regular banking functions such as deposit taking and withdrawals, disbursing and also repayment of loans, payments of salaries, payouts of pensions, transfer of funds as well as issuing of mini statements through an infrastructures of a shared nature (Mosoti & Mwaura 2014).

Agency banking as a strategy of expansion depicts its concept from the branchless banking model into which the wordings are will use interchangeably. Agency banking also assists decongesting banking halls by letting the customers receive banking services elsewhere (King'ang'ai et al., 2016). Agency banking makes it possible for customer of the bank to have access to the banking services within reach and at the very comfort of the neighborhood. Agency banking has dramatically led to significant reduction in the total costs that go with financial services delivery especially to people in grassroots where it's hard to run bank branches profitably (Kingori & Gekara, 2015). The agency gives customers a chance for ease accessibility of financial products and related services at a places that are proximal and within reach by the customer. Such an opportunity eliminates barriers such as accessibility and timeliness of service delivery (Mutie, Bichanga & Mosoti, 2015).

2.2 Customer Relationship and Use of Technology

The role of Technological innovations on efficiency and cost reduction in the banking sector is paramount for the successful and profitable service delivery in the sector. Kenyan commercial banks have continued to use huge investments in technology based innovations and training of man-power to handle new technologies.

The advancement in technology has provided an opportunity for financial service provides to introduce great innovations (GU, lee & such, 2009). The Kenyan banking sector is embracing digital technology with its due advantages. Internet banking offers the traditional players in the financial services sector the opportunity to add a low cost distribution while designing a digital system hence putting customers' needs into consideration. It also creates a threat to traditional banks, radically changing business models and redefining customers experience in adoption among Kenyan commercial banks

Delivering quality service means conforming to customer's expectation on consistent basis, hence longer relationship (Links & Booms, 1983). Regardless of the types of services consumers use basically similar criteria in evaluating service quality. These criteria seem to fall into seven key categories which are labeled service quality determinants namely: reliability, responsiveness, access, communication, credibility, security as well as understanding the customer (Parasuraman *et al.*, 1985).

The convenience strategic implications and customer perception of M-banking services are explored value creating a better understanding about the customer perceived value of M-banking services. For instance, mobile banking has been quite population in Japan especially for the young and single consumers. This also applies in the case of equity bank.

According to International journal of innovative research of March, 2013; The M-banking, M-payments, M-transfers and M-finance refer collectively to a set of applications that enable people to use their mobile phones to manipulate their bank accounts, store value in an account linked to their handsets, transfer funds, M-banking or even access credit or assurance products. The first target for these applications was consumers in a developed country and it is done by complementing services offered by the banking system, such as check books, ATMS, voice mail/landline, interfaces, smart cards, print of sale networks, and internet resources, the mobile platform offers a convenient additional methods for managing money without handling cash, (karjaluoto, 2002).

For users in the developing country, on the other hand, the appeal of these M-banking and M-payments systems may be less about convenience and more about accessibility and affordability (Cracknel, 2004). Mobile phone operators have identified M-banking and M-payments systems as a potential service to offer customers, increasing loyalty while generating fees and messaging changes. Partnership between Equity bank and telecommunications provider has facilitated new service and offer a way to transfer money from place to place and provides an attractive opportunity to the payment system offered by the bank's mobile banking that is indeed effective on cost and dispenses services.

3. RESEARCH METHODOLOGY

The study adopted a descriptive design with an exploratory view which sought to provide an insight and expand the understanding of the management capabilities and leadership strategies used in Equity bank. The study's aim was to establish which and how these capabilities affected the operations and thus defining who and how much of the operations phenomenon and the question of study.

The target population included the 240 staff from the Equity bank of Kenya in the NCBD and its environment as well as he head office. A sample of 20% (48 respondents) was selected using stratified random sampling from within each group in proportion. This is because the household the Equity bank staff members were so many and to save time and cost involved, it was prudent to use sampling method.

Both primary and secondary data was collected for this study. The primary data sources used includes: Groups: e.g. the information acquired from students who have been sponsored by the equity bank foundation and how they have been successful through sponsorship throughout their lives; Panels; Joint financial advisors and sponsoring stock brokers was to investigate the banking sector in the country and Individuals; before the group information was aggregated each element of the group was interviewed and the report obtained.

The secondary sources comprised database e.g. the financial reports available and view of the both the public, senior staff and other subordinates, Institutional records such organizational charts, records of services provide manuals and standards of the bank and the mission, vision and culture of the equity bank and books. Data was collected by interactive voice responses, self administered questionnaires, computer assisted personal interview and computerized self administered questionnaires.
Collected data was edited and coded for correctness before being analyzed by SPSS software. Analyzed data was presented in the form of frequency tables and charts.

4. FINDINGS AND CONCLUSIONS

4.1 Response Rate

The findings on the response rate reveal that 85% of questionnaires issues to respondents were returned. This response rate is good and perfect as seconded by Mugenda and Mugenda (2003), who argues that a response rate of 60% is good and one which is above 70% is perfect. Since the response rate was 85%, this can be concluded to be excellent representation. This is represented in the table 4.1:

Table 4.1: Response rate analysis

Response	Frequency	Percentage
Returned Questionnaires	210	85
Unreturned Questionnaires	30	15
Total	240	100

4.2 Gender of Respondents

On the gender of respondents, the study noted that 75% of respondents were male while only 25% were female. The study raises inferences on the need to work on gender balance but for the purpose of this study, the researchers can inference that both genders were well represented. The above narration is explained by the illustration 4.2 below:

Table 4.2: Gender of Respondents

Response	Frequency	Percentage
Male	180	75
Female	60	25
Total	240	100

4.3 Age of Respondents

On the age statistics of respondents, it was noted that many respondents were of the age 19-30 years. The study was therefore pioneered by a vibrant group of respondents who are energetic and focused to grow their careers to the next level. The rest of the respondents were also represented: there was no respondent under 18 years, 33% of the respondents were 31-40 years, 19% of the respondents were 41-50 years and 10% of the respondents were above 50 years. This is illustrated in the figure 4.1 below:

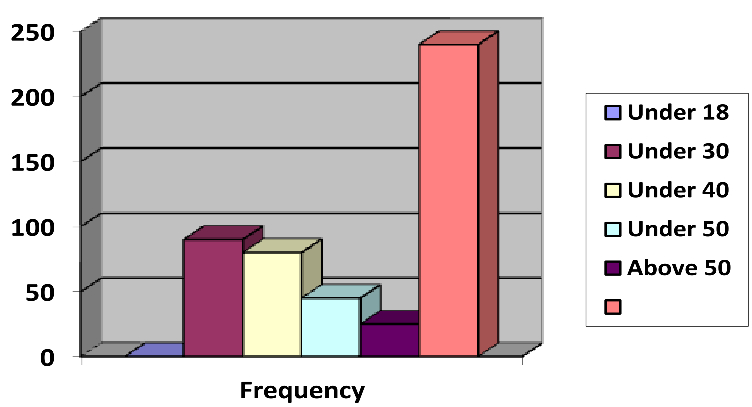

Figure 4.1: Age of Respondents

4.4 Education Level of Respondents

The study established that majority respondents were university graduates as represented by 50% rating while the lowest among them were secondary level finalists as represented by 13% rating. This reveals that the respondents were well qualified to answer the study questions and hence the minimal study requirements. This is illustrated by table 4.3:

Table 4.3: Education Level of Respondents

Response	Frequency	Percentage
Primary level	0	0
Secondary Level	30	13
Tertiary/College Level	50	20
University	120	50
Others	40	17
Totals	240	100

4.5 Position Status of Respondents in Equity Bank

The study established that many respondents were from the lower level of management as represented by 42% followed by the middle level of management as represented by 32% and finally the senior level of management were the least as represented by 26%. The statistics reveal that all management levels were well represented in this study as illustrated by figure 4.4:

Table 4.4: Position Status of Respondents in Equity Bank

Response	Frequency	Percentage
Senior Management	63	26
Middle Level Management	77	32
Lower level Management	100	42
Totals	240	100

4.6 Innovation and Success of Equity Bank

Reference table 4.5 reveals that majority of the respondents (59%) strongly agreed that innovation is the reason behind the flourishing and top market leadership position of equity bank while 31% agreed that innovation influences the success of the Equity bank. Only 4% disagreed and 6% disagreed as illustrated by table 4.5:

Table 4.5: Innovation and Success of Equity Bank

Response	Frequency	Percentage
Strongly Agree	85	59
Agree	50	31
Strongly Disagree	19	6
Disagree	6	4
Totals	160	100

4.7 Technology and Success of Equity Bank

According to the reference table 4.6, most of the respondents (46%) agreed, 34% strongly agreed 16% disagreed and 4% strongly disagreed that technology influences the success and high performance of Equity bank. It implies that majority were in agreement that technology affects the choice of the technological strategy to be used. This is hereby illustrated in table 4.6:

Table 4.6: Technology and Success of Equity Bank

Response	Frequency	Percentage

Strongly Agree	54	34
Agree	76	46
Strongly Disagree	26	16
Disagree	10	4
Totals	166	100

4.8 Consumer Relations and Success of Equity Bank

On the relationship between consumer relations and success of Equity bank, most of the respondents (57%) agreed, 29% strongly agreed, 10% strongly disagreed and 4% disagreed that consumer relations affects the high performance of the management. It implies that majority were in agreement that consumer relations between the Equity bank's management and employees and the customers always affect the performance. This is illustrated in table 4.7 below:

Table 4.7: Consumer relations and Success of Equity Bank

Response	Frequency	Percentage
Strongly Agree	40	29
Agree	80	57
Strongly Disagree	15	10
Disagree	5	4
Totals	140	100

4.9 Employee Competence and Success of Equity Bank

Reference table 4.8 reveals that majority of the respondents (59%) strongly agreed 30% agreed while 4% disagreed that employee competence affects the performance. This shows that employee competence affect the top management and the employees. This can be properly explained by the cognitive characteristics that make the people in the management. This is illustrated by the table 4.8:

Table 4.8: Employee Competence

Response	Frequency	Percentage
Strongly Agree	88	59
Agree	42	30
Strongly Disagree	15	11
Disagree	5	4
Totals	150	100

5. **RECOMMENDATIONS AND AREAS FOR FURTHER RESEARCH**

5.1 Recommendations

The following recommendations were made:

i. It's therefore recommended that banks should adopt a risk-based approach to the supervision and regulation of agency banking.
ii. Enough security measures should be put in place. Agency banking as branchless banking model has enabled banks to reach the unbanked population. Its therefore critical that banks should allow agents to be more financially inclusive than just offering the cash transfer services agents should be able to covert cheques into cash, deal with foreign currently exchange among other services.
iii. The selection criteria of agents should be restructured so as to favors heavy cash operations in order to meet the demand of cash availability as well as handling large transactions.
iv. The bank should strive to look for more shareholders by increasing the issuance of its share to the public so as to continue increasing its capital base.
v. Equity bank should be able to come up with a unique strategies that the competition does not practice such as creativity, social responsibilities, customer retention, E-marketing and organizational relationships.
vi. For innovation to yield optimum impact, firms have to invest in market research so as to understand the industry, competition and customer's expectation. A close interaction with customers provides the most effective platform for market research.

vii. The banking sector and other organizations should invest in knowing their customers since they provide early warning signals about the products quality and timeliness.

viii. Many banks today are moving away from traditional practices and adopting forward thinking best practices to support profitability value. These best practices should be applicable to every area of banking as to the industry changes.

5.2. Areas of Further Research

The study was limited to Equity bank Kenya only in Nairobi area where the study was to examine the impact of Equity bank services to the individuals and organization within Nairobi, an also the role of leadership in the management of strategic change. A similar research should be conducted in a different context in order to affirm the findings of this research as well as other researchers who have done the same research.

The study recommends the need for further research to establish the leadership style most suited for managing change efficiency in organizations. While the numerous positive outcome of transformational leadership are indeed impressive including positive effect of follower's effort, performance job satisfaction and organization commitment and leadership effective during period of organization change, the literature remains surprisingly deficient in studies that examine the ethical values and moral underpinnings of transformational leadership.

Leadership research is also needed to link the specific leadership styles of leadership to follower attitudes in organizations.

Finally future research is needed to further clarify the specific moral and ethical qualities of transformational leaders such as integrity, self-transcendent values and compassion which may offer stronger explanation power of leadership style, follower attitudes and consequential behaviors. Overall, the future study of transformation from continuing empirical efforts to better understanding how specific behavior styles are linked to successful management of change.

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