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INFLUENCE OF STRATEGIC OPERATIONS ON SERVICE DELIVERY OF VILLAGE BANKS IN NANDI COUNTY, KENYA

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ABSTRACT

Village banks are positioned in domicile to aid convey financial transactions amenities to affiliates living in rural communities. However, they have often been marred by a number of complaints from the clients due to their feeble service delivery. Therefore, the purpose of the study was to investigate influence of strategic operations on service delivery among village banks in Nandi County. The study was guided by the following research question; capacity utilization influence service delivery among village banks in Nandi County? The study was guided by Institutional Theory by Hoffman. Ex-post-facto research design was adopted in the study. The target population of the study was 257 with a sample size of 154. Simple and systematic sampling techniques were used as sampling methods. Questionnaires and interview schedules were used as data collection instruments. Content validity was established through consultation with experts while Cronbach's alpha method was employed to test the reliability of the data collection instruments. Qualitative data was analyzed by use of thematic analysis while quantitative data was analyzed using descriptive and inferential statistics. Descriptive statistics were presented in form of frequencies, percentages and means. Multiple regression analysis was employed to test the relationship between the independent and dependent variables. The study found out that there was a significant and positive relationship between capacity utilization at (p=0.028) and service delivery among village banks. The study concluded that on technological advancement, consumer choices and preferences in transaction-based e-services change with technology in service delivery, management skills on service delivery, the role of leadership in organizations was to put structure and order, To ensure customer retention and improve on competitiveness, banks had to regularly provide access to funds to the consumers and on organization design and service delivery, employee satisfaction was significantly related to service quality and to customer satisfaction. The study recommended that there should continuous improvement of the available technologies, employment of competent managers and capacity utilization of available resources to improve on the service delivery of village banks.

Keywords: *Strategic operations; Capacity utilization and service delivery*

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INTRODUCTION

Village banks are microcredit associations found locally within bucolic communities. They maneuvers as microcredit institute whereby monetary amenities are overseen locally rather than consolidated in an official bank. Premeditated maneuvers entail of occupational stratagems the village banks could employ to propagate and bourgeon as an association. Premeditated maneuvers are fragment of the scheduling progression that synchronize maneuvers in a determination to accomplish directorial goals. There are a number of aspects that regulate these strategic operations and any bank has to cram, espouse and reorient themselves to the fluctuating environs to restrict the effects of these procedures (Burns, 2015).

Internationally, banks proactively engross themselves in stratagems that empowered them to respond to the professional environs defies (Bijapurkar, 2014). Operational strategies such as technological impingements, administrative design, management skills and capacity utilization are comprehended as momentous occupational approach for elongated duration professional accomplishment. Voluminous, multi-national Corporation that have subscription to greater eminence have developed to be market leaders. They are remunerated with elevated revenues and growth as a result of accurately managing their operational tactics in line with the bazaar prerequisites of their clienteles (Scott, 2013).

According to Neely, Adams and Kennerley, (2012) establishments such as Google and Cables News Network (CNN) have unremittingly delivered outstanding amenity to clienteles and have persisted on the forefront of other syndicates. These companies have undoubtedly demarcated and tracked their premeditated maneuvers to guarantee they persisted on top of the souk. Other corporations such as Salesforce.com and Amazon.com have also been thriving for the reason that their premeditated maneuvers such as innovation to augment amenity eminence are exemplary (Neely *et al*., 2012). With an upsurge prerequisite to discourse attractiveness, jeopardies, eminence declaration, bazaar evidence and interdependence mainstream banks, village banks are obligated to provide eminence amenities for the customers and other stakeholders.

According to Kadir Rahmani and Masinaei (2011) punters' mindfulness of eminence services have forced voluminous banks to pay more contemplation to amenity conveyance approach. Mainstream of the village banks are tapping up additional approaches to preserve prevailing clienteles rather than to procure newfangled ones. This is accredited to the fact that the price tag of procuring one newfangled clienteles is grander than price tag of retaining prevailing ones (Safwan, Rehman, Afzal & Ali, 2010). In India, co-operatives are inimitable as they were instigated and buttressed by communal commercial prerequisites and ambitions. They are fundamentally prosperity focused rather than profit-oriented. They are also legally supported by the government.

Notwithstanding all of this is overshadowed by these cooperatives complications such as derisory capital, underprivileged affiliate involvement, absenteeism of mutual marques, derisory administrative abilities, venality and deceptions. This has engendered ineptitude and nonexistence of attractiveness of these establishments (Siddaraju 2012). Owing to sprouting predispositions in expertise and purchaser consciousness, amenity conveyance amongst clienteles has converted progressively arduous (Ghost & Gnanadhas, 2011). Commercial is won or lost grounded on the eminence of amenity conveyed (Ahmed, 2010; Munusamy *et al*., 2010). So, as village banks are trying to maximize their competitive advantage, development of strategic operation strategies could be the only way to win their customers (Spekman, Lynn & MacAvoy, 2010).

On the global perspective, eminence amenity conveyance in village banks are progressively flattering precise imperative to heterogeneous counties. In Malaysia for example, village banks are community-based, devour autonomous pedigrees, malleable and have partaking participation which varieties them well suited for economic growth. We foster the spirit of the society, identity and social organization as well as aid in alleviating poverty, job creation, economic growth and development. Nonetheless, there are many issues facing cooperatives in Malaysia, such as lack of capital, inappropriate governance, poor financial performance, managerial inadequacies and non-compliance with the 1993 Cooperative Societies Act and its relationship (Tehrani *et al*., 2014).

The banking industry in Kenya has found it indispensable to encirclement business amalgamation as one technique of retorting to the fluctuating necessities of the clienteles. Fashionable clienteles have converted supplementary knowledgeable and necessitate resourceful and quicker amenity conveyance than previously. Nyaoke (2007) designated that there are approximately defies that are stumble upon by the banking industry in Kenya such as currency decontaminating, liquescency, toning properties to accountabilities, antagonism and truncated bazaar progression. Defies such as money decontaminating are effortlessly flabbergasted once banks clinch incorporation since innumerable subdivisions are able to share physical stretch info.

In Sub- Saharan Africa, judicious price tag is one of the foremost intentions in any village bank. Thus, a corporation's capability in controlling its apprehensive with corresponding its capability of the operational structure and the mandate positioned on that organism by the clienteles. It encompasses verdict making on matters connecting to forecasting, scrutinizing and heightening capability to gratify ultimatum in a timely manner and at a realistic price. The firm's aptitude to encounter ultimatum prognostication can influence its purchaser consummation which in turn is predisposed by amenity conveyance structure that is in domicile (Mwangangi, 2015).

According to Musyoka (2014), utmost clienteles wish virtuous amenity to inferior charges. Corporations that give supplementary amenity reimbursements are prospective to be conquerors. They have a competitive advantage over competitors. In precise, customers wish superiority amenity when the charges and other rate elements are apprehended constant (Turban, 2002). Voluminous amenity establishments are rejoining to the aptitude of the premeditated sway of eminence, treating it as an appreciated tool. Conveying superiority amenity to clienteles is precarious for accomplishment and persistence of any occupational institute in today's competitive corporate environs. Numerous banks pledge to the statistic that elevated level if amenity conveyance lead to grander purchaser trustworthiness and forthcoming income (Bahia, 2010). To accomplish amenity eminence, establishments contemplate a number of premeditated concerns to inspire their maneuvers and to make them continue pertinent in the sooq. Premeditated maneuvers instigated by a firm are determined by dynamics particularly in the in-house environs which these organizations have control over (Scott, 2013).

In Nandi County, financial enterprises have made in-roads in various regions of the county especially in agricultural rich areas to support village bank members' activities. Nandi County is one such region that has witnessed a rise in the number of village banks in the region. The village banks have developed strategic operations to raise the level of services offered to their targeted groups by understanding client needs and offering them in the right manner. Microfinance was formally initiated in but did not take off. But it has experienced rapid expansion over the previous decade and holds significant promise. By the end of 2010, there were 2 million active borrowers in village banks, along with 3.2 million active savers and 3 million insurance policy holders.

The goal of village banks is to make retail markets for financial products and services work more efficiently, thereby helping retail customers get a fair deal (Burns, 2015). The service sector is designed to meet the needs of a large customer base and provides an excellent framework for customer service quality research. It is against this backdrop that the study was conducted to investigate the influence of strategic operations on service delivery of village banks in Nandi County.

Statement of the Problem

For the success and survival of any company in a competitive environment, providing quality service to customers is crucial. Organizations must strive to deliver quality services in their respective industries (Buttle, 2013). Village banks in Kenya faced a number of challenges inherent in service delivery which includes poor record keeping, loan backlogs, high levels of analphabetism among members, audit arrears, deficit in leadership, poor capacity utilization and heavy taxation.

In addition, inadequate capacity utilization compromises village banks' ability to service loans from commercial banks, the ability to recruit qualified and competent workers and the loss of members ' share value and the lack of protection for potential losses arising from inadequate cash flow management and village bank employee turnover (Mvula 2013). Village banks in Nandi County have witnessed increased complaints from members on the mode of services offered, their untimely nature among other inefficiencies could be perceived as the result of low sales turnover and reduced level of returns (Burns, 2015). The capacity of a firm to satisfy demand in a timely manner and at a reasonable cost should be among the main objectives in an organization.

Capacity utilization is concerned with matching the capacity of the operating system and the demand placed on that system and involves decision making on matters relating to planning, analyzing and optimizing capacity to satisfy demand in a timely manner and at a reasonable cost (Van Mieghem, 2005). In service operations, capacity utilization is concerned with balancing the capacity of the service delivery system and the demand from customers to minimize customer waiting time and to avoid idle capacity. The objectives to achieve are minimal operating costs and service quality. Participation of the customers in the service delivery process and the nature of services limit the standard options that are available for matching supply with demand (Buxey, 2007). Since capacity is part of the product, decisions on how much capacity to make available are made at the same time as the decision on how to utilize the capacity. The effect of this is that capacity decisions significantly influence service delivery as perceived by the customer.

The need to integrated solutions require improvements in structure and resources as businesses replace themselves in the value chain (Spekman & Carraway, 2016). They further Say that the transition to a collaborative approach requires a better understanding of the new skills required – without which no partnership is capable of overcoming insurmountable obstacles (p.12). Brandy et al. (2005) argue that companies moving towards becoming integrated services providers develop new skills, such as capabilities for system integration, operational service capabilities. The study is based on the Resource-Based View which emphasizes the internal resources of the organization in development of organization operations schedules (Gibson *et al*., 2010)

Despite review into the matter by scholars on strategic determinants, such studies in the area of village banks are lacking. There is therefore, not much knowledge available on the determinants of these strategic operations that influence service delivery for village banks. Nandi County provided an excellent study area since there are village banks utilized by members to obtain services. It is in this light that this study was to critically examine the influence of strategic operations on service delivery adopted by village banks in Nandi County of Kenya.

Research Question

The study was guided by the following research question;

- To what extent does capacity utilization influence service delivery of village banks in Nandi County?

The study was also guided by the following hypothesis:

- **H_0** There is a relationship between capacity utilization and service delivery among village banks in Nandi County

LITERATURE REVIEW

Service Quality Models

Many methods for calculating the quality of service have been described in the literature. Performance-only approach, technological and operational dichotomy approach, service quality versus customer satisfaction approach and attribute value approach are among the approaches or models. The expectation-disconfirmation model focuses on defining perceptions of consumers as opposed to what they actually experienced. This contrasts the quality of the company with the customers ' expectations, which are measured after the service meetings (Oliver, 2010).

The performance-only approach tests the quality of service by asking customers about their satisfaction with the different features after a product experience (Babakus and Boller, 2011; Cronin & Taylor, 2013). The technical and functional dichotomy approach describes two service components that contribute to customer satisfaction: technical product performance based on product characteristics such as reliability, security, physical characteristics; and functional quality related to the relationship between the service provider and the customer such as courtesy, delivery speed and helpfulness (Gronroos, 2013).

Typically, consumers lack information on a service's technical aspects. Consequently, they depend on functional performance to shape service quality expectations (Donabedian, 2010). The service quality versus customer satisfaction model focuses primarily on two interrelated product components; the transition-specific evaluation that evaluates specific quality characteristics and the aggregate evaluation which evaluates overall quality. This method connects perceived performance at or directly after the product experience and overall service satisfaction. The attribute value model focuses on the relative importance of attributes found to be related to product quality by the customer (Gilbert 2013).

Universalistic Theory

It is also referred to as the best practice template, based on the assumption that there is a collection of best / superior HRM practices and that implementing them will inevitably lead to superior service delivery (Luthans & Summer, 2010). Originally, the notion of best practice was established in the early US HRM models, many of which inspired the idea that implementing such ' right ' human resource practices would result in increased service delivery, reflected in better employee attitudes and behaviours, lower absenteeism and turnover rates, higher skill levels and hence higher productivity, improved quality and efficiency.

Here, it is claimed that all organizations have improved and see progress in service delivery if they are able to identify, engage and execute a set of best practices in human resources (HR). Accordingly, the universal viewpoint maintains that businesses have seen business benefits by recognizing and applying best practices irrespective of the company's product market situation, sector or location (Pfeffer, 2016).

Configurational Theory

The performance of a plan is the sum of external fit and inner fit. A business with packages of HR strategies should have a high level of service quality, given its competitive strategy often achieves high levels of fitness (Richard & Thompson, 1999). Emphasis is placed on the importance of the activities and strategic strategy of the bundling Society for Human Resource Management (SHRM) so that they are interrelated and thus complement and improve each other. It is recognized that package activities are interrelated and internally consistent and, due to multiple processes, have an effect on service delivery.

Service delivery is both an ability and a motivation feature. There are several ways in which workers can learn the necessary skills, such as careful selection and preparation, and several opportunities to improve motivation for various forms of financial and non-financial rewards. A key theme emerging in relation to HRM best practices is that individual practices cannot be successfully applied in isolation (Storey, 2007), but rather it is important to incorporate them into integrated and complementary packages.

MacDuffie (2005) concluded that a ' bundle ' provides numerous, reinforcing environments that promote employee productivity, ensuring that workers have the knowledge and skills needed to successfully perform their work (Stavrou & Brewster, 2005). Cohesion is thought to produce synergistic advantages in the configuration class, which in turn allow the strategic goals of the company to be achieved. The aim of bundling is to achieve continuity which occurs when a mutually reinforcing collection of HR activities has been established that lead collectively to the achievement of the organization's strategies for matching resources to organizational needs, enhancing service delivery and efficiency, and achieving competitive advantage in business enterprises.

The bundling strategy is systemic as it involves the company as a whole, discussing what needs to be done as a whole to help it to achieve its strategic corporate goals. In ' suit ' or vertical integration, the notion of a connection between business strategy and the service delivery of each person in the company is central. External fit promotes practice packages to ensure companies benefit from adopting a variety of complementary practices rather than just one method (MacDuffie, 2005).

Empirical Review

Capacity utilization is controlling the constraints of the assets of a company such as its workforce, manufacturing and office space, technology and equipment, raw materials, and inventory. Capacity utilization often addresses the efficiency of the processes of an enterprise, such as new product development or sales, as well as capacity limitations that occur when different resources are combined. Since capacity constraints can be a major bottleneck for a business in any system or asset, capacity utilization is essential to ensuring a smooth operation of an enterprise.

The cycle of capacity utilization is based on the key concept of a strategy for capacity utilization. Capacity utilization plan in a bank is a calendar-based data store that tracks: identities of the workload, prognoses and network control quality of service requirements; pool-related resources; and human resource workload assignments (Kolev and Paiva, 2008). In turn, banks increase their versatility in order to increase the level of service delivery and the manufacturing process (De Toni and Tonchia, 2008) It allows short-term capacity management to ensure that capacity is fully available and is not lost as a result of staff waiting times.

The method of capacity utilization promotes the need to align capacity supply with capacity demand and addresses the related capacity costs including the cost of short-term (intra-period) capacity changes. It is also important to note that banks should have short planning cycles for efficient capacity utilization so that it can be adjusted accordingly. Such a contract can cover periods from a quarter to a year in some situations (Lingle and Schiemann, 1996).

Use of resources can affect the ability of the company to fulfill its demand forecast. The ability of the organization to fulfill the demand forecast can affect the satisfaction of its customers, which in turn is affected by service delivery. Most businesses have to face various types of uncertainties that can be modeled on their production systems as stochastic influences. Such uncertainties are often interdependent, which complicates analyzes and specific reactions (Kalleberg *et al.*, 2003). In addition, in the presence of uncertainty about demand, versatile capacity utilization can be of high value to hedge against underuse of deployed resources. As a result, flexible strategies for capacity utilization such as flexible hiring, under / over working hours, outsourcing are widely used in both the manufacturing and service industries.

Commercial banks in Kenya have different capacities to handle such as the number of Automated Teller Machines commonly referred to as ATMs, the size of the banking halls, the technologies used, the banking platform in use such as mobile banking, electronic banking, the size of the database, the skills employed and the financial resources in relation to the investments they intend to make. Other essential capacities in the competitiveness of a company are the level of stock and the number of employees as well as the level of their skills. Numerous research on capacity utilization activities have been performed. Bradley and Glynn (2002) presented a Brownian motion approximation to analysis in a make-to-stock model with a subcontracting option the joint optimal control of inventory and power. Tan and Alp (2009) investigated a make-to-clock system's integrated capability and inventory management problem. Tan and Gershwin (2004) presented a model with limited capacity and volatile demand environment for the production and subcontracting control problem. Different factors such as the availability guarantee of the subcontractor or the backlog-dependent demand structures were incorporated to their models.

Wairimu (2014) researched on the capacity utilization strategies and service quality in petroleum distribution firms in Kenya. The study found that capacity utilization in the service context can interact and the interaction positively influences perceived service quality. Mutali (2013) researched on the factors that influence the service quality in Kenyan commercial banks. The study found that both the banks internal factors such as resource constraints affect the service quality. Ongo'ndo (2013) researched on the effect of capacity utilization strategies on service quality in Safaricom limited retail outlets. The resultsd showed that Safaricom's limited implementation of capacity utilization strategies at its numerous retail outlets across Kenya improved the quality of service delivery by the company. Based on the studies examined, although the capacity utilization dimension was studied, the studies did not review the relationship between capacity utilization and service delivery in the banking industry. Therefore, this gap leads to the following research question, what are the capacity utilization practices commonly used by commercial banks in Kenya; and is there a relationship between the capacity utilization practices and service delivery of commercial banks in Kenya?

Indeed, based on the prior research, Joshi *et al*., (2003) identified a gap in the alignment performance operations practices. The capacity utilization practices commonly used are three which are level, chase and coping practices (Jones and Kutsch, 2007). Each of these strategies should be adopted when its advantages outweigh the disadvantages. Often service companies have to opt a mixed capacity practices as it is very hard to forecast demand and balance existing capacity (Jones & Kutsch, 2007). In a study by Chowdhary & Prakash (2014) titled service delivery program and access to capacity utilization consumers. The overall objective of this study was to determine Merchant Bank Ghana Limited's level of service quality delivery. The emphasis was on four Merchant Bank branches located in the metropolis of Kumasi. The purpose of this study was to enhance and ensure the survival of the Bank's competitive position in the banking industry. In the research using the Statistical Package for Social Scientist (SPSS) sample, convenient sampling technique was used.

The findings of the study showed that all five dimensions related to Merchant Bank's quality of service delivery. Comparison between fund access and service delivery showed the need for Merchant Bank Management to work to improve customer relationship management and financial access. There were no significant differences between the five dimensions of service quality by using the Z measure. Nevertheless, with a value gap of 0.310 and 0.325 respectively, the dimensions of assurance and tangibility reported a significant difference between expectation and perception. The study concluded that Merchant Bank's service delivery did not satisfy customers. The study suggested that Merchant Bank should provide daily access to funds to customers in order to ensure customer retention and improve profitability, thereby achieving effective and reliable service delivery.

A study was conducted by Bijapurkar (2014) titled programming and accountability of revenue in Algeria. The research aimed at exploring the factors influencing programming and revenue transparency. The analysis followed the format of survey research and approached all employees of the company. For the sampling of 20 participants, purposeful sampling methodology was used. Using questionnaires and interview schedule, information are collected. Information was analyzed using version 20 of SPSS and presented as frequencies and percentages.

The findings of the study revealed that initial use changes were used in some situations to explain the elimination of charges. Immediate user finance removal assessment can overestimate policy performance and fail to capture policy implementers ' experiences in their attempts to conform to new policies. The study concluded that, by their definition, contemporary service sector companies are required to provide excellent service to survive in increasingly competitive domestic and global marketplaces. Service companies are eventually forced to analyze their cash flows in an increasingly competitive and complex business climate. Therefore, the study proposed that the focus of such internal research would primarily be on financial management, and how the effects of the bottom line could be realized through the provision and availability of funding.

Operations managers use capacity utilization to mitigate the difference between efficiency and value of the asset. Product quality and resource efficiency are important in the context of the strategy as they influence the product organization's ability to achieve its competitive strategy, defined by a combination of perceived value added and cost (Bowman 2000). Quality of service and customer satisfaction is associated with perceived added value to customer and competitiveness of resource and unit costs affect prices and profitability.

Service researchers proposed that customers determine service quality based on their understanding of the technological outcome produced, the mechanism through which that outcome is delivered, and the nature of the physical environment in which the service is delivered. In some cases, all aspects of products are likely to be relevant for the overall quality evaluation (Bitner and Zeithmal, 2003). The performance achieved through any service delivery system depends on three main factors: demand load, variety of services provided, resource tasks consisting of forecasting strategies, prioritization, scheduling, management of bottlenecks and capacity modification, capacity leakage scope involving quality errors, scheduling losses and losses associated with the achievement of flexibility (Armistead & Clark, 1993).

For example, in the case of car wash service at a gas station, the customer can assess the quality of the technological outcome on how the carwash was achieved as well as the quality of the service provider contact. Poor service providers are likely to be often out of control of their capacity and either fail to satisfy demand or maintain excessive inefficiencies. Good service providers may struggle to cope with the two extremes of when a chase strategy runs out of resources and becomes idle, and when demand falls away from productive ability to minimize resource efficiency.

While service operations managers manage their resources efficiently to align it with demand, control over the fall in service quality that is almost unavoidable at this time and accurate costing of measures to create new capability and decision-making processes is required.

It is clear that we need an additional coping strategy in addition to the two approaches suggested by Sasser (2006), which refers to the short-term inability to balance productive capacity and demand. Managers should improve their forecasting skills, set clear targets for service quality, set clear targets for asset efficiency, and consider vital and hygienic aspects of their service quality in maintaining good service quality (Armistead and Clark, 2011).

Often service organizations run out of resources to meet demand within the timeline that customers expect. There are two possible reasons for intervention. One is to enable unregulated falling service quality standards or to track down falling service standards, while protecting the core services service standards. Both cases involve low efficiency, which means lower quality (Armistead & Clark, 1993). Bowman (1991) claims that the quality of service cannot be specifically evaluated and checked as in manufacturing companies.

This practice's aim is to transfer the peak period strain to off-peak period. The demand is modified by different methods or substitute products or services are provided for off-peak capacity filling. In the service industry, the most commonly used approach is pricing to move the peak demand to off-peak when consumers are not very interested in buying. Organizations with diverse market trends are introducing new products and services throughout the year (Van Mieghem, 2003). Service providers are expected to either increase prices marginally during peak times or to provide services that cost less to meet demand.

Mwangangi (2015) conducted a study titled capacity utilization and service delivery of commercial banks in Kenya. The study's aim was to examine the effects of commercial banks ' resource utilization and service delivery in Kenya. A descriptive research layout where the sample frame was established by all 42 commercial banks in Kenya. The findings indicate that shifting capacity, offloading capacity, subcontracting and level capacity utilization included the typical capacity utilization activities used by banks.

Of these, the common capacity utilization consisted for shifting resources, which involved enhancing employee capacity by providing staff training to allow them to perform more than one role and thus be able to redeploy when needed, Offering workers extra benefits such as charging them at a discount if they work during normal working hours or offering staff transportation services. Nonetheless, the study found that a bank's capacity utilization activities had a positive impact on the banks ' service delivery.

The study concluded that a power relationship occurred. Utilization strategies that an organization adopts and quality of service and resource efficiency management that is at the core of the operations management planning and control system in service development. The study recommended that Kenyan commercial bank managers adopt full capacity utilization strategies such as implementing structures where customers can support themselves without bank employees ' interference.

Ong'ondo (2013) conducted a study titled effect of capacity utilization strategies on service quality in Safaricom. The purpose of the study was to determine the extent of capacity utilization strategies being adopted, factors influencing capacity utilization strategies being implemented, and to determine the effect of capacity utilization strategies on service quality in Safaricom retail outlets. The findings of the study showed that Safaricom's limited implementation of capacity utilization strategies at its numerous retail outlets across Kenya improved the quality of service provision of the company. The study concluded that some elements of examined capacity utilization approaches were still in their initial stages of implementation and therefore need to be strengthened to help reinforce their effects on improving service quality. The study suggested that Safaricom Limited management consider taking steps to improve its quality of service delivery even further.

Klassen and Rohleder (2012) did a study titled demand and capacity utilization decisions in services in Canada. The study's aim was to decide how the decisions on demand and capability work together. The research used a conceptual and empirical insight-based model to investigate the effect on productivity and operations of various resource decisions. The issues studied include, how demand options such as reservations, price differentials and advertising affect one another, how capacity options such as scheduling, hiring or laying off employees and renting or sharing capacity affect one another, whether some options are more effective than others, and to what degree various options should be implemented in various scenarios.

The findings of the study showed that decisions regarding demand and ability actually affect each other. The research examined both Chase and Level power approaches. The study concluded that decision-making and efficiency work hand in hand and also impact capacity utilization and service delivery. The report proposed that additional studies be performed in other countries as the study was conducted in Canada and its relevance to other regional and sectoral contexts can only be assessed.

Adenso-Diaz *et al.,* (2002) sought to model capacity requirements based on the nature of services and service demand. The prototype was checked in a hospital nursing department in an internal medicine unit and in a Spain-based hotel. Delphi methodology was used to evaluate the typical response times of the various general nursing tasks and the duration of each task in relation to the patient's level of dependence.

The findings of the study suggested that maximum performance functions were established to assess the minimum personnel required to perform the tasks. The study argued that their model can be implemented in a number of service sectors where there is a dynamic workforce with limited staff and variable operation depending on the type of customer needing sufficient resource allocation to optimize perceived quality. The study concluded that the concept of chase capability was used in the two case studies because they concentrated on the ability to appoint workers depending on the potential demand. The study suggested that the model be implemented in all service sectors, and that testing be required in different geographical contexts.

In their study, Armistead and Clark (1994) proposed a coping practice to augment the chase and level strategies. We recorded a coping action map to provide a way to develop approaches that identify the focus of operations, capability strategies, and customer services in an overall service delivery process. We find that the problems faced by service managers for each operation are decided to some degree by the prejudice of specific resource experience, service managers need to know the effect on perceived quality of service and costs in the coping area when capacity is running out. The case study in this research paper was a hypothetical security company in the United Kingdom, so the problems being discussed are generalization in an actual operating environment for different industries and if this can be applied in the Kenyan context.

Conceptual Framework

The study applied the following conceptual framework to illustrate how the variables interact in the study with regard to capacity utilization and service delivery.

Capacity Utilization

- Staffing
- Outsourcing
- Service schedule
- Multi-skilled personnel

Service Delivery

- Reliability
- Reduced customer complaints
- Responsiveness
- Speedy delivery

Independent Variable **Dependent Variable**

Figure 1: Conceptual Framework

Source: Researcher, (2019)

METHODOLOGY

The study adopted an ex-post-facto research design. Ex-post-facto is a research design where the researcher rather than manipulate the independent variables, looks for a naturalistically occurring treatments and examines the effect of the treatment after the treatment has already occurred (Oso & Onen, 2005). In Nandi County there were 4 village banks with a total of 8 managers including general managers, operational managers, credit managers and personnel managers, 21 employees and 228 registered members in the village banks. The study targeted managers, employees and members of Village banks in Nandi County. The total population for the study was 257. This population was considered because they were the ones who benefited and could judge the level of service offered and they are in contact with those delivering the service. The sample size was 154 respondents. The study used basic random sampling to select the 4 out of 8 managers and select the 13 out of 21 workers and systematic sampling to select village bank members. The researcher has received a list of all workers from which to prepare 21 folded pieces of paper with 13 written "YES" and 8 "NO." Every worker had a chance to randomly choose from a specific container one piece of folded paper. The investigator then continued to interview all the workers that had chosen "YES" articles.

For the choice of the respondents, simple random sampling and systematic sampling were used. A simple random sample is a subset of people chosen from a larger set. Systematic sampling is a type of probability sampling method in which sample participants are selected from a larger population based on a random starting point but with a fixed, periodic interval. The research followed the use of questionnaires and the schedule of interviews as the key instruments for collecting data. The research used interview schedules to collect data on the service delivery level effects of strategic determinants. The interview schedule were administered to the managers of village banks in Nandi County. The questions on the interview schedule were guided by the research questions of the study.

Data was collected using questionnaires. Data was analyzed using both qualitative and quantitative methods. Qualitative analysis data from the interview was analyzed thematically. Quantitative data analysis from the questionnaires was analyzed by descriptive and inferential statistics. It also involved a range of processes and procedures whereby data that has been collected in form of explanation, understanding or interpretation is investigated. Using concise and inferential statistics, data collected are analyzed. The inferential statistics involved the use of multiple regression analysis technique. The regression model achieved thus contained only statistically significant factors at an alpha level of 0.05 which was the criteria used to test whether to accept or reject the null hypothesis. The model was in the form of:

$$Y = b_0 + b_1 X_1 + e$$

Where: X = The independent variables

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X_1 –Capacity utilization

Y = The dependent variable (service delivery)

b = Independent Variable Coefficients

e = Error margin

The multiple regression study stated that the outcome variable and the independent variables had a linear relationship. The multiple regression also stated that the residuals are normally distributed with multivariate normality. The multiple regression also stated that the independent variables are not highly correlated with each other, there is no multicollinearity. Multiple regression also assumes that homoscedasticity is identical across the values of the independent variables, which is the variation of error words. Multiple linear regression requires at least two independent variables, which may be parameter levels of cumulative, ordinal or interval / ratio. A golden rule for the sample size is that the analysis of regression requires at least 20 cases in the test per independent variable. First, multiple linear regression involves linearity of the relationship between the independent and dependent variables. The assumption of linearity has been tested using scatterplots. A Q-Q-Plot has been used to check that the differences between observed and expected values (i.e. the regression residuals) are normally distributed. The match test goodness has been used to check the normality, the analysis is using the Kolmogorov-Smirnov test explicitly. To assess that the information did not contain multicollinearity. The matrix of correlation has been determined. To test for homoscedasticity, a scatterplot of residuals versus expected values has been used.

RESULTS AND DISCUSSIONS

The study involved descriptive and inferential statistics.

Capacity Utilization and Service Delivery

The study sought to find out the effects of access to capacity on service delivery of village banks. The study analyzed the data in terms of percentage mean. The findings were presented on table 1.

Table 1: Capacity Utilization and Service Delivery

Statement		SD	D	UD	A	SA	Mean
The village banks alter the service providers to meet member's demand which has promoted their service delivery.	n	0	4	39	75	32	3.90
	%	0.0	2.7	26.0	50.9	21.3	78%
The village banks employs multi-skilled employees to perform a variety of tasks thus is able to meet members' need which has led to increased service delivery. .	n	7	15	26	66	36	3.73
	%	4.7	10.0	17.3	44.0	24.0	74.6%
The village banks trains the employees so as to develop their capacity and to be able to handle more than one task at a time.	n	1	7	34	54	54	4.02
	%	0.7	4.7	22.7	36.0	36.9	80.4%
The bank employ temporary employ staff during times of high demand to help meet customers' needs which has led to improved service delivery.	n	17	25	18	31	59	3.60
	%	11.3	16.7	12.0	20.7	39.3	72%
The banks has a service scheduling a common operation which levels resources with the demand of customers which has led to improved service delivery.	n	20	27	23	37	43	3.37
	%	13.3	18.0	15.3	24.7	28.7	67.4%
The village banks encourage sub-contracting of services which has led to reduced operational cost and increased service delivery	n	21	26	25	37	41	3.34
	%	14.0	17.3	16.7	24.7	27.3	66.8%

Source: Survey Data, 2019

The study findings on the effect of capacity utilization on service delivery showed that majority 80.4% (mean=4.02) of the respondents were of the view that the village banks trains the employees so as to develop their capacity and to be able to handle more than one task at a time, 78.0% (mean=3.90) were of the opinion that the village banks alter the service providers to meet member's demand which has promoted their service delivery , 74.6% (mean=3.73) were in agreement with the statement that the village banks employs multi-skilled employees to perform a variety of tasks thus is able to meet members' need which has led to increased service delivery. 72.0% (mean=3.60) were in accord with that statement that the bank employ temporary employ during times of high demand to help meet customers' needs which has led to improved service delivery. This was in agreement with a manager who said, "*Since there are high and low peak time in the bank, we prefer to employ few permanent employees and them contract more employees when there is increased work load. This has helped the microcredit to survive turbulent economic time in the business. This has also been the best capital utilization strategy that the microcredit is enjoying compared to its competitors*"

Another 67.4% (mean=3.37) were of the opinion that the banks has a service scheduling a common operation which levels resources with the demand of customers which has led to improved service delivery while a significant number 66.8% (mean=3.34) of the respondents were of opinion that The village banks encourage sub-contracting of services which has led to reduced operational cost and increased service delivery.

> A manager said "*We have learnt to outsource our non-core duties such as cleaning to help reduce on our operational cost which is a strategy in Capital Utilization. This has helped the banks in delivering quality services to our stakeholders while at the same time reducing the cost of operation.*

Overall Multiple Regression Analysis

Multiple Linear Regression analysis for strategic operations and service delivery in village banks in Nandi County in Kenya was done so as to find out the relationship between the variables. This also aided in coming up with the coefficients of the study model as well as R square of the study. The results are as shown in Table 2, Table 3 and table 4.

Table 2: Overall regression Model Summary Results

Model Summary						
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	F	Sig.
1	0.930[a]	0.865	0.863	0.17102	8.827	0.000

a. Predictor: (Constant), capacity utilization

b. Dependent Variable: Service delivery

In Table 2 the findings indicated that the linear relationship between service delivery and the four predictor variable; capacity utilization was positive and significant. This showed that capacity utilization has significant positive relationship with the service delivery of village banks in Nandi County, Kenya. The coefficient of determination (r2) was 0.865, and this shows that 86.5% of the variations in the service delivery in village banks can be explained by the one predictor variable in the study and the remaining 13.5% of the variations in service delivery is explained by other factors not captured in the model.

The coefficient of determination (R2) and correlation coefficient (R) shows the degree of association between capacity utilization and service delivery at the village banks. The results in table 4.11 indicate that R^2 =0.863 and R = 0.930. R value gives an indication that there is a strong linear relationship between capacity utilization and service delivery among village banks in Nandi County, Kenya. The R^2 indicates that explanatory power of the independent variables is 0.863. This

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means that about 86.3% of the variation in service delivery is explained by the regression model while 13.7 % is unexplained by the model. This implies that capacity utilization had a strong influence on service delivery at village banks in Nandi County, Kenya.

Table 3: ANOVA of Capacity Utilization and Service Delivery

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	73.046	37	18.261	233.184	.000[b]
1	Residual	13.157	2218	.078		
	Total	86.202	2256			

a.. Dependent Variable: Service delivery of village banks
b. Predictor: (Constant), capacity utilization.

From table 3 the F test provides an overall test of significance of the fitted regression model. The F value indicates that all the variable in the equation are important hence the overall regression is significant. The F-statistics produced (F = 233.184.) was significant at p=0.000 thus confirming the fitness of the model and therefore, there is statistically significant relationship between capacity utilization and service delivery of village banks in Nandi County, Kenya.

Table 4: Overall Regression Coefficients

Coefficient[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.36	0.118		3.05	0.003
	Capacity Utilization	0.049	0.022	0.059	2.203	0.028

a. Dependent Variable: Service Delivery

From the results on table 8 above it is indicated that the independent variable that is capacity utilization was statistically significant. This means that all the postulated hypothesis was not supported. Thus Capacity utilization p=0.028 are predictor variable for service delivery in the village banks in Nandi County, Kenya. Table 8 above shows the regression coefficients of the independent variable capacity utilization is statistically significant in explaining service delivery in the village banks in Nandi County, Kenya. Thus the regression equation becomes;

$Y= 0.36+ 0.059X_1 + 0.118$

Where:

Y= service Delivery, dependent variable

α= constant

X_1=capacity utilization

These findings could be interpreted to mean that capacity utilization accounted for 5.9% of service delivery of village banks in Nandi County, Kenya. This implies that organization with more accessible capacity utilization on new technology to match its competitive market or improve their competition with the new adopted technology. Employing various policies in obtaining and capacity utilization attracted attention of customers where quality and fast service are employed due to the relationship between the bank and its clients put in practice thus enhancing service delivery to its wide range clients.

This also implies that members should work with funders to develop more effective, holistic, and multi-faceted financing strategies for profits gains through bank service delivery. Hence, the main goal or objective is to maximize the impact of capacity utilization and thinking creatively and conceptually about what an organization truly needs to get where it wants to go.

Test of Hypothesis

H_0 There is no significant relationship between capacity utilization and service delivery among village banks in Nandi County, Kenya.

From the table 8 a significant value of ($p=0.028 < 0.05$) was obtained implying that the hypothesis (there is no significant relationship between capacity utilization and service delivery of village banks in Nandi County, Kenya) is rejected and therefore indicating existence of statistical and significant relationship between capacity utilization and service delivery of village banks in Nandi County, Kenya.

The study findings $t=2.203$ $p=0.028<0.05$ revealed that capacity utilization had an influence on service delivery of village banks in Nandi County are in agreement with Fahy (2014) who noted that training of employees is important because it kept staff updated with the latest systems. The banking sector is evolving at rapid rates hence the staff are required to understand the latest systems. For example, traditional lending schemes have shifted and employees must be aware of their company's policies. Training in banking helped to improve each employee's understanding of the modern banking system leading to an overall better service offered to their clients.

This finding is in also in agreement with Chowdhary (2014) who noted that training of employees in the banking sector improved performance. Workplace training not only provides staff with the essential knowledge required for the role, but it also improved their overall performance; even within customer service. This is mainly down to the fact that after the training in banking is complete, staff are better equipped to help customers with their queries and solve any issues in a more efficient manner.

The findings are in agreement with Pfeffer (2016) who observed that training in banks attracted new talent. Training in banking not only helps to enhance current employee skills, but staff from other firms who aren't offered workplace training may look to move to a company that does. Due to the numerous changes within the banking industry, a person may feel they want to work for an organization which will help with their personal development, and as such building a reputation on this is invaluable. Additionally, offering millennials training also help to attract young talent which will help the company's future growth.

CONCLUSIONS AND RECOMMENDATION

On capacity utilization, training in banking helped to improve each employee's understanding of the modern banking system leading to an overall better service offered to their clients. When training in banking is complete, staff are better equipped to help customers with their queries and solve any issues in a more efficient manner. Offering millennial training also help to attract young talent which will help the company's future growth. Training in banking makes staff to be better equipped to help members with their queries and solve any issues in a more efficient manner.

Arising from the above conclusions, it was recommended that: in the capacity utilization, organizations should encourage training to ensure that they have a workforce that can deliver. This is critical to ensuring that they influence their level of service delivery as a competent employee will be in a position to provide the regarded level of service. The management plays a very important role in assigning of duties to their employees to ensure they meet the required service delivery standards with their customers.

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