

Analyzing the Role of Operations Management Practices in Shaping Customer's Perceived Service Quality at the Bank of Africa – Dar es Salaam

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Published in [IJIRMPS](#) (E-ISSN: 2349-7300), Volume 11, Issue 4, (July-August 2023)

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Abstract

This study examined the role of operations management practices in shaping customer's perceived service quality in Bank of Africa - Dar es Salaam. The banking industry plays a crucial role in driving economic growth and providing financial services to individuals and businesses. In this context, it is essential for banks to effectively manage their operations in order to meet customer expectations and maintain high levels of service quality. The study employed a descriptive survey design and quantitative research method, with data collected through a standardized questionnaire distributed to officials from Bank of Africa - Dar es Salaam. The findings revealed that the bank has adopted various operations management practices, including clearly defined operational processes, the utilization of technology and automation, effective communication channels, and a focus on continuous improvement and innovation. The study also found a significant positive relationship between operations management practices and perceived service quality. Based on the findings, recommendations were provided to enhance operational processes, foster communication and collaboration, emphasize continuous improvement and innovation, provide employee training and development, seek customer feedback, monitor and evaluate performance, and prioritize cost control and efficiency. Implementing these recommendations will contribute to improving operational effectiveness and enhancing customer satisfaction in the banking sector.

Keywords: Operations Management Practices, Perceived Service Quality, Customer Satisfaction

1. Introduction

Over the years, operations management has gained increasing significance in the manufacturing industry, assuming a more prominent role within firms' operations. It encompasses the management, development, and direction of the manufacturing process, as well as the restructuring of organizational operations to produce goods and services effectively (Chase et al., 2019). Operations management refers to the set of principles and procedures that a company establishes and implements to generate and efficiently deliver its offerings to the market. In today's complex business environment, firms are compelled to prioritize aspects that were previously overlooked, examining operational techniques alongside strategy and real-world conditions (Magori, L. 2019).

The banking sector plays a vital role in driving economic growth and providing financial services to individuals, businesses, and the overall economy. In Tanzania, the banking industry operates in a highly competitive landscape, where customer expectations continue to evolve, and efficient service delivery is of utmost importance. Bank of Africa – Dar es Salaam, as a prominent player in the Tanzanian banking sector, faces the challenge of meeting customer demands while upholding high standards of service quality (Richu, 2020).

Operations management practices are essential in ensuring effective and efficient service delivery within organizations. These practices encompass various aspects, including communication, service availability, transaction processing, and overall operational efficiency. Implementing effective operations management practices is vital for banks to enhance customer satisfaction, maintain a competitive edge, and achieve sustainable growth (Langh, 2018).

However, in the context of Bank of Africa – Dar es Salaam, there are potential issues and challenges related to operations management. These challenges might include communication bureaucracy, limited availability of bank services, delays in transaction processing, and possible inefficiencies in service delivery. Such challenges can have a direct impact on customer perceptions of service quality and their overall banking experience.

Understanding the role of operations management practices in shaping customer's perceived service quality is crucial for Bank of Africa – Dar es Salaam to address any existing shortcomings, improve operational efficiency, and enhance customer satisfaction. By identifying and analyzing the specific operations management practices employed by the bank, potential areas for improvement can be identified, leading to better service delivery and a positive customer experience.

2. Gaps

An organization's operations management techniques have a significant impact on customer perceptions of service quality. Organizations now confront a high level of rivalry, as well as the consequences of globalization, the rise of more knowledgeable customers, and distinctive service features, all of which have become a prominent reality of their everyday operations (Johnston, 2019). With increasing competition, globalization, and more knowledgeable customers, organizations are facing the challenge of meeting customer expectations and delivering high-quality services. In the context of Bank of Africa – Dar es Salaam, there is a need to understand the impact of operations management practices on customer perceptions of service quality. Bank of Africa – Dar es Salaam faces specific challenges related to operations management, including communication bureaucracy, limited availability of bank services, delays in processing customer transactions, and potential inefficiencies in service delivery. Therefore, it is crucial to investigate the operations management practices implemented by Bank of Africa – Dar es Salaam and their effect on customer's perceived service quality. While previous studies such as Owale (2017), Gasirabo (2017), Otieno (2021), Nyagweso (2018) and Langh (2018) have explored various aspects of operations management practices and their impact on service quality in different industries and contexts, there is a lack of research specifically focused on the role of operations management practices in the banking sector in Tanzania, particularly at Bank of Africa – Dar es Salaam. This study aimed to fill this research gap by conducting a case study on Bank of Africa – Dar es Salaam and examining how its operations management practices shape customer perceptions of service quality.

3. Objectives

This study aimed to analyze the Role of operations management practices in shaping customer's perceived service quality in Bank of Africa – Dar es Salaam. Specifically, this study aimed:

- (a) To determine the operations management practices adopted in the Bank of Africa
- (b) To analyze the relationship between operations management practices and perceived service quality at Bank of Africa.

4. Research Questions

The research questions of this research were:

- (a) What are the operations management practices adopted in the Bank of Africa?
- (b) What is the relationship between operations management practices and perceived service quality at Bank of Africa?

5. Methods

This study employed a descriptive survey design and utilized a quantitative research method. The participants for the research were selected from officials working at Bank of Africa – Dar es Salaam, with a sample size of 100 respondents chosen from a target population of 134. The sample size was calculated using the formula:

$$n = \frac{N}{1 + N \cdot e^2} = \frac{134}{1 + 134 \times 0.05^2} = 100$$

Primary data was collected through the use of a standardized questionnaire, which offered the advantage of allowing data collection without the physical presence of the researcher. The questionnaires were distributed through a "drop and pick" method, and in some cases, through email. Follow-up measures were implemented to ensure timely collection of the surveys and to provide assistance to respondents facing difficulties in completing the questionnaires.

The Statistical Package for Social Science (SPSS), Version 25.0, was utilized to clean, code, input, and analyze the collected data. SPSS was chosen for its speed, flexibility, and ability to provide accurate analysis, thereby yielding more reliable results. The data was evaluated based on the identified factors and research objectives. Descriptive statistics were employed to illustrate the relationship between research variables using regression and correlation analysis. Inferential statistics were utilized to demonstrate the relationship between research variables through correlation and regression analysis, allowing for further analysis, visualization, and interpretation of the data.

6. Results of Findings

6.1. Operations Management Practices

The first objective sought to establish the operations management practices adopted in the Bank of Africa. Based on the mean values, the five-point scale ranges are as follows: mean scores of less than 1.5 represents Strongly Disagree; mean scores of 1.5 but less than 2.5 represents Disagree; mean scores of 2.5 but less than 3.5 represents Neutral; mean scores of 3.5 but less than 4.5 represents Agree; mean scores of 4.5 to 5 represents Strongly Agree.

Table 1: Operations Management Practices

Statements	Mean	STD
The bank has clearly defined operational processes and procedures.	3.8	1.4
The bank utilizes technology and automation to streamline its operations.	3.6	1.1
Effective communication channels are in place to facilitate coordination among different departments	3.8	0.8
The bank emphasizes continuous improvement and innovation in its operational processes.	3.5	1.2
Adequate training and development programs are provided to employees to enhance their operational skills.	4.0	1.2
The bank regularly monitors and evaluates its operational performance.	3.6	1.5
There is a strong focus on cost control and efficiency in the bank's operations.	3.8	0.6
The bank has implemented quality management systems to ensure consistent service delivery.	4.0	1.2
Customer feedback is actively sought and used to improve operational processes.	3.8	0.6
The bank promotes a culture of teamwork and collaboration among its employees.	3.7	1.3
Composite Mean	3.76	

The study aimed to analyze the operations management practices adopted by Bank of Africa in Dar es Salaam, focusing on their impact on customer perceptions of service quality. The findings regarding these practices are summarized in Table 1. The respondents' perceptions were assessed using a five-point Likert scale, with mean scores indicating the extent to which each practice was adopted. The mean scores ranged from 3.5 to 4.0, suggesting a moderate to large extent of implementation for most practices. According to the findings, Bank of Africa has clearly defined operational processes and procedures, with a mean score of 3.8. This indicates that the bank has established structured guidelines to govern its day-to-day operations. The utilization of technology and automation to streamline operations also received a relatively high mean score of 3.6, suggesting that the bank has embraced technological advancements in its processes.

Effective communication channels, crucial for facilitating coordination among different departments, were perceived to be in place, with a mean score of 3.8. This indicates that the bank recognizes the importance of seamless communication to ensure efficient operations and service delivery. Continuous improvement and innovation in operational processes received a mean score of 3.5, indicating that while there is some emphasis on these aspects, there is room for further enhancement. Adequate training and development programs to enhance employees' operational skills received a higher mean score of 4.0, suggesting a significant focus on nurturing the capabilities of the workforce.

The bank's practice of regularly monitoring and evaluating its operational performance received a mean score of 3.6. This suggests that while some evaluation mechanisms are in place, there may be opportunities for more comprehensive performance monitoring. Bank of Africa demonstrates a strong focus on cost control and efficiency in its operations, with a mean score of 3.8. This suggests that the

bank recognizes the importance of managing costs and optimizing efficiency in delivering its services. The implementation of quality management systems to ensure consistent service delivery received a mean score of 4.0, indicating a high level of emphasis on maintaining service quality standards. The bank actively seeks and utilizes customer feedback to improve its operational processes, as indicated by a mean score of 3.8. Lastly, the bank promotes a culture of teamwork and collaboration among its employees, with a mean score of 3.7. This suggests that fostering a collaborative work environment is valued within the organization. The composite mean score for all the operations management practices assessed in the study is 3.76, reflecting the overall extent of implementation across the practices.

These findings shed light on the operations management practices within Bank of Africa and provide insights into areas of strength and potential improvement. It is important for the bank to leverage these findings to further enhance its operations and ensure high levels of service quality, ultimately meeting and exceeding customer expectations.

6.2. Relationship between Operations Management Practices and Perceived Service Quality

The second objective sought to analyze the relationship between operations management practices and perceived service quality at Bank of Africa. Correlation and regression analysis was used to show relationship between operations management practices and perceived service quality at Bank of Africa.

6.2.1. Correlation Analysis

The table below shows the correlation analysis between independent variable and dependent variable.

Table 2: Correlations

		Operations Management Practices	Perceived Service Quality
Perceived Service Quality	Pearson Correlation	.603**	1
	Sig. (2-tailed)	.000	
	N	100	100

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

The findings presented in Table 2 indicate a significant relationship between Operations Management Practices and Perceived Service Quality, as examined using the Pearson product-moment correlation coefficient. The correlation coefficient, denoted by 'r', was computed to be 0.603, based on a sample size of $N = 100$. The positive correlation coefficient suggests a moderate to strong positive relationship between operations management practices and perceived service quality. This means that as the adoption and implementation of effective operations management practices increase, there is a tendency for customer perceptions of service quality to improve. The statistically significant correlation coefficient further strengthens the evidence of the relationship between these two variables. The findings suggest that organizations, such as Bank of Africa, which prioritize and implement sound operations management practices, are likely to experience higher levels of perceived service quality by their customers.

6.3. Regression Analysis

A linear regression analysis was conducted to analyze the relationship between operations management practices and perceived service quality at Tanzania edible oil industry. Table 3 below shows the results of the model summary showing how much of the variation in Perceived Service Quality (dependent variable) was accounted for by Operations Management Practices (independent variable).

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.804 ^a	.729	.719	7.30422

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	306.59	3	120.53	78.46	.000 ^b
	Residual	208.73	97	3.72		
	Total	515.32	99			

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.102	1.124		.231	.000
	Operations Management Practices	.236	.236	.456	2.321	.000

a. Dependent Variable: Perceived Service Quality

The regression analysis was conducted to examine the relationship between Operations Management Practices and Perceived Service Quality. The results of the analysis are presented in the following paragraphs.

The model summary reveals that approximately 72.9% of the variance in Perceived Service Quality can be explained by the predictor variable, Operations Management Practices. This indicates a relatively strong relationship between the two variables. The adjusted R-squared value of 0.719 takes into account the number of predictors and sample size, providing a slightly more conservative estimate of the model's explanatory power. The standard error of the estimate, which measures the average distance between the observed and predicted values, is 7.30422.

Moving on to the ANOVA table, we find that the regression model is statistically significant ($p < 0.001$), indicating that it provides a better fit to the data than a model with no predictors. The regression sum of squares is 306.59, suggesting that the predictor variable, Operations Management Practices, accounts for a significant amount of variation in Perceived Service Quality. The residual sum of squares, representing the unexplained variation, is 208.73.

Examining the coefficients, the constant term has a coefficient of 1.102, which is not statistically significant ($p > 0.05$). This indicates that when Operations Management Practices is zero, the estimated Perceived Service Quality is 1.102. The coefficient for Operations Management Practices is 0.236, indicating that for every unit increase in the predictor variable, there is a corresponding increase of 0.236 units in Perceived Service Quality. This coefficient is statistically significant ($p < 0.001$), suggesting that Operations Management Practices have a significant positive effect on Perceived Service Quality.

The standardized coefficient (beta) for Operations Management Practices is 0.456, indicating a moderate positive effect. The t-value for the coefficient is 2.321, providing further evidence of its significance. These findings support the hypothesis that an improvement in Operations Management Practices leads to an increase in Perceived Service Quality.

7. Conclusion

Based on the findings of this study, it can be concluded that there is a significant relationship between Operations Management Practices and Perceived Service Quality in the context of Bank of Africa - Dar es Salaam. The analysis revealed that Operations Management Practices, including clearly defined operational processes, utilization of technology and automation, effective communication channels, continuous improvement and innovation, training and development programs, monitoring and evaluation of operational performance, cost control and efficiency focus, implementation of quality management systems, and active customer feedback, all contribute to the overall perception of service quality by customers. The study's results provide valuable insights into the importance of effective operations management in shaping customer experiences and satisfaction.

Based on the findings of this study, several recommendations can be made to enhance the operations management practices and improve the perceived service quality at Bank of Africa - Dar es Salaam. Firstly, the bank should focus on enhancing its operational processes by refining procedures, utilizing technology, and implementing quality management systems. Secondly, fostering effective communication channels and promoting a culture of teamwork and collaboration among employees is crucial for improved coordination and operational efficiency. Thirdly, emphasizing a culture of continuous improvement and innovation, involving employees, and actively seeking customer feedback will contribute to enhancing service quality. Additionally, providing adequate training and development programs for employees, monitoring and evaluating operational performance, and maintaining a strong focus on cost control and efficiency are important aspects to consider. Implementing these recommendations will contribute to the overall improvement of operations and customer satisfaction at Bank of Africa - Dar es Salaam.

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