CUSTOMER SERVICE AND INFORMATION TECHNOLOGY BENCHMARKING AS A DETERMINANT OF PRODUCTIVITY IN SELECTED MONEY DEPOSIT BANKS, NIGERIA

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ABSTRACT

One of the strategic tools adopted by organizations for improvement is benchmarking of customer service and information technologies which enable them have operational efficiency with competitive edge. This study investigated the customer service and information technology benchmarking as a determinant of productivity in selected money deposit banks in Nigeria. The research design adopted for this study was cross sectional design and inferential survey design. Stratified random sampling technique and accidental sampling technique were adopted in selecting a sample of 253 staff from the population that comprised of top, middle and lower management staff of money deposit banks in Nigeria who were stratified according to their ranks and organizations. The instrument used for the study was a well structured Questionnaire. Results of the analysis using Simple Linear Regression test statistical technique and Pearson's Product Moment Correlation Coefficient test statistics shows that, there is a significant effect of customer service and information technology benchmarking on productivity of money deposit banks in Nigeria. This means that, the higher the level of customer service and information technology benchmarking, the higher the level of productivity of money deposit banks in Nigeria and vice-versa. The study recommended that, business administrators/managers should promote and foster benchmarking process strategies that promote competitive edge over its competitors thereby enhancing productivity of money deposit banks in Nigeria.

Keywords: Benchmarking, Customer Service, Information Technology, Business Performance, Productivity.

INTRODUCTION

The rise in globalization has changed the business environment and has taken a number of structural adjustments and different measures to achieve competitiveness, efficiency in resource allocation and development of human resources. The modern business environment is characterized by radical changes due to technological developments, increased competition and developments of customers' desires and needs. This rise in globalization presently brings about challenges for organization which requires improvement in cost minimization in order for organizations to maximize profit and improve sales so as to compete effectively and survive globally. One of the strategic tools adopted by organizations for improvement is benchmarking of customer service and information technologies which enable them have operational efficiency with competitive edge.

Benchmarking is the constant or continual process of measuring organization's products, services and practices that are against those of their strong, resilient and toughest competitors or companies renowned as leaders. According to Blakeman (2002), benchmarking is a continuous

quality improvement process by which firms can assess its internal strength and weakness, evaluates comparative advantages of leading competitors, identify the best practice of industry functional leaders and incorporate those findings in strategic action plan geared toward gaining a position of superiority. It involves continuously monitoring the value customer puts on the company's product and comparing it with the best. It is use as a tool to gain competitive advantage over competitors. Benchmarking is a fundamental requisite component of Total Quality Management (TQM) process by which organization evaluates and compares its strategies, products and work processes with those of the strongest competitors within the industry.

As the banking industry becomes globalized and liberalized, clients anywhere in the world would expect the same world class service from any bank or financial institution offering the same products. A bank which does not benchmark her services may lull itself into dangerous complacency and deceive itself that it is doing its best or is at its best, while its customers may think otherwise. As customers seek better and better service(s), those banks which do not do continuous improvement through benchmarking are bound to lose customers and sales rapidly and irreversibly. There will be continuous poor performance in quality, flexibility, costs, delivery and customer satisfaction if these challenges are not savaged thereby promotion poor productivity. In order to savage these challenges, this study proposes to explore customer service and information technology benchmarking as a determinant of productivity in selected money deposit bank, Nigeria.

Objective of the Study

The major objective of this study is to investigate customer service and information technology as a determinant of productivity in selected money deposit banks, Nigeria. Specifically, the study aims at investigating the extent to which customer service and information technology relate with productivity in selected money deposit banks, Nigeria.

Research Hypotheses

i.   There is no significant effect of customer service benchmarking on productivity of selected money deposit banks, Nigeria

ii.   There is no significant relationship between information technology benchmarking and productivity of selected money deposit banks, Nigeria

EMPIRICAL LITERATURE REVIEW

Kerandi et al. (2014) research on a survey of performance improved through benchmarking in commercial banks in Kenya: the manager's perception and experience with the population of 50 managers from the 25 banks in Kenya. Simple Random Sampling technique was used to select two respondents from each bank. The major objective of the study was to investigate the performance improvement through benchmarking in Commercial Banks in Kenya. The specific objectives are to characterize the extent to which commercial banks have used benchmarking and to determine the significant effect of benchmarking on organizational performance. The study revealed that benchmarking is not a new technique for performance improvement in Kenya. It also revealed that there is a positive relationship between benchmarking and organizational performance. The study further revealed that banks that implemented more of the benchmarking best practices were more likely to achieve improved organizational performance. The study recommends that benchmarking team should include

divergent set of views and experiences. That an effective team should incorporate the views of other employees especially from the benchmarking team/department because not involving employees during the process may not be a good idea. Wanyama (2012) investigated the effect of benchmarking on performance: evidence from Freight forwarding firms in Kenya, with the population of 60 firms employed at freight forwarding firms in Nairobi. The objective of the study was to establish the effect of benchmarking on performance of freight forwarding firms in Kenya. The researcher selected a sample of 30 freight forwarding firms in Kenya using convenience sampling method. The study revealed that benchmarking practices such as customer service and information technology were found to have a positive relationship with firm performance. The study revealed that the most utilized benchmarking strategies adopted the banks were process benchmarking, product benchmarking, Operational benchmarking, internal benchmarking and information technology benchmarking. The study further found out that factors that enhance benchmarking success in freight forwarding companies include internal assessment, management commitment employee participation and role of quality management. The study recommended that benchmarking activities should be specific to the environment and capabilities of the organization if the implementation process is to succeed and result in performance.

Karimu (2011) researched on benchmarking and organizational performance in the Nigeria banking industry with the population of 7,600 using the Taro Yamane formula as the sample technique. The objectives of the study were to determine how benchmarking process can be used to improve the performance of commercial banks and the impact of benchmarking process on organizational performance of commercial banks. Finding revealed that benchmarking process could be used to improve the performance of commercial banks by applying the best practice. It also revealed that benchmarking process has become useful weapon for any corporate organization that is seeking for improvement in their current organizational performance The study recommended that management of commercials bank should use the well established mechanism of the benchmarking process that contributes to an improvement in the organizational performance of the banks by using the best industrial practices backed by a workable policy.

Elmuti & Kathawala (1997) study on an overview of benchmarking process: a tool for continuous improvement and competitive advantage acknowledge that process benchmarking is extremely effective though difficult to implement. It further revealed that benchmarking in terms of customer service and information technology are used to gain competitive advantage and that benchmarking is cost saving and supports the organizations budgeting, strategic planning and capital planning. Asrofali et al. (2010) investigated best practices for effectiveness of benchmarking in the Indonesian manufacturing companies with the population of 384. The sample technique used was random sampling technique. The objective of the study was to investigate the impact of benchmarking practices on effectiveness of manufacturing companies in Indonesia. The study revealed that there is significant correlation between the manufacturing process, organization and environmental factors on the effectiveness of best practices of benchmarking such as customer service and information technology. Attiany (2014) study on competitive advantage in terms of customer service and information technology through benchmarking: a field study on Industrial companies listed in Amman stock exchange with the population of 228 managers of 38 companies. The objective of the study was to investigate the impact of different types of benchmarking in achieving competitive advantage at the Jordanian industrial companies listed in Amman stock exchange (ASE). The study shows that

benchmarking has a significant impact on achieving competitive advantage. It further revealed that benchmarking process helps in the performance of the business by acquiring the external knowledge and applying it to the internal practices and processes. It also further confirms that benchmarking is s significant tool that can be used to compare work processes and procedures with the best practices to improve the performance of an organization in order to achieve competitive advantage.

Sajjad & Amjad (2012) study on the role of benchmarking in Total Quality Management (TQM) in the Telecom service sector of Pakistan. The objectives of the study were to determine the importance of benchmarking in TQM and organizational performance and to assess the effects of TQM factors on overall business performance in services sector of telecom industry of Pakistan. The study shows that benchmarking TQM practices and implementation have positive impact on quality and that benchmarking plays an important role in the development of organizations. This is means that process benchmarking being related to TQM when effectively implemented can improve quality of performance in an organization and lead to organizational development and growth. Ajelabi & Tang (2010) wrote on the Adoption of benchmarking principles for project management performance improvement. The study shows that process benchmarking can be one of the most responsive evaluation tools for performance improvement within organizations which creates a culture of continuous improvement from learning best management practices.

A study by Pemberton et al. (2001) conducted to investigate the relationship between benchmarking and organizational learning through a survey of over 700 companies from the manufacturing and service sectors in northeast England revealed that there is a positive impact of benchmarking on organizational performance. In another study, Kumar & Chandra (2001) studied various prevalent benchmarking approaches in some successful organizations. They found that benchmarking is an effective tool to accomplish continuous improvements in business operations, it provides the necessary information, it helps to know shortfalls in performance and ultimately sets the priorities that in turn results in achieving objectives.

RESEARCH METHODOLOGY

The research design adopted for this study was cross sectional design and inferential survey design. Cross sectional design is necessary and relevant to this study especially as the investigation involved different selected money deposit banks who offer similar products and services. Inferential survey research was also appropriate because the researcher wants to find out why people act or behave the way they do. On the other hand, it is suitable in obtaining information about what a person knows, believes or expects, feels or wants, intends or does or has done, and about his explanations or reasons for any of the proceeding.

Stratified random sampling technique and accidental sampling technique were adopted in selecting a sample of 253 staff from the population that comprised of top, middle and lower management staff in the money deposit banks in Nigeria who where stratified according to their ranks and organizations. The staff of selected money deposit banks was grouped according to their respective organizations, functions, and level. Accidental sampling technique allows the researcher to administer the questionnaire instrument to any available staff in each organization according to their departments, level, and organizations to ensure that, all the subjects from each stratum are proportionately represented. The minimum total sample size of the study was derived through Yamane (1964) estimation equation. The primary data was obtained through individual

responses and opinions of existing staff of the selected money deposit banks with the help of a well structured questionnaire. The secondary sources include: research journals, textbooks, published and unpublished academic papers/theses etc. For effective administration of the instrument, the distributed questionnaires were collected on the same day after completion to avoid wastage but encourage independent responses from respondents.

In order to validate the instrument, the instrument was given to two experts in research methods and statistics for criticism and to ascertain the relatedness of the items to the various hypotheses which the items were required to test. The criticisms of these experts were used to modify and improve the instrument for construct, face and content validity. After due corrections and amendment, the instrument was used for the study. To ascertain that the research instrument measures consistently what it was designed to measure, the instrument went through a trial tested, using fifty (50) subjects who were randomly selected outside the population under study. The data generated was analyzed to establish its internal consistency using the Cronbach coefficient alpha reliability estimates. Cronbach coefficient alpha is useful to estimate the proportion of variance that is systematic and consistent in a set of scores. This yielded a reliability coefficient, ranging between 0.847-0.933 which indicates that the instrument was reliable and as such was able to measure consistently what it was purported to measure.

Presentation of Results

Table 1 DEMOGRAPHIC DATA RESPONDENTS		
	Frequency	**%ages**
Gender:		
Male	105	41.5
Female	148	58.5
Age:		
Under 30 years	111	43.9
31-40 years	69	27.3
41-50 years	32	12.6
51 years and above	41	16.2
Educational qualification		
OND/NCE	54	21.3
HND/B.Sc	131	51.8
MBA/M.Sc	65	25.7
Ph.D	3	1.2
Job experience		
1-10 years	100	39.5
11-20 years	89	35.2
21-30 years	47	18.6
Above 30 years	17	6.7

Source: Researcher's field work, 2020

Results of analysis in Table 1 above shows that, Out of 253 respondents, 105 (41.5%) were male staff while 148 (58.5%) were female staff. Out of 253 respondents, 111 (43.9%) were under 30 years old, 69 (27.3%) were 31-40 years old, 32 (12.6%) were 41-50 years old, and 41 (16.2%) were 51 years and above. Out of 253 respondents, 54 (21.3%) had OND/NCE, 131 (51.8%) had HND/B.Sc, 65 (25.7%) had MBA/M.Sc and 3 (1.2%) had Ph.D. educational qualifications. Out of 253 respondents, 100 (39.5 %) had 1-10 years job experience, 89 (35.2%)

had 11-20 years job experience, 41 (18.6%) had 21-30 years of job experience and 17 (6.7%) had above 30 years job experience.

Test of Hypotheses

H_1:   *There is no significant effect of customer service benchmarking on productivity of selected money deposit banks, Nigeria. The independent variable in this hypothesis was customer service benchmarking while the dependent variable was productivity. Simple linear regression Analysis test statistic was employed in testing data for this hypothesis.*

The results of the analysis were presented in Table 2 below.

Table 2 ANOVA[b]					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	144.837	1	144.837	61.516	0.000[a]
Residual	590.973	251	2.354		
Total	735.810	252			
a. Predictors: (Constant), customer b. Dependent Variable: profitability					

Results of analysis in Table 2 show the predictive composite effect of benchmarking of customer service on profitability of selected money deposit banks, Nigeria. The results indicate that the calculated f-value of 61.516 is greater than the critical f-value of 6.73 at 0.05 level of significance with 1 and 251 degrees of freedom. This means that, benchmarking of customer service significantly affects profitability of selected money deposit banks, Nigeria. By these results the alternate hypothesis is accepted and the null rejected.

Table 3 MODEL SUMMARY[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
dimension0 1	.444[a]	0.197	0.194	1.534	1.964
a. Predictors: (Constant), customer b. Dependent Variable: profitability					

The R^2 of the simple linear regression in Table 3 measures the degree of determination coefficient of predictor (benchmarking of customer services) on profitability of selected banks, Nigeria. It predicts that 19.7% of the variation in profitability is explained by the variation of predictor (benchmarking of customer service), While 80.3% of the variations in the profitability is explained by other variables which are extraneous to the study.

Table 4 Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	6.732	0.521		12.923	.000
customer	0.392	0.050	0.444	7.843	.000
a. Dependent Variable: profitability					

The coefficient in Table 4 of .392 (39.2 %) shows that, a % wage increase in benchmarking of customer services while other variables are held constant would lead to 39.2 % increase on profitability in selected money deposit banks, Nigeria. The t-statistics in the table show that, the calculated t-value for benchmarking of customer services (6.843) is greater than the critical t-value of 1.968 at 0.05 level of significance with 251 degrees of freedom. This

means that, the predictor (benchmarking of customer services) significantly affects profitability of selected money deposit banks, Nigeria. That is, the higher the level of benchmarking of customer services, the higher the level of profitability of selected money deposit banks, Nigeria and vice-versa.

H₂: *There is no significant relationship between information technology benchmarking and productivity of selected money deposit banks, Nigeria. Pearson Product Moment Correlation Coefficient test statistic was employed in testing data for this hypothesis.*
The results of the analysis are presented in table 5.

Table 5 PEARSON'S PRODUCT MOMENT CORRELATIONS COEFFICIENT ANALYSIS OF THE RELATIONSHIP BETWEEN BENCHMARKING OF ORGANIZATIONAL INFORMATION TECHNOLOGY NETWORK AND EFFICIENCY			
		technology	efficiency
technology	Pearson Correlation	1	.465**
	Sig. (2-tailed)		.000
	N	253	253
efficiency	Pearson Correlation	.465**	1
	Sig. (2-tailed)	.000	
	N	253	253
**Correlation is significant at the 0.01 level (2-tailed).			

df=58; critical r-value=0.113

Results of analysis in table 5 indicate that, the calculated r-value of 0.465 is greater than the critical r-value of 0.113 at 0.05 level of significance, with 251 degrees of freedom. This means that, benchmarking of organizational information technology significantly relate to the efficiency in selected money deposit banks in Nigeria. That is, the higher the level of benchmarking of organizational information technology network, the higher the level of efficiency in selected money deposit banks in Nigeria and vice versa. By these results, the null hypothesis is rejected and the alternate upheld.

DISCUSSION OF FINDINGS

The first hypothesis investigated the effect of customer service benchmarking on productivity of selected money deposit banks, Nigeria. The results of analysis using Simple Linear Regression show that, the predictive composite effect of benchmarking of customer service on profitability of selected money deposit banks, Nigeria. The results indicate that the calculated f-value of 61.516 is greater than the critical f-value of 6.73 at 0.05 level of significance with 1 and 251 degrees of freedom. This means that, benchmarking of customer service significantly affects profitability of selected money deposit banks, Nigeria. The t-statistics in the table show that, the calculated t-value for benchmarking of customer services (6.843) is greater than the critical t-value of 1.968 at 0.05 level of significance with 251 degrees of freedom. This means that, the predictor (benchmarking of customer services) significantly affects profitability of selected money deposit banks, Nigeria. That is, the higher the level of benchmarking of customer services, the higher the level of profitability of selected money deposit banks, Nigeria and vice-versa. The findings are in line with Wanyama (2012) investigated the effect of benchmarking on performance: evidence from Freight forwarding firms

in Kenya. The study revealed that benchmarking practices such as customer service and information technology were found to have a positive relationship with firm performance. The study revealed that the most utilized benchmarking strategies adopted the banks were process benchmarking, product benchmarking, Operational benchmarking, internal benchmarking and information technology benchmarking. The study further found out that factors that enhance benchmarking success in freight forwarding companies include internal assessment, management commitment employee participation and role of quality management. The study recommended that benchmarking activities should be specific to the environment and capabilities of the organization if the implementation process is to succeed and result in performance.

The second hypothesis examined the relationship between information technology benchmarking and productivity of money deposit banks in Nigeria. The results of analysis using Pearson's Product Moment Correlation Coefficient test statistic show that, benchmarking of organizational information technology significantly relate to the efficiency in selected money deposit banks in Nigeria. That is, the higher the level of benchmarking of organizational information technology network, the higher the level of efficiency in selected money deposit banks in Nigeria and vice versa. The finding is in agreement with Kumar & Chandra (2001) studied various prevalent benchmarking approaches in some successful organizations. They found that benchmarking is an effective tool to accomplish continuous improvements in business operations, it provides the necessary information, it helps to know shortfalls in performance and ultimately sets the priorities that in turn results in achieving objectives.

Research Implication and Value of the Study

Most of the studies reviewed were conducted in developed nations whose approaches to business transactions are dynamic while some others were conducted in different sectors other than banking industry. Hence, this research work tries to fill this gap through focusing on the impact of customer service and information technology benchmarking on productivity of money deposit banks in Nigeria. This research is one of the first studies to specifically evaluate the effect of customer service and information technology benchmarking process on productivity of Money deposit banks in Nigeria.

CONCLUSION

In conclusion, the results and findings of study show that, there is a significant effect of customer service and information technology benchmarking on productivity of money deposit banks in Nigeria. This means that, the higher the level of customer service and information technology benchmarking, the higher the level of productivity of money deposit banks in Nigeria and vice-versa.

RECOMMENDATIONS

The study recommended that, business administrators/managers should promote and foster benchmarking process strategies that promote competitive edge over its competitors thereby enhancing productivity of money deposit banks in Nigeria.

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