Have the Continuous Improvement (CI) efforts at Absa Bank’s Horizon Medium Business Banking unit, in the Gauteng West region successfully addressed the key concepts of Continuous Improvement as set out by Trollip, 2008?

By

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Declaration

“I, Sinqobile K Ndlovu, declare that:

• This work has not been previously accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

• This dissertation is being submitted in partial fulfillment of the requirements for the degree of Masters in Business Administration.

• The dissertation is the result of my independent work/investigation, except where otherwise stated. Other sources are acknowledged by referencing and a reference list is attached.

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Abstract

Success in today’s highly competitive financial sector requires an organization to have a sustainable competitive advantage that would distinguish it from the rest. Products offered by financial organizations are naturally the same and the quality of service plays a critical role in terms of creating the much needed competitive advantage. This calls for the implementation of quality initiatives like Continuous improvement (CI). This paper investigates the extent to which CI efforts at the Horizon business unit of Absa corporate and business banking have successfully addressed the key concepts of CI set out by Trollip (2008).

A literature survey was undertaken into the elements and benefits of CI. Questionnaires were sent to all employees of the business unit for their views on CI and the impact, they believe it has on the unit’s endeavors to deliver faster, defect free, innovative products/services, whilst achieving tougher goals. In conclusion the research paper led to recommendations to improve the CI efforts at the Horizon business unit.

The research also confirmed the importance of the commitment of all employees is essential for the success of CI efforts in improving the quality of service offered by an organization.
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CHAPTER 1
INTRODUCTION AND PROBLEM STATEMENT

1.1 Introduction

The banking industry, like any other industry, is changing all the time and there is no room for institutions that are not able to keep up with the ever-changing times market demands. Added to this, financial institutions find themselves operating in an unstable macro economic environment, characterised by rising inflation, an unstable rand, rising crude oil prices, escalating food prices and the potential hike in Eskom tariffs (Langeni 2008). Inflation is currently above the South African Reserve Bank’s (SARB) upper ceiling of 6% (11.60%: June 2008) and is expected to increase (Absa Group Interim Financial report: 30 June 2008). Operating in such an environment has seen the banking industry experience an unprecedented degree of change to keep bad debts and costs under control (Richard Stovin-Bradford 2008). Changes in management, processes, customer expectations and competitive behavior are evident and no bank could afford to rest on its laurels (Bennett, 2007).

An example of the challenging environment for the banks, is Standard Bank having had to recently pay R120 million to the municipality for municipal infrastructure. This infrastructure links the bank’s new group data processing centre in Midrand to the Eskom sub-station. According to the bank’s Global head of real estate investment, Stewart Shaw Taylor, such costs are usually incurred by the municipal council (Business Report, Star 03/08/2008).

This example shows that for banks to remain viable, operating models with high customer focus and world class processes need to be implemented (Fail, 2008). Sustainable survival of any organisation starts with good strategy formulation. ABSA Group’s chief executive, Steve Booysens unveiled a customer service charter, emphasising the need for all employees to work as a team who puts the customer at the center of everything the bank does. According to Booysens, this
leads to the delivery of service that is effortless, consistent, seam-less and error free (Abacus January - February 2008). This is a sign of an effective company strategy which studies its customers, competitors and all the other stakeholders thoroughly, through effective scanning of the ever-changing environment. World-class strategies such as Continuous Improvement (CI), Total Quality Management (TQM), Total Productive Maintenance (TPM) and lean manufacturing take centre stage as banks try to remain viable in such a highly volatile economic environment. Banks that are able to adapt to this new environment are likely to gain a significant competitive advantage.

Continuous Improvement (CI) is a strategic quality management approach that can be used to improve the internal and external efficiencies of any kind of organisation. CI is an organisation-wide strategy which aims to increase the efficiencies in operations through doing things right the first time, shorter turnaround times, achieving tougher goals and innovative services (Trollip, 2008).

The adage “yesterday’s winning ways may be today’s undoing”, (Muller, 2006) cannot be further from the truth. This supports the view of Absa which says that “business as usual may be the normal state of affairs, but a serious business interruption can be expected about every five years…” (Abacus, January – February 2007, page 33).

This does not only apply to the South African environment as the Malaysian Central Bank Governor, Dr Zeti Akta Aziz (2007) concurs. He states that it is essential to be mindful of the reality that strategies that serve well in today’s environment would not necessarily be a formula for success in tomorrow’s environment. Given that the environment is dynamic, it would be suicidal for a bank to believe that, for instance, strategies that worked in a low interest or low inflation environment would stir the organisation in an environment characterised by the extreme opposite market forces. According to an unnamed analyst, banks are cracking under pressure as evidenced by Nedbank achieving below inflation headline earnings for the half year ended 30 June 2008, compared to 34% achieved same time in 2007 (Business Report:08/2008 page 21 of the Star
06/08/2008). Absa also achieved below inflation headline earnings of 8% as at 30/06/2008, compared to 11% achieved for the same period in 2007 (http://www.Absa.co.za). CI’s impact on the performance of a financial institution by the researcher is, therefore, appropriate and essential for the banking sector and ultimately, the economy of South Africa.

Such a host of challenges present opportunities to banks that are proactive and innovative. On the other hand, they threaten the very existence of those banks that are not realistic enough to realise that there is no room for a reactive approach to business (Anderson, 2008).

According to Anderson, South Africa’s current business leaders are too focused on trying to put out yesterday’s fires to be able to see the path ahead. This impacts negatively on future business stability. Anderson further supports his view by stating the reactive approach gave birth to short sighted vision of the impact of global economic downturns and the lack of defining and sourcing innovative ways to manage such changes.

**1.2 Problem statement**

The banking sector is one of the most highly competitive and dynamic industries, according to Absa bank’s customer experience manager, Ina Steyn (2008). Banks compete against each other as well as other non banking institutions which now offer what are traditionally considered banking products like credit cards and loans. For example, companies like RCS, Woolworths, and Vodacom compete with banks by offering credit cards. Services offered by banks are virtually the same and even if one bank comes up with a new product, it can be easily copied by others. For instance, FNB has “in contact” (http://www.fnb.co.za) whilst Absa has the “Notify me” (http://www.Absa.co.za). Both products are identical. What banks generally offer are very similar products disguised under different names. For instance, one bank would say it offers a cheque account whilst another would say it offers current account. This is essentially the same product in terms of its functions. Quality of service becomes the main avenue that could be used to gain sustainable
competitive advantage. Thus banks are leading in areas which improve the ways they service their customers.

To achieve a competitive advantage, organisations have implemented various quality initiatives. One of these is Continuous Improvement (CI). CI’s goals are:

- zero defect;
- faster delivery;
- achieving tougher goals
- Innovative products/services. (Trollip, 2008).

To achieve this ideal situation, the CI approach is being applied. It is an approach which requires total commitment of everyone throughout the organisation, from operators to top management. With this in mind, the researcher has focused on the Horizon Medium business unit of Absa’s Corporate and Banking Business segment with a view to determining whether the CI concept is a viable route to follow or only an intermediary measure. This leads to the statement below, which constitutes the main problem of this research paper:

- **Have the Continuous Improvement (CI) efforts at Absa Bank's Horizon Medium Business Banking unit in the Gauteng West region successfully addressed the key concepts of Continuous Improvement as set out by Trollip, 2008?**

The above topic is sufficiently focused in that it focuses on a chosen business unit of Absa’s Corporate and Business Banking, located in a specific geographic area. The impact of CI would be quantified in terms of customer satisfaction. The unit’s market share and the customer satisfaction index would be used to measure the impact of CI.

### 1.3 Statement of sub-problems

In order to develop a strategy to conduct this research in a systematic manner, a number of sub-problems were highlighted to enable the researcher to find an appropriate solution to the main problem.
The sub-problems are:

- Has the Continuous improvement efforts at Absa’s Horizon business unit resulted in employees at all levels striving for the zero defect in terms of the quality of service offered to the bank’s customers?
- Have the Continuous improvement efforts at Absa’s Horizon business unit encouraged employees to strive for faster service delivery?
- What has been the impact of Continuous improvement on the Horizon business unit’s employees in terms of setting and achieving tougher goals?
- Have the Continuous improvement efforts boosted the employees’ quest in terms of looking for innovative products/services?
- What needs to be done to enhance the effectiveness of the Continuous improvement efforts on customer service at the Horizon business unit?

1.4 Objectives of the research

The objectives of this study are:

- Identify the key elements of CI;
- Establish the influence of CI on productivity, employee development, quality improvement and organisational change; and
- Assess whether CI has enhanced customer service at the Horizon unit of Absa’s Corporate and Business Banking division.

1.5 Delimitations of the research

This research paper will be limited to the Horizon branch of Absa Corporate and Business Banking in the Gauteng West region. The delimitations are:

1.5.1 Management level

The research will be limited to Regional managers, Business unit managers, Managers Business and Operational support, Relationship executives and Operational bankers and a number of clients from the Horizon business unit.
1.5.2 Business Unit

The selected department is one of the business units of Absa Corporate and Business Banking in South Africa.

1.5.3 Geographical demarcation

The empirical component of this study is limited to the Medium business section of Absa Corporate and Business Banking in the Gauteng West region, Horizon.

1.6 Definitions of concepts

For the purpose of the study, the following meanings are associated with concepts in the title and the problem statement.

1.6.1 Continuous improvement (CI)

This means improving performance with many small, incremental improvement steps. In Japan continuous improvement is called Kaizen. The word means continuing improvement, involving everyone. It implies a never-ending cycle of repeatedly questioning and re-questioning the basic workings of an operation (Russell & Taylor, 2003).

CI also encourages radical changes such as:

- flatter organisational structures – fewer managers and empowered teams;
- a multi-skilled workforce; and
- rigorous re-appraisals of the way things are done – often with the goal of simplification (Liker, 2004).

1.5.2 5S Method of Equipment Maintenance

This is a prerequisite for the implementation of Total Productive Maintenance because of the order and logic it brings to the workplace. 5S is defined as the best practice of implementing and maintaining good house keeping in a structured way. It consists of:

- getting rid of unnecessary items;
- a place for everything in its proper place;
- workplace cleanliness;
- establish housekeeping standards; and
- maintaining standards in a disciplined way. (Rubrich and Watson, 2000).

1.5.3 Lean Manufacturing
This way of thinking focuses on making the product flow through value-adding processes without interruption (one-piece flow). It is a “pull” system that cascades back from customer demand by replenishing only what the next operation takes away at short intervals. It is a culture in which everyone is striving continuously to improve (Womack and Jones, 2003).

1.6.2 Total Quality Management (TQM)
TQM is defined as a business-wide philosophy, which changes attitudes, working practices, values and the overall method of operation of the company. Its overall aim is to continuously improve the operating performance of the business, thus providing better customer service and increased profitability (Davis, 1995:11).

1.6.3 Productivity
Productivity is a measure of the effective use of resources, usually expressed as a ratio of output to input. A productivity ratio can be computed for a single operation, department, an organisation or an entire country. For non-profit organisations, higher productivity means lower costs. For profit-based organisations, productivity is an important factor in determining how competitive a company is. (Stevenson, 2002:51)

1.6.4 Turnaround time
This measures the waiting time from the moment a client requests a service to the moment he/she gets same (Abacus, 2007). Turnaround time is of utmost importance as time is money and clients don't like to wait.
1.7 Significance of the research

Increased competition is forcing financial institutions to implement quality initiatives as service quality is the key source of competitive advantage in the banking sector. These institutions look at ways to shorten the lead time, through increased automation, new technology and streamlined processes.

The research will focus on gaining insights into the impact of CI on service delivery at the Horizon branch of Absa Corporate and Business Banking division.

This research is expected to be valuable to:

- Top management who has the overall responsibility of ensuring customers get value for their money in terms of seamless service. Top management has to ensure that CI efforts have a positive impact on productivity, employee development, quality improvement and organisational change.
- Team leaders and trainers whose responsibility is to ensure that valuable employees stay and never lose sight of the critical importance of CI efforts in enhancing customer service.
- Team leaders and team members who should be focused on continuously improving their processes.

From this study, recommendations will be developed to provide guidelines to overcome problems previously experienced.

1.8 Research methodology

The study comprises of a literature study as well as an empirical study.

1.8.1 Literature study

The literature study will be done to establish key concepts that are integral to the CI concept. The results of the literature survey will then used as guidelines to determine the impact/effectiveness of CI on service delivery at the Horizon branch.

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The existing theory relating to CI is analysed from secondary sources and related studies identified by utilising:

- internet sites and the web pages of different companies and organisations
- textbooks and other published material directly or indirectly related to the problem area;
- magazines, journals and newspapers; and
- corporate publications.

1.8.2 Empirical study

Empirical study implies measurements, and measurements are defined as rules for assigning numbers (or other numerals) to empirical properties. Thus, numbers are amenable to quantitative analyses, which may reveal new information about the items studied. (Ghauri & Gronhaug, 2002:64).

The empirical study consists of:
- questionnaires, surveys, interviews and observations. (The challenge with observations is that these could be subjective).

The questionnaires, surveys, interviews and observations enabled the researcher to:
- Make direct contact with managers and team members to assess their expectations and experience with regards to CI.
- Make direct contact with clients to understand how the unit rated in terms of the quality of service.
- Determine the impact of highly visible measures of performance such as:
• improvement of overall effectiveness;
• number of improvements made;
• amount of time spent on CI activities;
• amount of training and new skills obtained; and
• Improvement of the workplace environment.

• Obtain immediate information on current status of CI from the team members and team leaders of the selected department. Customers would give the ultimate measure of how the unit is doing in terms of service quality and the areas they believed should be improved by the unit.

• Having done so, the researcher should be in a position to answer the main problem and the sub-problems.

1.9 Key assumptions
The key assumption is that the literature study, combined with the results of the empirical study, should result in gaining insights into the impact of CI on the performance of the selected department, thereby improving the overall strategy of the organisation.

The other assumption is that the organisation’s management is totally committed to CI. Lastly, it is assumed that CI models and literature are relevant to the banking sector.

1.10 Contents of the final report
The research paper is arranged as follows:

Chapter 1: Introduction and problem statement
Chapter 2: The theory of CI: Elements and overview
Chapter 3: Discussion of the literature study
Chapter 4: Research design and methodology
Chapter 5: Research analysis and findings.
Chapter 6: Conclusion and recommendations
1.11 Summary

In chapter 1, the researcher defined the main problem that this research seeks to answer. Sub-problems were developed to answer the goals of CI as per Trollip (2008). Also discussed in this chapter was the general banking environment which provides the context and environment for this research. The significance of the research was explained and some key concepts were defined. In Chapter 2, the researcher will discuss the findings of the CI literature survey.
CHAPTER 2

THE THEORY OF CONTINUOUS IMPROVEMENT

2.1 Introduction

In chapter 1, the researcher defined the research problem, statements of sub-problem, explained the importance of the research and defined the key concepts. In chapter 2, the researcher will review CI literature and CI’s importance as a tool in addressing the problem as defined in chapter 1.

2.2 Background to the philosophy of Continuous Improvement

CI’s importance manifests itself in terms of the role it plays in quality improvement, customer satisfaction, employee engagement and productivity. CI is essentially a quality journey that is “never ending” (Oakland, 2007) and its main emphasis per Deming’s Japanese teachings, lies in never accepting that the way business operates today is the best way, even in the face of profitability.

Deming’s teachings came at a time when Japanese businesses were struggling following World War II. On the other hand, American business was booming as it faced no competition with its products having a ready market all over the world. As a result of this, the Americans ignored Deming’s ideas, believing that their approach was “the right way because it worked”. However, Japanese industries soon overtook their American counterparts through competitive pricing and better quality (http://www.managementwisdom.com).

Continuous Improvement (CI) means improving performance in many small, incremental steps. In Japan, continuous improvement is called kaizen. The word means continuous improvement, involving everyone in an organisation. It implies a never-ending cycle of repeatedly questioning and re-questioning the basic workings of an operation (Russell & Taylor, 2003). Jha et al (1996) defines CI as a collection of activities that constitute a process intended to achieve performance improvement. The two definitions find support in McLaughlin (1990), who further
states that in the service industry CI entails simplification and improved customer service through greater empowerment of individual employees and corresponding less bureaucracy.

CI, in essence will work in any industry from manufacturing, distribution to pure service industries (Oakland, 2007). It is essentially about business embracing a never ending quest to continuously refine and improve its processes, products or services.

2.3 Origin and development of Continuous Improvement

CI and the other quality initiatives like Total Quality Management (TQM), Total Productive Management (TPM), Lean Manufacturing (LM) and Six Sigma became popular after the World War II as Japanese industries were rebuilding, (Imai, 1996). Whilst CI was derived from the teachings of an American, it became popular in Japan because their industries were more receptive to Deming’s ideas than their American counterparts. As alluded to in the introduction, the American corporates believed they were following the right management practices as they were being successful. They were to later realise that there is always room for improvement (http://www.managementwisdom.com).

According to Hal, R Varian (2007), Kaizen or CI doesn’t just mean that a business should keep trying new things. Rather it entails a well thought way of exploration, controlled experimenting and then painstaking adoption of the new ways of doing things. M Imai (1986) defines Kaizen or CI as ongoing improvement, involving everyone in an organisation, including managers and workers. Hence, it is clear that CI is an organisation wide concept whose underlying aim is to improve the way things are done. It is a departure from the business as usual concept (Trollip, 2008). The Kaizen or CI concept was successful in turning around the Japanese industries after the World War II and it has grown in popularity such that it is now way of life in that country’s business (Imai, 1996).

Varian states that buzz around Japanese manufacturing techniques like TQM, LM and Kaizen or CI are over. He goes on to explain that this doesn’t mean that these
no longer applicable. The reality is that these have become so widely adopted that these are no longer newsworthy. Varian goes on to state that Kaizen or CI is key to the most successful online businesses. CI was traditionally applied to manufacturing because its nature made it possible for experiments to be carried out in order to determine whether a new process resulted in quality improvement or cost savings in a few months (Varian, 2007).

Deming is credited with laying the foundation of quality initiatives like CI. The overall goals of CI are:

- eliminating waste – activities that add costs but do not add value;
- just in time delivery;
- standardized work; and
- paced moving lines (Mittendorf, 2004)

Table A overleaf summarises the hierarchy of Kaizen or CI concept. The table shows that CI is a company wide initiative and its success is dependent on the commitment of all the role players. The management or leadership’s main task is to provide guidance or direction to all the employees who in turn must take it upon themselves to own their duties and commit to the CI concept.
### Table A: Hierarchy of Continuous Improvement

<table>
<thead>
<tr>
<th>Top Management</th>
<th>Middle Management and staff</th>
<th>Supervisors</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determination to introduce CI as corporate strategy</td>
<td>Deploy and implement CI goals as directed by top management through policy deployment and cross functional management</td>
<td>Use CI in functional roles</td>
<td>Engage in CI through the suggestion system and small group activities</td>
</tr>
<tr>
<td>Provide support and direction for CI by allocating resources</td>
<td>Use CI in functional capabilities</td>
<td>Formulate plans for CI and provide guidance to workers</td>
<td>Practice discipline in the workplace</td>
</tr>
<tr>
<td>Establish policy for CI and cross-functional goals</td>
<td>Establish, maintain and upgrade standards</td>
<td>Improve communication with workers and sustain high morale</td>
<td>Engage in continuous self-development to become better problem solvers</td>
</tr>
<tr>
<td>Realize CI goals through policy deployment and audits</td>
<td>Make employees CI conscious through intensive training programs</td>
<td>Support quality circles and the individual suggestion system</td>
<td>Enhance skills and job-performance expertise with cross education</td>
</tr>
<tr>
<td>Build systems, procedures and structures conducive for CI</td>
<td>Help employees develop skills and tools for problem solving</td>
<td>Introduce discipline in the workplace and provide CI goals</td>
<td></td>
</tr>
</tbody>
</table>

Adopted from, *Masakai Imai (1986).*
2.4 Quality and Continuous Improvement

The world is ever-changing and so does the environment in which businesses operate. It is critical for organisations to keep up the momentum, anticipate the changes and strategies accordingly. With the world now a global village, customers are spoilt for choice, too demanding and would accept nothing less than quality in terms quality (Zeti Akhtar Aziz, 2007). Organisations are well aware of this and implement a variety of quality initiatives as they strive to make more money and beat the competition. Such quality initiatives as Continuous Improvement, Total Quality Management, Lean Manufacturing, just to name a few, have taken centre stage. Some of these quality initiatives have been traditionally seen as only applicable to such sectors as manufacturing industries and are applicable across all the industries including the services industry.

Derek Stockey states that, “one of the challenges facing business is achieving 100% accuracy and consistency. Most organisations get it right most of the time. The real challenge is to get it right every time”. He further argues that CI also makes routine tasks more interesting. This is true since one is questioning the status quo and thinking of better ways of doing same tasks in a way that would add value to both the company and customers.

Consequently it is clear that CI is about looking for better ways of doing things. It means more than adapting to the times and is a never-ending quest to improve the way things are done. Ultimately this leads to improved efficiency and profitability. CI can be applied to processes, products, technologies, skills and capabilities, in fact, every aspect of a business, Trollip (2008). Companies need to continuously improve because they operate in dynamic environments. Failure to adapt and anticipate trends in the environment and act accordingly would lead to the demise of any organisation.
Customer focus, employee involvement and innovation feature prominently in the definitions of CI. It is thus important to elaborate on same.

2.5 Customer focus

It is every organisation’s dream to deliver customer satisfying products or services that are better than its competitors. The customer is the ultimate judge and without customers, businesses are doomed because it is customers who buy the products/services. Quality begins and ends with the customer. Quality oriented companies use customer testing to aid their decision making. This entails evaluating a project or proposal in terms of what effect it will have on the customer. The Malcolm Baldrige National quality award considers customer satisfaction as the single most important measure of excellence (http://www.highbeam.com).

Soderquist et al (1997) argues that “the demands placed on business by customers, close working relationships with key customers … are considered as the key sources for successful product/service innovation”. This further highlights the importance of the customer in the CI improvement effort. Organisations tend to lose customer focus in their attempts to harmonise operations. As competing interests of various departments, divisions and employee groups are satisfied, inflexible bureaucracies emerge, Trollip (2008). These militate against improved customer service to the detriment of the organisation. Successful businesses keep customers at the centre of their decision making process.

To ensure that customer focus is not lost, organisations develop procedures for assessing customer needs. They gather data and conduct surveys which help improve their products/services.

At FNB, they have customer forums, where they invite their clients to discuss ways in which they would like to be serviced. Each relationship manager has a target for client forums which help to maintain the customer focus. Dr Mile Terziovski conducted research on Austrian SMEs who found that the lack of strategic management, with the ability to plan a strategy to reach the customer, was one of the key reasons for business failure. Robin Wheeler (2008) states that, the more
an organisation is aware of and responsive to the needs of its customers, the more it is likely to meet/exceed same. Helping customers to become more successful in their own businesses is the key to business success. Organisations should always strive to build meaningful and mutual relationships with their customers. Customer focus could be achieved through frequent talks with clients, including customers in design teams and building channels of communication between customer service personnel and the managers, designers and production workers.

Banks or any business that does not pursue superior customer satisfaction risks having its profits adversely affected by the costs of lost customers, lost opportunity revenue, customer replacement costs and customer recovery costs (Bennett, 1992).

2.6 Components for evaluating customer satisfaction

According to Bennett (1992), the key components in evaluating customer satisfaction are:

- customer requirements and expectations;
- customer relationship management;
- customer service standards;
- commitment to customers;
- complaint resolution;
- customer satisfaction determination;
- customer satisfaction results; and
- customer satisfaction comparison (with competitors and leading companies)

The CI approach requires all functions of the organisation from human resources, finance, operations, to work towards one goal that is, delivering customer satisfying products or services. The journey to deliver superior customer service is considered never-ending because clients’ demands and expectations continuously change and increase. Hence, the organisation is able to remain focused on the
customer and on constant, relentless change and innovation to achieve that superior satisfaction (Lee, 2002)

2.7 Employee involvement
Robin Wheeler (2008) raises an important point when he argues that one’s own needs is one’s own priority. He further argues that one must be for him/herself firstly and then one can give to others the best of service. The quality of service that one delivers stems from one’s own happiness. He couldn’t have put it any better and it is thus important for organisations to ensure that their employees are satisfied if they are to deliver unparalleled customer service.

It is important for organisations to ensure that employees are properly trained, have the skills and support required to efficiently and effectively perform their duties, Bennett (2007). The working environment should be conducive to allowing innovative spirit to flourish. Apart from wages, employees’ psychological needs such as self esteem, self confidence and self worth need to be met, Trollip (2008). Commitment to CI requires that employees critically scrutinise the work they do and develop innovative ways for them to work smarter.

Some organisations encourage employee involvement by the use of quality circles and even quality improvement teams (Churchill (1999). Engaging employees inspires them to come up with sustained innovations that are hard to duplicate, giving the organisation the much needed competitive advantage.

2.8 Measurement
This is yet another critical component of CI. Measurement is critical for evaluating results of new programmes and setting realistic targets. In the typical service environment, measurement would include the number of customer complaints per week. In the manufacturing sector, it would include number of defective products and rates of production. The effectiveness of CI efforts can only be determined against measurable results. According to Gerald Nadler, the key is effort to improve earlier results. According to Imai, result oriented managers tend to be more critical with employees who do not achieve set targets. CI conscious
managers, on the other hand, tend to be more supportive and are process oriented. The importance of improving; according to Imai; lies in achieving satisfying moments. Identifying problems, tackling challenging problems, thinking and learning to solve them together brings great sense of achievement.

2.9 TQM and Continuous Improvement

TQM and CI have a lot in common and this stems from the fact that they are both quality initiatives. The key concepts of CI that have been discussed before, namely employee empowerment, measurement and customer focus are also used in TQM. Some authors like Mittendorf (2004) go as far as referring to TQM, LM, and Six Sigma being synonymous to CI. This is understandable given the fact that all these initiatives are about quality improvement.

The similarities between TQM and CI include;

- Total commitment of the top management is of utmost importance for the successful implementation of the two initiatives. Leadership should lead, guide and create an enabling environment for employees to develop the critical task relevant skills.
- Communication is of critical importance. There should be free exchange of information amongst the employees and this lays the foundation for successful TQM and CI. Each and every employee is valuable in his or her own right and should be encouraged to communicate their ideas without fear. The primary objective throughout the organisation should be continual improvement.
- Empowering employees is another important element of TQM and CI. Its objective is to improve the ability of the individual and the organisation to act (Schultz, H., Bagraim et al. 2003). Empowered employees are engaged and this boosts their motivation levels. This promotes their commitment and management should involve employees in setting the challenging goals as well as strategising the way to achieve these.
2.10 Continuous Improvement vs. Innovation

In practice, these two words tend to be used interchangeably, but in their true meaning; they differ by a large measure, as seen in table B. As explained in the first chapter, in Japan; CI is referred to as Kaizen

Table B: Continuous Improvement vs. Innovation

<table>
<thead>
<tr>
<th></th>
<th>Kaizen (CI)</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect</td>
<td>Long-term and long lasting but undramatic</td>
<td>Short-term but dramatic</td>
</tr>
<tr>
<td>Pace</td>
<td>Small steps</td>
<td>Big steps</td>
</tr>
<tr>
<td>Timeframe</td>
<td>Continuous and incremental</td>
<td>Intermittent and non-incremental</td>
</tr>
<tr>
<td>Change</td>
<td>Gradual and constant</td>
<td>Abrupt and volatile</td>
</tr>
<tr>
<td>Involvement</td>
<td>Everybody</td>
<td>Select a few champions</td>
</tr>
<tr>
<td>Approach</td>
<td>Collectivism, group efforts, systems approach</td>
<td>Rugged individualism, individual ideas and efforts</td>
</tr>
<tr>
<td>Mode</td>
<td>Maintenance and improvement</td>
<td>Scrap and rebuild</td>
</tr>
<tr>
<td>Spark</td>
<td>Conventional know-how and state of the art</td>
<td>Technological breakthrough, new inventions, new theories</td>
</tr>
<tr>
<td>Practical requirements</td>
<td>Requires little investment but great effort to maintain it</td>
<td>Requires large investment but little effort to maintain it</td>
</tr>
<tr>
<td>Effort orientation</td>
<td>People</td>
<td>Technology</td>
</tr>
<tr>
<td>Evaluation criteria</td>
<td>Process and efforts for better results</td>
<td>Results for profits</td>
</tr>
<tr>
<td>Advantage</td>
<td>Works well in slow growth economy</td>
<td>Better suited for fast growth economy.</td>
</tr>
</tbody>
</table>

Source: Imai (1996)
The table overleaf shows that CI differs from innovation in a number of areas that include effect, pace, time frame, involvement, approach, evaluation criteria and effort orientation.

Oke and Goffin (2006) argue that service companies like banks are known for their lack of innovation legacy. They argue that banks have been known for being bureaucratic and making their money, staying in business through controlling risk, procedures and processes, but not through innovation. The two further state that this trend has changed and the banking players have realised the importance of being innovative in the face of competition in the industry. Oke and Goffin further agree with the ideas presented in the CI and innovation table and these two concepts share similar objectives. They argue that the three key elements of innovation are:

- create new customer-focused opportunities:
- improve existing products, services and procedures: and
- eliminate non-value adding activities

The ultimate thrust of CI and innovation is for companies to identify the process behind innovations within their companies. Innovation should not be a once-off event but should be ongoing. It is at this point where CI links with Innovation.

2.11 Operational elements of Continuous Improvement

The underlying aim of CI is to enable any organisation to make more and more money than its competitors. Imai (1996) breaks Kaizen (CI) into three segments which are summarised in Table C overleaf:
<table>
<thead>
<tr>
<th>Tools</th>
<th>Seven statistical tools</th>
<th>Seven statistical tools</th>
<th>Common sense Seven statistical tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involves</td>
<td>Managers and professionals</td>
<td>Quality circle members</td>
<td>Everybody</td>
</tr>
<tr>
<td>Target</td>
<td>Focus on systems and procedures</td>
<td>Within the same workshop</td>
<td>Within one’s own work area</td>
</tr>
<tr>
<td>Cycle (Period)</td>
<td>Lasts for the duration of the project</td>
<td>Requires four or five months to complete</td>
<td>Anytime</td>
</tr>
<tr>
<td>Achievements</td>
<td>As many as management chooses</td>
<td>Two or three per year</td>
<td>Many</td>
</tr>
<tr>
<td>Supporting system</td>
<td>Line and staff project team</td>
<td>Small-group activities QC circles Suggestion system</td>
<td>Suggestion system</td>
</tr>
<tr>
<td>Implementation cost</td>
<td>Sometimes requires small investment to implement the decision</td>
<td>Mostly inexpensive</td>
<td>Inexpensive</td>
</tr>
<tr>
<td>Result</td>
<td>New system and facility improvement</td>
<td>Improved work procedure Revision of standard</td>
<td>On-the-spot improvement</td>
</tr>
<tr>
<td>Booster</td>
<td>Improvement in managerial performance</td>
<td>Morale improvement Participation</td>
<td>Morale improvement Kaizen awareness</td>
</tr>
</tbody>
</table>
This table shows that the ultimate motive for CI, be it management, a group or individual, is to improve the way things are done.

2.12 The Continuous Improvement Approach to problem solving
Imai (1996) defines a problem in business as anything that inconveniences people downstream, either people in the next process or ultimate customer. Imai goes on to say Japanese practitioners regard a problem as a key to hidden treasure. This implies there is a need for people to view problems differently. Imai (1996) further states that it is natural for no one wants to be seen as the cause of a problem and which leads to the culture of passing on the buck. CI advocates departure from this unprogressive attitude to a progressive one where a problem as a valuable opportunity for improvement. According to Bennett (1992), the starting point is a change in mindset and an acknowledgement that a problem exits. Then one has to be courageous and share same with others with the view of unlocking the hidden potential that comes from solving the problem.

2.13 Costs associated with poor customer service
According to Bennett (2002), poor customer service leads to the following costs:

- Costs of lost customers – those who leave because of their perceptions of inadequate performance by the bank

Source: Based on Imai (1976)
A = Annual revenue
B = Total number of customers (*)
C = Percent (%) of dissatisfied customers
D = Number of dissatisfied customers (B x C)
E = Percentage (%) of dissatisfied customers apt to switch
F = Number of dissatisfied customers who switch (D x E)
G = Annual revenue per customer (A/B)
H = Revenue lost through poor service (F x G)

Lost opportunity revenue – because of the negative word-of-mouth from dissatisfied customers, the bank does not get new customers

{I. Number of people dissatisfied customers will tell (F x 10)(*) ; J. Number of potential customers who go elsewhere due to negative word-of-mouth(*) (@ 1 in 50) = 0.02 x 1; K. Potential revenue loss (J x G)}

- Customer replacement costs - If the bank is to retain its market share, it must replace the customers it loses. However, it costs six times as much to get a new customer than it does to keep an old one.

{Costs to acquire and keep customers (marketing, advertising, promotions, discounts, etc); M. Average cost per customer (L/B); N. Replacement costs for lost customers (M x F x 6)}

- Customer recovery costs - additional costs are incurred in the quest to keep dissatisfied customers. For example, the costs of redoing things not done right the first time, time spent on apologising and waiving fees

{O. Time redoing things not done right the first time (hours x rate); P. Time spent apologising (hours x rate); Q. Costs of fee waivers; R. Legal costs; S. Miscellaneous costs; T. Total customer recovery costs (O+P+Q+R+S)}
Total costs of poor customer satisfaction

\{U. Total annual costs (H+K+N+T); V. Total costs over customers’ lifetime (U \times 10)\}

The above are discussed in detail in Chapter 3.

Source: How to provide excellent service in any organisation, Jeffrey E. Disend, Chilton Book Company, Radnor, PA, 1991, pp. 73-75. (http://www.highbeam.com)

2.14 Benefits of Continuous Improvement on quality of service

From the study, it is apparent that CI plays an important role in enhancing the performance of any organisation, in terms of the quality of services or products.

- It creates the never-ending spirit to unlock the potential that would otherwise not have been realised without the adoption of the CI spirit.
- CI develops cross-functional teams or circles, consisting of employees from across departmental boundaries and this improves individuals and overall organisational performance.
- It cultivates the culture of ownership as each employee takes responsibility for customer problems, as opposed to the natural trend of passing on the buck.
- By involving all in the company, CI fosters the spirit of teamwork which results in all employees working towards one goal of exceeding customer service. This translates into more profits from which healthier bonuses could be paid to the employees.
- Imai notes that CI also leads to increased enthusiasm, motivation and loyalty from engaged employees.
- Refined processes and “doing things right the first time” leads to shorter turnaround times which is an important goal in the banking sector.
- Productivity is enhanced as better ways of doing things are always developed.
• All the costs mentioned under 2.10 are reduced with successfully implemented CI efforts. Fire fighting costs, for instance, are eliminated when “things are done right the first time”.

2.15 Summary

In this chapter, the researcher established from the literature that CI provides an organisation approach to quality management. According to literature, it has been proved that CI shares lots of similarities with other quality initiatives like TQM. CI is closely linked with other quality improvement initiatives which originated from Japan in the aftermath of World War II.

The literature has further shown that CI is an essential means to achieving excellent customer service. This translates into more money to any organisation. This is achieved by reducing or eliminating a variety of costs that militate against any organisation’s prime goal of making more money.

The literature study also highlights that CI calls for involvement of everyone in an organisation if its full benefits are to be realized.

In Chapter 3, the researcher expands on some key aspects of CI that were highlighted in the literature study.

With the intense competition in the banking sector, CI is an ideal philosophy for boosting the quality of its service and creating differentiation from its peers. This ultimate leads to more money for the organisation. In short, CI is equal to survival.
CHAPTER 3

DISCUSSION OF THE LITERATURE STUDY

3.1 Introduction
In Chapter 2, the researcher conducted a literature survey to assess and understand various authors’ views on Continuous improvement. Areas covered included the definition of CI, its origins, the key concepts of CI, its relationship with other quality initiatives like TQM as well as CI’s approach to problem-solving. In Chapter 3, the researcher expands on key CI concepts. The key concepts to be expanded on in this chapter are:

- the operational aspects of CI and the involvement of employees at all levels;
- costs associated with poor customer service; and
- components for evaluating customer satisfaction.

The researcher chose to expand on the above because these concepts are key to addressing the problem statement and the sub-problems. As already alluded to before, the main aim of the CI initiative is to enable an organisation to make more money and beat its competition (Trollip, 2008). Successful implementation of a CI program involves an understanding of the costs of poor customer service and the operational aspects of CI (Varian, 2007).

3.2 The operational aspects of Continuous Improvement
The operational elements of CI are aptly summerised by Imai (1996) in the Table C which follows. In Japan, CI is referred to as Kaizen (Imai, 1996) and thus, in this research, the words CI and Kaizen are used interchangeably.
### Table C: Three approaches to Kaizen

<table>
<thead>
<tr>
<th>Tools</th>
<th>Management-Oriented Kaizen</th>
<th>Group-Oriented Kaizen</th>
<th>Individual-oriented Kaizen</th>
</tr>
</thead>
<tbody>
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<td>Common sense</td>
</tr>
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<td></td>
<td></td>
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<td>Improvement in managerial</td>
<td>Morale improvement</td>
<td>Morale improvement</td>
</tr>
</tbody>
</table>
It is of great importance to understand the three operational aspects of CI. These three approaches to CI demonstrates that the success of CI lies in it being an all-embracing concept, that is, everyone in the organisation should embrace and be involved in CI for its full benefits to be realised. It is important to note that the approaches also links and confirms what was presented in Chapter 2’s Table A. Table A details the duties of top management, middle management, supervisors and all employees of the implementation of CI initiatives. The three approaches to CI are now discussed in detail.

3.2.1 Management-oriented Kaizen (MOK)
According to Imai (1996), management-oriented Kaizen is the underlying pillar of Kaizen. He says that this stems from management having to provide the strategic direction of the organisation and creating the enabling environment for employees to realise their full potential for the benefit of the whole organisation.

Management, by virtue of their position in the organisation, needs to be well versed with problem-solving skills that would enable it to identify “waste” in the way its employees work (Imai, 1996). This doesn’t mean it has to identify all this on its own. The table shows that it needs the support of the workers on the ground. This group is the best source of information because it carries out the tasks. Imai (1996) further states that it is the manager's duty to create a conducive environment for
employees to easily identify the waste in the way they work. Absa Group chief executive Steve Booysen sent an email requesting all the group employees to make suggestions on how to improve processes and improve efficiencies (http://www.Absa.co.za). The management’s commitment to the CI is of utmost importance. Imai (1996), states that in Japan, CI is 50% of management’s job.

The above refers to the problem question of determining how CI efforts have successfully addressed the key concepts as explained by Trollip (2008). This performance is measured in terms of customer service. What Steve Booysen (2008) did was aimed at enhancing customer service. He followed up the earlier email with another which was even more inspiring and impressed upon employees that they are leaders in their respective fields and should, therefore, make sure they use their skills to maximum effect for the benefit of everyone in the organisation.

Management of an organisation includes people such as chief executives, general and line managers. Management plays a crucial role in defining the strategic direction of the organisation and their commitment to CI is critical. Table A in Chapter 2 details the role of management in the successful implementation of CI. By virtue of their responsibilities in an organisation, management’s 100 per cent commitment is non-negotiable when implementing CI initiatives Imai (1986).

Management-oriented CI is explained in detail under the subheadings per the first column of Table C.

3.2.1.1 Involves and targets
Management-Orientated Kaizen (MOK) involves managers and professionals and is focused mainly on systems and procedures Imai (1986). Management has the overall responsibility for the performance of an organisation and their primary duty is to ensure the existence of an ideal environment for the employees to deliver. When one looks, for instance, at a bank or engineering company, one appreciates why areas like systems and procedures have to be handled by management and professionals. The banks, for instance, are governed by certain legislative statutes
like the banking act, national credit act and the Reserve Bank supervises the banks (http://www.Absa.co.za). It is, therefore, critical for the organisation to conform to the statues and laws governing their operations since failure to do so, could result in heavy penalties or even cancellation of trading licenses. Examples of organisations that were found on the wrong side of the law include Alexander Forbes (Bulking case) and FNB (Million a month account). These two cases represent failure in terms of management and bring home the importance of thorough research before, for example, new systems and procedures, aimed at improving an organisation’s performance, are implemented.

3.2.1.2 Cycle and achievements
Management-oriented kaizen (CI) initiatives typically last for the duration of the project and Imai (1986) argues that the achievements are as many as management chooses. This implies that the initiative could go on as long as management finds it beneficial in terms of achieving the set goals. The primary goals are to boost the performance of the organisation in all the chosen areas. The achievements are said to be as management chooses because of the critical role that management has to play for CI to be effective.

3.2.1.3 Supporting system and Implementation cost
As mentioned before, a successful CI initiative needs the support of all employees of organisation. Everyone, from top management to the most junior employees, needs to work together as a team for CI to be successfully implemented (Oakland, 2007). Top management needs the support of the line managers and line managers need the support from their reports Imai (1986). This entails team work as employees at different levels complement each other. In order for management to get the necessary support for CI, management needs to set proper strategic goals and gain the trust of their subordinates. Management cannot be everywhere all the time. Hence, they need to delegate some tasks to subordinates and/or the project team. For this to be achieved, there needs to be open and effective communication across the various levels of authority and CI advocates for same.
Imai (1986) further rightfully states that there are, at times, implementation costs associated with management-oriented kaizen. The level of costs would differ from one project to another and some projects may have no costs. An example of a cost-free project aimed at enhancing Absa bank’s performance was, when in 2007, Steve Booysen sent an email to all employees requesting them to suggest locations they felt needed automated teller machines (ATMs). From the responses of the employees, the bank was able to better the service its clients by installing the ATMs in some of the areas suggested by the employees. Some costly implementations would, for instance, be typically where outsiders are hired by the organisation to provide training to the employees. Consultants from universities are hired from time to time by organisations to train in specialist areas (Malinga, 2008). Business units pay for the training and up-skilling of their employees. All these efforts by organisation better equip their employees to better service customers and eventually boost the bottom line.

3.2.1.4 Result, booster and direction
The end result of MOK is usually a new system and facility improvement (Imai 1986). For example, Absa Corporate and Business Banking in 2007 introduced a web based credit application. This came about after a new operating model was adopted from parent company, Barclays PLC (UK) (http://www.Absa.co.za). According to Ndlovu and Lotter (2008), relationship managers with Absa Corporate and Business Banking, the web based credit application has led to improved turnaround time. They admit though that initially the web-based application was a challenge, especially to the older generation of managers as they had to stop using the paper based application they had used for decades. However, they now enjoy using the quick system that enables them to exceed customer expectations in terms of feedback.

The MOK, like the other two approaches to CI uses seven statistical tools and these will are discussed in detail in Section 3.3 of this chapter.

From the earlier discussion, it is clear that management’s total commitment to the successful implementation of CI is key. All levels of managers, be it an executive,
middle, general or line manager, need to be 100% committed to CI if the organisation is to reap the full benefits and boost its performance. It is also apparent that management needs the support from other relevant players. Management-oriented kaizen is one of the most important operational aspects of CI as stated by Bennett (2007). It is there to lead the organisation and creates an enabling environment for all the objectives to be achieved and surpass the efforts of competitors. It is important though to note that it has to be complemented by Group-oriented kaizen (GOK) and Individual-oriented kaizen (IOK) for all the benefits of CI to be reaped.

3.2.2 Group-oriented Kaizen (GOK)
Group-oriented CI comes in the form of quality circles (QC) and small group circles that use various statistical tools to solve problems. According to Imai (1996), this form of CI calls for the full PDCA cycle and requires team members to identify problem areas and causes, analyse them, implement and test new measures as well as establish new standards and procedures.

As is the case in individual-oriented CI, Imai (1996) stresses that it is essential for management to understand the role and support of employees. He goes on to say workers enjoy being engaged, that is, being afforded the opportunity to be creative and decide for themselves how they should do their tasks. This means management must focus on leading and motivating whilst workers assume what were traditional management roles of planning, doing and controlling their work.

Group–oriented Kaizen is preferred mainly for the advantages that come with quality circles. These include:

- teamwork strengthened from the setting of group objectives and working towards achieving same;
- moral is greatly improved;
- communications is enhanced between management and workers and amongst workers themselves;
• group members acquire new skills and develop more cooperative attitudes; and
• groups become self-sustaining and solve problems that would otherwise be left to management (Imai, 1986).

The key components of GOK, as presented in Table C, are discussed in detail in the next section.

3.2.2.1 Involves and targets
GOK involves quality circle members and targets certain activities for which the quality circle would have been established (Imai 1986). For example, Maggs (2008), a manager of the Horizon business unit, states that his team’s primary objective is to come up with suggestions aimed at improving the processes like the opening of accounts. One of the milestones that were recommended by the circle members was to streamline the account opening process by, for instance, not having to request company documents in opening additional accounts for the bank’s clients with existing accounts. Such a move again is in the spirit of improving the performance of Absa which is the essence of CI.

The circles comprise employees from various business units and as such they are able to share best practices. According to Marselle Muller (2006), a business unit manager with FNB commercial banking, her bank has a junior board that acts as a “shadow” executive board. This is an example of a quality circle and their duty is to function like the normal board. The junior board makes its own recommendations to the real board with regards to how the bank could boost its performance. The main advantage with quality circles is the sharing of ideas and data which leads to more informed decisions and improvements. The disadvantages are as in any team and would include differences among members that, if not properly handled, could retard the progress of the quality circles.
3.2.2.2 Cycle and achievements

According to Imai (1996), quality circles normally need four to five months to complete their tasks or a particular project. Imai (1996) goes further to state that the achievements range from three to four per year. This is understandable given that change does not take place over night. Circles typically come up with a number of suggestions on how to do things better and beat the competition. An example of the suggestion system is the Absa Corporate and Business Bank team’s process improvement suggestion system. According to Maggs (2008), who is a member of the team, their task is to gather information from their respective units, collate and debate the suggestions with the view of recommending the implementation of noble changes to the processes. The underlying principle is to continuously improve service delivery to clients in areas such as turnaround time and service quality. This is the key to the success of the organisation.

3.2.2.3 Supporting system and implementation costs

In the GOK, small group activities, quality circles and the suggestion system are the sources of information (Imai 1996). As the name group-oriented kaizen implies, groups and quality circles discuss and come up with ideas of how to do things better and more efficiently. At quality circle and group meetings, all members are required to contribute if the whole objectives are to be achieved. According to Linda (2007), an FNB Relationship analyst, at their quality circle meetings, each member is requested to jot down his/he views on a particular subject of discussion. Once this is done, the points are collated and then presented on a board.

According to Imai (1996), this is a cheaper method of gathering the valuable information which could form the basis of further improvement. Linda (2007) further mentions that, at times, the quality circle meetings are facilitated by external consultants. This is done to avoid situations where quality circle meetings are facilitated by the department’s management. When management facilitates or chairs the meetings, some employees do not participate for fear of reprisal. Such behavior militates against CI and hence some organisations
source the skills of external facilitators. Obviously where no external facilitators are used, the implementation costs are lower as the group or quality circle members would use CI their normal course of duty. However, where external facilitators are used, they come at a cost. Whatever option is taken, the fact remains that the group or circle members are the primary source of information and are key to CI activities organisation (Disend, 1991).

3.2.2.4 Result, booster and direction
The aim of all CI initiatives is to improve the way things are done. GOK also aims for same and consequently the end result is improved work procedure and revision of standards. Glenton (2007), a business unit manager with Standard Bank finds group or quality circles effective because they help streamline processes. He gives the example of some credit decisions being delegated to business unit level management. Before this initiative was implemented, a client’s requests to have a guarantee cancelled and security held for same released would up to a week to be finalized. With the new process, same can be done in a matter of hours as the unit management can make this decision. This is proof that CI could indeed help improve a business’ performance.

It is clear that the group approach to CI is essential to the successful implementation of CI. This approach complements the management and the individual approaches to CI.

3.2.3 Individual-oriented Kaizen (IOK)
The maxim of working smarter and not harder reveals the importance of the individual-oriented CI. This system manifests itself in the form of individual suggestions. Again the role of management is to facilitate a dynamic suggestion system that would inspire employees to improve the way they do their everyday work.

According to the Japanese human relations association, suggestions could cover such areas as:
- improvements in one’s own work;
• savings in energy, material and other resources;
• improvements in machines and processes;
• improvements in product/service quality;
• ideas for new products; and
• customer service and customer relations (Imai, 1996).

3.2.3.1 Involves and target
The IOK, as the name aptly infers, involves all individuals in an organisation and the target is each individual's own work area ((Imai, 1996). This calls for each individual to adopt a positive attitude towards improving and changing the way he or she works. In essence, this is CI and one should always look at doing things better and more efficiently. Some organisations incentives put in place in order to encourage employees to come up with suggestions that eventually improve the bottom line. At FNB, for example, an employee who comes up with an innovation that gets implemented gets rewarded (http://www.fnb.co.za). Absa’s CEO Steve Booyzen recently sent emails to all employees challenging them to come up with suggestions on how the bank “can simplify processes and improve efficiencies” (http://www.Absa.co.za).

It is important for management to create an enabling environment that fosters the culture of innovation. Bennett (2007) mentions the importance of communicating and letting employees know why their suggestions will not be implemented. He further states that it is of great importance to acknowledge the suggestions of each individual and thank them even if their suggestions are not implemented. Individuals do their jobs and are a valuable source of information when it comes to opportunities of improvement in their areas of work. It is, therefore, important to have the opportunity to make suggestions and recommendations.

3.2.3.2 Cycle and achievements
With individual-oriented kaizen, the cycle is anytime and achievements are unlimited. This is understandable given that an individual can identify opportunities in his or her work place since he or she is performing these daily duties. The
potential achievements are dependent on commitment and an attitude that is prepared to come up with noble and viable suggestions of improvement. According to Booysen (2008), when Absa requested suggestions from employees in September 2007, many were received and a significant number of these were implemented. He went on to say because the operating landscape was ever-changing, he, therefore, would request further suggestions in 2008. This is in the spirit of CI and is aimed at improving the way the bank performs. It also boosts the morale of the employees as they are engaged and would feel part of the business.

3.2.3.3 Supporting system and implementation costs
The suggestion system is the supporting structure of individual-oriented kaizen (Imai, 1996). It is important for an organisation to have a dynamic and effective suggestion system. There must be guidelines covering such areas as:

- making the job easier;
- removing unnecessary steps;
- making the job safer;
- improving product quality; and
- saving time and costs (Imai, 1996)

According to Gloria, a branch manager with one of Nedbank business units, they have been very successful in terms of the number and quality of suggestion they get. She attributes this to the incentives, encouragement and continued recognition of employees that come up with brilliant suggestions that better the way the bank services its clients. This finding underpins the research statement which focuses on the impact of CI as a tool for improving performance of a business unit. Standard Bank's Glenton, a regional manager in business banking, concurs with Gloria as he also argues that the innovative products and processes which his bank uses came out of the suggestions by the bank’s valuable individuals. Glenton says that the secret to this success has been the open and conducive environment created by management. This links to the discussion in Chapter 2 which refers to
management’s commitment to CI and how this needs to be non negotiable if the full benefits are to be enjoyed.

3.2.3.4 Result, booster and direction

With individual-oriented Kaizen, the results are almost immediate because the impact is immediately felt in the employee’s work area. More satisfaction comes from one seeing and experiencing the immediate benefits of one’s own suggestion and makes employees to appreciate CI. According to Oke and Goffin (2006), it is always satisfying to an employee to know that he/she owns a particular process or contributed to improving a certain process.

It is important to note that the three approaches to CI are interlinked and complement one another. For instance, a group is made up of the individuals, managers work as groups and each manager is an individual.

3.3 The seven statistical tools

It is important to note that all the three Kaizen techniques make use of the seven statistical tools. These are:

- Relations diagram – clarifies the interrelationships in operations or situations involving interrelated factors, thereby clarifying the cause and effect relationships among factors;
- Affinity diagram – a brain-storming method based on group work where each member jots his/her contribution or suggestion and these are then grouped and realigned by subject matter;
- Tree diagram – shows interrelationships between goals and measures
- Matrix diagram – clarifies the relationships between two different factors;
- Matrix-data-analysis diagram – gives detailed information based on data analysis and gives numerical results; and
- PDPC (Process design program chart) – helps achieve optimum conclusion and avoid surprises in implementation programs;
• Arrow diagram – uses network representation to show the steps necessary to implement a plan (Imai, 1986).

These tools help identify improvement opportunities.

**3.4 Costs associated with poor customer service**

Customer service is the key in distinguishing similar products offered by different banks (Botha, 2008). One of the aims of CI is to help an organisation improve its customer service in order to attract more clients and make more money than competitors. Poor customer service is costly and the varieties of costs associated with same were discussed by Bennett (2008). These are outlined as follows:

**3.4.1 Costs of lost customers**

Bennett (2008) defines these as the revenue lost as a result of clients leaving the business due to perceived poor service. Some dissatisfied customers switch to the competition. Through CI, the organisation is able to keep close touch with its clients in order to ensure that they remain with the bank. This explains the popularity of customer relationship management in banks’ business units. For example, business clients get grouped into portfolios and have a dedicated relationship manager to service them (http://www.fnb.co.za) (http://www.Absa.co.za). This approach is also reflected in the titles of relationship managers which have changed over time. For example, at Absa, relationship managers used to be called business bankers. Now they are relationship executives (http://www.Absa.co.za).

These new names are meant to give a new meaning to the way banks view their clients. These changes are helping banks portray a new picture of themselves in so much they have the interests of their clients. In order for a relationship to work, it requires commitment from the client and bank. In the past and to a lesser degree, today banks are viewed as making super profits and not being worried about the wellbeing of their clients. For example, Absa was reported in the Fin-week (14.08.2008) as the most expensive in South Africa. The fact is, for whatever
reason, it is costly for a bank to replace lost customers and through CI and other quality initiatives, banks strive to retain their valuable customers.

3.4.2 Lost opportunity revenue
This is defined as the revenue that a bank or organisation would have earned from new clients. The bank ends up not earning this revenue due to negative word-of-mouth communication from dissatisfied customers (Bennett, 2008). This is self-explanatory and is mathematically calculated as follows,

\[
\text{Annual revenue per customer} \times \text{Number of potential customer who will go elsewhere due to negative word-of-mouth}
\]

One of the aims of CI, as the name implies, is to continuously improve the way things are done and which should result in improved customer service. Positive word-of-mouth referrals from satisfied customers provides the bank with more customers and consequently reduces the lost opportunity revenue.

3.4.3 Customer replacement costs (CRC)
Cost replacement cost is important when maintaining the bank’s market share. Bennett (2008) states that in order to for a bank to maintain its market share, it has to replace lost customers. Furthermore, a bank’s market share may shrink without losing any of its customers. This may be a result of competition gaining new clients from the market.

Mathematically, the CRC is calculated as follows,

\[
\text{Costs to acquire and keep customers (marketing, advertising, promotions, discounts) \times average cost per customer}
\]

It is said to cost six times as much to attract a new customer than it does to keep an old one (http://www.highbeam.com). Banks put a lot of effort in retaining their existing customers. One example is by ensuring that existing customers utilise more than one of the bank’s products. A lot of emphasis is placed on cross selling which helps entrench the client with one bank (Malinga, 2008)
3.4.4 Customer recovery costs

These are costs incurred to keep dissatisfied customers and gain back customers who may have left the bank for the competition (Bennett, 2008). Such costs include waiving of fees, low pricing to entice customer back the time spent apologising.

The formula for calculating the recovery costs is:
\[ \{O + P + Q + R + S\} \]
whereby,

- **O** = Time redoing things not done right the first time (hours * rate)
- **P** = Time spent apologizing (hours * rate)
- **Q** = Costs of fee waivers
- **R** = Legal costs
- **S** = Miscellaneous costs

The four cost categories are critical and have to be taken in consideration if a bank is to beat the competition and make more money. By adopting the CI principles, banks aim at keeping the costs at the lowest possible levels whilst at the same time maximising revenue. Again, this refers to the primary objective of CI which is to help organisations make more money. Successfully implemented CI efforts boosted Japanese industry after the World Word II (Imai, 1996). According to Winston (2007), a relationship executive with Absa, embracing CI principles has led to a reduction in the number of customer complaints. Winston’s view is supported by FNB’s Commercial manager, Marselle (2007) who argued that the remarkable results posted by her business unit were a result of team work and the employees’ attitude to challenging the status quo and coming up with innovative ways of working. Once again, this is proof of how successfully implemented CI initiatives reign in costs and boost the performance of a business.
3.5 Components for evaluating customer service

The customer is the ultimate judge of service quality of service offered by any organisation, including banks. There is a general belief among clients that banks are interested in making super profits through exorbitant pricing structures (De Klerk 2008). Some customers believe banks do no realise the critical importance of excellent service to their customers who are in reality the means to profits. The phrases “we value our customers” or “commitment to excellent customer service” are the buzz phrases in almost all businesses. Some go further to incorporate this thinking in their mission and value statements. For instance Absa site caption is “Enhanced customer service is our aim” (http://www.Absa.co.za). Standard Bank’s mission is “To be the best financial services group in Africa with the most satisfied customers” (http://www.standardbank.co.za).

This shows that there is indeed acknowledgement that customers are the key to business success. The question remains then if this is the case, why are customers moaning about the service they get? In order to answer this question, it is important to understand what constitutes excellent customer service. Bennett (1992) states the key components in evaluating customer satisfaction are:

- customer requirements and expectations;
- customer relationship management;
- customer service standards;
- commitment to customers;
- complaint resolution;
- customer satisfaction determination;
- customer satisfaction results; and
- customer satisfaction comparison (with competitors and leading companies).
3.5.1 Customer requirements and expectation
The first step to delivering customer satisfying services or products is to identify the requirements of the targeted customer segment. Lee (2002) argues that it is critical for organisations to remain focused on the customer and constant, relentless change and innovation is required to achieve superior service. In 2007, Absa introduced what it termed the "10 treating customers fairly" (TCF) principles. According to Ina Steyn (2008), General Manager of Absa Group customer service, the thrust of these principles is to ensure that everyone in the organisation works towards exceeding customer expectations. Because of the level of competition in the financial services sector, meeting customer expectations is inadequate. It is, thus, important for an organisation to be innovative, proactive, anticipate and provide customer satisfying products better than their competitors.

3.5.2 Customer relationship management (CRM)
CRM refers to the processes applied by a company to handle its contact with its customers (J Edwards, 2007). Edwards expands the CRM concept and called it collaborative CRM. This, he says, entails an organisation having its various departments such as sales, credit or any other division sharing the information gathered from customer interactions to boost customer satisfaction and loyalty. At Absa Corporate and Business Banking, this is done via the Customer Management Plan (CMP) meetings where the client’s relationship executive, life and short-term broker, vehicle finance, electronic banking and other relevant unit meet to discuss the best solution for the client. Such an approach benefits the bank and customer because the bank stands to generate more income by offering the client products that would in turn benefit him.

Clients expect their banks to be proactive and often seek advice from the bank as their trusted partner in business. Successful collaborative CRM requires the breaking down of barriers of animosity between the various sub-units of an organisation. All need to have the interests of the clients at heart if they are to lead their organisations to pre-eminence in their respective industries. According to John Edwards, 2007, some organisations introduce rewards like cross-selling competitions to foster relations among departments in their quest to find better
solutions for clients and thereby make more money for their organisations. The bottom line in fostering mutually beneficial relationships with clients is not to force products onto them in order to make money but to recommend the most ideal products so the client can make an informed choice.

3.5.3 Customer service standards
Customer service standards are the parameters set by an organisation to ensure that all employees work towards giving the customers a certain level of service quality. Every employee is, therefore, expected to live and deliver service that falls within the set parameters with the ultimate goal being to ensure that the organisation exceeds customer expectations in terms of service quality.

Typical customer service standards include for instance answering the telephone within three rings.

3.5.4 Commitment to customers
This has to do with organisational efforts aimed at fostering enduring relationships with its customers, whether internal and external. (http://www.saba.com). According to Ina Steyn, Absa Group General Manager of Customer Experience, it is critical for organisations to show the caring side to their internal and external customers, especially in today’s challenging times. This would obviously include, for instance, banks helping heavily indebted customers by offering to restructure their debt and in the worst case scenario, assisting with debt counseling.

Steyn further states that such commitment is key to dispelling the concept that banks are only after super profits and do not care about their customers. Enduring relationships benefit the organisation and customer. The success of relationships is dependent on the openness and honesty of both parties to the relationship.

Equally important, internal customers need to see the caring side of the employer which could include, for example, revising targets that were set when the economic was booming should the economic climate take a downturn. Another example of commitment to internal customers is explained by Absa’s Retail Banking CEO
Louis von Zeuner. He recently stated that employees that could not find placement following the rationalisation of operations on the Retail banking division had five months to seek alternative employment. Whilst it is obviously any retrenchment exercise is negative, the employer has given an extended period to affected employees to find alternative jobs without getting into financial difficulties.

3.5.5 Complaint resolution (CR)
In as much as much as organisation tries to: get things done right the first time around” or strives for the “zero defect”, the reality is there will be mistakes. There is no process or system that cannot be improved and this, in itself, is bedrock of innovation. An ideal organisation is one that acknowledges customer complaints, takes them seriously and views them as an aid towards providing service which is acceptable. According to Imai (1996), CI advocates positive thinking which turns the problem or complaint into a valuable opportunity for improvement. Imai further states that in Japan complaints are seen as keys to hidden treasure. This could not be further from the truth given the benefits that could arise to the organisation as it strives to solve a client’s complaint. A typical example is where, for example, the complaint is about long turnaround times. Exploring ways of addressing this problem could result in the organisation eliminating costly and unnecessary steps. The end result should be a happy client who enhances the company’s profitability potential.

3.5.6 Customer satisfaction determination (CSD)
CSD is about establishing whether customers are satisfied with the quality of their service. This could be assessed through customer visits, interviews, surveys, forums, complaints and follow ups (http://www.balridge21.com). CRM is one of the key avenues to determining customer satisfaction. For instance, a portfolio of clients is handled by a relationship executive who visits them, organises forums and constantly checks their service satisfaction levels from the bank. As stated by Imai (1996), the customer is the ultimate judge of the quality. The only way an organisation knows how it is fairing in the eyes of its customers is through engaging with them to get their views. External clients’ opinions can be done through interviews, forums, customer visits and forums. Absa uses employee
opinion surveys (EOS) to determine the level of employee satisfaction as one of its primary internal customers (Abacus, September 2008).

While CSD is useful, it is not the ultimate goal and is means to an end. The organisation should use these inputs as the basis for further improvement. Information gathered and suggestions from customers should be used to enhance customer service that results in more happy customers, more business and more profits for the organisation.

3.5.7 Customer satisfaction results
Bennett (2008) argues that customer satisfaction is the key to competitive advantage and superior profit performance. He further explains that at exceptional customer service results in revenue streams that more than cover increased costs, thereby helping the company to achieve superior profitability and competitive advantage. (See calculations in Section 3.5 which substantiate this claim)

3.5.8 Customer satisfaction comparison (with competitors and leading companies)
With the world now a global village, companies face intense competition from within and without their country boundaries. It is imperative for companies to be competitive in all aspects of business in order to remain viable. Deloitte’s “best company to work for” survey helps companies determine how they perform against their peers.

3.6 SUMMARY
In Chapter 3, the researcher discussed the operational aspects of CI, explaining how important the involvement by employees at all levels is to the success of CI efforts. Also discussed were the costs associated with poor customer service and the components for evaluating customer satisfaction. These three elements provide the key to answering the problem statement of this research which is to determine the success of Horizon business unit’s CI efforts. It does so by addressing the key components of CI as explained by Trollip (2008). The discussion has shown that the operational aspects of CI help towards satisfying customer needs and achieving the “zero defect” and faster delivery. It also helps to
achieve tougher goals and provides room for developing innovative services. Poor customer service negatively affects the performance of any business in that it leads to loss of business as customers migrate to competition. It is important for any organisation to understand how to evaluate customer satisfaction as the failure to do so will lead to the business only realising that it has lost a valuable customer after the fact.

In Chapter 4, the researcher will explain the research design and methodology that has been followed to answer the research question. Also to be discussed is the research process and the role of concepts and theory.
CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1 Introduction
In chapter 3, the researcher discussed the key elements of CI namely, the operational aspects, costs associated with poor customer service and components for evaluating customer satisfaction. In this chapter, the design of the research and the methodology that has been followed to answer the research question will be explained.

Absa Corporate and business banking's Horizon business unit in Gauteng west was selected for the study of the impact of Continuous improvement on the quality of customer service.

4.2 Absa Corporate and Business Banking
The Horizon unit of this division of Absa bank offers a wide range of services to businesses in the medium business segment. The unit is staff includes a regional manager, manager of relationship executives, relationship executives, operational bankers, switch board operator and secretary. The unit works closely with dedicated divisions like Absa brokers, vehicle and asset finance, electronic banking, international banking, debtor finance, customer service centre and obviously the branch networks. These units have some employees dedicated to service the business clients and this is in the spirit of collaborative customer relationship management.

4.3 Definition of Research
Research is a process of enquiry and investigation, conducted in a systematic and methodical way leading to increased knowledge (Collis & Hussey, 2003). This definition finds support in Leedy (1997), who defines research as a process through which a systematic attempt is undertaken to answer a question, resolve a problem, or to create better understanding of a phenomenon. From the foregoing, it is apparent that the researcher has to come up with an appropriate research
strategy that would facilitate adequate answering of the research problem, within the given constraints (Ghauri & Gronhaug, 2002).

4.4 Research design and problem structure
Research design may be defined as the structure of the research and it is the glue that holds the research together (Trochim, 2006). Leedy (1997) defines research design as the visualization of the data and the problems associated with the employment of those data in the entire research project as well as common sense and the clear thinking necessary of the management of the entire research endeavor. The design of the research is largely dependent on the structure of the problem being addressed. According to Ghauri & Gronhaug (2002) the two types of research designs are exploratory and the descriptive designs. The former is used were the problem has not been clearly defined. This type of design relies on reviewing literature, interviewing customers, employees and management. It also gives insight into a given situation. Kotler et al (2006, p 122) also states that the objective of exploratory research is to gather preliminary information that form the basis for defining the problem. This confirms the view of Ghauri & Gronhaug that exploratory design is used were the problem is unstructured.

According to Kotler et al (2006, p 122) descriptive research design describes things, such as the market potential of a new product or the attitude of consumers who buy the product. In the case of descriptive design, the problem is well understood and structured (Ghauri & Gronhaug, 2002).

4.5 Research Method
The research method one follows is directly connected to the researcher’s problem statement and goal of the research (http://www.petech.ac.za/robert/). Research method is essentially a systematic, focused and organized gathering of data for the purpose of extracting information that would in turn answer or solve the research problems or questions (Ghauri & Gronhaug, 2002).
Leedy defines the primary research as one that generates the data closest to the truth. Dunsmuir and Williams (1992), state that the most popular research tools for gathering primary data are the questionnaires, interviews and observations.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quick and cheap if the sample is small:</td>
<td>Using a large sample can be time – consuming:</td>
</tr>
<tr>
<td>• Computer coded for quick analysis and repetition</td>
<td>• Over-reliance on statistical analysis loses individual meanings and case study data,</td>
</tr>
<tr>
<td>• Coding enables multiple comparison among variables</td>
<td>• Closed questions may constrain the data (pre-empting a richer range of response)</td>
</tr>
<tr>
<td>• Allows generalization to a larger population.</td>
<td>• Respondents may interpret the questions differently</td>
</tr>
<tr>
<td>• Verifiable by replication and requestioning of interviewees/respondents.</td>
<td>• Researchers can bias the data by concept definition and question framing</td>
</tr>
<tr>
<td></td>
<td>• It is impossible to check if people are responding honestly</td>
</tr>
<tr>
<td></td>
<td>• Response rate may be low and selection non-random. This affects the validity of any inferred generations.</td>
</tr>
</tbody>
</table>

Source: Dunsmuir and Williams (1992)

Dunsmuir and Williams (1992) go on to also illustrate the pros and cons of secondary research as per table overleaf
The researcher has to decide from the word go, whether he will use the quantitative or qualitative methods of collecting data. Mixed methods studies could be done also.

Leedy and Ormond (2001) state that quantitative research is ideal where the researcher seeks to answer questions about relationships among measured variables. The underlying intention will be to explain, predict and control. Qualitative research is collecting, analyzing and interpreting data by observing what people do or say. It refers to meanings, concepts, definitions and descriptions. On the other hand, qualitative research is used to answer questions about the complex nature of a phenomenon, often describing this from the researcher’s point of view. It is important to note that the difference between the approaches does not lie in “quality” but rather in procedure. In qualitative research, findings are not arrived at by statistical methods or other procedures of quantification as is the case with quantitative research.
The table below illustrates the distinguishing characteristics of qualitative and quantitative methods.

<table>
<thead>
<tr>
<th>Qualitative methods</th>
<th>Quantitative methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>• To build theory</td>
<td>• To test theory</td>
</tr>
<tr>
<td>• To explore and interpret</td>
<td>• To confirm and validate</td>
</tr>
<tr>
<td>• To describe and explain</td>
<td>• To predict and explain</td>
</tr>
<tr>
<td>• Unknown variables</td>
<td>• Known variables</td>
</tr>
<tr>
<td>• Subjective “insider view” and closeness to data</td>
<td>• Objective “outsider view” distant from data</td>
</tr>
<tr>
<td>• Holistic perspective</td>
<td>• Particularistic or focused and analytical</td>
</tr>
<tr>
<td>• Process oriented</td>
<td>• Result oriented</td>
</tr>
<tr>
<td>• Observations, interviews</td>
<td>• Standardised instruments</td>
</tr>
<tr>
<td>• Words</td>
<td>• Numbers</td>
</tr>
</tbody>
</table>

Adapted from Reichardt & Cook (1979) and also Leedy & Ormrod (2001)

**Advantages of using both types of research**

- Increased validity as results are confirmed by different data sources
- Complementary, i.e., adding words to numbers and vice versa.
- Creating new lines of thinking by taking into account fresh perspectives and contradictions ([http://uk.geocities.com](http://uk.geocities.com))

Leedy and Ormrod (2001) agree with Jankowicz (1991) that qualitative and quantitative methods complement each other and cannot be used in isolation. For instance, tables presenting figures often need some flesh in the form of some qualitative information to explain the meaning of the figures. In the same spirit, figures do help give more meaning to qualitative information.

Jankowicz (1991) states that qualitative research uses such techniques as conversion, unstructured and semi-structured interviews. On the other hand,
quantitative research uses structured observation, structured interview, structured surveys and attitude scaling.

4.6 Research surveys and Interviews
Collis and Hussey (2003) define survey as a methodology whereby a sample of subjects is drawn from a population and studied to make inferences about the population. Ghauri and Gronhaug (2002) define surveys as a method of data collection that utilizes interviews or questionnaires to record the verbal behavior of respondents. It is an effective tool for collecting attitudes, opinions and descriptions.

Collins and Hussey (2003) defines interviews as a method of collecting data in which participants are asked questions to find out what they do, think or feel. According to Ghauri & Gronhaug (2002), there are two types of interviews. The first being structured interviews, which are used to solicit fixed responses. The second type is unstructured interviews and these give the respondent is given the freedom to discuss opinions, reactions and behavior.

4.7 Research design and methodology used at the Horizon business of Absa Corporate and Business banking.
The research design and methodology that has been followed is of descriptive and qualitative nature. The researcher collected data through primary sources.

Data was gathered via the questionnaires sent out to respondents in August and September 2008. Personal observations and interviews with the relevant parties were conducted. Secondary data was gathered from the literature search.

The researcher chose the questionnaire because of their being cost effective and convenient for completion by respondents. Another motivation was the easy access to potential respondents and the nature of the research.
4.8 Questionnaire Development

The major components of CI highlighted in the literature review were captured into the questionnaire. The questions were designed in such a way that they cover the important aspects of CI. Likert scales were used and these enabled the researcher to determine people’s attitudes by asking them the extent of their agreement or disagreements with a series of statements about something.

4.9 Pre-testing the questionnaire

Upon completion of the questionnaires, three employees from the business unit were approached and asked to complete and pretest the questionnaire.

Pretesting the questionnaire helped the research determine the relevance of the questions. The researcher was also able to restructure the unclear questions.

The final structure of the questionnaire was as follows;

Section A – Questions on demographic information

The demographic information was analysed according to designation, qualification, position or designation and number of years of involvement in CI activities.

Section B - Dichotomous questions

These are closed questions that offer only two alternatives, for example yes or no?

Section C – Likert scale questions

Used to get the respondents’ attitudes by asking them the extent of their agreement or disagreement with a series of statements about an issue.

The following five scale points range:

5 - Strongly agree
4 - Agree
3 - Neutral (neither agree nor disagree)
2 - Disagree
1 - Strongly disagree
The questionnaire is illustrated in annexure A *(Questionnaire will be attached)*

### 4.10 Research population

The business unit under research consists of 48 employees. The researcher approached the whole team of the business unit of Horizon to complete the questionnaire. This was done to ensure that the survey is accurate as choosing only a few members could have created the risk of selecting members that won’t be truly representative of the unit’s team.

A covering letter was sent explaining the purpose of the research and to encourage respondents to complete the questionnaire. The unit management was offered the results of the survey upon completion.

### 4.11 The actual survey

The appointments were set up with the respective managers and team members after the completion of the questionnaires.

At the time of the survey, 48 questionnaires had been sent out and 40 responses were received giving a response rate of 83%. Same is depicted in the table below;

#### Table D Overall response rate

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>RESPONSE FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attained responses</td>
<td>40</td>
<td>83%</td>
</tr>
<tr>
<td>Outstanding responses</td>
<td>8</td>
<td>17%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>48</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Source:** Results from the survey
4.12 Interviews at the business unit

The researcher conducted interviews with all the team members and management. Questions that were asked concerned the various CI efforts that the respondents were involved in as they strive to improve customer service and turn the unit into the flagship of Absa corporate and business banking segment.

4.13 Summary

This chapter covered the design and methodology of the research into the impact of CI on the performance of the business unit being reviewed. The researcher indicated how the empirical study would be conducted. Also discussed was the design of questionnaires. Various research methods were probed to enable the researcher to choose between qualitative or quantitative research methods. In Chapter 5, the researcher will present the results of the questionnaire and analyse the findings, with the aim of answering the problem statement and the sub problems.
CHAPTER 5

RESEARCH FINDINGS

5.1 Introduction

In the previous chapter, the researcher explained the research process followed to gather data required to answer the problem statement. In this chapter the researcher presents the empirical findings on the impact of Continuous Improvement on the performance of Absa banks’ corporate and business banking horizon business unit in the Gauteng West region. The questionnaire was sent to 48 employees of the business unit. The sample population consisted of:

- Regional manager
- Manager of Relationship executives
- Relationship executives
- Operational bankers
- Investment officers
- Property finance consultants
- AVAF consultants

The findings are presented in tables, pie charts and the questionnaires (Annexure A), interviews and surveys concerning CI are explained. The interviews were conducted with the view of establishing the impact of CI on the quality of service delivered by the Horizon business unit of Absa bank’s corporate and business division. The questionnaire covers the elements of CI that were discussed in Chapters 2 and 3.

5.2 Results of the questionnaire and interviews

The questionnaire was developed to determine the level of CI implementation and measure the effectiveness of the elements of CI on the performance of the selected business unit in terms of the quality of customer service. The
interviews were centered on several of the unit’s initiatives which are related to CI.

According to the senior management at the Horizon business unit, quality of customer service is one key element that distinguishes one bank from others. The introduction of the New Operating model was aimed at enhancing customer service with Relationship executives expected to be even closer to their customers.

5.2.1 Results from Section A: Demographic information
The table below shows the response to the survey by the highest qualification.

<table>
<thead>
<tr>
<th>Highest Qualification</th>
<th>Number of Responses</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school</td>
<td>26</td>
<td>54%</td>
</tr>
<tr>
<td>Diploma or Degree</td>
<td>14</td>
<td>29%</td>
</tr>
<tr>
<td>Currently studying</td>
<td>8</td>
<td>17%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>48</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 5.2.A shows that 54 per cent of the respondents completed high school and 29 per cent completed diploma or degree. This shows that majority of the respondents have some academic background and as a result understood the implementation of CI at their business unit. The currently studying 17% is made up of respondents who are still busy with their studies and will be completing same on different times.

5.2.2 Results from Section B – Customer service goals
As stated before, the customer is the ultimate judge of the service quality. Customer service is of utmost importance especially in the service industry. Customers are spoilt for choice with lots of players in the industry. The bank that
out-competes others is the one that is quality conscious and ensures that all the energies are channeled towards providing quality products to clients better than the competitors do.

All the respondents agreed to the fact that their unit has numeric customer perception, turnaround and quality targets. During interviews, the respondents felt the use of Value Aligned Performance Measurement (VAPM) as a tool for grading clients into say small and medium business was the best. However, they still felt a lot needs to be done to ensure that the bank is not portrayed as just after super profits without customer interests.

5.2.3 Results from Section C – Findings on Continuous Improvement

Tables and pie charts in this chapter show the responses from the research questionnaire. The first column of the tables shows the questions from the questionnaire; column number two shows the number of people (No) and percentage (%) of the total sample population and the third column shows the Likert scale – the numbers representing the following:

- 5 - Strongly agree
- 4 - Agree
- 3 - Neutral (neither agree nor disagree)
- 2 - Disagree
- 1 - Strongly disagree

X = Top management
Y = Middle management
Z = others

The responses have been grouped as per the tables and pie charts to enable the researcher to group the data and trends. Each group of data and trends will be discussed with the view of explaining the resultant trends. The grouping of responses into top, middle management and others is essential to give a proper understanding of the contribution of each in terms of the status of CI activities in
the business unit. CI calls for the commitment of all employees. Such a grouping would enable the researcher to determine for instance the commitment of employees at different levels.

The questions were broadly grouped into general, training, KPIs, CI teams, inter-unit teams, motivation and measurables. As per discussions in chapter 3 and 4, all these subheadings are key components of successful CI programs. Subdividing the questions as such would help the researcher determine how the business unit performs in each of the areas in terms of CI. It would be easier to establish the areas that are lacking and thereof make appropriate recommendations.

**Table 5.2: A. Responses to the general section**
The table below and the accompanying pie charts are a grouping of the data and trends established from the respondents' answers to the general questions on CI.

<table>
<thead>
<tr>
<th>Questions</th>
<th>No</th>
<th>Likert Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) General questions.</td>
<td></td>
<td>5 4 3 2 1</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td>Total</td>
</tr>
<tr>
<td>1. Have you been involved with the CI program?</td>
<td>No</td>
<td>2 1 0 0 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% 67 33 0 0 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>4 13 2 1 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>20 65 10 5 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Z</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>7 8 1 1 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>41 47 6 6 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>100</td>
</tr>
<tr>
<td>2. Through CI efforts the need for getting things right the first time around at your department is determined for every process.</td>
<td>No</td>
<td>0 3 0 0 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>0 100 0 0 0</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>5 13 2 0 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>25 65 10 0 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Z</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>4 10 3 0 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>23 59 18 0 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>100</td>
</tr>
<tr>
<td>3. At your department, CI improves processes.</td>
<td>No</td>
<td>0 2 1 0 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>0 67 33 0 0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>100</td>
</tr>
</tbody>
</table>
4. CI at your department improves the quality of customer service and hence productivity.

5. Have you personally been involved in CI activities that have reduced bottle necks and eliminated inefficiencies?

6. All employees in your business unit have accepted that ensuring quality service to clients is their responsibility.

<table>
<thead>
<tr>
<th></th>
<th>X</th>
<th>Y</th>
<th>Z</th>
<th>%</th>
<th>15</th>
<th>60</th>
<th>0</th>
<th>25</th>
<th>0</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>%</td>
<td>33</td>
<td>67</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>13</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>15</td>
<td>65</td>
<td>10</td>
<td>20</td>
<td>0</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>10</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>24</td>
<td>58</td>
<td>6</td>
<td>12</td>
<td>0</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Averages for X % 28 66 6 0 0 100
Averages for Y % 21 58 8 13 0 100
Averages for Z % 25 60 7 8 0 100
Total averages % 25 61 7 7 0 100

Outcome: Total commitment at all levels: On total averages, 25 per cent of the respondents strongly agree and 61 per cent agree that there is total commitment to continuous improvement at the business unit. As per table, the differences amongst X, Y and Z could be explained in terms of top management having bought into CI principles more that the rest of the employees. However, the results show that there is a respectable level of commitment to CI at the business unit. On the
other hand one may argue that there is no total commitment given that only 25 per cent on total averages agree that there is total commitment to CI principles.

5.2.1.1 Pie chart A1 – General - Top management
Top management is of the view that the majority of the employees across the organisation are committed to continuous improvement efforts. The pie chart shows a total positive response of 94 per cent, that is, 28 per cent strongly agreeing and 66 per cent agreeing. This is higher than the total positive response of middle management (79 per cent) and others (85 per cent). This could be due to the top management wanting to probably give a glowing picture of the unit’s commitment to CI. Such a picture is obviously critical to the success of the unit and the organisation as a whole. It also reflects positively on the top management’ skills as it implies they are capable and able to convince their subordinates to buy into the CI efforts aimed at improving customer service.
5.2.1.2 Pie chart A2 – General - Middle management

A total positive response of 79 percent is presented on pie chart A1, 21 per cent strongly agreeing and 58 per cent agreeing that there is total commitment to CI principles at the business unit. Whilst lower than the result from top management, it is encouraging though that above average of the respondents felt the unit is committed to CI principles.

5.2.1.3 Pie chart A3 – General - Others

87 per cent of others are positive that the unit is committed to CI principles and this is quite encouraging. The result is 7 per cent lower than that of top management. The explanation to this could be that there is indeed genuine commitment to CI principles at the unit. It could also be due to these other employees trying to please top management. However, during the interviews it came out clearly that others really understand the CI efforts and the benefits of same in terms of customer service. It is quite interesting to note that the positive response from others (87 per cent) is the one closest to the total average positive response (86 per cent) explained in the next paragraph.

5.2.1.4 Pie chart A4 – General - Total averages

The results from the respondents’ answers to the general questions show an encouraging trend with regards to their involvement in the CI activities. The results show some that CI principles are currently being applied at the Horizon business unit. Although percentages differ across the respondents, we still come up with a total positive average of 86 per cent (pie chart A4). The trend is encouraging and shows there is indeed some commitment to CI activities at the business unit.

The higher management percentage could be explained probably in terms of them having been involved with CI activities for quite longer periods than the some respondents that are fairly junior in the unit. As literature has shown, Imai (1986) successful CI activities hinge on the total commitment of all the employees and the average of 86 per cent across the respondents does show some commitment to CI activities. There is though room for improvement in the form of the remaining 14
per cent. There is need for top management to a more leading role and ensure that total commitment of all the employees is achieved.

All in all, the trend as per pie charts and the table discussed shows that there is some significant level of commitment to CI activities. Although there is room for improvement, the average percentages that agree and strongly agree do show that CI programs at the Horizon business unit have to some great extent successfully addressed the key concepts of CI as stated by Trollip (2008). This is proven by the total average of 86 per cent that agreed and strongly agreed across all the general questions. In summary the questions in this section addressed the personnel involvement in CI efforts, how these efforts have impacted on customer service and processes. This links to the sub problems stated in Chapter 1 and the goals of CI of zero defects, faster delivery, achieving tougher goals and innovative products Trollip (2008). Acceptance and total involvement of all employees is positive at the unit, although more could be done to even make things better. The is need to address the 14 per cent that is neutral and disagree as this shows there are some employees who are not totally committed to CI efforts and there is need to bring these on board as CI call for the total commitment and involvement of employees at all levels of the organisation (Imai, 1986).

**Table 5.2: B Responses to the Training section**

This table presents the data and trends established from the training section of the research questionnaire. Training plays a critical role in equipping personnel for them to be able to deliver as per the dictates of CI. It is important thus to establish and discuss the trend of responses to question in the training section of the questionnaire.
### b) Training

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Extensive training on CI has made all employees accept the responsibility of providing a superior level of service.</td>
<td>X</td>
<td>No</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Y</td>
<td>No</td>
<td>4</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Z</td>
<td>No</td>
<td>1</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Sending employees on seminars has made them better understand the importance of ensuring quality service to their clients.</td>
<td>X</td>
<td>No</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Y</td>
<td>No</td>
<td>6</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Z</td>
<td>No</td>
<td>5</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. One-On-One training has helped employees embrace CI efforts and appreciate their importance in enhancing customer service.</td>
<td>X</td>
<td>No</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Y</td>
<td>No</td>
<td>2</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Z</td>
<td>No</td>
<td>2</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Averages for X</td>
<td>%</td>
<td>78</td>
<td>22</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Averages for Y</td>
<td>%</td>
<td>20</td>
<td>49</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>Averages for Z</td>
<td>%</td>
<td>16</td>
<td>51</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Total averages</td>
<td>%</td>
<td>38</td>
<td>40</td>
<td>13</td>
<td>5</td>
</tr>
</tbody>
</table>
Outcome: Has training resulted in the personnel embracing zero defects?

5.2.2.1 Pie chart B1 – Training - Top management

Top management of the Horison business unit believes training has helped entrench CI principles amongst the employees. As per figure B2, 78 per cent strongly agree, whilst 22 per cent agree thereby giving a total positive response of 100 per cent. This result is far much high than the responses from middle management and other employees that will be discussed in the next few paragraphs. Such a favorable response could be an attempt by top management to paint a glowing picture of the unit. It might also be aimed at justifying expenditure on training. It could also be a result of top management having a vision and having bought into CI principles that the rest of the employees.
5.2.2.2 Fig B2 – Training - Middle management

A total positive response of 69 per cent came out of this class of respondents with regards to the effectiveness of training. It is interesting to note that this response is almost same as one from other employees’ 67 per cent positive response. On interview middle management were of the view that the training interventions were not well structured and thought of as they have loads of other things to do. As such some don’t even go on training as they will be having lots of work to do for clients. This could also be a case of the older middle management not willing to learn the new ways of doing things. What comes out clearly though is that there is a lot of room for improvement in the area of training.

5.2.2.3 Fig B3 – Training - Others

As was the case with middle management, the positive response was low at 67 per cent (16 per cent strongly agreeing and 51 per cent agreeing) as per Fig B3. On interview, other employees confirmed the views of middle management. They believe training effectiveness is frustrated by the volumes of work to such an extent that at times even when on training, their minds will be elsewhere thinking of what is awaiting them in the office. This again could be an issue of the other employees being not willing to learn new and even better ways of doing things. This provides and opportunity for all to come together and have in place effective training that would enhance customer service at the business unit.

5.2.2.4 Fig B4 – Training - Total averages

On overall, 38 per cent strongly agree and 40 agree that training has been effective in instilling the CI principles among the personnel (Fig B4). This is quite low and shows a need for improvement. There is a need for improvement for the training to be effective and improve customer service as per continuous improvement dictates.

There is room for improvement with regards to the area of training and more communication and engagement between top management and other employees would help close the gap and make training even more effective. Training is a key tool towards empowering employees (Bennett, 1992) and properly implemented
training programs complement the CI efforts to achieve zero defects, faster delivery and achieving tougher goals. Whilst results show room for improvement in the area of training, the 38 percent does at least confirm that some efforts are being made in the area of training. There is need though to address and bring on board the total 62 percent that is neutral, agrees, disagrees and strongly disagrees as to them training has not been effective in helping the unit achieve the goals of CI. There is need for more engagement between top management and all the personnel to enhance the effectiveness of training in helping the unit deliver faster, innovative and defect free service to the clients.

In conclusion, the training has to some reasonable extent helped the unit endeavors to deliver quality, faster and innovative service. Although there is room for improvement, the trend shows that some training interventions are in place. There is need to polish same up to ensure that the unit successfully achieves the goals of CI as stated by Trollip (2008).

**Table 5.2: C – Responses to the KPIs section**
This table is on the KPIs and data will be analysed to determine what the trend is with regards to the effectiveness of KPIs in motivating employees to achieve faster deliver, innovative products and tougher challenges.

<table>
<thead>
<tr>
<th>C) KPIs</th>
<th>X</th>
<th>Y</th>
<th>Z</th>
<th>Averages for X</th>
<th>Averages for Y</th>
<th>Averages for Z</th>
<th>Total averages</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Measurement against KPIs has played a part in motivating employees’ commitment to delivering quality service to clients.</td>
<td>No</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>3</td>
<td>11</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>15</td>
<td>55</td>
<td>20</td>
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<tr>
<td></td>
<td>No</td>
<td>3</td>
<td>9</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>18</td>
<td>53</td>
<td>17</td>
<td>12</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Averages for X</th>
<th>%</th>
<th>100</th>
<th>0</th>
<th>0</th>
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<td>Averages for Y</td>
<td>%</td>
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<td>100</td>
</tr>
<tr>
<td>Averages for Z</td>
<td>%</td>
<td>18</td>
<td>53</td>
<td>17</td>
<td>12</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Total averages</td>
<td>%</td>
<td>45</td>
<td>36</td>
<td>12</td>
<td>7</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>
Outcome: Are KPIs effective in motivating commitment to CI efforts?

5.2.3.1 Pie chart C1 – KPIs - Top management
All of the unit’s top management strongly agreed that key performance indicators (KPIs) are effective tools for motivating employees to continuously find ways of improving customer service. This is as per pie chart C1 that shows a 100% positive response. Again as is the case with other sections, one can not rule out the possibility of such a good scored being an attempt by management to paint an excellent picture of the business unit. A negative response would be viewed as failure by top management to come up with effective measurement tools. The response here shows that KPIs are working for the top management.

5.2.3.2 Pie chart C2 – KPIs - Middle management
A total of 70 per cent of middle management strongly agreed and agreed that KPI measurements in place were effective. There is need though to investigate the
negative 30 percent as CI calls for the commitment of all. Possible explanation for the score from this class of respondents is detailed on the analysis of the total averages.

5.2.3.3 Pie chart C3 – KPIs - Others
71 per cent of others strongly agreed and agreed that KPI measurements in place are effective in motivating employees to deliver quality service to clients. The 71 per cent positive response is almost the same as the 70 per cent positive response from middle management. Detailed explanation of the score is under the total averages section.

5.2.3.4 Pie chart C4 – KPIs - total averages
On total average, 81 per cent (pie chart C4) of the respondents agreed and strongly agreed that KPIs are essential and play a critical role in the application of CI activities in the business unit. It is interesting though to note that with top management the score was 100 per cent (pie chart C2) and with other two levels, the score was 70 (pie chart C3) and 71 per cent (pie chart C1). The explanation for the 100 per cent score of the top management could be a result of them painting a picture that they have in place proper measurement tools to motivate the employees to buy into the CI efforts.

The low trend among others and middle management could be explained in terms of the fact that they felt not enough is done to track and measure the frequency of customer complaints. It may also be explained in terms of maybe the others and middle management not meeting their targets and trying to justify same. During the interviews, some respondents confirmed that the maxim, “if you can’t measure, you can't improve” should be the name of the game if the unit is to successfully implement and reap the benefits of CI. Measurement in terms of KPIs entails incorporating such items as number of customer complaints, complements in evaluating the performance of personnel (http://www.absa.co.za).

Based on the trends, KPIs are on average 81 per cent (pie chart C4) in motivating employees to embrace the CI efforts. This is quite a pleasing result, although,
ideally 100 per cent should be the target as one moment of lapse is service delivery could be costly to a business unit. The fact remains that, KPIs have to some greater extent motivated employees at the Horizon unit work towards achieving tougher goals, delighting customers with innovative and quality service. There is need though to address the dissenting 19 per cent with regards to the effectiveness of KPIs and this would call for more engagement to establish and get to the route cause of such dissent. Also, the gap between 100 per cent of top management arguing that KPIs work and the other employees means that lower ranks resent being measured.

Table 5.2: D – Responses to the Teams section
The table below and the pie charts in this section address the team component of CI. Quality circles and work teams are often used in CI activities (Imai, 1986) and the questions in this section have been grouped to establish the trend in this regard.

<table>
<thead>
<tr>
<th>d) CI Teams</th>
<th>X</th>
<th>Y</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Employees in my unit are organized into CI teams for problem solving and the team objectives are aligned with departmental objectives.</td>
<td>No</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>30</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>14. All team meetings are effective.</td>
<td>No</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
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<td>1</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>15. All the CI teams are empowered to take responsibility</td>
<td>No</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>%</td>
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<td>33</td>
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<tr>
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<td>No</td>
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for their decisions.

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<td></td>
<td>%</td>
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<td></td>
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<tr>
<td></td>
<td>Total averages</td>
<td>%</td>
<td>35</td>
<td>25</td>
<td>32</td>
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Outcome: Are CI teams effective in ensuring that the unit delivers faster, defect free and innovative service, achieves tougher goals?
5.2.4.1 Pie chart D1 – CI Teams - top management
As has been the trend in other sections, again here top management argue that the teams at the business unit are effective. 78 per cent strongly agree and 22 per cent agree, giving a total positive response of 100 per cent. This again could be a case of them painting a good picture of the business unit. Management get the most of the credit for the good running of the unit and having effective work teams reflects positively on them.

5.2.4.2 Pie chart D2 – CI Teams - middle management
40 per cent of middle management strongly agreed and 17 per cent agreed that teams at the business unit are effective. This is quite worrying as the total negative response of 53 per cent is quite significant. This could be a result of this class of respondents being against team work. On interviews, middle management argued that teams were not that empowered to help the unit deliver faster, defect free and innovative, and achieve tougher goals.

5.2.4.3 Pie chart D3 – CI Teams - others
The trend from this class of respondents is worrying with only 8 per cent strongly agreeing and 14 per cent agreeing that teams are effective. On interviews, others argued that they have loads of work so much that they don’t focus much on team work. There is a great need to revisit the teams and their operations in order to make them more effective as according to Imai (1986), successful CI calls for the commitment of all employees of the organisation.

5.2.4.4 Pie chart D4 – CI Teams - total averages
The trend as per total averages is quite worrying as it implies on overall teams are some what not that effective in ensuring that the unit achieves the goals of CI. A total average of 60 per cent (pie chart D4) strongly agreed and agreed that team efforts are working well. The total average of 40 per cent that is “neutral”, “disagrees” and “strongly disagrees” is quite significant and means a lot has to be done for in teams of team work effectiveness.
The interesting trend though becomes when one looks at the fact that pie chart D2 shows 100 per cent of top management being of the view that teams are effective if ensuring the unit towards achieving the goals of CI. The good picture by top management could be a result of them wanting to paint a good picture of the unit. During interviews, some middle management explained that the teams were not that effective because they were toothless. It came up also that team members are always pre occupied with their daily tasks leading to them failing not giving adequate time to team projects. Also it generally came up that teams are not all that empowered to be effective in making CI efforts work.

On the overall, teams seem not to be that effective at the Horizon business unit. There is therefore need for management to look at the whole team process and ensure that proper teams are established and given the necessary resources for them to be effective.

**Table 5.2: E – Responses to the inter-unit teamwork section**

The business unity’s ability to achieve the CI goals does to a greater extent depend on the support the unit gets from other units within the organisation. This touches on what Edwards (2007) terms collaborative relationship management. The trends as per findings are presented on the table and pie charts herewith.

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<td>units focus on assisting</td>
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<td>your unit to ensure the</td>
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<td>success of CI activities.</td>
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<td>%</td>
<td>13</td>
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<td>18. CI improves</td>
<td>No</td>
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<td>teamwork between your</td>
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<td>unit and other support</td>
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<td>50</td>
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25. At your division
CI is implemented by various departments (Credit, asset processing, brokers, vehicle and asset finance)

<table>
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<th>17</th>
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<tbody>
<tr>
<td>%</td>
<td>17</td>
<td>24</td>
<td>53</td>
<td>6</td>
<td>0</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

**Averages for X**

| % | 33 | 56 | 11 | 0 | 0 | 100 |

**Averages for Y**

| % | 18 | 50 | 22 | 10 | 0 | 100 |

**Averages for Z**

| % | 16 | 45 | 29 | 10 | 0 | 100 |

**Total averages**

| % | 22 | 50 | 21 | 7 | 0 | 100 |

Outcome: Is everyone in the organisation working towards achieving the goals of CI as explained by Trollip, 2008?
5.2.5.1 Pie chart E1 – Inter unit teamwork - top management

33 per cent of top management strongly agreed and 56 per cent agreed that various units in the Absa group work towards achieving the group’s goals. This means a total positive response of 89 per cent which is quite encouraging. Such a result means various unit heads understand the organisational goals of Absa and pull in one direction as they lead their various units towards achieving group goals. A total negative score would mean that various unit heads are divided and pulling in different direction. This could be the case especially were some of their products are competing.

5.2.5.2 Pie chart E2 – Inter unit teamwork - middle management

The total positive score of 68 per cent, (18 per cent strongly agree and 50 per cent agree) that various units work together in servicing clients. This is a low score and there is need to probe the reasons for such as 32 per cent is quite significant. On interview, middle management were of the view that they do not get the ideal support from the other units in their efforts to deliver quality, defect free and innovative products to clients. They argued that there is still some element of mistrust among the different units. This they felt frustrates their unit’s efforts to deliver quality, defect free and innovative services and achieve challenging goals.

5.2.5.3 Pie chart E3 – Inter unit teamwork - others

A total positive response of 61 per cent of others felt various units work as one Absa team servicing common clients. The 39 per cent that is neutral and disagree is a cause for concern as it implies some people are not pulling in one direction. More on the possible explanation is presented under the next sub heading.

5.2.5.4 Pie chart E4 – Inter unit teamwork - total averages

As put by Absa’s Isle (2008), there is no business unit that exist a vacuum. One way or the other, each unit needs the support of other units if it is to successfully service its clients.
The overall trend from the table and pie charts is that 72 per cent (pie chart E4) of the respondents strongly agree and agree that various units within Absa work hand in glove with the Horizon business unit towards ensuring that customers get quality, innovative products as per the dictates of CI. The trend is higher at 89 per cent in the top management area as per pie chart E1. This could be due to the fact that generally top managers from various units might like to present a picture that they complement each other and do not view other units as competition. The other possible explanation could be that top management of various units genuinely corporate with the Horizon business unit management.

The trend depicted by pie charts E2 and E3 showing that in total, 68 and 61 per cent agree and strongly agree is worrying. The 32 and 39 per cent that’s neutral and disagree with regards to inter unit relations. The others and middle management are the very people that interface with the Horizon unit or Absa bank’s clients. Such a trend is worrying in that, if the inter unit relations are not good this would frustrate the efforts and goals of CI. Faster delivery, innovative service and achieving tougher goals calls for all personnel to pull in one direction.

The trend depicted by pie charts E2 and E3 was explained by some respondents during interviews in terms of some units offering similar products and thereof competing against each other. The example was that pitting private banking and business banking. A client may in need of a business would normal approach his relationship executive (RE) with the view of raising same. Such a client may be required to provide security for the loan. Same client, lets say owning a residential property, could alternatively raise a bond over same and inject funds into the business. The interest rate charged on the residential bond is traditionally lower that what client would pay on the business loan. Given this choice, client would go with the cheaper option. According to respondents, such scenarios frustrate the relations as the RE would lose on the loan that could help him achieve his targets whilst the private banker would benefit on arranging the bond for the client. This is quite an interesting point that should be addressed as failure to do so could result in clients not being properly solutioned. When asked of same during interview, one of the top managers at the unit argued that such measurements as cross selling
ratios incorporated on KPIs address such scenarios. In other words, employees get credit for having their clients utilise more of the Absa products. However, others respondents were still not satisfied as they claim the financial waiting carries more weight when it come to KPIs.

In conclusion, the trend in this section shows that there is a lot in terms of scope for improvement. There is need for management of the various units to come together, engage all employees across the various units for the goals of CI to be achieved. In the interviews some respondents confirmed progress in terms of monthly meetings involving all the units and the monthly CMP meetings. This shows progress towards closing the gap among the units to ensure they work close as they need each other if they are to meet their targets and above all delight customers.

Table 5.2: F – Responses to employee motivator section

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<th>X</th>
<th>Y</th>
<th>Z</th>
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<td>16. CI unlocks the workforce potential through an increase in skills and knowledge of individuals at all levels.</td>
<td><strong>No</strong></td>
<td>3</td>
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</tr>
<tr>
<td></td>
<td><strong>%</strong></td>
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</tr>
<tr>
<td></td>
<td><strong>Y</strong></td>
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</tr>
<tr>
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<tr>
<td></td>
<td><strong>%</strong></td>
<td>18</td>
<td>46</td>
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<td>19. Top management strongly encourages employee involvement is CI activities at your company.</td>
<td><strong>No</strong></td>
<td>3</td>
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<tr>
<td></td>
<td><strong>%</strong></td>
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<td></td>
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<td>2</td>
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<tr>
<td></td>
<td><strong>%</strong></td>
<td>18</td>
<td>41</td>
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<td>20. CI at your company motivates employees to strive for zero defects.</td>
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<td>2</td>
</tr>
<tr>
<td></td>
<td><strong>%</strong></td>
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<td>Y</td>
<td>% 100</td>
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<td>21. CI at your unit also focuses on working conditions, health, safety and environmental issues</td>
<td>Z</td>
<td>No</td>
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<td></td>
<td>% 20</td>
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Averages for X

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Total averages

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**Pie chart F1**

Employee motivator - Top management

**Pie chart F2**

Employee motivator - Middle management

**Pie chart F3**

**Pie chart F4**
Outcome: How effective is CI in motivating employees to achieve the zero defects, faster delivery, achieving tougher goals and innovative/services?

5.2.6.1 Fig F1 – Employee motivator - top management
80 per cent of top management strongly agreed and 20 per cent agreed that continuous improvement motivates employees to deliver as per dictates of CI. Possible explanation for this could be top management painting a picture that they have successfully implemented CI. Their admitting that CI is not effective in motivating could be viewed as reflecting failure on their part in comprehending and implementing successful CI programs.

5.2.6.2 Fig F2 – Employee motivator - middle management
The total positive score from this class of respondents was 64 per cent, that is, 14 per cent strongly agreeing and 50 per cent agreeing that CI is an effective motivator in the unit. Reason for such a low score according to feedback given on interviews was that top management was not always available to offer guidance. This explains the negative 36 per cent. It was also felt the top management becomes visible only when things go wrong and when there are customer complaints. It would seem there is need for credit to be given when good things are done and same seems to be lacking.
5.2.6.3 Fig F3 – Employee motivator - others
As was the case with middle management, a total positive response of 64 per cent came out of this class of respondents. There is a need to address the negative 36 per cent if the unit is to achieve the objectives of CI as stated by Trollip.

5.2.6.4 Fig F4 – Employee motivator - total averages
On overall, the results show a total of 76 per cent (pie chart F4) respondents strongly agreeing and agreeing that CI does play a part in motivating them to work towards building a successful business unit. The trend is worrying though in the sense that top management score is 100 per cent whilst the other two sets of respondents scored 64 respectively. A closer look at the averages and feedback from the interviews revealed that middle management and low level employees feel management commitment needs to be enhanced.

There is need to build on the existing position to ensure that everyone is on the same length. This calls for more in terms of the leadership role of the management. For instance, it came out from the interviews that some employees felt they did not get enough when it comes from direction from management. Question 22, for example, is on the reporting and tracking of complaints. Absa Chief executive, Steve Booysen (2008), challenged the personnel to be leaders in their areas of work. This means, although generally and as per CI, management is meant to provide leadership/guidance, each and every employee should take initiative and display the hunger to lead in all that they do. Personnel should be able to take up the challenge and make things happen.

Table 5.2: G – Responses to Measurable section
The table and pie charts overleaf provides a summary of the trends with regards to the respondents’ answers to questions in the section of measurable aspects of CI.
<table>
<thead>
<tr>
<th>g) Measurable</th>
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<tbody>
<tr>
<td>23. At your unit, CI activities help reduce customer complaints.</td>
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<td>24. CI works to reduce process defects at your unit.</td>
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<td>Averages for X</td>
</tr>
<tr>
<td>Averages for Y</td>
</tr>
<tr>
<td>Averages for Z</td>
</tr>
<tr>
<td>Total averages</td>
</tr>
</tbody>
</table>

Source: Survey questionnaire, Section C.
Outcome: Do the CI efforts at help the unit achieve tougher goals?

According to Trollip (2008), achieving tougher key goals of CI. Imai (1986) also agrees with Trollip that there is no process that can not be improved on. Trollip states that if yesterday’s goal was to achieve 50% reduction on defects, then today’s aim should be to achieve zero defects.

5.2.7.1 Pie Chart G1 – Mesurables - Top management

67 per cent of total management strongly agreed and 33 per cent agreed, giving a total positive response of 100 per cent in terms of mesurables in place at the business unit. This has been the trend over the various sections of questions, management could be trying to paint a good picture about the mesurables in place at the business unit.

5.2.7.2 Pie Chart G2 – Mesurables - middle management

70 per cent of middle management strongly agreed and agreed that mesurables in place at the business unit were effective. There is need to address the other 30 per cent as the committment of all players is required.

5.2.7.3 Pie Chart G3 – Mesurables - others

A not so pleasing total positive score of 53 per cent from this group of respondents. The 38 per cent that is neutral needs to be investigated and cause for same to be addressed. CI calls for the committment of all parties involved for the objectives to be met. The low score could be attributed also to maybe others not meeting targets or their being against being measured for customer complaints.
5.2.7.4 Pie Chart G4 – Mesurables - total averages

Pie chart G1 shows that 100 per cent of the top management strongly agree and agree that there are adequate measurables in place to enable the unit to achieve the tougher goals. It is interesting to note that only 70 per cent (pie chart G2) of middle management and 53 per cent (pie chart G3) of others agreed and strongly agreed compared to the top management’s 100 per cent. On the interview, the others and middle management explained the low score. They argued that there were no charts or visuals frequently displayed to monitor customer complaints. They feel there is more that management needs to do if CI is to be more effective in reducing customer complaints, ensure faster and defect free service.

As per interview the respondents generally confirmed that with monthly meetings involving all the units and the monthly CMP meetings, the various units now work close as they realize that they need each other if they are to meet their targets and above all delight customers. The negative 25 per cent again shows there is a significant room for improvement.

5.3 Summary

In chapter 5 the researcher presented and analysed the questionnaire. The researcher also presented and analysed the views of the respondents as per interviews that were conducted. All this was done to explain the views of the respondents with regards to the effectiveness of CI on the performance of the Absa medium business banking Horizon unit.

The trends as per findings do confirm that the unit is indeed involved in some CI efforts. It was also established though that there is a lot room for improvement in terms of the unit’s efforts to achieve the CI goals.

In the next chapter, the researcher will provide a summary of the research findings and conclusions based on the survey. Also to be presented in the next chapter, are the recommendations.
6.1 Introduction

In this previous Chapter, the researcher presented and explained the trend of the research findings. In this chapter, the researcher will summarize the results of the research conducted at the Horizon business unit of Absa Corporate and business banking segment. In so doing the researcher will explain the extent to which the findings answer the main problem and sub problems of this research. The limitations and challenges encountered in the research will also be highlighted in this chapter as well as suggestions for improvement.

6.2 Summary of the research

The purpose of this research has been to establish,

“How the Continuous improvement programs at the Horizon business unit of Absa Corporate and business banking, Gauteng West region, have successfully addressed the key components of Continuous Improvement”

In order to answer the above, the following sub questions were developed,

- Has the CI efforts at Absa’s Horizon business unit resulted in employees at all levels striving for zero defects in terms of the quality of service offered to the bank’s customers?
- Have the CI efforts at Absa’s Horizon business unit encouraged employees to strive for faster service delivery?
- What has been the impact of CI on the Horizon business unit's employees in terms of setting and achieving tougher goals?
- Have the CI efforts boosted the employees’ quest in terms of looking for innovative products/services?
- What needs to be done to enhance the effectiveness of the CI efforts on customer service at the Horizon business unit?
In view of the main problem statement and the sub questions, this research paper has shown the following;

- Has the CI efforts at Absa’s Horizon business unit resulted in employees at all levels striving for zero defects in terms of the quality of service offered to the bank’s customers?

The findings presented on Chapter 5 show that it is mainly the top management that has bought into the principles of CI as a tool that when effectively used could help boost an organization's performance from all the stakeholders’ perspectives. The fact that on total average, only 25 per cent (Table 5.2.A) of the respondents strongly agree that there is total commitment to CI at the unit attests to this. However, when one looks at the total for strongly agree and agree (86 per cent) on total averages, one is bound to say there is some reasonable level of commitment though to the CI principles. Same is higher for top management because they develop the strategy. The research indicates that there might have been difficulties when it comes to rolling out same throughout the organization. There could have been resistance from lower level employees hence the lower scores from middle management and others.

The primary aim of CI is to help an organization do better than its competitors in terms of the service quality to customers, making more money for investors, being the best place to work for employees, responsible corporate citizen and business partner to its suppliers. CI aims at making an organization the best in virtually all the spheres and is a companywide initiative, (Imai 1986). Whilst there is some commitment at the unit, the findings show the need for a lot of improvement in terms of companywide commitment to the CI principles.
Have the CI efforts at Absa’s Horizon business unit encouraged employees to strive for faster service delivery?

The research findings have shown that the Horizon unit of Absa Corporate and Business banking is involved in some CI efforts in its attempts to do better than the competitors. The CI principles are applied across all the various units that work hand in glove with business banking to service clients. However, as per research findings, there is a lot of room for improvement in some areas of CI such as training, management commitment and measurement and reporting. These elements are key to the effectiveness of CI as a quality initiative. It would have been better and informative had there been information on the trends of such areas as customer complaints. However due to confidentiality in this industry, such information is not available hence the researcher’s reliance on the questionnaires and interviews with the respondents.

What has been the impact of CI on the Horizon business unit’s employees in terms of setting and achieving tougher goals?

Overall, the research paper indicates that the Horizon business unit needs to improve on its CI efforts if it is to reap the full rewards of a successful CI initiative on the quality of customer service. The total averages of respondents that strongly agree in all the 7 sections of the questions is 33 per cent. On the agree section, the total average across all the 7 sections of questions is 42 per cent. These two give a total positive average response of 75 per cent. From same one would answer the research sub questions as follows:

Have the CI efforts boosted the employees’ quest in terms of looking for innovative products/services?

CI efforts at the Horizon business unit have to some greater extent resulted in mainly top management striving for zero defects in terms of the quality of
service offered to the banks’ clients. There has been some resistance from other employees. There is need for all the employees to buy into the CI principles if the full benefits are to be realized as advocated for by Imai (1986) in the three approaches to CI namely, management, individual and group oriented CI.

- What needs to be done to enhance the effectiveness of the CI efforts on customer service at the Horizon business unit?

The CI efforts have also to some greater extent encouraged employees to strive for faster, defect free and innovative service delivery. There is room for improvement though as again top management scored higher than the rest of the employees.

6.3 Conclusions from the research
The researcher has drawn the following conclusion from the surveys, interviews and personal observations during the research process:

Having answered the sub problems as per section 6.2, one would conclude that Absa does strive defect free, faster and innovative services as advocated by CI principles. However, research findings show there is a lot of opportunity for improvement as it is mainly the top management that has bought into the CI principles. There is need for management to engage the other employees more when it comes to rolling out the strategies so they could buy into same. By so doing the business unit will be better placed to enjoy the full benefits of CI efforts.
6.4 Recommendations from the research

It is evident from the research that the Horizon business unit has made some improvements in terms of its performance, from the CI principles. However, it is equally clear that there is room for improvement in the following areas;

- The strategic direction and support from management for CI activities is required – This could be done as follows;
  - Establishing a top management steering team for CI activities to provide the planning and direction for the continuance and commitment to CI activities (Imai, 1986).
  - Constantly engage employees so they could buy into the CI efforts and engaging them would help management come up with incentives and create an environment that would motivate employees to ensure continuance and commitment to CI efforts (Trollip, 2008).
  - Clear and constant reporting and establishment of challenging yet achievable milestones and objectives using the project management techniques (Bamber, 1998).
  - Providing the resources and necessary training to better equip employees to appreciate and fully embrace the CI efforts.

- Cultural change across all the departments of the bank. This is of utmost importance as they need to work together as one team work towards one objective of delighting customers better than competitors. Having cross-selling targets is one way of helping of foster collaborative relationship manager (Imai, 1986). The requirements for excellent customer service need to be built into the performance measurements of all the employees. Such concepts as multi source feedback across employees from various departments could help.

- Greater communication across the various departments is also recommended to build the good relations amongst them (Varian, 2007). There is need for the Horizon business unit management to constantly monitor, publicize the benefits achieved via CI in financial terms to
employees from all the departments. There is also need to enhance data gathering methods and sharing of such data across all units should be encouraged.

- Regular reviews and customer feedback sessions should form the basis for the ongoing improvement that lies at the very foundation of CI (Imai, 1986). The customer is the ultimate judge and delighting is the key to the organizational profit making goal. Constant engaging of employees would help the unit stay ahead of competition and be in a position to be proactive with regards to customer needs and expectations (Wheeler, 2008). The ultimate goal of CI is to enable the unit to make more profits and this could be achieved by constantly reviewing the way things are done and getting feedback from clients with regards to the progress going forward.

- Give more responsibility and autonomy to the CI teams. They should be allowed to come up and implement suggestions that could help streamline the processes as bottlenecks on processes have a negative impact on the turnaround time (Anderson, 2008). Encourage employees to suggest areas for improvement with regards to way they do their daily duties.

6.5 Opportunities for further research

This research paper provided an insight into the significance of CI programs as tools for enhancing customer service. The paper has gone further and created the following opportunities for further research:

- **Assessing the benefits of CI** – Many organizations may benefit from assessing the benefits of CI programs, with the lessons derived driving top management to implement CI programs.

- **Analysing the implementation of a CI program** – Lessons from same would bring an insight into organizational changes that come out of implementation of CI programs.
6.6 Summary

From the research, it was established that the Horizon business unit of Absa Corporate and business banking is involved in CI efforts aimed at improving its performance via improved customer service.

As per the main research problem, the Horizon business unit’s CI programs have to some reasonable extent successfully addressed the key components of CI as stated by Trollip (2008). The trends presented in Chapter 5 did show that the programs at the unit did address the components namely,

- Zero defects
- Faster delivery
- Achieving tougher goals
- Innovative products/services (Trollip, 2008)

Research proved that efforts at the unit were aimed at achieving the above. However, research further established that there is room for improvement in terms of the management giving direction and corporation from across all departments. CI is a foundation on which an organization could differentiate itself from the rest by continuously looking at ways of bettering the way things are done.

The primary objective of any business is to make more moneys and beat competition, CI’s primary objective is to achieve just that. Recommendations were made based on findings of the research.
### ABREVIATIONS

ABSA – Amalgamated Banks of Southern Africa  
AVAF – Absa Vehicle and Asset Finance  
CI – Continuous Improvement  
CPM – Customer Management Plan  
CR – Complaint Resolution  
CRC – Customer Replacement Costs  
CRM – Customer Relationship Management  
CSD – Customer Satisfaction Determination  
EOS – Employee Opinion Service  
FNB – First National Bank  
GOK – Group Oriented Kaizen  
IOK – Individual Oriented Kaizen  
KPIs – Key Performance Indicators  
LM – Lean Manufacturing  
MOK – Management Oriented Kaizen  
SARB – South African Reserve Bank  
TCF – Treating Customer Fairly  
TPM – Total Productive Management  
TQM – Total Quality Management
6 LIST OF REFERENCES


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Robin Wheeler (2008)
QUESTIONNAIRE COVERING LETTER

Dear Respondent

RE: Questionnaire - The impact of Continuous Improvement efforts on customer service at your company.

I hereby request for your assistance in filling the attached questionnaire. The questionnaire is part of my research paper for the requirements of a Masters Degree in Business Administration (MBA) at the Nelson Mandela Metropolitan University (NMMU).

I am currently conducting a survey on the impact of Continuous Improvement (CI) on customer service at your company and your assistance in filling and returning the attached questionnaire by the 10\textsuperscript{th} of September 2008 would be greatly appreciated. It should only take a few minutes of your time.

For further information and any queries I can be contacted on (011) 761 5200 or 0727249530.

Yours faithfully,

Sinqobile Ndlovu

.........................

Researcher

Nelson Mandela Metropolitan University

Promoter: Bux Heather (NMMU).
RESEARCH QUESTIONNAIRE

Please read the instructions for each section and answer the questions accordingly.

There is NO right or wrong answer to these questions and this is by NO means a test, it is merely a survey to obtain a better understanding of your environment with regards to Continuous Improvement (CI) and customer service.

Continuous Improvement (CI) is a strategic quality management approach that aims at improving efficiencies. It is a company wide strategy geared towards increasing the efficiencies in operations through doing things right the first time, shortening turn around times, achieving more challenging goals and providing an innovative service. The ultimate goal is to enhance customer service that would eventually translate to increased improved bottom line. All businesses have the same target: make money, stay in business and beat the opposition. That is what CI is all about.

SECTION A: Demographic information
Please mark the appropriate box with an X

1. What is your highest qualification?

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<tr>
<th>Option</th>
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<tr>
<td>High School</td>
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<td>Diploma or Bachelor’s degree</td>
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<td>Honour’s degree</td>
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<tr>
<td>Master’s degree</td>
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<td>Doctorate</td>
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</table>

2. What is your position in this organisation?
3. How many years have you been involved in Continuous Improvement (CI)?

SECTION B: Customer service goals
Instructions:

Please mark the appropriate box with an X. The box represents a "Yes" or "No" – abbreviated "Y" and "N".
Does your unit set specific numeric targets for the following performance measures?

1. CUSTOMER PERCEPTION
   - Customer perceived quality
   - Customer complaints

2. TURNAROUND TIME
   - On-time delivery
   - Fast delivery

3. QUALITY
   - Cost of customer complaints
   - Rework
   - Defects

SECTION C: Measurement of Continuous Improvement (CI)
Instruction:
Please mark the appropriate box with an X

**Key**

Strongly Agree  implies personally involved.
Agree  implies somehow involved.
Neutral  implies not sure if there are any efforts.
Disagree  implies not involved.
Strongly Disagree  implies no involvement at both personal and unit level.

1. Have you been involved with the Continuous Improvement (CI) programme?

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<thead>
<tr>
<th>Strongly Agree</th>
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<th>Neutral</th>
<th>Disagree</th>
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2. Through CI efforts the need for getting things right the first time around at your department is determined for every process.

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<tr>
<th>Strongly Agree</th>
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<th>Disagree</th>
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3. At your department, CI improves processes.

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<th>Strongly Agree</th>
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<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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4. CI in your department improves the quality of customer service and hence productivity.

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<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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5. Have you personally been involved in CI activities that have reduced bottle necks and eliminated inefficiencies?

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<tr>
<th>Strongly Agree</th>
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<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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6. All employees in your business unit have accepted that ensuring quality service to their customers is their responsibility.

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<tr>
<th>Strongly Agree</th>
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<th>Disagree</th>
<th>Strongly Disagree</th>
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7. Extensive training on CI has made all employees accept the responsibility of providing a superior level of service.

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<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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8. Sending employees on seminars has made them better understand the importance of ensuring quality service to their clients.

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<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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9. One on one training has helped employees embrace CI efforts and appreciate their importance in enhancing customer service.

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<tr>
<th>Strongly Agree</th>
<th>Agree</th>
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<th>Disagree</th>
<th>Strongly Disagree</th>
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10. Measurement against KPIs has played a part in motivating employees’ commitment to delivering quality service to clients.

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<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</table>
11. Employees in your unit are organized in CI teams for problem solving and the team objectives are aligned with departmental objectives.

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<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</thead>
</table>

12. How often do the CI teams meet?

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<tr>
<th>Daily</th>
<th>Weekly</th>
<th>Fortnightly</th>
<th>Monthly</th>
<th>Quarterly</th>
</tr>
</thead>
</table>

13. How long do meetings take?

<table>
<thead>
<tr>
<th>Half Hour</th>
<th>1 hour</th>
<th>2 hours</th>
<th>3 hours</th>
<th>4 or more</th>
</tr>
</thead>
</table>

14. All team meetings are effective.

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<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

15. All the CI teams are empowered to take responsibility for their decisions.

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<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

16. CI unlocks the potential of the workforce through an increase in skills and knowledge of the individuals at all levels.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</table>
17. At your company other relevant business units focus on assisting your division to ensure the success of CI activities.

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<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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18. CI improves teamwork between your unit and other support divisions.

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<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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19. Top management strongly encourages employee involvement on CI activities at your company.

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<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</table>

20. CI at your company motivates employees to strive for zero defects.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</table>

21. CI at your unit also focuses on working conditions, health, safety and environmental issues.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
22. All employees in your unit are aware of the level of customer complaints.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

23. At your unit, CI reduces customer complaints.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

24. CI works to reduce process defects at your unit.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

25. At your division CI is implemented by various departments (Credit, Asset processing, Insurance and Vehicle & Asset finance).

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

THANK YOU FOR YOUR SUPPORT