

INFLUENCE OF SERVICESCAPE ON EMPLOYEE PERFORMANCE IN COMMERCIAL BANKS IN KENYA: THE MODERATING ROLE OF EMPLOYEE MOTIVATION: A SURVEY OF MOMBASA COUNTY

Gulam Hussein, A.*¹ & Kanyanjua, D.²

1 Master Candidate, Management and Leadership,
The Management University of Africa [MUA], Kenya*

2 Lecturer, The Management University of Africa [MUA], Kenya

Abstract

The purpose of the study was to analyse the influence of servicescape on employee performance in commercial banks in Kenya by conducting a survey in Mombasa County. The study adopted a correlational design. The target population of the study comprised of all individuals in employment with commercial banks based in Mombasa County. Random sampling was employed in constituting the sample since it enables inclusion of all the categories of commercial banks. A sample size consisting of 150 respondents was selected who were drawn from all the three bank tiers and from various departments of their respective bank including operations, customer service, relationship, cash, sales, credit, cards, treasury and trade finance department. The primary data was collected through a semi-structured questionnaire. To help in the determination of the relationship between servicescape and employee performance, a regression model was used. The study found out that commercial banks largely put in place measures to ensure ambient working conditions, good spatial layout and adopted the use of signage to a large extent. The study concluded that there is a significant relationship between servicescape and employee performance such that 11.7% of variations in employee performance is expressed by variations in spatial layout, ambient conditions and signage. Further, the study also found out that employee motivation moderates the relationship between servicescape and employee performance. The researcher recommends that managers of commercial banks should find mechanisms of improving the initiation and use of servicescape dimensions. This is because banks are often the focus of the public and hence must provide a good servicescape to attract them into banking, besides improving market share. The researcher also recommends that the commercial banks should understand the need to create an effective servicescape elements such as ambient condition, space function, sign, symbols and artifacts.

Key Words: Servicescape, Employee Motivation, Employee Performance, Spatial Layout, Ambient Conditions, Signage

Introduction

Servicescape is the environment in which a service is delivered and in which the organization and the customer interact, and any tangible commodities that facilitate performance or communication of the service (Zeithaml, Bitner & Greiner, 2009). According to Rosenbaum and Massiah (2011), it comprises not only objective, measurable, and managerially controllable stimuli but also subjective, immeasurable, and often managerially uncontrollable social, symbolic, and natural stimuli, which all influence customer approach/avoidance decisions and social interaction behaviours. The focus on servicescape is because the nature of the competitive environment both globally and locally has created a massive paradigm shift focusing on the work environment as well as the service package. The argument is that the excellence of the service environment holds immense importance for the employees and most importantly customers. The need is to enhance hospitality which improves the quality or disposition of receiving and treating guests in a warm, friendly and generous way (Brotherton & Wood, 2008).

The banking service sector is judged to be affected much by servicescape than other service-oriented businesses. Commercial banks can therefore control servicescape to encourage positive employees and customer responses as well as to increase ability of the servicescape to compete with servicescape of competitors. The emphasis surrounding servicescape is based on the fact that the banking sector has increasingly become competitive while performing jobs as a banker is becoming increasingly stressful because considerable amount of mental exercise is involved during execution of the tasks (Hansika & Amarathunga, 2016). The situation of conducive working environment therefore plays critical role in keeping the employees cool and contented at work.

Today, servicescape has taken many dimensions including a series of common and generic conditions that can be applied to a wide range of service sectors (Fatma & Rahman, 2016). They include environmental conditions, comprised of intangible elements, such as temperature, lighting, smell and sound; conditions of cleanliness, defined as the existence of cleanliness, including the absence of odours, dust and stains and conditions of design, including functional or aesthetic elements, and aspects such as architectural design, materials and colours used in the decoration, arrangement of equipment and furnishings, and the spatial layout among them.

Statement of the Problem

Since the year 2000, the banking sector in Kenya has been liberalised and most banks are expanding. This expansion means that the banks rush to new locations to create a branch. Most of the branches do not have the necessary ambience or supportive physical environment. Some of the isolated studies point to a positive influence of employee servicescape factors on employee satisfaction (Harris & Ezech, 2008). The emphasis is on the need to improve employee performance by creating the right service environment.

A number of studies exist on the concept of servicescape. Such studies however represent a contextual gap in that they were mainly focused on customers and used one dimension of servicescape such as ambient or spatial layout as a variable. The studies were also from non-essential service industries that were not within the Kenyan context. This study therefore sought to fill the gap by focusing on employees with all the dimensions of servicescape in an essential service provider that is the commercial banks in Kenya.

Objectives of the Study

General Objective

The objective of the study was to investigate the influence of servicescape on employee performance in commercial banks in Kenya by conducting a survey in Mombasa County.

Specific Objectives

- i. To determine the relationship between ambient conditions and employee performance.
- ii. To determine the relationship between spatial layout and employee performance.
- iii. To determine the relationship between signage and employee performance.
- iv. To establish the moderating effect of employee motivation on the relationship between servicescape and employee performance.

Literature Review

Theoretical Literature Review

Servicescape Theory

It was developed by Booms and Bitner (1981) to emphasize the impact of the physical environment in which a service process takes place. Servicescape is a physical environment where service is rendered. They assert that it is an artificial environment (built environment) or a landscape which includes exterior facilities (landscape, exterior design, signs, parking, neighborhood) and interior facilities (interior design & decorating, equipment, signs, layout, air quality, temperature and atmosphere). Al Halbusi, Estevez, Eleen, Ramayah and Uzir (2020) assert that servicescape along with other physical evidence such as business cards, stationery, billing statements, reports, employee clothing, uniforms, brochures and web pages may play considerable role in services marketing. The basis is that consumers recognize and interpret signs, symbols and artifacts in servicescape personality. The theory is based on physical and social dimensions of servicescape. The physical environment has three main managerial implications. It makes the customer's task achievement easier, acts as a package and as a differentiator regarding other commercial banks as well.

Herzberg's Motivation-Hygiene Theory (Two-Factor Theory)

It was developed by Herzberg (1959) to better understand employee attitudes and motivation. The basis was to determine which factors in an employee's work environment caused satisfaction or dissatisfaction. He found out that factors influencing job satisfaction (possibly employee motivation) are quite different from factors of job dissatisfaction and this marked the birth of motivation-hygiene theory to explain the results. Herzberg (1974) called the job satisfaction elements, the motivators, and the job dissatisfaction elements he called the hygiene factors. Hygiene in Herzberg's content implied maintenance factors that require adjustment to minimize dissatisfactions though not necessarily leading to satisfaction. The emphasis is that factors of satisfactions are not necessarily the opposite of the factors of dissatisfaction. It means that the theory outlines two distinct human needs; the physiological needs to be fulfilled by money or tangibles (Tan & Waheed, 2011) and the psychological need to achieve and grow and this need fulfilled mostly by non-tangibles and activities that motivate or cause one to grow. Servicescape components especially neatness of the work environment can work not only as a hygiene factor (Herzberg, 1966) to maintain a high level of sales and to avoid customer dissatisfaction, but also as a motivator (Herzberg, 1966) to improve positive emotions, perceived service quality, and purchase intentions.

Diffusion of Innovation Theory

It was developed by Rogers (1995). It is a hypothesis outlining how new technological and other advancements spread throughout societies and cultures, from introduction to wider-adoption. Rogers (1995) asserts that diffusion of innovations theory seeks to explain how and why new ideas and practices are adopted, with timelines potentially spread out over long periods. Most innovations diffuse over time within the organization. Pawłyszyn, Fertsch, Stachowiak, Pawłowski and Oleśków-Szłapka (2020) posit that the diffusion process for all innovations consists of individuals talking to one another about the new idea, thus decreasing the perceived uncertainty of the innovation. In reference to technology adoption, the link between customer satisfaction and purchase intentions is stronger when employees are satisfied. According to Chen, Tsou and Huang (2013) growth in the service industry has prompted researchers to examine trends in service innovation. The need is to promote new service concepts, new client interfaces, new service delivery systems, technological options and this is achieved through servicescape. The new service transformation systems including servicescape is hence a process of improving organizational and creation of value for the customer. As per the theory, servicescape is considered a value co-creation configuration that has an influence on customer satisfaction as well as productivity of employees.

Empirical Literature Review

Ogbuji, Onuoha and Abdul (2016) investigated the association of spatial layout with customer patronage of cinema firms in Port Harcourt. Data were collected from 375 respondents in three cinema houses in Port Harcourt using a set of questionnaire. The test of hypotheses, using Pearson product moment correlation coefficient, showed that spatial outlet has significant association with customer patronage of cinema firms in Port Harcourt. The study concluded that spatial layout should be considered a critical marketing factor in setting up cinema services environment. Recommendations were proffered for sustainable customer patronage of cinema services.

Rusli (2013) studied the association between banking layout and the customers in Malaysia and endeavoured to determine the suitability of current bank layout. The results showed strong relationship between the banking layout and the customer satisfaction. The current layout arrangement of the bank was found to be in an irregular situation or not effective and not efficient condition to endear customers to the bank.

Zijstra and Mobach (2011) stated that facility layout has a bearing on the operation efficiency and functional layout is a critical function of an organized and thus is designed to support the users. Contextually, facility meant the space or areas where business is usually conducted. The findings showed that layout designs impacted on the utility of space, workspace workflow, materials and the information exchange.

Kukiqi (2017) examined the effects of the working environment on the work satisfaction of the public institutions in Kosovo. The document determines the impact of the physical and mental environment on the performance of employees, to recognize the general level of employee satisfaction in public institutions and to investigate whether the physical, social and psychological working environment affects the pleasure of work. Modelling technique was used to select the sample for questionnaire study. The questionnaire was used as a research tool, while the statistical package for social sciences was used to analyse the data collected from the field study. The findings of the study showed that most of the staff in public institutions is satisfied with their work environment, especially the physical environment.

Rai and Anirvinna (2020) found out that signs have been found to reduce perceived crowding and stress in a jail lobby setting. Other environmental objects may communicate less directly than signs, giving implicit cues to users about the meaning of the place and norms and expectations for behaviour in the place. Quality of materials used in construction, artwork, presence of certificates and photographs on walls, floor coverings, and personal objects displayed in the environment can all communicate symbolic meaning and create an overall aesthetic impression. In office environments, certain cues such as desk size and placement symbolize status and may be used to reinforce professional image.

Amue, Adiele and Nkoro (2013) studied physical settings and patronage of three star hotels in Nigeria's federal capital territory Abuja. The results show strong support for the effects of ambient conditions, spatial layout and signs, symbols and artefacts. Some of the effects are moderated by employee dynamics that are associated with the services. The study found out that signs, symbols and artefacts provide the firms with the ability to take advantage to signal communication in the business place. Signs, symbols and artefacts therefore have a stronger effect on patronage.

METHODOLOGY

A correctional research design was used for this study. The essence of a correlational research design was to determine whether the variables under study are related to each other and whether there is any relationship between the variables. The population of the study comprised of all individuals in employment with a commercial bank based in Mombasa County. The total number of branches in Mombasa County was 125. Sampling was done with respect to the number of branches and number of employees. Random selection was used to obtain a sample size of 150 employees that were drawn from all the three bank tiers i.e. tier 1, tier 2, and tier 3 and from various departments of their respective bank such operations, customer service, relationship, cash, sales, credit, cards, treasury and trade finance department.

FINDINGS AND DISCUSSION

Correlation Between Servicescape, Employee Motivation and Employee Performance

The study found out that spatial layout and employee performance has a low positive significance correlation ($r = .161$) while ambient conditions and employee performance have a low positive but non-significant correlation ($r = .118$). The findings also indicate that signage and employee performance have a low positive but insignificant correlation ($r = .055$) and lastly employee motivation and employee performance was found to be moderately positive and the correlation is significant ($r = .350$). The implication is that spatial layout and employee motivation significantly improve employee performance.

Regression Analysis

The findings show that $R = 0.375$. The implication is that, servicescape dimensions studied and employee performance are positively related. The adjusted R^2 of .117 mean that 11.7% of variations in employee performance is expressed by variations in spatial layout, ambient conditions and signage that in the process affects employee motivation. This is an

indication of a relatively weak relationship such that the predictors identified in this study might not greatly affect employee performance of commercial banks in Kenya. The implication is that there are certain issues affecting employee performance other than servicescape dimensions studied in this research. The result of the analysis is as given in Table 1:

Table 1: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.375 ^a	.141	.117	.5528	1.338

a. Predictors: (Constant), Employee Motivation, Spatial Layout, Signage, Ambient Conditions b. Dependent Variable: Employee Performance

The study also found out that the overall p-value indicating a significant relationship between servicescape and employee performance is at 0.000 ($p < 0.05$). The implication is that spatial layout, ambient conditions and signage reliably predict employee performance of commercial banks in Kenya. The study also found out that the F statistic was 5.905 and was significant at $p = 0.000$. The implication is that the model was reliable in predicting the relationship between spatial layout, ambient conditions, signage, employee motivation and employee performance of commercial banks in Mombasa County, Kenya. This analysis is given Table 2:

Table 2: Model Analysis

Model	Sum of Squares			Mean Square		
			df		F	Sig.
1	Regression	7.218	4	1.804	5.905	.000 ^b
	Residual	44.005	144	.306		
	Total	51.223	148			

a. Dependent Variable: Employee Performance b. Predictors: (Constant), Employee Motivation, Spatial Layout, Signage, Ambient Conditions

Moderating Effect of Employee Motivation

Introduction of employee motivation in the servicescape and employee performance model increased the variance explained in employee performance by 0.2% as observed from the change in R^2 from the previous results ($R^2=0.122$, adjusted $R^2=0.117$) to the current ($R^2=0.124$, adjusted $R^2=0.112$). The F ratio revealed that the model was significant thus providing a justification for the use of regression analysis ($F=10.303$, $P < 0.05$). The coefficient of correlation ($R=0.352$, $t=6.647$, $P < 0.05$) shows a significant positive relationship between the two variables (servicescape and employee motivation) and employee performance. The beta coefficient for employee motivation was positive and significant ($\beta=0.336$, $t=4.144$, $p < 0.05$), while that of servicescape was positive though insignificant ($\beta=0.046$, $t=0.566$, $p > 0.05$). The findings therefore meant that employee motivation partially mediates the relationship between servicescape and employee performance. The analysis is given in Table 3:

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.352 ^a	.124	.112	.5545

a. Predictors: (Constant), Employee Motivation, Servicescape. b. Dependent Variable: Employee Performance

Table 4: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.335	2	3.168	10.303	.000 ^b
	Residual	44.888	146	.307		
	Total	51.223	148			

a. Dependent Variable: Employee Performance b. Predictors: (Constant), Employee Motivation, Servicescape

Table 5: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	2.724	.410		6.647	.000		
	Servicescape	.054	.095		.566	.572	.915	1.093
	Employee Motivation	.293	.071		4.144	.000	.915	1.093

a. Dependent Variable: Employee Performance

Conclusion

The conclusion of the study was based on the objectives of the study. Regarding adoption of servicescape dimensions, the study concluded that commercial banks largely put in place measures to ensure ambient working conditions, good spatial layout dimensions and effective use of signage. The study also concluded that employee motivation moderates the relationship between servicescape and employee performance. It was established that employee motivation partially moderates the relationship between servicescape and employee performance. This was based on the argument that unless employees are motivated by servicescape, improved performance cannot be realized. The conclusion is consistent with the study by Agbozo, Owusu and Atakorah (2017) which established that environment has a significant effect on employees' satisfaction and this has resultant effect on productivity. Equally the study by Raziq and Maulabakhsh (2015) established that the working environment impacts on the level of satisfaction and employee motivation.

The study also concluded that spatial layout and employee motivation significantly improve employee performance. The study also concluded that ambient conditions and employee performance have a low positive but non-significant correlation ($r=.118$) and at the same time, signage and employee performance have a low positive but insignificant correlation ($r=.055$). The regression analysis also concluded that servicescape dimensions studied and employee performance are positively related. The adjusted R^2 of .117 however meant that 11.7% of variations in employee performance is expressed by variations in spatial layout, ambient conditions and signage that in the process affects employee motivation. This indicated a relatively weak relationship such that the predictors identified in this study might not greatly affect employee performance of commercial banks in Kenya. The meaning is that there are certain issues affecting employee performance other than servicescape dimensions studied in this research.

Recommendations

Managers of commercial banks should find mechanisms of improving the initiation and use of servicescape dimensions. This is because banks are often the focus of the public and hence must provide a good servicescape (physical environment) to attract them into banking, besides improving market share. Therefore, the commercial banks must identify the importance of quality indicators of service to give service productivity, which results in better service delivery and higher customer satisfaction, while improving employee motivation.

The researcher also recommends that the commercial banks should understand the need to create an effective servicescape elements such as ambient condition (temperature, air quality, noise, music), space function (layout, equipment, furnishings), sign, symbols and artifacts (signage, personal artifacts, style of decor). Also, the banks want to manage these elements to create specific environment related with their service. The bank should use interior design to increase the customer satisfaction. The argument is that well- designed layouts are extremely important because they strongly influence in-store traffic patterns, consumer behaviour, and operational efficiency.

It should also be noted that the banking sector should be concerned with the co-existence of tangible and intangible environments. The advancement of Information and Communication Technologies (ICTs) has enhanced the boundaries of the physical environment on banking services. It is considered as a key driver in the digital transformation of banking industry. The reality is that customers can currently experience banking services and access nearly all services without physically visiting a banking hall. Along with these dramatic changes, further research should infuse new technological characteristics into the dimensions of servicescape to explain the newly expanded cyber-physical environment of banking service.

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