

**SERVESCAPE, STAFF MOTIVATION AND EMPLOYEE
PERFORMANCE IN COMMERCIAL BANKS IN KENYA: A SURVEY OF
MOMBASA COUNTY**

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DECLARATION

This project is my original work and has not been presented for a degree in any other University

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This project has been submitted for examination with my approval as University Supervisor.

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DEDICATION

I dedicate this research to all my fellow bankers who have to contend with a constricted space in order to deliver their services to the public.

ACKNOWLEDGMENT

I wish to thank the Almighty God for granting me gift of life and opportunity at this moment to reach this level of my study. I equally want to distinguishably acknowledge the support and guidance accorded by my supervisor David Kanyanjua in reviewing this research. Furthermore, I would like to thank the entire team of Management University of Africa for giving me this opportunity to undertake this research. Also, I like to thank my family and friends for their support and encouragement. Lastly, many thanks to Mombasa County for the humbling opportunity and the privilege to undertake the study within the county.

ABSTRACT

The purpose of the study was to establish the relationship between servicescape and employee performance in commercial banks in Kenya by conducting a survey in Mombasa County. Specifically, the study endeavoured to determine the relationship between ambient conditions and employee performance, to determine the relationship between spatial layout and employee performance; to determine the relationship between signage and employee performance and to establish whether servicescape leads to motivation of employees leading to employee performance in commercial banks in Kenya. The study adopted a mixed correlational design. The population of the study comprised of all individuals in employment with commercial banks based in Mombasa County. The primary data was collected through a semi-structured questionnaire obtained from one hundred and fifty (150) participants. 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, spatial layout dimensions of servicescape and adopted the use of signage to a large extent. Further, it was found out that employee motivation moderates the relationship between servicescape and employee performance. The study also found out that spatial layout and employee performance had a low positive significant correlation while employee motivation and employee performance was found to have a moderate positive and significant correlation and the correlation. The study also found out that ambient conditions and employee performance have a low positive but non-significant correlation while at the same time, signage and employee performance have a low positive but insignificant correlation. The regression analysis found a significant relationship between servicescape and employee performance. The study therefore concluded that there is a significant relationship between servicescape and employee performance. The study also concluded that commercial banks have adopted servicescape dimensions including spatial layout, ambient conditions and signage. Regarding employee motivation, the study concluded that the commercial banks realized improved employee motivation due to servicescape by reducing stress levels, improving the self-esteem of employees, reduction of levels of absenteeism and reduction of staff turnover. 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 create effective servicescape elements such as ambient condition, space function, sign, symbols and artifacts.

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ACRONYMS AND ABBREVIATIONS

KCB	Kenya Commercial Bank
MIMS	Main Investment Market Segment
NACOSTI	National Commission for Science, Technology and Innovation
NSE	Nairobi Securities Exchange
SPSS	Statistical Package for Social Science
SSQ	Semi-Structured Questionnaire

OPERATIONAL DEFINITION OF TERMS

Employee Performance	Refers to the employee's ability in achieving a set of objectives and targets.
Servicescape	Refers to the environment where the service is offered and consumed. It also refers to the environment where the employees interact with the customers.
Spatial Layout	Refers to the floor plan and the arrangement of furniture and equipment.
Ambient Conditions	Refers to the atmospheric elements such as temperature, air quality, noise and odour of the environment.
Signage	Refers to items such as labels, symbols and artefacts displayed.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the problem context of the servicescape in banking and how this affects employee productivity. This section has background to the study; problem statement, research objectives, research questions, the justification for the study and scope of the study

1.1 Background of the Study

The nature of the competitive environment both globally and locally has created a massive paradigm shift. The focus turns to 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. They are largely affected by the environment in which services are being provided and hence customer satisfaction (Vieira, 2013). The need is to enhance hospitality. This enhances the quality or disposition of receiving and treating guests in a warm, friendly and generous way (Brotherton & Wood, 2008). Servicescape is proven in that it affects the internal responses and external behaviours of both customers and employees. This is realized on the basis of customer expectation about service quality as well as customer evaluation of factors determining perceived service quality (Reimer & Kuehn, 2005). Servicescape facilitates the provision of service offerings to spectators and facilitates performance or communication of the service offering (Kotler & Armstrong, 2010).

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. According to Azim, Sadiq and Humyon (2016) servicescape comprises of the environmental scopes and have a great influence on humans mentally, emotionally, physically and physiologically. It is generally the actual physical environment where the service is performed, consumed and delivered. According to Booms and Bitner (1992) servicescape has three major dimensions including ambient factors (lighting, scent, air quality, temperature, music, and noise), spatial layout and functionality (the existence and arrangement of machinery, equipment, and furnishings) and Signs, symbols, and artifacts (signage, artwork and decorative items, point of parity displays).

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. Increasing the relationship between apparent office design and working environment and motivation of employees to optimum productivity has been studied across service sectors (Ajala, 2012; Awan & Tahir, 2015; Awasthi & Shrivastava, 2014; Hameed & Amjad, 2009; Hansika & Amarathunga, 2016). Further justification is that the services industry contains intangibility, inseparability, and heterogeneity, making it extremely difficult to measure service quality while the reality is that people depend on more tangible clues (Lee, 2011). The space where the service is produced therefore cannot be hidden and may have a strong effect on customers' perceptions of the service experience. This

explains the need to incorporate servicescape as a mechanism of service quality communication.

1.1.1 The Concept of Servicescape

Servicescape is the environment in which a service is delivered and in which the firm and the customer interact, and any tangible commodities that facilitate performance or communication of the service (Zeithaml, Bitner & Gremler, 2009). Servicescape therefore 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 (Rosenbaum & Massiah, 2011). Regarding customer satisfaction, today's customers tend to ask for additional beneficial elements before they finalise their purchases and a pleasant atmosphere is one of those elements which are highly demanded. The fact is that if customers do not get fast and friendly service, they will abandon that company in search of another one which offers fast, convenient and better services (Tlapana, 2014).

For past few decades, customers only focused on product features and attributes. Today, customers tend to ask for additional beneficial elements before they finalise their purchases. Some of these elements include a pleasant atmosphere which is built around the concept of servicescape (Fatima & Razzaque, 2014). The reality is that when customers do not get fast and friendly service, they will abandon that organization and shift their loyalty to other competing organizations meeting their match offering fast, convenient and better services. Servicescape therefore ensures that the services are offered in a pleasant environment which fulfils the needed

satisfaction (Harris & Ezech, 2008). 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.

According to Ferrera (2015) there are three dimensions of servicescape. Those are ambient conditions, space/function, and sign, symbols and artefacts. According to Han, Kang' and Kwon (2018) ambient conditions refer to the characteristics of the environment that can stimulate the five senses of customers that generally stimulates five common human sensations that drive exhibitors' perception and response to the environment via visual aesthetic (lighting, colours, shapes), cleanliness (scent, air quality, fragrance), ambient (temperature), and audio (music, noise). Moreover, music, lights, colours, displays, fragrances, a soft and cozy ambience can create mood and behaviour of exhibitors (Jain & Bagdare, 2011), help in forming a physical and emotional states of exhibitors (Awasthi & Shrivastava, 2014) and stimulate customers (Morrin & Ratneshwar, 2007). Generally, ambience means the feeling and mood associated with a place and is enhanced by the character, decoration, atmosphere of the place through lighting, temperature, noise, music, and scent (Lam, Chan, Fong & Lo, 2011). Ambience affects human perception and responses through the five human senses (Lockwood & Pyun, 2019).

Spatial layout refers to the size, shape, and arrangement of machinery equipment, and furnishings, whereas functionality refers to the ability of these items to fulfil customer needs. Siu, Wan and Dong' (2012) state that a well design layout ensures convenience access to customers' facilities, enhance the perception and increase the percentage of repetitive customers (Liu and Jang, 2009) where the accommodation layout for comfortable movement positively associated with emotions of customers (Ariffin, Bibon & Abdullah, 2012). A study conducted by Kim and Moon (2009) portray that the good interior design including furniture, pictures, plants, and flower may enhance the perceptions of functional quality in a convention centre. The argument is that a well-designed layout helps to facilitate intuitive guidance and provides convenience that enhance customer comfort. This increases the likelihood of repeat business (Liu & Jang, 2009). Spatial layout has also been documented to affect customer seating comfort and forms a crucial component of servicescape. Seating comfort has also been found to be critical for places where customers sit for a considerable amount of time such as in casinos as well as airports (Zheng, 2014).

Lastly, signs, symbols, and artefacts indicate tools that can provide customers with information about service facilities. Generally, signs, symbols, and artefacts fall into explicit cues (e.g. exterior and interior signage) and implicit cues (e.g. artwork, furnishings, floor coverings) that directly affect exhibitor, communicate rules of behaviour, convey the firm image and rules of an organization (Bitner, 1992). In another perspective Sui, Wan and Dong' (2012) highlighted that the cues made by sign, symbol and artefacts were able to form a first impression of the overall servicescape, create a positive image of venue, influence exhibitors' intention and increase the quality of services provided (Awasthi & Shrivastava, 2014). Hence, organization use symbols to create aesthetic impressions in order to help consumers

understand the place's meaning or to convey instruction to tangible cues that can be understood by everyone (Zeithaml, Bitner & Gremler, 2009) and significantly affected the loyalty of exhibitors (Simpeh, Simpeh, Abdul-Nasiru & Tawaih, 2011).

Employee motivation is the process through which people choose between forms of behaviour in order to achieve goals (Cole, 2002). It is the guiding principle and force pushing employees to focus on a particular path to achieve a set goal or desire. Due to the changing nature of people, there is need to provide the stimulus to work because the satisfaction of one need gives rise to another. Employee motivation therefore provides energy, direction and sustenance of a person's effort (Robbins, 2001). The main benefits of well-motivated employees are lower absenteeism, higher production, more innovation, pleasant working environment, more co-operations, lower staff turnover (Jones, 2011). Shilaho and Mbugua (2019) found out that motivated employees tend to work hard to meet targets of the organization as well as satisfying customer's needs.

It is an internal drive to satisfy an unsatisfied need and to achieve a certain goal. It is also a procedure that begins through a physiological or psychological need that stimulates a performance set by an objective (Lorincová, Štarcho, Weberová, Hitka & Lipoldová, 2019). As compared to financial resources, human resources have the capability to create competitive advantage for their organizations. Generally, employee performance depends on a large number of factors though employee motivation influence to a significant degree the organizational performance. Kallimullah, Yaghoubi and Moloudi (2010) posit that a motivated employee has his/her goals aligned with those of the organization and directs his/her efforts in that

direction. Getting the employees to reach their full potential at work under stressful conditions is a tough challenge, but this can be achieved by motivating them.

1.1.2 Employee Performance

The effect of atmospherics, or physical design and decor elements on workers is recognized by managers as a significant contribution to employee performance. Managers therefore continually plan, build, change, and control an organization's physical surroundings. The ability of the physical environment to influence behaviours and to create an image is however particularly apparent for service businesses such as hotels, restaurants, professional offices, banks, retail stores, and hospitals (Ng, Yuen, Tan, Hanaysha, Nikbin & Lai, 2018). The physical environment is equally rich in cues about the firm's capabilities and quality and may be very influential in communicating the firm's image and purpose to its customers. According to Rosenbaum and Massiah (2011) the physical setting can influence employee satisfaction, performance, and motivation.

According to Kania and Gruber (2013) frontline employees play a crucial role at service encounter since customers will evaluate service encounter based on their ability to deliver the service right the first time, their attitudes and actions and how well they deal with special request, and to recover in cases of service failure. Employees for example represent the image of banks in the eye of customers and determine a customer's impression of the banks. Different attitudes and behaviors of employees in the service encounter cause the different perceptions and decisions of customers. To satisfy customers at service encounter, employees must have the abilities, skills, tools and motivation to deliver the service. The influence of

servicescape is to have employees develop enthusiastic working attitude during service encounter and subsequently improved performance (Kieu & Shirahada, 2016).

The reality is that what employees experience in the workplace is correlated with the experience they create for customers. Although the importance of exploring drivers of employee performance and well-being can be easily understood, evidence supports the observation that front-line employees are in most cases underpaid, undertrained, overworked and highly stressed (Chan, Feng, Redman & Snape, 2006). Since servicescape may affect employee motivation, satisfaction and productivity, it is therefore necessary for the service environment to support the needs and preferences of employees besides the ones of customers.

Ali, Bin, Piang and Ali (2016) assert that motivation shows a crucial significant part in all organizations since they cannot run and attain their desired goals and objectives without motivating their employees. Motivation supports job satisfaction and increases the productivity of employees. Approaches used in motivation helps to accomplish the wants and needs of the workforce, and in return the workers repay it through their hard work and commitment. When employees are adequately motivated, it helps in the satisfaction of customers. The argument is that firms do much effort but do not pay attention on satisfying employees. The fact is that customer would not be satisfied until and unless employees are satisfied. When employees are satisfied, they will do more work therefore ultimately customers will be satisfied (Ahmad, 2012). Employee performance is also actually influenced by motivation because if employees are motivated then they will do work with more effort and by which performance will ultimately improve (Azar & Shafighi, 2013).

1.1.3 Commercial Banks in Mombasa County

The banking industry being very competitive and homogeneous, it is very important to retain customers. A study by Ouma and Munyoki (2010) investigated into the marketing strategies used by commercial banks in managing service breakdown among SME customers in Kenya. The findings revealed that quality management of services greatly enhanced the profitability of banks. The basis of such findings outlines the significance of service scope as a customer experience approach. Further, the basis is that customer satisfaction is key to the commercial banks performance and it is determined by quality of services which is essential in today's competitive market. Al Karim and Chowdhury (2014) noted that servicescape would be key in customer satisfaction among commercial banks in Kenya since it is related to the determinants of service quality including reliability, accessibility, responsiveness tangibles and empathy.

The Banking sector in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK) (CBK, 2013). Over the last few years, the Banking industry in Kenya has continued to grow in assets, deposits, profitability and products offering. The growth has been mainly underpinned by; an industry wide branch network expansion strategy both in Kenya and in the East African community region and automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional "off-the-shelf" banking products (CBK, 2012). Players in this industry have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market.

The Kenyan banking system had undergone dramatic changes in competition arising from high expectations from customers and the changing business environment. Commercial banks are therefore forced to introduce a variety of services, adopt lower interest rates on loans and improve advertisements through different platforms. Most of the banks have turned to improving service delivery and work performance of their employees (Muthoni & Otieno, 2014). Some of the strategies are long term and may not yield immediate results. Servicescape is considered to yield both long term and short-term outcomes hence being trendy in most of the commercial banks.

In Mombasa, there are a number of banks. For instance, KCB which is the oldest bank in the Coast has its history dating back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years later in 1904, the Bank extended its operations to Nairobi, which had become the Headquarters of the expanding railway line to Uganda. The next major change in the Bank's history came in 1958. Grindlays Bank merged with the National Bank of India to form the National and Grindlays Bank. Upon independence, the Government of Kenya acquired 60% shareholding in National & Grindlays Bank in an effort to bring banking closer to the majority of Kenyans. In 1970, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. National and Grindlays Bank was renamed Kenya Commercial Bank. Despite this reach background, Rorio (2015) observes that the quality of services and customer loyalty are of key interest in the banking sector.

According to the Bank Supervision Annual Report (2019), the total number of bank branches in Kenya stood at 1,505 out of which 125 were based in Mombasa County. This represents 8.3% distribution in Mombasa County. According to the report the

banking sector in Kenya had a total of 31,889 employees. Out of these employees, Mombasa County has around 2,647 employees working in commercial banks. This formed a good basis for generalization since the employees' representation was adequate.

1.2 Statement of the Problem

Servicescape act as image differentiation among other banks and it accounts for spectators' experience in the service provider's environments as a potential tool for differentiation (Ariffin, Nameghi & Zakaria, 2013). Through servicescape, the bank can reposition itself through alluring messages and communication of positive messages in new markets to capture more share, profit and customer base. According to Harris and Ezech (2008) physical facilities are visible manifestations of the intangible services that customers rely on to make judgments on its competence and appropriateness. Servicescape is therefore a key aspect of competitiveness and productivity of employees.

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. The banking employees spend more time in the physical environment than the customers. This implies that employers should be considerate with respect to the friendliness of the physical working environment. Some of the isolated studies point to a positive influence of employee servicescape factors, in more specifically the ambience factor on employee satisfaction (Harris & Ezech, 2008). The emphasis is on the need to improve employee performance by creating the right service environment. This can be supported by the fact that the number of

depositors served by each bank employee increased from 412 in 2010 to 1,544 in 2017. This means that each banking employee serves an additional 1,132 depositors annually (Bank Supervision Annual Report, 2017). Hence, there is a need to improve employee performance by creating the right service environment.

A number of studies exist on the concept of servicescape. The study by Ogbuji, Onuoha and Abdul (2016) established that spatial layout should be considered as a critical marketing factor in setting up cinema services environment. Azim, Sadiq & Humyon (2016) found out that use of ambient factors, cleanliness, aesthetic factors, signs and symbols create a long-lasting effect on customer satisfaction. Kieu & Shirahada (2016) also stated that servicescape is one of the indicators of perceived service encounter, which has a strong positive effect on service encounter satisfaction. Musriha (2012) found out that servicescape positively affect customer loyalty. Bitner (1992) concluded that through careful and creative management of the servicescape, firms may be able to contribute to the achievement of both external marketing goals and internal organizational goals. In Kenya, a study by Owino, Kibera, Munyoki and Wainaina (2014) concluded that an appreciation of service quality dimensions is imperative in managing student's expectation and that the university managers have to apply contingent service quality practices. The study however represents a contextual gap in that it focused on the Universities unlike the current study.

From the aforementioned studies, there is a contextual gap in that the Kenyan context which is different from the service context in other countries as well the industry being studied. The argument is that servicescape context would vary based on cultural and social perspectives that significantly vary from one country to another. This study therefore sought to fill this gap by answering the question, 'What is the relationship

between servicescape, staff motivation and employee performance in the commercial banks in Kenya?’ by doing a survey in Mombasa County.

1.3 Objectives

1.3.1 General Objective

To establish the relationship between servicescape and employee performance in commercial banks in Kenya; A survey of Mombasa County.

1.3.2 Specific Objectives

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

1.4 Research Questions

- i. How does ambient condition relate to employee performance in commercial banks in Mombasa County?
- ii. What is the relationship between spatial layout and employee performance in commercial banks in Mombasa County?
- iii. How does signage and employee performance correlate in commercial banks in Mombasa County?

- iv. What is the moderating role of employee motivation in the relationship between service scape and employee performance in commercial banks in Mombasa County?

1.5 Justification of the Study

The study adds value to the existing body of management, customer service, administration and corporate leadership. The findings of this study will form the basis upon which related theories be developed. The study expounds the empirical aspect of servicescape that details the practical application of the underlying theories. Generally, every business entity strives to create both comparative edge and competitive edge. Beyond looking at the competition, the adjustments in simple and often ignored factors internal to the organization could just create the difference. The innovation, inter-and intra-employee relationships, coordination of work, continuum of service provisions, and proper queuing are highly influenced by organizational layout could stress or facilitate employees work and thus performance. The study of servicescape creates an underlying depth of knowledge in these areas that makes this study justifiable. The results of this study further contribute to broaden the knowledge body of service research by conceptualizing the bankscape and by proposing differentiated perspectives. The research findings can serve as an academic compass which can support scholars to identify the academic stream and theoretical boundary of servicescape studies and to further understand the physical environment of banking service.

The study is justified on a practical basis. On average, higher levels of servicescape characteristics are associated with higher levels of customer satisfaction. The study therefore outlines the relevance of considering the firm strategy when choosing how

to invest in a particular servicescape characteristic. The study would help management of firms to determine how they want to compete and then configure the servicescape characteristics to support their approach to competing. The study is also relevant for any manager who is considering where she or he might find the best return on service-related investments. The result of the study could also be used to identify the degree to which a company could benefit more from additional investments in servicescape and variations with particular servicescape characteristic and/or the industry in which the firm competes. Thus, managers would use the study to consider which particular service characteristics fit best with the firm's strategy and industry. Additionally, managers could use the dimension of bankscape to benchmark their major competitors. They could compare service environments with those of their business rivals by analysing based on six dimensions of bankscape.

On public policy and planning, the state has the solemn duty to protect its citizenry through control of the banks. When the workers are stressed or in guised employment with low performance, then state suffers as the health sector is strained, the tax revenues are equally low, and more fundamentally, job losses put a strain to the economy. As a minimum for human resource best practice, State department of Labour and Social Services in collaboration with State department of Health could stipulate standards for a banking hall in relation to employees and avoiding of crowding in banking halls, and in tandem reduce triggers to lifestyle diseases. This study provides evidence on whether banking environment affects productivity of employees and could make recommendations to this effect. Such recommendations could provide evidence based public policy planning and development discourse. It should also be noted that understanding different characteristics by the servicescape typology can be the basis of a distinguished assessment model for various banking

services and service environments. Weighted value between dimensions could be applied for quality estimation in case of developing an evaluation guideline for banking facilities.

1.6 Scope of Study

The study aimed at establishing the relationship between servicescape and employee performance in commercial banks in Kenya by surveying Mombasa County. The study included all the dimensions of servicescape that are ambient conditions, spatial layout and signage. The study was conducted in Mombasa County between January 2019 and July 2020. The population of the study comprised of all individuals in employment with a commercial bank based in Mombasa County. The employees were drawn from all the three tiers that are tier 1, tier 2, and tier 3 and from various departments of their respective bank including operations, customer service, relationship, cash, sales, credit, cards, treasury and trade finance department. The target population was 2,647 in number.

1.7 Chapter Summary

This chapter reviews the background, statement of the problem, research objectives and research questions, rationale, operational of technical terms, and the expected results of the study. The focus of the study on servicescape operationalized ambient conditions, spatial layout and signage and how they contribute to employee performance.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides a discussion of the various theories underlying the study. It further shows studies that have been done and are relevant to this research, conceptual framework and the operationalized variables and the research gaps identified.

2.1 Theoretical Literature Review

The study was based on the following theories:

2.1.1 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. Rosenbaum and Massiah (2011) explain that the physical dimension is the easiest dimension to understand because it is observable and measurable. It includes the conditions of the atmosphere such as temperature, air quality, noise, music, perfume, but also the space and the function of the equipment, the layout, the furniture as well as other symbols or artefacts like signage or design. The argument however is that the physical environment affects the nature of social interactions. The reality is that every social interaction is part of the physical environment because it suggests social rules, principles, and expectations about people behavior, and it helps to define the nature of social interactions. Edvardsson, Enquist and Johnston (2010) put forward three social elements which, in a service setting, influence customers' experience such as customer placement, customer involvement and interaction with employee. Social servicescape is therefore the relationship between customers, employees as well as customers and employees. It embraces the customers' relationship with the place itself (Johnstone, 2014).

Ogbuji, Anyanwu and Onah (2016) posit that in the service industry, the quality of service delivered depends on the front-line employees, and the physical surroundings of the service factories. The physical environment is generally rich in quality cues and may be very influential in communicating the firm's image and purpose to its customers. The physical setting may therefore influence the customer's ultimate satisfaction with the service. The implication is that servicescape has the impact of improving customer satisfaction and more importantly the productivity of employees. The theory therefore underpins the basis of the study.

2.1.2 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 used an interview approach where employees reported what pleased and what displeased them about their environment of work. In his report, 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.

Based on this study, if the theory holds, the banks should balance and endeavour to provide hygiene factors to avoid employee dissatisfaction and equally pay attention to motivating factors that are intrinsic to the work and boost satisfaction of employees in their work environment. 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. When applied to the workplace, the theory attempts to explain those variables that may be manipulated to increase job satisfaction. If hygiene factors are not taken care of, workers will not be motivated. However, even if these dissatisfiers are eliminated, satisfaction will not necessarily follow, unless it is derived from the work itself. Viewed this way, hygiene factors are satisfaction (motivation) preventers, while the motivators are satisfaction inducers. Applying the model to the retail environment, the banks need to work to not only eliminate dissatisfiers, but to identify and provide satisfiers as well. These may include the use of servicescape.

Vilnai-yavetz and Gilboa (2010) posit that managers should therefore be encouraged to take one step further, and invest resources in continuous improvement of their servicescape cleanliness. This is because improved cleanliness can increase customer loyalty and thereby boost sales rates. The critiques are however of the view that the theory relies heavily on observation and subjectivity of the employees who would naturally take credit for satisfaction but apportion blame on dissatisfaction to external factors. They also argue that the blanket assumption that job satisfaction is equated to high level motivation or productivity is misleading.

2.1.3 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. Bennett and Bennett (2003) 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. However, this link can vary depending on the service type (digital or non-digital) and delivery (contact or contactless) environment. This reduces servicescape theory in investigating digital banking.

Technological acceptance goes to reveal that unless the personal desires or needs of a consumer is met, it might not necessarily foster the increased adoption of innovation and they may not be willing to change, they would rather stick to that which they are already familiar with (Pawłyszyn & Wyrwicka, 2016). The essence of the use of innovation is the need to adopt it as a decision to make full use of it. Satisfaction is the most widely used single measure of adoption because it has a high degree of face validity. It is hard to deny the success of a system where users say that they like it. Satisfaction is also widely used as a success measure and post-adoption measure of innovation. Servicescape is a form of service innovation which is a primary source of competitive advantage.

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 performance of employees (Nguyen, DeWitt, Russell-Bennett, 2012).

2.2 Empirical Literature Review

2.2.1 Spatial Layout and Employee Performance

Layout design is necessary for the interaction between clients and employees in the shop floor. 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 questionnaires. 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 (Rusli, 2013).

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.

Zilstra and Mobach (2011) defined office layout as the grouping of workers, their work tools and equipment and spaces or offices. These are meant to provide comfort, safety, and movement information.

Hansika and Amaranthunga (2016) investigated the impact of office design on productivity on banking organizations, in North Western, Sri Lanka. Using a correlation analysis, the study found a highly significant relationship between office design and the employee productivity (Hansika & Amarathunga, 2016). The study recommended a well thought layout for banks to reduce employee frustrations and as this led to low productivity, which resultantly is associated with organizational productivity.

Sehgal (2012) who found office design to related to increasing or decreasing employee productivity (Sehgal, 2012); Hameed and Amjad (2009) examined the impact of office design on bank employees in Pakistan and found a positive relationship; Kithuka (2015) studying Kenya banks found working environment impacted on employees' level of productivity; Ajala (2012) concurred that conducive working environment enhances welfare, performance, and productivity of the employees in the organization (Ajala, 2012). Additionally, Roelofsen (2002) study on impact of indoor environment on job performance indicated an increase of 5-15% on job performance and overall organization performance and attributed to improved working area and conditions.

2.2.2 Ambient Conditions and Employee Performance

Tompkins, White, Bozer, Frazelle, Tanchoco and Trevino (2010) described facility design as comprising of non-human elements with a business place floor such as

facility layout equipment, lighting, and colour and which have an influence in workplace human emotional and behavioural constructs. Massoudi and Aldin-Hamdi (2017) stated even though workplace conditions are requisite for enhancing productivity and quality of outcomes, many organizations work conditions are inadequate in terms of safety, health and comfort issues such as improper lighting and ventilation, excessive noise and emergency excess. In association, working under inconvenient conditions results in low performance and may lead to people facing occupational health diseases manifested in high absenteeism and turnover. These environmental and physical factors could be reason for stagnated performance for many organizations (Massoudi & Aldin-Hamdi, 2017).

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.

Ariffin and Aziz (2012) explained the impact of wall decorations, painting, colours, furniture lighting, background music, temperature, air aroma, hotel layout and overall layout are a great motivator for employee performance. The role of add-ons such as

the internet, websites, and technology support are pertinent to improved productivity (Ariffin & Aziz, 2012). Ariffin and Aziza (2012) found out that an intelligent design solution brings out the real value an organization wishes to communicate in terms of mood, persona, relaxation, colouration and meaning, lighting and furniture schemes, all this with aim of invoking both emotional and functional impact. Lighting dictates, the room feeling, either making it harsh or soft, formal or completely informal. Colours and surfaces express the functionality of different spaces in the offices. For instance, hard-finishes could be used for ‘fast-moving’ areas while soft finishes could function to serve relaxing visitors in a waiting area or conference facility.

Rashida, Ma'amorb, Ariffinc and Achimd (2015) investigated the how physical dimensions influenced exhibitors' satisfaction by using ambient conditions, spatial layout/functionality, and signs, symbols and artifacts. The ambient conditions were significantly and positively correlated with exhibitors' satisfaction (Rashida et al 2015). The pleasantries of lighting, music, colour, displays, fragrances, a soft and cosy ambience can satisfy and improves the appetite of investing exhibitors. Such aesthetic elements activated the mood of exhibitors and lead to satisfaction (Jain & Bagdare, 2011). Colour, lighting, and décor influence customers' perceived sociability, emotion and behavioural intention on social dining occasions (Wardono, Hibino, & Koyama, 2012). They found a pronounced statistical difference on the facilities with monochromatic colours compared to casual dining.

2.2.3 Signage and Employee Performance

Bitner (1992) posit that signs, symbols, and artefacts are particularly important in forming first impressions, for communicating new service concepts, for repositioning a service, and in highly competitive industries where customers are looking for cues

to differentiate the organization. Many items in the physical environment serve as explicit or implicit signals that communicate about the place to its users. Signs displayed on the exterior and interior of a structure are examples of explicit communicators. They can be used as labels (e.g., name of company, name of department), for directional purposes (e.g., entrances, exits), and to communicate rules of behaviour (e.g., no smoking, children must be accompanied by an adult). Signage can play an important part in communicating firm image.

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 (Lin & Mattila, 2010).

Sui, et al. (2012) highlighted that the cues made by sign, symbol and artefacts are able to form a first impression of the overall servicescape, create a positive image of venue (Awasthi & Shrivastava, 2014), influence exhibitor's intention and increase the quality of services provided. Hence, organization used symbols to create aesthetic impressions in order to help consumers understand the place's meaning or to convey instruction to tangible cues that can be understood by everyone and significantly affected the loyalty of customers.

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.

2.2.4 Employee Motivation on Work Environment and Employee Performance

Motivation is a critical building block in the productivity of employees as result of iterative and personalised engagement. In Kenya, improved productivity in the banking sector has largely been associated with employee motivation (Mutimba & Kanyua, 2017). The factors of employee rewards, employee-employee relationship, rewards building and sustains the employee commitment, and capacity development through training and development (Kovach, 2012).

The relationship between motivation and productivity can be defined in different stages; at the first stage employees set expectations and objectives while performing a particular task, at the second stage their performance is appraised by the management and feedbacks are provided to employees. At the third stage rewards are awarded by organizations and employees do their self-assessment and match their performance with rewards and the fourth and last stage employees set new expectations and objectives which are based on their previous experience (Schultz & Schultz, 2015). In order to maintain relationship between productivity and motivation, banks must provide accurate evaluation system related to performance, maintain proper performance reward system and supervisors' feedback system.

Agbozo, Owusu and Atakorah (2017) examined the how physical and mental environment on employees' performance, level of satisfaction of bank employees and whether the physical, social and psychological work environment affect job satisfaction. Findings showed that banking staff were satisfied with their work environment especially the physical ambience. The environment has a significant effect on employees' satisfaction and this has resultant effect on productivity (Agbozo et. al, 2017). The working environment impacts on the level of satisfaction and employee motivation. Raziq and Maulabakhsh (2015) studied effect of social, organizational and physical factors on organizational task and activity and aggregate effect on the performance workers. Employee productivity is influenced by the working environment. Empirically, the study demonstrated that deteriorating working conditions are directly correlated with the truncated job satisfaction rate (Raziq & Maulabakhsh, 2015).

Ong'ang'a (2016) investigated the effect of motivational strategies on employee productivity in the banking industry through a study of selected commercial banks in Kenya. The case study operationalised monetary reward strategy, job enrichment strategy training and development strategy, and team building strategies as independent variables of employee motivation gauged their effect on employee productivity (Ong'ang'a, 2016). The study findings presented a significant positive correlation for monetary rewards, job enrichment and employee productivity. Training and employee motivation were moderately positively correlated (Ong'ang'a, 2016).

Kinoti (2012) determined the perceived relationship between motivation practices and employee productivity at KCB. The study targeted top level managers, middle level managers, clerical staff, contract staff and support staff using a semi-structured questionnaire. The findings show that the employees were satisfied managements support and granting opportunity for personal and professional development. This was lauded as critical to boosting employee motivation (Kinoti, 2012). The employees believed that job security had influenced their job satisfaction and motivation. Kinoti (2012) established a positive relationship between motivation factors and employee productivity at KCB. The study registered positive correlated for compensation, interesting and challenges and conducive working environment. The employee productivity was highly and positively correlated to compensation and conducive working environment.

2.2.5 Employee Performance

Musriha (2012) studied the direct and indirect effects of an integrated model of servicescape and personal communication quality upon customer loyalty and considered the intervening effect of customer satisfaction. In causal design that involved primary data collection of respondents of Mandiri bank customer in Surabaya, the analytical results projected an effect of servicescape on customer satisfaction and customer loyalty (Musriha, 2012). Servicescape has an influence on customer loyalty, the influence personal communication quality on customer satisfaction, the influence of personal communication quality on customer loyalty, and the influence of servicescape and personal communication quality on customer loyalty through customer satisfaction (Musriha, 2012).

Munyua, Rukangu and Ibuathu (2015) studied the influence of remuneration on performance of banking agent workers in Meru County, Kenya. The study established a positive significant relationship between remuneration and workers' performance in Postbank. The commission offered was found to be a motivator of performance for the agents. Remuneration policies should therefore be established to support employees and their performance. Wagacha (2017) examined the effect of performance appraisal systems and employee productivity in commercial banks based in Nairobi County. The assessment of performance appraisal effectiveness has been greatly hampered (Mwema & Gachunga, 2014). Wagacha (2017) studied operationalised performance design and methods, employee perception and performance-based rewards as independent variables and the employee productivity as dependent variable (Wagacha, 2017). The study established that employees of banking sector had a positive attitude towards performance appraisals as this created job confidence and maximized employee output.

Samuel, Mwenda and Wachira (2015) examined the effect of working conditions on employee performance of KCB Head office. The study operationalised physical conditions, occupational health and safety, and internal organizational communication as independent variables and employee performance as dependent variable (Samuel, Mwenda, & Wachira, 2015). The study applied stratified random sampling of 172 of KCB Head office. In a hierarchical format, physical conditions, followed by internal organization communication and lastly, occupational health and safety on effect on performance. The working and physical conditions have a positive effect on performance of employees (Samuel, Mwenda, & Wachira, 2015). The physical conditions were measured as the state of office furniture, technology, spatial

arrangement and lighting. The parameters of employees' performance were absenteeism, staff turnover rate, sick off days, error rate, task completion rate and grievances.

2.3 Summary and Research Gaps

The studies on servicescape and productivity have focused mainly on customer satisfaction. These have focused on single operationalized variable of servicescape and linking it to employee performance and sometimes productivity manifested as customer satisfaction. An in-depth analysis on parameters of servicescape and influence on employee productivity. This study strives to simultaneously examination of effects of banking spatial layout, ambient conditions and signage components and moderated by employee motivation on employee productivity. The studies reviewed represent both conceptual and contextual gap as given in Table 2.1:

Table 2.1: Summary and Research Gaps

Study by	Study Focus	Methodology	Study Results	Knowledge Gap	The Current Study Focus
Ogbuji, Onuoha and Abdul (2016)	Spatial layout and customer patronage	Cross sectional design was used Data was collected from 375 respondents in three cinema houses in Port Harcourt using a set of questionnaires.	Spatial layout should be considered a critical marketing factor in setting up cinema services environment.	The study focused on the context of a Nigerian market. The sector of focus was cinema houses The study only focused on the concept of spatial layout	Kenyan Context Banking sector All forms of servicescape.
Rusli (2013)	Banking layout and the customers satisfaction	The study adopted a descriptive design.	There is a strong relationship between the banking layout and the customer satisfaction.	The study was conducted in Malaysia hence a contextual gap. The study focused on customers	This study will be done in Kenya with a focus on the banking sector. The focus will be on ambient conditions, spatial layout and signage.
Zijstra and Mobach (2011)	Facility layout and operational efficiency.	The study adopted a qualitative approach	Layout designs impacted on the utility of space, workspace workflow, materials and the information exchange	The focus was on the concept of layout only as an independent variable.	The focus will be on the concepts of ambient conditions, spatial layout and signage.

Study by	Study Focus	Methodology	Study Results	Knowledge Gap	The Current Study Focus
Hansika and Amaranthunga (2016)	Office design and productivity of banking organizations	The study used a correlation analysis,	There is a high significant relationship between office design and the employee productivity	The study was based in North Western, Sri Lanka hence a contextual gap	This study will be done in Kenya.
Kukiqi (2017)	Working environment and work satisfaction.	Modelling technique was used to select the sample for questionnaire study.	The study established that most of the staff in public institutions is satisfied with their work environment, especially the physical environment.	There is contextual gap since the study was done in Kosovo. The conceptual gap exists in that the study focused on working environment from a general perspective.	This study will be done in Kenya with a focus on the banking sector. The focus will be on ambient conditions, spatial layout and signage.
Rashida, Ma'amorb, Ariffinc and Achimd (2015)	Physical dimensions and exhibitors' satisfaction.	The study adopted a descriptive design.	The ambient conditions were significantly and positively correlated with exhibitors' satisfaction.	The context of study was exhibitors hence a contextual gap.	This study will focus on the banking sector.

2.4 Conceptual Framework

The study explored the relationship between servicescape and employee performance in commercial banks in Kenya, a survey of commercial banks in Mombasa County. Servicescape was the predictor variable while employee performance was the predicted variable. In this study, servicescape included three dimension namely ambient conditions, spatial layout and signs, symbols and artefacts. Employee performance was measured using the level of customer satisfaction, competitive advantage, output per worker and retention and attraction of customer. There was an intervening variable; employee motivation. The relationship between the variables can be illustrated using a conceptual framework given in Figure 2.1.

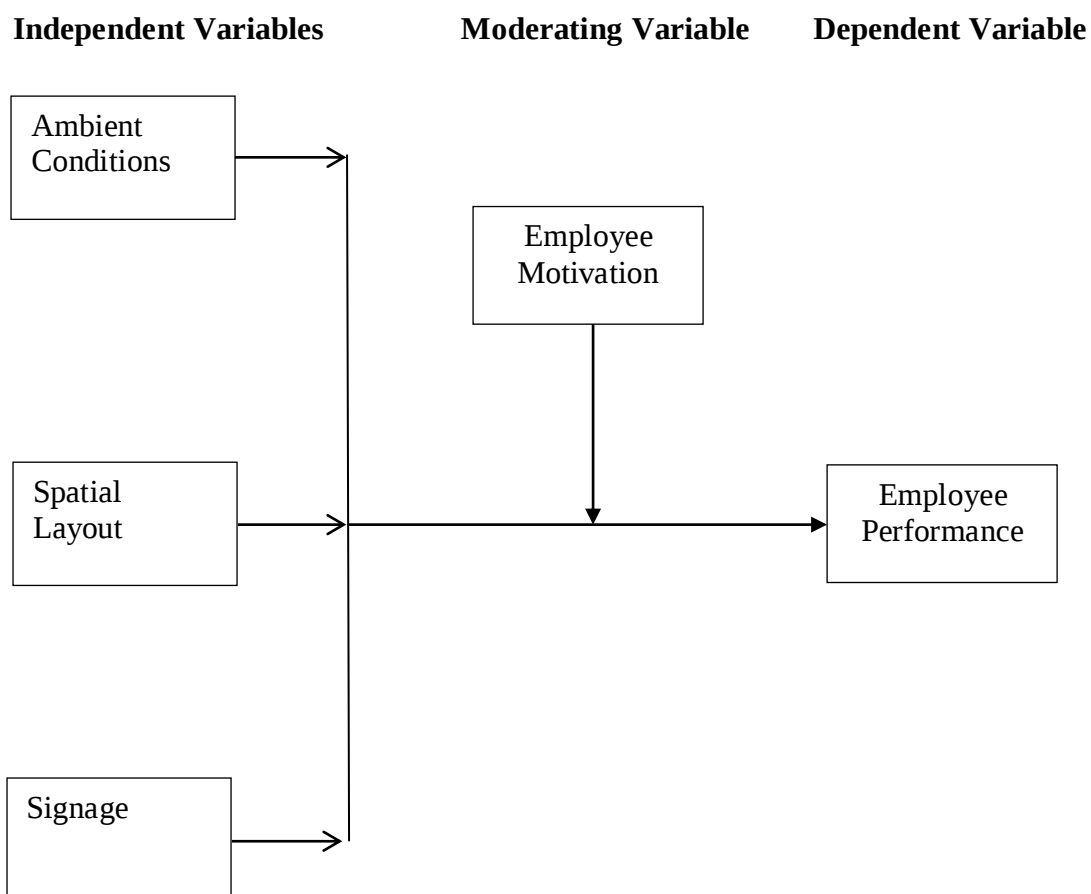


Figure 2.1: Conceptual Framework

2.5 Operationalized Variables

The study operationalized the dependent and the independent variables. The dependent variable included employee performance while independent variables included ambient conditions, spatial layout and signage. The analysis is as given in Table 2.2:

Table 2.2: Operationalized Variable

Variable	Description	Indicator	Measurement of variables	Data source
Independent Variables	Spatial Layout	▪ Adequacy of working area. ▪ Adequacy of circulation space. ▪ Adequacy of furniture and equipment. ▪ Level of privacy. ▪ level of crowdedness	Likert Scale	Semi-structured questionnaire (SSQ)
	Ambient conditions	▪ Adequate ventilation. ▪ Cooling level ▪ Level of cleanliness and neatness. ▪ Adequacy of lighting ▪ Overall comfort.	Likert Scale	SSQ
	Signage	▪ Adequacy of sign & symbols ▪ Labelling of common areas ▪ Visibility of instructions ▪ Branding and display of logo and corporate colours ▪ Style of décor	Likert Scale	SSQ
Moderating variables	Employee motivation	▪ Reduces stress levels ▪ Improves desire to work harder ▪ Reduces levels of absenteeism ▪ Reduces staff turnover ▪ Improves self esteem	Likert Scale	SSQ
Dependent Variable	Performance of the employees	▪ Improves customer satisfaction ▪ Create competitive advantage ▪ Improves output per worker ▪ Retention of existing customer and attraction of new customers ▪ Improves business income	Likert Scale	SSQ

Variable	Description	Indicator	Measurement of variables	Data source
		▪ Significance of Spatial layout ▪ Significance of Ambient Conditions ▪ Significance of Signage		

2.6 Chapter Summary

This section has presented a brief overview of the servicescape and its integrative model, the Herzberg's Motivation-Hygiene Theory (Two Factor Theory), Diffusion of Innovation Theory and the empirical literature review based on the research objectives and the variables, research gaps identified the conceptual and operational frameworks. The next chapter presents the research methodology.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This section presents the approach to undertaking the research. It comprises research design, target population, sampling and sampling technique, study instruments, pilot study, data collection, data analysis and ethical issues considered in this research.

3.1 Research Design

A correlational research design was used for this study. In this design, the researcher observes more than one variable at a point in time so that how they relate can be easily analyzed. In a correlation study, more than one quantitative variables from the same group of subjects are analyzed (Kothari, 2012). The aim of correlational studies is the examination of variables in their natural environments without direct involvement of the researcher. 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. This made the design suitable for this study (Leedy & Ormrod 2010).

3.2 Target Population

Target population is defined as the entire groups of individuals or sets of objects that a research is interested in making generalised deductions or inferences. It usually has varying characteristics and thus referred to as the theoretical population most of the times (Majid, 2018). In contrast, the accessible population refers to that population used to apply conclusions. It is the subset of the target population and is referred to as study population. The study population was used to draw the samples for the study. The population of the study comprised of all individuals in employment with a

commercial bank based in Mombasa County. The employees were drawn from all the three tiers that are tier 1, tier 2, and tier 3. The employees were from various departments of their respective bank such operations, customer service, relationship, cash, sales, credit, cards, treasury and trade finance department. According to the Bank Supervision Annual Report (2019), the total number of bank branches in Kenya stood at 1,505 out of which 125 were based in Mombasa County. This represents 8.3% distribution in Mombasa County. According to the report the banking sector in Kenya had a total of 31,889 employees. Out of these employees, Mombasa County has 2,647 employees working in commercial banks.

3.3 Sampling and Sampling Technique

The unit of analysis in this study was individual employees of commercial banks in Mombasa County. Sampling was done with respect to the number of branches and number of employees. In carrying out the sampling, all the one hundred and twenty-five (125) branches were considered. To determine the number of branches to be used in the study, the decision was made based on Stanley and Gregory's (2001) proposition that at least 10% sample of a population is appropriate when selecting sample size. Thus thirty-eight (38) branches which is 30% of the one hundred and twenty-five (125) branches were used for this study. The selection was done randomly from each of the one hundred and twenty-five (125) branches.

Employees being the respondents, it was important that the sample have a reasonable number of them. Purposive sampling approach was used. In this type of sampling, items for the sample are selected deliberately by the researcher and his choice concerning the items remains supreme (Kothari, 2012). The sampling approach was justified since the study was to focus on a known group that was to be studied

intensively. Based on this, at least five (5) employees from each branch were considered adequate. Given the total number of sampled branches at 38, a total of one hundred and ninety (190) employee were considered for this study and the employees were randomly selected.

3.4 Research Instruments

The study relied on primary data from the respondents. The data collection process involved the use of a questionnaire (Appendix I). A questionnaire is a data collection instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents (Kothari, 2012). When properly constructed and responsibly administered, questionnaires become a vital instrument by which statements can be made about specific groups or people or entire populations. The questionnaire is structured in such a way that PART A comprises of background information; PART B comprises of questions on servicescape dimensions, PART C comprising of questions on employee motivation and PART D on employee performance. The reason for using a questionnaire is that the opinions of respondents can be obtained in a structured manner. This helped to reach out to the targeted respondents adequately.

3.5 Pilot Study

A pilot study is a stage where research instruments such as questionnaires are administered to a number of individuals in the target population who are not included in the sample size so as to test the reliability and validity of the instruments (Mugenda & Mugenda, 2003). The questionnaire was subjected to pre-test to non-targeted bank employees' branches. The tool was adjusted appropriately. The first level of analysis was the validity and reliability of the tools subjected. Regarding the employees of

banks that were not included in this study, the sample was nineteen (19) bank employees. The same was not included in the sample size that comprised the final study.

3.5.1 Validity

Validity measures ability of a research instrument measure what is purposed to measure. Content validity was accomplished by developing questionnaires that were consistent with tools available in literature in consultation with academic experts and appropriate modifications. This ensured that the instrument is clearly responsive, specific, readable and adequate. A pilot study was conducted to improve on the relevance, logic, wording and content of the questionnaire and to assess how respondents understood the questions and corrections made based on supervisor's input.

3.5.2 Reliability Test

The reliability refers to the degree of accuracy, precision, or accuracy which is demonstrated by the measurement instrument. It equally measures degree of consistency of the measuring instruments when is used multiple times. The Cronbach Alpha technique was used to measure reliability (Nunnally & Bernstein, 1994). The Alpha has coefficient of reliability ranging $0 \leq x \leq 1$ where X tending towards zero (0) shows high degree of non-reliability and X tending towards 1 shows high degree of reliability (Nunnally, 1978).

Cronbach's Alpha of more than 0.7 to 0.8 in research studies are an indicator of good and very good level of consistency of instrument (Hair, Money, Samouel, & Page, 2007). Cronbach's Alphas for each physical dimension consisting spatial layout and

ambient conditions and signage, employee motivation and finally employee productivity was considered in the study. This study used values of 0.6 and above as a cut-off point for the items. The preliminary analysis carried out revealed that Cronbach's Alphas for all the variables used in this study were above 0.7. It was thus concluded that the scale was very reliable. The analysis was then summarized in Table 3.1:

Table 3.1: Reliability Test

Part of the Questionnaire	Variable	Number of Items	Cronbach's Alpha	Remark
Part B	Servicescape Dimensions			
	Spatial Layout	5	0.848	Reliable
	Ambient Conditions	6	0.798	Reliable
	Signage	5	0.812	Reliable
Part C	Servicescape and Employee Motivation	5	0.862	Reliable
Part D	Servicescape and Employee Performance	8	0.866	Reliable

3.6 Data Collection Procedure

According to Cooper and Schindler (2003) primary data refers to what is collected directly by the researcher for the purpose of the study. For the primary data questionnaires was used for the purpose of data collection. They included structured questions and was administered through drop and pick method to respondents. The structured questions were used in part to conserve time and to facilitate easier analysis of the data and include closed ended questions. The researcher sought permission from the employee prior to data collection. A research permit was also obtained from National Commission for Science, Technology and Innovation (NACOSTI) prior to data collection.

3.7 Data Analysis and Presentation

Data collected was cleaned and assessed for completeness. The data was then coded in readiness for entry into the statistical analysis software. A descriptive analysis of the data was then undertaken. Regression analysis was done. This required the data that is normally distributed. Normality was tested using the Shapiro-wilk Test. A Shapiro-wilk statistics of below 0.05 means that the data is not normally distributed. Statistical package for social science (SPSS) was then used to generate descriptive statistics. Multiple regression analysis was employed to determine the effect of servicescape on employee performance. To help in the determination of the relationship between servicescape and employee productivity the following regression model was used:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Where β_i = Is the coefficient of the i^{th} variable value.

Y = Dependent (Employee performance)

X_1 = Variable 1 (spatial layout)

X_2 = Variable 2 (Ambient Conditions)

X_3 = Variable 3 (signage)

X_4 = Variable 4 (Motivation)

ε = Random error term

3.8 Ethical Consideration

A number of ethical observations was considered in this study. The researcher ensured that every participant involved gave a consent and informed them about the research and allow them to voluntarily engage in the study. The participants were equally informed of their right to quit the study at any moment that they felt they were not ready to respond. The participants were also guaranteed of their confidentiality. The study delved into issues that the participants were not willing to disclose. Regarding privacy, the dignity of the employees was respected. The questions did not portray the employees in bad light or put them into compromised positions. Finally, the study concealed the identity of the respondents.

3.9 Chapter Summary

This chapter expresses how the study was approached. It outlines the mixed correlational research design, sampling method, the data collection and analysis. The next section presents the findings based on analysed data.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction

This part contains an explanation on how the data was analyzed, the results and their interpretation. The structure of the analysis is such that it starts with various tests for instance, a normality test to assess the suitability of the data collected. It was then followed by a descriptive of the bio data and that of the constructs dealt with. The study targeted one hundred and ninety (190) respondents out of which one hundred and fifty (150) questionnaires were returned. This represented 78.95% of the respondents that is an acceptable response rate (Saunders, Lewis & Thornhill, 2012).

4.1 Presentation of Research Findings

4.1.1 Demographics of the Respondents

This included gender, age in years, highest level of education, the duration of service, banks tier, the department of service and the role they play in the bank.

4.1.1.1 Gender of the Employee

Diversity in an organization in terms of gender can have a significant impact in the organization both in its operation, work culture and performance. The results presented in Table 4.1 show that 43.3% of the respondents were male while 56.7% were female. This was slightly above the 30% requirement of the gender rule. The results show that the banking sector observes the gender rule as required by the Kenyan constitution that states that at least a third of the workforce should be from feminine gender. The analysis is given in the Table 4.1 and Figure 4.1:

Table 4.1: Gender of the Employee

Gender	Frequency	Percent	Valid Percent
Male	65	43.3	43.3
Female	85	56.7	56.7
Total	150	100.0	100.0

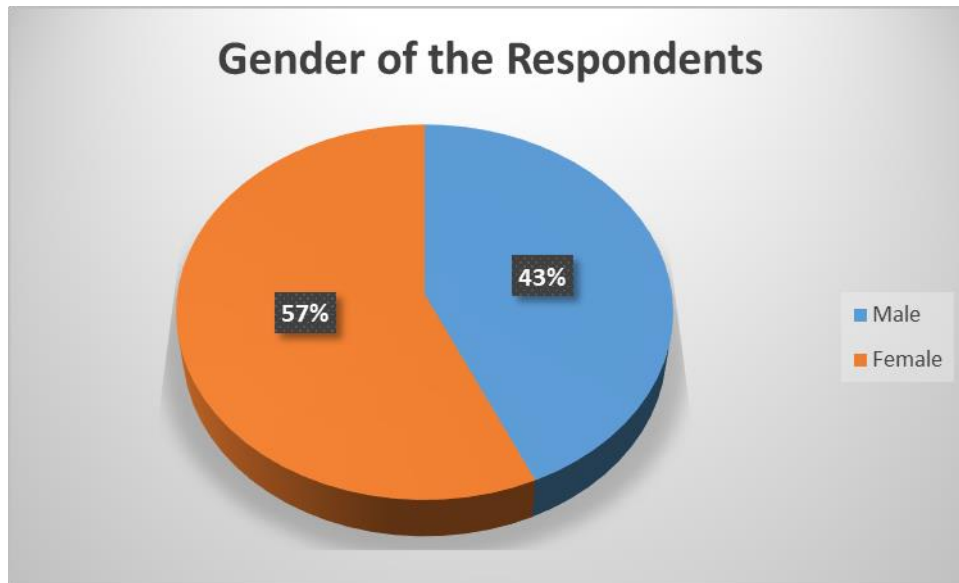


Figure 4.1 Gender of the Respondents

4.1.1.2 Age in Years

Age is an important demographic factor since there is significant differences in servicescape across age groups. Essentially, age groups do show significant differences with regards to the way the servicescape has been set up, the lay out, lighting, music and the services offered. The findings in Table 4.2 and Figure 4.2 indicate that 48.7% of the respondents aged between 25-35, followed by ages 36-55 years at 34.7% and then ages 18-24 at 10% with the least represented being ages above 55 years at 6.7%. the representation across all interested age groupings would help assess the significant variations in response towards servicescape by the employees objectively.

Table 4.2: Age in Years

Category of Ages	Frequency	Percent
18 – 24	15	10.0
25 – 35	73	48.7
36 – 55	52	34.7
Above 55 years	10	6.7
Total	150	100.0

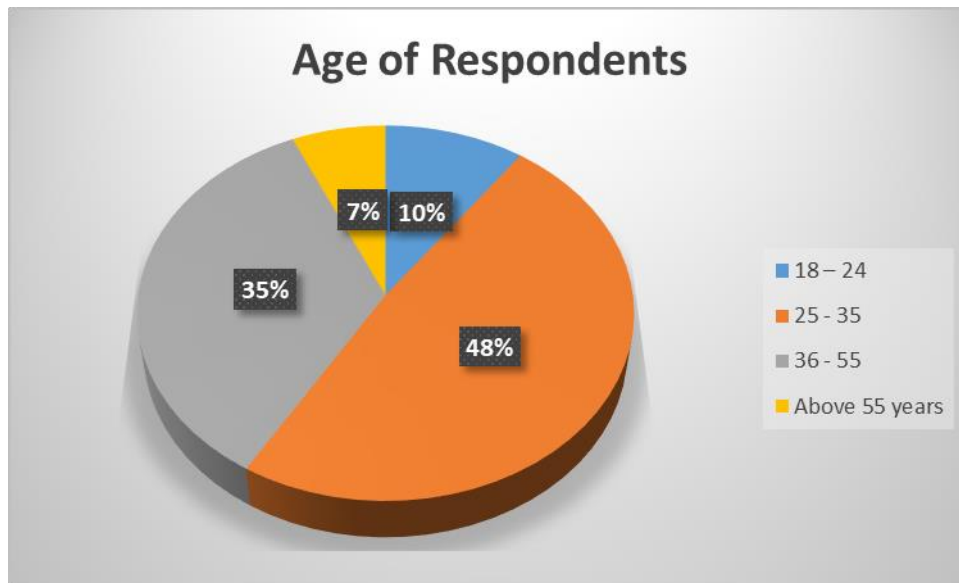


Figure 4.2: Age in Years

4.1.1.3 Level of Education

Table 4.3 indicate that many participants making up 50.7% had undergraduate qualification while 30% held post graduate degrees' qualification, while 15.4% had Diploma qualification and only 4% were holders of certificate qualification. The implication is that the respondents had the relevant levels of qualification that enabled them to give a reliable response regarding servicescape and other variables under study.

Table 4.3: Level of Education

Level of Education	Frequency	Percent
Certificate	6	4.0
Diploma	23	15.3
Undergraduate	76	50.7
Post graduate	45	30.0
Total	150	100.0

4.1.1.4 Length of Service

The results in Table 4.4 indicate that 35.3% of the respondents had worked for their respective banks for between 6-10 years. Those who had worked for a period 11-15 years accounted for 30.7% of the respondents while about 20.7% had worked for 1-5 years and 13.4% had worked for more than 16 years. This is an indication that the employees enjoyed long stay in the organizations. This offers a further reflection that the data gathered was credible, valid and good to be analyzed to examine the intended objectives.

Table 4.4: Length of Service

Length of Service	Frequency	Percent
1-5 years	31	20.7
6-10 years	53	35.3
11-15 years	46	30.7
16-20 years	13	8.7
Above 20 years	7	4.7
Total	150	100.0

4.1.1.5 Banks' Tier

The Table 4.5 show that the many of the banks making up 44% belonged to tier one while 37.3% belonged to tier two and 18.7% belonged to tier three.

Table 4.5: Banks' Tier

Banks' Tier	Frequency	Percent
Tier 1	66	44.0
Tier 2	56	37.3
Tier 3	28	18.7
Total	150	100.0

The implication is that all the categories of commercial banks were captured in the study.

4.1.1.6 Department of the Employee

Table 4.6 show that many of the informants occupied relationship department representing 24% followed by operations department being 21.3% and then the customer care department were represented by 17.3%. Cash, sales, credit and treasury were represented by 16.7%, 14%, 4% and 1.3% respectively. The least representation was the cards and trade finance with 0.7% each.

Table 4.6: Length of Service

Department	Frequency	Percent
Operations	32	21.3
Customer Care	26	17.3
Relationship	36	24.0
Cash	25	16.7
Sales	21	14.0
Credit	6	4.0
Cards	1	.7
Treasury	2	1.3
Trade Finance	1	.7
Total	150	100.0

On the basis of observation in Table 4.6 all departments were represented hence it is possible to use these results across the commercial banks studied. It also ascertains the credibility of collected information since the targeted respondents were all employee at the various levels.

4.1.1.7 Role of the Employee

Table 4.7 and Figure 4.3 show that many of the informants occupied management representing 32% followed by supervisory level being 24.7% and then clerical and secretarial were represented by 24%. The least represented role was support staff at 19.3%.

Table 4.7: Role of the Employees

Role of the Employees	Frequency	Percent
Management	48	32.0
Supervisory	37	24.7
Clerical & Secretarial	36	24.0
Support Staff	29	19.3
Total	150	100.0

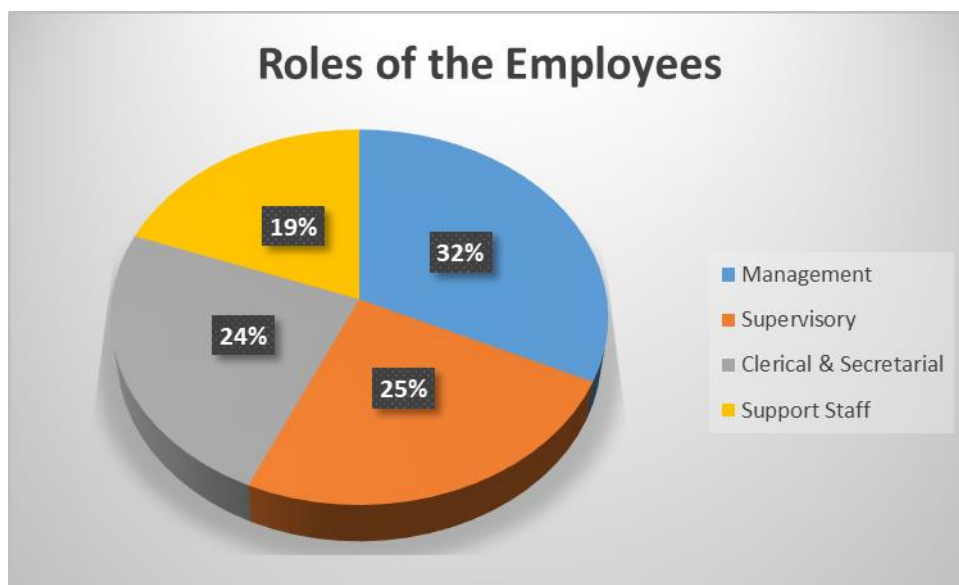


Figure 4.3: Roles of the Employees

The implication is that all levels of management were represented hence it is possible to generalize the results. It also ascertains the credibility of collected information since the targeted respondents were from all levels of the hierarchy.

4.1.2 Extent of Adoption of Servicescape Dimensions

The informants indicated the degree of adoption of servicescape dimensions. The analysis of the responses was based on the three variables of spatial layout, ambient conditions and signage practices in the following subsections:

4.1.2.1 Spatial Layout

The employees agree that their commercial banks adopted spatial layout dimensions ($M=4.11$, $SD = 0.945$). This imply that the commercial banks to a greater extent adopted spatial layout dimensions of servicescape. The mostly adopted spatial layout dimension was the fact that the bank has adequate working area and existence of adequate circulation space with a mean of 4.20 each ($SD = .920$; $SD = .882$) respectively. This was followed by the fact that there is no crowding of the working area with a mean of 4.17 ($SD = .855$) and then the existence of adequate furniture and equipment having a mean of 4.10 ($SD = .947$). The least adopted dimension was the existence of some level of privacy in the working area with a mean of 3.89 ($SD = 1.121$). This is indicated in the Table 4.8:

Table 4.8: Spatial Layout

Spatial Layout Dimensions	N	Mean	Std. Deviation
The bank has adequate working area	150	4.20	.920
The bank has adequate circulation space	150	4.20	.882
There are adequate furniture and equipment	150	4.10	.947
There is some level of privacy in your working area	150	3.89	1.121
There is no crowding in your working area	150	4.17	.855
Valid N (Listwise)	150	4.11	0.945

4.1.2.2 Ambient Conditions

The employees agreed that the commercial banks adopted ambient conditions to a greater extent with a mean of 4.29 ($SD = .711$). The implication was that the

commercial banks largely put in place measures to ensure ambient working conditions. The findings also show that the commercial banks had sufficient lighting with a mean of 4.39 (SD = .643). This was followed by the high level of cleanliness and neatness within the offices having a mean of 4.36 (SD = .658) and then the existence of adequate cooling in the offices with a mean of 4.35 (SD = .634). The employees also experienced overall comfort within the office with a mean of 4.30 (SD = .693) and the existence of nice odor in the banking hall having a mean of 4.19 (SD = .800). The least dimension under ambient conditions was the existence of good ventilation in the offices with a mean of 4.12 (SD = .843). The analysis is as stated in the Table 4.9:

Table 4.9: Ambient Conditions

Ambient Conditions Dimensions	N	Mean	Std. Deviation
There is good ventilation in your offices	150	4.12	.843
There is adequate cooling in your offices	150	4.35	.634
There is high level of cleanliness and neatness within the offices	150	4.36	.658
There is nice odor in the banking hall	149	4.19	.800
There is sufficient lighting	150	4.39	.643
There is overall comfort within the office	150	4.30	.693
Valid N (Listwise)	149	4.29	.711

4.1.2.3 Signage

The findings indicate that employees' agreement that the commercial banks have signage with a mean of 4.17 (SD = .811). This meant that the commercial banks adopted the use of signage to a large extent. The findings also indicate that employees' agreement that the commercial banks had adequate signs and symbols and are well branded with its logo and corporate colors with a mean of 4.21 (SD = .729; SD = .791) respectively. The commercial banks equally had pleasant and appealing style of décor with a mean of 4.18 (SD = .852) while the common areas were well labeled having a mean of 4.17 (SD = .814). The least dimension was the existence of

clearly visible and understood instructions having a mean of 4.08 (SD = .871). the analysis is as indicated in the Table 4.10:

Table 4.10: Signage

Signage	N	Mean	Std. Deviation
There are adequate signs and symbols	150	4.21	.729
Common areas are well labeled	150	4.17	.814
Instructions are clearly visible and understood	150	4.08	.871
The branch is well branded with its logo and corporate colors	150	4.21	.791
The style of décor is pleasant and appealing	150	4.18	.852
Valid N (Listwise)	150	4.17	.811

4.1.3 Servicescape and Employee Motivation

The respondents were asked to indicate their level of agreement regarding whether servicescape would lead to improved levels of motivation using the scale of 1 to 5 where 1= Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent & 5 = Very great extent. The findings show that the commercial banks realized improved employee motivation due to servicescape with a mean of 3.74 (SD = .956). The study also found out that servicescape reduced stress levels and improved the self-esteem of employees with each having a mean of 3.91 (SD = .846; SD = .814). It was also established that servicescape reduce stress levels with a mean of 3.83 (SD = .893) and then the reduction of levels of absenteeism having a mean of 3.57 (SD = 1.077). The least effect on motivation was reducing staff turnover with a mean of 3.47 (SD = 1.151). The analysis is given in Table 4.11:

Table 4.11: Servicescape and Employee Motivation

Variables	N	Mean	Std. Deviation
Servicescape can reduce your stress levels	150	3.83	.893
Servicescape can improve your desire to work harder	150	3.91	.846
Servicescape can reduce levels of absenteeism	150	3.57	1.077
Servicescape can reduce staff turnover	150	3.47	1.151
Servicescape can improve your self esteem	150	3.91	.814
Valid N (Listwise)	150	3.74	.956

4.1.4 Servicescape and Employee Performance

The respondents were given a list of key performance indicators. They were then requested to indicate their level of agreement regarding whether servicescape would lead to achievement of each of them by using the scale of 1-5 where 1= Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent & 5 = Very great extent. The findings indicate that servicescape would lead to employee performance to greater extent with a mean of 4.04 (SD = .800). The study established that servicescape improved customer satisfaction and led to retention and attraction of customers with a mean of 4.15 (SD = .739; SD = .745). The findings also indicate that servicescape led to improved output per worker with a mean of 4.11 (SD = .752) followed by leading to improved individual performance having a mean of 4.07 (SD = .757) and then improving business income with a mean of 4.03 (SD = .746). The study also indicates that spatial layout affects performance with a mean of 4.00 (SD = .843) and then creating a competitive advantage having a mean of 3.97 (SD = .897). The least effect on performance was the fact that signage affects performance having a mean of 3.85 (SD = .922). The analysis is as given in Table 4.12:

Table 4.12: Servicescape and Employee Performance

Performance Indicators	N	Mean	Std. Deviation
Servicescape can improve customer satisfaction	150	4.15	.739
Servicescape can create a competitive advantage	150	3.97	.897
Servicescape can improve output per worker	150	4.11	.752
Servicescape can retain and attract customers	150	4.15	.745
Servicescape can improve business income	150	4.03	.746
Spatial layout greatly effects performance	150	4.00	.843
Ambient conditions greatly effect performance	150	4.07	.757
Signage greatly effects performance	150	3.85	.922
Valid N (Listwise)	150	4.04	.800

4.1.5 Diagnostic Tests

Before analysing the data using multiple linear regression analysis, diagnostic tests were done to confirm that data does not violate important assumptions of regression.

The diagnostic test included an analysis of normality and multicollinearity.

4.1.6 Normality Test

The study established that the data was normally distributed with a Shapiro Wilk value above 0.05 for all the variables. Shapiro Wilk values are considered to have better statistical power than Kolmogorov-Smirnov test to assess normality. This is as indicated in Table 4.13:

Table 4.13: Test of Normality

	Kolmogorov-Smirnov^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Spatial Layout	.164	149	.000	.861	149	.000
Ambient Conditions	.146	149	.000	.929	149	.000
Signage	.110	149	.000	.940	149	.000
Employee Motivation	.138	149	.000	.964	149	.001
Employee Performance	.129	149	.000	.968	149	.002

a. Lilliefors Significance Correction

4.1.7 Multicollinearity

The findings indicate that all the VIF values were less than 5 while the tolerance values were above 0.20. This indicated lack of multicollinearity among the variables under study. The analysis is as shown in Table 4.14:

Table 4.14: Multicollinearity Test

Variable	Collinearity Statistics	
	Tolerance	VIF
Spatial Layout	.749	1.334
Ambient Conditions	.533	1.875
Signage	.632	1.582
Employee Motivation	.894	1.119

4.1.8 Pearson Correlation Co-efficient

The researcher computed Pearson bivariate correlation to ascertain how the variables correlate. 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. The outcomes are given in the Table 4.15.

Table 4.15: Pearson Correlation Co-efficient

		Spatial Layout	Ambient Conditions	Signage	Employee Motivation	Employee Performance
Spatial Layout	Pearson Correlation	1				
	Sig. (2- tailed)					
	N	150				
Ambient Conditions	Pearson Correlation	.498**	1			
	Sig. (2- tailed)	.000				
	N	149	149			
Signage	Pearson Correlation	.334**	.594**	1		
	Sig. (2- tailed)	.000	.000			
	N	150	149	150		
Employee Motivation	Pearson Correlation	.148	.296**	.280**	1	
	Sig. (2- tailed)	.071	.000	.001		
	N	150	149	150	150	
Employee Performance	Pearson Correlation	.161*	.118	.055	.350**	1
	Sig. (2- tailed)	.049	.151	.507	.000	
	N	150	149	150	150	150

4.1.9 Model Summary

The analysis shows the results for relationship between servicescape and employee performance, R^2 is the coefficient of determination. 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 4.16:

Table 4.16: Model Summary

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

4.1.10 Analysis of Variance

The study 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 4.17:

Table 4.17: Analysis of Variance

Model		Sum of Squares	df	Mean Square	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

4.1.11 Regression Coefficients

The study found out that spatial layout and employee motivation have positive coefficients showing that improving spatial layout and employee motivation positively affect employee performance as given by $\beta=.140$ and $\beta=.355$ respectively. Ambient conditions and signage however have a negative coefficient implying that improved ambient conditions and signage negatively affect employee performance with the scale $\beta= -.003$ and $\beta= -.090$ respectively. This finding is also confirmed by the positive and negative t-values. The study also shows that only employee motivation has a significant influence on employee performance with the p-value being $p<0.05$. The findings however indicate that spatial layout, ambient conditions and signage did not have significant influence on employee performance as indicated by $p=.119$, $p=.976$ and $p=.355$ respectively. The findings are as given in Table 4.18:

Table 4.18: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	2.818	.416		6.777	.000		
Spatial Layout	.110	.070	.140	1.569	.119	.749	1.334
Ambient Conditions	-.004	.115	-.003	-.031	.976	.533	1.875
Signage	-.089	.096	-.090	-.929	.355	.632	1.582
Employee Motivation	.310	.071	.355	4.345	.000	.894	1.119

a. Dependent Variable: Employee Performance

Based on the outcome substitution can be done as follows:

$$Y = 2.818 + .110X_1 - .004X_2 - .089X_3 + .310X_4 + \varepsilon$$

Where:

Y = Dependent (Employee performance)

X_1 = Variable 1 (spatial layout)

X_2 = Variable 2 (Ambient Conditions)

X_3 = Variable 3 (signage)

X_4 = Variable 4 (Motivation)

ε = Random error term

4.1.12 Moderating Effect of Employee Motivation on the Relationship Between Servicescape and Employee Performance.

The objective was to determine the mediation of employee motivation in the link between servicescape and employee performance. It is based on the argument that unless employees are motivated by servicescape, improved performance cannot be realized. The analysis was done in four steps as follows:

Step One: Effect of Servicescape on Employee Performance

In step one, employee performance was regressed on servicescape in order to establish whether it was a significant predictor of employee performance. It was observed in Table 4.20 that 58.3% of variance in employee performance is explained by servicescape ($R^2=.765$, adjusted $R^2=.583$), the remaining 41.7% of variance that was not explained suggested the presence of some factors associated with employee performance other than the ones used in the study. The overall model was statistically significant suggesting regression model fit ($F=209.406$, $P<0.05$). The coefficient of correlation R was 0.335 ($t=5.04$, $P<0.05$) indicating that servicescape has a significant positive relationship with employee performance. The beta coefficient indicates that the influence of servicescape on employee performance is statistically significant ($\beta=0.765$,

t=14.471, p<0.05). This implies that a unit change in servicescape is associated with 0.765 change in employee performance. Step one in testing for mediation was therefore confirmed to be significant.

Table 4.19: Effect of Servicescape on Employee Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.765 ^a	.586	.583	.3485

a. Predictors: (Constant), Servicescape

Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.439	1	25.439	209.406	.000 ^b
	Residual	17.979	148	.121		
	Total	43.418	149			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Servicescape

Regression Co-efficients

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	
1	(Constant)	.737	.235		3.135	.002	
	Servicescape	.811	.056	.765	14.471	.000	1.000 1.000

a. Dependent Variable: Employee Performance

Step Two: Effect of Servicescape on Employee Motivation

Step 2 involved regressing servicescape on employee motivation which is the mediating variable. The results presented in Table 4.21 show that servicescape explains 7.9% of variation in employee motivation ($R^2=0.085$, adjusted $R^2=0.079$). The F ratio suggests that the model is statistically significant and thus justifying the use of regression analysis ($F=13.630$, $P<0.05$). The coefficient of correlation suggests a statistically significant positive relationship between servicescape and employee motivation ($R=0.291$, $t=3.692$, $P<0.05$). The beta coefficient was also statistically

significant ($\beta=0.291$, $p<0.05$). It implies that a unit change in servicescape results into 29.1% change in employee motivation. These results suggest that servicescape has a significant positive effect on employee motivation. The second step in testing for mediation was confirmed.

Table 4.20: Effect of Servicescape on Employee Motivation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.291 ^a	.085	.079	.6467

a. Predictors: (Constant), Servicescape

b. Dependent Variable: Employee Motivation

Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.699	1	5.699	13.630	.000 ^b
	Residual	61.470	147	.418		
	Total	67.169	148			

a. Dependent Variable: Employee Motivation

b. Predictors: (Constant), Servicescape

Regression Co-efficients

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	VIF
1	(Constant)	2.100	.445		4.715	.000	
	Servicescape	.390	.106	.291	3.692	.000	1.000

a. Dependent Variable: Employee Motivation

Step Three: Effect of Employee Motivation on Employee Performance

Step Three involved regressing employee motivation on employee performance. The results presented in Table 4.22 show that employee motivation explains 11.7% of variation in employee performance ($R^2=0.122$, adjusted $R^2=0.117$). The F ratio suggests that the model is statistically significant and thus justifying the use of regression analysis ($F=20.659$, $P<0.05$). The coefficient of correlation suggests a

statistically significant positive relationship between servicescape and employee motivation ($R=0.350$, $t=4.549$, $P<0.05$). The beta coefficient was also statistically significant ($\beta=0.350$, $p<0.05$). It implies that a unit change in employee motivation results into 35% change in employee performance. These results suggest that employee motivation has a significant positive effect on employee performance. The third step in testing for mediation was therefore confirmed.

Table 4.21: Effect of Employee Motivation on Employee Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.350 ^a	.122	.117	.5513

a. Predictors: (Constant), Employee Motivation

b. Dependent Variable: Employee Performance

Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.280	1	6.280	20.659	.000 ^b
	Residual	44.986	148	.304		
	Total	51.266	149			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Employee Motivation

Regression Co-efficients

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	VIF
1	(Constant)	2.905	.255		11.409	.000	
	Employee Motivation	.305	.067	.350	4.545	.000	1.000

a. Dependent Variable: Employee Performance

Step Four: The Effect of Servicescape and Employee Motivation on Employee Performance

In the fourth step, employee performance was regressed on servicescape and employee motivation hierarchically, first by introducing servicescape followed by employee motivation. The results for the fourth step are presented in Table 4.23. 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.

Table 4.22: The Effect of Servicescape and Employee Motivation on Employee Performance

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

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

Regression Co-efficients

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	.046	.566	.572	.915	1.093
	Employee Motivation	.293	.071	.336	4.144	.000	.915	1.093

a. Dependent Variable: Employee Performance

4.2 Limitations of the Study

There were some hurdles pausing as challenges during the conduct of the study. The researcher faced lack of adequate cooperation from the respondents due to suspicion as well as claims of lack of time. The researcher dealt with this issue by use of the introduction letter and convincing the respondents of the exact use of the information gathered. Generally, some of the respondents were afraid that they would be victimized since the information being sought was confidential.

The researcher also faced the limitation of inadequate information by only receiving response from a few employees per branch of the commercial bank that would not be easily generalized. The sample also covers only a particular industry. Likewise, the study focuses on commercial banks only, thus precluding the incorporation of multi-group comparison techniques among entities, which would enhance the

generalizability of the results. The researcher however tried to focus on employee across all the departments for reliability of the responses.

The study was also limited to the fact that it focused only on the employees' and not on customers' responses. There was therefore no basis of comparing customers' responses to those of the employees. Research that measures and compares customer and employees' responses regarding servicescape would be useful because of the potential for employees' experience in the bank to affect the quality of their service.

4.3 Chapter Summary

This chapter has presented research results and findings. The chapter has also provided a detailed analysis of the research findings. Specifically, the chapter has given an overview of the background of the respondents as provided in the questionnaire and the servicescape dimensions of the commercial banks based on the findings using descriptive statistics. The chapter has also presented findings on the relationship between servicescape and employee performance of commercial banks in Mombasa County using descriptive data. Further, the chapter gives the results of the regression analysis on the relationship between servicescape and employee performance of commercial. The next chapter summarizes the research findings and also presents conclusions and recommendations of the study.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The section sums up the outcomes of the research work that was carried out. It makes references to the preceding chapter thereby offering a recap, propositions that can be adopted and necessary foresights that can form a basis for knowledge advancements in related areas.

5.1 Summary of Findings

Ensuing from the research objectives of the study, the finding is that commercial banks have largely put in place measures to ensure good working environment through ambient working conditions, spatial layout and signage. Further it was established that there is a significant relationship between servicescape and employee performance. The meaning is that spatial layout, ambient conditions and signage reliably predict employee performance of commercial banks in Kenya. The p-value also means that there is a significant relationship between servicescape and employee performance of the commercial banks.

The study also found out that employee motivation moderates the relationship between servicescape and employee performance. The finding was that the commercial banks realized improved employee motivation due to servicescape with a mean of 3.74 (SD = .956). The meaning is that servicescape improves employee motivation by reducing stress levels, improving the self-esteem of employees, reduction of levels of absenteeism and reduction of staff turnover.

5.2 Conclusion of the Study

The conclusion of the study is based on the objectives of the study. The objectives were to determine the relationship between ambient conditions, spatial layout and signage and employee performance in commercial banks in Kenya; A survey of Mombasa County. The study also intended to establish the moderating effect of employee motivation on the relationship between servicescape and employee performance in commercial banks in Kenya; A survey of Mombasa County.

Regarding ambient conditions, the study concluded that commercial banks largely put in place measures to ensure ambient working conditions. This was implemented by the commercial banks through putting in place sufficient lighting, high level of cleanliness and neatness within the offices and the existence of adequate cooling in the offices. The study also concluded that the employees experienced overall comfort within the office and there was nice odour in the banking hall as well as the existence of good ventilation in the offices. Further the conclusion was that there was a positive though insignificant correlation between ambient conditions and employee performance.

The study also concluded that commercial banks adopted spatial layout dimensions of servicescape to a greater extent. The mostly adopted spatial layout dimension was the fact that the bank has adequate working area and existence of adequate circulation space. This was followed by the fact that there is no crowding of the working area and then the existence of adequate furniture and equipment. The least adopted dimension was the existence of some level of privacy in the working area. The study equally concluded that there exist a positive and significant correlation between spatial layout and employee performance.

Regarding signage, the study concluded that the commercial banks adopted the use of signage to a large extent. The findings were that the commercial banks had adequate signs and symbols and are well branded with their logo and corporate colours. The commercial banks equally had pleasant and appealing style of décor with the common areas well labelled. The least dimension adopted was the use of clearly visible and understood instructions. The study also concluded that signage has a positive but insignificant correlation with employee performance.

The study also sought the findings on the moderating effect of employee motivation. The study 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.

The findings are in consensus with the works of Rusli (2013) who found a strong relationship between the banking layout and the customer satisfaction. The study by Zijstra and Mobach (2011) also 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. This means that layout designs impacted on the utility of space, workspace workflow, materials and the information exchange.

5.3 Recommendations

Following the outcomes, the researcher makes the following propositions: 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 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 bankscape to explain the newly expanded cyber-physical environment of banking service.

With ICTs, one of the remarkable developments that scholars should consider is the advent of intelligent ATMs and other electronic support devices used by the commercial banks. This is because the electronic support devices could be equipped with high levels of intelligence to implement autonomous action and decision-making. The immutable object of service was human beings; however, these emerging technologies bring new stakeholders to banking services. Future scholars

should interpret and evaluate the smart devices as social object that could interact with people and the environment. The former studies have discussed social factors between only the service provider and customer. However, social interactions with the ATMs and the other devices should be another noticeable issue when researchers evaluate the banking environment. Such development of technology seems to offer useful and convenient healthcare service.

Invasion of privacy, dehumanization, and infoganda would be one of the noticeable agendas on banking services in the next generation. Thus, the banking service experience needs to be deliberated from a holistic perspective: not only embracing traditional servicescape studies but also considering the side effects of technology. With the radical improvement of technology in banking services, the researcher invites further investigation into these challenges.

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APPENDIX I: QUESTIONNAIRE

I Arif Gulamhussein is a Master of Business Management student at Management University of Africa (MUA) and currently conducting a research study on **“SERVICESCAPE AND EMPLOYEE PERFORMANCE IN COMMERCIAL BANKS IN KENYA: A SURVEY OF MOMBASA COUNTY”**. This research will purposefully be used for academic purpose and utmost secrecy and confidentiality of the responses and respondents’ details will be adhered to. The participation in this study is voluntary and you may wish to withdraw from the study at any point during the interview.

PART A: BACKGROUND INFORMATION

1. Your Gender

- i. Male ☐
- ii. Female ☐

2. Age in years

- i. 18 – 24 ☐
- ii. 25 – 35 ☐
- iii. 36 – 55 ☐
- iv. Above 55 years ☐

3. Highest level of Education

- i. Certificate ☐
- ii. Diploma ☐
- iii. Undergraduate ☐
- iv. Post graduate ☐

4. How long have you been working in the banking sector?

- i. 1 - 5 years ☐
- ii. 6 - 10 years ☐
- iii. 11-15 years ☐
- iv. 16 – 20 years ☐
- v. Above 20 years ☐

5. What is your banks tier?

- i. Tier 1 ☐
- ii. Tier 2 ☐
- iii. Tier 3 ☐

6. Which department do you belong to?

- i. Operations ☐
- ii. Customer Service ☐
- iii. Relationship ☐
- iv. Cash ☐
- v. Sales ☐
- vi. Credit ☐
- vii. Cards ☐
- viii. Treasury ☐
- ix. Trade Finance ☐

7. What is your role in the bank?

- i. Management ☐
- ii. Supervisory ☐
- iii. Clerical & Secretarial ☐
- iv. Support Staff ☐

PART B: SERVICESCAPE DIMENSIONS

The following are the servicescape dimensions. Using a scale of 1 to 5 where 1 =Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5= Strongly Agree; please indicate to what extent your organization has adopted each of them.		What is the extent of your agreement?				
		Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
	SERVICESCAPE VARIABLES	1	2	3	4	5
A	Spatial Layout					
8	The bank has adequate working area					
9	The bank has adequate circulation space					
10	There are adequate furniture and equipment					
11	There is some level of privacy in your working area					
12	There is no crowding in your working area					
B	Ambient Conditions					
13	There is good ventilation in your offices					
14	There is adequate cooling in your offices					
15	There is high level of cleanliness and neatness within the offices					
16	There is nice odor in the banking hall					

17	There is sufficient lighting					
18	There is overall comfort within the office					
C	Signage					
19	There are adequate signs and symbols					
20	Common areas are well labeled					
21	Instructions are clearly visible and understood					
22	The branch is well branded with its logo and corporate colors					
23	The style of décor is pleasant and appealing					

PART C: SERVICESCAPE AND EMPLOYEE MOTIVATION

Please indicate your level of agreement regarding whether servicescape would lead to improved levels of motivation using the scale of 1 to 5 where 1= Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent & 5 = Very great extent.		Does servicescape influence your motivation?				
		Not at all	Small extent	Moderate extent	Great extent	Very great extent
Variables of Employee Motivation		1	2	3	4	5
24	Servicescape can reduce your stress levels					
25	Servicescape can improve your desire to work harder					
26	Servicescape can reduce levels of absenteeism					
27	Servicescape can reduce staff turnover					
28	Servicescape can improve your self esteem					

PART D: SERVICESCAPE AND EMPLOYEE PERFORMANCE

The following is a list of key performance indicators. Please indicate your level of agreement regarding whether servicescape would lead to achievement of each of them by using the scale of 1-5 where 1= Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent & 5 = Very great extent.		Does servicescape lead to improved employee performance?				
		Not at all	Small extent	Moderate extent	Great extent	Very great extent
Variables of Employee Performance		1	2	3	4	5
29	Servicescape can improve customer satisfaction					
30	Servicescape can create a competitive advantage					
31	Servicescape can improve output per worker					
32	Servicescape can retain and attract customers					
33	Servicescape can improve business income					
34	Spatial layout greatly effects performance					
35	Ambient conditions greatly effect performance					
36	Signage greatly effects performance					

APPENDIX II: INTRODUCTION LETTER

The
Management
University
of Africa



Date 30th October 2019

TO WHOM IT MAY CONCERN

GULAM HUSSEIN ARIF- MML/3/00017/1/15

This letter serves to introduce the above named who is a student of Master of Management and Leadership and is interested in carrying out research on Services Cape and Employee Performance in Commercial Banks in Kenya: A Survey of I&M Bank Mombasa Count.

Any assistance accorded to her in pursuit of this study will be greatly appreciated.

Yours Sincerely,



Juster Nyagah

Ag. Dean, School Management and Leadership

APPENDIX III: NACOSTI PERMIT


REPUBLIC OF KENYA

Ref No: 592923

RESEARCH LICENSE



This is to Certify that Mr. ARIF GULAM HUSSEIN of The Management University of Africa, has been licensed to conduct research in Mombasa on the topic: SERVICESCAPE AND EMPLOYEE PERFORMANCE IN COMMERCIAL BANKS IN KENYA: A SURVEY OF I for the period ending : 22/November/2020.

License No: NACOSTI/P/19/2711

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Date of Issue: 22/November/2019

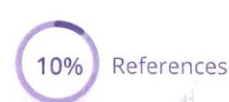
APPENDIX IV: PLAGIRISM REPORT



ARIF-Research 20.06.2020 (corrected)

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● Matches ● Citation ● Reference ● Character replacement



Matches

Web sources 299

1	erepository.uonbi.ac.ke http://erepository.uonbi.ac.ke/bitstream/handle/11295/102637/Kimeu%2CWilson_Effect%20of%20Corporate%20Governan...	1.11%
2	erepository.uonbi.ac.ke http://erepository.uonbi.ac.ke/bitstream/handle/11295/94444/Makanga_The%20effect%20of%20debt%20financing%20on%...	0.89%
3	erepository.uonbi.ac.ke http://erepository.uonbi.ac.ke/bitstream/handle/11295/94783/Mahulo_Supply%20chain%20management%20practices%20a...	0.84%
4	chss.uonbi.ac.ke https://chss.uonbi.ac.ke/sites/default/files/chss/NJOGU%20JOSEPH%20NJOGU.pdf	0.84%
5	erepository.uonbi.ac.ke http://erepository.uonbi.ac.ke/bitstream/handle/11295/100062/Kisame_Computerized%20Biometric%20Employee%20Clock...	0.83%
6	erepository.uonbi.ac.ke http://erepository.uonbi.ac.ke/bitstream/handle/11295/14833/Otieno_The%20effect%20of%20corporate%20governance%2...	0.81%
7	erepository.uonbi.ac.ke http://erepository.uonbi.ac.ke/bitstream/handle/11295/75069/Okonjo_Procurement%20risk%20management%20practices%...	0.79%
8	erepository.uonbi.ac.ke http://erepository.uonbi.ac.ke/bitstream/handle/11295/76264/Alima_Relationship%20Between%20Iso%209001%202008%2...	0.76%
9	chss.uonbi.ac.ke https://chss.uonbi.ac.ke/sites/default/files/chss/Rachael%20W%20Mutua%20Project.pdf	0.75%
10	hrcak.srce.hr https://hrcak.srce.hr/file/300142	0.72%