

Chapter 11

The Perceived Effect of Delegation on Employee Performance at Stanbic Bank Uganda Ltd., Mbale Branch



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Abstract The study was about an analysis of the effect of succession planning on the performance of employees at Stanbic Bank Uganda Ltd., Mbale branch. The study was guided by the following objectives: to establish the effect of delegation on employee performance at SBU Ltd., Mbale branch, to analyze the effect of job rotation on employee performance at SBU Ltd., Mbale branch, and to examine the effect of mentoring/coaching on employee performance at SBU Ltd., Mbale branch. The study adopted both case study and descriptive research designs where both qualitative and quantitative approaches were used. A census survey technique was applied. Questionnaires, interviews, and documentary reviews were used to collect data. The findings generally revealed that there was a reduced number of shortages and absenteeism among employees as a result of delegation. It also established that employee delegation contributes to customer care and timeliness in service delivery which led to decreased complaints from clients toward the kind of services offered to them. As regards job rotation, findings revealed that there were improved interpersonal skills, reduced number of shortages, and improved customer care among employees. However, it was established that delegation did not reduce absenteeism or enhanced creativity among employees at SBU Ltd., Mbale branch. In light of the above findings, the researchers recommended that the heads of units should delegate responsibility and authority without feeling threatened; management should create more branches in the new districts like Manafwa and Bulambuli to reduce pressure on the Mbale branch, due to large number of clients.

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11.1 Introduction

Conceptually, delegation has been attached to a number of definitions by varying authors. The most comprehensive view of delegation, however, comes from Yukl and Fu (1999); they contend thus, “delegation is a complex, multi-faceted process that includes assigning important new tasks to subordinates, giving subordinates responsibility for decisions formerly handled by the manager, and increasing the amount of latitude and discretion allowed subordinates in how they do their work, including the authority to take action without getting prior approval” (p. 1). Meanwhile FME (2013) looks at successful delegation as the most critical in which the knowledge, skills, and attitude of team members to whom delegation is meant should be properly established. Also, effective delegation has been given considerable thought by researchers (Yukl and Fu 1999). In handling delegation, authority, responsibility, and accountability, tasks are dished out, and the manager ought to select the right task and right person for delegation and then give clear directions and effect monitoring. Being an effective delegator, however, calls for trust, honesty, and communication.

Nelson (1994) argues that delegation, once effective and successful, contributes to the highest level of motivation and increased employee morale among the employees. The employees selected for delegation usually feel respected, appreciated, and trusted. The employees who participate in decision-making experience gaining morale, motivation, and job satisfaction. Lean (1987) cited by Chester et al. (1998) contends that delegation motivates the employees who are subordinates because they see themselves as being trusted and capable of doing the work assigned by their supervisors. This in itself motivates the delegated employees, which boosts their performance.

Performance is a key aspect of any organization since it is virtually the determinant of output levels. Performance according to Armstrong (2006) is defined as the achievement of quantified and qualitative objectives. Improved customer care, reduced number of shortages, increased number of vouchers worked on in a day, increased number of new accounts opened per day, timelessness in service delivery, and reduced absenteeism are some of the performance indicators at Stanbic Bank, Mbale branch (SBU Annual Report 2009).

Roger (2010) argues that performance is a function of an organization’s ability to meet its goals and objectives by exploring the available resources in an effective and efficient way. To Advian (2007), performance entails effectiveness which refers to the organization’s ability to serve and produce what the market requires at a particular time and efficiency which means meeting the objectives at the lowest possible cost with the highest possible benefits. Therefore, in the context of this study, performance is used to relate to a person’s ability to accomplish or perform all the tasks and duties assigned by the supervisor required for a specific job. Improved customer care, reduced absenteeism, reduced number of shortages, and

timeliness in completing tasks are some of the performance indicators at Stanbic Bank (U) Limited.

The perceived impact of delegation on various human institutions especially in the realm of performance and service delivery has attracted research from a number of authors (Armstrong 2009; Aswathappa 2002; Axley 1992; Campion 1994; Rothwell 2010). Delegation, therefore, brings about trustworthiness and capability among the employees. Furthermore, Armstrong (2009) asserts that delegation motivates employees by providing them with challenges and helping them to achieve career goals. The increased morale and motivation may also result into reduced employee turnover rates, and it also helps to build a more competent and motivated team, hence improving employee performance in the organization.

According to Axley (1992), delegation builds mutual trust and confidence. Trust and confidence are fostered through successful experiences with delegated tasks. When trust is demonstrated in someone, most people reciprocate with actions which show that the trust was justified. Through effective delegation, a working environment can be created with trust among the recipients of delegated tasks which can later result into promotion.

It can further be observed that when human resources are trusted with duties, it increases the potential for promotion. An employee who receives extensive delegation will be ready and able to advance to new positions, hence career advancement. In this regard, therefore, delegation serves both to train and test an employee (Nelson 1994). In addition, Aswathappa (2002) contends that delegation helps the employees to prepare them for career advancement. It also determines who steps in, if a position is suddenly vacated, or who can move across the organization to fill a vacant role.

Campion et al. (1994) argue that delegation through various departments and function is frequently used as part of the promotion and career development process. He further asserts that broad experiences are brought about by delegation and linked to promotion as a result of employee acquisition of organization performance, skills, and knowledge. This can be achieved through organizational culture of transfer and promotion of staff from within. Delegation is therefore important for personal development since it provides administrative succession up and down the department (Rothwell 2010). Delegation of authority and responsibility is essential if managers are to provide opportunities for the development of their employees. The employees will be motivated with improved competence to perform the periodic opportunities to participate in institutional decisions.

Stanbic Bank is one of Africa's leading bank and financial services organizations in Standard Bank Group. Standard Bank is a financial services company based in South Africa and is the largest bank in Africa. SBU is also the largest financial institution in Uganda licensed under the Financial Institutions Act 2004 to provide financial services to people. The bank's major vision is "to grow business influence in the continent as well as making a difference in each of the countries where the bank

operates.” The bank is also committed to ensuring long-term sustainability by being relevant to the customers and the communities so that it can provide products and services that suit their needs and demands.

As shown in its vision and values, Stanbic Bank is a clearly customer-oriented bank. This is further expressed in their service code of conduct, which is “to go an extra mile to provide superior levels of service to the customers, to take ownership in resolving customer concerns, queries and make a difference in the areas the bank operates and deliver good services to the customers.” SBU operates 100 branches and has a growing automated teller machine (ATM) network of close to 170 all over Uganda. Its head office is located on Plot 17 Hannington Road, Kampala ([http://:www.stanbicbank.co.ug](http://www.stanbicbank.co.ug)).

However, despite the bank’s efforts, the customers are not satisfied with the services offered to them due to the long lines in the banking halls, dismal performance, and inefficiency. It is no wonder that the customers are always complaining of poor customer care, rudeness, and employees being slow, among others, which are indicators of poor service delivery (SBU Annual report 2009). In addition, the employees make shortages and receive counterfeit notes and are made to pay for the shortages from their monthly salaries (SBU Annual report 2009). It is therefore against this background that a study to analyze the effect of succession planning on employee performance at SBU Ltd., Mbale branch, was very important.

11.2 Methodology

The study was conducted to examine the effect of delegation on employee performance at Stanbic Bank Uganda Ltd., Mbale branch, which lies in the Eastern Region of Uganda. The study sought to analyze the effect of succession planning by examining its different elements of employee trainings which include job rotation, mentoring/coaching, and delegation on the performance of employees in terms of improved customer care, reduced number of shortages, and increased number of vouchers and accounts at Stanbic Bank Uganda Ltd., Mbale branch. The study covered a time period between 2007 and 2012 because that is when the performance of the bank deteriorated despite the existence of succession planning.

The study adopted both descriptive and case study research designs. The researcher preferred these designs to others because of their description of the phenomena as they exist and the in-depth study of an organization, respectively. The study also used both qualitative and quantitative approaches of data collection methods through questionnaires, interviews, and observations.

11.3 Findings of the Study

11.3.1 The Effect of Delegation on Employee Performance at SBU Ltd., Mbale Branch

The effect of delegation was discussed in terms of responses on shortages the teller gets in a day, effect of delegation on absenteeism, effect of delegation on customer care, and effect of delegation on timeliness and promptness on service delivery as follows.

11.3.2 Responses on Shortages the Teller Gets in a Day

Results from the study indicated that 67.6% of the respondents generally agreed that delegation as a way of preparing them to succeed others greatly contributed to the reduction of number of shortages among the employees more especially the tellers, 23.5% disagreed, and 8.8% were undecided on which opinion to give. The implication of the findings is that the intended outcome of employee delegation is to increase their knowledge and skills to perfect a particular task which was greatly achieved. This is reflected in the responses gathered from the respondents where majority of them held a positive view on reduction in shortages in the bank as a result of delegation. However, some of the respondents disagreed, and this could be attributed to factors such as some having not been delegated to or when they were delegated to, their decisions were reversed. For that matter, they may not see any meaning in delegation.

The findings are in consonance with the observation of Nelson (1994) who argued that employee delegation makes the organization to make the best use of the available human resources and therefore achieves the highest possible rate of productivity. Baer (1999) also adds that employee delegation leads to acquisition of desired skills for succession in an organization. Basing on his argument, the employees who are chosen for delegation get opportunities to improve on their skills and also assume responsibility.

An interview with one of the line managers revealed that employee delegation is encouraged at SBU Ltd., Mbale branch, though not effective. Some employees get opportunities to be delegated when the colleagues/manager is not around, but the major decisions are made by the manager. If a subordinate makes a decision, it will not be taken without a second guessing by the manager since he is accountable, so in his absence, the issue pends until he is back in office. In further probing of the manager revealed that with the presence of machines, the shortages are minimal, and the employees are more careful while dealing with money.

Also, it was added that if someone is going for leave, he is asked to choose a person who will replace him/her so the person chosen must have been on training before. If the person who has been working hand in hand with him/her is chosen, the shortages are likely to be minimal. In addition, the employees are more careful while money handling so it will automatically lead to reduced shortages. This will also leave the bank with successors in case need arises like transfers, leave, or retirement of an employee.

From a general point of view, the employees of SBU Ltd., Mbale branch, agreed that delegation as a form succession planning is offered, and it had generally contributed to reduced number of shortages in the bank. Employee performance had generally improved since there is continuity in leadership at SBU Ltd., Mbale branch, especially in key positions such as customer consultant, branch loan officer, and many others.

However, 23.5% of the respondents disagreed to the statement. This could be a result of not being involved in delegation. 8.8% of the respondents were undecided, so they did not comment on the topic. This could be spelt by their lack of critical knowledge regarding the delegation process at the bank.

11.3.3 The Perceived Effect of Delegation on Absenteeism

Results on the above indicated that 47.1% of the respondents agreed and 26.3% strongly agreed implying that in totality, 73.4% of the respondents generally agreed that employee delegation had led to reduced absenteeism among the employees at SBU Ltd., Mbale branch. The general response under this section revealed that employees were motivated to perform their duties well in the organization without dodging work. Motivation to perform their duties is a result of delegation from their immediate superiors meaning that it would give them bonuses and recognition; hence, they make extra effort to give excellent performance.

Yet the small percentage of the respondents who disagreed cannot be underestimated. This could be a result of being delegated without clear guidance from the superiors that could have helped them to advance in boosting their ability to perform better.

An interview with the manager revealed that when someone is delegated to do some tasks, that means that the person will have slightly more tasks to perform, so there will be no absenteeism among the employees. In an addition, when one is going on leave, he/she is asked to identify a person who will replace him/her. In this case of delegation, therefore, there will be no absenteeism in case one is delegated some tasks which he/she has to perform with some deadlines.

In an interview with one of the employees, the researcher established that though delegation is encouraged and practiced, the decisions made by employees are not taken unless they have been delegated by the manager. This means that decision-making on vital issues is done by the manager, and in his absence, they have to wait

for him for some cases because he will be held accountable. This therefore acts as a demotivating factor to the employees who have been delegated.

In-depth probing of the manager revealed that employee delegation increases commitment and teamwork among the employees and also feel motivated which leads to reduced absenteeism among employees at SBU Ltd., Mbale branch. This therefore improves employee performance so succession planning grooms the employees, so there will a ready pool of employees in case of retirement or leave. It also leads to increase in productivity since the employees are always available to perform and also reduce on complaints from the customers, thus improved employee performance.

Nevertheless, 23.5% of the respondents disagreed to the statement, and this is a result of some employees/managers having a tendency of not working as a result of delegation, so they will delegate their tasks and give lame excuses for their absenteeism. Some of them only delegate hard tasks to their subordinates which they have failed to do. 2.9% of the respondents were not decided. This is a result of their unwillingness to comment on the topic of delegation.

11.3.4 The Effect of Delegation on Customer Care

Results from the study indicated that 64.6% of the respondents generally agreed to the statement that delegation at SBU Ltd., Mbale branch, enhanced customer care against 35.4% who disagreed to the statement. It can be seen from the respondents above that the biggest percentage of employees were happy with the delegation due to the fact that it has provided them with necessary guidance to improve their performance and other key skills toward customer care, but the 35.4% of respondents (employees) who disagreed cannot be overlooked because some customers and employees seemed to be on the other side due to long queues that are always in the bank. This could be a result of some clients not even knowing what to expect of a good customer service. It may be that they were taking long in the banking hall regardless of the traffic; they may complain of poor customer care instead of appreciating what the employees are actually doing to speed up the process.

The implication of the study findings is that customer care at SBU Ltd., Mbale branch, had improved as far as service delivery is concerned. It was pointed out that in 2007, the quality of services delivered to clients was generally insufficient, and it resulted into long queues in the banking hall most especially during the peak sessions. However, with the inception of training employees through delegation geared toward preparing them for succession, customer care started improving beginning in 2008 onward. The above findings concur with Baer (1999) who argues that employees who are chosen for delegation get opportunities to improve on their skills and also assume greater responsibility. Suma (2004) argued that in order to retain the customers, the employees should be properly trained through delegation based on the job description. The trained frontline employees would therefore

understand the characteristics of their job and would be more efficient while serving the customers, and this leads to customer satisfaction.

On the other hand, 35.4% of the respondents disagreed to the statement. This might be a result of insensitivity by some fellow employees, since customer care is a service and a service has a property of variability. Some employees may offer good and poor customer care at different times.

When the same question was posed to the clients of SBU Ltd., Mbale branch, the response indicated that 70% of the respondents disagreed to the statement that customer care had improved against 30% who agreed to the statement. Basing on the findings from the clients, who receive the services directly from the employees at SBU Ltd., Mbale branch, as regards customer care, they generally disagreed and based their argument on the fact that SBU has a wider clientele base which seems to be unmanageable as far as offering instant services is concerned. This meant that the ratio of employee to customer is 1:588 which is big for the staff to manage. In addition to the above, still the services offered in SBU have not yet met the expectations of their clients compared to other banks.

The clients specifically pointed out that “some employees at the till are rude, absent minded while serving customers, some of them are very slow even in counting notes and verifying whether they are genuine or not and most of them are not well conversant with their jobs as far as giving the right and relevant information as may be required by the customer.”

Penrose (1959) considered managerial talent to be the most crucial component in her characterization of a firm as a collection of resources. Although physical resources are important, the services that resources will yield depend on the capacities of the men using them. Nonetheless, through observation by the researchers, it was evident that there were some complaints emanating from clients highlighting the insufficient services offered by the bank. These complaints also seemed to be affecting the productivity of work and service delivery on the side of the staff; attribution to such services can only be associated with lack of proper training for future purposes.

Considering the above findings, it can generally be interpreted that the customer care the employees claim to have does not satisfy the needs of their customers, and the levels of employee performance cannot be measured by considering responses from the employees' side only. It is very important to always confirm the responses from the employees with those from the clients.

Therefore, the customer care in SBU Ltd., Mbale branch, has not improved to the expectations of their customers. For example, SBU lacks instant services, thereby delaying most of the things which would have been done instantly. In this case, a client said that “people's requests for changing branch, signature and application for ATM cards take long compared to other banks in the same region with their head offices in Kampala.”

11.3.5 The Effect of Delegation on Timeliness and Promptness in Service Delivery

Results on the above indicated that 73.5% of the respondents (employees) generally held a positive response on the statement that there is timelessness and promptness in responding to customer needs by delegated employees, against 26.5% of the respondents who disagreed to the statement. When the same question was posed to the clients to solicit more information and also to confirm the responses given by the employees at SBU Ltd., Mbale branch, the responses show that 64.1% of the respondents generally held a negative response to the statement, 26.2% of the respondents agreed, and 9.6% of the respondents were undecided.

The implication of the findings is that employees at SBU generally accepted that customer needs are responded to promptly. This means that work is performed in a fast and appropriate manner because it is costlier to acquire new customers than it is to retain existing customers. Retaining of customers therefore requires customer service staff in banks to provide service that is quick, error -free, and convenient. The examples of customer requests include but not limited to the following: opening up accounts, working on their checks, knowing their balances on their accounts, and replacement of ATM cards, among others.

However, 64.1% of the clients at SBU Ltd., Mbale branch, disagreed to the statement. This was justified with an argument that their requests take a longer period of time without being responded to due to the bureaucratic structure which SBU operates. The depth probing of the clients also revealed that it could be a result of the large clientele the bank has. The findings are contrary to Nelson (1994) who argued that employee delegation avails information to the employee and enables them to take decisions and provides the necessary solutions to customer challenges in a timely fashion. Furthermore, he adds that the system of delegation can only operate successfully if the decision-makers (employees) have full and rapid access to the relevant information.

11.4 Conclusion

From the findings of the study, it can be concluded that employee delegation has significantly contributed to the daily business of the bank, for example, reduced absenteeism and enhancement on the increment of vouchers worked on in a day. Yet it has contributed little to customer care, has not reduced shortages due to training needs assessment (TNA) programs and favoritism coupled with bureaucratic tendencies, and also has not enhanced on timeliness and promptness in service delivery in addressing customer needs and complaints.

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